



INVESTMENTS THAT TRANSFORM

2020 Integrated Report



GRUPO ARGOS

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2020 Integrated Report



GRUPO ARGOS

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About this report

This report is an exercise in transparency, in which we publish our progress in the management of the most relevant economic, social and environmental affairs to our stakeholders. Through this, we present the manner in which we generate value for the company, society and the planet.

Materiality

[102-47] The relevance of the topics developed in this report was determined based on a Materiality Analysis we carried out in 2018 and updated in 2019, to precisely reflect the six issues we consider our key value drivers.

In the pages of reference, we describe each of the six value drivers, their relevance, the manner in which we manage them, our progress, and their most significant milestones in 2020. We present our vision for the future for each of them, using short, medium and long-term targets, as well as associated challenges and opportunities.

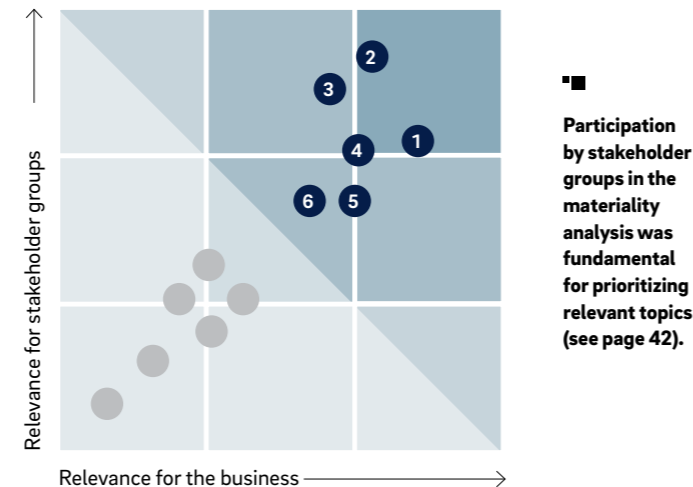
Our commitment to the United Nations 2030 Agenda is materialized through four of its seventeen Sustainable Development Goals (SDGs), which we prioritize according to our capacity to contribute directly to the different global challenges each one represents. For each value driver we indicate the corresponding SDG symbol(s) they contribute to. To view our alignment with global targets in detail, access our ESG Databook [here](#) or scan the code.



Reporting methodology

[102-54] This report has been drafted according to Global Reporting Initiative (GRI) Standards, core option, and follows, in turn the principles and guidelines of the Integrated Reporting Framework (IIRC), and the standards of the Sustainability Accounting Standard Board (SASB). See the GRI and SASB content index on pages 116-127. We are currently implementing the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), which will be reflected in our 2021 Integrated Report to be published next year. The financial statements are presented under International Financial Reporting Standards (IFRS), and figures in dollars have been converted to Colombian pesos using the representative market rate (TRM, in Spanish) established for each item of the financial statements.

[102-55] The annexes section contains the GRI Content Index, which serves as a guide for the numerical codes included at the start of certain paragraphs, and a Self Declaration of Compliance with the principles of the Integrated Reporting Framework (see page 128).



1. Strategic Oversight

Page 56

2. Financial Management

Page 58

3. Ethics & Corporate Governance

Página 60

4. Sustainability Vision

Page 62

5. Identity and Engagement

Page 68

6. Talent and Culture

Page 70

Coverage

[102-45, 102-46] This report contains an account of our management, performance and main results as infrastructure investment managers.

In turn, it includes relevant information on our strategic businesses: cement (Cementos Argos S.A.), energy (Celsia S.A.) and highway and airport concessions (Odinsa S.A.). It also includes our investments in the real estate development and coal businesses.

[102-49] Throughout this document we specify whether the indicators reported correspond to a separate Grupo Argos indicator, to one of our businesses, or to the corporate group on a consolidated level.

Frequency

[102-50, 102-51, 102-52] This document was published in March 2021 and describes our performance and results for the period contained between January 1 and December 31, 2020. The previous version was published in March 2020.

External Verification

[102-32, 102-56] To verify the reliability of the reported information, we have submitted this publication to an independent third-party accounting audit by KPMG (see pages 85 and 103), as Statutory Auditor for the company. Upper management reviewed and approved the Integrated Report and charged Deloitte & Touche the limited assurance of social, environmental and economic indicators. See pages 130-131.

[102-48] No relevant information in previous reports has been restated.

In the event the calculation method for any indicator has been updated, this is indicated in the corresponding section.



Cementos Argos Plant
Cartagena, Colombia

[102-53] This document has been published at www.grupoargos.com and is complemented by a section called the ESG Databook, which can be found [here](#), as well as with public information for the 2020 period, which can be found on our website.

To access integrated reports for our strategic businesses, visit their web portals: www.argos.co, www.celsia.com and www.odinsa.com.

Inquiries

If you have questions or comments regarding the content of this report, please contact Cristina Arias, Director of Sustainability (cariase@grupoargos.com).

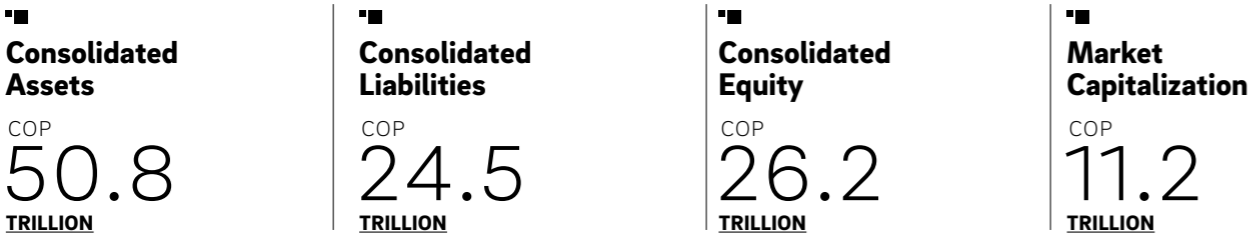


01

ABOUT US

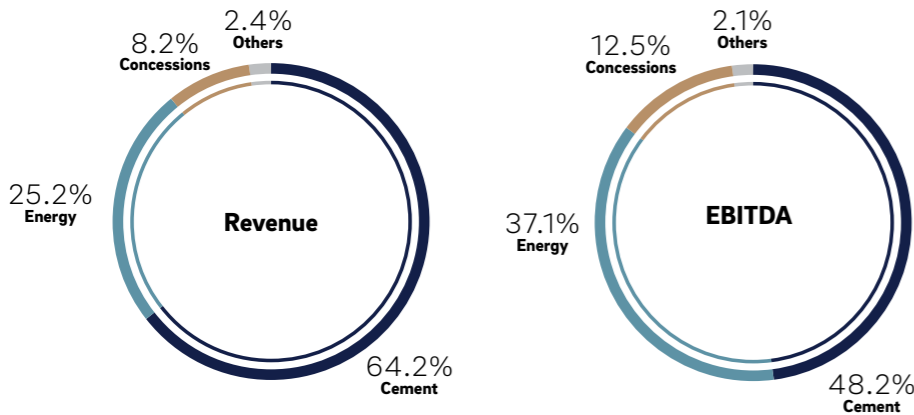
Highlights

[102-2, 102-4, 102-6, 102-7, 102-8]



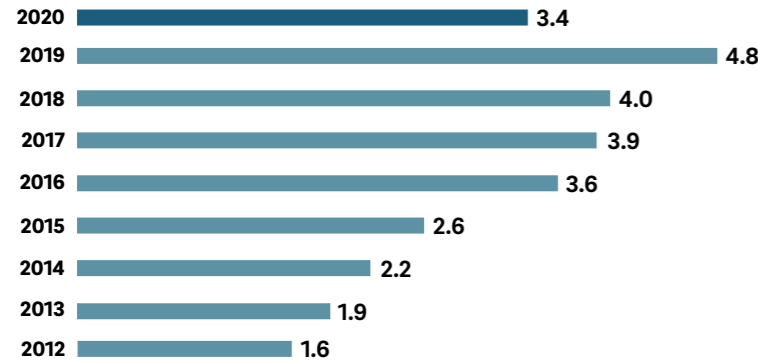
Over
14,000
employees are part of the
Business Group

Around
11,000
shareholders



Consolidated Annual EBITDA

Figures in trillions

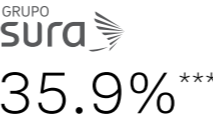


Portfolio

Real Estate



Financial services



Food



* Common shares outstanding.
** Share in the private equity fund
*** Shareholding held by Grupo Argos and its related companies

Memberships

[102-12, 102-13]



World Business Council for Sustainable Development and its Colombian chapter, Cecodes



Latin American Companies Circle - Corporate Governance Roundtable.

Awards

Member of
Dow Jones Sustainability Indices
Powered by the S&P Global CSA

Sustainability Award
Silver Class 2021
S&P Global

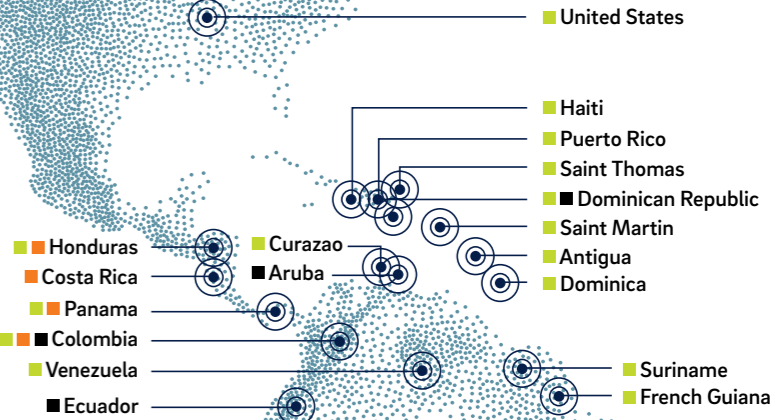


Our Strategic Investments



Countries by Business

Cementos Argos ■
Celsia ■
Odinsa ■



Board of Directors

|102-18, 102-19, 102-22, 102-23, 102-26, 102-30|

The Board of Directors is our highest management body and maintains an overall vision of all the Corporate Group's businesses. It has a diverse composition in terms of gender, abilities and experience, and has active participation from independent members.

Our Board of Directors defines corporate strategy, oversees management activities and monitors economic, environmental and social risks and opportunities that arise.

It also supports the engagement system between the companies in the corporate group, which serves as a foundation for defining strategy, policies and other guidelines that apply to all our companies and seek to ensure a unity of purpose and direction.

All of the above seeking the best interests of our shareholders and other stakeholder groups, making sure their rights are protected and their expectations met in a balanced manner, according to the highest standards of ethics, behavior and transparency.



1. Rosario Córdoba
Consejo Privado de Competitividad- Chair

Non-executive
Independent: Yes
Chair of the Board of Directors
Member since: March 23, 2011
Board Committee:

- Audit, Finance and Risk
- Sustainability and Corporate Governance (Chair)
- Appointment and Remuneration Committee

Other Boards of Directors: 2

- Fiduciaria Bogotá
- El Tiempo

Non-profit Entities:

- Universidad Jorge Tadeo Lozano
- Fundación Santa Fe de Bogotá
- Fedesarrollo Steering Committee

Studies:

- Economics, Universidad de los Andes
- Master's Degree in Economics, Universidad de los Andes

Experience:

- Chair of the Consejo Privado de Competitividad
- Previous Position: Editor-in-Chief *Dinero* magazine



2. Gonzalo Pérez
Grupo Sura S.A. - CEO

Non-executive
Independent: No
Member since: March 26, 2020
Board Committee:

- Appointment and Remuneration

Other Boards of Directors:

- Grupo Nutresa S.A.
- Bancolombia S.A.
- Suramericana S.A.
- Sura Asset Management S.A.

Non-profit Entities:

- Fundación SURA
- Orquesta Filarmónica de Medellín
- Fundación Nutresa
- Proantioquia
- Consejo Privado de Competitividad
- Fundación Empresarios por la Educación
- Fundación Ideas para la Paz

Studies:

- Law, Universidad de Medellín
- Specialization in Insurance, Swiss Re
- CEO Management Program, Kellogg School of Management

Experience:

- CEO Grupo Sura S.A.
- Previous Position: CEO Suramericana S.A



3. Carlos Ignacio Gallego
Grupo Nutresa S.A. - CEO

Non-executive
Independent: No
Member since: March 26, 2014
Board Committee:

- Sustainability and Corporate Governance

Other Boards of Directors: 4

- Grupo Sura S.A.
- Tresmontes Lucchetti S.A. (Chile)
- Estrella Andina S.A.S.
- La Recetta S.A.S.

Non-profit Entities:

- Hospital Pablo Tobón Uribe
- Proantioquia
- Fundación Suramericana
- Universidad Eafit
- Board of Trustees of the Pontificia Universidad Javeriana
- Cumbre Empresarial Alianza del Pacífico CEAP
- ANDI

Studies:

- Civil Engineering, Universidad Eafit
- MBA, Universidad Eafit
- CEO Management Program, Kellogg School of Management, NorthWestern University

Experience:

- CEO Grupo Nutresa S.A.
- Previous Position: Chief of Servicios Nutresa S.A.



4. Claudia Betancourt
Amalfi S.A. - General Manager

Non-executive
Independent: No
Member since: April 16, 2018
Board Committee:

- Sustainability and Corporate Governance

Other Boards of Directors: 4

- Gases de Occidente S.A.
- Promigas S.A.
- Contecar S.A.
- Palmar de Altamira S.A.S.

Non-profit Entities:

- Fundación Notas de Paz
- Fundación Scarpetta
- Propacífico

Studies:

- Economics, Colegio Mayor de Nuestra Señora del Rosario

Experience:

- General Manager - Amalfi S.A.
- Previous Position: Chief Risk Officer, Corporación Financiera del Valle S.A.



5. Ana Cristina Arango
Director

Non-executive
Independent: Yes
Member since: March 25, 2009
Board Committee:

- Audit, Finance and Risk Committee

Other Boards of Directors: 2

- Distribuciones Agralba S.A.
- Productos del Caribe S.A.

Studies:

- Civil Engineering, Universidad Eafit
- MBA, Universidad de los Andes

Experience:

- Director of Inversiones El Yarumo S.A.S.
- Previous Position: Financial Management Assistant - Cementos Rioclaro S.A.



6. JORGE URIBE
Consultant

Non-executive
Independent: Yes
Member since: March 25, 2015
Board Committee:

- Appointment and Remuneration (Chair)

Other Boards of Directors: 3

- Carvajal S.A.
- Ingredion Inc.
- General Mills Inc.

Studies:

- Engineering Management, Universidad Nacional
- MBA, Xavier University

Experience:

- Independent consultant
- Previous Position: Global Productivity and Organization Transformation Director, P&G



7. ARMANDO MONTENEGRO
BTG Pactual S.A. - Chairman

Non-executive
Independent: Yes
Member since: March 25, 2015
Board Committee:

- Audit, Finance and Risk (Chair)

Non-profit Entities:

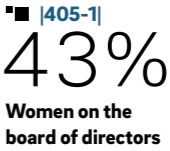
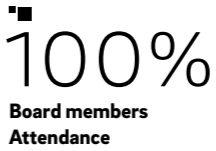
- Fedesarrollo

Studies:

- Industrial Engineering, Universidad Javeriana
- Master of Economics and Latin American Studies, Ohio University
- Ph.D in Economics, New York University

Experiencia:

- Chairman BTG Pactual
- Previous Position: Managing Director - Ágora Corporate Consultants
- Director of Departamento Nacional de Planeación



Steering Committee

|102-20|



The technical knowledge, experience and personal qualities of its members make our Steering Committee the competent governing body to ensure strategy achievement.

This committee advises the CEO on decisions inherent to or that have an impact on the Parent Company. Each of its members individually leads the functions under their purview, as well as associated issues that with Business Group-wide scope.

1. CAMILO ABELLO

Senior Director of Sustainability

2. ALEJANDRO PIEDRAHITA

Chief Officer for Strategy and Corporate Finance

3. RAFAEL OLIVELLA

Chief Officer for Human Resources and Corporate Affairs

4. JORGE MARIO VELÁSQUEZ

CEO

CEO Committee



With a deep understanding of each of the strategic businesses, this Committee discusses decisions that encompass the entire Business Group, articulating efforts to direct shared mechanisms together.

The CEOs of the businesses are entirely accountable for the results of each of their companies, under the direction of their corresponding boards of directors and within the corporate framework and context of Grupo Empresarial Argos.

1. JUAN ESTEBAN CALLE

Cementos Argos CEO

2. MAURICIO OSSA

Odinsa CEO

3. JORGE MARIO VELÁSQUEZ

Grupo Argos CEO

4. MARÍA CLARA ARISTIZÁBAL

Manager of the Urban Development Business

5. RICARDO SIERRA

Celsia CEO

ROSARIO CÓRDOBA GARCÉS

Chair of the Grupo Argos Board of Directors.
Chair of the Sustainability and Corporate Governance Committee.



What were the main issues the Board of Directors focused on in 2020?

Definitely the most relevant topic was supporting and guiding the administration regarding the action plan for dealing with the pandemic, prioritizing life and employment, specifically looking out for the specific way in which this organization has historically dealt with important challenges: with a sense of transcendence that makes a difference and has relevance for all its stakeholder groups during a period of history like the one we lived through during the year. The situation also drove us to move forward with defining a strategy for the future, identifying opportunities to develop Grupo Argos as a recognized infrastructure asset manager in the region due to its capacity for growth and developing attractive and profitable platforms for long-term institutional investors and generating shared values.

¿What priorities did this body define for tackling the situation arising from the pandemic?

Besides caring for the life and health of all our employees, we focused on Grupo Argos' vision for the future because we understood that this was a time where the company required much more than simply guaranteeing short-term financial results and needed to focus on sustainability based on the pillars of its strategy: talent, culture and corporate governance. All of these were essential items on the Board of Directors' agenda during 2020.

¿What is your perspective on the organization's strategic roadmap?

Absolutely optimistic. Grupo Argos has managed to double its assets over the last 10 years, focusing its investments on different infrastructure sectors with extremely high growth potential and which will be play a leading role in the region's economic reactivation. The organization has assets that are extremely desirable for global markets and we know that this will allow it to grow exponentially, hand-in-hand with expert and global partners.

What will the Board of Directors focus on in 2021?

We will continue supporting and guiding the Grupo Argos team so it can realize its purpose of positive transformation for people's lives through its investments and operations. To achieve this, the company must continue making strong and decided progress with strategy execution, as well as in important challenges such as strengthening its diversity and inclusion, its corporate governance mechanisms, and in maximizing value for each business. Another priority is moving forward with the Business Group's commitment to climate change, compensation and mitigation mechanisms, climate risk quantification, and its implications for our Financial Statements. We will prepare a plan for closing gaps in this area that will allow us to meet TCFD report recommendations in 2022, understanding how essential these are for business sustainability and the collective well-being.

02

MANAGEMENT REPORT



Pacífico 2
Bolombolo, Colombia

Management Report from the Board of Directors and the CEO

■

2020 encouraged us to give our best, to work in an agile and collaborative manner, to explore new processes and ways of doing things and to reaffirm the values that been the foundation of our business activities

■

Weeks before the viral outbreak began in Colombia, we established coordination mechanisms to move with the required speed, flexibility and assertiveness

DEAR SHAREHOLDERS

[102-10, 102-14] We want to begin by recognizing the dedication of our more than 14,000 employees who have dealt with the challenges and complexities arising from a world in pandemic, whose impact and size had not been experienced in this generation, with fortitude, commitment and dedication. Today, after an historic and unprecedented year, in which humanity was impacted by a multidimensional shock and great challenges, we are witnesses to the strength arising from the **orderly work that sets apart the human talent that drives our organization, and the value of the capabilities developed for decades at Grupo Empresarial Argos.**

What we experienced in 2020 encouraged us to give our best, to work in an agile and collaborative manner, to explore new processes and ways of doing things, including more extensive remote and virtual work, and, most importantly, **to reaffirm our superior purpose of positively transforming the lives of millions of people through investment in the infrastructure sector**, based on the solid values that have been the foundation of our business activities throughout nearly 90 years of history. It is precisely this lodestar, and the ongoing support from you, our shareholders, that have allowed us to remain strong during the most complex times, in highly uncertain situations, and to find the right signs for moving forward.

While during the year's first quarter we viewed with optimism the initial consolidation of a positive trend in business performance, with good traction in the building materials, energy, road and airport concessions, urban development and real estate sectors, **the organization assumed the arrival of the pandemic with great adaptability**, supported by its sustainable value generation model, and balancing economic, social and environmental aspects.

A few weeks before the viral outbreak began in Colombia, and having seen its initial impact elsewhere in the world, we made decisions and established centralized coordination mechanisms between businesses to move with the required speed, flexibility and assertiveness, subject to five priority areas that guided each decision.



Cementos Argos Plant
Cartagena, Colombia

Celsia Solar Comayagua
Cementos Argos Plant in Honduras

We defined care for and the health of our employees and their families as the highest priority and, thus, throughout the year, we structured and implemented a robust life, health and well-being plan with close, comprehensive, ongoing monitoring that allowed focusing the organization's efforts on protecting the life and health of our employees..

As our second priority, aware of our employment-generating role in the regions where we operate, **we protected jobs**. This commitment helped mitigate the economic and social effects of the situation and demonstrated that **human beings are at the center of the actions of these companies**.

Our third priority was to implement a **comprehensive business continuity plan**, focusing our efforts on rapidly and safely restarting operations, reducing costs and expenses, deferring extendable investments and ensuring liquidity in an uncertain and volatile environment, and managing consolidated **credits for over COP 1.4 trillion in March**. We also confirmed the bene-

fits of a diversified portfolio for mitigating and compensating for the effects of the pandemic on some of the businesses. Although we had to deal with airport closures, we highlight the continuity and strength of the energy business, the progressive recovery of the highway concessions and the improved cement volumes in the different regions where we operate. This allowed us to end the year with a **consolidated ebitda of COP 3.4 trillion, an ebitda margin of 24% and COP 154 billion in consolidated net income**, which, although decreased compared to a normal year, is proof of our organization's structural strength.

■ **Over**
COP
24
BILLION
contributed by Grupo
Empresarial Argos in 2020
to strengthen the health
system and ensure family
livelihoods

■ **Consolidated EBITDA**
COP
3.4
TRILLION

■ **EBITDA margin**
24%

■ **Net consolidated profit**
COP
154
BILLION

As a fourth priority, we deployed important efforts in the area of corporate citizenship. We made contributions to deliver food aid to over 116,000 vulnerable families throughout the country through the Grupo Argos Foundation, thanks to the involvement of over 1,900 donors, including 1,200 employees from the corporate group. We also contributed over COP 1.6 billion to solidarity food drives in Barranquilla, Bogotá, Cali, Cartagena and Medellín.

On the public health front, our organization donated **over COP 10 billion for the acquisition of intensive care units** designed to rapidly strengthen the healthcare system in Medellín and Antioquia. We also contributed over COP 11 billion to strengthen healthcare capacity in Bolívar, Valle del Cauca and Tolima. In total, **Grupo Empresarial Argos contributed over COP 24 billion to address the situation.**

Finally, aware of our responsibility as relevant social actors, **our fifth priority focused on accompanying the efforts made by the Colombian government and its institutions** to address the situation, participating actively in industrial associations and think tanks and making a collective contribution to building public policy that would benefit society at large in the midst of the pandemic.



■ **Delivery of groceries to vulnerable families**
Barranquilla, Colombia

■ **Donation of Intensive Care Unit equipment**
Hospital San Vicente Fundación in Medellín, Colombia





■ Grupo Argos went from managing COP 3 trillion en assets en el 2000, to

COP
51
TRILLION in 2020

■
17%
annual shareholder profitability over the las 20 years

Long-term Value Generation

In recent decades, Grupo Argos has become established as a long-term infrastructure asset manager. **We went from managing COP 3 trillion in assets in 2000 to COP 51 trillion in 2020, positioning us as one of the leading developers and operators of cement operations, energy, road and airport concessions, urban development and real estate returns in the Americas.**

Although we have managed to become consolidated as a leading organization in the infrastructure sector, we are fully aware of the need to continue to drive value generation for our shareholders and stakeholders, even more so considering that during February and March of the previous year global equity market prices fell, and even more steeply in Latin America, with an over 45% drop in the COLCAP index and the MSCI Latam.

■
Autopistas del Café
Coffee-Growing Region,
Colombia

The situation led international investors to look for defensive assets such as gold and US Treasury bonds, liquidate their equity positions, and shelter their capital during the most uncertain stretch of the pandemic. Thus, in 2020, international investors sold off a total historical figure of COP 4.2 trillion in the Colombian equity market.

We have recently observed a gradual recovery in our companies' stock price thanks to the plans we implemented internally and the agile way our businesses have adapted to a new reality, together with an improved dynamic of equity markets in the country. Grupo Argos' common shares closed the year at COP 13,900, with preferential shares at COP 10,500, a 22% devaluation for both types. However, **long-term profitability must be considered, which excludes specific impacts such as the pandemic, and where total shareholder profitability, including species and dividend valuation, reached 17% per annum over the last 20 years.**

In any event, a gap continues to exist between Grupo Argos' stock price and its fundamental value, and this is one of the company's main challenges. We will continue insisting on the need to implement regulatory changes that will provide the Colombian public stock market with greater depth, liquidity and efficiency, as recommended by the special mission put together by the National Government for this purpose.

■
CODA Tech Square, a project with the Argos seal
Atlanta, United States



Business Performance

Celsia

The Energy Business's 2020 results confirm the **realization of a strategy designed by the company over the last five years** with relevant milestones achieved, including an increased share of the distribution business with the acquisition of the Tolima assets, allowing it to consolidate a customer base that today exceeds 1.2 million, for greater participation in the regulated market, and the configuration of two investment platforms with *Cubico Sustainable Investments*, a leading global investor that specializes in renewable energy projects. With this ally, we are now operating 38 MW in solar energy projects, increasing to 650 MW over the next three years, in addition to Caoba, a platform with high-voltage assets that include operations on the Caribbean Coast and some assets in Tolima and Valle del Cauca, and which accounted for COP 150 billion in revenues in 2020. These platforms are configured as relevant components of the business strategy to the extent that they allow us to scale up investments in non-conventional renewable energy and in transmission and distribution, making optimal use of invested capital.

A rearranged portfolio proved its benefits during 2020 with performance that allowed us to **maintain uninterrupted service throughout the year, strengthen the quality of service in the regions where we have a presence, and continue driving investment in renewable energy sources** to become consolidated as regional leaders in this industry while minimizing our exposure to environmental variations associated with climate change.

■
650
MW
in solar energy projects

■
COP
150
BILLION
in revenue represented by Caoba during 2020

Celsia Solar Espinal
Tolima, Colombia

Advanced Visual Operations Center
Valle del Cauca, Colombia



San Andrés de Cuerquia
Hydroelectric Plant
Antioquia, Colombia

Celsia today has 1,854 MW of generation capacity, 74% of which come from renewable sources, including hydro power. To date, 8% of the portfolio is solar and wind generation, and **the goal is that these types of energy will represent 25% of our generation capacity in three years.**

During 2020 we commissioned 30 MW of solar energy with the Celsia Solar Espinal plant in Tolima and El Carmelo in Valle del Cauca, as well as solar roofs for homes and companies. We made progress with the development of two 330 MW wind farms of national importance in La Guajira and inaugurated the small 19.9 MW San Andrés de Cuerquia hydroelectric plant, becoming consolidated as leading operators of renewable hydroelectric generation plants nationally. We made progress with the construction of a backup wellhead gas thermal generation plant, Termotesorito, which will have an installed capacity of 200 MW, and we invested COP 350 billion in improving the quality of our distribution service, allowing us to move forward decisively with the consolidation of our energy business.

All of the above resulted in **COP 3.5 trillion in revenue**, with a 37% contribution from generation and 63% from distribution and sales. **Ebitda, in turn, closed at COP 1.2 trillion.** If we eliminate the effects of the deconsolidation of Caoba, revenue is stable compared to 2019 and ebitda increases by 8%, to an adjusted margin of 37%. In turn, **net profit to the majority partner was COP 249 billion.** The energy business ended the year with a consolidated leverage indicator of 2.8 times net debt over ebitda, **with a cash position of COP 400 billion.**

Finally, at Celsia we will move forward with **an estimated COP 3.4 trillion in investments, COP 1.4 trillion of which will be in company projects and the remainder placed using different investment platforms, to strengthen and improve the quality of service, implement an aggressive growth strategy in unconventional renewable energy sources, and consolidate transmission and distribution assets** under a platform scheme, which is proving to be a powerful way to keep our country's lights on.

■
1,854
MW
is Celsia's generation capacity

■
74%
of the generation portfolio is renewable

■
Solar and wind generation will make up
25%
share of Celsia's portfolio over the next 3 years



IMPACT
ON TRAFFIC
Airports

From 3.3 million
passengers per month in
2019, to 1 million in 2020

Highways

from 103,000 vehicles
per day in 2019,
to 84,000 in 2020



COP

400

BILLION
Estimated value of
agreements reached
to mitigate the impact
of the pandemic on
highway and airport
concessions



Autopistas del Café
Coffee Growing Region, Colombia



Odinsa

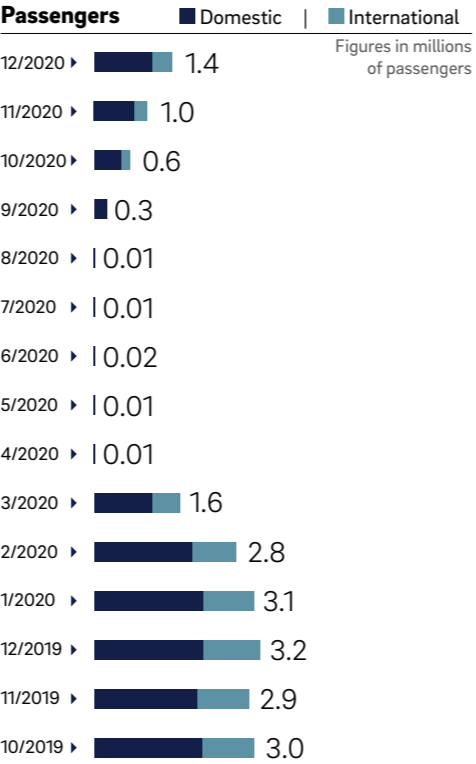
2020 was a difficult year for our concessions business, where government-ordered lock-downs affected airport and highway traffic. In the former we went from moving an average of 3.3 million passengers a month in 2019, to an average of 1 million passengers a month in 2020, including several months with no activity; in the latter we went from 103,000 vehicles per day in 2019 to 84,000 per day in 2020. The magnitude of the impact for an infrastructure asset that deals with the loss of income but maintains availability and services its debt is extremely relevant.

