

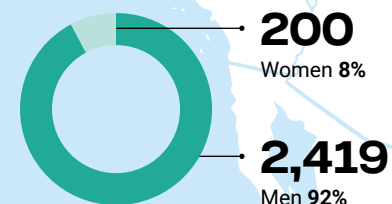
WE CREATE **2020** SOCIAL VALUE

INTEGRATED REPORT

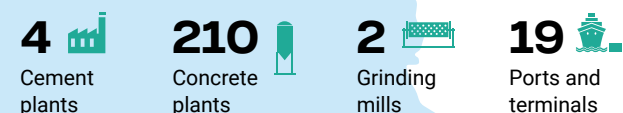


WHERE WE OPERATE

[102-32] [102-46] [102-48] [102-49]



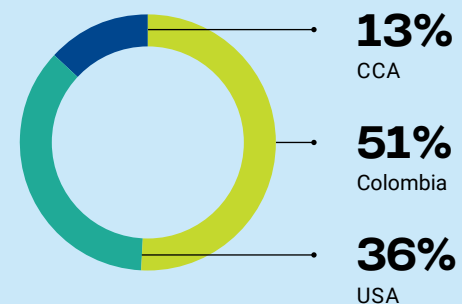
2,619
USA EMPLOYEES



USA REGION

TALENT

[102-32] [102-46] [102-48] [102-49]

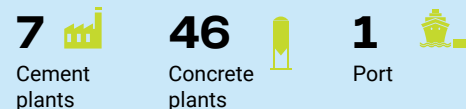
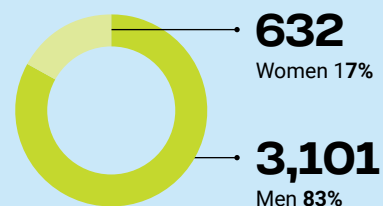


7,289
EMPLOYEES

Men 86%
Women 14%

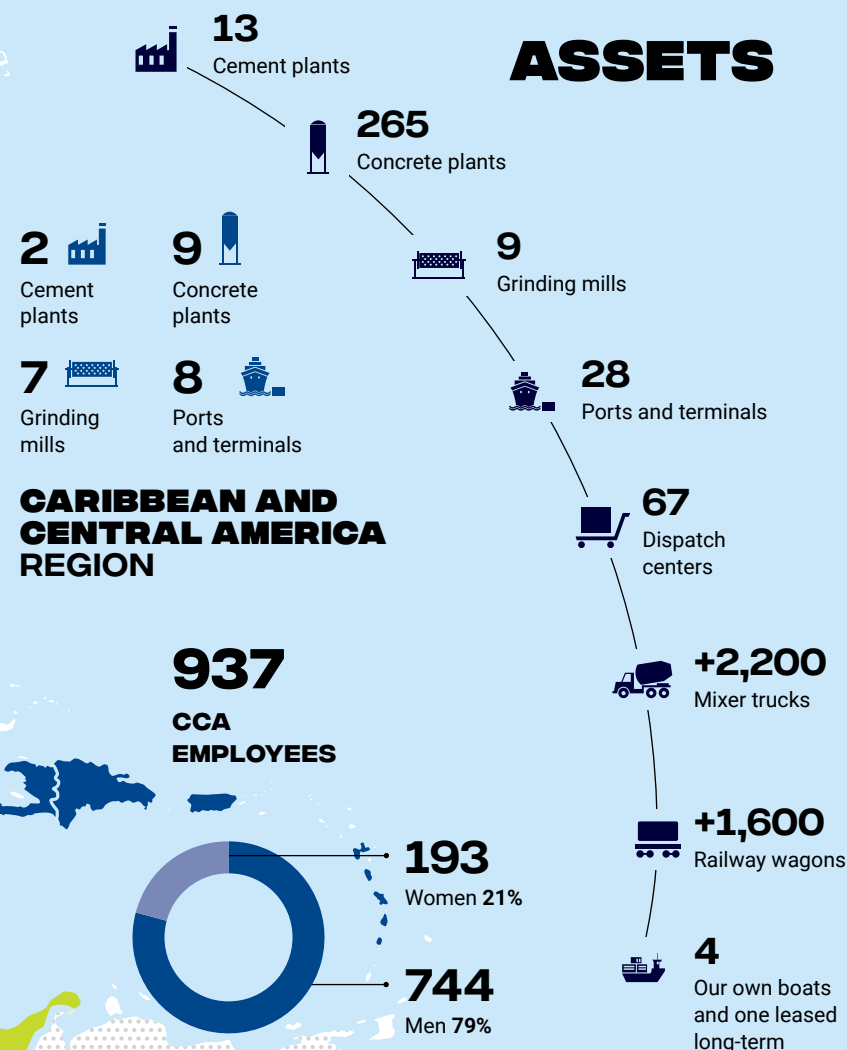
3,733

COLOMBIAN EMPLOYEES



COLOMBIA REGION

ASSETS



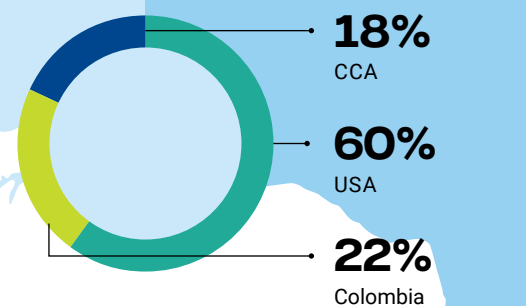
CARIBBEAN AND CENTRAL AMERICA REGION

937

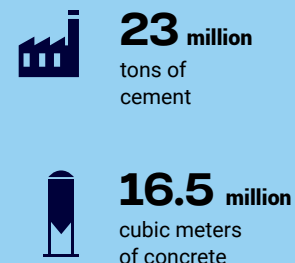
CCA EMPLOYEES



REVENUES PER REGION



INSTALLED CAPACITY



ON SITE



WE EXPORT TO



FINANCIAL RESULTS

Ebitda* increased 4.5%

COP 1.7 TRILLION

Revenues

COP 9 TRILLION



Volume of dispatched cement (tons)

15 M



Volume of dispatched concrete (m³)

8 M

MILESTONES RESET

✓ **100%** of retaining employees through the pandemic

✓ Restarting our operations safely

✓ Total debt reduction

✓ Free cash flow of

COP 1 TRILLION

✓ Solid cash position of

COP 621,000 MILLION

✓ Savings reached **USD 115 M**

✓ We increased the use of **Argos ONE**

✓ Digital twin initiatives implementation

OUTSTANDING ACHIEVEMENTS

We returned to society

3.34

times the benefit we retained as a Company. **USD 631.1 M** is the net value added to society



Sustainability Award
Silver Class 2021

S&P Global

We were recognized with the Silver Class distinction in the 2021 Sustainability Yearbook of the S&P firm.

Dow Jones Sustainability Indexes

For the eighth consecutive year, we have been confirmed in the Dow Jones Global Sustainability Index as one of the most sustainable cement companies in the world.

* 2019: The adjusted ebitdaexcludes that generated by concrete operations divested in the USA, land appreciation in Colombia and divestments in the equity portfolio. 2020: The adjusted ebitda excludes USD 20 million that Argos USA agreed to pay as part of the Deferred Prosecution Agreement with the Antitrust Division of the United States Department of Justice

* Cementos Argos S. A. is present in Venezuela through its subsidiary Corporación de Cemento Andino C. A., which is currently part of a judicial process regarding expropriation by the Venezuelan Government.



OUR HIGHER PURPOSE

TO BUILD DREAMS
THAT BOOST
DEVELOPMENT
AND TRANSFORM
LIVES.

WHO
WE ARE?

We are a growing multinational Company with an established presence in 16 countries and territories with emerging and developed economies. We have been building history for over eighty years, and today we are the number one cement and concrete manufacturer in Colombia and one of the most-relevant companies in the United States and in the Caribbean and Central America.

WHAT DO
WE DO?

We create value to society and the Company through innovative products and solutions and logistics synergies. We lay the foundations for development in a sustainable manner and constantly innovate to have a hopeful outlook of the future. We take on major challenges that allow us to carve out new paths, shape realities and transcend boundaries, advancing with concrete and assured steps.

OUR
PRODUCTS

CEMENT

This is a binding material composed of limestone rock and clay and is the most widely-used construction input in the world. Its adhesive and resistant properties make it ideal for all kinds of constructions.

CONCRETE

This is a mixture of cement and filler materials (sand and gravel aggregates), water and additives that, when hardened, have the capacity to withstand extreme compression.

AGGREGATES

Aggregates are granular and inert materials of natural origin or obtained by grinding rocks. They comprise between 65% and 85% of the total volume of concrete; in addition, they make up approximately 95% of asphalt mixtures.

The future is in the origin.

GREEN SOLUTIONS
Conscious Innovation



Low in Carbon

Green Cement
3,000 and 4,000 psi
Green Concrete
Viaforte
Edifika



Adaptability and
Circular Economy

Low-permeability durable concrete
High-resistance concrete
Permeable concrete
Advanced concrete
Color concrete
Green Sacks



Comfort

Architectural concrete
Concrete for pavements

This is a way of declaring and sharing our commitment to a more-sustainable future. Also, it is an invitation to the current construction professionals and those of new generations so that they are informed, to decide and act in favor of their environment.

At Argos, we develop sustainable services and products that contribute to the care of the environment, as they reduce carbon emissions, they adapt to the weather and natural phenomena, they contribute to the circular economy and they promote well-being and comfort.

WHAT MAKES
US DIFFERENT?

- We support our clients in the development of their businesses, being an ally in the materialization of their dreams and projects through which we build a future and multiply growth opportunities together.
- We attract the best talent and we are committed to delivering extraordinary solutions for clients.
- We build relationships of trust based on ethics and transparency.
- We are a Company committed to creating value.

WE CREATE **2020** SOCIAL VALUE **INTEGRATED REPORT**

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- 6** Sustainable Development Goals (SDG)
- 9** Letter from the Chairman of the Board of Directors
- 11** Corporate Governance

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02 WE BUILD **53** DREAMS STRATEGIC FRAMEWORK

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- 101** Industry Positioning
- 106** Supplier Management
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ABOUT THIS REPORT

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In Cementos Argos, we work day-to-day to create value for our Company and society. Our greatest interest is to achieve the maximum benefit for you: our Shareholders, clients, employees, suppliers, communities and other Stakeholders.

Along this line, we present to you - for the ninth consecutive year - the **Integrated Report 2020**, through which we present to you both the economic, social and environmental results that we achieved as a Company during the period between January 1 and December 31, 2020, as well as the strategies to manage each of these relevant issues that impact the ability of this Organization to create value in the short, medium and long term.

We hope that this document is a useful mechanism to generate greater dialogues and better connectivity among all, while inspiring us within the Company to work for a more-sustainable and equitable society where, as our higher purpose states, we aspire to build the dreams of housing and infrastructure, promote the development of the territories where we are present, and positively transform the lives of millions of people.



SCOPE OF THE DATA REPORTED

The data include the activities of the Companies, the figures of which are consolidated in the Financial Statements of the Cement, Concrete and Aggregate Businesses in Colombia, the United States and Caribbean and Central America regions. (except where indicated otherwise).



EXCHANGE RATE

COP 3,691.27

unless otherwise stated in the specific section.



EXTERNAL VERIFICATION

Deloitte Asesores y Consultores has carried out the independent verification of this Report and their report may be found in the Appendices Chapter (See page 365).



MATERIALITY

The content focuses on the material issues identified in the strategic, competitive-review process and dialogues with Stakeholders that we carried out in 2019. (See page 56).



We offer extraordinary solutions for each of our segments.
One-kg. sacks; Colombia Region



Newberry Plant,
the United States Region



CURRENCY OF FIGURES REPORTED

Colombian Pesos (COP) for the figures associated with the operations of the Colombia Region and the Corporate results, and United States Dollars (USD) for the results of operations in the United States, the Caribbean and Central America.

SPECIAL NOTE

The COVID-19 pandemic marked some important milestones in our management that, in addition to the human challenge it poses, impacted our results. Throughout the Report - and highlighted in turquoise - the measures taken to overcome each stage of the crisis and face the changes will be indicated.

FRAMEWORKS USED FOR THE CONSTRUCTION OF THE INTEGRATED REPORT



International Integrated Reporting Council (IIRC).
(See page 346)



GRI Standards, regarding the general basic contents. See codes highlighted in green; for example: **[102-3]**



SASB Standards for the Construction Industry
(See page 363)



Sustainability Guidelines and Reference Indicators for the Global Concrete and Cement Association (GCCA) Industry, under the option of extended compliance.

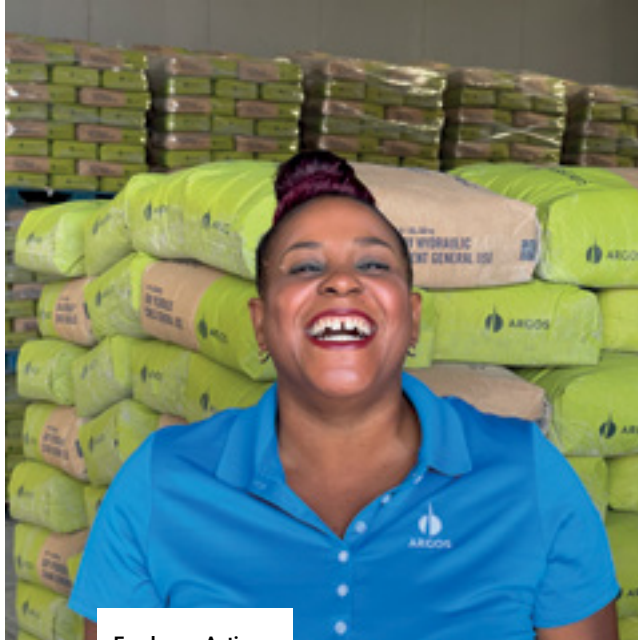


Sustainable Development Goals (SDG). See the SDG icons available throughout the report, as well as on the next page.

CONTACT

For more information about our Report, you may contact María Isabel Echeverri, Legal and Sustainability Vice President at **mecheverri@argos.com.co**; or María Isabel Cárdenas, at **mcardenasb@argos.com.co**.

SUSTAINABLE DEVELOPMENT GOALS (SDG)



Employee, Antigua,
Caribbean and Central America Region

As we reach the 10-year countdown to attaining the SDGs, it's crucial that organisations are not only setting ambitious sustainability targets, but aligning their targets with the SDGs and integrating them into their core business strategies. The cement and concrete industry provides an opportunity for transformative change, and as the sector progresses towards its carbon neutral target it will also bring positive impacts across many of the SDGs

Sue Allchurch, Chief of Outreach and Engagement,
United Nations Global Compact.

At Argos. we are committed to the 2030 SDGs and their universal purpose of leaving no one behind. protecting the environment and promoting alternatives that help all people have sufficient opportunities to have a dignified, peaceful life.

Therefore, and based on our ability to contribute directly to the different global challenges that each of the goals represents, our Sustainability Strategy and the management of the different material issues are aligned with the following four SDGs that we have prioritized:



- Efficiency and productivity
- Talent management
- Occupational health and safety
- Supplier management
- Human Rights



- Adaptation to market dynamics
- Industry positioning
- Relationships with communities
- Supplier management

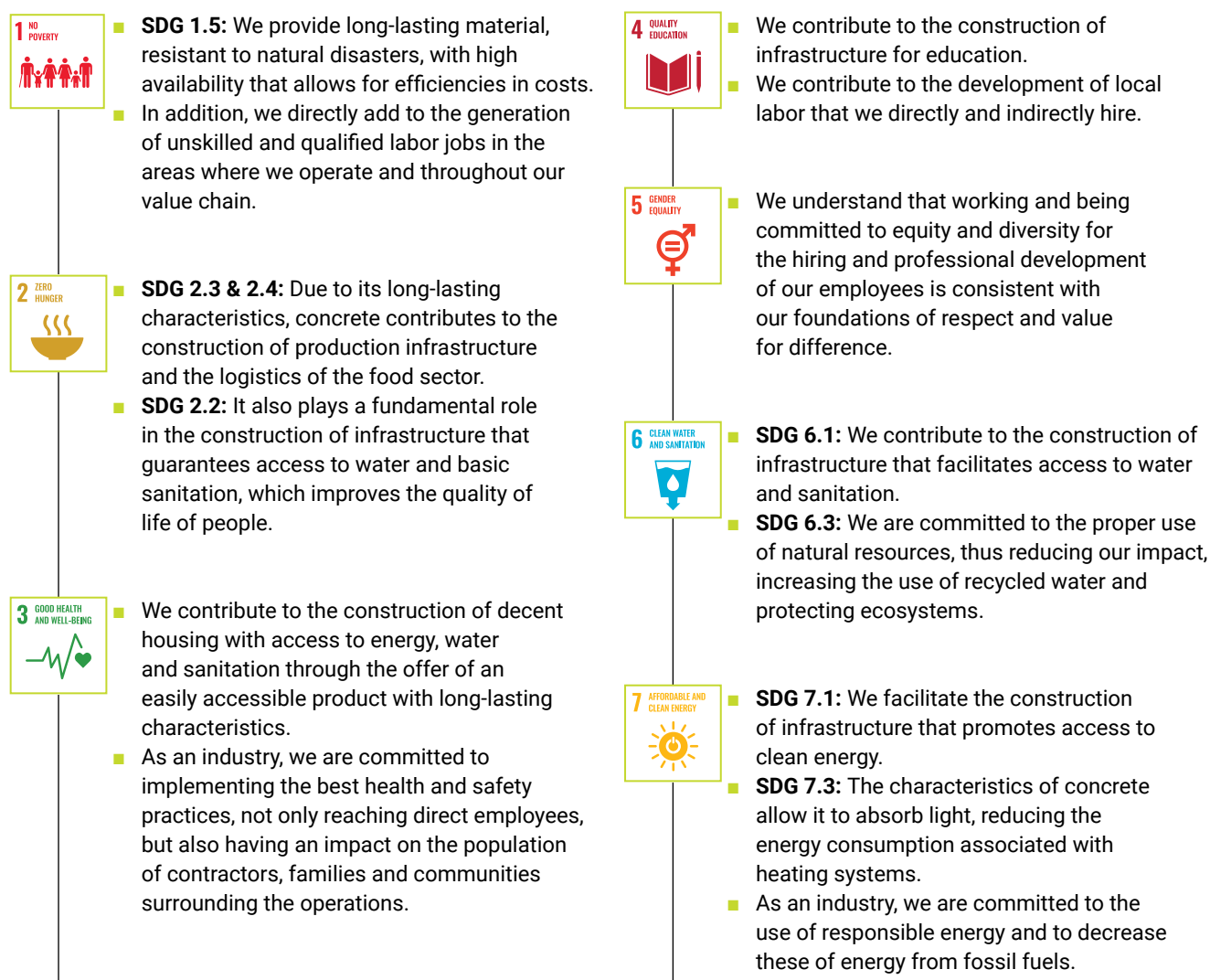


- Ecosystems
- Atmospheric emissions
- Relationships with communities
- Ethics and compliance
- Human Rights



- Efficiency and productivity
- Climate change
- Ecosystems
- Industry positioning

Likewise, together with the Global Cement and Concrete Association (GCCA), we come together to monitor the long-term contribution that - as an industry - we make to the fulfillment of the 2030 agenda, since we are aware that beyond our direct impacts, we have an active role in building the well-being and development of the regions where we operate. This, through the construction of infrastructure that contributes to access to water and basic sanitation, the offer of high-quality products for the construction of housing for all and the generation of employment, among other important milestones.





- We contribute to the construction of infrastructure that promotes economic development and connects territories.
- We generate the direct hiring of qualified and unskilled labor throughout our chain.
- We are committed to implementing the best labor, hiring and occupational health and safety practices.



- We offer a cost-effective, durable and resistant material to build resilient, sustainable infrastructure.
- We contribute to industrialization.
- Innovation is a key part of our business, insofar as we offer products that respond to current needs and we continually evaluate our production processes to reduce their impacts.



- We contribute to the construction of infrastructure and basic services that reduce inequity.
- We contribute about 40% to the income of people at the base of the pyramid through our value chain.
- We positively impact the local economies of the territories where we operate through the reinvestment of income associated with wages, rents and local purchases.



- **SDG 11.1:** We contribute to the construction of sustainable cities through the offer of products, such as colored concretes that help reduce the effect of island heat and materials that absorb CO₂.
- **SDG 11.1:** Concrete is a material resistant to natural disasters and, therefore, is key for the construction of the basic infrastructure of cities.



Concrete is a material that is:

- Flexible, with characteristics that allow modular constructions of columns, walls and houses.
- Long-lasting, which should not be demolished by fire or flood.
- It is a pioneer industry in circular-economy processes through the use of ash and waste from other industries.



- We are an industry with a significant footprint in CO₂ emissions, which is why we are committed to offer a concrete-neutral carbon through the Climate Ambition Plan 2050.
- As a member company of the GCCA, we report and monitor the indicators associated with CO₂ emissions.
- We work to replace fossil fuels with alternative fuels.
- Durability in extreme conditions prevents early demolition of concrete-built infrastructure, thereby reducing the footprint associated with construction and maintenance.



- **SDG 14.3:** The ocean-acidification process can only be solved with the transition to a low carbon economy, a fact to which - as an industry - we are committed through our Climate Ambition Plan 2050.



- As an industry, we are committed to the GCCA Biodiversity Policy, through which we work hand in hand with allies to preserve ecosystems, measure and report our impacts and offer a product that is environmentally friendly.



- As active members of GCCA, we are committed to acting transparently, in compliance with the local regulations of the territories where we operate.
- We also respect Human Rights and adhere to international standards.



- Through initiatives, such as *Innovandi*, we promote innovation as a mechanism for linking different Stakeholders to solve problems at a global level.

We invite you to review the Sustainability Control Panel and the SDG in the Appendices to specifically see the contributions of our management to the universally declared goals.

LETTER FROM THE CHAIRMAN OF THE BOARD OF DIRECTORS [102-14]



Jorge Mario Velásquez,
Chairman of the Board of Directors

THE SITUATION ASSOCIATED WITH COVID-19 PROMPTED OUR ORGANIZATION TO THE BRING OUT THE BEST OF ITS CAPABILITIES, TO WORK IN AN AGILE, EFFICIENT MANNER AND, ESPECIALLY, TO RATIFY THAT WE ARE A COMPANY THAT PROMOTES WELL-BEING AND DEVELOPMENT AND CREATES ECONOMIC AND SOCIAL VALUE.

Dear Shareholders:

On behalf of the Board of Directors and the more than 7,200 employees of Cementos Argos who share our higher purpose of contributing to the construction of housing dreams and better infrastructure in the sixteen countries and territories where we operate, it is gratifying to share with you satisfactory results, which reflect the committed and determined work of extraordinary, diverse and inclusive talent that has allowed us to face this moment with flexibility and strategic coherence to overcome the challenges that 2020 imposed.

Thanks to your trust and permanent support, today we can proudly say that the situation associated with COVID-19 prompted our Organization to bring out the best of its capabilities, to work in an agile, efficient manner and, especially, to confirm that we are a Company that promotes well-being and development and creates economic and social value.

Throughout the Management Report, you will be able to see in detail the actions taken by the Company to close the year with results that reflect discipline in the execution of the various programs and action plans, including the one we call RESET (Re-Start safety and health to boost the economy, bring hope and transform lives), a plan that we put in place to mitigate the impacts associated with COVID-19 and that covers the human, operational, financial and social dimensions, from its five pillars: health and safety, liquidity and debt management, operational excellence, Cementos Argos initiatives for the future and solidarity with the environment.

**WE WILL CONTINUE TO OPERATE
WITH ALL OUR ENERGY AND
COMMITMENT TO HELP ACCELERATE
ECONOMIC REACTIVATION AND THE
RECOVERY OF GROWTH INDICATORS
AND EMPLOYMENT LEVELS.**

We highlight our commitment to advance in the Company's deleveraging strategy with the reduction of debt and a solid cash position of COP 621,000 million at the end of the year, while we continued to improve the profitability of the business with savings for USD 115 million and an adjusted EBITDA of COP 1.68 trillion during 2020.

In the midst of a challenging year, we are also pleased to report that, facing our clients, we have been able to strengthen our Product Portfolio and specialized solutions for both Housing and Infrastructure. Examples of initiatives that excite us are the launching of Green Cement, an innovative product that marks the Company's path in its commitment to continue leading the industry in terms of sustainability and adaptation to climate change. We also highlight the activation of our modular system specifically for housing construction, with which, undoubtedly and with the help of our construction partners, we will improve the quality of the current supply of social housing and positively impact the productivity of the sector.

In parallel, we are pleased to see great advances in the digital-transformation front and in our commitment to digitization and the use of Artificial Intelligence (AI) in our operations to achieve more-efficient processes and closer interactions with all our stakeholders.

This higher purpose, which frames all the actions of Cementos Argos, allowed us to be recognized once again by the Dow Jones Sustainability Index (DJSI) as one of the most-sustainable cement companies in the world. Additionally, we were classified as one of the most-innovative companies in the country; we were part of the ten organizations with the best reputation in Colombia, and we positioned ourselves as leaders in Corporate Governance in the ALAS20 initiative. And for our unwavering commitment to operating with the highest industry standards and in a responsible manner with the environment, while promoting respect for Human Rights and deepening our contribution to the Sustainable Development Goals (SDGs), we received awards, such as the FTSE4Good, the Silver Distinction in the S&P Sustainability Yearbook and the *Equipares* Seal.

Shareholders, please be assured that we will continue to operate with all our energy and commitment to help accelerate economic reactivation and the recovery of growth indicators and employment levels, both in Colombia and in the other countries where we operate. This is the time to renew hope and continue to look to the future with optimism and determination.

Thanks for the trust and support.

JORGE MARIO VELÁSQUEZ
Chairman of the Board of Directors



The Martinsburg Plant Steering Committee
The United States Region

CORPORATE GOVERNANCE

We have a Corporate Governance framework aligned with high international standards that seeks to guarantee the rights of our investors, the optimal balance among the administrative, management and control bodies, adequate decision making, and the disclosure of timely, truthful information as factors to strengthen the trust of our Stakeholders and facilitate access to businesses, markets and clients.

We have a self-regulatory framework for Corporate Governance that establishes transparent management mechanisms with Shareholders, the market, and society in general:



Code of Good Governance



**Policy on Board of Directors
Appointments, Remuneration and Succession**



Corporate Bylaws



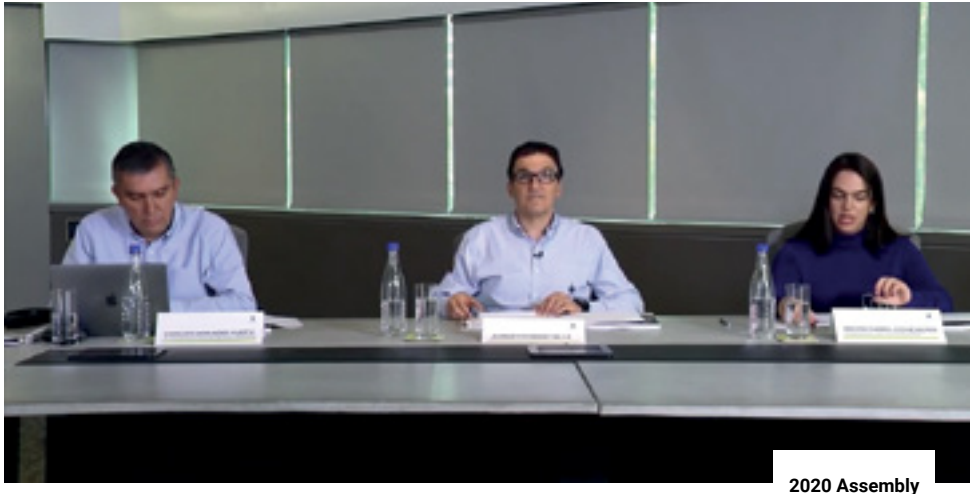
**Policy on Operations
among Related Companies**



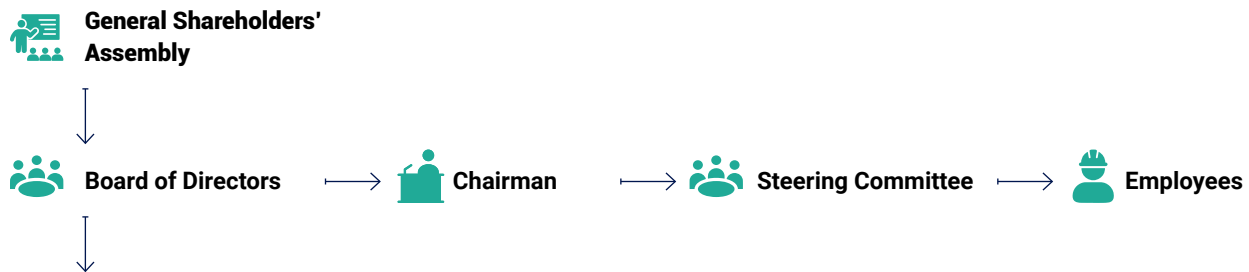
**Policy on Relationships
among Related Parties**




We fill out and publish the Country Code survey on the best Governance practices adopted by the Company. This shows compliance of most-recommended good practices.



[102-18] [102-22] This regulatory framework establishes an administrative and management structure that includes:



Board of Directors' Committees

 Audit, Finance and Risk Committee	 Sustainability and Corporate Governance Committee	 Appointment and Remuneration Committee
<p>Its main purpose is the evaluation of the accounting procedures, the management of the relationship with the Fiscal Auditor and the supervision of the effectiveness of the Control Architecture and the Comprehensive Risk-Management System. In 2020, six sessions were held, with an average attendance of 94%.</p> <p>Noteworthy Activities 2020:</p> <ul style="list-style-type: none"> Review of financial information and results. Monitor the Company's strategic risks and insurance scheme. Follow-up of the annual Audit Plan and the implementation of the action plans defined to reinforce Internal Control. 	<p>It recommends to the Board systems for the adoption, monitoring and improvement of sustainability practices and Corporate Governance. In 2020, five sessions were held, with an average attendance of 100%.</p> <p>Noteworthy Activities 2020:</p> <ul style="list-style-type: none"> Monitoring the Sustainability Strategy. Review of environmental metrics and approval of the Climate-Change Strategy. Monitor Occupational Health and Safety indicators and plans defined by the Company to prevent COVID-19. Discussion and trend analysis of international sustainability and Corporate Governance. Monitor the Ethics and Compliance Program. 	<p>It determines the policies and rules for the hiring, compensation and development of the Board members and Top Management. It continuously monitors the goals of the different compensation programs in relation to employee performance. In 2020, five sessions were held, with an average attendance of 100%.</p> <p>Noteworthy Activities 2020:</p> <ul style="list-style-type: none"> Review of diversity and human capital indicators. Approval and monitoring of remuneration policies and the goals of the Organizational Results Premium Monitor the Talent Management, Succession and Organizational Development Strategy. Execution the evaluation process of the Chairman.

THE SHAREHOLDERS' ASSEMBLY

[102-19] This is the highest Corporate Body made up of the holders of the Company's ordinary shares, who have the right - among others - to know in a comprehensive, timely manner, relevant information to participate in decisions that may affect them, formulate proposals for the Organization's best performance, and receive fair, equitable treatment. It meets every year on a regular basis and is one of the main means of presenting the Organization's management and strengthening the relationship with this Stakeholder.

For 2020, given the limitations to hold mass meetings due to the pandemic, the General Shareholders' Assembly was developed using both virtual and personal-attendance tools, complying with the regulations to prevent COVID-19 and applying, in every case, the attendance, participation and information-control mechanisms, in order to guarantee the rights of our Shareholders.

[102-19] **[102-21]** Shareholder Rights:

- To comprehensively know in a timely manner the relevant information for decision making.
- To participate in the decisions that may affect the Shareholders.
- To make observations to Management and formulate proposals for the best performance of the society.
- To receive fair, equitable treatment.

To exercise these rights and for the correct relationship with our Stakeholders, we have various means of contact and dissemination of information that serve as a link between the market and the Company, including the Investor Relations Office, the Investor Attention Center, the Transparency Line, our Website, calls to present results, the publication of relevant information, personal-attendance meetings with analysts from brokerage firms, pension funds, foreign-investment funds, and Shareholders, among others.

DUE TO LIMITATIONS ASSOCIATED WITH COVID-19, THE SHAREHOLDERS' ASSEMBLY WAS DEVELOPED USING VIRTUAL AND PERSONAL-ATTENDANCE TOOLS.

BOARD OF DIRECTORS

[102-18] **[102-19]** **[102-26]** **[102-29]** **[102-30]** **[102-31]** **[102-33]**

This is the body in which the Shareholders' Assembly delegates the Company's management. It is composed of seven persons, with high standards of ethics, extensive experience in the sector and who comply with the skill set defined by the Company for this governing body. It has a diversified configuration in terms of gender, skills and experience, and has the participation of independent members.

They are in charge of guiding the long-term strategy; Monitor the Company's management in economic, social and environmental matters; they follow up on strategic risks and monitor financial results and the Internal-Control System, among other key activities to ensure the Company achieves its higher purpose. Annually, in coordination with Top Management, the Board of Directors defines a work plan in which topics are established that will be discussed at each meeting, seeking that these are in accordance with the Corporate Strategy and the results of the annual Board of Directors evaluation.

To carry out its functions, the Board meets according to a defined Action Plan, which includes topics to be discussed that are framed in economic aspects and environmental and social strategies that are strategic for the Company. With this programming, it is guaranteed that strategic, relevant and urgent issues are dealt with as a priority.

In addition, before each Board meeting, the Steering Committee meets to prepare the more-important and strategic issues to the central topic; the relevant information to be presented at the Board sessions is sent sufficiently in advance to the Directors, so that members can study the topics to review and achieve strategic discussion, innovative proposals and debates that generate a positive impact within the Company.

BOARD OF DIRECTORS 2020

Composition

[102-22] [102-23]

Average attendance
at the Board
Meetings

100%



JORGE MARIO VELÁSQUEZ
Chairman

Grupo Argos
CEO

Executive Member

Appointment: 2016

Appointment and
Remuneration Committee

Attendance at Board
Meetings

■ 100%

Attendance at Committee
Meetings

■ 100%

Participation in Boards
of other companies:

Grupo Sura (Principal)
Celsia (Principal)
Odinsa (Principal)
Grupo Nutresa (Principal)



RAFAEL OLIVELLA
Member

Grupo Argos
Vice President of Talent
and Corporate Affairs

Executive Member

Appointment: 2020

Sustainability and Corporate
Governance Committee

Appointment and
Remuneration Committee

Attendance at Board
Meetings

■ 100%

Attendance at Committee
Meetings

■ 100%

Participation in Boards
of other companies:

Celsia (Principal)
Odinsa (Principal)



ALEJANDRO PIEDRAHÍTA
Member

Grupo Argos
Vice President
of Corporate Finances

Executive Member

Appointment: 2018

Audit, Finance and Risk
Committee

Attendance at Board
Meetings

■ 100%

Attendance at Committee
Meetings

■ 83%

Participation in Boards
of other companies:

Grupo Sura (principal)
Celsia(principal)
Odinsa(principal)
Pactia (principal)

SKILLS

- Strategy
- Corporate Finances
- Commercial Matters
- Construction-Materials Industry - Infrastructure
- Crisis Management
- Sustainability
- Governance / International Public Policy

- Risks
- Strategy
- Internal Control
- Construction-Materials Industry
- Crisis Management
- Legal Matters
- Sustainability
- Governance / International Public Policy

- Risks
- Strategy
- Internal Control
- Corporate Finances
- Commercial Matters
- Construction-Materials Industry
- Crisis Management
- Governance / International Public Policy



**CECILIA
RODRÍGUEZ**
Member

Corporación Bioparque
CEO

Independent Member

Appointment: 2012

Audit, Finance and Risk
Committee

Sustainability and Corporate
Governance Committee

**Attendance at Board
Meetings**

■ 100%

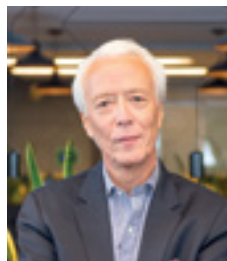
**Attendance at Committee
Meetings**

■ 100%

**Participation in Boards
of other companies:**

Bioparque Proyectos
(Principal)
Corporación Bioparque
(Principal)

- Construction-Materials Industry
- Crisis Management
- Sustainability
- Governance / International Public Policy



**CARLOS GUSTAVO
ARRIETA**
Member

**Partner: Arrieta
y Mantillas Asociados**

Independent Member

Appointment: 2012

Audit, Finance and Risk
Committee

**Attendance at Board
Meetings**

■ 100%

**Attendance at Committee
Meetings**

■ 100%

**Participation in Boards
of other companies:**

IcoMedios (Principal)
AMYA Inversiones
(Principal)

- Risks
- Construction-Materials Industry
- Crisis Management
- Legal Matters
- Sustainability
- Governance / International Public Policy



**ESTEBAN
PIEDRAHÍTA**
Member

**CEO of the Cali Chamber
of Commerce**

Independent Member

Appointment: 2012

Appointment and
Remuneration Committee

**Attendance at Board
Meetings**

■ 100%

**Attendance at Committee
Meetings**

■ 100%

**Participation in Boards
of other companies:**

Ecopetrol (Principal)
Centro de Eventos
Valle del Pacífico (Principal)

- Risks
- Strategy
- Internal Control
- Corporate Finances
- Commercial Matters
- Construction-Materials Industry
- Crisis Management
- Sustainability
- Governance / International Public Policy



**LEÓN
TEICHER**
Member

**Independent
Consultant**

Independent Member

Appointment: 2012

Sustainability and Corporate
Governance Committee

**Attendance at Board
Meetings**

■ 100%

**Attendance at Committee
Meetings**

■ 100%

**Participation in Boards
of other companies:**

Seissa (Principal)
DonDoctor S.A.S.
(Principal)

- Risks
- Internal Control
- Corporate Finances
- Commercial Matters
- Construction-Materials Industry
- Crisis Management
- Sustainability
- Governance / International Public Policy

Principal Board Topics and Activities in 2020

[102-29] [102-30] [102-31] Topics dealt With:

- Corporate and competitive strategies
- Adaptation to the pandemic
- Performance of each region
- Financial results
- Legal matters
- Risks
- Internal Control
- Sustainability
- Environmental and Occupational Health and Safety

During the period

- The Operations Policy among Related Parties Associated with Grupo Empresarial Argos was approved.
- The Relationship among Related Parties Policy was updated.
- The Code of Good Governance was updated in the following parts: Internal regulation to negotiate Argos shares by Directors and Employees; Elimination of the 10-year period to lose the nature of Independent of the Directors; Incorporation of the Directors' duty to participate in the Shareholders' Assembly; and strengthening the functions of the Board of Directors and Support Committees.



Detail of Code of Good Governance updated

[102-21] [102-34] To guarantee the adequate communication and exchange of information, the Secretariat General is to deliver it in a timely manner to the Board of Directors. Likewise, the Administration participates in the Board sessions, according to the topics established in the Action Plan and communicates the Work Guidelines determined by the Board of Directors to Employees.

50 %

of the Directors chosen
must fulfill the independence requirements.

Process and Frequency of the Nomination and Selection of Members of the Board of Directors

[102-24] The Board of Directors is composed of seven members, chosen for periods of one year.

- The Board is elected annually by the General Shareholders' Assembly through the application of the electoral quotient system.
- At least 50% of the elected Directors must meet the independence requirements.
- The Directors may not be in any of the circumstances of incompatibility or inability.
- Election criteria include personal qualities, relevant knowledge for the Company's activity, diversity, experience in Sustainability, in business management and prior participation in other Boards of Directors.
- Their appointment is regulated in the Corporate Bylaws, the Code of Good Governance and the Board of Directors' Appointment, Remuneration and Succession Policy.



Consult the Board of Directors Appointment, Remuneration and Succession Policy.

Process in training the Board of Directors

[102-27] To continuously improve the participation in meeting and decision making, we promote training for the members of the Board of Directors, thus expanding their knowledge of the industry, the competitive dynamics in the jurisdictions where we operate, sustainability issues, innovation and good governance, among others.

Evaluation Processes of the Board of Directors

[102-28] In searching to maintain a level of excellence for the Company in performance, composition and operation of the Board of Directors, its performance is evaluated annually, alternating the external evaluation with the self-evaluation.



In 2020 Rafael Olivella was designated a Board Member, replacing Camilo Abello.

Processes to Manage Conflicts of Interest

[102-25] We strive for the objectivity of Directors in decision making. For this reason, they must adequately disclose the potential conflicts in which they may be immersed during the formal sessions of the Board of Directors or through the Annual Declaration of Potential Sources of Conflicts of Interest. In the event that there are conflicts that may affect their independence and objectivity, we establish the necessary measures for their proper administration, in accordance with the guidelines established in the Code of Business Conduct, thereby guaranteeing, in all cases, that the Directors will refrain from participating in those decisions in which the conflict arises.

Policy and Processes for the Remuneration of the Members

[102-35] [102-36] [102-37] In compliance with the Board of Directors' Appointment, Remuneration and Succession Policy, the Directors' fees are defined annually by the General Shareholders' Assembly, in accordance with the structure, responsibilities and obligations of the Board of Directors.

For the period, monthly fees of COP 6,800,000 were established for the Board of Directors and COP 6,800,000 for Board of Directors Committees, which represented an increase of 4.6% over the previous year. Independent members receive remuneration for both their participation in the Board of Directors, as well as in the Committees; Patrimonial members receive it for their participation in the Board of Directors.

STEERING COMMITTEE

[102-20] This is the administrative body chosen by the Board of Directors to coordinate and supervise the society in relation to economic, social and environmental aspects. It is composed of the Chairman and Vice Presidents, who lead the Company's administration and present the progress of these processes to the Board of Directors in Board or Committee meetings. The Board provides pertinent feedback and gives instructions for the correct handling of the matters presented and, in turn, each of the leaders transmits the instructions received to their employees.

Its mission is to deliver the guidelines and validate the Company's management on economic, social and environmental aspects; provide feedback and guide employees to make decisions and lead the implementation of the Corporate Strategy.

Members:

During 2020, changes were made in the structure of our Steering Committee. The Vice Presidency of Talent and Culture was replaced by the Vice Presidency of Persons and Transformation, in order to strengthen the management of new businesses and innovation. Tomás Restrepo, former Vice President of the Colombia Region was elected leader of this new Vice Presidency and Harry Abuchaibe was designated to replace him.

Consult here to learn more about our Steering Committee



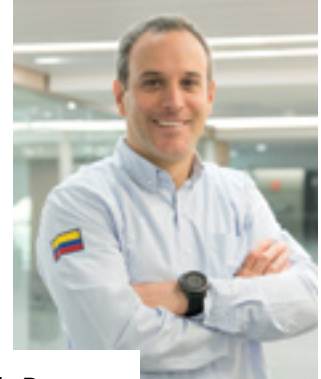
Juan Esteban Calle
CEO



Bill Wagner
VP United States Region



Harry Abuchaibe
VP Colombia Region



Camilo Restrepo
VP Caribbean and Central America Region



María Isabel Echeverri
VP Legal and Sustainability



Carlos Horacio Yusty
VP Finances



Tomás Restrepo
VP Persons and Transformation



The Board of Directors and the Committees held 100% of their meetings virtually.

THIS IS HOW WE ADAPTED, DUE TO COVID-19

- We adapted our Board of Directors' operation and Action Plan for the correct management of emerging risks and adaptation to the situation.
- We strengthened virtual tools to hold meetings and send information.
- We modified the Action Plan to guarantee adequate risk management and monitor the Company's adaptation to the pandemic.

RECOGNITIONS

- For the eighth year in a row, we were recognized in the Dow Jones Global Sustainability Index, which classified us as the third most-sustainable cement company in the world.
- We entered the top five of the FTSE4Good World Index as a leading company in Sustainability and Good Governance in the Construction Materials sector.
- We were recognized in the 2021 S&P Sustainability Yearbook with a Silver Distinction for our performance in the 2020 Dow Jones Sustainability Index.
- For the seventh consecutive year, we were part of the 10 companies with the best reputation in Colombia, according to *MERCO*, the Business Monitor of Corporate Reputation.
- We were recognized as a leading company in Corporate Governance in the ALAS20 Initiative of the Center for Social Responsibility and Sustainability and GovernArt.
- For the sixth year in a row, we received the Certification as Known Issuer and Appellant from the Colombian Financial Superintendency.
- For the sixth consecutive year, we achieved Investor Relation (IR) recognition from the Colombian Stock Exchange.



