

# **Grupo SURA**

ANNUAL REPORT 2022





ur Annual Report for 2022 which our shareholders shall receive at their upcoming Annual Meeting, will be accompanied by the publication **Inhabiting virtue** (*Habitar la virtud* in Spanish). This is the third installment of a collection first launched in 2021 with which SURA proposes timeless conversations about today's world and the challenges we face as humanity.

Inhabiting virtue consists of an adapted selection of <u>Seneca's letters to Lucilius</u> (Cartas a Lucilio in Spanish), considering the relevance of his work in today's world, which is intertwined with <u>The Book of hours</u> (El libro de las horas in Spanish), by Ricardo Silva Romero, who discusses Seneca.

Two millennia later, this Colombian writer's text takes the form of a conversation with the Roman philosopher in order to question ourselves and shine an inextinguishable light on coherence as an ethical choice thereby constituting an invitation to good living and to virtue understood as a gesture for finding balance and personal and collective well-being.

In this way, **Inhabiting virtue** complements the reflections contained in **Inhabiting complexity** (2021, (Habitar la complejidad in Spanish)), which intertwined the thoughts of French philosopher Edgar Morin with those of Mexican essayist Juan Villoro, as well as **Inhabiting contradictions** (2022, Habitar las contradicciones in Spanish), which did the same between Voltaire's Candide or Optimism and the thoughts of the Argentine chronicler Leila Guerriero.

Inhabiting virtue shall be made available to the general public in the Art and Culture Section of sura.com, where the first two installments of this SURA series can be found. We leave these books in your hands, in the same manner as when someone finds a compass and would like to share it with others.

ANNUAL REPORT **2022** (End-of-Year Periodic Report)

### **DIGITAL ATTACHMENTS**

(Forming an integral part of this Year-End Report for 2022)

- Consolidated Financial Statements for 2022, with corresponding Notes.
- Separate Financial Statements for 2022, with corresponding Notes.
- » Key Environmental Performance Indicators 2022 for the SURA Business Group.
- >>> Financial inclusion and education initiatives deployed by the SURA Business Group in 2022.
- Seneral Human Talent Indicators 2022 for the SURA Business Group.
- » Annual Corporate
  Governance Report 2022
- Special Report on the SURA Business Group - 2022
- » GRI Content Index Grupo SURA Annual Report 2022.





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### **PRESENTATION**

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sults, and commitments on the part of Grupo de Inversiones Suramericana -Grupo SURA1- in its role as an investment manager firmly committed to our strategic objective of maintaining ongoing levels of sustainable profitability, which not only creates added value for all our shareholders but also helps drive a more harmonious level of development for society. Our environmental and social indicators have reinforced the performance of Grupo SURA, Suramericana and SURA Asset Management for the year 2022. These indicators are published on an annual basis.

It has always been one of Grupo SU-RA's priorities to adequately and opportunely attend to the information needs and expectations of our <u>stakeholders</u>, these being our shareholders, investors, employees, and regulatory

authorities, among others. Therefore, we seek to strengthen the bonds of trust we maintain with different groups of people, these based on our corporate principles of transparency, respect, responsibility and fairness.

We hope that this Annual or Year-End Report for 2022, as well as the <u>digital</u> <u>attachments</u> that form an integral part thereof, shall prove to be a useful starting point for a more comprehensive assessment of our performance. More specifically we are rendering an account of the progress made with our strategy through a well-balanced, cross-cutting, and integrated handling of our four capitals: financial, social, human, and natural, both from the standpoint of Grupo SURA as well as the Companies that make up our investment portfolio.

Besides including our consolidated and separate financial statements, with their respective notes, this is the perfect opportunity for us to share with you the progress made with all those issues we consider as being important based on our review of the

Group's Materiality Analysis That is why we are addressing aspects relating to our human talent, corporate governance, capital management and social investment, among others, all of which form part of our strategy.

This is consistent with our firm conviction of the importance of a comprehensive and responsible handling of our environment as well as the challenges faced by each of our stakeholder groups, this in keeping with the Sustainable Development Goals (SDGs) that we have prioritized.

As signatories of the <u>United Nations</u> <u>Global Compact</u>, Grupo SURA and our associates and subsidiaries continue to pledge our commitment, throughout the region, to meeting the standards and indices that enable us to adopt best practices, so as to continue enhancing the well-being and harmonious development for individuals, organizations, and society at large. This report also serves as a means for reporting on the progress made as signatories of the Global Compact.

As in previous annual reports, this year's version draws on the benchmark indicators defined by the Global Reporting Initiative (GRI) for preparing this type of report. With regard to the reliability of the information herein contained, this publication was audited by EY, an independent firm following the guidelines contained in the international standard ISAE 3000 and whose audit report concluded that said information reasonably reflects the reality of the Company's financial and non-financial situation on December 31, 2022. Evidence of this verification is included in the digital version of this Annual Report.

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This same printed version, which shall be distributed as part of the upcoming Annual Meeting of our General Assembly of Shareholders, has also been made available at gruposura. com, together with the digital attachments indicated in the Table of Contents and referenced in the relevant chapters later on. The GRI Table of Contents can also be found in these same attachments.

We hope that our Annual Report for 2022 shall facilitate an understanding of our strategy as well as the manner in which we strive to create value for our shareholders and how, through our investments, we are making a real contribution to our various stakeholder groups in Colombia and Latin America.



### $\label{thm:continuity} \textbf{Terms to keep in mind when reading this report:}$

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SURA Business Group. This refers to Grupo SURA as a whole, including the parent and its controlled companies both in Colombia and abroad, namely Suramericana, SURA Asset Management and its respective subsidiaries in Latin America; as well as certain domestic investments such as Arus and Habitat.

SURA-Bancolombia Financial Conglomerate. This group of companies both in Colombia and abroad is dedicated to providing their financial, insurance or stock market services, over which Grupo SURA, as its financial holding company, exerts either control or a significant influence, according to that stipulated in Law 1870 of 2017. Besides Grupo SURA, the Conglomerate is comprised of nearly 80 other companies, including Suramericana, SURA Asset Management, Bancolombia, Protección, and their respective subsidiaries and investment vehicles.

Financial information. This has been compiled under the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), in the versions accepted by Colombia. Both the financial and non-financial information, as contained in this report and its attachments, have been audited by the firm Ernst & Young Audit S.A.S. (EY Colombia).

Figures and percentages. Figures are stated in both Colombian pesos (COP) and U.S. dollars (USD) using the North American numbering system, that is to say commas for separating thousands and dots for separating decimals. The percentage changes to the financial figures correspond to the values stated in COP. Figures in USD correspond to the restated values in COP using the following exchange rates:

# AVERAGE EXCHANGE RATE - 2022 COP 4.255.44

Comprehensive Income Statement accounts and non-financial information YEAR-END EXCHANGE RATE - 2022 COP **4.810.20** 

Statement of Financial Position accounts and appraised values of Assets under Management (AuM).

#### **Prioritized Sustainable Development Goals (SDGs)**

Our business strategy and working model are aligned with the <u>Sustainable Development Goals</u> (SDGs) as approved by the United Nations. As a Company belonging to the financial services sector, we are particularly focused on complying with SDG No. 8: Decent work and economic growth. However, we are prioritizing six of these where our performance could have the greatest impact, this in conjunction with the Companies belonging to our investment portfolio.













### MESSAGE FROM OUR CHIEF EXECUTIVE OFFICER



Gonzalo Pérez Rojas, CEO of Grupo SURA, shares with all our shareholders and the recipients of our Annual Report for 2022, his vision of the Company's performance, results, and

prospects.

### >>> What stands out to you regarding the progress made by Grupo SURA in 2022?

As investment managers, we have taken important steps over this past year in acquiring a more integrated understanding of our financial, social, human, and natural capital, as these cannot be set apart from our search for greater sustainable profitability. This has allowed us to manage new knowledge as one of the pillars of our strategy for creating value for all our shareholders, our portfolio companies and, of course, for society as a whole.

This understanding is reflected in the progress reported in this Annual Report. We posted record results in revenues, profits and growth rates that exceeded our initial expectations. As for our social capital, we are providing our support to initiatives for ensuring a more harmonious level of development for society this together with our different partners. We also provide knowledge and training to different stakeholders in the form of our contribution to human capital. And, no less importantly, we were able to make headway with the measures we are taking against climate change, this in conjunction with our portfolio Companies.

All in all, 2022 was a very positive year, a year of many lessons learned, a year of continuing to inspire the confidence of all those who have believed in our way of doing business for more than 78 years of SURA's history.

### >>> Why is it a strategic factor for an investment manager like Grupo SURA to have a long-term vision?

If we did not manage our business with a long-term vision, we would be extremely vulnerable. A long-term vision is an innate factor for the development of people, institutions and, generally speaking, humanity itself. It is a powerful tool for ensuring that our growth, and that of our portfolio Companies, is truly sustainable, because it allows us to incorporate the lessons learned, promote projects, identify opportunities from the standpoint of building companies to last for centuries and not for a year or even a decade's worth of results.

All of this is very important for our shareholders, for our employees, for creating our own corporate culture and identity in the way we do business, as well as for SURA's clients, since it allows us to accompany them throughout different moments of their lives.

### >>> What are your thoughts on the role of the Company's corporate governance in light of the circumstances experienced over this past year?

It is precisely because of our long-term vision that we have an Ethics and Corporate Governance System that meets the highest standards, even before we were required to do so by current regulations, because we know how important it is to act based on principles. Undoubtedly, it is a guarantee of our independence, integrity, ethical solvency and responsibility.

Our corporate governance has been key factor in our strategy and allows us to have clearly defined rules, governing bodies and procedures in place that guarantee the transparency, quality and fairness of our decisions as a Company. Undoubtedly, this is very important in view of the expectations of local and international investors. all our shareholders, institutions, and other groups of stakeholders with whom we interact on a daily basis.

### >>> Have recent changes to Grupo SURA's Board of Directors and shareholder structure had any impact on SURA's strategy and business?

Our corporate governance has served as a basis of support providing us with guidelines and conviction regarding the decisions made. Therefore, the circumstances experienced this past year have not entailed any changes to our strategy as such. However, with the Board of Directors being reshuffled on several occasions and the multiple shareholder meetings being held does pose more challenges to the Company's strateaic development.

Fortunately, the portfolio's subsidiaries and associates have their own independent governing bodies, highly qualified management teams and proven strategies for carrying out their own particular lines of busi-

"A long-term vision is a powerful tool for ensuring that our growth, and that of our portfolio Companies, is truly sustainable."

ness. This made it easier for them to continue recording positive levels of performance, although the Company's particular circumstances were not entirely indifferent to their performance as well as the confidence shown by customers, employees and other stakeholders alike.

### >>> How do you explain to Grupo SURA's shareholders that the Company's positive performance is not reflected in its share price on the Colombian Stock Exchange?

The equity markets of both Colombia and Latin America, in particular, have not seen sufficient supply and demand for several years for there to be an adequate price formation for issuers' shares and, effectively, for these prices to match the fundamentals of these listed companies, their performance and results. Therefore, we hope that now that the integration of the Pacific Alliance stock exchanges shall become a reality, this will help to mitigate this problem both here and in the rest of the region.

### >>> What are the main issues on which the Company shall be focusing on in 2023?

We remain committed to continuing on our path towards greater profit-

ability in order to achieve a return over and above the cost of capital for more than 16 thousand of our shareholders. We also project that our leverage ratio shall continue to improve with our net debt to dividends received ratio dropping to less than 3 times the amount of dividends.

Also, this year, we shall be expanding our four-capital management to continue contributing to a more harmonious growth and, to this end, provide knowledge to our portfolio Companies.

### >>> Finally, how does Grupo SURA interpret a more challenging Latin American economic, political, and social environment with regard to its portfolio companies?

The environment always gives us signals to continue making headway with achieving our strategic objectives as well as with our long-term vision. We have seen many complex environments throughout our history, the important thing is to anticipate, manage and respond to risks in a timely manner so as to preserve the Company's growth and sustainability capabilities.

With regard to the various reforms being discussed in Colombia and other countries in the region that have had an impact on SURA's business, we have already expressed our willingness to provide governments and other institutions with our own knowledge and experience so that the changes in our mutual social protection systems will address their sustainability, build on what has already been built and bring benefits for both their members and society itself.

### **KEY TERMS USED IN THIS ANNUAL REPORT - 2022:**

Alpha. A measure of a mutual fund's performance relative to its benchmark index. It indicates the additional returns earned by the fund in question upon outperforming the market, this due to choices made by our investment teams.

Associate. Company in which an ownership interest of more than 20% and less than 50%, which indicates a significant influence is held.

AUM. Acronym for Assets under Management. It is used to refer to the Assets under Management of SURA Asset Management.

Capital (type of capital). In economics, it is the set of goods and resources that are managed to produce greater wealth and development. Grupo SURA, as an investment manager, recognizes that the integrated management of its four capitals allows it to move towards greater sustainable profitability:

Financial capital: resources from shareholders and creditors that are managed through an efficient and optimal allocation in order to create economic value and greater profitability for its portfolio companies.

- Social capital: human and institutional networks, relationships, frameworks, and understandings that facilitate building trust and working towards common goals.
- Human capital: a set of skills, knowledge, abilities, attributes, experiences, and competencies of each individual. This refers not only to SURA's human talent, but to all the stakeholders with whom we interact.
- Natural capital: the inventory of renewable and non-renewable natural resources that provide flows of benefits for both people and companies.

Claims rate. Refers to the number of claims submitted to the insurance company, due to accidents, damages or losses occurring in a given period of time.

Corporate Citizenship. This is the recognition of the social and environmental responsibilities and rights on the part of companies that extend beyond creating economic wealth and is evidenced in the way these behave.

Credit cost. The ratio between the provisions recognized by an entity for a given period and the average loan portfolio during that period.

**Deleveraging.** The process by which a company or individual reduces its level of indebtedness.

ESG criteria. A set of environmental, social and corporate governance aspects that are incorporated into business management practices and evaluated when deciding on sustainable investments. The handling of these criteria ensures the long-term value generation capacity of any organization.

#### Harmonious level of development.

From Grupo SURA's perspective, it is a purpose for making a contribution to society with its management and through its portfolio investments in order to obtain sustainable levels of profitability. This relates to measures that have a positive impact on a more inclusive level of development, to which it contributes both as an investment manager and a corporate citizen.

Liquidity margin. The amount of liquid assets a company holds to cover its immediate or short-term obligations, such as claims payments or policy reimbursements.

Materiality. This is the threshold defined by a Company for aspects to acquire sufficient importance to be addressed, managed, and reported, considering that they reflect significant economic, environmental, and social impacts and given their level of influence on stakeholder assessments and decisions.

Member. Natural or legal person who is a beneficiary of the SURA Companies' involvement in social protection systems (pensions, health care, occupational health, and safety).

**Net fund flow.** Balance resulting from contributions and withdrawals on the part of members.

Net interest margin. Net interest income divided by the bank's average monthly interest-earning assets.

**Premium.** A payment to an insurance company made by the holder of an insurance policy in exchange for access to a corresponding coverage.

Reinsurance. A mechanism by which an insurer transfers part of the risk assumed in its insurance policies to another (the reinsurer) in exchange for a premium.

Solution. In the context of Suramericana's lines of business, this refers to the integral offering that involves issuing an insurance policy and that,

as a whole allows capabilities to be delivered to both individuals and

Subsidiary Company. Company in which the Company has an ownership interest of more than 50%.

Subsidiary. Company in which the Company has an ownership interest of more than 50%. In the case of Grupo SURA, these are its subsidiaries Suramericana, SURA AM, ARUS and Hábitat.

Technical reserves. Funds that guarantee future coverage of insurance claims. These are based on estimated future losses and are used to ensure that the company has enough money to pay customer claims.

Wage base. This is the sum of the workers' wages on which the amount of the contributions, the commission to be paid and the pension to be received in the future are calculated.

CHAPTER

1

Corporate information

### COMPANY PROFILE

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We are a Colombian investment manager that is building a well-balanced portfolio of investments in leading Latin American companies in the insurance, savings, asset management, banking, infrastructure and food industries.

Our purpose in Grupo SURA is to create well-being and a harmonious level of development for people, organizations and society at large. In this sense, our strategic objective is to obtain sustainable levels of profitability by delivering to our shareholders an economic return over and above the cost of capital while contributing to create value for our other stakeholders.

ur strategy as an investment manager allows us to anticipate risks, opportunities and strengths through an integrated management of four capitals: financial, social, human and natural. This is only sustainable when our portfolio companies, through their own lines of business, help people and companies face the uncertainties both now and, in the future, while promoting the well-being and development of the

Similarly, thanks to a track record spanning more than 78 years, we have been able to evolve as a relevant organization for Colombia and the rest of the region. We have done so on the basis of a corporate culture based on the principles of **transparency**, **respect**, **responsibility and fairness**, which guide us in a genuine way of doing business in which results are just as important as the way these are achieved, while always applying a long-term vision and cultivating relationships based on trust.

This is why, our management philosophy also recognizes that we have a role as corporate citizens in creating public value, in conjunction with our diverse partners as well as strengthening the institutions of all those societies to which we are indebted.

#### >> A well-diversified portfolio

territories where these are present.

Our capital allocation focus is on financial and related services, with three investments representing 72.3%¹ of our portfolio's total value,

Our corporate principles guide us in a genuine way of doing business in which results are just as important as the way these are achieved, while always applying a long-term vision.

SURAMERICANA. This subsidiary is specialized in trends and risks management and, through its subsidiaries in nine countries throughout the region, provides solutions in the Property and Casualty, Life and Health Care insurance segments for individuals and companies, both voluntary and mandatory, together with their respective complementary services and benefits. In terms of written premiums, it is the fourth largest insurer in Latin America and the first in Property and Casualty (Non-Life)<sup>2</sup>; its subsidiary in Colombia leads the domestic market with a share of 20.8%<sup>3</sup> at year-end 2022.

Bringing its strategy to fruition in the short, medium and long term is based on advancing as a multi-segment, multi-solution and multi-channel company through profitable investments in insurance companies that provide well-being and sustainable competitiveness to its clients throughout the region, through a value proposition focused on well-diversified portfolios of solutions, efficient operating models, as well as attracting individuals and furthering brand loyalty.

We have shared the ownership of Suramericana since 2001 with our strategic partner Munich Re, one of the main global reinsurers, who holds an 18.9% stake and has provided its expertise to the expansion and consolidation of this Company.

SURA ASSET MANAGEMENT. This subsidiary is an expert savings, investment and asset management firm, with a presence in nine countries<sup>4</sup>. It leads the Latin American pension industry, as measured by the volume of Assets under Management held in its Savings and Retirement business, which includes its pension fund management subsidiaries in six countries. It has also been positioning itself in the voluntary savings and investment segment for individuals and as a regional platform for the institutional segment. Its subsidiary, Protección, is the second largest pension and severance fund manager in Colombia based on its number of subscribers.

SURA AM's strategy has allowed it to move forward in providing support to its clients in building their financial

<sup>&</sup>lt;sup>1</sup> SURA AM's valuation is based on the CDPQ - Suramericana transaction at 1.8x the value of its equity, namely Bancolombia, Grupo Argos and Grupo Nutresa, at their year-end stock market values.

<sup>&</sup>lt;sup>2</sup> Mapfre Foundation's ranking of insurance groups in Latin America (July 2022), based on data corresponding to year-end 2021.

<sup>&</sup>lt;sup>3</sup> Written premium calculations based on data collected by Fasecolda (an insurance trade association), which consolidates voluntary insurance (Life and Property and Casualty) as well as mandatory insurance (Occupational Health and Safety and Road Accident insurance).

<sup>4</sup> Including the direct operations of its subsidiaries in seven Latin American countries, as well as investment vehicles in the United States and Luxembourg.

wellbeing and attaining their financial goals, this through a specialized and well-differentiated offering together with its advisory services, all of which includes developing not only its own investment solutions but also those of its partners. Also, forming part of its growth plans is the focus on its operating efficiency, the productivity of its commercial channels, as well as the excellence of its investment teams. As of 2023, the personal and institutional savings segments shall be merged under SURA Investments, in order to enable greater operating synergies while continuing to reinforce SURA AM's value-added offering.

At SURA Asset Management, our strategic partners are the Bolivar Group (9.7%), since 2011, and the Canadian fund Caisse de Dépôt et Placement du Ouébec -CDPO-(6.7%), since 2019.

BANCOLOMBIA. This Company in which Grupo SURA is the main (non-controlling) shareholder also

belongs to the financial services focus of our investment portfolio. Offering specialized and complementary universal banking services for private individuals, companies as well SMEs, Bancolombia is the leading bank in Colombia. Its subsidiaries form the main financial network in Central America through Banistmo (Panama), BAM (Guatemala) and Banco Agrícola (El Salvador).

With Suramericana, SURA AM and Bancolombia - and their respective subsidiaries-, we form the SURA Bancolombia Financial Conglomerate, of which Grupo SURA is the holding company. This Conglomerate holds investments in 11 Latin American countries, where it provides its products, solutions and services to close to 74.2 million clients.

Our portfolio of strategic investments is complemented by our principal (non-controlling) shareholders in two industrial investments with which we share equity and philosoph-

GRUPO ARGOS. . Grupo Argos, an infrastructure holding company with a direct presence in 18 countries and territories in the Americas, through its cement and energy (conventional and renewable) lines of business as well as its road and airport concessions. In this way, the Company seeks to consolidate its position as a benchmark in infrastructure asset management in Colombia and the continent.

GRUPO NUTRESA. Leading the processed foods industry in Colombia and being a relevant regional player in this same industry, this Company has direct operations in 17 countries with its brands present in 82 markets, all this based on its 8 lines of business namely meat products, cookies, chocolate, coffee, consumer foods, ice cream, pasta and the Tresmontes Luccetti brand.

**Our investment** portfolio provides a well-balanced diversification and exposure to different types of industries, geographies, market segments, risks and stages of business maturity

These two organizations share fundamental aspects with Grupo SURA such as its corporate purpose of creating well-being through their own lines of business; the objective of generating economic value; acting according to our ethical principles and embracing best corporate governance practices; truly understanding the role of private companies in society, as well as our permanent commitment to sustainability, in its broadest sense.

Our portfolio also includes few other subsidiaries still at a growth stage such as ARUS, which provides technological solutions based on knowledge and information for both individuals and companies, as well as Habitat, which specializes in assisted living facilities for the elderly in Colombia.

We also hold minority stakes in Enka, an industry focused on the production of fibers and resins, as well as in technology-based companies associated with financial services that are part of our SURA Ventures portfolio. All in all, our investment portfolio provides a well-balanced diversification and exposure to different types of industries, geographies, market segments, risks and stages of business

Lastly, the Company is listed on the Colombian Stock Exchange (BVC) and is also registered with the ADR-Level 1 program in the United States. The Company's shares are also traded on the Santiago de Chile Stock Exchange, thanks to an agreement between the Colombian and Chilean stock exchanges. Since 2011, Grupo SURA has been included in the Dow Jones Global Sustainability Indices (DJSI), which recognizes companies with the best economic, social and environmental practices.

### >> The economic activities of Grupo SURA and its subsidiaries Suramericana and **SURA Asset Management**

Grupo SURA. Its main income as an investment manager comes from revenues obtained from its subsidiaries, which are estimated on a monthly basis using the equity method, this based on the stakes held, that is to sav Suramericana (81.1%), SURA Asset Management (83.6%), as well as other minor investments<sup>5</sup>. It also receives dividends from its portfolio

Associates, such as Bancolombia, Grupo Argos and Grupo Nutresa, based on the amounts declared by their respective Shareholders and the dates established for their payment during the year6.

Suramericana. The main income of this subsidiary comes from dividends received from its subsidiaries, these estimated using the equity method. These subsidiaries are engaged in marketing their portfolios of property and casualty, life and health insurance solutions, as well as their associated services in Colombia and eight other countries in the region.

SURA Asset Management. This subsidiary's revenues come from dividends from its Companies, whose main sources of income are fees and commissions relating to the management and distribution of investment funds as well as issuing insurance premiums -which are cyclical in nature- and, to a lesser extent, income from investment returns and brokerage commissions, which are more seasonal in nature, since these depend on fluctuations on the financial markets, this together with Sales & Trading transactions carried out by clients. SURA AM also received income via the equity method from Protección between January and October 2022, a company that, after further capitalization, was consolidated as a subsidiary7.

On the other hand, Grupo SURA is the holder of the trademark rights and usage licenses relating to the SURA brand, both in Colombia and in all the other countries where the companies of SURA Business Group are present. In order to protect these trademarks, the necessary formalities have been performed with the competent authorities and follow-up activities are carried out in order to identify possible improper or unauthorized uses. As a result of these monitoring activities, irregular situations have been identified and reported in a timely manner, in order to mitigate possible risks for the Organization, its clients or other stakeholders.

As for the SURA Business Group's Human Talent, we offer the following information: Grupo SURA, as the parent company, ended the year with 68 employees, which was 13 less than for 2021 (-16%). As for its main subsidiaries: Suramericana and its subsidiaries recorded a total of 22,895 employees, for a year-on year increase of 0.9% or 213 people; SURA Asset Management and its operations totaled 7,189 employees, 959 fewer than for the previous year, down by 11.8%.

Finally, Grupo SURA is not party to any litigation, judicial or administrative proceedings that could materially affect its operations or financial position.

For more information, see Note 7.2. Subsidiary Investments - Grupo SURA's Separate Financial Statements - 2022.
For more information see Note 7.1. Investments in Associates - Grupo SURA's Separate Financial Statements - 2022.

<sup>&</sup>lt;sup>8</sup> Both Suramericana and SURA AM include their sales force or advisory personnel. These figures do not take into account student interns or other people linked to academic purposes.

### **OUR HISTORY**



ur Organization was first founded in December 1944, when Compañía Suramericana de Seguros Generales (our Property and Casualty Insurance Company) came into being in Medellín, thanks to the efforts and commitment of 36 entities and 151 individuals wishing to offer a solution to the nascent local industries of the time in order to protect their net worth and assets.

Just a few months later, the Company began to grow, even more than its founders initially imagined; first with the opening of a branch office in Bogota, then a second in Barranguilla. Very soon, in 1945, the Company made its debut on the public stock market. Since then, we have had an open ownership structure. Two years later, we expanded our services to offer support to private individuals, through the newly created life insurance subsidiary, Suramericana de Seguros de Vida.

The decade of the 50s represented innovation and development in every sense. In addition to acquiring our own headquarters in downtown Medellin - by then the Company already had 1,000 employees- we were able to incorporate technological advances which allowed us to better respond to our clients. It was also at this time that we began our tradition of providing cultural support for that which still continues today, which in those early years consisted of the Suramericana News broadcasts (1958), and the publication of the first art book (1959).

By the 1970s, we had already hit three milestones. The first is having created our own SURA Foundation (initially called the Suramericana Foundation), through which we have supported several initiatives that are helping to drive the well-being of people, organizations and the territories where we are present. The second milestone was the appearance of "The Tiger", an advertising icon that is still vividly recalled by Colombians; and the third was the beginning of the cross-shareholdings formed between certain Antioquian companies with which we share the same philosophy in our way of doing business. After focusing on portfolios and divestitures, these cross-shareholdings still remain today between the food (Grupo Nutresa), infrastructure (Grupo Argos) and financial services (Grupo SURA) companies.

The latter decades of the last century were times of expansion and entrepreneurship with the creation of Sufinanciamiento, Suvalor or Corfinsura; and also, the beginning of gaining greater international scale with the acquisition of a majority stake in the insurance company Interoceánica, in Panama.

Also in the early nineties, the Company made its debut in the social security systems in Colombia with Compañía Suramericana de Servicios de Salud (Susalud), which later became the health care provider known today as **EPS SURA**, as well as the severance and pension fund management firm, Protección. Later, Seguros de Riesgos Laborales Suramericana (Suratep), our Workers' Compensation subsidiary, was created to handle the risks associated with occupational accidents and diseases, today known as ARL SURA. In 1997 Suramericana de Inversiones, today known as Grupo SURA, was created as the Organization's parent company, by separating Suramericana's investment portfolio from its insurance activities.

With this new century, we continued to expand and renew our brand, and in 2009 it was renamed SURA. This change was followed by a significant expansion of our portfolio in 2011, with the creation of SURA Asset Management, as the subsidiary in charge of managing the assets acquired by Grupo SURA from ING in Latin America, including the pension and investment fund management funds in five countries. That same year, our commitment to upholding the highest standards and best practices began to be recognized when we were admitted for the first time to the Dow Jones Sustainability World Index (DJSI).

Greater international scale was mainly gained by consolidating a leading insurance platform, thanks to the fact

Based on a long-term vision and a genuine way of doing business, we are expanding in Latin **America** through **SURA Asset** Management and Suramericana.

that the Suramericana subsidiary agreed to acquire in 2015 the Latin American operations of the RSA Insurance Group, for a presence spanning today in a total of nine countries, under the **Seguros SURA** brand; while at the same time, the portfolio was optimized by deciding to divest the annuity business in several countries and transfer the life insurance solutions that were part of SURA Asset Management to Seguros SURA.

Grupo SURA ended that decade with a portfolio focusing on financial services and complemented by strategic investments in other industries. At the same time, the subsidiaries of SURA AM and Suramericana continue to transform their respective business in order to provide added value to their millions of clients in all 10 countries while evolving their portfolios of insurance solutions in response to current trends and risks, as well as promoting voluntary savings opportunities for institutional investors.

Beyond the purely business aspects, the SURA Foundation made its debut in Mexico and Chile so as to continue transforming realities in these parts of the world, as was already happening in Colombia in areas such as the quality of education, cultural activities, strengthening institutional frameworks and citizenship building.

By April 2020, a change in leadership occurred when Gonzalo Pérez, until then Chief Executive Officer of Suramericana, took over as Chief Executive Officer of Grupo SURA, thereby succeeding David Bojanini, who had been at the helm since 2006.

The Coronavirus pandemic presented a number of challenges. Consequently, all Companies belonging to the Sura Business Group implemented the necessary measures to guarantee employee safety and business continuity. In addition to taking care of the financial health of our Companies, their capacity to adapt was amply demonstrated, as they continued to assist our clients with solutions and, very importantly, saving lives, in the case of health care in Colombia.

To better respond to the demands of the pandemic and from a long-term standpoint, Suramericana created a new subsidiary, called **VaxThera**, in mid-2021, which shall apply its expertise to researching, developing

and innovating vaccines, focusing on the production, importation and marketing of biologics so as to guarantee greater autonomy for Colombia and the rest of Latin America in this area. As of year-end 2023, VaxThera shall have the capacity to produce up to 100 million doses of vaccine per year at its plant.

Meanwhile, at Grupo SURA we have continued to develop our strategy as an investment manager committed to advancing towards greater sustainable profitability, based on a portfolio of investments that are leaders in their respective industries, while creating added value for shareholders and helping to ensure a harmonious level of development for society as a whole.

This goal continues to guide the Company's long-term growth as evidenced by the historical consolidated results produced at the end of 2022, thereby reflecting the confidence that our Latin American people have placed in the SURA brand of products, solutions and services as well as the levels of business performance shown by our portfolio Companies.

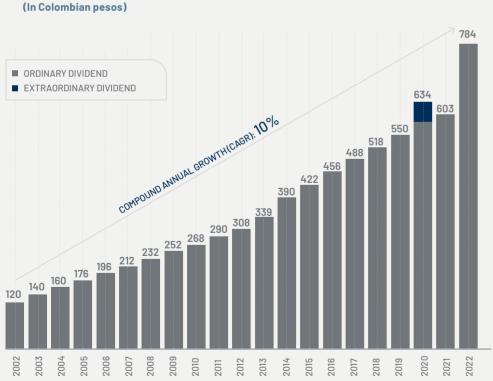
2022 was also a year of challenges for Grupo SURA's <u>Ethics and Corporate</u> <u>Governance</u> function Events such as a consecutive series of unsolicited tender offers, the handling of conflicts of interest, changes to the structure of the Board of Directors, among others, tested the workings of the good governance practices adopted by Grupo SURA.

To this end, the premise of always directing our actions, decisions and relationships with different stakeholders based on our ethical principles is even more important today. This is how we have always sought to act and shall continue to do so in the future.

### 32 times

has increased Grupo SURA's Equity, as attributable to its shareholders, over the last 20 years, going from COP 1.06 trillion in 2002 to COP 33.7 trillion at the end of 2022.

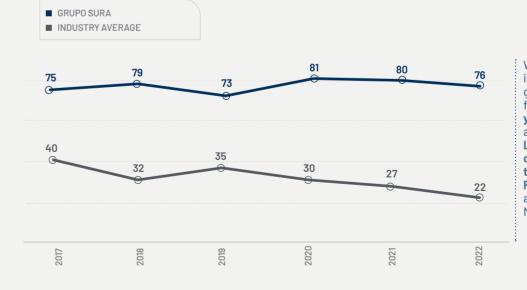




The dividend paid to Grupo SURA's shareholders has risen over and above the inflation rate in Colombia and has sought a balance between real growth and the investments required for further developing its portfolio Companies.

### CORPORATE SUSTAINABILITY ASSESSMENT (CSA) FOR THE COMPANY'S ANNUAL LISTING WITH THE DOW JONES GLOBAL SUSTAINABILITY INDEX (DJSI)

(Total score out of a maximum of 100)



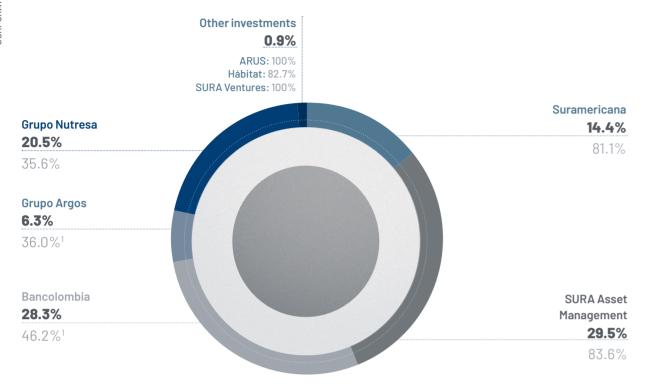
We have been included in this global index for the last 12 years running, as the only Latin American organization from the Diversified Financial Services and Capital Markets sector

OSIBA ANNIA BEBORTSO

16

### **OUR INVESTMENT PORTFOLIO**





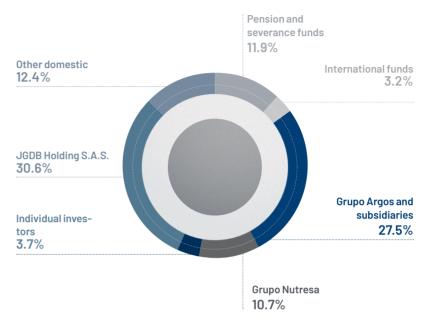
72.3% of Grupo SURA's portfolio² is concentrated in the financial and related services sector.

# **STAKES HELD**

(At year-end 2022)

#### Breakdown of total shares

(Ordinary + preferred shares)



### 16,428 shareholders

recorded by the Company at year-end 2022, of which 15,325 are private individuals. cop 784 per share was the dividend approved by the General Assembly of Shareholders in 2022, which was paid in cash in equal installments (COP 196) on April 1, July 1 and October 3, 2022, and January 2, 2023.

#### Breakdown of share capital by class of share:

SHARE	# SHARE- HOLDERS	% SHARE CAPITAL	
Ordinary Shares	4,378	80.6%	
Preferred Shares	13,785	19.4%	

#### **Breakdown of ordinary shares**

Holders	% STAKE
Pension and severance funds	0.1%
International funds	2.3%
Grupo Argos & Subsidiaries	34.1%
Grupo Nutresa	13.3%
Individual investors	1.5%
JGDB Holding	38.0%
Other local investors	10.9%
Total	100%

#### Significant real beneficiaries

(Holdings of more than 10% of the Company's share capital)

Nombre*	Type of share	% share capital
Grupo Argos S.A.	Ordinary Shares	27.51%
Jaime Gilinski Bacal	Ordinary Shares	30.95%

\* Real beneficiaries have been identified based on the information available to date. It is possible that there are other individuals or legal entities that may also be real beneficiaries, due to commercial, kinship or other ties, as specified in Decree 2555 of 2010.

### >>> Grupo SURA's current issues of securities

FIXED INCOME SECURITIES:

Issuance and Placement Program for Ordinary Bonds and Commercial Papers, for a global quota of COP 2.3 trillion, the total amount of which has been placed in 3 issues of ordinary bonds worth COP 650,000 million, COP 550,000 million and COP 1 trillion, respectively. These securities are listed on the Colombian Stock Exchange and are traded on the MEC system, hosted by the aforementioned exchange.

Ordinary Bonds, for an authorized amount of COP 250,000 million, which were placed in their entirety. These securities are listed on the Colombian Stock Exchange and are traded on the system, hosted by the aforementioned

Bonds issued under Reg S/144A, for an authorized, issued amount of USD 550 million. These securities are listed on the Luxembourg Stock Exchange and traded on the EURO MTF market.

At the end of 2022, the Company recorded an authorized capital of 600,000,000 shares and a subscribed capital of 581,977,548 shares, for a total of 18,022,452 shares in reserve.

Ordinary shares A total of 469,037,260 shares have been issued, of which 2,316,558 have been repurchased, for a total of 466,720,702 shares outstanding. These securities are listed on the Colombian Stock Exchange and are traded on the system, hosted by the aforementioned exchange.

These shares are registered with the Level I ADR (American Depositary Receipts) program representing the common stock traded in the U.S on over-the-counter (OTC) market. Finally, our shares are also traded on the Foreign Securities Market managed by the Santiago Stock Exchange.

Preferred shares, with dividend and non-voting rights, for an approved number of 120,000,000 shares, of which 112,940,288 have been issued and 432,115 repurchased, for a total of

112,508,173 shares outstanding. These securities are listed on the Colombian Stock Exchange and are traded on the system, hosted by the aforementioned exchange.

These shares are registered with the Level I ADR (American Depositary Receipts) program representing the common stock traded in the U.S on over-the-counter (OTC) market. Finally, our shares are also traded on the Foreign Securities Market managed by the Santiago Stock Exchange.

The performance of Grupo SURA's shares, and bonds is described in greater detail in the Financial Capital section of Chapter 3 of this Annual Report

The stakes held correspond to the number of ordinary shares held by Grupo SURA in each Company. <sup>2</sup> SURA AM and Suramericana valued at their equity value. Those of Bancolombia, Grupo Argos and Grupo Nutresa, at their year-end stock market values.

### STRATEGIC INVESTMENTS BELONGING TO OUR PORTFOLIO



Grupo SURA:

cost of capital.

81.1%

Strategic partner:

Munich Re

18.9%

18.9%

This subsidiary, a specialized player in the insurance and in trend and risk management industry, enjoys a track record spanning more than 76 years. It has a multi-solution, multi-channel and multi-segment offering that is marketed through its subsidiaries in nine Latin American countries, under Seguros SURA (insurance) and, in Colombia, also as EPS (mandatory health care) and ARL SURA (occupational health and safety), among others.

Providing well-being and competitiveness to individuals and

companies through its team of human talent and its trend and

risk management function. Its aim is to remain relevant to its

clients and obtain a level of profitability over and above the

Strategic guidelines

 Leading position: ranked as # 4 insurer of Latin American origin based on written premiums (# 2 excluding Brazil').

- Regional platform offering a diversified product portfolio to 22.3 million clients in 9 countries.
- Integrated insurance ecosystem, trend and risk management and service providers in Latin America
- Diversified business model focusing on individuals and companies
- Track record and potential for growth in excess of GDP.
- $\ \, \bigcirc \,$  Risk management with a sound and solvent financial position.
- Sustained growth in dividends paid out.

irowth

- ① Low insurance penetration throughout the region.
- Developing markets in different segments and geographies
- An evolving solutions portfolio.
- Strengthening and further developing its digital channels

Compound Annual Growth (CAG) over the last 5 years:

Written premiums ▲ 13.0% Equity ▲ 6.9 %

Dividends paid out 2017-2022: + COP 1.1 trillion

Average adjusted ROTE<sup>2</sup> for the period 2017-2022: **11.4**%



Grupo SURA:

83.6%

Strategic partners:

<u>Grupo Bolívar</u> (9.7%)

Caisse de Dépôt et Place- (6.7%) ment du Ouébec - CDPO-

Subsidiary specializing in pensions, savings, investment and asset management, with operations in nine countries. A regional leader in the pension industry it is also positioning itself as an investment platform for individuals and institutional clients in Latin America.

Its client-centric focus enables the Company to be present at different moments in the lives of both individuals and organizations, in helping them to achieve their dreams and aspirations, which goes hand in hand with its proven excellence in investment management.

- Ranked as #1 pension fund manager in the region based on volume of Assets under Management (AUM).
- Geographic diversification with a presence in 9 countries.
- Regional platform delivering a comprehensive product offering to 22.9 million customers in Latin America
- Growth and profitability for the SURA Investments line of business
- Substantial cash generation and dividend distribution capacity.
- Brand strength and sound reputation, based on both proprietary and third party surveys.
- Population growth and demographic dividend.
- Low penetration of pension and investment funds in the region
- Gradual formalization of the regional job markets.

Compound Annual Growth (CAG) over the last 5 years:

Assets under management (AUM) ▲ 10.8%

Fee and commission income A 7.6%

17 % of the total fee and commission income3 for 2022 came from the voluntary savings business of Inversiones SURA and SURA Investment Management.

Dividends paid out 2017-2022:

+ COP 2.3 trillion

Average adjusted ROTE<sup>2</sup> for the period 2017-2022: **23.8**%

Mapfre Foundation's ranking of insurance groups in Latin America (July 2022), based on data corresponding to 2021

Return on tangible equity: net income adjusted for the amortization of intangibles, divided by equity, excluding intangibles and capital gains.

Fee and commission income



Grupo SURA:

46.2%

of ordinary shares<sup>4</sup> Listed on the Colombian Stock Exchange as well as the NYSE (ADR Level 3).

A financial group with 147 years of experience. Offers specialized and complementary universal banking services for individuals, companies and SMEs and is a leader in Colombia with its subsidiaries making up the main financial network in Central America.

A leading financial group that promotes sustainable development for the well-being of all, providing a superior customer experience, inspiring pride amongst its employees and creating shareholder value.

- Colombia's #1Bank with leading positions in 3 Central American countries.
- Geographic and business diversification.
- Significant growth in terms of new users and digital transactions.
- Access to different sources of funding with a particular strength in savings and checking accounts.
- Powerful distribution network.
   Sound capital and solvency position
- One of the most sustainable banks in the world, according to DJSI
- Low banking penetration and financial inclusion.
- Digital transformation.
- Economic and demographic growth

Compound Annual Growth (CAG) over the last 5 years:

Total gross loan portfolio ▲ 11.0% Equity ▲ 11.1%

Dividends paid out 2017-2022:

+ COP 8.7 trillion

Total solvency ratio:

Average ROE<sup>5</sup> - 2017-2022: **11.7**%

GRUPO ARGOS

Grupo SURA:

**35.9**%

of ordinary shares<sup>4</sup>. Listed with the Colombian Stock Exchange

A benchmark infrastructure holding company on the American continent, a leader in the cement industry, with investments in road and airport concessions and a well-differentiated portfolio in both conventional and renewable energies.

The Group focuses on achieving sustainable growth for its investments as well as creating added value for all its stakeholder groups in order to help drive social, economic and environmental development and well-being.

- One of the most important infrastructure players in the Americas.
- A sector with a high growth potential throughout the region.
- Sound and articulated portfolio of investments in leading companies in their respective sectors.
- Well-balanced portfolio in sectors, currencies and regions, with a direct presence in 18 countries.
- Recognized by the DJSI as the second most sustainable company in the world in its respective sector.
- Exposure to the infrastructure investment cycle in both the US and the rest of the continent.
- and the rest of the continent.Increase in energy consumption.
- Experience in creating added value through companies under its control

Compound Annual Growth (CAG) over the last 5 years:

Ebitda<sup>s</sup> ▲ 6.0%
Dividends ▲ 10.0%

Managed assets: COP 26.8 billones in 2012 vs. COP 56.9 trillion in 2022

Dividends paid out in 2017-2022: +COP 1.9 trillion

Grupo nutres

Grupo SURA:

**35.6**%

Leading processed food company in Colombia and one of the most relevant players in this sector in Latin America, with eight business divisions: processed meat, cookies, chocolate, the Tresmontes Lucchetti brand, coffee, consumer food, ice cream and pasta.

Listed with

the Colombian

Stock Exchange

Aiming to double its 2020 sales by 2030, with a focus on creating added value, obtaining returns over and above the cost of capital employed and maintaining its ongoing commitment to sustainable development.

- Ranked as #1in the Colombian processed foods industry with foreign sales totaling + USD 434 million in 2022.
- 40.7% of its sales come from outside Colombia thanks to a direct presence in 82 countries.
- presence in 82 countries.Business diversification.
- Omnichannel distribution and powerful proprietary network.
- Hedging the cyclicality of the financial investments corresponding to Grupo SURA's portfolio.
- The most sustainable food company in the world, according to the DJSI.
- Leading brands in different segments.
- Management focused on innovation.
- Growth trend in healthy products.Borrowing capacity for new growth.

Compound Annual Growth (CAG) over the last 5 years:

Revenues 14.4%
Ebitda<sup>6</sup> 13.6%
Dividends 12.2%

Sales of new products representing **16.1%** of total revenues in 2022.

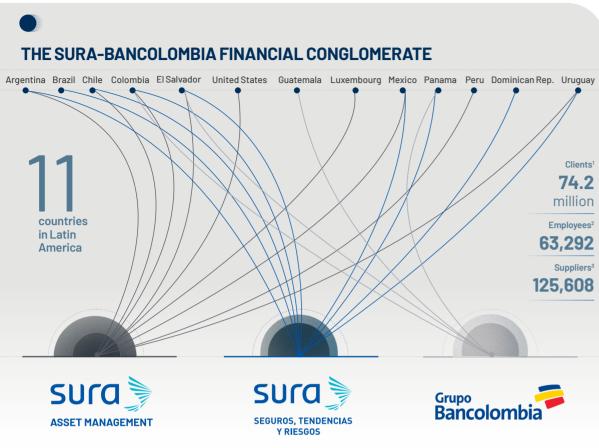
Dividends paid out in 2017-2022: +COP 1.8 trillion

12.8%

<sup>&</sup>lt;sup>4</sup> Stake held in ordinary shares outstanding. Stake held in total share capital, including preferred shares, comes to 24.5% in the case of Bancolombia and 26.9% for Grupo Argos.

