

» Opening doors:
path to building a society more
worthy of human beings

REPORT ON WORK AND SOCIAL BALANCE



“

LETTER

FROM THE PRESIDENT



It is my pleasure to present the 2023 edition of the Report on Activities and Social Balance of Fundación Grupo Social on behalf of the more than 9,300 collaborators which were involved in producing it.

The document reports, on the one hand, the work carried out by the Organization's companies, which aim to be real experiences of a different form of economic organization, guided by ethics and values, oriented towards the common good, solidarity and concern for the weakest, in compatibility with the generation of wealth for society, solvency, economic viability and fair return for the shareholder¹.

Through business activity, which is called to generate positive social impact, we seek to offer goods and services that allow us to meet the needs that truly leverage the development of people, generate maximum wealth for society as a whole, create and promote suitable environments for the personal and social growth of collaborators and participate in solving the problems that affect Colombian society from the perspective of the common good².

Likewise, it presents the management carried out in the Territorios Progreso, through which the Foundation supports excluded communities, located in different territories of the country so that they achieve the conditions for their own development and achieve sustainable improvement in their quality of life, understood not only in the material aspect but in the genuine integral empowerment of people, within a framework of ethics and values³.

All this is framed in its Mission, in its centennial legacy and in attention to a model of action through which by its understanding and will as well as in consideration of its two instruments is going to create impact which should become evident in society. Its commitment to sustainability.

I hope that this document, in addition to being an internal management tool, reflects the effort of collaborators and managers; the trust placed by the companies' clients; the enthusiasm for advancing on the path of development of the communities in the seven territories where we are present; the constant disposition of our allies and suppliers; and the wise and unrestricted support of our highest governing bodies, the Social and Executive Councils. But, above all, may it be the absolute evidence of the inspiration, guidance, and protection of God for a work that has been dedicated to Him for 113 years.



Juan Carlos Gómez Villegas

¹ Chapter H. Legacy of Fundación Grupo Social.

² It is through the exercise of the four basic functions of the company that Fundación Grupo Social has deliberately decided its impact on society should be interpreted: satisfaction of true needs, generation of maximum wealth for society, community of people, and actor of civil society.

³ Chapter H. Legacy of Fundación Grupo Social.

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Part One: INTRODUCTION



THE MISSION AND THE STRATEGY

For one hundred and thirteen years, Fundación Grupo Social has remained true to the purpose, values and style that inspired its founder, José María Campoamor S.J., when he created the Círculo de Obreros de San Francisco Javier, thanks to the faithful transmission of his Legacy through several generations.

Among the essential elements that constitute the Being of the Organization is its Mission:

“To contribute to overcoming the structural causes of poverty to build a just, supportive, productive and peaceful society.”

This Mission constitutes its inalienable and irrevocable purpose, making it an entity dedicated to a common good.

The current strategy of action was defined in 2012 when the Social Council, the highest governing body of the institution, “concluded that the **extreme individualism of Colombian Society**, which privileges, in its culture and way of acting, to an extreme degree, the particular benefit over the common good, **is a serious determinant of poverty**, on which the Foundation has real, though very challenging, possibilities to intervene...”⁴

⁴ Chapter H. Legacy of the Fundación Grupo Social

Thus, the essential strategic objective was formulated as follows:

“It is indispensable for the Foundation to contribute significantly to developing in the country a new culture based much more on solidarity, ethics, transcendent values, the pursuit of the common good and the development of marginalized sectors. To this end, it should undertake and promote forms of economic action and social coexistence more aligned with this purpose.”

Although previously and for a long time the Organization worked deliberately to influence the design and implementation of public policies in favour of the common good in order to achieve its Mission (through an instrument called macro influence), the new strategic formulation, which does not renounce the institution’s active participation in everything that corresponds to it as a civil society actor, reflects the Institution’s conviction that the way it can promote deeper and more lasting changes in the culture of society is through concrete transformations of specific realities, which, like seeds, reproduce and extend with power. Thus, since 2012, the Foundation has been committed to BEING; simply BEING. It has encouraged generating in its environment, its Territorios Progreso and its companies, ways of acting typical of the society it wishes to see. That is, without aiming for exhibition, it seeks to be a Testimony of the society it aspires the purpose for which it was created.

Additionally, considering the abandonment of rural areas as another fundamental cause of poverty, the following complementary objective was established:

“Without limiting itself to this, the Foundation will undertake, on an experimental basis, specific projects that promote development in rural areas of the country, understanding that overcoming the abandonment of this sector is a fundamental challenge for development and coexistence.”

Since defining the strategic objective, the Organization embarked on a process of reviewing, adjusting and creating different work fronts, which have been guiding and directing its management since 2012 and have become the horizon towards which it focuses its efforts.

THE CONTEXT

In 2023, once again, the world faced significant challenges. The war between Russia and Ukraine now entering its second year, the attacks by the Hamas group against Israel which have rekindled conflict in the Middle East, the ongoing tensions caused by China both due to its territorial interests affecting neighbouring countries and its commercial activity which provokes caution and reactions in the West, particularly from the United States. Latin America does not seem to be a relevant actor on the world stage and remains lagging behind.

Technological advances and specifically the intense emergence of artificial intelligence have brought not only competitive advantages but also ethical dilemmas and challenges in cybersecurity and protection of data. The energy crisis; natural disasters such as earthquakes in Afghanistan, Morocco, Nepal, China, Syria and Libya; wildfires in Greece, Canada, and Hawaii; record heat waves around the world, as well as droughts in Cameroon, Somalia and Bolivia, marked the year and consolidated a trend.

The global economy experienced periods of uncertainty related to economic activity in an environment of restricted payment capacity,

exacerbated by tight financial conditions. Inflation began to subside due to the slowdown in demand and the implementation of contractionary monetary policy. However, it remains far from the targets set by central banks. In this context, markets reacted with a preference for safe-haven assets, seeking to mitigate risks. As a result, the expectation of rate cuts was postponed until 2024.

The region faced an unfavourable international economic context due to restrictive monetary policy, compounded by a serious and structural issue related to the inability to grow at higher rates. Most Latin American economies continued to decelerate and the outlook for 2024 is not encouraging. Inequality, difficulties in promoting job creation, containing expenditure and the constant risk of social unrest remain constant concerns for governments. The threat to democracy as a system and the distrust in public institutions persist and even electoral contests were marked by violence as seen in Ecuador with the assassination of one of the main presidential candidates. New governments in Argentina and Brazil and the conclusion of the constituent process in Chile, preserving the current constitution of that country, stand out in this panorama.

In Colombia, the economy faced a period of slowdown characterized by a clear downward trend in investment and household spending, along with low government execution. Despite this, the labour market showed resilience in the face of the economic downturn, maintaining the total number of employed individuals during 2023 and creating formal jobs. However, high levels of informality persist, which are expected to continue in 2024 due to a 12.07% increase in the minimum wage and the difficulty for the business sector to expand its activities to generate new jobs. Additionally, according to the Ministry of Finance, the execution of the national budget for investment closed at 71.3%⁵. Thus, the aggregate performance of investment as a proportion of GDP fell by 24.8% compared to 2022. The growth prospects for the Colombian economy are very low.

⁵ ANIF: Budget execution of investment: A bleak outlook <https://www.anif.com.co/comentarios-economicos-del-dia/ejecucion-presupuestal-de-inversion-un-panorama-gris/>. April 11, 2024



On the other hand, there was less inflationary pressure, which began its downward trend in April 2023 and ended the year at 9.28%, compared to 13.12% in 2022. This decrease in inflation could be attributed to several factors, including reduced consumption and high levels of indebtedness. This scenario allowed the Banco de la República to begin a rate reduction cycle in December 2023 with a decrease of 25 basis points, setting it at 13.0%, after keeping it unchanged for eight consecutive months. Regarding the Representative Market Rate (TRM), the complexity of the global and local economic scenario directly influenced its behaviour. During this period, the TRM experienced a strengthening of 20.54%, ending the year at \$3,822.0. The average for the year was \$4,325.1, with a maximum of \$4,989.5 and a minimum of \$3,822.0.

Concerning the public order and social situation, the discouraging panorama presented in 2022 continued. The reported figures remain very worrying. According to the Instituto de Estudios para el Desarrollo y la Paz, Indepaz, during 2023, more than 167,540 people were victims of forced displacement, 93 massacres were carried out and 188 social leaders and 44 signatories of the agreement with the FARC were killed. Eight departments were focal points of violence due to the actions of

illegal groups: Nariño, Bolívar, Cauca, Antioquia, Valle del Cauca, Chocó, Putumayo and Norte de Santander. Peace negotiations in Colombia, particularly with the ELN, did not progress as expected and violence persisted at very high levels.

Another substantial challenge is the lack of trust and credibility of society in institutions, the presence of strong polarization and uncertainty regarding the pending regulatory reforms, which, in addition to having significant impacts on the lives of Colombians aim for a much more active participation of the State as an economic actor and discourage private business investment. Added to this is a growing trend of decision-making outside the regulatory rigor of the rule of law, contributing to the weakening of Colombia's institutional tradition.

In this context, the work of the Foundation is more necessary than ever and must become a source of hope for society; its purpose and strategy remain relevant. Its commitment to the country, to those with fewer opportunities and especially to building a different culture, becomes a necessary source of hope and relief for Colombians. In 2024, the institution must primarily deploy all its efforts to address the situation, to preserve its heritage and its management and impact capacity over time, both in its business instrument and in its Territorios Progreso.

In this context, the Foundation's companies must consolidate their structural conditions and competitive advantages, as well as incorporate any necessary ones, to ensure their sustainability and future competitiveness. At the same time, within their capabilities, they must support their clients in the most affected segments with creative solutions to cope with the adverse situation in line with the vision set for them and their purpose of pursuing the common good.

Partnerships and collaboration with others will be fundamental, and in this respect, the Foundation will continue to advance with great interest in the path it has set participating in scenarios that enhance these alliances both in Colombia and abroad. To contribute to this purpose, the Institution decided to establish a non-profit entity in Spain and endowed it with significant resources, capacities and autonomy. As a post-closing event, the Institution was notified by the Comunidad Autónoma de Madrid of the granting of legal status to Fundación Grupo Social España, which will allow the development of social activities in and from abroad to strengthen the Institution's mission and consolidate its strategy through access to resources and capabilities. Internationalization is a way to proactively respond to the current environment, characterized by being open, global and interconnected, as well as conducive to generating greater economic and social value typical of the society model the Entity aspires to.



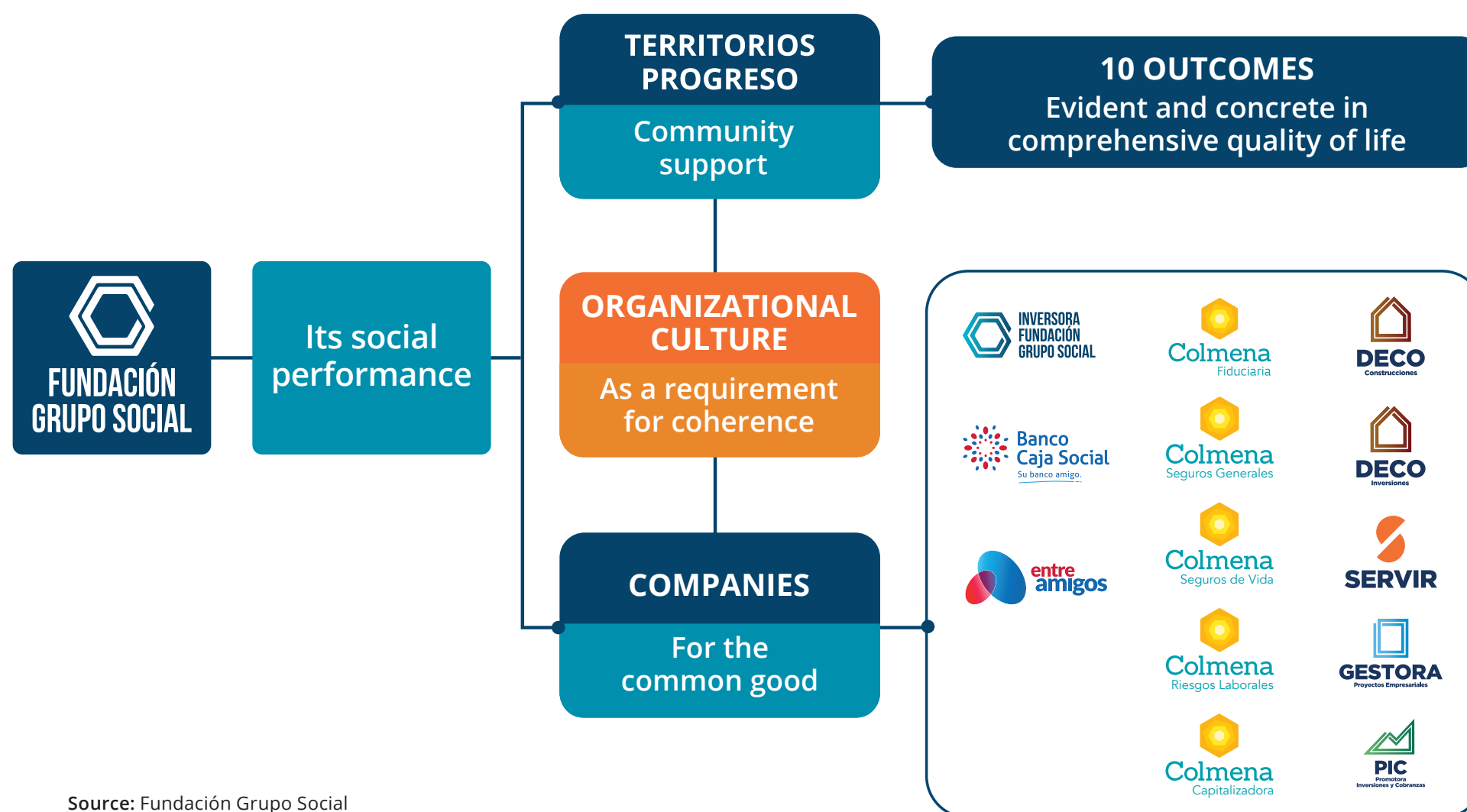


THE MANAGEMENT MODEL

As derived from the context, 2023 was a year of many demands on all fronts. The results presented in this document aim to account for the Organization's efforts to maintain its productive business activities and community support work, increase the value and impact of its

companies, and move forward with the routes designed for new work fronts in business and to generally develop all its activities in accordance with its strategy and the guidelines set by the Social and Executive Councils, each within the scope of its competencies.

FUNDACIÓN GRUPO SOCIAL MANAGEMENT MODEL



Source: Fundación Grupo Social

SOCIAL IMPACT

For Fundación Grupo Social, **an entity is sustainable when it has the conditions that allow it to remain true to its essence over time, pursuing the purpose for which it was conceived and effectively impacting society, making it increasingly dignified for humanity.** Any endeavour, including business, will be sustainable to the extent that it consistently and enduringly fulfils its purpose by generating a positive impact on human development, as a historical and transcendent being.

Sustainability, as described, entails a company's commitment to satisfying the legitimate interests of all people involved in its value chain, with criteria of justice, over a long-term horizon. It implies having the capacity to assume both the negative and positive impacts of its activities, as well as the ability to quickly adapt to the economic, political, social, environmental and other contexts in which it operates. It also involves questioning even the potential commitment or responsibility to extend wealth generation to "other actors" who are excluded from the production chain due to their vulnerability.

Consequently, this Organization is managed according to the values of its organizational culture, aiming to achieve its purpose, which is none other than *“overcoming the structural causes of poverty to build a just, supportive, productive and peaceful society”*⁶ through the achievement of each of its activities and the specific objectives of the entities that comprise it. This is done in such a way as to preserve, enhance and successfully stimulate over time the interests that in the Organization holds: society in general, the beneficiary populations in the Territorios Progreso where it operates, the customers of the companies that comprise it, its collaborators, the shareholders participating in its companies, its suppliers, the State and of course those other actors excluded from the economic system.

This conception of sustainability, which has accompanied the Foundation’s thinking for many years, but has been made more explicit from this report onwards, has two concrete expressions depending on whether it concerns the **Territorios Progreso** or the **Companies for the Common Good**.

The Territorios Progreso have opted to implement the Quality-of-Life model in the terms that will be seen later. This means that their social impact should be viewed considering the results they aim to achieve for the benefit of the communities they support, that is, in terms of achieving the ten outcomes that seek to ensure an irreversible and lasting trajectory towards integral well-being for those communities.

⁶ Chapter A. Legacy

Regarding the companies, the Foundation has considered that **“the social” is inherent in business activities and should not be sought outside of them as an “externality” or something additional to the management itself**. It believes that *Being* a company necessarily involves serious effects—both negative and positive—on society⁷ and the common good.

In this sense, there are four inherent functions of business activities from which its social function should be interpreted, and these are the four functions by which Fundación Grupo Social has deliberately decided its work should be understood. These functions are satisfying true needs, generating maximum wealth for society, building and developing communities of people and constituting a key factor in civil society. Their understanding will be expanded upon in the chapters Conceptual Framework of the Social Function of the Company and Evolution of the Social Function of Companies in 2023.

In the following sections, you will see in detail the work in each of these areas and the steps taken in the previous year along the path set to contribute through its activities to the well-being of society and the individuals that comprise it. This is their commitment to Sustainability.

⁷ It includes the environment, and within this, the environmental dimension



Second part: MANAGEMENT



TERRITORIOS PROGRESO

Territorios Progreso is the name the Foundation has given to its direct work with various communities across the country. Its objective is to accompany them, shoulder to shoulder, so that they can build the conditions for their own development and achieve comprehensive and sustainable improvement in their quality of life. This task also coordinates with different stakeholders who are working towards the same purpose.

They are called “Territories” because they do not have a population, sectoral or thematic focus, instead, they consider everyone who inhabits them because it is where people dream, strive and where opportunities to transform their lives are also present—or should be. They are “Progress” because the improvement in the quality of life that the Foundation aspires to refers to achieving 10 outcomes that enable individuals to fully empower themselves within the framework of ethics and values.



