

E S G   D A T A B O O K  
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## Sustainability Strategy

### Sustainability Policy

We transform capital into products and services in a responsible manner and with a long-term vision. Our conscious investments, our cutting-edge practices, and the responsible operation of all our businesses define us as a business group of sustainable investments in infrastructure.

We share an ethical and transparent act with our stakeholders, with whom we build mutually beneficial relationships throughout our value chain.

Our subsidiaries, while maintaining their individuality, share the sustainability objective as a common purpose.

#### CONSCIOUS investment

We invest in businesses that contribute to the solution of global challenges and ensure the long-term creation of value for the company, society, and the planet.

#### RESPONSIBLE Operation

We transform capital in a balanced way, aiming to minimize our negative impacts and maximize our positive impacts in economic, environmental, and social matters.

#### CUTTING-EDGE Practices

We develop innovative solutions with the aim to empower our current business models, while we capitalize on new investment opportunities.

### Shared Values





## Materiality Analysis

The level of significance of the topics developed in this chapter was determined based on the Materiality Analysis we carried out in 2018, which was updated in 2019 with the aim to accurately reflect the six topics we consider to be our key drivers for value creation.

The prioritization process, which enabled us to establish our material topics, consists of five steps:

### 1. Identification of Topics to Prioritize

We made an initial compilation of topics starting with external sources, such as the Sustainable Development Goals, global trends and different sustainability standards and frameworks, as well as internal sources that include our strategy, risks and policies.

### 2. Identification of Stakeholders to Consult

We developed an analysis to establish the ideal mechanism and the key actors to consult, who are our prioritized stakeholders. For more information, [visit here](#).

### 3. Internal and External Inquiries

We carried out open-dialog interviews with each one of our stakeholders, who expressed concerns and identified topics in which they could be affected.

### 4. Prioritization

The information obtained in the previous stages enabled us to rate and assign a level of priority to each one of the identified topics, which we understand need to be actively managed.

### 5. Validation

We presented and validated the preliminary results with Senior Management and with our Board of Directors. The final result provides us with a roadmap that allows us to focus our resources on the important topics for everyone.

During the update of our Materiality Analysis, the previous nine material topics were restated as six value drivers.

Throughout this chapter, we explain the importance of each one of these drivers, as well the way in which we managed them, our progress and the most significant milestones of 2019. Similarly, we state our vision of the future through short, medium and longterm goals, as well as the related challenges and opportunities.

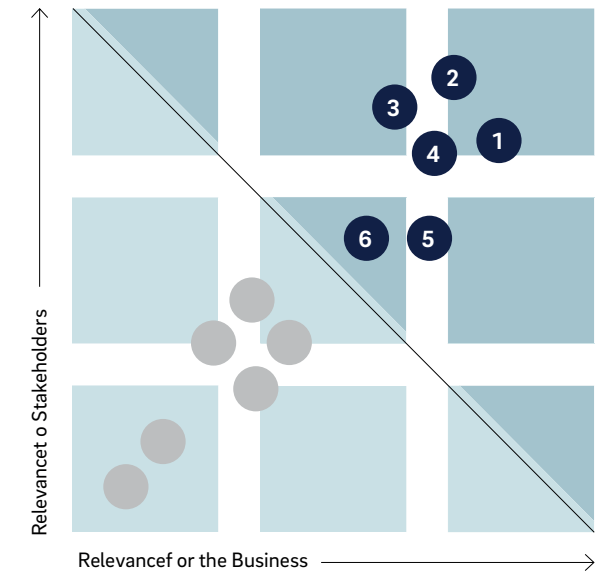
## Value Drivers

**1. Strategic Oversight:** The empowerment of the Business Group's strategies through our expertise, general understanding and long-term vision, as well as our ability to promote new perspectives and synergies among our businesses.

**2. Financial Management:** The management of our investment portfolio through adequate allocation of resources and an efficient capital structure in all the companies of our Business Group.

**3. Ethics and Corporate Governance:** The system that establishes the correct management of our Business Group's companies, as well as the standards of ethics, conduct and transparency under which our directors, managers and employees must work.

**4. Sustainability Vision:** The set of strategies designed to ensure conscious investment, the adoption of cutting-edge practices and responsible operations with the planet and people in all of the Group's businesses.



**5. Identity and Engagement:** The strengthening of the Organization's reputation and effective positioning so that our stakeholders perceive, get to know, trust and support Grupo Empresarial Argos.


**6. Talent and Culture:** The set of initiatives that aim to attract, develop and retain the best talent as part of the pillars of transcendence, integrity, inspiration and commitment that constitute the culture of our Business Group




The contribution to the private sector is crucial for the achievement of the Sustainable Development Goals (SDGs) that comprise the United Nations 2030 Agenda. Therefore, we have conducted a prioritization exercise parallel to our Materiality Analysis in which we selected four of the 17 SDGs according to our capacity to directly contribute to the global challenges that each one represents.

For more information on alignment with the SDGs and their specific targets, please visit [here](#).

# Sustainable Development Goals (SDGs)

SDGs	GLOBAL TARGETS	VALUE LEVER
 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	<p><b>Target 9.1:</b> Develop quality, reliable, sustainable and resilient infrastructure, including regional and transborder infrastructure, to support economic development and human well-being, with a focus on affordable and equitable access for all.</p> <p><b>Target 9.2:</b> Promote inclusive and sustainable industrialization and, by 2030, significantly raise industry's share of employment and gross domestic product, in line with national circumstances, and double its share in least developed countries.</p> <p><b>Target 9.4:</b> By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities.</p> <p><b>Target 9.B:</b> Support domestic technology development, research and innovation in developing countries, including by ensuring a conducive policy environment for, inter alia, industrial diversification and value addition to commodities.</p>	<p><b>Strategic Coordination:</b></p> <ul style="list-style-type: none"> <li>We actively participate in the infrastructure sector making ambitious and long-term investments as part of a powerful strategy of the Business Group, which we facilitate and support through capital and management by empowering the development of a coordinated work model that enables the sharing of knowledge and generation of synergies. This is how we contribute to global target 9.1.</li> </ul> <p><b>Sustainability Vision:</b></p> <ul style="list-style-type: none"> <li>Through the establishment of the framework for action that our subsidiaries and businesses must follow in economic, environmental and social topics, we guarantee the responsible operations of our Business Group and in this way, contribute to targets 9.2 and 9.4.</li> <li>With our commitment to apply conscious investment criteria, we aim for more efficient capital allocation by taking into account social, environmental and corporate governance criteria to contribute to target 9.4.</li> <li>With the implementation of cutting-edge practices and the implementation of our ventures model, we contribute to global target 9.B.</li> <li>We promote the responsible operations of our subsidiaries and businesses so that they use resources with greater efficiency and adopt new technologies and models that enable us to contribute to target 9.4.</li> <li>Our value promise to society helps to reclaim the role of the private company in sustainable development and its possibility to contribute to social change, contributing to global target 9.2.</li> </ul> <p><b>Financial Management:</b></p> <ul style="list-style-type: none"> <li>With the definition of some key growth and profitability goals in harmony with the environment we contribute to global target 9.2.</li> </ul> <p><b>Talent and Culture:</b></p> <ul style="list-style-type: none"> <li>With the commitment to create employment, attract and develop the best talent, and the firm commitment to promote gender equality, we contribute to global target 9.2.</li> </ul>
	<p><b>Target 11.3:</b> By 2030, enhance inclusive and sustainable urbanization and capacity for participatory, integrated and sustainable human settlement planning and management in all countries.</p> <p><b>Target 11.6:</b> By 2030, reduce the adverse per capita environmental impact of cities, including by paying special attention to air quality and municipal and other waste management.</p> <p><b>Target 11.A:</b> Support positive economic, social and environmental links between urban, peri-urban and rural areas by strengthening national and regional development planning.</p> <p><b>Target 11.B:</b> By 2020, substantially increase the number of cities and human settlements adopting and implementing integrated policies and plans towards inclusion, resource efficiency, mitigation and adaptation to climate change, resilience to disasters, and develop and implement, in line with the Sendai Framework for Disaster Risk Reduction 2015-2030, holistic disaster risk management at all levels.</p>	<p><b>Sustainability Vision:</b></p> <ul style="list-style-type: none"> <li>With the alignment and monitoring of the prioritized economic, environmental and social topics in our businesses, we guarantee the adoption of guidelines and the implementation of action plans that promote the efficient use of resources and help us to prevent, mitigate and offset our CO<sub>2</sub> emissions, contributing to global targets 11.B and 11.3.</li> <li>Through our businesses, we have multiple initiatives that we have been developing and which contribute to targets 11.6 and 11.B, including:           <ul style="list-style-type: none"> <li>Energy business: The development of non-conventional renewable energy projects, enhancement of energy consumption, distributed generation, customer empowerment and the creation of products for a bespoke service are defining new ways of gaining value and serving the population that help to reduce the adverse environmental impact.</li> <li>Cement business: The integration of 100% electric trucks to transport cement in urban areas; the Energy Star certification in the United States for the Harleyville, Newberry and Roberta plants; the development of the project to capture CO<sub>2</sub> with microalgae; and the launch of Cemento Verde (Green Cement), which reduces CO<sub>2</sub> emissions up to 38% and energy consumption by 30%.</li> <li>Concessions business: We use alternative materials that reduce the demand for conventional material, and the times and amounts of material transportation journeys. Additionally, we focus on efficient energy consumption in all our projects.</li> <li>Urban development business: We own more than 3,000 hectares of land, which are mainly located on the Colombian Caribbean coast. More than 1,000 hectares will be developed in multiple phases, where more than half of the territory will be used for environmental conservation, transport infrastructure and public facilities. It is worth highlighting that 300 hectares will be used for the protection of mangroves and tropical dry forest.</li> </ul> </li> </ul> <p><b>Strategic Coordination:</b></p> <ul style="list-style-type: none"> <li>Through the empowerment of the strategy of our businesses and a clear and coordinated work model, with a clear definition of the sectors we want to participate in, we promote targets 11.3 and 11.B.</li> </ul>
	<p><b>Target 11.3:</b> By 2030, enhance inclusive and sustainable urbanization and capacity for participatory, integrated and sustainable human settlement planning and management in all countries.</p>	<p><b>Sustainability Vision:</b></p> <ul style="list-style-type: none"> <li>With the alignment and monitoring of the prioritized economic, environmental and social topics in our businesses, we guarantee the adoption of guidelines and the implementation of action plans that promote the efficient use of resources and help us to prevent, mitigate and offset our CO<sub>2</sub> emissions, contributing to global targets 11.B and 11.3.</li> <li>Through our businesses, we have multiple initiatives that we have been developing and which contribute to targets 11.6 and 11.B, including:           <ul style="list-style-type: none"> <li>Energy business: The development of non-conventional renewable energy projects, enhancement of energy consumption, distributed generation, customer empowerment and the creation of products for a bespoke service are defining new ways of gaining value and serving the population that help to reduce the adverse environmental impact.</li> <li>Cement business: The integration of 100% electric trucks to transport cement in urban areas; the Energy Star certification in the United States for the Harleyville, Newberry and Roberta plants; the development of the project to capture CO<sub>2</sub> with microalgae; and the launch of Cemento Verde (Green Cement), which reduces CO<sub>2</sub> emissions up to 38% and energy consumption by 30%.</li> <li>Concessions business: We use alternative materials that reduce the demand for conventional material, and the times and amounts of material transportation journeys. Additionally, we focus on efficient energy consumption in all our projects.</li> <li>Urban development business: We own more than 3,000 hectares of land, which are mainly located on the Colombian Caribbean coast. More than 1,000 hectares will be developed in multiple phases, where more than half of the territory will be used for environmental conservation, transport infrastructure and public facilities. It is worth highlighting that 300 hectares will be used for the protection of mangroves and tropical dry forest.</li> </ul> </li> </ul> <p><b>Strategic Coordination:</b></p> <ul style="list-style-type: none"> <li>Through the empowerment of the strategy of our businesses and a clear and coordinated work model, with a clear definition of the sectors we want to participate in, we promote targets 11.3 and 11.B.</li> </ul>

SDGs	GLOBAL TARGETS	VALUE LEVER
 13 CLIMATE ACTION	<p><b>Target 13.2:</b> Integrate climate change measures into national policies, strategies and planning.</p> <p><b>Target 13.3:</b> Improve education, awareness-raising and human and institutional capacity on climate change mitigation, adaptation, impact reduction and early warning.</p>	<p><b>Sustainability Vision:</b></p> <ul style="list-style-type: none"> <li>With the Business Group's target to reduce from 2015 direct CO<sub>2</sub> emissions per million Colombian pesos in income 20% by 2025, we confirmed our commitment to continue direct efforts that enable us to prevent, mitigate, reduce and offset our CO<sub>2</sub> emissions in each one of our businesses and subsidiaries. This is our contribution to global target 13.2 and the country goal 13.2.1.C.</li> <li>With the incorporation of environmental criteria into the assessment of investments, we contribute through the movement of financial capital to global target 13.2.</li> </ul>
	<p><b>Target 17.7:</b> Promote the development, transfer, dissemination and diffusion of environmentally sound technologies to developing countries on favorable terms, including on concessional and preferential terms, as mutually agreed.</p> <p><b>Target 17.3:</b> Mobilize additional financial resources for developing countries from multiple sources.</p> <p><b>Target 17.16:</b> Enhance the global partnership for sustainable development, complemented by multi-stakeholder partnerships that mobilize and share knowledge, expertise, technology and financial resources, to support the achievement of the sustainable development goals in all countries, in particular developing countries.</p> <p><b>Target 17.17:</b> Encourage and promote effective public, public-private and civil society partnerships, building on the experience and resourcing strategies of partnerships.</p>	<p><b>Financial Management:</b></p> <ul style="list-style-type: none"> <li>With the commitment to create value for our shareholders and society in the places where we operate, we move financial resources from the private sector for sustainable development and we promote macroeconomic stability, which contributes to global targets 17.3 and 17.13.</li> <li>Ethics and Corporate Governance / Strategic Coordination:           <ul style="list-style-type: none"> <li>The definition of a corporate governance model and of clear frameworks for action inside the group and with our stakeholders enables us to promote inter-sectoral partnerships in line with target 17.17.</li> <li>The establishment of strict ethical standards on conduct and transparency enables us to participate in the creation of partnerships for development, in line with target 17.17.</li> </ul> </li> </ul> <p><b>Sustainability Vision:</b></p> <ul style="list-style-type: none"> <li>With the implementation of cutting-edge practices and the implementation of our Ventures Model, we contribute to global target 17.2. Our commitment to mitigate the adverse impacts of our operations, empower the positive impacts and as a result, create value for society contributes to target 17.3.</li> </ul> <p><b>Identity and Engagement:</b></p> <ul style="list-style-type: none"> <li>The proactive and strategic management of our reputation and institutional relationships facilitates access to business networks and multiple synergies to empower our two strategic pillars: Selective and Sustainable Growth, and Maximization of Value for Everyone, in line with target 17.17.</li> </ul>

# Social Dimension

## Human Capital Management

The proper management of talent and culture among the Company's employees promotes and facilitates the behaviours required to achieve Grupo Argos Strategy and promote the growth of our employees in conjunction with the organization. This leverage drives the development of comprehensive leaders and the formation of diverse and efficient teams committed to the purpose of positively transforming millions of lives through investments in infrastructure.

## Talent Attraction & Retention

At Grupo Argos, we focus on attracting, developing, motivating and retaining the best talent to accompany the execution of the Business Group's strategy. That is why we create a work environment where our employees can boost their career plan thanks to the generation of synergies between businesses, specialized training, the implementation of best practices and the strengthening of diversity and mobility between businesses.

We manage our talent through these actions

We develop comprehensive leaders capable of inspiring a diverse team to leverage the sustainability of our business group.

We create compensation plans and innovative benefits that allow us to retain and attract talent and the growth of its employees in conjunction with the organization.

We work on our collaborative value proposition to convey the spirit of the company so that it has the ability to adapt to different geographies.

We develop a strategy of diversity and inclusion with emphasis on gender and multiculturalism, which allows us to maximize the companies value.

We work on the construction of a brand that allows us to attract and retain the talent we need to achieve the corporate strategy: "at Grupo Argos we want to have good people".

We develop comprehensive leaders capable of inspiring a diverse team to leverage the sustainability of our business group.

Our strategy for attracting and retaining human talent was approved by the Appointment and Compensation Committee of the Board of Directors, it covers all the subsidiaries. Framed in such strategy, we have been strengthening our performance appraisal process to achieve in 2019 a 92% coverage of multidimensional performance appraisals versus 83% in 2018. This enables us to rank employees based on their performance and take actions such as promotions, training, mobilization or relocation in order to continue improving their performance as well as retaining the best talent



Grupo Argos employees  
Medellin, Colombia

## Training & Development

Average hours per Full Time Employee (FTE) of training and development

**45.0** hours

## Our variable compensation program

### COMPENSATION

**The Variable Compensation Plan (VCP)** is part of Grupo Argos's total rewards system. It has two main programs: Long-term program (LTP) and Short-term program (STP).

Both programs use Key Performance Indicators (KPI) that support the organizational strategy and goals. The program's objective is to ensure cash flow generation, sustainability, and profitability.

**The VCP objectives are:**

- To align the work teams with the interests of the shareholder, and with goals focused on the medium / long term and sustainability.
- To incite **long-term thinking**.
- To recognize and encourage **high performance** among teams.
- To strengthen total rewards **competitiveness**, align with the organizational strategy to attract, motivate, and retain the best talent.

Percentage of open positions filled by internal candidates

**85%**

### THE SHORT TERM PROGRAM

**This program is measured and paid out on an annual basis.** It is a mix of a company's financial indicators and area/business indicators, which are distributed according to the contribution of each level.

	% Company	% Area/Business
Directive Committee	70	30
High Management	60	40
Middle Management	50	50
Specialist Other employees	40	60

The STP aims to recognize and to encourage the high performance of teams by accomplishing business competitiveness and the alignment with the organizational strategy. This program represents **25%** of the total reward system of the Corporate Executive Committee.

**Short-term financial indicators for 2019 are::**

Weight	KPI
45%	EBITDA
30%	Controlling Net Income
10%	Primary Surplus
15%	Budget Execution

For the CEO, the Executive Committee, and the Top Management, as an optional alternative, up to 100% of the short-term award can be paid through equivalent units of Grupo Argos and its subsidiaries shares.

In 2019, the percentage of the short-term bonus deferred in the form of equivalent units of Grupo Argos and its subsidiaries' shares for the CEO was 50%.

## THE LONG TERM PROGRAM

The LTP performance period is 3-years, and it has a vesting period of 3.25 years. It aims to encourage the decision-making processes based on a long-term vision, to achieve and exceed goals in a sustainable way.

The payout of this program is through a stock fund established to invest in equivalent units of shares. This system represents 15% of the total compensation of the CEO, the Corporate Executive Committee, and the Top Management. Long-term indicators for 2019 are:

Weight	KPI
45%	ROCE
30%	Operating cash flow vs. EBITDA
5%	Delta TSR Grupo Argos vs. ICOLCAP
20%	Sustainability

We have a Clawback Policy in place that establishes that in the event of business misconduct, or falsehoods in financial reports, the long-term incentives deposited to the employees, with no more than 3 years old, must be returned to the company. Moreover, if the CEO or the executive leaves the company by resignation or termination of the employment contract before the consolidation time (3.25 years), the Clawback Policy must be activated.



- ▶ The CEO and the Executive Committee has stock ownership requirements up to 0,75 times the annual base salary.
- ▶ The CEO has 0,76 times the annual base salary in equivalent units of Grupo Argos and its subsidiaries shares, and the other executive members have an average of 0,78 times the annual base salary.

