

ARGOS PROCUREMENT POLICY



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Name: Procurement Policy	Version: 2.0
Reviewed by: Steering Committee.	Approved by: Steering Committee.
Date of creation: October 16th, 2019	Modification date: March 10th, 2022

PART I.

INTRODUCTION AND SCOPE



This Procurement Policy ("Policy") contains the mandatory rules and policies governing the acquisition of goods and services classified in (i) the Core and Specialized Categories of the three Regions of Argos and (ii) the Non-Core Categories of the CCA and US Regions, as defined in Annex 1, (the "Negotiation(s)") as carried out by Cementos Argos S.A. and its subsidiaries ("Argos").

Negotiations may comprise:



- (a) **Local Purchases:** whenever negotiations are conducted on behalf of only one Region.
- (b) **Project Purchases:** whenever negotiations are conducted on behalf of specific projects created by the board of directors or the steering committee of Argos.
- (c) **Global Purchases:** whenever negotiations are conducted on behalf of more than one Region.



The contents of this Policy may be accessed by opening the interactive tool "Argos Procurement Policy" available at the Digital Workplace, which will guide Argos' team on using it.

The provisions contained herein incorporate by reference the Argos Code of Business Conduct and the Code of Good Governance, and therefore, this policy must be interpreted in accordance therewith. Any questions regarding the scope of this policy shall be dealt with by the Procurement team (as defined hereinafter) and the legal direction of the applicable Region ("Legal Direction").

PART II.

STEERING COMMITTEE

The Procurement Committee is the body entitled to approve, interpret and amend this Policy, which, in turn, shall carry out all other functions set out herein.

The Procurement Committee shall be composed of the following persons:

- (a) The President (Chief Executive Officer) of Cementos Argos S.A.;
- (b) The Chief Financial Officer of Cementos Argos S.A.;
- (c) The Chief Legal and Sustainability Officer of Cementos Argos S.A.; and
- (d) The Vice-President of each Region of Argos.

In the case of Local Purchases, the Procurement Committee shall delegate the evaluation and approval of the Negotiations to the Vice President for the applicable Region along with the Regional Senior Finance Director and General Counsel.

In the case of Project Purchases, the Procurement Committee shall delegate the evaluation and approval of the Negotiation to the Vice President for the Region where the project is to be carried out, along with the Regional Chief Financial Officer, General Counsel and the Cement Production or Ready Mix Regional Vice Presidents, depending upon which business unit the project falls under.

PART III.

PURCHASING PROCESS

All Negotiations must observe the following procedures:

1. **Steps applicable to all Negotiations:**
 - (a) **Identification of the Good or Service:** The area or Argos' project requiring goods or services (the "User") must identify the amount, quality, possible vendors and all other specifications thereof ("Good(s) and/or Service(s)").
 - (b) **Budget verification:** In any case, the estimated value of the Good or Service must be included in the budget allocated to the User within the period in which the purchase of the Goods or Services will occur. The budget for any period shall not be increased with the budget from a prior period that has not been used. In the case of Negotiations not covered by the budget allocated to the User, such Negotiations must be approved in writing by the Chief Financial Officer.
 - (c) **Negotiator verification:** The individual responsible for conducting the Negotiation (the "Negotiator") shall be appointed based on the Category of Goods or Services being purchased. All purchases of Goods and Services in Core Categories and purchases of Goods and Services in Non-Core Categories for the CCA and USA Regions shall be negotiated by the applicable procurement department ("Procurement"). Purchases of Goods and Services in Specialized Categories shall be negotiated by the User. In any case, for international Negotiations of Specialized Categories, the User shall validate with Procurement the requirements of taxes, withholdings, customs, the need to register the Contract resulting from the Negotiation with any authority and any other aspect that Procurement considers applicable to the Negotiation. Whenever the Negotiator is Procurement, the User must submit a request for the Negotiation in writing to Procurement, and Procurement shall designate who the Negotiator shall be.
 - (d) **Administrator:** The Vice President for the Negotiator's Region shall appoint an aide, whose position, in the context of the organizational structure is grade 8 or above, and who shall be entrusted with the duties set forth herein (the "Administrator"). This role can be entrusted to the same Negotiator.
 - (e) **Inspector:** The User shall appoint an aide who shall be entrusted with supervising the performance of the Contract or Purchase Order (as defined hereinafter) by the vendor that has been chosen to provide the Goods or Services ("Supplier"), who shall be entrusted with the duties set forth herein (the "Inspector").
 - (f) **Suppliers pre-selection:** (a) The Negotiator shall carry out the following actions with respect to all bidders who are

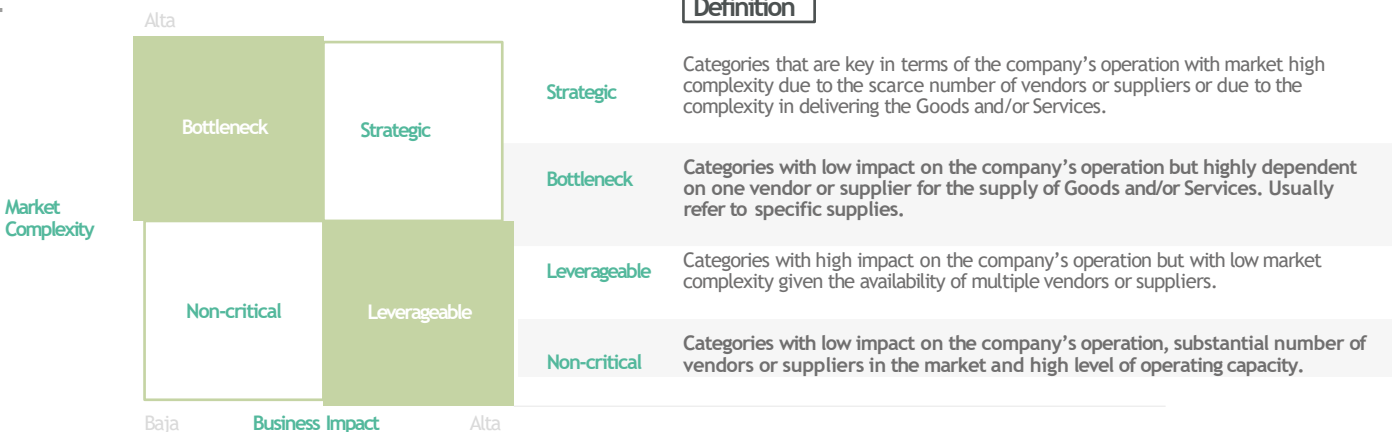
to be invited to submit an offer in a bid process for the potential purchase of Goods or Services ("Bidders"):

- (i) Performing a due diligence as per Process SOP P030 Due Diligence in coordination with the Argos Compliance Officer.
- (ii) Financial background check of the Bidders of the Colombian Region, in the following cases:
 - For negotiations of Large and Substantial Amounts.
 - In cases where due to their background, they may represent a high financial risk, regardless of the contract amount..
 - Those that, due to the type of good or service they provide, may represent a high financial risk, regardless of the contract amount..
- (iii) Verification of compliance of the corresponding safety and health regulations of the applicable governing body as to what pertains to the contracting process;
- (iv) Verification of compliance with environmental and mining regulations for those Bidders who are going to supply goods and /or provide this type of service;
- (v) Validation of compliance of the corresponding SOP P020 OEA Business Transaction Associated Risk in the case of Colombian Region.