QUALITY OF LIFE OUTCOMES

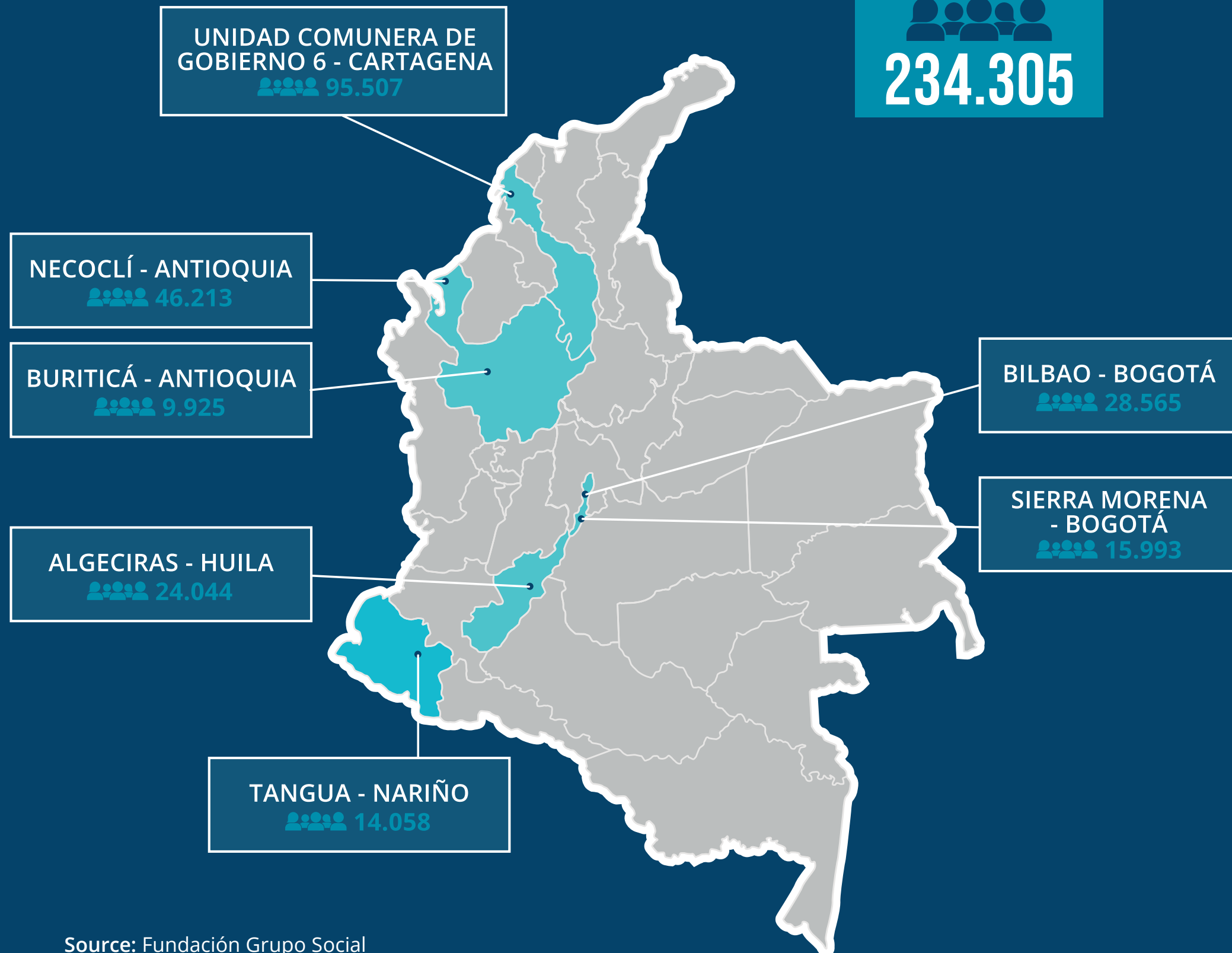


At present, there are seven Territorios Progreso located in regions of high vulnerability:

OUR TERRITORIAL SUPPORT

7 TERRITORIOS PROGRESO

234.305



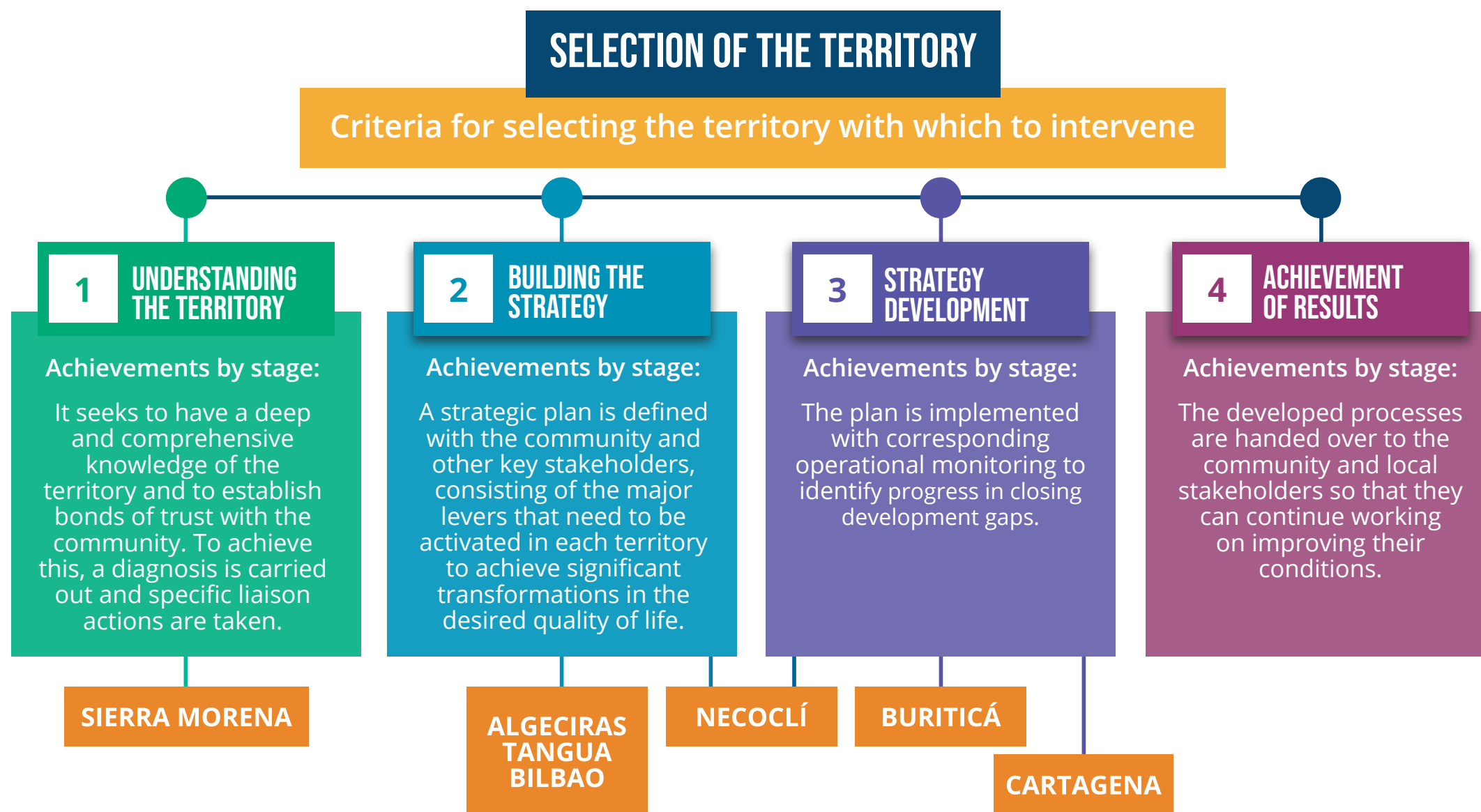
Source: Fundación Grupo Social

1. The population of Buriticá, Algeciras, and Tangua was taken from the DANE projection based on the 2018 census.
2. The population of Necoclí, Unidad Comunera de Gobierno 6 and Sierra Morena was taken from the Cifras y Conceptos projection for 2023 based on the 2018 DANE census.
3. The population of Bilbao was taken from the Cifras y Conceptos projection for 2022 based on the 2018 DANE census.

Each one goes through one of the stages of the so-called Quality of Life model. In 2023, Sierra Morena (Bogotá) is progressing in the first stage called “Understanding the Territory”; Tangua (Nariño), Bilbao (Bogotá)

and Algeciras (Huila) are in the second stage of “Strategy Building”; and Unidad Comunera de Gobierno 6 (Cartagena), Necoclí and Buriticá in Antioquia are implementing the third stage: “Strategy Development”.

STAGES OF THE QUALITY-OF-LIFE MODEL



Below are some of the relevant results obtained during 2023:

SIERRA MORENA - BOGOTÁ



TERRITORY

UPZ Ismael Perdomo – Ciudad Bolívar, Bogotá.
Two cadastral sectors: Sierra Morena I and II.

POPULATION

15.993 inhabitants

START
2023

This territory was selected due to its conditions of vulnerability, reflected in high indices of monetary and multidimensional poverty, as well as favourable access to social facilities and services, specifically in caregiving services and identifying neighbourhoods for addressing the most affected population.

It predominantly exhibits characteristics that can generate significant value with the Foundation's support. It has a sizeable migrant population; potential for informal productive units; a history of social assistance

and strong institutional presence, which can facilitate influence on public policies; it is a territory that faces significant challenges in terms of peace and coexistence; and it will demonstrate the combined impact of both Organization instruments, each within its scope. The key achievement in the **Understanding** stage was a comprehensive understanding of the territory, its challenges and opportunities, gathered through input from approximately 560 community members and various stakeholders.



4,388 people learned about Fundación Grupo Social and its commitment to work in Sierra Morena for several years.



BILBAO - BOGOTÁ



START
2022

TERRITORY

Local Planning Unit (UPL) Tibabuyes, comprised of two cadastral sectors (Bilbao and Tibabuyes Occidental)

POPULATION

28.565 inhabitants

It is an area that receives migrant population, with a significant percentage of young people, experiencing ongoing development, close to the Bogotá River waterway and the Tibabuyes and Conejera wetlands. It is a locality diverse in socioeconomic strata, predominantly 2 and 3 (77%), perceived as highly conflict-prone, with a concentration of businesses (13%), but at the same time, similarly excluded. Like Sierra Morena, in addition to allowing the Foundation's work to generate significant value, it faces the challenge of conducting an exercise where both Organization instruments act in a coordinated manner, each in its own specificity.

The **Strategy Building** stage identified four major initiatives along with their action plans expected to be validated in 2024: (i) **Culture** aiming to build trust, empathy, and solidarity in community relationships to strengthen coexistence and integration through diversity. (ii) **Income**

to connect people with productive dynamics that generate sustainable wealth in the city and country. (iii) **Education** to link the territory with educational opportunities in the city and enable inhabitants to develop their full potential. (iv) **Social fabric** to foster ownership, influence and collective action among all stakeholders in achieving this collective dream.

Similarly, it is considered relevant to highlight actions aimed at **building trust** with the community, teachers, leaders, representatives of social organizations and delegates from district-level entities on issues primarily related to civic and environmental culture. 55 facilitators were trained in leadership and influenced with their proposals in the government programs of the candidates for the mayorship of Bogotá. This same training was received by 24 dialogue facilitators from two dialogue communities of influence for 430 residents of the locality.

8 DANE National Census of Population and Housing, 2018.

5,000 people learned about the societal commitment, quality of life results, and the attributes of the Bilbao territory.





ALGECIRAS - HUILA



START
2022

TERRITORY

To the east of the department of Huila.

POPULATION

24.004 inhabitants.

This municipality is considered an agricultural hub, just over half of its population resides in rural areas (51%) where is currently implementing a Territorial Development Program (PDET) due to its high level of impact from armed conflict. The Foundation directly identified opportunities for support, following preliminary exploratory work, which also allowed it to gather insights for operating in an area heavily influenced by illegal armed actors.

In 2023 the proposal for the Territorial Strategic Plan was developed with five initiatives to be validated in 2024: (i) **Basic infrastructure enabling** sanitation, road connectivity and digital connectivity to ensure access to services and promote sustainable resource use. (ii) **Education** as a driver of individual and territorial development. (iii) **Cultural** Transformation, aimed at strengthening trust, identity and social cohesion. (iv) **Participatory development management**, to manage quality of life, develop skills among territorial stakeholders

and strengthen participation and effective influence scenarios and (v) **Sustainable Supplier**, to achieve highly productive and socially and environmentally sustainable economic activity.

Actions stand out for building trust with 17 community management groups. These groups led the construction of 330 meters of paved roads, in partnership with the municipal government, benefiting 1,200 people across 10 rural settlements⁹. Additionally, 32 Community Action Boards (JAC) and 4 social groups were engaged in the organizational strengthening process to achieve tangible results that transform their reality. Furthermore, 166 leaders were trained as social managers in territorial planning, emotional management, leadership, participation, planning tools and effective communication.

⁹ Quebradón Sur, La Danta, Las Perlas, Andes Bajos, San José Alto, San José Bajo, San Antonio, El Bosque, El Reflejo, and El Pedregal.

In partnership with the German Sparkassenstiftung, a financial education project was carried out involving 34 facilitators, 390 children, 132 youth and 22 entrepreneurs to reinforce the importance of savings culture, as an opportunity to achieve goals and manage business finances effectively.





TANGUA - NARIÑO



START
2022

TERRITORY

Strategic location that connects the municipality to the dual carriageway Pasto – Rumichaca.

POPULATION

14.058 inhabitants.

Tangua is predominantly rural (79% of the population)¹⁰, with high ecosystem importance due to the Galeras Flora and Fauna Sanctuary and the Ovejas – Tauso moorland, providing water supply for the city of Pasto and other municipalities in the region¹¹. The area exhibits high levels of poverty and an aging population structure¹².

In Tangua the proposal was developed for the Territorial Strategic Plan with five strategies, which will be validated in 2024: (i) **Education** to improve quality, relevance, infrastructure and access to education; (ii) **Productive initiative** to generate sustainable economic value in the territory; (iii) **Water** to collectively achieve territorial conditions that ensure sustainable supply of this vital resource; (iv) Road and digital **Connectivity** for access to goods and services, leveraging natural

assets and community integration; and (v) **Participation and collective action** for the community and institutions to manage territorial quality of life based on an ethic of care.

Also highlighted in 2023 is the formation of 8 territorial instances¹³.

Currently, there are 20 organizations participating in the strengthening process; 73 leaders have been trained as social managers in partnership with SENA, ESAP and the University of Nariño; and the *Alianza por el Agua*¹⁴ which aims to improve 33 community aqueducts, achieved approval for the aqueduct strengthening project in Tapialquer Bajo, scheduled to commence execution in 2024.

¹⁰ DANE (2023), Municipal-level population projection based on the 2018 Census.

¹¹ 35.93% of the municipal area linked to a moorland ecosystem (8,589 hectares), Galeras Flora and Fauna Sanctuary and Ovejas - Tauso Moorland.

¹² For every 100 children (<=15 years old) there are approximately 70 people aged >=65 years. FGS (2023), Baseline of 2022.

¹³ Territorial instances are spaces of integration, trust and community recognition aimed at facilitating and promoting collective action to achieve quality of life.

¹⁴ Alianza por el Agua is composed of Universidad Mariana, Universidad de Nariño, Escuela Superior de Administración Pública, Universidad CESMAG, Suyusama, SENA, Nariño Governorship and Fundación Grupo Social.







Buriticá is formed of 5 townships¹⁵, 32 rural settlements and is primarily rural (77%). Mining and agriculture are the main economic activities on which 50% of the population depends for income generation. It hosts the country's largest modern gold mining project, offering significant opportunities for development, yet it also coexists with conflicting interests and the presence of illegal armed actors, complicating efforts to improve quality of life for the population.

In this Territorio Progreso six strategies were defined to address the challenges posed by having a comprehensive development model that leverages the advantages of being the site of this large-scale mining project without creating dependence on it. This involves enhancing its agricultural roots, strengthening its social fabric and exploring sustainable solutions for the use of its abundant natural resources.

¹⁵ El Naranjo, Guarco, Tabacal, Llanos de Uarco y La Angelina.



Territorial brand, constructed in a participatory manner by the community

Here are the main achievements reached during 2023 in the strategies defined in the Buriticá Strategic Plan constructed in 2018:

In **Participatory development management**, 50% of the population is familiar with and supports the strategic initiative and 34 youths are being prepared to showcase the treasures of this territory. 60 researchers of cultural memory spreads Buriticá's identity highlighting the value of its people. In 2024, the Cultural Memory report will be published.

PROCESS OF FORMATION IN BEING

“It has been a beautiful and enriching process, not only to get to know myself but also to understand others. We can understand those who come from afar, we can lend them a hand even if they don't ask for it, because they need it”
– *Teacher from Buriticá.*

“I have learned to respect differences. At home, I have a son, and we are quite different. Sometimes he exasperates me, he is very laid-back, and we used to clash a lot. I used to take things very personally and spoke to him harshly. Now I believe we have better communication and I no longer get worked up”
– *Mother from Buriticá.*

In **Education and Skills Development**, particularly in advocating for relevant and quality education, the Municipal Educational Plan (PEM) 2023-2033 was adopted through a Council agreement: “Education in Buriticá, a possible path for all.”

83% (55) of teachers enhanced their pedagogical and curricular competencies with emphasis on core subjects, ICT and environment¹⁶. 35 youth received full scholarships for tertiary education and were trained in promoting diversity in partnership with Comfenalco. Throughout the process, these young individuals will receive psychosocial support to successfully complete their studies and contribute to improving quality of life in the municipality through their knowledge¹⁷.

In Proactive Environmental Management, in the task of protecting the Serranía de Buriticá, the agreed-upon document was submitted with the territorial stakeholders to the Alexander Von Humboldt Institute for Biological Resources Research to obtain a validation confirming that the Serranía de Buriticá has all the attributes needed to be declared a protected area. The collaborative work stands out with the community, authorities and Zijin Continental Gold, which holds a mining title in the area.

Regarding the goal of ensuring availability, efficient use and water quality, the completion of the technical diagnosis of aqueducts and water systems in educational institutions in cooperation with UMATA, EPM and the Buriticá Mayor’s Office stands out. This has allowed the prioritization of the most critical systems. By the end of 2023, 12 out of 40 aqueducts in 15 rural settlements were improved and 17 out of 25 educational sites now have potable water.

In the strategy for **Physical infrastructure for social connectivity**, the opening of the road from La Angelina township to the urban area was achieved, benefiting approximately 1,850 people by improving mobility and reducing the risk of accidents. Additionally, 74% of the critical points (39 out of 53) on the trails of Cordillera, Buriticá-Guarco Sincierco and Mogotes – Angelina were improved. Notably, the installation of internet points in all 23 rural settlements, covering 100% of the territory,

¹⁶ In partnership with the Antioquia Department of Education, the Municipal Education Directorate, Adolfo Moreno Úsuga School, Santa Gema School and Zijin-Continental Gold.

¹⁷ The partners in this process are the Digital University of Antioquia and the Buriticá Education Alliance with whom we have been strengthening the involvement of young people in tertiary education.



has significantly impacted the well-being of all residents. Following this initiative, 63 additional connections were directly paid for by the community.

In 2018, 6% of the population of Buriticá had access to the internet. In 2023, 100% of the rural area has connectivity.

Finally, in the **Economic Transition** strategy, which aims for the community to recognize the changing conditions in the territory and transform how they connect with sources of wealth to improve their income, the participation of 40 enterprises in the pilot “Ruta Emprende Buriticá” stands out. These entrepreneurs have commercially validated products and the entrepreneurs have improved their communication and negotiation skills.

NECOCLÍ - ANTIOQUIA



TERRITORY

East Antioquia, Urabá subregion.

POPULATION

46.213 inhabitants.

START
2019

This is a municipality with significant natural conditions, ethnic diversity, and proximity to several major port projects. It also faces significant social challenges due to migrants passing through its territory towards the Darién, weak infrastructure in its aqueducts and over half of the population with insufficient income.

Under the strategy of **Training for Being** the implementation of the methodology designed to educate the community in value construction and transcendent being commenced with the participation of 28 young people and 8 teachers.



Community-built territorial brand

The strategic plan of Necoclí was defined in 2021. Below are the main achievements in 2023:

In **Participatory development management**, approximately 24,597 people are aware of the strategic approach and the quality-of-life results, with the communicative umbrella being the brand “NecoclíTúPertenece Aquí”. Within the participation structure, 11 territorial meeting spaces influenced the government plans of the mayoral candidates, and 2 out of the 4 working groups... (Education and Economics) promoted initiatives. Additionally, the training process of the Necoclí Leadership Training School began with the participation of 114 people.

Noteworthy progress was made in the line of action related to *digital connectivity and telecommunications*, within the framework of the strategy **Infrastructures that Support Life**, with the design of a pilot project to expand internet coverage in the districts of Mellito, Mulatos, Zapata and Caribia, areas inhabited by approximately 14,698 people.

“I notice the pain of others and when I can, I really help. I like to share with my family, even if everyone is scattered” -Teacher Necoclí





By 2032, 2,500 households should have sufficient income as defined in the **Income Generation** strategy. The steps taken in 2023 to achieve this goal focus on the design of a pathway for developing socio-emotional and transversal skills (A1 English, digital and business skills); the development of a pilot programme in financial education with the German Sparkassenstiftung (German Savings Banks Foundation) involving 254 people from social and economic organizations, 24 primary school students and 19 local leaders; and the launch of the social innovation programme for entrepreneurship and employment Work4Progress, in partnership with Fundación La Caixa, which aims to improve incomes by promoting solutions that contribute to the development of a modern agricultural sector and sustainable tourism.

“Through this process my students feel closer to me. They can feel more embraced by me as their teacher. I now laugh. I feel capable of talking to them and helping them”
– Teacher from Necoclí.

“This has helped me to think about my future, because when you feel capable, you dream and do things to achieve your dreams”
– Young person from Necoclí.

In the coming years, the 46,000 inhabitants of Necoclí, of whom 50.6% are women, will benefit from this methodology where social innovation goes beyond new technologies, and supports initiatives where the community is the protagonist of a real transformation.