## Labour Practice:

### Diversity

We promote and value diversity, inclusion, and the principle of equal opportunities at work. We strive to provide fair and transparent treatment to all our collaborators. We recognize that diversity allows us to learn from our differences, and it generates sources of competitive advantage.

We are people of different nationalities, sex, age, ability, marital status, collective affiliation, or political and sexual orientation; different characteristics that complement us, reinforce the engagement of our collaborators, improve the richness of the analysis, and therefore, the decision making.

### Grupo Argos and its businesses promote and value diversity and inclusion at work:

We recognize that diversity allows us to learn from differences, generating competitive advantages

Our organization is made up of collaborators of different nationalities, gender, age, marital status, political affiliation, and sexual orientation

We have focused on generational diversity, gender and geographic origin.

More than 100 women participated in leadership programs: University of California, Berkeley, Universidad de la Sabana and Universidad Eafit since 2015.

Compensation and new work schemes and flexible hours according to market demands, new generations and gender diversity.

### Equity gender equality certification process and talent process review to eliminate biases:

Argos and Celsia ranked 2 and 3, respectively, in local companies with the greatest commitment to diversity (PAR 2019 ranking) • Argos gold seal at Equipares 2019

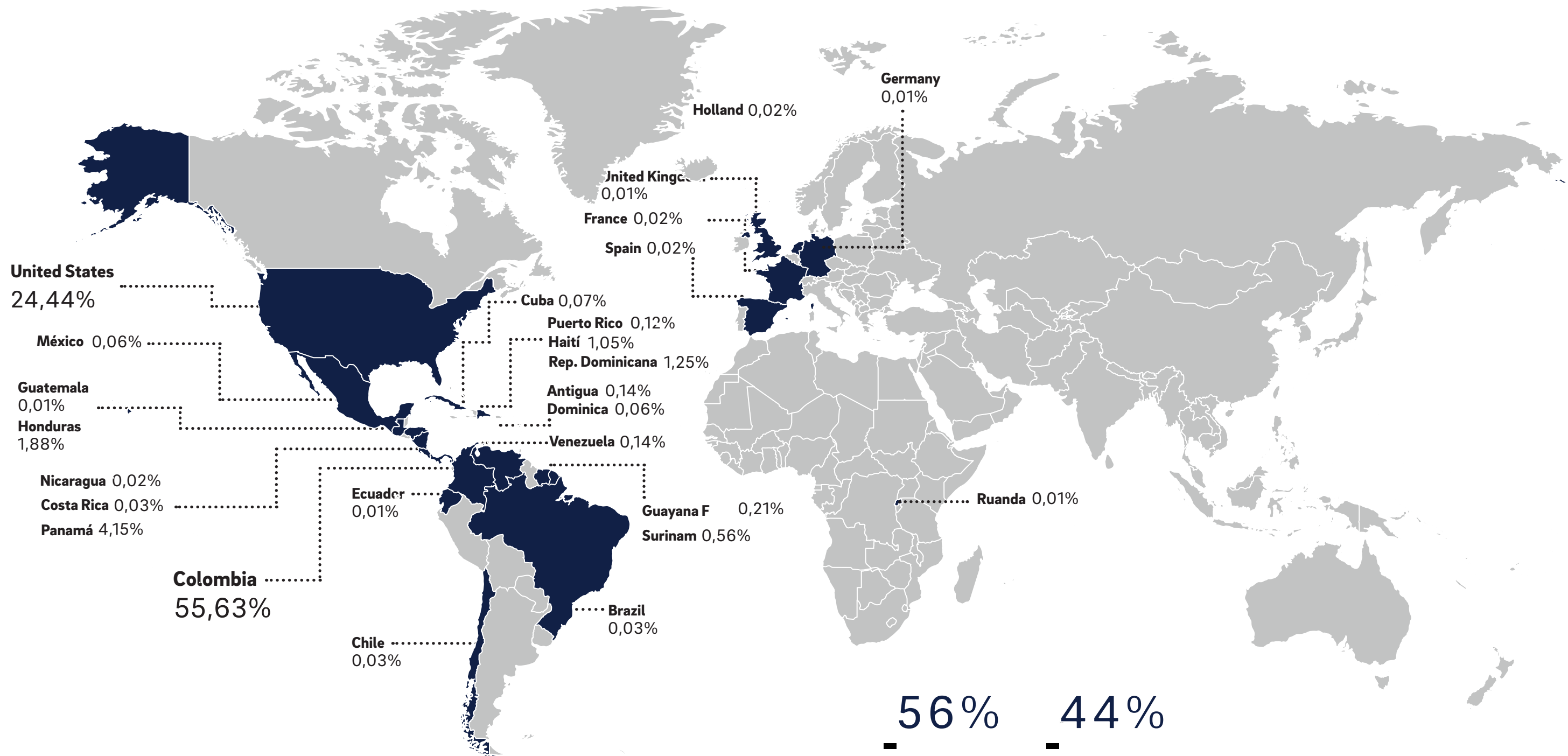
Training on unconscious biases through a podcasts season called "Diversity that transcends"

## Unconscious bias training

### Interviews

Topic	Expert	Link to Apple podcast
Introduction to unconscious bias	<b>Henry Murrain</b> External: Corpovisionarios Director	<a href="https://podcasts.apple.com/co/podcast/ep-6-qu%C3%A9-son-los-sesgos-inconscientes-entrevista-henry/id1481363465?i=1000455636117">https://podcasts.apple.com/co/podcast/ep-6-qu%C3%A9-son-los-sesgos-inconscientes-entrevista-henry/id1481363465?i=1000455636117</a>
Life-work balance	<b>Camilo Abello</b> Sustainability Senior Director	<a href="https://podcasts.apple.com/co/podcast/ep-7-equilibrio-vida-laboral-vida-personal-entrevista/id1481363465?i=1000456204889">https://podcasts.apple.com/co/podcast/ep-7-equilibrio-vida-laboral-vida-personal-entrevista/id1481363465?i=1000456204889</a>
Disability bias	<b>Gustavo Mascuñán</b> External (Integralia Foundation)	<a href="https://podcasts.apple.com/co/podcast/ep-8-diversidad-funcional-entrevista-a-gustavo-mascu%C3%B1%C3%A1n/id1481363465?i=1000456840396">https://podcasts.apple.com/co/podcast/ep-8-diversidad-funcional-entrevista-a-gustavo-mascu%C3%B1%C3%A1n/id1481363465?i=1000456840396</a>
Nationality bias	<b>Michelle Bordin</b> Talent Leader (Odinsa)	<a href="https://podcasts.apple.com/co/podcast/ep-9-diversidad-de-origen-entrevista-a-michelle-bordin/id1481363465?i=1000457481442">https://podcasts.apple.com/co/podcast/ep-9-diversidad-de-origen-entrevista-a-michelle-bordin/id1481363465?i=1000457481442</a>
Gender bias María Isabel Echeverri	<b>María Isabel Echeverri</b> Legal and Sustainability VP (Argos)	<a href="https://podcasts.apple.com/co/podcast/ep-10-equidad-de-g%C3%A9nero-entrevista-a-mar%C3%ADa-isabel-echeverri/id1481363465?i=1000458141355">https://podcasts.apple.com/co/podcast/ep-10-equidad-de-g%C3%A9nero-entrevista-a-mar%C3%ADa-isabel-echeverri/id1481363465?i=1000458141355</a>
Transgender bias	<b>Brigitte Baptiste</b> External (President University EAN)	<a href="https://podcasts.apple.com/co/podcast/ep-11-diversidad-de-g%C3%A9nero-entrevista-a-brigitte-baptiste/id1481363465?i=1000458782307">https://podcasts.apple.com/co/podcast/ep-11-diversidad-de-g%C3%A9nero-entrevista-a-brigitte-baptiste/id1481363465?i=1000458782307</a>

# Geographic origin diversity

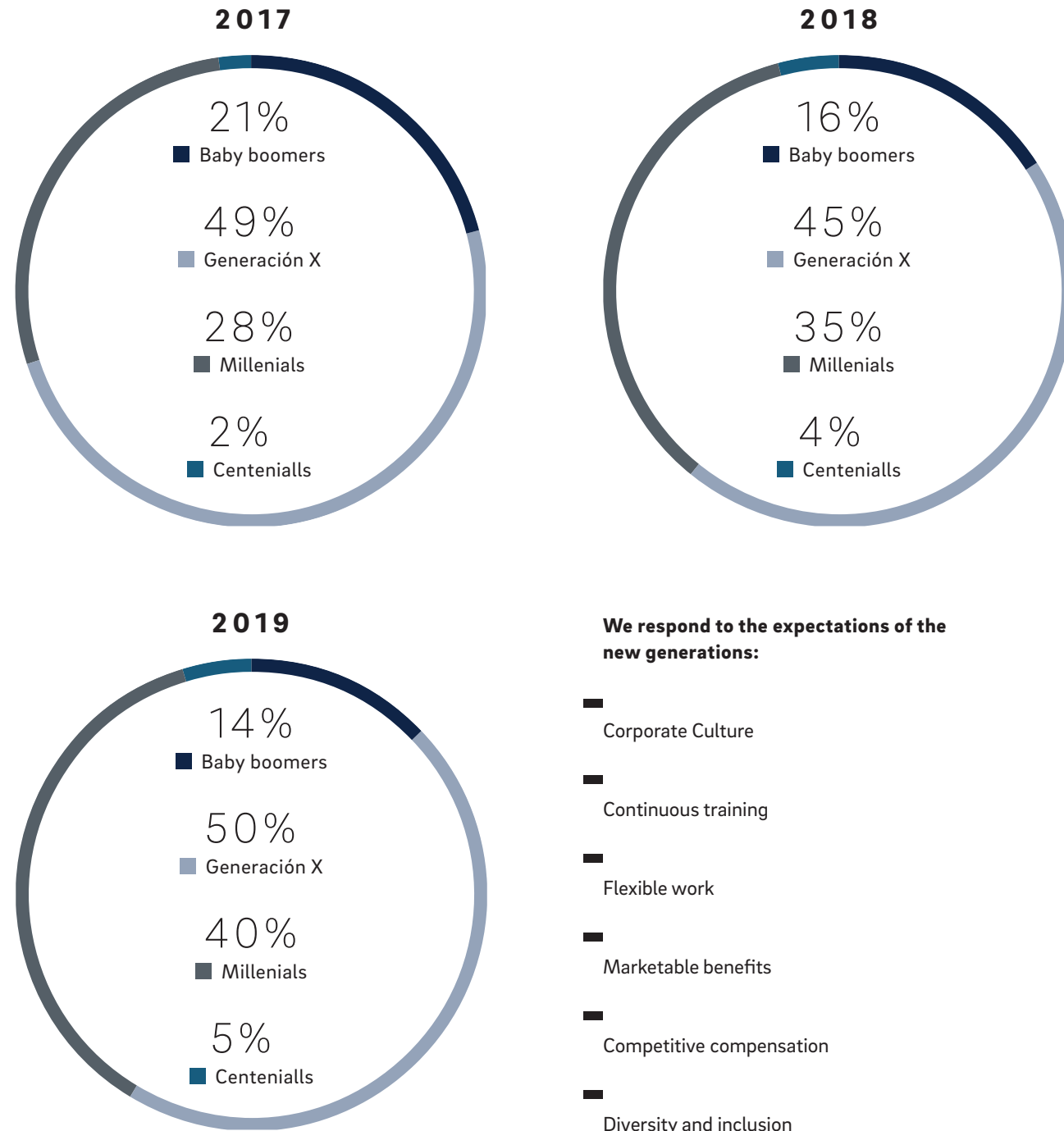


**56%** Colombians

**44%** From other nationalities  
(An increase of 6% in 2019)



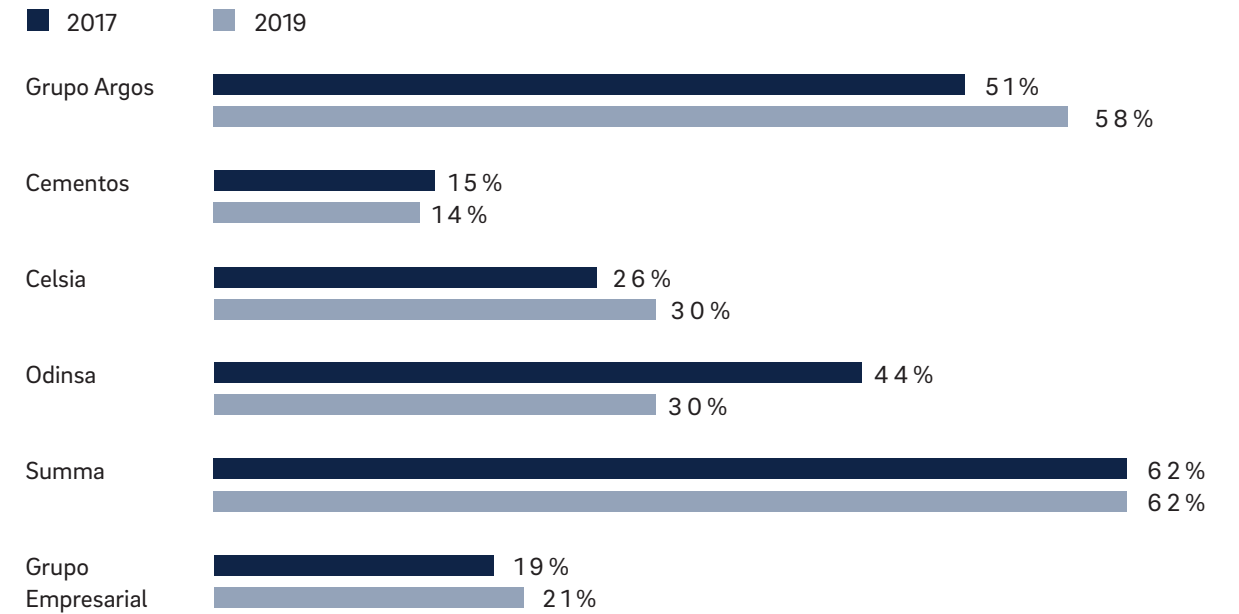
## Generational diversity



## Gender diversity

### Growth of the female population

from 19% to 21% in the last three years



### We moved forward in gender diversity goals defined in 2017

In 2017 the high management was composed by 21% female and 79% male.

Our goal in 2025 is that high management be composed by 27% female and 73% male

In 2017, 27% of our key talent were female. Our goal is that in 2025, 41% of key talent be female.

Year	2017	2018	2019
<b>Female in High management</b>	49	47	52
<b>Total High management</b>	231	237	234
<b>% female over total High management</b>	21%	20%	22%

Year	2017	2018	2019
<b>Female key talent</b>	23	69	76
<b>Total Key talent</b>	90	191	182
<b>% female over total key talent</b>	26%	36%	42%

Diversity indicator	Percentage (0 - 100)
Female share of total workforce (%)	58
Females in all management positions, including junior, middle and senior management (as % of total management workforce)	55
Females in junior management positions, i.e. first level of management (as % of total junior management positions)	53
Females in top management positions	53
Females in management positions in revenue - generating functions	50

## Compensation Structure:

### Korn Ferry Hay Group Methodology: Description of positions

In Grupo Argos, we understand compensation as a tool for the achievement of the business strategy, as well as a differentiating element that consolidates us as an organization that values its Human Talent.

Our compensation methodology is based on the description and assessment of positions, which ensures the correct description of functions, responsibilities, and skills. These assessments enable us to compare against other job designs in the market and to create a data-supported reward system. By doing so, we work in a fair and transparent system to assign salaries, to encourage employee engagement, and ensure an optimal return on reward investment.

The job position assessment is based on international standards, and it uses a point system that takes into account the following components of the job position:

#### Knowledge, experience, and capabilities:

- Amplitude and depth of knowledge
- General ability
- Human Relations

#### Problem-solving:

- Reference framework /environment
- Demands/Complexity of problems

#### Responsibility, freedom to act and magnitude:

- Freedom to act
- Magnitude
- Impact

### Korn Ferry Hay Group Methodology: Assessment of job positions

The job appraisal process provides a score, which is associated with the corresponding level of the salary scale. It means that the assignment of salaries is always an objective and methodological process.

Level	Grade	From	To
CEO / Executive	23	3 021	3 580
	22	2 551	3 020
	21	2 141	2 550
	20	1 801	2 140
	19	1 520	1 800
Top Management	18	1 300	1 519
	17	1 056	1 299
	16	901	1 055
	15	749	900
	14	624	748
Junior Management	13	519	623
	12	442	518
Specialist	11	365	441
	10	311	364
	9	265	310
	8	213	264
	7	179	212
Other Employees	6	150	178
	5	125	149
	4	104	124
	3	85	103
	2	70	84

## Total Compensation

The salary curves are drawn up according to market surveys performed by Korn Ferry Hay Group. This strategy allows us to build a competitive market compensation that is being used as a tool for attracting and retaining people.

We seek value generation through the alignment of our business strategy and our shareholder interests while focusing on long term vision, efficiency, profitability, and sustainability of the business.

### Base Salary

It rewards each responsibility of the employee and its performance

### Beneflex

It is a program that supports the current and future well-being of our employees and their families.

#### It has three dimensions:

- General benefits
- Marketable benefits
- Benefits per application

### Variable Compensation Plan

It is subject to the fulfillment of objectives. It has two main programs:

#### Short-term program (STP)

It promotes the alignment between yearly performance and short term strategic goals.

#### Long-term program (LTP)

It promotes the alignment between strategy and sustainable value.

### The Variable Compensation Plan

The VCP look for the alignment of the employees with the results of the business and the interest of the shareholders.

This component reinforces the culture of high performance, through the incentive and recognition of work teams to achieve higher levels of competitiveness, sustainability, profitability, and efficiency.

We have implemented a methodology with cross-cutting financial indicators that apply to all the Group employees.

Every year a proposal for managing variable compensation is presented to the Board of Director's Compensation Committee, and then this proposal is approved by the Company's Board of Directors.

The STP's metrics are EBITDA, Controlling Net Income, Primary Surplus, Budget Execution, and strategic business projects. The LTP's metrics are ROCE, Operating cash flow vs. EBITDA, Delta TSR Grupo Argos vs. ICOL-CAP, and Sustainability.