It should be noted that the concessions business has slowly been recovering traffic, ending December 2020 with 1.6 million airport passengers, almost 50% of those recorded during the last month of 2019, while highways ended the year with 123,000 vehicles per day, only a 3% drop compared to the same month of the previous year.

The efforts made by the company and the emergency plan implemented at each concession were aimed at **maintaining operations with all biosecurity measures and fully honoring our concession contracts, while monitoring and protecting all the financial indicators.**

It should be highlighted that, in financial aspects, we have made important progress in negotiations with the competent authorities to achieve the economic recovery of those contract that were affected by closures ordered by concession-grantors.

To date, with assistance from Government agencies, **the ANI has signed two agreements with highway concession-holders to partially mitigate the impact of the pandemic.** These acknowledge revenue affectations due to the suspension of toll payments for vehicles that travelled around the country and affectations due to decreased traffic through toll booths as a consequence of the measures adopted by the government.



Pacifico 2
Operations Control
Center
Bolívar, Colombia

Regarding airport concessions, our subsidiary Opain, together with the country's other airport concession holders, signed a memorandum of understanding with the ANI, which acknowledges that the measures adopted by the National Government to prevent the spread of COVID-19 implied a total restriction on commercial flights between March and September 2020 and had an impact on the regulated and unregulated revenue of the concession holder. In light of the above, the El Dorado Airport concession will have an extension of the initially established terms that will compensate for regulated and unregulated revenue between March 23 and September 30, 2020.

These agreements were reached for highway and airport concessions, are not reflected in the financial statements for the period, **and are estimated to provide over COP 400 billion in net revenue, partially mitigating the impacts on asset equity value** by granting an extension to the terms originally provided.

During the year we continued making progress with the construction of Pacifico 2, essential infrastructure for connecting the center of Colombia to the Pacific, reaching 97% completion of the project. We also made positive progress with structuring the Vía Perimetral de la Sabana and the Malla Vial del Meta.

On the financial front, Odinsa ended the year with COP 734 billion in consolidated revenue and ebitda of COP 398 billion, -4% and -27% respectively compared to 2019 results. These results incorporate a greater contribution to revenue and ebitda from the highway segment, with a growth of COP 151 billion and COP 85 billion respectively, and include consolidation of Tunel de Oriente as of 2020. In turn, the results for the airport segment contracted COP 183 billion in revenue and ebitda given traffic affectations related to the closures mentioned above.

To deal with these impacts, Odinsa implemented an efficiency plan, the scope of which will continue its expansion this year, as in 2020 it enabled **COP 37 billion in savings on expenses, a 17% decrease in this area.**



■ Clinker yard, Cementos Argos plant
Cartagena, Colombia

Cementos Argos

A currency and geographic diversification strategy, and strong progress made with operational efficiency in the cement business in recent years, ratified their advantages and benefits in 2020 given the lockdowns decreed in the regions where the company has operations.

Whereas in the United States we never stopped dispatching cement and concrete, economies throughout Central America, the Caribbean and Colombia were paralyzed for a considerable time due to the above restrictions.

In the midst of the pandemic, and intending to mitigate its effects on results, the company launched the **RESET project to achieve operational savings, healthy cash flow** and guarantee the health and wellbeing of our collaborators. This initiative is evidence of the company's capacity for timely reaction with a **variabilization of over USD 115 million in its cost and expense structure** to ensure operational continuity.

Cementos Argos gradually recovered its sales volumes, reaching 1.3 million tons in December, 5% higher than the same month in 2019 and 64% above its volumes for April 2020. The company closed out the year with an **ebitda of COP 1.6 trillion, growing by 4.5%**,

and an ebitda margin of 18.7%, 150 basic points higher compared to the previous exercise, excluding non-recurring effects.

Financial expenses dropped by 7% despite greater depreciation of the Colombian peso and the credits taken out to guarantee company liquidity at the start of the pandemic. **The business's cash position of COP 621 billion at the end of the year** should be highlighted in this regard.

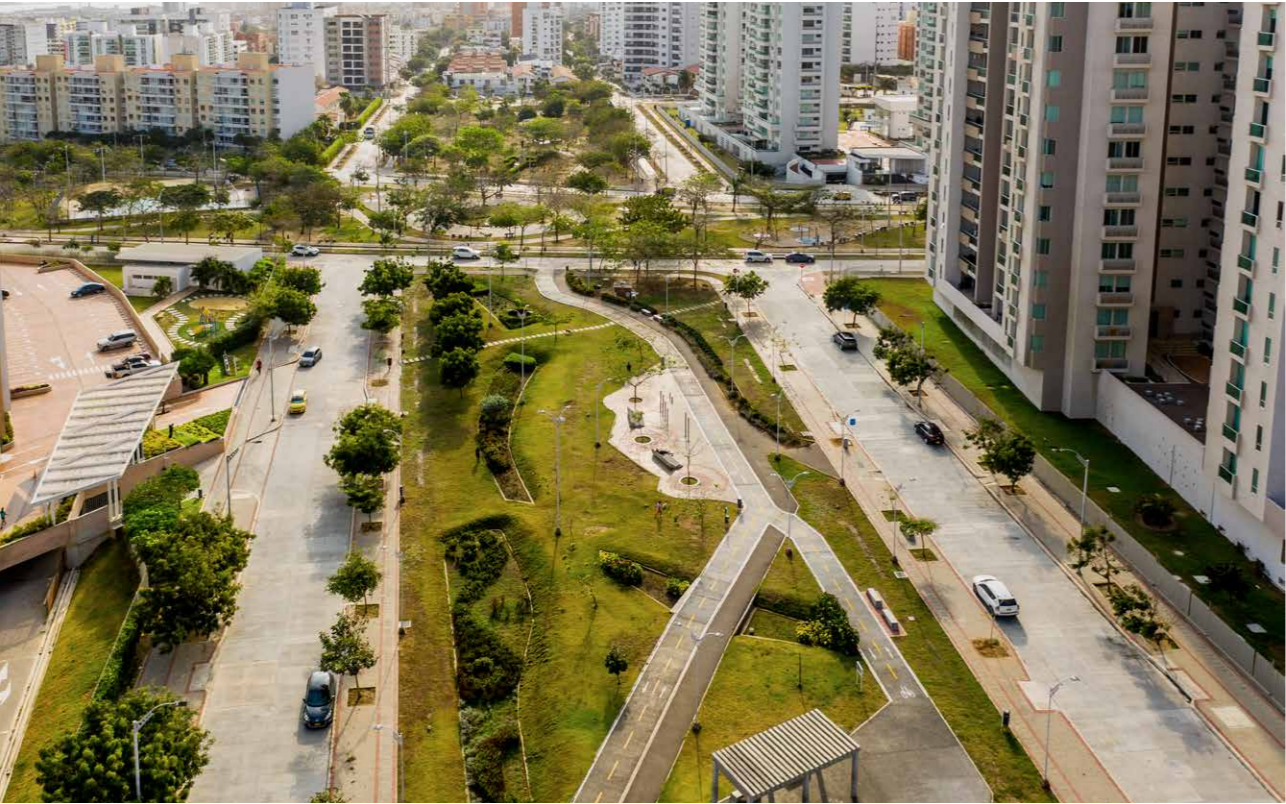
Cementos Argos' performance is positive and consistent with the vote of confidence from its shareholders and financial institutions, and has been reflected by debt issues, covenant negotiations and maturity reprofiling. In November 2020 the Company placed COP 250 billion in bonds for substituting financial liabilities that saw an over-demand of 1.8 times. 2020 was a challenging year, however, looking at Cementos Argos' results, we reaffirm the opportunities that can be found during difficult times and validate the company's strategy.

■
USD
115
MILLION
saved in costs and expenses by Cementos Argos during 2020

■
7%
reduction in financial expenses



■ Parques del Río Medellín,
a project with the Argos seal
Antioquia, Colombia



Parque Palmas del Río
Barranquilla, Colombia

Real Estate Business

The strategy of the real estate business during 2020 focused on offering innovative products to supply the demand of different real estate segments in a flexible manner and **increasing the forecast value of certain assets through differentiated negotiating schemes** that resulted in a very favorable balance for the exercise.

This is the case of the Ribera de Mallorquín partial plan in Puerto Colombia, one of the most innovative urban development projects in the country that aims to meet the demand for social interest housing in the region, with a sustainable and inclusive focus, and quality urban planning, planning and architecture standards that surpass national benchmarks for this type of housing, making it an iconic project within Colombia. A highlight of the negotiations carried out in 2020 were the five fiduciary rights transfer agreements signed within the Ribera de Mallorquín project, which allowed us to book COP 54 billion in revenue at the end of the year.

The first phase of the partial plan will have total revenues of approximately COP 124 billion, with an EBITDA of around COP 70 billion. The first phase of this project will generate 2,000 jobs and contemplates investments of over COP 800 billion by the five builders associated with it.

Additionally, in 2020 we closed **approximately COP 136 billion in business deals, which allowed us to achieve COP 71 billion in cash revenue and a net cash flow of COP 14 billion.** It should be noted that we have **COP 290 billion in assured revenue over the next five years.**

With regard to the real estate returns business, Pactia developed several commercial strategies throughout the year, focusing on sustainability, on strengthening long-term relationships with customers, and on adapting to the conditions of a world in a pandemic. The company **maintained stability in the value of its managed assets together with financial flexibility** thanks to the implementation of a rigorous divestment plan and agile negotiations with its tenants. The

fund closed the year with 850,000 m2, 93% of which is in logistics centres, offices and commerce, with over 90% occupancy.

Although the fund's real gross revenue **closed at COP 282 billion**, declining 9% year-on-year, and **ebitda for the year was COP 123 billion**, with an 8% year-over-year drop, **profitability increased for an ebitda margin of 44%.**

■
COP
800
BILLION
in investments
represented by
the Ribera de
Mallorquín urban
development project
for Barranquilla

- **Grupo Argos strategy for the real estate business:**
- Urban development: maximize asset value and generate cash flow through divestments
 - Real estate returns: portfolio profitability and selective growth by attracting institutional investors



Parque Boulevard Transversal 44
Barranquilla, Colombia

■ Reduction in consolidated expenses
9%

■ COP
2.8
TRILLION
in operating cash flow

■ Close to COP
1
TRILLION issued to equity markets

Financial Results

At the consolidated level, **revenues amounted to COP 14 trillion and ebitda closed at COP 3.4 trillion**, falling 10% and 11% respectively compared to 2019 after eliminating non-recurring events. This is evidence of the organization's effort to adapt to external shocks by **variabilizing costs and expenses to protect YOY ebitda margins**.

It should be noted that **consolidated expenses dropped by 9%**, to COP 1.7 trillion, with operational cost savings of COP 165 billion. This will be the foundation for maintaining a more efficient organization.

Financial expenditures were COP 1.2 trillion and decreased by COP 36 billion, 3% lower than in 2019, explained by a decrease in interest rates and banking and equity market operations with **close to COP 1 trillion issued** under favorable terms and conditions. Loans taken out to ensure liquidity at the start of the pandemic were not necessary given the business's operational strength and progressive recovery, allowing us to pay them back in advance before the end of the year.

In a year characterized by a significant devaluation of the Colombian peso, and considering that 37% of the organization's debt is in dollars due to our international operations, we were able to end the year with a consolidated debt of COP 16.7 trillion, 3% higher compared

to December 2019. If the effect of exchange rate variations are eliminated, debt would have increased by less than 1%.

Net income closed at COP 154 billion and the net income for the controlling partner was COP -100 billion, as the most affected businesses were those where the organization holds a larger share, such as the airport concessions business, where we implemented all the necessary arrangements with the concession grantors and managed to mitigate the effects of the pandemic.

We also highlight the organization's ability to **generate an operating cash flow of COP 2.8 trillion**, which allowed us to **continue our operations, meet all our obligations and keep our investment programs in line**, closing out the year with a prominent **consolidated cash position of COP 2.7 trillion**.

Regarding separate results, 2020 revenue was COP 256 billion, with a positive contribution from our cement, energy and real estate businesses, which, together with divestments and dividends from portfolio investments, rose to COP 460 billion. This favorable behavior was impacted by COP 204 billion in losses in the concessions business, booked in Grupo Argos' revenue using the participation method. Manageable expenses decreased 10% in nominal terms, ebitda was COP 83 billion and net income was COP -59 billion, mainly due to the previously explained impact of the concessions business.

As for its equity structure, Grupo Argos closed with a **separate debt of COP 1.6 trillion, stable compared to the end of 2019**.

	Dec-2019	Dec-2020	Variation (%) 2019 - 2020
Revenue	16,799	13,991	-16.7%
EBITDA	4,788	3,355	-29.9%
EBITDA Margin	28%	24%	452 basic points
Net Profit	1,256	154	-87.7%
Net Profit of the Controlling Company	690	-100	-114.5%

Figures in billions of COP

■ Cementos Argos plant
Florida, United States

■ Calima hydroelectric plant
Darién, Colombia



Grupo Argos's capacity to diversify separate funding and liquidity sources, together with its timely and sound financial management, have enabled us to maintain market confidence. At the end of October this supported a **novel ordinary bonds exchange operation for a total of COP 137 billion**. This transaction was the **first private debt exchange carried out in the country**, representing a milestone for Colombian equity markets and contributing to its development and depth. The transaction allowed replacing amortizations for 2024 through 2027, increasing the average debt half-life to 6.3 years, and **maintain a AAA credit rating from Fitch and AA+ from S&P with a stable outlook**.

2020 confirmed **Grupo Empresarial Argos' adaptability and financial position** to navigate these extreme shocks, achieving results that, although impacted by economic shutdowns and all they represented, surpassed our expectations forecast at the start of this juncture.

Financial action plan per business

Figures in billions of COP

	CELSIA	ARGOS	ODINSA	GRUPO ARGOS	
CAPEX	\$840	\$147	\$415	-	\$1,402 (162%*)
OPEX	\$42	\$336	\$135	\$28	\$541 (106%*)
Liquidity loans	\$443	\$684	\$117	\$150	\$1,394 (100%*)
Tax repayments	-	\$50	\$10	\$32	\$92 (100%*)
Cash effect	\$1,325	\$1,217	\$677	\$210	\$3,429 (120%*)

*Percentages correspond to execution compared to the initial action plan



Conecta Volunteers

■
COP
1
TRILLION
contributed to
Colombia by Grupo
Argos in taxes every
year

■
Over
9
THOUSAND
suppliers provide
services to our
organization

■
Over
17
MILLION
Colombians have their
savings and retirement
equity invested in Grupo
Empresarial Argos

We Create Value for Society

The social and economic effects of the COVID-19 pandemic confirmed the **role of companies as the main source of employment and investment, as vehicles that drive economic development, and as entities that create solutions to bring progress and well-being to the people.** The situation showed that if **companies do well, countries and their citizens do well**, and that the dialectic that sets social progress against economic success is a fallacy that distracts us from what is really important: **the private sector's capacity to create social value.**

Your company, dear shareholders, generates value that is transformed into wellbeing for more than **9,000 permanent suppliers**, for the population of 16 countries where we operate, for the nearly 17 million Colombians who have invested their savings and retirement capital in our organization and for the collaborators who manage its resources as if they were their own. Thanks to your trust and commitment, **this company contributes over COP 1 trillion in Colombian taxes per year, contracts over COP 9 trillion in ser-**

vices and supplies, invests around COP 30 billion during each exercise in projects to bring well-being to communities through education and culture, among others, all in line with a philosophy of conscious capitalism that simultaneously ensures financial, human, cultural, social and natural growth. We call this multidimensional impact "creation of social value".

Looking at our management in greater depth, and in environmental matters, during 2020 we worked on an **ambitious climate change strategy** (see pages 64-65) that will move us one step forward towards making a decisive contribution to ecosystem conservation through our businesses. In turn, this will allow us to deal with the different risks and opportunities deriving from climate change.

On the mitigation component, **we set the goal of reducing carbon dioxide equivalent emissions by 46% as a business group for every COP million pesos in consolidated revenue by 2030.** This ambitious commitment requires us to continue making decisive progress in operational eco-efficiency, increase electricity

generation from non-conventional renewable sources and progressively replace fossil fuels with alternative fuels, among other measures.

In the meantime, we continue making significant progress with reducing and offsetting our emissions. On the latter front, **we have consolidated as one of the companies that has made the greatest contribution to reforestation in Colombia, planting more than 7.8 million native trees over the last five years** and setting aside over 7,000 hectares for the ecosystem protection and conservation.

On the social side, the Foundation continued its volunteer programs with participation from over 460 employees, as well as its scholarship program that allowed 174 young people from 11 departments of Colombia to access high quality higher education.

We are moving forward with the creation of an education and employment fund that seeks, through educational programs and commitment from several companies, **to employ a group of 2,000 young people and women and train 6,000**, as these are two of the populations most affected by the economic fallout of the pandemic in Colombia. Initially, we will work on a pilot program with Comfama, Proantioquia and other companies that we hope will progressively get on board to multiply its impact.

Additionally, we have been implementing a **relief, assistance and rescue system aimed at suppliers of the organization who have required it** to ensure the livelihood of our value chains and contribute to the country's productive cycle, reducing payment times and helping strengthen their businesses with voluntary mentoring from our professionals. Finally, we are moving forward with a social impact project to bring value to vulnerable rural and urban communities.

This special way of understanding and developing our businesses was recognized in 2020 by the Dow Jones Sustainability Index, which ranked Grupo Argos and its companies **among the most sustainable in the world for the eighth consecutive year.** Our management was also highlighted by the Corporate Reputation Business Monitor, which in 2020 highlighted Grupo Empresarial Argos as the **conglomerate with the best reputation in Colombia.**

■
46%
will be the reduction
in our CO₂ emissions
per COP million pesos
in revenue by 2030

■
Over
7.8
MILLION
trees planted over
the last 5 years

■
Since 2021, Grupo Argos
and Celsia have been
making supplier payments
over shorter periods than
those required by law, as a
mechanism to support the
sustainability of the SMEs
that are a part of our value
chain



■
Signing conservation agreements
La Danta, Antioquia



■ **Pacífico 2**
Bolombolo, Colombia



■ **Grupo Argos team**
Medellín, Colombia

Our Strategy and Vision for the Future

The strategic process we have developed as a corporate group over the past 10 years, **with concentrated growth around essential assets within the region's infrastructure matrix**, has led to our current participation in the energy, road and airport concession, building material and real estate sectors in 16 countries. We will continue moving forward with strategy implementation, focusing on two areas: **selective and profitable growth on the one hand and, on the other, strengthening our companies' returns on investment with a long-term vision.**

Grupo Argos is present in sectors that will play a fundamental role in the economic and social recovery of our region, and public and private infrastructure investments will be the pillar of economic and employment stimulus and reactivation programs.

Through Celsia we serve the energy needs of **nearly 1.2 million customers**, making us one of the country's main distributors; we are also leaders in the renewable energy sector in Colombia and Panama with **over 4,500 GWh generated in 2020**. Per capita energy consumption in the region is, on average, 25% of that of OECD countries, accounting for the size of the growth opportunities. Through Odinsa, the group's concessions business, **we manage the airports for Bogotá and Quito**, two of Latin America's most important air transportation terminals, which, despite the traffic impacts recorded this year, are important assets for capturing passenger growth in a region with 650 million inhabitants, with one of the most promising outlooks for air travel and low-cost airline penetration on the planet.

■ ■ ■
Our strategic pillars:
• Selective and profitable growth
• Value maximization

As for the building materials business, we have been consolidating a **geographically and monetarily diversified portfolio which has proved its virtue cyclically** by stabilizing the results of the cement business. This was confirmed by the rapid recovery and positive results observed during the year. For the future, we see encouraging signs in the United States, as the incoming government forecasts USD 1.9 trillion in investments over the next few years as a mechanism to create millions of jobs and renew infrastructure. In Colombia, in turn, the government is moving forward with structuring a package of 26 fifth generation projects with an estimated 50 trillion pesos in investments.

Much of the assets that make up our portfolio are regulated or under long-term contracts, providing us with **stable and predictable cash flows**. Although some experienced negative cashflow generation effects, most experienced no material impacts on their economic value given their contract mechanisms, operational performance and the determined management we promoted amongst some of the concession grantors to reestablish the impact of COVID-19.

The experience we have developed in the creation of platforms such as Pactia for our real estate business, those created recently by Celsia to boost the solar generation and distribution businesses, and those we are evaluating for the road and airport concessions business, confirm that the **attraction of institutional investors will allow us to consolidate our profitable growth path, connecting global liquidity and infrastructure needs in Latin America with their professional management**, thus generating shared value in the regions where we have a presence and in a sector that reactivates more quickly in contexts like the current one.

The organization's performance and the capacities of our human talent fill us with motivation for the future and encourage us towards a recovery that has been marking a change in economic trends. We reiterate our sincere appreciation towards our more than 14,000 employees, who showed, with their dedication, that are transcending to achieve sustainability in our companies and to create value for our stakeholders. Our people inspire by example and with empathy; they act with integrity and care as much about results as about the way in which they are achieved, and they have proven their commitment by caring for the company's resources as though they were their own. These are the cultural values that identify us.

Ours is a solid, purposeful and aligned organization that will continue developing transformative projects and driving economic and social progress in the sectors where we participate and which, as of today, have solid foundations.

To our shareholders we extend our deepest gratitude for your continued support and trust, especially at this time, **and invite you to share our vision of a future filled with hope, where we can continue to generate value while building dreams, illuminating homes and connecting people.**

Thank you very much.

Rosario Córdoba Garcés
Ana Cristina Arango Uribe
Claudia Betancourt Azcárate
Gonzalo Alberto Pérez Rojas
Carlos Ignacio Gallego Palacio
Armando Montenegro Trujillo
Jorge Alberto Uribe López
Board of Directors

Jorge Mario Velásquez Jaramillo
CEO



■ ■ ■
Cuestecitas substation
La Guajira, Colombia

Addendum: Legal and Corporate Governance Matters

Grupo Argos has observed applicable legislation on intellectual property and copyright, and the operations performed with administrators and shareholders were conducted in compliance with relevant regulations and according to market conditions. Details of these transactions can be found in notes 38 and 41 to the separate and consolidated financial statements, respectively. Moreover, the company allowed the free circulation of supplier invoices.

Aspects related to Article 446 of the Commercial Code, the Corporate Group Report referred to in Law 222/1995, Article 29, and the Corporate Governance Annual Report are contained in the documentation provided to shareholders.

Access here or scan the QR code.



Grupo Argos has implemented an internal control system to ensure adequate preparation and presentation of financial information to its shareholders, the market and the public at large. In 2020, the company's Management, Risk Evaluation Department, Internal Auditor, Statutory Auditor and Board of Directors, through its Audit, Finance and Risk Committee, conducted an internal control system review and concluded that it works properly.

Other legal matters, including legal and administrative proceedings, are being dealt with in a timely manner by the Administration and Counsel and no material decisions affecting the company's financial situation were filed.

Finally, a report on the implementation of Country Code recommendations can be found on the website www.grupoargos.com.



Serena del Mar
Cartagena, Bolívar

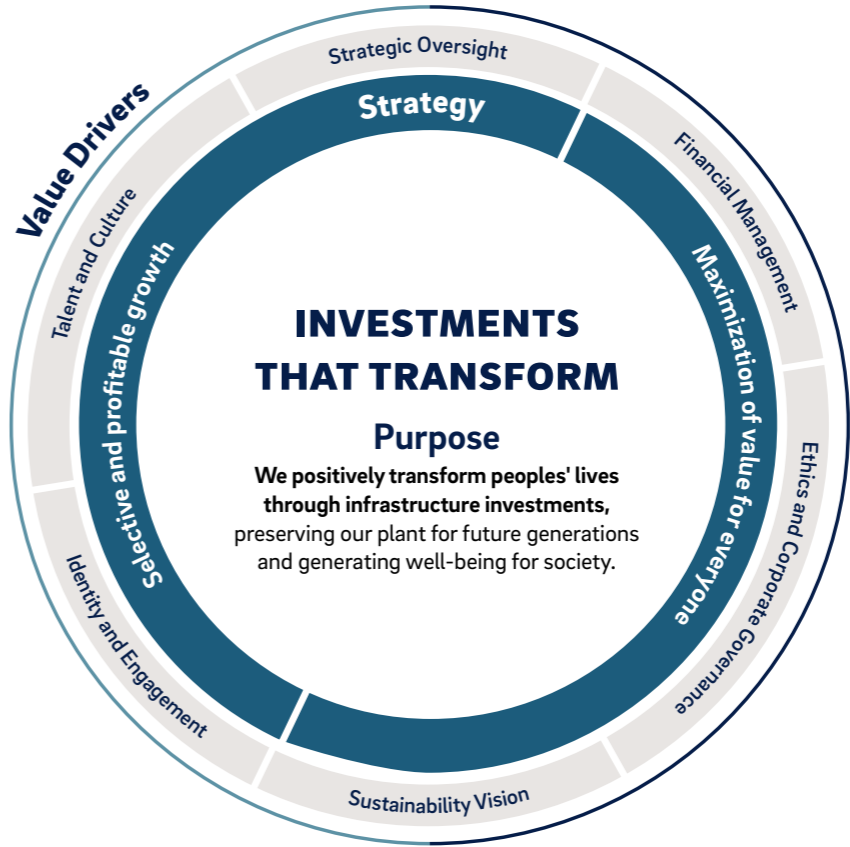
03

OUR BUSINESS

How We Create Value



Pacifico 2
Bolombolo, Antioquia



How we put it into practice

To realize the application of our value drivers, we have build a management model that includes policies, processes and tools, which establishes governance on all cross-cutting topics for the Business Group and which regulates decision-making rights.



What Inspires Us

Positively transforming lives through the use of financial, human and natural capital in investments that generate better economic results, obtained while protecting our planet for future generations and generating well-being for society.



What Challenges Us

Our position as a leading infrastructure holding in the Americas.

As an active investment manager, that leads and transforms businesses, we have set out a strategy that pursues two essential purposes:

- 1
- Selective and profitable growth, seeking long-term sustainability.
- 2
- Maximize the value we create for all our stakeholders.

Value Drivers

[102-15] We believe in the importance of playing an active role as an investment manager, leading to selective and profitable growth and maximization of value for our Business Group.

Thus, we empower our strategic businesses through the application of six key drivers, seeking to strengthen a series of skills that will result in more powerful strategies and improved capacities for implementation. These results are achieved through joint work between Grupo Argos, the Boards of Directors and the management of each business.

Under our working model, we participate in our businesses' strategic decisions and support their disciplined implementation.

We also support capital allocation processes and facilitate access to capital, fostering increased financial strength.

Through the holding company, we guarantee that our businesses have an impeccable corporate governance system, operating according to the highest ethical, behavior and transparency standards and controls.

In turn, we transfer our convictions on conscious investments, responsible operations and the implementation of cutting-edge practices, seeking a positive and sustainable long-term impact

Meanwhile, our extensive track record has allowed us to build a solid identity and a wide network of relations, allowing our companies to participate in important investments and attract low cost capital, new strategic partners and the best human talent.

It is precisely this talent, hand-in-hand with our Group Culture, which enables effective development of all our capacities, while configuring a capacity in and of itself. As such, we focus on attracting, developing and retaining talent for the entire Business Group.

Through these different yet interdependent value drivers, we enhance strategic options for our businesses and strengthen the foundations that define us as a Business Group, making this a solid and competitive corporate block.

External Context

We understand the context and the speed at which the world moves in light of global trends, and we anticipate the risks and oportunities they represent, to ensure successful development of each of our businesses.

- Infectious diseases – COVID-19
- Climate change and scarce natural resources
- Social activism
- Responsible consumption
- Regulatory changes and state intervention
- Increased urbanization and mobility
- Hyperconnectivity and digital transformation

Strategic Risks

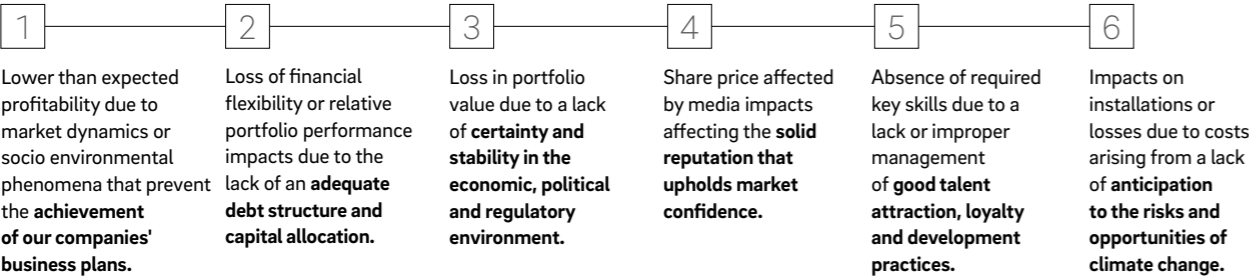
[GA-ES01] Through a comprehensive interpretation of our environment and an in-depth understanding of our business, we have built a comprehensive risk model that allows us to manage our risks proactively. We have identified six strategic risks within this model together with effective controls for each of them that minimize the probability they will occur.

We also have methods for quantifying three of the six strategic risks, intending to define an order of magnitude that will allow us to focus our actions and optimize our resources.

We monitor the appearance of new risks in an ongoing fashion and work actively and decidedly to turn them into important skills that will make us more resilient and, therefore, more competitive. Thus, our risk management provides evidence for the way in which we take care of our most valuable assets.



For greater details, access our ESG databook [here](#) or by scanning the QR code.



Stakeholders

[102-21] We work under the conviction of creating value for each of our eight groups of stakeholders. Thus, and considering the challenges brought about by the pandemic, we strengthened our engagement through frequent meetings, bilateral taks and interviews over different communication channels. In 2020, this represented over 100 spaces and 200 hours of direct engagement where we collected opinions on our business activities and shared the progress of our operations. This allowed us to respond to stakeholder expectations. This ongoing, transparent and differentiated conversation is the foundation for building mutual trust that will allow us to endure over time.