- (vi) For Negotiations in the Colombian region, if it is necessary to invite a natural person to a negotiation process for the contracting of a Service, the approval of the Vice Presidency must be requested through the Financial Manager.

The Negotiator must keep the results of these procedures along with the Negotiation documentation and, in any case, in order to award the purchase of Goods and Services to one Bidder, the results of the procedures must have been satisfactory.

- **(g) Negotiation Classification:** The Negotiator must determine both the Quadrant and the Amount (as defined hereinafter) corresponding to the Negotiation to be conducted in order to establish the steps to be taken:
 - **(i) Quadrants:** In the strategic matrix included in Annex 2, the Goods and Services are sorted out and classified in the form of four quadrants: Strategic, Bottleneck, Leverageable and Non-critical (hereinafter "Quadrants"), depending on the complexity of the market and the impact thereof on Argos business transactions:



- (ii) **Amount:** Depending on the estimated amount of the Negotiation (calculated as per the total duration thereof including taxes), the amount shall be classified in one of the following four categories (hereinafter "Amounts").
No Negotiation may be fragmented for purposes of being classified in a different Amount and/or evading the Approvals and/or procedures described in this Policy, in the bylaws and/or applicable rules. A Negotiation that is fragmented is one in which one Supplier is

awarded several Purchase Orders or Contracts for the acquisition of Goods or Services, which are the object of the Negotiation and which corresponding consolidated amounts are the total amount of the Negotiation. [Without prejudice to the foregoing, in the case that additional Services and/or Goods are needed to be negotiated in order to complement the initial scope of certain Negotiation and without which the purpose of such Negotiation would not be met, if such additional Goods and/or Services exceed in a 25% the amount of the initial

Negotiation, the Purchase Order or Contract entered into on occasion of the additional Goods and/or Services shall be approved by the person or body having the Power as per Annex 2 (for these purposes, the amount the initial Negotiation and the price of the additional Goods and/or Services shall be added).

Annex 2 sets forth the Amount ranks corresponding to each Amount for each Region and Global Purchases:

Amount	Large amount
	Substantial amount
	Minor amount
	Minimum amount

- **2. Specific steps for each Negotiation:** Depending on the Amount of the Negotiation, the contracting company shall issue a purchase order ("Purchase Order") or enter into a written contract ("Contract") with the Supplier. Both the Contract and the Purchase Order are legally binding agreements that obligate both Argos and the Supplier to comply with the commitments contained therein.
 - **(a) Issuing a purchase order:** In the case of Minimum Amount and Minor Amount Negotiations, the contracting company shall issue a Purchase Order in accordance to the following procedure:
 - **(i) Call to submit quotes:** In order to choose the Supplier, the Negotiator shall request the submission of quotes from at least the number of Bidders set forth below as per the Negotiation Amount:

Number of bidders	Minor amount	Minimum amount
	2	1

The request of quotes shall be made via an email message sent by the Negotiator —or through other tools established by Argos— to the pre-selected Bidders and shall contain, at least, a clear description of the Goods or Services sought to be purchased and the date by which the Bidders must submit their offer (the "Quote").

- **(ii) Evaluation of Quotes and selection of Supplier:** The Negotiator shall evaluate the Quotes submitted, taking into account that the price of the Good or Service shall represent at least 50% of the evaluation. With this evaluation, the Negotiator shall select the best rated Bidder and shall submit it, along with the Negotiation details, to the person or body predesignated in Annex 2 ("Powers") for approval. In addition to

Annex 2 shall be reviewed by Procurement and the SC Business Intelligence department, every 2 years for each Region and Global Purchases and shall be approved by the Procurement Committee.

(h) Validity and Renewal of Contracts: Contracts shall not be open-ended, nor shall automatic renewal clauses be agreed on. As a general rule, they shall not have a period of duration greater than 3 years. In the case of Negotiations classified in the Strategic Quadrant, the maximum period of duration shall be 5 years.

- **(iii) Awarding:** Once the Negotiation has been approved, a written notice shall be sent to the Supplier where it is informed that the Negotiation has been awarded.
- **(iv) Supplier engagement:** The Negotiator shall register the Supplier as per the procedures established by Argos. No disbursement to Suppliers shall be made until such registration has been completed.
- **(v) Issuance of Purchase Orders:** The Negotiator shall issue a Purchase Order with the conditions agreed on for the Negotiation with the Supplier. Notwithstanding the foregoing, should the Negotiator or the User deem necessary to enter into a written agreement to mitigate the risks of a Negotiation, they shall ask the Legal Direction for advice.

Until a Purchase Order is issued to the chosen Bidder, the Bidder shall not be deemed an Argos supplier nor the supply of Goods or the providing of the Services shall proceed.

The Purchase Order shall contain the legal terms and conditions pre-approved by the Legal Direction and that shall govern the contractual relationship with the Supplier (the "Terms and Conditions").

The Negotiator shall be responsible for obtaining and preserving the evidence of issuance and receipt and acceptance of the Purchase Order by the Supplier along with its Terms and Conditions.

- (b) **Drafting of a contract:** The execution of a written contract shall proceed in the following events:

- 1) In case the Negotiation involves a Substantial or Large Amount;
- 2) When in the opinion of the Negotiator or User, subscribing a Contract to mitigate the risks of a Negotiation, once the Legal Direction has been consulted, is deemed advisable; and
- 3) In case that the Supplier requests to do so.

A Contract will be drawn up for Negotiations of Large or Substantial amount in accordance with the following process:

- (i) **Request for proposal RFP Invitation:** In order to select the Supplier, the Negotiator shall send a request for proposals to at least three Bidders. The process of Request for Proposals shall proceed as follows:

Number of bidders	Large amount	Substantial amount
		3

- 1) The Negotiator shall form an evaluation committee that shall be composed of the Negotiator and the User ("Evaluation Committee").
- 2) Along with the Legal Direction, the Evaluation Committee shall be in charge of preparing the Request for Proposals that shall be composed of:
 - a) Technical specifications and amounts of Goods or Services;
 - b) Process timetable;
 - c) Agreements of service levels, when applicable (These agreements establish the standards and indicators that assess and rate the quality of Services provided and the penalties related to the breach thereof);
 - d) Proposal evaluation criteria in which the price shall represent at least 50% of the evaluation;
 - e) Guarantees and/or insurance policies required in accordance to Annex 3 – Negotiation Financial Aspects;
 - f) A form of the contract to be subscribed whenever, in the opinion of the Legal Direction, it applies;
 - g) Additional requirements required as per the nature of the Good or Service.

The Request for Proposals shall always have attached the general conditions for the Requests for Proposals (the "General Conditions"). The General Conditions shall be amended and approved by the Legal Direction.



- 3) The Negotiator shall send the Request for Proposals to the Bidders so that they can send an Offer ("Offer"). In those countries where the ARIBA tool is available, it will be used to manage the entire Negotiation process, in countries where the ARIBA tool is not available, it will be done by email.
- 4) The Bidders shall be timely informed of any change introduced to the Request for Proposals, as well as of those clarifications related thereto on the basis of different questions asked and observations made by the Bidders.
- 5) All Negotiations shall contain an identification number generated by the Administrator by using the tool indicated by each contracting company.