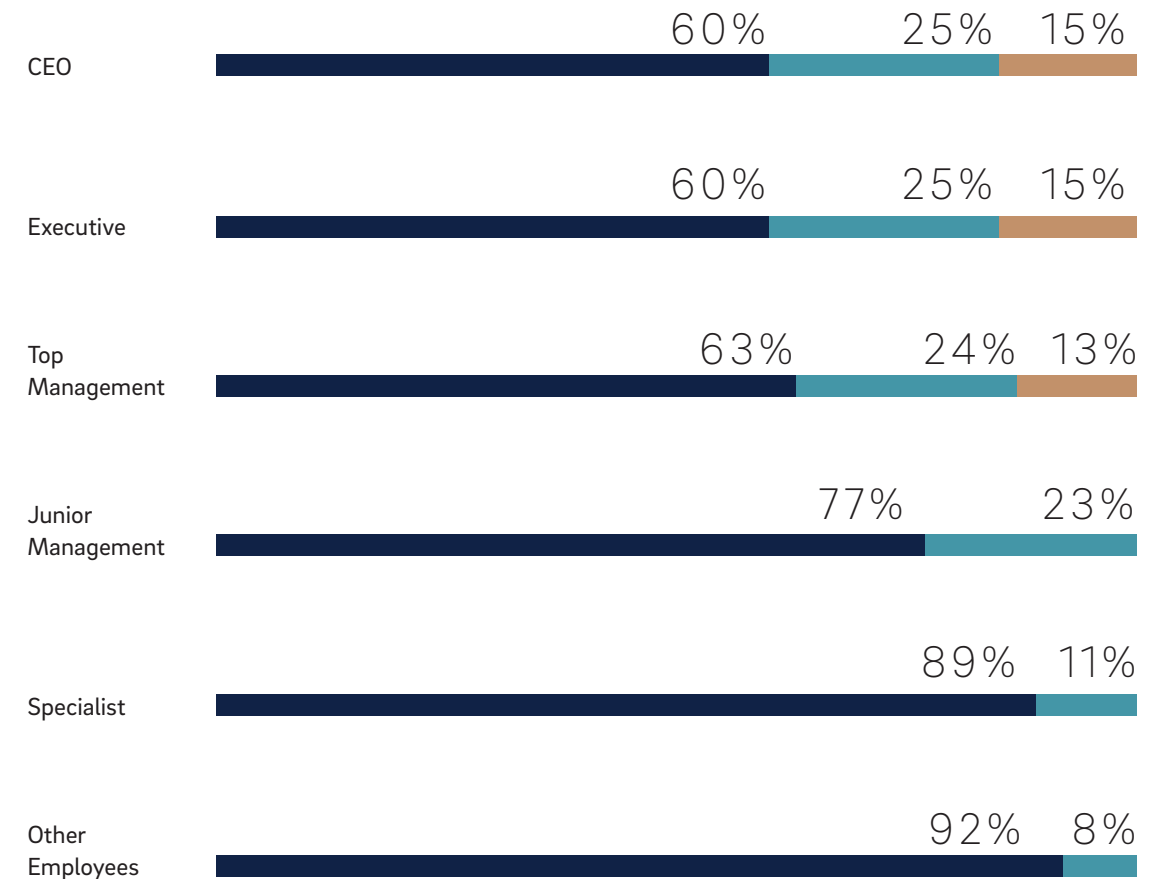
	Short-term Program		Long-term Program
	Weigh of the components		Weigh of the component
	Corporate	Aea/Bussines	Corporate
CEO / Executive	70%	30%	100%
TOP management	60%	40%	
New Junior Management	50%	50%	
Specialits			
Other Employees	40%	60%	

#### For our CEO and Executives

The percentage of variable compensation as a part of total compensation for these levels was 40% during 2019. Of this 40%, the percentage of STP was 25%, and LTP were 15%.

#### For Top Management

The percentage of variable compensation as a part of total compensation for these levels was 37%. The percentage of short term incentives was 24%, and long-term incentives were 13%.



■ Annual Labour Income ■ STP ■ LTP

Triggers for variable compensation:

1. Certification in the code of conduct "Comprometidos"
2. Performance appraisal program.

## Long Term Program

### Frequency

It is paid annually based on the achievement of the KPIs.

### Payment date

It is paid once the financial statements are approved at the shareholders meeting of Grupo Argos S.A.

### Payment method

It is managed by an external firm. The incentive is deposited in a fund that invests in Grupo Argos shares.

### Deferred payment

The Stocks Fund has a vesting period of 3.25 years after the end of the measured period.

### General limit

The plan allows for a maximum of 10% of Grupo Argos consolidated net profits of the period measured to be distributed among the participants.

## Vesting Conditions

Event	Percentage to pay
After 3.25 years of vesting	100 %
Retirement (by age, permanent disability)	100 %
Death	100 %
Change to a position not eligible to participate in the Program	100 %
Involuntary Termination without cause	100 %
Resignation or termination with a cause	100 %

## Freedom of Association

As a business group, we encourage free association, and so we adopt an ethical and regulatory framework for labor relations, under the terms and content the International Labour Organization (ILO) has defined in conventions 87 and 98. We recognize and respect the right of all workers to choose whether they wish to organize into an affiliate with their choice of an organization or not and to enter into collective bargaining processes to protect the rights of workers in the workplace against any act of discrimination that would seek to detract from trade union freedoms.

We have  
**31%**  
of employees belonging to collective agreements represented in the Enterprise Group as follows:

Cementos Argos

**2,231**

Celsia

**1,298**

Odinsa

**75**

Total

**3,604**

of 11,591

## Occupational Health and Safety

We are committed to providing to all our employees and contractors under any contract type a safe and healthy work environment with the purpose of avoiding the occurrence of work incidents and occupational diseases. We have guaranteed our employees and contractors in any form (temporary, full time, etc.), safe and healthy work environments, applying the Organization Health and Safety policy, ensuring the control of risks and compliance of the current regulations. The system is audited every year by the Occupational Risk Manager and by an external firm and the Occupational Risk Insurance (ARL), which oversees the verification of regulatory compliance. Grupo Argos draft the whole Health and Safety policy in terms of Resolution 0312 which provides for all employers in Colombia the specific standards they have to comply in terms of taking care of their employees.

# Employee Engagement

Target population	124 - employees
Participating Population	121 - employees
Participation percentage	98 %
Measurement application date frame	From Feb. 6th to March 1st

How are the results read and interpreted?

Results are considered...	If the % of favorability is...
Very favorable	75% or more favorable
Favorable	65-74% Favorable
Moderate	56-64% Moderate
Unfavorable / áreas of concern	55% favorable or less

## Satisfaction

82 %

### Short-term indicator

It measures the level of general satisfaction of the employees, it can be greatly influenced by the short term (thermometer).

## Engagement

89 %

### Long-term indicator

It measures the level of pride, motivation and energy that employees give to the company.

## Work environment

84 %

### Indicator of Employee Value Proposition Management (PVE)

It is measured through the average of the 10 dimensions that make up the collaborator's experience.

## Gender heat-map

This team summary provides an overview of your team's strengths and weaknesses. Each value represents a percentage of favorability. The colors are explained below:

75% or more favorable    65-74% Favorable    56-64% Favorable    55% favorable or less

Grupo Argos	N	Satisfaction	Engagement	Work environment	Performance activation	Agility and innovation	Trust	Integrity culture	Diversity and inclusion	Senior management effectiveness	Effectiveness of the immediate leader	Strategic approach	Collaborator's experience	Equitable rewards
Gender GA	121	82	89	84	82	78	89	90	77	82	87	87	80	89
Gender GA Female	65	75	87	81	79	76	88	90	87	72	86	84	76	89
Gender GA Male	56	89	90	88	80	91	89	94	83	89	89	91	84	90

## Performance data

### Number of employees

	2017			2018			2019		
	M	F	T	M	F	T	M	F	T
Grupo Argos	60	62	122	54	59	113	36	49	85
Cement	7,397	1,150	8,547	6,974	1,083	8,057	6,614	1,033	7,647
Energy	1,177	409	1,586	1,211	436	1,647	1,370	571	1,941
Concessions	2,224	720	2,944	1,181	797	1,978	1,144	731	1,875
Coal	36	11	47	34	11	45	32	11	43
<b>TOTAL</b>	<b>10,894</b>	<b>2,352</b>	<b>13,246</b>	<b>9,454</b>	<b>2,386</b>	<b>11,840</b>	<b>9,196</b>	<b>2,395</b>	<b>11,591</b>

Note: The information on 2019 concessions covers the direct employees of Odinsa Corporativo and the following projects: El Dorado International Airport, Mariscal Sucre International Airport, Malla Bial del Meta, Autopistas del Café, Conexión Pacífico 2, Autopistas del Nordeste, Boulevard Turístico del Atlántico, and Green Corridor Aruba.

### Number of employees by employee category

	2018					2019						
	EXECUTIVE	MANAGER	DIRECTOR	SPECIALIST	OTHER LEVELS	TOTAL	EXECUTIVE	MANAGER	DIRECTOR	SPECIALIST	OTHER LEVELS	TOTAL
Grupo Argos	6	13	23	54	17	113	6	15	17	41	6	85
Cement	10	118	292	2,046	5,591	8,057	7	108	276	1,921	5,335	7,647
Energy	9	46	65	908	619	1,647	9	44	71	1,206	611	1,941
Concessions	8	35	79	232	1,624	1,978	9	35	141	401	1,289	1,875
Coal	-	2	2	13	28	45	-	2	2	13	26	43
<b>TOTAL</b>	<b>33</b>	<b>214</b>	<b>461</b>	<b>3,253</b>	<b>7,879</b>	<b>11,840</b>	<b>31</b>	<b>204</b>	<b>507</b>	<b>3,582</b>	<b>7,267</b>	<b>11,591</b>

### Percentage of employees by employee category

	2018					2019				
	EXECUTIVE	MANAGER	DIRECTOR	SPECIALIST	OTHER LEVELS	EXECUTIVE	MANAGER	DIRECTOR	SPECIALIST	OTHER LEVELS
Grupo Argos	5%	12%	0%	48%	15%	7%	8%	20%	48%	7%
Cement	0%	1%	4%	25%	69%	0%	1%	4%	25%	70%
Energy	1%	3%	4%	55%	38%	0%	2%	4%	62%	31%
Concessions	2%	4%	1%	2%	82%	0%	2%	8%	21%	69%
Coal	0%	4%	4%	29%	62%	0%	5%	5%	30%	60%
<b>TOTAL</b>	<b>0%</b>	<b>2%</b>	<b>4%</b>	<b>27%</b>	<b>63%</b>	<b>0%</b>	<b>2%</b>	<b>4%</b>	<b>31%</b>	<b>63%</b>

### Number of employees by age range

2018

	UNDER 30		BETWEEN 30 AND 40		BETWEEN 40 AND 50		BETWEEN 50 AND 60		OVER 60		TOTAL	
	Count	%	Count	%	Count	%	Count	%	Count	%	Count	%
Grupo Argos	25	22%	46	41%	22	19%	17	15%	3	3%	113	100%
Cement	730	9%	2,159	27%	2,456	30%	2,115	26%	597	7%	8,057	100%
Energy	245	15%	491	30%	483	29%	372	23%	56	3%	1,647	100%
Concessions	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Coal	3	7%	18	40%	10	22%	13	29%	1	2%	45	100%

2019

	UNDER 30		BETWEEN 30 AND 40		BETWEEN 40 AND 50		BETWEEN 50 AND 60		OVER 60		TOTAL	
	Count	%	Count	%	Count	%	Count	%	Count	%	Count	%
Grupo Argos	16	19%	42	49%	16	19%	10	12%	1	1%	85	100%
Cement	686	9%	2,041	27%	2,296	30%	2,064	27%	560	7%	7,647	100%
Energy	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Concessions	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Coal	2	5%	16	37%	11	26%	13	30%	1	2%	43	100%

### Number of employees by employment contract

	2018		2019	
	PERMANENT	TEMPORARY	PERMANENT	TEMPORARY
Grupo Argos	109	4	84	1
Cement	8,057	572	7,647	518
Energy	1,603	44	1,867	74
Concessions (*)	1,873	95	1,843	15
Coal	43	2	42	1
<b>TOTAL</b>	<b>11,685</b>	<b>717</b>	<b>11,483</b>	<b>609</b>

### Number and percentage of employees by employment category and gender

[102-7, 102-8]

	Grupo Argos			Cement			Energy			Concessions			Coal		
	M	F	T	M	F	T	M	F	T	M	F	T	M	F	T
Executive	5	1	6	9	1	10	8	1	9	8	-	8	-	-	-
Manager	7	6	13	103	15	118	32	14	46	26	9	35	2	-	2
Director	6	17	23	212	80	292	53	12	65	44	35	79	-	2	2
Specialist	22	32	54	1,411	635	2,046	630	278	908	133	103	236	7	6	13
Other levels	14	3	17	5,239	352	5,591	488	131	619	970	650	1,620	25	3	28
<b>TOTAL</b>	<b>54</b>	<b>59</b>	<b>113</b>	<b>6,974</b>	<b>1,083</b>	<b>8,057</b>	<b>1,211</b>	<b>436</b>	<b>1,647</b>	<b>1,181</b>	<b>797</b>	<b>1,978</b>	<b>34</b>	<b>11</b>	<b>45</b>
Executive	9%	2%	5%	0%	0%	0%	1%	0%	1%	1%	0%	0%	0%	0%	0%
Manager	13%	10%	12%	1%	1%	1%	3%	3%	3%	2%	1%	2%	6%	0%	4%
Director	11%	29%	20%	3%	7%	4%	4%	3%	4%	4%	4%	4%	0%	18%	4%
Specialist	41%	54%	48%	20%	59%	25%	52%	64%	55%	11%	13%	12%	21%	55%	29%
Other levels	26%	5%	15%	75%	33%	69%	40%	30%	38%	82%	82%	82%	74%	27%	62%
<b>TOTAL</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

2019	Grupo Argos			Cement			Energy			Concessions			Coal		
	M	F	T	M	F	T	M	F	T	M	F	T	M	F	T
Executive	5	1	6	6	1	7	8	1	9	9	-	9	-	-	-
Manager	7	8	15	93	15	108	36	8	44	27	8	35	2	-	2
Director	5	12	17	197	79	276	64	7	71	88	53	141	-	2	2
Specialist	17	24	41	1,318	603	1,921	1,041	165	1,206	225	176	401	7	6	13
Other levels	2	4	6	5,000	335	5,335	555	56	611	795	494	1,289	23	3	26
<b>TOTAL</b>	<b>36</b>	<b>49</b>	<b>85</b>	<b>6,614</b>	<b>1,033</b>	<b>7,647</b>	<b>1,704</b>	<b>237</b>	<b>1,941</b>	<b>1,144</b>	<b>731</b>	<b>1,875</b>	<b>32</b>	<b>11</b>	<b>43</b>
Executive	14%	2%	7%	0%	0%	0%	0%	0%	0%	1%	0%	0%	0%	0%	0%
Manager	19%	16%	18%	1%	1%	1%	2%	3%	2%	2%	1%	2%	6%	0%	5%
Director	14%	24%	20%	3%	8%	4%	4%	3%	4%	8%	7%	8%	0%	18%	5%
Specialist	47%	49%	48%	20%	58%	25%	61%	70%	62%	20%	24%	21%	22%	55%	30%
Other levels	6%	8%	7%	76%	32%	70%	33%	24%	31%	69%	68%	69%	72%	27%	60%
<b>TOTAL</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

2019	Grupo Argos			Cement			Energy			Concessions			Coal		
	Life insurance	X			X			X			X			X	
Health insurance	X			X			X			X			X		
Accident insurance	X			X			X			X			X		
Health assistance	X			X			X			X			X		X
Wedding assistance			X	X			X			X			X		X
Food assistance	X			X			X			X			X		X
Vacation bonus	X			X			X			X			X		X
Flextime	X			X			X			X			X		X
Study sponsorship	X			X			X			X		X			X
Shares			X				X			X			X		X
Other	X			X			X			X			X		X

Note: In concessions, the benefits provided in all concessions are standardized. Some can have specific benefits for their employees.

## Employees covered by collective bargaining agreements

[102-41]

	2018					2019				
	GRUPO ARGOS	CEMENT	ENERGY	CON-CESSIONS	COAL	GRUPO ARGOS	CEMENT	ENERGY	CON-CESSIONS	COAL
Total number of employees in the Organization	113	8,057	1,647	1,978	45	85	7,647	1,941	1,875	43
Total number of employees covered by collective bargaining agreements	-	2,264	1,130	60	-	-	2,231	1,298	75	-
Percentage of employees covered by collective bargaining agreements	0%	28%	69%	3%	0%	0%	29%	67%	4%	0%

Note: The information on 2019 concessions covers the direct employees of Odinsa Corporativo and the following projects: El Dorado International Airport, Mariscal Sucre International Airport, Malla Bial del Meta, Autopistas del Café, Conexión Pacífico 2, Autopistas del Nordeste, Boulevard Turístico del Atlántico, and Green Corridor Aruba.

## Social security payments for full-time employees

[401-2]

2018	Grupo Argos		Cement		Energy		Concessions		Coal	
	YES	NO	YES	NO	YES	NO	YES	NO	YES	NO
Life insurance	X		X		X		X		X	
Health insurance	X		X		X		X		X	
Accident insurance	X		X		X		X		X	
Health assistance	X		X		X		X		X	
Wedding assistance			X		X		X		X	
Food assistance	X		X		X		X		X	
Vacation bonus	X		X		X		X		X	
Flextime	X		X		X		X		X	
Study sponsorship	X		X		X		X		X	
Shares			X		X		X		X	
Other	X		X		X		X		X	

## Training Hours

[404-1, 404-2]

### Number and average training hours by level

	Grupo Argos			Cement			Energy			Concessions			Coal		
	NUMBER OF HOURS OF TRAINING 2018														
Level 1			10			79			207			228			-
Level 2			935			3,743			1,636			2,835			57
Level 3			1,966			10,783			2,374			6,293			35
Level 4			1,747			77,461			31,645			10,079			1,482
Level 5			30			257,053			20,062			62,236			44
	AVERAGE HOURS OF TRAINING 2018														
Level 1			1.7			7.9			23.0			28.5			-
Level 2			71.9			31.7			35.6			81.0			28.7
Level 3			85.5			36.9			36.5			79.7			17.5
Level 4			32.3			37.9			34.9			43.4			114.0
Level 5			1.7			46.0			32.4			38.3			1.6

	Grupo Argos			Cement			Energy			Concessions			Coal		
	NUMBER OF HOURS OF TRAINING 2019														
Level 1			134			53			608			608			-
Level 2			816			4,321			2,970			2,970			25.00
Level 3			1,164			11,953			64,385			10,520			70
Level 4			1,688			78,968			17,180			17,180			371
Level 5			25			255,575			64,923			64,923			57
	AVERAGE HOURS OF TRAINING 2019														
Level 1			22.3			7.6			67.5			67.5			-
Level 2			54.4			40.0			85.0			85.0			12.5
Level 3			68.5			43.3			33.17			74.6			35.2
Level 4			41.2			41.1			29.1			29.1			28.6
Level 5			4.2			47.9			47.7			47.7			2.2

## Number and average training hours by gender

2018	GRUPO ARGOS	CEMENT	ENERGY	CONCESSIONS	COAL
Number and average training hours by gender (female)	3,067	45,710	12,996	22,688	-
Number and average training hours by gender (male)	1,621	303,409	43,156	63,438	1,620
Average training hours by gender (female)	52.0	42.21	30	27	6
Average training hours by gender (male)	30.0	43.51	35.64	46	46

2019	GRUPO ARGOS	CEMENT	ENERGY	CONCESSIONS	COAL
Number of training hours by gender (female)	2,530	47,280	17,923	30,953	314
Number of training hours by gender (male)	1,296	304,591	46,461	65,546	210
Average training hours by gender (female)	51.64	45.77	31.39	42.5	28.58
Average training hours by gender (male)	36.00	46.05	33.91	57.4	6.55

## Employee performance

[404-3]

### Percentage of employees who were assessed on performance

2018	EXECUTIVE	MANAGER	DIRECTOR	SPECIALIST	OTHER LEVELS
Grupo Argos	100%	100%	88%	91.8%	100%
Cement	ND	100%	98%	100%	94%
Energy	ND	100%	98%	94%	85%
Concessions	ND	89%	85%	52%	39%
Coal	ND	100%	100%	100%	97%

2019	EXECUTIVE	MANAGER	DIRECTOR	SPECIALIST	OTHER LEVELS
Grupo Argos	100%	100%	100%	100%	100%
Cement	100%	100%	100%	100%	94%
Energy	100%	100%	100%	100%	100%
Concessions	67%	89%	87%	85%	60%
Coal	N/A	100%	100%	100%	100%

## Employee turnover

[401-1]

### Turnover rate

2018	GRUPO ARGOS	CEMENT	ENERGY	CONCESSIONS	COAL
Employee turnover rate	7.96%	19.25%	6.13%	19.0%	11.11%
Voluntary employee turnover rate	7.96%	8.86%	5.53%	6.0%	6.67%
Employees who resigned by mutual agreement	3	NA	19	68	1
Employees who retired for pension or left due to contract expiration	0	NA	33	47	2
Employees who left due to voluntary resignation	6	714	44	119	0
Employees dismissed	0	NA	3	123	2