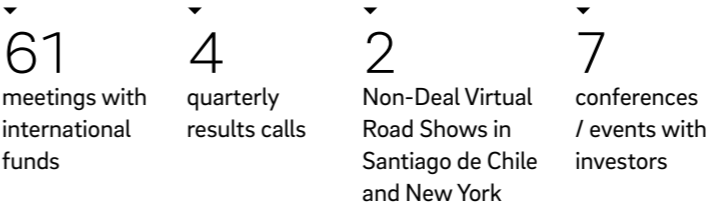
Topics Discussed:

Throughout the year, we had different spaces for engagement depending on the topic, urgency, dependency and nature of the engagement. We maintained direct, timely and updated communications with our Shareholders and Investors regarding the company's management in a year filled with challenges and uncertainty. We participated with our Strategic Partners through governance bodies, so our common projects could benefit from accelerated growth and recovery from the impact of the pandemic. Along these lines, and hand-in-hand with Affiliates and Businesses, we coordinated centralized mechanisms that would allow us to move with speed, flexibility and asser-

tiveness. This included strategy building, hand-in-hand with our Suppliers, to protect jobs at their companies. On the other hand, we engaged closely in conversations and focus groups with Employees to empower them to manage the changes required by our organization and to provide them with personal support during the juncture.

We exercised leadership within Associations to build proposals within trade associations and think-tanks, share best practices, discuss new regulations and foster alliances. As regards the Authorities, we supported the National Government in building cross-cutting policies for the collective benefit and socialized new projects and initiatives to care for the Environment and seek to fulfill the 2030 agenda and its SDGs.

Shareholders and Investors



Employees



5 Grupo Empresarial Argos talks



Value Promises

[102-42, 102-43, 102-44, 102-40]

- **Shareholders and Investors:** Make their investments profitable over the long term and include them as owners in our purpose, strategy and performance.
- **Subsidiaries and Businesses:** Potentialize their value as individuals and as Business Group Members by applying key value drivers.
- **Strategic Partners:** Contribute the capabilities required to make the most of joint investments, within a framework of ethics, good corporate governance and transparency.
- **Employees:** Strengthen their commitment, develop their leadership, empower their inspiration and allow their results to transcend together with the Organization.
- **Environment:** Contribute to the preservation of life on the planet towards the future, aiming to minimize our negative impacts and maximize our positive ones.
- **Authorities:** Maintain transparent, collaborative relationships with public institutions, to contribute to the development of the countries where we have operations.
- **Suppliers:** Establish fair and sustainable business relations over time, aiming to benefit all the parties involved.
- **Associations:** Contribute to capacity building within the industry, and to the strengthening of the private sector as a fundamental agent for development.

We identify and prioritize our stakeholder groups according to their level of dependence on and influence upon our business, and ours on and upon them. This process was carried out according to the Stakeholder Engagement Standard, SES, published by AccountAbility (AA1000).

Value Creation Process

[102-9]

Inputs

Financial capital

- Dividends
- Shares
- Bonds
- Loans
- Divestments

Human capital

- Human talent

Natural capital

- Natural resources

Social and relational capital

- Stakeholder engagement

Intellectual capital

- Skills
- Systems
- Processes

Operating capital

- Buildings
- Equipment
- Vehicles
- Infrastructure

Strategic Risks

Lower than expected profitability due to market dynamics or socio environmental phenomena that prevent the **achievement of our companies' business plans.**

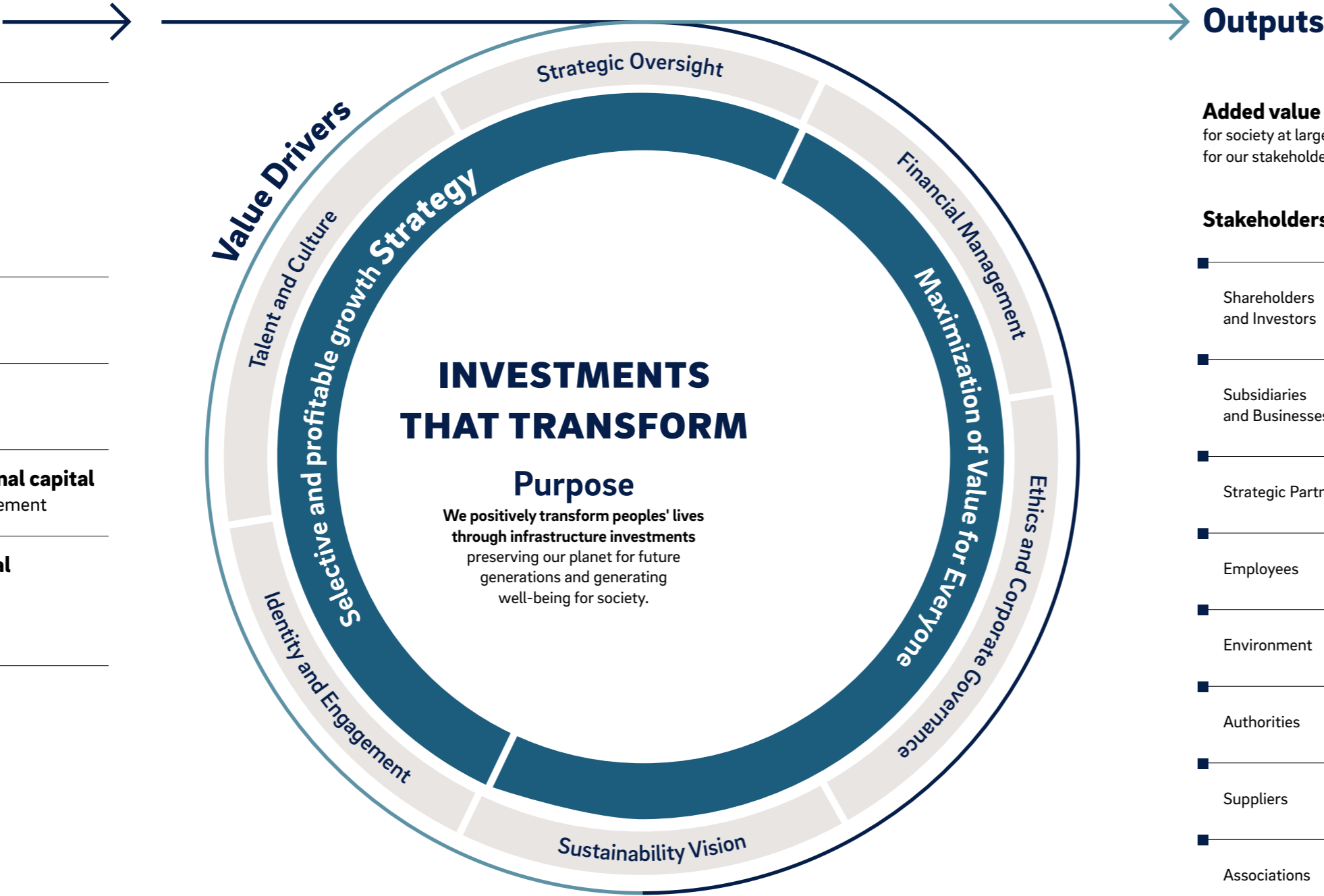
Loss of financial flexibility or relative portfolio performance impacts due to the lack of an **adequate debt structure and capital allocation.**

Loss in portfolio value due to a lack of **certainty and stability in the economic, political and regulatory environment.**

Share price affected by media impacts affecting the **solid reputation that upholds market confidence.**

Absence of required key skills due to a lack or improper management of **good talent attraction, loyalty and development practices.**

Impacts on installations or losses due to costs arising from a lack of **anticipation to the risks and opportunities of climate change.**



Outputs

Added value

for society at large and for our stakeholders

Stakeholders

Shareholders and Investors

Subsidiaries and Businesses

Strategic Partners

Employees

Environment

Authorities

Suppliers

Associations

■ **EBITDA**
COP
3.4
TRILLION

■ **Net profit of the controlling company**
COP
154
BILLION

■ **[GA-ES03] Net value added to society**
USD
43.5
MILLION

External Context



- Infections diseases – COVID-19



- Climate change and scarce natural resources



- Social activism



- Responsible consumption



- Regulatory changes and state intervention



- Increased urbanization and mobility



- Hyperconnectivity and digital transformation

Value Added Statement – VAS

[GA-ES03]

[102-11] At Grupo Argos, we always aim to give back more to our environment than we take from it, because we are aware of our great responsibility as agents of transformation in society. Thus, we transcend beyond a quest for profitable growth, as we make decisions that consider the environmental risks and impact generated by our businesses and investments, guaranteeing our company's endurance over time.

Introduction

2020 was a historical and unprecedented year, in which humanity was impacted by a multidimensional shock, filled with challenges. We witnessed the strength arising from organized work that distinguishes the human talent driving our organization today, and the value of the capacities developed at Grupo Empresarial Argos over decades. This impact valuation exercise reaffirms our superior purpose of transforming positively the lives of millions of people, and generating value for our shareholders and all our stakeholders, even in times of crisis.

Through our business activities, we transform into value the different types of capital we use in our operations, namely financial, human, natural, social, intellectual and operating capital.

To define the net value we deliver to our environment, we measure our positive and negative value using a tool called the Value Added Statement (VAS).

This provides us with a comprehensive overview of how we retain, add or reduce value, and provides us with useful information that allows us to:

- 1 **Make decisions** that are more responsible and better informed
- 2 **Manage risks** more precisely
- 3 **Enhance transparency** towards our stakeholders

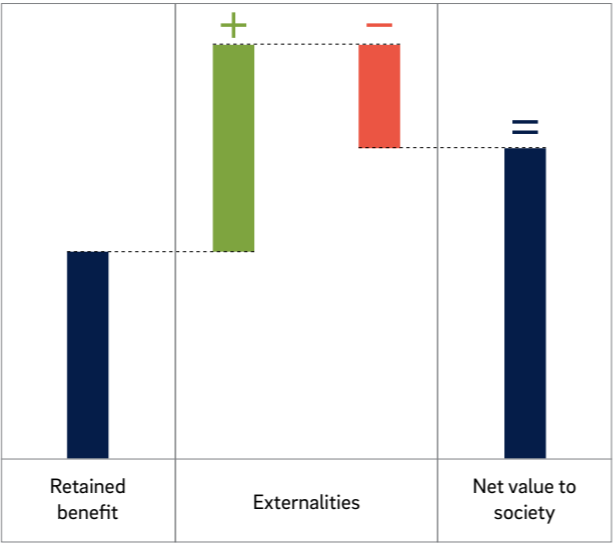
Model

Our VAS model estimates net value during the fiscal year. Results are expressed in monetary terms using a bridge graph.

The graph starts with a blue bar, representing the benefit we retained during the period. This benefit is calculated by subtracting income taxes, financial expenses and dividends paid from Ebitda.

The following bars represent economic, social and environmental externalities, that translate into benefits or costs for society.

These are expressed in dollars and are added up to obtain a net value, which is reflected by the final blue bar.



Grupo Argos employees
Medellin, Antioquia

Economic externalities

- **Salaries and benefits:** Dynamization of the economy through the employee payroll.
- **Interest and dividends:** Dynamization of the economy through interest payments to banks and investors and dividends paid to our shareholders.
- **Taxes:** Dynamization of the economy through tax payments.

Social externalities

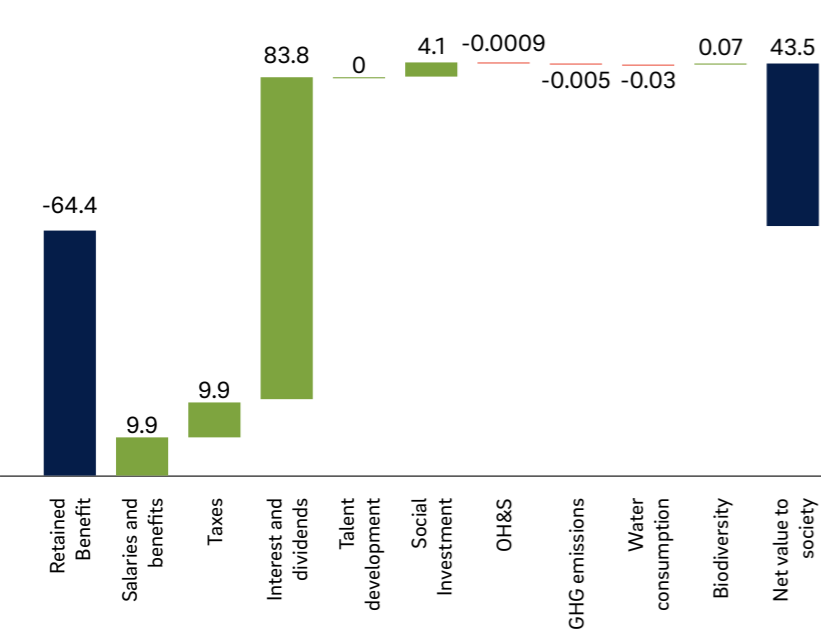
- **Talent development:** Improved income and benefits for employees receiving higher compensation within the job market after receiving training.
- **Social investment:** Social benefits returned to the community in the form of housing projects, community and educational infrastructure, scholarships, among others.
- **Health and safety:** costs to collaborators and their families due to workplace injuries, fatalities and illness.

Environmental externalities

- **Greenhouse gas (GHG) emissions:** Impact on the environment and on people from GHG emissions (Scope 1 and 2 CO2e emissions).
- **Atmospheric emissions:** Impact on people from atmospheric pollution associated with sulfur oxide (SOx), nitrogen oxide (NOx), particulate material (PM), and mercury emissions.
- **Water consumption:** Impact on communities related to water scarcity caused by consumption.
- **Biodiversity:** Positive or negative biodiversity impacts due to extraction activities and installations, together with compensation and rehabilitation programs.
- **Avoided GHG emissions:** Impacts avoided by substituting traditional materials and fuels for other alternatives. Includes prevented emissions from spillage, and emissions prevented by not extracting, producing or consuming natural resources.

Results
Grupo Argos 2020 Separate

Figures in millions of dollars



■ **Grupo Argos scope**

- Figures from the Separate Financial Statements
- Includes the Real Estate Business
- Impact of our own operation.

2020 was a year filled with challenges for humanity and our company was no exception. Separate revenue for the year was COP 256 billion, which, despite positive contributions from our cement, energy, real estate businesses, portfolio dividends and some divestments that rose to COP 460 billion, was impacted by COP 204 billion in losses from the concessions business, booked under Grupo Argos revenue using the equity method. This is reflected in an EBITDA of \$83 billion. This figure is the main input for calculating retained benefit, the starting point for our VAS.

This year, retained benefit was -USD64.3 million dollars. Its negative value is due to an important drop in EBITDA due to the impact of the concessions business, and a 12% increase in the moving average exchange rate used to convert dollars into financial figures. Notwithstanding this, even during a time of crisis, this year we generated USD 43.3 million in value for society.

In the economic aspect, we brought dynamism to the economy through the payment of salaries, benefits, taxes, interest and dividends, generating an estimated benefit of USD 103.6 million. This is a significant contribution to the country's productivity and competitiveness.

Our conviction of training our collaborators is ongoing. Our education programs, including higher education scholarship recipients, rose to an average of 83 hours per employee. Even so, this externality depends on employee turnover, and, during the year, no employees left for other companies. The cases registered are related to two retirees and another who entered into agreement very close to retirement age.

We contributed to community infrastructure through urban development project built by the Real Estate Business, which, together with citizen culture and athletics units programs, is equivalent to USD 4.1 thousand in estimated community benefits. This impact does not yet reflect our social investment for dealing with the pandemic in hospitals. We are currently re-searching this multiplier and will include it once the study has ended. This positive externality, minus USD 973 in social costs represented by a minor incident involving a contractor, is equivalent to an estimated USD 4.1 million in net contributions to the social dimension.

In the environmental dimension, the main impact is related to water consumption and greenhouse gas emissions which, together, represent an estimated USD 41 thousand in social cost. Biodiversity results were positive, with an estimated benefit of USD 70 thousand, mainly related to the reforestation initiatives implemented by our Real Estate Business, and lower earth movements. This represents an estimated net positive value of USD 28,094.

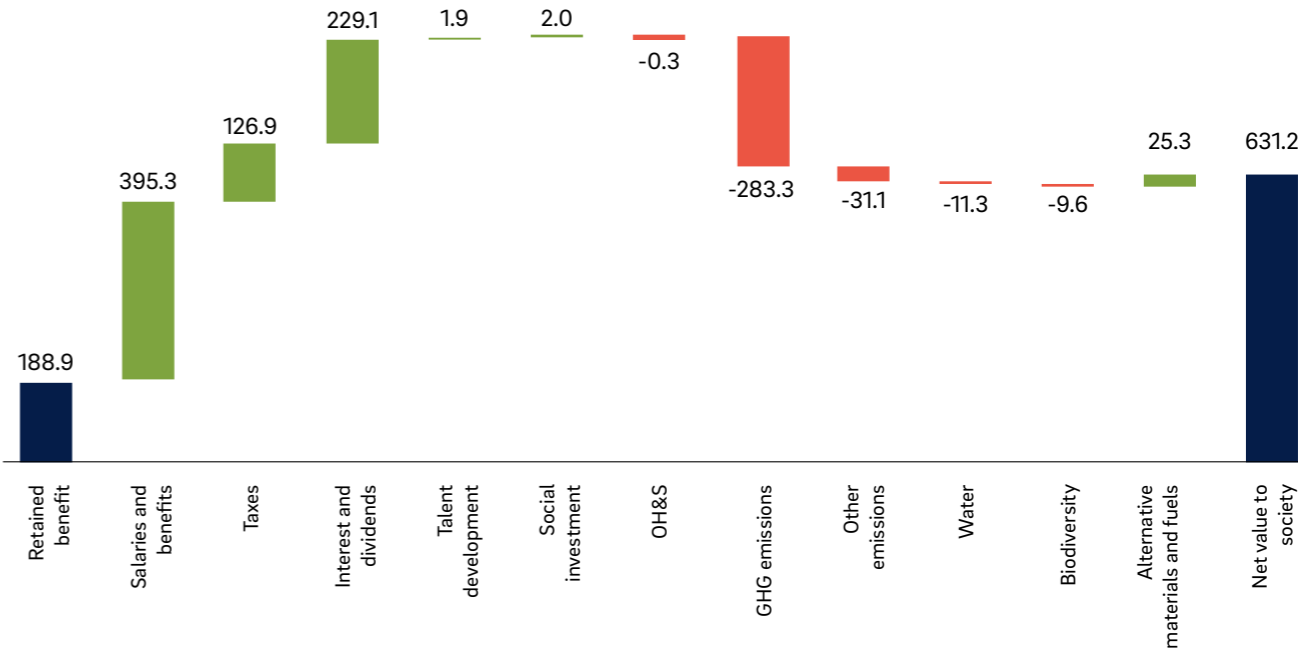
Although our environmental results were positive, we work continuously to contribute to ecosystem preservation through our businesses and Fundación Grupo Argos. In this regard, and to date, we have planted over eight million trees over the past four years.

This is the third impact valuation exercise carried out by Grupo Argos as parent company and the sixth for Cementos Argos consolidated.

Due to the diversity of impacts, the externalities monetized hereunder respond to the nature of each business, meaning that impacts are not mutually comparable.

Results
Cementos Argos 2020 consolidated

Figures in millions of dollars



■ **Cementos Argos scope**

- Figures from the Consolidated Financial Statements
- Includes the cement, concrete and aggregate business, in 15 countries of operation.
- Impact of our own operation.

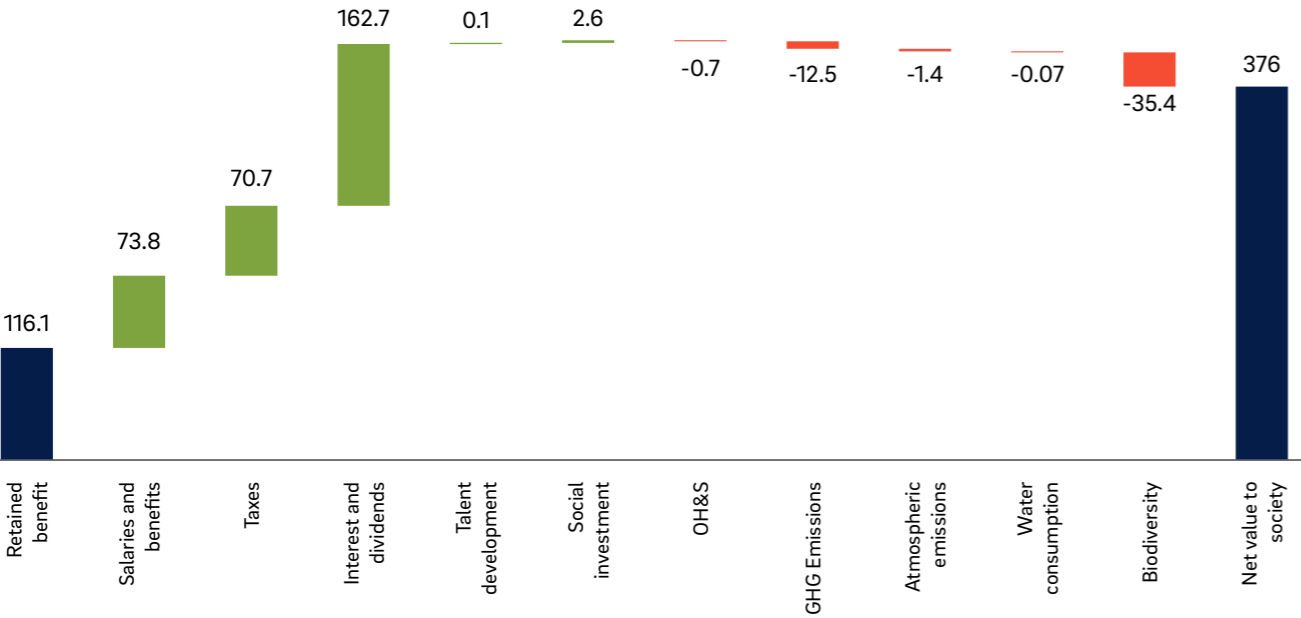
The revitalization of the economy in 2020 meant USD 631.2 million in estimated benefits for Cementos Argos, 3.3 times its retained value. It generated USD 751.3 million in economic value, marked mainly by the payment of salaries and benefits, taxes, and interest and dividends. It also generated an estimated USD 849.5 thousand in net benefits related to social externalities. Greenhouse gas emissions represent 83.7% of the costs generated for society during the period, estimated at USD 283 million. This is proof that the cement industry faces huge challenges in the area of climate change. Thus, within the framework of its environmental strategy, Cementos Argos has developed a set of initiatives that help reduce this impact. For details of its specific targets and actions, see pages 64-65. A monetized example of these efforts is the positive impact made by the substitution of raw materials and fossil fuels for alternatives, estimated at USD 25.3 million. For more details on its climate change management, please see the integrated report at www.argos.co.

In turn, water consumption, atmospheric emissions and biodiversity impacts represented 3%, 9% and 3% of overall social costs respectively. The sum of the environmental externalities represented an estimated total net cost of USD 310 million in 2020.

Applications: Cementos Argos was a pioneering company in monetizing its externalities. Simultaneously, it has focused on developing applications to quantify its water risk, along with value added calculations for its operations in different countries. Based on this exercise, it has implemented analyses that provide fundamental information for decision making. Cementos Argos is currently developing these applications so as to continue integrating the VAS approach into its decision making process.

Results
Celsia 2020 consolidated

Figures in millions of dollars



Celsia scope

- Figures from the Consolidate Financial Statements
- Impact of our own operations.

Our energy business delivered USD 376 million to society, 3.23 times the retained benefit which was USD 116 million. Economic dynamization was USD 307 million. The dynamization of the economy even during a crisis is a highlight, with a 9.78% increase in the company's labor force, representing a 6.5% increase in the payment of salaries and benefits compared to 2019. Dividend payments had the highest positive impact, equivalent to USD 162.7 million and 13% shareholder profitability. Taxes were reduced this year, due to the sale of free trade zone and Plan5Caribe assets in 2019.

Social impacts were led by USD 2.6 million in social investments, although these investments were reduced by 12% as the budget for Education Promotion decreased due both to a change from a classroom to a virtual model and to a reassignment of resources to deal with the emergency and provide healthcare support. In the area of occupational health and safety, the company continued its "Yo elijo cuidarme" ("I choose self-care") program, reflected in zero employee and contractor fatalities over the last two years, together with a 68% reduction in the employee accident rate since 2019 and an 82% reduction since 2017.

The highest negative impact is USD 35 million related to biodiversity affectations. This is mainly due to the fact that one of our hydroelectric plants is located within a Colombian National Nature Park, declared a high impact biodiversity area after plant construction. This externality does not reflect positive tree-planting actions by the ReverdeC program, which planted 1.4 million trees and intervened 3,884 hectares in 2020 since the program began.

The GHG emissions externality had a value of USD 12.5 million, a 61.91% reduction compared to 2019, due to the sale of the Free Trade Zone assets in 2019, and reduced energy generation at the Colon, Panama, thermoelectric compound. This also contributed to low NOx, SOx, mercury and particulate material emissions. Regarding water consumption, the company has an ongoing efficiency plan for the turbines in the Colombia Río Cali I, Prado and Alto y Bajo Anchicayá hydroelectric plants. Costs to society from this externality were USD 77.8 thousand.



Serena del Mar
Cartagena, Bolívar

Applications

Conscious Investment Model

As an investment holding company, we perform a key role in the positive transformation of society. Our investment or divestment decisions have the potential to impact, both positively and negatively, our economy, our planet, and the persons that inhabit it.

Therefore, we developed a methodology for investment acquisition due diligence processes, that allow comparing financial criteria to ESG impact monetization, using the VAS (Value Added Statement) approach.

This model was tested during the due diligence process for acquiring energy assets carried out by our energy business. This allowed us to validate this tool and make investment decisions by incorporating ESG criteria.

We firmly believe that we need to make informed, objective decisions, to guarantee long-term value creation while contributing to the solution of current global challenges. This also helps us avoid errors or omissions that could affect the performance of our portfolio.

Long term vision

● Ongoing ● Underway ○ Not started

Short Term (0 - 2 years)

- Include monetization of the CO2 emissions compensation program that aims for carbon neutrality by 2050.
- An important share of our social investments in 2020 were aimed at attending to the pandemic and the financial stability of our surrounding communities. In 2021 we will make progress with building the multiplier for these investments to present the full impact of our social investments.
- Apply the VAS methodology to each of our businesses. Some of them have made important progress while others are building a model adapted to their business type.

Medium Term (2 - 5 years)

- Prepare a consolidated VAS for Grupo Empresarial Argos, keeping in mind the distinct nature of each of our businesses.

Long term (5 years plus)

- Actively collaborate with companies both inside and outside the sector to build a standardized impact measurement methodology.



Cementos Argos plant
Tampa, United States

04

VALUE DRIVERS

Materiality Analysis

[102-46] Our Materiality Analysis is the roadmap that reflects our most important environmental, social and governance (ESG) focal points, and allows us to adapt to changes in our surroundings, market dynamics, and stakeholder expectations.

[102-47] The degree of relevance of the topics developed in this chapter precisely reflect the six topics we consider our key value drivers.

The prioritization process for defining our material topics includes five steps:



Viaducto Gran Manglar
Bolívar, Colombia

1

Identification of Topics

We began by gathering topics from a variety of external, including the Sustainable Development Goals, global trends, and different sustainability frameworks and standards, and internal sources, including our strategy, risks, and policies, among others.

2

Identification of Stakeholder Groups for Consultation

We carried out an analysis to identify appropriate mechanisms and stakeholders for consultation, representing our priority stakeholder groups.

3

Internal and External Consultations

We held open conversations and interviews with each of our stakeholder groups, who asked questions and identified topics they could be impacted by.

4

Prioritization

The inputs obtained in previous stages allowed rating and assigning a priority score to each identified topic, which we understand need to be actively managed.

5

Validation

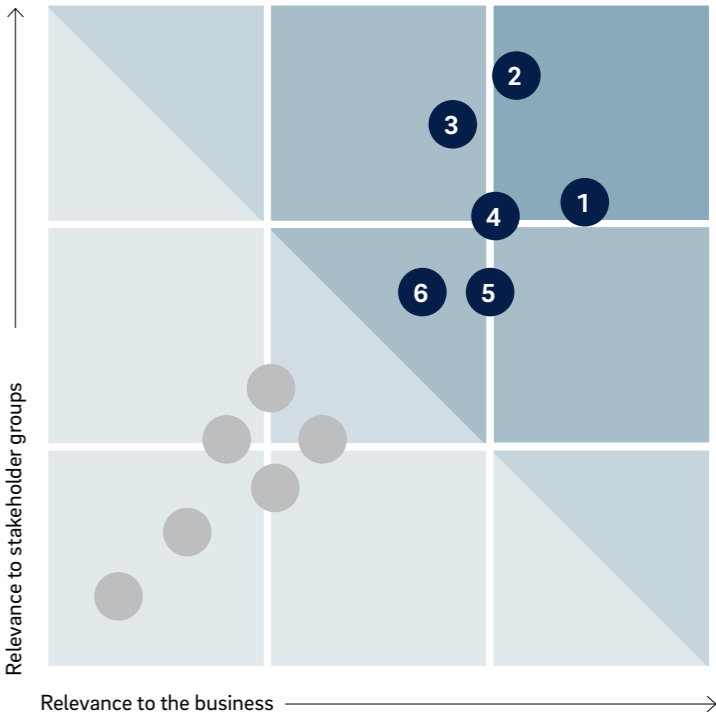
We submitted our preliminary results to upper management and our Board of Directors for validation. The final result provides us with a roadmap that allows us to focus our resources on topics that are relevant to all.



To learn about our Stakeholder Engagement system, access our ESG Databook [here](#) or by scanning the QR code.

Value Drivers

- 1. Strategic Oversight:** empowerment of Business Group strategies through our expertise, cross-cutting understanding, and long-term vision, as well as our ability to promote new perspectives and synergies between the businesses.
- 2. Financial Management:** Management of our investment portfolio through adequate resource allocation and an efficient capital structure throughout the companies of our Corporate Group.
- 3. Ethics and Corporate Governance:** Compliance and Corporate Governance systems define and set the ethics, behavior and transparency standards that govern our executives, directors and employees.
- 4. Sustainability Vision:** a set of strategies aimed at ensuring conscious investment, the adoption of cutting edge practices, and responsible operations towards the planet and the people that live there in all the Business Group's businesses.
- 5. Identity and Engagement:** strengthening the reputation and effectively positioning the organization so our stakeholder groups perceive, understand, trust in and support Grupo Empresarial Argos.
- 6. Talent and Culture:** a set of initiatives to attract, develop and retain the best talent, according to the pillars of transcendence, integrity, inspiration and commitment that make up the culture of our Business Group.