CHALLENGES

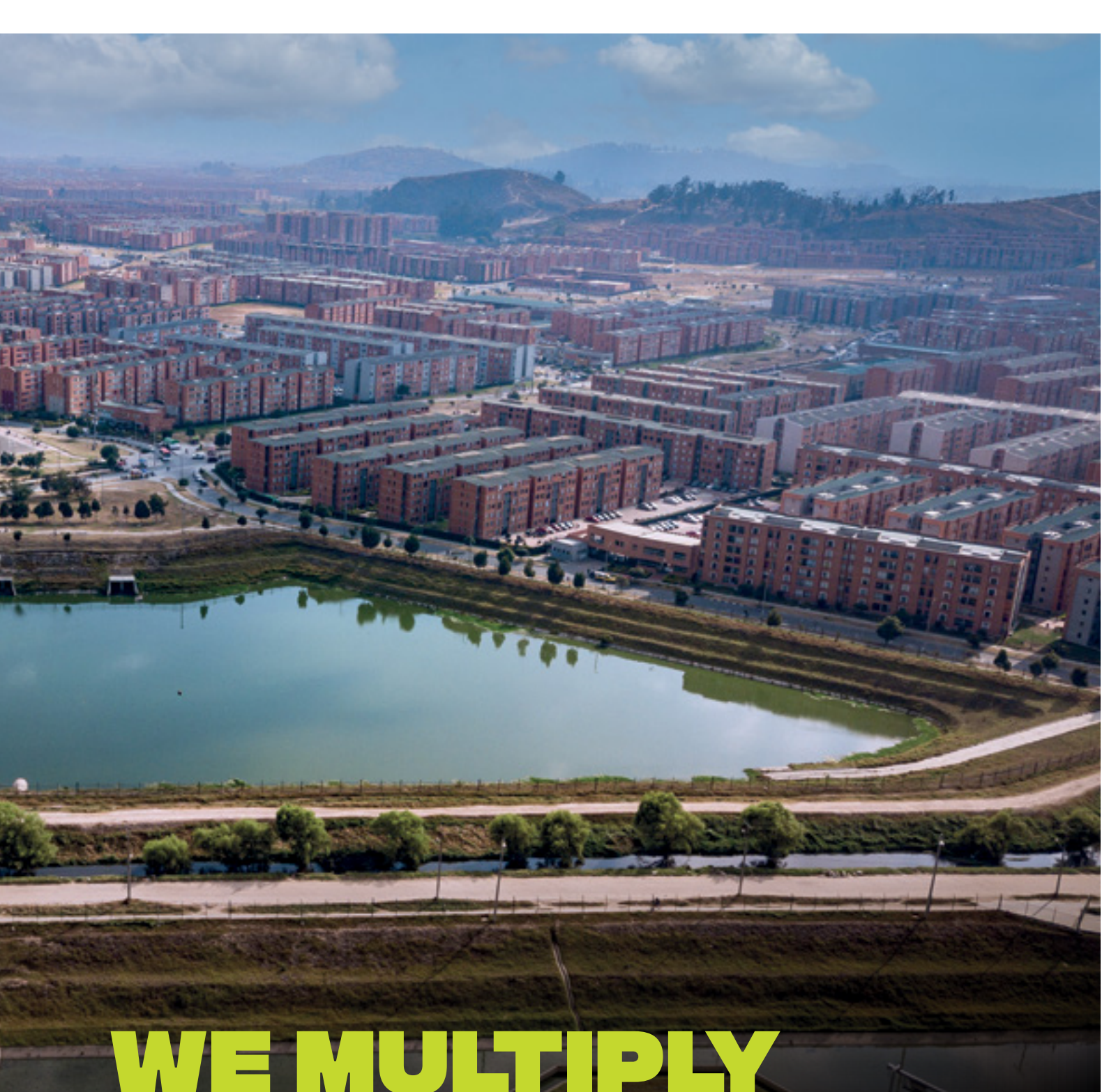
We referenced Good Corporate Governance practices in which various Sustainability Indices and international standards were analyzed; it was evidenced that we have a robust, adequate, and mature Corporate Governance, in accordance to our structure and Shareholding Composition.

In the local and Latin American context, we are a benchmark in the adoption of Good Governance practices. However, with respect to other international markets, we have opportunities in terms of:

- Independence in the conformation of the Board of Directors and its Committees.
- Diversity in the conformation of the Board of Directors.
- Greater disclosure of information on executive remuneration.



Amarillo's Ciudad Verde is currently the largest macro-project of its kind in Latin America. There are about 328 hectares where 51,000 housing solutions are being developed, which will house over 200,000 people. A project with the Argos seal, Cundinamarca, Colombia.



WE MULTIPLY OPPORTUNITIES

01. MANAGEMENT REPORT

ARGOS 2020 MANAGEMENT REPORT

[102-32] [102-10]



Juan Esteban Calle
CEO

Dear shareholders:

We want to begin this report with a moment of silence to honor all the victims of COVID-19. We pay special tribute to the deceased among our direct and indirect employees, investors, customers, suppliers, communities, allies, and authorities in each of the territories where we are present. Particularly in Humberto Ramos, Milton Pedraza, Nelson Galvis, and Rafael Moreno, employees from the Colombia Regional, and five colleagues from the United States Regional, whose names we cannot disclose due to U.S. legal provisions. We join each of the families and loved ones in mourning their loss. Our hearts go out to them, and we want them to know they have our support and solidarity. We also want to reassure our commitment to honor their legacy and their example by working every day with passion and determination in moving forward with our higher purpose of helping. Hand in hand with our customers, we work to make the dreams of housing and infrastructure a reality and create equity, well-being, and development for millions of people in the sixteen countries where we are present.

On behalf of more than 7,200 Argos employees, we want to thank you for your trust. Through this report, we want to share an administration process that reflects the company's strength and adaptability amid the challenging and painful circumstances that we have previously experienced.

2020 is a year that will remain in everyone's memory. The COVID-19 pandemic impacted our way of life, public health, the operation of the economy, and employment on all five continents, which affected the dynamics of a large part of the production and service sectors in most of our markets. This event has become one of the most significant challenges that we have faced as individuals, families, companies, and countries over the last century.

On a personal level, it transformed how we live and has taught us about true priorities, the importance of giving up some things, adjusting quickly to uncertain conditions and new realities. It also brought a new meaning to values such as empathy and solidarity. It accelerated the search for universal purposes and inspired reflection and debate on fair social causes such as vital minimums, access to health systems, and education.

In the midst of a context of so much uncertainty and complexity, in which the priority for companies became sustaining themselves, preserving cash, conserving jobs, and minimizing negative impacts to the fullest, our results can be described, without a doubt, as very satisfying. Thanks to your support, valued shareholders, resilience, commitment, creativity, and contribution of our employees, we managed to register an operating result even higher than that of 2019. We took appropriate steps in terms of financial flexibility; we deepened organizational efficiency; we strengthened our portfolio with specialized products and services. We continued to create social value for our different stakeholders.

Since the second quarter, we adjusted our budgets and eliminated non-essential expenses and costs, anticipating the effects of the confinements decreed by the governments and the consequent supply and demand shocks. We are proud to have been able to continue operating in a biosafe manner and without interruptions throughout the year in the United States, in Haiti and in Suriname, while significantly mitigating the consequences of the prolonged closures we had in most of our other geographies. We managed to turn, almost in full, the company's costs and operating expenses into variables. Simultaneously, we empowered the company's different regions to become the main character in the reactivation of economies and employment levels as countries began to lift quarantines and sectoral restrictions.

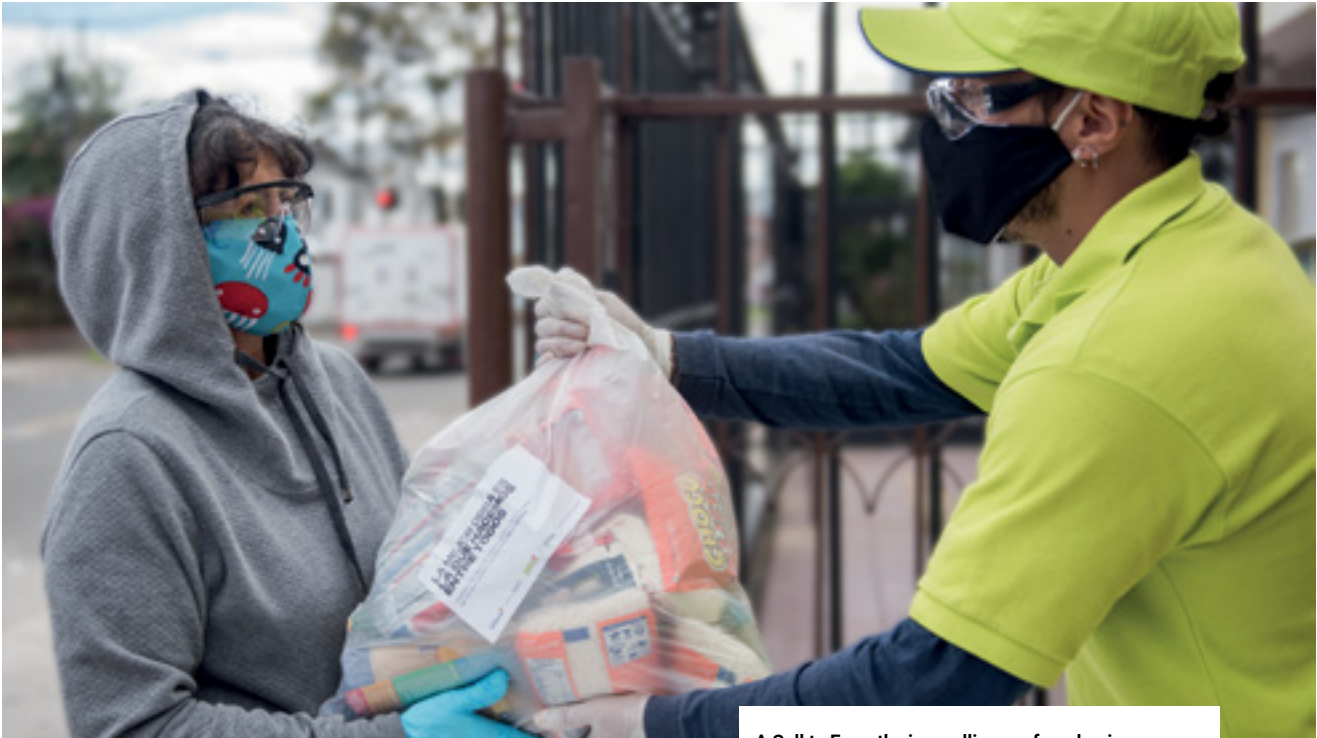
WE RECORDED AN OPERATING RESULT HIGHER THAN THAT OF 2019

ADAPTATION AND MANAGEMENT DURING THE GLOBAL EMERGENCY

Since the declaration of the health emergency, measures were taken, and actions were defined to reduce the effects of the disruption caused by COVID-19, thus having as guiding premises for action:

- 1.** Protecting the lives, health, and well-being of our employees and their families and, in general, of all our stakeholders.
- 2.** Supporting and accompanying the provisions of the governments and authorities of each of the countries where we operate.
- 3.** Building an appropriate liquidity position to withstand supply and demand shocks and guarantying business continuity and the company's sustainability.
- 4.** Preserving direct and indirect jobs in all our geographies.
- 5.** Providing social support to communities in the areas of influence of our operations.
- 6.** Preparing the company for the opportunities and challenges of the future.

To go through that period of great uncertainty we experienced, which had the greatest impact between March and June of 2020, we preserved cash. We prepared the company for the reopening of economies and the gradual recovery of markets. We designed and implemented the RESET plan; a name derived from Safe and Healthy Restarting to Boost the Economy, Generate Hope and Transform Lives. RESET impacted human, operational, financial, social, and regulatory aspects.



A Call to Empathy is an alliance of our business group which delivered groceries to over 100,000 vulnerable families in Colombia. About 15,000 of these families belong to construction workers.

Some of the actions carried out in regard to the protection of people were:

- Activation of the Crisis Committee to monitor the risk level of the company's operations, markets, and geographies
- Implementation of all emergency measures to safeguard the health and mitigate the risk of our employees and their families
- Remote work as of March 18th and suspension of national and international travel
- Strict quarantines and care for employees with a risk factor associated with COVID-19
- Establishment of extraordinary Health and Safety Committees
- Enabling all the technological means for collaborative work to guarantee the continuity of processes, with the support of digital tools to facilitate remote work
- Preparation and implementation of biosafety protocols, in line with the instructions of the different governments, in order to guarantee operations under maximum safety conditions for our employees, customers, suppliers, and communities

These are among the actions deployed to operate under pandemic conditions and high supply and/or demand uncertainty in the markets:

- Quick implementation of all health protocols to help mitigate the risk of contagion in the United States operation, a country in which activities were never suspended because construction was classified as an essential sector. Thanks to this, this region, which represents about 55% of Argos' EBITDA, had a normal behavior of demand, income, and collections in 2020, without any contagions registered as a result of the operation
- Implementation of health protocols and mitigation of the risk of contagion in Haiti, a country where it was also possible to operate normally throughout the year, under normal conditions of demand and without contagion reported in operations



Our mixer trucks exchanged concrete for water and soap to support the disinfection of different cities in Panama and Colombia.

- Temporary suspension plans programmed for those operations that were interrupted due to the pandemic, taking into account the preservation of minimum inventories necessary for the subsequent start-up and the guarantee of safety and the appropriate operation of equipment
- Design, approval, and enlistment of protocols to safely continue operations in all countries with scheduled suspensions, and availability of the equipment, devices, personal protection equipment, manuals, and required monitoring tools. This is how we were able to immediately and gradually reactivate activities in the Colombian, Caribbean, and Central American markets, as governments decreed exceptions and reopening

In terms of liquidity protection and financial status:

- Disbursements of credit lines for more than 100 million dollars to strengthen our liquidity position
- Decrease in Capex and concentration of investment only in essential and necessary projects for the operation in the framework of disruptions
- Execution of a cost and expense reduction plan for 115 million dollars in all operations
- Successful negotiation with financial organisms on a modification to the syndicated loan, which allowed us to establish a new threshold ceiling for the net debt to EBITDA plus dividends indicator, which was significantly above expectations for the year
- Centralized control of cash management to guarantee the efficient use of liquidity under different market scenarios
- Constant communication with banks and risk rating agencies to explain the measures implemented

In terms of communities:

- Definition of strategy and social management plans in the operations of the three regionals
- Delivery of humanitarian aid by joining food safety initiatives in 28 towns of 9 provinces in Colombia, which benefited more than 4,000 families from communities surrounding the plants
- Cleaning and disinfection, with our mixer trucks, of hospitals, town squares, transport stations, and public spaces
- Development of the campaign "A call to empathy" with the Grupo Argos foundation, that allowed for us to collect donations from employees and other stakeholders, which were duplicated by the foundation, to join the business alliance that delivered groceries to more than 100,000 vulnerable families, of which around 15,000 were families of construction workers
- Delivery of 11 billion pesos, by the Grupo Argos Foundation, which is funded by contributions from all the companies that are part of the Grupo Argos Business Group, for increasing and strengthening the intensive care units of some Colombian cities during the pandemic



To mitigate the effects of the pandemic, we implemented RESET, which covers human, operational, financial, social and regulatory aspects.

In terms of regulatory changes:

- Active participation in unions in the design and support of proposals aimed at safe operations and resumption of the industry under all biosafety standards
- Monitoring, analysis, disclosure, and implementation in the organization of the provisions of the governments in the countries where we operate to adapt operations to the evolution of the pandemic
- Permanent contract with our suppliers and customers to best serve their needs in the midst of the emergency and easily resume operations that were suspended

WE OPERATE IN A SAFE AND HEALTHY WAY TO BOOST THE ECONOMY, BRING HOPE AND TRANSFORM LIVES.

Due to the successful execution of RESET, we managed to end 2020 with a cash position of 621 billion pesos -significantly better than expected-, savings of 115 million dollars in the year -which exceeded the initial goal of 94 million dollars- and a minimum number of COVID-19 infections associated with the operation.

Likewise, we increased the use of Argos ONE in the three regions, we supported the entry of our hardware customers to the virtual world, thus promoting increased sales in an environment with mobility restrictions, and we advanced in the implementation of initiatives such as the digital twin that uses data analysis and artificial intelligence to achieve an optimal combination of assets, solutions, services, labor, and logistics in our concrete and cement operations, based on historical data from each of the plants, in order to increase efficiency and improve product quality.

We are encouraged by the pleasing performance in the midst of the crisis, by the ability to continue operating our facilities in a biosafe manner, and the prospect of a strong recovery in all geographies. In 2021, we will continue to focus on deleveraging the company and improving the businesses' profitability by always monitoring market conditions and considering the challenges that persist for the construction industry and the economy in general due to the pandemic.



Mixer truck in the streets of Panama

DEBT PROFILE

Generating a free cash flow of 1 trillion pesos in 2020 allowed the company to end the year with a solid cash position and positively impacted the company's leverage ratio, which stood at 4.54x as of December 31st, 2020. To do so, the increase in operating EBITDA and the cut in Capex was decisive.

The amortization of short-term facilities, for 361 billion pesos, and the negotiation of long-term obligations, to replace loans with shorter maturities, which significantly improved the average life of debt and resulted in the short-term debt that decreased from 25% in the first semester to 14% at the end of the year.

Likewise, the success in negotiating the waiver to the covenant of the maximum debt ceiling of some financial liabilities and the syndicated loan stands out. Thanks to this, it was possible to establish a new threshold for the EBITDA indicator's net debt. The new ceiling was set at 6.75 times as of December 2020, decreasing gradually to 4 times in December 2021. This negotiation is important proof of the support of the company's lenders and their confidence in the company's administration and the strategy implemented in the midst of the crisis.

In the third quarter, the company made the second issuance of regular bonds, under the program of issuance and placement of regular bonds and commercial papers, for a value of 250 billion pesos on a 51-month term. There was a demand for more than 362 billion pesos, which represent 1.81 times the value initially offered. The resources obtained made it possible to pay the existing debt without increasing the level of indebtedness. With this operation, the maturity profile has improved, and the company's financing sources are diversified.

STOCK PERFORMANCE

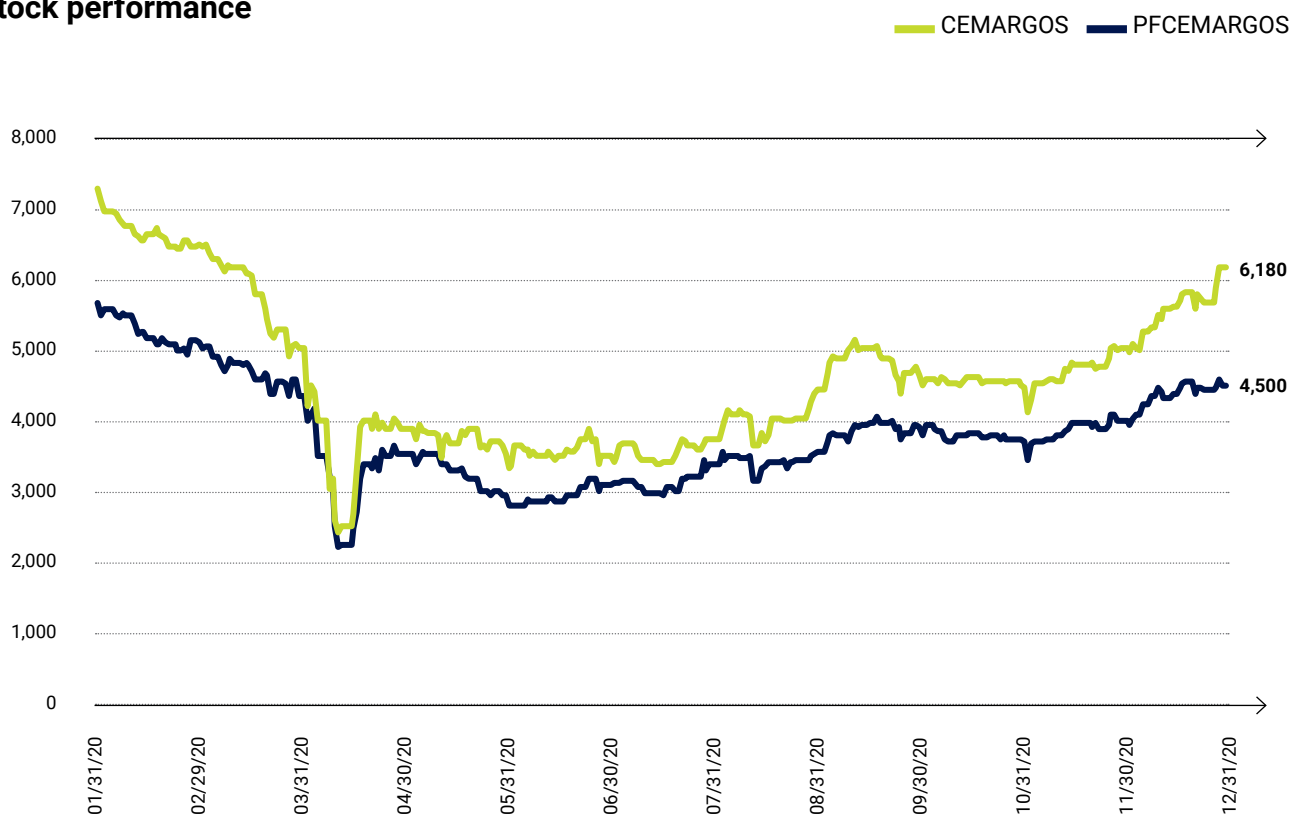
Since the beginning of the pandemic, the high level of uncertainty about its effects forced rating agencies, analysts, central banks, and issuers of the different industries to adjust their forecasts. In light of the probability of materialization of negative growth, contraction, and recession scenarios, which generated a sharp drop in stocks in all markets worldwide.

In the Colombian Stock Exchange case, the outlook was more complex due to the great volatility of last year. The departure of foreign capital from Latin American markets due to the marked crises in some emerging economies and changes in rating methods by international investment funds appraisers.

Our common and preferred shares within this framework registered an annual decrease of 15.3% and 20.8%, respectively. These values do not leave us at ease because we consider that they do not reflect the company's performance, its potential to generate value, its growth opportunities, and its fundamental indicators.

We are full of confidence in the sustainability of Argos, in its solvency and financial strength to continue growing. In the very positive prospects in all the markets where we operate, we continue to focus on strengthening our customers' value proposition, increasing the efficiency of our operations and improving profitability for our shareholders.

Stock performance



8

million
cubic meters
of concrete

14.7

million tonnes
of cement

COP 1.7

trillion in EBITDA

COP 9

trillion in revenues

CONSOLIDATED RESULTS

At the end of 2020, the cement's consolidated volume stood at 14.7 million tonnes, with a year-on-year decrease of 9.1%. Adjusted concrete volume, excluding the 2019 figures, the concrete plants' shipments divested in the United States in December of 2019, showed a decrease of 16.3%, totaling 8 million cubic meters.

Volumes were affected by hurricanes and heavy rains in the United States in the second half of the year and by closures of between ten and twelve weeks of operations in Colombia, Honduras, Panama, the Dominican Republic, and other markets in Central America and the Caribbean due to the pandemic.

The impact of the downturn in volumes on the company's results was offset by price improvements in Colombia and the United States, efficiencies in costs and expenses in all operations, and the Colombian peso's devaluation. As a result, revenues reached 9 trillion pesos, registering a 4% reduction compared to 2019.



We stand by our clients at all times.
Dryrefor hardware store,
Medellin, Colombia Regional.

Adjusted EBITDA reached 1.7 trillion pesos, an increase of 4.5% year-on-year in comparable terms due to the price improvements and cost efficiencies implemented throughout the organization. The adjusted EBITDA margin was 18.7%.

The adjusted EBITDA excludes the 2019 divestments of Carton de Colombia and Omya Andina, land appraisals in Colombia, and the value generated by the concrete operations divested in the United States; it also excludes for 2020, the impact of the agreement signed between Argos USA and the U.S. Government for the closure of historical legal contingencies.



Employee of the Roberta Plant,
United States Regional

5.9

million cubic
meters of shipped
concrete

5.9

million tonnes
of shipped
cement

USD **257**

million in EBITDA

USD **1.4**

billion in revenues

PERFORMANCE BY REGIONS

USA

The USA market continued to demonstrate its strength with healthy dynamics, despite the pandemic. In this region, operations remained active (with small temporary exceptions in some states) since construction and its chain were considered an essential sector. Thanks to the commitment of the entire U.S. team and the rigorous compliance with the protocols and sanitary regulations, we had very satisfactory performance throughout the year, despite challenges derived from adverse weather conditions, both due to excessive rainy days and to the impact of four hurricanes and two tropical storms on the states and the effects on the economy because of the uncertainty of COVID-19 and the presidential elections.

In full, the year's GDP decreased 3.5% when compared to 2019, being the first downturn since the financial crisis of 2009, the macroeconomic context of 2020 was moderately positive for the construction sector.

Consumer confidence increased at the end of the year, as did the index of future expectations, highlighting the increase in the intention to purchase a new home in the second half of the year, which suggests that sales would continue on a positive trend for the last months of 2020.

Construction spending increased 5.7% in December, compared to the same month of 2019, driven by spending on residential construction and public construction, which grew 20.7% and 3.0%, respectively, while spending on non-residential construction decreased 9.8%. In the public spending component, the annual growth in highway and road projects (+ 3.9%) and education (+ 4.5%) stands out, segments that represent 54% of total public spending.



By pouring concrete into the Capitol Building
in Atlanta, Georgia, we fuel development.

In infrastructure, the renewal of the Fast Act for one year, with 13.6 billion dollars added to the Highway Trust Fund, and the announcement of the 2020-2021 Florida budget, including \$ 9.8 billion for the Department of Transportation of the State, ensure financing to continue on civil works until a more comprehensive plan is approved on a federal level.

For its part, the residential sector continues with solid dynamics, driven by the historically low level of thirty-year mortgage rates. In December, initial housing construction grew 5.8% compared to the previous month and 5.2% compared to the same month in 2019, stimulated by the start of single-family homes, which increased 7.8% on an annual basis. Construction permits increased by 17.3% compared to December 2019 and were at 2006 levels.

In the commercial segment, the indicators' performance was weak, although with a slight improvement at the end of the year, especially in the Dodge Momentum Index, associated with the dynamics of the construction of warehouses and distribution centers to support the growth of electronic commerce.

Cement volumes reached 5.9 million tonnes with a decrease of 6.4%, affected, in large part, by the rigorous closure measures in the Northeast in the second quarter and by the reduction in demand in the wholesale segment throughout the country. Concrete volumes closed at 5.9 million cubic meters, 9.9% lower than the year before when excluding operations divested in 2019, resulting from adverse weather conditions, particularly in Texas, which impacted performance in the third and fourth quarters. This reduction in volumes was partially offset by the price increase executed in the year.

The regional revenue stood at 1.4 billion dollars, a decrease of 9.4% compared to 2019. Savings during the year reached 47 million dollars. Adjusted EBITDA, excluding the divestments of concrete plants in 2019 and the impact of the agreement signed with the American Government in 2020, ended at 257 million dollars, with a positive variation of 6.3% year-on-year and an EBITDA margin of 17.7%.



As strategic suppliers of Coninsa Ramn H, we took part in the construction of Curazaos, a social housing project from Comfama that was developed in Apartado (Uraba), Colombia, and which was granted the Habitat Quality award by Minurvi.

Colombia

In the Colombia Region, due to the Government's measures to attend to the pandemic, we had a closure of more than one month in our operations, with the exception of minimal activity at the Cartagena Plant for export purposes.

The reopening of the sector gradually took place as of the end of April, focusing on civil works, large infrastructure, and housing projects, while the retail segment managed to return to a certain normal in the third quarter due to the reactivation of self-construction.

Although the industry, in general, was hit in its results, the country showed a positive dynamic in the residential segment, reflecting the implementation of the successful program of the national government that seeks to deliver a total of 200,000 subsidies to acquire housing between 2020 and 2022. According to Camacol, about 195,000 social housing and non-social housing units were sold during the year, a figure that marks the historical record in annual sales in the country. This represented an 8% increase in sales of social interest units and a slight drop in the non-social segment, which is noteworthy in the context of the year. We expect this dynamic to continue in 2021, given the launch of new projects in 2020, especially of social interest, which will positively impact housing construction during the year. Within this framework, cement shipments in September, October, and November were even above those registered by the industry in 2019.

We supported over

1,100

hardware stores in Colombia in entering the digital world.



This year we launched our Green Cement, which is produced at the Rioclaro Plant, Colombia Regional.

2

million cubic
meters of shipped
concrete

4

million tonnes
of shipped cement

COP 2

trillion in revenues

COP 401

billion in EBITDA

WE HAVE BEEN CLOSER TO OUR CUSTOMERS THROUGH DIGITIZATION.

In infrastructure, the formal start of the construction of the Bogota Metro, along with the investments announced for more than 30 trillion pesos for the first wave of 5G projects and the programs “Concluir, concluir, concluir” and “Vías para la legalidad.” These programs helped to reassure the government’s commitment to continue investing in the sector and establish strong drivers for consumption in the country over the next ten years.

Our cement volumes ended at 4 million tonnes, and our concrete volumes closed at 2 million cubic meters, with variations of -18.3% and -25.7%, respectively, versus 2019. In addition to the impact of the confinements due to the health crisis, it was also influenced by our strategy’s continuity to recover value, which led to an annualized increase of 9% in the price of cement and 2% in the price of concrete.

Revenues in the Colombia Regional were close to 2 trillion pesos, with a year-on-year decrease of 15.3% due to lower volumes, which were partially offset by higher prices. Selling and administrative expense savings and cost efficiency initiatives accounted for 32.75 million dollars. Adjusted EBITDA, excluding Carton de Colombia’s divestments and Omya Andina and land appraisals in 2019, in line with revenues, decreased 17.5%, to stand at 401 billion pesos at the end. The adjusted EBITDA margin was 20.2%.



Ready to Use Plant, Panama,
Caribbean and Central America Regional

131,000

cubic meters
of shipped concrete

4.7

million tonnes
of shipped cement

USD 447

million in revenues

USD 117

million in EBITDA

Caribbean and Central America

All of our operations in the region, with the exception of Haiti, faced closures and strict quarantines that significantly impacted the construction sector and its value chain. The reactivations began gradually from the end of April. However, in the case of Panama, one of the most relevant markets for the company, the restrictions were in effect until September.

Likewise, adverse weather conditions due to hurricanes, which affected some markets, especially Honduras, and the phenomenon of artificial currency revaluation in Haiti in the second half of the year, also impacted the results.

As part of RESET,
the regional savings were

USD **15** million.

However, the demand recovery speed, driven primarily by the self-construction segment. Once restrictions began to be lifted, in markets such as Honduras, the Dominican Republic, and Puerto Rico, they helped cushion the fall in volumes and consolidated the regional results, which ended up suffering much less than expected, taking into account the magnitude of the challenges faced.

The price environment shows recovery in some relevant markets for the company, such as the Dominican Republic and Haiti; stability in others, like Puerto Rico; and decreases in Honduras due to competitive dynamics, and in Panama, as a consequence of low demand. The combination of attractive demographic conditions and the large existing infrastructure and housing needs, added to our knowledge of the market, value proposition, and efficiency initiatives, allow us to maintain a positive vision about the future of the region and its profitability for the company.

The regional cement volumes closed at 4.7 million tonnes. In contrast, concrete volumes stood at 131,000 cubic meters, with a decrease of 3.3% and 62.5%, respectively, due to the prolonged measures of isolation and the limitations for investment in infrastructure given the focus of public budgets in the care of the pandemic.

Revenues totaled 447 million dollars at the end of the year, with a year-on-year variation of -16.6%. Savings of 15 million dollars were achieved. The EBITDA was 117 million dollars, 20.7% lower compared to 2019. The EBITDA margin for the Caribbean and Central America was 26.1%.



At the beginning of 2020, we inaugurated our solar farm in Comayagua, Honduras, in the Caribbean and Central America Regional.

SEPARATED RESULTS

Our separated financial statements reflect a trend similar to that reported in the information on the Colombian segment, both in the consolidated financial statement and in the complementary analysis published to the public securities market and reported to Colombia's Financial Superintendence. Likewise, it is highlighted that the separated financial statements include the corporate expenses of the operation that support the different geographies. Therefore, to have an appropriate understanding of the information that reflects the company's solvency, profitability, liquidity, and indebtedness, it is suggested to analyze the consolidated financial statements taken as a whole.

From the separated results, we highlight, at the end of 2020, the EBITDA registered for 130 billion pesos, the financial debt for 4.1 trillion pesos, and the profit for the year that totaled 78 billion pesos.

RELEVANT FACTS

As follows, we want to share with you some of the most relevant events of the year in our commitment to innovation, the delivery of value-added products and solutions, and economic, environmental, and social sustainability.

LAUNCH OF GREEN CEMENT

In February 2020, we presented Green Cement in Colombia. With an investment of more than 78 million dollars, the project allowed us to incorporate thermally activated clays into the traditional cement manufacturing formula. These clays reduce the use of clinker and make it possible to obtain a more environmentally friendly material. During the process, CO₂ emissions are reduced by up to 38% and energy consumption by up to 30%. With this innovation, we are at the forefront of our commitment to climate change. We anticipate a new paradigm of substitute cementitious materials in the industry while achieving greater flexibility to offer our customers the possibility of customizing types of cement to their projects' requirements.

CEMENT SOIL

In the last four years, our cement soil has been used to pave approximately 350 kilometers of tertiary and secondary roads in Colombia. Argos is a leader in this technology that has been positioning itself as an excellent alternative to boost rural infrastructure with lower costs and lasting results, connecting small towns with main cities and promote social equity.

THE LINEA TUNNEL

Among the outstanding projects of the term, with Argos's participation as a strategic ally, is the Linea Tunnel, one of the most important infrastructures works in Colombia. For the construction of this tunnel, which becomes the longest in Latin America, we delivered nearly 700,000 m³ of specialized and high-strength concretes and more than 220,000 tonnes of cement. Most of the mixtures used had some type of modification throughout the project in order to meet the construction requirements in the technical, operational, and placement plan. Thanks to the installation of five plants on site, we were able to supply materials in real-time and contribute to air quality by reducing the traffic of mixing vehicles.

DIGITAL DEVELOPMENT FOR HARDWARE STORES

We supported and accompanied more than 1,100 hardware stores in Colombia in expanding their sales channels through digital media to adapt to the new reality of trade due to the health emergency and ensure its sustainability in the medium term. The digitization strategy was focused on several stages, which included: georeferencing in Google My Business, sale through WhatsApp, creation of emails, and, at higher levels, the creation of web pages and marketplaces.

VIRTUAL PLATFORM FOR TECHNICAL UPDATING "LEARNING AMONG FRIENDS"

We multiplied our offer of virtual spaces for knowledge transfer, with a certification to make good use of the available time during quarantines. improving our customers' work profile and preparing them for their return to work after periods of confinement. At the end of 2020, more than 71,000 hours of training were provided on this platform.



La Linea Tunnel, Colombia, a project with the #ArgosSeal



Expansion of Cartagena's port,
Colombia Regional



In 2020, the Casa para Mi program began the construction of the first rural housing pilot in La Danta, an area near our Rioclaro Plant, in Antioquia, Colombia.

PRODUCTION TRANSFORMATION OF THE CAIRO PLANT

The execution of BEST and the constant and continuous search for greater competitiveness in our production platform in Colombia required a process of a comprehensive transformation of the Cairo Plant, which began in 2018. In 2020, its transition to a project mine was completed. Within the framework of the social dialogue built with the major union organization, SUTIMAC, and committed to the pillars of respect and recognition and in aims of protecting employment as much as possible, 112 relocations, 32 deferred bonuses were materialized throughout the process to workers with ages close to retirement and 14 pensions. Argos will continue to be present in the region with social projects and community capacity-building programs, among which a food safety project and a fique plant project stand out.

EXPANSION OF THE CARTAGENA PLANT AND EXPORTS

We were able to expand the Cartagena Plant capacity by 10% with a marginal investment in Capex. The operational and market developments associated with the project, plus the effects of the peso devaluation, allowed us to begin exporting cement to our ready-mix concrete operation in Houston, to improve its performance.

CASA PARA MÍ

With this start-up, we sought to connect supply and demand to facilitate access to decent housing for low-income families, thus offering solutions for re-densification and urban expansion and rural housing, leveraged on innovation in construction systems and strategic alliances. In 2020, we built a market laboratory in Tocancipa to validate the construction model and its finishes for the social housing segment with end-users. We finished the designs and began the licensing of a re-densification project in Medellín's Manrique neighborhood, which will have eight homes and commercial premises. We filed plans for licensing and began constructing the first rural housing pilot, in alliance with the VIVA company and the Berta Martinez foundation. Finally, we designed a housing prototype for Providencia, with the direct participation of the island community. We made progress in pre-construction announcements, in response to the needs and challenges left by the winter front.

CONSTRUYÁ

With this program, we focused on the integration of supply and demand for the improvement and development of housing solutions for families in social levels 1, 2, and 3, in 2020, where roughly 15,583 households benefited with 10.755 billion pesos in loans. Over the last 15 years, Construya celebrates almost 118,000 families who have been granted around 125 billion pesos in disbursements. Furthermore, we highlight that, in alliance with the Grupo Social Foundation, we presented Soluciones de Credito in Colombia, a loan originator company, which began operating in 2020.



With our cement soil we contribute to improving and building tertiary roads to bring agricultural production centers closer to those of consumption.

MICROALGAE PROJECT

We successfully continued with the pilot system's tests with real CO₂ capture conditions at the Cartagena Plant. In 2020, operating conditions were identified to increase the transformation with microalgae and the generation of improved biomass to obtain fuels. Similarly, in conjunction with the University of Antioquia, a process to transform biomass into more cost-efficient biocrude was developed. Based on preliminary life cycle analysis studies, this technological solution's contribution on the emission reduction was proven. The new knowledge generated allowed us to apply for a new patent that is in the process of registration. The next step is to expand the reach of the technology through a larger-scale CO₂ capture and transformation plant at one of our plants in the United States.

THE EXPANSION PROJECT OF THE CLEARWATER MARINE AQUARIUM

For the expansion of this outstanding aquarium in the state of Florida, United States, which was completed in 2020, we delivered 18,000 cubic yards of concrete to our customers RSI Concrete and GC Creative Contractors. With this expansion project, which has already received recognition, it is anticipated that the annual visitors to the aquarium will increase by around 825,000.

BLOCK H PROJECT OF TAMPA WATER STREET

Through our customers RSI, we are suppliers of about 8,000 m³ of concrete for the construction of this project in Florida, which has among its investors Bill Gates and Jeff Vinik. The exterior facade of Block H will be exposed concrete and will have a little more than 44,500 m², with 23 floors of commercial premises and housing, plus a social area on the roof of the 24th floor.

WALMART DISTRIBUTION CENTER

Argos is a key ally in the construction of this mega logistics work in Jedburg, South Carolina, where we are expected to deliver more than 92,000 m³ of concrete and an additional 30,000 tonnes of cementitious soil. The project is estimated to be completed in the first quarter of 2022.



With our customers in mind, we continue to strengthen our Ready to Use portfolio. Panama, Caribbean and Central America Regional.

ARGOS ARRIVES IN GUATEMALA

As part of our expansion strategy, in 2020, we completed our arrival process in Guatemala, with the commercialization of cement for general and structural use in the north-east and the capital city, thus making our value proposition, experience, and capacity available to the market innovation.

READY-TO-USE IN PANAMA:

In developing the product diversification strategy, the Ready-to-use portfolio was consolidated and expanded in Panama with the launch of a new Ceramic Glue and Porcelain Glue that complements the line of outstanding solutions. Hardware stores in the country have highly accepted the entire portfolio of Ready Mixes.

SOLAR PANEL FARM IN HONDURAS

In alliance with Celsia, we put into operation the first solar panel farm in the cement sector in Honduras as part of our commitment to sustainability and the implementation of renewable energy sources. It consists of 32,160 solar panels with a maximum power capacity of 10.6 MW to supply up to 20% of the demand of our operation in Comayagua and reduce the annual CO₂ emissions by 20% to improving the productivity and efficiency rates of the company.

ECO-FRIENDLY MULTIPURPOSE CEMENT IN HONDURAS

Argos presented the first environmentally friendly cement in the Honduran market. CO₂ emissions are reduced by 40% in its production process, and energy consumption comes from the solar farm in Comayagua, a renewable energy source. The product's additional benefits include its versatility to adapt to multiple applications for all types of masonry and domestic applications, ensuring a more manageable mix and better finishes.

ICONIC PROJECTS IN HONDURAS

We are allies in the construction of the Palmerola International Airport, supplying more than 30,000 tonnes of cement; the megaproject Civic Government Center, which will house more than 40 institutions of the Honduran State, with the delivery of 29,000 tonnes of cement; the Ecovivienda Condominiums, the first ecological residential complex in the country, to which we supplied 10,000 tonnes of cement, and of the 1847 Building, administrative headquarters of the National Autonomous University of Honduras, and characterized by its cutting-edge design and technology, where 6,700 tonnes of cement were shipped.

READY-TO- USE IN THE DOMINICAN REPUBLIC

As a sign of our firm commitment to innovation and the strengthening of our value proposition, the Ready-to- use portfolio was presented to the market, including mortar for paneling and ceramic glue. The products are combinations of cement, fine aggregate, and state-of-the-art additives, which are ready to use and represent a direct benefit for the industry due to their ability to provide construction solutions, guarantee better finishes in less time, and with savings by reducing the amount of waste on-site.

NEW BUSINESS MODEL IN PUERTO RICO

In 2020, our business model on the island was comprehensively transformed in the aims of ensuring the sustainability of operations, better serving the market, and strengthening the forecast of Puerto Rico as a logistics and export hub of the Caribbean. The new model maximizes our potential by combining the distribution capacity from the Maritime Terminal in San Juan and the processing at the Dorado Plant, with a new mixing and packaging system for the production of bagged cement, integrating resources from the trading team and from other nearby markets to ensure the quality of the cement and the supply, in order to meet the demand.

ARGOS 360 FORUM ON CONCRETE

With the participation of more than 1,800 people registered from sixteen countries, the ninth Argos 360 Forum on Concrete was held virtually and free of charge in October. This great event, which takes place every two years, continues the company's training strategy to construction professionals through the 360 Concrete Community, a virtual platform with courses and content of interest on cement, concrete, its use, and industry advances. In this event, fifteen top-level experts supported the transfer of technical knowledge to customers and other stakeholders, with around five theme lines: Adaptation and evolution of concrete, Infrastructure as a recovery highway, Buildings for a new era, Sustainability: responsible growth and Architecture: innovation from design.

MODULAR SYSTEM OF CONCRETE PANELS

Argos made a disruptive, agile, and more productive construction system available to the market in Colombia, based on the manufacture of concrete modules for subsequent assembly on site. This innovation, which contributes to the industrialization of the sector, is focused on the Social Housing and Priority Social Housing segment and contributes to closing equity gaps. The modular system of concrete panels reduces the construction times of a project by up to 40%. Likewise, the efficiency of the system allows better integration of the construction, sales, and delivery cycles of homes, which benefits both builders and homeowners. With this alternative, the company expands its portfolio of products and services with a comprehensive solution for modular design, production, transportation, and on-site assembly of concrete modules for buildings.



New concrete modular system,
Colombia



With our commitment to biodiversity, we rehabilitated 81% of the areas released in our quarries. San Antonio Mine (Boyaca), Colombia Regional.

I PROMISE, ENVIRONMENT AND COMMUNITIES MANAGEMENT

Our commitment to industrial safety and our employees' occupational health and other stakeholders is leveraged on the I Promise Management System. This system is now five years old and is an international benchmark that is strengthened day-by-day to always arrive home safe and sound.

Among the positive developments in 2020, we highlight having totaled 332 Green Days, that is, days without any lost time incidents. Additionally, we went from six to four serious injuries. We had a 20% reduction in total injuries and lost workday cases (LWC) decreased by 30%.

At the end of the year, our frequency index was 1.33, above our goal of 1.2, a result that commits us to strengthen risk analysis, quality of investigations, promoting lessons learned, and active interventions to achieve world-class indicators in our I Promise Management System.

Unfortunately, during the year, we had a direct employee death as a result of a concrete delivery process. The incident was investigated and, based on the lessons learned, specific training and reflection processes were carried out to reinforce the understanding of the procedures and ensure that people in these positions know how to respond to emergency situations.

Faced with the management of our priorities in environmental matters, climate change, circular economy, emissions, ecosystems, and sustainable construction, we highlight the following achievements:

- In 2020, we increased our consolidated level of substitution of fossil fuels for alternative fuels to 6.2%. We were able to use more than 95,000 tonnes of waste as caloric substitution, with the Roberta, Harleyville, Newberry, and Martinsburg plants' contribution in the United States; Comayagua, in Honduras; and Cartagena and Rioclaro, in Colombia.
- We achieved 31.4% of energy from renewable sources in our compared matrix, with a year-on-year growth of 5%.
- We used more than 3.4 million tonnes of waste in our cement and concrete processes, for an increase of more than 600,000 tonnes, approximately 21% more compared to 2019.
- We had a 50% increase in the number of electric and gas vehicles that point to a greener distribution based on the reduction of our carbon footprint. With this fleet, we avoided the emission of 237 tonnes of CO₂ in 2020.
- We recycled 195 tonnes of bags under the Green Sacks program, hand in hand with our customers. Since 2013, we have cumulatively processed more than 7 million bags.
- We reduced water consumption by 11% in the concrete business and recirculated the water from all our operations by 109% (11 million m³ equivalent to the consumption of 60,000 families in one year).
- We rehabilitated 81% of the areas that intervened in mining to protect biodiversity.



With the increase of our electric, hybrid and gas fleet, we are aiming for a greener distribution and a reduction of our carbon footprint.

In 2020, we worked on updating our climate change strategy, seeking to significantly reduce emissions and the responsible management of resources in our sector and its chain. By 2030, we plan to reduce net specific emissions to 523 kg CO₂ / t of cementitious material and obtain revenues of more than 800 million dollars per year from our green portfolio. By 2050, we are committed to producing carbon-neutral concrete, making us one of the forty leading companies that signed the Global Cement and Concrete Association (GCCA) Climate Ambition Plan. This maximum aspiration represents a crucial and historical milestone for the industry in the world.

In line with this commitment, we continue to develop technologies to reduce the emissions of our products. Likewise, ongoing initiatives and programs, such as green products, CO₂ capture with microalgae, electric mobility, recycled aggregates, co-processing, among others, are part of this strategy.

In the United States, we want to highlight the Waste to Ash project that is focused on incorporating ash from waste incineration as a raw material in clinker production. In 2021, we will carry out a final industrial test before its implementation. In Colombia, we were able to validate on an industrial scale at the Cartagena Plant, a technology that allows us to reduce the use of clinker by 30%, and tests will soon be carried out with customers to ensure that the product meets their needs. We also continue to stabilize the clay plant in Rioclaro and make progress in the implementation of this technology in cements for concrete use.

On social matters, there were multiple and diverse actions carried out by Argos in 2020, with which we ratified our commitment to being good neighbors and allies of community development. As a company, we registered a social investment of more than 4.6 million dollars that positively impacted the lives of more than 700,000 people. 55% of the investment was focused on supporting the management of the pandemic in our areas of influence in the three regions.



We took the Healthy Environments program to about 300 inhabitants of the Pasacaballos district, in Cartagena (Bolívar), Colombia.