Regarding the strategy **Education for Knowledge and Action** and specifically in the line of action of *strengthening teacher competencies*, 120 teachers consolidated their pedagogical and curricular competencies in language under the Let's All Learn to Read model in partnership with Fundación Luker y Fraternidad. Concerning the line of action related to *quality educational infrastructures*, the construction of the eco-efficient classroom in the village of La Gran Colombia was completed, benefiting 40 children with a suitable space for learning and well-being.

UNIDAD COMUNERA DE GOBIERNO 6 - CARTAGENA



START
2013

TERRITORY

La Virgen locality in the southeast of Cartagena contains 7 neighbourhoods.

POPULATION

95.507 inhabitants.

This area is characterised by high levels of inequality and violence, with growing informal settlements in the areas adjacent to the southern part of the Ciénaga. It was one of the areas most affected by the pandemic in terms of job loss, significant decrease in income, high concentration of migrants and increased conflict indicators. This led to the redefinition of some of the initially proposed strategies in 2021, as well as the adjustment of action plans and anticipated achievements.

At the beginning of the support process weaknesses were identified in collective action methods, low quality and relevance of education, increasing degradation of water bodies, insufficient public space, low shared responsibility and insufficient and unsustainable household incomes. Therefore, the Plan para el Buen Vivir was defined as an initiative to improve the quality of life through five strategies.



Plan PARA EL Buen Vivir COMUNA 6

Territorial brand. By Fundación Grupo Social

33,428 people (educational community, entrepreneurs, social managers, community living near the Ciénaga de la Virgen and the general community) and 10 public institutions, 8 private institutions and 4 media outlets embraced the Plan para el Buen Vivir through the **Participatory Development Management** strategy. Additionally, 42 territorial instances are capable of mobilising 6,080 individuals from the district with actions associated with their strategies and the City Management Mechanism “Let’s Unite for Cartagena” contributes to mobilising alliances to achieve its action lines.

In **Education for being, knowing and doing**, in the *early childhood line*, 82% (218) of teachers strengthened their competencies, which is reflected in their pedagogical practices. Additionally, 60% (79) of community homes involve an average of 60% of families in household activities and activate family committees in planning and support to improve comprehensive development of children. As part of the *advocacy and lobbying plan*, it was agreed¹⁸ to prioritise two themes: health and nutrition in children and capacity development for parents, caregivers and educational agents.

¹⁸ With Colectivo Traso, Fundación Santo Domingo, Pies Descalzos, DADIS, Secretaría de Participación, Red Papaz, Red de Líderes Aiotu and Universidad Rafael Núñez.

In *language and mathematics competencies*, 244 teachers received training in these dimensions and 122 are receiving classroom support. In the line related to environmental responsibility, 125 (out of 216) teachers were trained in territory reading, shared responsibility and problem-solving; and 9 environmental educational committees have plans promoting actions with teachers and environmental leaders for the protection of the territory.

66 young people completed their training in *citizenship and community coexistence*. 300 young participants have an outstanding level (4.5 on a scale of 1 to 5) in the four competencies evaluated in the last assessment (personal development, territory reading, assertive communication and teamwork), which led to the implementation of 12 initiatives involving 2,917 community members in public space care, emotional management and responsible environmental practices in households¹⁹.

In **habitat and environment**, notable achievements include the recovery of 355 metres of the Matute Canal's banks and 400 metres of the Chiamaríá Canal with community involvement (enclosures, cleaning activities, community agreements); the design of the pilot project for the restoration of the Ciénaga de la Virgen "Mangrove Seeds", supported by Columbia University; and the formation of the technical table Alliance ProCiénaga with the initiation of the project management route.

¹⁹ Environmental initiatives: Good management of solid waste, Youth film club for proper waste management (still being implemented), Entrepreneurship for the future, United for better environmental education, Inspiring youth, Eco-tire recycling in Comuna 6, Green Olaya. Initiatives for emotional management, values and life projects: Learning to recognize and manage my emotions and Recognition of life skills and talents, For a healthy youth, Sexual and reproductive health fair and Prevention of gender-based violence.

Additionally, an incentive programme²⁰ was implemented involving waste recyclers from the Comprehensive Solid Waste Management Plan (PGIRS) and around 380 families to promote compliance with community agreements regarding waste disposal.

In the assessment of progress in **Building Shared Meanings** it was found that 88% of the residents of Fredonia neighbourhood comply with the agreement to place garbage in sturdy, securely closed bags and at the designated times and 78% of people sort and recycle waste at home, percentages higher than those in other neighbourhoods not involved in the initiative.

To advance towards the goal set in **Income Generation**, a pilot program was designed and implemented to train 48 teachers in promoting socio-emotional skills essential for the world of work, in partnership with CoSchool²¹. Evaluation of this initiative showed a positive impact on participants in all categories: teachers' knowledge, perception of their self-efficacy and well-being and satisfaction with the process.

Similarly, with the Rebel²² operator, 193 enterprises completed Stage 1 of the Strengthening Route. As a result, 70.5% (136) of the enterprises made sales. Additionally, the mass training process of 150 green businesses concluded with 15 selected for the incubation stage and 5 for consolidation.

²⁰ 1 eco-football championship, 1 eco-cinema event, 2 eco-recreational sessions, and 4 eco-mobile store spaces.

²¹ CoSchool is a partner that works on strengthening socio-emotional skills as a lever for transformation.

²² Rebel Business School is an alternative entrepreneurship school.

COMPANIES FOR THE COMMON GOOD

It all dates to the deep conviction with which Father Campoamor, founder of Fundación Grupo Social arrived in Colombia at the beginning of the last century, the need to involve the poor in the management of their own development, with a powerful instrument being the generation and management of savings. The first activity undertaken by the then Círculo de Obreros de San Francisco Javier once established was the creation of a Savings Section which, over time, would evolve into Banco Caja Social. Similarly, other projects were initiated that technically could be termed “entrepreneurial”, as they involved the production of goods or services with social purposes yet were economically viable and provided returns: Consumer Cooperatives, Mutual Insurance, Workshops and Farms, Housing Construction, Food Supply, among others.

Campoamor’s visionary intuition constitutes a framework and a reference in terms of responsibility towards society that remains unchanged today. The entrepreneurial spirit is at the core of the Foundation’s social strategy, as it believes that “social aspects” are

inherent to entrepreneurial activities and should not be sought externally as “externalities” or as “something additional” beyond management itself. The Organization has remained faithful to its broad vision of the commitment that entrepreneurial activities are meant to produce in terms of the common good and all its capacity and management continue to be oriented towards this purpose.

Thus, the Foundation’s Enterprises are not conceived simply as a means of financing the Foundation’s operations and its community support work. Primarily, they exist to serve Society. They are essential and integral parts of its social work. Their greater purpose is to generate real experiences of an economic approach guided by ethics, transcendent values, the common good, solidarity and concern for the most vulnerable, while also ensuring compatibility with wealth generation for society as a whole, solvency, economic viability and fair returns for shareholders.



A. CONCEPTUAL FRAMEWORK ON THE SOCIAL ROLE OF THE COMPANY

As mentioned at the beginning of this document, there are four inherent functions of business activity from which its social role must be interpreted, and these four functions have been deliberately chosen to frame the work of the Companies. These functions are:

Satisfaction of True Needs

From an ethical perspective, the means of production “belong” to the community, and it “entrusts” them to economic entities, called companies, for one ultimate purpose: the satisfaction of its needs. No businessperson can escape this “delegated administration” function. That is why it is often stated that no business activity is socially neutral. The very simple questions of “what and for whom to produce”, in which companies play a leading role, already generate a profound responsibility towards society. And this, of course, is not “outside” of business activity; it is its essence.

This is the reason why, since its inception, the Fundación Grupo Social has focused its business management on (i) sectors with a high potential to drive development, fundamental levers for inclusion in the productive system, (ii) with a special emphasis and vocation towards the popular mass markets.

The Organization’s operational model aims, through its services, products, channels and processes, to satisfy priority needs and open paths of inclusion and opportunity for those who have not had them; specifically targeting popular sectors inadequately served by the traditional formal market. This is its commitment. In other words, it seeks, with the support of its leverage, to create new pathways for coexistence, equality of opportunity, inclusion and well-being for all those with whom it interacts.





The Organization is active in financial services, savings and credit activities; in protection activities (which include life insurance, labour risk insurance, asset insurance, services for the elderly, as well as funeral and burial planning services). Additionally, Construction and Tourism have been defined as new sectors in which it will participate on a large scale and actively. Besides the aforementioned business lines, in 2012 it was also decided, considering it essential for fulfilling its Mission, to venture into relatively small projects, whose management approach is unique as they involve close support and special relationships with entrepreneurs, communities or informal organizations. For this purpose, Gestora de Proyectos Empresariales was established. Finally, as a complementary strategic objective, it is tasked, on an experimental basis, with undertaking specific projects that promote the development of rural areas in the country, understanding that overcoming the neglect of this sector is a fundamental challenge for development and coexistence²³.

²³ Literal H. Strategy. Legacy of Fundación Grupo Social.

Generation of Maximum Wealth for Society as a Whole

Generating wealth is not a right but an obligation of the business apparatus, and how this added value is distributed among employees, shareholders, suppliers, the State and society itself, is fundamental whenever discussing corporate social impact.

Fundación Grupo Social believes that its business activities must be primarily oriented towards providing essential services and products for the popular market, but with economic viability, sustainability and reasonable profitability. Anything contrary, although it may seem attractive in the short term, ultimately destroys value for Society as a whole. This function imposes the challenge for companies to be highly productive and profitable.

As the main shareholder of the business group, the Foundation allocates the entirety of the income it receives in the form of dividends to the development of its Mission, that is, to the business activities and the communities involved in its programmes called Territorios Progreso.

Construction and Development of a Community of People

In companies people coexist with whom there is a profound responsibility: that of their integral development. This development encompasses many dimensions, including remuneration, which plays a significant role in the fair distribution of the wealth generated by business activity.

For Fundación Grupo Social, its organizational culture, understood in its broadest sense as the way in which a community of people thinks, expresses itself, and acts, is not only a critical factor enabler of its talent management but has also been recognised as a guarantee of the sustainability of its Legacy in the long term, as well as a minimum requirement of coherence within the framework of its strategic objective. The Organization has addressed this issue through an explicit recognition of the values that, grounded in the sources of thought that inspire it, guide both institutional and personal behaviours and must be realised in its daily operations.

The challenge of putting values into practice in daily activities ceases to be purely an axiological matter and becomes a managerial problem. Fundación Grupo Social and its companies have based their efforts in this area on a deliberate process of building organizational culture, acting strategically and systematically. The Organizational Culture System, which has been developed for more than thirty years, and was enhanced in 2012, establishes the characteristics of the desired culture, that is, the benchmark profile to which the Organization aspires, as well as the variables that function as driving levers to achieve this objective. Each of the variables has defined action plans with concrete objectives that must be met year after year.



Establishment as a Key Actor in Civil Society

This points to the recognition that the company must acknowledge its belonging to Civil Society. Acting on the major issues facing society is a direct responsibility of businesses and their managers, even in cases that extend beyond their core activities.

The companies of Fundación Grupo Social fulfil their task of actively participating in the debate and resolution of the major issues affecting the well-being of the entire society, with a genuine concern for the common good. In this realm they strive to be a reference for proactive, constructive, truthful and critical action, when necessary, not based on their particular interests or those that enhance their prominence, but on those considered relevant to the collective interest. This vision is present in all their relationships, not only with the State but also with the numerous collective spaces in which they operate: guilds, associations, civil society organizations, alliances, academic environments, among others.

The Organization includes within its annual reports the main actions undertaken in this area as part of its task to produce effects in the environment beyond its direct business activities.

B. EVOLUTION OF THE SOCIAL ROLE OF COMPANIES IN 2023

Satisfaction of True Needs

The development of this section includes some of the most relevant advances or actions each company has taken concerning their value propositions. Therefore, what follows is not intended to be an exhaustive list but rather illustrative of the direction in which the companies are evolving to fulfil the purpose defined by the Foundation. A much more comprehensive reference to the exercise of satisfying true needs can be found in each company's management report.

■ *Financial, Savings, and Credit Activities*

Since its inception in 1911, Fundación Grupo Social has provided financial services to the popular sectors and promoted savings as a powerful lever for people to achieve their goals, improve their quality of life and generate progress for the country.

Currently, the Foundation's presence in the financial sector is led by its Holding of the Financial Conglomerate, Inversora Fundación Grupo Social SAS, which controls Banco Caja Social, Fiduciaria Colmena, Capitalizadora Colmena, as well as the three insurance companies, which will be referenced later within the context of protection activities. This line also includes Entre Amigos, Vehigrupo and Promotora de Inversiones y Cobranzas.

In 2023, **Inversora Fundación Grupo Social**, complied with the policies approved by the Board of Directors and the requirements of the Colombian Financial Superintendency regarding the appropriate capital level of the Conglomerate and its Affiliates and Exposure Limits, it also continued to develop the strategy of strengthening capacities and bolstered its Risk Management Framework (RMF) through the RMF Advisory Committee, a consulting body that evaluates and makes recommendations on the Conglomerate's risk management.

Noteworthy is the capitalisation of the General Insurance Company amounting to \$75,000 million, which will not only strengthen it financially but also allow it to grow significantly in the defined branches.

In 2023, **Banco Caja Social** fully implemented its business plan, achieving the incorporation of digital capabilities and a significant evolution of its management model despite the challenges faced by the banking industry, that in the second half of the year, included an increase in passive rates, a reduced appetite for credit due to very high active rates and a general deterioration in the quality of household and business portfolios (conditions that persist in 2024). The following fronts are highlighted:

- For "the Friendly Bank of Colombians that makes Service its reason of being" the concept of Service, with a capital S, involves developing high-quality products and services that contribute to improving people's quality of life and meeting their real needs. It also means having processes that are easy, timely, clear, being consistent, respectful, providing solutions and having a genuine interest in helping under any circumstances. In other words, the way the Foundation expects the Bank to bear witness to the society it aspires to is by being the Friendly Bank of Colombians.
- In 2023 high levels of satisfaction (INS) and recommendation indices (NPS) were maintained and the brand remained in the Top 3 favourites in the industry according to the syndicated study of Recall, Attitude, and Purchase (RAC) (Source: Óptimos). While this is not the only indicator or the reason of being of the entity's work, it reflects its commitment in this area.



New brand image of Buen Vecino

- Regarding savings, invigorated the mass collection of low-cost deposits by promoting customer savings. It increased the interest rates on Certificates of Deposit (CDTs) and improved the conditions of the Cuenta Ahorro Amigo (a flexible savings account) to generate higher income for its clients through interest. The bank strengthened the Mi Ahorro Mi Crédito offering, allowing more Colombians to access financing through savings without needing a credit history. This led to the opening of over 38,000 accounts in this product.
- In terms of financing, enhanced its support for clients with campaigns aimed at those struggling to meet their obligations but who have demonstrated good character and payment habits in their history with the bank, with the aim to keep their loans up to date. 94% of

clients who received this support maintained their loans in good standing. Also strengthened its presence in the underbanked and low-amount market, with a special emphasis on mission-driven markets, expanding the offer to clients requiring smaller amounts.

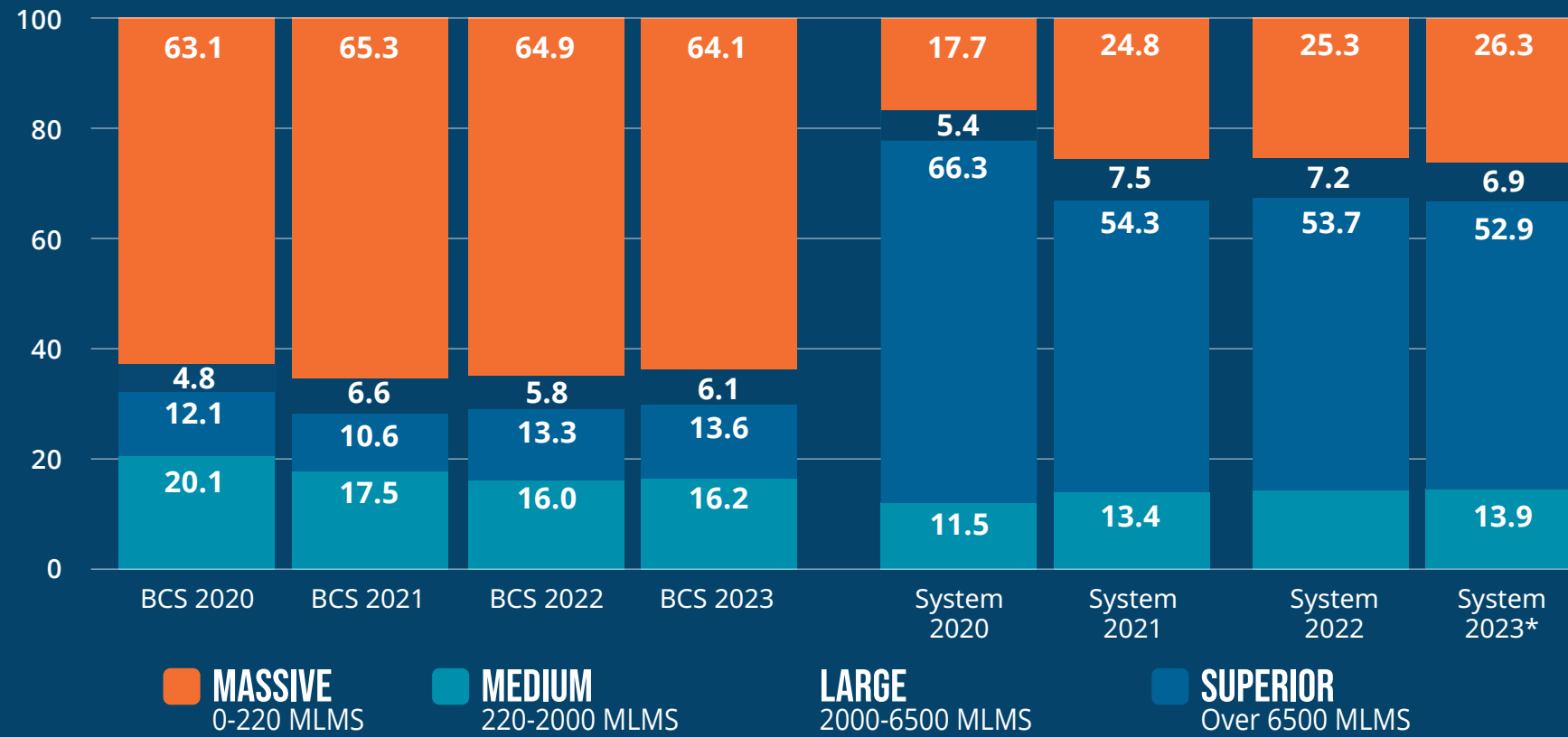
- Regarding money usage mechanisms, the bank bolstered its value propositions with digital products and services such as digital friend account, digital CDT, flexible destination loans, digital housing loans and payroll loans, as well as new features like cardless withdrawals, PSE reloads for friend accounts and digital CDTs, and enhanced digital communication and marketing. In line with this, it enabled the functionality to load resources via accounts from any other entity at no cost to customers. Additionally, the bank continued to strengthen the Mi Pago Amigo payment gateway. All this resulted in over 869,000 clients using digital channels, representing a 28% share of monetary transactions compared to 21% the previous year. All channels and services recorded significant annual growth: 11% in monetary transactions (website and app), 9% in transactions via Mi Pago Amigo and over 271% in transfers through Transfiya.
- Transformándonos 2025²⁴ is progressing as planned. Alongside the maturity achieved in the management of information technology demand processes, by the end of 2023 nearly 150 initiatives had been fully implemented.

As of December 2023, the Bank had 6,093 service points across more than 821 municipalities in the country covering over 94% of the Colombian population²⁵.

²⁴ Its transformation path aims to consolidate its brand idea, *The Friendly Bank of Colombians that makes Service its reason of being*, with a focus on middle and low-income households, microentrepreneurs, and small and medium-sized enterprises (SMEs), to this end, it has defined a comprehensive medium-term programme. The initiatives outlined will enrich the value proposition and optimise the cost of Service. This is in addition to strengthening the digital capabilities required to increasingly understand and meet customer needs, as a basis for providing relevant and pertinent solutions.