Commitment to the 2030 Agenda

At Grupo Argos we are aware that private sector commitment is a crucial part of meeting the 2030 Agenda and its Sustainable Development Goals (SDG). Thus, as a relevant actor that promotes development and competitiveness, we have performed a prioritization exercise that considered company strategy, strategic risks, materiality and business opportunities. As a result, we selected four of the 17 Sustainable Development Goals.



To find details of the SDGs and their specific objectives, access our ESG databook [here](#) or by scanning the QR code.





01 Strategic Oversight

Shareholders and Investors | Subsidiaries and Businesses | Strategic Partners | Employees | Environment | Authorities | Suppliers | Associations

Empowerment of Business Group strategies through our expertise, cross-cutting understanding, and long-term vision, as well as our ability to promote new perspectives and synergies between the businesses.

Value Creation

[103-1] Adequate strategic oversight allows our businesses to make high impact investments with a long-term perspective and within the framework of the Business Group's strategy.

Decision-making guidelines and support for our businesses, together with oversight of their disciplined execution, allows them to respond to competitive realities, guaranteeing their continuity and focus.

Additionally, the possibility of encouraging our businesses to set challenging targets and integrate new perspectives and trends, encourages them to achieve greater results and to continue evolving, anticipating and generating new opportunities.

In turn, alignment between the strategies of the different Business Group subsidiaries helps ensure adequate capital allocation.

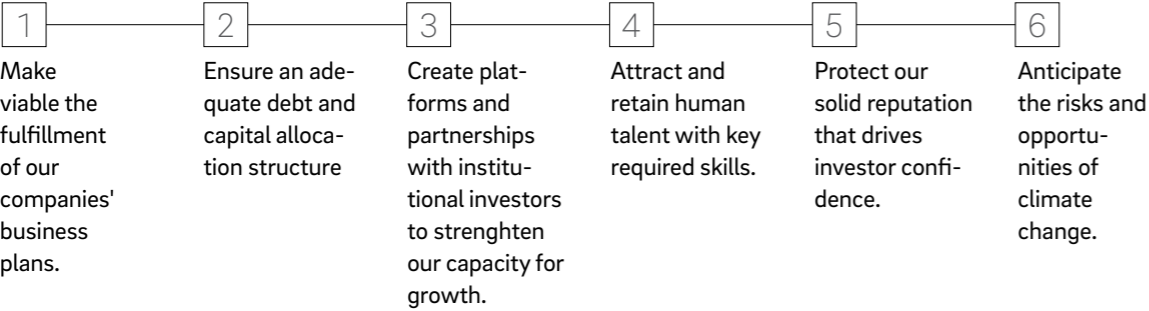
Management Approach

[103-2] The boards of directors of our businesses discuss their strategies and their execution. In turn, the executive teams from Grupo Argos and each company meet periodically in a Strategy Committee, that aims to ensure alignment between the strategies of each company in the holding. Additionally, the CEO Committee discusses aspects with the highest relevance that impact all the companies in the Business Group.

Strategic oversight includes active management of the comprehensive risk models. As a holding company, we measure and manage six strategic risks: i) business plan fulfillment, ii) political environment, iii) economic and regulatory environment, iv) financial flexibility and capital allocation, v) talent retention, and vi) climate change, under the strategic direction of our Board of Directors. Each company manages, in turn, their business-specific risks, which are discussed in their committees and by their boards of directors.

■ **Over the last 15 years Grupo Argos has become consolidated as an infrastructure asset management with a vision for profitable and sustainable growth, and for capturing value for all its stakeholders.**

This driver helps mitigate our strategic risks, which allows us to:



San Andrés de Cuerquia small hydroelectric plant
Antioquia, Colombia

Milestones [103-2, 103-3]

Grupo Argos

- We designed a financial action plan to guarantee business continuity, focusing on liquidity, cost and expense reductions and deferred investments.

Cementos

- The RESET project was implemented satisfactorily: start up safe and healthy to drive the economy, generate hope and transform lives, with the goal of generating between 75 and 90 million dollars in savings during 2020.
- Successfully expanded the capacity of one of the ovens in the Cartagena plant by 10%, with an investment of USD 15 per ton.
- Restarted cement exports from Cartagena to the Houston port, aiming to improve the performance of concrete operations in that city.

Celsia

- Inaugurated the San Andrés de Cuerquia hydroelectric plant with a 19.9 MW generation capacity.
- Consolidated acquisition of the Tolima assets, allowing the company to expand its customer base to 1.2 million.
- Strengthened a partnership with Cubico Sustainable Investments. It is currently working with this partner on the solar energy platform, projected to grow by 600 MW over three years, and is working jointly on high voltage network expansion.
- Structured what will be one of the largest wind farms in Colombia with a 330 MW capacity.
- Made progress with the construction of Termotesorito, a wellhead gas thermal generation plant, with an installed capacity of 200 MW.

Odinsa

- Guaranteed liquidity and ongoing operations of its highway and airport portfolio.
- Signed agreements with the national government to reestablish economic equilibrium for the concessions affected by the pandemic.
- Issued COP 280 billion in debt, with 1.56 times excess demand.
- Successfully closed COP 660 billion in refinancing for Túnel de Oriente.

Targets [103-2]

● Ongoing ● Underway ○ Not started

Short Term (0 - 2 years)

- We will continue integrating ESG criteria into our investment decision-making process thanks to the implementation of a Conscious Investment model.
- We will integrate ESG risks into our financial models to increase the comprehensiveness of our analyses.
- Argos will continue with its plan of divesting in assets that are disconnected from the logistical network to decrease its level of indebtedness.
- Odinsa will continue making progress with strategies to reestablish the value of its portfolio.

Medium Term (2 - 5 years)

- Celsia will consolidate its unconventional renewable energy grid with the development of new solar and wind projects.
- Our energy business will capture the synergies arising from the acquisition of transmission and distribution assets in Tolima.
- We will structure new platforms and partnerships with strategic partners to strengthen our equity structure and drive the company's growth.

Challenges and opportunities

[103-3] Despite the short term effects of the pandemic on some assets in our portfolio, we are convinced that infrastructure is a promising and fundamental sector for global economic reactivation and, as a Business Group, we are a powerful player with the capacity to drive the region's recovery.

Towards the future, we will remain focused on strategic oversight and on strengthening our capacity as an infrastructure asset manager, focusing on profitable growth and on capturing value for our stakeholders.

02 Financial Management

Shareholders and Investors | Subsidiaries and Businesses | Strategic Partners | Employees | Environment | Authorities | Suppliers | Associations

Management of our investment portfolio through adequate resource allocation and an efficient capital structure throughout the companies of our Corporate Group.

Value Creation

[103-1] Adequate financial management contributes to the continuity of our businesses over time, to our investments reflecting their potential value, and to obtaining adequate returns that will benefit our shareholders, while contributing to the economic and social development of the countries where we operate.

This allows us to simplify our corporate structure, focus and strengthen the competitive positioning of our strategic businesses, and support each other in mergers, acquisitions and divestments to promote profitable, sustainable growth.

Management Approach

[103-2] We continuously evaluate the performance of our businesses and their risk management to implement measures that will enable compliance with business and investment plans. We do this through the boards of directors of Grupo Argos and its businesses, together with the steering committees.

We review our capital allocation model every year to identify challenges and opportunities and formulate plans and initiatives that are signed off on by the businesses' boards of directors. Their execution aims to improve our strategic industry positioning and increase value creation from invested capital.

We also aim to optimize our capital structure to provide the businesses with financial flexibility, allowing them to cover their need for capital at an efficient cost and adequately execute their medium and long-term strategies.

We also promote and develop new alternatives on the Colombian equity markets that will provide financial flexibility and can be implemented within the Business Group and by other issuers of securities locally.

In this same manner, we coordinate integration of our back office services through Summa, our shared services center.

In extraordinary cases, we coordinate recurring information generation for decision-making, protecting the cashflow of our operational businesses and ensuring the financial sustainability of their operations.



Aeropuerto El Dorado
Bogotá, Colombia



Rocío Sánchez
Managing Director of Banca Corporativa and Representative for Bank of America in Colombia

Talks about this value driver with:



Eduardo Sánchez
Director of Financial Planning and Risks Grupo Argos

[Click here to listen](#)

This driver helps mitigate our strategic risks, which allows us to:

- 1 Deal with potential uncertainties or instabilities in the economic, political and regulatory environment.
- 2 Make viable the fulfillment of our companies' business plans.
- 3 Ensure an adequate debt and capital allocation structure.

Progress **[103-3, GA-EF 01]**

- ▼ Holding and Real Estate Business' controllable expenses reduced by **9% and 10%** (2015-2020) respectively, in real terms.

▼ Cost of debt at **4.82%** a historic minimum since 2013.

▼ Strengthened Summa through the provision of new services to Group companies, optimizing service costs and third-party contracts.

▼ Debt/Dividends at **3.3 TIMES**, below the Fitch flexible limit for 2020 of 4 times, with a stable debt of COP 1.6 trillion.

▼ Spread of dividends received and paid higher than COP **150 BILLION** in a challenging year for our airport business.

■ Access the annual report for Summa [here](#).

Milestones **[103-2, 103-3]**

- We designed and executed an action plan in light of the COVID-19 contingency, achieving over COP 500 billion in Opex savings, COP 900 billion in Capex & Devex savings, COP 1.4 trillion in liquidity advances and COP 90 billion in repaid taxes.
- We carried out the first private debt exchange operation on the Colombian market with the issue of COP 136.5 billion in bonds that mature in 2027, the means of payment for which were bonds that mature in 2024. This enabled a 46% reduction in 2024 concentrations, increased average life from 5.5 to 5.7 years, and optimized cost of debt by 130bps at CPI + 2.65%.
- We achieved consolidated re-financing of COP 2.4 billion during the contingency. On a separate level, we refinanced COP 480 billion in local bank loans, seeking to reduce cashflow pressure over the next three years. Thus, we reduced debt concentration from 44% to 8% between 2022-2023, with no maturities in 2021, and ended 2020 with an average duration of 6.3 years.
- Fitch and S&P ratified our AAA and AA+ rating respectively, reaffirming trust in our long-term strategy.

Targets **[103-2]**

● Ongoing ● Underway ○ Not started

Short Term (0 - 2 years)

- We will achieve a primary surplus primary surplus greater than zero.
- We will maintain our holding-level credit rating at AAA (Fitch Ratings).
- We will maintain a real reduction in the holding company's controllable expenses, using 2015 as a base.

Medium Term (2 - 5 years)

- We will achieve annual ROCE improvements.
- We will achieve consolidated net debt/ EBITDA below four times.
- In the next two years we will achieve COP 45 billion in savings through Summa and no increase in service costs for migrated processes.

Long term (5 years plus)

- We will maintain our AAA investment grade rating according to Fitch Ratings.

Challenges and opportunities

[103-3] As a holding company that has historically served as support to leverage certain growth initiatives amongst the businesses, the need to continue the deleveraging process is one of the main challenges towards the future. This will take place in an environment of uncertainty surrounding dividend flows given the rate of recovery of our businesses from the COVID-19 situation.

However, this challenge can provide new opportunities to reconsider the holding company's structure and dependence on the flow of dividends and/or portfolio divestments as its main source of revenue. The above given the purging of our non-strategic portfolio that has been taking place in recent years and which could restrict opportunities for obtaining future revenues in this manner.

We have the opportunity to capitalize on efforts made in the area of sustainability to take advantage of new sources of financing in growth markets that incorporate ESG criteria.



03 Ethics and Corporate Governance

Shareholders and Investors | Subsidiaries and Businesses | Strategic Partners | Employees | Environment | Authorities | Suppliers | Associations

Compliance and Corporate Governance systems define and set the ethics, behavior and transparency standards that govern our executives, directors and employees.

Value Creation

[103-1] Solid Corporate Governance and Compliance systems foster an environment of trust and transparency in our stakeholder relations and ensure business integrity.

To ensure sustainability, we stay on the cutting edge by implementing best practices, providing us with suitable behavior and management parameters.

Management Approach **[103-2]**

Ethics

Our Compliance System is structured around unequivocal statements contained in the Corporate Conduct Code related to our commitment to transparency and good business behavior.

[102-17] We also have System backup systems, summarized as commitment from the organization's directors to the effective management of the Transparency Hotline and appropriate monitoring of corrective measures deriving from reports made thereto.

[102-16] Integrity, ethics and transparency are everyone's responsibility. We encourage our stakeholders to live out these values throughout Grupo Empresarial Argos.

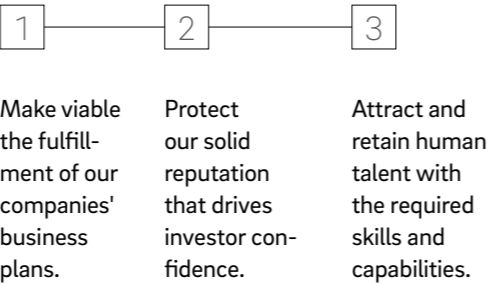
To achieve this, we have a governance structure for the Compliance System, with participation from the upper management of Grupo Argos and its companies. We also periodically hold a compliance roundtable, responsible for reviewing the progress of work plans and foster a unity of purpose. All this allows us to jointly and permanently analyze best practices to promote a culture of risk prevention and ensure the appropriate resources are allocated for proper System operation.

Corporate Governance

Our Good Governance Code and our Corporate Policies define transparent shareholder and investor, market and society facing management mechanisms.

Our boards of directors can count on the vision of corporate and independent members, and have sustainability and corporate governance committees that support their functions, providing appropriate guidance to each company, generating positive results and ensuring an appropriate Corporate Governance system. Periodically, we also hold a corporate legal roundtable, responsible for reviewing best corporate governance practices and ensuring their implementation within the Corporate Group's businesses.

This driver helps mitigate our strategic risks, allowing us to:



Progress **[103-3]**

▼

For the eighth consecutive year we received the Colombian Stock Exchange Investor Relations award with a score of

99.5%,
the highest achieved by the company for this award.

▼

100%
COMPLIANCE with the Board of Director's action plan updated according to the COVID-19 situation.

▼

100%
ATTENDANCE by Board members.

▼

43%
Women on the board of directors

▼

6.19
YEARS of average tenure of board members

Milestones **[103-2, 103-3]**

Ethics

- We made progress with automating processes including annual potential sources of conflicts of interest and properties and income statements, to facilitate follow-up and management by employees.
- We unified criteria and procedures for third-party engagement, facilitating the operations of our internal areas and our suppliers.
- We offered our annual conduct course with Ernesto Dal Bo, a professor from University of California, Berkeley, through which we delivered tools to our collaborators for decision-making based on our corporate pillars.

Governance

- We modified the Good Governance Code to: (i) update corporate governance practices related to director independence, (ii) update guidelines for share negotiations by directors and managers, and (iii) standardize certain provisions according to the terms used in other corporate documents.
- We updated the Policy on Relationships between Affiliated Companies the Policy for the Management of Transactions between Affiliated Companies to simplify them, eliminate redundancies and reflect the best governance practices that add value to the company, its investors and shareholders.
- We updated the Contracting Handbook to simplify and make contracting processes more efficient for both collaborators and suppliers.
- We performed a self-evaluation of the Board of Directors' and evaluation of the company's CEO.

Targets **[103-2]**

● Ongoing ● Underway ○ Not started

Short Term (0 - 2 years)

- On the topic of compliance, we will continue deploying unified criteria and procedure automation that will enable us to deploy effective management and, in turn, help our employees to continue taking ownership of the compliance system.
- We will continue strengthening the Policy for Policy for the Management of Transactions between Affiliated Companies.

Medium Term (2 - 5 years)

- We will continue actively participating in forums such as the Circle of Companies of the Latin American Corporate Governance Round Table, the BVC Issuers Committee and the Colombian Corporate Governance Institute.
- We will continue the process of harmonizing best Corporate Governance practices applicable within Grupo Empresarial Argos.
- We will strengthen the tool to consolidate Grupo Empresarial Argos' Corporate Governance Information allowing us to have timely information on the businesses.
- We will move forward with reviewing certain corporate documents, including the Corporate Bylaws, the Good Governance Code, and the Code of Conduct.

Challenges and Opportunities

[103-3]

- Changing market and regulatory dynamics require that we maintain ever more automated control mechanisms, that will allow us to anticipate the risks arising in the environments where we operate in real time.
- Considering the different stages of development of each of our businesses, an opportunity exists to continue moving forward with reviewing and implementing Corporate Governance practices applicable to the market contexts where we participate. To do this, we have a Business Group management model that facilitates engagement with the businesses and implementation of these initiatives.



04 Sustainability Vision

Shareholders and Investors | Subsidiaries and Businesses | Strategic Partners | Employees | Environment | Authorities | Suppliers | Associations

A set of strategies aimed at ensuring conscious investment, the adoption of cutting edge practices, and responsible operations towards the planet and the people who live there in all the businesses of the corporate group.

Value Creation

[103-1] We are convinced that, by having a positive impact on our economy, our planet, and the people that live there, we are creating value for society at large, which also translates into greater long-term value for our company.

Our conviction for doing business sustainably allows to take advantage of the new forces that transform our environment, including a move towards a circular, low carbon economy, as well as conscious consumption and responsible investment. These are important opportunities that play a fundamental role on our path of transformation and growth.

In turn, efforts to minimize the negative and maximize the positive impact of our activities benefit all our stakeholders and, in turn, make the businesses in our Business Group more resilient in the face of risks, allowing them to endure over time.

This driver helps mitigate our strategic risks, allowing us to:

- 1

Make viable the fulfillment of our companies' business plans.
- 2

Deal with potential uncertainties or instabilities in the economic, political and regulatory environment.
- 3

Attract and retain human talent with the required skills and capabilities.
- 4

Protect our solid reputation and drive investor confidence.
- 5

Anticipate the risks and opportunities of climate change.

Management Approach

[103-2] Each of our business has a differentiated sustainability strategy that responds to their operational and market realities. However, they are all framed within the Grupo Argos sustainability vision, made up of three pillars that allow us to maintain a unity of purpose and direction as a Business Group:

Conscious investment: We invest in businesses that contribute to solving global challenges and ensure long-term value generation for the company and society at large.

Cutting-edge practice: We develop innovative solutions to strengthen our current business models, while capitalizing on new investment opportunities.

Responsible operations: We transform capital in a balanced manner, seeking to minimize our negative and maximize our positive economic, environmental and social impact.

Aiming to substantiate our responsible operations pillar, we have prioritized seven topics we believe are material for and cross-cutting to all our businesses:

1. Climate Change

2. Water

3. Ecosystems

4. Talent

5. Workplace Health & Safety

6. Ethics, Conduct & Transparency

7. Corporate Governance
- The Board of Directors and its Sustainability and Corporate Governance Committee define strategy and approve strategy execution plans. These are then discussed in the boards of directors of the different strategic businesses, the Cross-cutting Sustainability Committee made up of the corresponding Vice-Presidents and the Sustainability Synergy Table made up by the teams from Grupo Argos and all its businesses.

Each company measures its performance, establishes targets and designs action plans individually. The next page presents the progress made on these seven topics, at both an individual and a consolidated level.



Clara Solano
Chief Executive
Fundación Natura

Talks about this value driver with:



Camilo Abello
Senior Chief of Sustainability
Grupo Argos

[Click here to listen](#)



Autopistas del Café
Coffee Growing Region, Colombia

Progress [103-3]

▼

We compensated

100%

of Grupo Argos' separate CO₂ emissions.

▼

We built a repository of ESG information (ESG Databook) for investors and sustainability rating agencies.

Milestones [103-2, 103-3]

Conscious Investment

- We implemented the WBCSD and COSO ESG risk management approach for comprehensive risk management as to how possible events and trends could impact the organization's strategy and objectives.
- We socialized our conscious investment approach for performing due diligence for new acquisitions with our businesses. This approach compares financial criteria against ESG impact monetization using the VAS (Value Added Statement) methodology.

Responsible Operations

- We defined a cutting edge climate change strategy, considering the specificities of each business, to align our strategic agenda with global and investor agendas.
- We updated our responsible operations, CO₂ emissions reduction and gender equality, to make them more challenging and cutting edge (see pages 64-65).

Cutting-edge Practices

- We increased coverage of our VAS externalities measurement to the energy business.
- In Venture Corporativo we continue exploration and development in the areas of energy storage, creation of new financial electrical infrastructure assets, technological platforms for innovative products and services for clients of the cement business, shared micro-mobility models that will provide an improved understanding of their impact on the future infrastructure of cities, and development of intelligent infrastructure concession models for cities.
- Innovation in our businesses has enabled emissions and energy consumption reductions, providing evidence for our commitment to responsible operations.

Targets [103-2]

● Ongoing ● Underway ○ Not started

Short Term (0 - 2 years)

- We will complete development of a financial CO2 compensation model with a view to achieving carbon neutrality by 2050.
- We will analyze the viability of achieving carbon neutrality for Grupo Empresarial Argos by 2050, considering different existing alternatives.
- We will implement an ESG information system, aligned with international standards and with a Business Group scope.
- We will develop an in-depth analysis of the risks of climate change.
- We will include ESG impacts in our financial and capital allocation models.
- We will continue exploring disruptive innovation ecosystems within the Group's industries of interest.

Medium Term (2 - 5 years)

- We will perform a comparative analysis of the best practices for integrating ESG criteria into investment and divestment decisions.
- We will consolidate a collaboration model with technology-based companies.

Long Term (5 years plus)

- We will develop new strategic and operational technologies and business models.

Challenges and Opportunities

[103-3] Although there is increasing global interest in reducing emissions, these actions will not be sufficient to stop global warming. Thus, we will analyze the viability of our Business Group aiming for carbon neutrality by 2050 with a roadmap that will allow us to manage market dynamics and consumer preference. To do this we must:

a.

Create climate change associated risk mitigation and opportunity utilization plans.

b.

Reduce costs by introducing improvements through radical and disruptive innovation.

c.

Promote research and development of new products.

Climate Change at the Business Group

We want to contribute actively to the transition towards a low carbon economy, understanding that climate change represents an enormous challenge for our planet.

Thus, Grupo Argos, exercising its role as active strategic architect, has led the structuring process for the Business Group's general strategy, together with our cement, energy, concessions and coal businesses, to define our climate change commitments out to 2030: (a) Defining a 46% reduction in the intensity of its CO2e emissions, using 2018 as a baseline, and a 37% reduction in its overall CO2e emissions, with 2015 as a baseline; (b) Defining general Climate Change adaptation guidelines for all its business facilities; and (c) Discerning the viability of emission compensation mechanisms. All of the foregoing within the general framework of a strategic conversation on the viability and financing required to achieve Grupo Empresarial Argos carbon neutrality by 2050.

These challenges are aligned with the 2030 Agenda, the targets of the Paris Agreement, and a growing interest from our investors in this topic. They will allow us to continue moving forward decidedly on the following fronts:

Governance

Our Board of Directors is the highest management body. The Board assumes overall responsibility for managing and monitoring all the economic, environmental and social risks and opportunities that arise, including climate change. In 2020, we presented the Business Group's climate change strategy, prepared together with the businesses, to the Board of Directors. This strategy includes our CO2e emissions reduction targets and commitments assumed in response to global and domestic trends.

The Board of Directors has included climate change related topics on its agenda, and has been discussing and defining the strategy alongside the organization, including its CEO, other Chief Executives and the financial, strategy, corporate governance and sustainability teams. In 2021, we will continue analyzing different compensation alternatives along different timelines, to continue a strategic conversation in the viability of achieving carbon neutrality.

Employee compensation is currently linked to the achievement of sustainability and climate change targets as a key element of our governance. Our long-term compensation scheme includes, with a 10% weight, compliance with climate change plans. This applies to the senior management of the Business Group as a whole.

Strategy

Climate change has been raised to the level of strategic risk for Grupo Argos so as to comprehensively manage each of the risks and opportunities deriving from this topic. As a starting point, we monitor and reduce our CO2e emissions. Our objective is to minimize the negative impact of our operations in the regions where we operate. To do this, we committed to two emissions reduction targets. To achieve these targets, we have defined five drivers for reducing CO2e emissions.

- Improve energy efficiency at our installations
- Use alternative materials and fuels (co-processing)
- Reduce heat consumption in ovens
- Reduce the clinker/cement ratio
- Create an energy generation grid that includes at least 25% non-conventional renewable energy sources

We are also analyzing different alternatives and compensation mechanisms to mitigate 100% of our emissions that cannot be reduced by the actions implemented. To do this, we have set up an interdisciplinary working group to estimate the cost of different existing compensation mechanisms, including, among others, mass tree planting projects. This will contribute to our ongoing work to achieve carbon neutrality.

Risk Management

We identified climate risks by understanding the implications and challenges of climate change for the operation of our businesses. First, we performed risk analysis considering operating and strategic impacts and the risk categories defined within our Comprehensive Risk Management System.

The analysis methodology used estimates climate risk through threat identification, impact estimation, sensitive elements and capacity for adaptation of each of our assets.

As a result of this analysis, we have identified three holding company level climate change risks, two transitional and one physical:

- Restricted access to capital due to climate change requirements
- Impairment of investment or asset value due to regulatory changes, operating standards or other stakeholder requirements
- Impairment of investment or asset value related to physical impacts

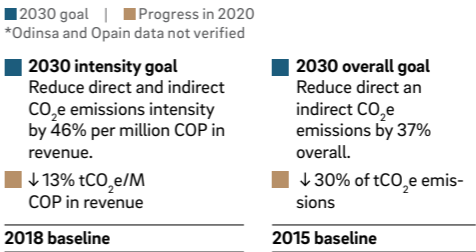
We will achieve our targets through five CO₂e emission reduction drivers, to be applied by our strategic businesses.

- 1 Improve energy efficiency at our facilities
- 2 Use alternative materials and fuels (co-processing)
- 3 Reduce heat consumption in ovens
- 4 Reduce the clinker/cement ratio
- 5 Create an energy generation grid that includes at least 25% non-conventional renewable energy sources

Indicators

2020 emission reduction targets were established using several criteria. First, we projected scope 1 and 2 annual CO2e emissions for all our businesses between 2020 and 2030. For our energy and concessions businesses, as well as for Grupo Argos and its business units, we used annual forecast values. For the cement business, projections were obtained using linear interpolation for 2019 and 203 data. Greater details of these annual projections will be published in 2022.

2030 CO₂e mitigation targets:



Progress

16% reduction in overall Business Group emissions compared to 2019	120 electric buses delivered to the Bogota mass transport system (6.060 tCO ₂ e prevented per year and 80% energy savings)	38% CO2e reductions, and 30% heat energy consumption using Green Cement.
63% reduction in overall Celsius emissions compared to 2019, and 77% reduction in emission intensity compared to 2015	1,385 of the 1,861 MW of installed capacity in energy generation assets come from renewable sources.	El Dorado Airport recognized as one of the 4 global airports most committed to climate change action
136 charging stations installed in Colombia and Central America	40% reduction in construction time using modular concrete panels	7.8 million native trees planted over the last five years. In 2021, we voluntarily planted over 4 million native species
14% reduction in annual energy consumption at the El Dorado Airport.	560,000 kWh of energy generated using solar panels at El Dorado Airport	

■
In 2021, we will continue making progress with quantifying Grupo Argos' climate risks and their implications for our Financial Statements, and we will draft a gap closing plan that will enable us to comply with TCFD report recommendations by 2022.

Additional Information on Climate Change

90% of the Business Group's CO₂e emissions come from the cement business. For more information, access: <https://argos.co/>

For emissions and revenue, we use the financial consolidation approach according to GHG Protocol guidelines. .



For greater detail, access our ESG databook [here](#) or by scanning the QR code.

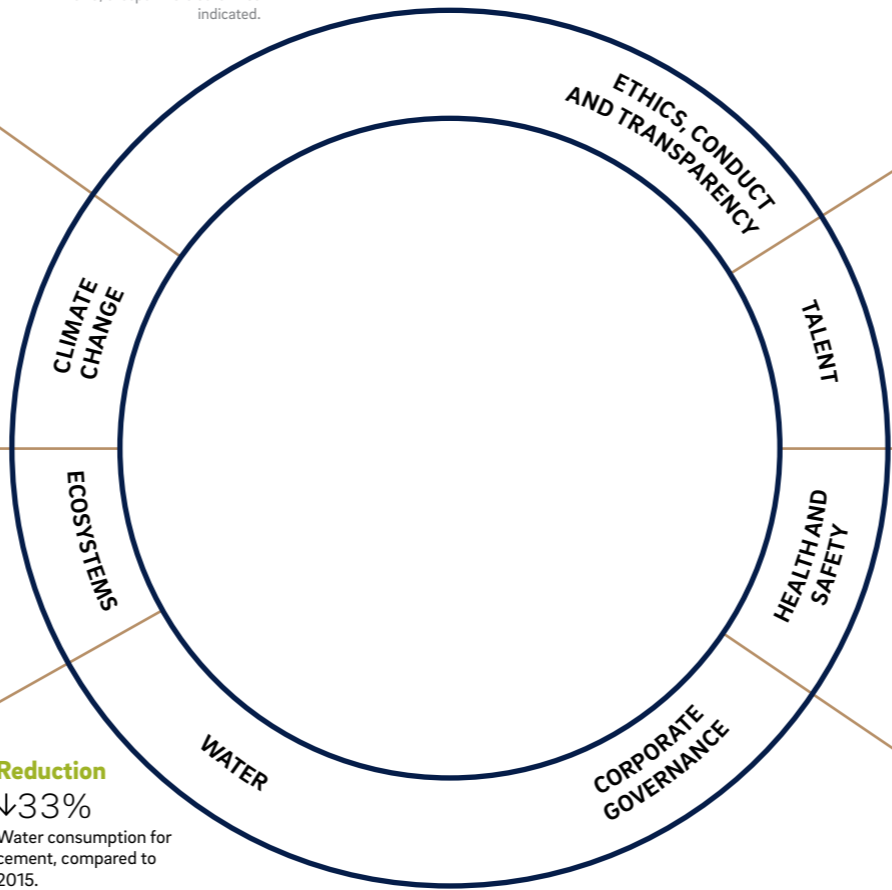
Business Group Responsible Operations



For more information on this topic, visit the following links:
www.argos.co/sostenibilidad/reporte-anual
www.celsia.com/es/sostenibilidad/reportes
www.odinsa.com/sostenibilidad/

For more detail on our Responsible Operations Goals, access our ESG Databook. [Click here.](#)

Variations correspond to 2019 to 2020, except where otherwise indicated.



Reduce [305-4]

2030 INTENSITY GOAL
46%
the intensity of direct and indirect CO₂e emissions per million COP in revenue.

PROGRESS
↓13%
tCO₂e/M COP in revenue

2018 baseline

OVERALL GOAL
Reduce 37%
[305-5]
of overall direct and indirect CO₂e emissions.