In Colombia:

- We recovered and protected the water resource of the district of Jerusalem, in Sonson, Antioquia, in alliance with Cornare and the Mayor's Office of the municipality, through the construction of sewerage networks and a wastewater treatment system that benefits about 1,500 inhabitants of the territory.
- We participated in community infrastructure interventions in El Salado and El Hobo, in the province of Bolívar, and we carried out programs for the social and cultural strengthening of populations surrounding the Saldana and Rioclaro river basins.
- We continue to impact the habitat of the communities with the development of kitchens, bathrooms and floors, parks, sports spaces, and public furniture in particular, within the framework of the Healthy Environments program. In 2020, 45,000 m² of floors and a total of 1,125 homes were intervened in Colombia, benefiting 4,500 people.
- In alliance with the Social Pastoral of the Archdiocese and SENA, we carried out the Healthy Environments program to about 300 inhabitants of the Pasacaballos district. In Cartagena (Bolívar), who contributed the labor to replace the sand, mud, and the land of their homes for concrete floors, to manage the emergency due to the winter front, for safer and more dignified conditions. In addition, with the participation of the community, we carried out a road improvement of 50 linear meters through the model of precast concrete pavers.
- We executed the Farm program, in cooperation with Asobancaria, for the benefit of 22 Family Agricultural Units (UAF) in the province of Boyaca to improve the standards and productivity of these initiatives.
- We designed and executed the Colinas Verdes project in Turbana, province of Bolívar, with aims of developing and strengthening the chain of agro-ecological and productive tourism in the municipality, by virtue of its natural and cultural heritage, to enhance it as a sustainable destination and promote opportunities for progress for its inhabitants.
- We started the Huertas Caseras program as the first stage of a productive food safety and income generation project in the area of influence of the Cairo Plant. In 2020, there were four harvest cycles with 168 participating families.

1,500
inhabitants of Jerusalem
(Antioquia) will benefit from
the new sewage system

In the United States:

- Multiple volunteer actions were carried out in 2020 by our employees who contributed to food safety, protection against health risks, the adaptation of living spaces, and the improvement of living conditions of people and families in need in areas of influence.
- More than 10,000 dollars were donated by employees for the campaign to support vulnerable families close to our operation in Haiti through the delivery of hygiene kits and sponsorship of the community soup kitchen and the St. Gerard Medical Center that provides patient care for COVID-19.
- In Martinsburg, we delivered lunch to children and teens who were deprived of their free school lunches when the pandemic closed schools nationwide.
- We donated Tyvek suits and rubber gloves to local fire departments and other establishments in the Martinsburg community.
- We held a food drive for children in need throughout the local Roberta community in partnership with Back Pack Buddies.
- We donated groceries, mask boxes, cleaning supplies, and gloves to different communities.
- The team of employees in Texas made a donation of pallets of bottled water during hurricane emergencies.
- Atlanta employees participated in the "Sweep the Hooch" initiative to remove trash and debris from the Chattahoochee River.

USD **10.000+**
were donated by employees
in the United States.

In the Caribbean and Central America Region:

- We made a consolidated investment of more than 60 million lempiras in recent years in Honduras in social support programs to benefit our neighboring communities. With the flagship program and healthy Floors, we have succeeded in replacing more than 54,900 m² of dirt floors for concrete floors, impacting the health and quality of life of almost 1,900 families.
- In the context of the pandemic, through the Argos Honduras Foundation, we delivered food rations to the most affected communities in the areas of influence, which benefited 2,344 families.
- We developed the CRECE program to support the creation of micro-companies in five communities of influence of the Comayagua Plant in Honduras, with the participation of employees who served as mentors to 23 groups of entrepreneurs. The program included funds for base capital in order to contribute to the generation of additional and sustainable income for families affected by the pandemic.
- In the Dominican Republic, prioritizing health as the axis of social investment in 2020, we delivered medical supplies and personal protection items to families in the communities of Hato Viejo, La Canela, Boca de Nigua, Los Cajules, and Malpaez. More than 2,000 people benefited from hand sanitizing gel masks, gloves and other essential items in an effort to preserve their health amid the pandemic.
- Moreover, in the Dominican Republic, along with the Sur Futuro Foundation, we delivered 1,099 kits for the students of the Enriquillo, Julian Jimenez, Hato Viejo, San Nicolas, Malpaez, and Zeneida Beltre schools, in the municipality of San Cristobal, in order to improve the educational conditions of Pre-schools and Primary Schools.



In the Dominican Republic, we prioritized health as an essential factor for social investment in 2020.



Through the Grupo Argos Foundation, we continue with the Andean bear conservation program in Colombia.

The Grupo Argos Foundation, a voluntary social investment vehicle for the Grupo Argos Business Group companies, executed programs, and actions worth 18.5 billion pesos, of which Argos contributed 7.2 billion pesos, which was approved at the 2020 Assembly for social management.

Achievements to highlight:

- The strengthening of the healthcare system in Colombia, with the provision of beds for intensive care units
- Donations to the campaigns led by the local administrations of Barranquilla, Bogota, Cartagena, Medellin, and Valle del Cauca, for the care of the most vulnerable population during the pandemic
- Institutional coordination to provide food safety to more than 116,000 families during confinement
- The Conecta volunteer program, through which nearly 400 employees of the business group provided advice and technical support to 92 micro, small and medium-sized companies and provided mentoring and support to students, scholarship holders, and the elderly
- The agreements for the conservation, sustainable production, and protection of watersheds in 3,910 hectares of four Colombian provinces, in addition to planting 300,000 trees, with which we achieved more than seven million native trees to be planted by the Grupo Argos Business Group
- Continuity of the Andean Bear conservation program and commercialization and export of the first Andean Bear coffee as part of the work with farming communities
- The delivery of 174 scholarships for higher education to young adults from the areas of influence, with computers during the period and support with mentoring

At Argos, we have developed a model that we call the Value Added to Society or VAS, by its acronym. This allows us to monetize the positive and negative externalities derived from our management and value the social, economic, and environmental impacts to determine our generation of sustainable value to society.

Based on this measurement, it is satisfactory to note that in 2020 we returned 3.34 times the profit we obtained to society.

In 2020, we returned to society

3.34

times the profit we achieved.



At Argos, we go the extra mile to offer our clients outstanding solutions. Employees, Medellín Distribution Center, Colombia Regional.

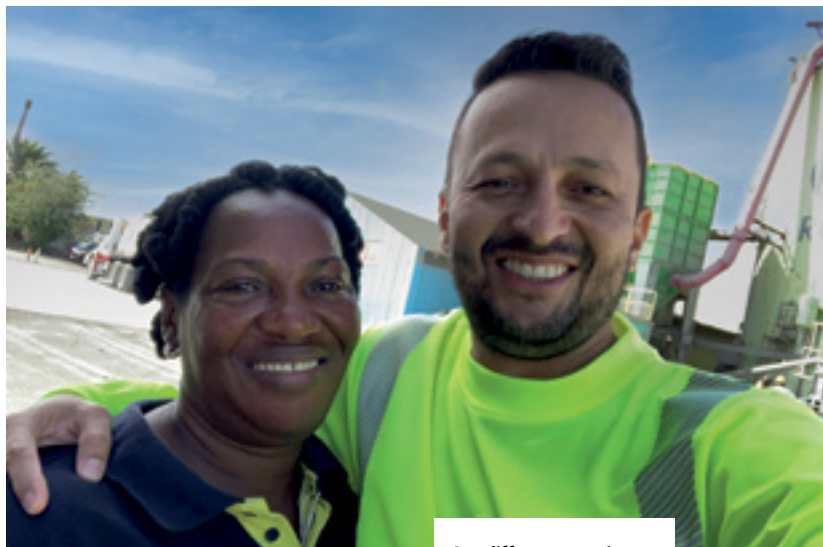
TALENT MANAGEMENT AND ORGANIZATIONAL DESIGN

We continue to advance in the consolidation of a people-centered and customer-oriented organization, with a higher purpose that inspires us to build a better society and an ethical, agile, simple, and flexible act, which allows us to adapt to trends and opportunities of the future for sustainable growth and the generation of value for all stakeholders.

In the performance management program, in 2020, we achieved 97% coverage of employees with evaluation and support. In the talent planning program, our succession success rate was 50%. As a tool for retention and professional growth in other companies of the business group, the internal mobility rate was 6.86%.

We continue to be recognized as a benchmark in promoting gender equality and diversity. In addition to Colombia, we activated diversity committees and panels in all Caribbean and Central America countries. At the end of 2020, we had 29% of women in leadership roles and 150 women in positions traditionally assumed by men, 39% of the executive and managerial levels are of Non-Colombian origin.

We implemented the VIVE program in our Spanish-speaking markets to support employees in managing the pandemic's impacts on their health, team management, work methods, and personal balance. We had 40 events in the year with almost 2,400 participants. Nine hundred twenty-five employees worked remotely for more than 75% of the year, while formal teleworkers' base increased and exceeded 380 employees at the closing of the year.



Our differences unite us.
Employees, Antigua, Caribbean
and Central America Regional

We have
29%
women in
leadership roles.

On the other hand, in 2020, some novelties took place in the organizational structure and the conformation of the management team:

Jorge Ignacio Acevedo, vice president of Talent and Culture, announced, at the end of 2019, his decision to leave the company, motivated by his personal and family priorities and by his wish to continue contributing to the construction of society from new settings. However, with a great sense of responsibility in the context of the COVID-19 pandemic, Jorge continued to fulfill his role until the end of 2020. We praise Jorge's human and professional qualities and wish him the best in his new endeavor of life, with absolute gratitude and appreciation for his significant contribution in sixteen years of service at Argos.

As a result of his retirement, the creation of the Chief People and Transformation Officer (CPTO) role was approved, a position to which Tomas Restrepo was promoted to and who had been serving as vice president of the Colombia Regional.

Harry Abuchaibe was promoted to the Colombia Regional's vice presidency, and he had been serving as general director of Argos Panama. He will lead the Colombia Regional from Barranquilla, in recognition of the very important role of that city and the Caribbean coast in our company's history. The relevance of our customers and allies, and the growth potential in the Northern Area, as one of the pillars of our operation in the country.

Due to this appointment, the Management of Panama and Central America was created, which Gustavo Uribe assumed, who had been serving as general director of Honduras. Those responsible for Argos operations in Honduras, Guatemala, and those in the future will be consolidated in Central America report to this management.

The Argos Caribbean Management position was also created, thus naming Gary Manuel de la Rosa, who served as general director in the Dominican Republic. Argos' operations in the Dominican Republic, Haiti, French Guyana, Suriname, and the Antilles now depend on this management to strengthen the company's growth in the region.

And last, Luis Eduardo Tovar, who worked as regional director of the Industrial Business in the Colombia Regional, assumed the position of General Director of the Honduras operation.

In terms of organizational design, in the second half of 2020, the aggregates business, which was outside the company, was integrated into its operational and commercial component to the Colombia Regional in order to enhance value capture and consolidate its profitable and sustainable expansion.

Likewise, in the Colombia Regional, some adjustments were defined to respond more agilely to the competitive dynamics of each area of the country, based on a unique strategy, with greater proximity, understanding the markets and capacity for innovation in the areas, going from a functional organization by type of customers to an organization made up of geographies or areas, with the same existing talent, seeking that people can perform in a different way.

ACHIEVEMENTS AND RECOGNITIONS

In 2020, we received the following distinctions that highlight our administration:

- Gold Class Medal in the 2020 Sustainability Yearbook from RobecoSAM, a private company that independently rates the companies that participate in the Dow Jones Sustainability Index and since 2004 has included the most sustainable in each industry in its Yearbook. In 2021, prior to this report's approval, we received the Silver Class distinction in the S&P Sustainability Yearbook.
- According to the Dow Jones Sustainability Index, we were named the third most sustainable cement company in the world. We obtained the highest possible rating in variables such as sustainable construction, environmental reporting, biodiversity, climate change strategy, water resource management, social reporting, corporate citizenship and philanthropy, materiality, risk and crisis management, and tax strategy. For more than 20 years, this index has evaluated companies in 58 economic sectors and 27 countries based on sustainability criteria. In 2020, more than 3,500 companies were invited to participate, and only 10% were selected as members of the global DJSI.
- Within the top five companies in the construction materials sector with the best corporate governance, environmental and social management practices, by the FTSE4Good world index.
- The ninth company that best manages its human talent, in the Merco Talent ranking.
- One of the most innovative companies in Colombia, according to the National Association of Entrepreneurs (ANDI).
- We placed fourth in the ranking of private social investment in Colombia.
- One of the ten companies with the best corporate reputation in Colombia, according to Merco Empresas, after evaluating management and perception on issues such as innovation, human talent, international dimension, ethics, corporate responsibility, financial results, and presence in digital channels. Merco is the first audited monitor in the world with monitoring and verification of its process by KPMG.



We transform scrap tires into wellness for everyone.

The One Plant for One Tire Program, Honduras, Caribbean and Central America Regional.

- Recognition as the sixth most valuable brand in Colombia, according to the Compass Branding ranking.
- Social Seal to the Mining of the Government of Antioquia, by virtue of the commitment with the generation of value for society and its strategy of relationship with communities.
- Seal of Gender Equality Gold Level in Panama, granted by the Ministry of Labor, in conjunction with the Ministry of Commerce and Industries, the National Institute for Women, and the United Nations Development Program (UNDP), for the advances in terms of diversity, inclusion, and principles of equal opportunities. Argos is the first and only company in the cement sector to receive this accolade.
- According to a study by the SUMMA Magazine of Honduras, we placed in the top five companies that offer the best working conditions for women in the Central American region. Argos is the only cement company in the ranking.



When we join forces, we are able to make a family's dream of housing come true in just one day. Through the Grupo Argos Foundation and with the support of our employees, in 2020, we donated a home in Maria la Baja, Bolivar, Colombia.

- Seal of Socially Responsible Company of the Honduran Foundation for Corporate Social Responsibility (Fundahrse), which for the second consecutive year recognizes compliance with corporate governance indicators, human rights, fair operating practices, responsible marketing, environment, participation with the community, and labor practices.
- Energy Star ® certification from the United States Environmental Protection Agency, EPA, to the Roberta plants, in Alabama, and Harleyville, in South Carolina, for the fifth and third consecutive year, respectively, for their commitment to efficient use of energy and the care and preservation of natural resources. The Harleyville plant is also distinguished by having the largest furnace in the United States operating with approximately half the traditional furnace and co-processing waste's energy consumption.

IN HONDURAS, WE RECEIVED THE SOCIALLY RESPONSIBLE COMPANY SEAL FROM FUNDAHRSE.

- First place for the Harleyville plant in the 2020 Energy and Environment Awards in the Energy Efficiency category, awarded by the Portland Cement Association (PCA), for our outstanding environmental management and efforts in engaging with communities beyond regulatory requirements.
- Certification of the Savannah, Georgia, and Martinsburg, Virginia plants by the Wildlife Habitat and Conservation (WHC) program due to their efforts and achievements in implementing biodiversity initiatives. Martinsburg was especially recognized for its Black Vulture Management project dedicated to the protection of black vultures.



We envision a future full of opportunities.
Cartagena Plant, Colombia Regional

FUTURE VISION

While the impacts of the COVID-19 pandemic continue to be felt throughout the world, with the start of vaccination campaigns comes a glimmer of hope to think about overcoming the most complex aspects of the crisis.

However, analysts and experts anticipate additional challenges in economies, employment levels, and social programs in 2021, and it is clear that the recovery of development indicators will take several years, which will require joint efforts between governments, cooperation organizations, institutions, companies, and societies, to define priorities and move forward.

With the significant lessons that 2020 leaves us, we are confident that we are able to continue the creation of social value through the successful execution of our business activity.

We envision a future full of opportunities, and we are sure that we have the best talent and all the capabilities to realize our dreams of growth. We are optimistic about the good moment of the leading indicators in the United States, the recovery trend of the cement market in Colombia, and the positive prospects for the political climate in relevant territories of the Caribbean and Central America, which will surely drive the start-up of large infrastructure projects.

We will move forward, deepening our commitment to innovation and sustainability. We are passionate about better serving our customers every day, implementing developments for the Argos of the future based on agile work cells

and methodologies, and consolidating our efficiency, competitiveness, and financial flexibility to maximize profitability and return on your investment.

On behalf of more than 7,200 Argos employees present in 16 countries, we express our gratitude for your trust. We are proud to represent your interests with our administration and carry the name of the company around the world with our heads held high. We will continue giving our best to always achieve the most positive scenario of results and leave a mark on our society by contributing to the realization of dreams of housing and infrastructure, which translate into well-being and quality of life for millions of people the Americas.

Jorge Mario Velásquez
Alejandro Piedrahíta
Rafael Olivella
Carlos Gustavo Arrieta
Cecilia Rodríguez
Esteban Piedrahíta
León Teicher
Board of Directors

Juan Esteban Calle
CEO

LEGAL AND CORPORATE GOVERNANCE MATTERS

Argos observed the applicable legislation on intellectual property and copyright, and the operations carried out with administrators and shareholders were carried out in compliance with the provisions of the corresponding regulations and in accordance with market conditions. These transactions are detailed in notes 36 and 42 of the separate and consolidated financial statements, respectively. Likewise, the company did not hinder the free circulation of invoices issued by suppliers.

Aspects related to article 446 of the Commercial Code are found in the Financial Statements and in the Statutory Auditor's Report, in this document, and like the Business Group Report, referred to in article 29 of Law 222 of 1995, are included in the additional information provided to shareholders.

The performance of the financial information disclosure and control systems was verified through different activities carried out by the administration, the Statutory Auditor, the Internal Audit and the Board of Directors through the Audit, Finance and Risk Committee, which concluded that they work adequately. Among the aforementioned activities, the review of the financial statements by the Statutory Auditor, the evaluation of the proper design and operation of the Internal Control System by the Internal Audit and the monitoring of the financial statements by the Audit Committee, Finance and Risks and the Board of Directors stand out.

In 2020, progress was made in strengthening the Money Laundering and Terrorism Financing Risk Management System. As part of this program, training was given to employees and suppliers, in addition to reviewing the controls associated to the different processes.

The legal and administrative processes of the company were developed in 2020 without any failures or relevant events that have affected the financial situation of the company and are being attended to in a timely and diligent manner by the administration and its legal advisors.



Employees at Newberry Plant,
United States Regional

After the closing of the 2020 fiscal year, Argos USA LLC, a subsidiary of Argos USA, signed an agreement under the mode known as Deferred Prosecution Agreement (DPA) with the Antitrust Division of the United States Department of Justice, by virtue of which it made a payment of 20 million dollars, in connection with the resolution of an investigation into the anti-competitive conduct of two former employees of a small local sales office in Pooler, Georgia, who joined Argos USA through the acquisition of assets from another company, after the conduct had been carried out. The assets in Pooler, Georgia were sold in 2019 and are no longer part of Argos USA.

The DPA notes that the company's administration, outside of Pooler, Georgia, did not participate in or tolerate the misconduct and expressly states that nothing in the DPA should be construed to mean that Argos was involved in this improper behavior.

Last, the Annual Corporate Governance Report will be delivered to the shareholders and on the website www.argos.co/ir you will find the report on the implementation of the Country Code recommendations.



We create social value when we help connect regions. The Pacific 2 mega-road, for which we delivered more than 200,000 m³ of concrete, is part of the 4G program and will benefit more than 170,000 people by connecting the north of Colombia with the southwest. Antioquia, Colombia.



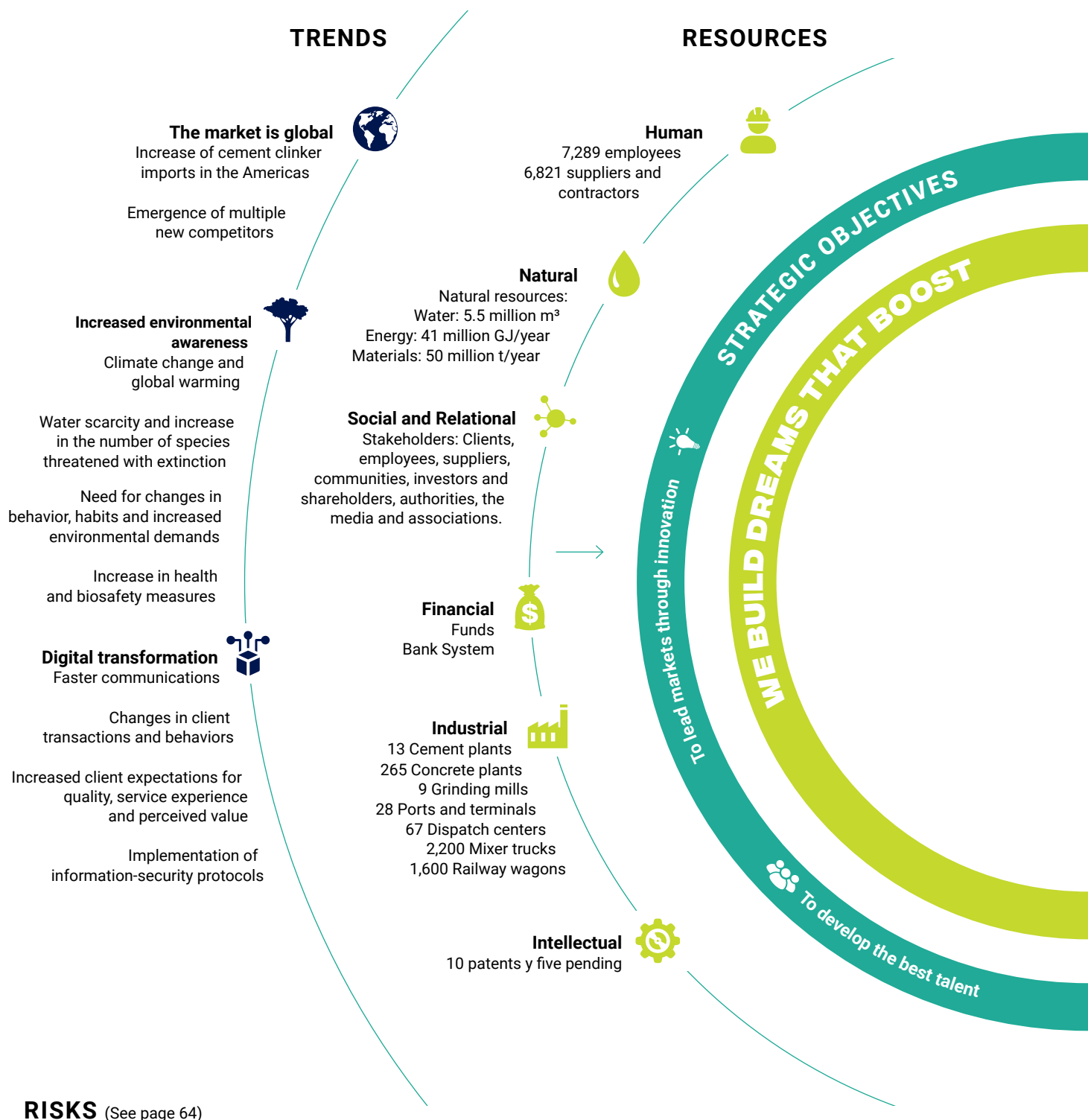
**WE BUILD
DREAMS**

02. STRATEGIC FRAMEWORK

HOW WE CREATE VALUE

[102-11] To guide the achievement of our strategic objectives, we have the Sustainability Strategy with four premises that guide our decisions so that they are focused on creating value for both the Company and society.

SUSTAINABILITY STRATEGY





Trust Relationships



Responsible Production



Business Profitability



Shared Values

KEY ACTIVITIES OF THE BUSINESS MODEL

(See page 57)

EXTERNALITIES

(See page 68)



Supplying



Production
Cement
Concrete
Aggregates



Orders



Logistics



After sales



Human
Talent development / salary
and benefits



Natural
GHG emissions / other emissions
/ water / biodiversity / materials
and alternative fuels



Social and relational
Investments in communities



Financial
Tax / interest and dividends



Economic Dimension
USD 751 M



Environmental Dimension
USD (310) M



Social Dimension
USD 849,525



We deliver to society
3.34
times more of the value
retained by the Company



WE HONOR, PROTECT AND PROMOTE RESPECT FOR HUMAN RIGHTS THROUGHOUT THE ENTIRE VALUE CHAIN AND AMONG ALL OUR STAKEHOLDERS.

6,907

was the total number of employees, suppliers and members of the communities of influence trained in the Organization's policies and procedures to combat fraud, corruption, money laundering and the financing of terrorism.

SUSTAINABILITY AT EACH STAGE OF OUR VALUE CHAIN



SUPPLYING

In the Extraction

81%
of intervened quarry
areas rehabilitated

77%
In high-value areas
with a Biodiversity
Management Plan

With Supplier Management

91%
of our purchases
from local suppliers



PRODUCTION



Cement

33%
reduction in water
consumption*

14%
reduction in CO₂
emissions*

40%
reduction in dust emissions
compared to 2019

11%
reduction in SO₂ emissions
compared to 2019



Concrete

5%
reduction in water
consumption*



Aggregates

109
L / t of aggregates was
our water consumption
in 2020. *
Our goal is to reduce
this consumption by 14%
by 2030.

**With respect to the baseline*

Efficient and State-of-the-Art Production



Thermally activated clays
Reduction of up to 38%
in CO₂ emissions and 30%
in energy consumption



CO₂ capture with microalgae
Using microalgae, we developed the
biofuels project from CO₂, with the
aim of capturing and transforming
the emissions generated.



6.2%
use of
alternative fuels

12%
use of alternative
raw materials
in cement

17.8%
supplementary
alternatives
for concretes



Scan for more
details.



ORDERING OF PRODUCTS AND SERVICES

We facilitate the taking of orders
through different lines:
phone, app, Web, WhatsApp.

Through our digital channels
you enter in all regions:

64%
of cement orders

20%
of concrete orders

Digital billing: It allows the costs and
times associated with physical billing
to decrease significantly; in addition,
it contributes to the reduction of our
carbon footprint.

Wide Range of Sustainable Products

Among those that stand out:



Green and Eco
Multipurpose Cement



Concrete: glass-added,
advanced, colored.



Aggregates: industrialized
sand for glue and concrete,
multipurpose gravel,
among others



Greco: recycled aggregates



LOGISTICS

Commercialization and Distribution

Sustainable mobility:
We make good use of the means
of transport, taking into account
the logistical context of each
region and taking advantage
of our resources and geographic
location to improve delivery
times and reduce costs.

- Net for load compensation
- Promotion of less polluting
vehicles
- Transport optimization
(see page 85)



AFTER SALES

Green Sacks



95%
It is the level of return of
the empty kraft paper sacks
that we use to pack the
cement that is distributed
in the metropolitan area
of Medellín, Antioquia-
Colombia.

Vendor Support and Technical consultancies



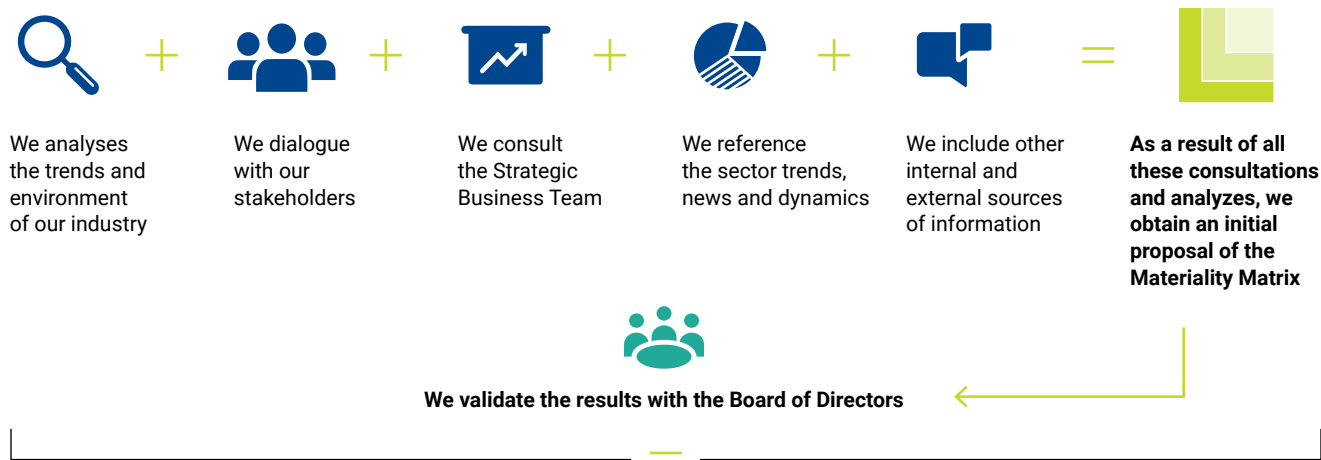
Attention lines and
channels available in all
the places where we are
present to provide:

- Technical support in cement,
concrete, aggregates
- Education and training
programs
- Supply of mobile plants,
among others

MATERIALITY ANALYSIS

[102-47] At Argos we believe that to generate value it is necessary to build relationships of trust based on dialogue and mutual knowledge. For this reason, our materiality exercise is a fundamental axis that allows us to identify the priority issues for sustainability management in the short and medium term.

To identify these issues:



MATERIALITY MATRIX

Review of priority issues:

PERIODICALLY

Stakeholder participation:

2,400
people from
the three regions

Last update
of our Matrix:

2019

WE MADE THE MOST RECENT UPDATE BASED ON THAT OF 2017 AND WE ADDED THE RESULTS AND REFLECTIONS OF THE RECENT ORGANIZATIONAL AND MARKET CHANGES.

Priority Topics

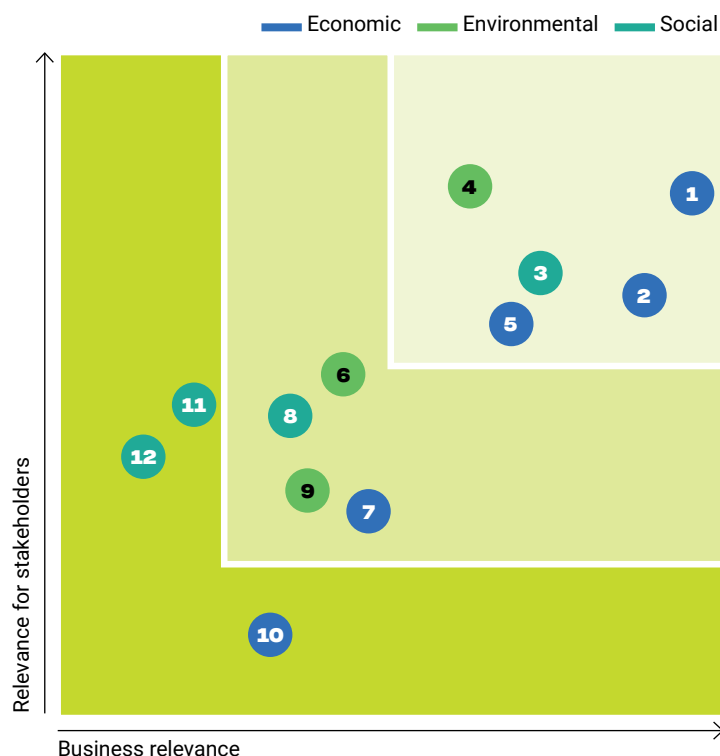
These are issues of high importance for the Company and its stakeholders, which require strategic definitions in the short term.



EFFICIENCY AND PRODUCTIVITY

Strategies that focus on efficient resource use and business profitability. This includes the application of circular-economy models, alternative-material leverage plans, diversification of energy-management models and efficient supply-chain management. (See page 78).

OUR MATERIALITY MATRIX



Priority Topics

1. Efficiency and Productivity
2. Adaptation to Market Dynamics
3. Talent Management
4. Climate Change
5. Ethics and Compliance

Relevant Topics

6. Ecosystems
7. Industry Positioning
8. Health and Safety at the Workplace
9. Atmospheric Emissions

Emerging Topics

10. Supplier Management
11. Community Engagement
12. Human-Rights Management System



ADAPTATION TO MARKET DYNAMICS

The Organization's ability to innovate in the components of its business model in order to adapt to industry and market disruptions and maintain its high level of competitiveness. The strategies that work towards this goal include components such as expanding the portfolio of products and services, adopting high standards and responding to the needs of local markets. (See page 88).



TALENT MANAGEMENT

Efforts aimed at attracting, retaining and developing talent through the promotion of a culture of diversity and equality, the implementation of cutting-edge labor practices and ensuring the right to free association. (See page 128).



CLIMATE CHANGE

Prevention, mitigation and compensation strategies to counter the impacts derived from emissions. It also includes plans to adapt to climate phenomena and the development of business opportunities. (See page 114).



ETHICS AND COMPLIANCE

Practices aimed at ensuring ethical and transparent conduct within the Organization. This includes preventing fraud, corruption, money laundering and the violation of antitrust rules. (See page 96).



Employees at the Bermellón Plant, one of those that assisted in the construction of the Túnel de la Línea, Colombia.

Relevant Topics

These are important issues to our stakeholders and Company due to their potential impact in the medium term.



ECOSYSTEMS

To identify and manage risks related to water resources and biodiversity in areas of influence, to minimize potential impacts and maximize opportunities. (See page 120).



INDUSTRY POSITIONING

Efforts geared towards the adoption of high standards and best practices, knowledge transfer and the promotion of guidelines that position the industry as a strategic partner in creating value to society. (See page 101).



HEALTH AND SAFETY AT WORK

Identification, evaluation and mitigation of risks associated with health and safety at the workplace to ensure that employees and stakeholders return home safe and healthy. (See page 135).



ATMOSPHERIC EMISSIONS

Strategies and plans aimed at managing risks and measuring the impacts of operation-related atmospheric emissions. (See page 125).

Emerging or Maintenance Topics

These are issues for which norms and long-lasting practices exist and that are important to manage in a consistent manner.



SUPPLIER MANAGEMENT

Plans focused on the selection, promotion and development of suppliers through knowledge transfer and implementation of good practices, with the aim of creating social value and achieving long-term business partnerships. (See page 106).



COMMUNITY ENGAGEMENT

Actions that seek community development through the creation of shared value, with the aim of building relationships based on trust. It includes recognition processes of local actors, responsible management and social innovation. (See page 141).



HUMAN-RIGHTS MANAGEMENT SYSTEM

Initiatives aimed at respecting, protecting and promoting human rights and building open and transparent dialogue with stakeholders. (See page 148).

STAKEHOLDERS

[102-42; 102-43] As a Company, we are aware that we are part of a society and, as such, we identify the need for constant communication with those around us in order to create value, not only for ourselves, but also for the territories where we operate.

For this reason, we are committed to strengthening relationships of trust through a Policy of Relationship with Stakeholders, which seeks that interactions with them are governed by transparency, open dialogue, and which facilitate the development of joint initiatives that contribute to the development of all.



Consult the Policy
of Relationship
with Stakeholders

WHO ARE OUR STAKEHOLDERS?

They are identified through an analysis of our value chain and the mapping of interaction points between the Company and internal and external groups of people. There, we not only value physical proximity, but also analyze how they are affected by our operations and decisions.

Thus, we have an overview of who surrounds us and how we interact with them, which facilitates the prioritization process that takes into account their dependence on our Company and the influence that our operations have on them and vice versa.

After applying this process, we defined eight Stakeholders (see the table on the following pages) that were characterized and with whom we maintain even closer monitoring.



CLIENTS

People or companies that use our products for their projects



EMPLOYEES

Anyone who dedicates their time to work for the achievement of our higher purpose and who has a contractual relationship with the Company



SUPPLIERS

Our allies who provide their products or services every day to promote the construction of dreams with us.



COMMUNITIES

Our neighbors with whom we work for the development of regions and territories where we are present.



INVESTORS AND SHAREHOLDERS

Those who support and promote our management.



THE MEDIA

Those who help us communicate with those who are close and who constantly serve us as a platform to communicate our management.



ASSOCIATIONS AND GUILDS





Allies to improve working conditions and the positioning of the industry as development managers.







AUTHORITIES

Institutions with which we team up to promote the development of the territories through the generation of value with transparency and legality.

OUR STAKEHOLDERS [102-21] [102-40] [102-43] [102-44]

Stakeholders	Objective of Relationship	Area Responsible	Relationship Mechanisms	Periodicity	Topics of Interest
CLIENTS 	To provide extraordinary solutions and be strategic allies that seek the joint constructions of dreams and the development of society.	Regional Business Teams	<ol style="list-style-type: none"> 1. Advise and support 2. Client Service Line 3. Transparency Line 4. Market study 5. Social networks 	<ol style="list-style-type: none"> 1. Permanent 2. Permanent 3. Permanent 4. Annual 5. Permanent 	<ul style="list-style-type: none"> ■ Ethics and compliance ■ Adaptation to market dynamics ■ Efficiency and productivity
EMPLOYEES 	To attract and develop the best talent, understood as the fundamental piece in the achievement of our higher purpose.	Talent Management	<ol style="list-style-type: none"> 1. Performance management 2. Face-to-face communication spaces 3. Intranet and virtual media 4. Bulletin boards and internal media 5. Transparency Line 6. Social networks 7. Sustainability dialogues 	<ol style="list-style-type: none"> 1. Quarterly 2. Permanent 3. Permanent 4. Permanent 5. Permanent 6. Permanent 7. Annual 	<ul style="list-style-type: none"> ■ Occupational health and safety ■ Ethics and compliance ■ Talent Management ■ Efficiency and productivity
SUPPLIERS 	To establish a relationship of mutual growth, in which they become our allies in creating value for clients and for society.	Supplier Management	<ol style="list-style-type: none"> 1. Personalized follow-up 2. Transparency Line 3. Supplier evaluation 4. Integrated Report 5. Sustainability dialogues 6. Impact Valuation 	<ol style="list-style-type: none"> 1. Permanent 2. Permanent 3. Annual 4. Annual 5. Annual 6. Annual 	<ul style="list-style-type: none"> ■ Efficiency and productivity ■ Occupational health and safety ■ Ethics and compliance
COMMUNITIES 	To generate development through knowledge of our communities and the correct management of identified development opportunities.	Regional Yo Prometo, Environment and Community Teams	<ol style="list-style-type: none"> 1. Local Relationship Plan 2. Sustainability dialogues 3. Sustainability Week 4. Transparency Line 5. Community committees 6. Socioeconomic footprint 7. Impact Valuation 8. Social networks 	<ol style="list-style-type: none"> 1. Permanent 2. Annual 3. Annual 4. Permanent 5. As needed 6. Annual 7. Annual 8. Permanent 	<ul style="list-style-type: none"> ■ Community engagement ■ Ecosystems ■ Human Rights ■ Climate change

Stakeholders	Objective of Relationship	Area Responsible	Relationship Mechanisms	Periodicity	Topics of Interest
INVESTORS AND SHAREHOLDERS 	Act transparently and maximize the creation of sustainable value.	Relationship with Investors	<ol style="list-style-type: none"> 1. Personal meetings 2. Conference Call 3. General Assembly 4. Integrated Report 5. Webpage 6. Direct communication through the mail, direct line, among others 7. Impact Valuation 	<ol style="list-style-type: none"> 1. Permanent 2. Quarterly 3. Annual 4. Annual 5. Permanent 6. Permanent 7. Annual 	<ul style="list-style-type: none"> ■ Efficiency and productivity ■ Ethics and compliance ■ Climate change
THE MEDIA 	Transparently communicate our management through the indicated means, taking this as a starting point to build relationships of trust with other Stakeholders	Communications Management	<ol style="list-style-type: none"> 1. Permanent communication 2. Phone calls 3. Meetings and press conferences 4. Press releases and other resources 5. Mail 6. Press room 7. Webpage 8. Social networks 	<ol style="list-style-type: none"> 1. Permanent 2. Permanent 3. As needed 4. As needed 5. Permanent 6. Permanent 7. Permanent 8. Permanent 	<ul style="list-style-type: none"> ■ Ethics and compliance ■ Climate change ■ Positioning of the industry ■ Community engagement ■ Efficiency and productivity ■ Adaptation to market dynamics ■ Talent Management
ASSOCIATIONS AND GUILDS 	Actively participate in the spaces that seek the correct positioning of the industry, based on the identification and construction of the best practices that strengthen the different associations	Regional teams	<ol style="list-style-type: none"> 1. Joint work tables 2. Sustainability dialogues 3. Webpage 4. Integrated Report 5. Impact Valuation 	<ol style="list-style-type: none"> 1. Permanent 2. Annual 3. Permanent 4. Annual 5. Annual 	<ul style="list-style-type: none"> ■ Positioning of the industry ■ Climate change ■ Adaptation to market dynamics
AUTHORITIES 	Build relationships based on trust and transparency that promote joint work for the development of territories.	Regional teams	<ol style="list-style-type: none"> 1. Integrated Report 2. Webpage 3. Local Relationship Plan 4. Transparency Line 5. Impact Valuation 	<ol style="list-style-type: none"> 1. Annual 2. Permanent 3. Permanent 4. Permanent 5. Annual 	<ul style="list-style-type: none"> ■ Climate change ■ Community engagement ■ Ethics and compliance

SOME SPACES ESTABLISHED FOR RELATIONSHIPS WITH OUR STAKEHOLDERS ARE THE SUSTAINABILITY DIALOGUES, THE SUSTAINABILITY WEEK AND OTHERS.



Commercial advisor and hardware store owner; Honduras The Caribbean and Central America Region

HOW DO WE ENGAGE?

After prioritizing them, they are assigned a natural leader in the relationship; that is, those roles within the Organization that are constantly in contact with each group and who are called upon to dialogue or interact with them, ensuring an optimal relationship with the Company.

For this, and based on the knowledge that each leader has, the official communication channels and the spaces in which we will meet are defined to exchange information and build the relationship between the Company and its stakeholders.

Some spaces established for the relationship with our Stakeholders are the Sustainability Dialogues, the Sustainability Week, the Transparency Line, forums and other activities that bring us closer to them in order to provide them with information about our management and receive feedback, suggestions or build solutions that impact the way we approach the issues that are relevant to both parties.

A key tool with each Stakeholder is the classification we make by dependency and by their position vis-à-vis the Company and its actions. In this way, we know which are the most relevant issues; we define if we should carry out activities to keep them informed more frequently, or if we should include them in consultations for decision making, thus minimizing the risks that may arise from the relationship with each of them.

This analysis is developed jointly by the areas that lead the relationship with each Stakeholder and with the Sustainability Department, a Corporate area that facilitates dialogue and training methodologies, seeking to be appropriate according to the nature of each group and its needs.



We build relationships of trust with our Stakeholders. Donation of books; El Cairo, Antioquia, Colombia

SOME EVENTS MADE DURING 2020

- The Argos 360° Forum, which this year had Industry as an Engine of Transformation as its central theme; more than 1,800 people - including clients, suppliers and even the academic community - participated.
- Podcasts about facing the challenge of transforming communication spaces, due to the global situation. Six podcasts were distributed by Email, WhatsApp and newsletters that primarily reached employees, communities and suppliers, and which included topics, such as Climate Change, Adaptation to the Market, and Efficiency and Productivity.

Additionally, Client Service and Transparency Lines are constantly being opened, aimed at collecting cases that put the Company's integrity and our Stakeholders at risk.

The results of these interactions are communicated in each of the dialogue spaces that are held and also through the use of tools, such as social networks, Webpages and the Integrated Report itself, which is prepared each year to talk about management in these issues that - with the help of Stakeholders - were identified as relevant. In addition, we have other spaces that arise naturally throughout the year, such as conferences, follow-up meetings, audits or scheduled visits.

Some highlights cases are:

- 1.** Identification of topics around which mentoring with suppliers will be created during 2021.
- 2.** Contractor training in biosafety protocols
- 3.** Performance evaluation of suppliers in the Caribbean and Central America and the USA region.
- 4.** Execution of the Crece Program, developed with communities in Honduras, where 23 entrepreneurial groups were formed through volunteering.

For more information, please refer to the material topics "Supplier Management" and "Community Engagement."

RISKS

[102-15] We identify, analyze, assess and manage the risks that can impact the compliance of our strategy, projects, processes and operations.

We have evaluation, monitoring and escalation mechanisms adopted in the methodology of our Comprehensive Risk Management System (SGIR, in Spanish), seeking the most efficient transfer through the Corporate Insurance Program, reaching all levels and geographies where we operate:



Strategic Level

We report to the Board of Directors through its Audit, Finance and Risk Committee, and we generate alerts to the Steering Committee for timely decision making.

Tactical Level

We analyze and evaluate risks in the countries, projects and processes, quantifying their impacts and accompanying the escalation and operationalization.





Operational Level

We apply the SGIR methodology to analyze risks, processes and facilities, facilitating the formulation, implementation and monitoring of Action Plans.