<sup>&</sup>lt;sup>5</sup> Return on equity: net income divided by equity.

<sup>&</sup>lt;sup>6</sup> EBITDA: Earnings before interest, tax, interest, depreciation and amortization.



Clients: 22.9 million

**Employees:** 7,189

**Countries:** 

Operating earnings<sup>5</sup>: (Including insurance margin) COP 3.3 trillion

(USD 773 million)

Assets under Management (AuM): COP 673.2 trillion **16.0%** 

(USD 139,959 million)

Controlling net income5: <sup>COP</sup> 440.677 million

(USD 104 million)

Written premiums: <sup>COP</sup> 27.0 trillion **24.4%** (USD 6,355 million) Technical reserves: COP 30.1 trillion (USD 6,248 million) Net income: COP490.377 million **494.3%** 

29 millones **Employees:** 33,140

**28.7%** 

(USD 115 million)

Clients:

**Employees:** 

22,895

Countries:

22.3 million

Clients:

**Countries:** Total gross loan portfolio:

(Loans before provisions)

<sup>COP</sup> 269.9 trillion **22.5%** (USD 56,115 million)

Equity attributable to its shareholders: COP 39.1 trillion **21.3**%

**▲ 66.0%** 

(USD 8,126 million)

Net income: COP 6.8 trillion

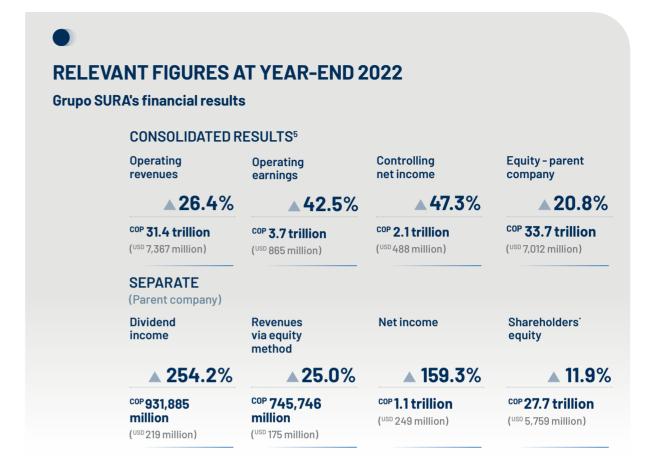
(USD 1,594 million)

Total clients corresponding to the Companies making up the Conglomerate. These are not exclusive clients of each Company but rather of various
Companies in Colombia, Chile, Mexico, Panama, El Salvador, Argentina and Uruguay.
Administrative appleaded by a classification and dependent advicery personnel figures evaluate student interne without an apple meant contract and

Administrative employees plus sales force and dependent advisory personnel, figures exclude student interns without an employment contract and include employees of the parent company Grupo SURA.

**4.7%** 

**29.6%** 



### Other key figures for the SURA Business Group

(Grupo SURA, Suramericana and SURA Asset Management)

### 65.8% of SURA employees

are women, which is to say 19,827 of the 30,152 employees in 10 Latin American countries.

45.2 million clients believe in the products, solutions and services provided by the SURA Asset Management and Suramericana subsidiaries in the region.

USD 10.3 million was the total direct social investment made by the Companies as well as that channeled through the SURA Foundation in this past year, for an increase of 5% compared to the previous year.

45,608 suppliers are allied with the Companies, most of them

micro, small and medium-sized local companies.

Thematic investments increased by **57%** this past year from Suramericana's investment portfolios and 10% from funds managed by SURA AM.

**85.6%** is the consolidated confidence indicator for SURA, after surveying more than 28 thousand people as part of the 2022 Regional Reputation study.

### 28 thousand people

received training as part of the programs and initiatives promoted by the Foundation in Colombia, Mexico and Chile.

**375** social, cultural, educational, health and other projects were staged in 2022, these having a positive impact on the lives of 21.7 million Latin Americans and the sustainability of 2,508 entities.

<sup>&</sup>lt;sup>3</sup> Total suppliers and service providers corresponding to the Companies making up the Conglomerate. These are not exclusive and may include suppliers serving several companies in the countries where they operate or several of these within the region. · Includes direct operations of its subsidiaries in seven Latin American countries, as well as investment vehicles in the United States and Luxembourg

Reflecting the accounting effect of ceasing to recognize Protección via the equity method and instead consolidating its results as a subsidiary of SURA Asset Management as of November 2022, along with the subsequent creation of a new insurance subsidiary, Asulado.

Not including Bermuda, where the reinsurer SURA Re, a subsidiary of Suramericana, is domiciled.

### 1 2 3 4 5 6

### **OUR STRATEGY**

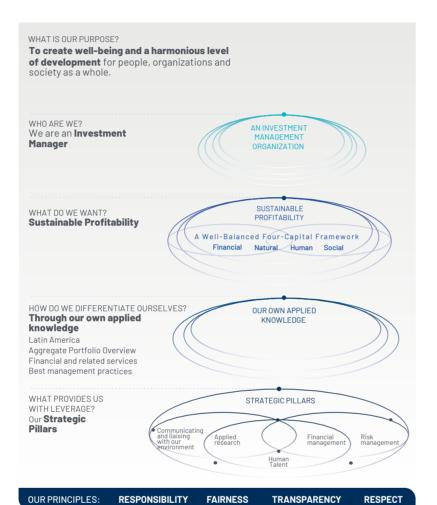
In a rapidly changing environment, our strategic planning allows us to align ourselves in order to address multiple challenges, manage uncertainty and identify new opportunities for our long-term sustainable growth.

#### 2-22

In our role as investment manager, we strive to achieve sustainable returns. This objective recognizes the relevance of creating value for our investors and other stakeholders through a well-balanced management of our four capitals: financial, human, social and natural. Therefore, we can only move forwards towards our objective when our relationship with the environment and the performance of our portfolio investments help ensure a more harmonious level of development for society.

At Grupo SURA we are aware of the changes in the environment that may impact our strategy, so we are constantly challenging the definitions that guide our decisions as well as the direction being taken by the Company.

For this purpose, we have a dynamic, structured and systematic process that is enriched by listening to and talking with our stakeholders, this together with our Aggregate Portfolio Overview, a tool that enables us to analyze and monitor the region's macro-environmental factors of a political, economic, social, technological, environmental and regulatory nature.



In this way we are defining and prioritizing multiple challenges that are materializing in measures being leveraged on our strategic pillars (see diagram). In this way, on a dayto-day basis, we are contributing to generating economic value; strengthening our business practices and institutional positions with respect to the environment; developing knowledge, tools and capabilities for our shareholders and investments; and creating opportunities, as a result of

our own knowledge, that contribute to sustainable profitability.

We also found that our integrated capital management function allows us to anticipate trends and risks, as well as to better understand the industries, territories, environments and investment cycles corresponding to our portfolio.

### **BOARD OF DIRECTORS**

November 2022 - March 2024

2-9. 2-11

Grupo SURA's Board of Directors consists of seven (7) principal members, three (3) of whom enjoy an independent status, including the Chairman and Vice-Chairman. Its members\* were elected by the Shareholders at an Extraordinary Meeting held on November 22, 2022.



Jaime Alberto Arrubla Paucar Chairman Independent member

In 2022, the Board of Directors met 43 times, 15 of which were in the form of regular meetings and the remaining 28 extraordinary meetings. Also, the Board's support committees also met on 23 occasions.



María Ximena Lombana Villalba Vice-Chairman Independent member



Guillermo Villegas Ortega Independent member



Ángela María **Tafur Domínguez** Equity member



**BOARD OF DIRECTORS - STRUCTURE** 

**BOARD COMMITTEES** 

Sustainability and Corporate Governance Committee

Audit and Finance Committee

Remuneration Committee

Risk Committee



David Yanovich Wancier Equity member



Gabriel Gilinski Kardonski Equity member



Jaime Alberto Velásquez Botero Equity member

The structure of Grupo **SURA's Board of Directors** was modified four times after their first appointment at the Annual Shareholders' Meeting on March 25, 2022. Complete information on the changes that took place can be found in the Annual Corporate Governance Report which, in the form of a digital attachment, forms an integral part of this report.

<sup>\*</sup> Chapter 5 - Ethics and Corporate Governance contains the profiles for each individual member of Grupo SURA's Board of Directors.

### MEMBERS OF SENIOR MANAGEMENT



Grupo SURA's Senior Management is comprised of the CEO, the Chief Corporate Legal Affairs Officer and Company Secretary, the Chief Business Development and Finance Officer and the Corporate Internal Auditor, who are appointed by the Board of Directors and are delegated the responsibility for the day-to-day management of the Company. The senior executives in charge of Human Talent, Corporate Citizenship and Communications and Corporate Identity also form part of the CEO's Committee.

1 GONZALO ALBERTO PÉREZ ROJAS

RICARDO JARAMILLO MEJÍA Chief Business Development and Finance Officer

#### Overseeing:

Investments Corporate risk1 Strategic planning Cash Management Financial and Tax Information **Investors and Capital** Markets

3 JUAN LUIS MÚNERA GÓMEZ Chief Corporate Legal Affairs Officer and Company Secretary

#### Overseeing:

Legal Financial Affairs and Investments Corporate Legal Affairs

4 JHON JAIRO VÁSOUEZ LÓPEZ Corporate Internal Auditor<sup>2</sup>

5 CATALINA RESTREPO DUQUE Manager - Human Talent

6 MARÍA MERCEDES **BARRERA TOBAR** 

> Manager - Corporate Citizenship and Executive Director of the SURA Foundation in Colombia

7 PAULA CECILIA VILLEGAS HINCAPIÉ Manager - Communications

and Corporate Identity

### OUR STAKEHOLDERS

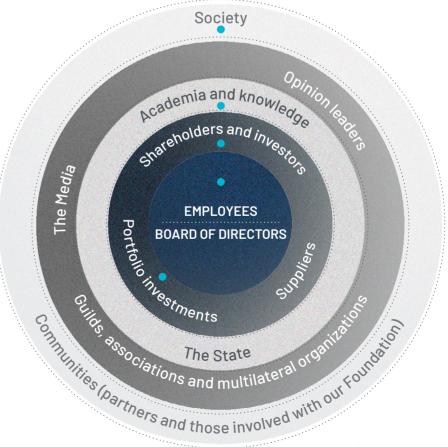
Our strategy recognizes the importance of listening to, and engaging in an ongoing dialogue with our stakeholders, who legitimize and validate the Organization's existence. Through these relationships we are able to build long-term trust. The following are the stakeholders that we have identified, with whom we have maintain relationships on different levels, as part of our search to create value for all:

Besides providing support and feedback on our performance as an investment manager and corporate citizen our stakeholder relations allow us to ensure a balance with the different groups, as a necessary condition for moving ahead towards our strategic objective of generating sustainable levels of profitability. In this way, we have sought to forge an Organization that creates public value because it not only recognizes its role in society but also it seeks to create alliances for building opportunities amongst us all.

That is why we encourage conversations based on equity and inclusion, and that favor critical thinking, empathetic relationships, and exercising free and conscientious citizenship.

We also strive to engage with our stakeholders by encouraging individuals, companies and other organizations to develop skills and knowledge so that they may strengthen their capabilities and in so doing enable them to grow in a more autonomous fashion.

We made progress this past year in strengthening our networks for the purpose of building trust and working towards common goals, with the conviction that we create public value by strengthening democracy, enabling dialog with different stakeholders and encouraging business and institutional practices that have a positive social impact.



### **MATERIALITY ANALYSIS**

3-1

At Grupo SURA we have a process in place for defining the Company's materiality in order to identify and analyze the issues that must be managed to ensure the achievement of our strategic objectives, these focusing on generating value in the long term and integrating our strategic outlook with the vision held by our stakeholders.

#### >>> Preparation process

In 2021 and 2022 we updated our materiality analysis, based on the following steps:

- 1. IDENTIFYING potentially relevant issues for generating value in the long term, through an analysis of the environment, the sector, an understanding of the context, the Company's strategy and the perceptions held by our stakeholders. This first step results in an initially large list of potential issues.
- 2. SELECTING dmatters from the above list that meet the double materiality criterion, that is to say that have the capacity to impact the Company's financial performance and, in turn, impact stakeholders.
- by analyzing, filtering and grouping the identified material issues, with their respective definitions and associated topics. This validation is performed by the internal materiality team, through discussions with key teams and management. This step results in a refined list of issues that is then passed on for subsequent evaluation.

- 4. EVALUATING, selecting and weighting of variables in order to quantify the importance of the stated issues and place these within the materiality matrix (see chart). The variables selected and weighted are as follows:
- **THEIR INFLUENCE ON STRATEGY:** 
  - Annual report (current relevance).
  - Internal priority, according to workshop consultations with teams of staff and based on strategic challenges.
- RELEVANCE TO STAKEHOLDERS:
  - Competitors and peers, through the analysis of annual reports and the mentions they make of each issue.
  - Media, based on the number of mentions of each issue in the world's leading media.
  - Academia, according to indepth interviews that form part of the reputation study.
  - Regulators, according to an analysis of the number of regulatory initiatives issued for each issue.
  - Community, according to surveys conducted as part of the reputation study.
  - Employees, according to reputation surveys.
  - Investments, according to indepth interviews conducted as part of the reputation survey.

- Suppliers, according to surveys conducted as part of the reputation study.
- Investors, according to the SASB materiality.
- **4.1.** Evaluation of double materiality. To assess financial materiality, the above results are grouped into ratings associated with financial reporting, mandatory regulations with sanctions and voluntary financial market regulations, as well as sectoral material issues defined by SASB.

To quantify materiality from the perspective of stakeholder impact, voluntary regulatory initiatives not associated with the financial market, media analysis and sustainability reporting are grouped together. The relevance rating associated with each variable is obtained from technological tools and the 2022 reputation survey.

tion and appropriation of results among the governing bodies in order to provide feedback on the processes used and to analyze the measures required for managing each issue. This specific step shall be carried out during the first quarter of 2023

# GRUPO SURA'S MATERIALITY MATRIX AS AN INVESTMENT MANAGE

#### » Material Issues

The scope of this materiality study covers Grupo SURA and its role as investment manager, and therefore, the information for drawing up this analysis is focused on this sector and will be periodically fed with the aforementioned inputs.

# CONVENTIONS: ■ DEVELOPING SYNERGIES AND COMMUNICATING EXTERNALLY ■ MAINTAINING UNDER OBSERVATION ■ COMMUNICATING INTERNAL EFFORTS



SURA ANNUAL REPORT

INFLUENCE ON STRATEGY

### SUSTAINABILITY COMMITMENTS

2-23, 2-28

For Grupo SURA, taking part in global initiatives allows us to permanently evaluate the performance of our Companies against best practices. In this way, we increase the positive impact we have on society and the region.

#### >>> Global voluntary initiatives

We are firmly committed to implementing responsible practices, thereby helping to ensure a more harmonious level of development. These are just some of the more significant commitments that Grupo SURA and its subsidiaries, either renewed or upheld in 2022:



Being a signatory of the **United** Nations Global Compact since 2009.





Since 2016 our subsidiary. Suramericana, has embraced the Principles of Sustainable Insurance, for Sustainable sponsored by the <u>UNEP-FI</u>.

Signatory of:



Our subsidiary, SURA Asset Management and its main Companies have been signatories of the <u>Principles of Responsible</u> Investment since 2019.

#### **WOMEN'S EMPOWERMENT PRINCIPLES**

We support the Women's Empowerment Principles, an initiative led by UN Women and the Global Compact.



We have been a member of **CECODES** (Colombian Business Council for Sustainable Development) since 1998.

#### >> External performance evaluations

Our environmental, social and corporate governance (ESG) performance is constantly evaluated by different external rating agencies, allowing us to identify opportunities to understand what we are doing well and where we can improve. Through the results of these evaluations, we were included in the following stock market indexes that incorporate ESG criteria:

**Dow Jones** Sustainability Indices

Member of

Powered by the S&P Global CSA

Sustainability Yearbook Member





We are included in the Sustainability Yearbook 2023, which includes 700 companies worldwide with the best economic, social and environmental practices, this after being included in 2022 in:

- S&P Global ESG Score 2022 The Dow Jones Sustainability World Index (DJSI).
  - · The Dow Jones Sustainability Index for Emerging Markets (DJSI Emerging Markets)
  - Dow Jones Sustainability Index MILA-Pacific Alliance (DJSI MILA).



A prime rating awarded in the ISS-ESG (Institutional Shareholder Services) ESG corporate performance evaluation.



A "B-" rating, above global average, awarded as part of the 2022 Report of the Global Environmental Commitments initiative.



The Investor Relations Award for 2022, conferred by the Colombian Stock Exchange for the tenth consecutive year.



57th place among 100 companies in Latin America, 1st of Colombian origin, 2nd among insurance companies. 3rd place in the Merco ESG Responsibility Ranking - 2022. 6th place in the Merco Corporate Ranking 2022. 5th place in the Merco Talent Ranking 2022.



Grupo SURA is one of the companies with the best social investment practices, according to the Private Social Investment Index (IIP) in Colombia, drawn up by USAID in conjunction with the firm Jaime Arteaga & Asociados.



5th place in the category "Leading IR Company", as part of the 2022 Annual Edition of the Sustainable Leaders Agenda (ALAS20), sponsored by GovernArt, Colombia Chapter.

#### CHAPTER

Management report

<sup>\*</sup> Event subsequent to year-end 2022: the Company formed part of this index until March 2023.

1 2 3 4 5 6

in controlling interest net income for 2022, the highest ever recorded in our history, for a YoY growth of 47%, when this was only forecast to increase by between 10% and 15%.

of the SURA Business Group's leadership positions are held by women, who represent 65.8% of the Organization's total 30,152 employees in 10 countries throughout the region.

**Latin Americans** improved their quality of life through the social impact investments made by our Companies as well as those channeled through the SURA Foundation in Colombia, Chile and Mexico.

was the total equity shareholders at year-end

56.4%

COP 33.7 trillion

(USD 7,012 million)

attributable to our 2022, for an increase of 21% compared to 2021, thanks to the results obtained by our portfolio companies.

As a result of the changes in Grupo SURA's ownership, our Ethics and Corporate Governance System faced new challenges that demonstrated its strength as well as the effectiveness of our continuously evolving Internal Control System.

These financial results came hand in hand with advances with other types of capital in 2022, as an investment manager seeking a more harmonious level of development for society.

We would like to acknowledge the efforts of more than 30 thousand employees in 10 countries throughout the region, who through their commitment, knowledge and talent have day by day nurtured our SURA culture, on the basis of our principle-based identity and a genuine way of doing business spanning more than 78 years. We would also like to take this opportunity to thank all our shareholders as well as the people and entities in various sectors for their vote

of confidence and support.

### HISTORICAL CONSOLIDATED RESULTS

We continue on our path to greater growth with increased levels of profitability on the part of all those companies that make up our investment portfolio, as evidenced by the consolidated financial results posted at year-end 2022.

It should be noted that these results reflect the accounting effect of ceasing to recognize Protección via the equity method and instead consolidating its results as a subsidiary of SURA Asset Management as of November 2022. This formed part of a spin-off that allowed for Asulado to be created at the end of 2022, dedicated to providing pension insurance and annuities, in view of the fact that this option has been non-existent on the Colombian market for several years.

Let us begin by highlighting the fact that our operating earnings stood at COP 31.4 trillion (USD 7,367 million), a record figure that was 26% higher than the comparable figure for the end of 2021. This was made possible, mainly, by:

RELATED STAKEHOLDER **GROUPS:** 

Shareholders and investors

**Board of Directors** 

**Employees** 

Portfolio investments

Suppliers

Academia and knowledge

Communities

The State

Society

RFI ATFD SDGS:









Restated figures in US dollars: figures taken from the Company's Statement of Comprehensive Income, restated using the average exchange rate for 2022: COP 4,255.4; Figures taken from the Statement of Financial Position based on the exchange rate corresponding to year-end 2022: COP 4,810.2.

other factors.

Special greetings to all our shareholders as well as all

his past year confirmed that taking a long-term view was

a determining factor in carrying out our strategy as an in-

vestment manager. It also corroborated that our pursuit of

sustainable profitability is more important than ever and

can be seen in the progress, learnings and results achieved

through an integrated and well-balanced management of

our financial, social, human and natural capital.

Evidence of this is the all-time high results posted at year-end, making special mention of our consolidated revenues totaling COP 31.4 trillion (USD 7,367 mil-

lion<sup>1</sup>), which is COP 6.5 trillion more than for the previous year<sup>2</sup>. We also ended

the year with a controlling net income of COP 2.1 trillion (USD 488 million), which

This was the result, first and foremost, of the trust placed in SURA by more than

45 million people and companies throughout Latin America who believe in our

products, solutions and services. We also saw the benefits of a well-diversi-

fied portfolio, with the recovery of Suramericana's revenues and profitability;

the resilience of SURA Asset Management in spite of the more challenging landscape on the capital markets; together with the relevant contributions to our bottom line on the part of our strategic investments in Bancolombia, Grupo

These financial results came hand in hand with advances in the other types of

capital in 2022, as an investment manager seeking a more harmonious level

of development for society while recognizing its role as a corporate citizen.

At Grupo SURA we are fully aware of the importance of building relationships

based on trust with all our stakeholders, strengthening public policy making, helping people to acquire greater knowledge and skills, combating civic

misinformation and helping to mitigate the effects of climate change, among

Likewise, during this past year we consolidated our own applied knowledge

as a strategic differentiating factor, this by strengthening the structured tool

we call the Aggregate Portfolio Overview. This has allowed us to expand the

capabilities needed to analyze a large amount of data, in order to evaluate and

monitor investments through a more comprehensive understanding of their

sustainability, the environments of their specific industries and also their risks

and opportunities, as discussed further on in Chapter 4 of our Annual Report.

Nutresa and Grupo Argos, as we shall see in greater detail later on.

was higher than that projected at the beginning of 2022.

those accessing our Management Report for 2022:

<sup>2</sup> These results reflect the change from recognizing Protección via the equity method to consolidating this pension management firm as a subsidiary of SURA AM as well as creating Asulado, the latter's new insurance company.

Revenues:

COP **31.4** trillion (USD 7,367 million) **▲ 26.0%** 

Operating expense:

COP 11.4 trillion (USD 2,671 million)

Operating earnings:

COP 3.7 trillion (USD 865 million)

**▲ 42.5**%

**47.3**%

Controlling net income:

COP 2.1 trillion (USD 488 million)

\*These results reflect the accounting effect of ceasing to recognize Protección via the equity method and instead conso-

lidating its results as a subsidiary of SURA

Asset Management as of November 2022.

- The growth in premiums for all Suramericana's insurance segments.
- SURA Asset Management's fee and commission income remaining stable, in spite of the effect of regulatory cuts to these charges in Mexico.
- Higher revenues obtained via the equity method, based on the positive final results of Bancolombia, Grupo Nutresa and Grupo Argos compared to 2021.

On the expense side, our Companies maintained their focus on strict cost controls and creating greater efficiencies. The 22% increase<sup>3</sup> in this indicator relates to higher growth rates with our insurance business hence higher commissions charged in the different channels. There was also a higher claims rate, mainly with the Health Care solutions (in Colombia) and the Auto branch of insurance (throughout the region) the latter due to the global increase in auto part costs.

Consequently, consolidated operating earnings ended up at COP 3.7 trillion (USD 865 million), thereby reflecting the commercial strength of Suramericana and SURA Asset Management lines of business, as well as the levels of performance of our associates.

In the end, we obtained a controlling net income that reached an all-time high of COP 2.1 trillion (USD 488 million), for a comparable year-on-year growth of 47%, which was higher than that projected at the beginning of 2022 based on consolidated earnings that were set to increase by between 10% and 15%. We also exceeded our initially projected return on equity (adjusted ROE), which stood at 9.9%, compared to a budgeted figure of between 8% and 9%.

Regarding our Consolidated Statement of Financial Position at year-end, we would like to make special mention of the equity attributable to all our share-holders that came to COP 33.7 trillion (USD 7,012 million), for an increase of 21% compared to 2021. This was driven by sound results from both our subsidiaries and associates.

Consequently, by the end of  $2023^4$ , we expect Grupo SURA's controlling net income to increase by between 10% and 15%, and our adjusted  $ROE^5$  to end up within the range of 9% to 10%, as part of our commitment to create economic value for all our shareholders. We will return to these projections at the end of this report while these shall be discussed in greater detail in <u>Chapter 3</u> of this Annual Report.



Individual results

Grupo SURA-2022

(Attributable to our shareholders)

Net income: ▲ 159.3%

trillion
(USD 249 million)

On the other hand, Grupo SURA's Separate Financial Statements also reported an unprecedented net income of COP 1.1 trillion (USD 249 million), for a year-on-year growth of 159%. This was driven by increased revenues obtained via the equity method from subsidiaries as well as dividends declared by our associates compared to the levels of performance recorded back in 2021. It should be noted that this year's proposed dividend distribution is based on this final result.



# INTEGRATED CAPITAL MANAGEMENT

As corporate citizens we are fully aware that financial results, although very important, are not enough to understand the value that we as a company create for our stakeholders and society in general. Consequently, our performance last year also included our integrated capital management initiative, this in pursuit of greater sustainable profitability, as discussed in more detail in <a href="#chapter3">Chapter 3</a> of this Annual Report.

In terms of our **social capital**, we made progress this past year in strengthening our networks for the purpose of building trust and working towards common goals, with the conviction that we create public value by strengthening democracy, enabling dialog with different stakeholders and encouraging business and institutional practices that have a positive social impact.

In this regard, the projects selected in the first call for proposals on the part of the #PensarConOtros initiative aimed at building citizenship and democracy in Colombia were implemented and those that we shall support in 2023 were also selected. Also, as an organization that stages talks with the public, we are encouraging greater citizen participation by spearheading initiatives such as Tenemos que Hablar Colombia (We Have to Talk Colombia), in partnership with the Ideas for Peace Foundation.

We are also providing our support to various events at which segmented conversations can be held. Furthermore, outside firms conducted our reputation study, which included 28 thousand surveys and 200 in-depth interviews in 10 countries where SURA is present, producing a confidence indicator of 85.6% with that specifically applying to Grupo SURA reaching 89%.

For their part, our Suramericana and SURA Asset Management subsidiaries implemented various projects and programs in order to reach out, through different channels, to more segments and territories with training initiatives as well as for the purpose of adapting and creating new products, solutions and services, thereby benefiting 2.4 million people and companies throughout Latin America over this past year.

The social impact investments on the part of the Companies making up the SURA Business Group and those channeled through the SURA Foundation in Colombia, Chile and Mexico helped in various ways to enhance the lives of nearly 21.7 million people and further

This change corresponds to the growth of all expenses excluding claims.

<sup>&</sup>lt;sup>4</sup> These forward-looking statements regarding Grupo SURA, Suramericana, SURA Asset Management and their respective subsidiaries have been drawn up based on assumptions and estimates made by the Company's Senior Management. For illustrative and decision-making purposes, these figures are administrative and non-accounting in nature, which is why they may differ from those presented by official entities. Grupo de Inversiones Suramericana assumes no obligation whatsoever to update or correct any information herein contained in this report.

Feturn on equity, which excludes amortization expense relating to intangible assets associated with acquisitions.

the sustainability of 2,508 entities, mainly social, educational and cultural in nature throughout Latin America.

From the financial capital standpoint, in addition to the results shown and the focus on the profitability of our investment portfolio, other important measures were taken. Based on our Aggregate Portfolio Overview tool, we continued to mature the consolidation and analysis of information regarding material risk exposures for the sustainability of the SURA-Bancolombia Financial Conglomerate.

Likewise, in order to raise the standards of our internal financial reporting controls, we tested the design and implementation of controls that were carried out under the guidelines corresponding to the SOX international practices, producing successful results with most of the controls thus examined. This exercise provided the Company with additional knowledge while setting up a cyclical procedure for updating and analyzing our risk exposure.

Also, this past year, the Company's leverage indicator improved, with the net debt to dividends received ratio dropping from a multiple of 6.6 times to 3.9. We are therefore within the range projected at the beginning of the year, taking into account the global environment of rising interest rates and deteriorating market liquidity in general.

On the other hand, as a result of the request of several members of the Board of Directors, an internal verification process, and in response to the observations made by the

statutory auditors, a review of the accounting policy governing agreements with minority shareholders. For this purpose, we considered the analyses performed by expert consultants as well as references to other issuers and the publications issued by the IFRS Interpretations Committee, the interpretive body of the International Accounting Standards Board (IFRIC).

The changes to the previous accounting treatment, were approved by the Board of Directors and applied to the Consolidated Financial Statements as of the third quarter of last year<sup>6</sup>. These changes had no effect on the Separate Financial Statements which, it should be noted, form the basis for distributing shareholder dividends as well as for the purpose of cash flow or debt issuance analysis.

Turning to human capital, we recognize that learning, diversity, creativity, inclusion, integral health and well-being are essential for human development. Therefore, we strive to engage with our stakeholders by encouraging individuals, companies and other organizations to acquire greater skills and knowledge so that they may strengthen their capabilities and in so doing enable them to grow in a more autonomous fashion. To this end, over this past year we made progress with handling this type of capital through solutions, products and services, training programs, knowledge management and human talent development.

An example of this is the alliances formed with universities and entities



A well-balanced four-capital framework

SOCIAL CAPITAL:

Confidence indicator

85.6% Average score for all 10 countries (Reputation survey 2022)

FINANCIAL CAPITAL:

Net debt / Dividends received

(vs.6.6 for 2021)

**HUMAN CAPITAL:** 

thousand people trained throughout the region with the support

NATURAL CAPITAL:

premiums based on environmental criteria (Suramericana)

of the SURA Foundation

**Totaled thematic ESG** investments made by SURA AM such as Transparencia por Colombia (Transparency for Colombia) the purpose of which is to promote research on issues such as trust and corruption. We also conducted our own environmental analyses on social change and staged workshops, conversations and events that allowed employees to take ownership of multiple territories.

We would also like to highlight the fact out of a total of 30,152 employees of the companies belonging to the SURA Business Group, 65.8% are women, who also occupy 56.4% of the Group's leadership positions. Likewise, 61.5% of the 4,624 new hires in 2022 corresponded to women, which reflects the Group's Diversity Policy as well as the Organization's commitment to promote gender equity within the workplace.

With regard to our comprehensive human talent management strategy, we also made headway as a flexible organization that fosters diversity by making all our staff aware of our protocol for preventing sexual harassment, among other initiatives.

For its part, the SURA Foundation contributed to the education and training of more than 28 thousand people in Colombia, Mexico and Chile, including children, teachers, other educational agents, holders of higher education scholarships, cultural promoters and artists.

Through various alliances, Grupo SURA promoted the training of nearly 500 reporters and student journalists in ethics and good practices, as well as more than 32 thousand Colombians for the purpose of reducing their vulnerability to misinformation. Seguros SURA also provided training to more than 7,000 suppliers, 4,500 insurance agents, and nearly 5,500 micro, small and mediumsized companies throughout the country.

As a Business Group, we scored 95.7 out of a total of 100 points in the latest measurement of our organizational commitment, which surveyed more than 30 thousand employees in the region; this being yet another example of how highly the Sura culture is being identified with.

Also in 2022, we continued to consolidate the Audit Thinking Tank, in partnership with Eafit and the UPB universities in Medellín. This year we shall be making efforts to expand this knowledge network to include more companies and academic entities.

With regard to our natural capital, as an investment manager we understand our responsibility for helping to drive a more responsible transition and to regenerate this type of capital. This is why over this past year we have prioritized initiatives focusing on sustainable finance and investments, analyzing risks and opportunities relating to climate change, and providing our assistance

We scored 95.7 out of a total of 100 points in the latest measurement of our organizational commitment, which surveyed more than 30 thousand employees throughout the region; this being vet another example of how highly the SURA culture is being identified with. with adopting environmental criteria in investment decisions and developing new products and solutions.

Grupo SURA, Suramericana y SURA Asset Management, como en el diseño de un enfoque para cuantificar riesgos climáticos priorizados y sus potenciales efectos en negocios del portafolio. Por su parte, en Suramericana crecieron 26% las primas asociadas a seguros que involucran variables medioambientales frente al 2021, mientras que SURA Asset Management totalizó USD 4,427 millones de inversiones con impacto social y ambiental positivo.

Esta gestión integrada de capitales ha sido un camino de aprendizajes, y eval-

- S&P Global included us in the Dow Jones Sustainability Global Index 2022 as the sixth highest-rated company from the Diversified Financial Services industry and as one of the 708 most sustainable organizations in the world in its 2023 Yearbook.
- We also made headway with the rating awarded as part of CDP's 2022 Re-

### PORTFOLIO INVESTMENT PERFORMANCE

We now turn to the financial and operating performance of the Companies comprising our portfolio as an investment manager, which is discussed in greater detail in Chapter 3 of this Annual Report.

As for Suramericana, over this past year it strengthened its vocation as a trend and risk manager in order to respond in a timely manner to the needs of 22.3 million clients in all nine countries where Seguros SURA operates. In fact, progress was made with expanding and diversifying its range of solutions, capabilities and services in order to increase client loyalty and attract more people and companies, this together with the adjustments made to subsidiary operating models, in order to boost their profitability, efficiency and administrative expense controls.

De esta manera, hizo frente a la creciente siniestralidad, especialmente en moin this way, our insurance subsidiary addressed its rising claims rate, especially with regard to its mobility solutions, given the restrictions encountered

lqualmente, avanzamos en la medición de huella de carbono financiada de

uadores externos reconocen esa evolución:

 Bloomberg also included us, for the first time ever, in its Gender Equity Index for promoting equality, inclusion and diversity.

port, this being an organization that promotes the disclosure of companies' environmental commitments, which on this occasion assessed our real and coordinated action on climate issues







**24.4%** COP 27.0 trillion

Written premiums

\*

Results - 2022

Suramericana

(USD 6,355 million)

**Net income** 5.9 times (vs. 2021) COP 490,377 million

(USD 115 million)

\*

Results - 2022 SURA Asset **Management** 

> Operating earnings

(Including insurance margin)

**4.7%**\* COP 3.3 trillion

(USD 773 million)

Controlling net income

COP 440,677

(USD 104 million)

\*Taking into account the effect of consolidating Protección as a subsidiary at the end of 2022

improved levels of job market performance in all six countries in which this subsidiary operates with its Retirement Savings line of business; as well as greater efficiencies and greater commercial productivity so that expenses rose below the average inflation rate; and having been awarded in Peru the last two tenders for new sign-ups for the private pension system, which has meant an increase of 800 thousand contributors thereby lowering the average age of the client portfolio in this country.

with supply chains, the effects of inflation together with a higher claims rate

for its health care branch of insurance since EPS SURA (its mandatory health

care subsidiary) ended the year with 5.1 million subscribers, 432 thousand

Consequently, Suramericana recorded a year-end net income of COP 490,377

million, driven by a double-digit growth in retained premiums earned in the

Life, Property and Casualty and Health Care segments as well as higher invest-

ment income, thanks to higher returns from inflation-linked assets. Surameri-

cana posted an adjusted ROTE7 that surpassed that initially budgeted to stand

Initial steps were also taken to implement an insurtech, this being a digital

platform specialized in direct insurance marketing and after-sales service,

which will also allow it to reach non-traditional segments. Operations are set

to begin in Colombia and Chile in 2023 and will continue with the other subsid-

SURA Asset Management, for its part as one of the main players in the Latin

American fund management business, expanded its client base to 22.9 million

with assets under management totaling COP 673 trillion. Over this past year,

the Company focused its efforts on mitigating the effect of the regulatory

cuts to pension commission charges in Mexico on its overall income; market

volatility affecting investment returns (legal reserves); as well as extraordinary

Conversely, positive factors included a growth with the wage base given

at 12.1%, which brings it closer to a return above the cost of capital.

more than for 2021.

iaries in the coming years.

pension fund withdrawals authorized in Peru.

In the light of the above, SURA Asset Management ended the year with a controlling net income of COP 440,677 million, for a decline of 30% compared to 2021, the latter being a much more favorable year for the capital markets. This subsidiary posted operating earnings of COP 3.3 trillion at year-end, for an increase of 4.7%, this figure taking into account the consolidation of Protección, in Colombia, and Crecer, in El Salvador, as subsidiaries.

It is worth highlighting the growth of the voluntary savings segment over this past year, which now totals 2.2 million clients and accounted for 17% of SURA AM's total fee and commission income. This year, the personal and institutional savings segments shall be merged under SURA Investments, in order to

<sup>7</sup> Return on tangible equity.

<sup>8</sup> This change includes the total insurance margin.

enable greater operating synergies while continuing to reinforce our value-added offering.

As for investments in associates, their positive performance in 2022 only goes to confirm the importance of having a well-diversified portfolio:

Bancolombia recorded an outstanding year that resulted in the return on equity (ROE) ending up at 19.8%, driven by a record net income attributable to shareholders of COP 6.8 trillion, for a year-on-year growth of 66%. The bank's consolidated gross portfolio closed at COP 270 trillion, 29.4% of which corresponded to the operations of Banco Agrícola in El Salvador, Banistmo in Panama and BAM in Guatemala. The dynamism of Bancolombia's business and consumer lending segments boosted its net interest income. At the same time, a capital position in excess of regulatory limits was maintained.

The Bank continued to drill down on incorporating environmental, social and governance (ESG) criteria in its different lines of business this as part of its commitment to strengthening productive frameworks, ensuring sustainable territories and contributing to climate change management and financial inclusion. This went hand in hand with furthering its digital strategy, in which it already has 7 million active digital clients for its Personal Banking application, as well as 21.5 million accounts on its financial inclusion platforms, namely Bancolombia A la Mano and Negui. The Bank ended the vear with more than 29 million clients.

For its part, Grupo Nutresa was able to handle inflationary pressure as well as the restrictions with its global supply chain through adequate management and commodity hedging; this together with strict controls overs costs and expense, which rose at a lower rate compared to the growth in sales. As a result, the Company recorded operating revenues of COP 17 trillion, of which 41% were obtained outside Colombia, along with an EBITDA margin of 11.6% of sales and a net income of COP 882,976 million.

As part of its commitment to people's well-being, Nutresa, over this past

year, extended its research and development capabilities to include new nutritional alternatives in its portfolio, as well as good social and environmental practices in favor of more inclusiveness, thereby allowing the Company to maintain its position as leader in its respective industry in the Dow Jones Sustainability World

Grupo Argos, an infrastructure investment holding company, recorded a controlling net income of COP 881,424 million, for a year-onyear increase of 49%, as a result of higher sales with its cement, energy and concessions lines of business, which produced a 20% increase in its EBITDA margin. The Company's operating strengths were accompanied with adequate levels of financial management in the form of hedging arrangements and fixed income investments to mitigate the effect of rising rates on the cost of debt.

It is worth highlighting the alliance formed between its subsidiary Odinsa and Macquarie Asset Management, a global leader in infrastructure fund management, which covers ongoing initiatives in Colombia and the search for opportunities throughout the continent. With this same international partner, it previously began operating another road infrastructure platform in Colombia. Besides this contribution to the country's competitiveness, Grupo Argos and its companies made strides with its eco-efficiency initiatives and adapting its processes to reduce carbon emissions in the face of climate change.

Our portfolio also includes ARUS, which provides technological solutions based on knowledge and information for both individuals and companies, as well as Habitat, which specializes in assisted living facilities for the elderly in Colombia. Both of these Companies are carrying out their strategies with a focus on consolidating their services and increasing profitability.

Grupo SURA also holds a stake in Enka, which is making strides with its circular economy strategy by being a leader in the recycling of PET bottles for use as industrial raw material. We also hold investments in technology companies as part of our SURA Ventures portfolio.



### **GRUPO SURA'S PRIORITIES AND PROJECTIONS**

We now turn to Grupo SURA's prospects in terms of developing our strategy. We acknowledge the fact that this year we shall be dealing with a more challenging environment in Latin America for developing the lines of business corresponding to our investment portfolio as well as upholding our responsibility for identifving new opportunities.

We are facing forecasts and signs of a slowing economic growth in all those countries within the region, as well as continuing inflationary pressures, the increase in interest rates on the part of Central Banks, restraints over household consumption, greater volatility on the capital markets due to different situations and levels of price formation on the stock markets that do not reflect the real value of the listed companies.

Political and legislative reforms are being debated throughout the region that may have implications for the future of the SURA lines of business. For this reason, our Companies have made efforts to participate in these public policy making processes by contributing their knowledge and experience to ensure that adjustments to social protection systems result in better conditions for the people and societies in which we operate.

In this context, and based on our long-term strategy and vision, we share below the Company's main priorities and projections for continuing to make headway towards greater sustainable profitability that creates added value for all our shareholders and society in general.

As for our financial capital, we shall continue to evaluate alternatives for the efficient allocation of capital on the part of both Grupo SURA and its Based on the increase in dividends received from our investments, we shall continue with our deleveraging efforts and for our net debt to dividend ratio to fall to below 3 times.

Companies, taking into account the implementation of its strategy and the context in which this is carried out. In this way, we expect to consolidate an increase to Grupo SURA's controlling net income of between 10% and 15%. We also expect, based on the increase in dividends received from our investments, to continue with our deleveraging efforts and for our net debt to dividend ratio to fall to below 3. We also project maintaining a Return on Equity (adjusted ROE) within a range of 9% to 10%.

As for our social capital, we shall be

reinforcing our dialog with different stakeholders in response to the material issues defined and prioritized over this past year as well as implementing the plans drawn up based on last year's reputation survey so as to be able to continue building trust, favorability and referrals for our SURA lines of business. This shall go hand in hand with continuing to expand on our role as corporate citizens through our involvement in initiatives to strengthen civic training, democratic processes, the quality of education and inspiring trust in the institutions in all those societies in which we operate.



### 2022 results of the associates pertaining to Grupo SURA's portfolio Controlling net income

**Grupo Bancolombia: ▲** 66.0%

COP 6.8 trillion (USD 1,594 million) **Grupo Argos: 49.4%** 

COP 881,424 million (USD 207.1 million)

**Grupo Nutresa: ▲ 30.4**%

COP 882,976 million

(USD 207.5 million)

As for handling our human capital, we shall be focusing on transferring and creating knowledge that enables people to exercise greater autonomy and freedom, through: the products, solutions and services offered by Suramericana and SURA Asset Management as part of their own lines of business; promoting the implementation of best practices among our suppliers; expanding alliances with universities and think tanks in order to provide knowledge to our stakeholders as well as society in general; and providing training programs for employees with a special emphasis on personal development and strengthening our organizational capabilities.

Likewise, with respect to our natural capital, we have prioritized reducing our carbon footprint, based on the previously constructed baseline, while advancing on a path towards decarbonizing the Company's investment portfolios, as well as those of Suramericana and SURA Asset Management. We shall also be furthering our knowledge of the bio-economy for the purpose of identifying opportunities that shall allow us to help introduce the necessary changes for regenerating this natural capital, and also for quantifying and analyzing climate risk. We shall also be expanding information for our stakeholders with reporting frameworks such as the TCFD (Task Force on Climate-related Financial Disclosures).



### A SOUND CORPORATE GOVERNANCE

Our social and financial capitals also involved our Ethics and Corporate Governance System, which had a demanding workload in 2022. Grupo SURA's governing bodies were involved in six hostile tender offers (OPAs in Spanish), in their different roles and capacities (sometimes as shareholders of the target company and at others as the target of the tender offer), in order to apply that stipulated in the regulatory and corporate governance frameworks at all times, thereby ensuring transparency and constant disclosures of information to the market.

In addition to the tender offer for the Company's shares that had been underway since the end of 2021, this same bidder, JGDB Holding S.A.S., launched two other tender offers, in constant succession, during the first half of 2022, . In connection with these tender offers, Grupo SURA was obliged to comply with the so-called passivity rule and consequently was subject to the applicable communication restrictions, although the information that we considered important was published for the market through the channels provided for this purpose.

Likewise, during the period in which these tender offers took place, requests were made to the Colombian authorities to protect the rights of all our shareholders and other stakeholders, with respect to all those circumstances that

We shall also be furthering our knowledge of the bioeconomy for the purpose of identifying opportunities that shall allow us to help introduce the necessary changes for regenerating this natural capital.

could constitute violations and irregularities during these successive tender offers, in the opinion of some directors, including all the independent members of Grupo SURA's Board of Directors together with their external advisors.

These steps were taken within, and while respecting, the rule of law, as well as the Company's bylaws, and always relying on the competent authorities to act in accordance with the regulatory framework.

In a similar period, there were four other tender offers for shares in the companies in which Grupo SURA held stakes: three corresponding to Grupo Nutresa shares, of which two were made consecutively by Nugil S.A.S. and one by IHC Capital Holding LLC; and the other was also launched by Nugil S.A.S. for shares in Grupo Argos.

In order for the Board of Directors to be able to study the tender offers on which it had to make a decision, prior to each of the aforementioned bids, potential conflicts of interest as stated by the directors were managed accordingly. To this end, four extraordinary meetings were held at which the Company's shareholders decided whether or not to authorize the directors who stated that they could be potentially conflicted for participating in and deciding on the aforementioned tender offers.

With the members duly authorized by the General Assembly of Shareholders, the Board of Directors analyzed some of the offers. The third tender offer for Nutresa shares was not analyzed, since the minimum quorum of directors, as authorized by the General Assembly of Shareholders for deliberating or deciding on the aforementioned offer, was not reached. As for the fourth tender offer launched for Nutresa shares, in this case by the bidder IHC, there was a difference that is subject to legal proceedings.

In all the other cases, the directors received support and the advisory

> Grupo SURA has a sound Ethics and Corporate Governance System in place, which even during the challenging circumstances of this past year was responsibly applied in the best interests of both the Company and all its shareholders.

services from experts in financial, sustainability, legal and corporate governance issues for deliberating and deciding on these issues.

Another relevant aspect was the changes made on four occasions to the structure of the Company's Board of Directors, following their initial appointment at the Ordinary Shareholders' Meeting held on March 25, 2022.