- • • • • ● **3)Signature:** Once the above-mentioned approvals have been obtained, the Administrator must seek the signature of two copies of the Contract by the Supplier's legal representative and, later, by the legal representative of the contracting company.
- • • • • ● **4)Custody and Files:** a signed copy of the Contract must be submitted by the Administrator to the Supplier; the other signed copy must be used by the Administrator to go on with the document management procedures of the contracting company for its custody and filing, along with the annexes and other documents of the Negotiation. The Administrator must guarantee that the Supplier issues the insurance policies and/or guarantees agreed on in the respective Contract and also that the Supplier's delivers the supporting documentation to Argos in order to file those documents with the Contract.



- • • • • ● **5)Contracts inventory:** The Administrator must have an updated inventory of Contracts under its management. This inventory may be requested at any time by the appropriate Argos area. Likewise, the Administrator must have an updated version of all the data and information requested through the document management tool of the contracting company.

● **3.Performance of Purchase Orders and Contracts:** Once a Purchase Order is issued or a Contract is executed, the following activities shall be carried out:

- • • • • ● **(a)Inspection and audit:** Before the Purchase Order or Contracts is performed, the Negotiator shall send a copy of all documents corresponding to the Negotiation to the Inspector. The Inspector shall verify the following:
 - • • • • ● **(i)** That the Supplier is properly fulfilling its obligations;
 - • • • • ● **(ii)**That the Supplier is submitting its invoices as per the procedures established by Argos;
 - • • • • ● **(iii)**That the Supplier complies with the requirements related to OSHA as set forth in the Argos SOP — Contractors Management and the applicable laws, ensuring that the Supplier is properly oriented as to the field of Occupational Safety and Health should that be the case as per the scope of the Negotiation.
 - • • • • ● **(iv)**That any conflict with the Supplier that may affect the continuity of the performance of the Contract or Purchase Order is properly resolved, with the support of Procurement and the legal counsel as appropriate.
 - • • • • ● **(v)**That the Supplier complies with the environmental laws, with Argos' environmental policies and the recommendations issued by the environmental department for the Region.
 - • • • • ● **(vi)**That the term of the Purchase Order or contract is the proper one and is appropriate with respect to the Goods or Services



The external audit that may be contracted whenever the nature of complexity of the Contract or of the Purchase Order demands so, shall not replace the duties of the Inspector.



- (b) **Amendments:** The Inspector shall request from the Negotiator any amendments that the Contract or Purchase Order require considering the following criteria:
 - (i) the term of the Contract or of the Purchase Order, including the initial terms and extensions thereof, shall not exceed the maximum terms set out herein; and
 - (ii) the amendments of the Purchase Order or of the Contract must be approved by the person or body having the powers to do so. Should the amendment of the Purchase Order or of the Contract increase the value thereof, the person or body that must approve it, shall be the one with the power to approve the total value of the Negotiation, which includes the initial value and all increases thereof, except for cases in which the amendment consists in a term extension of maximum 3 months and for a single time in order to do the transition to another Supplier of the Good or Service, which could be approved by the person or body having the powers to approve the amount of the sole term extension.

The Administrator must see that the insurance policies or guarantees be updated as per the amendments of the Contract or Purchase Order.
- (c) **Termination:** Once the Purchase Order or the Contract has ended and the obligations have been fulfilled by both Argos and the Supplier, if the nature of the Negotiation requires so, its termination shall be evidenced in the form of minutes subscribed by Argos and the Supplier.
- (d) **Performance review:** Once the term of the Purchase Order or the Contract has ended and once all obligations have been fulfilled by Argos and the Supplier, the Negotiator, the Inspector and the User shall proceed to review the performance of the Suppliers subject to review and in accordance to the procedure established by Argos.

PART IV.

EXCEPTIONS TO THE CONTRACTING PROCEDURE

- **4.01 Exceptions to the plurality of bidders:** Subject to the written approval of the Vice President that the User depends on in the cases of Large and Substantial Amounts Negotiations or the Manager that the User depends on in the case of Minor and Minimum Amounts Negotiations, one quote only shall be allowed in the following events:
 - (a) For Large and Substantial Amounts Negotiations included in the Strategic and Bottleneck quadrants;
 - (b) For services that, given their specificity or qualities, can only be provided by a certain person or Goods that only one Supplier can provide, such as, for example, the Contracts to be entered with the exclusive representative of a particular brand;
 - (c) For the purchase of Goods or the supply of Services for tests, trials or pilot projects;
 - (d) For the purchase of Goods or the supply of Services to deal with losses or force majeure and fortuitous case events;
 - (e) The purchase of real property and mining titles that due to their nature have specific procedures.

- **4.02 Mandatory written Contract:** Regardless of the Amount and the Negotiation Quadrant, in the following cases the execution of a written Contract shall always be required:

- (a) Negotiations where the law requires a written Contract such as the following, in the case of foreign suppliers, for the Colombia Region:
 - (i) Technology licensing negotiations.
 - (ii) Trademark licensing negotiations.
 - (iii) Patent licensing negotiations.
 - (iv) Technical assistance negotiations.
 - (v) Technical services negotiations.
 - (vi) Basic engineering negotiations.
 - (vii) Other technological contracts.

- (b) Security services negotiations;
- (c) Negotiations with Argos competitors;
- (d) Negotiations for the purchase, sale or lease of real property.

- **4.03 Exceptions to Powers:** Regardless of the Amount and the Negotiation Quadrant, in the following cases the execution of a written Contract shall always be required:

- (a) Global purchases.
- (b) Negotiations of Substantial and Large Amounts with Argos competitors. The Negotiations of Minor and Minimum Amounts with Argos competitors shall be approved by the Vice President for the applicable Region and the corresponding General Counsel.
- (c) Security services



● 4. Exceptions to Negotiation's Financial Aspects:

- (a) In the case of Minimum, Minor and Substantial Amounts, any exception to Annex 3 shall be approved in writing via email by the Senior Finance Director for the applicable Region.
- (b) In the case of Large Amounts and Global Purchases, any exception to Annex 3 shall be approved in writing via email by Argos' Chief Financial Officer.

- 5. Exceptions to Negotiation's Legal Aspects:

- (a) In the case of Minimum, Minor and Substantial Amounts, any exception to Annex 4 shall be approved in writing via email by the General Counsel for the applicable Region.
- (b) In the case of Large Amounts, any exception to Annex 4 shall be approved in writing via email by Argos' Chief Legal and Sustainability Officer.

- 4.06 Any other exception not set forth in this Policy, shall be approved by the Procurement Committee.

PART V.

PROHIBITIONS, OBLIGATORY NATURE AND VALIDITY OF THE POLICY

- **1.Mandatory:** The compliance of this Policy is mandatory and must be complied by all Argos employees. The breach of norms or policies established herein as a result of actions or omissions by an employee of Argos shall be deemed a grave and serious offense and breach of the employment agreement, if any, and therefore, it shall have the consequences established in the employment agreement, if any, and in the applicable labor laws



- **2.Validity:** The Policy herein is in force as of March 10th 2022, and all provisions to the contrary are hereby repealed. The norms established herein prevail over any other provisions related to issues pertaining to contracting and purchases by Argos.

PART VI.

ANNEXES

- **Annex 1:** Categories
- **Annex 2:** Strategic Matrix, Amounts and Powers
- **Annex 3:** Negotiation Financial Aspects
- **Annex 4:** Negotiation Legal Aspects



ANNEX 1

ARGOS CATEGORIESTYPOLOGY

The categories are those that indicate who is the area or team in charge of the negotiation.