2019	GRUPO ARGOS	CEMENT	ENERGY	CONCESSIONS	COAL
Employee turnover rate	42.35%	18.24%	4.74%	13.06%	4.65%
Voluntary employee turnover rate	41.18%	8.21%	1.18%	5.3%	0.00%
Employees who resigned by mutual agreement	29	337	NA	50	0
Employees who retired for pension or left due to contract expiration	3	NA	NA	39	0
Employees who left due to voluntary resignation	3	628	23	100	0
Employees dismissed	1	NA	11	71	2

### Employee turnover rate by age and gender

	2018					2019				
	Grupo Argos	Cement	Energy	Concessions	Coal	Grupo Argos	Cement	Energy	Concessions	Coal
<b>AGE RANGE</b>										
Under 30	54.55%		0.67%	51%	33%	13.89%				0%
Between 30 and 40	45.45%		1.28%	32%	33%	36.11%				0%
Between 40 and 50	0%	NA	0.79%	12%	33%	19.44%	NA	NA	NA	0%
Between 50 and 60	0%		1.21%	3%	0%	25.00%				100%
Over 60	0%		2.19%	0%	0%	5.56%				0%
<b>GENDER</b>										
Female	72.73%	2.22%	1.76%	44%	0%	16.47%	2.17%	1.65%	6.35%	0%
Male	27.27%	17.03%	4.37%	56%	100%	25.88%	16.07%	3.09%	6.72%	4.65%

## Salary ratio between men and women

[405-2]

### Ratio between the basic salary of men and women by employee category

2018	GRUPO ARGOS	CEMENT	ENERGY	CONCESSIONS	COAL
Level 1: Executive	NA	NA	1.14	NA	NA
Level 2: Manager	1.05	0.82	1.07	0.91	0.00
Level 3: Director	0.95	0.86	0.97	1.05	0.00
Level 4: Specialist	1.04	0.97	1.04	1.12	1.14
Level 5: Other levels	0.94	1.00	1.15	0.47	0.97

2019	GRUPO ARGOS	CEMENT	ENERGY	CONCESSIONS	COAL
Level 1: Executive	NA	NA	0.85		NA
Level 2: Manager	0.75	0.85	0.92		0.00
Level 3: Director	0.97	0.93	1.05	NA	0.00
Level 4: Specialist	1.03	0.95	1.00		0.87
Level 5: Other levels	0.95	0.97	0.84		1.03



## Work-related illnesses

[403-9] Work-related injuries

[403-10] Work-related ill health

[GA-SST01] Frequency rate of work-related ill health of employees

[GA-SST02] Frequency rate of work-related ill health of contractors

[GA-SST03] Frequency rate of employee injuries in time lost

[GA-SST04] Frequency rate of contractor injuries in time lost

2018	UNIT	Grupo Argos		Cement	Energy		Concessions		Coal	
		M	F	TOTAL	M	F	M	F	M	F
<b>Employees</b>										
Total cases of accidents	Number	-	1	34	30	2	66	44	1	-
Total cases of work-related ill health	Number	-	-	-	-	-	-	-	-	-
Lost days due to work-related accidents and illnesses	Days	-	3	829	135	6	496	372	3	-
Number of cases of leave due to ordinary illness	Cases	18	26	3,138	739	319	615	630	45	3
Days of leave due to ordinary illness	Days	55	101	17,906	5,055	1,623	2,637	2,919	429	23
<b>TOTAL HOURS WORKED</b>		<b>145,152</b>	<b>161,608</b>	<b>22,390,402</b>	<b>3,426,527</b>	<b>1,143,272</b>	<b>2,516,973</b>	<b>1,761,310</b>	<b>96,735</b>	<b>32,621</b>
Fatalities	Number	-	-	-	-	-	-	-	-	-
<b>Contractors</b>										
Total cases of work-related accidents and illnesses	Number	10	-	12	188	6	197	23	8	-
Lost days due to work-related accidents and illnesses	Days	76	-	330	7,349	25	1,947	194	124	-
Number of cases of leave due to ordinary illness	Cases	52	22	ND	966	131	542	314	204	5
Days of leave due to ordinary illness	Days	152	201	ND	5,369	506	1,410	1,273	1,595	10
<b>TOTAL HOURS WORKED</b>		<b>755,641</b>	<b>91,352</b>	<b>19,417,783</b>	<b>7,723,349</b>	<b>797,929</b>	<b>5,365,930</b>	<b>1,917,581</b>	<b>625,792</b>	<b>43,041</b>
Fatalities	Number	-	-	-	1	-	2	-	-	-

2019G	UNIT	rupo Argos	Cement	Energy	Concessions	Coal
		TOTAL	TOTAL	TOTAL	TOTAL	TOTAL
<b>Employees</b>						
Total cases of accidents	Number	-	37	-	80	-
Total cases of work-related illnesses	Number	-	5	-	1	-
Lost days due to accidents	Days	-	1,076	-	1,123	-
Days of leave due to work-related illnesses	Days	-	6	NA	90	-
Number of cases of leave due to ordinary illness	Cases	36	2,789	-	NA	38
Lost days due to ordinary illness	Days	150	20,807	-	NA	355
<b>TOTAL HOURS WORKED</b>		<b>276,007</b>	<b>23,506,397</b>		<b>3,982,000</b>	<b>128,859</b>
FatalitiesN	umber	-	-	-	-	-
Frequency rate	-	-	1.34	3.92	20.09	-
Severity rate	-	-	32.96	20.77	282	-
Work-related illness rate	-	-	1.57	0.39	0.25	-
<b>Contractors</b>						
Total cases of accidents	Number	2	19	-	143	2
Total cases of work-related illnesses	Number	-	NA	-	-	-
Lost days due to accidents	Days	7	299	-	1,304	203
Days of leave due to work-related illnesses	Days	-	NA	NA	-	-
Number of cases of leave due to ordinary illness	Cases	56	NA	-	NA	187
Days of leave due to ordinary illness	Days	155	NA	-	NA	941
<b>TOTAL HOURS WORKED</b>		<b>791,918</b>	<b>18,215,289</b>		<b>11,086,945</b>	<b>676,386</b>
FatalitiesN	umber	-	-	-	-	-
Frequency rate	-	2.53	1.04	14.57	13	2.96
Severity rate	-	8.84	16.41	141.71	118	300.12
Work-related illness rate	-	-	1.04	NA	-	-

# Human Rights

In development of the Sustainability Policy and in compliance with the publicly expressed commitment to respect for human rights, Grupo Argos has a comprehensive human rights system, which responds to the guiding principles of the United Nations Ruggie Framework. Therefore, it has a human rights policy approved by the Board of Directors and a due diligence process in human rights, which has been developed through four central lines in order to obtain a complete diagnostic that can be used to take effective measures that help to close gaps and mitigate risks.

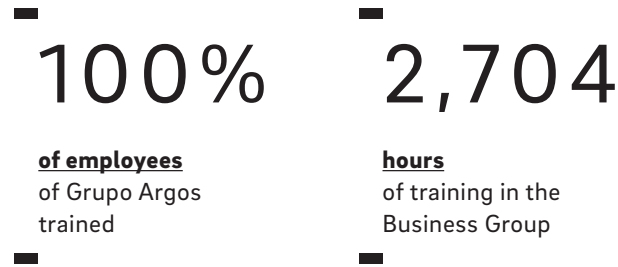
**Human rights policy: As a basic principle of its sustainability strategy, Grupo Argos is committed to the respect and promotion of human rights in all its subsidiaries and the regions where they operate in accordance with the Universal Declaration of Human Rights, the ILO Declarations, the Global Compact, and the applicable laws in each country.**

**With ethical integrity as a basis for its business actions, Grupo Argos assumes responsibility of the prevention, identification, and reparations of the negative consequences that its operations and businesses can have on human rights.**

## Vesting Conditions

### Central line 1: Standardization of Knowledge

The aim of this stage is to achieve that the Organization's different employees, which according to their responsibilities must lead and work on the topic, obtain an optimum level of knowledge of the benchmark principles and instruments in the field of the companies and human rights. To do this, we made an inventory of the relevant benchmarks in human rights for the Company with the aim to explore each one of them.



### Central line 2: Identification of Gaps

In this stage of analysis of gaps and opportunities for improvement, the aim is to integrate human rights into the Company's operations. This process served as a starting point to strengthen the management system, because the identification of actions for improvement with respect to human rights was started.

The economic opportunity, because it contributes to the reputational consolidation of the services and products, it facilitates the corporate license to operate and it prevents financial penalties.

In this stage, we identify 20 risk scenarios in the operating environment of the Company and its subsidiaries, four of them applying across all the companies. Additionally, we constantly identify key topics that can translate into risks or emerging impacts for the operation of our businesses

### Central line 3: Risk Analysis

We made an inventory, and classified and prioritized risks in the Group's management with respect to human rights and IHL, which is essential to keep strengthening risk management in the Company.

**This central line is essential to the Company due to:**

- The legal obligation of companies to comply with national legislation and international treaties.
- The ethical commitment of being a "corporate citizen", going beyond the legal aspects to adapt processes so that they prevent negative impacts on the operating environments.

### Central line 4: Action Plan

Our action plan for risk management and closure of gaps in human rights in the Group's operations takes the elements identified in central lines 2 and 3, and it establishes some lines of action, roles and responsibilities for correct management.

Below, we describe the four cross-cutting risk scenarios and the actions for risk mitigation:

RISK	SCENARIO	2019 MITIGATION ACTIONS	2020 MITIGATION ACTIONS
Reputational and Legal	The human rights analysis must be constantly present in the investment processes of the new Grupo Argos businesses.	<ul style="list-style-type: none"> <li>• We have improved the analysis and evaluation of the environmental, social and corporate governance matters throughout the investment life cycle, from due diligence –prior to merger or acquisition–, during management of the investment, and if it occurs, in its sale.</li> </ul>	Analyze the suppliers' human rights risks in the acquisitions that occurred in 2019.
Reputational, Operational and Legal	The Company has operations located in areas with the presence of illegal armed groups.	<ul style="list-style-type: none"> <li>• The procedure for reporting to the relevant authorities cases of extortion of which the Company is aware and that could affect its stakeholders was formalized and made public. This procedure was communicated to the employees, suppliers, contractors, and community members located in these areas deemed high risk.</li> <li>• We continued our online human rights course, which applies for the whole Business Group, with the aim to raise the employees' awareness and strengthen the corporate culture of prevention and respect.</li> </ul>	Reinforce the communication of the Holding Company's complaints and claims mechanisms to 85% of the employees.
Reputational and Legal	The Grupo Argos businesses are demanding with respect to land, which can generate risks in loss of land, safety management and/or reputational impacts.	<ul style="list-style-type: none"> <li>• We work so the land surveillance service providers give training to staff about the undue use of force in cases of settlement or civil unrest in the region, taking into account that these regions have a significant presence of indigenous and Afro-descendant communities, and children.</li> <li>• The human rights criteria were expressly incorporated into the due diligence process for the acquisition and use of land.</li> </ul>	Identify and assess the human rights violations in the cases in which the Group has been involved in land restitution processes with the aim to adopt the necessary preventive or corrective measures.
Reputational	More clarity is required on strategic and operating alignment in terms of management of the environment between the subsidiaries when they coincide in a region.	<ul style="list-style-type: none"> <li>• With the founding of Fundación Grupo Argos, the engagement strategy was strengthened for all the businesses that operate in the same region. Special emphasis is made on regions with the presence of indigenous and Afro-descendant communities.</li> </ul>	Assess the communities' perception of the engagement strategy, where there is the presence of more than two of the Business Group's strategic businesses.

See our Human Right Policy here

[https://www.grupoargos.com/Portals/0/documentos/gobierno%20corporativo/Human\\_Rights\\_policy.pdf](https://www.grupoargos.com/Portals/0/documentos/gobierno%20corporativo/Human_Rights_policy.pdf)

# Stakeholder Engagement

We have strong engagement mechanisms in place in order to engage with our stakeholders on an ongoing basis.

STAKEHOLDER GROUP	VALUE PROMISE	RESPONSIBLE PARTY FOR THE RELATIONSHIP	ENGAGEMENT MECHANISMS	FREQUENCY OF THE MECHANISM	MATTERS OF INTEREST
Shareholders and investors	Make their investment profitable in the long term and include them in our purpose, strategy and performance as customers and owners.	Chief Corporate Financial Officer	• General Meeting of Shareholders, Integrated Report and dialog with stakeholders	Annual	<ul style="list-style-type: none"> <li>• Strategic Coordination</li> <li>• Sustainability Vision</li> <li>• Financial Management</li> <li>• Ethics and Corporate Governance</li> <li>• Identity and Engagement</li> <li>• Talent and Culture</li> </ul>
			• Conference callQ	Quarterly	
			• Phone call and email	Ongoing	
Subsidiaries and businesses	Increase their value individually and as part of the Business Group through the application of the key value levers.	CEO	• Board of Directors meetings	Monthly	<ul style="list-style-type: none"> <li>• Strategic Coordination</li> <li>• Sustainability Vision</li> <li>• Financial Management</li> <li>• Ethics and Corporate Governance</li> <li>• Identity and Engagement</li> <li>• Talent and Culture</li> </ul>
			• CEO Committee meeting • Chief Officer Committee meeting	Bimonthly Monthly	
			• Transparency Hotline	Ongoing As needed	
			• Synergy roundtables	As needed	
Strategic partners	Contribute the necessary skills to make the most of joint investments in the framework of ethics, good conduct and transparency.	CEO	• Board of Directors meetings	Monthly	<ul style="list-style-type: none"> <li>• Strategic Coordination</li> <li>• Sustainability Vision</li> <li>• Financial Management</li> <li>• Ethics and Corporate Governance</li> <li>• Identity and Engagement</li> <li>• Conscious Investment</li> </ul>

STAKEHOLDER GROUP	VALUE PROMISE	RESPONSIBLE PARTY FOR THE RELATIONSHIP	ENGAGEMENT MECHANISMS	FREQUENCY OF THE MECHANISM	MATTERS OF INTEREST
Employees	Increase their level of commitment, develop their leadership, empower their inspiration and enable their results to transcend together with the Organization.	Chief Officer of Human Resources and Corporate Affairs	• Grupo Argos dialogs	Bimonthly	<ul style="list-style-type: none"> <li>• Sustainability Vision</li> <li>• Financial Management</li> <li>• Ethics and Corporate Governance</li> <li>• Identity and Engagement</li> <li>• Talent and Culture</li> <li>• Conscious Investment</li> </ul>
			• Investments that Transform newsletter • Virtual bulletin boards • Intranet	Weekly	
Environment*	Contribute to the preservation of life on the planet in the future, aiming to minimize our negative impacts and maximize our positive ones.	Senior Management of Sustainability	• Dialogs with environmental authorities • Dialogs with environmental organizations	As needed	<ul style="list-style-type: none"> <li>• Sustainability Vision</li> <li>• Ethics and Corporate Governance</li> <li>• Engagement with this stakeholder must take as a reference that established in the Grupo Argos Sustainability Policy and Code of Conduct (Chapter 3, paragraph 6)</li> </ul>
			• Training and awareness-raising on conservation and protection of the environment	Ongoing	
			• Meetings to follow up on mutual-interest agendas • Delivery of reports and answers to requests • Website	As needed	
Authorities	Maintain transparent and collaborative relations with public institutions in order to contribute to the development of the countries where we operate.	Chief Officer of Human Resources and Corporate Affairs	• Meetings to follow up on mutual-interest agendas • Delivery of reports and answers to requests • Website	As needed	<ul style="list-style-type: none"> <li>• Sustainability Vision</li> <li>• Ethics and Corporate Governance</li> <li>• Identity and Engagement</li> </ul>
Suppliers	Establish fair and sustainable business relations over time with the aim to benefit all the parties involved.	Chief Corporate Financial Officer (for capital providers)  SUMMA	• Integrated Report • Dialogs with stakeholders	Annual	<ul style="list-style-type: none"> <li>• Strategic Coordination</li> <li>• Sustainability Vision</li> <li>• Financial Management</li> <li>• Ethics and Corporate Governance</li> <li>• Identity and Engagement</li> </ul>
			• Transparency Hotline • Hotline • Exclusive email • Website	Ongoing	
Associations	Contribute to capacity building in the industry, as well as to the strengthening of the private sector as an essential agent of development.	Chief Officer of Human Resources and Corporate Affairs	• Meetings to follow-up on schedules • Delivery of reports and answers to requests • Website	Ongoing	<ul style="list-style-type: none"> <li>• Sustainability Vision</li> <li>• Ethics and Corporate Governance</li> <li>• Identity and Engagement</li> </ul>

"The natural environment can be affected by a company's activities and, through channels such as climate change, can have an effect on the company. (Boutilier, R. 2011)."

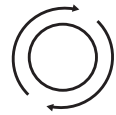
"Human-caused environmental deterioration of the planet appears to call for all organizations to consider as stakeholders as many natural environment entities as possible. (Starik, 1995, p. 210)."

Source: Is the Environment a stakeholder? <https://www.stakeholdermap.com/is-environment-a-stakeholder.html>  
<https://www.stakeholdermap.com/what-are-stakeholders-video.html>

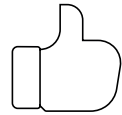
# Corporate Citizenship

At Grupo Argos, we are convinced that responsible operations require social investment programs that generate a positive impact on society and ensure the availability of social and natural capitals key to the operations and to our long-term performance. Through the Grupo Argos Foundation, programs are implemented mainly in the areas of influence of the operations. Thus, social investment is focused on the protection of water resources, territorial and social transformation, and environmental education. These actions are key to a better relationship with stakeholders, operational risk reduction, brand positioning improvement, and a sound contribution to the achievement of sustainable development goals (SDGs).

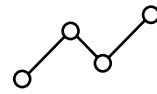
<b>3 pillars</b>	These focuses of work drove the three pillars of Grupo Argos' sustainability strategy and businesses to deliver more to society
------------------	---



Conscious Investment



Responsible Operations



Cutting-edge Practices

cop 18 billion in execution capacity in 2019

**GRUPO ARGOS**  
cop 5 billion

**ARGOS**  
cop 7,2 billion

**CELSIA**  
cop 4,4 billion

**ODINSA**  
cop 1,2 billion

EQUITY cop 650 billion

These contributions amount to more than COP 6 billion, which were invested through partnerships.

Management overhead of the Foundation 1 billion \$42 million were In-kind giving product

See Grupo Argos Foundation full report here

([https://www.grupoargos.com/Portals/0/documentos/Grupo\\_Argos\\_Foundation\\_Report\\_2019.pdf](https://www.grupoargos.com/Portals/0/documentos/Grupo_Argos_Foundation_Report_2019.pdf))



Conecta Volunteering

# Governance Dimension

## Board Structure



1. Rosario Córdoba



2. Gonzalo Pérez



3. Carlos Ignacio Gallego



4. Claudia Betancourt



5. Ana Cristina Arango



6. Jorge Uribe



7. Armando Montenegro

The Board of Directors is our highest management body and has a general vision of all the businesses of the Business Group. It has a diverse composition in terms of gender, skills and experience, and it has the active participation of independent members.

Our Board of Directors defines the corporate strategy, supervises management's activities and monitors the risks and opportunities that arise in economic, environmental and social subject.

Additionally, it supports the engagement system between the companies of the business group, which serves as a basis to establish the strategies, policies and other guidelines that apply to all our companies and aims to ensure unity of purpose and management.