For each of these appointments, the internal procedure for evaluating the candidates was duly followed, and on several occasions, some of these were found to be involved in conflicts of interest or situations of competition with Grupo SURA, whereupon the shareholders approved the implementation of an information management protocol with regard to the Board of Directors in order to solve this issue. All of the above was published, as applicable, and submitted to the shareholders for their consideration prior to appointing each Board of Directors.

In this regard, eight extraordinary meetings were held: four of these to address changes to the structure of the Board of Directors and another four for managing conflicts of interest on the part of the directors, prior to analyzing the tender offers for Grupo Nutresa and Grupo Argos shares.

Two additional shareholders meetings were called by a shareholder through the statutory auditor: the first for the purpose of introducing an amendment to the Company's Bylaws, and the second for deliberating and deciding on matters relating to the Company's accounting information. Consequently in 2022, Grupo SURA held a total of ten extraordinary shareholder meetings.

As part of this dynamic, Grupo SURA's Board of Directors met 43 times during the year: 15 in the form of ordinary board meetings and the remaining 28 on an extraordinary basis. Also, 23 meetings of the Board's support committees were also held, 15 of which were extraordinary in nature.

All of the above confirms that Grupo SURA has a sound framework of corporate governance principles, rules and governing bodies, and that even during the challenging circumstances of this past year these were responsibly applied in the best interests of both the Company and all its shareholders.

The work

performed

as part of

the internal

audit plan for

2022 did not

material issues

affecting the

Grupo SURA's

integrity of

Internal

Control

System.

reveal any



### CONTROL **ARCHITECTURE**

For Grupo SURA, its Internal Control System (ICS) was conceived as a set of governance, risk management and control activities that, executed systematically and in an articulated fashion, provide the Company with reasonable security in its interactions with stakeholders and in the fulfillment of its objectives in a legitimate and transparent manner.

Therefore, the ICS is structured in line with the COSO international reference framework9, which in turn is taken into account by local and international regulatory bodies such as the Colombian Superintendency of Finance (SFC in Spanish) and the U.S. Securities and Exchange Commission<sup>10</sup>.

In order to ensure its proper functioning, the ICS must be constantly monitored through the three reporting lines: the first corresponding to the different business areas; the second the Risk, Information Security and Compliance areas, and the third Internal Auditing. The monitoring of

the ICS is supplemented with audits carried out by the statutory auditor on generating and disclosing financial information, a process which is supervised by the Colombian Superintendency of Finance.

The results of the periodic audits performed on the ICS are analyzed by the Audit and Finance Committee and presented to the Board of Directors. Based on the findings arrived at, the respective improvement plans are defined so as to be able to strengthen the Company's risk management, corporate governance and internal control systems, compliance with which is verified by the Company's Internal Auditing area.

This area has also been awarded the bers of the Board of Directors.

In 2022, the Internal Audit work plan underwent constant modifications based on the changes to our priorities as a result of: the effects of the hostile tender offers as described above; the aforementioned restructuring of the Board of Directors and its support committees on several occasions; as well as the statements from one of the members of the Board of Directors regarding alleged accounting fraud and the conceal-

Institute of Internal Auditors' Global Certification (IIA Global), which confirms its adherence to international standards governing the auditing profession. In accordance with global standards, the Internal Auditing area reports directly to the Audit and Finance Committee, which is composed entirely of independent mem-

ment of information.

Regarding this last aspect, in order to clarify to our stakeholders, the situations regarding alleged irregularities and in accordance with good governance practices, Senior Management relied on independent accounting experts and, for its part, the Board's Audit and Finance Support Committee authorized the hiring of Kroll, a specialized firm providing its forensic auditing services. Kroll is one of the world's leading providers of services and digital products relating to valuation, governance, risk and transparency, with more than 100 years of experience on the market.

Kroll's forensic team conducted an independent investigation during the latter part of 2022, regarding the business practices spanning the previous twelve years with regard to the contracts entered into with Grupo SURA's strategic partners with regard to its subsidiaries SURA Asset Management and Suramericana.

This external investigation consisted of interviews to gain greater understanding as well as confronting Grupo SURA's employees and former employees; historical documentary analysis of minutes of meetings and presentations on the part of the Board of Directors and its Audit and Finance Committee; a digital forensic analysis of computers, digitally stored information and email inboxes belonging to the Company; as well as direct interviews with the firm Ernst & Young (EY), which has been the Company's statutory auditing firm since 2016, as well as written communications with KPMG, the firm that exercised such function between 2010 and 2015.

For more information,

**Group's Special** 

Report for 2022.

see the **SURA Business** 

On the other hand, the work performed under the internal audit plan for 2022 did not reveal any material issues affecting the integrity of the ICS. The internal control weaknesses identified by both internal and external audits were reported to Senior Management, which implemented the respective improvement plans and, in the corresponding cases, were verified and accepted at the appropriate time by the Statutory Auditing firm.

In this sense, the results of the assurance work carried out by the Company's different reporting lines confirm that the ICS maintained reasonable adherence to the institutional and legal principles and standards, as well as the effectiveness of its operations, the risk management system and its corporate governance function.



### LEGAL ASPECTS

Grupo SURA hereby states that it has faithfully complied with all applicable intellectual property and copyright legislation, both in terms of its products as well as the software used for its normal day-to-day running. Also, the use of its brands and distinctive symbols have been duly registered before the corresponding authorities.

Similarly, in compliance with that stipulated in Article 29 of Law 222 of 1995, the Company has drawn up the SURA Business Group's Special Report, which addresses the economic relations existing in 2020 between the Companies making up the Group. This report has been made available to the shareholders both at the Company Secretary's Office as well as on the Company's website. It can also be found as a digital appendix to the printed Annual Report. Furthermore, and pursuant to that provided by Law 1676 of 2013, the Company hereby states that did not obstruct the free circulation of invoices as issued by its vendors or suppliers.

The Annual Report or Year-End Report, of which this Management Report forms a part, complies with the requirements applicable to Grupo de Inversiones Suramericana S.A. in order to comply with Section 7 of Annex 1 of Circular 012 of 2022 issued by the Colombian Superintendency of Finance.

### >>> Disclosing Conflicts of Interest on the part of the **SURA-Bancolombia Financial** Conglomerate

In 2022, there were no transactions that would have required applying the Framework Policy handling potential conflicts of interest regarding the operations carried out by the SURA-Bancolombia financial conglomerate.

It is important to note that Law 1870 and Decree 1486, both passed in 2018, establish specific definitions and procedures for handling potential conflicts of interest that may arise when transactions are performed between companies that form part of a conglomerate, or between these and their related parties. Such guidelines differ from the rules established in Law 222 of 1995 and its regulatory decree, especially with respect to the governing body in charge of managing potentially conflictive situations.

A similar reference on the application of this policy can be found in the annual reports of the companies belonging to the SURA-Bancolombia Financial Conglomerate and its related companies.



### **OUR COMMITMENT AND GRATITUDE**

After sharing with you the more important aspects of our performance in 2022, we, at Grupo SURA would like to reiterate our conviction that encourages us every day to be more sustainable while creating economic value that must always go hand in hand with a decisive contribution to a harmonious, more equitable and inclusive development for society as a whole.

Our performance, challenges and lessons learned over this past year confirm, once again, that we must preserve our way of doing business. Principles shared for more than 78 vears continue to guide and enlighten our actions and decisions, since our corporate history has always shown us that results are just as important as the way in which these are achieved.

This has forged an Organization that creates public value because

it recognizes its role in society; because it cultivates relationships based on trust; because it shares its knowledge and creates ties to build upon what has already been built; because it puts common interests before individual interests; because it strengthens democratic institutions; because it always seeks to contribute to the well-being of the societies and countries to which it is indebted.

That is why at SURA we reaffirm our hope in both Colombia and the rest of Latin America, which while posing many challenges also offer enormous opportunities. We also wish to express yet again our gratitude to each and every one of our shareholders, employees, clients, advisors, distributors, suppliers, social, educational and cultural partners, and so many others who believe in SURA, who have accompanied us on this path, one carved based on a long-term vision so as to be able to continue growing hand in hand with people, organizations, the country and the region.

Many thanks to you all,

#### **Jaime Arrubla Paucar**

Chairman of the Board of Directors

Ángela María Tafur Domínguez **David Yanovich Wancier** Gabriel Gilinski Kardonski Guillermo Villegas Ortega Jaime Alberto Velásquez Botero María Ximena Lombana Villalba

#### Gonzalo Alberto Pérez Rojas

Chief Executive Officer - Grupo SURA

### **EVENTS SUBSEQUENT TO YEAR-END**

The forensic

auditing firm Kroll

evidence of alleged

accounting fraud

or concealment of

contracts as signed

with Grupo SURA's

strategic partners

in its subsidiaries.

did not find any

Grupo SURA's Audit and Finance Committee as well as the Board of Directors received on February 8, 2023 the final report from the forensic auditing firm Kroll Associates Colombia. After scrutinizing the Company's business practices over the past twelve years regarding contracts entered into with Grupo SURA's strategic partners with regard to SURA Asset Management and Suramericana, Kroll did not find any evidence of alleged accounting fraud, nor of the concealment of such contracts from the market, the Co-Iombian Superintendency of Finance or any of the firms that have audited the Company during the aforementioned period.

Likewise, it can be concluded from the forensic audit performed that the transactions analyzed were carried out under due supervision from the established governing bodies, such as the Board of Directors and its support committees, and with the advice received from experts while ensuring due disclosure to both the market and the regulators.

As mentioned above, this external investigation consisted of interviews to gain greater understanding as well as confronting Grupo SURA's employees and former employees; historical documentary analysis of minutes of meetings and presentations on the part of the Board of Directors and its Audit and Finance Committee; a digital forensic analysis of computers,

digitally stored information and email inboxes belonging to the Company; as well as direct interviews with the firm Ernst & Young (EY), which has been the Company's statutory auditing firm since 2016, as well as written communications with KPMG, the firm that exercised such function between 2010 and 2015. This brought an end to the process led by the Audit and Finance Committee. For further information, please refer to the relevant information issued on February 17, 2023, as well as notes to the Financial Statements for 04 2022.

Another event subsequent to yearend was the communication that Grupo SURA received from EY on February 10, regarding significant internal control deficiencies relating to the integrity of the contract database. Notwithstanding the above, EY informed the Audit and Finance Committee that said letter closed the cycle of certain identified findings that had already been resolved by Senior Management, as part of its continuous improvement drive and adoption of best practices.

The transparent handling of Grupo SURA's shareholder agreements has been confirmed after the Audit and Finance Committee adopted the recommendations of the experts consulted. Likewise, the conclusions of the aforementioned studies and recommendations were accepted by the majority of the Board of Directors.

CHAPTER

Integrated capital management

**RELATED** STAKEHOLDERS:

Shareholders and investors

**Board of Directors** 

**Employees** 

Portfolio investments

**Suppliers** 

Academia and knowledge

Communities

The State

Society

The Media

Opinion leaders

Guilds, associations and multilateral organizations.



SDGS:



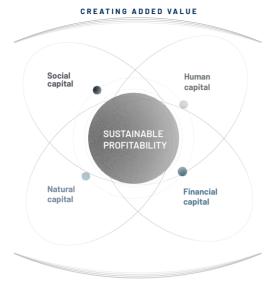








#### CAPITAL MANAGEMENT FOR ADVANCING OUR STRATEGY



MORE HARMONIOUS DEVELOPMENT FOR SOCIETY

Our strategy as an investment manager seeks to move towards greater sustainable profitability. A profitability that recognizes our responsibility for providing our shareholders with a return over and above the cost of capital, while being aware of the importance of contributing to a more harmonious level of development. Here we are talking about a level of development that is only possible when we strike the right balance between the interdependent relationships that exist between the different actors in civil society, including companies, this in order to promote transformations that translate into better conditions for all.

Based on this understanding, over the last two years we, at Grupo SURA, we have focused on a form of corporate management that is based on recognizing the balance and interconnection that exists between the four capitals, namely financial, social, human and natural. Addressing one of these capitals without the others only serves to take us further away from our strategic objective of sustainable profitability.

In 2022 we took steps in managing these four capitals, since we are convinced that creating economic value is not enough to understand the value which as an Organization we provide to our stakeholders and society as a whole. Consequently, the following pages of this Chapter of our Annual Report show the progress made in each of these capitals by both Grupo SURA and the Companies belonging to our investment portfolio.

Finally, our integrated capital management provides a comprehensive risk management vision for identifying, evaluating and managing threats and opportunities arising from the dynamics of our portfolio Companies as well as the environment, which will be addressed later on in Chapter 4: our Ethics and Corporate Governance System also contributes significantly to our social and financial capital management strategy, as described in more detail in Chapter 5 of this Annual Report.



**KEY INDICATORS:** 

**Latin Americans** and 2,508 entities participated in 375 projects through which our Organization channeled its social impact investment.

initiatives from 29 departments throughout the country participated in the second annual call for proposals on the part of #PensarConOtros (Thinking With Others) initiative, this aimed at building citizenship and democracy in Colombia.

85.6%

is the consolidated brand trust indicator for the SURA Business Group, according to a reputation study carried out in 2022 which surveyed 28,241 people from various stakeholders in 10 countries.

was the total direct social investment made by the Companies as well that channeled through the SURA Foundation in this past year, for an increase of 5% compared to that obtained in 2021

trust by strengthening our common frameworks for action with the different actors in society, as well as strengthening relationships and encouraging continuous dialog with institutions, academia, employees, suppliers, allies and different stakeholders.

For Grupo SURA, a proper handling of our social capital is based on building

In 2022 we focused on just this, on conversations in the form of natural scenarios to strengthen relationships based on trust, by exchanging viewpoints, knowledge and positions, and as an opportunity for identifying procedures and initiatives in which, together, we can contribute to building this type of capital and ensuring a more harmonious level of development for society.

ver this past year, we made strides with our social capital management strategy in different aspects that we shall describe in more detail further on, these including designing the stakeholder management cycle; updating the materiality analysis; conducting the regional reputation study; investments with a positive social impact made by our Companies as well as the SURA Foundation<sup>1</sup>; developing

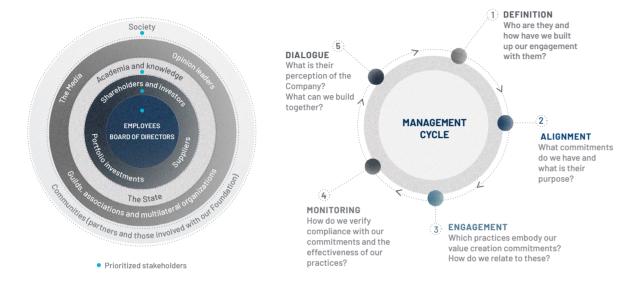
programs, products and solutions that help to ensure greater financial inclusion for Latin Americans; protecting human rights; as well as the relationship between Suramericana and SURA Asset Management Companies and their clients.

<sup>1</sup> The SURA Foundation, in Colombia as well as in Mexico and Chile, is one of the means used by the Companies belonging to the Business Group in order to manage our social capital; therefore, some relevant facts of its performance last year are also included in this Annual Report.

1 2 3 4 5 6

This type of capital also includes the continuous strengthening of the Ethics and Corporate Governance System shared by the Business Group's Companies, as a framework for decision-making and delivering adequate, timely and transparent information so as to help build common frameworks for action as an Organization, matters which are discussed in further detail in <a href="Chapter 5">Chapter 5</a> of this Annual Report.

STAKEHOLDERS AND THEIR MANAGEMENT CYCLE





### **STAKEHOLDERS**

#### » Management cycle

At Grupo SURA we understand stakeholder management as being based on engagement, trust building and value generation, in keeping with our purpose of ensuring a more harmonious level of development for society.

As indicated in <u>Chapter 1</u> of this Annual Report, at Grupo SURA we have defined twelve stakeholders, five of which have been prioritized according to our strategy as an investment manager (see diagram).

In 2022, we reviewed our management cycle within the framework of the AA1000 standard, this in order to uphold our commitments to our stakeholders and maintain all those practices we use to respond to these commitments. Means of permanent communication were used as input to guarantee a proper balance between purpose and expectations in these relationships.

As a result of this exercise, we proposed a management cycle made up of a roadmap of measures that brings together the fundamental definitions of each stakeholder, while aligning these with the strategy based on commitments to add value along with a tactical route that includes follow-ups, as well as engagement and dialogue tools for monitoring and providing feedback on the cycle.

# » An Organization that engages in conversation

En línea con la gestión de grupos de In keeping with our stakeholder management strategy, we encourage conversations based on equality and inclusion, with a view to eliciting multiple ideas and positions on issues of common interest to society. Consequently, we encourage critical thinking, empathetic relationships, and greater autonomy for a free and conscious exercise of citizenship. In this way we can move, as a society, towards agreements and decisions around common objectives.

Since 2020, we have participated in different conversation venues in which the current reality in Latin America is approached from different dimensions or visions, especially with respect to the social, political and economic dynamics of the region. These include:

- 13 meetings with the SURA Foundation's partners.
- 66 conversations with various opinion leaders.
- 13 events held with experts in human rights, diversity, social manifestations and culture.

- 3 civic conversation projects, in partnership with social organizations and the academia: Tenemos que hablar Colombia, Diálogos Ciudad-Región and Tejeduría Territorial.
- 9 conversations with employees from the "#PensarConOtros para construir entre todos" (#Think-WithOthers to build together) cycle aimed at SURA employees both in Colombia and the rest of the region.

## W Updating the materiality study

The materiality analysis for Grupo SURA was updated in 2022, which allowed us to identify the most relevant issues with the Company's performance, from an internal perspective given their influence on its strategy, as well as the vision that our stakeholders have of us, this based on different surveys. Consequently, 21 material issues were defined as the starting point for the Company's handling and for providing relevant information to its stakeholders. Chapter 1 of this Annual Report describes in detail this update and its results.

### » Reputation and trust

At Grupo SURA we understand reputation as a measure of trust and, therefore, it is a relevant intangible asset for being able to fulfill our strategic objectives in conjunction with our Companies. Bearing in mind that our reputation is based on the perceptions and the engagement experience on the part of our different On this occasion, 28,040 people were surveyed, these being stakeholders such as employees, customers, clients, channels/sales personnel, suppliers, the community and, in the case of Grupo SURA, shareholders and investors as well. Also, 201 in-depth interviews were carried out with representatives of guilds, the State, the academia, opinion leaders, the media, institutional investors, and the SURA Foundation's partners, among others.

In this way, we were able to evaluate the perception of 33 variables distributed among 6 reputational dimensions that make up SURA's own model, that is to say, leadership, strength, employer brand, product and service quality, environmental social performance and corporate governance. This investigation included quantitative and qualitative components and is conducted every two years. The results produced included both a reputation as well as a trust score; the latter being the result of the percentage of those surveyed who gave a rating of 4 or 5 on a scale of 1 to 5 to the guestion "How much

trust do you have in the Company" (see graph).

#### **≥2020 REPUTATION SURVEY RE-**

SULTS: The consolidated trust indicator for SURA Business Group stood at 85.6%, for a drop of 3.9 percentage points compared to 2020, this amid a more challenging economic, social and political context in Latin America, in which citizens' expectations regarding the role of private enterprise in society are becoming more acute.

In general terms, our Companies are perceived as sound, professional, re-

liable and ethical, and they are valued mainly for their track record, social commitment and the working conditions they create for their employees.

However, those surveyed also expected more differentiation, both in the products and solutions offered by our Subsidiaries, as well as in the way these are offered, together with more continuity with the educational processes required by the financial industry throughout the region.

As for the regional reputation indicator, in 2022 this came to 84.8 points (out of a total of 100), i.e. 2.4 points

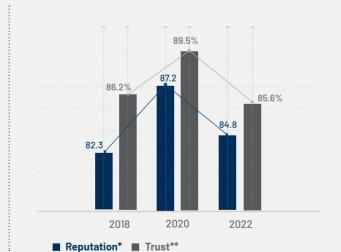
lower than for 2020, largely due to declines in the following stakeholders: voluntary savings clients in Chile, Colombia and Uruguay; insurance clients in Chile and Colombia, as well as channels/sales personnel in Chile and Panama. This change in perception is taking place amid a global slowdown, rising inflation and prevailing volatility on the capital market, which in turn are producing lower fund returns and increased prices of products and solutions.

Reputation study results for Grupo SURA. More specifically for the Company, this survey still managed to

#### THE SURA BUSINESS GROUP'S 2022 REPUTATION SURVEY - OVERALL FIGURES

#### Universe consulted per year

Component	2018	2020	2022
Surveys	8,293	22,317	28,040
Interviews	183	208	201



**Consolidated indicator** 

# \*Trust score (out of a total of 100 points), which is calculated by adding individual results, according to the weighting given to each of the Companies belonging to the Business Group and each of the countries where these are located, which results from the average between the corresponding percentage of revenues, net income and equity.

#### Results for Grupo SURA broken down by dimension



54 55

<sup>\*\*</sup>Total percentage of those surveyed who responded, on a scale of 1 to 5, to the question "How much do you trust the SURA brand," with a rating of between 4 or 5.

produce results that remain in the highest range (excellent, from 85 to 100), despite declines compared to the overall scores back in 2020: the trust indicator stood at 89.1%, for a drop of 6.3 percentage points, while the reputation indicator stood at 89.6 points, a decline of 3 points compared to the previous metric.

These results valued the Company's track record and social focus, financial stability, presence in different sectors, business strength and a strategy focused on sustainability. At the same time, there was a greater decline with their perception of our corporate governance dimension, which could be explained by the amount of public and media notoriety during the period in which these surveys and interviews were carried out, this relating directly to the circumstances relating to the change in the Company's shareholder structure, as a result of the tender offers launched for the shares in both the Company and its other portfolio investments, together with the consequent changes to the Company's Board of Directors, which is discussed in further detail in Chap-<u>ter 5</u> of this Annual Report.



# CITIZENSHIP AND DEMOCRACY

Strengthening citizenship and democracy is an essential factor for Grupo SURA in creating trust and social capital. We believe in a free, informed citizenry able to take critical and diverse positions in favor of the welfare of society in general. We also believe in a participatory democracy as the right way for encouraging consensus and reaching agreements, without overlooking the ability to dissent. Therein lies the importance of debate, arguments and knowledge, which is the basis for building democracy. That is why our commitment is aimed at:

- Encouraging participation in initiatives that build citizenship and democracy.
- Facilitating training in civic culture.
- Promoting the dissemination of quality and verified information for guiding responsible civic positions and decisions.
- Strengthening public policy-making so as to be able to solve social problems.
- Broadening and deepening applied knowledge, based on studying public dynamics and holding conversations with different actors in society.

### » The call for proposals on behalf of the #PensarconOtros initiative in order to build citizenship and democracy in Colombia

In 2022 we held the second annual call for proposals on the part of #PensarconOtros, a Grupo SURA endeavor for promoting projects designed to strengthen democratic practices, promote a sense of citizenship and encourage pluralistic dialogue and collective knowledge.

802 proposals were received from 29 Colombian departments these falling in two defined categories: i) the apAs part of the #PensarConOtros 2022 call for proposals, at Grupo SURA we received 802 proposed initiatives, of which 7 were selected for implementation in 2023.

propriation of truth as an instrument to build citizenship (212); and ii) training in citizen culture (590). We also had 24 expert jurors in charge of selecting the following projects, support for which we shall be providing for their implementation this year:

#### **≫ SELECTED PROJECTS**

#### **Citizen Culture Training**

- A process of dialogue concerning the challenges and opportunities for youth participation in the departments of Cesar, Meta and Caquetá. Improbable Dialogue Platform Corporation. The objective here is to encourage conversations to help prevent conflict, mediate and facilitate dialogue and think about the future of the territory in question.
- Villa Armonía. Camino S.A.S. A narrative that takes place in a neighborhood chat room that includes eight residents of the Villa Armonía building, who face and solve problems regarding peaceful coexistence.
- A civic culture communication center for territorial empowerment and peace-building in the department of Chocó. Corporación la Voz del Pacífico. This project, addressing four municipalities in the Colombian Pacific region, is aimed at consolidating a network of youth empowerment and territorial development and includes communication skills in citizenship competencies.
- A social fabric focusing on youngsters. The "Otraparte" Fernando González Corporation. The aim here is to strengthen capabilities for community participation, network mobilization and communications among youngsters and youth organizations, mainly focusing on women, migrants, LGTBQ+ and Afro populations, in Bogotá, Cúcuta and Medellín.

#### Appropriation of the truth as an instrument for building citizenship

- The children of the landscape: memories of the waters surrounding the Archipelago of San Andres, Providencia and Santa Catalina Islands, poetic installations.: Miss Nancy Land Corporation. This project shall address the memory of armed conflict in this part of the Colombian Caribbean through an artistic representation, including psychosocial support for victims.
- Circles of speaking and listening: territorial polyphonic and poetic narratives revolving around the truth. La Colaboratoria Indefinida. The objective here is to create open opportunities for people from Cali, Cartagena, Barrancabermeja and Bogota to listen and share testimonies with regard to the country's armed conflict, thereby allowing the participants to reflect on how to build a society for peace.
- → Transparent, stories of exiled Colombians. Hierro Animación S.A.S. is an animated short film aimed at fomenting greater awareness among the general public through stories of Colombians in exile as a result of the armed conflict.

This second call for proposals on behalf of the #PensarConOtros initiative allowed Grupo SURA to continue learning from and liaising with social leaders

#### >>> Capacity building

We believe that citizen decisionmaking is largely qualified through education, and that political and ideological positions together with ways of thinking and behaving are built based on different scenarios. For this reason, we encourage capability-building by supporting initiatives which revolve around valuing the exercise of citizenship. These include:

THE DIP PROJECT. We are partners of the consulting firm Ethos for purpose of drawing up this entity's project aimed at detoxifying information environments and confronting polarization, this based on digital tools and experiences based on behavioral sciences. Nearly 30 thousand Colombians took part in the digital experience project offered at somosdip.com in 2022 which allowed them to gauge how vulnerable they are to misinformation. Additionally, 2,500 people have participated in training courses staged by 10 universities in 6 cities in Colombia. This initiative was evaluated by experts from the University of Chicago and they concluded that this digital experience increases people's ability to detect falsehood by about 33%.

 ○ CITIZEN LOGBOOK, Since 2021, we have been carrying out the Bitácora Ciudadana (Citizen logbook) program, which consists of a citizen training process with a focus on competency

building, which invites measures to be taken based on pedagogical, artistic and cultural elements in order to elicit reflections based on experience. This program was first deployed in Cúcuta, with 61 young Venezuelan and Colombian migrants.

> MEDIA AND REPORTERS. In alliance with the Gabo Foundation, in this past year, we promoted training in ethics and best practices for more than 500 reporters and students of journalism in Colombia. More than 100 people participated in the disinformation workshops and during this past year, there were more than 37 thousand interactions with the contents of the Ethics Network. We also supported alternative media content projects in Colombia, the aim of which is to educate citizens in the context of the presidential elections.



In 2022, we supported alternative media journalism projects associated with citizen training and democracy in Colombia, which had the following scope:

 $648 \, \text{thousand}$ interactions on social networks.

278 thousand podcast playbacks.

video views.

#### >>> Knowledge

We recognize the value of knowledge management in building society. Aware of our role and of the possibilities we have to create networks that build upon applied knowledge, we encourage initiatives that allow us to learn from others and use the knowledge gained in different sectors of society.

#### INVESTIGATIONS (SENSATA).

Having relevant, timely and reliable information for decision-making purposes is one of Grupo SURA's priorities. Here, we promote research in the area of citizenship and democracy in order to identify institutional challenges in Latin America and the role of the private sector.

That is why, as a result of the #PensarConOtros call for proposals in 2021, in this past year we supported the Sensata UX Research project, which provides empirical evidence of the existence of moral polarization between the private sector and certain sectors of civil society. This survey involved 11,398 respondents in Colombia, Mexico, Argentina and Brazil, including 963 representatives from the private sector. There were also 6,393 digital conversations and 10 interviews with entrepreneurs or

senior officers.

This research showed that there is more ideological agreement than initially believed and although there is a phenomenon consisting of affective polarization and moral disagreement, there are consensuses on which to start building bridges, this implies breaking with the negative narratives and affective animosity between businesspeople and citizens.

THINK TANKS. We support organizations that build citizenship and democracy by promoting knowledge and encouraging public debate on issues of common interest to society as a whole, this with a view to contributing to public policy-making and the possibilities of ensuring greater well-being for society. In 2022, the Organization formed partnerships with and provided its support to the sustainability of 21 think tanks in Colombia and the region, under the principle of intellectual independence.



### **EDUCATION AND CULTURE**

Education and culture are areas that correspond to and are present throughout people's lives and, therefore, are determining factors in the way we build relationships as part of society. Based on this understanding, the SURA Business Group leads and supports initiatives that encourage the exchange of knowledge and training processes in which art is an enabler through its different manifestations.

#### » Cultural activities

Participating in the cultural environment means acting in context and finding alternatives to promote critical thinking from diverse standpoints. That is why we provide our support to this sector by promoting events for educating different groups and providing greater visibility to artists while supporting initiatives that connect art with Latin Americans, making contributions to entities and artists for the sustainability of their activities, as well as ensuring the institutional strengthening of this sector. In this way, in 2022 we supported 468 organizations dedicated to culture and art in Latin America.

### >> Quality of education

Our commitment to the education sector invites conversation and articulation among different actors of society, to favor conditions for relevant learnings in territories and to make knowledge of this sector more visible for timely decision-making regarding educational processes.

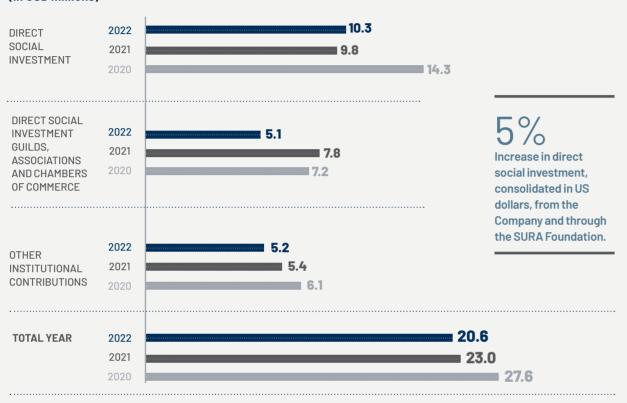
Here, in 2022 we provided our support to training for teachers and principals, transforming practices in diverse educational scenarios, creating networks and influencing public policy making. We also continued to support programs for higher education, employability and entrepreneurship. These measures helped to enhance the lives of 62,591 people, with the help of 1,722 partner organizations throughout the region.

In 2022, we worked with 1,722 partner organizations on quality education and supported 468 cultural organizations in Latin America.

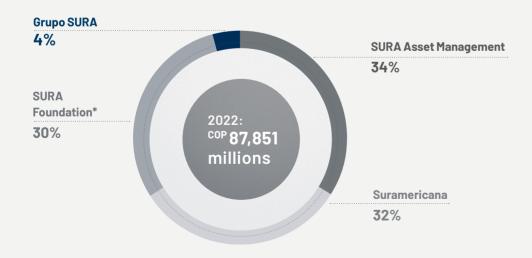
#### SOCIAL IMPACT INVESTMENT INDICATORS

(Including the Companies and Subsidiaries of the SURA Business Group in all 10 countries where present as well as through the SURA Foundation - figures in COP and USD)

#### Breakdown of consolidated investment (In USD millions)



#### **Investment by source of funds**



\*in Colombia, Mexico and Chile.

#### Breakdown of lines of investment in 2022

	% of total	Investment 2022		
Line of investment		Amounts in COP	Restated in USD	
Institutional strengthening to build citizenship and democracy	58.9%	51,788,655,189	12,169,988	
Quality of education	15.3%	13,431,474,310	3,156,307	
Art and culture	14.9%	13,070,021,079	3,071,368	
Well-being and healthy lifestyles	7.3%	6,442,471,146	1,513,938	
Humanitarian assistance	0.4%	288,227,396	67,732	
SURA Volunteer Corps	3.2%	2,830,171,073	665,071	
Total 2022		87,851,020,192	20,644,403	

#### **SURA's social impact investments**

countries

 $21.7_{\text{million}}$ 

2,508



### FINANCIAL INCLUSION AND EDUCATION

Grupo SURA and its subsidiaries Suramericana and SURA Asset Management recognize that financial inclusion and education are important factors in ensuring a harmonious level of development for all those societies in which these are present. This is why, our Companies are committed to initiatives that build capabilities and provide opportunities for the conscious and well-balanced management of financial resources and for accessing formal financial solutions that increase people's general well-being.

In keeping with this purpose, 69 financial education initiatives and another 17 financial inclusion initiatives were deployed in 2022. The latter covered 2.4 million people throughout the region while obtaining revenues of USD 291.5 million.

In terms of financial inclusion, it is worth noting the initiatives deployed by the SURA AM's pension fund management subsidiary Afore SURA in Mexico, which through its digital strategy has managed to provide their fund members with a closer and easier way of accessing reliable information regarding their pensions. It also facilitates this subsidiary's services by eliminating access barriers with a safer, faster and more straightfoward proce-

> Digital attachment containing details of the main initiatives regarding financial inclusion and financial education on the part of the Companies belonging to the Sura Business Group, this forming an integral part of this Annual Report.

dure, which had a favorable effect on 129,000 people last year.

On the other hand, Suramericana, has continued, since 2017, with its Mis Aliados (My Allies) program, in alliance with Bancolombia, to develop insurance solutions for small and medium-sized companies in several countries, together with training programs on topics such as applied finance for SME entrepreneurs. A total of 9,700 services were provided in 2022, reaching a client base that was covered by 12,938 microinsurance



### FINANCIAL CONSUMER **WELL-BEING**

3-3, FN-AC-270a.1, FN-AC-270a.2, FN-AC-270a.3, FN-IN-270a.2, FN-IN-270a.3

Client wellbeing is fundamental for building trust and is therefore central to drawing up the strategies of our subsidiaries in managing their social capital.

To this end, SURA Asset Management seeks to develop a value offering that allows it to be constantly and permanently present in the different stages of the life cycles of both people and organizations.

For its part, Suramericana has placed its trend and risk management strategy at the core for being able to create added value for its clients, boosting their competitiveness and ensuring their well-being. More information reNearly 2.4 million people participated in the financial inclusion and training programs as well as the events staged by the Suramericana and SURA Asset Management Companies throughout the region.





Both companies use various methodologies to evaluate customer satisfaction and customer experience, such as the CSAT (Customer Satisfaction Score) and NPS (Net Promoter Score).

Among other relevant indicators used to evaluate its strategy with this stakeholder, Suramericana uses the customer retention rate, which averaged out at 74%, and the ratio of complaints to claims, which stood at 0.3%.

Finally, it should be noted that Suramericana incurred monetary losses as a result of legal proceedings associated with the marketing and communication of information relating to insurance products to new and recurring customers, amounting to USD 159,255.50. For its part, SURA Asset Management incurred losses of USD 920, and has no employees under investigation for investment-related matters, client complaints, private civil proceedings or other regulatory processes.



### **HUMAN RIGHTS**

#### 3-3; 406-1

We consider human rights management as one of the cross-cutting dimensions for creating and protecting social capital. Respecting and protecting human rights in promoting an environment of trust between individuals and institutions, leads to greater stability and social cohesion, that is to say an increase in such

For this reason, we have developed the necessary frameworks that allow us to manage potential direct and indirect violation risks, as detailed in our Human Rights Management Framework available at gruposura.com. Likewise,

#### REPORTED CASES OF DISCRIMINATION

Cases / Groups	Clients	Others	Employees	Total cases
Reported	4	2	17	23
Analyzed	4	1	15	20
Subject to remediation plans	0	0	3	3
Not subject to measures being taken	1	1	9	11

For all those confirmed cases, remediation measures were taken, which may have involved employment contract terminations or follow-ups on the staff involved.

1 2 3 4 5 6

the Ethics and Compliance System is one of the more relevant prevention, evaluation and remediation means for addressing cases of human rights violations.

In this regard, our <u>Ethics Line</u> is a tool used for monitoring possible direct violations, which serves to identify reported cases of discrimination based on race, sex, religion, political opinion, nationality or social origin, as defined by the International Labor Organization (ILO), as well as other forms of discrimination, this in order to implement the necessary corrective measures.



# PORTFOLIO COMPANIES' PERFORMANCE IN BUILDING SOCIAL CAPITAL

#### » Grupo Bancolombia

Over this past last year, this Bank made headway with several strategies that, through its business and institutional commitments, generated wellbeing and sustainable development in different territories. An example of this is having disbursed a total of COP 14.2 trillion in loans to projects that have taken on measurable social and environmental commitments, as well as having provided support to almost 118 thousand entrepreneurs that form part of the agricultural and retail supply chains in Colombia.

In terms of financial inclusion, the A la Mano application, which already has a total of 6.6 million clients, was in 2022 the first experience with the financial sector for a total of 243 thousand people accessing a formal loan.

The scope of low-interest loans was also expanded, reaching 311 thousand people and totaling COP 456 billion. And with the #YoMeBancarizo (banking penetration) program, by the end of 2022 close to 92 thousand small businesses used the QR code to sell without handling cash and 18,800 businesses joined this program in alliance with the state entity Banca de las Oportunidades.

With regard to financial education, the Cuentas Sin Cuento program deserves special mention, since last year it reached 6,183 rural families in 28 departments of the country providing them with training in financial skills so that they can better manage their money, make better decisions and in this way progress.

In addition, the Bancolombia Foundation, focused on improving competencies, skills, opportunities and sustainability in rural territories, and over this past year provided 6,950 young people and adults with training and access to higher education in order to increase their ability to join the productive workforce; the Bank also invested in projects for enhancing the competitiveness and well-being of 1,000 entrepreneurs and 22 rural productive organizations, among other initiatives.

#### >>> Grupo Argos

In 2022, it promoted several initiatives through its Creamos Valor Social (We Create Social Value) program and the Grupo Argos Foundation. The Healthy Homes initiative was expanded in several regions of Colombia, where 2,104 home improvements were carried out, 74% of which were in homes of mothers who are heads of their households, and 1,500 people were trained in basic construction skills (62% women). In addition, alliances were established with NGOs, Foundations, departmental governments and companies around this initiative.

The Grupo Argos Foundation focused on improving the quality of life of rural families associated with environmental conservation projects in Colombia. For example, 800 jobs were created for forestry restoration purposes, planting more than one million trees for protecting 3,500 hectares of strategic ecosystems, under conservation and sustainable production agreements with farmers and landowners in these regions.



243 thousand people obtained their first formal credit through Bancolombia's A La Mano App.

2,104 housing units

were improved in several regions of Colombia in this past year, thanks to the work of Grupo Argos

1,232

of food delivered by Nutresa in 7 countries, benefiting 1.5 million people. Also, the Aquavida program delivered 5,500 solutions for accessing clean, safe water for more than 25 thousand people in the rural areas of 15 Departments in Colombia. Furthermore, its Regional Development Scholarship program provided 151 young people with access to higher education.

#### >>> Grupo Nutresa

This food company boosted its social investment over this past year in Colombia, Chile, Ecuador, Peru, Mexico, Central America, the United States, the Dominican Republic and the Caribbean, this having a positive impact on their related stakeholders with a focus on capacity building.

Its healthy communities program benefited 1.5 million people in 7 countries, to whom it delivered almost 1,232 tons of food. Also in 2022, it made progress in Colombia in implementing food security and regenerative agriculture projects in urban and rural communities, while establishing 1,706 sustainable food systems.

It also enabled the development of socio-business skills with 150 thousand suppliers and customers from various associations, in areas such as access to new technologies, the development of leadership and teamwork skills, and the strengthening of business practices.

Finally, through the Nutresa Foundation, 12,580 employees formed part of its volunteering program helping to improve the quality of life in different communities.

### **PLANS AND OPPORTUNITIES** 2023

Trust, the possibility of working to- Continuing to lead and partici- Promoting the quality of educawards common goals and shared principles are fundamental factors for a more harmonious level of development for societies and -in the case of Latin America-, given the context and social dynamics of this region, the role of companies as corporate citizens will be decisive. For this reason, in 2023 Grupo SURA intends to advance with its social capital management strat- Carrying out the respective work egy in matters such as:

pate in conversations with different stakeholders. This will allow us to: strengthen bonds of trust and long-term relationships; act in the context of the realities of the different territories in which Strengthening the cultural sector we are present; and address the material issues defined and prioritized over this past year.

plans drawn up to address the Providing support to agencies, gaps identified in the 2022 reputation study, as well as provide support in terms of this capital management to Suramericana and SURA Asset Management together with their companies in the region.

Assisting with the implementation of initiatives selected in the call for proposals on the part of #PensarconOtros 2022 and later on draw up the third annual call for proposals.

tion, based on an understanding of the education sector and driving strategies aimed at influencing public dynamics.

to help ensure its ongoing sustainability and improve the working conditions of both artists and cultural entrepreneurs.

organizations and initiatives that favor the strengthening of institutions, by valuing their role in constructing societies.



2022 compared to the previous year. USD 703.4 million

> are the AUMs of investment/savings products offered by SURA Asset Management entities that seek to positively impact environmental or social variables

USD 13.4 million

in premium income from environmental, social and governance (ESG)-based insurance solutions.

10%

increase in this past year in the number of so-called thematic investments in SURA **Asset Management's** fund management business, according to its taxonomy of sustainable investments.

At Grupo SURA we are fully aware of the relevance of the financial sector for properly managing our natural capital, as we enable this function through our investments and financial activities. This is why, through our processes and the way in which we are developing our products, solutions and services, we are striving to promote a responsible energy transition, both on the part of ourselves as well as our portfolio Companies in order to ensure our ongoing sustainability and help to regenerate this type of capital.

> n terms of our natural capital management in 2022, Grupo SURA and our subsidiaries continued to expand practices and processes associated with (i) sustainable investment and underwriting; (ii) the guantification of financial risks derived from climate change; and (iii) the efficient handling of natural resources on an operating level.

This was evidenced in how we improved our rating, from "C-" to "B-" in the latest CDP 2022 Report, this being a global benchmark initiative for disclosing information regarding the environmental commitments on the part of companies. CDP placed us in the "Management" category, which recognizes that we are taking real and coordinated action on climate issues. In fact, we obtained a higher-than-average score for all those organizations evaluated, both globally and in Latin America. This evaluation recognizes not only the performance of Grupo SURA, but that of its subsidiaries SURA Asset Management and Suramericana, together with their own subsidiaries throughout Latin America.

\*

57%

**KEY INDICATORS:** 

increase in the number of thematic

in the portfolios

Suramericana and

its subsidiaries in

pertaining to

investments included

## SUSTAINABLE **FINANCE**

At Grupo SURA we are committed to incorporating environmental, social and governance (ESG) criteria in our business decisions, more specifically, in our investment decisions. Likewise, our subsidiaries have taken these criteria into account in their own investment and underwriting processes. In view of the above, in 2022 our natural capital management function focused on:

### >>> Sustainable investing

FN-AC-410a.1, FN-AC-410a.2, FN-AC-410a.3, FN-IN-410a.1, FN-IN-410a.2

Our performance in terms of our sustainable investment management which is carried out through four approaches, as defined in our Sustainable Investment Framework Policy and the specific policies governing the Suramericana and SURA Asset Management lines of business. These four approaches being:

- Excluding and screening direct investments in certain sectors, activities or practices.
- Including ESG factors from internal or third-party information so as to be able to systematically incorporate these into our own risk and investment analysis.
- Exercising an active ownership in order to seek improvements with the ESG performance of investee companies.
- Making thematic investments in companies, projects and structures that, in addition to bearing attractive potential returns at an

appropriate level of risk, have a positive impact on sustainability.

Compliance with the Sustainable Investment Framework Policy is supervised through the corporate governance bodies charged with this function on an individual company level, namely the Board of Directors, through its Sustainability and Corporate Governance Board Committees; Senior Management, through Grupo Sura's Sustainable Investment Committee; Suramericana through its Social and Planetary Health Cell; as well as SURA Asset Management through its ESG Affairs Committee.

Generally speaking, in the case of SURA Asset Management, the risk and investment teams are responsible for implementing the corresponding processes. In the case of the subsidiaries dedicated to the Savings and Retirement business in Mexico and Colombia, as well as SURA Investments (dedicated to investment management), there are officers who have specific roles in this regard, such as the ESG deputy director, the ESG Investment Risk specialist, the Sustainable Investment associate and Sustainable Investment senior analyst, respectively.

In a cross-cutting manner, the Companies have constantly worked on build-

ing the capabilities of all those teams in charge of implementing this strategy, in order to gain a more in-depth knowledge of ESG issues and be able make much more informed decisions. Training in 2022 focused on climate change, deforestation risk, sectoral analysis and the TCFD1, among others. In 2022, Suramericana and SURA Asset Management provided 4,832 hours of training in these matters.

Management, regarding regulatory requirements and eligible investments, products are managed that have the capacity to be invested in any type of asset offered on the public and private as well as local and international markets, according to the parameters and limits stipulated in each case as part of the Company's investment regime (mainly pension funds), the prospectus/regulations of each fund (mainly in the institutional segment) as well as internal investment policies.

In the particular case of SURA Asset

It should be noted that a characteristic of Retirement Savings is that predefined funds are managed (in terms of risk profiles, horizons and investment regimes), therefore, the fund managers do not have the capacity to create additional vehicles associated with pension funds.

Learn more about our Sustainable Investment Framework Policy

whose scope includes all those Companies belonging to the SURA Business Group.

> ACTIVE OWNERSHIP - ESG EN-**GAGEMENT.** At Grupo SURA we are a long-term investment manager that seeks, on the one hand, to invest in companies with which we share the same philosophy of doing business, and on the other, to be an active owner of these investments by encouraging the implementation of ESG practices. For this purpose, we have different governing bodies that allow us to maintain an active dialogue with our subsidiaries and encourage discussions regarding the achievements obtained and the challenges relating to ESG criteria. These governing bodies are as follows:

- Sustainable Investment Committee
- Human Resource Metrics Committee
- Sustainability Technical Committee
- Compliance Committee
- Corporate Governance Committee
- Regulatory Impact Committee

In 2022, the main topics that were brought before these governing bodies were climate change, with a focus on financed emissions, human rights and follow-ups on the main ESG gaps.