- 1. **Core Categories:** are those directly related to the production and distribution of Argos products. These categories are only negotiated by the Procurement department and are listed below:

Category	Category	Category	Category
Pallets	Maintenance of Auto-Generating Plants	Ice	Welding Services
Packages	Conveyor Belts Maintenance	Iron Ore	Safety Audits
Teflon	Compressors Maintenance	Limestone	Silos Cleaning
Polymers Bag	Refractory Maintenance	Mat Flyash	Mechanical Topography
Slings	Gearmotor Maintenance	Iron Slag	Wartsila Spare Parts
Cement Bags	Pastoduct Maintenance	Copper Slag	Electronic Automation Spare Parts
Elastic Packing	Predictive Maintenance	Pigments and Dyes	Engines and Pumps
Plastic Bands	Inverters Maintenance	Sand	Esp Spare Parts Mixers, Yellow Machinery, Trucks and Trucks
Bulk Bags	Heat Insulation Repair	Water	Bearings
Seal	Calibration and Maintenance	Aggregates	Forged Wear Elements/-Components
Printing Inks	Instrumentation	Cement Admixtures	Casting Wear Elements/-Components
Bag Marking Equipment Maintenance	Transformers Maintenance	Cement Additives	Machining
Solid Fuel Coal	UPS Maintenance	Bauxite	Packing Machine Spare Parts
Solid Fuel Pet Coke	Mixers, Heavy Equipment, Trailers and Trucks Maintenance	Pozzolan	Grinding Media Charge
Gas	Gas Maintenance	Clinker	Filter Sleeves
Energy	Engine Maintenance	Crude Oil	Tires
Fibers	Industrial Painting Service	Kaolin	Refractory
Gypsum	Electrical Studies	Chert	Soft Hardware Store

Category	Category	Category	Category
Cement	Heavy Hardware Store	Mining Technical Advice	Silos Services
Alternative Raw Materials	Liquid Fuel	Explosive Material	Download External Product
Quality Analysis of Raw Materials	Industrial Gases	Power Boilers and Heat Exchangers	Download Internal Product/Material
Air and Noise Monitoring	Lubricants	Mills	Forklift Services
Environmental	Chemicals and Laboratories	kilns	Internal Movements
Compensations	Welding	Silos	Moffets Rental
Environmental Impact Studies	Batteries	Mixers, Yellow Machinery, Trucks and Lorries	Leasing Silos
ICAS	Oils	Concrete Plants	Silo Leasing
Dispersion Models	Nitrogen	Shredders	Transfers
Shedding Studies	Electrical Parts	Conveyor Belts	Aggregates Transportation
Mining Operation	Power Transmission	Pumps and Compressors	Bulk Transportation
Restitution Photo	Elevators Maintenance	Flow Meters & Analyzers	Transportation from Ports and Airports
Cartography	Constructions	Cement Technical Advisory	Logistic River Transport
Drilling	Lifeline	Concret Technical Advisory	Logistic Rail transport
Blasting Services	Cranes	Engineering	Logistic Maritime transport
Hydrogeological Analysis	Lift Truck	Boilers Maintenance	Urban Transportation
Geotechnical Analysis	Manlift	Sleeve Filters Maintenance	International Agency
Mining Titles Maintenance	Trucks	Electric Maintenance	Customs Agent
Monitoring Vibrations	Ambulances	Hydraulic Maintenance	Courier
Mining Planning	Tanker Trucks	Mechanical Maintenance	Storage in Customs Warehouse
Mining Topography	Asphalt Irrigators	Blowers Maintenance	Port Operations
Manjo	Boats Rental	Analyzers Maintenance	Draft Survey
Roads Irrigations	Heavy Equipment Rental	Enlistment Vehicles	

- **2. Non-Core Categories:** are those categories that support the performance of Core Categories. These Categories are negotiated by SUMMA for the Colombian Region and by the procurement department for the CCA Region:

Category	Category	Category	Category
Data Subscription	Telephones	Storage	Cleaning Services
Credit Bureaus	TV Cable	Custody	Water Treatment
Volunteering	Services Host	Digitalization	Pest Control
Recruitment	Services	Land Administration	Waste Management
Training/Educational Services	Internet and Data Services	Warehouses Rental/Leases	Campsites Services
Temporary Services	Fixed Telephone Line Services	Data Storage	Industrial Cleaning
Health and Welfare Benefits	Mobile Phone Services	Outsourced Technology Services	Anti-Fire Systems
Payroll Outsourcing	Audio/Video Services for Conferences	Technology Consulting Services	On-Site Maintenance
Health and Safety Services	Disposable / Consumable Products	Audio/Video Equipment	Gardening
Security Studies	Office Supplies and Equipment	Desktop Computers	Constructions
Performance Evaluations	Fixed Assets	Equipment Maintenance Services	AC Maintenance
Financial Services (Tax, Audit, Accounting...)	Cleaning Supplies	Rented Equipment	Agreements (Military Forces)
Administrative and Support Services	Security Signals	Laptops	Electronic Security
Travel Agencies Services	Footwear Provision	Monitors	Security Guard Services
Lodging	Administrative Uniforms	Photocopiers	Buses
Ground Transportation	Industrial Uniforms	Printers	Taxis
Air Transportation	Medical Equipment for Campsites	Scanners	Special Transport
External Mail	PPE and Occupational Safety	Smartphones	River Transport
Mail Services	Restaurants	Tablets	Furniture
Mail Bills to Clients	Catering Services	Other Accessories	
	Vending Machines		

- **3. Specialized Categories:** are those that, due to their technical and specialization level, are directly negotiated by the User. They must be governed by the conditions set out in this Policy.

For international Negotiations of Specialized Categories, the User will validate with the procurement department the requirements of taxes, withholdings, customs, or the need to register the Contract resulting from the Negotiation with any authority and any other aspect that Procurement considers applicable to the Negotiation.

Category
Mining permits
Real estate
Marketing services
Financial services
Insurance services
IT services, tools and products
Legal services
Specialized categories consultancies
Alternative fuels*



ANNEX 2

The Strategic Matrix is a tool that classifies the purchasing categories based on the complexity of the market and the impact on the business, to create strategies in the purchasing process and the relationship with suppliers.

The amounts and Powers are defined by country and classify the negotiations according to their level of spending.

STRATEGIC MATRIX, AMOUNTS AND POWERS COLOMBIAN REGION

1. Strategic Matrix Colombia 2022- 2023:

Category	Category	Category	Category
Explosive Material	Aggregates	Leasing Silos	Cement Technical Advisory
Concrete Technical Advisory	Cement	Clinker	Solid Fuel (Coal, PET COKE)
Combustibles	Forged Wear Elements/Components	Energy	Slag
Fly Ash	Gas	Industrial Gases	International Logistic
Lubricants	Filter maintenance	Heavy Equipment, Maintenance	Gearmotor Maintenance
Inverters Maintenance	Maquila	Refractory	Maintenance of Auto-Generating Plants
Logistic rail transport	Bulk Transportation	Ground Transportation	Urban Transportation
Castable	Specialized Categories		

● 1.2. Bottleneck Quadrant:

Category	Category	Category	Category
Moffets Rental	Ambulances Rental	Bauxite	Limestone
Kaolin	Chert	Iron Corrector	Silos Cleaning
Lifeline	Analyzers Maintenance	Elevators Maintenance	Boilers Maintenance
Pastoduct Maintenance	Bag Marking Equipment Maintenance	Maintenance of Auto-Generating Plants	Gas Maintenance
Alternative Raw Materials	Iron Ore	Pozzolana	Chemicals and Laboratories
Heat Insulation Repair	Safety At Work/Workplace	Logistic Services	Printing Inks
Mechanical Topography	Logistic River Transport		