All of the above for the best interests of our shareholders and other stakeholders, ensuring that they protect their rights and meet their expectations in a balanced way, with the highest standards of ethics, conduct and transparency

### 1. ROSARIO CÓRDOBA

Private Competitiveness Council - Chair

Non-executive

**Independent:** Yes

**Member of the Board since:** 2011

**Board committee:**

- Audit, Finance and Risk Committee
- Sustainability and Corporate Governance Committee\*
- 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 Council
- Advisory Board of Innpulsa Mipyme

**Education:**

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

**Experience:**

- Chair of the Private Competitiveness Counsel
- Previous position: Editor in Chief of the Dinero magazine

### 2. GONZALO PÉREZ

Grupo Sura S.A. - CEO

Non-executive

**Independent:** No

**Member of the Board since:** 2020

**Board committee:**

- Appointment and Remuneration Committee

**Other boards of directors:** 4

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

**Non-profit entities:**

- Fundación SURA
- Orquesta Filarmónica de Medellín

**Education:**

- Legal Attorney, Medellín University
- Insurance Specialization Swiss Re, Zurich 1988
- CEO Management Program
- KELLOGG-Graduate School of Management

**Experience:**

- CEO of Grupo Sura S.A.
- Previous position: CEO of Suramericana S.A.

### 3. CARLOS IGNACIO GALLEGO

Grupo Nutresa S.A. - CEO

Non-executive

**Independent:** No

**Member of the Board since:** 2014

**Board committee:**

- Sustainability and Corporate Governance

**Other boards of directors:** 4

- Grupo de Inversiones Suramericana 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
- Universidad Católica de Oriente
- ANDI

**Education:**

- Civil Engineering, Universidad Eafit
- MBA, Universidad Eafit

**Experience:**

- CEO of Grupo Nutresa S.A.
- Previous position: Chief of Service at Nutresa S.A.

### 4. CLAUDIA BETANCOURT

Amalfi S.A. - General Manager

Non-executive

**Independent:** No

**Member of the Board since:** 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.Grupo

**Non-profit entities:**

- Fundación Notas de Paz
- Fundación Scarpetta
- Propacífico

**Education:**

- Economics, Colegio Mayor de Nuestra Señora del Rosario

**Experience:**

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

### 5. ANA CRISTINA ARANGO

Director

Non-executive

**Independent:** Yes

**Member of the Board since:** 2009

**Board committee:**

- Audit, Finance and Risk Committee

**Other boards of directors:** 2

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

**Non-profit entities:**

- Sociedad Benéfica Santana

**Education:**

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

**Experience:**

- Director of Inversiones El Yarumo S.A.S.
- Previous position: Financial Management Assistant at Cementos Ríoclaro S.A.

### 6. JORGE URIBE

Consultant

Non-executive

**Independent:** Yes

**Member of the Board since:** 2015

**Board committee:**

- Appointment and Remuneration\*

**Other boards of directors:** 3

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

**Education:**

- Administrative Engineering, 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:** No

**Member of the Board since:** 2015

**Board committee:**

- Audit, Finance and Risk\*

**Non-profit entities:**

- Fedesarrollo

**Education:**

- Industrial Engineering, Universidad Javeriana
- Master of Economics and Latin American Studies, Ohio University
- PhD in Economics, New York University, USA

**Experience:**

- Chairman of BTG Pactual
- Previous position: Managing Director at Ágora Corporate Consultants
- Director of the National Planning Department

\* Committee president

\* Committee president



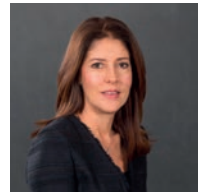
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5. Ana Cristina Arango



6. Jorge Uribe



7. Armando Montenegro

## Non-executive Chairman/ Lead Director

Chairman is non-executive and independent.  
This approach has been adopted for the last 8 years  
Good Governance Code, <https://bit.ly/2KQjepL> (Pages: 16) Chapter III, section 9.1.  
Integrated Report 2019, <https://bit.ly/2ZjNzW5> (Pages: 40)

## Gender Diversity

3 out of 7 members of the Board of Directors (43%) are women, including the Chairwoman

## Diversity Policy

We have a publicly available board diversity policy that clearly requires diversity factors such as gender, race, ethnicity, country of origin, nationality or cultural background in the board nomination process

Diversity Policy, <https://bit.ly/3762XqT>  
Good Governance Code, <https://bit.ly/2KQjepL> (Pages: 13) Chapter III, section 4, literal c

## Board Independence

58% (4 out of 7 members are independent according to Grupo Argos' Good Governance Code.  
100% (7 out of 7 members are independent) According to other international standards.

## Criteria of Independence for the Board of Directors

4  
members are independent according to  
Good Governance Code and Law 964

7  
members are independent  
according to other standards

✓ Compliant  
✗ Non-compliant

DAVID BOJANINI  
CARLOS IGNACIO GALLEGO  
CLAUDIA BETANCOURT  
ANA CRISTINA ARANGO  
ROSARIO CÓRDOBA  
ARMANDO MONTENEGRO  
JORGE URIBE

### INDEPENDENCE CRITERIA

	DAVID BOJANINI	CARLOS IGNACIO GALLEGO	CLAUDIA BETANCOURT	ANA CRISTINA ARANGO	ROSARIO CÓRDOBA	ARMANDO MONTENEGRO	JORGE URIBE
Law 964	Is not an employee or executive of the issuer or one of its affiliates, subsidiaries or controlling companies, including people who have had that quality for the year immediately prior to their appointment, except in the case of reelection of an independent person.	✓	✓	✗	✓	✓	✓
	Is not a shareholder that directly or by virtue of agreement directs, guides or controls the majority of the voting rights of the entity or that determines the majority of the administrative, management or control bodies of the entity.	✓	✓	✓	✓	✓	✓
	Is not a partner or employee of associations or companies that provide advisory or consulting services to the issuer or to the companies that belong to the same economic group of which it forms a part, when the income from said concept represents for them twenty percent (20%) or more of their revenue.	✓	✓	✓	✓	✓	✓
	Is not an employee or executive of a foundation, association or company that receives significant donations from the issuer. Significant donations are those that represent more than twenty percent (20%) of the total donations received by the respective institution.	✓	✓	✓	✓	✓	✓
	Is not the manager of an entity in whose Board of Directors a legal representative of the issuer participates.	✗	✗	✓	✓	✓	✓
	Is not a person who receives from the issuer any remuneration other than the professional fees as a member of the Board of Directors, Audit Committee or any other committee created by the Board of Directors.	✓	✓	✓	✓	✓	✓
Other Indices and Standards	Does not receive from the issuer any remuneration other than the professional fees as a member of the Board of Directors, Audit Committee or any other committee created by the Board of Directors.	✓	✓	✓	✓	✓	✓
	Neither the Board member nor his/her related persons have been employed by the Company as an executive within the last five years.	✓	✓	✓	✓	✓	✓
	Has not accepted from the Company or any subsidiary or related company any payment that exceeds USD 60,000 during the current tax year or in the last three years.	✓	✓	✓	✓	✓	✓
	Is not a relative of any person who is or who has been during the last three years an employee of the related company or subsidiary with an executive position.	✓	✓	✓	✓	✓	✓
	None of the members is an advisor or consultant of the Company or of its managers.	✓	✓	✓	✓	✓	✓
Does not have a relationship with any significant client or supplier of the Company.	✓	✓	✓	✓	✓	✓	
Does not have a personal service provision contract with the Company or with the executives in Senior Management.	✓	✓	✓	✓	✓	✓	
Has not been a partner or employee of a external audit company in the last three years.	✓	✓	✓	✓	✓	✓	

✓ Compliant  
✗ Non-compliant

**INDEPENDENCE CRITERIA**

	DAVID BOJANINI	CARLOS IGNACIO GALLEGO	CLAUDIA BETANCOURT	ANA CRISTINA ARANGO	ROSARIO CORDOBA	ARMANDO MONTENEGRO	JORGE URIBE
Neither he/she nor his/her personal connections are employees or executives of the Company, its Parent Company or subsidiaries, nor have they been during the five previous years, except in the case of reelection of an independent member.	✓	✓	✗	✓	✓	✓	✓
Neither he/she nor his/her personal connections nor the companies in which he/she is the majority shareholder own more than 10% of the outstanding shares or are shareholders that directly or by virtue of an agreement direct, guide or control the majority of the voting rights of the Company, its Parent Company or subsidiaries, or that establish the majority of the administrative, management or control bodies of the Company, its Parent Company or subsidiaries.	✓	✓	✓	✓	✓	✓	✓
Neither he/she nor his/her personal connections nor the companies in which he/she is the majority shareholder are partners or employees of associations or companies that provide advisory or consulting services to the Company, its Parent Company or subsidiaries when the income from said concept represents for them 20% or more of their revenue at the end of the previous year.	✓	✓	✓	✓	✓	✓	✓
Neither he/she, nor his/her personal connections are employees or executives of a foundation, association or company that receives significant donations from the Company.	✓	✓	✓	✓	✓	✓	✓
Neither he/she nor his/her personal connections are managers of an entity in whose Board of Directors a legal representative of the Company participates.	✗	✗	✓	✓	✓	✓	✓
Neither he/she nor his/her personal connections are people who receive from the issuer any remuneration other than the professional fees as a member of the Board of Directors, Audit Committee or any other committee created by the Board of Directors.	✓	✓	✓	✓	✓	✓	✓
Neither he/she nor his/her personal connections nor the companies in which he/she is the majority shareholder are partners or employees of the firm that is the Statutory Auditor or Internal Auditor of the Company, the Parent Company or its subsidiaries, or has had any of these roles in the three previous years.	✓	✓	✓	✓	✓	✓	✓
Neither he/she nor his/her personal connections are employees of a company in which any of the Company's managers is a member or has been a member in the three previous years of the Appointment and Remuneration Committee of the Company in which the Director or his/her personal connections have been employed.	✓	✓	✓	✓	✓	✓	✓

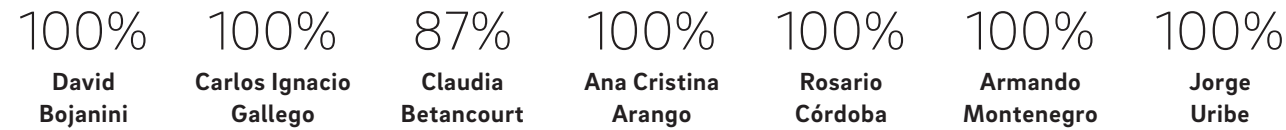
Only members of the board of directors that qualify as independent under Colombian Law and the company's Good Governance Code are required to present an Independence statement.

Every year, the Directors must fill out the "Annual Statement of Potential Conflicts of Interests", to update the company on any relationships, both personal and commercial, which could affect their independence and could possibly derive in a conflict of interest.

- Independence Statement - Rosario Cordoba, <https://bit.ly/36lsDzp> Independence statement from the Company according to Colombian Law and the Good Governance Code
- Independence Statement - Ana Cristina Arango, <https://bit.ly/3bM50Bb> Independence statement from the Company according to Colombian Law and the Good Governance Code
- Independence Statement - Armando Montenegro, <https://bit.ly/2WOrmOg> Independence statement from the Company according to Colombian Law and the Good Governance Code
- Independence statement - Jorge Uribe, <https://bit.ly/2Zo1Aly> Independence statement from the Company according to Colombian Law and the Good Governance Code
- The Company's Good Governance Code ("Good Governance Code") describes the criteria needed for a board member to be considered independent, see Chapter III, section 4, literal f, page 13-14 in <https://bit.ly/2KQjepL>.
- Bylaws, <https://bit.ly/2XgDHKc> Article 45 describes the composition of the Board of Director
- Good Governance Code, <https://bit.ly/2KQjepL> (Pages: 10-15) Chapter III of the Good Governance Code describes the operating regulations of the Board of Directors and the type of directors that may be elected

## Board Effectiveness

### Board meetings attendance



Average board meeting attendance

# 98%

The board is assessed annually, alternating between an external assessment and self-assessment.

#### Election of Board members:

The bylaws and the Good Governance Code establish that board members are elected individually, and the electoral quotient system will be used. The quotient system is required by the *Código País* issued by the Superintendency of Finance. According to the bylaws and the Good Governance Code, Board members are elected for a 3-year period. This way the Directors may have sufficient time to get to know the Company and may have a better performance. In addition, according to Colombian law, individual elections of a Director, shall be approved unanimously, therefore, all the shareholders present at the meeting shall participate in the election. When a Director must individually leave its mandate, because of his/her performance, specific conflicts of interests or any other reason, the general assembly can perform a unanimous individual election.

Minimum attendance required

# 80%

### Average Tenure

7.5 years (as of December 2019)

## Board Industry Experience

[GA-EG03]

	David Bojanini	Carlos Ignacio Gallego	Claudia Betancourt	Ana Cristina Arango Uribe	Rosario Córdoba	Armando Montenegro	Jorge Uribe
<b>EXPERIENCE</b>							
Risks	X	X	X		X	X	X
Internal control	X	X				X	
Corporate finance	X	X	X	X	X	X	X
Commercial matters	X		X				X
Materials industry (GICS 15 Materials)				X			
Crisis management	X	X	X		X	X	
Legal affairs							
Sustainability		X		X	X		X
Governance / public policy					X	X	
International	X	X					X

## Share Structure

### Share classes

Grupo Argos is a public limited Company listed on the Colombia Stock Exchange.

The subscribed and paid-in capital is COP 53,933,100,750 represented as 651,102,432 ordinary shares of which 5,702,432 are repurchased and therefore the outstanding ordinary shares are 645,400,000. According to Colombian Commerce Code while the company is the owner of the repurchased shares, all their rights (including voting rights) are suspended. Nevertheless, once the repurchased shares are sold back, the acquirer will be entitled to vote.

According to Colombian law, shareholders that have preferred shares, can vote under the following

circumstances: 1. When approving modifications that may impair the conditions or rights set for such shares. In this case, the favorable vote of 70% of the shares in which the subscribed capital is divided will be required, including in said percentage and in the same proportion the favorable vote of the preferred shares. 2. When the conversion into ordinary shares of the preferred shares is going to be voted. For this purpose, the same majority indicated in the previous numeral will be applied. In the other cases indicated in the Subscription Regulation. Our prospectus establishes that these shareholders can attend and participate in the shareholder's meeting without voting.

Share type	Voting rights	Dividends	Number of shares	Voting power
Ordinary	1 per share	Yes	651.102.432	651.102.432
Preferred	1 per share	Yes	211.827.180	211.827.180
Total			862.929.612	862.929.612



## Government Ownership

At Grupo Argos, we do not have governmental institutions that own more than 5% of the total voting rights. In the event that occurs, the information will be public and available in our web page in this link: <https://bit.ly/3bjuLJE>

### Company References:

Bylaws, <https://bit.ly/2XgDHKc> (Pages: 17) Please refer to article 45 and Chapter III, Section 5, page 14 of the Good Governance Code at <https://bit.ly/2KQjepL>.

Independence Statement - Ana Cristina Arango, <https://bit.ly/3bM50Bb> Independence statement from the Company according to Colombian Law and the Good Governance Code

Good Governance Code, <https://bit.ly/2KQjepL> (Pages: 14) Chapter III, section 5. (Pages: 15) Chapter III, section 6, refers to the maximum board mandates that all Directors must observe. (Pages: 20) Chapter III, section 15 refers to the minimum of attendance required for all members. (Pages: 20) Chapter III, section 16, refers to self-assessment and independent assessment of the Board of Directors.

Integrated Report 2019, <https://bit.ly/2ZjNzW5> (Pages: 63) page 63 refers to the average board meeting attendance

Shareholding Structure, <https://bit.ly/3bjuLJE>

## Risk Management

Adequate risk management supports decision-making with greater assertiveness based on strategic objectives, harmonizes the environment, provides flexibility in scenarios of uncertainty and identifies, in a preventive manner, the risks that could compromise the sustainability of the organization:

Grupo Argos, in its active role as a holding company, has three objectives in terms of risk management:

1. Support an efficient capital allocation.
2. Monitor the relative performance of businesses and changes in their risk factors.
3. Preserve corporate value and reputation.

The Enterprise Risk Management System is a fundamental element of Grupo Argos commitment with sustainability, therefore it recognizes the importance of working jointly with subsidiaries on strengthening the ERM System, as well as monitoring the risk profile and adjust it within the limits for every type of risk.

### Risk Governance:

In GA we have a decentralized Integrated Risk Management System (IRMS) with teams focused on Risk Management and Corporate Audit. We hold to the three-lines-of-defense model, and we are accountable for the identification, assessment, and monitoring of strategic and operational risks at a group-wide level. Similarly, subsidiaries have an IRMS including Risk Management, which is led by the CFOs that at the same time perform the Chief Risk Officer role, supported by Risk Senior Directors and their teams; and Internal Audit led by Internal Auditors reporting to the BoD and the AFRC their exposure assessments of the highest risks. All risk management department are independent from businesses lines and have enough authority level to carry out their functions and reporting to the AFRC and BoD. As a part of the control environment in the companies, the corporate Internal Audit and Risk Management teams work together to maintain an adequate control level focused on risks.

### Risk Policy:

The corporate risk management policy establishes the elements and the overall framework of action for comprehensive management of risks of any nature that the Business Group faces.

### Company References:

Risk Policy [https://www.grupoargos.com/Portals/0/documentos/gobierno%20corporativo/Politica\\_de\\_gestion\\_Riesgos-ING%20copy.pdf](https://www.grupoargos.com/Portals/0/documentos/gobierno%20corporativo/Politica_de_gestion_Riesgos-ING%20copy.pdf)

## Strategic Risk

DESCRIPTION OF THE RISK	DESCRIPTION OF THE IMPACT	TYPE OF IMPACT	COMPANY	MITIGATION PLAN	VALUE LEVERS	
<b>STRATEGIC RISK</b>						
Less profitability than expected due to market dynamics or socio-environmental phenomena that hinder compliance with our companies' business plans.	Effect on the performance of the business plan of the subsidiaries due to changes in the market conditions, economic activity, regulation and/or social and environmental topics.	<ul style="list-style-type: none"> <li>Reduction in cash flow and in dividends</li> <li>Effect on the value of investments</li> </ul>	Financial	Businesses	<ul style="list-style-type: none"> <li>Sectoral and geographical diversification, and diversification of market cycles</li> <li>Regular committee meetings to monitor the strategy</li> <li>Monitoring of the main KPIs of operation, investment, financing and profitability</li> <li>Definition of Guidelines of Responsible Operations</li> </ul>	<ul style="list-style-type: none"> <li>Strategic Coordination</li> <li>Financial Management</li> <li>Ethics and Corporate Governance</li> <li>Sustainability Vision</li> </ul>
Loss of financial flexibility or impact on the relative performance of the portfolio due to the lack of an adequate debt composition and capital allocation.	<p>Loss of flexibility in the companies' capital structure due to an inadequate debt structure, financial capacity of partners and counterparties, and/or inefficiency in investment vehicles of Grupo Argos and its subsidiaries.</p> <p>Errors and/or omissions in the process of capital allocation and of mergers and acquisitions, which could affect the relative performance of the portfolio.</p>	<ul style="list-style-type: none"> <li>Lower returns for the shareholder</li> <li>Effect on liquidity</li> <li>Greater costs of capital</li> <li>Limitation of access of capital market</li> <li>Effect on reputation</li> <li>Effect on the value of investments</li> </ul>	Financial Reputational	Cross-cutting	<ul style="list-style-type: none"> <li>Strategic planning exercises for clarity in the focus of the sectors and regions of influence</li> <li>Sectoral and macroeconomic reports</li> <li>Preparation of quantitative models for capital allocation</li> <li>Exhaustive due diligence in mergers and acquisitions</li> <li>Monitoring of the portfolio's performance</li> <li>Debt structure adapted to the investment flows (terms and indexation)</li> <li>Treasury Committee for the approval of operations and monitoring of the capital structure</li> <li>Regular monitoring of cash flow and of the debt service commitments</li> <li>Natural and synthetic hedges for the mitigation of financial risks</li> </ul>	<ul style="list-style-type: none"> <li>Strategic Coordination</li> <li>Financial Management</li> </ul>
Reduction in the portfolio's value due to the lack of certainty and stability of the economic, political and regulatory environment.	<p>Adverse changes in the value of the portfolio due to macroeconomic, political, regulatory, legal, tax or environmental uncertainty and/or instability in the countries where we operate.</p> <p>Loss of trust and credibility of the institutions of the countries and/or a deterioration of the sovereign credit rating that increases the risk premiums.</p>	<ul style="list-style-type: none"> <li>Greater costs of capital</li> <li>Reduction in cash flow</li> <li>Limitation or infeasibility for the operation of assets</li> <li>Effect on the value of investments</li> </ul>	Financial	Cross-cutting	<ul style="list-style-type: none"> <li>Strategic planning exercises for clarity in the focus of the sectors and regions of influence</li> <li>Engagement with institutions, professional groups, authorities, etc.</li> <li>Monitoring of leading indicators of the countries (e.g. credit default swap, tax and current account deficit, etc.)</li> </ul>	<ul style="list-style-type: none"> <li>Strategic Coordination</li> <li>Financial Management</li> <li>Sustainability Vision</li> <li>Identity and Engagement</li> </ul>