²⁵ 662 proprietary ATMs and multifunctional machines; 2,479 banking correspondents; and 2,715 Servibanca ATMs, which are free for Banco Caja Social's clients to use.

RANGE-BASED CAPTURE

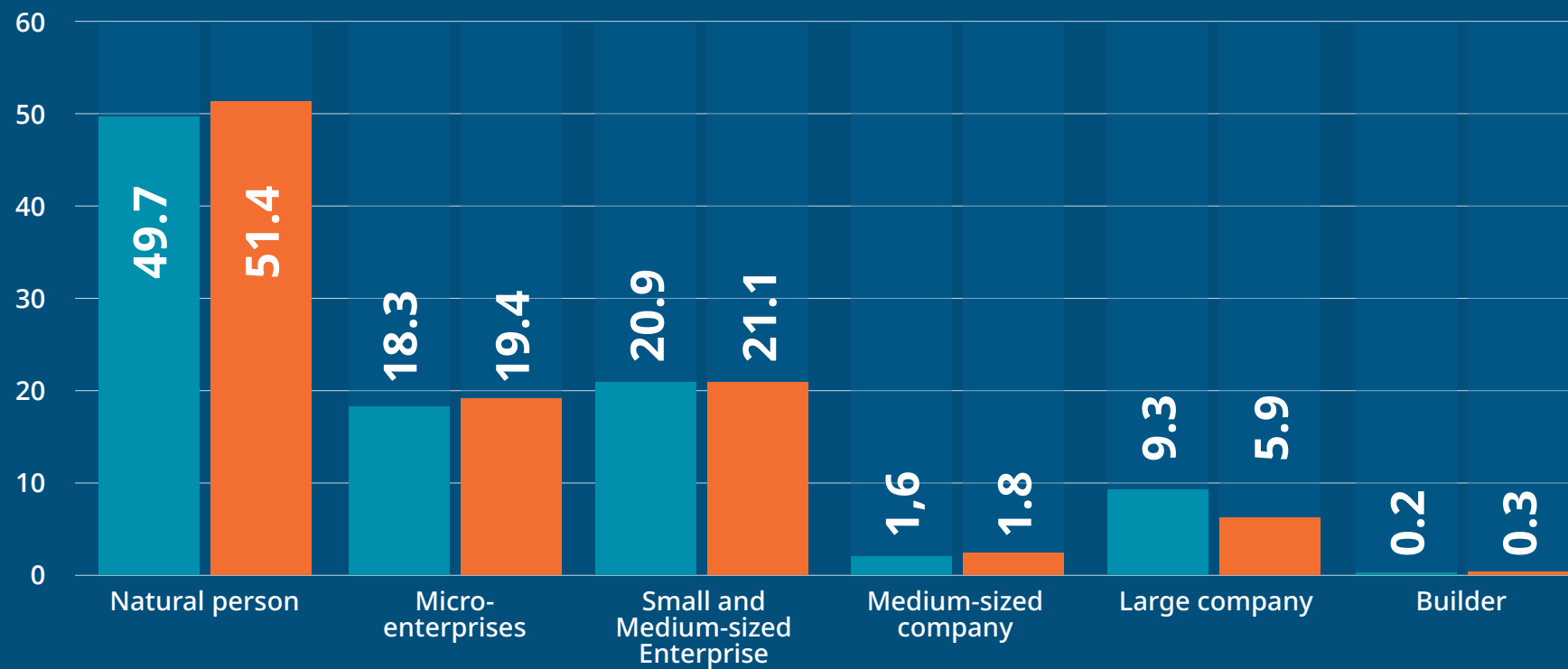


Savings remain a strength for the Bank. Its deposit balances are concentrated in fragmented and stable savings (64.1%).

*System data as of November 2023

Source: Banco Caja Social

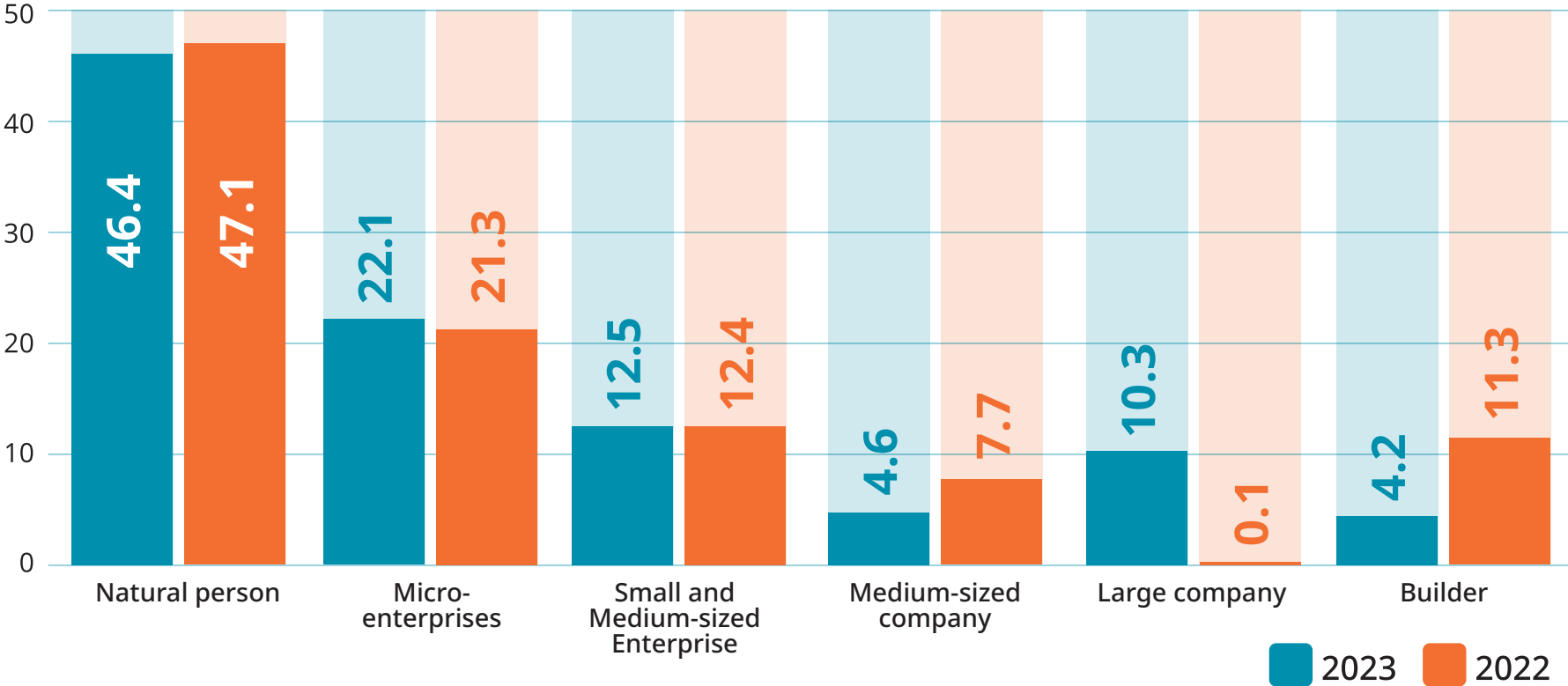
CAPTURE BY SEGMENTS



Consistent with the target segments defined in its strategy, 90.5% of deposit balances are concentrated in savings from individuals, medium-sized enterprises, microenterprises and SMEs. Similarly, the disbursements, as shown in the following graph.

Source: Banco Caja Social

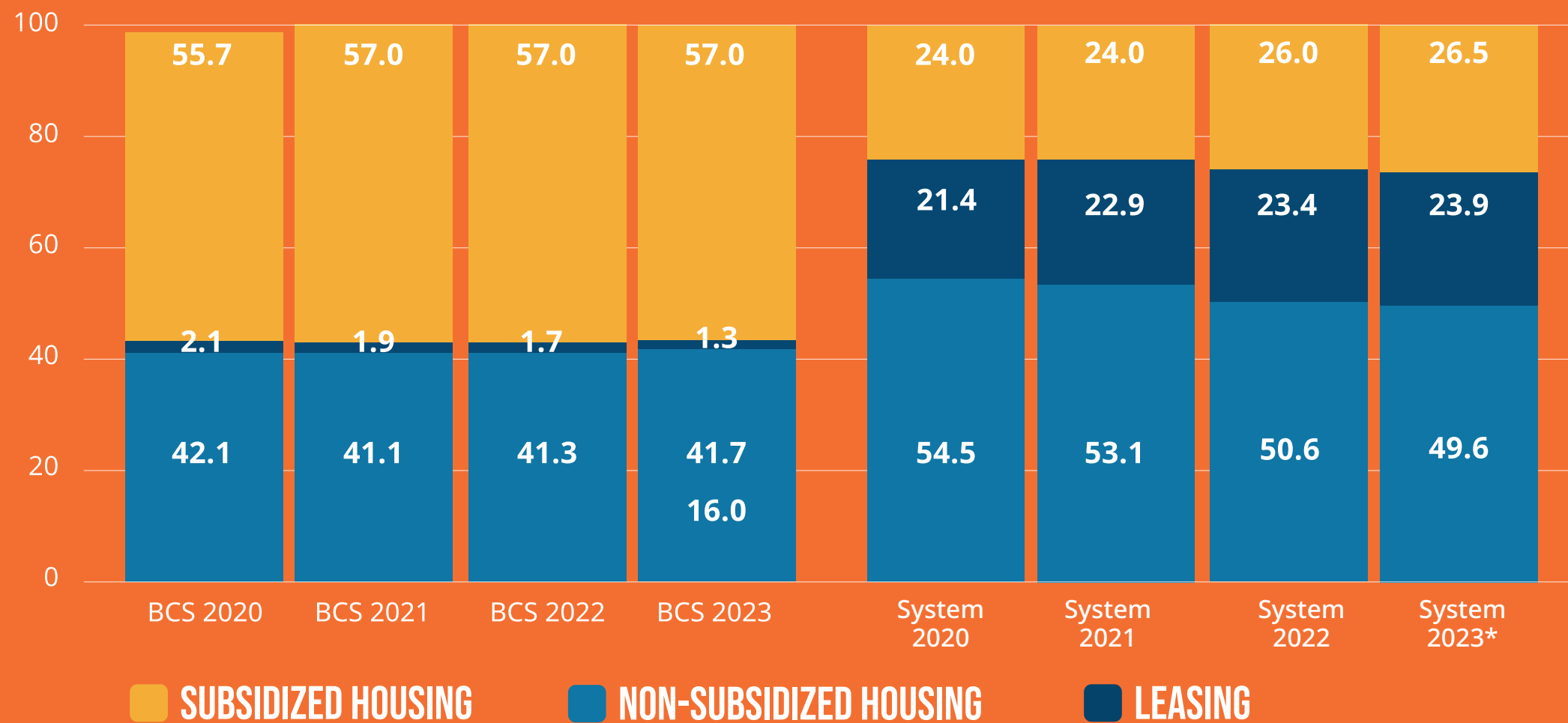
EXPENDITURE DISTRIBUTION BY SEGMENT



In 2023, \$1.5 billion was disbursed in the microenterprise segment, contributing to the development of these businesses, and helping the portfolio in this segment to grow by 6.5%.



COMPOSITION OF HOUSING PORTFOLIO



The Bank, with a clear focus on its mission markets, continues to prioritise the granting of loans for the acquisition of social interest housing. It continued to expand the coverage of FRECH VIS which extends the government's interest rate reduction benefit (4 or 5 percentage points) throughout the duration of the loan. Additionally, in response to the inflationary situation, it supported the most affected clients by offering preferential conditions for migrating from the UVR amortisation system to pesos. The portfolio showed an annual growth of 7.7% in the loan balance.

*System data as of November 2023

In 2023, **Colmena Fiduciaria**, as part of its main task of complementing the value propositions of the mission segments of its controlling shareholder, Banco Caja Social, continued to strengthen its collective investment funds, designed to meet the real needs of mission clients in terms of savings and investment. The current investment funds delivered appropriate returns for their investors.

There was a continued growth trend both in the number of members reaching 175,065, representing a 14% increase compared to 2022, and in the managed balances, which amounted to \$1.2 billion at the end of the year, a 42% increase compared to the previous year.

Entre Amigos, the Organization's Fintech company aimed at meeting the needs of microentrepreneurs, redefined its strategy in 2023 and established four focus areas: leveraging digital capabilities and unconventional data to create prototypes, experiment and develop relevant and distinctive products; supporting the development of initiatives from the Organization's companies as a facilitator and accelerator of results; continuing the consolidation of partnerships; and leading the Organization's activities in digital ecosystems.

At **Promotora de Inversiones y Cobranzas**, nearly 11,000 holders settled their obligations in 2023; 263 clients normalised their loans

and maintained good payment habits and character, which enabled them to re-enter the financial system through current portfolio sales operations to Banco Caja Social. By the end of the year, Promotora collected portfolios worth \$45,277 million.

Vehigrupo, a credit originator for vehicle acquisition in partnership with Banco Caja Social, progressed in consolidating the financing line for motorcycle purchases in the main cities of the country, understanding that this is a significant need for clients in the mission segments. Additionally, it established important partnerships with key assemblers and distributors in the market.

■ *Protection Activity*

Fundación Grupo Social aims to comprehensively meet the protection needs of individuals, with a particular focus on those who have not had access to insurance or who do not find adequate solutions. This includes various areas such as life insurance, occupational hazards and damage insurance, assistance services, services for the elderly, as well as funeral and burial planning services.



The insurers launched their new brand platform aimed at celebrating Colombians who, despite difficulties, strive every day to move forward. These Colombians share a common characteristic: bravery, which is often the sole reason millions of Colombians and entrepreneurs continue to persevere. These are people who do not collapse at the first obstacle; entrepreneurs who risk everything to believe in and grow their businesses, contributing to the development of our country. They are all true heroes driving Colombia's development, and Colmena Seguros aims to protect and support them on this journey.



COMPANIES FOR THE
COMMON GOOD

MANAGEMENT

The following highlights the main advances in this line in 2023:

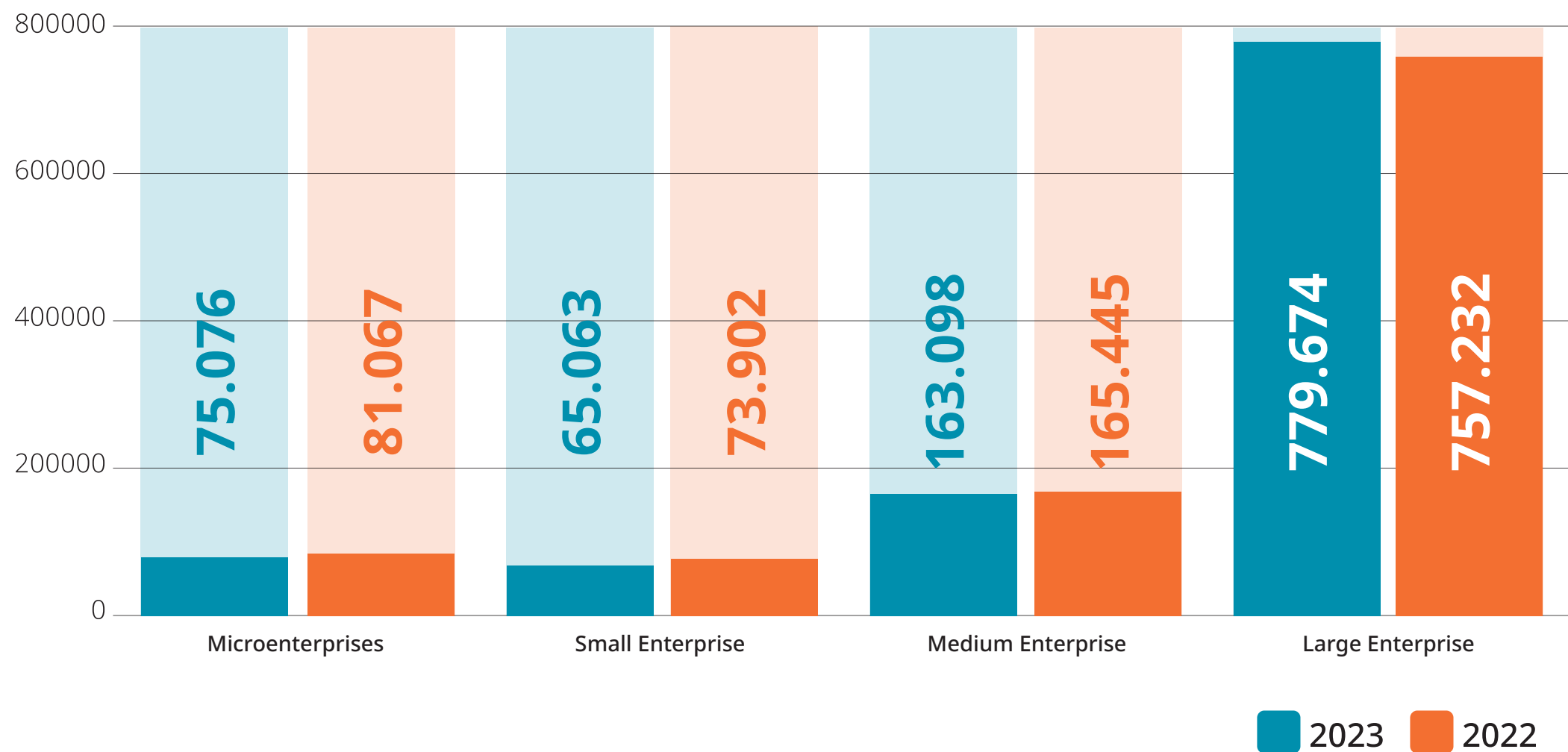
Colmena Riesgos Laborales continued to consolidate its strategy of differentiation through Service and risk management, with an emphasis on prevention advice for its affiliated companies and workers. The following aspects are worth noting:

- A digital channel was developed for the registration and service of affiliated companies and their workers—the registration button—which provides new direct contact routes and enhances the efficiency of their solutions.
- The Prevention Unit was strengthened through an internal team specialised in advising companies on high-impact occupational risk prevention, leveraging innovation and digital capabilities.

This achieved a customer satisfaction index of 94.25% and a Net Promoter Score (NPS) of 85.8%, improving compared to 2022, when the satisfaction index was 81.6% and the recommendation index was 80.1%.