● **1.3. Leverage Quadrant:**

Category	Category	Category	Category
Oils	Heavy Equipment Rental	Calibration and Maintenance	Packaging
Electrical Studies	Fibers	Cranes	Instrumentation
Conveyor Belts Maintenance	Engine Maintenance	Electric Maintenance	Hydraulic Maintenance
Mechanical Maintenance	Transformers Maintenance	On-Site Logistics	Constructions
Mining Operation	Electrical Parts	Bearing	Environmental Service
Forklift Services	Welding Services	Welding	Electrical Parts
Power Transmission	Transportation from Ports and Airports		

● **1.4. Non-critical Quadrant:**

Category	Category	Category	Category
MRO Equipment Rental	Mining Technical Advice	Batteries	Tanker Trucks Rental
Light Hardware	Heavy Hardware Facilities Maintenance	Ice	Engineering
Manlift	Industrial Painting Service	UPS Maintenance	Lift Truck
Green Cement Bags	Trucks Rental	Productive Services	Mining Services
Maritime transport			

● **2. Amounts Colombia 2022 - 2023:** The following are the amounts applicable for Colombia for the 2022-2023 period:

Amount	COP Amount (Exchange rate: 1USD= \$3,700 COP)
Large amount	X > \$7.400.000.000
Substantial amount	\$510.900.000 < X <= \$7.400.000.000
Minor amount	\$16.000.000 < X <= \$510.900.000
Minimum amount	\$0 < X <= \$16.000.000

- 3. Powers and faculties Colombia 2022 - 2023: The following are the powers and faculties applicable for the Colombian Region. These powers and faculties are calculated on the basis of EBITDA of the Region that immediately precedes the year in which the calculation is made and as per the percentages established below:

Approving unit	Negotiation Powers in COP (Exchange rate: 1USD= \$3.700 COP)	% EBITDA
Board of directors	Determined by company bylaws	Fixed amount
Steering committee	X> \$18.500.000.000	Fixed amount
Defined committee category nature. (Local committee: President, Legal Counsel and Chief Financial Officer)	\$7.400.000.000<X<=\$18.500.000.000	Fixed amount
Region Vice President	\$510.900.000<X<=\$7.400.000.000	Fixed amount
General Manager	\$111.700.000<X<=\$510.900.000	0,11%
Plant/Area Manager	\$8.000.000<X<=\$111.700.000	0,02%
Manager	\$0<X<=\$8.000.000	0,002%

STRATEGIC MATRIX, AMOUNTS AND POWERS CCA REGION

- 1. Strategic Matrix CCA 2022- 2023:

- 1. Strategic Quadrant:

Category	Category	Category	Category
Aggregates	Chert	Dust Collectors Maintenance	On-Site Logistics
Water	Solid Fuel Coal Solid	Inverters Maintenance	Mining Operation
Heavy Equipment Rental	Fuel Pet Coke	Maintenance of Auto-Generating Plants	Limestone
Moffets Rental	Packaging	Explosive Material	Pozzolana
Bauxite	Energy	Alternative Raw Materials	Cement Bags
Cement	Iron Slag	Iron Ore	Forklift Services
Mat Flyash	Industrial Gases	Mixers, Heavy Equipment, Trailers and Trucks	Bulk Transportation
Logistic Maritime transport	Primary Transport	Gypsum	

- 1.2. Bottleneck Quadrant:

Category	Category
Calibration and Maintenance	Logistic Services

• **1.3. Leverage Quadrant:**

Category	Category	Category	Category
Leasing Silos	Elevators Maintenance	Bag Marking Equipment Maintenance	Secondary Transport
Concrete Technical Advisory	Conveyor Belts Maintenance		

• **1.4. Non-critical Quadrant:**

Categoría	Categoría	Categoría	Categoría
Oils	Heavy Hardware	Electric Maintenance	Bearing
MRO Equipment Rental	Gas	Hydraulic Maintenance	Safety At Work/Workplace
Ambulances Rental	Cranes Rental	Facilities Maintenance	Industrial Painting Service
Cement Technical Advisory	Ice	Mechanical Maintenance	Environmental Services
Mining Technical Advisory	Instrumentation	Transformers Maintenance	Mining Services
Batteries	Safety Audits	UPS Maintenance	Productive Services
Power Boilers and Heat Exchangers	Lifeline	Machining	Welding Services
Tanker Trucks Rental	International Logistics	Lift Truck Rental	Welding
Alternative Fuels	Manlift Rental	Constructions	Electrical Supplies
Forged Wear Elements/Components	Boilers Maintenance	Chemicals and Laboratories	Printing Inks
Electrical Studies	Gearmotor Maintenance	Heat Insulation Repair	Mechanical Topography
Light Hardware	Engine Maintenance	Electrical Parts	Power Transmission
Transportation from Ports and Airports	Trucks Rental		

• **2. Amounts CCA 2022 - 2023:** The following are the amounts applicable for the Caribbean and Central American Region for the 2022-2023 period:

Amount	USD
Large amount	X > \$2.000.000
Substantial amount	\$150.000 < X <= \$2.000.000
Minor amount	\$5.000 < X <= \$150.000
Minimum amount	\$0 < X <= \$5.000

• **3. Powers and faculties CCA 2022 - 2023:**

1.Powers and faculties Honduras and Panama 2022 - 2023: The following are the powers and faculties applicable for Honduras and Panama. These powers and faculties are calculated on the basis of EBITDA of the Region that immediately precedes the year in which the calculation is made and as per the percentages established below:

Approving unit	Negotiation Powers - USD	% EBITDA
Board of directors	Determined by company bylaws	Fixed amount
Steering committee	X> \$5.000.000	Fixed amount
Local Committee (Region VP, CCA Chief Legal Officer, CCA Chief Financial Officer, Panama and central America General Manager, Country Manager)	\$2.000.000<X<= \$5. 000.000	Fixed amount
VP. CCA	\$450.000<X<= \$2.000.000	Fixed amount
Panama and Central America General Manager	\$240.000<X<= \$450.000	0,31%
Country Manager	\$50.000<X<= \$240.000	0,17%
Plant / Area Manager	15.000 <X<=50.000	0,033%
Manager	\$0<X<= \$15.000	0,010%

3.2 Powers and faculties Puerto Rico, Dominican Republic, Haiti, Suriname, French Guyana, Antigua, St.

Marten, St. Thomas and Dominica 2022 -2023: The following are the powers and faculties applicable for Puerto Rico, Dominican Republic, Haiti, Suriname, French Guyana, Antigua, St. Marten, St. Thomas and Dominica. These powers and faculties are calculated on the basis of EBITDA of the Region that immediately precedes the year in which the calculation is made and as per the percentages established below:

Approving unit	Negotiation Powers - USD	% EBITDA
Board of directors	Determined by company bylaws	Fixed amount
Steering committee	X> \$5.000.000	Fixed amount
Local Committee (Region VP, CCA Chief Legal Officer, CCA Chief Financial Officer, Argos CCA General Manager, Country Manager)	\$2.000.000<X<= \$5. 000.000	Fixed amount
VP. CCA	\$350.000<X<= \$2.000.000	Fixed amount
Argos CCA General Manager	\$150.000<X<= \$350.000	0,24%
Country Manager	\$50.000<X<= \$150.000	0,10%
Plant / Area Manager	\$15.000<X<= \$50.000	0,033%
Manager	\$0<X<= \$15.000	0,010%

For operations that are not under the supervision of the Argos CCA General Manager (Example: Puerto Rico), their attributions will be assumed by the Caribbean and Central American Vice President.