PROGRESS
↓30%
of tCO₂e emissions

2015 baseline

Cemento Verde Launch

↓38%
CO₂ emissions and 30% energy consumption

Reduction

↓14%
CO₂, 2006 baseline

GOAL
Reduce ↓29%
CO₂ emissions per ton of cementitious material by 2030, 2006 baseline.

Award

for Business Leadership "Top 100 for climate" given by the Panama Ministry of the Environment

Reduction

↓77%
CO₂e emissions, 2015 baseline.

GOAL
Reduce ↓91%
CO₂e emissions per GWh by 2030, 2015 baseline.

Certification

CARBON ACCREDITATION PROGRAM
El Dorado Airport: Level 2 (Reduction)
Mariscal Sucre Airport: Level 3+ (Neutrality)

Recognition

El Dorado Airport recognized by Airports Council International (ACI) as one of the 4 global airports most committed to actions against climate change.

[205-2]

GOAL
100%
of our employees will complete the three Compliance System mechanisms annually.

PROGRESS
100%
of employees completed all three mechanisms

2017 baseline

Compliance System

61.3%
of employees certified in knowledge of the code of conduct

47.4%
of employees filled out the conflict of interest declaration

80%
of employees filled out the property and income declaration

Compliance System

87% of collaborators certified in knowledge of the code of conduct

74% of employees filled out the conflict of interest declaration

98% of employees filled out the property and income declaration

Compliance System

100%
of collaborators filled out the 3 transparency mechanisms.

Gender Diversity

Achieve [405-1]

GOAL
31% participation by women in upper management

PROGRESS
22% participation by women in upper management

2017 baseline

GOAL
Engagement Increase to 90%
[GA-VS03]
the engagement level score amongst employees

PROGRESS
94% engagement level

Ongoing goal

Recognition

GOLD SEAL
for gender equality in our Panama operations

Gender Equality

29% of leadership positions held by women

Geographic Diversity

39% of executive and management level collaborators hold other than Colombian nationality

Gender Equality

• **↑35%** proportion of women in leadership positions by 2025

Geographic Diversity

• **50%** of executive and management level collaborators will hold other than Colombian nationality by 2025

Certification
WILDLIFE HABITAT COUNCIL
for the four cement plants and five terminals in the United States

Rehabilitated Areas

81%
of released quarry areas have been rehabilitated

Established Plans

88% of active and inactive quarries have rehabilitation plans. (Defined closing plan)
77% of quarries in areas with high biodiversity value have a biodiversity Improvement Plan plan)

GOAL
Establish plans
• **85%** of quarries in high biodiversity value areas with Management Plans by 2030.
Release and Rehabilitate
• **90%** of released quarry areas rehabilitated by 2030.

Planted
5.7 MILLION trees with the ReverdeC program since 2016

GOAL
Plant 10 million trees by 2025 with the ReverdeC program
Conserve 4 species by 2020 wax palm, river turtle, poisonous frog and golden frog

Care for [GA-VS02]

GOAL
100%
of the 10 water sources for operations and classified as high risk

PROGRESS
80%
8/10 water sources cared for

2018 baseline

Plant
137,824 trees in the Pacifico 2 concession and place 2 wildlife passages

Reduction

↓33%
Water consumption for cement, compared to 2015.

↓5%
Water consumption for concrete compared to 2015

Recirculate

110%
of water used

GOAL
Reduce 245lt/ton & 216lt/m³
in water consumption for cement & concrete respectively by 2030

Optimization

193 MILLION m³ of water in hydroelectric generation

GOAL
Optimize 124 MILLION m³ of water in hydroelectric generation between 2016 and 2020

Reduce [303-5]

GOAL
↓50%
water consumption in m³/M COP in revenue

PROGRESS
↓64%
water consumption/M COP revenue

2015 baseline

Reduction

↓19%
of water consumption, equivalent to 201.379 m³ in all concessions

Frequency

↓29.42% & ↓10.5%
amongst employees and contractors respectively, 2019 baseline

"Yo Elijo Cuidarme" Program

↓9.4%
Frequency index amongst employees
↓82.8%
Severity index amongst employees

GOAL
Severity & Frequency ↓10%
in both indices.

22.7

Severity Index
for employees and contractors

1.51

Frequency Index
for employees and contractors

0

Fatalities
In 2020 there were no fatalities amongst Grupo Argos employees and contractors

Established Plans

19.62
Severity Index for employees and contractors

1.33
Frequency Index for employees and contractors

↓10%
abstentism due to general illness amongst employees and contractors

Frequency

• Decrease the Frequency index to 1.2 by 2020
• Reduce injuries by 50% by 2025, 2019 baseline
• Decrease absenteeism from general illness by 15% by 2025, 2019 baseline

SEPARATE GRUPO ARGOS INFORMATION



05 Identity and Engagement

Shareholders and Investors | Subsidiaries and Businesses | Strategic Partners | Employees | Environment | Authorities | Suppliers | Associations

Strengthening the reputation and effectively positioning the organization so our stakeholder groups perceive, understand, trust in and support Grupo Empresarial Argos.

Value Creation

[103-1] The development of strategic reputation and institutional engagement management fosters channels, spaces and messages so stakeholder groups can understand, trust and support the operations of Grupo Argos and our businesses.

Building trust relationships and strengthening our reputation facilitates access to business opportunities to promote strategic execution, as well as attracting better talent, generating a sense of corporate pride and maintaining adequate relationships with all our stakeholders.



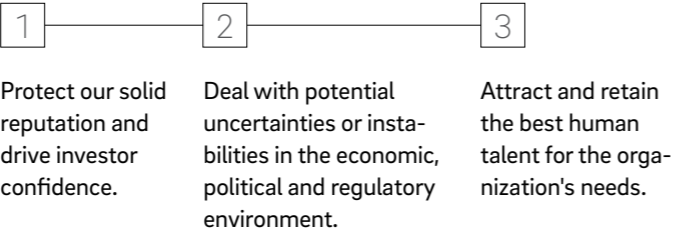
Grupo Argos offices
Bogotá, Colombia

Management Approach

[103-2] We develop the company's identity and engagement strategy on five fronts:

- **Institutional relations:** Strengthen transparent, trust-based, long-term relationships with industries, authorities and opinion leaders.
- **Internal communications:** Enhance mechanisms, channels and strategies to drive the Business Group's cultural transformation, contribute to strategy fulfillment, and consolidate a sense of corporate pride.
- **External communications:** Keep stakeholders informed through the dissemination of the organization's most relevant events over broadcast media and its own channels.
- **Brand:** position Grupo Argos as a relevant company in the infrastructure sector, a leader in the corporate sector, and a supporting brand that empowers the positioning of its businesses.
- **Articulation:** Align, coordinate and execute reputation building for the Business Group.

This driver helps mitigate our strategic risks, allowing us to:



Nuria Vilanova Gilat
CEO
Atrevia

Talks about this value driver with:



Ivan Trujillo
Director of
Communications and
Institutional Relations
Grupo Argos

[Click here to listen](#)

Progress **[103-3]**

✓ We offered five open virtual talks with participation from over **130,000** **PEOPLE**. We had important guests, including Gabriel Mesa, Raj Sisodia and Aswath Damodaran.

✓ **54%** of the information published by the company is on topics related to Business Group sustainability management and the work done by Fundación Grupo Argos.

✓ Positive visibility generated by proactively managing information on Grupo Argos published by the media.

Milestones **[103-2, 103-3]**

- Recognized by Merco (Corporate Reputation Business Monitor) as the business conglomerate with the best reputation in Colombia.
- We were ranked 23 out of 100 companies with the best reputation by Merco in our first participation in the monitor. Cementos Argos was ranked ninth, and Celsia, 43rd.
- We launched the *Conversaciones que Transforman* podcast and published over 40 episodes with top level guests, enabling audience engagement even during this juncture.
- We implemented a brand positioning strategy strengthening the concept of our corporate purpose and making visible the Business Group's active role in social investment programs that helped mitigate the effects of the pandemic.
- We contributed to strengthening the journalistic profession, offering a free digital journalism course with participation from over 100 information professionals in Colombia in partnership with Universidad del Rosario.

Targets **[103-2]**

● Ongoing ● Underway ○ Not started

Short Term (0 - 2 years)

- We will continue execution of Grupo Argos' positioning strategy.

Medium Term (2 - 5 years)

- We will continue driving Grupo Argos' cultural transformation alongside the Human Talent team.

Long Term (5 years plus)

- We will move forward with strengthening Grupo Argo's reputation as a relevant company in the infrastructure sector that contributes economic, social and environmental value to all its stakeholders.

Challenges and Opportunities

[103-3]

- The health crisis and remote work challenge us to continue strengthening the companies' internal and digital communications to keep our employees informed and connected to the Group Culture as a general framework for behavior.
- Getting our stakeholders to know and support the company's environmental conservation and social development contributions within the context of the pandemic, which challenges us to enhance communication mechanisms, brand and external channels.
- Drive differentiation between Grupo Argos and the businesses' brands by consolidating communications as a Business Group.
- Continue moving forward with positioning Grupo Argos in the public consciousness as a relevant actor in the infrastructure sector.

06 Talent and Culture

Shareholders and Investors | Subsidiaries and Businesses | Strategic Partners | Employees | Environment | Authorities | Suppliers | Associations

Talent and culture management are initiatives enshrined in our Group Culture under the pillars of transcendence, integrity, inspiration and commitment, and aim to attract, develop and retain the best talent to respond to business challenges, and fulfill our strategy and higher purpose.

Value Creation

[103-1] Adequate talent and culture management enables and promotes among company employees the behaviors and leadership required to achieve Grupo Argos' strategy. It also provides solutions to support business challenges with innovative practices and promotes a close and empathic experience for employees in healthy work environments. This allows developing integral employees, and creating teams that are diverse, efficient and committed to the company's higher purpose.

This driver helps mitigate our strategic risks, allowing us to:

- 1
- Attract and retain human talent with the key skills required by the businesses.
- 2
- Protect our solid reputation and drive investor confidence.

Management Approach

- [103-2] We are a strategic partner for our employees, providing solutions and ensuring the best talent through practices that include:
- **Key talent development** for successful succession to critical positions in Grupo Empresarial Argos
 - **Positioning as an attractive employer**, with cultural appropriation initiatives, ample well-being and standard of living offerings, and a competitive comprehensive compensation program, allowing us to attract and retain our talent.
 - **Deploying a diversity and inclusion strategy** throughout our Business Group, prioritizing the attraction of diverse talent and the generation of inclusive behaviors, recognizing that difference enriches decision making and drives innovative solutions.

- We promote an integral experience for collaborators and drive their development throughout their lifecycle at the company. We do this through:
- Training to acquire required skills in dynamic environments and strengthen technical abilities.
 - Ongoing feedback through performance management, coaching and mentorship programs.
 - Exposure through participation in projects, commissions, internships and defined career paths.

Our talent and culture management is marked by close, empathic and dynamic relationships that adapt to new realities. This promotes personal and professional growth amongst our talent, generating commitment to and pride of working at Grupo Empresarial Argos.



Juan Esteban
Mejía
Employee
Grupo Argos

Talks about this value driver with:



Lina Valencia
Employee Experience
Director
Grupo Argos

[Click here to listen](#)

Progress

[103-3, GA-VS03, 404-1, 404-3]

94%
commitment index as proof of cultural ownership.

54.3
average hours of training per employee excluding higher education scholarship holders

100%
of employees received a performance evaluation and feedback on objective fulfillment and competency adjustments.

Milestones [103-2, 103-3]

Health, life and wellbeing

- We protected the health of our employees as 100% of Grupo Argos employees and 30% of the Business Group worked from home.
- We provided over 27,000 hours of training throughout the Business Group on COVID-19-related topics.

Diversity

- We managed diversity and inclusion gap closing using methodologies like Equipares and the PAR Ranking, ranking third on the PAR Ranking for Colombia, and second in Antioquia. Cementos Argos maintained its gold seal and Celsia achieved a silver seal from Equipares.
- We launched the Diversity Multiplier training program to promote inclusion.
- We managed to improve the favorable perception of the diversity and inclusion dimension in our workplace environment survey, from 77% in 2019 to 85% in 2020.

Talent Development

- We generated multiple options for training, including virtual courses, open talks and programs, that allowed us to continue developing our employees' skillsets.
- We facilitated mobility with over 80 internships and the assignment of employees to projects that were cross-cutting to the businesses to deal with the COVID-19 situation.
- We have 126 employees that apply their leadership skills as volunteers, providing support to entrepreneurs.

Health, life and wellbeing

- Over 130,000 CVs were registered on our job portal and we provided feedback to 100% of the applicants participating in selection processes.

Workplace culture and environment

- We strengthened our favorable levels in the workplace climate measurement, from 84% to 89%, in engagement we went from 88% to 94% and achieved 90% in engagement.

Preparing future leadership

- We updated 100% of the succession matrices for critical business group positions, allowing us to generate effective succession processes as we have the internal talent required to cover vacancies in critical positions and ensure strategic continuity at our companies.
- We supported development plans for 100% of the successors to critical positions to maintain and increase their readiness level.

Targets [103-2]

● Ongoing ● Underway ○ Not started

Short Term (0 - 2 years)

- We will double the number of people that transfer and develop their knowledge and experience through internships and mentorships at different Grupo Empresarial Argos companies.
- We will fully develop the diversity multipliers program at Grupo Empresarial Argos.
- We will move forward with the leadership model, adjusting it to the new realities and needs of Grupo Empresarial Argos.

Medium Term (2 - 5 years)

- We will increase the presence of women in upper management from 21% in 2017 to 31% in 2025, to ensure greater gender equality and enrich decision-making processes.
- We will evaluate and adjust talent attraction and retention processes to ensure their competitiveness in light of the future of work and the fourth industrial revolution.

Long Term (5 years plus)

- We will achieve a favorable score of 90 or more in the diversity and inclusion dimension of the workplace environment survey.
- We will become consolidated as one of the best companies to work for according to well known employer brand rankings.

Challenges and Opportunities

[103-3]

- As a Business Group we have businesses that operate in different contexts, sectors and geographical locations, which requires us to have a cross-cutting leadership model that will facilitate decision-making, talent mobility, and achievement of our higher purpose.
- We are dealing with dynamic environments that require that we adapt our talent programs to new realities and ways of working to continue attracting and retaining the best talent.
- Ensure the availability of diverse talent regarding its origin, gender and generations, to occupy critical positions at the Business Group, which will allow us to learn from difference, enrich analyses and decision making processes, and increase creativity and innovation as a competitive advantage.



CONSOLIDATED FINANCIAL STATEMENTS

Grupo Argos S.A. and subsidiaries

Consolidated Statement of Financial Position

As of December 31 | In millions of Colombian pesos

	Notes	2020	2019
ASSETS			
Current Assets			
Cash and cash equivalents	6	2,701,096	2,474,008
Derivative financial instruments	7	6,354	5,786
Trade and other accounts receivable	8	2,050,392	2,653,211
Inventories, net	9	1,237,080	1,252,938
Tax assets	10	205,495	335,744
Biological assets	20	5,634	9,157
Other financial assets	11	-	123,626
Prepaid expenses and other non-financial assets	12	212,046	195,625
Current Assets		6,418,097	7,050,095
Non-current assets held for sale	13	247,954	76,744
TOTAL CURRENT ASSETS		6,666,051	7,126,839
Non-current assets			
Trade and other accounts receivable	8	2,828,008	2,493,612
Inventories, net	9	-	37,204
Goodwill	14	3,139,063	3,011,272
Right-to-use assets (property, plant and equipment), net	22	813,037	1,071,329
Intangible assets, net	15	4,574,574	4,974,447
Property, plant and equipment, net	16	19,659,963	19,082,640
Investment properties	17	2,280,815	2,317,216
Investments in associates and joint ventures	18	9,029,377	8,919,368
Derivative financial instruments	7	-	3,675
Deferred tax	10	388,664	332,321
Biological assets	20	53,721	48,444
Other financial assets	11	1,234,403	1,286,634
Prepaid expenses and other non-financial assets	12	105,891	120,140
TOTAL NON-CURRENT ASSETS		44,107,516	43,698,302
TOTAL ASSETS		50,773,567	50,825,141

Grupo Argos S.A. and subsidiaries

Consolidated Statement of Financial Position

As of December 31 | In millions of Colombian pesos

	Notes	2020	2019
LIABILITIES			
Current liabilities			
Borrowings	21	1,741,257	1,587,714
Lease liabilities	22	132,103	164,605
Employee benefit liabilities	23	208,396	250,091
Provisions	24	430,062	336,153
Trade and other accounts payable	25	2,353,159	2,734,393
Tax liabilities	10	183,414	242,697
Derivative financial instruments	7	65,085	16,353
Bonds and compound financial instruments	26	643,567	951,924
Other financial liabilities		3,811	16,030
Other non-financial liabilities	27	407,731	460,758
Current liabilities		6,168,585	6,760,718
Liabilities associated with non-current assets held for sale	13	455,564	-
TOTAL CURRENT LIABILITIES		6,624,149	6,760,718
Non-current liabilities			
Borrowings	21	5,386,230	5,118,140
Lease liabilities	22	685,001	898,276
Deferred tax	10	1,112,850	1,211,760
Employee benefit liabilities	23	445,591	441,254
Provisions	24	236,086	238,392
Trade and other accounts payable	25	408,744	268,515
Derivative financial instruments	7	95,940	48,719
Bonds and compound financial instruments	26	8,974,024	8,838,335
Other non-financial liabilities	27	575,101	510,775
TOTAL NON-CURRENT LIABILITIES		17,919,567	17,574,166
TOTAL LIABILITIES		24,543,716	24,334,884

Grupo Argos S.A. and subsidiaries

Consolidated Statement of Financial Position

As of December 31 | In millions of Colombian pesos

	Notes	2020	2019
EQUITY			
Share capital	28	53,933	53,933
Share issue premium	28	1,354,759	1,354,759
Retained earnings		9,218,462	9,022,034
Reserves	29	3,673,583	3,513,161
Income for the year		(100,013)	689,565
Other equity components	30	(143,779)	(165,142)
Other comprehensive income	29	2,591,296	2,364,976
Equity attributable to owners of the company		16,648,241	16,833,286
Non-controlling interests	32	9,581,610	9,656,971
TOTAL EQUITY		26,229,851	26,490,257
TOTAL LIABILITIES AND EQUITY		50,773,567	50,825,141

The accompanying notes are an integral part of the consolidated financial statements.


Jorge Mario Velásquez Jaramillo
CEO | Legal Representative
(See attached certificate)


Claudia Patricia Álvarez Agudelo
Accountant | Professional License No. 69447-T
(See attached certificate)

Original version issued in Spanish and signed
by Johana Novoa Cucunubá

Johana Novoa Cucunubá
Statutory Auditor
Professional License No. 166943-T
Member of KPMG S.A.S.
(See report from February 24, 2021)

Grupo Argos S.A. and subsidiaries

Consolidated Statement of Income

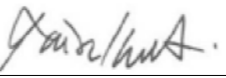
Years ending on December 31 | In millions of Colombian pesos, except for earnings per share

	Notes	2020	2019
Revenue from sales of goods and services	33	13,241,095	14,247,611
Revenue from interest calculated using the effective interest method	33	209,887	195,931
Equity method for associations and joint ventures	33	30,360	488,763
Other revenue from ordinary activities	33	509,181	1,866,283
TOTAL REVENUE FROM ORDINARY ACTIVITIES		13,990,523	16,798,588
Cost of ordinary activities	34	(10,631,924)	(12,265,012)
GROSS PROFIT		3,358,599	4,533,576
Administration expenses	35	(1,425,248)	(1,572,758)
Sales expenses	36	(262,865)	(280,020)
STRUCTURE EXPENSES		(1,688,113)	(1,852,778)
Other revenue (expenses), net	37	(32,359)	395,675
PROFIT FROM OPERATIONAL ACTIVITIES		1,638,127	3,076,473
Financial revenue	38	147,307	126,553
Financial expenses	38	(1,385,739)	(1,400,862)
Exchange rate difference, net	38	6,347	61,268
PROFIT BEFORE TAX		406,042	1,863,432
Income tax	10.3	(252,097)	(607,295)
NET PROFIT		153,945	1,256,137
Attributable to:			
CONTROLLING INTERESTS		(100,013)	689,565
Non-controlling interests		253,958	566,572

EARNINGS (LOSSES) PER SHARE FROM ONGOING OPERATIONS (*)

Attributable to the ordinary controlling company's shareholders:	39		
Basic (*)		(116,67)	804,41
Diluted (*)		(116,67)	804,41

(*) Figures expressed in Colombian pesos.
The accompanying notes are an integral part of the consolidated financial statements


Jorge Mario Velásquez Jaramillo
CEO | Legal Representative
(See attached certificate)


Claudia Patricia Álvarez Agudelo
Accountant | Professional License No. 69447-T
(See attached certificate)

Original version issued in Spanish and signed
by Johana Novoa Cucunubá

Johana Novoa Cucunubá
Statutory Auditor
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Member of KPMG S.A.S.
(See report from February 24, 2021)

Grupo Argos S.A. and subsidiaries

Consolidated Statement of Other Comprehensive Income


Years ending on December 31 | In millions of Colombian pesos

	2020	2019
NET PROFIT	153,945	1,256,137
ITEMS THAT WILL NOT BE RECLASSIFIED SUBSEQUENTLY TO PROFIT OR LOSS	(61,868)	81,980
Gains and losses from equity investments	(48,897)	83,847
Deferred taxes on equity investments	(5)	219
New measurement of defined benefit liabilities	(22,525)	(19,969)
Deferred taxes on defined benefits	5,231	5,274
Gains and losses due to property, plant and equipment revaluation	111	(487)
Deferred tax due to property, plant and equipment revaluation	81	93
Share in associates and joint ventures, net	4,136	13,003
ITEMS THAT WILL BE RECLASSIFIED SUBSEQUENTLY TO PROFIT OR LOSS	570,426	(71,863)
Earnings from cash flow hedging instruments, net	(54,147)	12,011
Deferred taxes from cash flow hedges	9,578	9,305
Exchange difference when translating foreign operations	506,825	(25,164)
Deferred tax when translating foreign operations	1,770	(1,029)
Share in associates and joint ventures, net	106,400	(66,986)
OTHER COMPREHENSIVE INCOME, AFTER TAX	508,558	10,117
TOTAL COMPREHENSIVE INCOME	662,503	1,266,254
Attributable to:		
CONTROLLING INTERESTS	150,807	688,668
Non-controlling interests	511,696	577,586

The accompanying notes are an integral part of the consolidated financial statements



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Grupo Argos S.A. and subsidiaries

Consolidated Statement of Changes in Equity

Years ending on December 31 | In millions of Colombian pesos

	Capital and share issue premium	Legal reserve	Other reserves	Other comprehensive income	Retained earnings and income for the period	Other equity components	Attributable to owners of the controlling company	Non-controlling interests	Total Equity
PRESENTED BALANCE AS AT DECEMBER 31, 2018	1,408,692	29,665	2,971,850	2,375,778	9,818,556	(178,650)	16,425,891	9,146,846	25,572,737
Cumulative effect of the adoption of new standards (Note 3.1.2)	-	-	-	-	5,595	-	-	5,928	11,523
Adjusted balance as at January 1, 2019	1,408,692	29,665	2,971,850	2,375,778	9,824,151	(178,650)	16,431,486	9,152,774	25,584,260
Income for the period	-	-	-	-	689,565	-	689,565	566,572	1,256,137
Other comprehensive income for the period, after tax	-	-	-	(897)	-	-	(897)	11,014	10,117
Comprehensive income for the period	-	-	-	(897)	689,565	-	688,668	577,586	1,266,254
Issuance of capital and convertible instruments	-	-	-	-	-	-	-	164,496	164,496
Ordinary cash dividends declared	-	-	-	-	(225,890)	-	(225,890)	(520,243)	(746,133)
Preferred cash dividends declared	-	-	-	-	(74,140)	-	(74,140)	(24,638)	(98,778)
Appropriation of reserves	-	-	511,646	-	(511,646)	-	-	-	-
Equity method for associates and joint ventures	-	-	-	-	-	53,039	53,039	5,313	58,352
Transfer from other comprehensive income to retained earnings	-	-	-	(9,797)	9,797	-	-	-	-
Purchases and sales to non-controlling interests	-	-	-	-	-	(36,789)	(36,789)	(99,522)	(136,311)
Business combinations	-	-	-	-	-	-	-	446,220	446,220
Other variations	-	-	-	(108)	(238)	(2,742)	(3,088)	(45,015)	(48,103)
BALANCE AS AT DECEMBER 31, 2019	1,408,692	29,665	3,483,496	2,364,976	9,711,599	(165,142)	16,833,286	9,656,971	26,490,257

Grupo Argos S.A. and Subsidiaries

Consolidated Statement of Changes in Equity

Years ending on December 31 | In millions of Colombian pesos

	Capital and share issue premium	Legal reserve	Other reserves	Other comprehensive income	Retained earnings and income for the period	Attributable to owners of the controlling company	Non-controlling interests	Total Equity
PRESENTED BALANCE AS AT DECEMBER 31, 2019	1,408,692	29,665	3,483,496	2,364,976	9,711,599	16,833,286	9,656,971	26,490,257
Cumulative effect of the adoption of new standards (Note 3.1.2)	-	-	-	-	(34,569)	(34,569)	(16,553)	(51,122)
Cumulative effect of the adoption of new standards by equity method on associates and joint ventures	-	-	-	-	(647)	(647)	(14)	(661)
Adjusted balance as at January 1, 2020	1,408,692	29,665	3,483,496	2,364,976	9,676,383	16,798,070	9,640,404	26,438,474
Income for the period	-	-	-	-	(100,013)	-	253,958	153,945
Other comprehensive income for the period, after tax	-	-	-	250,820	-	250,820	257,738	508,558
Comprehensive income for the period	-	-	-	250,820	(100,013)	-	511,696	662,503
Issuance of capital and convertible instruments	-	-	-	-	-	-	24,351	24,351
Ordinary cash dividends declared	-	-	-	-	(242,670)	(242,670)	(524,849)	(767,519)
Preferred cash dividends declared	-	-	-	-	(79,647)	(79,647)	(24,416)	(104,063)
Appropriation of reserves	-	-	160,422	-	(160,422)	-	(3)	(3)
Equity method for associates and joint ventures	-	-	-	-	-	20,511	2,047	22,558
Transfer from other comprehensive income to retained earnings	-	-	-	(24,500)	24,500	-	-	-
Purchases and sales to non-controlling interests	-	-	-	-	-	3,981	(23,870)	(19,889)
Business combinations	-	-	-	-	-	-	-	-
Other variations	-	-	-	-	318	(2,811)	(23,750)	(26,561)
BALANCE AS AT DECEMBER 31, 2020	1,408,692	29,665	3,643,918	2,591,296	9,118,449	16,648,241	9,581,610	26,229,851

The accompanying notes are an integral part of the consolidated financial statements.



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CEO | Legal representative
(See attached certificate)



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Grupo Argos S.A. and subsidiaries

Consolidated Statement of Cash Flows

Years ending on December 31 | In millions of Colombian pesos

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Net profit	153,945	1,256,137
Adjustments for:		
Income from dividends and shares	(38,698)	(49,033)
Income tax expenses recognized through profit or loss	252,097	607,295
Share in results of associates and joint ventures	(30,360)	(488,763)
Financial expenses recognized in the statement of income for the period, net	866,004	977,001
Expenses recognized for employee benefits and provisions	282,127	93,241
Loss (gain) on disposal of non-current assets	19,431	(723,013)
Profit from fair value measurements	(1,222)	(105,887)
Profit from bargain purchase, net	-	(40,411)
Impairment of financial assets, net	45,195	38,539
Impairment of non-current assets and inventory, net	9,379	124,503
Depreciation and amortization of non-current assets	1,716,688	1,711,055
Unrealized exchange difference, recognized with financial instruments in the income statement	(11,532)	(85,510)
Other adjustments to reconcile the statement of income for the year	(22,087)	(11,953)
	3,240,967	3,303,201
CHANGES IN WORKING CAPITAL FOR:		
Trade and other accounts receivable	463,224	111,558
Inventories	79,391	1,045
Other assets	(2,414)	25,668
Trade and other accounts payable	(750,827)	(148,493)
Other liabilities	(39,252)	(53,014)
CASH GENERATED FROM OPERATIONS	2,991,089	3,239,965
Income tax paid	(341,469)	(483,962)
Received dividends and shares	167,600	561,408
CASH FLOW GENERATION FROM OPERATIONS, NET	2,817,220	3,317,411
CASH FLOWS FROM INVESTMENT ACTIVITIES		
Financial interest received	70.819	60.218
Acquisition of property, plant and equipment	(1.288.396)	(1.370.868)
Proceeds from the sale of property, plant and equipment	106.093	805.395
Acquisition of investment properties	(2.213)	(15.739)
Proceeds from the sale of investment properties	12.789	60.821
Acquisition of intangible assets	(52.388)	(114.603)
Proceeds from the sale of intangible assets	820	214
Acquisition of other non-current assets	(5.157)	(50)
Proceeds from the sale of other non-current assets	6.985	8.044
Acquisition of control over subsidiaries and other businesses	(30.000)	(1.706.883)
Sale of businesses with loss of control	11.500	1.233.221
Acquisition of and/or contribution to shares in associates and joint ventures	(100.933)	(289.143)
Proceeds from the sale of shares in associates and joint ventures	36.575	142.005
Acquisition of financial assets	(225.961)	(335.624)
Proceeds from the sale of financial assets	454.440	278.490
Loans granted to third parties	(12.950)	(85.355)
Proceeds from reimbursement of loans granted to third parties	12.876	-
Payments made to financial derivative contracts	(25.842)	-
Other cash inflows / outflows	(347)	5.857
CASH FLOW USED IN INVESTMENT ACTIVITIES, NET	(1.031.290)	(1.324.000)

Grupo Argos S.A. and subsidiaries


Consolidated Statement of Cash Flows

Years ending December 31 | In millions of Colombian pesos

	2020	2019
CASH FLOWS FROM FINANCING ACTIVITIES		
Issue of shares and other capital instruments from subsidiaries	24,351	118,910
Issue of bonds and structured notes	737,361	2,964,277
Payment of bonds, structured notes and commercial papers	(777,344)	(663,168)
Acquisition of other financing instruments	4,590,425	5,131,832
Payment of other financing instruments	(4,140,438)	(7,479,846)
Payment of lease liabilities	(160,873)	(200,467)
Acquisition of non-controlling interests in subsidiaries	(15,446)	(136,231)
Proceeds from the sale of shares in subsidiaries' property that do not result in loss of control	39,813	-
Return on subordinated debt	-	(82,875)
Payments for financial derivative arrangements	(127,807)	(25,327)
Proceedings from financial derivative arrangements	105,497	51,663
Dividends paid from common shares	(689,756)	(686,029)
Dividends paid from preferred shares	(125,114)	(122,008)
Interest paid	(1,056,163)	(1,116,773)
Other cash inflows/outflows	9,226	39,463
CASH FLOW USED IN FINANCING ACTIVITIES, NET	(1,586,268)	(2,206,579)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS, NET	199,662	(213,168)
Cash and cash equivalents at the beginning of the period	2,474,008	2,647,532
Effect of exchange rate changes on cash and cash equivalents held in foreign currency	39,688	39,644
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD (NOTE 6)	2,713,358	2,474,008
Less cash and bank included in a group of assets held for distribution to shareholders	12,262	-
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD NOT INCLUDING CASH AND BANKS INCLUDED IN A GROUP OF ASSETS HELD FOR DISTRIBUTION TO SHAREHOLDERS (NOTE 6)	2,701,096	2,474,008

The accompanying notes are an integral part of the consolidated financial statements.