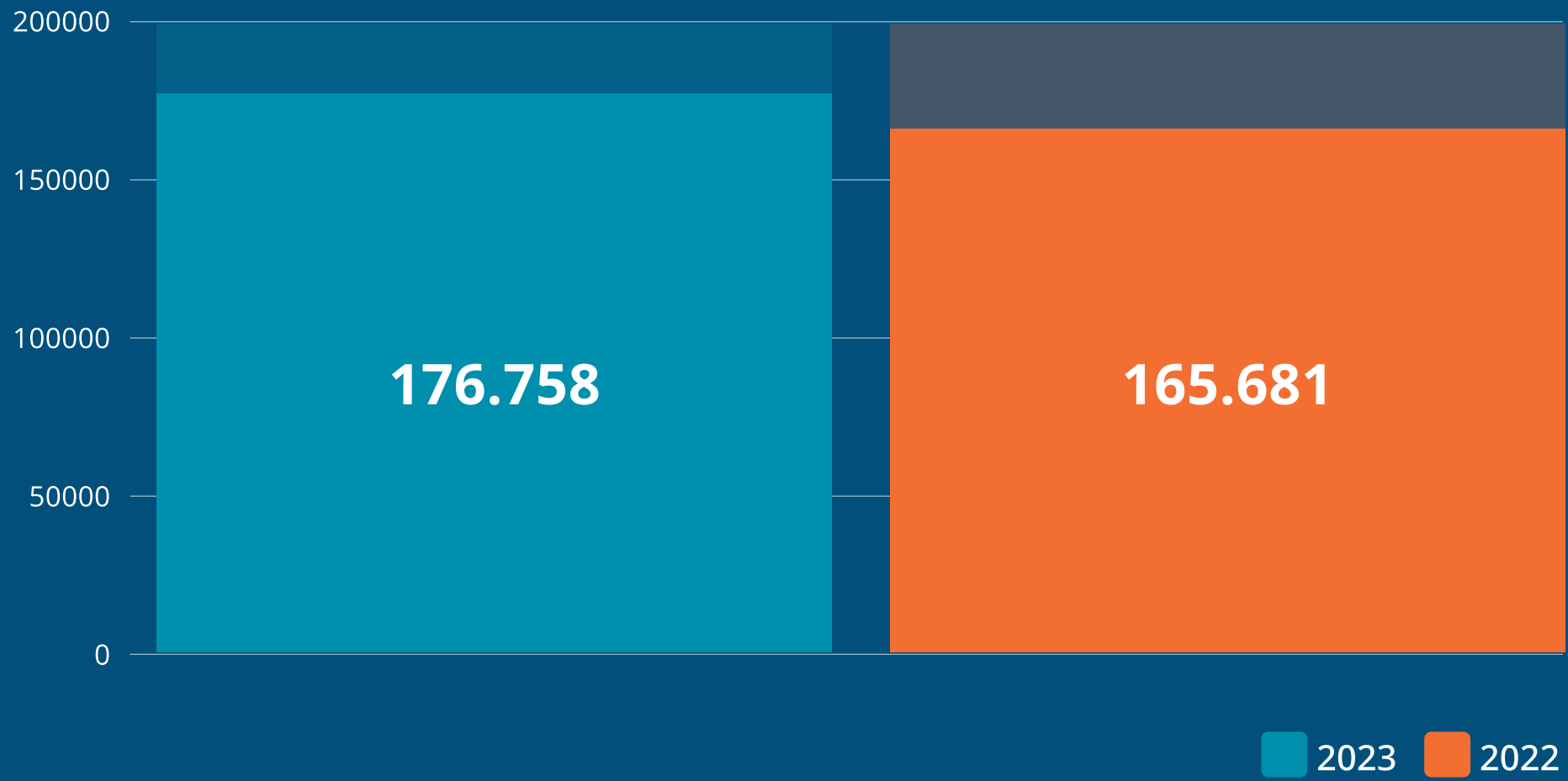
- The prevention management contributed to the reduction of accident rates from 3.40% in 2022 to 3.38% in 2023; in the incidence rate of occupational diseases which was reduced by 83%, from 0.83% to 0.14%; and in the mortality rate by 29%, from 3.39% to 2.41%. Economic and healthcare benefits were paid to 51,371 cases of accidents and occupational diseases within two days, reducing the origin qualification process from 15.9 days in 2022 to 5.9 days, amounting to \$123 billion.
- The amount invested in prevention totalled \$206.026 billion.

NUMBER OF WORKERS AFFILIATED WITH OCCUPATIONAL RISKS

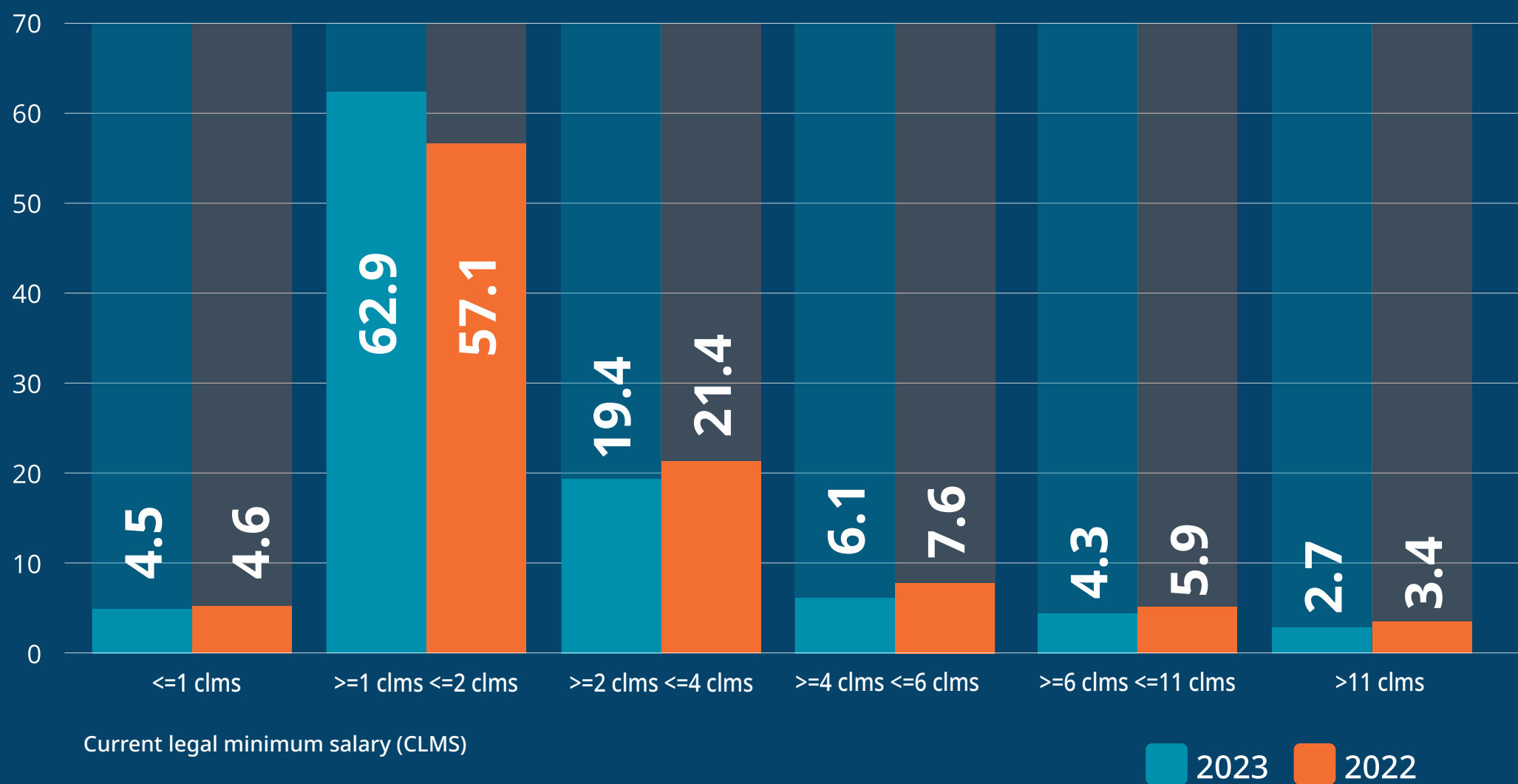


Average annual number of workers

CLAIMS PAID



DISTRIBUTION OF AFFILIATES BY INCOME RANGE



Colmena Seguros de Vida, in line with its medium-term strategy, made progress in improving products and services, developing new channels, implementing the Buena Venta Colmena model, and installing new capabilities leveraging technology, data and analytics, cybersecurity, and information security.

In addition to bancassurance programmes (especially with Banco Caja Social), it consolidated strategic alliances that will allow it to serve more than 8 million people in the target segments. A door-to-door sales force team was created to bring protection solutions across the country. This team managed to place over 15,000 policies by the end of the year.

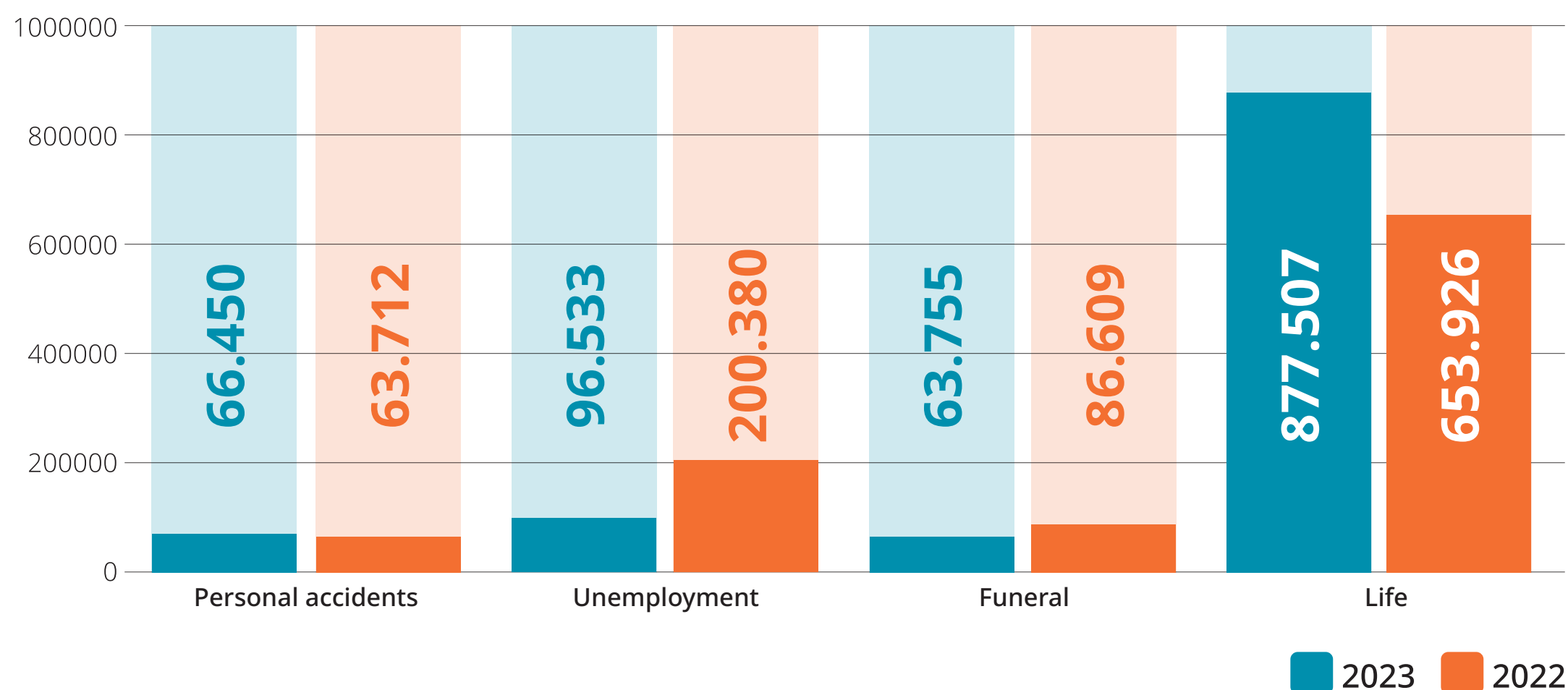
A total of 15,932 indemnity claims were processed representing \$68 billion pesos in claims paid. The average time to resolve cases—from claim submission to payment—was reduced from 12 days in 2021 to 10.6 days in 2022 and to 8.3 days in 2023, for claims with the necessary information for assessment, resulting in a positive impact on customer satisfaction. In 2023, an online claim submission solution for indemnity claims was offered.



COMPANIES FOR THE COMMON GOOD

MANAGEMENT

NUMBER OF INSURED BY LINE OF BUSINESS PERSONAL INSURANCE





Colmena Seguros Generales, whose purpose is to offer protection for the income, productivity, and assets of individuals, microenterprises and small businesses, to complement the existing capabilities and coverages of life insurance and occupational risk companies, initiated two co-insurance partnerships with well-established market players in 2023; this, not only enabled a strong start to its operations but also aims to strengthen its value proposition in the future to meet the protection needs of its target segments.

Across the board the three insurance companies are advancing an integrated project to accelerate the achievement of their strategy called “Growing with Purpose” which starts with digital transformation, creating structural capabilities in talent, culture, technology, cybersecurity, process automation and the utilisation of data and analytics, to adapt to new market realities.

In the funeral services sector Fundación Grupo Social and SantaLucía Seguros (with a 50/50 stake) are involved with **Lilium SAS**, which in turn is the parent company of Grupo Prever, dedicated to providing funeral services mainly in Bogotá, Medellín, Cali, and Eje Cafetero (Pereira, Armenia, and Manizales). However, its forecasting product has nationwide coverage due to partnerships with allies.

In 2023, the company continues the task of consolidating **Grupo Prever**, with a focus on profitable and sustained growth, strengthening the operational and commercial capabilities of the business, as well as ensuring the proper delivery of services.

Finally, **Colmédica Medicina Prepagada and Aliansalud EPS**, which are jointly owned by Fundación Grupo Social and Banmédica Chile, controlled by UnitedHealth Group, had a satisfactory performance in terms of results and maintained proper operations, reaffirming their recognition and leadership in the sector. At the end of the year, the companies had 294.055 and 246.390 users, respectively. It is important to note the challenges in the environment for the development of this activity, particularly for the EPS, due to the adverse economic situation of the sector and the institutional impact of the system given the Executive’s administrative decisions and its efforts to change the current model.

■ **Construction Activity**

The Organization decided to make long-term, significant sectoral investments in Construction due to its important social impact, particularly its potential to generate inclusion, employment and income, and improve the quality of life for populations and communities. To this end, it develops real estate projects and/or large-scale projects in

the roles of investor, promoter, organiser, manager and contributor of certain elements that help build community through partnerships with builders responsible for construction, marketing and customer service. Thus, the Foundation leverages effective land management, the use of technological tools to increase efficiency, alternative financing sources, the implementation of standardisation criteria, the development of sustainable projects and contributions to the creation of certain living conditions in the community. Deco Inversiones and Deco Construcciones are the companies supporting the development of this activity.

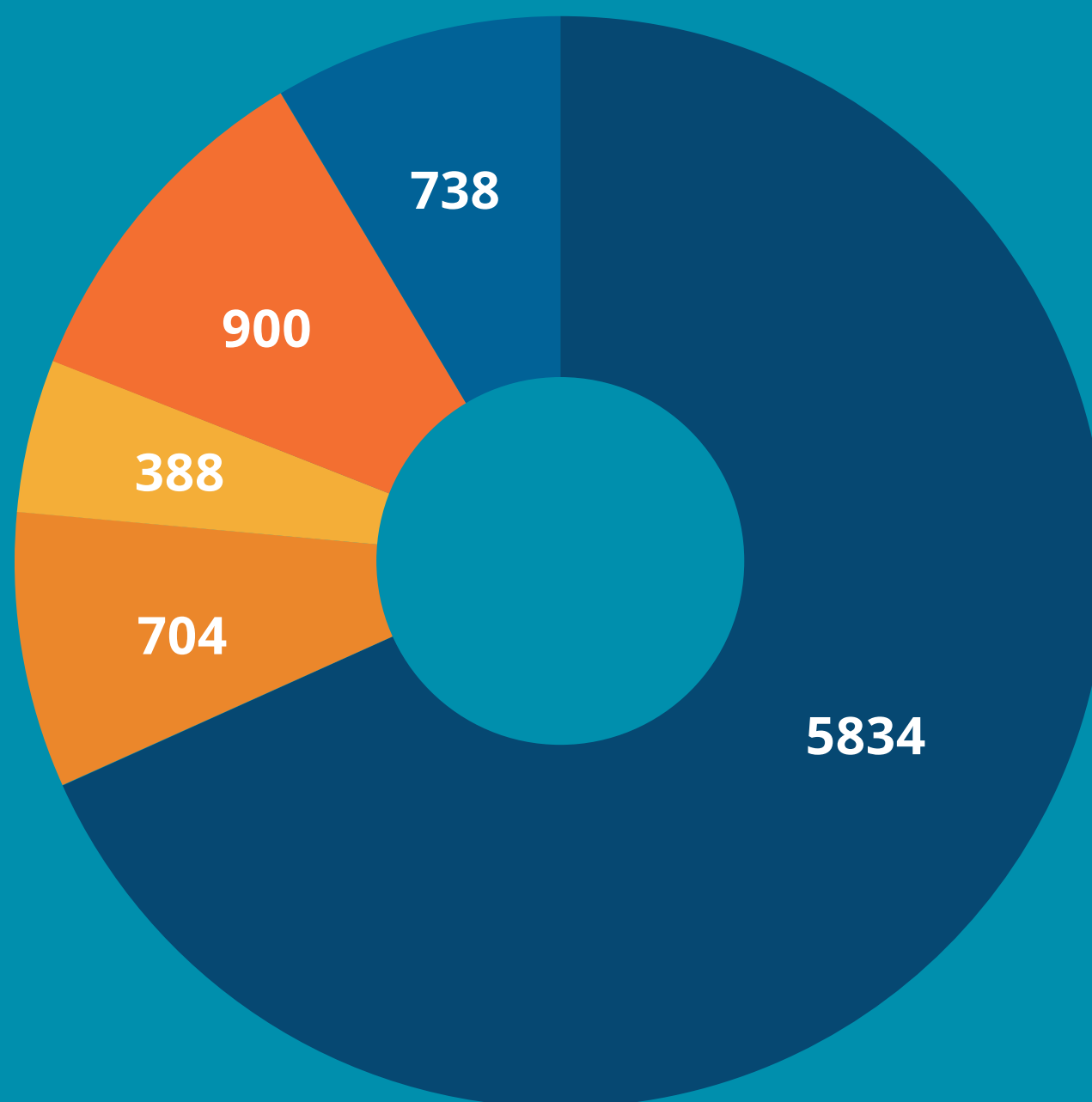
In 2023 **Deco Inversiones** was established to manage investments in real estate projects. As for **Deco Construcciones**, a key lever for the

purpose outlined in this activity, its role in structuring and managing construction projects in which the Foundation participates as an investor continued to evolve. The company pursued its strategy aimed at generating positive impacts on the quality of life for families and the area in terms of private unit spaces and common areas, as well as environmental care and community living.

The company was involved in three new real estate projects: Luna (Chía), LK | 187 (Lijacá) and Portal del Norte (Barranquilla). Additionally, progress continued with the execution of the Hacienda La Estancia project at Calle 170 with Carrera 7ª in Bogotá, which has already delivered 2.770 homes out of a total of 6.415 planned for this construction development.

PROJECTED HOUSING UNITS BY PROJECT

- San Juan Bosco
- Portal del Norte
- Villas de San Pablo
- LK-187
- Luna Chía



■ Tourism Activity


Tourism is also a sector with immense potential to generate the inclusion aspired to by the Organization, balanced with economic stability and a fair return. Therefore, Fundación Grupo Social, in order to make solid progress towards this goal, previously decided – alongside the adjustment of the business model to enhance the operations of the Las Palmeras holiday centre managed by **Corporación Servir**, to use this facility as a “testing ground” where controlled and measured trials could be conducted involving the region, local producers, authorities and other stakeholders in the chain.

In 2023, progress was made in strengthening the holiday centre. It is expected that by the end of 2024, most of the transformation and modernisation will be completed. Additionally, there was progress in adjusting its value proposition to include a high degree of inclusivity benefiting regional tourism service providers and individuals who typically cannot access services of this nature.

■ Other Business Initiatives




Gestora de Proyectos Empresariales is the vehicle through which the Foundation has been investing, with criteria of sustainability and profitability, in projects with a high degree of inclusion due to their inherently risky and demanding nature in terms of innovative approaches.

In 2023, Gestora held the third edition of the “**Empresas +**” call for proposals. This new edition saw 318 companies apply. The portfolio closed with 17 companies, of which 9 have already received resources and support and 8 are in the process of formalising the relationship. These are the companies that have received resources and support, achieved progress in their business objectives and tackled the challenges of the economic context:





COMPANIES SUPPORTED BY GESTORA DE PROYECTOS EMPRESARIALES


IBAGUÉ


BOGOTÁ


NEIVA




PEREIRA



PITALITO



MANIZALES





In this chapter, special mention should be made of the **Premio Emprender Paz**, managed by Corporación Emprender Paz (created and administered by Fundación Grupo Social) with support from the Swedish Government, Konrad Adenauer Foundation and Ayuda en Acción Foundation. In 2023 it reached its 16th edition. This award highlights business testimonies that demonstrate how productivity and peace go hand in hand and seeks to inspire others to follow this path, recognising the role of private enterprise as a driver of progress and peace in society.

The call for nominations involved 85 applicants from all productive sectors, with activities in 27 of the 32 departments, primarily in Antioquia, Tolima, Caquetá, and Cundinamarca. The most represented economic sectors were services and agriculture. The applicants reported an impact on more than 600.000 people and investments exceeding 224 billion pesos in the development of the nominated initiatives. This year 4 winners were chosen from 11 finalists.