DESCRIPTION OF THE RISK	DESCRIPTION OF THE IMPACT	TYPE OF IMPACT	COMPANY	MITIGATION PLAN	VALUE LEVERS	
<b>STRATEGIC RISK</b>						
Effect on the share price due to media impacts that affect reputation, which leverages investor trust.	Significant effect on the image of the companies, which compromises the trust of some stakeholders.	<ul style="list-style-type: none"> <li>Deterioration of stakeholder relations</li> <li>Fines, penalties or legal actions against the Company</li> <li>Possible reductions in the share price and liquidity</li> <li>Effect on the value of investments</li> </ul>	Reputational	Cross-cutting	<ul style="list-style-type: none"> <li>Implementation of Corporate Governance Code, ethics and transparency policies, risk management, among other business best practices</li> <li>Ongoing strengthening of the internal control system and the crisis management plans</li> <li>Identification of events that could affect the Business Group's reputation in order to establish and monitor mitigation plans</li> <li>Dialogs with stakeholders and analysis of material topics</li> <li>Guidelines of Responsible Operations</li> </ul>	Strategic Coordination  Ethics and Corporate Governance  Sustainability Vision Identity and Engagement  Talent and Culture
Lack of necessary key skills due to the lack or inadequate management of good practices of attracting, retaining and developing talent.	Difficulties in the attraction, development and retention of human resources with the skills required in the companies.	<ul style="list-style-type: none"> <li>Loss of knowledge and experience</li> <li>Economic loss associated with the training and development of employees</li> <li>High staff turnover</li> </ul>	Financial Reputational	Cross-cutting	<ul style="list-style-type: none"> <li>Classification of the existing and required skills</li> <li>Identification of critical positions and succession plans</li> <li>Identification of key human resources and retention plans</li> <li>Strengthening of the corporate culture</li> <li>Maintenance of the commitment index in the "Highly Favorable" range</li> <li>Development of the employer brand strategy (talent attraction)</li> <li>Development of the diversity and inclusion strategy according to the defined responsible operations goal</li> <li>Training, support and exposure plans</li> <li>Competitive compensation schemes</li> </ul>	Strategic Coordination  Ethics and Corporate Governance  Identity and Engagement  Talent and Culture

Emerging Risk

DESCRIPTION OF THE RISK	DESCRIPTION OF THE IMPACT	MITIGATION PLAN
<b>EMERGING RISK</b>		
Digital transformation	Development of new technologies and digital ecosystems that have a disruptive impact on the business models in the sectors in which Grupo Argos participates, including: Blockchain in energy sales, 3D printers in housing construction, augmented reality in manufacturing processes, and artificial intelligence in customer relations.	Changes in the sizes of the markets and competition dynamics that affect the market share, the costs and expenses structure, or additional investment requirements. For example, the launch of 3D printers in housing construction could replace the consumption of traditional materials, reducing the size of said market segment.
Changes in the traditional business models and in the industries' current portfolio	Difficulties of the companies that are currently part of the portfolio to adapt to the new infrastructure ecosystems (e.g. smart cities), to the new forms of urbanization, to changes in the construction value chain, and to new client and consumer trends, which occur due to the population's growth dynamics, changes in consumer preferences and global and local responses to climate change.	<ul style="list-style-type: none"> <li>Changes in consumer preferences can lead to changes in energy consumption, resulting from the widespread use of smart devices, which could result in the obsolescence or reduced use of the current electricity assets. Additionally, a massive transition could occur from the current consumers to also be producers of their energy (prosumers), through the use of self-generation batteries.</li> <li>Accelerated urban development could cause an unanticipated demand for infrastructure and new forms of urban development not currently considered in the traditional business models.</li> <li>The national and local policies of adaption to and mitigation of climate change could substantially increase the environmental and regulatory requirements with respect to energy efficiency, construction materials and infrastructure construction building standards. Additionally, the industry preferences could change toward construction materials with a lower intensity of greenhouse gas (GHG) emissions.</li> </ul>
Restrictions on access to capital for industries with intensive greenhouse gas emissions	Increase in the cost of capital (including bonds, bank debt, share issuances and green loans) for participating in projects or industries with intensive greenhouse gas emissions.	The credit rating agencies could make some of the assessment criteria stricter on the Holding Company or some of its businesses, having negative impacts on our risk ratings. This could cause an increase in the cost of capital in our funding rates and a possible reduction in the interest of some investors in the shares of Grupo Argos and Cementos Argos.
		The responsible operations guidelines that included a reduction in GHG intensity in the Business Group by 20% per million Colombian pesos of income from the baseline (2015).  Other initiatives have been carried out through the Holding Company, such as conscious investment to include environmental, social, and corporate governance (ESG) criteria in the due diligence processes of the Holding Company and subsidiaries, which can help to prevent and mitigate this risk.

## Ethic, Conduct and Transparency

Ethics, conduct and transparency are essential principles of action that encourage responsible behavior and relations of mutual trust with stakeholders. Likewise, they are the essence of good corporate governance. The Code of Conduct is the behavior guide whose fundamental principle is integrity, understood as responsible, honest, straight, serious, transparent action and in accordance with the law and internal policies.

### Main Guidelines

- Code of conduct
- MSFBC (SARFC, in Spanish) Policy
- Investigation manual
- Transparency hotline
- Handling of gifts and courtesies

### Compliance Area

Transparency Hotline (for complaints and inquiries)

Central Conduct Committee, composed by Grupo Argos personnel and its subsidiary representatives

Conduct Committees, Business Conduct Officers and Investigation Officers, both in Grupo Argos and in Cementos Argos, Celsia and Odinsa

Training and mandatory annual certification tied to variable remuneration

Statement of Conflicts of Interest and of Property and Income

Training and communication plan for the Board of Directors and employees

Transparency Hotline incidents: During 2019, 13 reports were made through the Grupo Argos Transparency Hotline. Out of the total cases received, six were related to issues of the business operation, so they were transferred to the corresponding Transparency Hotline for their investigation and management. There were three reports made in the communities category by people living in the area of influence of the Company's properties. Although violations of the Business Code of Conduct were not found, measures were taken to resolve the community's concerns and maintain good relations with them. There were two reports in the labor relations category, which were investigated with the Labor Relations department, following the Company's work rules of procedure. No violations of the Business Code of Conduct were found. Additionally, there was a report in the internal fraud category, where investigations were carried out by the Corporate Audit. It did not find evidence to conclude that a case of fraudulent conduct had occurred, so the case was closed. Finally, one report was made categorized as external fraud. After conducting the applicable investigation, it was concluded that no irregular action had been committed by the Company or by its employees.

## Corruption

### Total number and percentage of operations (centers) assessed for risks related to corruption

2018			2019		
TOTAL OPERATIONS	OPERATIONS ASSESSED	OPERATIONS ASSESSED (%)	TOTAL OPERATIONS	OPERATIONS ASSESSED	OPERATIONS ASSESSED (%)
5	5	100%	5	5	100%

### Significant Risks related to Corruption Identified through the Risk Assessment

- R1** Embezzlement of assets / Theft, improper use of cash or other assets (stock, fixed assets, petty cash, etc.) / fraudulent transfers.
- R2** Embezzlement of assets / Manipulation or improper use in travel expenses and representation, and credit card expenses.
- R3** Embezzlement of assets / Payment of products or services not received.
- R4** Undue manipulation of information on payrolls, variable remuneration and/or indicators, preparation of budgets with activities that are not required.
- R5** Theft, disclosure and/or sale of confidential or restricted information (information on customers, intellectual property, business plans, etc.).
- R6** Undue manipulation of information in documents –financial reports–.
- R7** Undue manipulation of information in documents –NON-financial reports–.
- R8** Embezzlement of assets / Improper use of employee benefits for personal gain.
- R9** Creation of third parties that are non-existent or that do not meet the requirements.
- R10** Non-compliance with procedures for fraudulent purposes (splitting of contracts, undue changes to the payment terms of third parties, extra-contractual agreements, false stock reports).
- R11** Alteration or concealment of information from government entities and different control entities (internal and external), alteration of invoices or submission of false invoices.
- R12** Abuse of privileged information / violation of Chinese walls.
- R13** Corruption / Subornation - transnational bribery - bribery - breach of FCPA.
- R14** Corruption / Giving or receiving illegal payments or benefits.
- R15** Corruption / Manipulation of purchases/tenders.
- R16** Undeclared conflicts of interest / Hiring of third parties that do not have the adequate qualifications because of family connections or friendships, or in exchange for illegal favors or benefits.
- R17** Corruption / Undue funding of political campaigns or irregular contributions to democracy.
- R18** Corruption – ML/FT / Direct or indirect relationships with parties involved in acts of corruption, bribery or other illegal activities.
- R19** ML/FT / Concealment of the origin of illegal resources.
- R20** ML/FT / Payments to individuals or legal entities to finance terrorism.
- R21** ML/FT / Investments in real estate connected to proceedings of extinction of ownership.
- R22** Corruption – ML/FT / Breach of laws related to compliance risks.

### Company References:

Code of Conduct, <https://bit.ly/2xMxQ6G>

Anti-fraud, Bribery and Corruption Policy, <https://bit.ly/3coiCUs>

### Members of the highest governance body informed and trained on anti-corruption policies and procedures

[205-2]

	2018		2019	
	NO.	%	NO.	%
Total number of individuals that comprise the Board of Directors			7	
Total number and percentage of highest governance body members informed	71	00%	71	00%
Total number and percentage of highest governance body members trained	71	00%	71	00%

### Employees informed and trained on anti-corruption policies and procedures

[205-2]

LEVEL	2018				2019				
	TOTAL EMPLOYEES	EMPLOYEES INFORMED	EMPLOYEES TRAINED	TOTAL EMPLOYEES	EMPLOYEES INFORMED	EMPLOYEES TRAINED	TOTAL EMPLOYEES	EMPLOYEES INFORMED	EMPLOYEES TRAINED
		No. %	No. %		No. %	No. %		No. %	No. %
Executive6		61	00%	61	00%	66	100%	61	00%
Manager	13	13	100%	13	100%	15	100%	15	100%
Director2	32	31	00%	23	100%	17	100%	17	100%
Specialist5	45	41	00%	54	100%	41	100%	41	100%
Other levels	17	17	100%	17	100%	66	100%	61	00%
Total	113	113	100%	113	100%	85	100%	85	100%

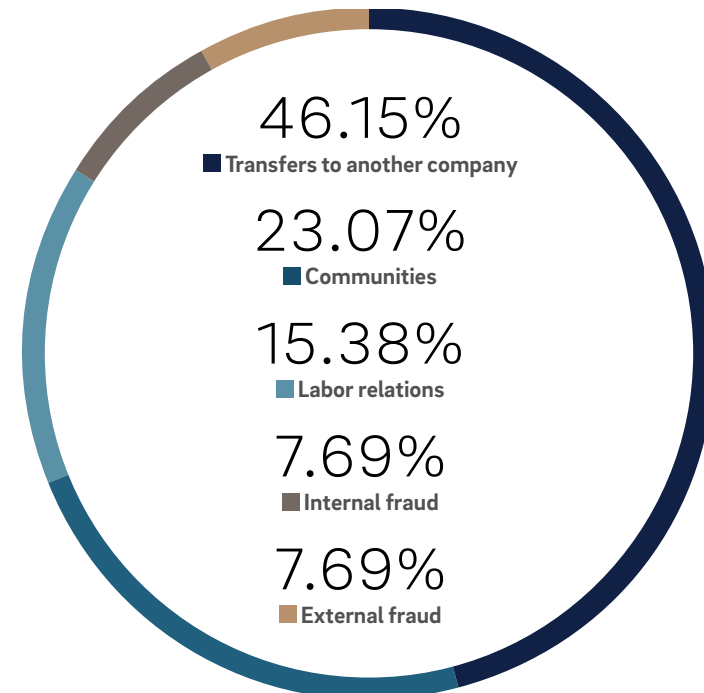
## Incidents

### Incidents reported through the Transparency Hotline

[205-3]

TYPE OF INCIDENT	2018	2019
Internal fraud	14	1
Not categorized	2	-
Work issues	6	2
Conflicts of interest	1	-
Communities	1	3
Transfers to another company	22	6
External fraud	-	1
Other	-	-
<b>TOTAL</b>	<b>46</b>	<b>13</b>

Cases reported: 13  
 Cases closed: 13  
 Cases pending closure: 0



### Details of Transparency Hotline incidents:

During 2019, 13 reports were made through the Grupo Argos Transparency Hotline. Out of the total cases received, six were related to issues of the business operation, so they were transferred to the corresponding Transparency Hotline for their investigation and management.

There were three reports made in the communities category by people living in the area of influence of the Company's properties. Although violations of the Business Code of Conduct were not found, measures were taken to resolve the community's concerns and maintain good relations with them.

There were two reports in the labor relations category, which were investigated with the Labor Relations de-

partment, following the Company's work rules of procedure. No violations of the Business Code of Conduct were found. Additionally, there was a report in the internal fraud category, where investigations were carried out by the Corporate Audit. It did not find evidence to conclude that a case of fraudulent conduct had occurred, so the case was closed.

Finally, one report was made categorized as external fraud. After conducting the applicable investigation, it was concluded that no irregular action had been committed by the Company or by its employees.

### Confirmed incidents of corruption

[205-3]

No confirmed incident of corruption occurred in 2019.

### Incidents of violations of the Code of Conduct

No incident of violation of the Business Code of Conduct occurred in 2019.

### Legal actions regarding anti-competitive behavior, anti-trust and/or monopoly practices

[206-1]

We were not involved in any legal actions regarding anti-competitive behavior, anti-trust and/or monopoly practices in 2019.

### Fines or non-compliance with current social and environmental laws and regulations

[307-1, 419-1]

We did not receive any fine or sanction in 2019 for non-compliance with current laws and regulations in the environmental, social or economic area.

# Policy Influence

## Strengthening of Institutions

### Payments made to professional groups and associations, and political contributions (figures in COP k)

	CURRENCY (thousand)	2014	2015	2016	2017	2018	2019
Political contributions	COP	260,000	560,000	No political contributions were made in 2016 because it was not an election year	180,000	650,000	335,000
Payment to professional groups and associations	COP	156,953	488,918	479,585	939,664	979,867	845,412
Total political contributions and payments to professional groups and associations	COP	416,953	1,048,918	479,585	1,119,664	1,629,867	1,180,412
Political contributions	Income	100%	100%	100%	100%	100%	100%

### Main payments to professional groups and associations

World Business Council for Sustainable Development	Non-profit organization	WBCSD is a global organization that helps the member companies to be more successful and sustainable and to focus on having the biggest positive impact for shareholders, the environment and companies.	243,045	255,568	278,007
Fundación para el Progreso de Antioquia – Proantioquia	Non-profit organization	Proantioquia is a private foundation of the business sector that promotes and leads strategic initiatives for sustainable development with equality through agreements that mobilize public, social, business and academic capacity for social transformation with equality, sustainable regional development, strengthening of institutions and corporate governance.	58,750	229,700	201,580
National Business Association of Colombia (ANDI, for the Spanish original)	Non-profit professional group	The National Business Association of Colombia (ANDI) is a non-profit professional group whose purpose is to expand and promote the political, economic and social principles of a free enterprise system. It was founded on September 11, 1944, in Medellín and since then, it has been the most important business association in Colombia.	102,557	109,231	131,319
Private Competitiveness Council	Non-profit organization	The Private Competitiveness Council (CPC, for the Spanish original), is a non-profit organization whose purpose is to directly contribute to the coordination of strategies designed to achieve significant improvements in the level of competitiveness in Colombia. The Private Competitiveness Council serves as a coordinator and a spokesperson between the public sector, the private sector, academia and other organizations interested in the promotion of competitiveness and the related public policy.	143,680	99,200	105,000
Concordia Summit Inc.	Non-profit organization	It is a non-profit organization that enables public-private partnerships to create a more prosperous and sustainable future.	58,850	55,838	62,828
<b>TOTAL</b>			<b>606,881</b>	<b>749,536</b>	<b>778,734</b>

## Social Investment

CATEGORY	THOUSANDS (COP)	PERCENTAGE
Charitable donations	810,880.00	12%
Investments in communities	4,095,173.99	60%
Commercial initiatives	1,937,524.81	28%
<b>TOTAL</b>	<b>6,843,579</b>	<b>100%</b>

95%

of our employees strongly agree that the company helps create value for society, according to the workplace survey.

Colombian Legislation, in particular the 130 Law of 1994, allows companies to support political parties and political campaigns as a practice that fosters the country's democratic process. The only prohibition to this type of contributions for local and foreign corporations is related to Presidential Campaigns, where only individuals are allowed to provide monetary support, the latter in relation to the Constitutional Court Ruling No. 1153 of 2005.

Political campaigns: Over the years at Grupo Argos, we have made contributions to different political parties in Colombia, to promote plurality, enhance democratic participation, and strengthen political institutions. These contributions have been made in strict observance of Colombia's electoral regulations and of the maximum contribution amounts permitted by law. Also, seeking equality and impartiality, we decided to contribute in rational amounts to legally registered political parties.

Because elections are not held annually, the overall amount of contributions made to political parties and/or campaigns will vary from reporting period to reporting period, depending on the type of election and the number of elections that take place in a given fiscal year.

Lobbying expenditures: Lobbying is not regulated in Colombia, therefore we do not pay any third parties to advance its interest in regional or national decision making scenarios. However, for accountability and transparency purposes, we keep track of every single meeting our representatives have with government officials, and this is part of our stakeholder engagement policy where we promote transparency and long-term relationship with governments and local, regional and national authorities where we operate. These records are constructed and kept by the organization's Institutional Affairs Manager.

Grupo Argos' government relations practice adheres strictly to the organization's Code of Conduct and in accordance with national law; we do not acquire third party lobbying services other than regulatory reporting.

Contributions to trade associations and other tax-exempt groups: Grupo Argos is currently a member of some national and international trade organizations. These organizations develop a myriad of activities in representation of the companies that are affiliated to them and in some cases that includes lobbying efforts for private sector in general, not particularly for our company. As of 2019 Grupo Argos is member of the following associations/ Think Tanks/Investment Agencies:

- World Business Council for Sustainable Development [www.wbcscd.com](http://www.wbcscd.com)
- ProAntioquia (Antioquia's regional Think Tank) [www.proantioquia.org.co](http://www.proantioquia.org.co)
- Asociación Nacional de Empresarios de Colombia ANDI (National Business Association) ([www.andi.com.co](http://www.andi.com.co))
- Consejo Privado de Competitividad (Private Competitiveness Council) [www.compitem.com.co](http://www.compitem.com.co)
- CONCORDIA [www.concordia.net](http://www.concordia.net)

## Tax Strategy

International tax trends and dynamics have become increasingly sophisticated and challenging, which makes it necessary for Grupo Argos to anticipate them to mitigate the risks they may bring and maximize the profits of their investors.