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(See report from February 24, 2021)

Certification by the Company's Legal Representative

Medellin, February 24, 2021

To the Shareholders of Grupo Argos S.A.

In my capacity as Legal Representative, I hereby certify that the consolidated financial statements as of the closing date of 31 December 2020 that are being disclosed do not contain defects, inaccuracies or material errors that would prevent knowing the true financial position or the transactions performed by Grupo Argos S.A. during the corresponding period.


Jorge Mario Velásquez Jaramillo
CEO | Legal representative
(See attached certificate)

Certification by the Company's Legal Representative and Accountant


Medellin, February 24, 2021

To the Shareholders of Grupo Argos S.A.

The undersigned Legal Representative and Accountant of Grupo Argos S.A. (hereinafter the Company) do hereby attest that before making the Company's Consolidated Financial Statements as at December 31, 2020 and 2019, available to you and third parties, we have certified the following statements contained therein:

- a) All assets and liabilities included in the Company's financial statements as at December 31, 2020 and 2019, exist, and all transactions included therein were made during the years ending on those dates.
- b) The economic events undertaken by the Company during the years ending on December 31, 2020 and 2019 have been recognized in the financial statements
- c) The assets represent probable future economic benefits (rights) and the liabilities represent future economic sacrifices (obligations) obtained by the Company or for which it is responsible as at December 31, 2020 and 2019.
- d) All elements have been recognized at their appropriate values according to the Generally Accepted Accounting and Financial Reporting Standards in Colombia.
- e) All the economic events that affect the Company have been properly classified, described, and disclosed in the financial statements.


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(FREE TRANSLATION OF THE REPORT ISSUED IN SPANISH)
STATUTORY AUDITOR’S REPORT

To the Shareholders
Grupo Argos S.A.:

Opinion

I have audited the consolidated financial statements of Grupo Argos S.A. and Subsidiaries (the Group), which comprise the consolidated statement of financial position at December 31, 2020 and the consolidated statements of income and other comprehensive income, changes in equity and cash flows for the year then ended and their respective notes that include the summary of significant accounting policies and other explanatory notes.

In my opinion, the above mentioned consolidated financial statements, attached to this report, present fairly, in all material aspects, the consolidated financial position of the Group at December 31, 2020, the consolidated results of its operations, and its consolidated cash flows for the year then ended, in conformity with Accounting and Financial Reporting Standards accepted in Colombia, applied on a consistent basis with previous year.

Basis for opinion

I conducted my audit in accordance with International Standards on Auditing (ISAs) accepted in Colombia. My responsibilities under those standards are further described in the “Statutory Auditor’ Responsibilities for the Audit of the Consolidated Financial Statements” section of my report. I am independent of the Group in accordance with the Code of Ethics for Accounting Professionals issued by the International Ethics Standards Board for Accountants (IESBA Code), included in the Information Assurance Standards accepted in Colombia together with the ethical requirements established in Colombia that are relevant to my audit of the consolidated financial statements and I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA Code mentioned. I believe that the audit evidence I have obtained is enough and appropriate to provide a basis for my opinion.

Key audit matters

Key audit matters are those matters that, in my professional judgment, were of most significance in my audit of the consolidated financial statements of the current period. These matters were addressed in the context of my audit of the consolidated financial statements, considered as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.



Assessment of Goodwill impairment (See note 14 to the consolidated financial statements)	
The key audit matter	How our audit addressed this matter
<p>The Group's consolidated statement of financial position includes goodwill for \$3,139,063 million, derived from acquisitions made in previous years, on which an annual impairment assessment is required in accordance with IAS 36 - Impairment of Assets.</p> <p>The foregoing represents a key audit matter due to the materiality of the goodwill balance, and because it involves the determination of complex and subjective judgments made by the Group regarding long-term sales growth, operating costs and margins. projected in the different countries where the Group operates, as well as in the determination of the rates used to discount future cash flows.</p>	<p>My audit procedures for assessing the Goodwill impairment included, among others, the following:</p> <ul style="list-style-type: none">• Involvement of professionals with relevant knowledge and experience in the industry who assisted me in: 1) evaluating the key assumptions used in the impairment tests carried out by the Group, including input data; 2) carry out independent recalculations supported with information obtained from external sources on the discount rates and the macroeconomic variables used; 3) compare the result of the calculations obtained with those made by the Group; and 4) perform a sensitivity analysis including a possible reasonable reduction in key variables.• Comparison of budget for the previous year with the real data, to verify the degree of compliance and, consequently, the accuracy of the projections made by the Group's management.• Assessment of whether the disclosures included in the notes to the financial statements are appropriate in accordance with IAS 36.



Assessment of the valuation of the service concession agreements (See notes 8, 15 and 44 to the consolidated financial statements)	
The key audit matter	How our audit addressed this matter
<p>The Group has signed concession agreements for the construction, operation and transfer of infrastructures, which are within the scope of IFRIC 12 - Service Concession Agreements. The remuneration of these agreements depends on the terms and conditions of each contract; some incorporate certain mechanisms that grant the Group the unconditional right to receive a guaranteed minimum income (financial asset), while other agreements create exposure of the investment in the underlying assets to the traffic risk of the operation (intangible asset). As of December 31, 2020, the Group's consolidated statement of financial position includes financial assets for \$2,390,160 million, and intangible assets for \$3,552,374 million, derived from the concession contracts signed, mainly from its subsidiaries Odinsa S.A. and Opain S.A.</p> <p>The foregoing represents a key audit matter due to the materiality of the balances related to said agreements, and because their valuation requires significant judgments by the Group in determining the discount rates and selecting the key input data such as the projections of capital investments and operating expenses, incorporated in the financial models used as the basis for the valuation of the amounts derived from each concession contract.</p>	<p>My audit procedures for assessing the valuation of the service concession agreements included the involvement of professionals with relevant knowledge and experience in the industry who assisted me in: 1) analyzing the methodology used in the valuation of assets derived from the concession contracts, and if it is consistent with IFRIC 12 and with the valuation practices usually used in the market; 2) the identification of the key hypotheses included in the financial models and the evaluation of the economic merits of each relevant hypothesis; 3) comparison of key assumptions with market data, if available; and 4) the recalculation of the financial asset / intangible asset, as well as the discount rates used and comparison of the results with those obtained by the Group.</p>



Assessment of the recoverability of assets related to airport concession agreements (See note 15 to the consolidated financial statements)	
The key audit matter	How our audit addressed this matter
<p>The Group’s consolidated statement of financial position as of December 31, 2020 includes in the captions Intangibles, net, and Investments in associates and joint ventures, assets related to airport concession agreements for a value of \$1,868,195 million and \$524,244 million, respectively, whose values represent 5% of the Group's total consolidated assets.</p> <p>I identified the assessment of the recoverability of assets related to airport concession agreements as a key audit matter, because it involves a significant judgment in the evaluation of the key hypotheses associated with the most relevant input data of the future cash flow estimate and the discount rate used to determine the recoverable value of said assets.</p>	<p>My audit procedures for assessing the recoverability of assets related to airport concession agreements included, among others, the following:</p> <ul style="list-style-type: none">• Identification of events, facts and / or circumstances that indicate the existence of impairment objective evidence.• For the value recognized as Investments in associates and joint ventures, I evaluated the work performed by the investee's audit team, in relation to the procedures performed in the impairment test of the intangible asset associated with the concession agreement.• Professionals with relevant knowledge and experience in the industry assisted me in: (1) evaluating the key assumptions used in the impairment tests carried out by the Group on intangible assets, including input data and sensitivity to changes in key assumptions; (2) carry out independent recalculations supported by information obtained from external sources on the discount rate and the macroeconomic variables used; and (3) compare the results of the calculations obtained as of December 31, 2020, with those made by the Group.



Assessment of the valuation of investment properties in accordance with the provisions of IAS 40 - Investment Properties (See note 17 to the consolidated financial statements)	
The key audit matter	How our audit addressed this matter
<p>The Company’s consolidated statement of financial position as of December 31, 2020 includes a significant amount of investment properties for \$2,280,815 million, mainly represented in land measured at fair value with changes in income.</p> <p>The Group hires qualified external experts to periodically determine the fair value of its investment properties, who use significant judgments in determining key valuation hypotheses such as: the use of comparable in the market, the estimation of future cash flows, the discount rates applied and the expected growth of the market.</p> <p>The main reasons for considering this a key audit matter are: (1) there was significant judgment by the Group to determine the key hypothesis for the valuation of the investment properties; and (2) there was significant judgment and an audit effort to evaluate the evidence obtained related to the appraisals performed, as well as the audit effort that involves the use of professionals with specialized knowledge and skills in property valuation.</p>	<p>My audit procedures for assessing the valuation of investment properties in accordance with the provisions of IAS 40 included, among others, the following:</p> <ul style="list-style-type: none">• Evaluation of design, implementation and operational effectiveness of the key control established by the Group to determine and recognize in accounting the investment properties fair value, specifically in the review and approval by the Real Estate Strategy Direction of the appraisals carried out by external professionals with specialized knowledge in real estate valuation hired by the Group.• Evaluation of the competence and capacity of the external professionals hired by the Group, who determined the investment properties fair value.• Involvement of a professional with relevant knowledge and experience in real estate valuation, who assisted me in evaluating the key hypothesis used by external professionals hired by the Group to determine the investment properties fair value, and if the procedures and techniques applied are in accordance with IFRS 13 - Fair Value Measurement, and with International Valuation Standards.



Other matters

The consolidated financial statements at and for the year ending December 31, 2019 are submitted only for comparison purposes, were audited by me and in my report dated February 26, 2020 I expressed an unqualified opinion thereon”.

Other information

The responsibility for the other information rests with Management. The other information comprises the information included in the Integrated Report but does not include the consolidated financial statements or my corresponding audit report.

My opinion on the consolidated financial statements does not cover the other information and I do not express any assurance conclusion on it.

Regarding my audit of the consolidated financial statements, my responsibility is to read the other information and, in doing so, consider whether there is a material inconsistency between that information and the consolidated financial statements or my knowledge obtained in the audit, or whether in any way , it appears that there is a material misstatement.

If, based on the work that I have done, I conclude that there is a material misstatement in this other information, it is mandatory for me to report this fact. I have nothing to report in this regard.

Responsibilities of Management and those in charge with the Group’s governance for the consolidated financial statements

Management is responsible for the fair preparation and presentation of these consolidated financial statements in accordance with Accounting and Financial Reporting Standards accepted in Colombia. This responsibility includes: designing, implementing and maintaining the internal control relevant that management considers necessary for the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

In preparing the consolidated financial statements, management is responsible for assessing the Group’s ability to continue as a going concern, disclosing, as applicable, matters related to the continuity of the Group and using the going concern accounting basis unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those in charge with corporate government are responsible for overseeing the Group’s financial reporting process.

Statutory Auditor’s responsibilities for the audit of the consolidated financial statements

My objectives are to obtain reasonable assurance about whether the consolidated financial statements, considered as a whole, are free from material misstatement, whether due to fraud or error, and to issue an audit report that include my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement, when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the users’ economic decisions taken based on these consolidated financial

As part of an audit conducted in accordance with ISAs, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is enough and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant for the audit in order to design audit procedures that are appropriate in the circumstances.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriate use of the going concern hypothesis by management and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group’s ability to continue as a going concern. If I would conclude that a material uncertainty exists, I am required to draw attention in my statutory auditor’s report to the related disclosure in the consolidated financial statements or, if such disclosure is inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my report. However, future events or conditions may cause the Group ceases to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain enough and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible by the direction, supervision and performance of the Group audit. I remain solely responsible for my audit opinion.

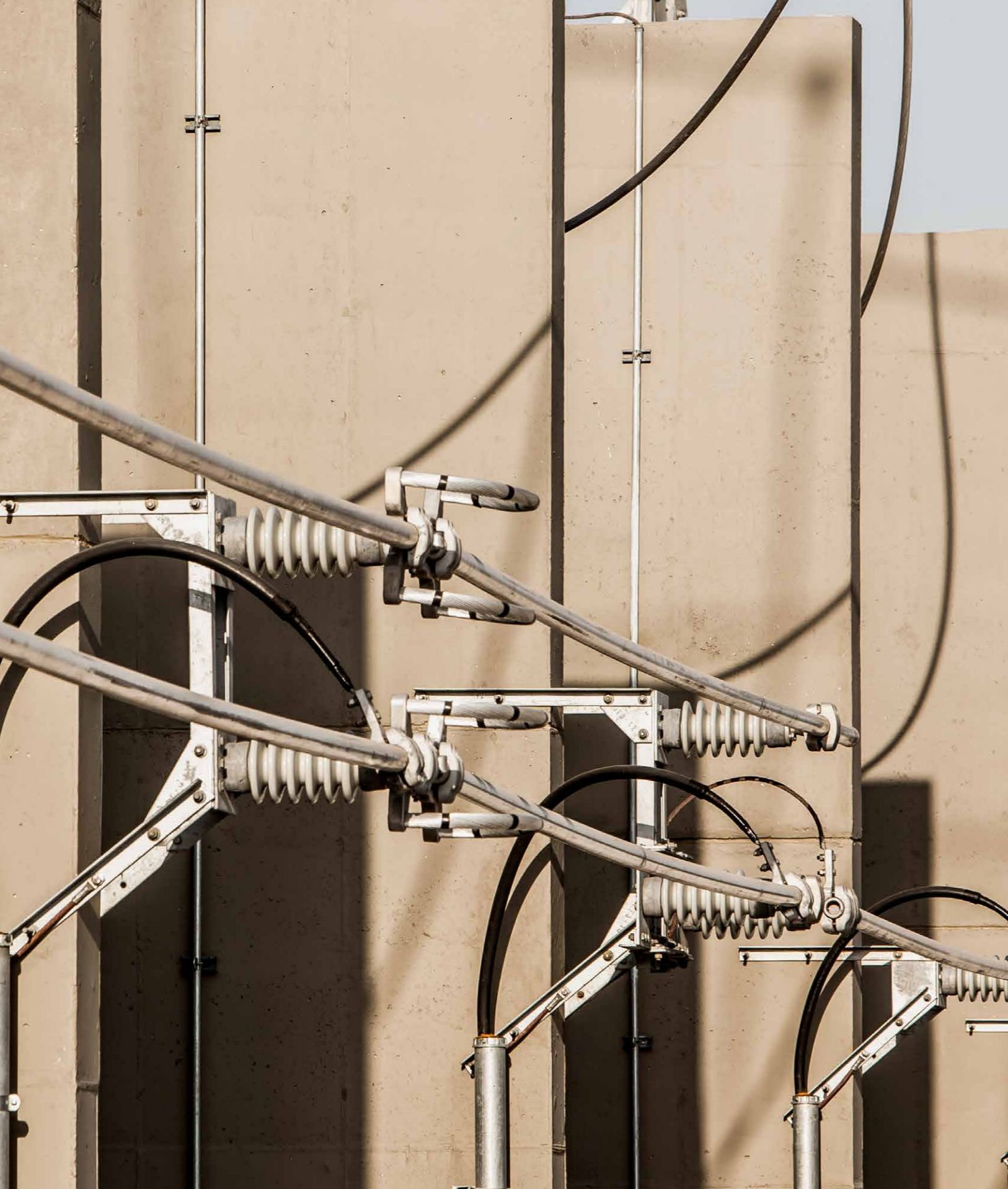
I communicate to those in charge with the Group’s government, among other matters, regarding the planned scope and timing for the audit, as well as significant audit findings, including any significant deficiency in internal control that I identify during my audit.

I also provide those in charge with corporate government with a statement that I have complied with relevant ethical requirements regarding independence and communicate them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

From the matters communicated with those in charge with corporate government, I determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and therefore they are the key audit matters. I describe these matters in my statutory auditor’s report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

February 24, 2021

(Original version issued in Spanish and signed by)
Johana Novoa Cucunubá
Statutory Auditor of Grupo Argos S.A.
Registration 166943 - T
Member of KPMG S.A.S.



05

SEPARATE FINANCIAL STATEMENTS

Grupo Argos S.A.

Separate Statement of Financial Position

As of December 31 | In millions of Colombian pesos

	Notes	2020	2019
ASSETS			
Current assets			
Cash and cash equivalents	6	24,148	1,729
Trade and other accounts receivable, net	8	302,429	223,804
Inventories, net	9	248,887	169,602
Tax assets	10	27,787	30,237
Prepaid expenses and other non-financial assets	12	5,026	1,189
CURRENT ASSETS		608,277	426,561
Non-current assets held for sale	18	-	24,478
TOTAL CURRENT ASSETS		608,277	451,039
Non-current assets			
Trade and other accounts receivable, net	8	32,062	96,511
Inventories, net	9	-	37,204
Right-to-use assets (property, plant and equipment), net	20	8,777	12,817
Intangible assets, net	13	91,296	107,005
Property, plant and equipment, net	14	856	1,452
Investment properties	15	2,108,885	2,108,346
Investments in associates and joint ventures	16	5,278,733	5,248,263
Investments in subsidiaries	17	8,549,998	8,925,402
Other financial assets	11	1,105,896	1,167,807
Prepaid expenses and other non-financial assets	12	6,694	4,666
TOTAL NON-CURRENT ASSETS		17,183,197	17,709,473
TOTAL ASSETS		17,791,474	18,160,512

Grupo Argos S.A.

Separate Statement of Financial Position

As of December 31 | In millions of Colombian peso

	Notes	2020	2019
LIABILITIES			
Current liabilities			
Borrowings	19	237	4,252
Lease liabilities	20	1,720	2,036
Employee benefit liabilities	21	13,522	12,404
Provisions	22	253	322
Trade and other accounts payable	23	94,586	93,764
Tax liabilities	10	7,453	1,974
Derivative financial instruments	7	-	42
Bonds and compound financial instruments	24	535	8,274
Other non-financial liabilities	25	57,883	53,332
TOTAL CURRENT LIABILITIES		176,189	176,400
Non-current liabilities			
Borrowings	19	479,768	497,757
Lease liabilities	20	6,763	10,264
Deferred tax	10	207,369	195,402
Employee benefits liabilities	21	2,760	2,785
Bonds and compound financial instruments	24	1,125,849	1,105,207
TOTAL NON-CURRENT LIABILITIES		1,822,509	1,811,415
TOTAL LIABILITIES		1,998,698	1,987,815
Equity			
Share capital	26	53,933	53,933
Share issue premium	26	1,354,759	1,354,759
Retained earnings		8,675,833	8,701,448
Reserves	27	3,673,583	3,513,161
(Loss) income for the year		(59,123)	482,739
Other equity components	28	301,186	301,188
Other comprehensive income	27	1,792,605	1,765,469
TOTAL EQUITY		15,792,776	16,172,697
TOTAL LIABILITIES AND EQUITY		17,791,474	18,160,512

The accompanying notes are an integral part of the financial statements.



Jorge Mario Velásquez Jaramillo
CEO | Legal Representative
(See attached certificate)



Claudia Patricia Álvarez Agudelo
Accountant | Professional License No. 69447-T
(See attached certificate)

Original version issued in Spanish and signed by Johana Novoa Cucunubá

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Member of KPMG S.A.S.
(See report from February 24, 2021)

Grupo Argos S.A.

Separate Statement of Comprehensive Income


Years ending on December 31 | In millions of Colombian pesos

	Notes	2020	2019
Revenue from financial activities	30	148,087	222,023
Real estate business revenue	30	142,144	189,685
Equity method in subsidiary income, net	30	(33,924)	433,901
REVENUE FROM ORDINARY ACTIVITIES	30	256,307	845,609
Cost of ordinary activities	31	(55,103)	(99,480)
GROSS PROFIT		201,204	746,129
Administration expenses	32	(127,478)	(141,761)
Sales expenses	33	(1,144)	(1,234)
STRUCTURAL EXPENSES		(128,622)	(142,995)
Other expenses, net	35	(7,877)	(4,481)
PROFIT FROM OPERATIONAL ACTIVITIES		64,705	598,653
Financial expenses, net	36	(102,770)	(102,653)
(LOSS) PROFIT BEFORE TAX		(38,065)	496,000
Income tax	10	(21,058)	(13,261)
NET PROFIT (LOSS)		(59,123)	482,739
(LOSS) EARNINGS PER SHARE FROM ONGOING OPERATIONS (*)			
Attributable to shareholders			
Basic	37	(69)	563
Diluted	37	(69)	563

(*) Figures expressed in Colombian pesos.
The accompanying notes are an integral part of the financial statements.



Jorge Mario Velásquez Jaramillo
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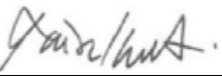
Grupo Argos S.A.

Separate Statement of Other Comprehensive Income


Years ending on December 31 | In millions of Colombian pesos

	Notes	2020	2019
NET PROFIT (LOSS)		(59,123)	482,739
ENTRIES THAT WILL NOT BE RECLASSIFIED AFTER PRESENTING THE STATEMENT OF INCOME FOR THE PERIOD	27.2	(181,465)	98,637
Gains (losses) from equity investments		(58,091)	85,877
Deferred taxes for equity investments		(7)	-
New measurements of employee defined benefit liabilities		882	(5,809)
Deferred taxes for employee defined benefits		-	876
Share in other comprehensive income of subsidiaries, net		(124,249)	17,693
ENTRIES THAT WILL BE RECLASSIFIED AFTER PRESENTING THE STATEMENT OF INCOME FOR THE PERIOD	27.2	218,063	(16,719)
Effect of cash flow hedging instruments		46	(235)
Deferred tax from cash flow hedging instruments		(13)	60
Share in other comprehensive income of subsidiaries, net		218,030	(16,544)
OTHER COMPREHENSIVE INCOME, AFTER TAX	27.2	36,598	81,918
TOTAL COMPREHENSIVE INCOME		(22,525)	564,657

The accompanying notes are an integral part of the financial statements.



Jorge Mario Velásquez Jaramillo
CEO | Legal Representative
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(See report from February 24, 2021)

Grupo Argos S.A.

Separate Statement of Changes in Equity

Years ending on December 31
In millions of Colombian pesos

	Notes	Capital and share issue premium	Legal reserve	Other reserves	Other comprehensive income	Accumulated Results	Income for the year	Other equity components	Total equity
PRESENTED BALANCE AS AT DECEMBER 31, 2018		1,408,692	29,665	2,971,850	1,692,654	9,498,107	-	374,968	15,975,936
Cumulative effect of the adoption of new standards recognized through the equity method	3.1.1	-	-	-	-	5,595	-	-	5,595
Adjusted balance as at January 1, 2019	26 to 28	1,408,692	29,665	2,971,850	1,692,654	9,503,702	-	374,968	15,981,531
Income for the period		-	-	-	-	482,739	-	-	482,739
Other comprehensive income for the period, after tax		-	-	-	81,918	-	-	-	81,918
Comprehensive income for the 2019 period		-	-	-	81,918	-	482,739	-	564,657
Ordinary cash dividends declared		-	-	-	-	(225,890)	-	-	(225,890)
Preferred cash dividends declared		-	-	-	-	(74,140)	-	-	(74,140)
Apropiación de reservas		-	-	511,646	-	(511,646)	-	-	-
Appropriation of reserves		-	-	-	(9,103)	9,103	-	-	-
Other variations		-	-	-	-	319	-	(73,780)	(73,461)
BALANCE AS AT DECEMBER 31, 2019	26 TO 28	1,408,692	29,665	3,483,496	1,765,469	8,701,448	482,739	301,188	16,172,697
PRESENTED BALANCE AS AT DECEMBER 31, 2019	26 TO 28	1,408,692	29,665	3,483,496	1,765,469	9,184,187	-	301,188	16,172,697
Cumulative effect of the adoption of new standards recognized through the equity method	3.1.2	-	-	-	-	(35,077)	-	-	(35,077)
ADJUSTED BALANCE AS AT JANUARY 1, 2020	26 TO 28	1,408,692	29,665	3,483,496	1,765,469	9,149,110	-	301,188	16,137,620
Income for the period		-	-	-	-	-	(59,123)	-	(59,123)
Other comprehensive income for the period, after tax		-	-	-	36,598	-	-	-	36,598
Comprehensive income for the 2020 period		-	-	-	36,598	-	(59,123)	-	(22,525)
Ordinary cash dividends declared		-	-	-	-	(242,670)	-	-	(242,670)
Preferred cash dividends declared		-	-	-	-	(79,647)	-	-	(79,647)
Creation of reserves		-	-	166,922	-	(166,922)	-	-	-
Release of reserves		-	-	(6,500)	-	6,500	-	-	-
Transfers to accumulated earnings		-	-	-	(9,462)	9,462	-	-	-
Other variations		-	-	-	-	-	-	(2)	(2)
BALANCE AS AT DECEMBER 31, 2020	26 TO 28	1,408,692	29,665	3,643,918	1,792,605	8,675,833	(59,123)	301,186	15,792,776

The accompanying notes are an integral part of the financial statements.

Jorge Mario Velásquez Jaramillo

Jorge Mario Velásquez Jaramillo
CEO | Registered Agent
(See attached certificate)

Claudia Patricia Álvarez Agudelo

Claudia Patricia Álvarez Agudelo
Contadora | Professional License No. 69447-T
(See attached certificate)

Original version issued in Spanish and signed by Johana Novoa Cucunubá

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(See report from February 24, 2021)

Grupo Argos S.A.

Separate Statement of Cash Flow

Years ending on December 31 | In millions of Colombian pesos

	2020	2019
CASH FLOW FROM OPERATING ACTIVITIES		
Net profit (loss)	(59,123)	482,739
Adjustments for:		
Income from dividends and shares	(122,786)	(142,147)
Income tax expenses recognized in the statement of income for the period	21,058	13,261
Equity method in the subsidiaries' statement of income	33,924	(433,902)
Financial expenses recognized in the statement of income for the period, net	92,486	99,782
Loss (profit) recognized for employee benefits and provisions	150	(373)
Profit from the sale of non-current assets	(12,561)	(68,857)
Profit from fair value measurements	(66,646)	(59,507)
Depreciation and amortization of non-current assets	18,378	16,390
(Recovery) impairment of financial assets, net	(52)	939
Impairment of non-current assets and inventory, net	1,165	293
Unrealized exchange difference, recognized with financial instruments in statement of income	64	(42)
Other adjustments	(5,065)	(1,001)
	(99,008)	(92,425)
Changes in working capital for:		
Trade and other accounts receivable	(5,120)	(106,460)
Inventories	11,783	48,011
Other assets	(7,346)	361
Trade and other accounts payable	(9,491)	(5,943)
Other liabilities	3,974	8,030
Cash used for operations	(105,208)	(148,426)
Dividends received	407,091	511,473
Income tax, reimbursed (paid)	29,695	(17,029)
CASH FLOW GENERATION FROM OPERATING ACTIVITIES, NET	331,578	346,018

Grupo Argos S.A.

Separate Statement of Cash Flow

Years ending on December 31 | In millions of Colombian pesos

	2020	2019
CASH FLOWS FROM INVESTMENT ACTIVITIES		
Financial interest received	13,036	9,052
Acquisition of property, plant and equipment	(301)	(95)
From the sale of plant and equipment	40	-
Acquisition of investment properties	(2,136)	(15,739)
From the sale of investment properties	10,723	54,002
Acquisition of shares in subsidiaries	(4,582)	(2,019)
From the sale of shares in subsidiaries	3,712	134,687
Acquisition of shares in associates and joint ventures	-	(176,717)
From the sale of shares in associates and joint ventures	36,422	399
Acquisition of financial assets	(793)	(7,912)
From the sale of financial assets	6,262	-
Payments made to financial derivative contracts	(10,882)	-
Return on subordinated debt	-	71,062
Loans to third parties (when resources are loaned)	(1,490)	-
Refund of contributions	188	4,395
CASH FLOW GENERATED BY INVESTMENT ACTIVITIES, NET	50,199	71,115
CASH FLOWS FROM FINANCING ACTIVITIES		
Bond issuance	7,979	450,000
Payment of bonds and commercial papers	(433)	(115,850)
Increase of other financing instruments	203,703	434,300
Payment of other financing instruments	(150,462)	(790,342)
Payment of lease liabilities	(1,860)	(1,808)
Collections from financial derivatives with financial liability hedging	-	2,538
Payment of financial derivatives with financial liability hedging	(227)	-
Dividends paid from common shares	(238,694)	(222,756)
Dividends paid from preferred shares	(77,424)	(72,115)
Interest paid	(101,877)	(104,203)
Other cash revenue	135	-
CASH FLOW USED IN FINANCING ACTIVITIES, NET	(359,160)	(420,236)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS, NET	22,617	(3,103)
Cash and cash equivalents at the beginning of the period	1,729	4,850
Effect of varying exchange rate on cash and cash equivalents held in foreign currency	(198)	(18)
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	24,148	1,729

The accompanying notes are an integral part of the financial statements.


Jorge Mario Velásquez Jaramillo
CEO | Legal Representative
(See attached certificate)


Claudia Patricia Álvarez Agudelo
Accountant | Professional License No. 69447-T
(See attached certificate)

Original version issued in Spanish and signed
by Johana Novoa Cucunubá

Johana Novoa Cucunubá
Statutory Auditor
Professional License No. 166943-T
Member of KPMG S.A.S.
(See report from February 24, 2021)

Certification by the Company's Registered Agent

Medellin, February 24, 2021

To the Shareholders of Grupo Argos S.A.