STRATEGIC MATRIX, AMOUNTS AND POWERS

GLOBAL PURCHASES

- 1. 1. Strategic Matrix Global Purchases 2022 - 2023:

- 1. Strategic Quadrant:

Category	Category	Category	Category
Cement bags	Mixers, Heavy Equipment, Trailers and Trucks	Refractory	Flow Meters & Analyzers
Cement Admixtures	Concrete Plants	Lubricants	Power Boilers and Heat Exchangers
Concrete Admixtures	Shredders	Compressors Maintenance	Analyzers Maintenance
Mills	Machinery Spare Parts	Refractory Maintenance	Wartsila Spare Parts
kilns	Mixers, Heavy Equipment, Trailers and Trucks Spare Parts	Predictive Maintenance	Packing Machine Spare Parts
Silos	Cuerpos Moledores	Casting Wear Elements/Components	

- 1.2. Leverage Quadrant:

Category	Category	Category
Conveyor Belts	Technical Advisory	Tires
Pumps and Compressors	Engineering	Forged Wear Elements/- Components

- 1.3. Bottleneck Quadrant:

Category
Filter Sleeves

- 2. Amounts Global Purchases 2022 - 2023: The reference amount for Global Purchases corresponds to the sum of the Regions' expenses to be included in the Negotiation, as indicated below:

Amount	Colombian Region COP Amount (Exch rate: 1USD= \$3,700 COP)	CCA Region USD Amount
Large amount	$X > \$7.400.000.000$	$X > \$2.000.000$
Substantial amount	$\$510.900.000 < X \leq \$7.400.000.000$	$\$150.000 < X \leq \$2.000.000$
Minor amount	$\$16.000.000 < X \leq \$510.900.000$	$\$5.000 < X \leq \150.000
Minimum amount	$\$0 < X \leq \$16.000.000$	$\$0 < X \leq \5.000

The process to be followed shall correspond to that of the Region in which the most stringent procedure has been established for that amount.

- 3. Global Purchases 2022 - 2023 Powers: The Powers of each one of the participating Regions shall be ensured before the Negotiation is reviewed by the Steering Committee.

ANNEX 3

FINANCIAL ASPECTS AND RISKS MANAGEMENT

- **1. Tax regime:** Taxes resulting from the Negotiation shall be levied upon the party set forth in applicable laws. In no case shall Argos be levied upon taxes (including but not limited to fees, withholdings, etc.) the Supplier must pay. Therefore, it is hereby prohibited to adjust the price of the Negotiation so that the taxes that must be paid by the Supplier be included therein (“grossed up”).

In addition to the foregoing, the Negotiator must confirm the procedures or requirements that must be complied with, so that the Negotiation can be given a specific tax treatment such as deductibility of income tax with respect to payments made to foreign suppliers.

Any question regarding the tax effects of the Negotiation shall be confirmed with the Region’s Senior Finance Director.

- **2. Customs regime:** Negotiations entailing the import of goods must be assisted by the Purchasing Units in order to guarantee the compliance with customs requirements, international exchange commercial conditions and tax exemptions procedures.
- **3. Foreign exchange regime:** As a general rule, the price of the Negotiations shall be agreed on in the local currency of the country where the contracting company is located.
- **4. Advances and advanced payments:** As a general rule, in the Negotiations, there shall be no agreement to pay advances to the Supplier. Only when the nature of the Negotiation requires so, that can be agreed if the following conditions are met:



- The Negotiation must be more than US\$12,000.
- The amount must not exceed 30% of the amount of the Negotiation.
- The Supplier must subscribe to an insurance policy or bank guarantee to support the appropriate investment of the advanced payment or bank guarantee for an insured amount equivalent to 100% of the amount of the advanced payment.
- The Contract or Purchase Order must establish the specific destination of the advanced payment by the Supplier along with the amortization thereof.
- Every advance must be approved by:
 - a. Colombian Region: Finance Senior Director.
 - b. CCA Region: The country financial manager will approve advances up to an amount of 50,000USD, higher advances must be approved by Finance Senior Director.

All advances and advanced payments must be registered through SAP or the applicable operational system of the contracting company linked to the Purchase Order or Contract in order to guarantee its traceability, its due amortization, avoid payment conflicts and control risks of double payments at the time of receiving and registering the invoice or invoices. Therefore, no direct payments to disburse advanced payments or advances are allowed.

- **1.05 Payment policy:** As a general rule, payments to Suppliers shall be made within the following terms:

Country	Type/Supplier Category	Term in days
Colombia	Carriers	8
	Coal	8-15
	Raw materials	15-45
	Small and medium business (Fair term law)	45
	Remaining Categories	90
Panama	All suppliers	60
Honduras	Carriers	15
	Remaining Categories	60
Dominic Republic	Carriers	30
	Raw materials	45
	Remaining Categories	60
Puerto Rico	Carriers	7
	Remaining Categories	60
Haiti	All suppliers	60
Surinam	Carriers	30
	Remaining Categories	60
French Guayana	All suppliers	60
St. Thomas	Carriers	30
	Remaining Categories	60
Saint Maarten	All suppliers	30
Dominica	All suppliers	30
Antigua	All suppliers	60

Any exception to the payment policy must be approved by the Finance Senior Director.

- **6. Direct Payments:** Only the Goods and Services that are included in the exceptions matrix approved by the Finance Senior Director may be paid through direct payments. This document is available in the process model Sharepoint under the Vendor Invoicing process.

- **7. Petty Cash:** It should only be paid with petty cash resources those concepts and maximum amounts defined in the process "MR090 Administrar y contrabilizar cajas menores" in each country available in the company's process model.

8. Policies and guarantees: As of the time that the bidding and contracting process begins, Argos shall inform the bidders about the risks derived from the

Contract that must be guaranteed, without prejudice to the risks that must be guaranteed, transferred and/or assumed in accordance with the nature of the good or service that is provided. All costs related to the issuance and amendment of the guarantees shall be borne by the bidder or Supplier, as the case may be, and therefore no adjustments of the proposals related to the scope, limit and amount of such guarantees shall be accepted.

In the case of Large Amounts Contracts, the guarantees scheme must be reviewed by the Negotiator along with the Insurance Department.

In the case of Substantial Amount Contracts, the guarantees scheme must be the following:

(a) **Performance:** as per the type of Supplier, this risk may be guaranteed through different vehicles, as follows:

i. **Local suppliers contracting:** The Supplier may freely choose to guarantee this risk through insurance policies, bank guarantees, bonds, payment withholding (in the case of Goods supply) or any other document acceptable to Argos as long as the amounts, validity periods and coverage requested and guarantor fitness are complied with.

In the case of risks that are to be mitigated through bank guarantees, the conditions and any request related thereto, shall be approved by the Treasury director. In the case of risks that are to be mitigated through mechanisms other than bank guarantees, the Negotiator shall confirm along with the Risks and Insurance Senior Director who the authorized suppliers are and any other request related thereto, as well as the exceptions to the conditions established herein.