For its part, SURA Asset Management made headway on this front with one of its subsidiaries embracing the collective engagement initiative, Climate Action 100+, by participating in two contact groups. Furthermore, and as part of this engagement, several subsidiaries sent communications to some issuers last year requesting disclosure of ESG issues in their annual shareholder meetings; the setting up of task forces was encouraged in order to further develop the sustainable investment ecosystem and engagement campaigns were conducted with certain higher carbon-intense issuers and entities that conduct their own particular business in key sectors due to their significant emissions.

It is worth noting that several subsidiaries of SURA Asset Management participate in various sustainable investment initiatives and authorities, such as the Principles for Responsible Investment (PRI), the Green Finance Advisory Council in Mexico, and the Latin American Investors Climate Initiative (ICIL)

> INTEGRATION. Grupo SURA upholds an ESG Manual for mergers and acquisitions, that is in keeping with its Framework Policy, which establishes that all purchase, selling or merger decisions must include in their respective analyses ESG variables that are material to the sector.

Consequently, as part of the tender offers that were launched in 2022 for shares in some of our portfolio companies, we applied the provisions of the aforementioned Manual and the Framework Policy, to the analysis of the ESG performance of the offerers and the target companies of these tender offers, which was provided to the Board of Directors to supplement their evaluation.

On the other hand, SURA Asset Management, based on its specific policies for its Retirement Savings and SURA Investments lines of business, upholds the following ESG analysis procedure:

analyzing ESG factors

at the end of 2022.

- For direct investments, this analysis is based on ESG ratings and climate change metrics on the part of issuers, as obtained from external data providers.
- For investments managed by third parties, a due diligence model is in place.
- For other cases, where there is no third-party data coverage, ESG questionnaires are internally designed based on sectoral materiality analyses.

In this regard, in 2022 this Company made strides with drawing up a sectoral materiality analysis in order to identify ESG risks that could have an influence on the credit profiles of its investments; we also improved the ESG questionnaires applicable to issuers in order to evaluate their ESG

performance; and updated the due diligence model for investment fund managers, which includes a module for evaluating their ESG performance. All in all, the total amount of Assets under Management (AUM) to which this integrated approach was applied amounted to USD 24,251.2 million at the end of 2022.

With regard to Suramericana, the integration of ESG criteria in the investment and risk process plays an important part in defining issuer quotas and investment alternatives. Issues such as corporate governance, risk management and opportunities, environmental and climate performance, diversity, equality and inclusion, best labor practices and commitment to human rights are aspects sought and promoted in their

investment decisions. Failure to comply with some of these factors may result in the closure or failure to open quotas for certain issuers or investment alternatives.

In this regard, Suramericana developed over this past year a sectoral materiality tool to identify and understand the impacts produced by issuers on its ESG-based investment portfolio, according to the economic sector to which they belong, and this shall be incorporated into the Company's investment decisions this year. The headway thus made ensures that, by incorporating ESG criteria in the investment and risk management process, asset returns are more sustainable over time, regardless of the amount of prevailing market volatility, thus ensuring long-term value for all our stakeholders.

THEMATIC INVESTMENTS. Both Suramericana and SURA Asset Management have included the thematic investment approach in their strategies

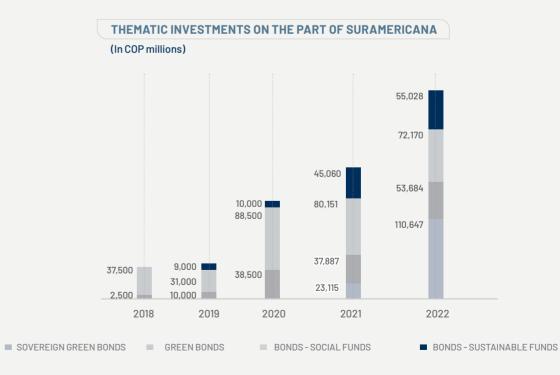
In order to be able to define and categorize those investments that can be classified as thematic, SURA Asset Management has an internal taxonomy in place, this based on the European Union Taxonomy, the Climate Bonds Initiative, the principles of the International Capital Market Association (ICMA), the Principles for Responsible Investment (PRI) and globally recognized ESG data providers.

This category includes investments with outstanding ESG ratings in their own particular industries/geographies, with smaller environmental footprints than their peers or bench-

mark indexes, assets that seek to obtain improvements with their ESG performance, such as so-called green, social or sustainable bonds, vehicles with sustainability labels such as ESG Aware, SRI, Low Carbon, Social, ESG Screened, Gender Diversity, ESG activist funds or vehicles that are explicitly aimed at achieving measurable social or environmental impacts. The value of AUM using this approach amounted to USD 4,427.3 million at the end of 2022

Using this ESG approach, Suramericana, also proactively invests in green bonds and bonds issued by sustainable and social funds. The amount invested has risen at an accelerated rate over the last 5 years, and in 2022 the year-on-year increase came to 57%.





**Amount** 

0.16

1.03

0.03

8.44

3.73

0.03

## **EXCLUSIONS (SCREENING). The**

Sustainable Investment Framework Policy expressly states that investments cannot be made in: controversial weapons, tobacco, pornography, sovereign debt issued by countries subject to general embargoes for arms sales to their governments or the freezing of their international assets by the United Nations: likewise, SURA Asset Management has included in its exclusion policy the extraction and sale of coal, according to its criteria of linking issuers with excluded activities or industries.

Furthermore, in the case of all analyzed investments, these must be checked on whether there is any type of active link with practices going against or violations of the principles of the United Nations Global Compact, as relates to human rights, labor rights, the environment and corruption. An analysis of controversies and economic activities susceptible to ESG risks is also proposed.

SURA Asset Management, in the case of its investment management business and with some variations in its Retirement Savings business, defined susceptible economic activities as being:

- O Coal-fired thermal power generation
- Use of coal in producing cement
- Gambling

These activities have special guidelines detailed in the sustainable investment policies, governing both the Savings and Retirement as well as SURA Investment Management lines of business. At the end of 2022,



The incorporation of ESG criteria by SURA Asset Management at the end of 2022

BY APPROACH: **ESG** integration:

USD 24,251.2

**Thematic investments:** 

USD 4,427.3

Screening:

USD 42,996.3

the balance of portfolio investments that met the criteria of this approach amounted to USD 42,996.3 million.

## >>> Sustainable underwriting

Taking into account the aforementioned criteria from the insurance management standpoint, Suramericana is a signatory of the Sustainable Insurance Principles initiative, as part of its commitment to incorporate ESG criteria in its underwriting process.

Here, our subsidiary has underwriting guidelines in place that establish non-target or aggravated risk activities along with specific procedures for sensitive sectors. It also has a sectoral FSG risk matrix that is used to analyze underwriting processes with regard to the material issues affecting each sector.

Furthermore, with regard to ESG risks, Suramericana engages with its clients and insurance brokers through its Trends and Risk Management Model, which begins with a series of workshops to analyze the environment in which a company operates, and risks and opportunities are identified in terms of its strategic objectives, with the corresponding correlations also being evaluated.

With the information thus obtained, a matrix of trends and risks is constructed, i.e. a map showing the degree of exposure and the best opportunities existing for the organizations, in order to define better risk management strategies, either through transferring risk or other strategic options.

## >>> Products and solutions based on environmental criteria

As an integral part of the Sustainable Finance strategy, Suramericana and SURA Asset Management each have a portfolio of products and solutions that are specifically designed to incorporate environmental criteria:

> SURAMERICANA. Insurance solutions have been designed to facilitate

energy transition and help certain sectors to adapt to the physical risks of climate change.

**≫ SURA ASSET MANAGEMENT. Vehi**cles have been created by its savings and investment lines of business, (Savings and Retirement are not authorized to do so) that mainly consist of instruments that ensure investors that ESG criteria are incorporated as part of the investment process. To this end, instruments with the best ESG profiles are selected according to their respective ratings or carbon exposure the latter measured as tons of CO2 per every million units of sales. As for the closed-end alternative, exposure is generated on the US (S&P 500 ESG Index) and European (EURO STOXX ESG Leaders 50 Index) equity markets upholding ESG criteria, in order to take advantage of the opportunities arising in the medium term.

## ASSETS UNDER MANAGEMENT AND INCOME FROM SUSTAINABLE SOLUTIONS (In USD millions)

Product	Amount	Solution
US Equities	36.57	Sustainable construction
Uncovered US Equities	1.95	Solar and wind energy
Emerging market equities	1.09	Energy efficiency and power
International equities	20.88	generation
Uncovered international equities	5.28	Electric and hybrid vehicles
Closed-end alternatives/Sustainability in	1.96	Agricultural Insurance
developed countries		Environmental Civil liability
Product/service 1: SURA Global Sustainable Equities Fund of Funds	12.79	
Product/service 2: SURA Global Trends Fund of Funds	6.43	
Product/service 3: FCP 4G - DPI Fund	289	
Product/service 4: FCP 4G - Liquidity Fund	14.5	
Product/service 5: FCP Infrastructure Debt II- CA Fund	313	
Total	703.45	Total
Total AUM for the SURA Investments segment (investment management*)	13,168.14	Total Ingresos seguros (excluyendo Vida y Salud)
Percentage of AUM with ESG criteria included in this segment	5.34%	Porcentaje de ingresos por productos ASG en el segmen

Total	13.42
Total Ingresos seguros (excluyendo Vida y Salud)	700.71
Porcentaje de ingresos por productos ASG en el segmento	1.92%

<sup>\*</sup>Including a portion of the voluntary pension fund segment in Colombia.

**72 73**  GRUPO SURA'S BOARD OF DIRECTORS.

SUSTAINABILITY AND CORPORATE GOVERNANCE BOARD COMMITTEE

SUSTAINABLE INVESTMENT COMMITTEE

\* With the participation of Suramericana and SURA Asset Management



## **CLIMATE CHANGE**

FN-IN-450a.1; FN-IN-450a.2; FN-IN-450a.3; FN-IN-410b.1; FN-IN-410b.2

### >>> Governance

The Board of Directors is the Company's highest authority in charge of guiding and following up on the measures taken by Senior Management as part of the Group's climate change strategy. This function is undertaken with the support and recommendations of the Sustainability and Corporate Governance Board Committee, and at times by the Risk Committee These Board support committees receive related information once a year, or more often if necessary, to be used for their decision-making purposes.

On the other hand, Senior Management provides guidance for this function through the CEO's Committee and the Sustainability Committee, made up of members from our Risk Management, Strategy, Communications, Legal Affairs, Compliance, Sustainability and Human Resources areas. This latter Committee ensures that the strategy duly defined by the Board of Directors is channeled down to the Company's processes.

Grupo SURA has a Corporate Risk Management as well as a Sustainability Department, which are directly in charge of analyzing and evaluating climate-related issues and presenting these to the different levels of Management as well as the Board of Directors.

### Strategy

In 2022, Grupo SURA made progress in quantifying the following identified risks relating to climate change:

TRANSITION RISKS. Depending on how the corresponding impacts take place, the time horizons for this type of risk are defined as follows:

Short term: from here to 2025

Medium term: From here to 2030

The main transition risk identified in our analysis relates to regulatory and political changes, which imply increases in carbon prices. These prices may increase the operating costs of our portfolio's industrial investments in the construction materials and food industries, undermine the risk profile of the banking sector's credit portfolio, as well as produce losses in the value investment portfolios exposed to carbon-intensive sectors.

This could also impact Grupo SURA's future dividend income and produce a possible loss to our equity, due to adjustments to the valuations of these assets. In turn, this would affect access to capital, both for the directly impacted assets and indirectly for Grupo SURA, due to its exposure.

This risk is analyzed based on the modeling of the carbon price variable in Latin America, where the industrial investments of the Company's portfolio mainly operate. This analysis is based on the following scenarios modeled by NGFS (Network for Greening the Financial System):

- Scenario 1, Net-Zero (1.5° Celsius): limiting global warming to 1.5°C through stringent climate policies and innovation in order to reach carbon neutrality in 2050.
- Scenario 2: Divergent Net-Zero (1.5° Celsius): reaching carbon neutrality around 2050 but with higher costs due to less coordination in issuing mitigation policies and measures.
- Scenario 3, delayed transition (2° Celsius): assumes that the level of annual emissions shall remain constant until 2030, and thereafter with shocks and more stringent measures to limit warming.
- Scenario 4: national commitments (2.5° Celsius): this includes the effect of the climate commitments of all countries, including measures that have not yet been implemented.

The resilience of our strategy. According to the results obtained, under scenarios that do not contemplate risk adaptation and mitigation mechanisms, this exposure does not represent a material financial impact in the short term. However, in the absence of the aforementioned measures, internal exercises show indications of impacts that could eventually be material in the medium and long term. This risk is generally

mitigated through the sustainable investment practices described

> PHYSICAL RISKS. These risks include heavy rainfall, hail, drought, heat waves, tropical cyclones, lightning, frost, floods, forest fires, rain-induced landslides and high winds. The term in years is understood as follows: a short term (0 to 1) and a medium term (1 to 5), with the occurrence of these phenomena; and a long term (5 to 10) with an increase in their severity and frequency.

The physical risks assessed are mainly associated with an increase in the severity of extreme weather events such as cyclones and floods. These risks may result in higher claims rates for our insurance

With regard to Suramericana's portfolio of solutions, it has been found that the climate risk that could have the greatest impact on the Company is the occurrence of tropical cyclones with a low probability of exceedance. Loss exposure is evaluated every year and Suramericana invests about USD 2.5 million to mitigate the corresponding impacts by transferring the risk through reinsurance contracts.

To model these risks, Suramericana's Geosciences area uses the following climate change projection scenarios, called Representative Concentration Pathways (RCP): RCP 2.6; RCP 4.5; RCP 6; RCP 8.5.

The resilience of our strategy. Suramericana has introduced specific \*

**Total monetary losses** attributable to modeled and non-modeled natural catastrophe insurance payments (gross of reinsurance):

USD 3,348,652 **Hurricanes** 

USD 9,013,107 **Tornadoes Tsunamis Flooding Droughts** 

**Extreme heat** 

processes for adequately managing these risks, such as thematic investments, designing policies that encourage responsible behavior, diversification, active involvement with clients and business continuity plans in locations exposed to tropical cyclones. These processes and their indicators were described in detail in the Sustainable Finance section.

## » Risk management

Climate change risk management is part of Grupo SURA's general risk management procedure, contemplating the following stages for the treatment of this specific phenomenon.

- 1. Identifying risk
- 2. Prioritization
- 3. Scenario selection
- 4. Quantification
- **5.** Risk management

As Grupo SURA is an investment manager, risks relating to climate change are addressed based on what we call the Aggregate Portfolio Overview and its various perspectives, which includes, but is not limited to, aspects such as:

- Direct exposure from the operations of the portfolio companies.
- Industries and territories from which the Companies' revenues are sourced.
- Economic sectors pertaining to the investment portfolio.

### » Metrics and goals

305-1, 305-2, 305-3

**≫** GREENHOUSE GAS EMISSIONS SCOPES 1 AND 2. In terms of carbon dioxide (CO2) emissions, we monitored how intensive was our use of natural resources in order to carry out daily operations in 2022.

Scope 1, which refers to emissions produced by direct energy sources owned or controlled by the companies, increased by 59% compared to the previous year, largely because Suramericana began to include a new Scope 1 source such as refrigerant gases from air conditioning equipment. In SURA Asset Management the increase was due to having included emissions derived from overland work trips using the Company's' own vehicles.

As far as Scope 2 emissions are concerned, these being indirect emis-

electricity, there was an increase of 12.7%, mainly due to higher energy consumption at SURA Asset Management Chile.

Digital attachment containing details of other indicators of the **SURA Business Group's Environmental Management** in 2022, thus forming an integral part of this Annual Report.

## sions resulting from the purchase of

### BREAKDOWN BY COMPANY OF THE RECORDED FIGURES FOR SCOPES 1 AND 2

(In tons of carbon dioxide equivalent: ton CO<sub>2</sub>e)

Name of Company	Scope 1(tons CO <sub>2</sub> e)			Scope 2 (tons CO <sub>2</sub> e)		
	2020	2021	2022	2020	2021	2022
Business Group	2,622	2,098	3,341	4,458	4,586	5,170
SURA AM	811	608	1,286	3,181	2,907	4,002
Suramericana	1,786	1,444	2,007	1,277	1,679	1,168
Grupo SURA	25	46	50	0	0	0

 □ GREENHOUSE GAS EMISSIONS FOR SCOPE 3. The measurement of this footprint for the Business Group recognizes four main sources (see table). Transportation in assistance and support vehicles is a source measured only in Suramericana, but it is reported, given its magnitude in the consolidated group.

Financed emissions were first measured in 2022, based on the PCAF (Partnership for Carbon Accounting Financials), for a coverage of 82%, which includes the sum of Scopes 1 and 2 of our portfolio issuers, as well as corporate bonds, sovereign bonds and equities.

The other environmental management metrics can be found in the digital attachment titled Environmental Management Indicators 2022 for the SURA Business Group, which forms an integral part of this Annual Report. Finally, the metrics associated with products carrying environmental criteria can be found in the Sustainable Finance section of this subchapter.

### CONSOLIDATED SOURCES RELEVANT TO SCOPE 3

### (In tons of carbon dioxide equivalent: tons CO<sub>2</sub>e)

Source	Business Group
Financed emissions - Scopes 1 and 2	2,114,484
Work trips	9,898
Transportation of insurance assistance and support vehicles (mobility and Occupational Health and Safety )	14,505
Capital goods (computers and vehicles)	1,532.5



## **RELEVANT ACTIONS TAKEN BY OUR PORTFOLIO ASSOCIATES**

### >>> Bancolombia

The Bank joined the Net-Zero Banking Alliance (NZBA) and the Glasgow Financial Alliance for Net-Zero (GFANZ) in 2022, reaffirming its strategic commitment to proactively managing the challenges of climate change for financial organizations. It also continues to disclose its management performance in line with the recommendations of the TCFD (Task Force for Climate-Related Financial Disclosures) and last year defined science-based targets for financed emission reductions.

In terms of its sustainable finance strategy, in 2022 it disbursed COP 6.2 trillion for financing sustainable projects in the livestock, housing, construction, mobility, circular economy, energy efficiency and cleaner production sectors.

As a member of the Equator Principles, Bancolombia has incorporated biodiversity-related issues in its decision-making since 2008. In this regard, it has implemented environmental and social risk assessments for projects as well as loans involving activities having an impact on biodiversity. It also has a Controversial Issues Policy that defines activities that shall not be financed due to their high impact on marine and terrestrial ecosystems, and the conditions for financing and investing in economic sectors with high environmental and social impacts.

### >>> Grupo Argos

This infrastructure investment parent company defined as a target for the year 2030 a 46% reduction in the intensity of its CO2e emissions per million Colombian pesos consolidated in revenues compared to 2018. At the end of 2022, there was a 36% reduction compared to the baseline, given significant business transformations in terms of energy efficiency and transformation. Also, over the last six years, reforestation programs have been sponsored leading to the voluntary planting of more than 15.2 million trees of native species in Colombia.



COP 6.2 trillion

> was disbursed by Bancolombia in 2022 to finance various sustainable projects.

150.7 tons

> of post-consumer packaging has been collected by the Nutresa Retoma recycling program since 2020.

36%

reduction in CO2 emissions versus baseline on the part of Grupo Argos in 2022.

On the other hand, Grupo Argos is in the process of being certified as a carbon-neutral company by the Carbon Trust, while its subsidiary Celsia received the same certification from the Colombian Institute of Technical Standards and Certification (Icontec). Furthermore, Cementos Argos and Odinsa became the first Colombian companies with their climate change mitigation targets validated by the Science Based Targets (SBTi) initiative.

### >>> Grupo Nutresa

In 2022, this food processing company achieved an 11.3% reduction in its Scope 1 and 2 greenhouse gas emissions compared to 2020, and in just the last year obtained an 89,1% use of renewable electricity.

As part of its circular economy initiative, 87.2% of the packaging of its business lines was designed to be recyclable, reusable and compostable; through the Nutresa Retoma recycling program, more than 150.7 tons of post-consumer packaging have been collected since 2020; also 53.4% of its raw materials are supplied productively and sustainably, in keeping with its commitment to a resilient and competitive supply thanks to its strategies to achieve circularity.



## **PLANS AND OPPORTUNITIES** 2023

footprint, based on the previously constructed baseline while advancing on a path towards decarbonizing the Company's investment portfolios, as well as those of Suramericana and SURA  $\stackrel{\cdot}{=}$  We shall also be incorporating Asset Management.

We shall also be furthering our knowledge of the bioeconomy in order to identify opportunities — We will continue to build upon for bringing about the necessary changes for regenerating our natural capital.

We shall also be expanding the information we provide to our stakeholders with reporting frameworks such as the TCFD (Task Force on Climate-related Financial Disclosures).

■ We will be providing our knowledge to our portfolio Companies so that we can advance towards a just transition.

We shall be reducing our carbon We shall continue to measure our financed carbon footprint so as to increase coverage over SURA Asset Management's Assets under Management (AUM).

> climate variables in the valuation models of Grupo SURA's portfolio

> our active ownership strategy in a cross-cutting and coherent manner among our subsidiaries along with their own respective subsidiaries.

> We will strengthen the ESG information ecosystem in order to facilitate decision-making and our analyses of issuers.

During this past year, we made progress in expanding the way we manage human capital, understanding that this is not only about practices aimed at the employees of Grupo SURA and its Companies. Here, we are working on different measures aimed at making a contribution to human development, mainly on the following four fronts:

- O Providing training in order to build the capabilities, broadly speaking, of the stakeholders with whom we interact.
- Generating knowledge for society through various partner organizations, projects and initiatives.
- O Promoting products, solutions and services on the part of the different SURA Companies so as to help people become freer, more autonomous and capable.
- And, of course, the comprehensive management of our human talent, as part of our framework of a corporate culture that embraces diversity, flexibility and knowledge in order to achieve our strategic objectives.



RELATED STAKEHOLDERS:

**Employees** 

**Board of Directors** 

Portfolio investments

Suppliers

Academia and knowledge

Communities (partners and those involved with our Foundation)

Society

RELATED SDGS:







## **TRAINING FOR CAPACITY-BUILDING**

Building the capabilities of our different stakeholders to help them become more autonomous is a priority for Grupo SURA. That is why we have initiatives that promote training as a basis for gaining knowledge and developing essential skills for life in society.

An example of this is with SURA Asset Management, namely the experience that Protección, its local pension management firm, has provided with its platform Universidad Protección. Over this past year, this program has facilitated the use of Learning Routes in topics such as personal finances and employability skills, with the help of its partner organizations that are experts in business and professional development.

Also, more than 3,500 companies shared the content made available on this platform with their employees, and furthermore, digital events were staged such as the "Talent Lab" which also provided training to companies looking for human talent and conversely people looking for work opportunities, this in order to increase the number of formal jobs in Colombia.

Likewise, Seguros SURA Colombia, our insurance subsidiary, facilitated educational workshops staged with more than 7 thousand suppliers on issues impacting their competitiveness thereby helping them to grow as entrepreneurs and organizations. Also, in the case of our insurance sales personnel, the Company facilitated training for more than 4,500 of this priority stakeholder group.

Also through its regional Entrepreneurial platform, Empresas SURA, the Suramericana Companies provided knowledge to more than 16 thousand micro, small and medium-sized Latin American companies, with personalized and group training in management practices promoting their sustainability.

Capacity building, for helping our different stakeholders to become more autonomous, is a priority for Grupo SURA in terms of its human capital management.

The SURA Foundation also made an important contribution on this front, by providing training involving different reaches topics and purposes for more than 28 thousand people this past year as part of its human capital management function in Colombia, Mexico and Chile, through initiatives

The Felix and Susana Program: more than 4 thousand people participated in these workshops held for the purpose of reflecting on,

\*

**KEY INDICATORS:** 

30,152

was the total headcount for Grupo SURA, Suramericana and SURA Asset Management, including its respective subsidiaries in 10 Latin American countries, at the end of 2022.

36.3%

of employees occupying senior management levels in the SURA Business Group at year-end 2022 were women.

people received training through the programs, initiatives and projects deployed and promoted by the SURA Foundation in 2022.

USD 4.6 million

was invested in employee training during this past year by Grupo SURA, Suramericana and SURA Asset Management.

- Access to higher education: a total of 182 active scholarship holders were able to attend this past year courses and awareness-raising activities relating to their lifetime ambitions, preparing for their working lives, leadership and emotional management, and financial health, among other topics.
- Strokes of freedom: in alliance with the Casa Tres Patios Foundation, we helped with the social reintegration of 462 people incarcerated in Medellin's penitentiary centers through art, dialogue and the appropriation of artistic techniques.
- Dance training scholarships: As a way to reduce school dropout rates and cultivate skills, abilities and values, 325 students between the ages of 7 and 23 participated during this past year in a series of training programs in alliance with the Asociación Cultural Ballet Metropolitano de Medellín (Medellin's Metropolitan Cultural Ballet Association).

Finally, Grupo SURA provided its support to the training of almost 500 reporters and students of journalism in ethics and good practices, as well as more than 32 thousand Colombians to reduce their vulnerability to disinformation, from a behavioral science approach, as described in more detail in the Social Capital section of this Annual Report.



# ALLIANCES FOR IMPARTING GREATER KNOWLEDGE

Another way of contributing to human capital, in which we have made progress during this past year, has been to further the way we liaise with academia, as one of our priority stakeholders, these including universities, think tanks and applied research groups. This ties with the importance of knowledge in the ability to fulfill our strategy in creating value for our shareholders as well as for society.

At year-end 2022, the project we concluded a project with the Eafit University (in Medellín), which involved a joint study group between Grupo SURA employees and professors from the Faculty of Humanities of the aforementioned university, who during 23 sessions, held over a year and a half, were able to further elaborate and build upon a collective document on the foundations of social change, which shall be published in 2023 to be shared and disseminated in different scenarios. For the Company, this was an opportunity to learn about different perspectives and to recognize plurality as a mobilizing factor for the teams involved.

In partnership with the Corporación Transparencia por Colombia (TpC) (Transparency for Colombia Corporation), we helped to draw up the first phase of a research project on social norms as well as controls against corrupt behaviors, with the participation of several Grupo SURA employees and the methodological support of Eafit, this in order to carry out deliberative experiments with around 500 people. This project shall continue in 2023 with the scaling up of the corresponding experiments and fieldwork.

Also during this past year, Seguros SURA Colombia strengthened its relationship with academia in order to join efforts for qualifying and developing the country's talent. For this reason, the Company entered into agreements with the Autónoma de Manizales, Autónoma de Occidente, Pontificia Bolivariana, Javeriana and del Norte universities, focused on attracting talent, training, research, as well as innovation and entrepreneurship. It is important to note that Grupo SURA also has signed agreements with the Tecnológico de Monterrey (Mexico), the Instituto Empresa (Spain) and the Eafit University (Medellín).

It is also worth mentioning the alliance that AFP Integra -a SURA Asset Management subsidiary in Peru- entered into with Microsoft and the consulting firm LHH DDM. This initiative materialized at yearend 2022 on the free web platform "Unstoppable Talent", where registered youngsters shall be able to acquire and further their knowledge in order to improve their professional profiles and possibilities of obtaining formal, quality jobs.

The Suramericana Companies and SURA Asset Management formed partnerships during this past year for staging different knowledge dissemination initiatives with an impact on key issues for society.



## BUSINESSES THAT GENERATE WELLBEING

Human capital management is also linked to the business development of Grupo Empresarial SURA's companies in order to create well-being in general. And this can be seen in the fact that the products, solutions and services provided by SURA Asset Management and Suramericana have a positive impact on people and their environments, at different times of their lives.

In this way, the 154 million health care and 26 million diagnostic aids services performed in 2022 in terms of the health insurance in Colombia provided by our EPS SURA Seguros SURA (voluntary) and EPS SURA (mandatory) contributed to human development.

They also contributed to this end by reducing occupational accidents, reducing sick leave and lowering absenteeism in Colombian companies with nearly 2 million services associated with risk prevention and management services provided by the Occupational Health and Safety subsidiary ARL SURA and as well as the risk management subsidiary Consultoría en Gestión de Riesgos (CGR) during this past year.

Another contribution in this sense is how SURA Asset Management's Savings and Retirement Fund Management Fund subsidiaries have staged their own initiatives for ensuring greater inclusion of its fund members and the elderly population. For exam-

1 2 3 4 5 6

ple, AFP Capital has adapted its branch offices for the hearing impaired or is promoting its banking services for pensioners. Similarly, Afore SURA, in Mexico, has provided a mobile application so that its affiliates can learn about their individual accounts in a straightforward manner and at any time, qualify their decisions and gain greater awareness of the importance of these savings for their old age.

These examples only go to confirm how SURA's different lines of business have transcended in the way they provide support to their clients, by designing a portfolio of solutions and products that respond in an effective and relevant way to the particular reality of people at different moments of their lives.



## INTEGRATED HUMAN TALENT MANAGEMENT

At Grupo SURA, we are encouraging our staff to be willing and able to adapt to the Company's challenges and transformation; this implies observing the environment, in order to facilitate our decision-making based on a long-term view of a well-balanced handling of our four capitals, this as a roadmap to sustainable profitability.

We also recognize that our human talent represents risks and opportunities for being able to fulfill our objectives. Therefore, we have approached this strategic risk as the ability for our people to have the knowledge, skills and proficiencies required for developing and executing this strategy while being able to understand and remain committed to carrying it out.

2022 was an important year, as we continued to make headway with implementing all those strategies designed to bring to fruition our promise of enabling employee capabilities, which is one of the pillars of our strategy.

This we have carried out by a consistent handling of areas such as investing in research and training, employee attraction and loyalty measures, occupational health and safety programs, as well as encouraging the policies and measures in place favoring diversity, particularly gender equality, as part of our goal of being a flexible organization.

We will now address relevant aspects of our integral human talent management function over this past last year:

### >>> Training and development

### 404-1, 404-2

We continued to deploy skill-building and continuous training programs at Grupo SURA, which are furthering the development of our employees' competencies through different learning methodologies.

We staged conferences, conversations and academic events that allowed our employees to appropriate multiple urban territories, analyze key issues for the development of our own individual societies and generate their own applied knowledge, in line with the Company's strategy.

We also deployed leadership, diversity and inclusion programs, as well as training in being able to identify biases from the behavioral science standpoint. In order to carry out these activities we depended on our partners specializing in virtual and online training, which allowed us to provide greater coverage and diversity in the contents of these training programs.

Thus, we recorded an average of 78 hours of training and development per employee this past year, specifically in Grupo SURA. This indicator for the SURA Business Group came to 51 hours in 2022, with an investment totaling USD 4.6 million. It should also be noted that out of the total number of training hours provided by the Company and its subsidiaries, 34% were taken by men and 66% by women, a percentage consistent with the gender structure of our workforce.

Finally, in terms of information security and cyber risk management, we carried out awareness-raising activities regarding how risk works, accompanied by technology and cyber-attack risk assessments. Consequently, no losses were sustained due to cyber risk events affecting the Company last year.

## >>> Employee Attraction and

Our stance on diversity and inclusion has been strengthened in practical terms by having put into place labor practices of the highest standards, such as our sexual harassment policy, which contains a protocol subject to an employee awareness program, as part of our efforts to encourage a more inclusive corporate culture that fosters relationships based on diversity and respect.

At Grupo SURA we have fair, equitable and competitive remuneration plans for attracting and retaining the best human talent. These ensure that remuneration is established based on objective principles that guarantee that employees are well-aligned with the Company's strategy.

THE SURA BUSINESS GROUP. On a consolidated basis, out of a total of 30,152 employees at year-end 2022, 65.8% were women, who held 56.4% of the Group's leadership positions. Likewise, 61.5% of the 4,624 new hires in 2022 corresponded to women, which reflects the Group's Diversity Policy as well as the Organization's commitment to promote gender equity within the workplace.

On the other hand, the voluntary personnel turnover rate increased from 7.2% to 9.7% in this past year, due to the adjustments made by the Companies, given the need to adapt to regulatory changes in their different lines of business, adjustments to their operating and commercial models, as well as to Information Technology (IT) positions, among others.

## >>> The sura business group's headcount indicators for 2022 (Including the corresponding figures for Grupo SURA, Suramericana and SURA Asset Management)



**◆** -9.7%

At Grupo SURA we have a Preventing Sexual Harassment in the Workplace Policy in place and we have provided the tools and channels for encouraging a reporting culture.

**Learn more** about

**Indicators Report** 

the SURA **Business** 

**Group's Human Talent** 

corresponding to 2022.

It is worth noting that over the last three years, this turnover has remained in single digits, which reflects the Companies' commitment to strengthening favorable work environments and providing support to their employees with their further development and overall well-being.

Another example of the extent to which our SURA Culture is being identified with is the fact that we scored 95.7 out of a total of 100 points in the latest measurement of our organizational commitment, which surveyed more than 30 thousand employees throughout the region. This survey weighed the response to issues such as a sense of pride, referral and satisfaction levels, the desire to remain with the Company for a long period of time, and the motivation to contribute to the Company's success.

SUPPORT PROGRAMS. At Grupo SURA we recognize individuality, the search for a better quality of life and new work dynamics. That is why we have a hybrid work model that favors providing benefits in terms of work schedules as well as where our services are provided. 36% of the Company's employees engaged in the Flexi working program in 2022.

### >>> Comprehensive wellness

We believe in the importance of people's well-being. We have a diverse portfolio of benefits in place, designed for different moments in the lives of our employees and with comprehensive health options. Therefore, our Companies offer special

benefits in non-contributory health care and life insurance policies, as well as benefits for education, housing, welfare, savings, finance and agreements. All this in order to encourage greater employee loyalty and commitment and help to further their quality of life and that of those around them.

Also in this past year, we implemented a "right to disconnect" work policy, which recognizes the dynamics of new work models and the use of technology as part of our talent management model. Likewise, in terms of maternity benefits, we offer the possibility of staggered returns to the workplace for mothers as well as one week more of maternity and paternity leaves, along with the option of specialized training for fathers and nursing mothers.

## » Occupational Health and Safety

Part of our work is to strengthen a culture of self-care. For this reason, Grupo SURA guarantees all employees decent and appropriate working conditions that allow them to adequately perform their duties. With this, we also seek to preserve their health and well-being at all times, in order to prevent accidents and occupational disease within the workplace, among other risks, this as much as possible.

For this purpose, hazards are identified, risks are evaluated and assessed, and the respective controls are established. Likewise, we ensure compliance with occupational health

## >>> Employment practices

We deploy various reporting channels for the purpose of protecting human rights and, in accordance with our corporate principles, we maintain absolute confidentiality and respect for the personal dignity of our employees.

In order to promote awareness about preventing any type of harassment and discrimination, we have implemented the aforementioned Preventing Sexual Harassment in the Workplace Policy and we have provided the tools and channels for encouraging a reporting culture. We also guarantee freedom of association for all our employees.

## >> Important Human Talent **Initiatives Taken by our Portfolio Associates**

BANCOLOMBIA. In 2022, this Bank enhanced its hybrid work model and 10,739 employees, 85% of its administrative staff, engaged in its Flexi working (6,114) or teleworking (4,625) arrangements. The Bank also launched the Contigo System, a tool for those who are experiencing pressing situations regarding mental health, violence or abuse, so that they may receive psychological support, legal advice, access external support networks as well as make formal

complaints. It is also worth noting that at the end of the year, 40% of Senior Management positions were held by women, in line with the goal of having 50% of Senior Management positions filled by women by 2025.

GRUPO NUTRESA. Over this past year, job opportunities were provided for almost 9 thousand young people between the ages of 18 and 28. The Group also consolidated its talent planning process to ensure future replacements and mitigate the impact of talent shortages, while deploying reskilling and upskilling strategies based on a continuous learning process, underpinned by self-learning, which benefited close to 30 thousand employees. It also worked on initiatives to promote leadership and an inclusive organizational culture that values diversity, while focusing on women, youngsters, people with disabilities and migrants. In 2022, Nutresa joined UN Women, and  $embraced\,the\,Women's\,Empowerment$ Principles and those of the Global Compact; it also joined the Tent Partnership for Refugees for including refugees and migrants in the workforce.

**GRUPO ARGOS.** The measures that were prioritized in 2022 included those relating to diversity with the training of "diversity multipliers" throughout the Argos Business Group. It also achieved a 43% participation rate for women in the Group's succession matrices for critical positions and provided diversity and inclusion training. It also achieved the goal of 31.5% of women in leadership positions by 2022 and held the Viva Inclusion Week for sharing trends and good practices in this area.

## **PLANS AND OPPORTUNITIES** 2023

Strenathening our employer brand as well as all those measures designed to strengthen employee loyalty, amid increasing competition and greater job market mobility.

> Continuing to further the identification, training and development of our leaders, as well as to enhance their skills and values in alignment with the Company.

Deepen our understanding of the variables that affect our wage gap and establish the corresponding work plans to continue closing the gap.

Preserve high levels of employee engagement by providing opportunities and occasions for them to express their concerns and receive feedback on their performance,

Identifying new continuous learning opportunities aimed at qualifying skills and knowledge that allow employees to get ahead and positively impact their environments.

**KEY INDICATORS:** 

26.4%

increase in Grupo SURA's consolidated revenues, which stood at COP 31.4 trillion (USD 7,367 million), for an organic growth of COP 6.5 trillion (USD 1,539 million) compared to 2021.

1 2 3 4 5 6

53.8%

was the growth recorded with Grupo SURA's consolidated net income which reached COP 2.3 trillion (USD 551 million), the highest ever recorded in the Company's history.

9.9%

was the adjusted ROE obtained at the end of 2022, in keeping with the Company's estimates and reaffirming the sound lines of business of its investment portfolio

INVESTMENT MANAGEMENT AND LEVERAGE

At Grupo SURA, managing the resources of our shareholders and investors

lies at the core of our role as an investment manager. In this way, through

a well-balanced investment portfolio and, with a long-term vision, we are

seeking an efficient and optimal allocation of capital for creating value and

ensuring growth, this in order to move ahead toward our strategic objective

of obtaining sustainable profitability.

**FINANCIERO** 

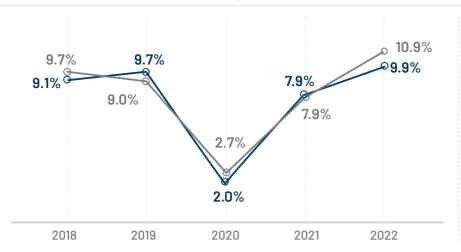
CAPITAL

2022 was a year of record earnings from our investment portfolio and one in which we exceeded our expectations, thereby showing us the importance of maintaining a long-term vision. Our investments continued to post a sustained growth in revenues, which, together with strict controls over expenditure - which produced a lower increase compared to revenues - led to a 47.3% increase in the Company's controlling net income, compared to previous expectations of between 10% and 15% at the beginning of the year; this shall allow us to continue to advance towards a level of profitability over and above the cost of capital. As a result, Grupo SURA's adjusted ROE stood at 9.9% at year-end, having exceeded the initial forecast range of 8% to 9% for 2022.

Adjusted ROE: adjusted net income is based on the parent company's net income, excluding amortization expense of intangible assets associated with acquisitions; adjusted equity equals the economic interest in the operating book equity of our principal investments, less the Holding's net liabilities.

## 1 2 3 4 5 6

ADJUSTED ROE MOVING TOWARD A RETURN ON EQUITY OVER AND ABOVE THE COST OF CAPITAL



Additionally, during this past year, we continued with our plan to reduce the Company's leverage, in accordance with that previously announced in our Annual Report for 2021. Consequently, net debt to dividends received ended up at 3.9 times compared to 6.6 times the previous year.

This improvement with our leverage ratio, which is within the range projected at the beginning of the year, is mainly due to the increase in dividends received from our investments, thanks to better levels of performance in 2021. This improved leverage ratio reinforces our commitment to continue on a path towards reducing our indebtedness, in spite of higher interest rates and lower liquidity on the global markets, this due to the monetary policies being deployed by central banks.

## >>> Grupo SURA: consolidated results

Adjusted ROE

Adjusted ROE

(standardized

legal reserves)

For 2022, the Company reported financial results that exceeded expectations. These consolidated results are reflected in an operating income of COP 31.4 trillion (USD 7,367 million), for an increase of 26.4% compared to the previous year, this due to higher written premiums, which were up by 41.4%, including a 24.4%growth on the part of Suramericana, which reflects its strength as a Company and its brand within the insurance sector.

It should be noted that in the case of our Fund Management subsidiary, SURA Asset Management (SURA AM), there were significant changes with the information disclosed, due to having consolidated the pension fund management firms Protección (in Colombia) and AFP Crecer (in El Salvador), in November of last year, and having created a new insurance subsidiary Asulado, in December. This makes a comparative analysis with respect to previous periods somewhat difficult. These changes were made in order to strengthen and contribute to the sustainability of the Colombian pension and individual savings model by offering pension insurance.

On the other hand, this subsidiary's fee and commission income scored a growth of 8.9%, this driven by the changes in accounting for Protección in the case of SURA AM, which counteracts the different impacts sustained during the year due to the latest pension reform in Mexico, as well as the effect of the losses in market values that affected the Company's Assets under Management (AUM).

Investment income<sup>2</sup> also showed double-digit growth, thanks to higher yields with the Suramericana portfolios, thanks to higher inflation and rising interest rates throughout the region that gave way to a positive performance on the part of the insurance subsidiaries' portfolios, mainly in Co-Iombia and Chile.

Furthermore, good levels of performance on the part of Bancolombia, Grupo Nutresa and Grupo Argos further drove the results posted by Grupo SURA, which shows the strength of the Company through its well-diversified portfolio, which is reflected in an increase of 46,2% in revenues obtained via the equity method compared to the previous year.

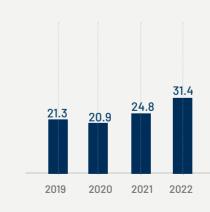
With regard to costs and expense, on the one hand, retained claims pre-

sented a growth of 26.3% due to the impacts sustained by Suramericana given increased costs of auto parts during the first half of 2022, as well as an increase in the EPS claims ratio during the whole year. On the other hand, the Companies focused their efforts on expense controls and greater efficiencies, which led to a 22.1% growth in operating expense<sup>3</sup>, mainly driven by higher brokerage commissions, which remain in keeping with the growth in premiums.

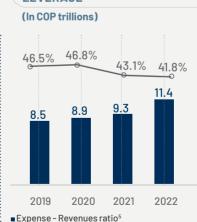
The growth in operating expense, which was lower than the increase in revenues, brought the operating expense versus revenues4 indicator to 41.8%, that is to say, 130 basis points (bps) lower than for the previous year. These controls provided the Company with an operating leverage that led to a 42.5% growth in oper-



(In COP trillions)

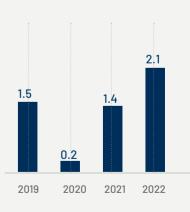


### **GEXPENDITURE MANAGEMENT GENERATING OPERATING LEVERAGE**



### **CONTROLLING NET INCOME ROSE BY 47.3% THIS PAST YEAR**

(In COP trillions)



<sup>2</sup> Investment income corresponds to an administrative grouping that includes net investment income at amortized cost, net gains on investments at fair value and gains on sales of investments

90

<sup>3</sup> Operating expense is an administrative grouping that includes the following accounts: brokerage commissions, insurance costs and expense, costs for services rendered, administrative expense, employee benefits, fees, depreciation and amortization and other expense

<sup>4</sup> Expense indicator is calculated as total costs and expense excluding claims versus total revenues, investment income and revenues obtained via the equity

<sup>5</sup> Net financial debt: this item corresponds to an administrative grouping that includes bonds, banking and leasing accounts, and excludes preferred dividends and commitment contracts with non-controlling interests, as well as derivative assets and liabilities.

Thus, Grupo SURA closed the year with a controlling net income of COP 2.1 trillion (USD 488 million), up by 47.3% compared to the previous year, along with a total net income of COP 2.3 trillion (USD 551 million) which was 53.8% higher than the consolidated figure in 2021.

At year-end, assets totaled COP 98.4 trillion (USD 20,455 million) for a growth of 29.6%, this due to an increase in insurance and reinsurance contracts, given higher premium underwriting in the insurance business as well as an increase in the investment portfolio, thanks to valuations of securities and the consolidation of AFP Protección and Asulado.

On the other hand, liabilities stood at COP 62.6 trillion (USD 13,016 million), having risen by 32.4%, given the increase in insurance and reinsurance contracts, due to the growth of premiums in Suramericana and the consolidation of Asulado.

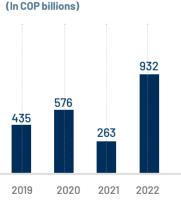
Thus, the Parent's Shareholders' Equity ended up at COP 33.7 trillion (USD 7,012 million), for a growth of 20.8%, mainly due to a variation of 88.1% in Other Comprehensive Income, given gains on translation differences resulting from a higher depreciation of the Colombian peso against other currencies in the region.

## >>> Grupo SURA: separate results

Due to good levels of investment performance, the Company ended up with a dividend income of COP 931,885 million (USD 219 million), for a growth of more than 254.2% compared to the previous year. This increase is largely due to higher dividends from Bancolombia, thanks to the recovery seen with its results in 2021.

As for revenues obtained via the equity method, these reached COP 745,746 million (USD 175 million), for an increase of 25.0%, mainly due to good levels of performance on the part of Suramericana, which managed to offset the different impacts that SURA AM sustained.





On the other hand, operating expense stood at COP 142,882 million (USD 34 million), given higher administrative expense and fees associated with the different tender offers in which the Company was involved during the year. Likewise, interest income increased by 33.8%, due to higher local interest rates. Net income came

**Grupo SURA** Individual results 2022

Net income

**159.3**%

COP 1.1 trillion (USD 249 million)

Shareholders' Equity

**11.9%** 

(USD 5.759 million)

to COP 1.1 trillion (USD 249 million), an increase of 159.3%.

Assets totaled COP 34.0 trillion (USD 7,073 million) at year-end, for a growth of 11.2%, thanks to investments in subsidiaries, which rose by 19.2%.

As for liabilities, these ended up at COP 6.3 trillion (USD 1,314 million), for an increase of 8.3%; this mainly due to the increase in financial obligations: there was a decrease in local and international bonds of COP 250,000 (USD 52 million) and USD 20 million, respectively. However, this decline was offset, notably, by an increase in debt, as a result of higher depreciation amounting to almost COP 367,000 (USD 76 million). This brought the Company's net financial debt6 to end up at COP 4.2 trillion (USD 871 million).