INTEGRATED RISK MANAGEMENT SYSTEM (IRMS)

Our IRMS supports and complements the Governance, Audit and Compliance models. It is based on the ISO 31000 and COSOWBCSD-Enterprise Risk Management standards and aligned with the best international practices. The IRMS is supported in the governance, risk and compliance (GRC) portal technological tool and contains the following elements and tools:




IDENTIFY

-  Materiality Analysis
-  Global Environment Trends and Connections
-  Risk Workshops
-  Strategic Framework



ANALYZE AND EVALUATE

-  Risk Matrices
-  Value at Risk (Sensitivity Analysis)
-  Self-Evaluation Tools

GIVE TREATMENT

-  GRC Portal - Action Plans
-  Corporate Insurance Program
-  Adaptation and Continuity Plans

MONITORING

-  Reports to Top Management
-  Reports to the Board of Directors

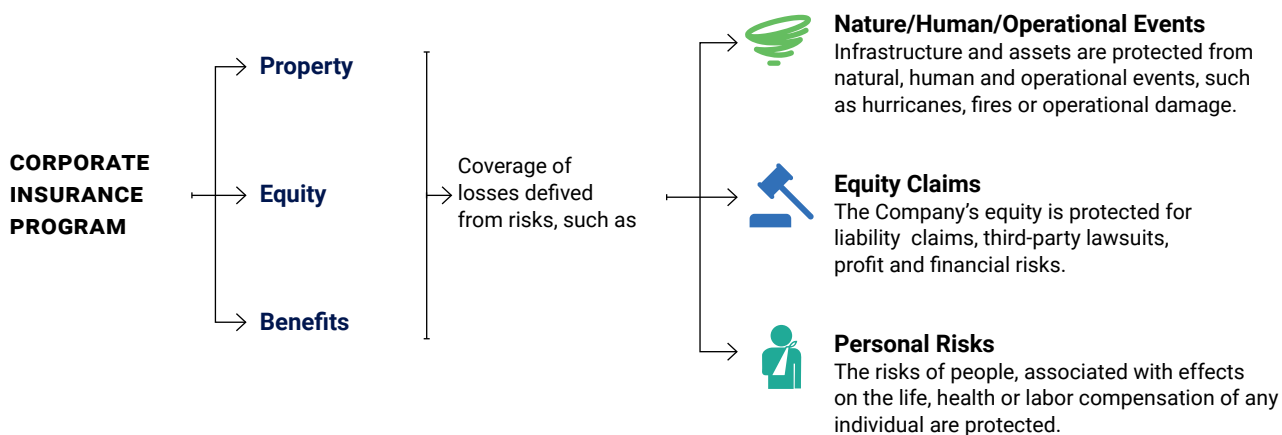


We identify, analyze, assess and manage the risks that impact the compliance of our strategy, projects, processes and operations. Employee at the Piedras Azules Plant; Honduras; Caribbean and Central America Region

RISK TRANSFER

We have a Corporate Insurance Program to transfer insurable risks under recognized, accepted statistical models in the re-insurance market.

Through these, we seek an adequate, optimal transfer of risks, with which we avoid significant deviations from our objectives in the event of possible materializations and we seek adequate compensation for possible losses.



2020 HIGHLIGHTS

- **Deepening of the Sensitivity Analysis:** We incorporated new quantitative models and data analysis tools in the assessment of risk and crisis scenarios. This has allowed us to have - to date - quantified scenarios for eight of the 11 strategic risks and three of the five emerging risks.
- **Climate-Change and Environmental, Social and Governance (ESG) Risk Analysis:** We support the strategic definition and updating processes in Sustainability in Cementos Argos and Grupo Argos, through the analysis of climate change risks and the evaluation of the framework of environmental, social and Corporate Governance risks.
- **Risk Culture:** We promote a risk culture through internal socialization channels and update the virtual training course, thus impacting 1,480 employees.
- **Risk Self-Management:** We promote risk self-management with the different areas, supporting the development of controls; this allowed a greater deployment of risk analysis to key Company processes.
- **Strengthening the IRMS:** We developed the methodology to identify trends and connections to update strategic and emerging risks; in this way, we strengthened the technological tools to implement IRMS at all levels of the Company.
- **Management of the Insurance Program:** We optimize risk transfer mechanisms and recover the respective losses covered by them.

FOR OUR BEST RISK-MANAGEMENT PRACTICES, WE WERE RECOGNIZED FOR THE SECOND YEAR IN A ROW AND OBTAINED 100%, THE HIGHEST POSSIBLE RATING, IN THIS CATEGORY OF THE DOW JONES SUSTAINABILITY INDEX.

THIS IS HOW WE ADAPT TO COVID-19



We support our clients in implementing their protocols. Delivery of Biosecurity kits. Colombia

We accompany the different areas in their response to the crisis generated by COVID-19 through the following mechanisms:

- Formation of Crisis and Organizational Resilience Committees.
- Accompaniment to the areas to implement and monitor biosecurity protocols.
- Assessment of Corporate resilience.
- Construction of the Reactivation Risk Matrix, Scenario Assessment and monitoring at a strategic level.
- Virtual inspection visits to the facilities.
- Timely management of the Insurance Program due to changes in the exposure of operations.

TRENDS AND CONNECTIONS

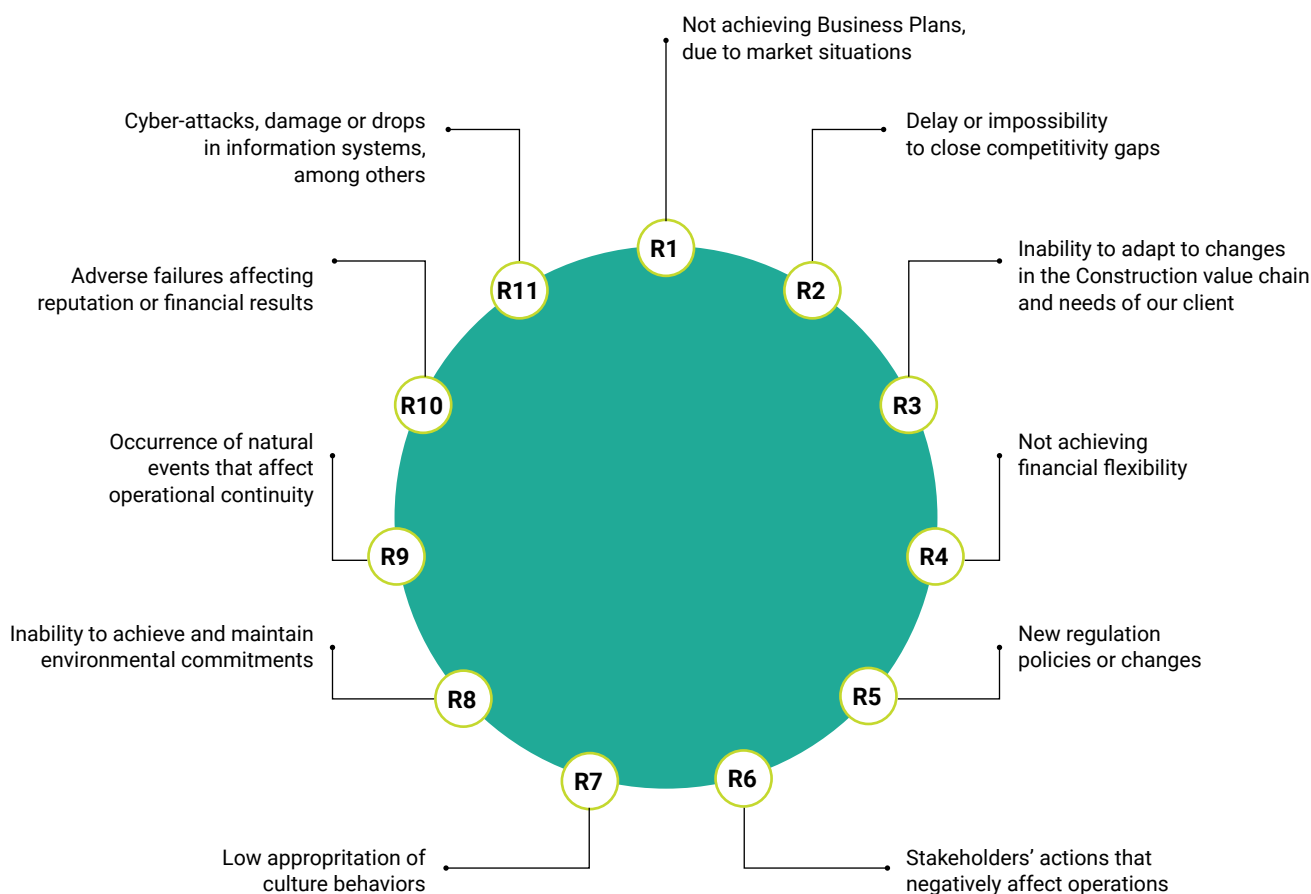
Through our analysis of signals, trends and connections, we identify correlations between global trends and our strategic and emerging risks, as well as their degree of influence. This allows our risks to be aimed at managing current and future challenges.



Scan for trends and connections and strategic and emerging risks.

STRATEGIC RISKS [A-R11]

We are currently validating and updating our risks. Soon you can find them in the QR indicated at the top of this page.



CLIMATE CHANGE RISKS

We analyze these risks under the same framework of Corporate risk management. We have a Climate-Change Risk Matrix that is updated annually and communicated to Senior Management.



Check here the risks of climate change.

VALUE ADDED STATEMENT TO SOCIETY - VAS [A-LS1]

The generation of sustainable value is the promise we have made to our Stakeholders. All our efforts are focused on delivering innovative solutions to our clients, development opportunities to our partners and constant, sustainable growth to our investors. To ensure that all the actors in our chain are receiving this value and to identify the links we must improve, we use the Value Added Statement to Society (VAS).



We team up to ensure that all the actors in our chain perceive the value we generate.

IMPACT ASSESSMENT MODEL

Impact assessment is the monetization of positive and negative externalities derived from our operations that are not reflected in the Financial Statements.

At Cemex Argos, we have developed a model that we call the Value Added Statement to Society (VAS), based on the KPMG True Value methodology, which allows us to convert social, economic and environmental impacts to US Dollars and, thus, determine our value generation to society.



Principal Objectives of the VAS

1.

TO MAKE MORE RESPONSIBLE, BETTER-INFORMED DECISIONS

- To offer extraordinary solutions to our clients.
- To more accurately respond to the interests and needs of our Stakeholders.

2.

TO MORE PRECISELY MANAGE OUR RISKS

- To be more agile and adaptable in a changing world.
- To ensure our sustainability

3.

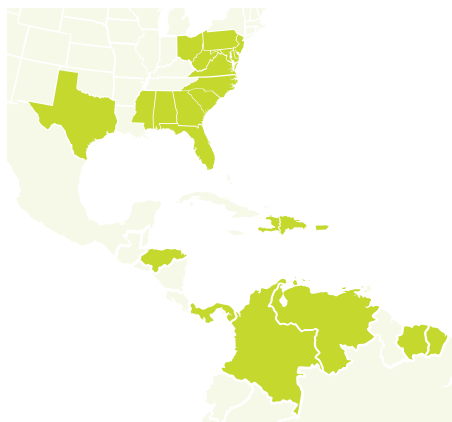
TO PROMOTE ACCOUNTABILITY INSIDE AND OUTSIDE THE SECTOR

- To contribute to transparency in the sector.
- To sensitize Stakeholders and society on the impacts of our business.

Scope of the Model

The VAS monetized the impacts generated due to:

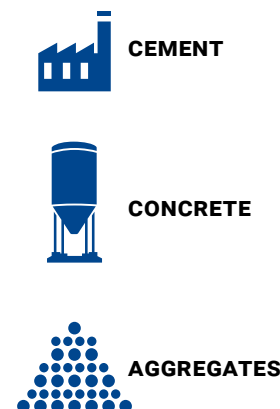
1. Our operations in 15 of the countries where we operate



2. Scope in the Value Chain



3. Our Three Business Units



Currently, the model does not include the impacts generated by our suppliers, clients nor by the transport to and from our operations. To the extent that primary data is available from other segments of the value chain, we will begin to monetize externalities in our supply processes in the pre-production phase and/or in the product marketing and use phase.

Our VAS is composed of 11 externalities, classified in three dimensions. These were chosen to be part of our model, due to the magnitude of the impact generated and for their relevance for our Stakeholders:



ECONOMIC EXTERNALITIES

- **Salaries and Benefits:** This reflects the impacts that the payment of salaries and benefits to our employees has on society.
- **Taxes:** This reflects the impacts that the payment of all kinds of taxes in the countries where we operate has on society.
- **Interest and Dividends:** This reflects the impacts generated in the economy as a consequence of the payment of dividends to our Shareholders and interest to financial-service lenders.



ENVIRONMENTAL EXTERNALITIES

- **Greenhouse Gas (GHG) Emissions:** This reflects the impact derived from the generation of GHGs (CO₂ emissions, Scope 1 and 2), associated with climate change.
- **Atmospheric Emissions:** This reflects the costs to society generated as a consequence of NO_x, SO_x, mercury and particulate matter emissions, associated with atmospheric pollution.
- **Water:** This reflects the impacts generated by the water consumption of our operations, according to the level of water stress of each of them.
- **Biodiversity:** This reflects the impacts on biodiversity of our operations, including benefits from compensation and rehabilitation programs.



SOCIAL EXTERNALITIES

- **Talent Development:** This reflects the impacts that investments in the training and development of our employees have on society.
- **Investment in Communities:** This reflects the social return on social investments made by all of our operations.
- **Occupational Health and Safety:** This reflects the costs generated to society as a consequence of accidents and occupational illnesses suffered by our employees.

CHANGES AND UPDATES TO THE 2020 MODEL

The first impact assessment exercise was conducted in 2015; since then, we have published our VAS results annually. Every year, a review of the assumptions and multipliers of the model is made and updates are made to them, following the essential advances and the main trends in valuation. **Thus, we ensure that our VAS remains current and relevant.**

Materials and Alternate Fuels

EMISSION FACTORS

- Emission factors of ash with high-carbon content and tires were updated, according to the new version of the document that the model uses as a reference.
- The iron-emission factor was updated. Although the reference document has not been updated, in the review process of the activities included in the value chain defined in the document, it was concluded that the activities of the “Iron-Ore Treatment” phase do not apply to the supply chain of this Argos material.

SUBSTITUTION FACTORS

This externality variable was calculated by Argos when the model was built in 2015 and had not been updated since then. This revision resulted in the updating of the Clinker Substitution Factors for slag and ash and the definition of Substitution Factors by region (to date, the model used a single Substitution Factor by material for all operations).

PARAMETRIZATION OF BIOMASS AS AN ALTERNATIVE FUEL

To reflect all the efforts we make to reduce GHG emissions, this alternative fuel that is being used in the USA and Colombia regions was parametrized.



A Plant for a Tire
(Una planta por una llanta) Honduras

GHG emissions

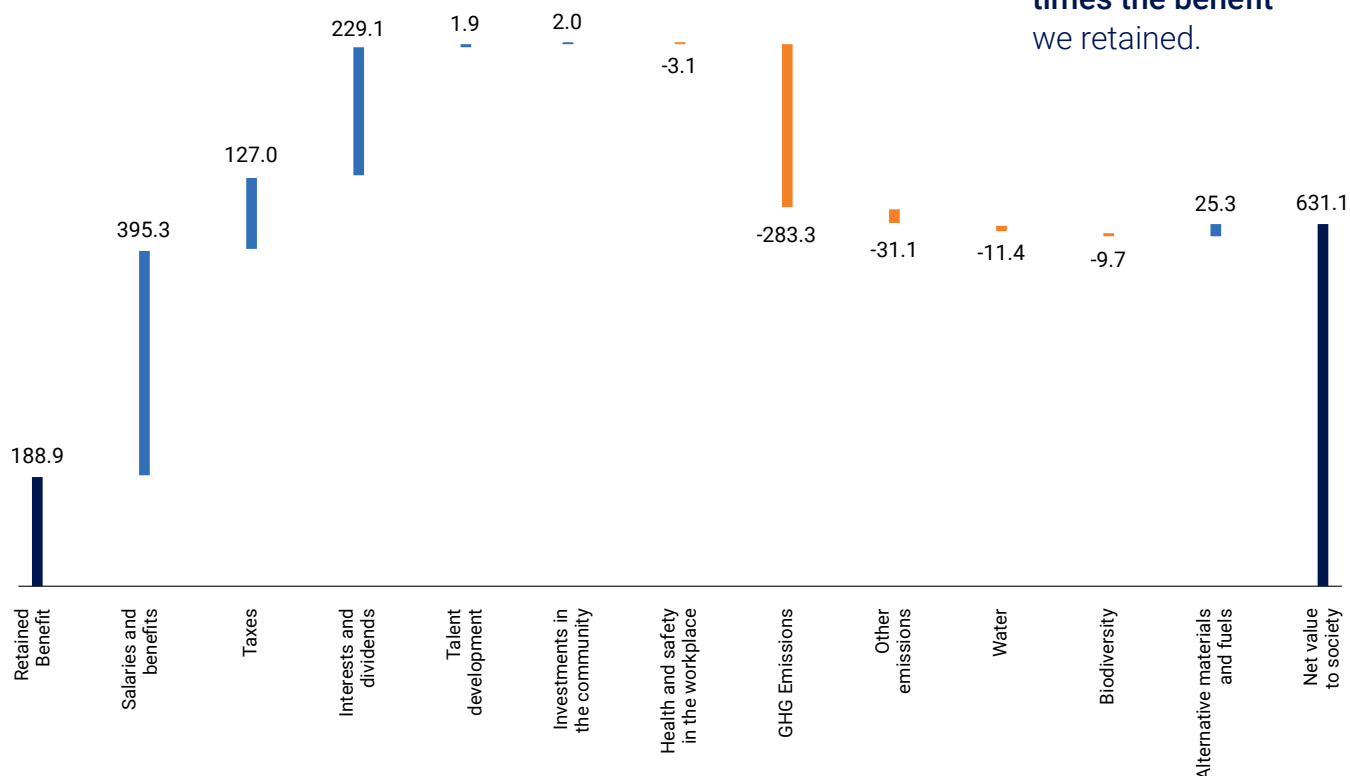
The calculation of this externality was reformulated, to address an affectation in the model caused by including avoided emissions from the use of alternative materials and fuels.



The Corporate VAS Report goes into greater detail on updates and changes to the model in 2020.

2020 VAS RESULTS

USD Million



In 2020,
we returned
to society
3.34
times the benefit
we retained.

HOW ARE RESULTS INTERPRETED?

The results of the impact measurement are presented in a bridge graph. The first column of the graph is the starting point for the calculations and presents the value that the Organization withheld or the retained benefit. The following columns represent the benefits (positive impacts) or costs (negative impacts) that the Organization generated to society. These values are added or subtracted from the retained profit and this results in the net value to society; that is, the value that the society received as a consequence of the Organization's presence in the territory.

While there are no generally accepted parameters to guide the interpretation of an impact valuation, at Argos we use the ratio of the net value to society on the retained benefit. The result that we expect from our exercise is that the value that we generate to society is least equal to the value that we withheld as an Organization.



Employee; Puente Aranda Plant
Colombia Region



We support local authorities and communities.
Our cement floors are an excellent alternative to stabilize tertiary roads.

HIGHLIGHT VAS RESULTS 2020

The year 2020 was atypical for both humanity as well as the Company. Due to the context in which these impacts were generated, we cannot say that the 2020 results are comparable with those of previous years or with those of future years.

In 2020, we generated 3.34 times more value to society than the benefit we retained as a Company. This means that - even in extreme situations, such as the pandemic - Argos is a generator of value, not only for its Shareholders, but also for all its Stakeholders.

The results of the Value Added Statement to Society reflect the social and economic pressures that we face as a society and as an Organization and are evidence of the interdependence between the two.

Economic Dimension

The economic value generated in 2020 was

USD 751.4
million, primarily marked by the payment of salaries and benefits and taxes.

SALARIES AND BENEFITS

Through the payment of salaries and benefits to our employees, we contribute to the dynamization of the economy and we support the economic and personal development of our team. In 2020, the priority was to protect employment and make sure we supported our employees to overcome the health emergency in the best possible conditions. Steps were taken to secure the Organization's cash without having to sacrifice jobs and this is reflected in the final impact generated by this externality.

TAXES AND INTEREST AND DIVIDENDS

Through the payment of taxes, we contribute to the development of the countries where we operate and by paying our financial obligations and with our Shareholders, we contribute to dynamizing of the economy. These externalities depend - to a large extent - on the Organization's performance in the period and 2020 was no exception. We hope that once the health situation is normalized, we can return to the production and sales levels of previous years and, thus, make greater contributions to the economies of the countries where we are present.



Our efforts are focused on providing development opportunities and constant, sustainable growth to our Stakeholders.

Social Dimension

We generated social value equal to

USD 849,525

TALENT

The impact of this externality depends on the turnover of our employees and the total hours of training offered by the Organization. In 2020, these two items decreased, due to multiple factors, among which are the decrease in the labor supply in the geographies where we are present and, likewise, to the measures taken by Argos to maintain employment in a safe, secure manner, and to safeguard the Company's cash flow. The fact that 100% of the training had to be migrated to virtual formats also affected the performance of this externality.

COMMUNITY ENGAGEMENT

The pandemic generated a reorganization of social investment in our Company. As a business group, we focused all our resources on supporting the prevention of COVID-19, strengthening health systems in the countries where we operate, contributing to the food security of neighboring communities and promoting economic stability. More than 90% of our social investment resources were the traditional investment lines that are part of the VAS model, representing a little more than 10% of the total investments made in the period.

Currently, we are building the parameters to include the investment lines catalyzed by the COVID-19 in the VAS and, thus, be able to present our Stakeholders with the complete panorama of our social impact.

OCCUPATIONAL HEALTH AND SAFETY

Unfortunately, in 2020 we lost one of our colleagues while he was carrying out activities related to his position. This event marked the management of 2020 and prompted us to double our efforts to ensure that we all return home healthy and safe. Our commitment to our employees and their families is that this result will never be at this level again.

Environmental Dimension

In 2020, we generated environmental costs equal to USD 310,007,953, as a consequence of our Greenhouse Gas (GHG) emissions, atmospheric emissions, water consumption and impacts on biodiversity. In this dimension, we also had a positive externality that shows our efforts to replace traditional materials and fuels with those that pollute less.

In 2020, the costs avoided to society for the use of alternative materials and fuels was

USD **25.3** million.

GHG EMISSIONS AND ATMOSPHERIC EMISSIONS

Greenhouse Gas (GHG) emissions and those that affect human health are directly related to production levels. In 2020, due to the pandemic, many of our plants were shut down for long periods, which negatively affected production and positively affected the performance of this externality. This clarification is important because – although the results of 2020 were much better than those of 2019 – they reflect an atypical year and, therefore, they should not be considered as a reference for future comparisons.

WATER AND BIODIVERSITY

Our productive activities have impacts on ecosystems through water consumption and effects on biodiversity. Although they are not the most representative impacts of our operations, they are prioritized by our Stakeholders and that is why they are part of the VAS.



Since 2015, we annually quantify the net value we transfer to society.

ALTERNATIVE MATERIALS AND FUELS

One of our biggest wagers to face the challenges associated with climate change was the substitution of traditional materials and fuels for alternatives in our operations. Currently, our three regions use materials, such as ash and slag, and fuels, such as tires and biomass, to reduce GHG emissions, both in the production process and in landfills.

OTHER HIGHLIGHTS

VAS COUNTRIES

In 2020, we continued to work with local teams to run the model at the country level. Currently, we are able to carry out the impact assessment exercise for all our operations on an aggregate or individual basis. The results of these exercises are used by each operation in different manners, always seeking to improve decision-making processes and risk management.

POSITIONING AND COMMUNICATION

We were invited by the National University of Colombia's Faculty of Human and Economic Sciences, Medellín Campus, to present our impact assessment model within the framework of the Cycle of Conferences on Economy, Finance and Sustainability, and we participated as speakers in training sessions on impact assessment offered by the World Business Council.

Additionally, as members of the Impact Valuation Roundtable (IVR), we contributed a case study on the Organization's experience in impact assessment in the publication *Generation Impact: International Perspectives on Impact Accounting*, by Adam Richards. This publication, which is already available on Amazon, features case studies from other organizations, such as UPM, Novartis and Maersk.

COLLABORATION WITHIN THE BUSINESS GROUP

We continue to work in coordination with Grupo Argos and its subsidiaries, Celsia and Odinsa, to expand the scope of the valuation model and refine its methodology.

TOOL IMPROVEMENTS AND UPDATES

In 2020, we created an internal work group dedicated to updating and improving the Alternative Materials and Fuels externality. This group has the participation of the Environmental Team, the Alternative Resources Team, and the Sustainability Team; it meets monthly to identify opportunities for improvement in the impact-assessment tool, support other areas of the Organization and research industry trends.

Thanks to this working group, it was possible to include biomass as an alternative fuel in the VAS.



You can get the book here.

WE CONTRIBUTED WITH A CASE STUDY ABOUT OUR EXPERIENCE IN GENERATION IMPACT: INTERNATIONAL PERSPECTIVES ON IMPACT ACCOUNTING.

THE NEXT STEPS FOR 2021

In 2021, we will focus on the following lines of work:

- More than 90% of our social investments made in 2020 were allocated to the attention of the pandemic and the economic stabilization of neighboring communities. These investment lines are not parametrized in the impact-assessment tool. In 2021, we will advance in the construction of the multiplier of these investments to present the total impact generated by our social investments to our Stakeholders.
- Through the Alternative Materials and Fuels working group, the externality of the same name will be updated to include microsilica mixed-industrial waste and oil residues, alternative materials and fuels that our plants are using and that the tool does not have incorporated at this time.
- Together with the Environmental Team, we are going to update the water risk-quantification tool to reflect the environmental context of the countries where we operate and to align it with the new Environmental Strategy goals. Once updated, we will pilot it in one of our operations to validate its effectiveness.
- The pandemic has led us to rethink the mechanisms to disseminate VAS results. In 2021, we will present the results in more agile, flexible formats to increase their reach in our Stakeholders, facilitating their access and making them more user friendly for the reader.



In Argos we create social value
when we unite in the same purpose
and we sow a better future together.
Productive Project; Cairo, Antioquia, Colombia.



**WE TRANSFORM
LIVES**

03. FOCUSES OF ACTION

SDG	Impact on business	GRI [103-1]	Strategic Sustainability Pillars	On the Website
 	<ul style="list-style-type: none"> Costs Income Risks 	<ul style="list-style-type: none"> Suppliers Clients Argos Society 	 Relationships of Trust  Business Profitability  Responsible Production  Shared Values	

EFFICIENCY AND PRODUCTIVITY

We materialize our Corporate Strategy through actions aimed at the efficient use of resources, the improvement of our financial flexibility, and the maximization of income generation and business profitability.

We focus on:

- 1.** The application of efficient, safe production processes
- 2.** The application of circular-economy models
- 3.** The diversification of energy-management models
- 4.** The efficient management of the supply chain



We work in an agile, efficient manner to adapt to different market conditions
Puente Aranda Plant; Colombia Region.

MANAGEMENT OBJECTIVES [103-1]

For the Company

To provide solutions and products that meet the needs of our clients through the responsible, appropriate use of resources and the incorporation of raw materials and alternative energy sources.

For Society

To ensure business sustainability, optimize working capital and capital investments, reduce costs and the level of indebtedness, and mitigate risks associated with the availability of resources necessary for our operation, in the face of the emergence of new business realities, new and growing environmental demands, and new regulations.

HOW IS IT MANAGED? [103-2]

The pandemic affected the dynamics of a large part of the productive and service sectors in most of our markets and became one of the greatest challenges that all companies have faced. To navigate this period of great uncertainty, preserve cash, take relevant steps in terms of financial flexibility and organizational efficiency and prepare the Company for the reopening of economies and the gradual recovery of markets, we designed and implemented a comprehensive plan to mitigate the effects of COVID-19, that we call: RESET. This made 2020 focused on the following lines:

1.

HEALTH, SAFETY AND EMPLOYMENT

Operating productively and safely amid the COVID-19 pandemic has always been our priority. For this reason, we defined long-term biosafety protocols and established business continuity plans that included technical and human aspects, to guarantee the safe operation of all our facilities. Likewise, thinking of our Stakeholders, we promoted in our employees, contractors, clients, visitors and their families their remaining safe and healthy during the pandemic and, for this, we have shared various resources that promote good practices, from self-care to caring for others at work, to build a healthy future together. Finally, we highlight that we managed to preserve all the jobs we generate.



Learn about our protocols and measures to restart operations.

2.

LIQUIDITY

Ensuring liquidity and reducing leverage to gain financial flexibility is a priority for the Company. For this, we focus on generating greater free cash flow, reducing total debt for the year and adjusting our budgets to generate savings by reducing expenses and non-essential costs.



Newberry Plant
The United States Region.

3.

OPERATIONAL EXCELLENCE

Our focus is to adapt the operating model to the new market dynamics and to maximize our digital transformation. In this sense, we focus on operational efficiency in all regional companies, focusing especially on energy efficiency, the optimization of production, the optimization of logistics and transport processes, and the application of circular-economy models.

For this, we rely - above all - on our Argos ONE digital strategy, which focuses on the digitization of processes, automation and robotics, Artificial Intelligence and the Internet of Things, among others.

A CASE OF SUCCESS



We accelerate our digitization to continue being the best allies of our clients.

ARGOS ONE: WITH BIG STEPS IN DIGITIZATION, WE CONTINUE TO DELIVERY EXTRAORDINARY SOLUTIONS.

Firm in the purpose of delivering extraordinary solutions to our clients and of being an increasingly agile, efficient Company, we continue to advance in the implementation of the Argos ONE digital strategy through work in interdisciplinary cells, to promote the automation of processes, both internal and external.

Focusing on the pillar of automation of internal processes through the application of digital trends - such as Artificial Intelligence, machine learning and Digital Twins, among others - we have obtained the following advances:

- **Digital Twins:** A model that - through data analysis and Artificial Intelligence - improves the variability and quality of our products and guarantees the optimal combination of assets in operations.

In 2020 we achieved the deployment of more than 18 models of Digital Twins in kilns and mills of our cement plants globally, with a focus on optimizing caloric consumption and the clinker/cement factor, respectively, capturing more than USD 1 million during the year. Likewise, we achieved the implementation of the Digital-Twins model to increase the production capacity of the Najayo Plant in the Dominican Republic,

and we obtained - as an average result of the last two months - an increase in productivity between 2% and 3% (1.5 - 2.3 tph) and an approximate decrease of 0.61 kWh/t in electricity consumption, with a use of the models in automatic mode of 52% and 72% in October and November, respectively. We expect annual savings of USD 13 million, starting in 2022.

- **Increased Maintenance:** By monitoring critical equipment in real time and assigning a criticality score according to the behavior of the outliers, Maintenance Areas can identify the equipment with the highest probability of failure and, thus, prioritize the necessary activities on them to avoid unscheduled shutdowns. This initiative is in pilot tests at the *Rioclaro* Plant.
- **Increased Treasury:** Through Artificial-Intelligence models, we were able to improve the predictions of cash inflows and outflows in the United States by 10%, thereby optimizing the decision-making processes about cash-flow management.



Puerto Rico Terminal
The Caribbean and Central America Region.

2020 PERFORMANCE [103-2] [103-3]

PRODUCTION OPTIMIZATION

We concentrate production in the most-efficient plants, we use resources properly and we implement new technologies and processes that allow us to optimize the cost per ton or cubic meter (m³) of product.

EXPANSION OF THE CARTAGENA PLANT AND INTEGRATION OF OUR INTERNATIONAL SUPPLY CHAIN

We were able to expand the plant capacity by 10% with a marginal investment in CapEx. The operational and market developments associated with the project - added to the integration of this operation into our international supply chain and the effects of the devaluation of the Peso - allowed us, as of October 2020, to resume cement exports to our readymix concrete operation in Houston. This has enabled us to obtain efficiencies for about USD 1.2 million; in 2021, the projected savings will be USD 8 million.

NEW BUSINESS MODEL IN PUERTO RICO

Our business model on the island was comprehensively transformed to ensure the sustainability of operations, better service the market and strengthen the country's projection as the logistics and export hub of the Caribbean.

The new model maximizes our potential by combining the distribution capacity from the maritime terminal in San Juan and the processing at the Dorado Plant, with a new mixing-and-packaging system for the production of bagged cement, thus integrating resources from the Trading equipment and from other nearby markets to ensure the quality of the cement and the supply to meet demand.

PRODUCTIVE PLANT TRANSFORMATION; CAIRO, COLOMBIA

The constant, continuous search for greater competitiveness in our production platform in Colombia led us to initiate a comprehensive transformation process at this cement plant in 2018, which was finally completed during the second semester, but not before guaranteeing a transition with the least possible impact and protecting jobs as much as possible, against which we are happy to mention that we had zero layoffs.

DECREASE IN CEMENT AND WATER CONSUMPTION IN CONCRETE FORMULATIONS

In the production of concrete, we developed multiple initiatives that were geared towards implementation of innovative solutions and applications to offer our clients products with the lowest environmental impacts.

We focused on reducing the content of materials that have a higher level of CO₂ emissions and on reducing water consumption in concrete formulations. For this, a detailed monitoring of the performance of the products is made with statistical methods to determine - as accurately as possible - the content of cement and other materials. At the same time, we constantly evaluate and implement new additive-and-alternative material technologies to produce concrete, always guaranteeing that the properties of the products are in accordance with the needs of our clients.

Since 2012, this initiative has allowed us, in Colombia, to stop using approximately 614,000 tonnes of cement, which represents about 18,000 fewer trucks of cement traveling through the country. Likewise, we have stopped using around 70,000 liters of water.

ELECTRIC AND CALORIC EFFICIENCY

We are aware of the need to work on reducing energy consumption as one of the fundamental pillars in the climate-change mitigation process. This goes hand in hand with our Corporate Strategies and Policies and with the commitment that our Managers have with sustainability. During 2020 we highlight:

■ Electrical and Caloric

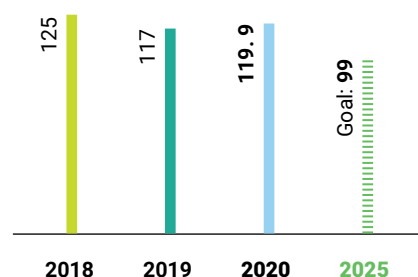
Consumption: As a Company, we achieved a caloric intake of 868.5 kCal/kgCk and electrical consumption of integrated plants of 119.9 kWh/t cement; that is, a 1.6% reduction and a 2.5% increase compared to 2019, respectively. To achieve the reduction, the optimizations of processes carried out at the Cartagena, Toluviejo and Rioclaro plants were significant in Colombia, and the decrease in the operating time of the Puerto Rico furnace, as a consequence of the transformation of the business model. For its part, the increase in electrical consumption was mainly due to the increase in the production of special cements, which require greater electrical consumption in their process and are a response to the needs of different markets. However, we have presented improvements and, for example, Colombia closed the year with consumption of 97.8 kWh/t.



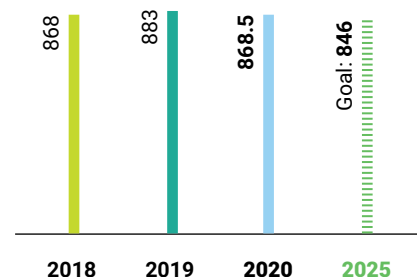
Employees,
Quebrancha Plant, Panama, Caribbean
and Central America Region.

- **The Piedras Azules Plant in Honduras optimized costs and doubled its carbon footprint:** In addition to finding a way to reduce the clinker/cement factor by increasing the percentage of additions, this operation counteracted the increase in humidity inherent to the replacement of materials through the development of a project to transport excess gases from the furnace cooler (temperatures >250°C) at the entrance to the mill. Altogether, the improvements allowed a 2t/h increase in production and a 1.0 kWh decrease in electrical consumption.

Electrical Consumption (kWh/t cement)



Caloric Consumption (kCal/kgCk)





Solar Park,
Piedras Azules Plant, Honduras,
Caribbean and Central America region.

- **Electric Energy from Renewable Sources:** In Honduras, the solar farm contributed 14.5% of the electricity requirement of the cement operation of the *Piedras Azules Plant* during 2020, thus reducing electrical consumption generated by fossil sources and achieving a reduction of our indirect CO₂ emissions (Scope 2). We remain committed to increasing our electrical consumption from renewable energy in partnership with Celsia.
- **The Quebrancha Plant, Panama, achieved the best energy efficiency levels in the Caribbean and Central America Region:** Thanks to the hot-gas recirculation project in the vertical mill, we were able to reduce conventional fuel consumption in this plant by 95% in just three years, while guaranteeing the stability of the grinding system at all times. Also, thanks to improvements made in the water-and-additive-injection system, which allowed us to have a better position and dispersion of these materials, we managed to increase the productivity of this mill by 5% and reduce energy consumption by 2%.
- **We increased the operational stability and reliability of our furnaces in the Colombia Region:** Noteworthy was the performance of the Cartagena Plant, which managed to stabilize its production at 5,600 tonnes/day, and that of Rioclaro, which decreased its caloric consumption by 4.6%, compared to 2019.



In Argos, we are committed to achieving energy-efficiency in our operations, not only because of the cost reduction that this entails, but also because of the consequent reduction in environmental impacts. For this reason, at the Panama plant, we have taken on the challenge of improving the performance of our equipment and reducing its electrical consumption. Projects, such as the improvement in the dosage of the injection of water and additive and the recirculation of hot gases in the vertical mill, have been an example of this."

—
Process Team,
Argos Panama

CIRCULAR ECONOMY

We take advantage of waste and by-products, such as raw materials or alternative-fuels, from other industries to mitigate the environmental impacts generated by the use of non-renewable natural resources in our production processes. Additionally, we establish collaborative links with authorities, companies and communities to provide a sustainable solution to the problem of inappropriate waste disposal in our areas of influence. During 2020 we highlight:

ALTERNATIVE-FUELS

As a Company, we achieved a 6.2% substitution of our caloric consumption of conventional fuels with alternative-fuels, which means an increase of 0.7 percentage points, compared to the previous year (for more information, see page 116).

ALTERNATIVE MATERIALS

- We reached 12% in the use of alternative raw materials to produce cement and we achieved a 17.8% substitution of supplementary cementitious material in the concrete business, with which we took advantage of more than 3.4 million tonnes of waste in our production processes and avoided their ending up disposed of in sanitary landfills.
- In the United States, we highlight the Waste to Ash Project, focused on the incorporation of ash from waste incineration, as an alternative raw material in clinker production. In 2021, we will carry out a definitive industrial test before its implementation.

WASTE MANAGEMENT

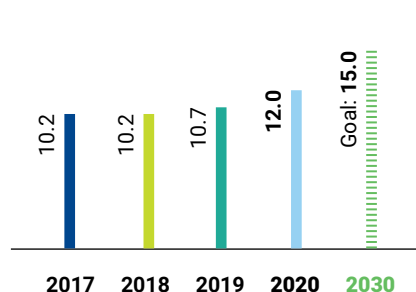
- In the *Tocumen* Cement Plant in Panama, we implemented actions that have helped us take advantage of returns or surpluses of concrete up to 38%. Among some of these actions we highlight:
 - The reuse of returned concrete for the production of prefabricated figures for the adaptation of our own or public spaces in the areas of influence of our operations.
 - Concrete recycling systems, which make it possible to recover and incorporate the stone material back into the process.
 - Product application, which allows us to take advantage of the surpluses and turn them into another alternative.

These actions allow us to reduce the environmental impacts from the exploitation and the transportation of virgin materials, reduce the use of new virgin aggregates and reduce the unnecessary disposal of valuable materials.

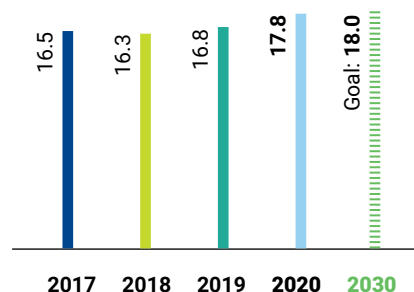
- *Sacos Verdes* (Green Sacks) is a program for the use of cement and aggregate bags, which has been operating in Antioquia, Colombia, since 2013. To date we have recycled more than 7,000,000 bags; in 2020, we reached a return of 95% of empty bags. For 2021, we have the challenge of expanding the scope of the program to other cities in the country. With this initiative, it is planned - during the first year - to collect 10% of the packaging of our products and then deliver them to companies that will use them through the manufacture of fiber-cement, the production of alternative fuel for co-processing in clinkerization furnaces or the transformation into paper pulp. By 2030, the goal is to take advantage of more than 30% of our packaging and containers.



% Alternative Raw Materials in Cement [A-EC2]



% Supplementary Cementitious Material in Concrete [A-EC3]



TRANSPORT AND LOGISTICS

We carry out an integrated planning of sales and operations to optimize critical resources, reduce risks and align supply to demand. Additionally, we make good use of the means of transport, considering the logistical context of each region and taking advantage of our resources and geographic location to improve delivery times and reduce costs.

RAW MATERIAL INVENTORY MANAGEMENT

We work on inventory management in different operations, defining policies and optimal inventory levels that create a balance between customer service and working capital and we design methodologies to monitor them. We highlight the management of the USA Region, which in 2020 generated savings of USD 17 million and achieved the reduction of four days of inventory.

NETWORK EXPANSION FOR CARGO COMPENSATION

We continue to expand our cargo-compensation network in the Colombia Region. During this year, we participated in work sessions with the National Association of Industrialists (ANDI, in Spanish) and more than 100 companies, taking advantage of the circuits and fleets of each company to achieve a reduction in and optimization of costs, consolidate loads to the same destination and use the idle fleet they have. Additionally, we carried out synergies with logistics operators, allowing us to obtain savings by optimizing rates. These efforts have resulted in savings of nearly COP 1,900 million and more than 2,480 trips were avoided; that is more than 1,450 tonnes of CO₂ not emitted.

PROMOTION OF LESS-POLLUTING VEHICLES

At Agros, we promote the use of clean, sustainable means of transport. Currently in Colombia, we have 12 electric vehicles, five gas vehicles, a hybrid vehicle and cement transportation by train. Their use together has allowed us to avoid more than 550 tonnes of CO₂ by 2020. Additionally, we have developed an alternative fuel booklet, which aims to invite transportation providers to learn the economic, environmental and social results of the implementation of these alternatives in their operations and, thus, promote their use.

OPTIMIZATION OF CARIBBEAN AND CENTRAL AMERICA REGION TRANSPORTATION

In Puerto Rico, through the consolidation of orders in a single vehicle, we maximize the load so that a full load of orders is always carried out. This project has represented savings of more than USD 350,000 and a reduction in the number of trips, which also generates a significant reduction in CO₂ emissions. Additionally, we digitized the payment process to carriers, which allowed us to improve the traceability of payments, savings in time and paper, and reduced risks. Also, in Honduras and Puerto Rico, we optimize vehicle cycle times through product pre-loading, in which vehicles are prepared and loaded prior to the entry of a client order. This allowed improving traceability, reducing dispatch times and optimizing the level of service to clients.



Gas Pipe,
Medellín Distribution Center
Colombia Region.

DELEVERAGING

[A-RE1] To improve the Company's debt position and increase liquidity and financial flexibility, we achieved the following results:

- We generated a free cash flow of COP 1 trillion, which allowed us to end up with a solid cash position, at the end of the year, of COP 621,000 million, while reducing total debt.
- We reduced our short-term debt by 25%, to 14% in the second half of 2020, thanks to the renegotiation of long-term credit lines and a bond issue for COP 250 billion, placed in November.
- We ended the year with a Net Debt to EBITDA ratio plus dividends of 4.54 times. This, despite having approved a waiver of the covenant of 6.5 times at the end of December 2020. Therefore, this result is important proof of the Company's good performance and solidity, even in times of great uncertainty. Likewise, we continue with our commitment to reduce the debt ratio to 3.2 times, as of December 2021.

ASSET OPTIMIZATION

[A-BE2] Taking into account the global context of the pandemic and the priorities defined in the framework of RESET, we strategically postponed our divestment plans until 2021, as we expect market confidence and stability to improve this year.



[302-1] [302-4]
Learn other indicators
in this material issue.

GOALS **[103-2]**

Goals 2025

- Decrease caloric consumption by 10%.
- Decrease electrical consumption by 15%.

Goals 2030

- We will achieve a 33% substitution of caloric consumption from the use of alternative-fuels.
- We will reach 15% in the use of alternative raw materials in cement operations.
- We will obtain 18% in the use of supplemental cementitious material in concrete.

CHALLENGES **[103-2]**

- To continue the transformation of our Energy Matrix by increasing our sources of renewable energy for our electrical and caloric consumption.
- To strengthen our supply-chain alternative materials and maintain a constant supply in all regions where we operate.
- To potentiate the use of waste or subprocesses as a lever to reduce CO₂ emissions.
- To promote the use of clean energy in our logistics network.



Operation in Dominica,
Caribbean and
Central America Region.

A CASE OF SUCCESS



ARGOS EXPRESS

To generate extraordinary solutions for our clients, we created a new service channel in Panama. Through AGROS EXPRESS, we offer a differentiated logistics service to meet the last-minute needs of the packaged-cement market, with a promise of delivery of less than two hours. This channel allows clients to track, in real time, orders; rate the drivers service; review order history; and make payments upon delivery. Orders can be made in standardized quantities, to avoid remnants in the vehicles and prevent driver's from having to return to the plant to load more material.

This new service also allows integration with Argos ONE. In the event that a truck has not used up its existence, the next day's orders hosted on this other platform are identified and their delivery can be advanced.

ACHIEVEMENTS:

- Flexibility in small-order formats
- Short delivery time
- Track and trace the order in real time
- Option to pay with a credit card at the time of delivery
- During 2020, we had more than 1,100 orders and we sold more than 207,000 bags through this channel



Now that we have the Argos Express app, it is faster and easier to order cement. Also, they bring their own unloaders (a manual-download service) and they make things easier. Everything is excellent.”

—
Yenifer Gan,
Almacén y Ferretería Mundial.

SDG	Impact on business	GRI [103-1]	Strategic Sustainability Pillars	On the Website
 	<ul style="list-style-type: none"> Costs Income Risks 	<ul style="list-style-type: none"> Suppliers Clients Argos Society 	 Relationships of Trust  Business Profitability  Responsible Production  Shared Values	

ADAPTATION TO MARKET DYNAMICS



In 2020, we launched our Green Cement in Colombia.

Aware of the challenges we face as a society and the importance of being part of the transformation of the industry, at Argos we are committed to the continuous improvement and innovation of our business model and our production processes, to continue being strategic allies of our clients in the construction of sustainable housing and infrastructure. To achieve this goal, we analyze market demands, we expand the offer of products and services with sustainability characteristics and we maintain high quality standards that characterize us.

MANAGEMENT OBJECTIVES [103-1]

For the Company

To efficiently respond to new market dynamics and position ourselves as industry leaders through innovation.

For Society

To respond to the needs of housing, improvement of the quality of life and infrastructure to facilitate the development of sustainable, intelligent and interconnected cities that respond to the current challenges facing the planet.

HOW IS IT MANAGED? [103-2]

To achieve our objectives, we focus our efforts on four lines:

1.