In the case of this risk, a **minimum combined limit of 30% of the amount of the Contract** must be covered and have the following coverages as per the type of the contract:

Coverage	Term of Validity	Limit / Amount
Performance	The term shall be the term of the Contract plus 30 days	Between 10% and 20% of the contract amount.
Quality	<ul style="list-style-type: none"> •Goods: equal to the guarantee offered by the Good manufacturer, and minimum 12 months after the Contract has ended. •Services : shall be the term of the Contract plus 30 days 	Between 10% and 20% of the contract amount.
Builders risk insurance (if the Contract involves the construction of civil works)	At least of 2 years after the Contract has ended	Between 10% and 20% of the contract amount.
Workers' Compensation *According to the legislation and risk evaluated in each country..	Verify the validity that is required in accordance with the legislation of each country, which may not be less than the duration of the contract plus 30 days. *For the Colombian region, the validity must be for the duration of the contract plus 3 years.	Between 5% and 10% of the contract amount.

- ii. **Contracting with foreign suppliers with no representation in the country of the contracting company:** In these cases, a percentage of the amount of the Contract must be withheld to be paid once the Supplier has fulfilled 100% of its obligations. In the case of Goods supplies, it shall be at least 30%, and in the case of Services, it shall be at least 10% of the Contract amount.

- (b) **Civil liability:** This risk can only be insured through insurance policies that meet the following conditions :
 - May be specifically issued for the Contract or be or be a general policy in which the contracting party is expressly included as insured.
 - Be certified by insurance companies legally existing in the contracting country
 - This insurance policy must cover a minimum combined limit of US\$300,000 with a maximum deductible of 10% of the insured value, have a term of duration that is equal to that of the Contract plus 30 days and have at least the following coverages:
 - i. Properties
 - ii. Operations
 - iii. Contractors and subcontractors.
 - iv. Owned vehicles and non-owned vehicles
 - v. Defective products.
 - vi. Workers' Compensation and Employers Liability
- (c) **Other risks:** In the case of Negotiations where the Negotiator or User identify risks in addition to those protected through the mechanisms listed above, they must seek the advice of the Risks and Insurance Senior Director. For example:

- Contracts involving designs or engineering, software developments and professional services shall require the submission of a copy of the professional civil liability insurance policy that has been subscribed by the supplier..
- As to Contracts entailing collection and payments to third parties, a copy of the insurance policy covering fraud, management, dishonesty or any coverage that is equivalent that has been subscribed by the supplier must be submitted
- As to Contracts entailing massive virtual processing of personal data, a copy of the cyber risk insurance policy or the one that is equivalent subscribed by the supplier must be submitted.
- As to Contracts entailing the transport of goods, the policies of the supplier and Argos must be reviewed to define which one will cover the associated risk.
- As to Contracts entailing passenger transport, passenger civil liability coverage must always be provided, either as an annex to the company's general insurance or through a specific policy.
- As to Contracts entailing assembly and construction works, the need to contract this type of insurance and whether the Supplier or Argos will contract it must be reviewed with the project leader.

The Contract Manager shall review that the guarantees comply with the minimum conditions in accordance to what has been established by the Contract. The Manager shall also request a certificate evidencing that the insurance policies have been duly paid by the Supplier.

In the event that any exception to what is established herein is required, refer to Part IV (Exceptions to the Contracting Procedure) Number 4.04, Exceptions to the Financial Aspects of the Negotiation.

ANNEX 4

NEGOTIATION LEGAL ASPECTS

Contracts shall have at least the following:

- **1.Elements that are essential:** Contracts must clearly indicate the parties, the purpose, the amount or how to determine it, terms and conditions of payment and duration.
- **2.Confidentiality:** Should the Supplier have access to Argos proprietary or sensitive information as a result of the Negotiation, a confidentiality agreement must be entered into by the Supplier, which may be contained in a separate document or in a clause of the Contract.
- **3.Assignment and subcontracts:** The Supplier may not assign or subcontract the Contract in whole or in part, without the prior and expressed written consent of Argos. In any case, Argos may assign the Contract as long as it assigns to its affiliates or to another member of Grupo Empresarial Argos, without the prior consent of the Supplier.
- **4.Inspection:** All Contracts shall contain a clause entitling Argos to conduct audits in order to verify the protection of all rights sought to be protected by Argos. For this purpose, the following clause shall be included in the Contracts.

“INSPECTION: THE SUPPLIER hereby states that it respects the law, the honorable and safe conditions of work, social responsibility and the care for the environment, and therefore, it shall allow ARGOS at any time to inspect directly or through third parties the due compliance by the SUPPLIER with the law and the obligations of the business transaction.

Among other aspects, ARGOS may verify the compliance by the SUPPLIER of:

- (a) Labor laws, including those related to social security, occupational safety and health, health care legal regime, retirement funds and occupational hazards;
- (b) Tax, customs and foreign exchange laws and regulations;
- (c) Environmental protection laws;
- (d) Social responsibility good practices;
- (e) Intellectual property and copyright laws;
- (f) Information safety policies and rules developing those policies that are applicable as a result of this Contract;
- (g) Personal data protection legal rules.



Any such inspections by ARGOS may take place at the offices of the SUPPLIER and/or the area where this Contract is performed, during working hours. The inspection may be joined by a SUPPLIER's representative who shall assist the inspector in order to carry out the corresponding duties. In case a visit is not required, ARGOS may request in writing the information required for the evaluation.

In addition to the foregoing, ARGOS shall have the right to inspect any amount invoiced and that is related to the Contract, up to two (2) years after the termination thereof. For that purpose, the SUPPLIER shall be obligated to let ARGOS inspectors have access to all related documents.

The SUPPLIER shall timely deal with the observations, control requirements and justified complaints ARGOS may submit as a result of such reviews. Should the SUPPLIER object to the access of ARGOS inspectors or refuse to process reasonable complaints or the results of the inspection carried out disclose risks that may result in losses to ARGOS, a material impairment of internal control or reputational costs, any disputed amount shall not be acknowledged should it be the result of the defect observed, and ARGOS may unilaterally terminate the Contract, without prejudice to the remaining consequences derived therefrom."



- **1.05 Compliance of money laundering and terrorism financing laws and regulations:** All Contracts shall include the clauses established for that purpose by Cementos Argos S.A. Compliance Direction, including the following one:

“KNOWLEDGE OF THE PROVIDER AND PREVENTION OF IMPROPER ACTIONS

The PROVIDER represents that it, its directors, shareholders, representatives, beneficial owners and related companies: (i) have not and shall not incur or participate in practices, omissions or crimes directly or indirectly related to corruption, fraud, bribery of national or foreign public officials, terrorism, financing of terrorism, trafficking or proliferation of weapons of mass destruction, trafficking or manufacture of narcotics, psychotropic substances or elements for the processing of narcotics, smuggling, currency trafficking, crimes against public administration, money laundering or any of its source crimes according to the applicable criminal regulations, collectively Illicit Activities, (ii) have not been convicted or are not under investigation by national or foreign authorities or criminal, judicial or administrative proceedings against them for direct or indirect participation in the commission of Illicit Activities and in case of becoming involved during the contractual relationship with ARGOS, they shall notify the company in writing, (iii) are not included in control lists of illicit conduct including, among others, the list of the Office of Foreign Assets Control - OFAC, the list of sanctions of the UN Security Council or other binding restrictive lists, (iv) shall not use the resources received from ARGOS, nor the commercial relations with ARGOS to commit or finance Illicit Activities and shall take sufficient due diligence and control measures to prevent these conducts, (v) guarantee that the resources and assets associated to the compliance of the obligations derived from the business with ARGOS are not linked to Illicit Activities and come from the development of licit commercial activities, (vi) do not have the status of Politically Exposed Persons or in case of having such status shall inform ARGOS and in any case shall refrain from granting undue advantages or benefits to the company related to the public function developed, limiting the relationship between the parties to the execution of this agreement, (vii) know, understand and commit to comply with ARGOS policies related to the prevention of fraud, corruption, money laundering, financing of terrorism, violation of competition rules and the personal data protection regime, as well as what is stipulated in the Code of Conduct for ARGOS Providers, documents that are available on the company's website, (viii) are not aware of the existence of conflicts of interest with