In my capacity as Registered Agent, I certify that the Separate Financial Statements as at December 31, 2020, and that have been made public, contain no flaws, inaccuracies or material misstatements that could prevent the true financial position of or transactions performed by Grupo Argos S.A. during the corresponding period from being known.


Jorge Mario Velásquez Jaramillo
CEO | Legal Representative
(See attached certificate)

Certification by the Company's Registered Agent and Accountant

Medellin, February 24, 2021

To the Shareholders of Grupo Argos S.A.

The undersigned Registered Agent and Accountant of Grupo Argos S.A. (hereinafter the Company) do hereby attest that before making the Company's Separate Financial Statements as at December 31, 2020 and 2019, available to you and third parties, we have certified the following statements contained therein:

- a) All assets and liabilities included in the Company's financial statements as at December 31, 2020 and 2019, exist, and all transactions included therein were made during the years ending on those dates.
- b) The economic actions undertaken by the Company during the years ending on December 31, 2020 and 2019 have been acknowledged in the financial statements
- c) The assets represent probable future economic benefits (rights) and the liabilities represent future economic sacrifices (obligations) obtained by the Company or for which it is responsible as at December 31, 2020 and 2019.
- d) All elements have been recognized at their appropriate values according to the Generally Accepted Accounting and Financial Reporting Standards in Colombia.
- e) All the economic actions that affect the Company have been properly classified, described, and disclosed in the financial statements.


Jorge Mario Velásquez Jaramillo
CEO | Legal Representative
(See attached certificate)


Claudia Patricia Álvarez Agudelo
Accountant | Professional License No. 69447-T
(See attached certificate)



Gabriel García Marquez School
Valle del Cauca, Colombia



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(FREE TRANSLATION OF THE REPORT ISSUED IN SPANISH)
STATUTORY AUDITOR’S REPORT

To the Shareholders
Grupo Argos S.A.:

Report on the financial statements audit

Opinion

I have audited the separate financial statements of Grupo Argos S.A. (the Company), which comprise the separate statement of financial position at December 31, 2020 and the separate statements of income and comprehensive income, changes in equity and cash flows for the year then ended and their respective notes that include the summary of significant accounting policies and other explanatory notes.

In my opinion, the above mentioned separate financial statements, prepared according to information faithfully taken from books and attached to this report, present fairly, in all material aspects, the separate financial position of the Company at December 31, 2020, the separate results of its operations, and its separate cash flows for the year then ended, in conformity with Accounting and Financial Reporting Standards accepted in Colombia, applied on a consistent basis with previous year.

Basis for opinion

I conducted my audit in accordance with International Standards on Auditing (ISAs) accepted in Colombia. My responsibilities under those standards are further described in the “Statutory Auditor’ Responsibilities for the Audit of the Separate Financial Statements” section of my report. I am independent of the Company in accordance with the Code of Ethics for Accounting Professionals issued by the International Ethics Standards Board for Accountants (IESBA Code), included in the Information Assurance Standards accepted in Colombia together with the ethical requirements established in Colombia that are relevant to my audit of the separate financial statements and I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA Code mentioned. I believe that the audit evidence I have obtained is enough and appropriate to provide a basis for my opinion.

Key audit matters

Key audit matters are those matters that, in my professional judgment, were of most significance in my audit of the separate financial statements of the current period. These matters were addressed in the context of my audit of the separate financial statements, considered as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.



Assessment of the recoverability of investments in subsidiaries and a significant associate (See notes 16 and 17 to the separate financial statements)	
The key audit matter	How our audit addressed this matter
<p>The Company’s separate statement of financial position as of December 31, 2020 includes investments in subsidiaries and a significant associate for \$ 12,918,111 million, which represent 73% of the Company's total assets.</p> <p>I have identified the assessment of the recoverability of these investments as a key audit matter, because it involves a significant judgment in identifying indicators of impairment for these investments. Additionally, due to the materiality of the balance, it is considered one of the areas of highest attention in the audit.</p>	<p>My audit procedures to assess the recoverability of investments in subsidiaries and a significant associate included, among others, the following:</p> <ul style="list-style-type: none">• Identification of events, facts and / or circumstances that reveal the existence of objective evidence of impairment of the investments value, based on the impairment tests of the different cash-generating units in the context of the audit of the statements consolidated financial statements.• Evaluation of the work carried out by the audit team of the significant subsidiaries regarding the identification of objective evidence of impairment in the underlying assets of the investees.• Professionals with relevant knowledge and experience in the industry assisted me in: (1) evaluating the key assumptions used in the impairment test performed by the Company on its investment in this significant associate, including input data; (2) carry out independent recalculations supported by information obtained from external sources on the discount rate and the macroeconomic variables used; and (3) compare the results of the calculations obtained with those made by the Company.



Assessment of the valuation of investment properties in accordance with the provisions of IAS 40 - Investment Properties (See note 15 to the separate financial statements)	
The key audit matter	How our audit addressed this matter
<p>The Company’s separate statement of financial position as of December 31, 2020 includes a significant amount of investment properties for \$2,108,885 million, mainly represented in land measured at fair value with changes in income.</p> <p>The Company hires qualified external experts to periodically determine the fair value of its investment properties, who use significant judgments in determining key valuation hypotheses such as: the use of comparable in the market, the estimation of future cash flows, the discount rates applied and the expected growth of the market.</p> <p>The main reasons for considering this a key audit matter are: (1) there was significant judgment by the Company to determine the key hypothesis for the valuation of the investment properties; and (2) there was significant judgment and an audit effort to evaluate the evidence obtained related to the appraisals performed, as well as the audit effort that involves the use of professionals with specialized knowledge and skills in property valuation.</p>	<p>My audit procedures for assessing the valuation of investment properties in accordance with the provisions of IAS 40 included, among others, the following:</p> <ul style="list-style-type: none">• Evaluation of the design, implementation and operational effectiveness of the key control established by the Company to determine and recognize in accounting the investment properties fair value, specifically in the review and approval by the Real Estate Strategy Direction of the appraisals carried out by external professionals with specialized knowledge in real estate valuation hired by the Company.• Evaluation of the competence and capacity of the external professionals hired by the Company, who determined the investment properties fair value.• Involvement of a professional with relevant knowledge and experience in real estate valuation, who assisted me in evaluating the key hypothesis used by external professionals hired by the Company to determine the investment properties fair value, and if the procedures and techniques applied are in accordance with IFRS 13 - Fair Value Measurement, and with International Valuation Standards.



Other matters

The separate financial statements at and for the year ending December 31, 2019 are submitted only for comparison purposes, were audited by me and in my report dated February 26, 2020 expressed an unqualified opinion thereon”.

Other information

The responsibility for the other information rests with Management. The other information comprises the information included in the Integrated Report, but does not include the separate financial statements and my corresponding audit report, nor the management report on which I pronounce in the section on Other legal and regulatory requirements, in accordance with established in article 38 of Law 222 of 1995.

My opinion on the separate financial statements does not cover the other information and I do not express any assurance conclusion on it.

Regarding my audit of the separate financial statements, my responsibility is to read the other information and, in doing so, consider whether there is a material inconsistency between that information and the separate financial statements or my knowledge obtained in the audit, or whether in any way , it appears that there is a material misstatement.

If, based on the work that I have done, I conclude that there is a material misstatement in this other information, It is mandatory for me to report this fact. I have nothing to report in this regard.

Responsibilities of Management and those in charge with the Company’s governance for the separate financial statements

Management is responsible for the fair preparation and presentation of these separate financial statements in accordance with Accounting and Financial Reporting Standards accepted in Colombia. This responsibility includes: designing, implementing and maintaining the internal control relevant that management considers necessary for the preparation of separate financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

In preparing the separate financial statements, management is responsible for assessing the Company’s ability to continue as a going concern, disclosing, as applicable, matters related to the continuity of the Company and using the going concern accounting basis unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those in charge with corporate government are responsible for overseeing the Company’s financial reporting process.



Statutory Auditor’s responsibilities for the audit of the separate financial statements

My objectives are to obtain reasonable assurance about whether the separate financial statements, considered as a whole, are free from material misstatement, whether due to fraud or error, and to issue an audit report that include my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement, when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the users’ economic decisions taken based on these separate financial statements.

As part of an audit conducted in accordance with ISAs, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is enough and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant for the audit in order to design audit procedures that are appropriate in the circumstances.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriate use of the going concern hypothesis by management and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company’s ability to continue as a going concern. If I would conclude that a material uncertainty exists, I am required to draw attention in my statutory auditor’s report to the related disclosure in the separate financial statements or, if such disclosure is inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my report. However, future events or conditions may cause the Company ceases to continue as a going concern.
- Evaluate the overall presentation, structure and content of the separate financial statements, including the disclosures, and whether the separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- I communicate to those in charge with the Company’s governance, among other matters, regarding the planned scope and timing for the audit, as well as significant audit findings, including any significant deficiency in internal control that I identify during my audit.
- Obtain enough and appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the separate financial statements. I am responsible for the direction, supervision and performance of the



audit. I remain solely responsible by my audit opinion.

I also provide those in charge with corporate government with a statement that I have complied with relevant ethical requirements regarding independence and communicate them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

From the matters communicated with those in charge with corporate government, I determine those matters that were of most significance in the audit of the separate financial statements of the current period and therefore they are the key audit matters. I describe these matters in my statutory auditor’s report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report about other legal and regulatory requirements

1. Based on the results of my tests, I believe during 2020:
- a) The Company’s bookkeeping has been performed in conformity with legal rules and accounting pronouncements.

b) The operations recorded in the books are in conformity with the bylaws and decisions of the General Shareholders’ Meeting.

c) The correspondence, the vouchers of accounts and the books of minutes and record of shares have been properly maintained.

d) The management report prepared by management agrees with the accompanying financial statements, which includes evidence about free circulation of invoices issued by sellers or suppliers.

e) The information contained in the contribution returns submitted to the Social Security System, specifically the information on affiliates and their salary base for determining contributions, has been prepared from the accounting records and supporting documentation. The Company is up to date in payment of contributions to the Social Security System.



In compliance with the requirements of articles 1.2.1.2. and 1.2.1.5. of Single Regulatory Decree 2420 of 2015, in development of the Statutory Auditor’s responsibilities contained in numerals 1 and 3 of article 209 of the Code of Commerce, related to the evaluation whether the Society’s management performance is in accordance with the bylaws and the orders or instructions of the General Shareholders’ Meeting and if there are and are adequate the measures of internal control, preservation and custody of the Society’s assets or third parties’ assets in its possession, I issued a separate report dated February 24, 2021.

(Original version issued in Spanish and signed by)
Johana Novoa Cucunubá
Statutory Auditor of Grupo Argos S.A.
Registration 166943 - T
Member of KPMG S.A.S.

February 24, 2021



KPMG S.A.S.
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Medellín - Colombia

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(FREE TRANSLATION OF THE REPORT ISSUED IN SPANISH)
STATUTORY AUDITOR’S INDEPENDENT REPORT ON THE COMPLIANCE WITH
NUMERALS 1º) AND 3º) OF ARTICLE 209 OF CODE OF COMMERCE

To the Shareholders
Grupo Argos S.A.

Main matter description

As part of my duties as Statutory Auditor and in compliance with Articles 1.2.1.2 and 1.2.1.5 of Single Regulatory Decree 2420 of 2015, amended by Articles 4 and 5 of Decree 2496 of 2015, respectively, I must report on compliance with numerals 1) and 3) of Article 209 of the Code of Commerce, detailed as follows, by Grupo Argos S.A. hereinafter “the Society” as of December 31, 2020, as a conclusion of independent reasonable assurance, that the management performance has complied with the statutory and the General Shareholders’ Meeting provisions and that there are adequate internal control measures, in all material aspects, in accordance with the criteria indicated in the paragraph called Criteria of this report:

- 1º) If the Society’s management performance is in conformity with the bylaws and the instructions or decisions of the General Shareholders' Meeting, and
- 3) If there are and are adequate the measures of internal control, maintenance and custody of the Society’s assets or third parties’ assets in its possession.

Responsibility of Management

The Society’s Management is responsible for the compliance with the bylaws and the General Shareholders’ Meeting decisions and for designing, implementing and maintaining adequate internal control measures, including the Money Laundering and Terrorism Financing Prevention Integral System – SIPLA, for the maintenance and custody of the Society’s assets and third parties’ assets in its possession, in accordance with the requirements of the internal control system implemented by management.

Statutory Auditor’s responsibility

My responsibility is to examine whether the Society’s management performance conforms to the bylaws and the General Shareholders’ Meeting’s decisions and if there are and are adequate the internal control, maintenance and custody measures of the Society’s assets or third parties’ assets in its possession and report thereon expressing an independent reasonable security conclusion based on the evidence obtained. I performed my procedures in accordance with the International Standard on Assurance Engagements 3000 accepted in Colombia (ISAE 3000, which was translated into Spanish and issued in April 2009 by the International Auditing and Assurance Standards Board (IAASB). Such standard requires that I plan and perform the procedures necessary to obtain reasonable assurance about compliance with the bylaws and

the General Shareholders' Meeting decisions and whether there are and are adequate the measures of internal control, maintenance and custody of the Society’s assets and third parties’ assets that are in its possession, in accordance with the requirements of the internal control system implemented by management, in all material aspects.

The Accountants Firm to which I belong and who appointed me as the Society’s statutory auditor, applies the International Quality Control Standard No. 1 and, consequently, maintains a comprehensive quality control system that includes policies and procedures documented on compliance with ethical requirements, applicable legal and regulatory professional standards.

I have complied with the independence and ethics requirements of the Code of Ethics for Accounting Professionals issued by the International Ethics Standards Board for Accountants - IESBA, which is based on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

The procedures selected depend on my professional judgment, including the risk assessment that the management performance do not conform to the bylaws and decisions of the General Shareholders' Meeting and that the internal control, conservation and custody measures of the Society’s assets and those of third parties that are in its possession are not properly designed and implemented, in accordance with the requirements of the internal control system implemented by management.

This reasonable assurance engagement includes obtaining evidence for the year ending December 31, 2020. Procedures include:

- Obtaining a written representation from Management about whether the management performance conforms to the bylaws and the General Shareholders’ Meeting’s decisions and if there are adequate measures of internal control, maintenance and custody of the Society’s assets and third parties’ assets in its possession, in accordance with the requirements of the internal control system implemented by management.
- Reading and verifying compliance with the Society’s bylaws.
- Obtaining a management certification on the meetings of the General Shareholders' Meeting, documented in the minutes
- Reading the General Shareholders' Meeting’s minutes and the bylaws and verification of whether the management performance conforms to them.
- Inquiries with Management about changes or modification projects to the Society’s bylaws during the period covered and validation of its implementation.



- Evaluation of whether there are and are adequate the measures of internal control, maintenance and custody of the Society’s assets and third parties’ assets that are in its possession, in accordance with the requirements of the internal control system implemented by management, which includes:
 - Design, implementation and operating effectiveness tests on the relevant controls of the internal control components on the financial report and the elements established by the Society, such as: control environment, risk assessment process by the entity, the information systems, control activities and monitoring to controls.
 - Evaluation of the design, implementation and operating effectiveness of relevant, manual and automatic controls of the key business processes related to the significant accounts of the financial statements.

Inherent limitations

Due to the inherent limitations to any internal control structure, there may be effective controls at the date of my examination that change that condition in future periods, because my report is based on selective tests and for the evaluation of internal control has the risk of becoming inadequate due to changes in the conditions or because the degree of compliance with the policies and procedures may deteriorate. On the other hand, the inherent limitations of internal control include human error, failures due to the collusion of two or more people, or inappropriate oversight of controls by administration.

Criteria

The criteria considered for the evaluation of the matters mentioned in the paragraph Main Matter Description include: a) the bylaws and the minutes of the General Shareholders' Meeting and, b) the internal control components implemented by the Society, such as the control environment, the risk assessment procedures, its information and communications systems, and the monitoring of controls by the administration and those in charge of corporate governance, which are based on the established in the internal control system implemented by administration.

Conclusion

My conclusion is based on the evidence obtained on the matters described and is subject to the inherent limitations set forth in this report. I believe that the audit evidence I have obtained provides a reasonable assurance basis for my conclusion expressed below:

In my opinion, the management performance conforms to the bylaws and the General Shareholders’ Meeting’s decisions and the measures of internal control, maintenance and custody of the Society’s assets or third parties’ assets in its possession are adequate, in all material aspects, in accordance with the requirements of the internal control system implemented by management.

(Original version issued in Spanish and signed by)
Johana Novoa Cucunubá
Statutory Auditor of Grupo Argos S.A.
Registration 166943- T
Member of KPMG S.A.S.

February 24, 2021

Data under Code of Commerce, Artículo 446, Item 3

Figures in COP

1. Expenses in favor of management personnel	26,388,875,006
1.1. Salaries, security payments and other expenses	25,179,298,436
1.2. Representation expenses	320,976,570
1.3. Board of Directors professional fees	888,600,000
2. Professional fees paid to advisors and managers	8,519,576,726
2.1. Technical consultancies	5,580,325,605
2.2. Legal consultancies	2,328,818,316
2.3. Financial consultancies	610,432,805
3. Transfers free of charge	5,897,415,006
4. Advertising and publicity expenses	1,822,870,733
5. Public relations expenses	1,291,712,472
6. Investments and assets abroad	57,298,574,330
6.1. Assets abroad	1,529,046,015
6.2. Investments in foreign companies	55,769,528,315
7. Investments in domestic companies	14,878,858,120,692
7.1. Investments in subsidiaries	8,512,103,788,049
7.2. Investments in joint ventures and associates	5,278,732,935,478
7.3. Other investments	1,088,021,397,165
8. Liabilities in foreign currency	- 385,772,494



06

APPENDICES

GRUPO ARGOS

GRI Content Index

2020 Integrated Report

"In accordance with - core" option of the GRI Standards



Access our ESG databook [here](#) or by scanning the QR code.

General Standard Disclosures

GRI	Description	Location
FOUNDATION		
101	Foundation: a. Reporting Principles b. Using the GRI Standards for sustainability reporting c. Making claims related to the use of the GRI Standards	
ORGANIZATIONAL PROFILE		
102-1	Name of the organization	Report: Grupo Argos S.A
102-2	Activities, brands, products and services	Report: About Us, p.8 - 9
102-3	Location of headquarters	Carrera 43A, # 1A Sur 143. Medellín, Colombia
102-4	Location of operations	Report: About Us, p.8 - 9
102-5	Ownership and legal form	Grupo Argos SA
102-6	Markets served (including geographic locations, sectors served and types of customers and beneficiaries)	Report: About Us, p.8 - 9
102-7	Scale of the organization (employees, operations, sales, capitalization, products and services provided)	Report: About Us, p.8 - 9
102-8	Information on employees	<ul style="list-style-type: none">• Report: About Us, p.8-9• ESG Databook Grupo Argos > Social Dimension > Labor indicators > > Number and Percentage of employees by gender, labor category, age, contract type.
102-9	A description of the organization's supply chain	Report: Value Creation Process, p.44 - 45
102-10	Significant changes occurring during the reporting period	Report: Management Report, p.16
102-11	Precautionary principle	Report: Our Business, p.46
102-12	External initiatives	Report: About Us, p. 8-9
102-13	Membership of associations	Report: About Us, p. 8-9
STRATEGY AND RISKS		
102-14	Statement from the most senior decision-maker of the organization on the relevance of sustainability	Report: Management Report, p.16
102-15	Description of key impacts, risks, and opportunities	Report: How We Create Value, p.41
GA-ES01	Strategic Risks	<ul style="list-style-type: none">• Report: Strategic Risks, p.42• ESG Databook Grupo Argos: Economic Dimension > Strategic Risks > Strategic Risks
GA-ES02	Emerging Risks	ESG Databook Grupo Argos: Economic Dimension > Emerging Risks > Emerging Risks
GA-ES03	Value Added Statement (VAS)	<ul style="list-style-type: none">• Report: Value Creation Process, p. 45• Report: Value Added Statement - VAS, p. 46 - 51
ETHICS AND INTEGRITY		
102-16	The organization's values, principles, standards and norms of behavior	Report: Ethics and Corporate Governance, p.60
102-17	Internal and external ethics consultancy mechanisms	Report: Ethics and Corporate Governance, p.60

GRI	Description	Location
CORPORATE GOVERNANCE		
102-18	Governance structure of the organization, including committees of the highest governance body	<ul style="list-style-type: none">• Report: Board of Directors, p.10-13• ESG Databook Grupo Argos: Economic Dimension > Corporate Governance > Board Committees
102-19	Process for delegating authority for economic, environmental, and social topics	Report: Board of Directors, p.10
102-20	Executive-level responsibility for economic, environmental, and social topics	Report: Board of Directors, p.10
102-21	Processes for consultation between stakeholders and the highest governance body on economic, environmental, and social topics	<ul style="list-style-type: none">• Report: How We Create Value - Stakeholders, p.42 -43• ESG Databook Grupo Argos: Economic > Corporate Governance > Environmental and social and government issues in consultation with stakeholders
102-22	Make-up of the highest governance body and its committees	<ul style="list-style-type: none">• Report: Board of Directors, p. 10-13• ESG Databook Grupo Argos: Economic Dimension > Corporate Governance > Attendance to sessions of the Board of Directors
102-23	Chair of the highest governance body	Report: Board of Directors, p.10
102-24	Nomination and selection process for the highest governance body	ESG Databook Grupo Argos: Economic > Corporate Governance > Selection criteria for members of the Board of Directors
102-25	Conflicts of interest	ESG Databook Grupo Argos: Economic > Corporate Governance > Conflict of interest prevention and management
102-26	Roles of the highest governance body and upper management developing, approving and updating the organization's purpose, value or mission statements, strategies, policies and objectives related to its economic, environmental and social impact	<ul style="list-style-type: none">• Report: Board of Directors, p. 10• ESG Databook Grupo Argos: Economic > Corporate Governance > BD role in purpose definition
102-27	Measures taken to develop and improve the highest governance body's overall knowledge of economic, environmental, and social topics	ESG Databook Grupo Argos: Economic > Corporate Governance > Measures adopted during the reporting period
102-28	Processes for evaluating the highest governance body's performance regarding economic, environmental, and social governance. State whether such evaluation is independent or not, and its frequency	ESG Databook Grupo Argos: Economic > Corporate Governance > Performance evaluation processes
102-29	Role of the highest governance body in identifying and managing economic, environmental and social impacts, risks and opportunities	ESG Databook Grupo Argos: Economic > Corporate Governance > Impact management role of the highest governance body
102-30	Highest governance body's role in reviewing the effectiveness of the organization's economic, environmental, and social risk management processes	<ul style="list-style-type: none">• Report: Board of Directors, p.10• ESG Databook Grupo Argos: Economic > Corporate Governance > Role of the highest governance body
102-31	Frequency with which the highest governance body analyzes economic, environmental and social impacts, risks and opportunities	ESG Databook Grupo Argos: Economic > Corporate Governance > Governance body analysis frequency
102-32	The highest committee or position that formally reviews and approves the organization's sustainability report and ensures that all material topics are covered	<ul style="list-style-type: none">• Report: About this report, p.5• ESG Databook Grupo Argos: Economic > Corporate governance > Most important committee or position
102-33	Process for communicating critical concerns to the highest governance body	ESG Databook Grupo Argos: Economic > Corporate Governance > Environmental and social and governance topics in consultation with stakeholders
102-34	Nature and number of critical concerns	ESG Databook Grupo Argos: Económica > Corporate Governance > ESG topics taken before the BD
102-35	Compensation policies for the highest governance body and senior executives	ESG Databook Grupo Argos: Economic > Corporate Governance > BD compensation strategy definition
102-36	Processes for determining compensation	ESG Databook Grupo Argos: Economic > Corporate Governance > BD compensation strategy definition
102-37	Stakeholder involvement in compensation	ESG Databook Grupo Argos: Economic > Corporate Governance > BD compensation strategy definition

GRI	Description	Location
STAKEHOLDER ENGAGEMENT		
102-40	List of the organization's stakeholder groups	Report: How We Create Value - Promise of Value, p.43
102-42	Stakeholder identification and selection	Report: How We Create Value - Promise of Value, p.43
102-43	The organization's approach to stakeholder engagement	• Report: How We Create Value - Promise of Value, p.43 • ESG Databook Grupo Argos: Economic > Stakeholders > Stakeholders
102-44	Key topics and concerns raised through stakeholder engagement	• Report: How We Create Value - Promise of Value, p.43 • ESG Databook Grupo Argos: Economic > Stakeholders > Stakeholders
REPORTING PRACTICES		
102-45	Entities included in the organization's consolidated financial statements or equivalent documents	Report: About this report, p.4-5
102-46	Process followed to determine report content and coverage of each aspect	Report: About this report, p.4-5
102-47	List of material topics	Report: About this report, p.4-5
102-48	Restatements of information given in previous reports, and the reasons for such restatements	Report: About this report, p.4-5
102-49	Significant changes from previous reporting periods in the list of material topics and topic boundaries	Report: About this report, p.4-5
102-50	Reporting period	Report: About this report, p.4-5
102-51	Date of last report	Report: About this report, p.4-5
102-52	Reporting cycle	Report: About this report, p.4-5
102-53	Point of contact for questions arising from this report	Report: About this report, p.4-5
102-54	Claims of reporting in accordance with the GRI Standards	Report: About this report, p.4-5
102-55	GRI Content Index	Report: About this report, p.4-5
102-56	External assurance	Report: About this report, p.4-5

Specific Content

GRI	Description	Location
DRIVER 1: STRATEGIC OVERSIGHT		
103	Management Approach (DMA)	Report: Strategic Oversight, p.56-57
103-1	Explanation of the material topic and its boundaries	Report: Strategic Oversight, p.56-57
103-2	Management approach and components	Report: Strategic Oversight, p.56-57
103-3	Management approach review	Report: Strategic Oversight, p.56-57
DRIVER 2: FINANCIAL MANAGEMENT		
103	Management Approach (DMA)	Report: Financial Management, p.58-59
103-1	Explanation of the material topic and its boundaries	Report: Financial Management, p.58-59
103-2	Management approach and components	Report: Financial Management, p.58-59
103-3	Management approach review	Report: Financial Management, p.58-59
GA-EF01	Gross Debt / Dividends	Report: Financial Management, p.59
DRIVER 3: ETHICS AND CORPORATE GOVERNANCE		
103	Management Approach (DMA)	Report: Ethics and Corporate Governance, p.60-61
103-1	Explanation of the material topic and its boundaries	Report: Ethics and Corporate Governance, p.60-61
103-2	Management approach and components	Report: Ethics and Corporate Governance, p.60-61
103-3	Management approach review	Report: Ethics and Corporate Governance, p.60-61
205-1	Operations assessed for corruption-related risks.	ESG Databook Grupo Argos: Economic > Compliance System > Corruption
205-2	Communication and training on anti-corruption policies and procedures.	ESG Databook Grupo Argos: Economic > Compliance System > Corruption
205-3	Confirmed incidents of corruption and actions taken	ESG Databook Grupo Argos: Economic > Compliance System > Incidents
206-1	Legal actions for anti-competitive behavior, anti-trust and monopoly practices	ESG Databook Grupo Argos: Economic > Compliance System > Incidents

GRI	Description	Location
307-1	Non-compliance with environmental laws and regulations	ESG Databook Grupo Argos: Economic > Compliance System > Incidents
412-1	Employee training in human rights policies or procedures	ESG Databook Grupo Argos: Social > Human Rights
419-1	Non-compliance with social and economic laws and regulations	ESG Databook Grupo Argos: Economic > Compliance System > Incidents
GA-EG01	Possible Code of Conduct violations	ESG Databook Grupo Argos: Economic > Compliance System
GA-EG02	Diversity criteria in the selection of the Board of Directors	• Report: Board of Directors. p.10 • ESG Databook Grupo Argos: Economic > Corporate Governance > Structure of the Board of Directors
GA-EG03	General and specific experience of Board members in the industry	ESG Databook Grupo Argos: Economic > Corporate Governance > Board Experience
GA-EG04	Commitment to Human Rights	ESG Databook Grupo Argos: Social > Human Rights
GA-EG05	Social investment	Report: Value Added Statement, p.46-51
DRIVER 4: SUSTAINABILITY VISION		
103	Management Approach (DMA)	Report. Sustainability Vision, p.62-63
103-1	Explanation of the material topic and its boundaries	Report. Sustainability Vision, p.62-63
103-2	Management approach and components	Report. Sustainability Vision, p.62-63
103-3	Management approach review	Report. Sustainability Vision, p.62-63
302-1	Energy consumption within the organization	ESG Databook Grupo Argos: Environmental >Energy Management > Internal Energy Consumption
302-3	Energy intensity	ESG Databook Grupo Argos: Environmental >Energy Management > Energy Consumption Intensity
303-3	Total water uptake	ESG Databook Grupo Argos: Environmental > Water > Total Water Uptake
303-5	Water consumption	ESG Databook Grupo Argos: Environmental > Water > Water Consumption
305-1	Direct GHG emissions (Scope 1)	ESG Databook Grupo Argos: Environmental > Climate Change > Direct GHG Emissions
305-2	Indirect GHG emissions (Scope 2)	ESG Databook Grupo Argos: Environmental > Climate Change > Indirect GHG Emissions
305-4	Direct GHG emissions intensity	• Report: Sustainability Vision, Business Group Responsible Operations, p.66 • ESG Databook Grupo Argos: Environmental > Climate Change > Emissions Intensity
305-5	GHG Emissions reduction	Report: Sustainability Vision, Business Group Responsible Operations, p.66
405-1	Diversity of governance bodies and employees	• Report: Board of Directors, P.10 • Report: Sustainability Vision, Business Group Responsible Operations
GA-VS01	Water consumption (m3) / COP million of revenue	• Report: Sustainability Vision, Business Group Responsible Operations, p.66 • ESG Databook Grupo Argos: Environmental > Water > Specific Water Consumption
GA-VS02	Percentage of water supply sources protected	• Report: Sustainability Vision, Business Group Responsible Operations • ESG Databook > Environmental > Ecosystems > Contribution to source protection
GA-VS03	Employee commitment	Report: Sustainability Vision, Business Group Responsible Operations Talent and Culture, p.67
DRIVER 5: IDENTITY AND ENGAGEMENT		
103	Management Approach (DMA)	Reporte: Identidad y relacionamiento, p.68-69
103-1	Explanation of the material topic and its boundaries	Reporte: Identidad y relacionamiento, p.68-69
103-2	Management approach and components	Reporte: Identidad y relacionamiento, p.68-69
103-3	Management approach review	Reporte: Identidad y relacionamiento, p.68-69
415-1	Contributions to political parties and/or representatives	ESG Databook Grupo Argos > Economic > Institutional Consolidation > Payments made to trade groups, associations and political contributions
GA-IR01	Taxes paid	ESG Databook Grupo Argos > Economic > Taxes Paid > Business Group Taxes Paid

GRI	Description	Location
DRIVER 6: TALENT AND CULTURE		
103	Management Approach (DMA)	Report: Talent and culture, p.70-71
103-1	Explanation of the material topic and its boundaries	Report: Talent and culture, p.70-71
103-2	Management approach and components	Report: Talent and culture, p.70-71
103-3	Management approach review	Report: Talent and culture, p.70-71
102-7	Organization size	ESG Databook> Social > Labor Indicators > Number of employees by gender, labor category, age, contract type
102-8	Information on employees and other workers	ESG Databook> Social > Labor Indicators > Number of employees by gender, labor category, age, contract type
102-41	Collective bargaining agreements	ESG Databook> Social > Labor indicators > Employees covered by collective agreements 2020
401-1	New employee hires and employee turnover	ESG Databook> Social Dimension > Labor Indicators > Turnover
401-2	Benefits provided to full-time employees not provided to part-time or temporary employees	ESG Databook> Social > Labor Indicators > Social benefits for Full-Time employees
404-1	Average hours of training per year per employee	<ul style="list-style-type: none">Report: Talent and culture, p.70ESG Databook> Social > Labor Indicators > Average number and hours of training per levelESG Databook> Social Dimension > Labor Indicators > Average number and hours of training per gender
404-3	Percentage of employees receiving regular performance and career development reviews	<ul style="list-style-type: none">Report: Talent and culture, p.70ESG Databook> Social > Labor Indicators > Percentage of Employees with Performance Reviews
405-1	Diversity in governance bodies and employees	<ul style="list-style-type: none">Report: Board of Directors, p.10Report: Sustainability Vision, Business Group Responsible Operations, p. 67ESG Databook > Social > Labor Indicators
405-2	Ratio of base salary and compensation for women compared to men	ESG Databook > Social > Labor Indicators > Ratio between base salary for men and women by position level
412-2	Employee training in human rights policies or procedures	ESG Databook Grupo Argos: Social > Human Rights
403-1	Workplace health and safety management system	ESG Databook > Social > Labor Indicators > Work-related injuries and illnesses
403-2	Hazard identification, risk evaluation and incident investigation	ESG Databook > Social > Labor Indicators > Work-related injuries and illnesses
403-3	Workplace health services	ESG Databook > Social > Labor Indicators > Work-related injuries and illnesses
403-4	Worker participation, consultation and communication on workplace health and safety	ESG Databook > Social > Labor Indicators > Work-related injuries and illnesses
403-5	Worker workplace health and safety training	ESG Databook > Social > Labor Indicators > Work-related injuries and illnesses
403-6	Worker health promotion	ESG Databook > Social > Labor Indicators > Work-related injuries and illnesses
403-7	Prevention and mitigation of health and safety-related impacts for workers directly affiliated under commercial relationships	ESG Databook > Social > Labor Indicators > Work-related injuries and illnesses
403-9	Work-related injuries	ESG Databook > Social > Labor Indicators > Work-related injuries and illnesses
403-10	Work-related illnesses and conditions	ESG Databook > Social > Labor Indicators > Work-related injuries and illnesses
GA-SST01	Employee work-related illness frequency	ESG Databook > Social > Labor Indicators > Work-related injuries and illnesses
GA-SST02	Contractor work-related illness frequency	ESG Databook > Social > Labor Indicators > Work-related injuries and illnesses
GA-SST03	Frequency of employee injuries in time lost	ESG Databook > Social > Labor Indicators > Work-related injuries and illnesses
GA-SST04	Frequency of contractor injuries in time lost	ESG Databook > Social > Labor Indicators > Work-related injuries and illnesses

TCFD Table Grupo Argos 2020

At Grupo Argos we are committed to transparency, identification and management of Climate Change related risks and opportunities, by understanding the implications and challenges of climate risks for our business operations. These challenges are aligned with 2030 Agenda and Paris Agreement objective compliance, and with the growing interest of our investors in the topic. In 2021, we will continue moving forward with climate risk quantification and will draft a gap closing plan that will enable compliance with the TCFD report recommendations by 2022.