PORTFOLIO OF PRODUCTS AND SERVICES WITH SUSTAINABILITY CHARACTERISTICS

This constitutes the offer of value to our clients, which differentiates us in the market, through the offer of a portfolio of green solutions that included products with sustainability characteristics; services such as Green Sacks to manage packaging aimed at reducing waste; constructive solutions, such as concrete flooring; as well as technical advice, training, agreements, integrated logistics and the personalized designs of services that contribute to this objective.

2.

DIGITAL CHANNELS

This is a strategy that includes different channel proposals through which we reach the market to guarantee our clients access to our products and solutions. This includes the application of different digital trends that leverage improvements in the client experience and facilitate and streamline each of their interactions with our Company.

3.

NEW BUSINESS MODELS

These are those initiatives adjacent to the value proposition that represent new business opportunities in the construction sector.

4.

FUTURE INITIATIVES

These are the projects in the validation process, a feasibility study being tested, with which we plan to adapt to the future dynamics of the sector.



We have recycled more than 7,000,000 sacks, which means we have stopped cutting down 10,025 trees and saved 80,198 m³ of water, enough to supply 471,751 people in one day. A Green Sack User; Medellín, Colombia.

[A-CS1]

USD **+283**
million was our
income in 2020
from products
with sustainability
characteristics.

[A-IN3]

27%
was income from
innovation in 2020.



[A-IN1] [A-IN4] [A-IM1]

Learn about other
indicators in this topic.

2020 PERFORMANCE

[103-2] [103-3]

GREEN SOLUTIONS, CONSCIOUS INNOVATION

A portfolio of products and solutions with sustainable characteristics.

During 2020, and thanks to the teamwork of more than 43 professionals from different areas of the Company, we consolidated a portfolio of products and services, the objective of which is to continue positioning ourselves as a strategic ally of our clients for the design and construction of projects with sustainability characteristics.

The line of work that make up this project and the four main results obtained are:

1.

CONCRETE AND CEMENTS WITH SUSTAINABILITY CHARACTERISTICS

We put at the service of our clients products in three main lines:

Low Carbon: Cements and concretes that have a lower content of embedded carbon and lower energy consumption in its production stage, according to the life-cycle analysis.

- **Green Cement:** In February, we presented in Colombia one of the most-significant advances in terms of innovation and sustainability: the artificial pozzolana line with which we created Green Cement. These pozzolans reduce the use of clinker and make it possible to obtain a more environmentally friendly product, since - during the process - CO₂ emissions are reduced by up to 38% and energy consumption, by up to 30%.

- **Eco Multipurpose Cement in Honduras:** We presented the first environmentally friendly cement to the Honduran market. In its production process, CO₂ emissions are significantly reduced and a part of the energy consumption comes from the solar farm in Comayagua. Additional benefits of the product include its versatility to adapt to multiple applications for all types of masonry and domestic applications, ensuring a more-manageable mix and better finishes.

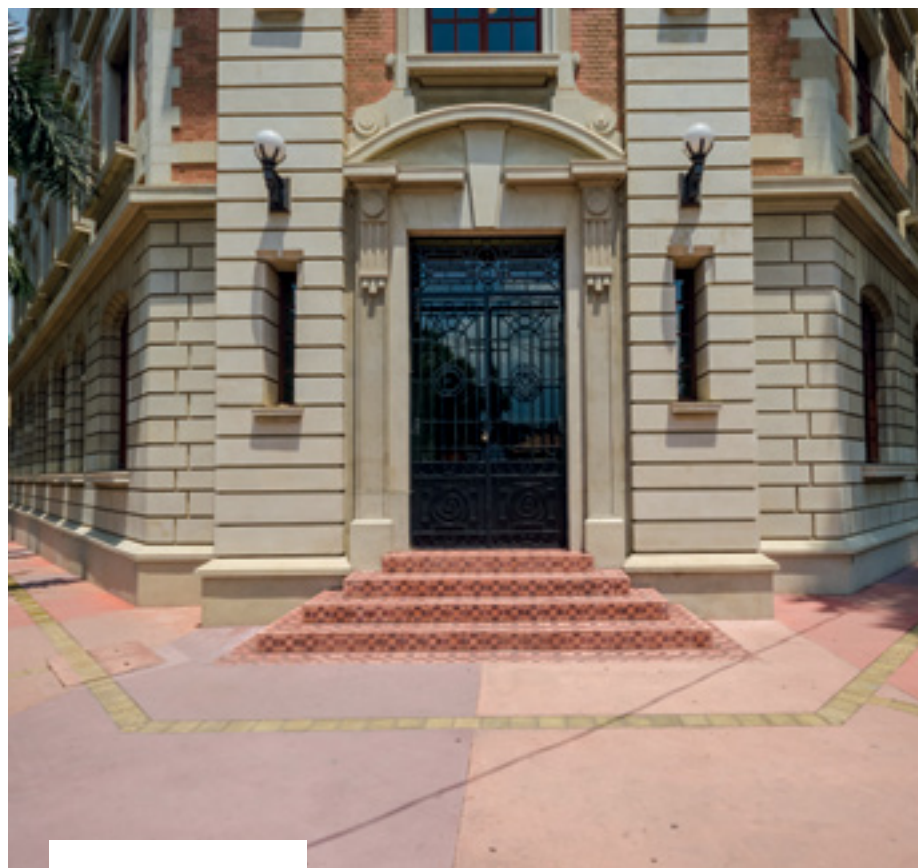
- **Hybrid Cement at the Cartagena Plant, Colombia:** We were able to validate - on an industrial scale - a technology that allows us to produce hybrid cements and replace clinker by up to 30% with slag. In addition to all the environmental benefits that it entails, this enables us to have more product available for export. In the near future, tests will be carried out with clients to ensure that the product meets their needs.



Cartagena Plant,
Colombia Region.

- **Product Life-Cycle Analysis:** For the Company, it is important to measure the environmental impacts of its products; thus, to date, we have been able to develop life-cycle analyses of 32 references of cement and concrete, which provide rigorous, objective and quantitative information on the environmental impact, which allows our clients - based on our product self-declarations - to make better decisions when choosing materials for a project.

What they contribute to adaptability and circular economy: They include cements and concretes that contribute to the circular economy through the use of alternative materials or that - due to their technical or quality specifications - help reduce the pressure on non-renewable natural resources. Additionally, this category includes products that - due to their design specifications, associated with durability and resistance - allow structures to be reduced in size or contribute to adaptation to natural phenomena.



Color concrete, applied in the San Ignacio District; Medellín, Colombia.



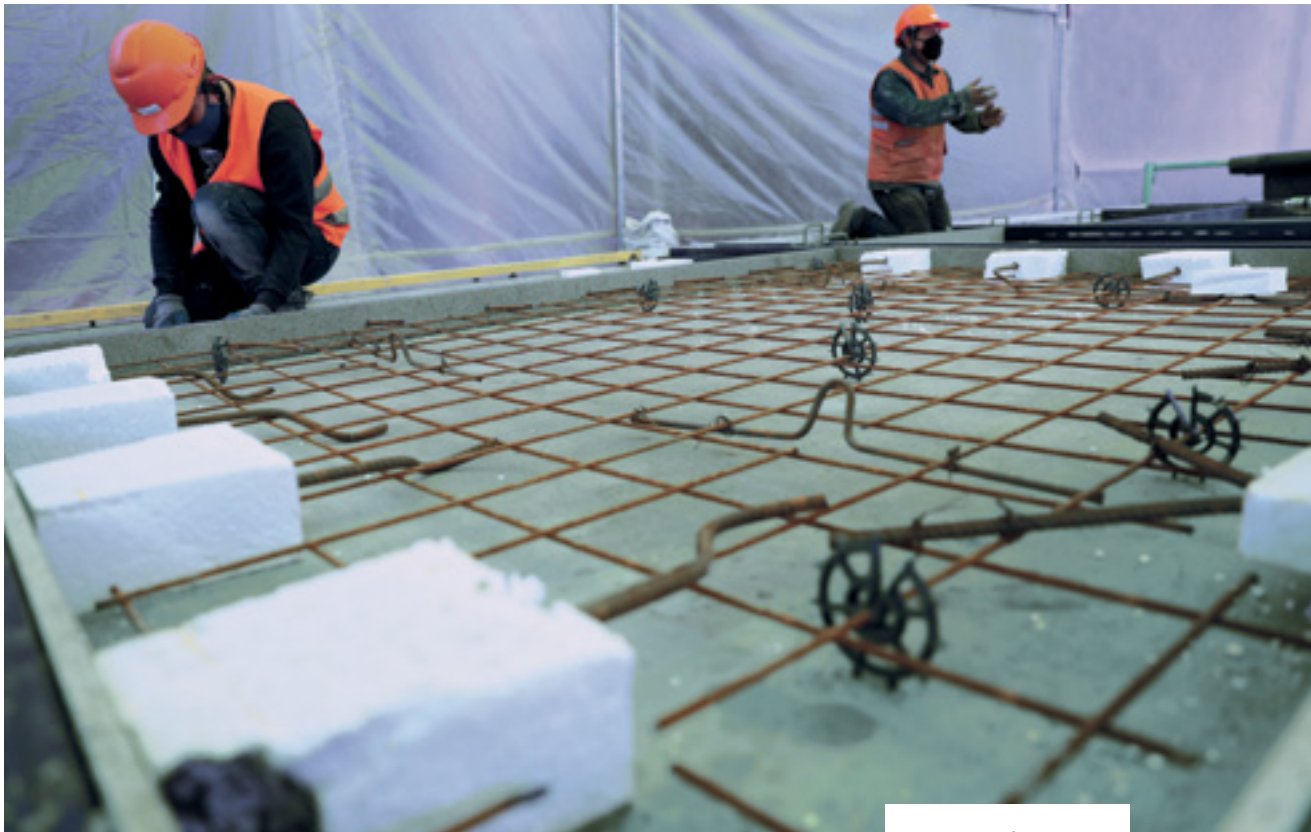
The section on Sustainability Advantages of the Technical Sheets of the Cement and Concrete Product Portfolio of the Colombia Region includes the benefits that allow these products to obtain in areas, such as reducing CO₂ emissions and reducing the consumption of non-renewable natural resources.

By 2021, we hope to have this same development for the Caribbean and USA regions. In the Technical Sheets, you will find information on how Argos products - combined with the building design and construction strategies - can contribute to obtaining points in sustainable construction certifications, such as LEED® V4.1 and CASA Colombia V2.1.

That promote well-being: Concretes that favor health and wellbeing (architectural and color) and that reduce the heat-island effect or other negative impacts on people. Likewise, we offer products that contribute to mitigating the negative effects on cities and well-being for people, among others.



You can consult the technical specifications here.



Production of modular concrete; Bogotá, Colombia.

2.

INDUSTRIALIZED SOLUTIONS

We generate a sustainable solution for the public sector, focused on the construction needs of local infrastructure, such as tertiary roads.

During the last year, we have strengthened the positioning of our cement used for soil stabilization, which allows improving and stabilizing different types of soils with greater efficiency, offering control over the development of resistance and hydration heat. It is ideal to achieve pavements that are less susceptible to damage, due to environmental conditions or the loads they support.



Learn more about our use of soil-stabilization cement.

3.

PACKAGING SOLUTIONS

We structured a portfolio of solutions for handling the packaging of the Company's products, which allows clients to reduce their waste on site.

During 2020, the Environmental Management Plan for Containers and Packaging Waste (PGAREE, in Spanish) was developed and presented to the authorities for the Colombia Region, which included the technical and financial analysis of the alternatives to collect and use product sacks in the country (recycling to manufacture fiber-cement elements, co-processing in clinker kilns, soluble sacks, cement dispensers, etc.), in six prioritized cities.

4.

DIGITAL SOLUTION

Through a digital platform, we provide clients with services that allow them to access information on certifications and benefits of sustainable construction.

In 2020, Argos launched its Green Solutions Portal for the Colombia Region, which includes access to information on products, a calculator to quantify the carbon footprint of projects according to the products used, and a portfolio of sustainability training.



You can find these and other tools here.



Construyá has impacted more than 117,000 families with access to credits for people with no prior banking experience. Hardware client; Medellín, Colombia.

FUTURE INITIATIVES

Analytics Center, an innovation-based model that supports decision making: The team's mission is to create models that support the Organization's strategy and operations and bring knowledge and business analytical solutions to the entire Company.

During 2020, we highlight the following projects:

- **Ready-Mix Smart (USA, Colombia):** This allows knowing the profitability per client, per segment, per plant, per city and per product. With this tool, we can analyze volumes, prices, resistances, material margins, costs, among other. All from a Web dashboard connected to the Company's data sources.

WE ARE PART OF THE TOP FIVE MOST-INNOVATIVE COMPANIES IN COLOMBIA, ACCORDING TO THE NATIONAL ASSOCIATION OF ENTREPRENEURS OF COLOMBIA AND DINERO MAGAZINE.

- **Customer 360 (Panama, Colombia):** This is a tool that supports the profiling and knowledge of clients from a general and detailed vision. Variables - such as sales, internal prices, market, competitive dynamics, among others - are processed to generate information that is used by the business teams to manage campaigns and commercial strategies.
- **Dispatch Optimizer (USA):** This helps the Company to dispatch the product from the optimal plant, reducing delivery times, improving client service, and also optimizing the efficiency of the mixer trucks.

NEW BUSINESS MODELS

CONSTRUYÁ

With 15 years of experience, it has impacted more than 117,000 families through access to credit for people with no prior banking experience. This innovative business model has demonstrated - over time - its high social impact and growth projection. The first two months of 2020 had a 48% and 26% growth in disbursements, respectively, compared to 2019.

However, as a result of the pandemic, at the end of the year, total disbursements amounted to COP 12 billion; that is, 39% less than that disbursed in 2019.



Argos ONE.

DIGITAL CHANNELS

ARGOS ONE

Firm in the purpose of delivering extraordinary solutions to our clients and of being an increasingly agile, efficient Company, we continue to advance in the implementation of the Argos ONE Digital Strategy, to promote the automation of processes, both internal as well as external.

Thanks to joint efforts to become the best allies for our clients and offer them a better experience, during 2020 we achieved significant digital adoption, represented in the following data globally:

Through our Digital Channels, the following entered in all the regions:

64%
of cement
orders

+20%
of concrete
orders

Through Argos ONE, the following were confirmed digitally:

+94%
of cement
orders

+95%
of concrete
orders

With digital
solutions

33%
of client payments
were collected

Through digital
solutions

+96,000
monthly client consults
related to payment and
delivery status were made

Also, teaming up to innovate every day and strengthening our digital value offer, we deploy different functionalities, among which we highlight:

- **A mobile app for the Concrete Business in the USA:** This included order requests, order inquiries and cancellations, vehicle GPS tracking and digital delivery confirmation. With this new version, we provide a self-management solution, so that clients can interact with the Company more easily and at any time and place.
- **Confirmation of digital delivery in the USA for the concrete business:** This has allowed clients to optimize their payment process to suppliers by having the information of their referrals online.
- **The Argos Store in Colombia:** Cementos Argos' new e-commerce is especially created for those who are not yet clients and need our products for their construction projects. We want to do business in a more-agile manner; therefore, we have expanded the Argos ONE solutions offer to bring new clients closer to the brand.
- **Payment Portal:** This seeks to support the collection process through a dynamic platform that allows clients to consult and pay their invoices, orders and advances in an agile, secure manner. In Colombia, this platform has a potential of digital collections of more than COP 25 billion per month. Additionally, in Panama, we deployed digital payment options for advances, orders and invoices, collecting USD 31.5 million during the second semester.



Through digitization, we offer extraordinary solutions to our clients.
Foreman, Medellín, Colombia.

- **New Channel for Automatic Cement Orders via WhatsApp:** Clients, both in mass businesses and in industry, have the option of requesting our products effectively, and they also have the possibility to pay for their orders immediately. In Colombia, this initiative was launched in July 2020 and - at the end of the year - it had reached more than 1,100 orders, which represent invoicing of around COP 3 billion and a volume of more than 7,000 tonnes of cement sold. This same channel was also deployed in Panama and Honduras.
- **Digitization of Company Invoicing:** Electronic invoicing allows the costs and times associated with physical invoicing to decrease significantly. While sending a physical invoice, through the provider, can take between five and fifteen days to be delivered to the client, with a cost that varies between USD 2 and USD 7 (depending on the location), sending it by Email takes a few minutes, with no associated costs, in addition to the environmental benefits of the non-use of paper. During 2020, in Colombia, we went from having 39% of billing by electronic means in January, to 72% in December of the same year.


GOALS [103-2]

Goals 2030

- We will earn USD 800 million in income from our products with sustainability features.

CHALLENGES [103-2]

- To increase digital communication channels for clients.
- To identify and manage the risks associated with digital channel cybersecurity.
- To be faster and more flexible in decision making to proactively respond to local and global trends and, thus, increase our competitiveness in the markets where we are present.
- To continue to advance in the development of low-carbon products, processes and solutions.
- To continue with the evaluation and classification of our product portfolio, according to the sustainability characteristics defined by the Company.

SDG	Impact on business	GRI [103-1]	Strategic Sustainability Pillars	On the Website
 11 SUSTAINABLE CITIES AND COMMUNITIES	<ul style="list-style-type: none"> Risks 	<ul style="list-style-type: none"> Suppliers Clients Argos Society 	 Relationships of Trust  Business Profitability  Responsible Production  Shared Values	

ETHICS AND COMPLIANCE



Integrity is the principle that inspires all our actions. Employee; Panama. Caribbean and Central America Region.

[102-16] We are convinced that ethics and integrity are fundamental and non-negotiable. Therefore, we live these principles, integrating them into our operation, processes, and strategy and, thus, we responsibly generate value for our business, our Stakeholders and society.

MANAGEMENT OBJECTIVES

[103-1]

For the Company

To promote that our actions are in accordance with the pillars of culture and that integrity is the inspiring principle of all members of the Organization. Thus, we consolidate ourselves as a competitive, reliable Company vis-à-vis Investors and other Stakeholders.

For Society

To promote transparent, competitive, and sustainable business environments that allow strengthening trust and ethics in business and generate positive impacts for the market and society.



[205-1] [205-2] [205-3]
[307-1] [419-1] [A-ETH1]

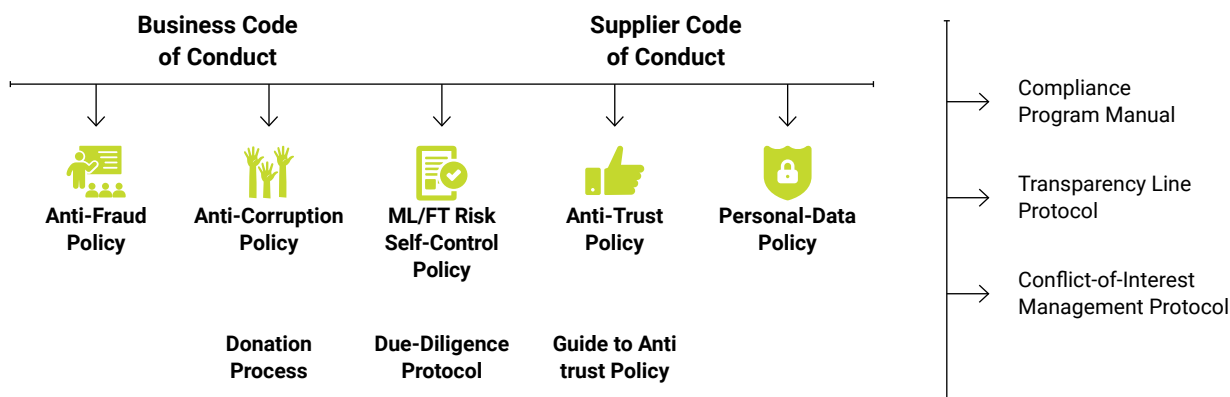
Learn about other indicators in this topic.

HOW IS IT MANAGED? [103-2]

We have voluntarily adopted a self-regulatory framework that confirms our commitment to business ethics as a way to promote transparent practices that contribute to the development of competitive environments. This framework* incorporates mandatory principles of ethics and conduct:

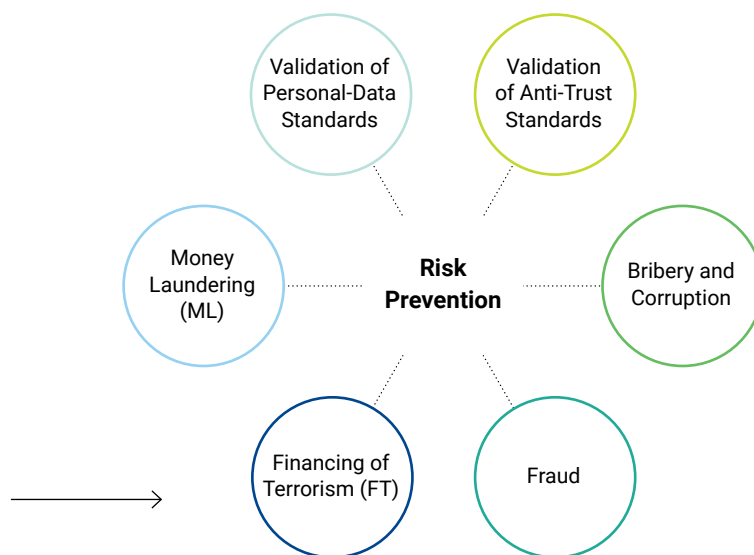


Find our Code of Conduct here



*Our self-regulatory framework conforms to the regulatory requirements regarding compliance programs and the standards of DJSI, FTSE, Country Code, ISO 37001, ISO 19,600 and the guidelines of the United States Department of Justice

For the proper implementation and application of these guidelines, the strengthening of the ethical culture, the prevention and control of incorrect actions, our Board of Directors approved the Global Governance and Compliance Program (GGCP, in Spanish). The program structure incorporates international best practices to evaluate compliance programs, such as ISO 37001, ISO 19600 and the United States Department of Justice (DOJ) guidelines. The program has the following scope:



Likewise, it systematically groups together the activities carried out to promote integrity in the Company's actions, its employees, and members of the value chain, which allow the updating and permanent strengthening of the program. Operating Scheme:



HOW DO WE EVALUATE MANAGEMENT? [103-3]

To verify the effectiveness and correct implementation of the GGCP, annually we carry out internal or external audits of the implementation and execution of the controls associated with the program. From the development of its different stages and the performance of the audits, reports and management indicators are extracted, which are presented to the Business Conduct Committee, the Central Conduct Committee of the Argos Business Group or the Board's Sustainability and Corporate Governance Committee, where observations are made that allow the updating and continuous improvement of the program.

The indicators to monitor include:

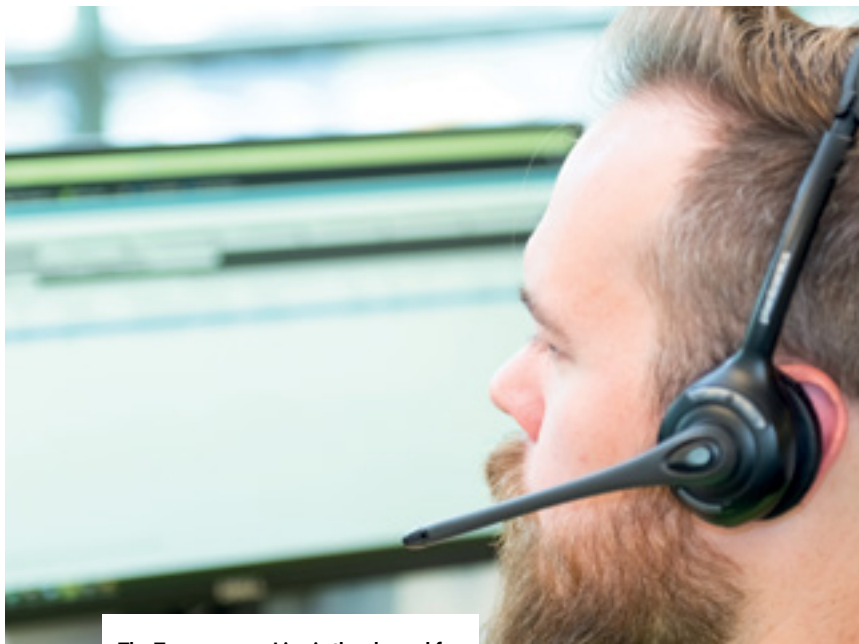
- The statistics of the Transparency Line Behavior training coverage
- The results of the Compliance Risk assessment
- The level of implementation of regulatory obligations regarding compliance programs
- The results of the execution of controls established in the framework of the program.



Learn about the operation of the Transparency Line here.

149

employees trained in due diligence and compliance risks.



The Transparency Line is the channel for our Stakeholders to report behavior contrary to the Business Code of Conduct.

TRANSPARENCY LINE

[102-17] This is the channel for our Stakeholders to report behavior contrary to the Business Code of Conduct or other Corporate policies and to implement any corrective actions or sanctions that may be applicable.

The reports are received by an independent third party, which guarantees the protection of the identity of the reporter and the non-retaliation against complaints made in good faith. The investigation of the reports is carried out by the investigation officers assigned to each category in the different regions, following the Transparency Line Protocol. Cases of high criticality are brought to the attention of the Business Conduct Committee; those of medium and low criticality are managed by and reported to the leaders of each process. Reports involving the Steering Committee must be managed in accordance with the Senior Management Investigation Protocol and reported to the Board's Sustainability and Corporate Governance Committee.

TELEPHONES



The United States
1 (888) 567 66 29



Colombia
01 8000 522 021



Dominican Republic
18001 485 009



Panama
008001571011



Honduras
800 2791 9378

E-MAIL

lintransparencia@argos.com.co

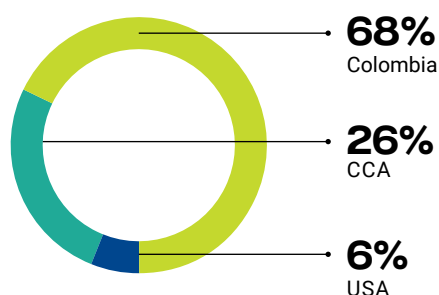


Web Report Form

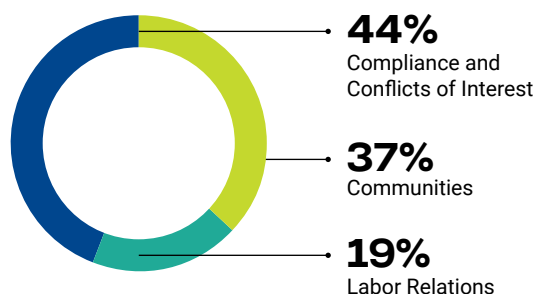
IMPLEMENTATION OF THE TRANSPARENCY LINE IMPROVEMENT PLAN

A plan to improve the operation of the Transparency Line was defined, which was 100% executed. This included updating the Case Investigation Protocol, training investigation officers, reinforcing the dissemination of the reporting channel with Stakeholders, adapting the line for reports associated with COVID-19, adjustment of the reporting categories for the correct monitoring of risks and the standardization of Case Management indicators, among others.

Reports by Region



Reports by Category



During 2020
we received
233
reports

42
open cases

131
closed cases
with corrective
actions

2020 PERFORMANCE

[103-2] [103-3]

CONTINUITY OF GGCP

Despite the challenges of the pandemic, the controls and risk-management tools associated with the GGCP continued to operate correctly, complying with the annual work plan approved by the Program's monitoring bodies. Additionally, we developed the following activities to strengthen and continually improve the program:

- We updated our evaluation matrices of regulatory obligations associated with the implementation of compliance programs, with which we seek to ensure said regulatory compliance in all our operations.
- We made progress in updating behavioral-risk assessments in the Company's various operations and processes to adequately define controls.
- We strengthened the Program evaluation mechanisms through the development of a Management-Indicator Dashboard.
- We adopted a protocol to correctly manage conflicts of interest that includes specific guidelines for relations with the public sector and complements our anti-corruption guidelines.

ANTI-TRUST PROGRAM

We made progress in strengthening the Compliance Program in the area of anti-trust, in accordance with the guidelines established in the Associated Guide of the United States Department of Justice (DOJ). Among the achievements to highlight, we have:

- The updating of the Competition Risk Matrix
- The review of pricing processes
- Carrying out practical training workshops in competition
- Carrying out the survey of positions, according to their exposure to competition risk
- Strengthening communication-monitoring controls
- The development of *Nuestra Liga* (Our League), the virtual competition course
- The analysis of critical transaction allocations



Ernesto Dal Bó.

ANNUAL DISCLOSURE OF CONDUCT

Despite the challenges of the pandemic, we structured various tools to stay connected and to disseminate our principles of conduct throughout the Organization. Noteworthy was the implementation of new virtual training tools for operational personnel and the development of practical workshops on behavioral risks related to the pandemic. Likewise, we highlight the Annual Virtual Training on Conduct we called **The Power of Your Decision**, which consisted of a series of ethical dilemmas with the accompaniment of Ernesto Dal Bó, tenured Professor of Public Policy at the University of California, Berkeley, which allowed employees to understand how the daily activities of each one can impact the future of the Company and provided elements to ensure ethical, transparent decision making.



Find the launching of the Annual Virtual Course of Conduct here.

[205-2]

6,842

people were trained

in the Code of Conduct and its associated policies, including 4,407 employees and 2,435 suppliers.

GOALS [103-2] [103-3]

Goals 2020

Met Ongoing Not Met

- To update the evaluation matrices of the regulations associated with the GGCP in all operations.
- To finalize updating the risk matrices associated with the GGCP in all operations.
- To finalize the design stage and start the implementation of the GGCP Indicator Control Panel, allowing us to permanently monitor the program status.
- To manage the approval and socialize the guidelines defined for the relationship with the public sector.

Goals 2021

- To strengthen the Compliance Program regarding free competition, in accordance with the standards established by the United States Department of Justice in the guide on compliance programs in this matter.
- To continue developing the Committed Behavior Disclosure Campaign and achieve training coverage in compliance and behavior of more than 60% of the Company's active employees.
- To evaluate the maturity of our Compliance Program through reference to international standards and good practices and identify opportunities for improvement.

CHALLENGES [103-2]

- To continue to position the GGCP at the various Company levels and operations, adjusting it to the cultural realities and deeds of each country, in addition to those of our clients.
- To advance in the automation of controls and alerts associated with the Compliance Program to increase its effectiveness and guarantee better monitoring, given the large volume of Company information, the various existing data systems, and the different geographies in the countries where we operate.

SDG	Impact on business	GRI [103-1]	Strategic Sustainability Pillars	On the Website
 	<ul style="list-style-type: none"> Risks 	<ul style="list-style-type: none"> Suppliers Clients Argos Society 	 Relationships of Trust  Business Profitability  Responsible Production  Shared Values	

POSITIONING OF THE INDUSTRY



We work to create innovative solutions that allow us to be present in the great projects of the countries where we are present. *Parques del Río*; Medellín, Colombia.

We position ourselves as strategic allies for the development of the territories where we are present, directly and through the empowerment of our value chain. We do it through the construction of housing and sustainable infrastructure that enables the closing of development gaps, the generation of employment, the improvement of the quality of life of owners and tenants, and the reduction of the impacts generated.

MANAGEMENT OBJECTIVES [103-1]

For the Company

To be strategic allies of the actors of our value chain to maintain the Company's leadership in the market, to ensure its competitiveness over time, and to increase the generation of sustainable value.

For Society

To sustainably respond to the growing demand for housing and infrastructure of the world population to improve the quality of life of people, interconnect regions, and develop innovative solutions.

HOW IS IT MANAGED?

[103-2]

We are committed to the role we have as a Company in the achievement of the 2030 Agenda goals, the consolidation of territorial development plans where we operate, and the economic reactivation of the countries affected by the pandemic. Therefore, we focus our efforts in the development of sustainable housing and infrastructure projects that contribute to closing socioeconomic gaps, generating employment under safe conditions, environmental protection, and investment in improving people's health systems and quality of life.

Our work unfolds in three large lines:



Level Crossing 21 de Octubre.
Tegucigalpa, Honduras.

CITIES FOR EVERYONE



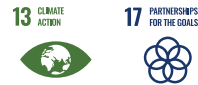
With nearly 54% of the world population living in urban areas, the pandemic made inequality of those who live in the cities of the world manifest. Nearly 90% of the COVID-19 cases are concentrated in the urban centers that have, among others, challenges associated with access to basic services and decent housing conditions. For this reason, we work together with our value chain to develop projects that benefit the less-favored population, facilitate access to housing, and promote development in the areas of influence.

INTERCONNECTED CITIES



The need to connect urban areas with rural areas to expand the coverage of basic services, such as health, has been a priority of developing countries since before the pandemic. Therefore, during 2020, we continued working on creating innovative solutions that allow us to be present in the large projects of the countries and territories where we are present.

INTELLIGENT CITIES



In recent years, the acuteness of the effects of climate change became the risk of greatest impact to the world. Therefore, in the global stage, a need has grown to transition to a low-carbon economy, an opportunity that becomes more relevant amid post-pandemic recovery scenarios and the effort we are making as a Company to generate new business models that respond to environmental and social challenges. For this reason, our Climate-Change Strategy includes actions aimed at mitigating the impacts associated with our productive processes, adapting our operating model and innovating from the identification of optimization opportunities.

HOW DO WE EVALUATE MANAGEMENT? [103-3]

We carry out referral processes that allow us to see how we are performing against market peers. We also frequently report information requested by the different standards and initiatives we committed to, as well as the particular requests of each of the countries where we are present.



[A-TAX1] [415-1] [A-ETH2]
See other indicators here.

WE ARE THE NINTH COMPANY WITH THE BEST REPUTATION IN COLOMBIA, ACCORDING TO MERCO [A-LS2]

[102-12] [102-13]



The CEO Water Mandate



2020 PERFORMANCE

Highlights [103-2] [103-3]

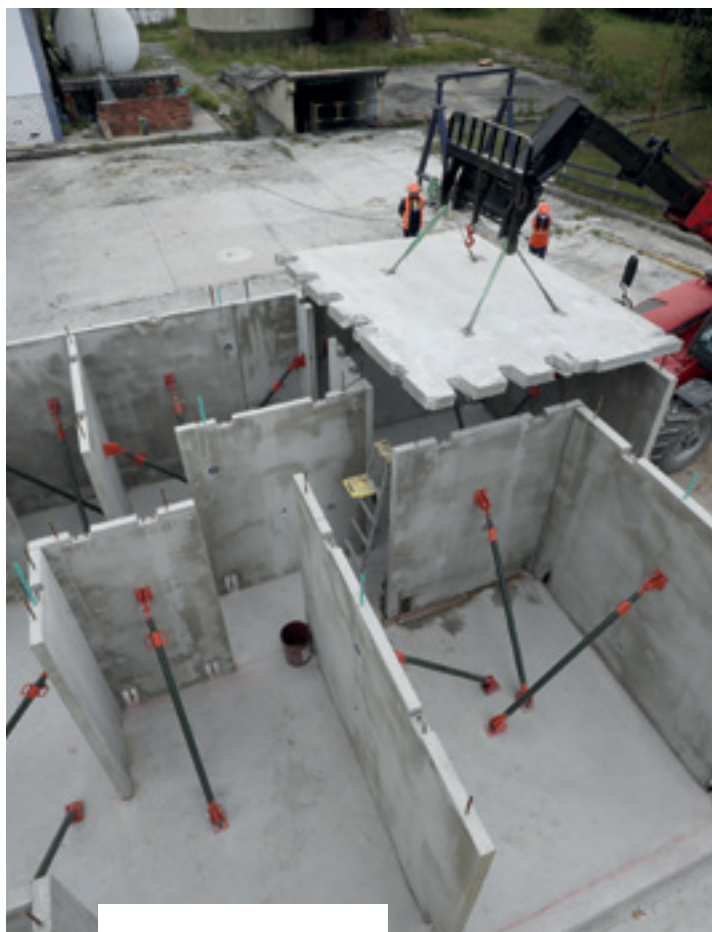
CITIES FOR EVERYONE

INDUSTRIALIZED HOUSING

The industrialized-housing construction system is an agile solution that allows greater productivity by achieving a significant reduction in time and costs. Likewise, it expands access to housing, contributes to closing equity gaps and increases the promotion of decent housing.

The modular system of concrete panels is an alternative that consists of a design that is assembled on site, according to the concrete modules produced. One of the main differences with the traditional system is that the manufacture of the building is transferred to a production plant and, thus, the risks and the number of externalities to which a construction project is subjected – such as weather conditions – are reduced. In addition, the amount of waste is minimized, sustainability practices are improved, material inventories are reduced and administrative processes are eased.

Additionally, construction times are reduced by up to 40%; it better integrates the construction, sales and delivery cycles of homes; and benefits both constructors and users.



In 2020, we made a concrete disruptive modular solution available.

PARTNERSHIPS FOR DEVELOPMENT

The Global Cement and Concrete Association (GCCA) is an international organization established in 2018, which brings the main companies in the sector together at a global level. The work of this organization is focused on advancing as an industry in the construction of common objectives and global goals in favor of sustainable development, the positioning of the product and its attributes, and the increase in opportunities to access housing at a global level.

A clear example of the fruits of this alliance is the implementation of a specialized, international tool developed by experts (GCCA EPD Tool – Quantis) to conduct product life-cycle assessments, which guarantee compliance of the Product Category Rule (PCR) for Portland, mixed, masonry, mortar and plastic (stucco) cements, as well as the PCR for concrete registered in the National Sanitation Foundation (NSF) International.

For us, it is essential to conduct a rigorous evaluation of the environmental impact caused during our process and, for this reason, we spare no effort in the search for methodologies that guarantee alignment with the highest industry standards.

IMPACT ASSESSMENT

As part of our commitment to the development of the territories where we operate, during 2020 we conducted impact assessment exercises in six countries: Panama, Honduras, the Dominican Republic, Puerto Rico, the USA and Colombia. This exercise gives us the opportunity to participate in a timely manner in country discussions, make informed decisions, and identify the closing of gaps or opportunities for new projects that contribute to the creation of value in economic, social and environmental issues.



The Argos cement floor is the best option for tertiary roads. East Antioquia, Colombia.

THE APPLICATION OF CEMENT FLOORS IMPROVES THE RESISTANCE, DURATION AND SUSTAINABILITY OF THE STRUCTURE, AND AFFECTS THE REDUCTION OF CONSTRUCTION COSTS.

INTERCONNECTED CITIES

CEMENT FLOOR

This is a product to be used for soil stabilization, which improves the resistance, duration and sustainability of the pavement structure, and affects the reduction of costs associated with the construction and improvement of road infrastructure.

Due to its characteristics, this product is used in the construction of tertiary roads in countries like Colombia, which represent 70% of the road network that connects the countryside with the cities. Thus, it is a product that contributes to the revitalization of the rural economy, the reduction of transport costs, and facilitates the population's access to health services.

With this strategic direction of innovating and working for sustainability, and thanks to more than five years of work in association with academic and sector associations

and the state, Argos identified that the cement floor meets the needs of any type of road infrastructure and it is an excellent alternative for the stabilization of tertiary roads.

Some of the most representative projects built with this product in Colombia are:

- **Ports** in Mamonal and Cartagena
- **Concessions:** The Americas, *Café*, *Alto Magdalena* and *Pacífico II* Highways
- **Airports:** El Dorado (Bogotá), Rafael Núñez (Cartagena) and San Luis (Ipiales)
- **Roads:** San Marcos – Majagual (Cesar), Carmen de Bolívar – Montes de María (Bolívar), Dabeiba – Santa Fe de Antioquia (Antioquia), and local roads in Barranquilla



The *La Línea* Tunnel was a project with great logistic and technical challenges that were met by Argos.

THE LA LÍNEA TUNNEL

We were strategic partners in the construction of the *La Línea* Tunnel, one of the most important infrastructures projects in Colombia. We delivered nearly 700,000 m³ of specialized and high-strength concretes and more than 220,000 tonnes of cement for the construction of this tunnel and its complementary roads – which became the longest in Latin America. Most of the mixes used had some type of modification throughout the project to meet the construction requirements at a technical, operational and placement level. Thanks to the installation of five on-site plants, we provided material in real time and contributed to air quality by reducing the traffic of mixing vehicles.

INTELLIGENT CITIES

ARTIFICIAL INTELLIGENCE IN OUR PLANTS

In recent years, Argos has started a process of process automation, based on the calculation of variables for its plants. With this technology, we seek to improve our processes, to increase resource efficiency, and to project future operation with sustainability criteria. The use of Digital Twins is already being implemented in two plants in the Colombia Region and one in the Caribbean and Central America Region.

CHALLENGES [103-2]

- To quantify and enhance the role of the construction industry in the post-pandemic scenario of economic recovery in the countries where we operate.
- To integrate impact assessment methodologies in the due-diligence exercise.

We delivered nearly
700,000
 m³ of specialized
 concrete for
 the *La Línea* Tunnel.

SDG	Impact on business	GRI [103-1]	Strategic Sustainability Pillars	On the Website
 	<ul style="list-style-type: none"> Costs Risks 	<ul style="list-style-type: none"> Suppliers Clients Argos Society 	 Relationships of Trust  Business Profitability  Responsible Production  Shared Values	

SUPPLIER MANAGEMENT

Supplier Management is a fundamental pillar of our supply-chain strategy and seeks to build and strengthen relationships with strategic partners who have the ability to contribute to the Company in terms of efficiency, productivity, client service and innovation. For this reason, we carefully select our suppliers, transfer knowledge to promote their development, promote good practices, and recognize those who are an example of sustainable, innovative, safe and responsible management.



We create social value and accompany our suppliers in their development.
Supplier Recognition event; Medellín, Colombia.

MANAGEMENT OBJECTIVES [103-1]

For the Company

Adding value throughout the entire supply chain from the purchase of goods and services to the delivery of the product to clients. We seek risk mitigation, the implementation of good contractual practices and service excellence, creating relationships of trust, and turning suppliers into business partners.

For Society

To promote productivity, competitiveness, innovation and efficiency to boost the development of our suppliers and to encourage the implementation of transparent practices and responsible behaviors that support progress and the construction of better societies.



[204-1] [308-2] [414-2]
Learn about other indicators here

HOW IS IT MANAGED? [103-3]

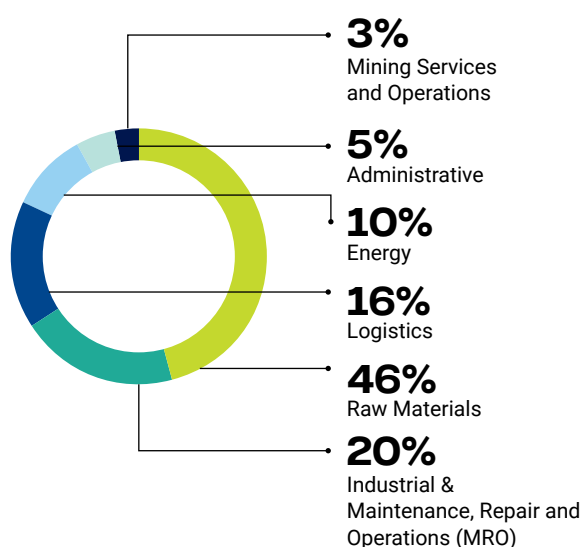
Our management is divided into five stages:



1. IDENTIFICATION

We determine the goods and services required for our operation and the category to which they belong, according to our Category Tree. This groups our suppliers into macro-categories which – in turn – are subdivided into two more specific levels.

Macro-categories:



Each category is analyzed in terms of the impact on the business and the complexity of the market to which it belongs, allowing us to identify the risks associated to each one and the controls that need to be implemented from the beginning of our relationship.



2. PRE-SELECTION

We validate the suitability of suppliers through due diligence and review aspects of sustainability and financial health to ensure long-term relationships.



3. NEGOCIATION

We select suppliers with high standards, considering technical, economic, sustainability and service aspects.



4. RETENTION AND EVALUATION

- We carry out knowledge-transfer processes with those suppliers with growth potential.
- We characterize our suppliers as critical suppliers or with potential risk in sustainability.
- We measure the management of critical suppliers through performance evaluations in terms of quality, service, occupational health and safety, having constant feedback and identifying key factors for their development.
- We apply the Sustainability Index to suppliers with potential sustainability risks, to identify challenges, opportunities, and to develop joint action plans in environmental, economic, social and Human-Rights matters.
- We implement additional controls and development plans to suppliers belonging to categories where the greatest potential risks have been identified. This is how, for example, we develop road-safety strategies for our logistics suppliers; with mining suppliers, we carry out a more rigorous pre-selection process, and with contractors, we have special controls on occupational health and safety.
- We have a Transparency Line for Stakeholders to report possible improper actions and to implement the pertinent corrective actions. During 2020, 21 reports were made on suppliers through this mechanism.



5. RECOGNITION

Every two years, through Growing Together (*Creciendo Juntos*), we recognize the suppliers that have shown outstanding performance in innovation, sustainability, health and safety and development and comprehensiveness.

Supplier vulnerability to potential violations of their rights is monitored through **our Human-Rights Management System.**

THIS IS HOW WE ADAPT TO COVID-19



Employee, Atlanta
The United States Region.

PROGRAM TO SUBSTITUTE INTERNATIONAL PURCHASES WITH LOCAL PURCHASES

Understanding the challenges generated by the pandemic and seeking to positively impact society, in the Colombia Region we started the project to replace international purchases to locally produce mechanical parts that were normally imported.

Through this initiative, we seek to improve the local economy, while – at the same time – develop new capabilities in our suppliers.

So far, parts with an annual purchase value of more than USD 3,000,000 have been identified, which could be subject to replacement and are being validated by our production staff and our suppliers *Forjas Bolívar* and *Fundiciones Universo*.

ACHIEVEMENTS:

- Creation of worktables
- Identification of materials that have the potential of being substituted which could represent revenues to countries of USD 3,000,000.
- Development of new capabilities in our suppliers
- Identification of suppliers

2020 PERFORMANCE

[103-2] [103-3]

UPDATES AND REDESIGNS

During the year we carried out two important updates:

1.

We updated the definitions of critical suppliers and suppliers with potential risk in sustainability

- **Critical Suppliers:** Those belonging to 80% of the expenditure, plus those considered to be strategic according to their impact on the business and the complexity of the market, as well as unique suppliers.
- **Suppliers with Potential Risk in Sustainability:** Those that, due to the nature of their economic activity and that – if they do not have the relevant controls and procedures – have the potential to generate significant impacts on environmental, economic, social and Human Rights issues.