We have developed a publicly available tax policy to guarantee efficient management and serves as a navigation chart for the performance of business.

The main objectives of the policy are:

Guarantee strict compliance with tax regulations by all group companies in the jurisdictions they operate.

Avoid multiple taxation for the same event.

Minimize the fiscal risks.

Monitor effective tax rates in accordance with the applicable jurisdictions and the business models of the companies.

There is a strong commitment to comply with all formal and economic obligations deriving from operations in each territory, in accordance with the spirit and text of law.

### Company References:

Corporate Tax Policy: [https://www.grupoargos.com/Portals/0/documentos/gobierno%20corporativo/corporate\\_tax\\_policy.pdf](https://www.grupoargos.com/Portals/0/documentos/gobierno%20corporativo/corporate_tax_policy.pdf)

## Taxes

### Taxes Paid by the Holding Company and its Subsidiaries per Country

TRM Dec-31-19: 3,283.21

### 2019

GRUPO ARGOS	INCOME		OPERATING PROFIT		INCOME AND OCCASIONAL GAIN TAX		PROPERTY TAX		SALES TAX		OTHER (1)		TOTAL	
	COP	USD	COP	USD	COP	USD	COP	USD	COP	USD	COP	USD	COP	USD
<b>Holding Company</b>	<b>845,609,689,294</b>	<b>257,555,773</b>	<b>598,653,336,909</b>	<b>182,337,815</b>	<b>17,454,812,000</b>	<b>5,316,386</b>	<b>26,512,365,434</b>	<b>8,075,135</b>	<b>5,790,534,356</b>	<b>1,763,681</b>	<b>2,493,895,689</b>	<b>759,591</b>	<b>52,251,607,479</b>	<b>15,914,793</b>
Colombia	845,609,689,294	257,555,773	598,653,336,909	182,337,815	17,454,812,000	5,316,386	26,512,365,434	8,075,135	5,790,534,356	1,763,681	2,493,895,689	759,591	52,251,607,479	15,914,793
<b>Cement</b>	<b>9,611,080,550,277</b>	<b>2,927,342,616</b>	<b>871,021,580,560</b>	<b>265,295,726</b>	<b>187,112,948,328</b>	<b>56,990,856</b>	<b>70,604,794,107</b>	<b>21,504,806</b>	<b>359,071,764,835</b>	<b>109,366,067</b>	<b>50,754,434,217</b>	<b>15,458,784</b>	<b>667,543,941,487</b>	<b>203,320,513</b>
Haiti	192,184,214,193	58,535,462	26,541,955,555	8,084,148	-	-	101,582,517	30,940	8,462,939,991	2,577,642	893,571,566	272,164	9,458,094,075	2,880,746
Puerto Rico	191,467,473,034	58,317,157	18,222,278,433	5,550,141	1,907,216,689	580,900	6,446,937,422	1,963,608	22,769,061	6,935	2,960,398,226	901,678	11,337,321,398	3,453,121
Suriname	34,445,384,031	10,491,374	4,860,546,164	1,480,425	-	-	-	-	2,650,305,608	807,230	-	-	2,650,305,608	807,230
Panama	473,938,212,276	144,352,086	111,781,766,583	34,046,487	28,493,682,722	8,678,605	223,094,120	67,950	10,795,309,392	3,288,035	5,865,277,372	1,786,446	45,377,363,606	13,821,036
Antigua and Barbuda	55,315,827,419	16,848,093	1,085,705,016	330,684	1,706,044,563	519,627	3,480,203	1,060	5,485,465,789	1,670,763	7,903,284,014	2,407,182	15,098,274,569	4,598,632
Antillas	112,684,511,438	34,321,445	10,312,506,795	3,140,983	-	-	-	-	1,226,062,243	373,434	1,484,930,219	452,280	2,710,992,462	825,714
Dominican Republic	262,635,045,451	79,993,374	35,625,704,592	10,850,876	10,208,008,788	3,109,155	-	-	32,944,001,646	10,034,083	-	-	43,152,010,434	13,143,238
Guyana	58,684,551,906	17,874,139	2,514,564,574	765,886	380,789,979	115,981	784,999,095	239,095	-	-	210,273,184	64,045	1,376,062,258	419,121
Honduras	422,948,168,343	128,821,540	118,676,120,164	36,146,369	49,776,924,103	15,161,054	234,765,931	71,505	33,808,201,616	10,297,301	11,985,065,899	3,650,411	95,804,957,550	29,180,271
USA	5,360,168,412,892	1,632,599,929	386,933,029,081	117,852,050	2,261,560,411	688,826	55,003,945,451	16,753,100	3,951,165,942	1,203,446	417,535,665	127,173	61,634,207,469	18,772,545
Colombia	2,446,608,749,295	745,188,017	154,467,403,603	47,047,677	92,378,721,073	28,136,708	7,805,989,369	2,377,548	259,725,543,546	79,107,198	19,034,098,070	5,797,405	378,944,352,057	115,418,859
<b>Energy</b>	<b>3,775,688,865,536</b>	<b>1,149,999,198</b>	<b>1,178,524,343,216</b>	<b>358,954,908</b>	<b>327,975,377,299</b>	<b>99,894,730</b>	<b>2,226,565,566</b>	<b>678,167</b>	<b>16,146,329,424</b>	<b>4,917,849</b>	<b>109,776,541,420</b>	<b>33,435,736</b>	<b>456,124,813,709</b>	<b>138,926,482</b>
Colombia	3,100,184,000,000	944,253,947	1,072,478,433,149	326,655,448	324,251,688,562	98,760,569	2,223,000,000	677,081	10,116,491,000	3,081,281	104,429,000,000	31,806,982	441,020,179,562	134,325,913
Panama	622,188,463,759	189,506,143	90,362,672,539	27,522,660	3,723,688,737	1,134,161	-	-	2,042,432,410	622,084	4,981,187,716	1,517,170	10,747,308,863	3,273,415
Costa Rica	53,316,401,777	16,239,108	15,683,237,528	4,776,800	-	-	3,565,566	1,086	3,987,406,014	1,214,484	366,353,705	111,584	4,357,325,285	1,327,154
<b>Concessions</b>	<b>1,913,760,881,353</b>	<b>582,893,230</b>	<b>866,072,519,461</b>	<b>263,788,341</b>	<b>64,002,697,242</b>	<b>19,493,940</b>	<b>14,647,844,957</b>	<b>4,461,440</b>	<b>32,104,280</b>	<b>9,778</b>	<b>20,405,597,226</b>	<b>6,215,136</b>	<b>99,088,243,705</b>	<b>30,180,294</b>
Colombia	1,308,212,810,051	398,455,417	475,952,833,493	144,965,699	63,820,743,875	19,438,520	14,647,844,957	4,461,440	32,104,280	9,778	397,703,000	121,132	78,898,396,112	24,030,871
Aruba	28,713,727,348	8,745,626	-5,104,066,898	-1,554,597	-	-	-	-	-	-	1,921,496,311	585,249	1,921,496,311	585,249
Dominican Republic	6,692,835,881	2,038,504	92,449,399	28,158	181,953,367	55,419	-	-	-	-	1,023,429,219	311,716	1,205,382,586	367,135
Ecuador	570,141,508,073	173,653,683	395,131,303,467	120,349,080	-	-	-	-	-	-	17,062,968,696	5,197,038	17,062,968,696	5,197,038
<b>Coal</b>	<b>68,976,000,000</b>	<b>21,008,708</b>	<b>16,439,000,000</b>	<b>5,006,990</b>	<b>245,820,000</b>	<b>74,872</b>	<b>137,251</b>	<b>42</b>	<b>95,918,644</b>	<b>29,215</b>	<b>2,489,056,369</b>	<b>758,117</b>	<b>2,830,932,264</b>	<b>862,245</b>
Colombia	68,976,000,000	21,008,708	16,439,000,000	5,006,990	245,820,000	74,872	137,251	42	95,918,644	29,215	2,489,056,369	758,117	2,830,932,264	862,245
<b>TOTAL</b>	<b>16,215,115,986,460</b>	<b>4,938,799,524</b>	<b>3,530,710,780,146</b>	<b>1,075,383,780</b>	<b>596,791,654,869</b>	<b>181,770,784</b>	<b>113,991,707,315</b>	<b>34,719,591</b>	<b>381,136,651,539</b>	<b>116,086,590</b>	<b>185,919,524,921</b>	<b>56,627,363</b>	<b>1,277,839,538,644</b>	<b>389,204,327</b>

**Taxes Paid by the Holding Company and its Subsidiaries per Country**  
TRM Dec-31-2018: 3,249.75

2018

GRUPO ARGOS	INCOME		OPERATING PROFIT		INCOME AND OCCASIONAL GAIN TAX		INDUSTRY AND COM-MERCE TAX		PROPERTY TAX		SALES TAX		OTHER		TOTAL	
	COP	USD	COP	USD	COP	USD	COP	USD	COP	USD	COP	USD	COP	USD	COP	USD
Holding Company	14,314,013,000,000	4,404,650,512	2,619,049,000,000	805,923,225	44,019,053,000	13,545,366	2,079,003,600	639,743	21,542,988,714	6,629,122	6,016,895,961	1,851,495	1,527,440,271	470,018	75,185,381,546	23,135,743
Colombia	14,314,013,000,000	4,404,650,512	2,619,049,000,000	805,923,225	44,019,053,000	13,545,366	2,079,003,600	639,743	21,542,988,714	6,629,122	6,016,895,961	1,851,495	1,527,440,271	470,018	75,185,381,546	23,135,743
<b>Cement</b>	<b>9,625,913,749,044</b>	<b>2,962,047,465</b>	<b>840,921,352,002</b>	<b>258,764,936</b>	<b>154,766,264,932</b>	<b>47,624,053</b>	<b>29,830,643,736</b>	<b>9,179,366</b>	<b>76,090,826,300</b>	<b>23,414,363</b>	<b>360,813,461,819</b>	<b>111,028,067</b>	<b>30,326,876,652</b>	<b>9,332,065</b>	<b>651,828,073,439</b>	<b>200,577,913</b>
Colombia	2,979,279,173,311	916,771,805	81,527,113,323	25,087,195	65,528,893,367	20,164,288	27,570,535,269	8,483,894	7,265,280,293	2,235,643	240,107,122,000	73,884,798	-	-	340,471,830,929	104,768,622
USA	4,501,290,528,858	1,385,119,018	322,446,811,659	99,222,036	2,197,090,390	676,080	-	-	63,144,478,885	19,430,565	1,312,245,133	403,799	6,017,968	1,852	66,659,832,375	20,512,296
Honduras	486,804,972,679	149,797,668	183,407,808,121	56,437,513	33,509,503,469	10,311,410	1,550,721,267	477,182	226,465,028	69,687	39,286,472,895	12,089,075	1,485,044,484	456,972	76,058,207,143	23,404,326
Panama	622,940,386,118	191,688,710	212,042,422,514	65,248,841	44,583,994,683	13,719,208	709,387,200	218,290	459,156,629	141,290	13,806,981,455	4,248,629	460,927,289	141,835	60,020,447,256	18,469,251
Suriname	26,822,609,861	8,253,746	-4,137,453,552	-1,273,161	-	-	-	-	-	-	14,836,283,779	4,565,362	6,781,256,825	2,086,701	21,617,540,604	6,652,063
Curaçao	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Haiti	177,115,712,842	54,501,335	2,386,455,919	734,351	-	-	-	-	103,467,857	31,839	6,256,393,074	1,925,192	4,499,700,703	1,384,630	10,859,561,634	3,341,661
Puerto Rico	174,068,151,283	53,563,551	14,649,670,343	4,507,938	36,486,148	11,227	-	-	4,534,580,329	1,395,363	7,640,386,855	2,351,069	3,564,782,131	1,096,940	15,776,235,463	4,854,600
Dominican Republic	160,279,573,930	49,320,586	25,575,431,125	7,869,969	7,363,625,827	2,265,905	-	-	-	-	27,789,124,938	8,551,158	-	-	35,152,750,765	10,817,063
Saint Martin	25,575,309,127	7,869,931	3,060,151,548	941,658	-	-	-	-	-	-	898,143,311	276,373	1,922,347,683	591,537	2,820,490,994	867,910
Antigua and Barbuda	23,540,611,370	7,243,822	981,224,813	301,939	549,881,302	169,207	-	-	-	-	6,075,422,192	1,869,504	63,871,877	19,654	6,689,175,371	2,058,366
Saint Thomas	7,170,311,427	2,206,419	-908,782,109	-279,647	-	-	-	-	-	-	368,248,807	113,316	388,543,193	119,561	756,792,000	232,877
Guyana	62,353,348,974	19,187,122	-3,044,381,590	-936,805	162,095,209	49,879	-	-	357,397,278	109,977	794,639,520	244,523	-	-	1,314,132,007	404,379
Virgin Islands	378,673,059,264	116,523,751	2,934,879,888	903,109	834,694,537	256,849	-	-	-	-	1,641,997,861	505,269	11,154,384,500	3,432,382	13,631,076,898	4,194,500
<b>Energy</b>	<b>3,424,429,830,126</b>	<b>1,053,751,775</b>	<b>1,010,839,322,195</b>	<b>311,051,411</b>	<b>183,367,492,402</b>	<b>56,425,107</b>	<b>12,715,905,055</b>	<b>3,912,887</b>	<b>2,543,662,668</b>	<b>782,726</b>	<b>-</b>	<b>-</b>	<b>77,142,504,691</b>	<b>23,737,981</b>	<b>275,769,564,816</b>	<b>84,858,701</b>
Colombia	2,763,011,846,991.0	850,222,893	823,606,613,753.0	253,436,915	183,123,197,288	56,349,934	12,537,625,090	3,858,028	2,223,135,898	684,094	-	-	72,620,484,409	22,346,483	270,504,442,685	83,238,539
Panama	611,411,989,041.2	188,141,238	165,876,216,659	51,042,762	244,295,114	75,174	178,279,965	54,860	295,555,749	90,947	-	-	4,522,020,282	1,391,498	5,240,151,110	1,612,478
Costa Rica	50,005,994,093.8	15,387,643	21,356,491,783	6,571,734	-	-	-	-	24,971,021	7,684	-	-	-	-	24,971,021	7,684
<b>Concessions</b>	<b>2,757,737,249,300</b>	<b>848,599,815</b>	<b>442,572,789,925</b>	<b>136,186,719</b>	<b>8,773,409,183</b>	<b>2,699,718</b>	<b>13,483,875,494</b>	<b>4,149,204</b>	<b>13,333,000</b>	<b>4,103</b>	<b>1,275,803,697</b>	<b>392,585</b>	<b>19,022,971,264</b>	<b>5,853,672</b>	<b>42,569,392,638</b>	<b>13,099,282</b>
Colombia	1,906,529,179,800	586,669,491	192,328,199,600	59,182,460	114,780,000	35,320	13,483,875,494	4,149,204	13,333,000	4,103	994,578,000	306,048	1,494,175,597	459,782	16,100,742,091	4,954,456
Aruba	22,716,509,000	6,990,233	-4,729,821,400	-1,455,442	5,131,059,486	1,578,909	-	-	-	-	281,225,697	86,538	735,957,007	226,466	6,148,242,190	1,891,912
Dominican Republic	270,471,788,400	83,228,491	69,637,594,500	21,428,601	3,527,569,697	1,085,490	-	-	-	-	-	-	14,153,626,906	4,355,297	17,681,196,603	5,440,787
Ecuador	558,019,772,100	171,711,600	185,336,817,225	57,031,100	-	-	-	-	-	-	-	-	2,639,211,753	812,128	2,639,211,753	812,128
<b>Coal</b>	<b>106,689,562,000</b>	<b>32,830,083</b>	<b>85,278,463,000</b>	<b>26,241,546</b>	<b>363,621,000</b>	<b>111,892</b>	<b>56,378,882</b>	<b>17,349</b>	<b>74,713</b>	<b>23</b>	<b>11,312,389</b>	<b>3,481</b>	<b>789,361,351</b>	<b>242,899</b>	<b>1,220,748,335</b>	<b>375,644</b>
Colombia	106,689,562,000	32,830,083	85,278,463,000	26,241,546	363,621,000	111,892	56,378,882	17,349	74,713	23	11,312,389	3,481	789,361,351	242,899	1,220,748,335	375,644
<b>TOTAL</b>	<b>30,228,783,390,470</b>	<b>9,301,879,649</b>	<b>4,998,660,927,122</b>	<b>1,538,167,837</b>	<b>391,289,840,518</b>	<b>120,406,136</b>	<b>58,165,806,767</b>	<b>17,898,548</b>	<b>100,190,885,395</b>	<b>30,830,336</b>	<b>368,117,473,866</b>	<b>113,275,629</b>	<b>128,809,154,228</b>	<b>39,636,635</b>	<b>1,046,573,160,774</b>	<b>322,047,284</b>

## Customer Relationship Management

At Grupo Argos, we value a strong relationship with customers in order to increased customer loyalty as vital to ensure business continuity and success. Hence, ensuring their satisfaction is one of the main goals in all commercial processes in our subsidiaries, which have complete autonomy to act in accordance with their competitive strategies

### Company References:

To see Customer Relationship Management in our strategic business please go to:

■ Cementos Argos IR 2019, <https://bit.ly/3gq7SHH>

■ Celsia IR 2019, <https://bit.ly/2XEr8Zr>

■ Odinsa IR 2019, <https://bit.ly/2AeX4LT>



■ Celsia employees

## Supply Chain Management

At Grupo Argos we recognize the importance of managing the supply chain in a responsible way, which will result in minimizing risks and capturing benefits from lower direct and indirect costs. Hence, ensuring their responsible operation is one of the main goals in all supply processes in our subsidiaries, which have complete autonomy to act in accordance with their competitive strategies

### Company References:

To see Customer Relationship Management in our strategic business please go to:

■ Cementos Argos IR 2019, <https://bit.ly/3gq7SHH>

■ Celsia IR 2019, <https://bit.ly/2XEr8Zr>

■ Odinsa IR 2019, <https://bit.ly/2AeX4LT>

### Company References:

■ Cementos Argos Code of business conduct <https://bit.ly/2UA7X25>



■ Argos customer

## Cybersecurity Management

Grupo Argos and its affiliated companies (Cementos Argos, Celsia, Odinsa) centralized the operating activities through a shared services center called Summa. Each company has a 25% stake in Summa, and control their governance with the participation of a Senior Executive of each Company on the Board of Directors, where they can oversee the execution of Summa's strategy and follow up all the relevant operating services and activities which are key for all the businesses.

On this context, Grupo Argos and its affiliated companies (Cementos Argos, Celsia, Odinsa, Summa) have defined the organizational structure with instances, roles and responsibilities in order to ensure adequate compliance with the Digital Security policy (Information Security and Cybersecurity).

## Governance of Cybersecurity Management:

Grupo Argos Board of Directors and Senior Management is responsible for the definition and implementation of Digital Security policies and standards; establishing an organizational structure that provides guidance and direction for security management; it provides the necessary resources for the implementation of measures in favor of the protection of information, the infrastructure that supports it, the processes and operating assets that support business activities and execute appropriate leadership with the employees to reduce digital risks. The Audit, Finance and Risk Committee is the advisory and support body for issues related to Digital Security. The Tactical Information Security and Cybersecurity Committee is Responsible for definition, management, and operation of the information technology and operations security program, including the established policies and standards that are applicable to Companies.

Grupo Argos and its affiliated companies ((Cementos Argos, Celsia, Odinsa and Summa), have a security officer (CISO) at Summa, whose responsibility is to develop the internal control model of Grupo Argos and its companies; framing the Digital Security policy within this ecosystem; through risk management associated with Information Security and Cybersecurity.