■ **Rural Activity**

Fundación Grupo Social has prioritised the rural sector within its strategy. The high percentage of the population lacking tools to reduce their vulnerability, contrasted with its potential to become a driver of progress and inclusion for all inhabitants of the country, have been motivating factors for Fundación Grupo Social to undertake actions that contribute to overcoming the structural causes of poverty and inequality affecting rural areas.

In the Territorios Progreso several strategies with their respective lines of action are currently being developed which have a direct effect on rural areas, designed to achieve comprehensive improvement in the quality of life of the communities where it operates. This is taking place in Necoclí, Algeciras, Buriticá and Tangua, where the rural population predominates. The results in this regard are detailed in the chapter concerning these territories.

Within its business instrument, it includes Gestora de Proyectos Empresariales with several agro-industrial productive initiatives that contribute to improving the conditions of farmers in each region.

Similarly, Premio Emprender Paz, highlights business initiatives implemented in rural areas that have concrete effects on the development of the countryside both in terms of productivity as well as living conditions and security.

Now, in the Foundation's current strategy an additional objective has been established:

“... the Foundation will undertake on an experimental basis, specific projects that promote development in rural areas of the country, with the understanding that overcoming the neglect of this sector is a fundamental challenge for development and social cohesion”

To achieve this objective, the Foundation aims to generate impact in rural areas through specific projects considering their potential for productive linkages and regional development, while recognising that urban areas drive the development of rural ones (conurbations).

In 2023, Fundación Grupo Social made significant progress towards this complementary objective, as the Social Council approved the pathway to be followed in this area over the coming years, along with the general characteristics required for the projects to be developed. In line with these guidelines, some preliminary initiatives that meet these criteria were selected and the necessary activities were initiated to deepen the understanding of these projects, their scope and their impact on rural areas. The mentioned activities are expected to yield their first results during the first half of 2024.

■ *Treasury Activity*

The Organization's treasury management incorporates three types of portfolios: (a) the Foundation's assets, which aim, according to the financial policy adopted by the Board of Directors, to ensure the availability of resources so that the Institution can maintain its operational dynamics during adverse times, fully meet its future commitments and planned budgets, provide the necessary capital for its companies and make strategic investments to advance its objectives; (b) of the Companies portfolios, which are managed by their respective boards of directors and depend on the specific circumstances and commitments of each entity, in accordance with their nature and applicable regulations; and (c) third-party portfolios, which include the Collective Investment Funds managed by Fiduciaria Colmena, within the framework of the prospectuses of investment and the registered technical data sheets, as well as the portfolios of some clients, managed in accordance with their specific instructions.

Each portfolio has a clearly determined purpose that is rigorously fulfilled, and its management is carried out according to external regulations and within the framework of a strict internal control policy. In 2023, given the macroeconomic environment and adequate treasury management, the three types of described portfolios delivered satisfactory results.

Generation of Maximum Wealth for Society as a Whole

Evidently, the business model that Fundación Grupo Social aims to develop is not incompatible with the expectation of generating a fair and sustained return for its shareholders; this is a substantive element of its work. However, the creation of wealth is not limited to obtaining profits, nor is this its sole purpose; it must be viewed from the perspective of generating added value through the productive process inherent in business activities. How to distribute this added value among employees, suppliers, the State, customers, society in general and the shareholder is paramount from a social perspective and has been the subject of deep reflections and decisions by the Institution, all of which are supported by its Legacy and axiology.

While each company fulfils its role in relation to this function, which is detailed in the annual Management Reports, the following outlines have been defined over time as guidelines in the commitment to distribute, with a sense of fairness, the greatest possible wealth among the actors with whom the Organization interacts and who participate in its value-generating productive process, along with some aggregated figures of the group:

■ **Employees.** In 1991, the Organization established its policy of fair remuneration, whose central aspect (beyond mere market reference) is the sufficiency of salary to provide a dignified life for both the worker and their family, especially at non-managerial levels. Additionally, this policy considers the common good, the company's conditions and capacities, the impact of the position and performance and firmly upholds the principle of "equal pay for equal work," implying that decisions in this area are free from any discriminatory considerations.

■ **Customers.** Companies are called to generate well-being. The concrete manner in which each one should serve has been established in a "vision" defined by the Social Council, the highest governing body of the Foundation, which is essentially the horizon towards which they should move in the medium term. Based on this "vision," they design a strategic route that is implemented annually through each year's business plans. As the foundation of their actions and mandate, they cherish the concept of Service, with a capital S²⁶. Within the framework of this definition seeks to construct value propositions that effectively meet the true needs of its customers and constantly reviews the conditions of its products and services to reasonably meet their expectations. In relation to this dimension, the Organization is earnestly called to comprehensive improvement

²⁶ "It is the genuine and deliberate, permanent and structural orientation, towards deeply understanding the needs of others, to find in the satisfaction of these needs the reason of being of the Organization.

Those who are part of the Organization, in their relationship with others, especially with the most vulnerable, dedicate themselves and find in this a means to transcend, within the framework of respect for human dignity and, consequently, seeking that others become agents of their own development.

This means for the Organization, the development of products and services and the undertaking of interventions with the highest quality, so as to contribute to the improvement of people's quality of life and respond to their real needs. It also means having processes that are easy, timely and clear, being consistent, respectful, providing solutions and having a genuine interest in helping in any circumstance.

in terms of service channels, timeliness, relevance, processes, price, and, importantly, the generation of access for those who lack opportunities.

■ **Suppliers.** Without prejudice to the application of efficiency criteria to which the Foundation and the entities that are part of its Organization are strongly obligated, but conscious of the shared responsibility in the well-being and growth of those with whom it interacts, it seeks and promotes the negotiation of balanced conditions in terms of fairness, to ensure the full satisfaction of the interests of all parties involved. In this regard, characteristics of this dimension include determining market-price remuneration, the possible modification of agreements whenever the circumstances that served as the basis for the contract change and strict compliance with obligations.

■ **The State.** The Organization has been absolutely rigorous in its commitment to contributing to public revenues, within the framework of current regulations, understanding that the existence of the State and its good performance constitute a fundamental driver for the common good.

■ **Society in general.** The Organization has instruments that allow for the permanent validation of the impact of its activities to adjust as necessary for the benefit of society, understood, it is emphasised, inside this, as its environment.

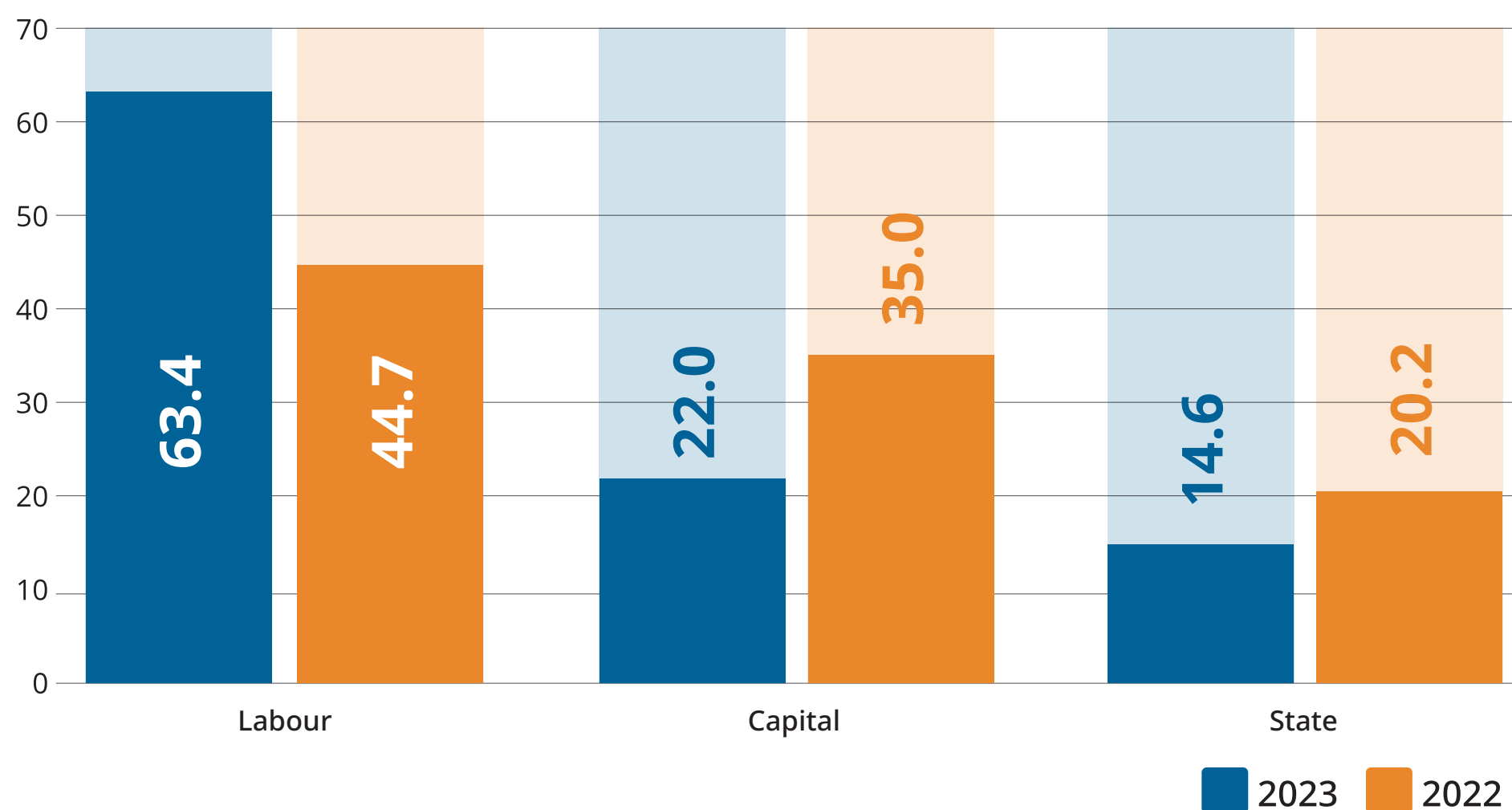
■ **The Shareholder.** It is undeniable that the greater or lesser impact, in terms of fairness, in the relationships referenced here, undoubtedly depends on how the company approaches the application of this criterion in generating wealth for the shareholder, which for Fundación Grupo Social translates into its role as the owner and

manager of companies. One of the most significant challenges for the Institution is daring to determine what is considered a fair return for a capital investment, understood as being very compatible with the values it seeks to promote in society, without compromising the economic solidity and soundness of the companies. Therefore, it is about finding a way to pursue a return that does not have to be the maximum, but realistically considers the market, economic rigour and technical solidity. This is, so to speak, the “acid test” of the entire approach, as the “fair return,” compared to the “maximum return” (a central paradigm in business decision-making) tests the genuine willingness to share with other societal agents the value generated in productive activity.

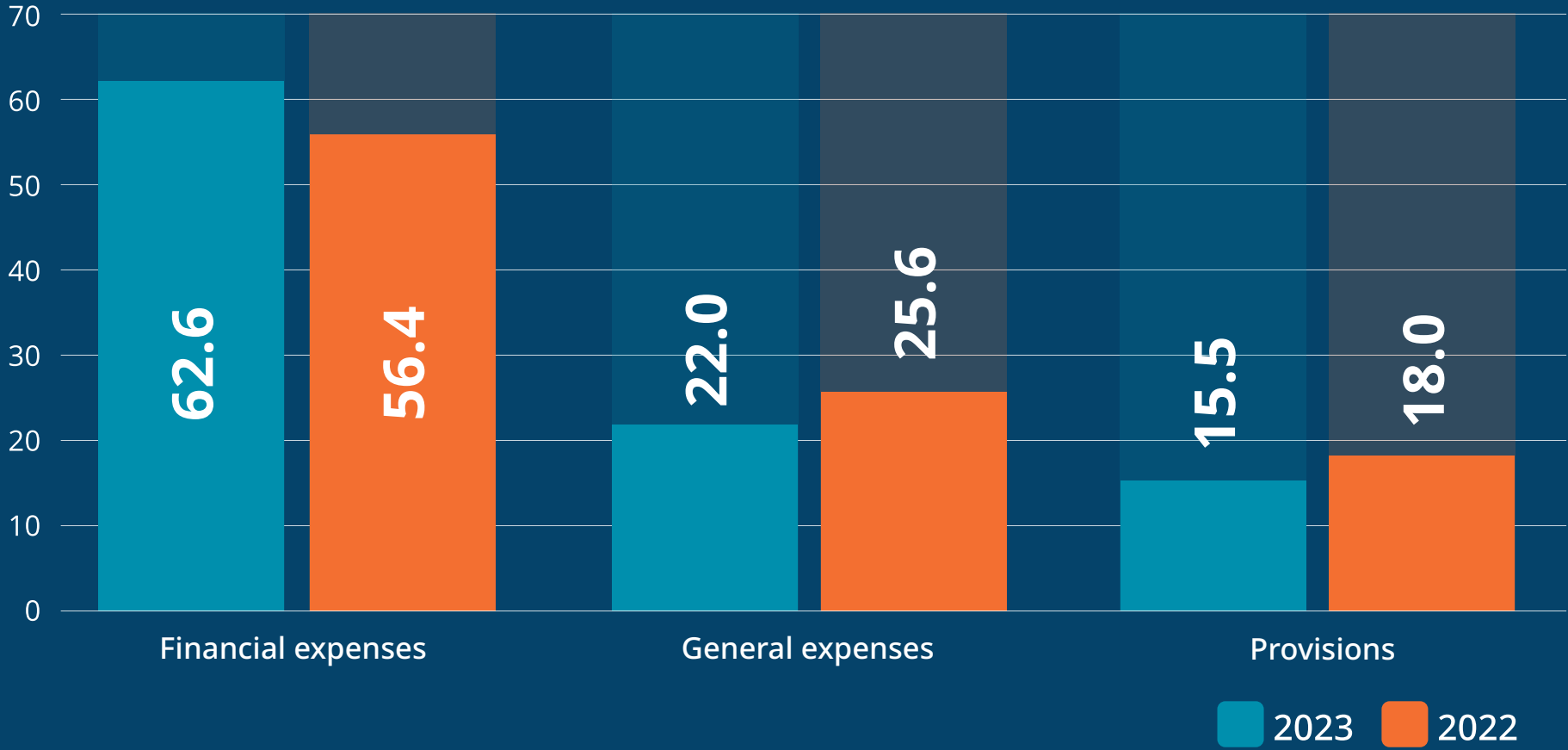
For each of the business activities of Fundación Grupo Social, it has reference rates of return that should be considered fair. These rates constitute a fundamental input for the direction given by the parent company to the businesses aimed at generating the greatest well-being for society.

From a more traditional measurement perspective, the group’s added value was \$1.20 billion. Of this amount, 63.4% corresponded to labour, 22.0% to capital, and 14.6% to the State. The transfer to the value chain (wealth generated for suppliers and users) amounted to \$4.55 billion, representing a growth of 36.4% compared to 2022 and production grew by 20.8% to reach \$5.75 billion.

VALUE ADDED



DISTRIBUTION OF TRANSFERS



The following is the individual contribution of some companies to the added value:
 Banco Caja Social: \$781.774 million, with a variation of -20.2% compared to 2022.
 Colmena Riesgos Laborales y Seguros de Vida with \$242.793 and \$70.522 million,
 respectively, with a variation of -7.9% compared to 2022.

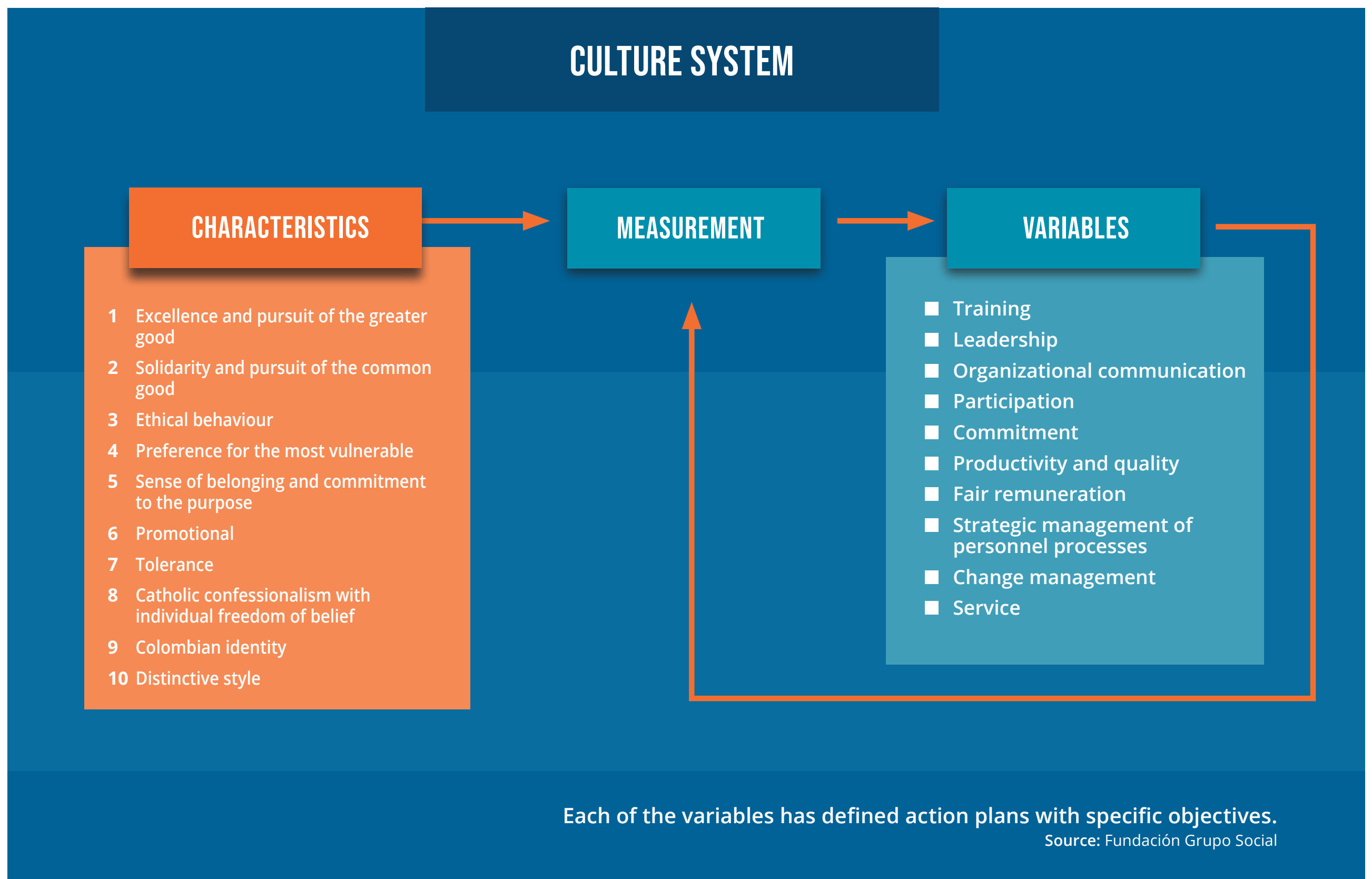


Building and Developing a Community of People: Organizational Culture²⁶

As previously stated, for Fundación Grupo Social, its organizational culture, understood in the broadest sense as the way a community of people thinks, expresses itself, and acts, is not only a critical enabler of its human talent management, but is also seen as a guarantee of the sustainability of its Legacy in the long term, as well as a minimum requirement of coherence within its strategic objective. The Organization has addressed this issue through an explicit recognition of the values

that, based on the sources of thought that inspire it, guide both institutional and personal behaviours and that it must realise in its day-to-day operations.

²⁷ Although the building and development of a community of people is one of the social functions of the company, what is mentioned in this section also covers what pertains to the management of Territorios Progreso.