### >>> Suramericana

FINANCIAL RESULTS. 2022 was a year of recovery, after the effects of two years of the COVID pandemic. The Company ended up with a net income of COP 490,377 million (USD 115 million), that is to say 5.9 times higher compared to 2021.

These results were driven by a 24.4% growth in written premiums, which totaled COP 27.0 trillion (USD 6,355 million). Written premiums in the Life Insurance segment reached COP 7.4 trillion (USD 1,744 million), for a growth of 17.3%, thanks to the current economic recovery and a reduced unemployment rate in Colombia, which in turn boosted the occupational health and safety business, which ended the year with 5.12 million insured workers and a market share of 42.0%.

Written premiums also rose in the Health Care segment to COP 8.8 trillion (USD 2,062 million), for an increase of 18.8%, mainly driven by our Mandatory Health Care subsidiary EPS SURA, which ended the year with 5.1 million subscribers.

As for Property and Casualty, premiums for this branch of insurance stood at COP 12.1 trillion (USD 2,855 million), for a growth of 27.4%, driven by the corporate and voluntary auto solutions, which benefited from the reactivation of the economy, a recovery with the mobility solution and the increase corresponding to higher insured values due to inflation.

In line with the trend that began back in 2021, in 2022 the claims rate corresponding to the mobility insurance portfolio continued to be affected by disruptions with the global supply chains, which generated a shock in the supply and demand of goods, thereby affecting international prices and the supply of products. Furthermore, volatility affecting prices of commodities and energy triggered an inflationary effect on the costs of auto parts and vehicles, which raised Suramericana's consolidated claims rate to 72.2%, compared to 70.6% for 2021.

The implementation of vaccination programs throughout the region reduced the Company's COVID claims rate, especially in the life, health and occupational risk solutions offered by our subsidiaries in Colombia, Mexico, Panama and El Salvador. During 2022, COP 162,813 million (USD 38 million) in COVID-related indemnities were paid out for a decline of 90.1% compared to the previous year.

Suramericana's technical result at year-end came to COP 1.5 trillion (USD 360 million) and therefore, the technical margin on written premiums came to 5.7%. This result is due to good levels of premium performance, the lower claims rate with the life and voluntary health care solutions -which partially mitigated the higher claims rates recorded by the auto and mandatory health care (EPS) solutions.

\*

Suramericana 2022:

Net income:

 $5.9_{\text{times higher}}$ than for 2021

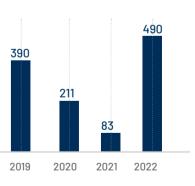
Written premiums

**24.4**%

 ${\rm COP}\, 27_{\rm trillion}$ (USD 6.355 million)

SURAMERICANA'S **NET INCOME WAS 5.9 TIMES HIGHER THAN 2021** 

(In COP billions)



<sup>&</sup>lt;sup>6</sup> Net financial debt: this item corresponds to an administrative grouping that includes bonds, banking and leasing accounts, and excludes preferred dividends and commitment contracts with non-controlling interests, as well as derivative assets and liabilities.

1 2 3 4 5 6

Improvements with this subsidiary's commercial productivity and the investments made in its risk management services also contributed to its bottom line, leading to slight increases in the net commissions indicator and miscellaneous insur-

improve the impact and maturity of Suramericana's operating model at subsidiary level led to ongoing transformation initiatives in 2022 with the aim of increasing efficiencies and withstanding the growing claims rate with the mobility portfolio. This was reflected in the Company's ability to maintain an administrative expense versus written premiums ratio of 12.0% in 2022, slightly higher than for the previous year, despite the increases caused by higher inflation throughout the region.

ance expense of 34 bps and 38 bps,

On the other hand, ongoing efforts to

respectively.

As for investment income, this amounted to COP 2.1 trillion (USD 498 million), for a growth of 88.7% compared to 2021. In spite of a macroeconomic environment affected by a contractionary monetary policy and high inflation rates, the Company responded with multiple initiatives in reviewing its investment classification, portfolio duration and inflation indexing. Other non-operating income and expense rose by 75.6%, due to higher income from refunded tax, accounts payable and debt collections.

In 2022, Suramericana focused on getting back on the path to greater profitability returning to the levels of net income seen in the years prior to the pandemic, which were recently impacted by higher claims rates in the Life and Health Care Insurance segments.

On the one hand, consolidated assets amounted to COP 41.5 trillion (USD 8,631 million), for an increase of 24.2%, mainly due to the 21.6% increase in investments associated with the insurance business.

On the other hand, liabilities reached COP 35.2 trillion (USD 7,323 million), up by 25.1%, driven, in particular, by the 28.7% increase in technical reserves (liabilities corresponding to insurance and reinsurance contracts), which reached COP 30.1 trillion (USD 6,248 million). Net financial debt stood at COP 1.2 trillion (USD 243 million), for a decline of 10.2% compared to 2021.

The strength of Suramericana's balance sheet also improved as a result of a higher net income. The Company's consolidated Shareholders' Equity ended up at COP 6.3 trillion (USD 1,308 million), 19.5% higher than for 2021. Another reason for this increase was the depreciation of the Colombian peso (COP) against the US dollar (USD) as well as against other regional currencies since the Company consolidates its foreign-based subsidiaries.

Finally, thanks to an efficient risk management function, Suramericana's financial position continued to be strengthened by ensuring a sound solvency and liquidity margin both for itself and its subsidiaries, which allowed the Company to maintain the confidence of our shareholders and

clients, as well as to continue investing in new opportunities for ensuring the Company's further growth and development.

» BUSINESS VIABILITY AND TRANSFORMATION. The digital transformation in the Latin American insurance industry will continue in the coming years, through insurtechs and neoinsurers that offer modularity with regard to insurance, new products, lines of business, channels, dynamic rates based on the Internet of Things (IoT) and services such as a wellness platform carrying rewards.

In this context, since 2022 Suramericana has entered into the region's digital ecosystem through a new company called Suramericana Tech, in order not only to speed up the digital direct channel, but also to reduce costs, achieve greater productivity and standardize technology, processes and its portfolio of solutions.

For its part, VaxThera, an expert biotechnology company launched in 2021, began to consolidate the designs of its "fill and finish" plant based on good manufacturing practices. During this past year, the Company has signed five agreements with international partners for the supply of vaccines under the Expanded Plan of Immunization, in order to help Colombia gain biological autonomy.

Likewise, investments throughout 2022 focused on business consolidation, plant design and construction, as well as the successful completion of preclinical trials of the universal vaccine for the Coronavirus (UniVax) as well as the commencement of regulatory procedures and batch production during its clinical phases. With this, Suramericana is helping Colombia to be more independent in terms of vaccines and biologicals, as well as drive greater health security levels in Latin America.

### >>> SURA Asset Management (SURA AM)

In 2022 this Company posted significant changes that should be taken into account for the different comparative analyses of its results with respect to previous periods.

In November 2022, SURA AM increased its stake in AFP Protección from 49.4% to 52.9%, through a transaction in which some shareholders capitalized AFP Protección in the amount of COP 300,000 million at a price per share equivalent to its intrinsic value. As a result, AFP Protección and its subsidiary AFP Crecer went from being associates to subsidiaries falling within the consolidation perimeter of SURA AM.

Such capitalization was necessary to create Asulado, which was set up with an initial equity of COP 785,000 million, through a partial spin-off of AFP Protección's equity. Additionally, in December, SURA AM acquired the stakes held

Suramericana focused on recovering the previous uptrend with its profitability while returning to the same levels of net income seen prior

to the pandemic.

In 2022,



by some of Asulado's shareholders, consolidating a 73.5% ownership.

The incorporation and start-up of the Asulado subsidiary in Colombia is intended to complement the range of insurance products offered within the pension system in the form of annuity and pension insurance, this being in keeping with the Company's commitment to participate in the social security system thereby helping to ensure the sustainability of the individual savings pension model in Colombia.

The new

Asulado

insurance

model in

Colombia.

company is

Since 2018, AFP Protección created a temporary pension insurance scheme for its fund members, endorsed by the Colombian Superintendency of Finance, this due to the fact that the annuity and pension insurance market in Colombia has been largely limited. In Q4 2022, AFP Protección carried out a risk transfer operation to Asulado, which, as an insurance company, shall be able to enjoy the benefits of mutual insurance and minimum wage coverage.

> FINANCIAL RESULTS. In 20227 there was an uptrend with our operating results, upon excluding certain effects such as the regulatory cuts to the commission rate charged on the Savings and Retirement business in Mexico as well as the negative returns produced on the financial markets, on a global level. These impacts were mitigated by a 12.3% growth with the wage base as a result of a good

job market performance throughout the region, together with the efforts made with our operating efficiencies -which allowed for cost containmentand the superior returns achieved by SURA AM's investment teams.

Assets under Management (AUM) rose by 16.0%, driven by the depreciation of the Colombian peso, while in local currencies these declined by 0.3%, given negative investment returns and extraordinary pension withdrawals in Peru. These impacts were offset by contributions to the individual accounts of contributors in the Savings and Retirement business as well as the Company's funds generating alpha, thanks to its invest-

With regard to Fee and Commission Income, this dropped by 2.1% in 2022. Once the consolidation of AFP Protección was normalized (two months on a line-by-line basis in 2022), fee and commission income declined by 8.3% YoY, affected by a 26.4% decrease in the Savings and Retirement segment where fees and commissions are based on the volumes of AUM held, as well as negative returns, extraordinary pension withdrawals in Peru and the regulatory cut to the commission rate in Mexico.

aligned with SURA AM's ment teams. commitment to participate in the social security system and help ensure the sustainability of the individual savings pension

> Conversely, fee and commission income from the voluntary savings segment rose by 8.3%, but then slowed to 0.9% with the impact of having normalized the consolidation of AFP Protección's voluntary pension

business. The lower levels of performance of the two previous segments was mitigated by an uptrend with fee and commission income from the segment where this is charged based on the wage base.

Income from legal reserves amounted to COP 36,537 million (USD 9 million) at year-end, down from COP 157,310 million (USD 37 million) the previous year, which was in keeping with trends seen on the global financial markets.

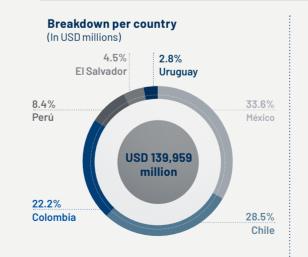
In spite of this challenging environment, SURA Asset Management's investment teams achieved superior returns for our clients. 91.5% of the Assets under Management in the Savings and Retirement business achieved alpha over the last 12 months, while SURA Investment Management achieved alpha in 80.8% of its traditional Assets under Management.

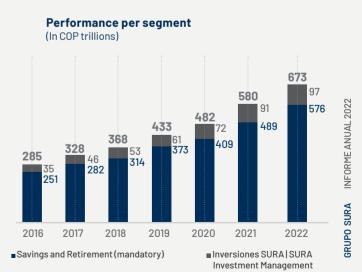
Consequently, SURA AM's operating income amounted to COP 1.0 trillion (USD 238 million) in 2022, which is 13.2% lower than for the previous year, this affected by the regulatory cut to the commission rate charged with the Mexican Savings and Retirement business, as well as negative investment returns.

These impacts were mitigated by a good level of performance with the wage base, the income obtained from having freed up the provision for insufficient premiums, as part of the risk transfer operation from AFP Protección to Asulado, as well as a 2.0% growth in operating expense, which was lower than the weighted average inflation rate (10.4%) in all those countries where SURA AM operates.

In fact, even after the normalization performed for the effect of having consolidated AFP Protección, op-

### **SURA AM'S ASSETS UNDER MANAGEMENT - 2022**





97 96

All changes shown exclude the effect of exchange rate differences.

On the other hand, income tax increased by 28.2%. Taking all of the above into account, net income after minority interest declined by 36.1% to stand at COP 440.677 million (USD 103.6 million).

Financial debt, net of hedges, increased from COP 2.5 trillion (USD 525 million) to COP 3.2 trillion (USD 657 million) in 2022, as a result of the depreciation of the Colombian peso. This impact was mitigated by the 93% hedging of the nominal amount of dollar-denominated bonds, which at year-end represented a favorable asset position for SURA AM of COP 949,912 million (USD 197 million).

Assets rose by 53.6% to COP 31.9 trillion (USD 6,626 million), impacted by the consolidation of Protección's financial assets, which increased from COP 9.4 trillion (USD 1,965 million) in 2021 to COP 17.0 trillion (USD 3,525 million). Liabilities rose by 72.0% to end up at COP 18.1 trillion (USD 3,779 million), driven by the Company's technical reserves, which increased from COP 4.9 trillion (USD 1,011 million)-in 2021- to COP 10.8 trillion (USD 2,228 million) at the end of 2022, due to reserves corresponding to Asu-



**SURA AM 2022:** 

**Assets Under** Management

**▲**16.0 %

Wage base

**▲**12.3 %

given a good job market performance throughout the region

lado and bond issues given the depreciation mentioned above.

SURA AM's Shareholders' Equity stood at COP 13.7 trillion (USD 2,847 million), for an increase of 34.5%, mainly due to translation differences, which increased from COP 2.0 trillion (USD 411 million) in 2021 to COP 4.5 trillion (USD 945 million) at the end of this year.

Finally, it should be noted that the Company manages regulatory risks through its Strategic Risk Management System, which forms part of the strategic planning process. SURA AM carries out an analysis of the trends and the prevailing environments from the different standpoints that affect its business, which is then reviewed by Senior Management in order to define the different strategic risks affecting the Company in the short and medium term.

### >>> Bancolombia

Grupo Bancolombia's net income for 2022 came to COP 6.8 trillion (USD 1,594 million), which represents a 65.9% growth compared to the previous year. This shows the Bank's good levels of operating performance, which went hand in hand with a favorable economic growth in all those countries where it provides its services, following the recovery of their economies in 2021, which continued to show growth during this past year.

Amid a macroeconomic environment of rising interest rates, both in Colombia and the United States, demand for credit increased in all segments, having increased by 22.5% during the year, thanks mainly to the commercial and consumer loan portfolios. Consequently, deposits also experienced a significant increase of 19.3%, attracted by higher interest rates and a greater demand for deposits on the part of the Bank to finance its portfolio growth.

> Grupo Bancolombia's net income stood at COP 6.8 trillion. for a 65.9% YoY growth.

In spite of the increase in the cost of funding, the net interest margin reached 6.8%, thereby evidencing the Bank's ability to obtain higher interest income relative to interest expense, which largely explains the 19.8% return on equity result in 2022.

Revenues rose by 39.2% this past year, while expense increased at a lower level of 18.8%. As a result of this favorable performance with revenues during the year as well as the cost and expense controls deployed, the efficiency ratio obtained came to 44.6%, which was an improvement compared to the previous year.

The Bank remains committed to responsible growth and the health of its balance sheet. The cost of credit came to 1.6%, which is reflected in a level of provisions versus the total portfolio (excluding interest) of 5.47% and a coverage of 168.73% for the 30day past-due loan portfolio, which accounts for 3.24% of the total.

On the other hand, the Bancolombia Group amassed more than 29 million customers in Colombia, Panama, Guatemala and El Salvador at vearend 2022. This growth has been a consistent trend over the last few years, this as a result of a well-articulated strategy of product and channel innovation, accompanied by the investments made in technology.

The Bank continues to make headway with its digital evolution as part of a strategy of complementary channels and products that are tai-

Bancolombia's results in 2022 showed a good level of operating performance, which went hand in hand with favorable economic growth in all those countries where the Bank provides its services.

lored to the needs and preferences of its customers. In fact, it ended the year with a digital adoption level of 77.3%, in terms of transaction volumes and levels of activity per user, thanks to the growth in platforms such as Nequi, Bancolombia a la Mano, App Personas and its On-Line Banking Channel. This has significantly changed the processing of flows through the different channels and has generated cost efficiencies while providing a better customer experience.

In 2023, Bancolombia's priority management shall be to maintain a capital structure and an optimal level of solvency to meet the expected growth of its business, while maintaining prudential lending standards over and above those stipulated by current regulations.

Business projections are based on a moderate growth in assets, stable levels of its overall business performance and a return on equity substantially above the projected inflation rate for Colombia. Therefore, a balance is sought between the payment of dividends to shareholders and the appropriation of profits, in order to meet the proposed corporate objectives.

## Suppo Nutresa

In 2022, this Company, which forms part of our investment portfolio, faced several challenges, such as the disruptions encountered with the global supply chains, rising commodity costs, high inflation rates and higher financing costs.

Nutresa was able to mitigate the aforementioned impacts, maintain product affordability and protect its bottom line through a proactive supply vision, the acceleration of several productivity plans and gradual price increases during the year.

Grupo Nutresa managed throughout the year to maintain the affordability of its products while protecting the Organization's profitability.

Against this backdrop, it posted outstanding business results during the year, with double-digit growths in all its lines of business as well as geographies. Consequently, the Group reported consolidated revenues of COP 17.0 trillion (USD 4,004 million), corresponding to a 33.8% YoY increase. In Colombia, revenues came to COP 10.1 trillion (USD 2.375 trillion), for an increase of 29.9%. International sales, in Colombian pesos, totaled

COP 6.9 trillion (USD 1,629 million), up by 39.7%.

Through internal productivity and process efficiencies, the Company was able to manage its operating expense, which grew at a lower rate compared to sales, which is reflected in a 36.3% increase in operating income that reached COP 1.5 trillion (USD 354 million). Likewise, Grupo Nutresa's consolidated EBITA came to COP 2.0 trillion (USD 463 million), for a growth of 28.6% and a sales margin of 11.6%.

Finally, consolidated controlling net income came to COP 882,976 million (USD 207 million) for a growth of 30.4% and a margin of 5.2% with regard to the Company's consolidated sales.

Grupo Nutresa shall maintain its focus this year on carrying out different initiatives that shall allow it to advance and accelerate the objectives set for the year 2030. On the commercial side, it shall maintain a well-balanced, flexible vision for offering innovative and affordable products and services in response to current consumer trends, while driving growth and profitability.

### >>> Grupo Argos

Grupo Argos ended the year with record results. Revenues amounted to COP 21.3 trillion (USD 5,015 million), for an increase of 30.8% compared to the previous year, and EBITDA

Grupo
Nutresa's
controlling
net income in
2022 reached
COP 882,976
million,
which is
30.4% higher
than that
obtained the
previous year.

reached COP 5.2 trillion (USD 1,227 million), up by 20.4%. Net income ended the year at COP 1.4 trillion (USD 338 million), 19.4% higher than for the previous year, and controlling net in-

Grupo Argos' controlling net income ended the year at COP 881,424 million, for a YoY increase of 49.4%.

come rose by 49.4% to COP 881,424 million (USD 207 million).

These results were accompanied by a deleveraging policy, which lessened the pressure exerted on the Company's expenditure amid a volatile economic environment and with rising finance rates, thereby allowing this level of performance to generate shareholder value. It should be noted that over the last three years, more than COP 3 trillion have been amortized.

On the other hand, the arrival of Macquarie Asset Management as a partner of its subsidiary Odinsa shows the confidence of first-level investors in the strategic initiatives in which the Company has been advancing. In this case, the infrastructure assets of Grupo Argos - which include regulated assets with stable

and predictable cash flows - are being consolidated into a single vehicle that shall subsequently be listed on a liquid and efficient stock exchange. It is important to note that this listing shall be carried out in the medium term.

This segment has been at the core of Grupo Argos' strategy for the last ten years and the materialization of this vision shall allow it to consolidate its position as a regional infrastructure asset management platform. Therefore, the most efficient business, tax, corporate and financial mechanisms as well as alternatives are being evaluated to consolidate this vehicle. Having initially approached potential investors, a great appetite has been noted for the type of assets and geographies in which Grupo Argos' lines of business are present, which ratifies its potential and vision for the future.

It is worth remembering that over the last few years, Grupo Argos and its subsidiaries have moved in this direction and have created private equity funds by asset type in which they have linked institutional investors such as Macquarie and Cubico Sustainable Investments.

Also, the timely listing of the U.S. cement operation on the New York Stock Exchange shall contribute to achieving the objective of reducing the gap between the fundamental value and the price of Grupo Argos' shares.

Grupo Argos
continued to
make progress
in 2022 with
consolidating
a regional
infrastructure
asset
management
platform
through Odinsa
and its partner
Macquarie Asset
Management.

SURA ANNUAL REPORT 202

## STOCK AND BOND PERFORMANCE

2022 was a year of substantial volatility on the capital markets, given multiple events. Among them, geopolitical conflicts such as the war in Ukraine and the persistent lockdowns in China, which caused distortions with the global supply chains. Also, global economies began to recover resulting in higher inflation. This led central banks to raise interest rates to contractionary monetary policy levels so as to restore price levels and the cost of living.

This resulted in expectations of a generalized economic slowdown that

may produce the weakest growth rate since 2001. In fact, the World Bank forecasts that the growth of investments in emerging markets and developing economies shall remain below the average rate recorded over the past two decades.

In this context, greater volatility was triggered on the capital markets last year, against a backdrop of substantial uncertainty. Both equity and fixed income securities experienced a year of negative returns, as seen with the negative returns on the MSCI ACWI

### GRUPO SURA'S ORDINARY AND PREFERRED STOCK PERFORMANCE - 2022

(Baseline 100 - source: Bloomberg)



Index (-19.8%) as well as the Bloomberg Global Aggregate Total Return Index (-16.2%).

Latin American stock markets, and specifically that of Colombia, have been impacted by the global environment and have suffered a decline with stock market trades, which has translated into lower market depth and liquidity. In this regard, Grupo SURA has not been spared the aforementioned impacts, as seen in 2022 with both its shares (ordinary and preferred) as well as issues of bonds.

### BONDS ISSUED BY GRUPO SURA ON THE COLOMBIAN STOCK EXCHANGE (BVC)

Source: Precio, BVC

ISIN	Maturity Date	Balance outstanding (In COP millions)	Clean price 2021	Clean price 2022	% Change	Volume 2022 (In COP millions)
COT13CB00025	2029/11/25	98,000	109.974	91.533	-16.8%	9,068
COT13CB00033	2049/11/25	97,500	123.661	92.824	-24.9%	16,004
COT13CB00066	2023/05/07	223,361	102.543	99.677	-2.8%	138,927
COT13CB00074	2030/05/07	100,000	100.292	84.698	-15.5%	_
COT13CB00108	2024/02/23	165,515	101.109	96.852	-4.2%	78,291
COT13CB00116	2029/02/23	190,936	97.736	84.083	-14.0%	63,679
COT13CB00124	2023/08/11	123,750	98.227	97.177	-1.1%	278,411
COT13CB00132	2027/08/11	296,350	94.908	83.74	-11.8%	130,381
COT13CB00140	2032/08/11	180,320	94.071	79.308	-15.7%	27,302
COT13CB00157	2040/08/11	299,580	94.28	77.923	-17.3%	57,664

### **INTERNATIONAL BONDS**

### Figures in USD millions - Source: Bloomberg

Type of bond	ISIN	Maturity Date	Balance outstanding	Clean price 2021	Clean price 2022	% Change	Volume traded
Bono 144-A / Reg S	USG42036AB25 US40052XAB64	2026/04/29	USD 530 million	106.763	97.578	-8.6%	USD 250 million



## **COMPREHENSIVE TAX MANAGEMENT**

Upon deploying our Tax Framework Policy, which provides guidelines for the strategy, relationships, governance, reporting and disclosures of the Companies that make up SURA Business Group, last year we continued to interact that is to say Grupo SURA with Suramericana and SURA AM as well as their subsidiaries abroad. We also carried out a coordinated and integrated analysis of the most relevant items that impact the effective tax rate, in order to come up with efficient tax strategies.

We also jointly evaluated tax reforms in countries such as Colombia, Mexico and Chile in order to identify the effects on each business and to study tax planning strategies. We also continued with the Tax Community portal, which aims to bring together integrated and constructive knowledge from the different tax teams of staff in the different countries, by exchanging information regarding rules and regulations as well as relevant news regarding tax.

Finally, each of the Companies that make up the Business Group complied with their tax obligations, in accordance with the rules and regulations of the countries where they operate.

## TAXES, RATES AND CONTRIBUTIONS ON THE PART OF GRUPO SURA AND ITS SUBSIDIARIES

(In USD millions\*)

Name of Company	Grupo S	SURA	SURA AM		Suramericana	
Country/year	2021	2022	2021	2022	2021	2022
Argentina	-	-	-	-	19.50	20.44
Bermuda	-	-	-	-	-	-
Brasil	-	-	-	-	7.49	6.73
Chile	-	-	35.39	37.31	13.16	5.89
Colombia	13.65	5.87	22.61	22.55	166.17	136.42
Curazao	-	-	-	-	-	-
El Salvador	-	-	-	-3.31	4.63	1.73
España	-	-	-	-	-	-
Holanda	-	-	-	-	-	-
Islas Caimán	-	-	-	-	-	-
México	-	-	81.23	43.04	4.91	6.45
Panamá	-	-	-	-	6.98	5.28
Perú	-	-	25.88	24.78	-	-
Rep. Dominicana	-	-	-	-	10.13	4.23
Uruguay	-	-	3.17	0.05	10.40	12.32
Estados Unidos	-	-	-	-	-	-
Total	13.65	5.87	168.28	124.42	243.37	199.49

Total 2021:

USD 425.3 million

Total 2022:

 $\begin{array}{c} \text{USD 329.8} \\ \text{million} \end{array}$ 

## INITIATIVES FOR CREATING VALUE

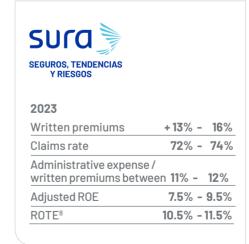
As an investment manager, Grupo SURA continues firmly committed to generating value for all its shareholders by carrying out its strategic priorities. The measures that the Company has been taking to generate value are as follows:

- Driving the profitability of its investments, through organic growth, greater market penetration in each of the countries where we are present through new solutions and products, and greater operating efficiencies.
- Continuing to make headway with the deleveraging process that Grupo SURA has so far deployed and that currently allows it to have greater financial flexibility.

### >> Short-term projections:

Here we would like to address the main projections that Grupo SURA, SURA AM and Suramericana have for 2023 in order to give greater visibility to our shareholders and investors regarding the Organization's plans moving ahead this year:





sura 🖣	
ASSET MANAGEMENT	
2023	
Assets under	9% - 11%
management (AUM)	
Commission income <sup>9</sup>	26% -299
Adjusted ROE <sup>10</sup>	6% - 79
ROTE <sup>11</sup>	17% - 219

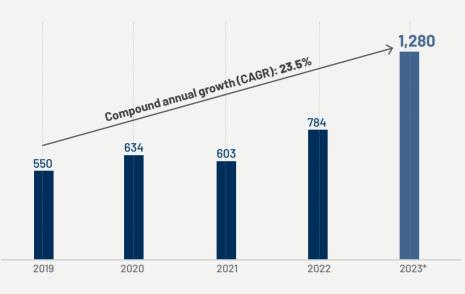
<sup>&</sup>lt;sup>8</sup> Return on equity, excluding amortization expense relating to intangible assets associated with acquisitions. <sup>9</sup> Return on tangible equity.

<sup>\*</sup> The taxes, rates and contributions paid, as reported, for both fiscal periods do not include advance payments made to third parties. The exchange rates used for 2021 and 2022 came to COP 3,743.09 and COP 4,255.44 respectively.

<sup>&</sup>lt;sup>10</sup> Fee and commission income for 2023 includes the 100% consolidation of Protección.

### **DIVIDEND PAID PER SHARE 2019- 2023\***

(Stated in Colombian pesos - COP)



\* Proposed ordinary dividend to be presented by the Board of Directors at the Annual Shareholders' Meeting to be held this year.

## » Dividend payment proposal in 2023

As part of our commitment to generating shareholder value, and as an event subsequent to the end of the fiscal year of 2022, the Board of Directors approved a proposed dividend payment for 2022 consisting of 70% of the net income figure as appearing on Grupo SURA's Separate Statement of Income. This represents a compound annual growth of 23.5% as of 2019, and an increase of 63.3% per share compared to the dividend approved in 2021.

As an investment manager, at Grupo SURA we constantly review our invested capital and monitor different allocation alternatives. On the other hand, we shall continue with our search to increase shareholders' return on capital, and we shall be presenting a renewed proposal for repurchasing shares of up to COP 300 billion for a period of 3 years at the upcoming Annual Shareholders' Meeting This will not only benefit shareholders but will also help to energize the Colombian stock market.

CHAPTER

4

Comprehensive risk management

are the causes of risk that were identified and analyzed in Grupo SURA that could affect its operations.

is the approximate number of controls tested in different categories under the SOX initiative during 2022.

### AGGREGATE RISK MANAGEMENT MODEL

Systemic view of the portfolio as HOLDING -GRUPO SURA well as systemic (the SURA-Bancolombia risk exposure Financial Conglomerate) INVESTMENTS FROM Vertical view of THE CORPORATE STANDPOINT the risks in each industry INVESTMENTS FROM A SURSIDIARY Expert vision of the specific lines of their business

and the Financial Conglomerate's Risk Management Policy Framework. These policies establish the common guidelines and principles for managing risks at all levels of the organization. Risk governance is also supported by dedicated risk committees and work teams with specific leaders, which enable each company to manage its risks effectively and with expertise.

GOVERNED

PROSPECTIVE

## MAIN RISKS THAT MAY AFFECT

**GRUPO SURA AND ITS PORTFOLIO** 

SYSTEMATIC

Grupo SURA and its companies continuously analyze the most significant risks that may hinder their ability to achieve their objectives. These risks are classified into various categories, which are outlined in this report as follows: operating, financial, strategic, systemic, technical, financial reporting, and emerging risks.

In the report, each of these categories is described in detail, including their nature, the major activities undertaken to manage them in 2022, the procedures used to evaluate and measure the degree of exposure, and the mechanisms implemented by senior management for monitoring and mitigating these risks.

RELATED STAKEHOLDER

Portfolio investments

**GROUPS:** 

**Board of Directors** 

Shareholders and investors

**Employees** 



**RELATED** SDGS:







o achieve our goal of sustainable profitability and maintain satisfactory risk-return levels for our shareholders, it is crucial to obtain timely information about the levels of exposure to various risk factors that could potentially affect the sustainability of Grupo SURA and its investment portfolio companies. In order to achieve this, we measure and model each identified risk factor to antic-

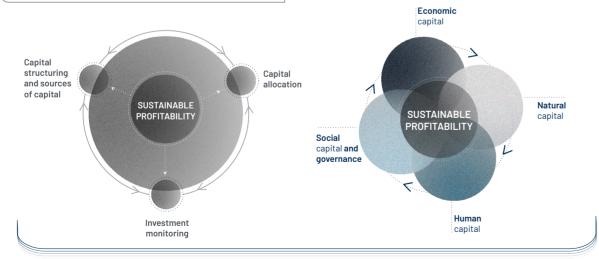
ipate any adverse impacts or opportunities that may arise in relation to our strategic objectives.

Grupo SURA employs a systemic approach to risk management that encompasses both its own internal risks and those associated with its portfolio and the SURA-Bancolombia financial conglomerate. This integrated system prioritizes and understands the interdependencies between portfolio companies, while providing pertinent risk management for each level of the organization.

As a financial holding company, Grupo SURA is uniquely positioned to identify, evaluate, and address aggregate risk exposures, which translates into valuable information for the companies and investors. This model allows each entity to manage its own risk levels autonomously and efficiently, while promoting complementarity among the companies for a well-coordinated approach.

Risk management policies for Grupo SURA and its portfolio companies are defined by the SURA Business Group's Risk Management Policy Framework

### RISK MANAGEMENT BUILT INTO THE STRATEGY



RISK VERSUS RETURN

### >> Operating risks

Operating risks are those that can directly impact the operations and results of the company due to internal or external events. This risk category can affect the operations of the SURA Business Group companies from both a business and investment portfolio management perspective.

Internal events refer to risks arising from the organization's operations, including risks related to people, technology, processes, and information. External events, on the other hand, are outside the control of the company, such as natural disasters or cyberattacks. As a holding company, Grupo SURA has identified and analyzed 54 different risk causes related to internal and external events that may affect its operations and has established corresponding management measures to mitigate them.

Here are some of the most significant operating risks for the companies within the SURA Business Group:

CONDUCT RISK. This refers to individual or collective behavior by employees and stakeholders that deviates from the Company's declared or encouraged action frameworks. To manage this type of risk, the company has declared a zero-tolerance policy towards fraud, bribery, and corruption, and has established frameworks in line with its corporate principles to guide decision-making. These frameworks include the Anti-Fraud and Anti-Corruption Policy, the Code of Conduct, and the Internal Work Rules and Regulations.

Each company's Ethics Committee is the highest governing body responsible for the Anti-Fraud and Anti-Corruption Program. This program is periodically defined and contains a range of actions, from preventing and detecting to responding and investigating risks of fraud, bribery, and corruption involving the companies, in order to manage this type of exposure. Across the organization, the Ethics Help Line serves as the primary channel for stakeholders to report any violations of conduct. This Help Line can also be consulted for any doubts or concerns about the action frameworks.

### 205-1

As part of its risk management function, the Company has analyzed situations or transactions that could potentially expose it to corruption risks and has defined control activities to mitigate them. In 2022, 82 donations and an equal number of payments to Politically Exposed Persons (PEPs) were analyzed, and compliance with legal requirements governing contributions to political campaigns and the Foundation's Social Investment Manual was verified. No mergers or acquisitions that required corruption risk assessments were carried out in

2022, and the coverage indicator for monitoring operations with a risk of corruption reached 100%.

In addition, Grupo SURA conducted analyses to update the risk status and identified complementary risk factors and corresponding mitigating activities. The Company assessed conduct risk with a medium-low severity, which is within established limits, and there were no relevant behavioral events that occurred during the year that could affect the sustainability of the Companies.

On an ongoing basis, Grupo SURA and its portfolio Companies analyze the most relevant risks to which they are exposed and which could materially affect the achievement of their objectives.

#### 3-3

» INFORMATION SECURITY AND CYBERSECURITY RISKS. These risks relate to the effects resulting from the uncertainty associated with having information, processes or devices exposed in cyberspace and the interactions therein generated. The proper management of information security and cybersecurity allows our Companies to protect their information and the supporting technological assets thereby ensuring their confidentiality, integrity and availability.

Over this past year, Grupo SURA has continued to align itself with the cyber incident response plans and has conducted tests to ensure the protection and recovery of critical activities within the defined risk appetite. Priority was given to a systematic and proactive approach for drawing up a cybersecurity strategy, in order to protect the Organization and its stakeholders, based on quantitative and qualitative measurement procedures.

More specifically, progress was made with updating our technological infrastructure, perimeter security controls, end-point protection (EDR - Endpoint Detection and Response), privileged account management (PAM), in addition to continuing with our project of consolidating on a regional level our Security Operations Centers (SOC, currently in progress), which made it possible to align local roadmaps on a subsidiary level. Technological tools and security devices were also implemented to increase the level of protection for managing roles, profiles and for the prevention of information leakage.

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1 2 3 4 5 6

In keeping set Manag Corporate

To safeguard the

Organization and

its stakeholders,

we placed

significant

emphasis on

developing a

proactive and

systematic

approach to

cybersecurity

crafting a

strategy.

In keeping with the above, SURA Asset Management strengthened its Corporate Information Security and Cybersecurity Model by modernizing its Governance as well as its Work Framework so as to be able to develop the necessary capabilities and mitigate the risks faced, as a result of the global threat landscape as well as the requirements of its business development and operations.

It also optimized the evaluation of the objective maturity in the short, medium and long term of the Work Framework, which comprises worldwide standards in information security. This allows us to provide continuity to protecting our information assets against emerging threats and vulnerabilities that represent a latent risk for the Company.

For its part, Suramericana strengthened the handling, preparation, assessment and anticipation of any deviations that could arise in managing resilience and cyber risks, which became relevant due to the increase in social, environmental and cybernetic phenomena that continued to be present during the year.

To address cybersecurity risk, the Board of Directors approved the Company's Cyber Risk appetite and allocated resources for a cybersecurity strategy comprising of short, medium and long-term elements, this in order to protect the Organization and its stakeholders, and in this way maintain its activities within the established risk appetite. Consequently, the Board prioritized four cross-cutting dimensions for its operations throughout the region,

namely people, processes, technology and strategic allies.

Finally, this risk, which is moderately severe, falls within the established limits and did not materialize during the year. In the event of any incident that should take place, action would be taken based on the Incident Response Plan, which establishes a set procedure for containing, eradicating and recovering the Organization's operation.

» CONTINUITY RISKS. These risks have the potential to disrupt the operations of the Organization. As part of the process of regularly updating operating risks and controls, a business continuity risk analysis was conducted in 2022, focusing on critical enabling resources for Grupo SURA, such as key personnel, IT services, and physical infrastructure. The analysis led to updates of the risk matrix and business continuity manual.

Our business continuity plans were also updated to enhance their capacity to respond to large-scale events, particularly in the areas of cybersecurity and technology. We updated the quantification of cyber risk for all subsidiaries and incorporated quantitative economic values into upcoming decision-making and prioritization processes in coordination with the information security and cybersecurity roadmap.

As a result of these efforts, we determined that this risk remains within tolerable severity limits for the Company. No significant events occurred during the reporting period.

» FREE COMPETITION RISKS. These risks involve behaviors that may compromise free competition in accordance with applicable laws and regulations. In 2022, we introduced a program across the SURA Business Group companies to ensure compliance with competition protection regulations, as stipulated in the Colombian Technical Standard NTC 6378 of 2020.

With the assistance of external advisors, we confirmed that the Company adheres to sound and transparent corporate governance practices that are known to the public and its employees. To enrich the ongoing efforts, the principle of competition was proposed to be included in relevant documents. Furthermore, the Company identified, analyzed, and assessed risks pertaining to free economic competition, and established corresponding controls for monitoring and follow-up.

Following the implementation of the program and evaluation of associated factors, the level of exposure to this risk was determined to be low in severity, as it remained within the established limits, and no such events occurred during the reporting period.

### >> Financial risk

This risk refers to the probability that fluctuations in market conditions may impact the Companies' reported results due to shifts asset prices, or non-fulfillment of obligations by either the Companies or third parties.

The financial markets and economies of the region are interdependent with the Company's performance, its capital structure, and its investment portfolio performance. Thus, credit, market, and liquidity risks are closely monitored across the investment portfolios of Grupo SURA, Suramericana, and SURA Asset Management, as well as in certain liabilities.

Moreover, having optimal capital structures and adequate levels of capital is crucial for the SURA Business Group to comply with obligations to its stakeholders and to execute its consolidation and expansion strategies. To this end, risk management systems are required to monitor and manage exposure to various financial risks, including those arising from cash management operations, investment portfolios, and the handling of third-party portfolios.

Details of the main financial risks and exposures to these risks associated with the different activities of the Business Group Companies are described in Section 1 of Note 24 (Risk Management) of Grupo SU-**RA's Separate Financial Statements** for the end of Q4 2022, as well as in Sections 1 and 2, and subsection 2.5 of Note 36 (Risk Management) of the **Consolidated Financial Statements** for the same reporting period, both accessible at gruposura.com. The analysis includes credit risk, qualitative and quantitative market risks (such as currency, interest rate, and asset price), as well as liquidity risk.

The SURA
Business Group
must have
optimal capital
structures
and adequate
levels of capital
to meet its
obligations
and pursue its
consolidation
and expansion
strategies.

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## >>> Strategic risks

Grupo SURA recognizes that strategic risks can arise from both internal and external factors, such as events and trends that may divert the company from its intended value creation paths and impact its long-term sustainability. Therefore, the company has identified the potential risks that may impede its ability to achieve its strategic objectives, including those related to the economic, social, political, regulatory, and environmental dimensions of the business environment, human talent, and reputation.

To mitigate these risks, Grupo SURA has gained a thorough understanding of each phenomenon and identified the relevant factors that could trigger their occurrence. Moreover, the company has started developing quantification procedures for each of these strategic risks.

» RISKS FROM THE BUSINESS ENVIRONMENT. This refers to the external opportunities and threats that originate from the dimensions of the environment in which the SURA Business Group operates, specifically the economic, social, political, regulatory, and environmental dimensions.

To manage this risk, Grupo SURA developed a tool named the regional thermometer which incorporates valuation metrics for the economic, political, regulatory, and social dimensions. As a result, a quantification of the consolidated risk was obtained at a medium level for the region, mainly due to the exposure to potential regulatory reforms in several countries where subsidiary companies operate, an uncertain and volatile social context in some countries, and transversal economic challenges for the entire region. However, it is considered that the environmental risk for Grupo SURA is at a tolerable level and will continue to be under permanent monitoring to establish relevant and complementary management measures.

> HUMAN TALENT RISK. At Grupo SURA, we recognize that having a workforce equipped with the knowledge and skills required to execute our strategy, adapt to changes in our environment, and stay committed to our strategic objectives is crucial to our success. We refer to this as our human talent risk, as it has a significant influence on other risks we encounter.

In 2022, we conducted a thorough analysis of this risk, identifying internal and external factors and sub-factors that determine its materialization. Additionally, we began defining indicators to monitor and structure our risk appetite, enabling us to prioritize mitigation options, such as enhancing critical positions' relevant knowledge and transforming our value proposition. We intend to prioritize this process in 2023 to further enhance our risk management strategy.

Grupo SURA has begun to quantify each of the characterized strategic risks including the causes already identified for their materialization.



> REPUTATIONAL RISK. The perception held by the various stakeholders with whom Grupo SURA maintains relationships represents a fundamental asset for fulfilling its strategic objectives. Any form of discredit, poor image, negative publicity, among others, whether true or not, with respect to the Company and its business practices, could affect its relations with stakeholders.

Grupo SURA has guidelines in place for taking action when handling events that could present a reputational risk and escalate into a crisis in order to build capabilities, training programs have been drawn up for internal teams involved in managing this type of risk, and there are formal channels in place for reporting any event that should occur.

During this last year, the Company was exposed to a significantly high volume of mentions in different media, which generated an increase in the levels of perception corresponding to this risk, with specific effects on certain dimensions of its brand and moderate impacts on the Company's reputation.

As an adaptation and risk management measure, priority was given to analyses relating to the digital environment as well as the large-scale persuasion techniques used through networks and digital media, as well as their effects and effectiveness in modifying people's perception of a particular issue. This led to specific communication plans to address identified situations and control the level of risk.

### >>> Systemic risk

This type of risk pertains to the likelihood that an event or series of events may compromise the proper functioning and stability of a system, specifically the financial system in the case of Grupo SURA. Such risks are commonly associated with participants who possess high levels of interconnectedness or share significant exposure to common risk factors, such as those stemming from economic, political, social, regulatory, environmental, and technological environments where they

As the holding company of one of the main financial conglomerates in Colombia and Latin America, Grupo SURA regards the effective management of concentration and contagion risks in its investment portfolio, as well as the analysis of externalities arising from the environment, as a priority in preventing potential systemic impacts on its portfolio, thereby promoting the sustainability of the financial system.

The SURA-Bancolombia Financial Conglomerate's Risk Management Framework Policy, complete with its attachments, offers a comprehensive framework for the management of systemic risk. This framework encompasses procedures and methodologies for (i) managing strategic, contagion, and concentration risk; (ii) establishing risk appetite limits for various risk factors; (iii) governing data aggregation; and (iv) assigning responsibilities and an action framework with respect to this subject matter for the Board of Directors, the Risk Committee, Senior Management, as well as the Risk Management and Auditing departments.

Description of the corresponding entity. Such exposures may result from various risk factors, including counterparty, credit, investment, insurance, market, or a combination thereof. The risk usually arises when it has a common source and affects multiple companies sharing the same exposure immediately.

Grupo SURA uses various tools to measure the risk profile of its investment portfolio. For example, concentration indicators by geographic region are designed and implemented based on the Regional Thermometer tool and the modeling done under the Aggregate Portfolio Overview project. These indicators consider the specific exposures in each country and are subsequently aggregated to measure the risk level of the entire portfolio. As of the end of 2022, Senior Management determined that the risk level of this factor remained within the limits established by Grupo SURA's Board of Directors' Risk Committee.

In addition, another risk concentration indicator was developed based on a rating model of the macroeconomic performance of the productive industries of each portfolio company by individual country. This model considers the long-term macroecoGrupo SURA continued to expand its systemic risk management through a complementary evaluation of concentration factors associated with its exposure by geographic region and economic sector.

nomic outlook for each industry and the volatility affecting growth in each of these. The interrelation between the macroeconomic performance of the productive industries of each company with its revenues, operating margins, and financial asset performance in the long term was preliminarily understood using this model.

This proprietary knowledge is used to strengthen Grupo SURA's capital allocation criteria and value system. The aforementioned indicator remains within the appetite limits established by Grupo SURA's Risk Committee.

On the other hand, Grupo SURA performed a stochastic modeling of credit events with a systemic scope in Colombia, as part of an integral management of adequate levels of capital for the SURA-Bancolombia Financial Conglomerate as well as its interrelation with the managing of its concentration risk. This modeling was developed with the objective of quantifying the effects that such events could have on the aggregate credit exposure with different risk groups and on the consolidated solvency of the Financial Conglomerate as a whole.

Based on this modeling, Grupo SURA incorporated an additional capital requirement for credit concentration risk in its risk-based capital and established a credit concentration risk appetite indicator to ensure the Conglomerate's solvency and sustainability. This indicator remains within the appetite limits established by Grupo SURA's Risk Committee.

Levels of Compliance with the Risk Concentration and Exposure Limits set for the SURA-Bancolombia Financial Conglomerate, In addition to managing concentration risk and in compliance with the obligations set out in Decree 1486 of 2018, the Company established a limit for controlling risk exposure and concentration as applicable to transactions carried out between companies that make up the SURA-Bancolombia Financial Conglomerate, and between these and their related parties. This indicator remains within the appetite thresholds established by Grupo SURA's Risk Committee at the end of 2022, as shown below for the information of the investor public:

The values corresponding to the maximum exposure per risk group and to the risk concentration and exposure limits are stated in terms of the tier 1 & 2 capital of the Financial Conglomerate, as calculated for each period analyzed.