2.

We redesigned the Supplier Sustainability Index:

- We identified eleven potential risks based on the Company's strategic and emerging risks (see the next page).
- We evaluated the risks applicable to each purchase category, which allowed us to identify the types of suppliers in which it is necessary to increase actions to avoid the materialization of these risks.
- We aligned the Sustainability Index with this risk methodology and improved the evaluation format.

These changes have helped us to generate action plans, in conjunction with our suppliers, and internally in the implementation of better management strategies with this Stakeholder.

During 2020,
more than

900

suppliers were evaluated
in environmental, social
and economic aspects.

POTENTIAL SUSTAINABILITY RISKS DEFINED



SOCIAL DIMENSION

1. Breach of labor legislation, employee payment of salaries and social security.
2. Human Rights violations through practices, such as forced labor, child labor, transgression of freedom of association and collective bargaining, among others.
3. Impact on the community derived from supplier or contractor actions, inappropriate behavior or lack of commitment to the community.
4. Inadequate occupational health and safety conditions.



ENVIRONMENTAL DIMENSION

5. Breach of environmental legal requirements.
6. Inappropriate management of environmental impacts generated by the Company.
7. Inappropriate use of natural resources.



ECONOMIC DIMENSION

8. Interruption in the supply or provision of service due to the lack of human, technical or financial resources.
9. Breach of the quality parameters or the levels of service.
10. Breach of business ethics and practices in responsible businesses.
11. Inappropriate management of the supply chain.



Supplier; Panamá,
The Caribbean and Central
America Region.

CORPORATE CONTRACTING MANUAL

We implemented the new Corporate Contracting Manual, which has allowed us to:

- 1.** Go from seven to a single action framework that respects the particularities of each region.
- 2.** Have more transparent, agile and efficient contracting processes.
- 3.** Promote best contracting practices throughout the Organization.

This implementation was accompanied by a direct socialization with more than 180 employees, in addition to communication to the rest of the Company through our internal media.

THE CARBON DISCLOSURE PROJECT (CDP) HIGHLIGHTED US AS LEADERS OF THE SUPPLIER ENGAGEMENT RATING (SER), AN ACKNOWLEDGEMENT FOR OUR COMMITMENT WITH SUPPLIERS TO MANAGE CLIMATE CHANGE.

SAVINGS IN PURCHASE NEGOTIATIONS

We achieved savings for USD 27.6 million, thanks to the excellent management carried out by our Purchasing teams in the negotiation processes. Of these savings, 20% was possible thanks to the global purchasing strategy, which seeks to identify the needs for common goods and services and carry out cross-regional negotiations.

WE CREATE SOCIAL VALUE

Among the Companies in the Business Group: Grupo Argos, Celsia, Odinsa, Cementos Argos and Summa, we have combined capabilities to align good practices and generate a greater transformation in our suppliers.

Through We Create Social Value (*Creamos Valor Social*), we have identified three lines of action to work in with our suppliers: Logistics Processes, Relationships and Training and Mentoring. This allows us to establish joint management strategies for this Stakeholder to develop as of 2021.



Scan to obtain information about the program.

GOALS ^[103-2]

Goals 2020

Met Ongoing Not Met

- We will migrate local contracting manuals to a corporate manual, which allows a unique understanding of the purchasing processes and good practices, respecting the context of each region.
- We will implement a technological platform to manage contracting, negotiation and performance evaluation for the USA Region.
- We will conduct new negotiations with potential savings of USD 12 million

Goals 2021

- To close the gaps of 50% of the critical suppliers evaluated in the 2019 Sustainability Index.
- To reactivate the Supplier Website, seeking to create a space for constant communication and exchange with that Stakeholder.
- To obtain import substitution worth USD 1,000,000.
- To conduct performance evaluations on 85% of our critical suppliers.

Goals 2022

- To redesign the recognition methodology and carry out the third version of the Recognition event.

CHALLENGES ^[103-2]

- To increase the coverage of the supplier evaluations in each of the regions, both in matters of performance as well as sustainability.
- To improve the acceptance and receptivity by suppliers of the indices, evaluations, recognitions and invitations to participate in different initiatives.
- To continue strengthening and developing the competencies of the Purchasing Teams.

A CASE OF SUCCESS



We build and strengthen relationships with strategic partners who have the ability to contribute to the Company in terms of efficiency, productivity, client service and innovation.

WE DEVELOP JOINT SOLUTIONS WITH OUR STRATEGIC PARTNERS

To strengthen relationships with business partners and create mutually beneficial initiatives, we joined with two of our main suppliers to optimize the reception of aggregates and transfers of cements from concrete plants in the United States.

The totality of this project was carried out by our teams and allowed us to go from a manual entry of all aggregate receipt data to an integration of the information systems of these suppliers with ours, so that the information on the receipts is preloaded and plant employees only have to validate, accept or reject it.

This translates into a reduction in the time it takes to enter information, eliminating the risk of errors, savings in suppliers of around USD 1.5 million, and a significant improvement in the relationship with these suppliers.

The technology used is very simple and low-cost, which will allow us to scale this project to more suppliers.

ACHIEVEMENTS:

At the close of 2020, we received more than 51,000 loads through this system, and it is projected that it will continue to increase.

- We use 100% internal resources
- Absolute minimum cost:
Less than USD 5,000
- No annual maintenance cost
- Significant reduction in processing time:
 - › A paper ticket took 1.5 minutes to be processed
 - › Verifying five e-tickets now takes **20 seconds**.

ENVIRONMENTAL STRATEGY

We create sustainable value through conscious, responsible production and the continuous improvement of our processes.

We are aware of the importance of our activity for the economic growth and social well-being of the geographies where we operate, while recognizing the impacts that this activity generates on the natural capital.

Therefore, through the implementation of our Environmental Management System, we seek continuous improvement that generates sustainable value for the Company, our value chain and other Stakeholders, by offering products and services with high standards that contribute to the solution of environmental problems.

Based on the hierarchy of impact mitigation, on risk identification and control and the enhancement of opportunities, **we focus our work on five lines:**



WATER AND BIODIVERSITY

We are committed to responsibly using vital services, such as water and biodiversity, which are necessary to society, ecosystems, our operations and the value chain. This, by identifying and managing risks and significant impacts and taking advantage of opportunities in the territories where we are present.

OUR GOALS ARE	2030
Rehabilitation of intervened areas	90%
Quarries in areas of high value with a management plan	85%
Reduction of water consumption in cement	245 L/t
Reduction of water consumption in concrete	216 L/m³
Reduction of water consumption in aggregates	94 L/t

See page 120 to learn the performance of this line of action.



CLIMATE CHANGE

We approach climate change in an innovative manner as a challenge and an opportunity to our direct operations and their value chain. That is why we are committed to mitigating direct and indirect CO₂ emissions and generating the necessary capacities to adapt to its impacts, seeking to contribute to the competitiveness and resilient growth of both the Company and its Stakeholders.

OUR GOAL IS

Reduction of net specific CO₂ emissions

2030

523

kg CO₂/t
cementitious material

See page 114 to learn the performance of this line of action.



SUSTAINABLE CONSTRUCTION

In the coming years, we will be the actors of a profound transformation of the construction industry, which will allow us to offer our clients a portfolio of innovative products and solutions with sustainability characteristics. To achieve this goal, we will be the best partners to our clients in the construction of sustainable housing and infrastructure.

OUR GOAL IS

Revenue from products with sustainability characteristics

2030

USD 800

Million

See page 90 to learn the performance of this line of action.



EMISSIONS

We are committed to reducing emissions through actions that achieve the efficiency of our processes, thereby contributing to good air quality in the places where we operate. For this reason, we focus on the measurement, control and reduction of point sources and disperses of particulate matter emissions (dust), as well as emissions of sulfur oxides (SO₂) and nitrogen oxides (NO_x).

OUR GOALS ARE

Reduction of particulate material emissions

2030

45

g/t of clinker

Reduction of sulfur dioxide (SO₂) emissions

205

g/t of clinker

Reduction of nitrogen oxide (NO_x) emissions

1,205

g/t of clinker

See page 125 to learn the performance of this line of action.



CIRCULAR ECONOMY

We contribute to the closing of life cycles of resources by harnessing waste or by-products from other industries, such as raw materials or alternative-fuels, providing a sustainable solution to the problem of their disposal. Likewise, we focus on the prevention, reduction, reuse, and recycling of our waste. To this end, we establish collaborative links with authorities, companies, and communities.

OUR GOALS ARE

Use of alternative-fuels

2030

33%

Alternative raw materials in cement

15%

Supplementary cementitious material in concretes

18%

See page 84 to learn the performance of this line of action.

SDG	Impact on business	GRI [103-1]	Strategic Sustainability Pillars				On the Website
13 CLIMATE ACTION 	<ul style="list-style-type: none"> Costs Risks Income 	<ul style="list-style-type: none"> Suppliers Clients Argos Society 	 Relationships of Trust	 Business Profitability	 Responsible Production	 Shared Values	

ENVIRONMENTAL STRATEGY

CLIMATE CHANGE

We innovatively take on the historical challenge of facing climate change, which represents both a challenge and an opportunity for our direct operations and their value chain.

For this reason, we are committed to mitigate direct and indirect CO₂ emissions and to generate the necessary capacities to adapt to its impacts, seeking to contribute to the competitiveness and resilient growth of both the Company as well as its Stakeholders.



Harleville Plant,
USA Region.

MANAGEMENT OBJECTIVES [103-1]

For the Company

To mitigate the risks related to climate change, to generate the necessary capacities to adapt to the impacts of this phenomenon and to enhance the opportunities derived from said problem. The foregoing, through the efficient management of our operations and the research and development of better processes, products and solutions that ensure the Company's competitiveness and permanence over time.

For Society

To contribute to face the challenges derived from climate change through the development of initiatives to mitigate CO₂ emissions, focused on the use of alternatives fuels, the optimization of the cement: clinker factor and energy efficiency, as well as to efforts to generate innovative products and solutions with sustainability characteristics that contribute to the mitigation of climate change and leverage the adaptation capacities of our Stakeholders.

According to the Value Added Statement to Society (VAS), the cost derived from the CO₂ emissions was

USD 283.3
million. (See VAS, page 72)

HOW IS IT MANAGED? [103-2]

The Environmental Strategy, with its “Climate Change” pillar (see page 113) is the roadmap that guides our actions in mitigating and adapting to the impacts of climate change, which allows us to minimize risks and potentiate the opportunities that this phenomenon poses. This roadmap is fed by scenarios of CO₂-emission mitigation (direct and indirect), the possibilities of optimization, the analysis of risk identification and assessment and the opportunities for growth and innovation that the relationship with our clients brings us.



[201-2] [305-1] [305-2] [305-3]
[305-4] [305-5] [A-EC1]

Learn about other indicators in this material topic.

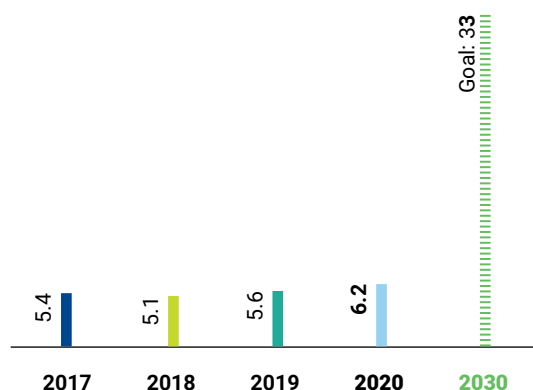


Learn about our Environmental Indicators.

HOW DO WE EVALUATE MANAGEMENT? [103-2]

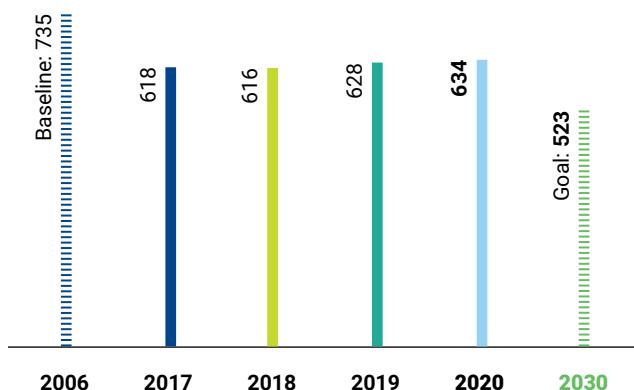
Different performance indicators allow us to follow up and monitor compliance with the Environmental Strategy and the contribution to climate challenges. Likewise, annually and through the VAS, we quantify the cost derived from CO₂ emissions for society.

Substitution of heat consumption of conventional fuels with alternative-fuels (%) [A-ENE1]



Specific net CO₂ emissions

Kg CO₂/t of cementitious material [A-ENE1]



Co-processing in the *Piedras Azules Plant*
Honduras; Caribbean and Central America Region.

2020 PERFORMANCE

[103-2] [103-3]

SPECIFIC CO₂ EMISSIONS

Specific net CO₂ emissions per ton of cementitious material increased 1%, compared to 2019. This was mainly due to a slight increase in the cement: clinker factor and the decrease in the use of natural gas consumed in the fuel mix of clinker kilns.

ALTERNATIVES FUELS

Alternative-fuels continue to be one of the main levers to reduce the intensity of specific net CO₂ emissions, as well as one of the fundamental pillars for energy and cost efficiency in the cement operations of our three regions. This year, we achieved a 6.2% substitution of caloric consumption of conventional fuels for alternative-fuels, which translates into an increase of 0.7 percentage points, compared to 2019.

This is the performance in each of the regions:

USA REGION

11.2%
substitution

In the cement plants, we consumed more than 79,000 tonnes of waste. Alternative-fuels used in 2020 as substitutes for conventional fuels, such as coal, include industrial waste, municipal solid waste, biomass (wood, peanut shells and tree nuts) and tires.

We particularly highlight the agreement with the company VLS, the main supplier of alternative-fuels for the Newberry, Harleyville and Roberta Plants, which consists – through the figure of a joint venture – of opening an operation in the State of Florida that will make it possible to increase both the volume of alternative-fuels and reduce the net specific CO₂ emissions and the prices of these fuels at the Newberry Plant. This project will also allow the plant to contribute to waste management in the region.

USD **1.9**

Million was the savings achieved for the use of alternative-fuels in the burner tip in US cement operations.

In turn, the Roberta Plant partnered with the Alabama Department of Environmental Management (ADEM) Solid Waste Area to help implement a state-mandated recycling initiative. Within the framework of this association, periodic meetings are held in which the different actors of the waste value chain participate. Its objective is to identify potential sources of alternative-fuels, face existing barriers in transportation and waste-processing issues, discuss policies and regulatory matters, and – finally – that authorized companies show interest in receiving high-quality alternative-fuels.

Finally, in Martinsburg, the start-up of the alternative-fuels project has been delayed. The internal areas are working hard to agree with the supplier, Entsorga.

Since 2015, we have been part of the Carbon Disclosure Project (CDP) and now we voluntarily align ourselves with the recommendations of the Financial Stability Board (FSB) on Task Force on Climate-Related Financial Disclosure (TCFD), which allows us to validate that the identification, evaluation and effective management of climate-related risks and opportunities are integrated into our Risk Management process.

Our CO₂ emission-reduction targets will be aligned with the Science Based Targets (SBT) initiative. However, we are working on submitting them for review and approval of this initiative with which we will contribute to the goals of the Paris Agreement. To achieve this, we will build the roadmaps to reduce CO₂ emissions by 2030, annualized and – for each region – detailing the technical strategies for mitigation and the required investment plan.



Scan to see
more information.



Co-processing
in the Cartagena Plant;
Colombia Region.

COLOMBIA REGION

2.1%
substitution

COP 1.2 billion were the approximate savings achieved due to the use of alternative-fuels in cement operations in Colombia. We had a record of tonnes of alternative fuel consumed in this region, where we co-processed more than 13,900 tonnes of waste at the Cartagena, Rioclaro and Yumbo plants. There, we used materials, such as tires, impregnated with hydrocarbons, residue-derived fuels (RDFs) and biomass.

We highlight our participation in the Cemtech Decarbonisation Conference, in which we were invited to give a presentation called "Achieving a Sustainable Alternative-Fuels Substitution Rate for Argos" to more than 1,400 virtual attendees, making known co-processing in Argos and its challenges.

THE CARIBBEAN AND CENTRAL AMERICA REGION

3.2%
substitution

At our *Piedras Azules*, Honduras, cement plant, we conducted a test to determine the feasibility of consuming solid waste crushed by the kiln's main burner to substitute petcoke as the main fossil fuel. The results showed that there were no effects on product quality, in the production process, or in equipment maintenance.

This is how – during the year – we were close to tripling the income from waste co-processing services, compared to 2019, which consists of offering fiscal destruction of branded products and the destruction of special waste. Income from this concept rose from USD 103,000 to USD 262,000 in 2020.



We are aware of the importance of concrete in closing gaps, in improving the quality of life of millions of people and in responding to the challenges posed by climate change and associated natural phenomena. For this reason, at Argos we work in the constant search for improvements in our production processes and in the consolidation of a portfolio that responds to these needs and allows us to continue positioning ourselves as allies of the future".

—
Juan Esteban Calle,
CEO



Thermally activated clay kiln
Rioclaro Plant, Colombia Region.

THERMALLY ACTIVATED CLAYS

The use of these clays is one of the initiatives we have to reduce emissions per ton of cementitious material produced, as it aims to optimize the clinker content in the cement.

In 2020, the project, which is being carried out at the Rioclaro Plant, Colombia, was in a stage of stabilization, optimization and acquisition of knowledge of the team that operates it. We managed to enhance and stabilize the use of clays in Green Cement, guaranteeing its quality in the product. Most of the grey or green general-purpose cement shipped during the year had a significant proportion of thermally activated clays as cementitious material.

Additionally, industrial tests were carried out using these clays in the structural cement Max, exceeding the expected results. In the near future, this will allow their use in all the products of the Rioclaro Plant portfolio and, thus, meet the project's expectations.

GRUPO ARGOS CLIMATE-CHANGE STRATEGY

During 2020, we worked together with Grupo Argos and its subsidiaries in the construction of the Consolidated Climate Change Strategy, to join efforts to combat the impacts derived from this phenomenon. We believe that together we inspire transformations by example, with conscious investments, responsible operations, cutting-edge practices, and close work with our Stakeholders. This strategy focused on the actions of the companies on three axes: mitigation, adaptation and compensation.

In the Business Group, we are committed to:

Reducing the intensity of Carbon Dioxide Equivalencies (CO₂e) emissions by

46%
by 2030; 2018 baseline

Reducing 37% of the CO₂e emissions in absolute terms, compared to the 2015 baseline.

Advancing in the management of climate-change risks and opportunities.

Compensation of

5,907

t of CO₂ through Emission Reduction Certificates.

CLIMATE-CHANGE TABLE

We set up a Climate-Change Table, where issues (direct and indirect emissions, quantification methodologies, mitigation scenarios, risks and opportunities, innovation initiatives for emission mitigation, among others) associated with the Companies performance around climate change are discussed transversally. One of the main achievements of 2020 was the joint construction of scenarios for the projection of the CO₂ emission-reduction goal (Scope 1) to 2030.

A CASE OF SUCCESS

ADHESION TO THE GCCA 2050 CLIMATE AMBITION PLAN

In 2020, we committed ourselves to the Climate Ambition Plan promoted and launched by the Global Cement and Concrete Association (GCCA), which meant belonging to the set of 40 companies that signed the following commitment: "The members of GCCA are committed to continue reducing the CO₂ footprint of their operations and products and aspire to deliver carbon neutral concrete to society by 2050."

The GCCA will work throughout the value chain of the environment, built to fulfill this aspiration, under a context of circular economy and life cycle.



The *Pacífico 2* megaproject, in Antioquia, Colombia, is a work in harmony with the environment.



Scan to learn about the Climate Ambition Plan.

AMOVILIZARTE

In the framework of the celebration of the anniversary of the Sustainability Mobility Program to reduce the carbon footprint related to the transport of employees, a work table was set up with the other Grupo Argos companies and a fair was held in which socialization and awareness activities were developed to motivate more people to join the initiative. Likewise, due to the situation generated by COVID-19, campaigns were generated that promoted the adoption of prevention and self-care practices. Thus, through challenges, campaigns and delivery of incentives to promote the use of the Try My Ride app, with which the kilometers traveled and CO₂ emissions avoided with each type of sustainable mobility (walking, bicycle, public transport and shared car), we have managed to increase the number of employees participating in the initiative, which led us to avoid a total of 19,960 kilograms of CO₂ in the year.







GOALS [103-2]

Goals 2030

- We will reduce specific net CO₂ emissions by 29%, compared to the 2006 baseline (735 kg CO₂/ton of cementitious material), which is equivalent to emitting a maximum of 523 kg CO₂/ton of cementitious material.
- We will achieve a 33% substitution of heat consumption by using alternative-fuels.

CHALLENGES [103-2]

- To ensure a constant, quality and cost-efficient supply of alternative-fuels in our three regions.
- To update the guidelines to adapt facilities to the impacts generated by the physical risks of climate change.
- To build the roadmaps to reduce CO₂ emissions (Scope 1) by 2030, annualized and for each region, detailing the technical strategies for mitigation and the required investment plan.
- To participate in the construction of the roadmap of the CO₂ neutral concrete path to 2050.

SDG	Impact on business	GRI [103-1]	Strategic Sustainability Pillars	On the Website
<div>11 SUSTAINABLE CITIES AND COMMUNITIES</div> <div>13 CLIMATE ACTION</div> <div></div>	<ul style="list-style-type: none">CostsRisks	<ul style="list-style-type: none">SuppliersArgosSociety	<div>Relationships of Trust</div> <div>Business Profitability</div> <div>Responsible Production</div> <div>Shared Values</div>	<div></div>

ENVIRONMENTAL STRATEGY

ECOSYSTEMS

We are aware of the importance of natural capital as a critical asset for economic growth, health and social well-being. For this reason, at Argos we commit ourselves to carrying out an appropriate management of natural resources so that – in the long term – the flow of ecosystem services is maintained for our direct operations, the supply chain, and the people and ecosystems that depend on them, through the identification and proper management of risks and significant impacts in the geographies where we are present.



In the We Conserve Life (*Conservamos la Vida*) Program, we protect 11,000 km² of ecosystems in the Western and Central Mountain Range of the Colombian Andes, where the Andean bear lives.

MANAGEMENT OBJECTIVES

[103-1]

For the Company

To generate a positive net impact on biodiversity, to comprehensively carry out an appropriate management of water resources, and to achieve the goals of our Environmental Strategy. The foregoing, through the application of the impact-mitigation hierarchy, the management of risks and opportunities, and the commitment not to operate in protected areas or areas declared of high value for biodiversity. Thus, we create sustainable value, drive economic growth, increase the Company’s resilience, and ensure the continuous flow of ecosystem goods and services necessary for our production processes.

For Society

To appropriately manage natural resources through the prevention, mitigation, correction and compensation of our negative impacts and enhance the positive impacts to guarantee the availability of environmental goods and services, such as water and biodiversity, for current and future generations.



Learn about our Environmental Indicators.



From our Grupo Argos Foundation, we conserve life and we bet on biodiversity.

HOW IS IT MANAGED? [103-2]

The Water and Biodiversity pillar of our Environmental Strategy, aligned with the GCCA Biodiversity Policy, is our guide and roadmap for the adequate management of natural capital. Our goal is to have a net positive impact on biodiversity and integrated water management. For this, we focus on four lines of action:



1.
The efficient use of water, starting from the correct quantification of water flows.



2.
Assessment of water risks and risks associated with biodiversity in our operations and value chain to prioritize efforts, promote collective action and allow innovative solutions with a positive impact on these resources.



3.
The formulation and implementation of rehabilitation plans for intervened areas for all our quarries to achieve a positive net impact.

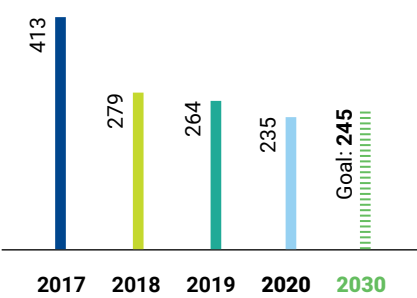


4.
Biodiversity Management Plans (BMPs) for quarries adjacent to or located in High Biodiversity Value (HBV) areas.

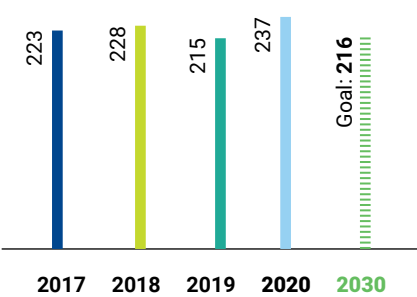
HOW DO WE EVALUATE MANAGEMENT? [103-3]

We have set goals that help us monitor the progress of our commitments:

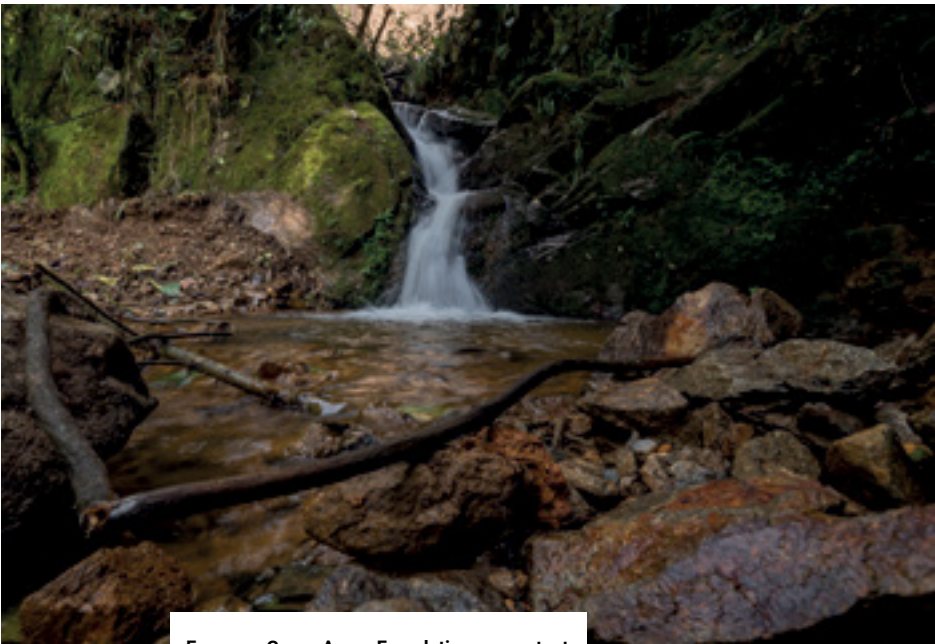
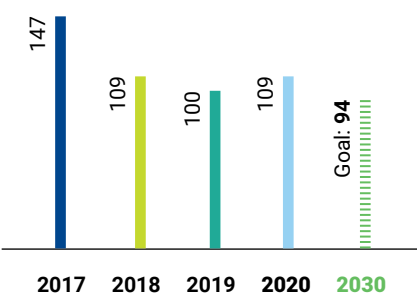
Reduction of water consumption in cement (L/t) [A-A1]



Reduction of water consumption in concrete (L/m³) [A-A1]



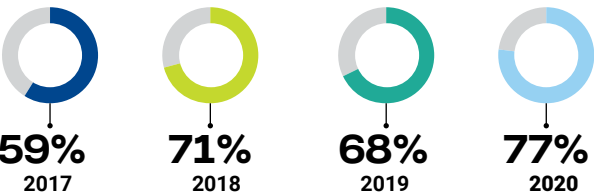
Reduction of water consumption in aggregates (L/t) [A-A1]



From our Grupo Argos Foundation, we protect water and biodiversity under an integrated model of basins, which we articulate with the communities. The Belmira Basin; Antioquia, Colombia.

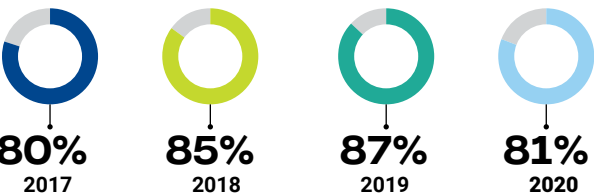
Quarries in high-value areas with a management plan (%) [A-B11]

Goal 2030: 85



Rehabilitation of intervened areas (%) [A-B12]

Goal 2030: 90



[303-3] [303-4] [303-5] [A-A2]
[304-1] [304-4] [A-B13] [A-B14]
Learn about other indicators in this topic

2020 PERFORMANCE

[103-2] [103-3]

WATER

SPECIFIC WATER CONSUMPTION

Last year, our efforts were focused on improving the quantification and reporting of water, the optimization of processes and the correction of deviations. This is how, in 2020, we invested more than USD 550.00 in issues related to the efficient use of water. This allowed us to reduce consumption in the cement business and to continue to improve and expand our measurement capacity in the concrete and aggregate businesses. Thus, we are making better-informed decisions and implementing actions increasingly more effective that lead us in the expected trend of reducing consumption.

RECIRCULATED WATER

We recirculated more than 11,000,000 m³ of water in our direct operations, thus reducing the pressure on this valuable resource. This amount is equivalent to the water consumption of approximately 60,000 average families per year.

WATER CATCHMENT IN AREAS OF WATER STRESS

Of the water we collect, 4% comes from areas of water stress. However, 100% of our operations have efficient water-use and measurement plans to minimize this risk.

THE AMOUNT OF WATER RECIRCULATED IN 2020 WAS EQUIVALENT TO THE CONSUMPTION OF APPROXIMATELY 60,000 AVERAGE FAMILIES PER YEAR.

THE QUEBRANCHA PLANT, PANAMA: A CASE OF SUCCESS IN THE REDUCTION OF WATER CONSUMPTION

Since the implementation of the Water Recirculation Project in this operation, we went from having specific consumptions of 729 L/t to less than 149 L/t in 2020, which represents a decrease of 80%. This has made it possible to reduce the pressure on the water resource and reduce the volume of water captured. Thus, we contribute to ensuring the availability of the resource, both for the Company, as well as for society and ecosystems.

SALDAÑA RIVER, BASIN OF LIFE

Through this collective action that we have been carrying out together with National Natural Parks (*Parques Naturales Nacionales*, PNN) and WCS Colombia, we seek to conserve biodiversity and eco-systemic services associated with water resources that generate well-being for local populations in the *Amoyá*, *Alto Saldaña* and *Cucuana* sub-basins, belonging to the *Saldaña* River basin, Colombia. At the end of the year, it had 339 hectares of protected forests, 16 farms with 85 hectares in passive and active restoration, two community nurseries with 250 propagated seedlings, 659 hectares with sustainable-management practices, one solar panel installed, five natural reserves of the civil society registered with PNN, among many other achievements.

VOLUNTEER PROGRAM

Through forest-enrichment processes of nearly two hectares and training and environmental-education activities, we created a conservation program in the protection areas of the *El Laurel* and the *La Chicora* streams and the *Saldaña* River, Colombia) through the work of eight low-income families.

According to the VAS, the cost to society related to water consumption decreased

3.4%
compared to 2019.
(See VAS, page 72).

BIODIVERSITY

BIODIVERSITY REHABILITATION AND MANAGEMENT PLANS

Currently, we have 81% of the released areas in active and inactive quarries rehabilitated; this means a slight decrease compared to the previous year, as a consequence of the liberation of areas by mining areas, an increase of 31 hectares, compared to 2019. Likewise, the Biodiversity Management Plan (BMP) Indicator reached 77%. This achievement has been leveraged on the growing commitment to minimize the impact on the surrounding natural and social capital and to achieve a positive net impact, avoiding operational risks.



We take care of the foxes that arrive at our Sogomoso Plant. Colombia Region.

TEN WILDLIFE HABITAT COUNCIL CERTIFICATIONS WERE DELIVERED TO SEVERAL OF OUR PLANTS AND TERMINALS IN THE USA DEMONSTRATE OUR COMMITMENT TO THE BEST CORPORATE STANDARDS FOR SPECIES CONSERVATION.

PAVAS AND NISPERAL ENVIRONMENTAL AND MINING CLOSURE

In line with our objective of generating a positive net impact, through the process of closing the *Pavas* and *Nisperal* quarries in Colombia, we have fostered the establishment of an ecosystem that benefits different species of regional flora and fauna and increased the available ecosystem services for society. The sustainable closure focused on guaranteeing the recovery and environmental stabilization of the intervened area, the regeneration of the ecosystem, and the development of activities in accordance with the territorial planning of the municipalities, consolidating an area of great eco-systemic and economic value for the present and incorporating it into the future urban development of Barranquilla and Puerto Colombia, Atlántico, Colombia.

BAT NEST AND POLLINATOR GARDEN IN THE NEWBERRY AND ATLANTA PLANTS, USA

As part of our conservation efforts, the Atlanta cement plant implemented pollinator gardens targeting bees and butterflies, as well as shelter boxes for bluebirds. In addition, the Newberry Plant has a bat-refuge project to provide habitats for at least six local species.

GOALS [103-2]

Goals 2030

- We will have 85% of the quarries located in areas with high value for biodiversity with a Biodiversity Management Plan (BMPs).
- We will rehabilitate 90% of areas released in active and inactive quarries.
- We will reduce the specific water consumption in the cement business to 245 L/t of cement.
- We will reduce the specific water consumption in the concrete business to 216 L/m³.
- We will reduce the specific water consumption in the aggregate business to 94 L/t.

CHALLENGES [103-2]

- To generate actions to reduce the risk of scarcity and possible future conflicts over the resources with relevant actors and Stakeholders.
- To promote opportunities, such as collective actions at the basin scale, which contribute to the conservation of water resources and biodiversity.
- To close the gaps in the released areas of quarries and to generate Biodiversity Management Plans (BMP) for those facilities that are located in areas of high value for biodiversity and that still do not have a plan.

SDG	Impact on business	GRI [103-1]	Strategic Sustainability Pillars				On the Website
	<ul style="list-style-type: none"> Costs Risks 	<ul style="list-style-type: none"> Argos Society 	 Relationships of Trust	 Business Profitability	 Responsible Production	 Shared Values	

ENVIRONMENTAL STRATEGY

ATMOSPHERIC EMISSIONS



We reduce the impact in air quality in the areas where we operate to generate relationships of trust with our Stakeholders.

We are committed to reducing our emissions through actions that achieve more efficient processes; this is how we contribute to good air quality in places where we operate. Our production processes for cement, concrete and aggregates generate specific and dispersed emissions of particulate matter (PM), as well as emissions of sulfur oxides (SO₂) and nitrogen oxides (NO_x) in the clinkerization furnaces of the cement plants.

MANAGEMENT OBJECTIVES

[103-1]

For the Company

To develop more efficient processes, which allow responsible production that meets and even exceeds local regulations in the countries where we are present and contribute to the profitability of the business.

For Society

To mitigate the impact on air quality in the areas where we operate, acting responsibly, and promoting relationships of trust with our Stakeholders.



The Martinsburg Plant
The United States Region.

HOW IS IT MANAGED? [103-2]

The “Emissions” pillar of our Environmental Strategy (see page 113) focuses on: Working on the adequate measurement, control and reduction of SO₂, NO_x and particulate-material (PM) emissions generated by our production processes in the cement business and on the prevention and mitigation of our dispersed emissions of particulate material (dust), originated mainly by the activities of transportation, transfer, unloading and storage of materials in the cement, concrete and aggregate processes. The foregoing, through operational control, optimization and renewal of emission-control systems to achieve continuous improvement.

According to the VAS,
the cost to society
derived from atmospheric
emissions in 2020 was

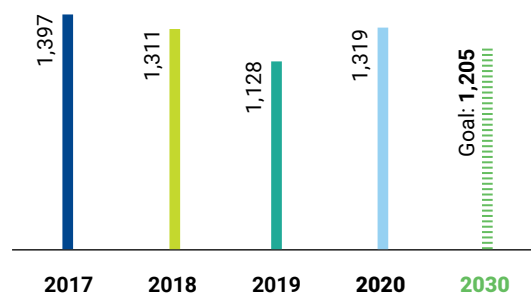
USD 31.07
million (See VAS, page 72)

HOW DO WE EVALUATE MANAGEMENT? [103-3]

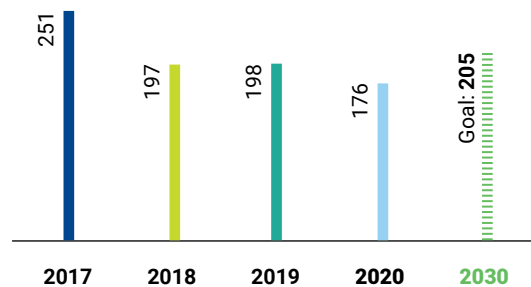
We use different performance indicators to monitor compliance with our Environmental Strategy, including:

[A-0E1] (g/t of clinker)

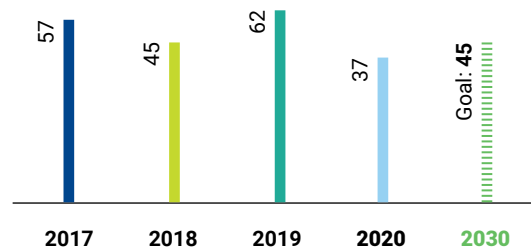
Specific NO_x emissions



Specific SO₂ emissions



Specific PM emissions



Learn about our
Environmental Indicators.

2020 PERFORMANCE [103-2] [103-3]

PERFORMANCE OF SPECIFIC PM, SO₂ AND NO_x EMISSIONS

In 2020, we reduced our specific emissions of particulate matter (PM) and sulfur oxides (SO₂) by 40% and 11%, respectively, compared to 2019. As for the specific emissions of nitrogen oxides (NO_x), we had an increase of 17%, which leads us to increase efforts in operational improvements.

EXECUTION OF THE CONTROL-SYSTEM MAINTENANCE PLAN OF THE TWO RIOCLARO FURNACES

We carried out the execution of the control-system Maintenance Plan of the two *Rioclaro* furnaces. This generated an investment of USD 356,413 and – most importantly – it allowed a 68% reduction in the specific emissions of particulate matter in the plant.

EXECUTION OF THE CINA PLANT EMISSIONS PLAN

We were able to execute 80% of the activities defined in the Dispersed Emissions Prevention and Control Plan for the *CINA* Plant in Haiti; with this, it was possible to evidence a reduction of dispersed material (dust) in different areas of the plant.

INVESTMENTS 2020

Amid the challenges of the pandemic, we made an investment of more than USD 6,000,000 to implement measures to monitor, control and reduce air emissions. These investments consisted of the optimization and technological renovation of the control systems, maintenance of the equipment already installed to guarantee its proper functioning, and the monitoring of fixed and dispersed sources.

INVENTARIO DE EMISIONES DE MERCURIO

We did this in 90% of our clinker kilns. We will continue working in the consolidation and updating of our emissions inventories, to determine future actions that result in a continuous improvement of our environmental performance.

GOALS [103-2]

Goals 2020

Met Ongoing Not Met

- We will inventory our mercury (Hg) emissions for 100% of the clinker production.

Goals 2030

- We will reduce our particulate-matter emissions to 45g/ton of clinker.
- We will reduce our SO₂ emissions to 205 g/ton of clinker.
- We will reduce NO_x emissions to 1,205 g/t of clinker.

CHALLENGES [103-2]

- To achieve stability in the Continuous Monitoring Systems (CEMs) installed in the Colombia Region, to reach the operational control standards of the industry.
- To continue minimizing dispersed emissions of particulate matter (dust) in our operations, through the implementation of new technologies and improvements in current processes.
- Operational improvements in production processes that contribute to reducing SO₂ and NO_x emissions.

SDG	Impact on business	GRI [103-1]	Strategic Sustainability Pillars				On the Website
	<ul style="list-style-type: none">■ Costos■ Risks	<ul style="list-style-type: none">■ Argos■ Society	 Relationships of Trust	 Business Profitability	 Responsible Production	 Shared Values	

TALENT MANAGEMENT



Medellín Distribution Center Employees;
Colombia Region.

At Argos, we seek to attract, retain and develop our employees through superior experience. We are aware that to achieve our goal of transforming society, we need the best team. We are committed to labor practices of the highest standards, such as inclusion, respect for diversity, the right to freedom of association, and the integral development of people. All of this is supported by a human team that – through the pillars of culture – seeks a balance between profitability, social development and environmental impact.

MANAGEMENT OBJECTIVES [103-1]

For the Company

To consolidate a great team, capable of assuming change as an opportunity and creating shared value in collaborative work-environments. We do this by attracting, developing and retaining the best talent to face current and future challenges.

For Society

To transform our society through the development of people who are aware of their environment, who transcend and create value with each of their actions.

HOW IS IT MANAGED? [103-2]

We want to provide the best experience to employees to achieve the fulfillment of our goals and our higher purpose. To do this, the Talent Management Strategy focuses its work on three lines:



1. ATTRACTION, RETENTION AND DEVELOPMENT OF THE BEST TALENT

The goal is to have the right people in the right place. We are aware of the importance of identifying the Company's needs and employee interests. We structure and develop programs through which we identify and evaluate our talent, their priorities and goals.



2. DEVELOPMENT, MAINTENANCE AND STRENGTHENING CRITICAL COMPETENCIES

We have training programs to develop, maintain and strengthen critical competencies at each stage of employee development. With these trainings, as with our Performance Management Program, we enhance their progress with the accompaniment of their leaders.



3. PROMOTION OF HIGH STANDARDS IN WORK PRACTICE

The respect for and promotion of diversity and inclusion guarantee the construction of a multicultural, interdisciplinary Company, in which we all contribute in a unique manner. We are committed to guaranteeing the right to freedom of association, equal participation in processes, and respect for diversity.



Toluviejo Plant Employees
Colombia Region.

HOW DO WE EVALUATE MANAGEMENT? [103-3]

We evaluate our management from four perspectives:

1. REFERENCING

We study and compare our management with the best practices in the industry.

2. ADHERENCES AND INITIATIVES

We participate in initiatives, certifications, voluntary evaluations and workshops related to human-capital issues.

3. INTERNAL ASSESSMENTS

We carry out work environment measurements that allow us to identify strengths and opportunities to undertake action plans and strengthen the level of commitment and satisfaction of our employees.

4. MANAGEMENT INDICATORS

We measure and control key indicators that allow the employee to develop throughout his cycle in the Company, which includes attraction, training, succession, retention, performance and separation.



[102-7] [102-8] [102-41] [202-2] [401-1]
[402-1] [404-1] [404-3] [405-1] [405-2]
[A-TM1] [A-TM2] [A-TM3]

Learn about our Management Indicators.

2020 PERFORMANCE

[103-2] [103-3]

MANAGEMENT OF LABOR RELATIONS

We promote social dialogue and respect for the right of freedom of association and joint construction.

ACHIEVEMENTS:

- Transformation processes began in Puerto Rico, where labor relations were strengthened.
- In Colombia, 103 dialogue spaces were created that included all cement plants.
- In the United States, 12 formal meetings were held with all those plants with collective contracts.



Client and employee, Honduras, Caribbean and Central America Region.

DIVERSITY AND INCLUSION

Diversity and inclusion is one of our focuses and a topic about which we are passionate. We understand that actively working on these issues and developing them as part of our culture is consistent with our fundamentals of respect and value for difference.

We are a benchmark for the industry due to our Equity Policy, which is supported by the certificates we have achieved in Colombia and the Caribbean and Central America.

ACCORDING TO THE RANKING OF SUMMA MAGAZINE, WE ARE PART OF FIVE COMPANIES THAT OFFER THE BEST WORK CONDITIONS FOR WOMEN IN CENTRAL AMERICA.

ACHIEVEMENTS:

- Diversity Communities and Tables have been created in all Caribbean and Central American countries, as well as in Colombia.
- We received the *SiGénero* Gender Equality Seal, Gold Level, in Panama, awarded by the Ministry of Commerce and Industries, the National Institute for Women and the United Nations Development Programme (UNDP).
- We created Diversity Tables that seek to promote workspaces free from discrimination, with a focus on gender and sexual diversity. These Tables are made up of people from our three regions and began with training in unconscious biases and diversity, with around 100 participations and the generation of spaces to discuss these issues in our Company and with a view to relations with all our Stakeholders.

67

is our total of women drivers of mixer trucks

29%

of women in leadership positions

+150

women in positions that have traditionally been assumed by men

39%

of the executive and managerial level is of non-Colombian origin.

CASO DE ÉXITO



An employee working at home
Medellín, Colombia.

THE LIVE (VIVE) PROGRAM

The health of our employees is a value and, therefore, LIVE (VIVE) emerges as an alternative for people to go through the period of the pandemic in the best manner possible.

The program is based on four axes:

- 1. Health status**
- 2. Team management**
- 3. Forms of work**
- 4. Balance**

This was successfully implemented in Colombia and replicated in Panama, the Dominican Republic and Honduras.

ACHIEVEMENTS:

- Approximately 925 employees worked remotely for more than 75% of the year, to ensure comprehensive health and safety.
- The base of formal teleworkers increased and reached approximately 382 employees.
- Through LIVE, we had 40 events, with a total of 2,386 participants, in which 4,145 hours were invested.
- The program had an average rating of 4.5/5.



I liked the LIVE Here and Now (VIVE *Aquí y Ahora*) Event, since it gave us tips that we can put into practice to keep ourselves in the present. Most of the time we are on automatic pilot, doing one thing and thinking about many others. I would participate in another of this LIVE program because it helps me improve my awareness of the here and now and, therefore, my quality.”

—
Carmen Elisa Giraldo,
Project Management Office
(PMO) R&D Professional

TRANSPARENCY IN HUMAN MANAGEMENT INFORMATION

In order to advance in transparency and in the democratization of information in the Talent Area, a digital platform was built, where all kinds of information on human talent is found, to empower conscious decisions based on facts and data.

Now, the employee life cycle is actively managed through Talent Place. The active behavioral monitoring of indicators – such as the number of employee matters related to compensation, turnover, organizational movements, training hours and demographics, among others – allows us to adopt proactive positions in our talent initiatives.

