

# Materiality Analysis

[3-1] Our Materiality Analysis is a roadmap that reflects our most important environmental, social and governance (ESG) focal points, and allows us to adapt to changes in our surroundings, market dynamics, and stakeholder expectations.

[3-2] The relevance of the topics developed in this chapter reflects the seven material topics that we consider value drivers, which allow Grupo Argos, as an investment manager, to create comprehensive value. In 2022, we updated our value drivers according to the double materiality methodology, which analyzes key sustainability issues from two perspectives: (i) **financial materiality**, which allows understanding the environment's positive and negative impacts on the organization's financial, strategic and reputational performance; and (ii) **impact materiality**, which allows understanding the impacts the company and its value chain have on society and the environment.

For this exercise, we considered the practices required by *Global Reporting Initiative (GRI) standards*, *SASB*, the *Integrated Reporting Framework (IRF)*, and *Accountability's AA1000 standard* for stakeholder engagement. We periodically draw up this roadmap that contains our most important areas for work.

The prioritization process to define our drivers has five steps:

► **Understanding and identifying impacts**  
We carried out information analysis on internal and external resources including sector industry and business reports, best practices, recommendations, and news sources. This exercise provided key inputs for identifying the most important impacts for our company from a dual materiality perspective, including our strategy, risks, policies, among others.

► **Identification and preliminary case assessment**  
We performed an initial survey of potential material issues based on the company's impacts from two perspectives:

- » Potential, actual, positive, and negative impacts on society and the environment
- » Impacts that could potentially change the company's financial value

► **Update stakeholders**  
The exercise to update value drivers using the dual materiality approach included reviewing and updating our stakeholder groups to identify key stakeholders to involve in this process.

► **Involve stakeholders**  
We held interviews and open conversation workshops with representatives from prioritized stakeholders who rated the topics according to their relevance, presented their thoughts, and provided key elements to guide the company's operations around these topics. These inputs allowed us to prioritize issues based on both financial and impact materiality.

► **Validation**  
Proposed value drivers were validated with the Steering Committee and the Sustainability and Corporate Governance Committee of the Grupo Argos Board of Directors. The end result provides us with a roadmap to focus on and prioritize our resources on topics that are relevant to our stakeholders.

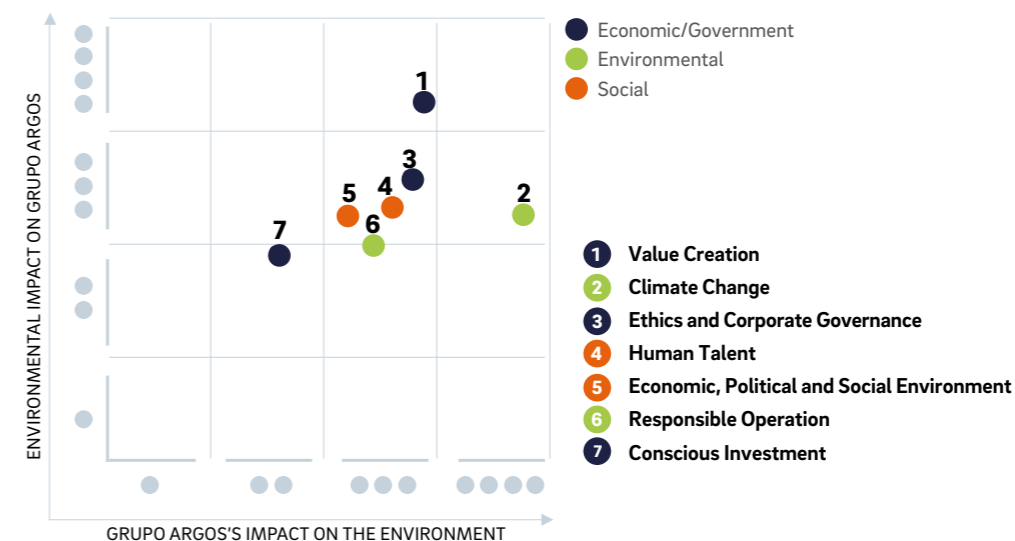
## Value Drivers

- 1 Value creation:** Creation of economic value for shareholders by meeting the company's objectives with a long-term vision
- 2 Climate change:** Identification, assessment, and management of climate change risks and opportunities at Grupo Argos's investments
- 3 Ethics and corporate governance:** Promotion of ethical and transparent behavior, within the applicable legal framework, strengthening the trust of all stakeholders in the organization
- 4 Human talent:** Management of the company's employees and ongoing focus on their well-being
- 5 Economic, political and social environment:** Economic, political, and social factors, external to Grupo Argos, that condition the company's operations. It affects the way the organization adapts to its surroundings through engagement, social investment, and human rights protections



► Forward Vision Operations Nucleus  
Valle del Cauca

- 6 Responsible Operation:** Commitment to use natural resources efficiently and responsibly
- 7 Conscious investment:** Analysis of environmental, social, and governance criteria when making investment or divestment decisions that create comprehensive value



# Material issues

## Grupo Empresarial Argos

Grupo Argos' sustainability strategy is based on three principles included in our Sustainability Policy: conscious investment, responsible operations, and cutting-edge practices. This three-part vision is aligned and integrated with our businesses' strategic vision to generate value for our shareholders and investors and for our other stakeholders.



▶ Salvajina Hydroelectric Plant  
Cauca

Grupo Argos directs and accompanies development of the Corporate Group's overall sustainability model, with a broad perspective of trends and risks, and promotes goal- and objective-setting and plans for implementation.

This role is realized through our participation on the boards of directors of our businesses and their respective Sustainability and Corporate Governance committees, as well as in the CEO Committee. We also have a Sustainability Synergy Network, where ESG issues are discussed by the Officers responsible for this topic in each of the Corporate Group's

companies, and a Sustainability Synergy Table made up of Sustainability teams from Grupo Argos and all its businesses.

Within this framework, in 2022 we updated the material sustainability issues for the Argos Business Group, considering the businesses' materiality results and our long-term objectives, providing us with alignment around clear priorities.

Conscious investment, the implementation of cutting-edge practices and the exercise of responsible operations define us as a sustainable investment organization that contributes to the development of the territories where it is present.

**To learn more about  
the management of  
our businesses visit:**  
**[www.argos.co](http://www.argos.co),**  
**[www.celsia.com](http://www.celsia.com) and**  
**[www.odinsa.com](http://www.odinsa.com)**