■ *Management of the Organizational Culture System*

The following are some of the most significant milestones achieved in 2023:

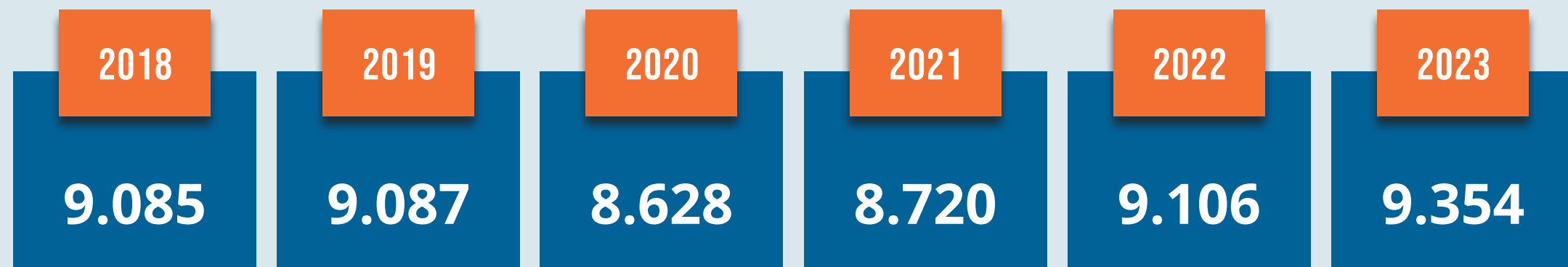
- In Training progress was made on all fronts, including job-specific training, career paths and individual development for employees. Notably, the Reflection Spaces focusing on how values are experienced within the Institution and the various processes designed to deepen understanding of the Fundación Grupo Social's purpose and reason of being are worth mentioning.
- Additionally, special emphasis was placed on technical training for new roles related to innovation, digital capabilities and cybersecurity.
- Facing Change Management, the support process designed for the transformation period experienced by Banco Caja Social, the companies Seguros de Riesgos laborales y Vida and Corporación Servir continued. 4.618 employees participated in the initiatives.
- In Leadership the Competency Strengthening Programme for 510 employees was maintained in collaboration with Inalde, bringing the total number of leaders participating in this process to 1.060.
- The processes related to Strategic Human Talent Management advanced satisfactorily according to the projections²⁸.

Each initiative of the culture project has goals and milestones that are measured and monitored. However, it has been deemed important to assess the evolution of the desired cultural characteristics. In this regard, during 2023 the first measurement exercise of the progress of the desired cultural characteristics was conducted with results expected to be available in 2024.

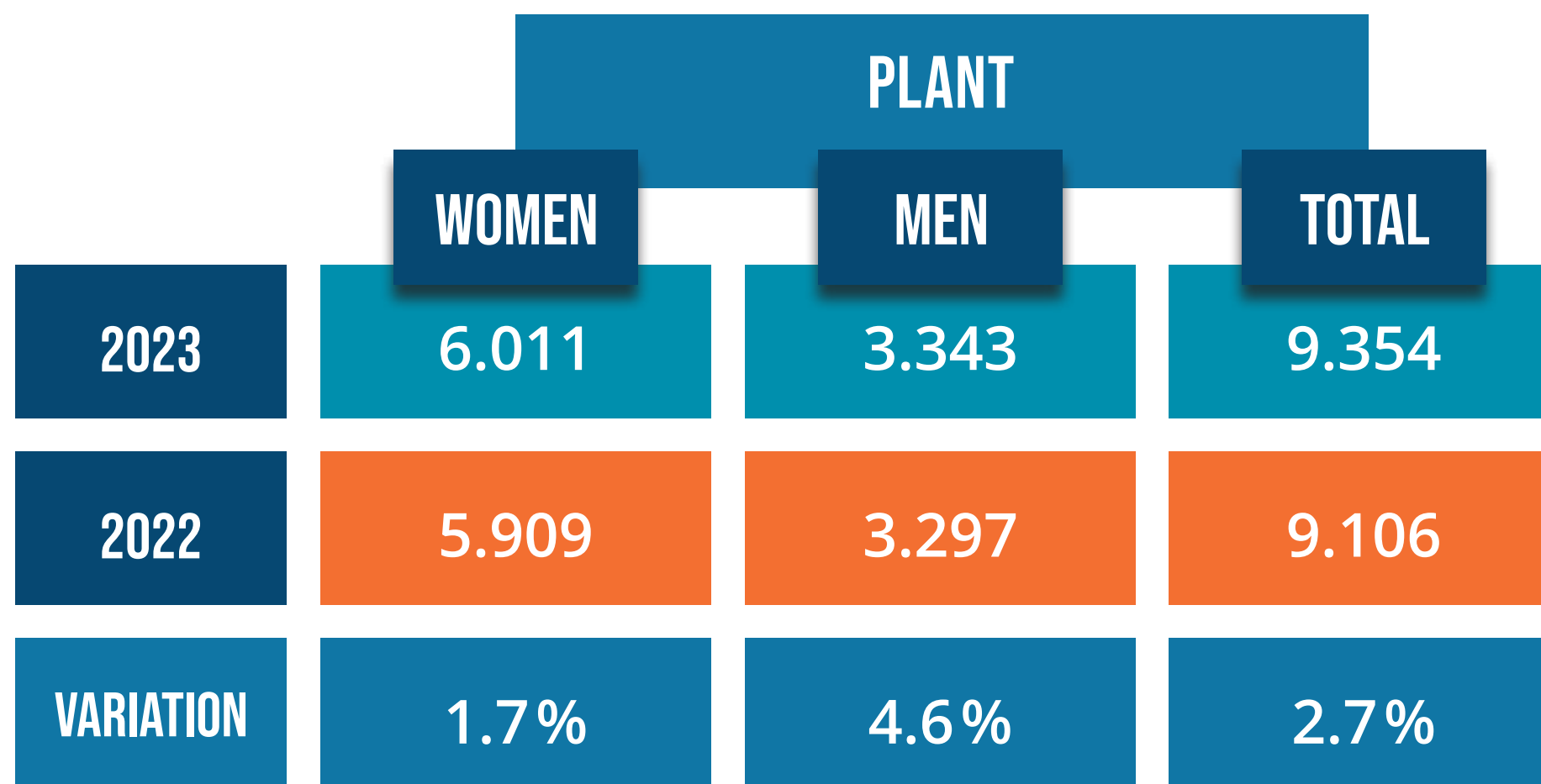
²⁸ The human talent processes are Performance Management; Well-being, Organizational Climate and Health; telecommuting and human talent operations.

■ **Employees of Fundación Grupo Social**

By the end of 2023 the number of employees reached 9.354, representing an increase of 2.72% compared to the previous year.



42.8% are heads of households according to information provided by the employees themselves. 42.3% own their own homes. A large portion of the population without their own homes can be explained by the number of young employees who find their first job with the Organization and still live with their parents (family home).



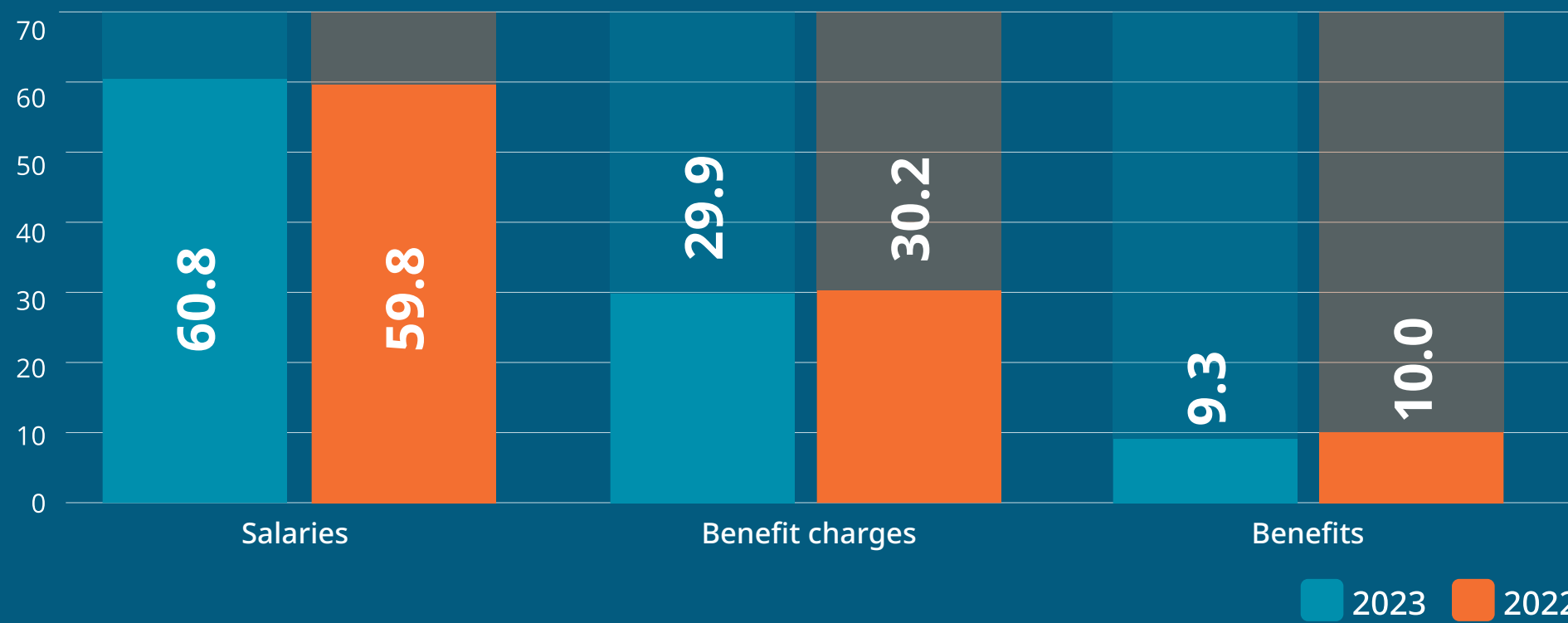
Information about employees with fixed-term and indefinite contracts. 63.9% of the population are women and 36.1% are men.



COMPANIES FOR THE COMMON GOOD

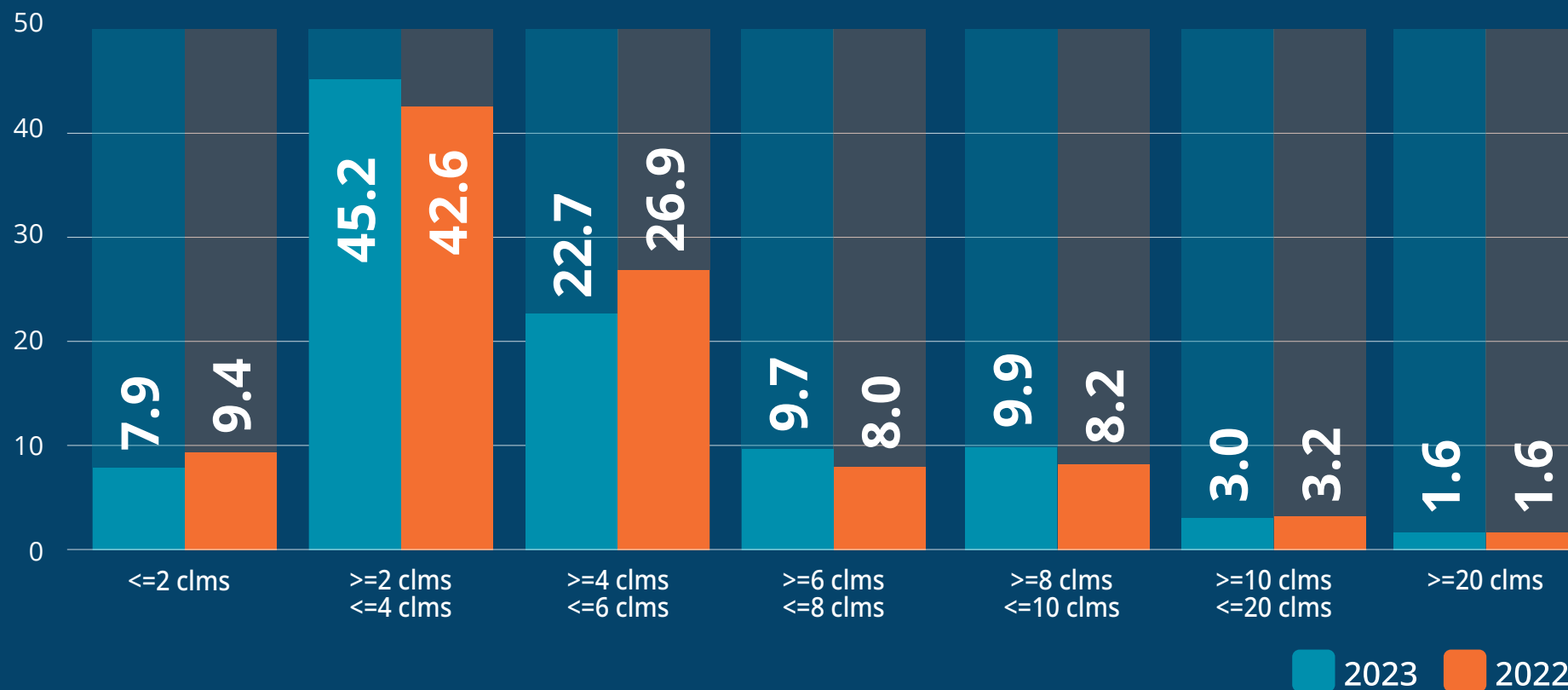
MANAGEMENT

DISTRIBUTION OF STAFF REMUNERATION



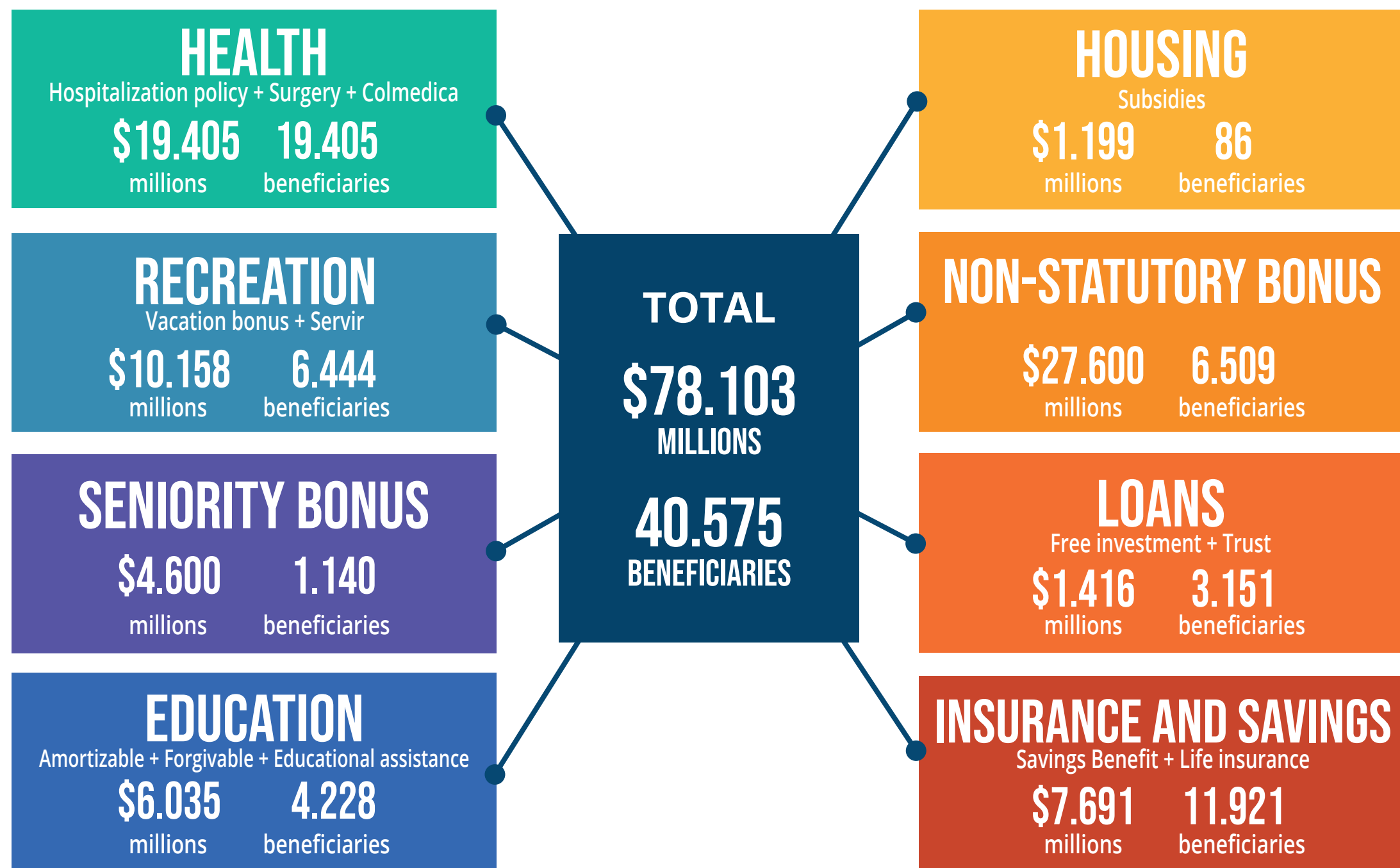
For the year 2023, the Organization incurred \$837.152 million pesos in personnel expenses, representing a 17% increase compared to the previous year. The graph shows the percentage corresponding to (i) salaries, bonuses and commissions; (ii) benefit charges and (iii) benefits.

DISTRIBUTION OF EXTRA-LEGAL BENEFITS BY SALARY RANK



Non-statutory benefits increased to \$78.103 million, with a 9.2% increase. Approximately 95.3% went to employees with incomes less than 10 legal minimum salaries and about 75.7% to employees with incomes less than 6 legal minimum wages, highlighting a consistent effort over time to direct benefits to employees with lower income levels, in order to complement their compensation adequacy.

NON-STATUTORY BENEFITS 2023



Constitution as a Key Actor in Civil Society

This chapter refers to the central approach constructed by the Organization in this area, as well as the actions directly undertaken by the Foundation from this perspective. The deployment of this function for each of the companies is outlined in the annual management reports.

This function aims at the recognition that the company must make of its belonging to Civil Society. Acting in the face of major societal issues is a direct responsibility of business and management, even in cases that go beyond the scope of their activities.

The companies of Fundación Grupo Social fulfil their task of actively participating in the debate and solution of major issues affecting

the well-being of society as a whole, with a genuine concern for the common good. In this regard, they aim to be a benchmark for proactive, propositional, truthful and critical, when necessary, not based on their particular interests or those that enhance their prominence, but on those considered relevant for the collective interest. This vision is present in all their relationships not only with the State, but also with the numerous collective spaces in which they operate: trade associations, associations, civil society organizations, alliances, academic environments, among others.

During 2023, the Foundation closely monitored highly important legislative projects for the country, such as the health reform, education reform, pension reform and labour reform. It also closely followed



initiatives that are now in force, such as the draft circular regulating the supervision of foreign non-profit entities developing their social objectives in Colombia.

The Foundation also participated in other dialogue spaces, such as:

- Sustainability committees of Asobancaria and Fasecolda.
- United Nations Global Compact: founding partners of Corporación Red Local in Colombia and adherents to the principles since 2005.
- World Savings and Retail Banking Institute, WSBI: Banco Caja Social joined as a member in 2011 and adhered to its principles.
- Association of Catholic Entrepreneurs of Colombia AEC, affiliated with UNIAPAC International.
- Foundation for the Progress of the Bogotá Region - ProBogotá Region.
- Association of Corporate Foundations.
- Private Competitiveness Council.
- Colombian Confederation of NGOs.

THE FOUNDATION IN ITS RELATIONSHIP WITH NATURE

While the central issues for which the Foundation and its companies have chosen to define their role in society have been described in previous chapters, it is impossible not to mention the Organization's interest in environmental care and the consequences of climate change. Below is the approach derived from the reflections conducted in 2023 by the Social Council regarding the criteria that should be considered when assessing the impact of its activities from an environmental perspective, grounded in the sources of thought that inspire it:

For Fundación Grupo Social and its companies, managing all of its impacts, both those it generates through its activities and those that affect it, is an essential part of its role in society. Therefore, environmental management, including climate change, is fully integrated into its strategy. The Organization recognizes that the planet is in danger due to negative environmental impacts and that these effects disproportionately affect the most vulnerable populations, who are precisely those to whom

it is committed by virtue of its Mission. In this regard, the negative impacts—past, present, and future—are undeniable. They must be managed.