ARGOS and in case of having them, shall notify ARGOS in writing so that the corresponding management measures are adopted, (ix) comply with the applicable regulations regarding the prevention, control and administration of bribery, corruption, money laundering and terrorist financing risks and have implemented the necessary measures to avoid that their operations can be used as an instrument for the performance of this type of illicit conducts, (x) authorize ARGOS to consult directly or even by contracting third parties, databases of financial information, as well as national or international control lists of illicit actions, including the databases of the national police, (xi) shall provide, upon ARGOS' request, the necessary information to carry out the Due Diligence Procedure established by ARGOS, (xii) shall update these representations before any significant change in the same during the commercial relationship with ARGOS, such as the inclusion of the PROVIDER, its directors, shareholders, beneficial owners, legal representatives or related companies in national or international control lists of illicit actions, the initiation of criminal investigations against them or the imposition of fines, sanctions or sentences for illicit actions, (xiii) exempt ARGOS from any responsibility derived from erroneous, false or inexact information provided, (xiv) authorize ARGOS to unilaterally terminate the commercial relationship without any economic compensation in case that any of the representations contained herein are false or in case of non-compliance of the obligations established herein. In addition, they authorize ARGOS to terminate the commercial relationship or the adoption of other measures to prevent or mitigate risks when there is a substantial modification of the previous representations that, in the opinion of ARGOS, may imply legal, economic, operative or reputational impacts for ARGOS.”



- **6.Sustainability:** All Contracts shall include the following clause in order to comply with Argos Sustainability Policy Strategy with respect to the commitments resulting from the accession to the Global Pact and other related international standards:

“SUSTAINABILITY CLAUSE: Throughout the performance of this Contract, the CONTRACTOR shall respect the ten principles of the Global Pact that are listed below, as well as the rights recognized by the Declaration of Human Rights, the principles of the International Labor Organization the applicable laws that recognize labor rights, human rights and in other fundamental rights:

- (a) Companies must support and respect the protection of human rights universally recognized in their area of influence;
- (b) Companies must ensure that they are not accessories to violations of human rights;
- (c) Companies must respect the freedom of association and the effective recognition of the right to collective bargaining;
- (d) Companies must support the elimination of all kinds of forced labor or labor under any type of threat;
- (e) Companies must support the effective abolition of child labor;
- (f) Companies must support the abolition of discrimination at the workplace;
- (g) Companies must support a precautionary approach to the challenges posed by the environment;
- (h) Companies must promote the initiatives leading to greater environmental responsibility;
- (i) Companies must favor the development and dissemination of technologies that respect the environment;
- (j) Companies must work against corruption in all forms, including extortion and bribery.



Paragraph: Failure by the CONTRACTOR to observe the principles outlined herein shall be deemed a material breach of this Contract.”

- **1.07 Termination:** All Contracts shall entitle Argos to request an early termination. As a general rule, an early termination must be notified at least 30 days in advance. In case of early termination, the Negotiator shall request the Chief Legal Officer for legal assistance.
- **1.08 Supplier's liability:** As a general rule, the liability of the Supplier with respect to the compliance of the Contract shall not be limited. On an exceptional basis, the limitation of liability of the Supplier may be accepted upon the compliance of the following conditions:
 - (a) The limitation of liability corresponding to direct damages (damnum emergens) shall not be below 100% of the amount of the Contract;
 - (b) The limitation of liability corresponding to profits lost (lucrum cessans) shall not be below 10% of the amount of the Contract.
- **1.09 Applicable law:** The Applicable Law shall be the one established by the Chief Legal Officer.
- **1.10 Compliance with labor laws:** The Suppliers are obligated to comply with applicable labor law, as well as with policies and procedures established for Occupational Safety and Health by Argos. In case that the services are not provided within Argos premises, the Supplier and the staff thereof must observe the provisions established in the Argos Code of Business Conduct and Code of Good Governance. In addition to the foregoing, Argos may require the submission of documentation supporting the compliance by Argos of labor law obligations (including information about due payment of salaries, employment benefits and corresponding indemnifications). Argos may conduct internal and external audits in order to verify that these policies are duly observed.

The Supplier that must provide its services with foreign staff must comply with the requirements set forth under applicable laws as to valid and proper work authorization, including but not limited to, visa processes and work permits.

- **1.11 Compliance of Argos environmental law and environmental strategy:** The Supplier is obligated to comply with environmental applicable law, as well as with the policies and procedures established by Argos in environmental matters. The Supplier shall process and keep valid all environmental permits or authorizations that are applicable and shall inform its staff about the control of environmental aspects and impacts related to their duties. Should any question arise related to the impact on environmental resources during the performance of works and/or activities, the Supplier shall stop activities immediately. Doubt or ignorance shall not be used as excuse to breach environmental obligations. In this case, the inspector and the Senior Sustainability Director of the applicable Region must be consulted. Should the Supplier, as a result of its activities, cause damage to the environment or contaminate the air, it shall be economically, operationally, and legally responsible economically responsible for all recovery activities and for the losses caused to Argos or third parties,. Similarly, if the Supplier both from the operational and the legal viewpoint, and should it generates any solid or liquid, dangerous or not, type of waste, it shall be its responsibility to properly store it, collect it and dispose of it in accordance with the applicable law.



- **1.12 Jurisdiction and venue:** The Chief Legal Officer may include arbitration clauses in the Contracts whenever the nature, specialty and amount thereof indicate that it is in the best interest of Argos to do so.

In these cases, the following minimum rules shall be observed: (i) the arbitration award shall be at law; (ii) the arbitration shall be institutional; (iii) the number of arbitrators shall be uneven and shall depend on the amount of the business transaction, and (iv) Colombia shall be the preferred seat of arbitration.

- **13. Formalities:** Contracts shall follow the formalities set forth in applicable laws. For example: Contracts dealing with real property may require a public deed being notarized.
- **14. Contracts with companies of Grupo Empresarial Argos:** Any Contract entered into between companies affiliated with Cementos Argos S.A. must be entered into under the terms of the Argos Política para el Manejo de Operaciones con Partes Vinculadas (Policy of operations with affiliated entities).
- **15. Parties' contacts:** The name of the person that is responsible to deal with the questions and the management of the Contract, as well as its contact particulars must be indicated.
- **16. Information for management of Contracts:** All Contracts must contain the following information:
 - (a) Name of the inspector;
 - (b) Name of the Contract's manager;
 - (c) Name of the Contract requester;
 - (d) Name of the attorney of Colombia's Chief Legal Officer office that reviewed and approved the Contract;
 - (e) Number assigned by the document management system.





ARGOS