TALENT PLANNING PROGRAM

This comprehensively assesses positions and succession charts related to key talent positions. Our succession success rate in the year was 50%.

PERFORMANCE MANAGEMENT PROGRAM

In our Company, Performance Management is a process in which the employee is the main person responsible. In 2020, we reached a performance evaluation coverage of 97%.

INTERNAL MOBILITY

In order to deal with the situation of the pandemic, adjustments in structure were moderated, and the rate of internal mobility reached during the year was 6.86%.

According to the VAS, the added value to society derived from the development of human capital was

USD **1.9**

million (See VAS, page 72)



Employee, Antilles
The Caribbean and Central America Region.

GOALS [103-2] [103-3]

Goals 2020

Met Ongoing Not Met

- To maintain above-average retention of key talent and achieve a succession success rate of 40%.
- To strengthen the Performance-Management Program with the adoption of the Continuous-Performance Model and to maintain coverage levels of 96% in all the cycle, with evolution in quality.
- To achieve an internal mobility rate of 10%.

Goals 2025

- We will increase the proportion of women in leadership positions from 29% to 35%.
- At the Executive and Managerial level, 50% will be of non-Colombian origin.

CHALLENGES [103-2]

- To review the new forms of work adopted since the pandemic.
- To generate and provide new tools that facilitate the management of human talent for Company leaders to achieve a timely follow-up in the new reality that has emerged after the context of COVID-19.
- To work on and promote the new working groups on sexual diversity.
- To strengthen the succession program and to evolve current performance, which is carried out through annual cycles, to continuous feedback and performance recognition.
- To increase the adoption of agile methodologies to respond in a timely, multidisciplinary manner to market changes.
- To increase data-driven decision making to seek ever-greater transparency and the development of analytical capabilities.

THIS IS HOW WE ADAPT TO COVID-19

CONTINUITY OF OPERATIONS IN THE FRAMEWORK OF COMPREHENSIVE HEALTH

For the continuity of operations, we implemented several strategies, observing the legal frameworks of the countries in the context of the pandemic.

ACHIEVEMENTS:

- Early collective vacations were negotiated with employees, in order to help the Company in times of crisis and, thus, protect employment and the sustainability of the operation.
- Compensable paid leave was agreed upon with the unions with a sustainable management of some compensation elements.
- Biosafety protocols were implemented in all operations. As a case of success, we highlight the stoppage of the furnace in Honduras, which was carried out without a record of infections.
- We had an Operations Continuity Index of 99.9%, which indicates that the plants remained in operation without contingencies caused by COVID-19 outbreaks.

ADAPTATION OF THE WORK MODEL

In recent years and prior to the pandemic, at Cementos Argos we advanced in a flexible-work model, which has allowed several employees of the Organization to opt for a teleworking modality.

With the arrival of the pandemic, the associated technology services, the risk-coverage model, health care and sales training for managers and employees, among other measures, allowed the Organization to adapt quickly and efficiently to employees working at home, always bearing in mind that, for Argos, health and safety care is a value that should not be negotiated.

In May, when most of our territories had restriction measures, 92% of our operations were active. By then, 77% were working in the operation and 23%, at home.

OCCUPATIONAL HEALTH AND SAFETY STRATEGY

Safety and health in our lives are the main value to construct our dreams and those of those around us.

For this reason, the commitment of each one of us is: "I promise to take care of myself and encourage everyone so that we remain safe and healthy, thus achieving ZERO: zero incidents and zero occupational illnesses."

To achieve this, we focus on:



LEADERSHIP AND RESPONSIBILITY

WE WANT!

We share our vision on health and safety and make sure we all understand, take responsibility and empower ourselves to achieve and sustain Zero.

OUR GOAL IS

To eliminate serious injuries to our employees and contractors by 2025*

* According to the scope and definition established



DEVELOPMENT OF COMPETENCIES IN RISK MANAGEMENT

WE KNOW AND WE CAN!

We work so that we all know the risks and apply the control measures that prevent occupational injuries and illnesses.

OUR GOALS ARE

Reduce total lesions by

50%*

* Baseline 2019

Decrease labor illnesses by

30%



COMMUNICATION AND CULTURE

WE CHOOSE!

We inspire work teams to choose to work safely and healthy, applying, understanding and being aware of consequences of the fulfillment or not of adequate management.

OUR GOAL IS

A successful-impact project per Region each year*

* The impact of which is related to the improvement of the Total Injury Frequency Index (TIFI), absenteeism due to General Illness (GI), situations of high risk, and occupational illness.



OPERATIONAL EXCELLENCE

IT'S OUR HABIT!

We continuously learn and improve, sharing our best practices and promoting health and safety as a habit and a value that permeates everyday actions and decisions.

OUR GOALS ARE

To improve the health conditions of our population by decreasing absenteeism due to general illness by

15%

100%

of high-risk situations intervened in a timely manner

SDG	Impact on business	GRI [103-1]	Strategic Sustainability Pillars	On the Website
	<ul style="list-style-type: none"> Costs Risks 	<ul style="list-style-type: none"> Suppliers Clients Argos Society 	 Relationships of Trust  Business Profitability  Responsible Production  Shared Values	

OCCUPATIONAL HEALTH AND SAFETY STRATEGY

OCCUPATIONAL HEALTH AND SAFETY

Comprehensive health and safety are the most important values in our operations. Every day we consistently advance towards the achievement of ZERO incidents and ZERO work-related illnesses, aware that our commitment goes beyond our facilities and materializes in the well-being of all those around us.

MANAGEMENT OBJECTIVES

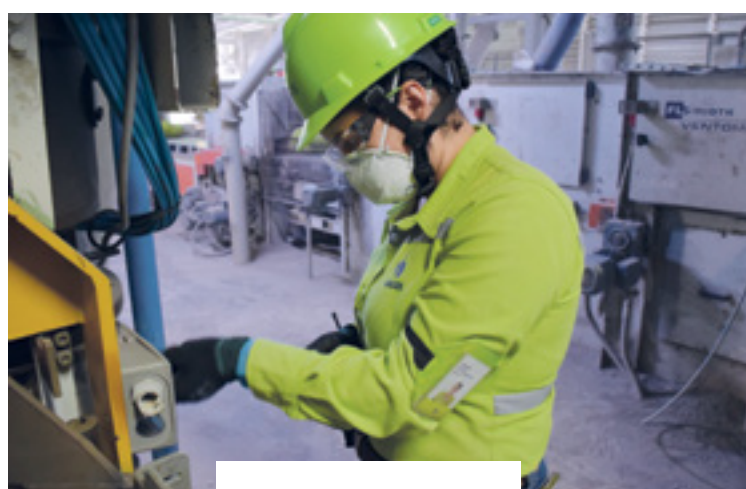
[103-1]

For the Company

To keep us safe and healthy. For this reason, we empower our employees and contractors so that – aware of the risks – they always adopt the measures and control actions necessary to prevent occupational injuries and illnesses.

For Society

To share our vision and experience on health and safety with Stakeholders, inspiring them to make self-care a habit that permeates their daily actions. We create value by caring for ourselves and those around us, positively impacting everyone's quality of life and strengthening our relationships of trust.



Employee at the *Rioclaro* Plant
Colombia Region.

HOW IS IT MANAGED? [403-1] [103-2]

We implement a health and safety strategy, which is focused on four key axes to achieve – through joint work – our goal of ZERO: zero incidents and zero occupational illnesses (see the previous page).

HOW DO WE EVALUATE MANAGEMENT? [103-3]

We monitor our management through performance indicators, such as the frequency, severity, and total injury rate.

In addition, we monitor preventive indicators, such as behavioral interventions and risk conditions, among others. Likewise, we carry out self-evaluations and audits that help us identify opportunities for improvement to advance towards excellence.



[403-4] [403-9] [403-10] [A-SI2]
Learn about other
indicators here

2020 PERFORMANCE [103-2] [103-3]

SENTINEL HOUSEHOLDS

[403-3] [403-4]

This is a program executed in Honduras, the purpose of which is to bring the biosafety culture to the homes of direct employees and contractors, thus creating a comprehensive network of health and safety promoters beyond work life.

The dynamics of this program consists of sharing bi-weekly, through a podcast, good biosafety practices for families, so that they can apply them in their daily activities and, thus, ensure better health for all and a reduction in the risk of contagion from COVID-19.

ACHIEVEMENT:

165

Households of direct employees and contractors have participated in four podcasts about good biosafety practices.

PUMP OPERATION MANUAL

During 2017, we identified that the pump operation contributed more than 60% of incapacitating events in Panama, which motivated the operation to draft the Pump Operation Manual, with which we managed to reduce incapacitating events to ZERO in pumping activities. The Manual has been elaborated comprehensively to educate users in the different areas where they interact. This provides them with recommendations for good operational and environmental practices and preventive measures in industrial safety and occupational health issues. It is important to note that the pumping work is highly specialized, critical and will only be performed by properly trained personnel. In addition, the possibility of extending the program to more geographies will continue to be reviewed.

TRAINING IN VIRTUAL REALITY

Every day, the application of technology in the management of occupational health and safety has more relevance and, in a special way, for those activities to develop skills in employees. One of the tools that is having significant impact is virtual reality, which allows the worker to be placed in a scene as close to reality as possible. With this, he can live a harmonious experience with the tasks he will carry out and, thus, know its risks and how to control them when he must face them. Two examples of these technologies are the road simulator for the concrete operation in the USA Region and the virtual reality simulator for high-risk tasks in the Colombia Region.

ACHIEVEMENTS:

799

mixer truck drivers trained, using the road-incident prevention simulation in the United States Region

21

employees trained in the cyclone clearing simulator in the Colombia Region



Virtual reality simulator
The United States Region.



Safe Points
Colombia Region.

Management Highlights 2020 [103-2] [103-3]

ROAD SAFETY DISCUSSION

In June 2020, we held the first Road Safety Discussion, aimed at showing the Organization the good practices implemented to prevent incidents and help make our roads safer. In the event, six leaders from the three Regions participated; they shared their experience and some initiatives and projects implemented in recent years to prevent road incidents and save lives. More than 500 people from all Regions connected to this activity.

CONTROL POINT SAFE POINTS

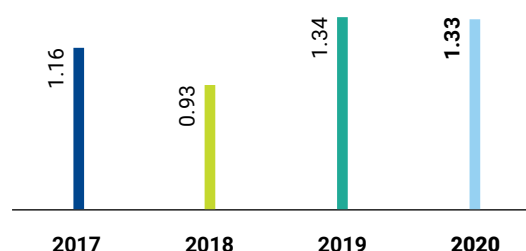
In synergy with local authorities and other guilds, we have carried out Safe Points, to accompany drivers in raising sensitization and awareness on the importance of self-care and taking care of others on the road, as well as verifying the basic factors of mobility in the driving activity, analyzing the driver's physical and emotional conditions, the technical-mechanical state of the vehicle, the characteristics of the infrastructure, and recommending road-safety actions to prevent incidents. In addition, we carry out activities to generate empathy among the different road users, who learn about the possible risks and other difficulties associated with exposure to road risks when one is a truck driver, motorcyclist, cyclist or pedestrian.

During the year, more than 1,000 road actors (cyclists, motorcyclists, cargo-transport drivers, public-service drivers, passengers, pedestrians) were impacted in the different sites suitable as Safe Points.

Outcome Indicators

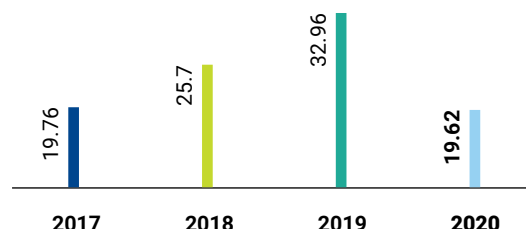
FREQUENCY INDEX

We reduced the number of disabling injuries from 2019 by 30%; however, our frequency rate for the year was above the goal proposed for 2020. Incident analysis, operational discipline and risk analysis remain a priority, especially in those activities outside of our facilities and where the risk has a high variability within the workday. This challenges us to strengthen the use of tools that facilitate ensuring that the level of consciousness of our employees is always alert.



Includes direct and indirect employees.

SEVERITY INDEX



INDEX OF TOTAL INJURIES

During 2020, we decreased Total Injuries by 19%, compared to the previous year. The calculation of this Index includes fatalities, incidents with loss of time, first aid and medical treatment.

475
2019

385
2020



[403-9] [403-10] [A-S12]
Learn about other indicators here

The Georgia Hispanic Construction Association awarded us its Safety in Construction Award, which recognizes those companies that have demonstrated their commitment to excellence within the construction industry in the Areas of Safety and Sustainability, and which are role models for the Hispanic construction community..

DEVELOPMENT OF COMPETENCIES TO EXECUTE HIGH-RISK TASKS

Due to the pandemic, the training methodologies to develop competencies implied non-face-to-face training alternatives. This was a limitation for many operations; however, thanks to the strategies implemented, we managed to ensure that 89% of our employees who perform high-risk tasks developed the skills necessary to perform them safely.



We monitor our management through indicators, such as Frequency, Severity, and Total Injuries. Kiln Employee, the United States Region.

GOALS [103-2] [103-3]

Goals 2020

Met Ongoing Not Met

- We will achieve a decrease in the Frequency Index with a goal of 1.2
- We reduced Total Injuries by 10%, compared to 2019
- Ninety percent (90%) of our employees who perform high-risk tasks will develop the competencies necessary to safely execute them.

Goals 2025

- To improve the health conditions of employees, reducing absenteeism due to general illness by 15%, compared to 2019.
- To reduce total injuries by 50%, based on 2019.
- To eliminate serious injuries to our employees and contractors.
- To reduce occupational diseases by 30%.
- To intervene in a timely manner in 100% of high-risk situations.

CHALLENGES [103-2]

- Leadership and empowerment continue to be the most important challenges in achieving our strategy.
- To ensure that we all have clear expectations and our contribution to achieve and sustain ZERO.
- To choose to behave in a manner consistent with our values and objectives, focusing on risk analysis in a conscious, consistent manner with its variability.
- Feedback, recognition and management of consequences.

THIS IS HOW WE ADAPT TO COVID-19

[403-3] [403-4] Reactivation of operations during the pandemic

To face the pandemic and to preserve the health of employees, families, clients and communities, as well as to guarantee business continuity, work cells were created, which – throughout the year – allowed the following achievements:

- Synergies for the implementation of the best practices recommended by experts and local authorities and defined within the **Operations Guide during the Pandemic**, which has been permanently updated and has an annex of its application, according to the phase of the pandemic in which the country is.
- The definition of the **COVID-19 Case Management guideline** to be applied in all countries.
- The comprehensive approach to health through the **LIVE (VIVE) Strategy**, which was created in response to the need to support employee mental and emotional health.

The Business Group Technical Health Team

A Technical Health Team was formed together with the other companies of Grupo Argos to meet common needs. Thanks to the management of this team, we achieved:

- The development of the *Confianza* (Trust) app, which allows real-time reporting by employees on situations related to COVID-19, and which facilitates the timely initiation of health monitoring.
- An agreement to carry out tests on employees for early diagnosis.
- Acquisition of antigen tests to be used in operations.

COVID-19 Tool Kit

We made available to the Company a toolbox that has a wide variety of audiovisual and graphic material in different languages. This, to communicate with and train employees in the different operations. Some that stand out are **lessons learned in times of pandemic** and COVID-19 testimonies, through which our employees voluntarily shared their experiences and learnings.

Health Monitoring

All employees who were confirmed or probable cases underwent daily medical follow-up. The vulnerable population was identified early and strict control measures – such as preventive isolation, frequent medical monitoring and special measures within operations – were established with them.

COVID-19 Audits and Self-Assessments

To verify the correct implementation of biosafety measures and to minimize the probability of COVID-19 contagion within our facilities, 36 audits and more than 408 self-assessments were carried out. In them, we identified the main aspects for improvement. The low percentage of infections due to presumed work contacts within the facilities is an indicator of discipline and the commitment of leaders and employees with the implementation of the guidelines.

Finally, we adapted processes that would normally be developed in person and, making use of virtual media, we continued:

- 1. Behavioral Observations in the Field (YPO):** These were made through video calls, achieving – through recognition – that safe habits, awareness and safe behaviors continue. In addition, employees were invited to self-reflect and modify unsafe behaviors.
- 2. Safe Moments:** Steering Committee members discussed situations or behaviors that lead to reflection, knowledge and awareness of how to take care of ourselves in our day-to-day life. This mechanism allowed more than 50 Industrial Safety and Occupational Health Moments to be conducted in the different operations.
- 3. Management System Audits:** These were carried out through virtual interviews and – with this – we guarantee the evaluation of the performance of all operations, the socialization of good practices within the Organization, and the formulation and implementation of action plans to address opportunities for improvement.

COMMUNITY ENGAGEMENT STRATEGY

We create value contributing to the development of society through:



SDG 9.1

Contribution to the development of reliable, sustainable, resilient and quality infrastructure.



SDG 1.4.1

Contribution to the increase in the proportion of the population living in households with access to basic services.



ACT RESPONSIBLY

To act with responsibility in our operation, respecting and promoting Human Rights.

OUR GOALS ARE

0

materializations of risks to the community by 2030.

0%

of operations with high and critical risks to affect communities by 2030.



BUILD TRUST

To build relationships of trust through a fluid, transparent dialogue.

OUR GOALS ARE

0

repeated complaints by 2030.

70%

satisfaction in prioritized communities by 2030.



GENERATE OPPORTUNITIES

To generate development opportunities to boost the growth of territories.


OUR GOALS ARE

30%

leveraged resources by 2030.

630,000

people impacted by social Investment programs by 2030.

SDG	Impact on business	GRI [103-1]	Strategic Sustainability Pillars	On the Website
<p>9 INDUSTRY, INNOVATION AND INFRASTRUCTURE</p> <p>11 SUSTAINABLE CITIES AND COMMUNITIES</p>	<p>Risks</p>	<p>Suppliers</p> <p>Clients</p> <p>Argos</p> <p>Society</p>	<p>Relationships of Trust</p> <p>Business Profitability</p> <p>Responsible Production</p> <p>Shared Values</p>	

COMMUNITY ENGAGEMENT STRATEGY

COMMUNITY ENGAGEMENT



Our productive projects in Bolívar, Colombia, are an example of establishing relationships of trust and creating value.

We create value for society by contributing to its development through a transparent relationship with communities, promoting action framed in responsibility and in building relationships of trust that create opportunities for joint growth. Thus, we promote the progress of the regions where we are present, facing the challenges of society and transcending our role in the territory.

MANAGEMENT OBJECTIVES

[103-2]

For the Company

To guarantee the sustainability of the business and the continuity of operations by building relationships of trust and by acting responsibly.

For Society

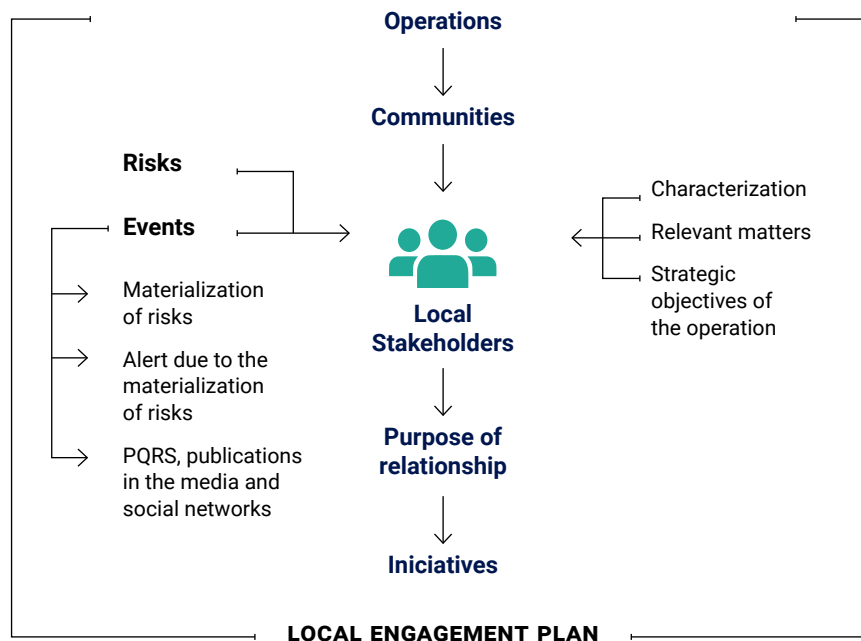
To build relationships of trust through mutual recognition, open and transparent dialogue, respect, and the promotion of Human-Rights and the generation of development opportunities to promote the growth of the territories.



[413-1] [413-2]
[A-COM3] [A-COM4] [A-COM5]
Learn about other indicators here

HOW IS IT MANAGED? [103-2]

We contribute to the development of society, thanks to the relationships of trust we have built with those around us. We achieved this, thanks to our Local Engagement Plan (LEP), a tool that establishes strategic actions in each territory in the interest of common interests, collective goals and long-term development plans, both for operations and for the communities. That is how we make what is proposed in our Relationship with Communities Strategy come true. (See page 140).



HOW DO WE EVALUATE MANAGEMENT? [103-3]

In Cementos Argos, we believe that building a relationship based on continuous, genuine dialogue is the starting point to develop projects that address common problems and contribute to the growth of the territories. For this reason:



1.

We provide spaces for conversation with all Stakeholders. For this, we have the support of the local Engagement with Communities leaders and the operation directors, who facilitate periodic meetings and formal encounters, such as – for example – the Sustainability Dialogues.



2.

We enable anonymous reporting mechanisms through the Transparency Line and we render accounts to the communities and competent authorities in relation to the fulfillment of the social obligations acquired.



3.

We measure our impact in the territories with the Socio-Economic Footprint Index and the Value Added Statement to Society (VAS) methodology, which allows us to identify the actions that generate the greatest social value and adjust those with the potential to generate it.

Through the execution of these mechanisms, we permanently evaluate our performance and guide our LEP to ensure the fulfillment of the Organization's objectives and the contribution to the growth of the territory.

According to the VAS, the benefits generated through social investments in communities in 2020 were

USD 2 million.

(See VAS, page 72)

THE GRUPO ARGOS FOUNDATION

The Grupo Argos Foundation is nourished with contributions from all the companies that are part of the Argos Business Group and with resources from alliances with different entities for the development of projects.

In 2020, more than COP 29 billion were executed and from Cementos Argos, with contributions that exceeded COP 7 billion, we promoted the social and cultural strengthening of communities, the development of community infrastructure, the execution of environmental-conservation and animal-protection programs, and, especially, to the attention to the emergency generated by COVID-19.

In this last line, the donations were framed in three key themes:

FOOD SAFETY

116,000

Families received food during the strictest months of confinement.

We destined

COP 1.6 billion

in donations to the campaigns led by the local administrations of Barranquilla, Bogotá, Cartagena, Medellín and Valle del Cauca to attend the most-vulnerable population.

ECONOMIC STABILITY

92 mypimes

(small and medium businesses) received accompaniment from our employees to face the most-relevant challenges of the pandemic.

HEALTH ATTENTION AND PREVENTION

Contributions for

COP 10 billion

to increase the availability of ICU beds in Antioquia by 25%.



Participant in the Food Safety Project in Cairo, Antioquia, Colombia.

OUTSTANDING PROJECTS [103-2] [103-3]

FOOD SAFETY PROJECT – HOME GARDENS, CAIRO

This began in February 2020 as the first stage of a productive project in the area of influence of the Cairo Plant, Colombia. When the pandemic began, it became a source of food for many families; even for some, it represented additional economic income. The objective of this program is to enhance the agricultural capacities of the area and meet economic needs by reducing the demand for the family basket. What's more, it promotes the culture of sustainable nutrition. The most cultivated products were tomatoes, lettuce, onions, *cilantro* (coriander) and zucchini.

ACHIEVEMENTS:

- COP 40,000 per month saved per family on average.
- At the end of the year, 71% of the beneficiaries were active.
- Food stability in the time of the pandemic.

168

families participated

4

harvest cycles during 2020



Learn more in this spectacular video.



With the Healthy Environments Program, we transform lives.
Beneficiary; Pasacaballos, Cartagena, Colombia.

HEALTHY ENVIRONMENTS

We continue to impact the habitat of our communities with the development of initiatives, such as healthy kitchens, bathrooms and floors; bio-healthy parks; home improvement; sports areas; and the use of concrete through furniture for the enjoyment of the entire community.

ACHIEVEMENTS:

4,500

beneficiaries reflected
in 1,125 homes
intervened in Colombia

45,000

mt² of floors
Intervened

CONECTA VIRTUAL VOLUNTEERING

This year, due to the pandemic, we strongly implemented virtual volunteering. We reformulated the actions of the volunteers and how to bring their contribution to the community, even with mobility and social-contact restrictions. With these people and through 38 experiences focused on mentoring entrepreneurs, students and scholarship recipients, accompaniment of children who could not go to school, the elderly, delivery of food and food stamps, among others, we contributed to reducing the social and economic impact of COVID-19 in the most-vulnerable groups.

ACHIEVEMENTS:

1,934
working and non-working
hours invested

1,134
employees
volunteers participated

- An increase in the number of virtual-volunteering activities.
- A 150% increase – compared to 2019 – in volunteer donors of economic resources to be able to support the people who lost their jobs and the purchase of technological elements so that the children could continue in classes.

2020 PERFORMANCE [103-2] [103-3]

SOCIAL INNOVATION

Solving the social and environmental challenges in our communities has always been our commitment. Therefore, we design the general guidelines, focuses and indicators of the Social Innovation Program, which encourages the joint development of solutions to these challenges to maximize impact and ensure sustainable solutions.

[A-COM6] During 2020, we launched three innovative solutions:

1.

We developed Phase I of the *CO-PRO-Futuro* co-processing initiative, through which efficient waste management will be carried out and its use in the cement production process of the *Piedras Azules* Plant in Comayagua, Honduras. In addition to bringing environmental benefits, this project will be a source of economic income for the community.

2.

We began the execution of Phase I of the Concrete Returned Project in the Dominican Republic, to reuse it, reduce final disposal costs, and produce cobblestones and urban furniture that will improve community infrastructure.

3.

We formulated and executed the *Colinas Verdes* agro-ecotourism project in Turbana, in the Department of Bolívar, Colombia, which develops and strengthens the agro-ecological and productive tourism chain of the municipality, while taking advantage of its natural and cultural heritage to enhance it as a sustainable tourist hub of the Department and, thus, provide opportunities for the progress of its inhabitants.



Colinas Verdes is an agro-ecotourism project and a tangible sample of the success of articulating efforts and the co-existence of two sustainable models: business and eco-tourism. Bolívar, Colombia.

SOCIAL INVESTMENT

In order to respond in a timely, supportive manner to the crisis generated by the pandemic in the communities, we have enabled additional investment lines to those of our Investment Strategy: economic stability, food safety and health in care and prevention of the contagion. For this reason, 55% of our social investments in 2020 were focused on supporting pandemic management in our areas of influence in the three Regions where we operate.

[A-COM1]

USD **4.6**
million was
the total of social
investment

[203-1]

+700,000
people were positively
impacted, thanks to the
different social-investment
programs.



Learn more about this
project here.



Aware of the economic and social effects that COVID-19 has left, we joined the donation of medical supplies in the Dominican Republic.

UPDATE OF THE COMMUNITY ENGAGEMENT STRATEGY

During 2020, we updated this Strategy to evaluate the relevance of our actions in the current context of the territories, to continue to implement cutting-edge practices and to maintain high Corporate standards.

The methodology used for this purpose included an external documentary review that contained manuals and reports from associations, academic publications and references with companies in the industry. Additionally, we held consultation and feedback sessions with internal and external audiences. Finally, we had the validation with those responsible for the Steering Committee.

The new Community Engagement Strategy confirms our commitment to contribute to the development of society. (See page 140).

UPDATE OF THE RISK MODEL

In order to continue developing practices in Social-Risk Management, during 2020 we updated the Community-Risk Model with the accompaniment of the Risk Area. This will allow us to execute specific actions that will enhance our operation and reduce Social-Risk, upholding the promise of responsible, respectful action towards the community.

SOCIO-ECONOMIC FOOTPRINT INDEX

Given the situation generated by the pandemic, the application of the Index was postponed until 2021. However, it is important to highlight that it will be subject to an evaluation to see if it is relevant to develop this Index – due to the abrupt changes that the pandemic generated in the societies where we are present – or if it will continue to be postponed.

PROGRESS IN IMPLEMENTING THE LEP AND MANAGEMENT OF INTERACTION RISKS WITH COMMUNITIES

The percentage of implementation of the Local Engagement Plan (LEP) in prioritized operations, as well as risk management, remained at 69%, since – due to the social effects of the pandemic – we had to refocus our management and update the components of the Plan. This has helped us to have clear lines of support to the communities, which allow us to analyze in a timely manner the risks derived from the pandemic that could affect the normal functioning of the operation.

GOALS [103-2]

Goals 2020

Met Ongoing Not Met

- We will achieve 88% progress in the implementation of the LEP in prioritized operations.
- We will manage the risks of interaction with communities in 88% of the prioritized operations.
- We will develop an innovative solution that consolidates a business opportunity and/or responds to any need of society.
- We will increase the development of Corporate volunteering experiences or activities by 10% in relation to the initiatives carried out in 2019.
- We will apply the Socio-Economic Footprint Index in Panama, Honduras, the Dominican Republic and Puerto Rico, as well as in Cartagena and Yumbo, in Colombia.

Goals 2021

- To have 100% of our operations prioritized with LEPs.
- To update the risk evaluations in the prioritized operations of our three Regions.

**The other short- and medium-term goals are being reevaluated as a consequence of the updating of the Community Engagement Strategy.*

CHALLENGES [103-2]

- To continue strengthening the metrics associated with the new strategy to enhance the expected results for the operation and for the communities.
- To develop the Implementation Phase of the Human-Rights Due-Diligence Procedure in communities.
- To promote social innovation in order to contribute to the joint solution (Company – community) of social and environmental problems with local impact.
- To apply to international cooperation funds for projects that contribute to the development of sustainable, resilient and quality infrastructures.

THIS IS HOW WE ADAPT TO COVID-19

To respond in a timely manner and in solidarity with our communities – in relation to the impacts of the pandemic – we plan to develop initiatives coordinated with other actors in the territory to guarantee timely care during the emergency. Our path of action in all the geographies where we operate was framed on three fronts:

- 1. Food Safety:** Actions aimed at acquiring food to feed the families affected in our communities, contractors, clients and other actors in the value chain.
- 2. Health, Care and Prevention of the Contagion:** We support our Stakeholders with the delivery of personal-protection and hygiene elements, donations of antigen tests and we provide resources for the provision of health centers and hospitals to ensure timely care for those who are sick with the virus. In addition, we share good biosafety practices to prevent the spread of the disease with different actors in our value chain.
- 3. Economic Stability:** We promoted actions to generate income in families that encourages local economic reactivation and created new sources of income that allowed the mitigation of the effect of job losses or business closures.

We also developed initiatives that helped children and adolescents to stay in the school system in different geographies and adapt to new forms of virtual learning.

+USD 2.3

million invested

in the three investment fronts defined by the pandemic

+135,000

beneficiaries

of the programs offered

SDG	Impact on business	GRI [103-1]	Strategic Sustainability Pillars	On the Website
 	<ul style="list-style-type: none"> Risks 	<ul style="list-style-type: none"> Suppliers Clients Argos Society 	 Relationships of Trust  Business Profitability  Responsible Production  Shared Values	

HUMAN RIGHTS



We are committed to respecting, protecting and promoting Human-Rights.
Cartagena Plant Employees; Colombia Region.

We are committed to respecting, protecting and promoting Human-Rights. For this reason, we have a policy approved by Top Management that guides the Company's management to monitor the potential risks resulting from our operations.

This policy has as key reference frameworks the International Bill of Human-Rights, the principles and fundamental rights established in the Declaration of the International Labour Organization, as well as the applicable laws in the countries and territories where we are present.

This is the main tool through which – supported by a due-diligence process and based on the Human-Rights Management System – we monitor the risks and impacts that the activities may cause on our Stakeholders; we manage those consequences when they occur and we maintain a clear, transparent communication with them.

MANAGEMENT OBJECTIVES

[103-1]

For the Company

To promote our pillars of culture, manage Human-Rights risks in operations and maintain relationships of trust with all Stakeholders.

For Society

To protect Stakeholders from actions that violate Human-Rights and that may endanger their integrity.

HOW IS IT MANAGED? [103-2]

In accordance with our express commitment in the Human-Rights Policy and knowing the reality of our operations and the challenges posed by the diversity of origins and cultures that our Organization has, we have a Risk-Management process that allows monitoring the behaviors of the Company or our suppliers that were identified as critical and that put people at risk who interact with the Company from any role. **This process has four main steps:**



1.

Identification of the level of risk of violation of relevant Human-Rights, as the case may be, in the Stakeholders that we have defined as priority.

■ Relevant risks in Human-Rights:

- › Discrimination
- › Violation of due process
- › Not taking care of people
- › Denial of freedom of association and collective bargaining
- › Forced labor
- › Child labor
- › Workplace harassment

These risks were those identified as the most relevant and with which we are most committed to protecting, which is why – within the framework of the Management System – a greater number of plans were identified that seek to protect them.

■ Prioritized Stakeholders

- › Employees
- › Suppliers
- › Communities
- › Joint Ventures

In these Stakeholders, we cover diverse audiences, including vulnerable groups, such as ethnic minorities, Indigenous people and the LGTBI population.



2.

Definition of action and remediation plans that reduce risks or close identified gaps.



Employee; Urabá Plant
Colombia Region.



Human-Rights Policy



3.

Definition of monitoring plans that allow validation of the execution of the action plans, monitor their impact and raise alerts in case any risk is increasing.



4.

Constant updating of risks, by connecting their identification with the information available in other Corporate Reporting Systems, such as the Transparency Line.



Employees
Tocumen Plant, Panama.
 The Caribbean and Central America Region.

HOW DO WE EVALUATE MANAGEMENT? [103-3]

The management of this material issue is evidenced in a consolidated matrix that shows the result of the evaluation, both of the probability and the impact that the prioritized risks would have if they materialize. The analysis is done at a work table led by the Sustainability Area, who are the moderators of the conversation; the Risk Area, who are the leaders of the evaluation methodology; and those who administer the tool; as well as with the leaders of the relationship with each of the Stakeholder groups evaluated, who are called upon to carry out the evaluations

This methodology is covered in the operations of the 16 countries where we are present, through surveys, self-evaluations and evaluations carried out by Argos and by third parties. The relevance of the existing controls, the residual risk and the Action Plans are discussed in the face of the gaps found, which primarily consist of the expansion of the coverage of our policies, training of key people in the relationship with Stakeholders, and the documentation of response processes to cases reported on the Transparency line.

O is the materialization of risks in Human-Rights in the face of all our Stakeholders.

100%
 of our joint ventures were included in the due-diligence process.

100%
 of our operations were assessed in risks to Human-Rights focused on employees and communities.

2020 PERFORMANCE [103-2] [103-3]

UPDATING THE HUMAN-RIGHTS RISK-ASSESSMENT TOOL

Thanks to the dialogue with the leaders of interaction with the Stakeholders, we unified the Risk Matrix and we now have a unified control chart, indicators and action plans, which makes it easier to follow up on actions and findings of the Human-Rights Risk-Management System.

INCLUSION OF THE JOINT VENTURES

This year, we were able to carry out a first Human-Rights Risk analysis with our two joint ventures. With this exercise, in addition to extending our commitment to respect and promote Human-Rights, we obtained a diagnosis that produced relevant recommendations to close gaps, action plans and follow-up that has been carried out by people from the Argos team to guarantee their closure.

IMPROVEMENT IN THE HUMAN RIGHTS RISK-ASSESSMENT TOOL FOR SUPPLIERS

Aligned with the Supplier-Management Team, Human-Rights risks were included in the Sustainability Index that we carry out annually on our suppliers and which facilitates the creation of action plans and the closing of gaps. Thus, we have a single source of information for risk management of this Stakeholder.

ASSESSMENT OF OUR MANAGEMENT SYSTEM

The current status of our Human-Rights Risk-Management System was evaluation under international frameworks or standards. Based on this, we identified the need to document and public our due-diligence process for all our Stakeholders, reinforcing the communication of the commitment we have to promote and respect Human-Rights with allies external to the Company. In addition, we saw the need to implement communication and training plans that reinforce people's knowledge about the importance of working around these issues and how we are all an important part of this process.

UPDATING OF THE RISK TOOL IN COMMUNITIES

We began a process of updating this tool through workshops with the leaders of the operations in the different regions, in which we evaluate not only the exposure to risks, but also the need to adjust them according to the nature of our relationship with the communities.

GOALS [103-2]

Goals 2020

Met Ongoing Not Met

- We will implement a new tool focused on suppliers, which will help us expand coverage and manage the Human-Rights risks on this Stakeholder in a more agile manner.

Goals 2021

- To update the Human-Rights risks in the countries.
- To participate in at least one specific Human-Rights measurement or evaluation exercise to know the status of our system, compared to industry best practices.
- To finalize the process of updating the risk tool in communities.

CHALLENGES [103-2]

- To carry out a more in-depth analysis in the operations, seeking that the results are managed directly where the risk has a greater probability of appearance.
- To integrate the Risk-Management tool into other decision-making mechanisms.



We are more than 7,200 employees, in 16 countries and territories, where we work every day to contribute to the construction of dreams and the creation of social value.
Panama Plant, Caribbean and Central America Region.



**WE PROMOTE
DEVELOPMENT**

04. APPENDICES

CERTIFICATION OF THE COMPANY'S LEGAL REPRESENTATIVE

To the shareholders
of Cementos Argos S.A.
and to the general public:

In my role as legal representative,

I CERTIFY

that the annual consolidated financial statements completed as of December 31, 2020, do not contain defects, inaccuracies or material errors that prevent knowing the true property status or the operations carried out by Cementos Argos S.A.

The above is to comply with article 46 of Law 964 of 2005.

For the record, it is signed on February 24th, 2021.



Juan Esteban Calle Restrepo
Legal Representative

CERTIFICATION OF THE LEGAL REPRESENTATIVE AND THE CORPORATE ACCOUNTING MANAGER OF THE COMPANY

To the shareholders
of Cementos Argos S.A.
and to the general public:

The undersigned legal representative and corporate accounting manager of Cementos Argos S.A. certify in accordance with the Article 37 of Law 222 of 1995, that the annual consolidated financial statements completed as of December 31, 2020, have been faithfully taken from the accounting books and that before being placed at your disposal and that of third parties, we have verified the following statements contained in them:

1. All assets and liabilities exist, and all registered transactions have been made during said years.
2. All the economic facts made by the company have been recognized.
3. The assets represent probable future economic benefits (rights) and the liabilities represent probable future economic commitments (obligations), obtained or in charge of the company.
4. All elements have been recognized for their appropriate values in accordance with the applicable financial reporting regulations in Colombia.
5. All economic events that affect the company have been correctly classified, described and disclosed.

For the record, it is signed on February 24th, 2021.



Juan Esteban Calle Restrepo
Legal Representative



Óscar Rodrigo Rubio Cortés
Corporate Accounting Manager
T.P. 47208-T



AUDM&SMDE-EFI2021-9690-P-30568

STATUTORY AUDITOR'S REPORT

To the Shareholders
Cementos Argos S.A.:

Opinion

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

In my opinion, the aforementioned consolidated financial statements and attached to this report, present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2020, the consolidated results of its operations, and its consolidated cash flows for the year then ended, in conformity with Accounting and Financial Reporting Standards accepted in Colombia, applied uniformly with the previous year.

Basis for opinion

I conducted my audit in accordance with International Standards on Auditing (ISAs) accepted in Colombia. My responsibilities under those standards are further described in the "Statutory Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" section of my report. I am independent of the Group, in accordance with the Code of Ethics for Professional Accountants Issued by the International Ethics Standards Board for Accountants (IESBA Code), included in the Information Assurance Standards accepted in Colombia together with the ethical requirements established in Colombia that are relevant for my audit of the consolidated financial statements, and I have fulfilled my ethical responsibilities in accordance with these requirements and the IESBA Code mentioned.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Key Audit Matters

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

Evaluation of the impairment of goodwill (See note 17 to the consolidated financial statements)	
Key Audit Matter	How this was addressed in the audit
<p>The Group's consolidated statement of financial position includes a goodwill for \$1.818.708 million, derived from acquisitions made in previous years, whereon an annually evaluation of impairment is required in accordance with IAS 36 - Impairment of Assets.</p> <p>This represents a key audit matter due to the material amount of the Goodwill, and because it involves complex and subjective judgments made by the Group's management in relation to long-term sales growth, costs and operating margins projected in the different regions where the Group operates, as well as in the determination of the discount rates used to discount future cash flows.</p>	<p>My audit procedures to evaluate goodwill impairment included, among others, the following:</p> <ul style="list-style-type: none"> - Evaluation of consistency in the distribution of Goodwill in the different cash generating units (CGU) identified by the Group in relation to the allocation of the previous year. - Involvement of professionals with relevant knowledge and experience in the industry who assisted me in (1) evaluating the key assumptions used in the impairment tests performed by the Group, including the input data, (2) performing independent recalculations supported with information obtained from external sources on discount rates and the macroeconomic variables used, (3) comparing the result of the calculations obtained with those made by the Group and (4) performing a sensitivity analysis including a possible reasonable reduction in the key variables. - Comparison of the previous year's budget with the current data, to verify the degree of compliance and, consequently, the accuracy of the projections made by the Group's management. - Evaluation of whether the disclosures included in the notes to the financial statements are appropriate in accordance with IAS 36.

Evaluation of the recoverability of the deferred tax asset (See note 9 to the consolidated financial statements)	
Key Audit Matter	How this was addressed in the audit
<p>As of December 31, 2020, the consolidated statement of financial position includes a deferred tax asset for \$221,070 million, originated from tax losses and other tax credits from the parent company Cementos Argos S.A.</p> <p>This represents a key audit matter because evaluating the recoverability of said asset involves complex judgments related to the determination of estimates on the Company's projected tax profits, as well as in estimating the periods in which the asset is expected to be recovered.</p>	<p>My audit procedures to evaluate the recoverability of the deferred tax asset included, among others, the following:</p> <ul style="list-style-type: none"> - With the involvement of professionals with experience and knowledge in valuation, a comparison of key assumptions used by the Company in determining projected pre-tax results, with independent recalculations and information obtained from external sources, when available. - With the involvement of professionals with experience and knowledge in taxes, an evaluation of the main assumptions on which the tax adjustments made to pre-tax income, determined based on the financial projections, were determined, as well as of the reversal period of temporary differences, the expiration of tax losses and other tax credits, and the tax strategies proposed by the Company.

Other matters

The consolidated financial statements as of and for the year ended December 31, 2019 are presented exclusively for comparison purposes, were audited by me and in my report dated February 22, 2020 I expressed an unmodified opinion thereon.

Other Information

Management is responsible for the other information. The other information includes the Integrated Report but does not include the consolidated financial statements nor my corresponding auditor's report. The information contained in the Integrated Report is expected to be made available to me after the date of this auditor's report.

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

In connection with my audit of the consolidated financial statements, my responsibility is to read the other information identified above when it becomes available and, in doing so, consider

whether the other information is materially inconsistent with the consolidated financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

Once read the content of the Integrated Report, if I conclude that there is a material misstatement in the other information, I am required to communicate this fact to those charged with governance and describe applicable actions.

Responsibility of management and those charged with governance for the consolidated financial statements

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

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

Those charged with governance are responsible for overseeing the Group's financial reporting process.

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

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

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

- Identify and evaluate the risks of material misstatement in the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
- Evaluate the appropriateness of the accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the management's use of the going concern hypothesis and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my report to the related disclosure in the consolidated financial statements or, if this disclosure is inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my report. However, future events or conditions may cause the Group to cease operating as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events so that the consolidated financial statements are reasonably presented.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group's audit. I remain solely responsible for my audit opinion.

I communicate to those charged with Group governance regarding, among other matters, the planned scope and timing of the audit, and significant audit findings, including any significant deficiency in internal control that I identify during my audit.

I also provide those charged with governance with a confirmation that I have complied with relevant ethical independence requirements, and that I have communicated to them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, the related safeguards.

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

(Original version issued in Spanish and signed by)
Claudia María Montoya Arango
Statutory Auditor of Cementos Argos S.A.
Registration 77492 – T
Member of KPMG S.A.S.

February 24, 2021

Cementos Argos S. A. and subsidiaries


CONSOLIDATED STATEMENT OF FINANCIAL POSITIONAs at December 31st, 2020 and 2019 | Millions of Colombian pesos

	Notes	2020	2019
ASSETS			
Cash and cash equivalents	6	\$ 612,014	\$ 353,211
Derivative financial instruments	7	66	355
Trade receivables and other accounts receivable, net	9	921,175	1,028,622
Tax receivable	5, 10	179,226	300,338
Inventories	11	814,997	899,542
Other non-financial assets		64,883	76,282
Assets held for sale	19	70,240	31,944
Total current assets		\$ 2,662,601	\$ 2,690,294
Trade receivables and other accounts receivable, net	9	140,338	147,825
Investments in associates and joint ventures	13	26,955	47,415
Derivative financial instruments	7	-	3,675
Other financial assets	8	736,412	982,630
Other intangible assets, net	15	750,224	833,014
Assets by right of use of leases, net	21	701,804	964,860
Biological assets	12	20,404	20,638
Property, plant and equipment, net	16	11,214,205	11,135,945
Investment property	17	169,154	205,370
Goodwill, net	18	1,818,708	1,718,298
Deferred tax assets	5, 10	333,719	271,093
Total non-current assets		\$ 15,911,923	\$ 16,330,763
TOTAL ASSETS		\$ 18,574,524	\$ 19,021,057
LIABILITIES			
Financial liabilities	20	656,233	1,035,254
Leasing liability	21	125,598	148,753
Trade liabilities and accounts payable	22	1,017,385	1,220,127
Taxes, liens and duties	5, 10	191,685	191,974
Employee benefits	23	113,859	155,269
Provisions	24	153,625	83,886
Other financial liabilities	25	3,811	16,030
Derivative financial instruments	7	21,611	16,310
Outstanding bonds and preferred shares	26	294,511	30,937
Prepaid income and other liabilities	25	86,841	130,035
Total current liabilities		\$ 2,665,159	\$ 3,028,575
Financial liabilities	20	2,620,385	2,370,149
Leasing liability	21	602,539	805,354
Trade liabilities and accounts payable	22	33	1,159
Employee benefits	23	300,623	289,800
Derivative financial instruments	7	95,940	48,719
Provisions	24	181,716	167,365
Outstanding bonds and preferred shares	26	3,215,110	3,281,633
Other liabilities	25	1,443	1,634
Deferred tax liabilities	5, 10	179,619	174,222
Total non-current liabilities		\$ 7,197,408	\$ 7,140,035
TOTAL LIABILITIES		\$ 9,862,567	\$ 10,168,610
Issued capital	28	2,142,313	2,142,313
Treasury shares	28	(113,797)	(113,797)
Reserves	29	581,479	799,012
Retained earnings		1,817,515	1,848,885
Other comprehensive income	29	3,411,631	3,361,285
Equity attributable to the owners of the parent company		\$ 7,839,141	\$ 8,037,698
Non-controlling interest	31	872,816	814,749
EQUITY		\$ 8,711,957	\$ 8,852,447
TOTAL EQUITY AND LIABILITIES		\$ 18,574,524	\$ 19,021,057

Notes are an integral part of the consolidated financial statements.