## Security awareness:

Users of information systems are an essential part of the Digital Security ecosystem, therefore we have a training plan in Digital Security which has been developed for all employees and third parties, aiming to:

- Raise awareness of security issues
- Raise the level of culture in digital security
- Decrease security incidents
- Raise the maturity in the digital security model
- Improve levels of information confidentiality, integrity and reliability



## Sustainable Construction

At Grupo Argos we recognize the importance of creating healthy environments through sustainable construction as a fundamental not only for matters of social responsibility and contribution to the preservation of the environment, but also because it can be an element that increase the property value of our customer. Hence, ensuring their responsible operation is one of the main goals in all processes in our subsidiaries, which have completely autonomy to act in accordance with their competitive strategies

### Company References:

To see Innovation Management in our strategic business please go to:

■ Cementos Argos IR 2019, <https://bit.ly/3gq7SHH>

■ Cementos Argos contribution to certifications see: <https://bit.ly/3gg9eVI>

■ Celsia IR 2019, <https://bit.ly/2XEr8Zr>

■ Odinsa IR 2019, <https://bit.ly/2AeX4LT>

■ Pacifico 2  
Antioquia, Colombia



# Environmental Dimension

## Environmental Policy & Management Systems

Grupo Argos, as an investment holding company, is aware of the impact caused by its strategic businesses. Therefore, our responsible operation guidelines guarantee the alignment and monitoring of priority issues in environmental matters in our businesses. This leads them to operate in a responsible manner, minimizing the negative impacts of their activities and maximizing the positive impacts. Hence, ensuring their responsible operation is one of the main goals in all environmental processes in our subsidiaries, which have complete autonomy to act in accordance with their competitive strategies.

### Company References:

To see Environmental Management System in our strategic business please go to:

■ Cementos Argos IR 2019, <https://bit.ly/3gq7SHH>

■ Cementos Argos contribution to certifications see: <https://bit.ly/3gg9eVl>

■ Celsia IR 2019, <https://bit.ly/2XEr8Zr>

■ Odinsa IR 2019, <https://bit.ly/2AeX4LT>

## Climate Change

In light of the threat posed by climate change, we reinforce our commitment as the Parent Company to keep directing efforts that allow us to proactively manage the CO2 emissions in each one of our businesses. Therefore, in 2016, we established the climate change indicator and target for Grupo Empresarial Argos. This target aims to reduce from 2015 the direct CO2 emissions (Scope 1) per million Colombian pesos of income 20% by 2025. To establish this target, we analyzed the emissions intensity of each business and subsidiary over the last three years. Following a comparative data analysis, which assessed

the income versus the projected emissions of all the businesses, an indicator was proposed based on the direct CO2 (tons of CO2) emissions of the businesses divided by the income (COP million) consolidated by the Business Group. The target established is comparable with international standards, it is easy for investors and other stakeholders to understand, it is a tool for decision-making about future investments and divestments, it contributes to achievement of SDG 13 (Climate Action), and it is coordinated with the Business Group's strategy.

### Direct greenhouse gas emissions (tons of CO<sub>2</sub>eq)

	2015	2016	2017	2018	2019
Grupo Argos	815	585	339	313	210
Cement	9,073,027	8,186,365	8,167,887	8,298,395	8,713,631
Energy	2,857,802	2,491,512	967,008	1,159,008	988,437
Concessions	3,504	2,515	7,520	17,424	8,845
Coal	36,650	38,927	36,640	37,066	21,493
<b>TOTAL</b>	<b>11,971,798</b>	<b>10,719,904</b>	<b>9,179,394</b>	<b>9,512,207.9</b>	<b>,732,616</b>

#### Notes:

The increase in direct emissions from the concessions business in the last three years is due to the progressive increase in the indicator's coverage. The reduction in direct GHG emissions of the coal business is due to lower coal production in 2019, which means less consumption of fossil fuels. The 2019 emissions data for Odinsa does not include airport concessions, because they are subject to a verification process within the Airport Carbon Accreditation (ACA) program, which is carried out at the end of May every year.

### Strategies to optimize emissions in the cement business:

■ Optimization of the clinker / cement ratio (see at IR pages 31, 75, 82 and 93 <https://bit.ly/3dXCD4G>: GREEN CEMENT Revolutionizing the industry through innovation, using calcined clays in Rioclaro Cement Plant - Colombia).

■ Use of alternative fuels to substitute conventional fuels (see IR p.39, 94 <https://bit.ly/3dXCD4G>)

■ Improvements in thermal efficiency of operations (see GRI 302-4 page 4 <https://bit.ly/3cSY7Pb>)

■ Technology development for the capturing of CO2 with microalgae (see IR p.33, 96 <https://bit.ly/3dXCD4G>)

■ A continue R&D process for innovative low-carbon solutions (IR p.32, 82 <https://bit.ly/3dXCD4G>)

■ See Integrate Report p.76 (Energy Efficiency), p.77 (Logistics and Transportation), p.91 -96 (Climate Change), at link <https://bit.ly/3dXCD4G>)

## Energy consumption within the organization (GJ)

	2015	2016	2017	2018	2019
Grupo Argos	12,596	10,759	6,388	5,398	3,679
Cement	44,331,468	39,205,325	45,368,302	45,742,995	47,685,450
Energy	26,927,012	21,469,091	9,123,036	10,400,664	9,410,268
Concessions	294,842	310,671	449,096	769,377	513,807
Coal	187,495	211,939	214,661	194,558	128,115
<b>TOTAL</b>	<b>71,753,413</b>	<b>61,207,785</b>	<b>55,161,482</b>	<b>57,112,992</b>	<b>57,741,318</b>

Notes:

The reduction in energy consumption of Grupo Argos is due to the review of the indicator's scope, which enabled an improvement of the consolidation method.

## Intensity energy consumption (GJ/COP million)

	2015	2016	2017	2018	2019
Income (COP million)	12,700,304	14,552,884	14,573,579	14,314,013	16,798,588
Total energy consumption (GJ)	71,753,412.89	61,207,784.92	55,161,482.50	57,112,991.66	57,741,318.20
Intensity (GJ / COP million)	5.65	4.21	3.79	3.99	3.44
Variation from the 2015 baseline-		26%	-33%	-29%	-39%

## Water

At Grupo Argos, as the Parent Company, we confirm our commitment to the rational use of water by establishing a goal to reduce the Business Group's water consumption. The target aims to reduce water consumption from 2015 by 50% per million Colombian pesos of income by 2025. To establish the target for the revenue of water consumption, we took as a basis the historical data of the last three years and the income of each business and we established three scenarios (conservative, pessimistic and optimistic), considering the climate variability that

mainly affects the energy business. The three scenarios were used to assess the sensitivity of water consumption to the presence of climate phenomena of *El Niño* or *La Niña*. The scenarios were in a range of 48% to 65%. Based on these results, we established the target to reduce water consumption by 50%. This target reflects the commitment of each business to mitigate its impacts on the water resource. Below, we present the most important indicators to monitor the progress of the Business Group's water consumption target.

## Total water intake (m<sup>3</sup>)

	2015	2016	2017	2018	2019
Grupo Argos	82,682	78,459	41,818	37,822	33,935
Cement	10,536,174	13,339,251	13,736,062	11,076,761	12,437,309
Energy	12,365,708,423	12,538,540,000	16,263,510,000	16,240,000,000	14,996,630,000
Concessions	1,110,988	1,132,541	1,110,737	1,236,060	1,131,320
Coal	103,559	107,202	119,546	96,635	121,470
<b>TOTAL</b>	<b>12,377,596,411</b>	<b>12,553,338,592</b>	<b>16,278,518,1631</b>	<b>6,252,447,278</b>	<b>15,010,354,034</b>

## Water consumption (m<sup>3</sup>)

	2015	2016	2017	2018	2019
Grupo Argos	143	70,936	30,578	25,440	20,586
Cement	8,074,329	8,583,580	9,196,217	6,805,329	6,519,570
Energy	6,817,384	7,358,470	2,166,033	2,467,520	1,759,490
Concessions	273,096	235,787	272,195	426,993	249,512
Coal	103,559	107,202	119,546	96,635	121,470
<b>TOTAL</b>	<b>15,268,513</b>	<b>16,355,975</b>	<b>11,784,569</b>	<b>9,821,917</b>	<b>8,670,628</b>

## Specific water consumption (m<sup>3</sup> / COP million)

	2015 (baseline year)	2016	2017	2018	2019	2025 target
COP million	12,700,304	14,552,884	14,573,579	14,314,013	16,798,588	
Total water consumption (m <sup>3</sup> )	15,268,513	16,355,975	11,784,569	9,821,917	8,670,628	
Intensity (m <sup>3</sup> / COP million)	1.20	1.12	0.81	0.69	0.52	0.60
Variation from the 2015 baseline-		7%	-33%	-43%	-57%	-50%

## Tree planting

	2018	2019
Grupo Argos	4,121	3,807
Energy	2,600,000	1,382,100
Cement	229,580	0
Grupo Argos Foundation	1,218,500	464,023
<b>TOTAL</b>	<b>4,052,201</b>	<b>1,849,930</b>

## Ecosystems

As a business group, we recognize the need to adapt to the water risks. To do this, we have established an ecosystems goal, where we map out the water supply sources in the businesses' areas of influence and we identify their risk status using the Aqueduct tool. The analysis of the supply sources was based on three kinds of risk (physical: quality and quantity; regulatory; and reputational) at three levels (medium to high, high and extremely high). In total, we identified 161 macro-basins at the analyzed levels and subsequently, each business

conducted an analysis to establish the basins and management measures to prioritize. The income, the biodiversity value, and the physical and engagement risks with the communities were the main criteria used in said prioritization. By the end, we established ten high-risk basins, which will be managed by the Business Group to contribute to their conservation. Said basins have an impact on the water supply in 15 of the operations of Grupo Empresarial Argos.

## Contribution to the protection of water supply sources

	2018	2019
Number of water supply sources at high risk with management measures	48	
Number of water supply sources at high risk	10	10
<b>PERCENTAGE OF SUPPLY SOURCES PROTECTED</b>	<b>40%</b>	<b>80%</b>

# Content Index

## GRI Standard Content Index

### General Standard Disclosures

For further information see our IR 2019 here

<https://www.grupoargos.com/Portals/0/documentos/reporte%20integrado/GrupoArgosIntegratedReport2019.pdf>

See our IR Appendix here

[https://www.grupoargos.com/Portals/0/documentos/reporte%20integrado/Annexes\\_GrupoArgosIR2019.pdf](https://www.grupoargos.com/Portals/0/documentos/reporte%20integrado/Annexes_GrupoArgosIR2019.pdf)

GRI	Description	Location
<b>FOUNDATION</b>		
101	Foundation: a. Reporting Principles b. Using the GRI Standards for sustainability reporting c. Making claims related to the use of the GRI Standards	
<b>ORGANIZATIONAL PROFILE</b>		
102-1	Name of the organization	Grupo Argos S.A.
102-2	Activities, brands, products and services	About Us, p. 9
102-3	Location of headquarters	Carrera 43A, # 1A Sur 143. Medellín, Colombia
102-4	Names of the countries where the organization operates or has significant operations	About Us, p. 9
102-5	Ownership and legal form	Grupo Argos S.A.
102-6	Markets served, including geographic locations, sectors served and types of customers and beneficiaries	About Us, p. 9
102-7	Scale of the organization (employees, operations sales, capitalization, products and services provided)	About Us, p. 8, 9 and 70
102-8	Information on employees and other workers	About Us, p. 8 and Talent and Culture Appendix
102-9	A description of the organization's supply chain	How We Create Value, p. 48
102-10	Significant changes to the organization and its supply chain during the reporting period	Management Report, p. 13
102-11	Precautionary Principle or approach	Integrated Report Appendix
102-12	External initiatives	How We Create Value, p. 9
102-13	Membership of associations	How We Create Value, p. 9
<b>STRATEGY AND RISKS</b>		
102-14	Statement from the most senior decision-maker of the organization about the relevance of sustainability	Management Report, p. 13
102-15	A description of key impacts, risks, and opportunities	How We Create Value, p. 45
GA-ES01	Strategic Risks	How We Create Value, p. 46
GA-ES02	Emerging Risks	Integrated Report Appendix
GA-ES03	Value Added Statement (VAS)	How We Create Value, p. 50 and 51
<b>ETHICS AND INTEGRITY</b>		
102-16	The organization's values, principles, standards and norms of behavior	Ethics and Corporate Governance, p. 62
102-17	Internal and external mechanisms for advice and concerns about ethics	Ethics and Corporate Governance, p. 62
<b>CORPORATE GOVERNANCE</b>		
102-18	Governance structure of the organization, including committees of the highest governance body	Ethics and Corporate Governance, p. 40
102-19	Process for delegating authority for economic, environmental, and social topics	Ethics and Corporate Governance, p. 40
102-20	Executive-level responsibility for economic, environmental, and social topics	Ethics and Corporate Governance, p. 42 and 43
102-21	Processes for consultation between stakeholders and the highest governance body on economic, environmental, and social topics	How We Create Value, p. 47 Integrated Report Appendix
102-22	Composition of the highest governance body and its committees	Ethics and Corporate Governance, p. 40
102-23	Whether the chair of the highest governance body is also an executive officer in the organization	Integrated Report Appendix

GRI	Description	Location
102-24	Nomination and selection processes for the highest governance body and its committees	Integrated Report Appendix
102-25	Processes for the highest governance body to ensure conflicts of interest are avoided and managed	Integrated Report Appendix
102-26	Highest governance body's and senior executives' roles in the development, approval, and updating of the organization's purpose, value or mission statements, strategies, policies, and goals related to economic, environmental, and social topics	Ethics and Corporate Governance, p. 40; Integrated Report Appendix
102-27	Measures taken to develop and enhance the highest governance body's collective knowledge of economic, environmental, and social topics	Integrated Report Appendix
102-28	Processes for evaluating the highest governance body's performance with respect to governance of economic, environmental, and social topics. Whether such evaluation is independent or not, and its frequency	Integrated Report Appendix
102-29	Highest governance body's role in identifying and managing economic, environmental, and social topics and their impacts, risks and opportunities	Integrated Report Appendix
102-30	Highest governance body's role in reviewing the effectiveness of the organization's risk management processes for economic, environmental, and social topics	Board of Directors, pp. 40 and 41. Integrated Report Appendix
102-31	Frequency of the highest governance body's review of economic, environmental, and social topics and their impacts, risks, and opportunities	Integrated Report Appendix
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	Integrated Report Appendix
102-33	Process for communicating critical concerns to the highest governance body	Integrated Report Appendix
102-34	Total number and nature of critical concerns that were communicated to the highest governance body. Mechanism(s) used to address and resolve critical concerns.	Integrated Report Appendix
102-35	Remuneration policies for the highest governance body and senior executives	Integrated Report Appendix
102-36	Process for determining remuneration	Integrated Report Appendix
102-37	How stakeholders' views are sought and taken into account regarding remuneration. If applicable, the results of votes on remuneration policies and proposals.	Integrated Report Appendix
<b>STAKEHOLDER ENGAGEMENT</b>		
102-40	A list of stakeholder groups engaged by the organization	How We Create Value, p. 47
102-42	Identifying and selecting stakeholders	How We Create Value, p. 47
102-43	The organization's approach to stakeholder engagement	How We Create Value, p. 47
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<b>REPORTING PRACTICE</b>		
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102-47	List of material topics	Materiality Analysis, pp. 4 and 56
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102-49	Significant changes from previous reporting periods in the list of material topics and topic boundaries	About this Report, p. 5
102-50	Reporting period	About this Report, p. 5
102-51	Date of most recent report	About this Report, p. 5
102-52	Reporting cycle	About this Report, p. 5
102-53	The contact point for questions regarding the report or its contents	About this Report, p. 5
102-54	Claims of reporting in accordance with the GRI Standards	About this Report, p. 4
102-55	GRI Content Index	GRI Content Index
102-56	External assurance	External Assurance Letter

GRI	Description	Location
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103-2	The management approach and its components	Strategic Oversight, pp. 58 and 59
103-3	Evaluation of the management approach	Strategic Oversight, p. 59
<b>DRIVER 2: FINANCIAL MANAGEMENT</b>		
103	Management Approach (DMA)	Financial Management, pp. 60 and 61
103-1	Explanation of the material topic and its boundary	Financial Management, p. 60
103-2	The management approach and its components	Financial Management, p. 60
103-3	Evaluation of the management approach	Financial Management, pp. 60 and 61
GA-EF01	Gross Debt / Dividends	Financial Management, p. 61
<b>DRIVER 3: ETHICS AND CORPORATE GOVERNANCE</b>		
103	Management Approach (DMA)	Ethics and Corporate Governance, pp. 62 and 63
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103-2	The management approach and its components	Ethics and Corporate Governance, pp. 62 and 63
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205-2	Communication and training about anti-corruption policies and procedures	Integrated Report Appendix
205-3	Confirmed incidents of corruption and actions taken	Integrated Report Appendix
206-1	Legal actions for anti-competitive behavior, anti-trust and monopoly practices	Integrated Report Appendix
307-1	Non-compliance with environmental laws and regulations	Integrated Report Appendix
419-1	Non-compliance with laws and regulations in the social and economic area	Integrated Report Appendix
GA-EG01	Possible breaches of the Code of Conduct	Integrated Report Appendix
GA-EG02	Diversity criteria in the selection of the Board of Directors	Integrated Report Appendix
GA-EG03	General and specific experience of the Board members in the industry	Integrated Report Appendix
GA-EG04	Commitment to Human Rights	Integrated Report Appendix
<b>DRIVER 4: SUSTAINABILITY VISION</b>		
103	Management Approach (DMA)	Sustainability Vision, pp. 64 and 65
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103-3	Evaluation of the management approach	Sustainability Vision, p. 65
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303-5	Water consumption	Integrated Report Appendix
305-1	Direct GHG emissions (Scope 1)	Integrated Report Appendix
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305-4	GHG emissions intensity	Sustainability Vision, p. 66 and Integrated Report Appendix
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GA-VS01	Water consumption (m <sup>3</sup> ) / COP million of income	Sustainability Vision, p. 66 and Integrated Report Appendix
GA-VS02	Percentage of water supply sources protected	Sustainability Vision, p. 66 and Integrated Report Appendix

GRI	Description	Location
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<b>DRIVER 5: IDENTITY AND ENGAGEMENT</b>		
103	Management Approach (DMA)	Identity and Engagement, pp. 68 and 69
103-1	Explanation of the material topic and its boundary	Identity and Engagement, p. 68
103-2	The management approach and its components	Identity and Engagement, pp. 68 and 69
103-3	Evaluation of the management approach	Identity and Engagement, pp. 68 and 69
415-1	Political contributions	Integrated Report Appendix
GA-IR01	Taxes paid	Integrated Report Appendix
<b>DRIVER 6: TALENT AND CULTURE</b>		
103	Management Approach (DMA)	Talent and Culture, pp. 70 and 71
103-1	Explanation of the material topic and its boundary	Talent and Culture, p. 70
103-2	The management approach and its components	Talent and Culture, pp. 70 and 71
103-3	Evaluation of the management approach	Talent and Culture, pp. 70 and 71
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401-1	New employee hires and employee turnover	Integrated Report Appendix
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Integrated Report Appendix
404-1	Average hours of training per year per employee	Talent and Culture, p. 71; Integrated Report Appendix
404-3	Percentage of employees receiving regular performance and career development reviews	Integrated Report Appendix
405-1	Diversity of governance bodies and employees	Sustainability Vision, p. 66; Talent and Culture, p. 70.
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GA-SST01	Frequency rate of work-related ill health of employees	Integrated Report Appendix
GA-SST02	Frequency rate of work-related ill health of contractors	Integrated Report Appendix
GA-SST03	Frequency rate of employee injuries in time lost	Integrated Report Appendix
GA-SST04	Frequency rate of contractor injuries in time lost	Integrated Report Appendix