Access here:
ESG Special Report 2020
ESG Databook 2020

TCFD COMPONENTS	RECOMMENDED DECLARATIONS	INTEGRATED REPORT	ESG SPECIAL REPORT	ESG DATABOOK (2019 INFO)
Governance	a) Describe Board control of climate-related risks and opportunities.	pp. 5, 10, 11 & 14	p. 11	pp. 40, 41,
	b) Describe management's role in evaluating and managing climate-related risks and opportunities.	pp. 5 & 14	p. 5	-
Strategy	a) Describe short, medium and long-term climate-related risks and opportunities identified by the organization.	pp. 64 & 65	p. 7	-
	b) Describe the impact of climate-related risks and opportunities upon the organization's business, strategy and financial planning.	pp. 14, 58, 59, 64 & 65	p. 10	-
	c) Describe the resilience of the organization's strategy, considering different climate-related scenarios, such as a 2°C or less scenario.	-	-	-
Risk Management	a) Describe the organization's processes for identifying and evaluation climate-related risks.	pp. 64 & 65	p. 10	-
	b) Describe the organization's processes for managing climate-related risks.	pp. 64 & 65	p. 10	-
	c) Describe how processes for identifying, evaluating and managing climate-related risks are integrated into the organization's overall risk management.	pp. 14, 42, 44, 45, 56, 62, 64 & 65	p. 10	-
Metrics and objectives	a) Disclose the metrics used by the organization for climate-rated risk and opportunity evaluation according to its strategy and risk management process.	pp. 58, 59, 64 & 65	p. 6	pp. 66, 67, 68, & 69
	b) Disclose Scope 1, Scope 2 and, if applicable, Scope 3 greenhouse gas (GHG) emissions and related risks.	-	-	p. 67
	c) Describe objectives used by the organization to manage climate-related risks and opportunities and performance against objectives.	pp. 44, 45, 62, 63 & 64	-	pp.: 8, 9, 66, 67, 68, & 69



SASB Content Index Grupo Argos S.A.

Detailed information can be found in our ESG Databook. Access information for 2019, after March 25, access information for 2020

The Sustainability Accounting Standards Board (SASB) www.sasb.org is an independent organization that defines private sector standards focused on improving equity market efficiency by fostering disclosure of material information on sustainability to satisfy investor needs. Grupo Argos is an asset manager and, although SASB does not provide a specific guide for this sector, we decided to adopt this guide with the relevant indicators that appear below. We also publish specific SASB indicators for our stock market listed businesses, which are cement (Cementos Argos) and energy (Celsia).



Access our ESG databook [here](#) or by scanning the code.

Category	ID Indicator	Accounting Metric	Reference	Comments
ENVIRONMENTAL				
Greenhouse gas emissions and energy resource planning	IF-EU-110a.1	(1) Gross global Scope 1 emissions, percentage covered by (2) regulations limiting emissions and (3) regulations for emissions reporting	<ul style="list-style-type: none">Integrated Report: Sustainability Vision, Responsible Business Group Operations. p.66ESG Databook Grupo Argos: Environmental > Climate Change > Direct GHG Emissions	Related standards: Related GRI 305-1 DJSI 2.3.1 Scope 1 Emissions
Water Management	IF-EU-140a.1.	(1) Total water uptake, (2) total water consumption, percentage for each region with a high or extremely high water stress baseline	<ul style="list-style-type: none">Integrated Report: Sustainability Vision, Responsible Business Group Operations. p.66ESG Databook Grupo Argos: Environmental > Water > Total Water UptakeESG Databook Grupo Argos: Environmental > Water > Water Consumption	Related standards: Related GRI 303-3 & 303-5
Greenhouse Gas Emissions	EM-CM-110a.2	Presentation of short or long-term CO2 emissions management strategy or plan, reduction objectives and a performance analysis against those objectives.	<ul style="list-style-type: none">Integrated Report: Sustainability Vision, Climate Change. p.64 - 66ESG Databook Grupo Argos: Environmental > Climate Change > Emissions Intensity	Related standards: Related GRI: 305-4
Energy Management	EM-CM-130a.1	(1) Total energy consumption, (2) percentage electric grid, (3) percentage alternative, (4) percentage renewable	ESG Databook Grupo Argos: Environmental > Energy Management > Internal Energy Consumption	Related standards: Related GRI: 302-1 DJSI: 2.3.3
HUMAN CAPITAL				
Workplace Health and Safety	EM-CM-320a.1	(1)Total Recordable Incident Rate (TRIR), (2) "Near miss" frequency rate(NMFR) for full-time employees (FTEs) and contractors.	<ul style="list-style-type: none">Integrated Report: Sustainability Vision, Responsible Operations, OHS, p.67ESG Databook Grupo Argos: Social > Labor Indicators	Related Standard: GRI 403-9

Category	ID Indicator	Accounting Metric	Reference	Comments
LEADERSHIP AND GOVERNANCE				
Leadership and Governance	IF-EN-510a.2.	Total monetary losses resulting from legal processes associated with charges of (1) bribery or corruption and (2) antitrust practices	<ul style="list-style-type: none">In 2020 we had no monetary losses resulting from legal processes associated with charges of (1) bribery or corruption and (2) antitrust practices.ESG Databook Grupo Argos > Economic Dimension > Compliance System > Incidents	The ESG Databook contains GRI indicators: GRI 205-3: Confirmed incidents of corruption GRI 206-1: Legal processes resulting from antitrust and/or anti-competitive practices GRI 419-1: Fines or violations of current social legislation
Leadership and Governance	IF-EN-510a.3.	Description of policies and practices for preventing (1) bribery and corruption, and (2) anticompetitive behaviors within tendering processes	<ul style="list-style-type: none">2020 Integrated Report: Ethics and Corporate Governance, p.58-59(1) bribery and corruption see policies at: https://www.grupoargos.com/nosotros/gobierno-corporativo/buenas-practicas/politicas-corporativas(2) anticompetitive behavior within tendering processes see Code of Conduct, p.23: https://www.grupoargos.com/Portals/0/Codigo_de_conducta_GA.pdfESG Databook Grupo Argos > Economic Dimension > Compliance System > Corruption	The ESG Databook contains the following GRI indicator: GRI 205-1: Total number and percentage of operations (centers) evaluated regarding corruption risk
Leadership and Governance	EM-CM-520a.1	Total monetary losses from legal procedures associated with cartel, price fixing, and antitrust activities	<ul style="list-style-type: none">In 2020 we had no monetary losses arising from legal procedures associated with cartel, price fixing and antitrust activitiesESG Databook Grupo Argos: Economic > Compliance System > Incidents	The ESG Databook contains the following GRI indicators: GRI 206-1: Legal processes related to antitrust and/or anticompetitive practices GRI 419-1: Fines or violations of current social legislation



SASB Content Index

Cementos Argos S.A.

To access information referenced hereunder, visit the web portal: www.argos.co

The Sustainability Accounting Standards Board (SASB) www.sasb.org is an independent organization that defines private sector standards focused on improving equity market efficiency by fostering disclosure of material information on sustainability to satisfy investor needs. The following table refers to the Standard for the Building Materials Industry as defined by the SASB Industry Classification System and identifies where each topic is reported.

Category	ID Indicator	Accounting Metric	Reference	Comments
ENVIRONMENTAL				
Greenhouse Gas Emissions	EM-CM-110a.1	Total CO ₂ emissions - gross (t CO ₂ /year) See protocol http://www.cement-co2-protocol.org/v3/ .	7.772.778 t/a	Related GRI: 305-1
Greenhouse Gas Emissions	EM-CM-110a.2	Presentation of a short or long term Scope 1 CO2 emissions management strategy or plan, reduction targets and a performance analysis against those targets.	Integrated Report, Climate Change p. 114 - 117; TCFD Table: https://bit.ly/2OJVNUe	Related GRI: 103-1; 103-2; 103-3; 201-2; 305-5
Air Quality	EM-CM-120a.1	Atmospheric emissions of the pollutants: (1) Overall t NOx emissions (2) Overall t SOx emissions (3) t particulate material, according to EPA method #5 (4) PCDD/F (mg PCDD/y) overall emissions (5) t VOC/THC volatile organic compounds (COV) overall emissions (6) HG (kg Hg/y) overall emissions (7) HM1 (cd + TI) overall emissions (kg HM1) (8) HM2 overall emissions (includes: Sb, As, Pb, Cr, Co, Cu, Mn, Ni, V) (kg HM2)	(1) 11.572 t (2) 3.319 t (3) 751 t (4) 55 (mg PCDD/y) (5) 214 t (6) 226 Kg Hg/y (7) 18 Kg HM1 (8) 3.684 Kg HM2	Related GRI: 305-1 Related DJSI: 2.3.10
Energy Management	EM-CM-130a.1	(1) Total energy consumed, (2) percentage electrical grid, (3) percentage alternative, (4) percentage renewable	(1) 41.253.086 GJ (2) 6,5% (3) 4,7% (4) We currently do not have purchasing agreements (PPAs) explicitly including renewable energy certification (REC) or Guarantees of Origin (GO), a service or supplie program with Green-e Energy certification, or other green energy products that explicitly include a REC or GO.	Related: 302-1 DJSI: 2.3.3

Category	ID Indicator	Accounting Metric	Reference	Comments
Water Management	EM-CM-140a.1	(1) total fresh water extracted (m3/y) (2) total fresh water extracted(1000m3/y) (3) percentage recycled fresh water, (4) total water extracted in areas with water stress (m3/y) (5) percentage of water extracted in water strees (6) total water consumption across all areas (m3/y) (7) water consumption percentage across all areas	(1) 10.058.363 m3/y (2) 10.058 (1000m3/y) (3) 143% (4) 407.310 m3/y (5) 4.05% (6) 5.471.151 m3/y (7) 7,09%	Related GRI: 303-3 Own related indicator: A-A2
Waste Management	EM-CM-150a.1	(1) amount of waste generated(t/y) (2) hazardous waste (t/y) (3) waste reuse / recycling / recovery (t/y) (4) percentage hazardous waste (%) (5) percentage recycled (%)	(1) 143.816 (t/y) (2) 418 (t/y) (3) 84.725 (t/y) (4) 0,3 (%) (5) 59 (%)	Related GRI: 306-2
Biodiversity impact	EM-CM-160a.1	Description of environmental management policies and practices for active sites	Integrated Report, Ecosystems p. 120 - 124; Success Case Study https://bit.ly/3rK86i2	Related GRI: 103-1; 103-2; 103-3
Biodiversity impact	EM-CM-160a.2	Altered land surface, percentage of impacted area rehabilitated	81%	Own related indicator: A-B11
HUMAN CAPITAL				
Workplace Health and Safety	EM-CM-320a.1	Frequency index Employee frequency index Contractor frequency index	1,33 1,35 1,34	Related GRI: 403-9 Own related indicator: A-SI1
Workplace Health and Safety	EM-CM-320a.2	Number of reported cases of silicosis	No silicosis cases reported during 2020.	
BUSINESS AND INNOVATION MODEL				
Innovation	EM-CM-410a.1	Percentage of products that qualify for sustainability credits, design and building construction certificates	The product portfolio is currently being updated. Metrics will be reported as soon as this process concludes.	Related standards: DJSI 2.4 Building materials DJSI 2.6 Resource conservation and resource efficiency
Innovation	EM-CM-410a.2	Market share of products that reduce impacts related to energy, water consumption and / or materials during usage and / or production.	Integration of the new LEED standard (version 4.1) is currently being analyzed to estimate revenue from products that reduce environmental impacts and request credits for sustainable building credits and construction certifications. The metric will be updated once this process concludes.	Related standards: GRI 303 GRI 302 DJSI 2.6 Resource conservation and resource efficiency
LEADERSHIP AND GOVERNANCE				
Integrity and price transparency	EM-CM-520a.1	Total amount of monetary losses resulting from legal processes associated with cartel, price-fixing and antitrust activities.	During 2020 there were no monetary losses resulting from legal processes associated with cartel, price-fixing and antitrust activities	EM-CM-520a.1



SASB Content Index

Celsia S.A.

Detailed information for 2019 can be accessed [here](#), information for 2020 will be available on March 25, 2020

The Sustainability Accounting Standards Board (SASB) www.sasb.org is an independent organization that defines private sector standards focused on improving equity market efficiency by fostering disclosure of material information on sustainability to satisfy investor needs. The following table refers to the Standard for the Electrical Services and Energy Generation industry as defined by the SASB Industry Classification System and identifies where each topic is reported.

Category	ID Indicator	Accounting Metric	Reference	Comments
ENVIRONMENTAL				
Greenhouse gas emissions and energy resource planning	IF-EU-110a.1	(1) Gross global Scope 1 emissions, percentage covered by (2) regulations limiting emissions and (3) regulations for emissions reporting	<ul style="list-style-type: none">• We Care for the Planet > Climate Change > Main Results• We Care for the Planet > Climate Change > Our Operations	Related GRI 305-1 DJSI 2.3.1 Emisiones Alcance 1
Greenhouse gas emissions and energy resource planning	IF-EU-110a.2.	Greenhouse gas (GHG) emissions associated with energy supply	We Care for the Planet > Climate Change > Main Results	Carbon footprint calculation
Greenhouse gas emissions and energy resource planning	IF-EU-110a.3.	Discussion of a short or long term Scope 1 CO2 emissions management strategy or plan, reduction targets and a performance analysis against those targets.	We Care for the Planet > Climate Change > Our Operations	Related Standard: DJSI 2.5
Greenhouse gas emissions and energy resource planning	IF-EU-110a.4.	(1) Number of clients served in markets subject to renewable portfolio standards (RPS) and (2) RPS goal compliance percentage per market	N/A	N/A
Air Quality	IF-EU-120a.1	Atmospheric emissions of: (1) NOx (excluding N2O) (2) SOx, (3) particulate material (PM10), (4) lead (Pb), and (5) mercury (Hg), percentage of in or close to densely populated areas.	We Care for the Planet > Eco-Efficiency > Other atmospheric emissions management	GRI 305-7 Other emissions DJSI 2.3.6 NOx emissions DJSI 2.3.7 SOx emissions DJSI 2.3.9 Mercury emissions DJSI 2.3.10 Particulate material emissions DJSI 2.3.12 SF6 emissions
Water Management	IF-EU-140a.1.	(1) Total water uptake, (2) total water consumption, percentage for each region with a high or extremely high water stress baseline	We Care for the Planet > Energy Resource Management > Water management main results	Related GRI 303-3 and 303-5

Category	ID Indicator	Accounting Metric	Reference	Comments
Water Management	IF-EU-140a.2.	Number of incidents of non-compliance associated with water quantity and/or quality permits, standards and regulations	<ul style="list-style-type: none">• We Care for the Planet > Environmental Management > Our operations• We Care for the Planet > Environmental Management > Main results• We Care for the Planet > Environmental Management > Environmental Management System	Related GRI 307-1 DJSI 2.2.3
Water Management	IF-EU-140a.3.	Description of water management risks and discussion of risk mitigation strategies and practices.	We Care for the Planet > Energy Resource Management > Our operations	DJSI 2.8
Coal Ash Management	IF-EU-150a.1.	Coal combustion residue (CCR) generated, percentage recycled	We Care for the Planet> Eco-efficiency > Waste management	DJSI 2.3.8
SOCIAL CAPITAL				
Energy Accessibility	IF-EU-240a.4.	Discussion of the impact of outside factors on customer electrical accessibility, including economic conditions of the service territory	<ul style="list-style-type: none">• Challenging business > Sale > Retail Management Report, p.2-3 https://www.celsia.com/wp-content/uploads/2021/03/Informe-de-Gestio%CC%81n-Celsia-S.A.-2020.pdf	<ul style="list-style-type: none">• Statement “Celsia has developed products and services for each client segment, to improve standards of living for homes and business productivity.”• The 2020 management report, p.2-3, reports client and supplier support and assistance measures to deal with the pandemic.
HUMAN CAPITAL				
Workplace Health and Safety	EM-CM-320a.1	(1)Total Recordable Incident Rate (TRIR), (2) "Near miss" frequency rate(NMFR) for full-time employees (FTEs) and contractors.	Celsia Culture > Workplace Health and Safety > Main results	<ul style="list-style-type: none">• Related Standard: GRI 403-9• LTIFR exists but not TRIR or NMFR. Would need configuration in mero and presentation in integrated report
LEADERSHIP AND GOVERNANCE				
Critical incident risk management: Nuclear safety and emergency management	IF-EU-540a.1.	Total number of nuclear energy units, broken down by US Nuclear Regulatory Commission (NRC) action grid column	Not applicable to Celsia	Not applicable to Celsia
Critical incident risk management: Nuclear safety and emergency management	IF-EU-540a.2.	Describe efforts to manage nuclear safety and emergency preparation	Not applicable to Celsia	Not applicable to Celsia
Systematic Risk Management: Network resilience	IF-EU-550a.1.	Number of incidents of non-compliance with physical and/or cybernetic standards or regulations	Strategic framework > Cybersecurity > Main results	Indicate the number of cybersecurity violations occurring at Celsia during the reporting year(0).
Systematic Risk Management: Network resilience	IF-EU-550a.2.	(1) System average interruption duration index(SAIDI), (2) System average interruption frequency index (SAIFI) and (3) Client average interruption duration index (CAIDI), including days with important events	Management Report 2020, p. 6-7 https://www.celsia.com/wp-content/uploads/2021/03/Informe-de-Gestio%C%81n-Celsia-S.A.-2020.pdf	The 2020 management report, p.6-7, presents results achieved in 2020 regarding SAIDI and SAIFI indexes.

Self-Assessment of the Application of Integrated Reporting Principles and Disclosures

The 2020 Integrated Report has been prepared following the principles and elements of the International Integrated Reporting Council, IIRC1, to communicate more transparently to our stakeholders the management of material topics that influence our capacity to generate value and how these articulate with our strategy and business model, considering the different risks and opportunities arising at the Business Group.

Integrated Reporting Guidelines Applied

Strategic Approach and Future Direction

At the start of the report we present our business model and the way in which we create value, we provide information on our strategy and how it relates to that capacity for value creation over the short, medium and long term. In the Our Business section, we present the objectives and components of the value creation process, framed with-in sustainable actions, as well as its use and effect upon capitals presented throughout the report and the contribution of management to management of these targets and strategies risks. The chapters describe the actions we perform in the short, medium and long term to meet objectives and disclose long term targets in a timely manner. The management report also contains an national and international business and investment outlook analysis.

Information Connectivity

We have structured the report to provide a holistic overview of the combinations, relationships and dependencies between the factors that affect our value creation capacity over time, as well as connections between these and the objectives and performance of Grupo Argos and its strategic businesses in all material aspects.

Stakeholder Engagement

In the Value Creation section we provide information on the nature, mechanisms, and quality of our stakeholder engagement, including how and to what extent we understand, take into account, and respond to their legitimate expectations and interests to generate a value proposal and maintain an ongoing conversation. Throughout the report, we also highlight how management of material topics responds to these expectations and interests.

Materiality

We perform a materiality analysis under which we enter into consultations with representatives of different stakeholder groups, as well as sources of information for different applicable local and international strategies and practices, allowing us to identify six relevant topics we have called Value Drivers. This report incorporates these results, presenting qualitative and quantitative information closely adjusted to each Value Driver, as well as the positive and negative impact of the way in which these are taken into account in the value creation process and in investment or divestment decisions.

Concision

We have made progress with adhering to the Integrated Report Framework, presenting a report where we communicate, as clearly and concisely as possible, the most significant matters and the relationships existing between them, the business model, the strategy, and the manner in which the holding company creates value of the short, medium and long term, as well as the stakeholders impacted by management of material topics.

Reliability and Completeness

To ensure reliability of the reported information, accounting data were audited by an independent third party, KPMG S.A.S., in its capacity as statutory auditor for the company. Senior management reviewed and approved the Integrated Report and charged Deloitte & Touche with limited assurance of social, environmental and economic indicators.

Compatibility and Consistency

We prepare our report under Global Reporting Initiative (GRI) standards, core option, and have reported information on a constant basis over time and allows historical comparison. We also following the principles and guidelines of the Integrated Reporting Framework (IIRC). The following are the elements of this framework applied when preparing this report.

Content Element	Included Aspects	Section
Overview of the organization and the external environment	Business model and its relationship to value creation	Our Business
	Grupo Argos' share portfolio	Management Report
	Geographical presence of the holding company's businesses	About Us
Corporate governance	Structure of the Board of Directors and the Steering Committee	About Us / Board of Directors,Steering Committee, CEO Committee
	Committees and responsibilities of the Board of Directors	
	Good practices for the Board of Directors: appointment, election, compensation, training and evaluation of the Board of Directors	Chapter:Ethics and Corporate Governance
	Codes and guides for ethical behavior in the Holding Company	Chapter:Ethics and Corporate Governance
Business Model	Business model and its relationship to value creation	Our Business
Risks and opportunities	Strategic risks and holding company mitigation activities	Our Business / Value Creation
	ESG risks and opportunities of the holding company	Chapter: Sustainability Vision
Strategy and Resource Allocation	Results-focused business model	Our Business
	Sustainability strategy	Sustainability Vision
Performance	Subsidiary financial performance	Management Report Chapter: Financial Management Financial Statements
	Performance and results for the holding company and its subsidiaries under the triple bottom line accounting framework	Chapters: Sustainability Vision, Talent and Culture, Ethics and Corporate Governance
Future outlook	In stakeholder engagement	Our Business / Stakeholders
	In ethics management, transparency and anti-corruption mechanisms	Chapter: Ethics and Corporate Governance
	In financial capital management	Management Report Chapter: Financial Management Strategic Oversight Financial Statements
	In intellectual capital management	Chapter: Strategic Oversight Sustainability Vision
	In industrial capital management	Who we are •2020 Celsia Integrated Report •2020 Cementos Argos Integrated Report •2020 Odinsa Annual Report
	In natural capital management	Chapter: Sustainability Vision
	In human capital management	Chapter: Talent and Culture
	In social capital management	Our Business / Stakeholders Chapter: Sustainability Vision Talent and Culture 2020 Fundación Grupo Argos Report
	Contextualization and progress of the Integrated Report	About this Report
	Identification of material aspects as regards sustainability and value creation	Our Business / Value Creation Value Drivers / Materiality Analysis

In conclusion, positive progress has been made with Integrated Reporting Framework adherence compared to 2019, and the required considerations have been implemented to ensure its integrity. Even so, we are aware of the challenges and opportunities for improvement to move every closer to full adherence to that framework.


Camilo Abello Vives
Senior Director of Sustainability



Memorandum of independent review

Memorandum of independent review

Independent Review of the Integrated Report 2020 – Grupo Argos

Responsibilities of the Management of Grupo Argos and Deloitte

The preparation of the 2020 Integrated Report of Grupo Argos, between January 1st and December 31 of 2020, and its content are the responsibility of the organization which is also responsible for defining, adapting and maintaining management systems and internal control which information is obtained.

Our responsibility is to issue an independent report based on the procedures applied and previously agreed upon for our review.

This Report has been prepared exclusively in the interest of the organization in accordance with the terms of our proposed services. We do not assume any liability to third parties other than the Management of the Company.

We have performed our work in accordance with the Independence regulations required by the ethics code of the International Federation of Accountants (IFAC).

Scope of our work

The scope of a limited review is substantially less than an audit. Therefore, we do not provide an audit about the Integrated Report.

We have carried out the review of the content adaptation of Grupo Argos Integrated Report 2020, to the Guide for the preparation of Sustainability Reports of the Global Reporting Initiative (GRI Standards).

Standards and review processes

We have carried out our work in accordance with ISAE 3000 - International Standard on Assurance Engagements Other than Audits or Reviews of Historical Financial Information issued by the International Auditing and Assurance Standard Board (IAASB) of the International Federation of Accounts (IFAC).

Our review work consisted in the formulation of questions to the Administration, as well as to the different areas and operations of Grupo Argos that have participated in the elaboration of the Integrated Report 2020, in the application of analytical procedures and tests of revision by sampling that is described below:

- Interviews with Grupo Argos employees to know about the principles, management approaches and data consolidation systems applied to prepare the Report.
- Analysis of how the content, structure and indicators were defined, based on the materiality exercise according to the GRI Standards
- Analysis of the processes to collect and validate the data presented in the report.
- Checking, by sample, testing and review of quantitative and qualitative evidence corresponding to the GRI contents and Grupo Argos internal indicators included in the 2020 Integrated Report, and proper compilation from the data supplied by Grupo Argos the sources of information.

Confirmation that the 2020 Integrated Report of Grupo Argos has been prepared in accordance with GRI Standards: Core option "in accordance".

General contents:

It was confirmed that the Report is presented in accordance with the GRI Standards: Core option regarding the general basic contents.



Specific contents:

We review the management approach, the GRI, DJSI and internal contents of its material issues:

Material	GRI content and / or own indicator of Grupo Argos
Ethics and Corporate Governance	205-1, 205-2, 205-3
Sustainability Vision	302-1, 303-5, 305-1, 305-2, 305-4, 305-5, 405-1, GA-VS01, GA-EG05
Identity and Relationship	415-1
Talent and Culture	401-1, 404-1, 404-3, 412-2, 403-9, 403-10, GA-VS03, GA-VS04

Conclusions

Based on the work carried out described in this report, the procedures carried out and the evidence obtained, no subject matter has come to our knowledge that leads us to think that the indicators within the scope of the review and included in the 2020 Integrated Report of Grupo Argos for the period between January 1 and December 31, 2020, have not met all the requirements for the preparation of reports, in accordance with the essential option of the Global Reporting Initiative (GRI) Standards. For those contents of the GRI Standards where Grupo Argos did not report quantitatively (figures), only the qualitative information that included procedures, policies, evidence of activities carried out, among others, was reviewed.

Alternative lines of actions

Deloitte has provided Grupo Argos with a report with the most significant alternatives of action for the future preparation of Reports, which do not modify the conclusions expressed in this report, also a few observations that will strengthen the consolidation, management, measurement and communication processes of the organization's sustainability performance.

Declaration of Independence

We confirm our independence from Grupo Argos. All of our employees carry out annual updates to the Ethics Policy where we promptly declare that we have no conflicts of interest with Grupo Argos, its subsidiaries and its stakeholders.



Jorge Enrique Múnera D.
Partner
Deloitte asesores y Consultores Ltda.
Bogotá, March 2021

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Taller de Edición

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En la elaboración del Reporte Integrado
participaron los equipos de Grupo Argos, bajo la
coordinación de Sostenibilidad y Comunicaciones.