Grupo SURA's Board of Directors and its Risk Committee of have established a maximum risk concentration limit for the Financial Conglomerate of 30% of the value of its tier 1 & 2 capital, which corresponds to the risk appetite of the Financial Holding Company for transactions between the companies that make up the Financial Conglomerate and those that these carry out with the same related party.

The purpose of this limit is to ensure that the SURA-Bancolombia Financial Conglomerate avoids any excessive concentrations of its operations, which in critical scenarios could exert pressure on the stability of the companies that make up the Conglomerate, thereby ensuring that it has the necessary capital to cover these eventualities and thus uphold their sustainability.

DATE	RISK GROUP	MAXIMUM EXPOSURE PER RISK GROUP	RISK EXPOSURE AND CONCENTRATION LIMIT
Manah	Entities belonging to the Conglomerate	3.3%	
March	Related party	4.1%	
la ana	Entities belonging to the Conglomerate	3.3%	
June	Related party	5.4%	<b>70</b> %
September	Entities belonging to the Conglomerate	2.8%	<b>30%</b> of tier 1 & 2 capital
September	Related party	7.0%	
Danamhan	Entities belonging to the Conglomerate	4.5%	
December	Related party	8.3%	

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these and a same related party.

In both cases, the value of the respective operations was far from any situation that could be classified as a concentration based on the established limit, so Grupo SURA considers that the exposure to this risk was low. Also, during the reporting period in question there were no special or critical situations that could compromise the established limit, nor was it necessary to trigger specific remediation plans at any time during the year.

Concentration risk management, in the terms explained herein shall continue to be performed periodically as part of the functions of the Financial Holding Company.

> CONTAGION RISK. This type of risk is the result of a series of events that stem from the occurrence of a spe-

cific event, whether financial, operational, reputational, business-related or a combination of these, which may take place in any company within the investment portfolio, economic sector or territory of operation. Due to existing interconnections, the risk can spread in various forms and potentially affect a significant portion of the total companies.

To manage this risk, reputational risk analyses and evaluations were conducted at the Financial Conglomerate level. These analyses utilized tools to identify contagion events on social media and digital platforms, considering the increased media exposure of Grupo SURA in the past year. Managing contagion risk will be a priority for Grupo SURA's 2023 work plan as a financial holding company.

### >>> Technical risks

These consist of all the risks that arise from the subsidiaries' business model and performance. In the case of Suramericana and SURA Asset Management, these risks are directly related to insurance and asset management, these being their main business activities. Details of the business risks to which the Companies are exposed can be found in Section 3 of Note 36 (Risk Management) of Grupo SURA's Consolidated Financial Statements of Grupo SURA for 04 2022, which have been made available at gruposura.com.

### >>> Financial reporting risks

These risks refer to events where the Company's financial statements fail to adequately reflect its economic reality in the disclosed financial statements, thereby preventing accurate reporting to various stakeholders. The financial reporting risk was assessed to have moderate severity and falls within the established limits.

The SOX initiative, developed as a best internal control practice as well as a requirement for listing securities on international markets, continued evolving in 2022 for the SURA Business Group. Different activities were conducted to test the design and implementation of controls based on SOX certification auidelines.

During this exercise, over 1,000 controls of various categories, such as entity level, financial processes, and technology processes were tested, producing satisfactory results for most controls examined. The testing process covered the Business Group's companies in Colombia, Mexico, El Salvador, Panama, the Dominican Republic, Brazil, Peru, Chile, Uruguay, and Argentina, with significant achievements such as:

- High level of SOX risk identification for material accounts.
- Tormalization of the control structure, including the persons responsible.
- High level of implementation of the designed controls.

This brought the Company closer to understanding the status of the SURA Business Group's Internal Control System (ICS) and transitioning to the SOX maintenance mode to preserve the improvements made and establish a cyclical process of updating and analyzing our financial reporting risk. Upon completion of this project stage, the subsequent maintenance mode will comprise a series of periodic stages (see diagram).

Within the framework of the SOX initiative. more than 1,000 controls for different categories were tested in 2022 at the Companies belonging to the Business Group in 10 countries, producing satisfying results for most of the controls tested.

· Performing an assessment

of control gaps.

### >>> Emerging risks and trends

These correspond to new risks or changes to those already identified, originating in trends and which are more complex for the Organization to understand. These risks can either be incorporated into an existing category or be assigned a new category. In particular, the main emerging risks identified are listed below:

» CLIMATE CHANGE. This risk originates in the behavior and magnitude of environmental variables that affect the patterns, duration and impact of extreme weather events. This implies that, in the short, medium and long

term, climate scenarios may present changes to natural phenomena bringing about acute physical risks (exacerbation of physical phenomena such as hurricanes, cyclones, heat waves, snowfalls and hailstorms, among others), as well as chronic physical risks (progressive and generated by climate trends such as temperature increases, ocean acidification, rising sea levels, among others).

For the companies belonging to Grupo SURA's investment portfolio, climate change is one of the main long-term risks to be managed as well as the possibility of financing this type of risk through traditional and non-traditional products. It also represents an emerging threat to our investment portfolio, our operating model and to the diversified value proposals corresponding to our insurance business that include providing services as well as being able to depend on important supply chains.

Variations in the frequency and severity of the phenomena associated with climate change could eventually impact the results of the SURA Business Group from different business perspectives, such as: insurance,

financial results associated with the Companies' investment portfolios as well the cost of capital. This is due to the volatility and deviations of expected, unexpected and extreme losses (modeled and unmodeled) affecting these business variables.

On the other hand, the transition to a low-carbon economy, in order to mitigate global warming and the exacerbation of physical risks, creates technological, regulatory and market transition risks.

The measures to be implemented to transform production models are aimed at reducing CO2 emissions. Such transition risks could have a greater impact on carbon-intensive sectors and as well as those that maintain investments in as well as close ties with such sectors. The effects of this risk can materialize on three main fronts:

Business. Associated with potential impacts on income and expenses, due to impacts on variables such as employment, economic growth or the performance of some sectors of the economy, due to events relat-

that include

providing

services as

well as being

on important

supply chains.

able to depend

ing to extreme weather, increased operating costs due to higher carbon-related costs and expenses and changes in the demand for products and services, especially carbon-intensive products and services. Likewise, it is possible that the insurance industry may anticipate possible increases in claims levels for some solutions.

Finance. This relates to the loss in the value of investments both with regard to the Companies' own resources as well as those of external clients, with the potential to negatively impact the ability to fulfill the Companies' fiduciary duty and their financial performance.

Operational. This refers to the risk of physical assets being affected by adverse weather events, which impacts the capacity to operate offices or administrative headquarters that mainly house operations and servers.

In this regard, the SURA Business Group is drawing up mitigating measures to counteract risk factors, includina:

- Identifying risks associated with climate change and disclosing these under the TCFD standard.
- Structuring and implementing the Sustainable Investment Framework Policy, which provides general guidelines for incorporating environmental, social and corporate governance (ESG) criteria.
- Defining a sustainability framework called Social and Planetary Health (SSP) that describes the

theoretical concepts that support the way sustainability is approached throughout the Business Group.

Drawing up definitions and capabilities from the governance, risk management, metrics and strategy standpoints.

For more information on climate change risk, please refer to Chapter 3 of this Annual Report, in the Natural Capital Section.

» THE EROSION OF SOCIAL COHE-SION. Social cohesion is a broad and diverse concept related to aspects of life in society and linked to the general well-being, equality, inclusion, trust, social capital, and a sense of belonging, among others. In its 2022 Global Risks report, the World Economic Forum noted the erosion of social cohesion as the "loss of social capital that negatively impacts stability, individual well-being and economic productivity."

In Latin America, a growing polarization, antagonism and the difficulty of reaching a consensus are causing rifts between different social groups as well as increased levels of protests and demonstrations. This may generate potential impacts on the lines of business of the Companies' belonging to the SURA Business Group, these including:

 Deviations in expected, unexpected and extreme losses from risks associated with strikes, riots, uprising and civil commotions, malicious acts on the part

of third parties, loss of earnings or non-compliance.

- Reputational impacts that affect the brand, market access or development, access to capital, among other aspects; that encourages product cancellations as well as a negative impact on the loyalty shown by both individuals and companies.
- Structural reforms that modify the conditions of the sectors to which the Business Group's businesses belong. Rules and regulations that also indirectly affect the profitability of these sectors and their potential markets.

The following mitigation actions have been established for this risk:

- Modifying underwriting policies, exclusions and implementing quantitative indicators of social temperature and zoning by level of risk of protests or social outbursts.
- O Promoting the Information Detoxification Project (DIP), which seeks to reduce vulnerability to disinformation and the extent of civic polarization while also strengthening the criteria of Company employees and their families in the face of these phenomena
- Expanding the Organization's reputational risk management strategy and extending the continuity of its good corporate governance practices.
- Anticipatory regulatory management and contributing to society.
- > EXTRALONGEVITY. The technological advances in health care and improved living conditions have pro-

duced an aging population with longer life expectancies. At the same time, the younger population tends to decrease, with all the challenges this implies, especially in terms of productivity and the economy. In the light of this, people will have to make decisions for longer periods of the lives with the related consumption, savings, debt and pension needs during these stages of their

Prolonged aging will be a challenge for social security systems in general: people with a greater demand for economic, social and health resources, with possible physical and mental limitations or disabilities that limit their autonomy and productivity, will imply a greater responsibility on the part of the States and greater investments in the social, health and pension system.

This trend has become a risk for the SURA Business Group's lines of business, since it poses challenges and opportunities due to its possible impact on the products and services offered. Longer life expectancies in particular translate into significant pressure on the pension business, since it requires maintaining future retirement flows for longer periods of time, with the subsequent challenge of achieving adequate returns over increasingly longer terms. To a lesser extent, given the moderate exposure to the annuity business in the Business Group, impacts may be generated on the underwriting aimed at offering future economic flows.

In this regard, the Companies have drawn up studies on longevity trends to understand how these are evolving and to facilitate decision making. Based on the information regarding certain variables and assumptions, possible impacts were internally quantified in the event of a relevant risk materializing, which should continue to be monitored, given the possible impact on the different lines of business.

Companies belonging to the **SURA Business** Group have drawn up studies on longevity trends to understand how these are evolving and to facilitate decision making.

» A GROWING MIDDLE CLASS. Ris-

ing personal incomes, lower levels of absolute poverty and improved quality of life are expanding the middle class, a segment of the global population that the Organization for Economic Cooperation and Development (OECD) estimates as having a daily income of between US\$10 and US\$100. The rise of a new middle class opens up new business possibilities and implies a reorganization of world trade to respond to higher levels of consumption coupled with increasingly qualified demands.

Therefore, portfolio companies have had to design and develop new strategies and businesses, as well as strengthen existing ones to respond to the needs of a growing middle class.

private individuals.

### > HOW FINTECHS HAVE EVOLVED.

CFintechs are companies that use technology and innovation to manage and develop financial services and products. This has become a dynamic and growing segment that is accumulating more and more value.

This reality has become a challenge, considering that new fintech products and services are entering the market with increasing frequency; it is also an opportunity, since it offers possibilities of diversifying sources of revenues and providing more profitable and scalable access to other markets, as a new way to compete and grow in the field of each business.

The result of this trend is a possible impact of a financial nature, caused by new players coming to the fore competing for market shares and exerting pressure on the value offers of our lines of business. However, the Companies belonging to the SURA Business Group have begun to structure and deploy initiatives in order to capture opportunities and adapt to the conditions of all those markets in which they do business.

## LIOUIDITY AND SOLVENCY

During the reporting period in question no events took place that could have posed material threats to the liquidity or solvency of Grupo SURA or its portfolio companies. In an environment of rising interest rates and deteriorating liquidity conditions, the Company smoothly refinanced debt maturities during 2022 and improved its leverage metrics with its net debt to dividend ratio declining from a multiple of 6.6 times (2021) to 3.9 times at the end of 2022.

Also, cash coverage ratios, measured by the ratio of dividend income to interest expense and dividend income to total expense, remain within the appropriate levels for a holding company, with values of 2.7x (times) and 1.9x, respectively, at the end of 2022. This year, these indicators are expected to remain above the internal limit (2x for the ratio of dividend income to interest expense and 1x for dividend income to total expense).

An additional noteworthy event was the capitalization carried out on the subsidiary, Suramericana Brazil in the amount of USD 9 million, which In 2022, no events took place that could have posed material threats to the liquidity or solvency of Grupo SURA or the Companies belonging to its investment portfolio.

corresponds to the business plan approved back in 2021. This is an operation that does not generate any kind of material risk for the Company's liquidity, since it responds to the organic growth contained in the business plans.

### FN-IN-550a.3

The liquidity management function of the insurance business focuses its risk management efforts on joint Asset-Liability Management (ALM), as a capability that enables decisions to be made in connection with the different areas of Suramericana. This ensures resilient and flexible operating models, enabling new responses to changes in the environment. In 2022, Suramericana continued to permeate this philosophy in its risk management system, which is structured on the pillars of governance, processes, people, tools and information.

In terms of tools, we have the Internal Solvency Model, which allows for quantifying, measuring and managing more effectively the risks to which each company is exposed from multiple perspectives, such as credit risk and market risk. For each of these risks, mechanisms have been implemented to optimize their respective exposure, in terms of risk/ return/capital.

Likewise, there is an efficient frontier model, based on the internal solvency model, which encourages decision making regarding the investment portfolio which connects assets up with liabilities and generates efficiencies not only with expected returns but also in terms of risk management and capital.

The Company also continues to strengthen the monitoring of risks associated with the investment portfolio, which incorporates a periodic and automatic analysis of their composition by type of currency and issuer rating, as well as a control over the latter factor, this based on the issuers' level of credit risk.

Regarding liquidity risk, given the importance of guaranteeing the ability to meet agreed obligations and the proper management of uncertain cash flow obligations, in 2022 actions were taken to enhance liquidity management at subsidiary level in order to extend their understanding of different variables that generate cash movements, according to their particular business operations, and to implement tools such as the cash flow model executed and projected, to anticipate and mitigate possible movements that may affect the Company's liquidity.

## **CHALLENGES AND OPPORTUNITIES** 2023

- Extending our understanding and ability to evaluate and manage the investment portfolio's systemic risk.
  - Making further headway with managing risks associated with material internal control issues.
- Characterizing and evaluating the risks associated with the environment in which the businesses of Grupo SURA's portfolio Companies are carried out with regard to their political, economic, environmental, regulatory and technological dimensions.

CHAPTER

5

Ethics and Corporate Governance 3-3,

ndividual behavior and the consistency of our actions with respect to our corporate principles are determining factors in achieving our purpose as an organization, namely ensuring the well-being and sustainable development for people, organizations and society. For this reason, at Grupo SURA we have an Ethics and Corporate Governance System that establishes the internal rules, regulations and governing bodies that regulate the process for

making organizational decisions, this with a view to ensuring respect for the rights of our investors, as well as compliance with the obligations of all parties involved in the Company's operations.

2022 was a year of challenges for Grupo SURA's Ethics and Corporate Governance System. Events such as a consecutive series of unsolicited tender offers, the handling of conflicts of interest, changes to the structure of the Board of Directors as well as taking legal action, among others, tested the workings of the good governance practices adopted by Grupo SURA.

Despite these particular situations that impacted the functioning of our governing bodies, Grupo SURA and the companies belonging to the SURA Business Group continued to implement the necessary plans for carrying out its strategy. At the same time, the SURA-Bancolombia Financial Conglomerate continued on its path towards greater consolidation by making new investments and capitalizations that ensured the soundness of its balance sheets and leveraged the growth of new business.

The following is a summary of the more relevant highlights during this past reporting period. Further details can be found in the Annual Corporate Governance Report which, as a digital attachment, forms an integral part of this Annual Report.

Learn more about **Grupo SURA's Corporate Governance Report 2022** 

which, as a digital attachment, forms an integral part of this Annual Report.



## >>> Tender offers for shares in Grupo Nutresa and Grupo Argos

2-15, 2-12

Grupo SURA, in its capacity as shareholder of the companies, Grupo Nutresa and Grupo Argos, received four tender offers in 2022, two of them launched consecutively by the company Nugil S.A.S. for shares in Nutresa; the third, also launched by Nugil S.A.S. for shares in Grupo Argos; as well as a fourth, presented by IHC Capital Holding LLC for Nutresa shares.

These tender offers launched in 2022 were the continuation of a series of unsolicited bids that began in November 2021 with a tender offer for shares in Grupo Nutresa and

continued in December of that same year with a tender offer for shares in Grupo SURA.

In addressing the aforementioned tender offers, Grupo SURA's Board of Directors applied the rules and requlations in force, as well as the internal corporate governance framework defined for each of the corresponding governing bodies, with a special emphasis on handling potential conflicts of interest that arose during this process.

With this aim in mind, four extraordinary shareholders' meetings were held, at which the ability of potentially conflicted directors to participate in deliberating and deciding upon these tender offers was submitted for the consideration of the shareholders. Information regarding the decisions of the Board of Directors regarding each of the offerings was published through the Relevant Information channel hosted by the Colombian Superintendency of Finance (SFC) as well as on gruposura.com.

×

**KEY INDICATORS:** 

Shareholders' meetings were held in 2022.

Board meetings were held during the year.

00%

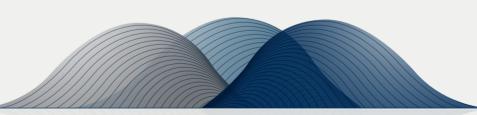
Attendance rate for the meetings held in 2022 on the part of Grupo SURA's **Board of Directors.** 

of the 148

recommendations contained in Colombia's Country Code initiative, were adopted and reported to the Colombian Superintendency of Finance.

### **OUR ETHICS AND CORPORATE GOVERNANCE SYSTEM**

2-23



### **Corporate Principles:**

Respect Responsibility Fairness Transparency

### **Governing bodies:**

General Assembly of Shareholders Board of Directors and its respective Support Committees Senior Management Statutory Auditor (external auditing firm) Internal Auditing function among others

### **Rules and regulations:**

By-laws Code of Conduct Code of Good Governance Framework Policies

RELATED SDGS:

RELATED

investors

Portfolio

investments

**Employees** 

The State

STAKEHOLDER **GROUPS:** 

Shareholders and

**Board of Directors** 





128

129

1 2 3 4 5 6

## » Tender offers for Grupo SURA shares and the application of the passivity rule for being the target of three consecutive tender offers

As was the case at the end of 2021, 2022 began with a tender offer for Grupo SURA shares, followed by two other tender offers, all made without interruption by the same offeror, JGDB Holding S.A.S.

A request for authorizing the second tender offer was made on January 14, 2022, the date on which the Colombian Stock Exchange (BVC) awarded the first tender offer that had been taking place since 2021; then another request for authorizing the third tender offer was made on February 28, 2022, the date on which the acceptance period for the second tender offer ended and was later concluded on May 4 with the clearing and settlement of the transactions made.

Consequently, from December 1, 2021, to April 29, 2022, Grupo SURA was subject to the "passivity rule" provided for by Decree 2555 of 2010 governing companies that are targets of such offers.

Likewise, we continued with the steps taken since year-end 2021 with Grupo SURA submitting requests to the relevant authorities regarding different aspects of the offerings.

Grupo SURA submitted requests to the relevant authorities regarding different aspects of these tender offers.

## » Changes to the structure of the Board of Directors

The structure of Grupo SURA's Board of Directors was modified on four occasions in 2022, subsequent to new members being appointed at the Annual Shareholders' Meeting held on March 25, 2022, these to serve the statutory two-year period (2022 - 2024). Complete information on the changes that took place can be found in the Annual Corporate Governance Report which, in the form of a digital attachment, forms an integral part of this report.

# » The performance of the Board of Directors and its Support Committees

In 2022, the Board of Directors met 43 times, 15 of which were in the form of regular meetings and the remaining 28 extraordinary meetings. The Board's support committees also met on 23 occasions, 15 of which were extraordinary meetings, these broken down as follows:

- Four regular meetings of the Risk Committee.
- Five meetings of the Sustainability and Corporate Governance Committee, two of which were regular and three extraordinary.
- Three meetings of the Remuneration Committee, one regular and two extraordinary.
- Eleven meetings of the Audit and Finance Committee, six regular and five extraordinary.

In addition, induction sessions were held for all directors who joined the Board of Directors, which had to be repeated at different times during the year due to the aforementioned changes in the structure of this corporate governance body.

A relevant aspect regarding the working order of the Board of Directors and its committees was that the original schedule for its strategic agenda was shifted on multiple occasions, due to different reasons, including the following:

- The need to study the different tender offers launched for shares in Grupo Nutresa and Grupo Argos.
- Urgent requests from some directors to include items on the agenda for immediate analysis, such as complaints filed by a Board member relating to alleged accounting fraud and constant requests to include press reports in the agenda of these meetings.

This allowed us to identify opportunities for improvement regarding the continuity of the issues submitted for consideration of this governing body and its support committees, as well as the permanence of the directors in this corporate body. The purpose of this was to ensure that the Board of Directors is able to make strategic contributions as a result of detailed knowledge of the Company's main issues, among other opportunities.

# » Complaint and subsequent investigation into alleged accounting fraud

As part of the Company's corporate governance framework and the transparency that this involves, a complaint was received from a member of the Board of Directors regarding suspicions of alleged accounting fraud regarding the treatment of contracts

entered into by Grupo SURA with the co-investors of its subsidiaries SURA Asset Management, since 2011, and Suramericana, since 2001.

In view of this situation, the Company activated different processes within the framework of the Company's control architecture and based on the recommendations of the statutory auditor, which are described below:

The Audit and Finance Committee authorized the hiring of third-party services specializing in forensic auditing to address the aforementioned complaint. Initially, the firm Deloitte was hired, which unilaterally terminated its work after having identified, following a meeting with the complainant, that there were significant differences with respect to the expected scope of the services to be provided and that, due to their nature, these required the parties involved to reach full agreement.

This could only be resolved by drawing up a formal letter of engagement establishing: a) the total agreement -and joint contracting of the interested parties- with respect to the scope, limitations, use and products resulting from the services; b) that the interested parties agree to an indemnity clause for Deloitte to be held harmless for any facts or circumstances not attributable to its professional performance thereby confirming the factual nature and the internal use scope of its collaboration.

Insofar that such conditions were not accepted, the Audit Committee requested selecting another third party, with Kroll Associates Colombia S.A.S.,

a firm recognized for its international experience and trajectory in this type of investigation, being chosen.

As an event subsequent to the end of the fiscal year of 2022, it is important to note that after more than three months of work, during which a strict and rigorous scrutiny was carried out on the Company's business practices over the last twelve years with regard to contracts with co-investors, the results of this investigation were presented to the Audit and Finance Committee and subsequently approved by the Board of Directors at an extraordinary meeting held on January 26, 2023.

In short, after strict scrutiny, this forensic investigation firm did not find any evidence of alleged accounting fraud, nor the concealing of any contracts entered into with Grupo SURA's strategic partners as applicable to SURA Asset Management and Suramericana, from either the market, the Colombian Superintendency of Finance or any of the firms that have provided their statutory auditing services in the aforementioned period, which specifically includes the firm Ernst & Young Audit S.A.S. (EY).

Likewise, it can be concluded from the forensic audit performed that the transactions analyzed were carried out under due supervision from the established governing bodies, such as the Board of Directors and its support committees, and with the advice received from experts while ensuring due disclosure to both the market and the regulators.

**After** scrutinizing Grupo SURA's business practices over the past 12 years, Kroll, an expert forensic auditing firm found no evidence of any alleged accounting fraud, nor the concealment of contracts as entered into with Grupo SURA's strategic partners.

The Board of Directors found the conclusions on the facts investigated to be duly and sufficiently supported, thereby dispelling any doubts about the legal and transparent actions of the current and previous company administrations.

Another event subsequent to yearend was the communication that Grupo SURA received from EY on February 10, 2023, regarding significant internal control deficiencies relating to the integrity of the contract database. Notwithstanding the above, EY informed the Audit and Finance Committee that said letter closed the cycle of certain identified findings that had already been resolved by Senior Management, as part of its continuous improvement drive and adoption of best practices.

On the other hand, during the second half of 2022, a comprehensive analysis of the accounting policies applicable to recognizing and measuring such contracts entered into by Grupo SURA with co-investors in Suramericana and SURA Asset Management was performed.

This included hiring outside experts in this field, as well as studies of applicable international standards, the publications of the IASB interpretations committee (IFRIC\*\*8) and the accounting practices implemented by other national and international entities for this type of contract. The results of these analyses supplemented our Financial Instruments Accounting Policy, as we informed the market through our Financial Statements for 03 2022.

Finally, it is important to point out that all these activities were supervised and approved by Grupo SURA's competent internal bodies.

## » Recognition in the field of Corporate Governance

Last year, Grupo SURA excelled in several external evaluations of its comprehensive management function. Its best practices and compliance with international corporate governance standards as well as its investor relations contributed to these awards:

### > THE DOW JONES SUSTAINABIL-ITY WORLD INDEX (DJSI WORLD).

The Company obtained the sixth-best rating in the Corporate Sustainability Assessment (CSA) among 16 organizations from the Diversified Financial Services and Capital Markets sector and is one of 332 companies worldwide included in this index. Among the categories for which the highest score was obtained the "Business Ethics", showing a responsible corporate performance and a coherent integral management on the part of Grupo SURA and the Companies belonging to the SURA Business Group.

Likewise, the opportunities for improvement identified in the CSA report on corporate governance related to two specific aspects of its Grupo SURA's Board of Directors, namely the seniority and diversity of its members. This is explained by the multiple changes that occurred in establishing this governing body in 2022.

> MERCO COLOMBIA ESG RESPON-SIBILITY. SURA maintained its third place in the overall ranking of this annual survey of the most responsible organizations, in terms of their social, environmental and corporate governance performance, the results of which were released in March 2022 by the consulting firm Merco Colombia, after surveying various groups of people. It also ranked second in the more specific national corporate governance ranking, which measures the perception of aspects such as ethical behavior and transparency, behind Grupo Nutresa (in 1st

place) and followed by Bancolombia

(in 3rd), both companies belonging to

Grupo SURA's investment portfolio.

In 2022, Grupo SURA was recognized in several external rankings for its best practices in corporate governance and investor relations.

THE BVC INVESTOR RELATIONS AWARD. For the tenth consecutive year, on October 26, 2022, Grupo SURA received the Investor Re-

lations Recognition (IR Seal) Distinction. This award is given by the Colombian Stock Exchange (BVC) to issuers that excel for their best practices in terms of disclosing information to the stock market as well as investor relations.

This only goes to highlight the Company's high standards of corporate governance and places a positive value on the fact that Grupo SURA has an official and efficient channel in place that facilitates investor relations, information disclosures over and above those normally required, both in their English and Spanish versions, while offering investors the possibility of directly discussing the Company's results with our IR staff.

For the Company, this IR Seal recognizes the constant and conscious efforts to offer clear and detailed information to the market, while motivating us to continue working to sustainably manage relations with our investors, as well as to consolidate our communication and interactions based on reliable, timely information based on the highest quality standards.

## >>> Country Code Survey

In January 2022, we completed the Best Corporate Practices Survey corresponding to 2021 this as part of Colombia's Country Code (Código País) initiative. Here, we were able to implement 143 of the 148 recommendations issued by the Colombian Superintendency of Finance. The corresponding report has been made available at gruposura.com.

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## » Disclosing financial and non-financial information

The Company announced to the market in 2022, through the Relevant Information channel hosted by the Colombian Superintendency of Finance and on the Company's own website, the situations which it became aware of and that it considered should be made known to the market in order for more informed decisions to be made, in accordance with the applicable regulations.

In addition to information relating to Shareholders' Meetings, decisions on the part of the Board of Directors, or judicial or accounting events that constitute relevant information, in 2022 Grupo SURA was forced to rectify or clarify false or inaccurate statements that circulated on social networks and in some media that affected the reputation of both the Company and several of its administrators.

These communications not only respond to compliance with the rules and regulations applicable to issuers of securities in Colombia, but also to the need to protect the Company's reputation, its investors and the market in general, who have a constitutional right to truthful, impartial, sufficient and timely information regarding the Company in order to make informed decisions about their investments, especially since it is a financial holding company for which public trust is its most valuable asset.

In this regard, Grupo SURA has requested the authorities to ensure that the information published in the media regarding an issuer of

securities, which is also the holding company of the SURA- Bancolombia Financial Conglomerate, is truthful, clear, sufficient and timely.

This has been carried out in view of the serious impact that this disinformation spread by some mass media has on the confidence of financial consumers, shareholders, issuers of securities and on the central elements of the proper functioning of the securities market, such as transparency and free price formation, in order to avoid risks associated with manipulating different types of securities and the potential economic panic.

## » Awareness and training for the Ethics And Corporate Governance function

Different activities continued to be carried out, including an online course conducted by Grupo SURA, Suramericana and SURA Asset Management for its employees, through which knowledge of the Ethics and Corporate Governance System was disseminated and evaluated, together with the main guidelines of our Code of Ethics and other internal policies. Awareness and training plans are an essential part of our System and are designed to impact all employees of the Business Group, as well as our suppliers and other stakeholders.

## » Risk management for the SURA-Bancolombia Financial Conglomerate

Here it is worth mentioning the direct and indirect capital investments in financial and insurance entities, as well as those listed on the local and international securities market, which these companies need, either for maintaining their lines of business sufficiently capitalized or for leveraging the growth of these same; updating the Financial Conglomerate' map of related parties; granting the Board's approval to Grupo SURA's Risk Management Framework Policy as well as its Risk Appetite Framework.

Employees of
Grupo SURA,
Suramericana
and SURA Asset
Management took
an online course in
2022 to strengthen
their knowledge
of our Ethics
and Corporate
Governance System.

Grupo SURA also satisfactorily reported to the Colombian Super-intendency of Finance the SURA - Bancolombia Financial Conglomerate's solvency calculations, which have always exceeded the minimum capital requirements established by applicable legislation for each reporting period.

Finally, the Colombian Superintendency of Finance, by means of Resolution 399 of 2022, decided in the first instance to impose an administrative

sanction based on its understanding that there had been an alleged failure to comply with applicable capitalization regulations. Grupo SURA filed the appropriate legal appeals against this decision, which at the end of 2022 had not been resolved.



## INTERNAL CONTROL AND RISK MANAGEMENT SYSTEMS

Grupo SURA's Internal Control System is structured in keeping with the international COSO 2013 framework, which is in turn taken into account by local and international regulators such as the Colombian Superintendency of Finance and the U.S. Securities and Exchange Commission (SEC).

To ensure the proper functioning of our Internal Control System, it must be constantly monitored through three lines of defense, the first being the different business areas, the second the Risk, Information Security and Compliance Departments and the third line of defense Internal Auditing. This monitoring process is supplemented by evaluations of the financial reporting process which is carried out by our statutory auditing firm (EY), which in turn is supervised by the Colombian Superintendency of Finance.

In terms of risk management, Grupo SURA understands that its exposure not only arises from its own specific risk factors, but also from those associated with its investment portfolio. Therefore, as the parent company of the Business Group and the holding company of the SURA-Bancolombia Financial Conglomerate, we have a Risk Management Framework Policy in place, which provides guidelines for an adequate reporting function which is in turn articulated with the Companies in order for this framework to be applied.

Based on general risk management guidelines, as well as the expertise and capabilities of each of the Companies belonging to the Business Group, the Company was able to maintain the risk levels of its operations within the defined risk appetite thresholds in 2022. This prevented these risks from materializing, thereby compromising their sustainability and at the same time made it possible for the different lines of business to develop within a responsible and adequate control environment.

However, Grupo SURA is aware that there are multiple risk factors to which its operations are exposed, particularly those associated with regulatory, macroeconomic and social dynamics in Latin America. Therefore, their management shall continue to be a priority for our Subsidiaries and the Financial Conglomerate as a whole, while always ensuring this is well articulated from a systemic risk perspective.

More information regarding our Internal Control System and Risk Management function can be found in Chapters 2 and 4 of this Annual Report.

## ETHICS HELP LINE

205-1, 205-3, 205-2, 419-1

The Ethics Help Lines run by Grupo SURA and its Subsidiaries are a safe and confidential means that the public can use to report any situation that is considered to go against our corporate ethics and principles, which must be upheld by all the Organization's employees.

Línea telefónica: 01-800-5189191 Tel: 01-800-5189191 WhatsApp: +52 55 6538 5504

sura@sistemaetico.com
Complaint form:

sura.sistemaetico.com App: EthicsGlobal

As of 2021, and in accordance with international best practices, the Ethics Help Line service of both Grupo SURA and its subsidiaries has been operated by **EthicsGlobal**, an independent third party specializing in handling complaints and queries. Each of the Companies that form part of the SURA Business Group has Legal and Compliance areas in charge of managing the complaints received, according to previously established procedures that guarantee the suitability and independence of the investigations carried out.

In 2022, Grupo SURA did not receive any complaints through the Ethics Help Line or other channels, and no cases were reported to Senior Management or notified by judicial or administrative authorities that were associated with corruption, bribery or anti-competitive practices.

Further information regarding the Ethical Help Lines of Suramericana S.A. and SURA Asset Management can be found in their respective year-end reports.

## THE COMPANY'S OWNERSHIP STRUCTURE

### SHARE CAPITAL AND OWNERSHIP STRUCTURE

**Authorized capital** 

COP 112,500,000,000

divided up among 600,000,000 shares

Ordinary shares\* 466,720,702 **Preferred shares\*** 112,508,173

**Subscribed capital** 

divided up among

581,977,548 shares

COP 109.120.790.250

Paid-in capital

COP 109,120,790,250

divided up among 581,977,548 shares

Repurchased shares 2,748,673

\*Outstanding shares.

### SHAREHOLDERS HOLDING SIGNIFICANT STAKES IN GRUPO SURA

(Total outstanding ordinary and preferred shares, at year-end 2022)

Shareholder	Ordinary	Preferred	Total	% Stake*
JGDB Holding S.A.S.	177,509,800	-	177,509,800	30.65%
Grupo Argos S.A.	130,012,643	-	130,012,643	22.45%
Grupo Nutresa S.A.	62,032,220	-	62,032,220	10.71%
Fondo de pensiones obligatorias Protección (moderado)	-	32,526,741	32,526,741	5.62%
Cementos Argos S.A.	28,394,940	-	28,394,940	4.90%
Fondo bursátil Ishares MSCI Colcap	3,346,272	8,069,233	11,415,505	1.97%
Fundación Grupo Argos	10,685,767	-	10,685,767	1.84%
Colombiana de Comercio S.A. Corbeta y/o Alkosto S.A.	10,000,000	-	10,000,000	1.73%
Fondo de pensiones obligatorias Colfondos (moderado)	-	6,630,477	6,630,477	1.14%
Other shareholders	44,739,060	65,281,722	111,316,240	19.22%
TOTAL**	466,720,702	112,508,173	579,228,875	100%

<sup>\*</sup> Consolidated information corresponding to the total number of Grupo SURA's ordinary and preferred shares.

## THE COMPANY'S **MANAGEMENT STRUCTURE**

2-9

## >>> The General Assembly of **Shareholders**

In 2021, Grupo SURA upheld the guarantees and rights of its shareholders as provided by law, its By-laws its Code of Good Governance, the Rules and Regulations governing the General Assembly of Shareholders as well as other Internal Corporate Governance regulations, as approved by the Company thus exceeding the minimum regime provided for in current regulations.

The Company's internal rules and regulations governing the rights of shareholders and the different measures adopted to encourage their participation can be found under the Resource Center tab at Grupo SURA's website: grupoSURA.com.

Throughout the year, 11 Shareholders' Meetings were held. One of them corresponded to their Annual Meeting held on March 25, 2022. The others were of an extraordinary nature and were called for the following purposes:

 Four of these for deliberating and deciding on potential conflicts of interest brought before the shareholders by members of the Board of Directors, upon applying the Company's Corporate Governance rules and regulations, as well as that provided in Law 222 of 1995 and Decree 1925 of 2009, both of which have now been

**Officer** 

### **GRUPO SURA'S GOVERNANCE STRUCTURE**



<sup>\*\*</sup> Not include shares repurchased by the Company, which total 2,748,673, between ordinary and preferred shares.

- incorporated in Decree 1074 of
- Four for appointing a new board of directors.
- The remaining two were to address specific shareholder requests.

Further details on each of the Share-holders' Meetings held can be found in the Annual Corporate Governance Report, which, as a <u>digital attachment</u>, forms an integral part of this Annual Report.

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## GRUPO SURA'S FORMAL COMMU-NICATION CHANNELS FOR ENGA-GING WITH ITS SHAREHOLDERS.

The Company has its own Investor and Capital Markets Department, a Company Secretary's Office and the Fiduciaria Bancolombia Shareholder Office who are on hand to send requests and address concerns about Grupo SURA, its shares, dividend payment dates, certificates to be issued, among other matters, in accordance with that provided by Law and its own By-Laws.

### **Contact Information**

e-mail: caa@bancolombia.com o ir@gruposura.com.co

Address Grupo SURA:

carrera 43A #5A - 113, Medellín, Colombia.

Fiduciaria Bancolombia

caa@bancolombia.com.co;
líneas de atención a los accionistas:
(+57604) 4447231 in Medellin
and for the rest of the country
018000954242 option 2.

Address: Carrera 48 # 26-85, torre sur, sucursal Puerta del Río, sede principal Bancolombia, Medellín, Colombia

### » Board of Directors

### 2-10, 2-11, 2-12, 2-13, 2-14

Grupo Sura is fully aware of the important role that its Board of Directors plays in performing its business activities. It has a professional, decision-making nature as a governing body and is the guarantor of the rights of all our shareholders

In this regard, Grupo SURA's Board of Directors has essential and inalienable functions relating to the Company's strategy, overseeing key aspects of its ongoing growth and sustainability, as well as exercising control over its business and corporate governance. It is also responsible for discussing and approving the interim financial statements, as well as providing their prior approval to the year-end financial statements, the Company's Management Report, the proposed dividend distributions or plans for wiping out losses which are to be submitted to the General Assembly of Shareholders at their Ordinary Meetings.

Its functions also include ensuring respect for the rights of all our shareholders and other investors, as well as adopting the Code of Good Governance, fulfilling all those requirements set out therein, ensuring that it effectively complies with all applicable legal and regulatory provisions while approving any amendments or updates that may be required.

For further details on the functions, duties and rights of the Board of Directors, please refer to its rules and regulations made available under the Ethics and Corporate Governance tab at gruposura.com.

» BOARD COMMITTEES. The Company's Board of Directors has specialized committees that act as investigative and support bodies in certain matters, on which they submit reports or proposals with the Board adopting the corresponding decisions. Likewise, the Board may expressly delegate to any of the following committees, when considered necessary, the following functions:

Sustainability and Corporate Governance Board Committee. Recommending to the Board of Directors the adoption of best practices in the matters for which they are in charge. This includes proposing and reviewing criteria for structuring the Board of Directors; evaluating the suitability of candidates proposed by shareholders; coordinating the induction process for new Board members; learning about any conflicts of interest on the part of Board members; as well as reporting all those cases of members that could affect the functioning of the Board or the Company's reputation, among other issues.

posing all necessary aspects to the Board of Directors for ensuring the proper working order, effectiveness and evaluation of the Internal Control System and the different components that make up the Company's Control Architecture; as well as studying the financial statements and preparing the corresponding reports to be submitted to the Board of Directors for their consideration, ensuring that the preparation, presentation and disclosure of the financial information are in accordance with all applicable standards.

Finance and Audit Committee. Pro-

Risk Committee. Providing support to the Company's Board of Directors, ensuring a proper coordinated risk management function within the corporate control architecture, enabling an internal control system capable of providing the Company with reasonable security with regard to attaining its objectives; as well as aligning the overall risk management function with our overarching purpose of building trust through long-term relationships with stakeholders while creating added value for the Company's portfolio of investments.

Remuneration Committee. This Committee is assigned support responsibilities with regard to providing its advisory services in this area for the members of the Board of Directors and Senior Management. Consequently, its functions include proposing objective criteria based on which the Company remunerates its key executives and periodically reviews its remuneration programs.

Each of these Board support committees has its own rules of procedure, which have been made available at gruposura.com.

THE BOARD OF DIRECTORS, ITS BOARD COMMITTEES AND CORRES-PONDING MEMBERS: New members were appointed to the Company's Board of Directors on five occasions in 2022, the last one on November 22. This governing body is comprised of seven (7) principal members, three (3) independent and four (4) equity. Both the Chairman and the Vice Chairman of the Board of Directors enjoy an independent status, as do the Chairpersons of the Board's four Support Committees.



Board of director meetings and quorums:

Number of Board Meetings held during the year:

43

Meetings attended remotely with written votes cast:

Percentage of meetings at which the quorum required to deliberate and decide on matters was met:

100%

Learn more about the

Company's Corporate
Governance Report,
which contains
the management
reports of each of
Grupo SURA's Board
Committees, these
in the form of digital
attachments. These
provide greater detail
concerning the functions,
meeting frequencies and
the individual committee
performance evaluations.

# Jaime Arrubla Paucar

◆ Independent member

Mr. Arrubla holds a degree in Law from the Universidad Pontificia Bolivariana (UPB) in Medellin, where he also obtained specializations in Civil and Commercial Law: Canon Law: Labor Relations and a Master's degree in Private Law. He holds a PhD cum laude in Private Law from the University of Salamanca, where he also received a Master's degree in Advanced Studies in Private Law. He is a founding partner of the law firm Arrubla Devis Asociados. He served as a judge with the Civil Chamber of the Supreme Court of Justice from 2004 to 2012; he is an expert in Civil and Commercial Law, a professor teaching at the main law schools in the country and the author of the 4-volume treatise titled "Contratos" Mercantiles" (Commercial Contracts). He is registered as an arbitrator with the arbitration centers of the Chambers of Commerce of Bogotá and Medellín. In 1983 he was appointed Secretary General of the Government of Antioquia and later in 1998 Legal Secretary of the Office of the President of the Republic.

Date of first appointment: November 22, 2022

CURRENT

DIRECTOR

**PROFILES** 

performance:

The following information con-

cerns each of the current mem-

bers of the Board as well as

2-17

Board Meeting Attendance: 100%

Board Committees and Attendance:

• Remuneration: since its last appointment in 2022, this committee has not met

• Audit and Finance: 100%

Total Fees Received in 2022: COP 52,800,000.

Stock held in Grupo Sura: N/A

María Ximena Lombana Villalba

Having earned a degree in Law from the Universidad del Rosario, Ms. Lombana other aspects relating to their went on to obtain a Master's Degree in Commercial Law from the University of Paris II - Pantheon - Assas (Paris, France) as well as another Master's Degree in International Business Law from the Washington College of Law, American University (Washington, D.C., USA). She has served as Minister of Commerce, Industry and Tourism (June 2021 - August 2022); manager of the IDB-ANDJE Executive Unit of the National Agency for the Legal Defense of the State (January 2021 - April 2021); manager of the IDB-PGN Executive Unit of the Attorney General's Office (July 2019 - December 2020), among others. She was a professor of Corporate Law for both the undergraduate Law program at the Universidad del Rosario (January 2000 - June 2010) and for the Specialization program in Commercial Law at the Universidad de la Sabana (June 2006 - June 2007). Since January 2006 she has served as a List an Arbitrator with the Arbitration and Conciliation Center of the Bogotá Chamber of Commerce (Commercial Law and Administrative Law).

Date of first appointment: October 03, 2022

Age: **50** 

Board Meeting Attendance: 100%

Board Committees and Attendance:

• Remuneration: since its last appointment in 2022, this committee has not met

• Audit and Finance: 100%

(Attending as a permanent guest)

Total Fees Received in 2022: **COP 140,800,000**.

Stock held in Grupo Sura: N/A

# Guillermo Villegas Ortega

1 2 3 4 5 6

Mr. Villegas is a lawyer, specializing in Labor Law and Industrial Relations Management, with more than 25 years of experience in corporate positions in private sector companies, such as Banco de Colombia, Grupo Corona, Compañía Nacional de Chocolates and Grupo Orbis. He has served as a founding partner of the law firm Contexto Legal Abogados for the last 16 years, where he has led the corporate, labor and M&A teams.

Date of first appointment: November 22, 2022

Board Meeting Attendance: 100%

- Remuneration: since its last appointment in 2022, this committee has not met
- Audit and Finance: 100%
- Sustainability and Corporate Governance: since its last appointment in 2022,

Total Fees Received in 2022: **COP 52,800,000**.

Stock held in Grupo Sura: N/A

# Ángela María Tafur Domínguez

Ms. Tafur studied law majoring in socioeconomics at the Universidad Pontificia Javeriana (Bogotá D.C., Colombia) and received a Master's degree in International Comparative Law from Cornell University (Ithaca, New York, United States). She has served as Chairman and Managing Director of Give To Colombia, Inc. She is also a founding partner of the law firm Tafur, Domínguez y Arana. Previously, she served as Chief Legal Affairs Officer at Bancol y Cía (a real estate firm belonging to the former Banco de Colombia), legal advisor to the Colombian Superintendency of Securities (today known as the Colombian Superintendency of Finance), legal advisor to the Corporación Financiera del Valle, legal counsel with the Legal Department of the Colombian Superintendency of Banking (today known as the Colombian Superintendency of Finance), legal advisor to Banco de Colombia S.A., research assistant at the firm Esguerra, Barrera y Gamba, research assistant at Posse y Cía. She has sat on the Boards of Directors of Banco GNB Sudameris, Panama, Banco de Colombia S.A. (1989 - 1997), Litoformas de Colombia (1989 - 1996), Inmobiliaria Bancol (1989 -1996). She is currently a member of the Board of Trustees of Give To Colombia (2003 - present) and serves as Managing Director of LAVCA (an association that promotes private equity investment in Latin America).

Date of first appointment: June 13, 2022

Board Meeting Attendance: 100%

- Risk: (from June 17 to October 18 and again from November 24, 2022): 100%
- Sustainability and Corporate Governance: 100%

Total Fees Received in 2022: **COP 228,800,000**.

# David Yanovich Wancier

◆ Equity member

Holding a degree in Industrial Engineering from the Universidad de los Andes as well as a Master's degree in Economics from the London School of Economics, Mr. Yanovich has more than 25 years of experience in structuring and financing. He previously served as General Manager of Colgener; Director of Banca de Inversion the investment banking arm of Corporación Financiera del Valle; and an independent consultant for the structuring of the financing of several projects relating to the energy and infrastructure sectors in Colombia. He has been a member of the Boards of Directors of Central Hidroeléctrica de Betania, Emgesa S.A., Ocensa, Crynssen Pharma, Proterra, LarrainVial Colombia, Celsia and Suramericana. He is currently the Chief banking firm Cerrito Capital.