Moreover, it is essential to integrate the concept of Justice²⁹ into environmental discussions, from which actions should be undertaken considering the primacy of human life integrity. In this dimension, it is necessary to measure not only the level of environmental degradation but also the level of responsibility and the capacities of communities and individuals to face the demands of the so-called ecological debt. The management must be carried out gradually, appropriately and with balance, without increasing vulnerability and exclusion.

²⁹ "It is the constant and firm disposition that arises on the horizon of solidarity and love to recognize the other in their human dignity, and to fulfil mutual and respective duties and obligations, with special sensitivity towards those most in need". Definition of the value of Justice. Legacy of Fundación Grupo Social.



Based on this, Fundación Grupo Social recognises that the planet is in danger and that Colombia's main issue lies more in its vulnerability than in its role as a cause. The negative impacts—past, present, and future—are undeniable and must be managed. Therefore, the Organization will:

- Deepen actions to prevent, mitigate, or correct the environmental impacts of its direct activities.
- Continue to strengthen the management of the risks it faces due to environmental impacts within its Risk Management Systems, considering applicable regulations and its context.
- Undertake actions with the vulnerable groups to climate change it interacts with to help them mitigate or eliminate exposure to the risks they face or contribute to, to the extent reasonable, in their environment, level of exposure, and significant impact.
- Promote among its stakeholders, especially customers and suppliers, actions to mitigate or correct the negative environmental impacts they generate through their activities, to contribute to their sustainability, to the extent reasonable and considering their capacity, environment, level of exposure and significant impact and contribution to risk.

All of these actions, except those directly related to its activities, must be carried out gradually, prudently and with a long-term perspective, to avoid increasing exclusion and vulnerability. The principle of graduality must be applied in line with the understanding of the value of justice as incorporated in the Legacy of Fundación Grupo Social and as cited in the previous footnote. The entities will report on this annually in the corresponding reports.

VISIBILITY

Considering that the strategic objective of the Foundation is to significantly contribute to the construction of a new culture in Colombia through the concrete example it sets in its management of each Territorio Progreso and within each of its companies, it is important for the Foundation that its work is known in a more comprehensive manner. It is not possible for an action or way of being to become a testimony without appropriate visibility.

Nearly five years ago the implementation of the visibility policy began, aiming to make the Foundation known, not with any intent of self-promotion, but through what it achieves and how it effectively operates, so that these achievements and actions speak for the institution, bringing to light that it is possible to manage both community work and business activities in a comprehensive and genuinely for the common good, solidarity, ethics and the development of marginalised sectors, in contrast to the form of management inspired by extreme individualism, which, as indicated at the beginning of this report, is considered by the Foundation to be the structural cause of poverty that it has committed to overcoming.

It is encouraging to see that more and more Colombians from different sectors, represented in the various audiences with whom the Foundation interacts through its companies and Territorios Progreso, are increasingly recognising it, both for its identity traits and for its genuine intention to open more doors of inclusion and progress, especially for those who need it most.

This is confirmed by the results achieved through the communication strategy directed at the general public, aimed at highlighting how the Organization's companies open their doors to enable more Colombians



who have lacked opportunities to progress and fulfil their projects. Today, we can say that 5 out of 10 Colombians recognise Fundación Grupo Social³⁰ brand and increasingly associate the Organization with its purpose and way of operating.

Although it is not strictly part of the visibility strategy, it is relevant to point out that the institution has focused on documenting its way of working, its findings, the routes that work and those that do not, as well as the evolution of its impact measurements, in order to strengthen technically the testimony it wishes to offer society about its management and learnings and thus share them with others. In other words, knowledge management provides the technical foundation that, alongside the coherence of practice, allows the Foundation to offer a true testimony, which is ultimately what it aims to communicate.

³⁰ Source: Internal market research measuring brand recognition among the 'general public' conducted in December 2023.

FINANCIAL SITUATION OF THE FOUNDATION

The Organization's financial situation remains very favourable as a result of sound management of its companies and prudent use of resources, which has enabled the continuous consolidation of its assets over several years.

On an individual basis, total assets stood at \$3.8 trillion, showing a 6.9% increase compared to the previous year, with the most significant item being investments in companies. It is important to note that the Foundation decided to record the value of its investments in shares at cost, meaning that the market value of the assets is significantly higher. Meanwhile, the debt stood at 0.4% and equity, at book value, amounted to \$3.8 trillion.

After allocating significant resources to the development and expansion of the Territorios Progreso, the surplus for the year was \$147.541 million.

The liquidity situation deserves special mention. The Organization's parent company has a relatively significant portfolio available for investment in new strategic developments, as well as a reserve to address potential macroeconomic fluctuations.

Consolidating the Group of which the Foundation is the parent company, assets stood at \$25.2 trillion, showing an 8.3% increase compared to the previous year, liabilities reached \$21.3 trillion, non-controlling interest amounted to \$485.879 million, and equity stood at \$3.4 trillion, the latter showing a 5.8% increase compared to the end of 2022³¹. The consolidated surplus for the year was \$58.394 million.

³¹ These figures do not fully capture the impact of the Organization. To do so, it is necessary to include the results of the entities that are part of the network of foundations led by Fundación Grupo Social, which are listed below: Fundación para el Desarrollo Integral Local, Fundación Emprender Región, Fundación Projuventud, Fundación para la Promoción Popular and Fundación para el Desarrollo y la Promoción del Caribe.

CORPORATE GOVERNANCE AND OTHER MATTERS

CORPORATE GOVERNANCE

The Corporate Governance System of Fundación Grupo Social is reflected in a set of values, practices, traditions, norms, agreements and behaviours that have evolved over time. Whether documented or not, and whether stemming from its freedom of self-determination or in compliance with the law these allow for efficient, competitive and transparent management.

It is not a compilation of specific rules related to corporate governance nor does it adhere to standards detached from the organization's reality; it is manifested in a set of principles resulting from over 113 years of experience, its statutory structure, its role as the parent company of a business group, its legal nature and above all, the Legacy that has inspired its actions since 1911. Each company within the Organization has an administrative structure tailored to its reality and circumstances,



embodying the principles of loyalty and competence expected of its managers, who are responsible for taking the necessary measures with, to face and manage the risks to which they are exposed.

Additionally, it is structured to achieve its goal, which translates into direct social engagement or through its business instruments, with the aim of adequately safeguarding the interests of the populations benefiting from the Territorios Progreso, the clients of its companies, the shareholders participating in their capital (including the Foundation itself), employees, suppliers, the State and society at large.

During 2023, the Social Council, the Executive Council and the General Assembly, as governing bodies of Fundación Grupo Social, met as stipulated in the bylaws, fulfilling their respective functions within their areas of competence. Likewise, the elections of Council members took place as scheduled. The process for selecting Council members, adopted by the Social Council and supported by the committee created for this purpose by the Council itself, advanced in its consolidation, allowing for the rigorous analysis, in accordance with the defined profile, of the various names proposed as candidates. The Social Council addressed its statutory role of evaluating the Foundation's president, the Executive Council and the self-assessment of its performance. In addition to strengthening this statutory process, the conclusions reached enriched the work of these three governing bodies.

In line with the importance given to this area, the companies that are part of the Business Group led by Fundación Grupo Social, where applicable, submitted to the relevant authorities the surveys regarding the adoption of corporate governance measures and business practices applicable to them. As a conclusion, the completion of this information has shown that the companies within the Group have satisfactory standards that align with the interests of all those with whom they interact. They also included in their year-end reports sufficient references to the management carried out concerning their corporate governance.

OTHER MATTERS

The following outlines other relevant declarations from the perspective of good practices and compliance with specific regulations.

Intellectual Property

In accordance with numeral 4 of article 47 of Law 222 of 1995 (amended by article 1 of Law 603 of 2000) it is stated that compliance with intellectual property and copyright laws has been met. It is therefore specifically reported that, according to the controls carried out by Fundación Grupo Social, it can be noted that the systems and software programs used by the entity are adequately covered by the corresponding licences. There are no claims against the Foundation based on violations of intellectual property laws.

Systems for Disclosure of Accounting and Financial Information

During the period the systems for disclosure and control of financial information performed adequately, as no deficiencies were identified that would have prevented Fundación Grupo Social from accurately recording, processing, summarising and presenting the information. Consequently, the financial statements that were presented and approved by the competent bodies satisfactorily meet the assertions derived from the basic and technical accounting standards regarding existence, completeness, rights and obligations, valuation, and finally, presentation and disclosure.

Special Report on the Business Group

The economic relationships between the entities that make up the Business Group led by Fundación Grupo Social are reflected, among

other aspects, in their participation in the Shared Activity Units (UAC), created to leverage synergies and economies of scale, as well as in the execution of operations related to the social objectives of the Group's entities with the Foundation and among themselves.

It should be highlighted that the most significant transactions between Fundación Grupo Social and its subsidiaries were duly disclosed in the financial statements and in the notes to the financial statements of the entity, which, according to the guidelines of Fundación Grupo Social and those of each of the companies within the Business Group it leads, are in compliance with market conditions, and they are subject to disclosure and approval by the relevant bodies.

Additionally, there were no transactions between Fundación Grupo Social and its subsidiaries influenced by or in the interest of either party; decisions made by the entity were neither influenced nor refrained from being made in the interest of the subsidiaries nor did the subsidiaries make or refrain from making decisions in the interest of Fundación Grupo Social. The details of these transactions can be found in the notes to the entity's financial statements.

Free Circulation of Invoices Issued by Sellers or Suppliers

In accordance with Article 7 of Law 1231 of 2008, as amended by Article 87 of Law 1676 of 2013, compliance has been ensured with

the aforementioned regulation regarding the free circulation of these securities. It is also reported that no situations were identified that obstructed the free circulation of invoices issued by the Foundation's sellers or suppliers.

Transactions with Administrators

Fundación Grupo Social is a private non-profit entity, classified as a foundation, which, in accordance with applicable regulations, has no shareholders or partners. As is typical of its legal nature, its assets are dedicated to fulfilling its purpose.

Transactions with the Foundation's administrators are disclosed in Note No. 30 (Transactions with Related Parties) of the notes to its Individual Financial Statements.

The Predictable Evolution of the Foundation

The Foundation's projected development for the year 2024 is outlined in several sections of this report.

Post-Balance Sheet Events

No significant events or occurrences took place after the financial statements were closed, other than those mentioned throughout this document.



CLOSURE

Faithful to its Legacy, since 2013, Fundación Grupo Social has offered the Organization's employees who freely choose to do so, the opportunity to cultivate their relationship with Jesus within the Tradition and Magisterium of the Catholic Church, allowing those who freely wish to do so, to grow and strengthen their faith.

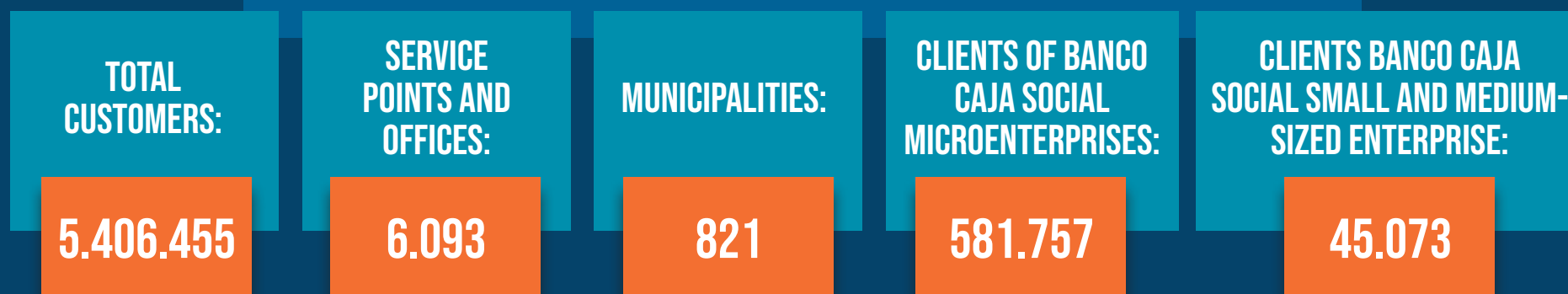
The Organization has had the grace of the sacramental presence of the Lord for 10 years in the Chapels at administrative headquarters of 72 and 77 street in Bogotá, where He guides, inspires, and protects this work and its collaborators. To commemorate these quinquennials,

solemn Eucharistic celebrations were held at each location, with the presence of the Episcopal Vicar.

During 2023, the coverage of sacramental life activities was expanded with the permanent launch of the Programme at two new administrative headquarters and the initiation of the Itinerant Missionary Eucharists, bringing the good news to the most remote locations of our companies and Territorios Progreso. Other activities, such as formation and national-level gatherings, were conducted as planned both virtually and in person.

FUNDACIÓN GRUPO SOCIAL FIGURES 2023

EMPRESAS



COLMENA SEGUROS INSURED: 2.187.162

Occupational Hazards

1.082.911

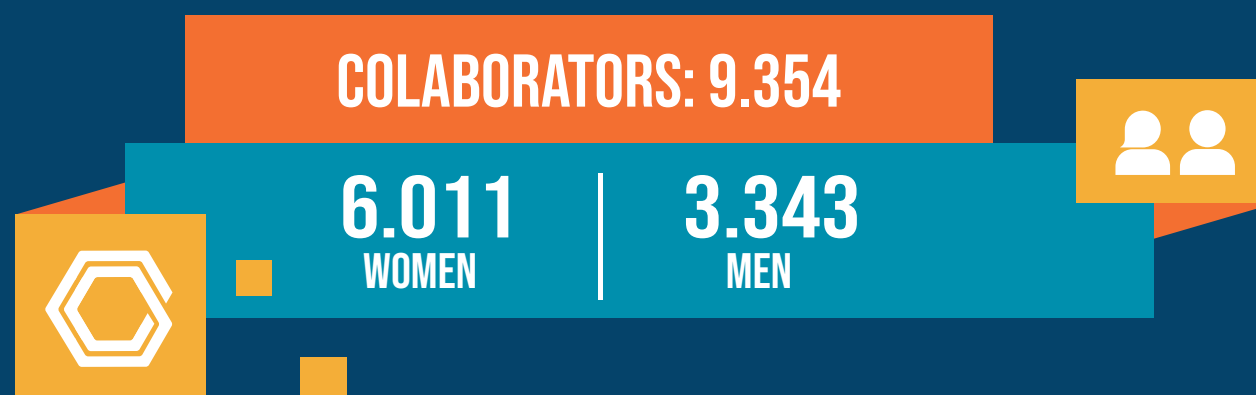
Life

1.104.251

TERRITORIOS PROGRESO



ORGANIZATIONAL CULTURE



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If you have any comments you can write to the email: comunicaciones@fgs.co

ANNEXES

GLOBAL COMPACT COMMUNICATION OF ENGAGEMENT (COE 2023)

Bogotá, May 2024

ANTONIO GUTERRES

Secretary General of the United Nations Organization
Headquarters of the UN
New York, USA

Respected Mr. Guterres:

It is my wish to express, on behalf of the Fundación Grupo Social, our firm commitment to continue supporting the 10 principles of the Global Compact, which we joined in September 2004.

Our Organization continues to work under the mission of contributing to overcoming the structural causes of poverty in Colombia in favor of a more just, supportive, productive and peaceful society. To achieve this, companies advance their activity deliberately assuming and managing their impact on society.

The Annual Report and Social Balance is an exercise that the Organization has been strengthening for several years and gives account of the main elements of the management carried out during the last year. This instrument, which is essentially a support of the ordinary management of the business includes, among others, the various aspects contemplated in the Global Compact.

As usual, the Progress Report is presented as an annex to the report, indicating the location of each of the indicators and initiatives that demonstrate compliance with each of the principles.

Yours sincerely,



Juan Carlos Gómez Villegas

President

Fundación Grupo Social

PRINCIPLES OF THE UN GLOBAL COMPACT

| PRINCIPLE | DESCRIPTION | POLICIES OR PROGRAMS (PAGES) | PROGRESS INDICATORS (PAGES) |
|--------------|---|------------------------------|-----------------------------|
| PRINCIPLE 1 | Businesses should support and respect the protection of internationally proclaimed human rights within the scope of their influence | 10 63 | 13-52 |
| PRINCIPLE 2 | Businesses should make sure that they are not complicit in human rights abuses | 10 63 | 13-52 |
| PRINCIPLE 3 | Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining | 10 63 | 53-58 |
| PRINCIPLE 4 | Businesses should uphold the elimination of all forms of forced and compulsory labour | 10 63 | 53-58 |
| PRINCIPLE 5 | Businesses should uphold the effective abolition of child labour | 10 63 | 53-58 |
| PRINCIPLE 6 | Businesses should uphold the elimination of discrimination in respect of employment and occupation | 10 63 | 53-58 |
| PRINCIPLE 7 | Businesses should support a precautionary approach to environmental challenges | 10 63 | 13-52 |
| PRINCIPLE 8 | Businesses should undertake initiatives to promote greater environmental responsibility | 10 63 | 13-52 60 |
| PRINCIPLE 9 | Businesses should encourage the development and diffusion of environmentally friendly technologies | 10 63 | 13-52 60 |
| PRINCIPLE 10 | Businesses should work against corruption in all its forms, including extortion and bribery | 10 63 | 63-64 |

Principles of the Resolution of the European Savings and Retail Banking Group

| | PRINCIPLE | PAGES |
|---|--|-------------|
| 1 | Fair and clear relations with customers | 35-52 |
| 2 | Promotion of accessibility and financial inclusion | 13-52 |
| 3 | Environment-friendly business | 13-52 60 |
| 4 | Making a responsible contribution to the community | 13-52 |
| 5 | Responsible employers | 53-58 |
| 6 | Communication | 13-52 |

TABLE OF CONTENTS GRI

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| DECLARATION OF USE | Fundación Grupo Social has presented the information cited in this GRI content index for the period covered between January 1 and December 31, 2023 using the GRI Standards as a reference. | | |
| GRI 1 USED | GRI 1: Foundation 2021 | | |
| ESTÁNDAR GRI | CONTENTS | PAGES | OBSERVATIONS AND CLARIFICATIONS |
| THE ORGANIZATION AND ITS REPORTING PRACTICES | | | |
| 2.1. ORGANIZATIONAL DETAILS | 1. Report its legal name | PAGE 1 | |
| | 2. Report its nature of ownership and legal form | PAGE 54 | |
| | 3. Report the location of its headquarters | | Bogotá, Colombia |
| | 4. Report its countries of operation | | Colombia |
| 2.2. ENTITIES INCLUDED IN THE ORGANIZATION'S SUSTAINABILITY REPORTING | 1. List all its entities included in its sustainability reporting | PAGE 10 | |
| | 2. Report if the organization has audited consolidated financial statements or financial information filed on public record | PAGE 62 | |
| | 3. Explain the approach to information consolidation | PAGE 62 | |
| 2.3. REPORTING PERIOD, FREQUENCY AND CONTACT POINT | 1. Specify the reporting period for, and the frequency of, its sustainability reporting | PAGE 3 | |
| | 2. Specify the reporting period for its financial reporting | PAGE 3 | |
| | 3. Report the publication date of the report or reported information | | This report was published in the April 2024 |
| | 4. Specify the contact point for questions about the report or reported information. | PAGE 67 | |
| 2.4. RESTATEMENTS OF INFORMATION | 1. Report restatements of information made from previous reporting periods and explain: the reasons for the restatements; the effect of the restatements | | No updates were presented for the information included in reports from previous periods. |
| 2.5. EXTERNAL ASSURANCE | 1. Describe its policy and practice for seeking external assurance, including whether and how the highest governance body and senior executives are involved | | This report has not been subjected to external verification. |
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| 2.8 | Workers that are not employees | PAGE 53 | |
| 2.9 | Estructure of governance and composition | PAGE 63 | |

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| 2.12 | Function of the highest level of governance in the supervision of the impact management | PAGE 63 | |
| 2.13 | Delegation of the responsibility of the impact management | PAGE 10 | |
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| II. GENERATION OF MAXIMUM WEALTH FOR SOCIETY | | | |
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| 3.3 MANAGEMENT OF MATERIAL ISSUES | Management of material issues | PAGE 34 AND 58 | |
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| 3.3 MANAGEMENT OF MATERIAL ISSUES | Management of material issues | PAGE 60 | |