Date of first appointment:

November 22, 2022

Age: **52** 

Board Meeting Attendance: 100% Board Committees and Attendance:

Sustainability and Corporate Gover-

nance: since its appointment in 2022, this committee has not met Total Fees Received in 2022: COP 35.200.000.

Stock held in Grupo Sura: N/A

# Gabriel Gilinski Kardonski

◆ Equity member

After earning his Bachelor's Degree from the University of Pennsylvania Philadelphia, Pennsylvania, United States, Mr. Gilinski has served as a Director of JGB Financial Holdco Inc, Miami, FL, Director of the Corporación Financiera GNB Sudameris, Director of Banco GNB Sudameris S.A., Colombia, Director of Banco GNB Paraguay, Director of Banco GNB Peru, Director of JGB Bank, Executive Vice-President of JGB Bank, Financial Consultant for the Boston Consulting Group (Santiago, Chile). He has served on the Boards of Proyectos Semana S.A.; JGB Financial Holdco Inc. Miami, FL (September 2010 - present); Corporación Financiera GNB Sudameris (June 2019 - January 2022); Banco GNB Sudameris S.A., Colombia (June 2018 -Executive Officer of the investment January 2022); Banco GNB Paraguay (November 2013 - present); Banco GNB Perú (October 2013 - present); JGB Bank (May 2010 - June 2014).

Jaime Alberto Velásquez **Botero** ◆ Equity member

Mr. Velasquez graduated in Economics from the Universidad de Antioquia (Medellín) and has completed several postgraduate studies in Finance, Strategy and Corporate Governance. He served since 2012 as Chief Strategy and Finance Officer at Bancolombia, where he also held other positions such as Chief Finance Officer between 1997 and 2011 and other management positions in the Economic and Investor Relations departments between 1989 and 1997. He has been a member of several Boards of Directors of entities pertaining to the financial sector and the securities market, both in Colombia and abroad, including Suramericana de Seguros de Vida y Generales, Asesuisa, Titularizadora Colombiana, Banagrícola (El Salvador) and Banistmo (Panama).

November 22, 2022

Board Meeting Attendance: 100%

COP 44,000,000.

Stock held in Grupo Sura: N/A

Date of first appointment:

March 25, 2022

Termination date of first term:

October 03, 2022

Date of second appointment November 22, 2022, to date.

Age: **36** 

Board Meeting Attendance: 100%

- · Sustainability and Corporate Governance: 100%
- Audit and Finance (attending as a guest until October 3, 2022): 100%
- Remuneration (member until June 22 and as a quest from June 22 until October 3, 2022): 100%

Total Fees Received in 2022:

COP 237.600.000<sup>1</sup>.

Stock held in Grupo Sura: N/A

• Risk: 100%

#### 2-18

**DESCRIPTION** BOARD OF DIRECTORS - PERFOR-MANCE EVALUATIONS. An performance evaluation for the Board of Directors to be carried out by outside experts is planned for 2023 in order to capitalize on all the lessons learned. This is an important issue since no such performance evaluation was performed in 2021, due to pandemic restrictions, and in 2022 because of the frequent changes to the structure of the Board of Directors and, therefore, there was not enough continuity to conduct an evaluation.

As mentioned above, five Board of Directors appointments were held during this past year, the last of which was held on November 22, 2022. This makes it difficult to rate the performance of this governing body and therefore it was decided to postpone these external performance evaluations until the current members complete at least 6 months of continuous work.

#### 2-19, 2-20

TERS. The General Appointment, Remuneration and Succession Policy for the Board of Directors, as approved by Grupo SURA's General Assembly of Shareholders, establishes guidelines to ensure that the persons appointed as members of the Board of Directors are well-suited and have enough experience to take part in this type of governing body in order to carry out their corresponding management functions in accordance with those assigned to said body. This policy is

supplemented by the provisions of the

**≫ BOARD OF DIRECTORS' REMUNER-**

ATION POLICY AND RELATED MAT-

Company's Code of Good Governance and the Board of Directors' Rules and Regulations.

With regard to these processes, it should be noted that the Sustainability and Corporate Governance Committee evaluated due compliance with this policy for each of the Board appointments that took place last year. Consequently, it was determined that some of the candidates were subject to conflicts of interest or situations of competition with the Company, so it was suggested to the Board of Directors to submit these issues for the consideration of the General Assembly of Shareholders for them to authorize the non-application of the aforementioned General Policy in such opportunities when considering aspects such as a proper balance of the principle of proportional representation.

However, the non-application of this Policy was conditioned by the shareholders to adopting protocols to protect information confidentiality and avoid incurring in anti-competitive practices by sharing sensitive information among competitors. The information management protocol has been prepared by Senior Management, as instructed by the General Assembly of Shareholders, who met on different occasions and at the end of 2022 was still in the process of this being discussed and approved by the Board of Directors.

This Policy also ensures that the members of the Board of Directors receive an appropriate level of remuneration in keeping with the level of responsibility inherent to their positions, their personal

**Grupo SURA** has a General Appointment, Remuneration and Succession Policy in place governing its Board of Directors. which sets out the parameters for appointing its members.

and professional qualities, their experience and the time they must devote to the Board's activities. The full text of this policy has been made available at gruposura.com.

As part of the Shareholder's responsibility to approve director fees for the period April 2022 to March 2023, these were approved for each Board member in the amount of COP 8,800,000 for each meeting attended. Similarly, in the case of members of the Board's Support Committees, the shareholders authorized this same fee to be received as members of the Board of Directors, for each meeting attended.

Finally, an overall budget was drawn up for the Board's proper working order, this amounting to COP 1,600 million, which included the fees to be paid for attending both Board meetings and those held by its different Support Committees as well as travel and accommodation expense, training and expert advisory services The aforementioned budgeted costs were higher than

#### STRUCTURE AND FUNCTIONS OF SENIOR MANAGEMENT

expected, due to the number of board and support committee sessions that

took place in 2022.

Finally and in accordance with the Company's by-laws, the General Assembly of Shareholders is responsible for assigning the fees to be paid to the Company's Statutory Auditing firm, which was set at COP 339,741,905 plus VAT for the period April 2021 to March 2022.

# >>> Senior Management

Currently, Grupo SURA's Senior Management is comprised of the CEO, the Chief Corporate Legal Affairs Officer and Company Secretary, the Chief Business Development and Finance Officer and the Corporate Internal Auditor, who are appointed by the Board of Directors and are delegated the responsibility for the day-to-day management of the Company.

# ◆ Chief Executive Officer Gonzalo Alberto Pérez Rojas

Mr. Perez holds a degree in Law from the Universidad de Medellin, as well as a specialization from Swiss Re Insurance, in Zürich Switzerland. He also completed the Kellogg Graduate School of Management's CEO Management Program at Northwestern University(Chicago, USA). He has spent his entire professional career with SURA, since he first joined Suramericana de Seguros (today Seguros SURA Colombia) in the early 1980s. He served as CEO of Suramericana, a subsidiary of Grupo SURA, from 2003 to March 2020.

Since April 1, 2020, he has held the position of CEO of Grupo SURA, whose main function is to design the Organization's strategy, which involves ensuring a proper coordination of people and processes and the appropriate handling of the Company's financial, social, human and natural capital, so as to quarantee its ongoing sustainability and its ability to continue creating value for all its shareholders and other stakeholders.

He also sits on the Boards of Directors of SURA Asset Management, Suramericana and Bancolombia In Colombia, he also serves on the Boards of Trustees of the SURA, Nutresa, Empresarios por la Educación and Ideas para la Paz Foundations.

# Chief Business Development and Finance Officer: Ricardo Jaramillo Mejía

Mr. Jaramillo holds a degree in Civil Engineering from the School of Engineering of Antioquia, as well as an MBA majoring in Finance from the Boston University Graduate School of Management. He has served as CEO, Chief Corporate Finance Officer as well as Project Manager for Bancolombia's Investment Banking arm, among other positions.

Since April 2016, he has held the position of Grupo SURA's Chief Business Development and Finance Officer, whose main functions are to define strategies and policies that allow for the Company's financial management function to be properly managed and to provide valid and reliable information in a timely manner on the Company's operating performance for decision-making purposes, this in order to meet the strategic objectives.

He is currently a member of the Board of Directors of Suramericana, SURA Asset Management, Arus and Renting Colombia as well as the Board of Trustees of the Medellin Philharmonic Orchestra.

# ◆ Chief Corporate Legal Affairs Officer and Company Secretary: Juan Luis Múnera Gómez

Mr. Munera graduated with a degree in Law as well as a specialization in Commercial Law from the Universidad Pontificia Bolivariana, and has earned a Master's Degree in Comparative Legislation from the University of San Diego in California, United States (on a Fulbright Scholarship). He has studied corporate governance and strategy at Harvard University, U.C. Berkeley and Northwestern University's Kellogg School of Business.

Most of his professional career has been spent at Bancolombia and as Chief Legal Affairs and Sustainability Officer at Cementos Argos.

Since August 2017, he has held the position of Chief Corporate Legal Affairs Officer and Company Secretary at Grupo SURA. His main functions are to define and draw up legal and corporate governance guidelines for the Business Group, to legally direct activities and projects in order to protect the reputation and integrity of the Business Group as well as implement a compliance culture that facilitates decision-making based on the Company's strategic objectives.

# Corporate Internal Auditor: Jhon Jairo Vásquez López

Mr. Vásquez holds a degree in Administrative Engineering, with a specialization in Finance, Project Preparation and Evaluation. He also holds an EMBA from Westfield Business School & EIG Business School. He has served as Chief Audit & Compliance Officer at TigoUne, Corporate Internal Auditor at Interconexión Eléctrica S.A. ISA, and Internal Audit Manager at Seguros SURA Colombia.

Since October 2018, he has held the position of Grupo SURA's Corporate Internal Auditor. In coordination with the corporate auditors at subsidiary level, he strategically directs the audit process for both the Company and its subsidiaries in accordance with international audit frameworks and practices. He also provides his support to Senior Management for achieving optimal levels of maturity for the Company's Internal Control System, consolidating a culture of self-control, self-management and self-regulation throughout the Business Group, this in order to facilitate achieving its business purposes. He also carries out the pertinent auditing coordination measures between Grupo SURA, its subsidiaries and the companies over which a significant influence is held, this in accordance with the terms of the Financial Conglomerate Law.

> SENIOR MANAGEMENT'S PERFORMANCE EVALUATIONS. Grupo SURA has policies and procedures in place for monitoring the performance of Senior Management in terms of the projects and goals leading to the fulfillment of the Company's strategic objectives. Consequently, and following the applicable internal procedures, the Board of Directors held several meetings in 2022 without the presence of Senior Management at which they analyzed and deliberated on aspects of Senior Management's performance.

#### 2-19

> SENIOR MANAGEMENT REMUNERATION. . In this respect, Grupo SURA applied the Remuneration Policy as approved by the Board of Directors, which defines the criteria allowing for a fair and equitable remuneration system.

These rules and regulations establish objective remuneration principles for upholding the competitiveness of the salary market and are based on the HAY model's competitive scale. This ensures in any case that employees are wellaligned with the Company's strategy.

Likewise, and under these parameters, the Remuneration Committee (formerly the Appointments and Remuneration Committee) of the Board of Directors defined the performance indicators for exceptional achievement on the part of Senior Management for the period from March 2022 to February 2023. Prior to the Annual Shareholders' Meeting and after due verification on the part of the Company's auditing staff, the aforementioned Committee must verify compliance with the defined indicators.

The amount of expenses for executive personnel is disclosed by the Company in the Notes to the Financial Statements. For information on the remuneration structure applicable to the Grupo SURA's Senior Management, in accordance with the provisions of the Remuneration Policy and other internal Corporate Governance rules, please refer to the Annual Corporate Governance Report, which as a digital attachment forming an integral part of this Annual Report.

Grupo SURA has policies and procedures in place for monitoring the performance of Senior Management in terms of the projects and goals leading to the fulfillment of the Company's strategic objectives.

# >>> Formal mechanisms for managing transactions between related parties

The Company upholds policies that define the general guidelines for handling transactions between related parties, ensuring that these are always carried out with the utmost transparency, fairness and impartiality while correctly handling any possible conflicts of interest that could arise,

Consequently, all transactions between the companies belonging to the SURA Business Group are carried out pursuant to the guidelines contained in the Related-Party Transaction Framework Policy, the procedure that regulates said policy as well as other applicable rules and regulations.

Should any conflict of interest arise between our companies during the normal course of business, these must be handled according to the guidelines stipulated in the SURA Business Group's Code of Good Governance, its Code of Conduct, as well as any other applicable Good Governance rules or regulations the Companies may have put into place for this same purpose. The main rules and regulations governing this issue can be found at gruposura.com.

Likewise, the Companies disclose the most important contractual relationships and transactions entered into among themselves and with their other related parties during the year, through our Special Business Group Report, a report that for the year 2022 forms an integral part of this Annual Report as a digital attachment made available on the Company's website.

# >>> Means for handling and identifying conflicts of interest.

At Grupo SURA we have policies, procedures and governing bodies geared to identifying and managing situations that could potentially lead to conflicts of interest, which are applied according to the legal treatment to be given to each one. Consequently, for example, the Administration is obliged to disclose to the General Assembly of Shareholders any situation that could potentially produce conflicts of interest, either their own or those of which they are made aware.

In order to manage other conflicts of interest, the Company has internal areas, such as the Ethics and Compliance Committee of the Board of Directors, that receives the support of the Legal Affairs Department. Various mechanisms have also been established to identify conflicts of interest, including statements when appointing board members, hiring employees and suppliers as well as their annual updates and automatic monitoring processes, among others.

In the case of potential conflicts of interest identified in transactions entered into between the Companies that are part of the SURA-Bancolombia Financial Conglomerate, as expressly provided by Decree 1486 of 2018, the Board of Directors is responsible for making the corresponding decisions for handling all those conflicts that are brought before their attention by those who are required to do so. For such purposes, Grupo SURA has a Financial Conglomerate Framework Policy that establishes the process to be followed on these occasions. A section of Chapter 2 of this Annual Report refers to the handling of this aspect over



After a year of challenges to the Company's corporate governance, 2023 shall be a year of opportunities for ensuring the continuity of all those standards that have made Grupo SURA a benchmark for its Ethics and Corporate Governance System, for its transparent practices, in compliance with applicable rules and regulations, while always respecting our corpo- From a political and regulatory rate principles that have characterized our way of doing business. Here:

We plan to have a performance evaluation carried out by an external expert on members of the Board of Directors which due to the constant changes in the structure of this governing body, could not be carried out in 2022. The recommendations and viewpoints provided will help drive the performance of this important corporate body.

1 2 3 4 5 6

standpoint, on both a domestic and regional level, we are predicting various regulatory changes, some of them relating to the business activities of the Group's companies, such as reforms to the health care, labor and pension systems. Grupo SURA shall always strive to make its own contribution to the analysis of such, while fully respecting the institutions involved, and by providing our knowledge of the respective sectors and the elements of judgment that it considers relevant, from a technical perspective as well as the viewpoints of its expert companies in the different topics. This is to ensure that public policymaking and regulatory frameworks help create value for our stakeholders and to ensure a more harmonious level of development for society.

For more information, please refer to our

**Special Business** 

**Group Report**, a report that for the year 2022 forms an integral part of this **Annual Report** in the form of a digital attachment.

CHAPTER



Financial statements

Consolidated Financial Statements



# **CONSOLIDATED FINANCIAL STATEMENTS**

## CERTIFICATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

The undersigned Legal Representative and Public Accountant, under whose responsibility the consolidated financial statements were prepared, certify:

That for the issuance of the consolidated statement of financial position as of December 31, 2022, and of the consolidated statement of income for the year and consolidated comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, which in accordance with the regulations are made available to shareholders and third parties, the statements contained therein have been previously verified.

Said affirmations, explicit and implicit, are the following:

Existence: The assets and liabilities of Grupo de Inversiones Suramericana S.A., exist on the cut- off date and the transactions recorded, have been realized, during the year.

Integrity: all economic events that took place have been recognized.

Rights and obligations: The assets represent probable future economic benefits, and the liabilities represent probable future economic sacrifices, obtained or under the charge of Grupo de Inversiones Suramericana S.A., on the cut-off date.

Valuation: All elements have been recognized, in the appropriate amounts.

Presentation and disclosure: Economic events have been correctly classified, described and disclosed.

In accordance with Article 46 of Law 964 of 2005, in my capacity as legal representative of Grupo de Inversiones Suramericana S.A. The Financial Statements and other relevant reports for the public, related to the fiscal year as of December 31, 2022 and December 31, 2021 do not contain vices, inaccuracies or errors that prevent the true equity situation or the operations of the Company from being known.

Gonzalo Alberto Pérez Rojas President Juan Guillermo Chica Ramire Accountant P.C. No. 64093-T For Grupo SURA's

# **Consolidated Financial Statements**

for 2022, with their respective Notes, please refer to the digital attachment that forms an integral part of this **Annual Report.** 

**SURA Business Group's Special** Report for 2022. This digital attachment, which forms an integral part of this Annual Report, lists all those transactions carried out between the companies belonging to the Business Group. Material transactions with other related parties were duly disclosed in Note 34 to the 2022 Consolidated **Financial** 

Between January 1 and February 28, 2023, no material changes were recorded in the 2022 <u>Consolidated</u> <u>Financial Statements</u>, as disclosed in Note 23 thereto.

Statements.



# **Statutory Auditors' Report**

To the General Assembly of Shareholders of Grupo de Inversiones Suramericana S.A.

# Opinion

I have audited the attached consolidated financial statements of Grupo de Inversiones Suramericana S.A. (hereinafter the "Group") consisting of its Consolidated Statement of Financial Position at December 31, 2022, together with the corresponding Consolidated Statements of Income, Comprehensive Income, Changes to Shareholders Equity, and Cash Flows for the fiscal year ending on the aforementioned date as well as the summary of significant accounting policies used and other explanatory notes.

In my opinion, the attached consolidated financial statements, reasonably reflect in all important aspects the Group's consolidated financial position at December 31, 2022, together with its consolidated operating results and consolidated cash flows for the year ended on the aforementioned date, this in accordance with Accepted Accounting and Financial Reporting Standards in Colombia.

#### Basis for opinion

I carried out my work in accordance with Accepted International Auditing Standards in Colombia, My responsibilities in keeping with the aforementioned standards are described in more detail in the section titled "Auditor's Responsibilities for the Auditing of the Consolidated Financial Statements" of this report. I am independent of the Group, in accordance with the Code of Ethics Manual for Accounting Professionals, together with the ethical requirements applicable to my audit of financial statements in Colombia, and I have complied with other applicable ethical responsibilities. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

#### **Kev audit matters**

Key audit matters are those matters that, in my professional judgment, were the most significant in my audit of the accompanying consolidated financial statements. These matters were addressed in the context of my audit of the consolidated financial statements taken as a whole, and in forming the basis for my opinion thereon, but not for the purpose of providing a separate opinion on these matters. Based on the above, I hereby describe below the manner in which each key issue was addressed during my audit.

I have fulfilled the responsibilities described in the Auditor's Responsibilities for the Auditing of Financial Statements section of my report, including in relation to these matters. Accordingly, my audit included performing procedures designed to respond to the risks of material misstatements in the consolidated financial statements. The results of my auditing procedures, including the procedures performed to address the matters referred to below, form the basis of my audit opinion on the accompanying consolidated financial statements.



# Key audit matter

# Audit response

Impairment testing of goodwill and investments in associates

Investments in associates and goodwill represent 24% of total assets in the Consolidated Statement of Financial Position of Grupo de Inversiones Suramericana S.A.

Management performs an annual test on the impairment of investments in associates as well as goodwill as required by International Financial Reporting Standards. (1) Evaluate the valuation models and significant

As disclosed in Note 9 to its 2022 financial statement, the Group uses the income approach to determine the recoverable amount of these assets. The most significant judgments arise on the forecasted cash flows, the discount rate and the growth rate applied using the valuation models.

The current macroeconomic context also increases the complexity of forecasting, with a greater focus on more recent trends and less reliance on historical trends.

Consequently, testing the impairment of investments and goodwill is considered to be a key audit matter due to the impact of the above assumptions.

- I gained an understanding of the process for determining the recoverable value of investments and goodwill.
- I involved valuation specialists offering their experience and expertise in evaluating the impairment testing of investments in associates and goodwill, this in order to:
- assumptions applied, such as the projection period, terminal value, macroeconomic assumptions, business assumptions and discount rate.
- (2) Evaluate the completeness, adequacy and relevance of the information used.
- (3) Recalculate the recoverable value using the valuation models.
- (4) Perform sensitivity analyses on key assumptions used in the models.
- I reviewed the respective disclosures, verifying that these included the information required by the financial reporting regulatory framework applicable to the Company.
- I gained an understanding of the insurance reserve estimation process and we developed substantial analytical procedures on claims rates.
- I tested the quality and completeness of the information used as a basis for estimating the reserve for claims not reported.



# Kev audit matter

# Insurance Reserves

Grupo SURA's insurance reserve liabilities represent 63% of its total liabilities:

the determination of this reserve is one of the most significant and complex estimates used when preparing the accompanying consolidated financial statements, due to the actuarial methodology used and the high degree of judgment used by Management in terms of the assumptions included in the model, as explained in Notes 2.3.3 and 6.4 to the consolidated financial statements.

#### Contracts with shareholders

The liability for commitments with non-controlling interests represented \$2.7 trillion at December 31, 2022. As disclosed in Note 5.2.4, the determination of their value requires that Management applies significant judgments and estimates such as forecasted cash flows, the discount rate and the growth rate applied in the valuation models.

# Audit response

- I involved actuarial specialists offering their experience and knowledge in evaluating insurance reserve estimates, this in order to evaluate the Group's reserve estimate, this included:
  - 1. Evaluating the assumptions and considerations that serve as the basis for calculating this reserve.
  - 2. Verifying that the reserve calculations are in accordance with the approved methodologies.
  - 3. Recalculating the estimated balance of this reserve at December 31, 2022 based on the respective technical notes.
- I reviewed the respective disclosures, verifying that these included the information required by the financial reporting regulatory framework applicable to the Company.
- I reviewed the commitments with non-controlling interests in force on the date on which the financial statements were presented.
- I evaluated the analysis prepared by Management on the recognition and valuation of such commitments.
- I involved experienced valuation specialists for:
  - 1. Evaluating the valuation models and significant assumptions applied, such as the projection period, terminal value, macroeconomic assumptions, business assumptions and discount rate.



Key audit matter

#### Audit response

- 1. Evaluating the completeness, adequacy and relevance of the information used.
- 2. Recalculating the value of liabilities using the valuation models.
- 3. Performing sensitivity analyses on the key assumptions used in the models.
- I reviewed the respective disclosures, verifying that these included the information required by the financial reporting regulatory framework applicable to the Company.

## Restating the financial statements at December 31, 2021

As indicated in Note 5.2.4 "Commitments with non-controlling interests", the consolidated financial statements at December 31, 2021 have been restated to correct the recognition of the liability arising from the exit options on commitments with non-controlling interests. My opinion is not modified by this matter.

#### Other Information

Management is responsible for the other information. The other information consists of the "Annual Report for 2022" but does not include the financial statements or my audit report on such, which I obtained prior to the date of this audit report.

My opinion on the financial statements does not cover the other information and I did not express any form of conclusion that provides a degree of assurance regarding said information.

In connection with my audit of the consolidated financial statements, my responsibility is to read the other information as I identified above and, in doing so, consider whether there is a material inconsistency between said information and the consolidated financial statements or the knowledge obtained by myself through my audit or whether there appears to be a material misstatement in the other information for some other reason.

Based on the work I have performed on the other information that I obtained prior to the date of this audit report, if I were to conclude that there is a material misstatement in this other information, I am required to report it. I have nothing to report in this regard.

When reading and considering the "Annual Report for 2022", if I conclude that it contains a material misstatement, I am required to communicate this matter to those responsible for the entity's governance.





# Responsibilities of Management and those charged with the Company's governance in connection with these consolidated financial statements

Management is responsible for the proper preparation and presentation of these consolidated financial statements according to Accepted Accounting and Financial Reporting Standards in Colombia (NCIF in Spanish) and for designing, implementing and maintaining the corresponding internal controls required for preparing and correctly presenting these consolidated financial statements and ensuring that these remain free of any material misstatements due to either fraud or error, while selecting and applying the appropriate accounting policies as well as providing accounting estimates that are reasonable given the circumstances.

In preparing the consolidated financial statements, Management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as appropriate, matters related to this issue and using the going concern basis of accounting, unless Management intends to either liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those responsible for the governance of the parent company are responsible for overseeing the Group's financial reporting process.

## Auditor's Responsibilities for the Auditing of the Consolidated Financial Statements

My objective is to obtain reasonable assurance about whether the financial statements taken as a whole are free from material misstatements, whether due to fraud or error and to issue a report that includes my opinion. Reasonable assurance is a high level of assurance but does not guarantee that an audit performed in accordance with Accepted International Auditing Standards in Colombia shall always detect a material misstatement when this exists. Misstatements can arise due to fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users made on the basis of the consolidated financial statements.

As part of an audit in accordance with Accepted International Auditing Standards in Colombia, I must exercise my professional judgment and maintain my professional skepticism throughout the audit, in addition to:

- · Identifying and assessing the risks of material misstatements in the consolidated financial statements, whether due to fraud or error, designing and performing audit procedures addressing those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the overriding of internal controls.
- Obtaining an understanding of the Group's internal controls that are relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
- · Evaluating the adequacy of the accounting policies used, the reasonableness of accounting estimates and the respective disclosures made by Management.





- · Concluding on the appropriateness of the Management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists with regard to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If I were to conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion The auditor's conclusions are based on the audit evidence obtained up to the date of my report. However, future events or conditions may cause the entity to cease to continue as a going concern.
- Evaluating the overall presentation, structure and content of the consolidated financial statements, including disclosures, and whether the consolidated financial statements represent the underlying transactions and events so that the consolidated financial statements give a true and fair view.
- Obtaining sufficient and appropriate audit evidence regarding the financial information of the entities or business activities that form part of the Group, in order to express my opinion on the consolidated financial statements. I am responsible for directing, supervising and performing the audit of the Group and, therefore, for the audit opinion I hereby issue.

I communicated to those charged with the Company's governance, among other matters, the planned scope and timing of the audit, significant audit findings, and any significant deficiencies with the Company's internal controls that were identified during the audit.

I also provided those in charge of the Company's governance with a statement attesting to the fact that I have complied with applicable ethical requirements regarding my independent status and informed them of all relationships and other matters that could reasonably be expected to affect my independence and, where appropriate, related safeguards.

Among the matters that have been the subject of various communications with those responsible for the Company's governance, I determined those that have the greatest significance in my audit of the current period's consolidated financial statements and which are, consequently, key audit matters. I described those matters in my audit report unless legal or regulatory provisions prohibit public disclosure of the matter or, in extremely rare circumstances, it is determined that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the benefits in terms of the public interest in doing so.



#### Other Matters

The consolidated financial statements presented and prepared by Grupo de Inversiones Suramericana S.A. under Accepted Accounting and Financial Reporting Standards in Colombia for the fiscal year ended December 31, 2021, and which form part of the comparative information presented in conjunction with the attached financial statements, were also audited by myself, based on Accepted International Auditing Standards in Colombia, for which I issued an unqualified opinion on February 25, 2022.

# **ORIGINAL SIGNED BY:**

**Daniel Andrés Jaramillo Valencia** Statutory Auditor Lic. No. 140799-T Appointed by Ernst & Young Audit S.A.S. TR-530

Medellín, Colombia February 28, 2023

# GRUPO DE INVERSIONES SURAMERICANA S.A.

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At December 31, 2022 and 2021

(Amounts expressed in millions of Colombian pesos)

	Note	December 2022	December 2021 Restated	January 1, 2021 Restated
ASSETS				
Cash and cash equivalents	5	3,569,969	2,282,924	3,304,391
Investments	5	35,973,060	25,098,605	23,927,463
Derivatives instruments	5	1,955,887	1,528,864	659,174
Insurance contract assets	6	6,853,292	5,002,560	4,498,053
Reinsurance contract assets	6	8,026,555	5,349,329	4,792,079
Receivable from related parties	34	252,071	44,082	116,952
Other accounts receivable	5	2,139,913	2,033,598	1,793,136
Current tax assets	7	377,056	246,267	114,800
Deferred acquisition costs (DAC):	8	2,132,816	1,681,436	1,516,386
Investments in associates and joint ventures	9	23,224,779	22,007,566	19,836,275
Property and equipment	10	1,448,786	1,356,912	1,270,778
Right-of-use assets	11	542,537	523,121	559,268
Other intangible assets	12	4,039,898	2,801,546	2,790,345
Deferred tax assets	7	836,232	272,933	242,235
Other assets	13	627,467	660,356	570,779
Goodwill	12	6,393,147	5,011,585	4,868,020
TOTAL ASSETS	12	98,393,465	75,901,684	70,860,134
LIABILITIES		00/000/ 100	70,00.,001	70,000,10 1
Financial liabilities	5	1,115,538	1,063,510	1,502,283
Derivatives instruments	5	491,544	321,959	176,518
Lease liabilities	11	513,419	501,746	531,354
Insurance contract liabilities	6	38,721,291	26,625,933	24,381,812
Reinsurance contract liabilities	6	2,051,354	1,592,429	1,313,544
Accounts payable to related entities	34	117,298	90,500	87,093
Other accounts payable	5	2,609,496	2,303,767	2,291,578
Current tax liabilities	7	122,593	126,665	165,204
Employee benefits	14	835,112	680,964	636,979
Provisions Provisions	15	1,084,582	468,652	227,171
Deferred income liabilities (DIL)	16	495,664	403,040	326,952
Bonds issued	5	9,337,919	8,523,718	8,765,419
	5			
Commitments with non-controlling interests	7	2,810,956	2,653,394	2,645,867
Deferred tax liabilities		1,844,922	1,473,520	1,451,655
Preferred shares TOTAL LIABILITIES	17	459,955 62,611,643	460,067 47,289,864	460,847 <b>44</b> ,96 <b>4</b> ,276
EQUITY		02,011,043	47,289,864	44,904,270
	18	100 101	100 101	100 101
Issued capital Issuance premium	18	109,121 3,290,767	109,121 3,290,767	109,121 3,290,767
Reserves phase repurchase	18 18	5,575,402 244,848	5,025,831 244,848	4,638,241 300,000
Reserves share repurchase	18			
Income Patrical accretions		2,074,996	1,408,560	225,125
Retained earnings	00	14,232,257	13,472,670	13,770,027
Other comprehensive income	20	8,200,324	4,358,527	2,906,307
Equity attributable to the holders of the controlling interest		33,727,715	27,910,324	25,239,588
Non-controlling interest	21	2,054,107	701,496	656,270
TOTAL EQUITY		35,781,822	28,611,820	25,895,858
TOTAL EQUITY AND LIABILITIES		98,393,465	75,901,684	70,860,134

The notes are an integral part of the financial statements.

Gonzalø Alberto Pérez Rojas Legal Representative

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Juan Guillermo Chica Ramírez Accountant P.C. No. 64093-T

# Daniel Andrés Jaramillo Valencia

Auditor P.C. No. 140779-T Designated by Ernst & Young Audit S.A.S. TR-530 (See my report of February 28, 2023)

# GRUPO DE INVERSIONES SURAMERICANA S.A.

# CONSOLIDATED INCOME STATEMENT

At 31 December, 2022 and 2021

(Amounts expressed in millions of Colombian pesos, except for net income per share)

I	Note	December 2022	December 2021
Income			
Insurance premium		24,140,435	16,444,999
Health services premium	_	7,591,453	5,992,954
Gross written premium income	6	31,731,888	22,437,953
Insurance premium ceded to reinsurers	_	(4,270,787)	(3,908,412
Net written premium income	6	27,461,101	18,529,54
Unearned premium	_	(5,158,018)	(913,898
Net premium income earned	6	22,303,083	17,615,64
Net premium income earned	5	1,782,340	1,248,030
Net gain on investments at fair value	5	317,406	544,32
Income from commissions	23	3,528,029	3,239,52
Sale of services	24	283,002	242,599
Income from equity method	9	2,038,764	1,394,548
Gain from sale of investments	5	101,605	123,058
Other income	25	996,200	395,31
TOTAL INCOME		31,350,429	24,803,04
Costs and Expenses			
Insurance claims		(12,656,000)	(9,192,334
Health services claims		(7,453,118)	(5,647,943
Gross claims expense	6	(20,109,118)	(14,840,277
Reimbursed claims		3,806,979	1,929,598
Net retained claims expense	6	(16,302,139)	(12,910,679
Commissions paid to intermediaries	23	(3,676,922)	(2,891,597
Insurance costs and expenses	6	(1,901,133)	(1,654,720
Costs of services sales	24	(389,172)	(348,777
Administrative expenses	26	(2,217,615)	(1,744,447
Employee benefits	14	(2,175,454)	(1,793,967
Fees	27	(413,193)	(305,973
Depreciation and amortization	10	(576,310)	(543,424
Other expenses	25	(17,056)	(26,816
TOTAL COSTS AND EXPENSES		(27,668,994)	(22,220,400
Operating profit		3,681,435	2,582,64
Net gain from fair value adjustments to derivatives	5	37,171	(1,723
Foreign exchange, net	28	(35,753)	151,67
Interest expense	28	(994,259)	(742,628
Net financial income	28	(992,841)	(592,674
Profits before tax		2,688,594	1,989,973
Income tax	7	(363,235)	(470,049
Net Profit from continuing operations		2,325,359	1,519,924
Net income from discontinued operations	29	19,982	4,668
Net profit attributable to:		2,345,341	1,524,592
Controlling shareholders		2,074,996	1,408,560
Non-controlling interests		270,345	116,032
Net earnings per share			
Net earnings per share from continuing operations	30	3,580	2,45
Net earnings per share from discontinued operations	30	35	2,100
Net earnings per share from diluted continuing operations	30	3,481	2,392
Net earnings per share from diluted discontinued operations	30	34	2,002

The notes are an integral part of the financial statements.

Gonzalo Alberto Pérez Rojas Legal Representative

ermo Chica Ramírez ccountant P.C. No. 64093-T

Daniel Andrés Jaramillo Valencia Auditor

P.C. No. 140779-T Designated by Ernst & Young Audit S.A.S. TR-530 (See my report of February 28, 2023)

# GRUPO DE INVERSIONES SURAMERICANA S.A.

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the years ended December 31, 2022 and 2021 (Amounts expressed in millions of Colombian pesos)

	Nota	Diciembre 2022	Diciembre 2021
Net income for the year		2,345,341	1,524,592
Other comprehensive income			
Items that will not be reclassified to income for the period, net of tax			
(Loss) from investments in equity instruments at FVOCI	20	(20,595)	(15,715)
(Loss) gain from properties revaluation	20	(46,029)	58,660
Gain from defined benefit plan measurements	20	6,747	6,591
Total other comprehensive income that will not be reclassified to the results of the period, net of taxes		(59,877)	49,536
Items to be reclassified to income for the period, net of taxes			
Gain from foreign currency translation differences	20	3,206,935	358,388
(Losses) gain on cash flow hedges	20	(108,109)	63,311
(Loss) gain on hedges of net investments in foreign entities	20	(381,571)	58,466
Participation of OCI from associates and joint ventures accounted for using the equity method	20	1,688,749	1,009,627
Total other comprehensive income to be reclassified to profit or loss, net of taxes		4,406,004	1,489,792
Total other comprehensive income		4,346,127	1,539,328
Total comprehensive income		6,691,468	3,063,920
Comprehensive income attributable to:			
Controlling interest		6,032,825	2,860,780
Non-controlling interest		658,643	203,140

The notes are an integral part of the financial statements.

Gonzalo Alberto Pérez Rojas Legal Representative

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Juan Guillermo Chica Ramírez Accountant P.C. No. 64093-T

Daniel Andrés Jaramillo Valencia Statutory Auditor Lic. No. 140779-T

Designated by Ernst & Young Audit S.A.S. TR-530 (See my report, of February 28, 2023)

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# **CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**At December 31, 2022 and 2021 (Values expressed in millions of Colombian pesos)

	Note	Issued Sh capital	Share premium	Reserves	Reserves for share repurchase	Income for the Retained earnings	stained earnings	Comprehensive Income (OCI)	Equity attributable to controlling interest	Non-controlling interests	Total equity
BALANCE AT DECEMBER 31, 2020		121,601	3,290,767	5,403,485	300,000	225,125	13,770,027	2,906,307	26,004,832	2,536,893	28,541,725
Restatement adjustment for commitments with non-controlling interests	5.2.4	1	1	(765,244)	'	'	'	ľ	(765,244)	(1,880,623)	(2,645,867)
Balance as of December 31, 2020 (restated)		109,121	3,290,767	4,638,241	300,000	225,125	13,770,027	2,906,307	25,239,588	656,270	25,895,858
Other comprehensive income	20							1,452,220	1,452,220	87.108	1.539.328
Net income for the year				'		1,408,560			1,408,560	116,032	1.524.592
Total net comprehensive income for the period		٠	٠	•		1,408,560	•	1.452,220	2.860.780	203.140	3.063.920
ransfer to retained earnings		•	1	1	•	(225,125)	225,125	1	'	'	
Distribution of 2020 results											
Ordinary dividend (603.40 pesos per share) recognized as distributions to owners	19	•	1	'	'	,	(351,165)	,	(351,165)	(89,608)	(440,773)
Reserves for protection of investments	18	1	1	308,562	•	•	(308,562)	•	•	•	•
Reserves for share repurchase	18	1	1	1	(55,152)	•	1		(55,152)	1	(55,152)
Minimum dividends, preferred shares		•	•	1		•	40,581	•	40,581	•	40,581
Commitments with non-controlling interests	5.2.4	•	•	79,028	1	ı	1	1	79,028	(86,555)	(7,527)
Shareholder dividend withholding effect		1	1	•	1	1	11,554	1	11,554		11,554
ncreases (decreases) due to other changes, equity		1	1	1	1	1	85,110	1	85,110	18,249	103,359
BALANCE AS OF DECEMBER 31, 2021 (RESTATED)		121,601	3,290,767	5,025,831	244,848	1,408,560	13,472,670	4,358,527	27,910,324	701,496	28,611,820
Other comprehensive income	20		1	'		'	'	3,841,797	3,841,797	504,330	4,346,127
Profit for the year		1	1	1		2,074,996	1		2,074,996	270,345	2,345,341
Total net comprehensive income for the period		•	•	1		2,074,996	1 6	3,841,797	5,916,793	774,675	6,691,468
ransfer to retained earnings		1	1	1	•	(1,408,560)	1,408,560	'		•	•
Distribution of 2021 results	19										
Ordinary dividend (784 pesos per share) recognized as distributions to owners		1	1	1	'	ı	(454,115)	1	(454,115)	(66,037)	(520,152)
Reserves for protection of investments	92	1	1	273,001	1	1	(273,001)	1	•	•	'
Minimum dividends, preferred shares	18	1	1	1	•	1	40,475	•	40,475	•	40,475
Commitments with non-controlling interests	5.2.4	•	1	276,570	1	1	1	1	276,570	(434,133)	(157,563)
Shareholder dividend withholding effect		1	1	1	1	1	2,422	1	2,422		2,422
Business merger Protección S.A.	12	1	1	1	•	1	2,798	•	2,798	1,042,910	1,045,709
Increases (decreases) due to other changes, equity		1	1	1	1	1	32,448	1	32,448	35,195	67,643
BAL ANCE AT DECEMBED 31 2022		100 121	797 000 7	E 575 A09	977, 87.0	2 074 008	17, 929 957	762 006 0	32 797 71E	100	



# CONSOLIDATED CASH FLOWS STATEMENT

At December 31, 2022 and 2021

(Values expressed in millions of Colombian pesos)

	Note	December 2022	December 2021
Cash flows from operating activities  Net profit for the year		2.668.612	1.985.305
Discontinued operations	30	19,982	4,668
ncome before taxes		2,688,594	1,989,973
Adjustments to reconcile net income		2/000/00 :	.,000,070
nterest	28	980.079	724,890
Depreciation and amortization expense	10 - 11- 12	576,310	543,424
mpairment expense	10 11 12	35,901	48,479
Variation foreign currency translation		(1,829,507)	(252,960)
Gain on fair value measurements		(356,029)	(560,833)
Valuation of investments at amortized cost and gain on sale of investments	5	(1,722,962)	(940,849)
Undistributed earnings from the application of the equity method	9	(2,038,764)	(1,394,548)
Other cash inflows		149,573	28,068
Changes in operating assets and liabilities			
inventories		1,021	6,540
Accounts receivable from the insurance activity		(1,859,942)	(540,251)
Other accounts receivable		(106,189)	(240,463)
Accounts receivable from related parties		97,664	137,728
Other accounts payable		306,626	11,639
Accounts payable insurance activity		487,063	73,548
Deferred acquisition cost (DAC) adjustment		(24,618)	(98,557)
Provisions		778,158	292,416
Other non-financial assets and liabilities		192,195	(119,624)
Disposal of non-current assets		(118,117)	71,606
Variation in insurance contracts net		9,389,993	1,892,208
Dividends received from associates		741,208	248,283
Income tax paid		(506,485)	(711,956)
Interest received		774,559	691,144
Cash flows from operating activities		8,636,331	1,899,905
Cash flows from investing activities		2,222,221	,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,
Other charges on the sale of equity or debt instruments of other entities		17,250,816	14,745,778
Other payments to acquire equity or debt instruments of other entities		(22,172,219)	(14,604,797)
Cash flows from the loss of control of subsidiaries or other businesses		-	512
Cash flows used to obtain control of subsidiaries or other businesses		(73,860)	(82,944)
Sale of property, plant and equipment	10	185,494	46,858
Purchase of property and equipment	10	(149,000)	(141,086)
Sales of intangible assets	12	77,634	34,885
Purchase of intangible assets	12	(353,849)	(234,317)
Cash flows from obtaining control of subsidiary		(314,338)	-
Sales of other long-term assets		2,704	60,224
Dividends received financial instruments		29,200	914
Purchases of other long-term assets		(164,174)	(140,816)
Cash flows from investment activities		(5,681,592)	(314,789)
Cash flows from financing activities		(,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,	, , , , , ,
Collections from futures contracts, forward contracts and financial options (swaps)		(147,227)	15,995
Proceeds from loans		1,736,041	461,245
Payments for acquiring or redeeming the shares of the company		-	(55,152)
Loan repayments		(2,163,430)	(1,989,746)
Payment of financial lease liabilities		(14,955)	(80,024)
Dividends paid to controlling shareholders		(427,683)	(347,898)
Dividends paid to non-controlling interests		(65,795)	(89,461)
nterest paid		(605,122)	(535,947)
Cash flows from financing activities		(1,688,171)	(2,620,988)
Net increase (decrease) in cash before the effect of exchange rate changes		1,266,568	(1,035,872)
Effect of exchange rate changes on cash and cash equivalents		20,477	14,405
Net increase (decrease) in cash and cash equivalents		1,287,045	(1,021,467)
Cash and cash equivalents at the beginning of the period		2,282,924	3,304,391
	5	3,569,969	2,282,924

The notes are an integral part of the financial statements.

Gonzalo Alberto Pérez Rojas Legal Representative Juan Guillermo Chica Ramírez Accountant P.C. No. 64093-T Daniel Andrés Jaramillo Valenci

Auditor
P.C. No. 140779-T
Designated by Ernst & Young Audit S.A.S. TR-530
(See my report, of February 28, 2023)

Separate Financial Statements

# RESPONSIBILITIES OF THE DIRECTORS OVER THE ACCOUNTS

The Directors are required to prepare the financial statements, for each financial period, that reasonably present the financial position of the Company, results, and cash flows, at December 31, 2022, with comparative figures at December 31, 2021. For the preparation of these financial statements, the Directors are required to:

- Select appropriate accounting policies and apply them consistently;
- Present information, including accounting policies, that are relevant, reliable, comparable, and comprehensive.
- Make judgments, and reasonable, prudent estimates;
- State whether applicable accounting standards have been followed, subject to any significant deviation revealed, and explained, in the accounts;
- Prepare the accounts, based on the ongoing business, unless it is inappropriate to presume that the Company will continue in business.

The Directors confirm that the accounts meet the above requirements.

In addition, the Directors consider that they are responsible for maintaining appropriate accounting records, which reveal, with reasonable accuracy, at any time, the financial situation of the Company. They are also responsible for safeguarding the assets of the company and, therefore, for taking reasonable steps to prevent and detect fraud, and other irregularities.

**Gonzalo Alberto Pérez Rojas** President

Juan Guillermo Chica Ramírez Accountant P.C. No. 64093-T

For the complete report regarding Grupo SURA's **Separate Financial** Statements for 2022

together with their respective Notes, please refer to the digital attachment that forms an integral part of this **Annual Report.** 

The transactions carried out by Grupo **SURA** with its related parties in 2022 were duly disclosed in Note 22 of its Separate Financial Statements for 2022.

**Between January** 1and February 28, 2023, no material changes were recorded in the **Separate Financial Statements** for 2022, as disclosed in Note 23 thereto.

# SEPARATE FINANCIAL STATEMENTS

# CERTIFICATION OF THE SEPARATE FINANCIAL STATEMENTS

The undersigned Legal Representative and Public Accountant, under whose responsibility the separate financial statements were prepared, certify:

That for the issuance of the statement of financial position, at December 31, 2022, and of the separate income statement for the year, as well as, the statement of other comprehensive income, changes in equity statement, and the cash flow statement, for the year ended on that date, which are in compliance with the norms, and are made available to shareholders and third parties, and whose information, contained in them, have been previously verified and the figures taken faithfully from the books.

Said affirmations, explicit and implicit, are the following:

Existence: The assets and liabilities of Grupo de Inversiones Suramericana S.A., exist on the cut-off date and the transactions recorded, have been realized during the year.

Integrity: all economic events have been recognized.

Rights and obligations: The assets represent probable future economic benefits, and liabilities represent probable future economic sacrifices, obtained or under the charge of Grupo de Inversiones Suramericana S.A., on the cut-off date.

Valuation: All elements have been recognized, in the appropriate amounts.

Presentation and disclosure: all economic events have been correctly classified, described and disclosed.

In accordance with article 46 of Law 964 of 2005, in my capacity as legal representative of Grupo de Inversiones Suramericana S.A., the financial statements and other reports relevant to the public, related to the financial year ending 31 December 2022 and 31 December 2021 do not contain defects, inaccuracies or errors that prevent the true financial position or operations of the Company from being known.

Gonzalo Alberto Pérez Rojas President

Juan Guillermo Chica Ramírez Accountant Professional Card No 64093-T

# **Statutory Auditors' Report**

To the General Assembly of Shareholders of Grupo de Inversiones Suramericana S.A.

# **Opinion**

I have audited the attached separate financial statements of Grupo de Inversiones Suramericana S.A. consisting of its Separate Statement of Financial Position at December 31, 2022, together with the corresponding Separate Statements of Income, Comprehensive Income, Changes to Shareholders Equity, and Cash Flows for the fiscal year ending on the aforementioned date as well as the summary of significant accounting policies applied and other explanatory notes.

In my opinion, the attached separate financial statements, which were faithfully taken from the Company's books, reasonably reflect in all material aspects the Company's financial position at December 31, 2022, together with its operating results and cash flows for the year ended on the aforementioned date, this in accordance with Accepted Accounting and Financial Reporting Standards in Colombia.

## **Basis for opinion**

I carried out my work in accordance with Accepted International Auditing Standards in Colombia, My responsibilities in keeping with the aforementioned standards are described in greater detail in the section titled "Auditor's Responsibilities for the Auditing of the Separate Financial Statements" of this report. I am independent of the Company, in accordance with the Code of Ethics Manual for Accounting Professionals, together with the ethical requirements relevant to my audit of financial statements in Colombia, and I have fulfilled my other applicable ethical responsibilities. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

## Key audit matters

Key audit matters are those matters that, in my professional judgment, were the most significant in my audit of the accompanying financial statements. These matters were addressed in the context of my audit of the financial statements taken as a whole, and in forming the basis for my opinion thereon, but not for the purpose of providing a separate opinion on these matters. Based on the above, I hereby describe the manner in which the key issue was addressed during my audit.

I have fulfilled the responsibilities described in the "Auditor's Responsibilities for the Auditing of Financial Statements" section of my report, including in relation to these matters. Accordingly, my audit included performing procedures designed to respond to the risks of material misstatement in the financial statements. The results of my auditing procedures, including the procedures performed to address the matter referred to below, form the basis of my audit opinion on the accompanying financial statements.



## Key audit matter

# Audit response

Impairment testing on investments in associates

Investments in associates and goodwill represent 42.6% of total assets in the Separate Statement of Financial Position of Grupo de Inversiones Suramericana S.A.

Management performs an annual impairment test on the impairment of investments in associates as required by International Financial Reporting Standards.

As disclosed in Note 7.1 of the financial statement for 2022, Suramericana uses the income approach for determining the recoverable amount of these assets. The most significant judgments arise on the forecasted cash flows, the discount rate and the growth rate applied using the valuation models.

The current macroeconomic context also increases the complexity of forecasting, with a greater focus on more recent trends and less reliance on historical trends.

Consequently, impairment testing of investments is considered a key audit matter due to the impact of the above assumptions.

- I gained an understanding of the process for determining the recoverable value of these investments.
- Linvolved valuation specialists offering their experience and expertise in evaluating the impairment testing of investments in associates, this in order to:
- 1. Evaluate the valuation models and significant assumptions applied, such as the projection period, terminal value, macroeconomic assumptions, business assumptions and discount
- 2. Evaluate the completeness, adequacy and relevance of the information used.
- 3. Recalculate the recoverable value using the valuation models.
- 4. Perform sensitivity analyses on key assumptions used in the models.
- I reviewed the respective disclosures, verifying that these included the information required by the financial reporting regulatory framework applicable to the Company.

#### Other Information

Management is responsible for the other information. The other information consists of the "Annual Report for 2022" but does not include the financial statements or my audit report on such, which I obtained prior to the date of this audit report.

My opinion on the financial statements does not cover the other information and I did not express any form of conclusion that provides a degree of assurance regarding said information.



In connection with my audit of the separate financial statements, my responsibility is to read the other information I identified above and, in doing so, consider whether there is a material inconsistency between said information and the financial statements or the knowledge obtained by myself through my audit or whether there appears to be a material misstatement in the other information for some other reason. Based on the work I have performed on the other information that I obtained prior to the date of this audit report, if I were to conclude that there is a material misstatement in this other information, I am required to report it. I have nothing to report in this regard.

When reading and considering the "Annual Report for 2022", if I conclude that it contains a material misstatement, I am required to communicate this matter to those responsible for the entity's governance.

# Responsibilities of Management and those charged with the governance of the Company in connection with the financial statements

Management is responsible for the proper preparation and presentation of these financial statements according to the Accepted Accounting and Financial Reporting Standards in Colombia (NCIF in Spanish) and for designing, implementing and maintaining the corresponding internal controls required for preparing and presenting these financial statements and ensuring that these remain free of any material misstatements due to either fraud or error, while selecting and applying the appropriate accounting policies as well as providing accounting estimates that are reasonable given the circumstances.

In preparing the separate financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as appropriate, matters related to this issue and using the going concern basis of accounting, unless Management intends to either liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with the Company's governance are responsible for overseeing the Company's financial reporting process.

## Auditor's Responsibilities for the Auditing of the Financial Statements

My objective is to obtain reasonable assurance regarding whether the separate financial statements, taken as a whole, are free from material misstatements, whether due to fraud or error and to issue a report that includes my opinion. Reasonable assurance is a high level of assurance but does not quarantee that an audit performed in accordance with Accepted International Auditing Standards in Colombia shall always detect a material misstatement when this exists. Misstatements can arise due to fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users made on the basis of the financial statements.

As part of an audit in accordance with Accepted International Auditing Standards in Colombia, I must exercise my professional judgment and maintain my professional skepticism throughout the audit, in addition to:



- Identifying and assessing the risks of material misstatements in the financial statements, whether due to fraud or error, designing and performing audit procedures addressing those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the overriding of internal control.
- Obtaining an understanding of the Company's internal controls that are relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
- Evaluating the adequacy of the accounting policies used, the reasonableness of accounting estimates and the respective disclosures made by Management.
- Concluding on the appropriateness of the Management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists with regard to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If I were to conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. The auditor's conclusions are based on the audit evidence obtained up to the date of my report. However, future events or conditions may cause the entity to cease to continue as a going concern.
- Evaluating the overall presentation, structure, and content of the financial statements, including disclosures, and whether the financial statements represent the underlying transactions and events so that the financial statements give a true and fair view.

I communicated to those charged with the Company's governance, among other matters, the planned scope and timing of the audit, significant audit findings, and any significant deficiencies with the Company's internal controls that were identified during the audit.

I also provided those in charge of the Company's governance with a statement attesting to the fact that I have complied with applicable ethical requirements regarding my independent status and informed them of all relationships and other matters that could reasonably be expected to affect my independence and, where appropriate, related safeguards.

Among the matters that have been the subject of communication with those responsible for the Company's governance, I determined those that have been of the greatest significance in my audit of the current period's financial statements and which are, consequently, key audit matters. I described those matters in my audit report unless legal or regulatory provisions prohibit public disclosure of the matter or, in extremely rare circumstances, it is determined that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the benefits of the public interest in doing so.

1 2 3 4 5 6



The financial statements presented and prepared by Grupo de Inversiones Suramericana S.A. under Accepted Accounting and Financial Reporting Standards in Colombia for the fiscal year ended December 31, 2021, and which form part of the comparative information presented in conjunction with the attached financial statements, were also audited by myself, based on Accepted International Auditing Standards in Colombia, for which I issued an unqualified opinion on February 25, 2022.

# Other Legal and Regulatory Requirements

Based on the scope of my audit, I did not learn of any situation in which the Company failed to comply with or observe the following obligations: 1) keeping minute books, the shareholder register and accounting records based on legal requirements and accounting techniques; 2) carrying out operations in accordance with the Company's by-laws and the decisions made by the Company's shareholders and its Board of Directors 3) Ensuring that the information contained in the Integrated Social Security Contribution Forms, particularly with regard to affiliates and their income-based contributions were faithfully taken from the accounting records and vouchers at December 31, 2022, and the Company has not fallen into arrears with its Social Security contributions; and 4) Preserving the Company's correspondence and accounting vouchers.5) Having and operating an integral system for the prevention of money laundering and the financing of terrorism (SIPLA in Spanish); and 6) Also ensuring that the information contained in the attached financial statements is consistent with the accounting information included in the management report prepared by the Company's Management, which includes the Management's statement on the free movement of endorsed invoices as issued by sellers or suppliers. This report, which I issued separately on February 28, 2023, corresponds to that required by Article 1.2.1.2 of Decree 2420 of 2015.

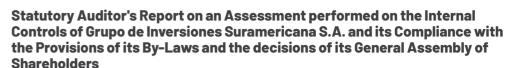
# **ORIGINAL SIGNED BY**

Daniel Andrés Jaramillo Valencia

Statutory Auditor Lic. No. 140799-T Appointed by Ernst & Young Audit S.A.S. TR-530

Medellín, Colombia February 28, 2023





To the Shareholders of: Grupo de Inversiones Suramericana S.A.

# **Description of the Main Issue**

This report refers to the procedures carried out as part of our assessment of the Company's internal control measures, the preservation and safekeeping of the Company's assets or those of third parties in the possession of Grupo de Inversiones Suramericana S.A. (hereinafter, "the Company"), as well as an assessment of Management's compliance with the provisions of its bylaws and the decisions of its General Assembly of Shareholders for the year ended December 31, 2022

The criteria for measuring this main issue are the parameters established in the Company's Internal Control System, with regard to its internal controls and those in Part III, Heading V Chapter I of the Basic Legal Circular issued by the Colombian Superintendency of Finance, with regard to SIMEV (the Integrated Securities Market Information System), together with the provisions of the Company's Bylaws and minutes of its Shareholders' Meetings, with regard to compliance with the provisions therein contained.

# Management's Responsibility

Grupo de Inversiones Suramericana S.A. is responsible for designing and implementing its internal control measures, preserving and safekeeping the Company's assets or those of third parties in the Company's possession, as well as defining policies and procedures arising from the aforementioned, including those related to SIMEV and its corresponding certification. These internal control measures are defined by its corporate bodies, its Management and its personnel, in order to obtain reasonable assurance regarding the fulfillment of its operating, compliance and reporting objectives, since these require applying the Company's judgment in selecting, developing and implementing sufficient controls and for monitoring and evaluating their effectiveness. On the other hand, the Company's Management is responsible for ensuring that its actions are in accordance with that provided in its Bylaws as well as the orders or instructions issued by its General Assembly of Shareholders.

# Auditor's Responsibility

My responsibility is to perform an audit of the aspects mentioned in the paragraph 'Description of the Main Issue', in accordance with the provisions of paragraphs 1 and 3 of Article 209 of the Code of Commerce, this in order to reach a conclusion on the procedures designed and carried out based on my professional judgment and the evidence obtained as a result of the aforementioned procedures. I conducted my work based on Accepted Information Assurance Standards in Colombia. I have complied with the independence and other ethical requirements stipulated in the Accepted Code of Ethics for Accounting Professionals in Colombia, which in turn is based on the fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional conduct.



#### **Procedures Performed**

In order to be able to issue this report, the procedures performed consisted mainly of the following:

- Reading the Bylaws and minutes of meetings of the General Assembly of Shareholders from January 1 to December 31, 2022, in order to evaluate whether the provisions or instructions contained therein have been complied with or carried out during the period, or have been adequately scheduled for subsequent implementation.
- · Making inquiries with Management regarding changes to the Bylaws that took place in the period between January 1 and December 31, 2022, as well as possible changes that are planned.
- · Inspecting the documents supporting compliance with the provisions that gave rise to the amendments to the Bylaws carried out in the period from January 1 to December 31, 2022.
- Based on the scope defined according to the auditor's criteria, understanding, evaluating the design and testing the operability of the entity-wide controls established by the Company for each of the elements of internal control.
- Based on the scope defined according to the auditor's criteria, understanding and evaluating the design of these controls in terms of the significant processes that materially affect the Company's financial information.
- Conducting follow-ups on the action plans implemented by the Company in response to deficiencies identified in previous periods or during the period covered by this report.
- · Confirming the effectiveness of the controls in place, by testing their design and operating function whenever events should occur regarding the reporting of financial information as identified by Management in compliance with Section 7.4.1.2.7 (applicable to Group Aissuers) of Annex I of Part III Heading V Chapter I of the Basic Legal Circular issued by the Colombian Superintendency of Finance.

Due to the inherent limitations of any internal control structure, including the possibility of collusion or Management's overriding of controls, this could produce errors, irregularities or fraud that could go undetected. The result of the aforementioned procedures during the reporting period to which this report refers, is not relevant for future periods due to the risk that internal controls may become inadequate given changes in conditions, or that the degree of compliance with policies and procedures may deteriorate. In no case may this report be construed as an audit report.



#### Conclusion

I concluded that, at December 31, 2022, the internal control measures, the preservation and safekeeping of the Company's assets or those of third parties in the possession of Grupo de Inversiones Suramericana S.A. exist and are adequate, in all significant aspects, in accordance with the parameters established in the Company's Internal Control System, the controls identified by Management in compliance with numeral 7.4.1.2.7 (applicable to Group A issuers) of Annex I of Part I, Title I, Chapter IV of the Basic Legal Circular, as issued by the Colombian Superintendency of Finance, with regard to the SIMEV financial reporting this was found to be effective and that Management has complied with the provisions of its Bylaws and the decisions of its General Assembly of Shareholders, this based on the measurement criteria set forth above.

#### Other Matters

My recommendations regarding opportunities for improving the Company's internal controls have been communicated to its Management through separate letters. In addition to the procedures described in this report, I have audited, in accordance with Accepted International Auditing Standards in Colombia, the financial statements of Grupo de Inversiones Suramericana S.A. for the year ended December 31, 2022, under Accepted Accounting and Financial Reporting Standards in Colombia, on which I issued an unqualified opinion on February 28, 2023. This report is issued to the General Assembly of Shareholders of Grupo de Inversiones Suramericana S.A., in compliance with that stipulated in Sections 1 and 3 of Article 209 of the Code of Commerce, and must not be used for any other purpose, nor may it be distributed to third parties.

# **ORIGINAL SIGNED BY:**

**Daniel Andrés Jaramillo Valencia** Statutory Auditor Lic. No. 140779-T Appointed by Ernst & Young Audit S.A.S. TR-530

Medellín, Colombia February 28, 2023

# GRUPO DE INVERSIONES SURAMERICANA S.A.

# PROFIT DISTRIBUTION PROPOSAL

(Amounts expressed of Colombian pesos)

#### I. ALLOCATION OF PROFITS FOR FISCAL YEAR 2022

Taking into account the balance of profits obtained this last year as shown in the Statement of Financial Position for 2022, the following profit allocation and freeing up of a reserve is proposed:

1,058,963,930,655	
6,589,780,313	
	1,065,553,710,968
741,412,960,000	
	741,412,960,000
6,919,269,329	
	6,919,269,329
55,151,535,976	
	55,151,535,976
	6,589,780,313 741,412,960,000 6,919,269,329

# 2. Form and date of payment

The dividend to be distributed among shareholders shall amount to one thousand two hundred and eighty pesos (COP\$ 1,280) per share, which is sourced from the dividends paid to the Company by its subsidiaries and associates.

Once duly declared by the General Assembly of Shareholders, this dividend shall be paid on a total of 579,228,875 ordinary and preferred shares, on each of the established payment dates.

This dividend shall be 100% tax exempt for the shareholder, neither in the form of income or as occasional gains, as established in Articles 48 and 49 of the Tax Statute; however, they will be subject to the special tax withholding at source as provided in said Tax Statute; Likewise, considering the Company's status as a withholding agent in the municipality of Medellín for Industry and Commerce Tax (ICA in Spanish), shareholders who are subject to such withholding tax will be paid their dividends in cash after deducting the value of the withholdings indicated.

This dividend will be enforceable and paid in cash as follows:

Three hundred and twenty pesos (COP \$ 320) for each share on the following dates: April 12, 2023, July 4, 2023, October 2, 2023 and January 2, 2024.

# 3. Ex-dividend period

The ex-dividend period shall be between the first stock trading day of the dividend payment schedule and the four (4) stock trading days immediately preceding this date. Any trading of shares during the ex-dividend period not entitle the purchaser to a dividend payment.

COP \$ \$1,869,037,476,273 1,869,037,476,273 **EQUAL AMOUNTS** 

GRUPO DE INVERSIONES SURAMERICANA S.A.

# ATTACHMENT TO THE BALANCE SHEET AT DECEMBER 31, 2022 ARTICLE 446 OF THE CODE OF COMMERCE

(Stated in COP thousands)

	Fees paid to Members of the Board of Directors	2,478,269
	Senior Management salaries and social benefits	12,670,562
	Traveling and representation expense, bonuses, transport and other remunerations paid to Management	
	There are no direct payments made for these items since the Company directly assumes this expense as incurred in performing their duties.	
	<u>Notes</u>	
	<ol> <li>When executives have to travel to different offices when performing their duties, the The Company pays the corresponding hotel bills as well as other transportation, and other necessary expenses.</li> </ol>	
	2. When attending visitors from both within the country and abroad, the Company recognizes this expense in the respective accounts	
2	Professional and technical consultancy fees	2,315,683
3	Fees for the Statutory Auditor and External Auditing Staff	2,096,098
4	Assets and liabilities abroad	
		47,085
	Cash in USD	
	Investments in other local or foreign companies	32,617,672,306
	For more information, please refer to the notes to the Separate Statement of Financial Position	6
5	Transfers of funds and other assets free of charge	6,818,580
6	Advertising expense	3,241,996
	Advertising expense  Representation expense	3,241,996 739,537

# GRUPO DE INVERSIONES SURAMERICANA S.A.

# SEPARATE STATEMENT OF FINANCIAL POSITION

At December 31, 2022 and 2021 (Amounts expressed in millions of Colombian pesos)

	Note	December 2022	December 2021
ASSETS			
Cash and cash equivalents	5	5,025	96,327
Investments	5	83,577	40,301
Derivatives instruments	5	995,673	651,326
Receivables from related parties	22	233,870	43,883
Other accounts receivables		1,037	156
Current tax assets	6	-	14,759
Investments in associates	7	14,490,162	14,490,162
Investments in subsidiaries	7	18,043,934	15,142,963
Net properties and equipment		2,441	3,064
Right-of-use assets		17,156	18,336
Net deferred tax assets	6	148,713	81,834
Other assets		244	244
TOTAL ASSETS		34,021,832	30,583,355
LIABILITIES			
Financial liabilities	5	839,980	610,628
Derivatives instruments	5	437,145	302,049
Lease liabilities		12,237	12,589
Accounts payable to related entities	22	159,493	90,074
Other accounts payable		34,136	60,805
Current tax liabilities	6	407	-
Employee benefits	8	6,875	23,336
Bonds issued	5	4,369,515	4,276,843
Preferred shares	9	459,955	460,067
TOTAL LIABILITIES		6,319,743	5,836,391
EQUITY			
Issued capital	10	109,121	109,121
Share premium	10	3,290,767	3,290,767
Reserves	10	6,837,602	6,883,389
Share repurchase reserve	10	244,848	244,848
Earnings for the year		1,058,964	408,328
Retained earnings		11,925,247	11,884,043
Other comprehensive income	12	4,235,540	1,926,468
TOTAL EQUITY		27,702,089	24,746,964
TOTAL EQUITY AND LIABILITIES		34,021,832	30,583,355

The notes are an integral part of the financial statements.

Gonzalo Alberto Pérez Rojas Legal Representative Juan Guillermo Chica Ramírez Accountant P.C. No. 64093-T Daniel Andrés Jaramillo Valencia

Auditor
P.C. No. 140779-T
Designated by Ernst & Young Audit S.A.S. TR-530
(See my report, of February 28, 2023)

# GRUPO DE INVERSIONES SURAMERICANA S.A.

# SEPARATE INCOME STATEMENT

For the years ended December 31, 2022 and 2021 (Amounts expressed in millions of Colombian pesos, except net earnings per share)

	Note	December 2022	December 202
INCOME			
Dividends	13	931,885	263,124
Income from investments	13	4,085	4,40
Net gain on investments at fair value	5	10,194	3,29
Income from equity method	7	745,746	596,36
Gains on sale of investments		-	1,442
Other income	13	53,816	4,149
Operational income		1,745,726	872,778
OPERATIONAL EXPENSES			
Administrative expenses	14	(62,147)	(34,952
Employee benefits		(33,416)	(37,458
Fees	15	(44,752)	(14,682
Depreciations		(2,567)	(2,192
Operational expenses		(142,882)	(89,284
Operating profit		1,602,844	783,494
Net gain from fair value adjustments to derivatives	5	41,103	7,299
Foreign exchange net	16	(43,820)	40,46
Interest expense	16	(545,737)	(407,797
Net financial income	16	(548,454)	(360,029
Profits before tax		1,054,390	423,46
Income tax	6	4,574	(15,137
Net income from discontinued operations		1,058,964	408,32
Net profit		1,058,964	408,32
Net earnings per share	17	1,861	743
Diluted net earnings per share	17	1,781	699

The notes are an integral part of the financial statements.

Gonzalo Alberto Pérez Rojas Legal Representative

Juan Guillermo Chica Ramírez Accountant P.C. No. 64093-T Daniel Andrés Jaramillo Valencia
Auditor

P.C. No. 140779-T
Designated by Ernst & Young Audit S.A.S. TR-530
(See my report, of February 28, 2023)

# SEPARATE STATEMENT OF COMPREHENSIVE INCOME

For the years ended December 31, 2022 and 2021 (Amounts expressed in millions of Colombian pesos)

	Note	December 2022	December 2021
Net income for the period		1,058,964	408,328
Other comprehensive income			
Items that will not be reclassified to income for the period, net of taxes			
Gain from investments in equity instruments at FVOCI	12	9,631	17,112
Gain from defined benefit plan measurements	12	2,122	3,142
Total other comprehensive income that will not be reclassified to the results of the period, net of taxes $$		11,753	20,254
Items to be reclassified to income for the period, net of taxes			
(Loss) on cash flows hedges	12	(114,099)	(3,631)
Participation of other comprehensive income from associates and joint ventures Accounted for using the equity method	12	2,411,418	567,126
Total other comprehensive income to be reclassified to profit or loss, net of taxes		2,297,319	563,495
Total other comprehensive income		2,309,072	583,749
TOTAL COMPREHENSIVE INCOME		3,368,036	992,077

The accompanying notes form an integral part of these financial statements.

Gonzalo Alberto Pérez Rojas Legal Representative Accountant P.C. No. 64093-T

Auditor

PC. No. 140779-T Designated by Ernst & Young Audit S.A.S. TR-530 (See my Report, of February 28, 2023) GRUPO DE INVERSIONES SURAMERICANA S.A. SEPARATE STATEMENT OF CHANGES IN EQUITY At December 31, 2022 and 2021 (Amounts expressed in millions of Colombian pesos)

	alon				repurchase	period	Retained earnings Comprehensive Income (OCI)	Income (OCI)	
At December 31, 2020		109,121	3,290,767	6,654,121	300,000	579,969	11,834,280	1,342,719	24,110,977
Other comprehensive income	12	1	1	1	1	•	•	583,749	583,749
Net income for the year		1	1	1	1	408,328	1	1	408,328
Total net comprehensive income for the period		•	1	1	1	408,328	•	583,749	992,077
Transfer to retained earnings		1	1	579,969	1	(579,969)	1	1	
Distribution of 2020 results:									
Ordinary dividend (603.40 pesos per share) recognized as distributions to owners	=		1	(351,165)	'	1	•	1	(351,165)
Share repurchase reserve		1	1	1	(55,152)	1	1	1	(55,152)
Minimum dividends, preferred shares			1	1		1	40,581	1	40,581
Withholding Tax Effect on Shareholder Dividends		1	1		1	1	9,182	1	9,182
increases (decreases) due to other changes, equity		1	1	494	1	1	1	1	494
At December 31, 2021		109,121	3,290,767	6,883,389	244,848	408,328	11,884,043	1,926,468	24,746,964
Other comprehensive income	12	1	1	•	1		1	2,309,072	2,309,072
Net income for the year		1	1	•	1	1,058,964	1		1,058,964
Total net comprehensive income for the period		•	1	1	•	1,058,964	1	2,309,072	3,368,036
Transfer to retained earnings		1	•	408,328	1	(408,328)	1	1	'
Distribution of 2021 results									
Ordinary dividend (784pesos per share) recognized as distributions to owners	Ε	1	1	(454,115)	1	1	1	1	(454,115)
Share repurchase reserve		1	1	1	•	1	•	1	•
Minimum dividends, preferred shares		1	1	1	1	1	40,475	1	40,475
Withholding Tax Effect on Shareholder Dividends		1	1	1	•	1	729	1	729
AT DECEMBER 31, 2022		109,121	3,290,767	6,837,602	244,848	1,058,964	11,925,247	4,235,540	27,702,089



CERTIFICATION BY THE LEGAL
REPRESENTATIVE OF GRUPO SURA
REGARDING THE PERIODIC YEAR-END
REPORT 2022



At December 31, 2022 and 2021 (Amounts expressed in millions of Colombian pesos)

Note	December 2022	December 2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Net profit for the year	1,054,390	423,465
Adjustments to reconcile net income		
nterest 16	545,737	407,797
Depreciation and amortization expense	2,567	2,192
Inrealized losses from foreign currency translation	31,276	87,476
Fair value - Derivatives 5	(41,103)	(7,299
Indistributed earnings from the application of the equity method 7	(745,746)	(596,361
Vithholding tax on dividends received	729	9,182
Jsufruct amortization 22	(53,629)	
CHANGES IN OPERATING ASSETS AND LIABILITIES		
Decrease (Increase) in other accounts payable	(29,053)	15,804
Increase) Decrease in other accounts receivable	(882)	122
ncrease in accounts receivable from related parties	(931,885)	(175,533
Adjustment for employee benefits and other provisions	(14,297)	3,717
ncrease in restricted cash	-	630
Other investing or financing cash adjustments	_	(2,200
Dividends received from associates and subsidiaries	1,083,898	669.292
ncome taxes paid (reimbursed)	14.257	(25.292)
nterest paid	(301)	(2.761)
nterest received	-	9,749
Cash flows from operating activities	915,958	819,980
CASH FLOWS FROM (USED IN) INVESTMENT ACTIVITIES		
Other payments to acquire equity or debt instruments of other entities 5	(33,645)	(486,408
Other proceeds from the sale of equity or debt instruments of other entities	_	1,078,659
Cash flows from loss of control of subsidiaries or other businesses	_	23,044
Cash flows used to obtain control of subsidiaries or other businesses	-	(61,408
Proceeds from the sale of property and equipment	65	55
Purchase of property and equipment	(830)	(256
Cash flows from (used in) investment activities	(34,410)	553,172
CASH FLOWS (USED IN) INVESTMENT ACTIVITIES		
Collections from futures contracts, forward contracts and financial options (swaps)	(14,013)	50,349
Payments for acquiring the company's own stock	-	(55,152
Proceeds from loans	1,181,461	114,717
	(1,330,572)	(1,158,129
	(1.192)	(1,282
Payment of financial lease liabilities		/
Payment of financial lease liabilities Dividends paid	(427,683)	( , , , , , , , , , , , , , , , , , , ,
Payment of financial lease liabilities Dividends paid nterest paid	(427,683) (395,736)	(323,667
Payment of financial lease liabilities Dividends paid nterest paid Cash flows (used in) financing activities	(427,683) (395,736) ( <b>987,735</b> )	(347,898 (323,667 <b>(1,721,062</b> )
Payment of financial lease liabilities Dividends paid Interest paid Cash flows (used in) financing activities Het decrease in cash and cash equivalents	(427,683) (395,736) (987,735) (106,187)	(323,667 (1,721,062 (347,910
Coan repayments Coan repayment of financial lease liabilities Dividends paid Interest paid Coash flows (used in) financing activities Net decrease in cash and cash equivalents Effect of exchange rate changes on cash and cash equivalents Coash and cash equivalents at the beginning of the period	(427,683) (395,736) ( <b>987,735</b> )	(323,667

The notes are an integral part of the financial statements.

Gonzalo Alberto Pérez Rojas Legal Representative Juan Guillermo Chica Ramírez Accountant P. G. No. 64093-T aniel Andrés Jaramillo Valencia

Auditor P.C. No. 140779-T

Designated by Ernst & Young Audit S.A.S. TR-530 (See my Statutory report, of February 28, 2023) As the Legal Representative of Grupo de Inversiones Suramericana S.A., Grupo SURA, I certify that, in accordance with the requirements of Circular 012 of 2022 issued by the Colombian Superintendency of Finance, I have reviewed the Periodic Year–End Report for the year 2022 and, based on my reasonable knowledge, I have concluded that it encompasses all material aspects of the business.

The Company has evaluated its Internal Control System and the financial information control and disclosure procedures in compliance with Article 47 of Law 964 of 2005 and, in all material respects, they are reasonably designed and functioning. Notwithstanding the foregoing, the Company's control architecture and Internal Control System are processes that are constantly evolving, thanks to the execution of tests and evaluations carried out by the Internal Audit and other teams designated by Management for this purpose, which allow identifying opportunities for improvement in the assurance processes.

During 2022, as a result of the execution of these tests, the Audit and Finance Committee and the Board of Directors were informed about the main identified gaps and the action plans established for their management, which were approved by these governing bodies and have been addressed accordingly. Likewise, specific matters that have been required by the External Auditor have received their satisfactory opinion.

For further details on the activities carried out on the Internal Control System, please refer to the Management Report and the Company's Periodic Year-End Report at the close of 2022.

Gonzalo Alberto Pérez Rojas

Chief Executive Officer - Grupo SURA.

Applicable requirements for the Annual Report or Year-end Report GRUPO DE INVERSIONES SURAMERICANA S.A. Taxpayer ID No: 811.012.271-3 - GRUPO A ISSUER

Section of Attachment 1 of Circular 012	Description	Section of Annual Report	Page
7.1.(i)	Cover page. Title "Periodic Year-End Report" duly highlighted	Chapter Title Page	N/A
7.1.(ii)	Basic identification data of the issuer	Presentation	2
7.1(iii)	Brief description of current securities issues	Chapter 1	18, 19
7.2.	Table of contents	Preliminaries	1
7.3.	Glossary	Preliminaries	6, 7
7.4.1.1.1.	Description of the issuer's business purpose	Chapter 1	10-13
7.4.1.1.2.	Litigation, judicial and administrative proceedings to which the issuer is a party and which have the capacity to materially affect its operations, financial position and/or produce changes to its financial position.	Chapter 1	13
7.4.1.1.3.	Relevant risks to which the issuer is exposed and the mechanisms implemented to mitigate them.	Chapter 4	109-124
7.4.1.2.	Stock market and financial performance	Chapter 3	89-106
7.4.1.2.1.	Performance of the securities in the trading systems in which they are registered.	Chapter 3	102, 103
7.4.1.2.2.	Information on the issuer's equity ownership and other material matters relating to its ownership structure	Chapter 1	19
7/107	Financial information for the reporting period compared to the	ChantarC	150
7.4.1.2.3.	immediately preceding period	Chapter 6	164
7/10/	Management's comments and analysis of the results of operations and financial condition of the issuer	Chapter 2	32-42
7.4.1.2.4.		Chapter 3	89-98
7.4.1.2.4.1.	Material changes in the issuer's operating results	Chapter 3	89-106
7.4.1.2.4.2.	Material changes with regard to the issuer's liquidity and solvency position	Chapter 4	124, 125
7.4.1.2.4.3.	Trends, events or uncertainties that have the capacity to materially impact the issuer's operations, its financial position or changes in its financial position; as well as the assumptions used to prepare these analyses.	Chapter 4	109-124

Description	Section of Annual Report	Page	Pág.
7.4.1.2.4.4.	Off-balance sheet transactions that could materially impact the issuer's operations, financial position or changes in financial position.	Chapter 6	164
7.4.1.2.5.	Quantitative and qualitative analysis of the market risk to which the issuer is exposed as a result of its investments and activities sensitive to market variations.  Quantitative analysis of market risk  Chapter 4		
7.4.1.2.5.1.			109-124
7.4.1.2.5.2.	Qualitative analysis of market risk		
		Chapter 5	146, 147
7.4.1.2.6.	Material transactions carried out with parties related to the issuer	Chapter 6	150
7.4.1.2.7.(i,ii)	Certification issued by the legal representative of the issuer	N/A	181
7.4.1.2.7.(iii)	Certification issued by the External Auditor	Chapter 6	173
7.4.1.3.1.	Corporate Governance Analysis	Chapter 5	128-135 143-146
7.4.1.3.1.1. (literales i a xii)	Description of the issuer's management structure	Chapter 5	137-146
7.4.1.3.2.	Practices, policies, processes and indicators in relation to the environmental and social criteria implemented by the issuer	This report shall be remitted in accordance with the deadlines established in External Circular 031 of 2021.	N/A
7.4.1.4.	Exhibits		
7.4.1.4.(i)	(i) Year-end financial statements	Chapter 6	148
7.4.1.4.(ii)	(ii) Any material change that has occurred in the issuer's financial statements between the period covered by the year-end report and	Chapter 6	150
	the date on which its disclosure to the public is authorized.		164





English translation of the original signed version in Spanish AS-3027-23 March 23, 2023

# **Independent Assurance Report**

To the Management of Grupo de Inversiones Suramericana S.A.

## 1. Scope

We were engaged by **Grupo de Inversiones Suramericana S.A.** (hereinafter referred to as "**Grupo SURA"** or "**the Company"**), to undertake a limited assurance engagement as defined by the International Standards on Assurance Engagements (hereafter referred to as "**the Engagement'**), with regard to the sustainability information hereinafter referred to as the '**Subject Matter'** as reported in **Appendix 1** ¹that forms part of **Grupo SURA's Annual Report for 2022** (the "**Report**") for the period January 01 2022 through to December 31, 2022 as agreed with Grupo SURA on January 18, 2023 in Addendum No. 001 AS-0257-22.

# 2. Criteria applied by Grupo SURA.

Upon preparing the **Subject Matter** included in the **Report**, the **Company** applied the GRI Global Reporting Initiative Standards in accordance with its self-declared statement of use, in accordance with **GRI Requirement 8 1\_Foundations 2021** as well as the criteria pertaining to the Dow Jones Sustainability Indices (the "**Criteria**") which are listed in Appendix 2 of this Report.

# 3. The Company's responsibilities

**Grupo SURA**'s Management is responsible for selecting the **Criteria**, and for presenting the **Subject Matter** in accordance with those criteria, in all material respects. This responsibility includes establishing and maintaining internal controls, keeping adequate records and making estimates that are relevant to the preparation of the subject matter, such that it is free from material misstatements, whether due to fraud or error.

<sup>1</sup>GRI indicators: 2-27, 205-1, 205-3, 303-5

Indicators with combined GRI/DJSI criteria: 302-1/DJSI 2.2.3, 306-3/DJSI 2.2.5, 305-1/DJSI 2.2.1, 305-2/DJSI 2.2.2, 305-3/DJSI 2.2.6 (this excluding financed emissions), 403-9/DJSI 3.5.7, 404-1/DJSI 3.4.1, 405-2/DJSI 3.2.5

DJSI indicators: DJSI 2.2.6, DJSI 3.8.2.

Ernst & Young Audit S.A.S.

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To: Grupo de Inversiones Suramericana S.A.

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# 4. EY's Responsibilities

Our responsibility is to express a limited conclusion on the presentation of the **Subject Matter**, based on the evidence we have obtained.

We have performed our engagement in accordance with International Standards on Assurance Engagements other than Audits or Reviews of Historical Financial Information (ISAE 3000) as well as the terms and conditions for this engagement as agreed upon with **Grupo SURA** on January 18, 2023 in Addendum No 001 AS-0257-22. Those standards require that we plan and perform our work to obtain limited assurance about whether, in all material respects, the **Subject Matter** is presented in accordance with the **Criteria**, and issue a limited review report. The nature, timing and extent of the selected procedures depend on our judgment, which includes assessing the risk of material misstatements, whether due to fraud or error.

We consider that the evidence obtained is sufficient and adequate to support our limited assurance conclusions.

# 5. Our Independence and Quality Control

We have maintained our independence and confirm having duly complied with the International Code of Ethics for Professional Accountants as issued by the *International Ethics Standards Board for Accountants (IESBA)* and we have the required skills and experience to perform this assurance engagement

EY also applies International Quality Control Standard 1, Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements, and accordingly maintains a comprehensive system of quality control that includes documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

## 6. Description of the Procedures Performed

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less extensive than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.





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To: Grupo de Inversiones Suramericana S.A.

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March 23, 2022

Our procedures were designed to obtain a limited level of assurance on which to base our conclusion and do not provide all the evidence that would be required to provide a reasonable level of assurance.

While we considered the effectiveness of Management's internal controls when determining the nature and extent of our procedures, our assurance engagement was not designed to provide assurance on internal controls.

Furthermore, our procedures did not include testing controls or performing procedures relating to checking the aggregation or calculation of data within IT systems.

A limited assurance engagement consists of consultations, mainly with the persons responsible for preparing the **Report** and applying analytical and other appropriate procedures.

The limited assurance procedures we performed included, but were not restricted to:

- a. Conducting interviews with Company personnel to understand the business as well as the process for drawing up the **Report**.
- b. Conducting interviews with those responsible for preparing the Report to understand the process of collecting, consolidating and presenting the information corresponding to the Subject Matter.
- c. Verifying that the calculation criteria has been correctly applied in accordance with the methodologies outlined in the Criteria.
- d. Conducting analytical review procedures to support the reasonableness of the data.
- Identifying and testing assumptions that support the calculations.
- f. Testing, on a sample basis, the underlying source information to check the accuracy of the data.
- Reading the material topics (GRI 3-1, GRI 3-2 and GRI 3-3) associated with the Subject Matter to verify that they have been correctly applied in accordance with the Criteria.

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To: Grupo de Inversiones Suramericana S.A.

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h. Comparing the contents presented in the **Report** with those set out in the Company's selfdeclared statement of use in accordance with GRI Requirement 8 of GRI 1 Foundations 2021 of the GRI Global Reporting Initiative Standards.

We have also carried out other procedures that we considered necessary under the circumstances.

# 7. Limitations of our assurance engagement

Our assurance engagement was limited to the Subject Matter contained in the Report for the period January 1 to December 31, 2022, and did not include information from previous years that was included in the **Report**, nor did it relate to future projections or goals.

Neither did it determine whether the technological tools used for drawing up the **Report** are the most appropriate and/or efficient.

# 8. Conclusion

Based on our procedures and the evidence obtained, we are not aware of any material modifications that should be made to the Subject Matter contained in The Report for the period January 1 to December 31, 2022, for this to tally with that established by the Criteria

# 9. Use of this Assurance Report

Our responsibility in performing assurance activities is with the **Company's** Management only; therefore, we do not accept or assume any responsibility for any other purpose or with any other person or organization.

**ORIGINAL SIGNED BY:** 

Daniel Andrés Jaramillo Valencia Independent Accountant Lic. No. 140779-T Appointed by Ernst & Young Audit S.A.S.





English translation of the original signed version in Spanish **APPENDIX 1** 

Subject Matter The sustainability information identified in the indicators included in the printed **Report** and which the Company posted on its website <sup>2</sup> is presented in the following table<sup>3</sup>:

Material topic	Contents	Criteria	Description
General Disclosures	2-27	GRI	Compliance with legislation and regulations
Business ethics.	205-1	GRI	Operations assessed for risks relating to corruption
	205-3	GRI	Confirmed incidents of corruption and actions taken
Climate change	302-1/DJSI2.2.3 303-5/DJSI2.2.4	GRI/DJSI GRI	Energy consumption within the Organization Water consumption
	306-3/DJSI2.2.5	GRI/DJSI	Waste produced: total weight of waste managed, by type, treatment method.
	305-1/DJSI2.2.1	GRI/DJSI	Direct GHG emissions (Scope 1)
	305-2/DJSI2.2.2	GRI/DJSI	Indirect GHG emissions associated with energy (Scope 2)
	305-3/DJSI 2.2.7 DJSI 2.2.6	GRI/DJSI DJSI	Other indirect GHG emissions (Scope 3) Emissions from work trips
Employment practices	403-9/DJSI3.5.7	GRI/DJSI	Occupational injuries: type and rate of injuries, occupational diseases, lost days, absenteeism rate, and number of work-related fatalities by region and gender
	302-1/DJSI3.4.1	GRI/DJSI	Average hours of training per year per employee, broken down by gender and by job hierarchy
	405-2/DJSI3.2.5	GRI/DJSI	Ratio of basic salary and remuneration of women versus men
Financial inclusion	DJSI 3.8.2	DJSI	Financial Inclusion Measurement & Impact



English translation of the original signed version in Spanish **APPENDIX 2:** 

# 1. GRI Content Criteria

The assurance criteria applicable to the **Subject Matter** and the self-declared statement of use are defined based on the provisions of GRI 1 Foundations 2021 and its thematic contents that have been made available via the following link

https://www.globalreporting.org/standards/gri-standards-translations/gri-standards-spanishtranslations-download-center/

# 2. DJSI (Dow Jones Sustainability Index) Content Criteria

The assurance criteria that are applicable to the Subject Matter and the self-declared statement of use. These criteria are included by the Company in order to present to its stakeholders relevant information that is requested to be made public in the DJSI sustainability questionnaire. These DJSI standard assessment criteria included in Appendix 1 form an integral part of our limited assurance report.

Indicator / DJSI form questions	Description	Criteria
DJSI 2.2.1	Direct Greenhouse	The Group reported:
	Gas Emissions (Scope	<ul> <li>Total direct greenhouse gas emissions;</li> </ul>
	1)	emissions from the burning of fuels for use with the Company's own vehicles and
		corporate aircraft (own mobile resources), power plants (own stationary resources)
		and refrigerants for use in air conditioning equipment (fugitive emissions).
		<ul> <li>Measurement coverage, using direct employees for the calculation.</li> </ul>
DJSI 2.2.2	Indirect Greenhouse	The Group reported:
	Gas Emissions (Scope	- Emissions derived from consuming energy
	2)	from Electricity Grids, refrigerants for air conditioning use (fugitive sources).
		<ul> <li>Measurement coverage, using direct employees for the calculation.</li> </ul>

<sup>&</sup>lt;sup>2</sup> The maintenance and integrity of the Company's website (https://www.gruposura.com/), repository of the sustainability report, is the responsibility of Grupo SURA's Management. The work carried out by EY does not take into account the aforementioned activities and, therefore, EY accepts no responsibility whatsoever for any differences between the information presented on the aforementioned website and the Subject Matter contained in the Report on which the Assurance Engagement was performed, and the corresponding conclusion issued. 30ther than as described in the table, which sets forth the scope of our work, we did not apply assurance procedures on the remaining information included in the Report and, accordingly, we do not express any conclusion on this information.



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Indicator / DJSI form	Description	Criteria
questions DJSI 2.2.3	Description Energy consumption	The Group reported:
DJ31 2.2.3	Lifelgy consumption	- Consumption of electricity purchased
		through the different operators in each
		country as well as direct energy
		consumption
		<ul> <li>Measurement coverage, using direct</li> </ul>
		employees for the calculation.
DJSI 2.2.4	Water consumption	The Group reported:
200. 2.2.		- cubic meters of water consumed in the
		different headquarters and offices of the
		Business Group sourced from water mains
		(municipal water supplies).
		- Measurement coverage, using direct
		employees for the calculation.
DJSI 2.2.5	Waste generated	The Group reported:
		- Waste generated, reused and disposed of
		by the Companies that form part of the
		Business Group.
		<ul> <li>Measurement coverage, using direct</li> </ul>
		employees for the calculation.
DJSI 2.2.6	Emissions from work	The Group reported:
	trips	<ul> <li>This refers to the amount of emissions in</li> </ul>
		CO2E tons that the Company's own air and
		ground fleet emits into the atmosphere.
DJSI 2.2.7	Greenhouse Gas	The Group reported:
	Emissions (Scope 3)	<ul> <li>Emissions generated by transportation via</li> </ul>
		road assistance vehicles compared to the
		measurement coverage, using direct
		employees for this calculation.
		<ul> <li>Work trips; referring to emissions from</li> </ul>
		vehicles contracted for assistance purposes
		by Suramericana S.A.
		<ul> <li>Capital goods (computers and vehicles)</li> </ul>
DJSI 3.2.5	Compensation	The Group reported:
	indicators by gender	<ul> <li>Average basic salary for men and women by</li> </ul>
		job hierarchy
		<ul> <li>Compensation ratio by job hierarchy</li> </ul>
		2





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Indicator / DJSI form questions	Description	Criteria
DJSI 3.4.1	Training and	The Group reported:
	development	<ul> <li>Average number of hours of training for</li> </ul>
		men and women
		<ul> <li>Total investment in training and</li> </ul>
		development
		<ul> <li>Average hours of training and development</li> </ul>
DICLO 5 7		by job hierarchy
DJSI 3.5.7	Employee turnover	The Group reported:
	rate	Employee turnover rate (total)
		- Employee turnover rate (voluntary
		terminations)
		<ul> <li>Employee recruitment rate</li> <li>Calculated based on headcount at year-end 2022.</li> </ul>
DJSI 3.8.2	Financial Inclusion	The Group reported:
DJ3I 3.6.2	Measurement &	- Quantitative indicator for measuring the
	Impact	social and commercial impact of its financial
	impace	inclusion initiatives, as follows:
		Financial inclusion: Providing tools so that companies
		and people (with a focus on inclusion and diversity
		not just for those in the lower income brackets) can
		access useful, top-quality and affordable financial
		products and services that meet their needs and
		create wellbeing. Reported information corresponds
		to the number of beneficiaries of these inclusion
		programs and the income generated by these.

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ANNUAL REPORT 2022