Juan Esteban Calle Restrepo
Legal Representative
(See attached certification)



Óscar Rodrigo Rubio Cortés
Corporate Accounting Manager
T.P. 47208-T
(See attached certification)

Claudia María Montoya Arango
(Original version issued in Spanish and signed by)
Statutory Auditor of Cementos Argos S.A.
Registration No. 77492-T
Member of KPMG S.A.S.
(See report of February 24, 2021)


Cementos Argos S. A. and subsidiaries

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME


For the years ending on December 31st, 2020 and 2019 | Millions of Colombian pesos

	Notes	2020	2019
Continuing operations			
Income from operations	32, 33	\$ 9,000,548	\$ 9,375,076
Cost of sales	11	(7,367,975)	(7,754,408)
Gross profit		\$ 1,632,573	\$ 1,620,668
Administrative expenses	34	(618,948)	(696,497)
Selling expenses	34	(260,747)	(278,180)
Other (expenses) revenues from operations, net	35	(56,717)	195,067
Impairment of non-current assets	18	(1,120)	(2,326)
Operating profit		\$ 695,041	\$ 838,732
Financial incomes	38	42,318	41,120
Financial expenses	39	(498,563)	(532,708)
Foreign currency exchange (loss) gain, net	37	(11,351)	8,812
Share of net loss of associates and joint ventures	13	(5,630)	(13,133)
Profit before income tax		\$ 221,815	\$ 342,823
Income tax	10	(81,001)	(146,315)
Net income	40	\$ 140,814	\$ 196,508
Income for the period attributable to:			
Owners of the parent company	40	78,188	121,882
Non-controlling interest	31	62,626	74,626
Net income	40	\$ 140,814	\$ 196,508
OTHER COMPREHENSIVE INCOME, NET OF TAXES			
Items that will not be reclassified to profit or loss			
Loss on new measurements of defined benefits obligations	23	(23,247)	(12,138)
(Loss) gain from equity investments measured at fair value		(237,218)	50,954
Income tax on items that will not be reclassified to profit or loss	10	5,233	4,618
Total items that will not be reclassified to profit or loss		\$ (255,232)	\$ 43,434
Items that will be reclassified to profit or loss			
Net loss of cash-flow hedging instruments		(36,477)	(21,882)
Gain from foreign currency translation differences		395,807	28,782
Income tax on items that will be reclassified to profit or loss	10	9,026	9,684
Total items that will be reclassified to profit or loss		\$ 368,356	\$ 16,584
Other comprehensive income, net of taxes		\$ 113,124	\$ 60,018
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		\$ 253,938	\$ 256,526
Other comprehensive income attributable to:			
Owners of the parent company		58,837	67,958
Non-controlling interest	31	54,287	(7,940)
Other comprehensive income		\$ 113,124	\$ 60,018
Total comprehensive income attributable to:			
Owners of the parent company		137,025	189,840
Non-controlling interest	31	116,913	66,686
Total comprehensive income		\$ 253,938	\$ 256,526
Basic and diluted earnings per share:			
Net income attributable to owners of the parent	41	67.89	105.83

Notes are an integral part of the consolidated financial statements.



Juan Esteban Calle Restrepo
Legal Representative
(See attached certification)



Óscar Rodrigo Rubio Cortés
Gerente corporativo de Contabilidad
T.P. 47208-T
(See attached certification)

Claudia María Montoya Arango
(Original version issued in Spanish and signed by)
Statutory Auditor of Cementos Argos S.A.
Registration No. 77492-T
Member of KPMG S.A.S.
(See report of February 24, 2021)

Cementos Argos S. A. and subsidiaries

CONSOLIDATED STATEMENT OF CHANGES IN EQUITYFor the years ending on December 31st, 2020 and 2019 | Millions of Colombian pesos

Note	Issued Capital	Treasury shares	Statutory reserve	Other reserves	Retained earnings	Other comprehensive income and other components	Equity attributable to the owners of the parent company	Non-controlling interest	Equity
Balance at January 1st, 2019	\$ 2,142,313	(113,797)	92,350	860,817	1,871,351	3,311,993	8,165,027	830,651	8,995,678
Retrospective effect by the application of new accounting policies: Leases	-	-	-	-	11,373	-	11,373	136	11,509
Balance at January 1st, 2019	2,142,313	(113,797)	92,350	860,817	1,882,724	3,311,993	8,176,400	830,787	9,007,187
Net income for the period	-	-	-	-	121,882	-	121,882	74,626	196,508
Other comprehensive income, net of income tax	-	-	-	-	-	67,958	67,958	(7,940)	60,018
Comprehensive income for the period	\$ -	-	-	-	121,882	67,958	189,840	66,686	256,526
Transfer to retained earnings	13, 27	-	-	-	18,587	(18,587)	-	-	-
Cash dividends on ordinary shares	30	-	-	-	(278,705)	-	(278,705)	(92,231)	(370,936)
Cash dividends on preferred shares	30	-	-	-	(48,373)	-	(48,373)	-	(48,373)
Appropriation of reserves	-	-	17,854	-	(17,854)	-	-	-	-
Release of reserves	-	-	(161)	(168,675)	168,836	-	-	-	-
Other movements	-	-	(3,173)	-	1,788	(79)	(1,464)	9,507	8,043
Balance at December 31st, 2019	\$ 2,142,313	(113,797)	106,870	692,142	1,848,885	3,361,285	8,037,698	814,749	8,852,447
Balance at January 1st, 2020	\$ 2,142,313	(113,797)	106,870	692,142	1,848,885	3,361,285	8,037,698	814,749	8,852,447
Net income for the period	40	-	-	-	78,188	-	78,188	62,626	140,814
Other comprehensive income, net of income tax	-	-	-	-	-	58,837	58,837	54,287	113,124
Comprehensive income for the period	\$ -	-	-	-	78,188	58,837	137,025	116,913	253,938
Transfer to retained earnings	13, 27	-	-	-	8,091	(8,091)	-	-	-
Cash dividends on ordinary shares	30	-	-	-	(289,300)	-	(289,300)	(63,048)	(352,348)
Cash dividends on preferred shares	30	-	-	-	(50,241)	-	(50,241)	-	(50,241)
Appropriation of reserves	-	-	12,181	2,497	(14,678)	-	-	-	-
Release of reserves	-	-	-	(232,212)	232,212	-	-	-	-
Changes in ownership without loss of control	-	-	-	-	-	(401)	(401)	(2,111)	(2,512)
Other movements	-	-	-	1	4,358	1	4,360	6,313	10,673
Balance at December 31st, 2020	\$ 2,142,313	(113,797)	119,051	462,428	1,817,515	3,411,631	7,839,141	872,816	8,711,957

Notes are an integral part of the consolidated financial statements.

Juan Esteban Calle Restrepo

Legal Representative

(See attached certification)

Óscar Rodrigo Rubio Cortés

Corporate Accounting Manager

T.P. 47208-T

(See attached certification)

Claudia María Montoya Arango

(Original version issued in Spanish and signed by)

Statutory Auditor of Cementos Argos S.A.

Registration No. 77492-T

Member of KPMG S.A.S.

(See report of February 24, 2021)


Cementos Argos S. A. and subsidiaries

CONSOLIDATED STATEMENT OF CASH FLOWS


For the years ending on December 31st, 2020 and 2019 | Millions of Colombian pesos

	Notes	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES			
Net Income	40	\$ 140,814	\$ 196,508
Adjustments to reconcile profit:			
Depreciation and amortization	40	913,578	916,379
Income tax	10	81,001	146,315
Net financial expenses		450,357	480,300
Provisions, post-employment and long-term defined benefit plans		267,525	89,957
Net impairment in financial assets and inventories		27,204	40,088
(Gains) losses from exchange difference		(4,671)	1,165
Gains on fair value measurement of investment properties and other assets	12, 17	(1,307)	(36,512)
Share of net loss of associates and joint ventures	13	5,630	13,133
Losses (gains) on the disposal of non-current assets and business		41,608	(89,722)
Others, net		(35,204)	(23,339)
Changes in the working capital of:			
Decrease (increase) in inventory		97,350	(66,115)
Decrease (increase) in receivables and other accounts receivable		148,523	(60,329)
Decrease in liabilities and other accounts payable		(605,141)	(125,539)
Paid taxes		(91,021)	(190,840)
Total adjustments to reconcile profit		1,295,432	1,094,941
Net cash flows from operating activities		\$ 1,436,246	\$ 1,291,449
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment and investment properties		(317,669)	(546,133)
Proceeds from sale of financial assets		278,815	23,376
Purchase of financial assets		(177,280)	(12,201)
Proceeds from the sale of property, plant and equipment and investment properties		22,015	25,484
Dividends received		17,683	16,471
Interest received		12,083	11,676
Cash flows from sale of businesses	16	11,500	322,478
Purchase of intangible assets	15	(2,705)	(2,624)
Acquisition of investment in associates and joint ventures		(2,450)	(14,576)
Proceeds from the sale of participations in investees	13	-	62,681
Proceeds from the sale of intangible assets		-	214
Net cash flows used in investing activities		\$ (158,008)	\$ (113,154)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from loans		(2,610,917)	(2,777,535)
Payments of loans and debt instruments		2,294,456	2,404,478
Interest paid		(419,444)	(452,069)
Dividends paid on ordinary shares	30	(319,300)	(367,816)
Proceeds from bond issue	26	249,382	-
Payments for lease liabilities		(141,576)	(173,035)
Payments from financial derivatives contracts		(114,287)	(25,327)
Collection from financial derivatives contracts		105,497	39,913
Dividends paid on preferred shares	30	(47,690)	(49,894)
Payment of outstanding bonds	26	(40,650)	(70,350)
Payment for changes in ownership without loss of control		(2,512)	-
Other cash inflows		9,091	9,968
Net cash flows used in financing activities		\$ (1,037,950)	\$ (1,461,667)
Increase (decrease) of cash and cash equivalent by operations		240,288	(283,372)
Net effect of foreign currency translation on cash and cash equivalents		18,515	(4,254)
Net increase (decrease) of cash and cash equivalent		258,803	(287,626)
Cash and cash equivalents at the beginning of the period		\$ 353,211	\$ 640,837
Cash and cash equivalents at end of the period		\$ 612,014	\$ 353,211

Notes are an integral part of the consolidated financial statements.



Juan Esteban Calle Restrepo
Legal Representative
(See attached certification)



Óscar Rodrigo Rubio Cortés
Gerente corporativo de Contabilidad
T.P. 47208-T
(See attached certification)

Claudia María Montoya Arango
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Statutory Auditor of Cementos Argos S.A.
Registration No. 77492-T
Member of KPMG S.A.S.
(See report of February 24, 2021)

CERTIFICATION OF THE COMPANY'S LEGAL REPRESENTATIVE

To the shareholders
of Cementos Argos S.A.
and to the general public:

In my role as legal representative,

I CERTIFY

that the annual separate financial statements completed as of December 31, 2020, do not contain defects, inaccuracies or material errors that prevent knowing the true property status or the operations carried out by Cementos Argos S.A.

The above is to comply with article 46 of Law 964 of 2005.

For the record, it is signed on February 24th, 2021.



Juan Esteban Calle Restrepo
Legal Representative

CERTIFICATION OF THE LEGAL REPRESENTATIVE AND THE CORPORATE ACCOUNTING MANAGER OF THE COMPANY

To the shareholders
of Cementos Argos S.A.
and to the general public:

The undersigned legal representative and corporate accounting manager of Cementos Argos S.A. certify in accordance with the Article 37 of Law 222 of 1995, that the annual consolidated financial statements completed as of December 31, 2020, have been faithfully taken from the accounting books and that before being placed at your disposal and that of third parties, we have verified the following statements contained in them:

1. All assets and liabilities exist, and all registered transactions have been made during said years.
2. All the economic facts made by the company have been recognized.
3. The assets represent probable future economic benefits (rights) and the liabilities represent probable future economic commitments (obligations), obtained or in charge of the company.
4. All elements have been recognized for their appropriate values in accordance with the applicable financial reporting regulations in Colombia.
5. All economic events that affect the company have been correctly classified, described and disclosed.

For the record, it is signed on February 24th, 2021.



Juan Esteban Calle Restrepo
Legal Representative



Óscar Rodrigo Rubio Cortés
Corporate Accounting Manager
T.P. 47208-T



AUDM&SMDE-EFI2021-15478-P-30735

STATUTORY AUDITOR'S REPORT

To the Shareholders
Cementos Argos S.A.:

Report on the audit of the financial statements

Opinion

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

In my opinion, the aforementioned separate financial statements prepared in accordance with information taken faithfully from the books and attached to this report, present fairly, in all material respects, the separate financial position of the Company as of December 31, 2020, the separate results of its operations and its separate cash flows for the year then ended, in accordance with Accounting and Financial Reporting Standards accepted in Colombia, applied uniformly with the previous year.

Basis for opinion

I conducted my audit in accordance with International Standards on Auditing (ISAs) accepted in Colombia. My responsibilities under those standards are further described in the "Statutory Auditor's responsibilities for the audit of the financial statements" section of my report. I am independent of the Company, in accordance with the Code of Ethics for Professional Accountants Issued by the International Ethics Standards Board for Accountants (IESBA Code), included in the Information Assurance Standards accepted in Colombia together with the ethical requirements established in Colombia that are relevant to my audit of the separate financial statements and I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA Code mentioned.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Key Audit Matters

Key audit matters are those matters that, in my professional judgment, were of most significance in my audit of the separate financial statements of the current period. These matters were

addressed in the context of my audit of the separate financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

Assessment of the recoverability of deferred tax assets (See note 9 to the separate financial statements)	
Key Audit Matter	How this was addressed in the audit
<p>The Company has recognized in the separate statement of financial position a by significant deferred tax asset of \$ 221,070 million, originated from tax losses and other tax credits.</p> <p>This represents a key audit matter because assessing the recoverability of said asset involves complex judgments related to the determination of estimates on the Company's projected taxable profits, as well as in estimating the periods over which the asset is expected to be recovered.</p>	<p>My audit procedures to assess the recoverability of the deferred tax asset included, but were not limited to, the following:</p> <ul style="list-style-type: none"> - With the involvement of professionals with experience and knowledge in valuation, comparison of key assumptions used by the Company in determining projected pre-tax results, with independent recalculations and information obtained from external sources, when available. - With the involvement of professionals with experience and knowledge in taxes, evaluation of the main assumptions on which the tax adjustments made to pre-tax income was determined based on the financial projections, as well as the reversal period of temporary differences, the expiration of tax losses and other tax credits, and the tax strategies proposed by the Company.

Other matters

The separate financial statements as of and for the year ended December 31, 2019 are presented solely for comparative purposes, were audited by me and in my report dated February 22, 2020 I expressed an unmodified opinion on those financial statements.

Other information

The responsibility for the other information rests with Management. The other information comprises the Integrated Report, but does not include the separate financial statements and my corresponding audit report, nor the management report on which I pronounce myself in the section on Other legal and regulatory requirements, in accordance with the provisions of Article 38 of Law 222 of 1995. The information contained in the Integrated Report is expected to be available to me after the date of this audit report.

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

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

When I read the content of the Integrated Report, if I conclude that there is a material misstatement in this other information, I am required to report this fact to those charged with governance.

Responsibility of Management and those charged with the Company's governance for the separate financial statements

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

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

Those charged with corporate governance are responsible for overseeing the Company's financial reporting process.

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

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

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

- Identify and assess the risks of material misstatement in the separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks,

and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant for the audit in order to design audit procedures that are appropriate in the circumstances.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriate use of the going concern hypothesis by management and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my report to the disclosure that described this situation in the separate financial statements or, if such disclosure is inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the separate financial statements, including the disclosures, and whether the separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the separate financial statements. I am responsible for the direction, supervision and performance of the audit. I remain solely responsible for my audit opinion.

I communicate to those charged with the Company's governance, among other matters, the planned scope and timing for the audit, as well as significant audit findings, including any significant deficiency in internal control that I identify during my audit.

I also provide those charged with governance with a confirmation that I have complied with relevant ethical requirements regarding independence and that I have communicated to them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

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

Report about other legal and regulatory requirements

Based on the result of my tests, I believe during 2020:

- a) The Company's bookkeeping has been performed in conformity with legal rules and accounting pronouncements.
- b) The operations recorded in the books are in conformity with the bylaws and decisions of the General Shareholders' Meeting.
- c) The correspondence, the vouchers of accounts and the books of minutes and record of shares have been properly maintained.
- d) The management report prepared by management agrees with the accompanying financial statements, which includes evidence from management about the free circulation of invoices issued by sellers or suppliers.
- e) The information contained in the contribution returns submitted to the Comprehensive Social Security System, specifically the information on affiliates and their salary base for determining contributions, has been prepared from the accounting records and supporting documentation. The Company is up to date in payment of contributions to the Comprehensive Social Security System.

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

(Original version issued in Spanish and signed by)
Claudia María Montoya Arango
Statutory Auditor of Cementos Argos S.A.
Registration 77492 - T
Member of KPMG S.A.S.

February 24, 2021



AUDM&SMDE-EFI2021-15478-P-30735

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

To the Shareholders
Cementos Argos S.A.

Main matter description

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

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

Responsibility of Management

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

Statutory Auditor's responsibility

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

Standards Board (IAASB). Such standard requires that I plan and perform the procedures necessary to obtain reasonable assurance about compliance with the bylaws and the General Shareholders' Meeting decisions and whether there are and are adequate the measures of internal control, maintenance and custody of the Society's assets and third parties' assets that are in its possession, in accordance with the requirements of the internal control system implemented by management, in all material aspects.

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

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

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

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

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

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

Inherent limitations

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

Criteria

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

Conclusion

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



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

(Original version issued in Spanish and signed by)
Claudia María Montoya Arango
Statutory Auditor of Cementos Argos S.A.
Registration 77492 - T
Member of KPMG S.A.S.

February 24, 2021


Cementos Argos S.A.


SEPARATE STATEMENT OF FINANCIAL POSITION

As at December 31st, 2020 and 2019 | Millions of Colombian pesos

	Notes	2020	2019
ASSETS			
Cash and Cash Equivalents	5	\$ 236,227	\$ 42,678
Derivative financial instruments	6	66	355
Trade receivables and other accounts receivable, net	8	403,303	525,514
Tax receivable	9	89,651	190,254
Inventories	10	150,257	164,887
Other non-financial assets		15,187	27,539
Assets held for sale	17	30,199	31,626
Total current assets		\$ 924,890	\$ 982,853
Trade receivables and other accounts receivable, net	8	124,114	130,174
Investments in subsidiaries	13	8,988,703	8,606,865
Investments in associates and joint ventures	12	1,854	22,749
Other financial assets	7	720,402	967,959
Other intangible assets, net	14	249,516	286,184
Assets by right of use of leases, net	19	240,419	294,570
Biological assets	11	20,404	20,638
Property, plant and equipment, net	15	2,320,561	2,349,104
Investment property	16	97,938	95,775
Deferred tax asset	9	221,070	145,749
Total non-current assets		\$ 12,984,981	\$ 12,919,767
TOTAL ASSETS		\$ 13,909,871	\$ 13,902,620
LIABILITIES			
Financial Liabilities	18	669,798	767,084
Leasing liability	19	27,056	41,900
Trade liabilities and accounts payable	20	486,905	541,175
Taxes, liens and duties	9	52,864	72,142
Employee benefits	21	63,286	79,001
Provisions	22	20,777	18,719
Derivative financial instruments	6	21,611	16,021
Outstanding bonds and preferred shares	24	294,511	30,937
Prepaid income and other liabilities	23	43,366	68,858
Total current liabilities		\$ 1,680,174	\$ 1,635,837
Financial Liabilities	18	400,141	151,957
Leasing liability	19	175,802	199,100
Trade liabilities and accounts payable	20	4	1,137
Employee benefits	21	258,002	248,182
Derivative financial instruments	6	9,664	-
Provisions	22	37,298	36,524
Outstanding bonds and preferred shares	24	3,215,110	3,281,633
Prepaid income and other liabilities	23	1,443	17,464
Total non-current liabilities		\$ 4,097,464	\$ 3,935,997
TOTAL LIABILITIES		\$ 5,777,638	\$ 5,571,834
Issued capital	26	2,142,313	2,142,313
Treasury shares	27	(113,797)	(113,797)
Reserves	27	599,377	816,910
Retained earnings	28	2,228,944	2,260,710
Other comprehensive income	27	3,275,396	3,224,650
EQUITY		\$ 8,132,233	\$ 8,330,786
TOTAL EQUITY AND LIABILITIES		\$ 13,909,871	\$ 13,902,620

Notes are an integral part of these separate financial statements.

 **Juan Esteban Calle Restrepo**
Legal Representative
(See attached certification)

 **Óscar Rodrigo Rubio Cortés**
Gerente corporativo de Contabilidad
T.P. 47208-T
(See attached certification)

Claudia María Montoya Arango
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Statutory Auditor of Cementos Argos S.A.
Registration No. 77492-T
Member of KPMG S.A.S.
(See report of February 24, 2021)

Cementos Argos S.A.

SEPARATE STATEMENT OF COMPREHENSIVE INCOMEFor the years ending on December 31st, 2020 and 2019 | Millions of Colombian pesos

	Notes	2020	2019
Continuing operations			
Income from operations	29	\$ 1,345,395	\$ 1,522,364
Costs of goods sold	10	1,077,849	1,184,827
Gross profit		\$ 267,546	\$ 337,537
Administrative expenses	30	227,352	273,052
Selling expenses	31	65,187	75,347
Other (expenses) revenues from operations, net	32	4,822	(34)
Operating profit		\$ (20,171)	\$ (10,896)
Financial income, net	33	37,358	33,683
Financial expenses	34	326,097	326,336
Foreign exchange difference gain, net	39	4,376	9,972
Share of net loss of associates and joint ventures		347,188	374,371
Profit before income tax		\$ 42,654	\$ 80,794
Income tax	9	(35,478)	(41,027)
Net income	35	\$ 78,132	\$ 121,821
OTHER COMPREHENSIVE, INCOME NET OF TAX			
Items that will not be reclassified to profit or loss:			
Loss on new measurements of defined benefits obligations		(21,980)	(10,258)
(Loss) gain from equity investments measured at fair value		237,247	(52,004)
Income tax on items that will not be reclassified to profit or loss		4,799	3,955
Total items that will not be reclassified to profit or loss		\$ (254,428)	\$ 45,701
Items that will be reclassified to profit or loss:			
Net loss of cash-flow hedging instruments		(36,153)	(21,682)
Gain from foreign currency translation differences		340,463	34,346
Income tax on items that will be reclassified to profit or loss		8,955	9,593
Total items that will be reclassified to profit or loss		\$ 313,265	\$ 22,257
Other comprehensive income, net of tax		\$ 58,837	\$ 67,958
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		\$ 136,969	\$ 189,779

Notes are an integral part of these separate financial statements.



Juan Esteban Calle Restrepo
Legal Representative
(See attached certification)



Óscar Rodrigo Rubio Cortés
Corporate Accounting Manager
T.P. 47208-T
(See attached certification)

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(See report of February 24, 2021)

Cementos Argos S.A.

SEPARATE STATEMENT OF CHANGES IN EQUITY

For the years ending on December 31st, 2020 and 2019 | Millions of Colombian pesos

Note	Issued Capital	Treasury shares	Statutory reserve	Other reserves	Retained earnings	Other comprehensive income and other components	Cementos Argos S.A. Equity without investees	Reserves in investees	Accumulated income in investees	Other comprehensive income in investees	Equity
Balance at January 1st, 2019	2,142,313	(113,797)	85,209	728,354	775,308	841,604	4,458,991	154,329	1,514,793	2,330,026	8,458,139
Net income for the period	-	-	-	-	(252,550)	-	(252,550)	-	374,371	-	121,821
Other comprehensive income, net of income tax	-	-	-	-	-	49,099	49,099	-	-	18,859	67,958
Comprehensive income for the period	-	-	-	-	(252,550)	49,099	(203,451)	-	374,371	18,859	189,779
Transfer to retained earnings	-	-	-	-	13,934	(13,934)	-	-	1,004	(1,004)	-
Cash dividends on ordinary shares	-	-	-	-	38,821	-	38,821	-	(317,522)	-	(278,701)
Cash dividends on preferred shares	-	-	-	-	9,305	-	9,305	-	(57,679)	-	(48,374)
Appropriation of reserves	-	-	17,851	-	3,937	-	21,788	-	(21,788)	-	-
Release of reserves	-	-	-	(168,675)	168,675	-	-	-	-	-	-
Other movements	-	-	-	-	-	-	-	(158)	10,101	-	9,943
Balance at December 31st, 2019	\$ 2,142,313	(113,797)	103,060	559,679	757,430	876,769	4,325,454	154,171	1,503,280	2,347,881	8,330,786
Balance at January 1st, 2020	\$ 2,142,313	(113,797)	103,060	559,679	757,430	876,769	4,325,454	154,171	1,503,280	2,347,881	8,330,786
Net income for the period	-	-	-	-	(269,055)	-	(269,055)	-	347,187	-	78,132
Other comprehensive income, net of income tax	-	-	-	-	-	(254,810)	(254,810)	-	-	313,647	58,837
Comprehensive income for the period	-	-	-	-	(269,055)	(254,810)	(523,865)	-	347,187	313,647	136,969
Transfer to retained earnings	-	-	-	-	8,091	(8,091)	-	-	-	-	-
Cash dividends on ordinary shares	-	-	-	-	16,620	-	16,620	-	(305,920)	-	(289,300)
Cash dividends on preferred shares	-	-	-	-	5,328	-	5,328	-	(55,569)	-	(50,241)
Appropriation of reserves	-	-	12,182	-	700	-	12,882	-	(12,882)	-	-
Release of reserves	-	-	-	(232,212)	232,212	-	-	-	-	-	-
Other movements	-	-	-	-	-	-	-	2,497	1,522	-	4,019
Balance at December 31st, 2020	\$ 2,142,313	(113,797)	115,242	327,467	751,326	613,868	3,836,419	156,668	1,477,618	2,661,528	8,132,233

Notes are an integral part of these separate financial statements.

Juan Esteban Calle Restrepo
Legal Representative
(See attached certification)

Óscar Rodrigo Rubio Cortés
Corporate Accounting Manager
T.P. 47208-T
(See attached certification)

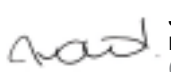
Claudia María Montoya Arango
(Original version issued in Spanish and signed by)
Statutory Auditor of Cementos Argos S.A.
Registration No. 77492-T
Member of KPMG S.A.S.
(See report of February 24, 2021)

Cementos Argos S.A.

SEPARATE STATEMENT OF CASH FLOWSFor the years ending on December 31st, 2020 and 2019 | Millions of Colombian pesos

	Notes	2020	2019
CASH FLOW FROM OPERATING ACTIVITIES			
Net Income	35	\$ 78,132	\$ 121,821
Adjustments to reconcile profit:			
Depreciation and Amortization	35	165,175	185,116
Income tax	9	(35,478)	(41,027)
Financial income	33	(37,358)	(33,683)
Net financial expenses	34	326,097	326,336
Provisions, post-employment and long-term defined benefit plans		2,465	3,978
Net impairment in financial assets and inventories		4,236	4,332
(Gains) losses from exchange difference		21,802	(7,799)
Gains on fair value measurement of investment properties and other assets		(2,962)	1,849
Net gain of subsidiaries, associates and joint ventures share	12,13	(347,188)	(374,371)
Losses (gains) on the disposal of non-current assets and business		14,477	(26,190)
Others, net		1,173	(12,862)
Changes in working capital of:			
Decrease (increase) in inventory	10	23,557	(36,266)
Decrease (increase) in receivables and other accounts receivable	8	127,250	119,061
Decreased (increased) in other non-financial assets		12,387	(4,018)
Paid taxes		(42)	-
Decrease in liabilities and other accounts payable		(195,884)	(129,960)
Total adjustments to reconcile profit and changes in working capital		79,707	(25,504)
Net cash flows from operating activities		\$ 157,839	\$ 96,317
CASH FLOW FROM INVESTING ACTIVITIES			
Amounts used to capitalize associates or joint ventures		(1,920)	(7,500)
Acquisition of investments financial instruments		(45,162)	(132)
Proceeds from the sale of participations in investees		4,984	62,681
Proceeds from sale of financial assets		135,814	23,372
Purchase of property, plant and equipment and investment properties		(56,745)	(185,999)
Dividends received		271,967	486,447
Proceeds from the sale of property, plant and equipment and investment properties		4,397	3,211
Purchase of intangible assets		-	(255)
Net cash flows used in investing activities		\$ 313,335	\$ 381,825
CASH FLOWS FROM FINANCING ACTIVITIES			
Cash flows from disposal (capitalization) of subsidiaries without loss of control		452	(2,897)
Proceeds from loans	18	1,216,145	1,400,975
Payment of loans and debt instruments		(1,088,502)	(1,201,172)
Amounts from bond issue	24	249,382	-
Proceeds from bond issue	24	(40,650)	(70,350)
Interest paid		(300,919)	(291,275)
Dividends paid on ordinary shares	28	(262,543)	(274,674)
Dividends paid on preferred shares	28	(47,690)	(49,894)
Payments of lease liabilities		(34,740)	(36,988)
Collection from financial derivatives contracts		31,440	27,614
Net cash flows used in financing activities		\$ (277,625)	\$ (498,661)
Increase (decrease) of cash and cash equivalent by operations		193,549	(20,519)
Cash and cash equivalents at the beginning of the period	5	\$ 42,678	\$ 63,197
Cash and cash equivalents at end of the period	5	\$ 236,227	\$ 42,678

Notes are an integral part of these separate financial statements.



Juan Esteban Calle Restrepo
Legal Representative
(See attached certification)



Óscar Rodrigo Rubio Cortés
Corporate Accounting Manager
T.P. 47208-T
(See attached certification)

Claudia María Montoya Arango
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Registration No. 77492-T
Member of KPMG S.A.S.
(See report of February 24, 2021)









SELF-ASSESSMENT OF THE APPLICATION OF PRINCIPLES AND CONTENT OF THE INTEGRATED REPORT

We have prepared our Integrated Report following the principles and elements of the International Integrated Report Council (IIRC), in order to adequately communicate to our stakeholders the material aspects that influence the ability of the organization to create value, as well as articulate its strategy and its business model, taking into account the different risks and opportunities.

The seven guiding principles followed for the preparation and presentation of this Integrated Report are the following:

Quality Principle	Integrated Report
1. STRATEGIC FOCUS AND FUTURE ORIENTATION	The report provides information about the organization's strategy and how it relates to its ability to create value in the short, medium and long term.
2. CONNECTIVITY OF INFORMATION	The structure of the report seeks to show the interconnection of the issues and how the information presented effects the relationship with our stakeholders.
3. STAKEHOLDER RELATIONSHIPS	The report includes information on the nature of the organization's relationships with its stakeholders, including how and to what extent it understands, takes into account and responds to their legitimate needs and interests.
4. MATERIALITY	The report focuses on presenting information on the topics identified as organizational materials, that is, those which have the capacity to create value over time for the company and its stakeholders.
5. CONCISENESS	We communicated more clearly and concisely the material issues of the organization, as well as the process that was developed to prioritize them.
6. RELIABILITY AND COMPLETENESS	The reliability of the report is reflected in the verification of indicators carried out by the independent firm Deloitte & Touche.
7. CONSISTENCY AND COMPARABILITY	<p>This Integrated Report presents the information for the period between January 1st and December 31st, 2020.</p> <p>We were rigorous in collecting the information presented in the report and, therefore, we ensure comparability, both with respect to the performance of previous years, as with other sector organizations. This comparability is also supported by the fact that we built the report within the framework of the Global Reporting Initiative (GRI), the sustainability guidelines and the benchmark indicators for the industry of the Global Concrete and Cement Association (GCCA) and SASB standards for the construction industry.</p>

Next, we present the elements of the Integrated Reporting framework that have been applied in its construction.

Content elements Included	Aspects	Section
 ORGANIZATIONAL VISION AND OPERATIONAL CONTEXT	<ul style="list-style-type: none"> ■ Products, services, markets where it operates, size of the operation ■ Business model and value creation 	<ul style="list-style-type: none"> ■ Gatefold ■ Management Report ■ Strategic Framework
 GOVERNANCE	<ul style="list-style-type: none"> ■ Government model Guidelines and directives for ethics, transparency and good governance ■ Good governance practices: Selection, appointment, remuneration, training and evaluation of the Board of Directors 	<ul style="list-style-type: none"> ■ Corporate governance
 BUSINESS MODEL	<ul style="list-style-type: none"> ■ Business model ■ Creation of value 	<ul style="list-style-type: none"> ■ Management Report ■ Strategic Framework
 RISKS AND OPPORTUNITIES	<ul style="list-style-type: none"> ■ Strategic and emerging risks and mitigation actions 	<ul style="list-style-type: none"> ■ Strategic Framework ■ Action Focuses
 STRATEGY AND RESOURCES	<ul style="list-style-type: none"> ■ Business model and creation of value ■ Sustainability Strategy 	<ul style="list-style-type: none"> ■ Strategic Framework ■ Action Focuses
 PERFORMANCE AND RESULTS	<ul style="list-style-type: none"> ■ Relevant performance figures ■ Main results of the reporting period ■ Monitoring of short, medium and long term goals in material issues 	<ul style="list-style-type: none"> ■ Management Report ■ Action Focuses
 FUTURE PROJECTION	<ul style="list-style-type: none"> ■ Challenges of short, medium and long term 	<ul style="list-style-type: none"> ■ Action Focuses
 PREPARATION AND PRESENTATION BASES	<ul style="list-style-type: none"> ■ Process of identification and prioritization of material issues ■ Mechanisms for evaluation and monitoring of material issues 	<ul style="list-style-type: none"> ■ Strategic Framework ■ Action Focuses

GRI TABLE

#	Indicator	Location in the IR
FOUNDATION		
101	Foundation	
1. ORGANIZATIONAL PROFILE		
102-1	Name of the organization	Cementos Argos S.A.
102-2	Activities, brands, products and services	Introduction, relevant numbers
102-3	Location of headquarters	Career 43A St 1A south 143 (Medellín - Colombia) Vía 40, Las Flores (Barranquilla - Colombia)
102-4	Location of operations	Introduction, where we operate
102-5	Ownership and legal form	Corporation
102-6	Markets served	Introduction, where we operate
102-7	Scale of the organization	Introduction, where we operate
102-8	Information on employees and other workers	Introduction, where we operate and https://sostenibilidad.argos.co/Anexos
102-9	Supply chain	Supplier Management, pag. 106 and https://sostenibilidad.argos.co/Supplier-management-indicators
102-10	Significant changes to the organization and its supply chain	Management report, pag. 22-51
102-11	Precautionary principle or approach	Sustainability Strategy, pag. 54-55
102-12	External initiatives	Industry positioning, pag. 101-105
102-13	Memberships of associations	Industry positioning, pag. 101-105
2. STRATEGY AND RISK MANAGEMENT		
102-14	Statement from senior decision maker	Letter from the Chairman of the Board, pag. 9; Management report, pag. 22
102-15	Key impacts, risks and opportunities	Risk management, pag. 64 and https://sostenibilidad.argos.co/Emergent-and-strategic-risks
A-RI1	Strategic risks	Risk management, pag. 67 and https://sostenibilidad.argos.co/Emergent-and-strategic-risks
A-RI2	Emerging risks	https://sostenibilidad.argos.co/Emergent-and-strategic-risks
3. GOVERNANCE		
102-18	Governance structure	Corporate governance, pag. 12
102-19	Delegating authority	Corporate governance, pag. 12
102-20	Executive level responsibility for environmental, social and economic topics	Corporate governance, Pag. 12
102-21	Consulting stakeholders on environmental, social and economic topics	Stakeholders, pag. 59
102-22	Composition of highest governance body and its committees	Corporate governance, pag. 14
102-23	Chair of the highest governance body	Corporate governance, pag. 13-17
102-24	Nomination and selection of highest governance body	Corporate governance, pag. 13-17
102-25	Conflicts of interests	Corporate governance, pag. 13-17
102-26	Role of the highest governance body in setting purpose, values and strategy	Corporate governance, pag. 13-17
102-27	Collective knowledge of highest governance body	Corporate governance, pag. 13-17
102-28	Evaluating the highest governance body's performance	Corporate governance, pag. 13-17
102-29	Identifying and managing economic, social and environmental impacts	Corporate governance, pag. 13-17
102-30	Effectiveness of risk management processes	Corporate governance, pag. 13-17
102-31	Review of economic, social and environmental topics	Corporate governance, pag. 10
102-32	Highest governance body's role in sustainability reporting	About this report, pag. 4-5
102-33	Communicating critical concerns	Corporate governance, pag. 13-17
102-34	Nature and total number of critical concerns	Corporate governance, pag. 13-17
102-35	Remuneration policies	Corporate governance, pag. 13-17
102-36	Process for determining remuneration	Corporate governance, pag. 13-17
102-37	Stakeholder's involvement in remuneration	Corporate governance, pag. 13-17
4. STAKEHOLDER ENGAGEMENT		
102-40	List of stakeholder groups	Stakeholders, pag. 59
102-42	Collective bargaining agreements	Stakeholders, pag. 59
102-41	Identifying and selecting stakeholders	https://sostenibilidad.argos.co/Relationship-mechanisms
102-43	Approach to stakeholder engagement	Stakeholders, pag. 60 -61
102-44	Key topics and concerns raised	Stakeholders, pag. 60 -61

#	Indicator	Location in the IR		
5. REPORTING PRACTICE				
102-45	Entities included in the consolidated financial statements	*Notes to the financial statements		
102-46	Defining report content and topic boundaries	About this report, pag. 4 -5		
102-47	List of material topics	Material topics, pag. 56-58		
102-48	Restatements of information	About this report, pag. 4 -5		
102-49	Changes in reporting	About this report, pag. 4 -5		
102-50	Reporting period	About this report, pag. 4 -5		
102-51	Date of most recent report	About this report, pag. 4 -5		
102-52	Reporting cycle	About this report, pag. 4 -5		
102-53	Contact point for questions regarding the report	About this report, pag. 4 -5		
102-54	Claims of reporting in accordance to GRI standards	About this report, pag. 4 -5		
102-55	GRI Content Index	About this report, pag. 4 -5		
102-56	External Assurance	About this report, pag. 4 -5		
Specific content				
#	Indicator	Location in the IR	Verification	Omissions
MATERIAL TOPIC: EFFICIENCY AND PRODUCTIVITY				
103	Management approach	Efficiency and Productivity, pag. 78		
103-1	Explanation of the material topic and its boundary	Efficiency and Productivity, pag. 78		
103-2	The management approach an its components	Efficiency and Productivity, pag. 78-89		
103-3	Evaluation of the management approach	Efficiency and Productivity, pag. 78-89		
A-RE1	Net debt/(EBITDA+dividends)	Efficiency and Productivity, pag. 86	X	
A-RE2	EBITDA	Introduction, Relevant figures	X	
A-RE3	EBITDA margin	Management report, pag. 29	X	
A-BE2	Total deinvestments in the reporting period	Efficiency and Productivity, pag. 86	X	
302-1	Energy consumption within the organization (GJ)	http://sostenibilidad.argos.co/Energy-indicators	X	
302-4	Reduction of energy consumption (MJ)	http://sostenibilidad.argos.co/Energy-indicators	X	
301-1	Materials used by weight or volume	https://sostenibilidad.argos.co/Environmental-indicators	X	
306-2	Waste by type and disposal method	https://sostenibilidad.argos.co/Environmental-indicators	X	The way in which the disposal of waste method is established is not disclosed.
A-EC2	Alternative raw materials rate (%) (Cement)	Efficiency and Productivity, pag. 84 and https://sostenibilidad.argos.co/Environmental-indicators	X	
A-EC3	Percentage of supplementary Cementitious Materials (concrete)	Efficiency and Productivity, pag. 84 and https://sostenibilidad.argos.co/Environmental-indicators	X	
A-EC4	Volume of used recycled aggregates	https://sostenibilidad.argos.co/Environmental-indicators	X	
MATERIAL TOPIC: ADAPTATION TO MARKET DYNAMICS				
103	Management approach	Adaptation to market dynamics, pag. 88-89		
103-1	Explanation of the material topic and its boundary	Adaptation to market dynamics, pag. 88-89		
103-2	The management approach an its components	Adaptation to market dynamics, pag. 88-89		
103-3	Evaluation of the management approach	Adaptation to market dynamics, pag. 88-89		
A-IN1	Total amount of innovation investment	http://sostenibilidad.argos.co/Innovation-Indicators	X	
A-IN3	Revenues from innovation	Adaptation to market dynamics, pag. 89 and http://sostenibilidad.argos.co/Innovation-Indicators	X	
A-IN4	Savings derived from the implementation of innovation initiatives	http://sostenibilidad.argos.co/Innovation-Indicators	X	
A-CS1	Revenues obtained from products with sustainability characteristics	Adaptation to market dynamics, pag. 89 and http://sostenibilidad.argos.co/Innovation-Indicators	X	
A-IM1	Customer satisfaction index per country	http://sostenibilidad.argos.co/Innovation-Indicators	X	
MATERIAL TOPIC: TALENT MANAGEMENT				
103	Management approach	Talent Management, pag. 128-133		
103-1	Explanation of the material topic and its boundary	Talent Management, pag. 128-133		
103-2	The management approach an its components	Talent Management, pag. 128-133		
103-3	Evaluation of the management approach	Talent Management, pag. 128-133		
202-2	Proportion of senior management hired from the local community	https://sostenibilidad.argos.co/Talent-management-indicators	X	
401-1	Total number and rates of new employee hires and employee turnover by age group, gender and region	https://sostenibilidad.argos.co/Talent-management-indicators	X	
402-1	Minimum notice periods regarding operational changes, including whether these are specified in collective agreements	https://sostenibilidad.argos.co/Talent-management-indicators	X	

Specific content				
#	Indicator	Location in the IR	Verification	Omissions
404-1	Average hours of training per year per employee by gender, and by employee category	https://sostenibilidad.argos.co/Talent-management-indicators	X	
404-3	Percentage of employees receiving regular performance and career development reviews, by gender and by employee category	https://sostenibilidad.argos.co/Talent-management-indicators	X	
405-1	Board of Directors broken down by age and gender	https://sostenibilidad.argos.co/Talent-management-indicators	X	
405-2	Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation	https://sostenibilidad.argos.co/Talent-management-indicators	X	
A-TM1	Mobility rate	Talent Management, pág. 132 and https://sostenibilidad.argos.co/Talent-management-indicators	X	
A-TM2	Percentage of women in leadership position	Talent Management, pág. 132 and https://sostenibilidad.argos.co/Talent-management-indicators	X	
A-TM3	Succession success rate	Talent Management, pág. 132 and https://sostenibilidad.argos.co/Talent-management-indicators	X	
MATERIAL TOPIC: CLIMATE CHANGE				
103	Management approach	Climate change, pag. 114-119		
103-1	Explanation of the material topic and its boundary	Climate change, pag. 114-119		
103-2	The management approach an its components	Climate change, pag. 114-119		
103-3	Evaluation of the management approach	Climate change, pag. 114-119		
201-2	Financial implications and other risks and opportunities due to climate change	https://sostenibilidad.argos.co/Environmental-indicators	X	
305-1	Direct (Scope 1) GHG emissions	https://sostenibilidad.argos.co/Environmental-indicators	X	
305-2	Energy indirect (Scope 2) GHG emissions	https://sostenibilidad.argos.co/Environmental-indicators	X	
305-3	Other indirect (Scope 3) GHG emissions (tCO2)	https://sostenibilidad.argos.co/Climate-change-indicators	X	
305-4	GHG emissions intensity	https://sostenibilidad.argos.co/Environmental-indicators	X	
305-5	Reduction of GHG emissions (t CO2)	https://sostenibilidad.argos.co/Environmental-indicators	X	
A-ENE1	Substitution of fossil caloric consumption with alternative fuels	Climate change, pag. 114-119 and https://sostenibilidad.argos.co/Environmental-indicators	X	
A-EC1	Specific CO2 emissions - net (kg/t cementitious product)	Climate change, pag. 114-119 and https://sostenibilidad.argos.co/Environmental-indicators	X	
MATERIAL TOPIC: ETHICS AND COMPLIANCE				
103	Management approach	Ethics and Compliance, pag. 96-100		
103-1	Explanation of the material topic and its boundary	Ethics and Compliance, pag. 96-100		
103-2	The management approach an its components	Ethics and Compliance, pag. 96-100		
103-3	Evaluation of the management approach	Ethics and Compliance, pag. 96-100		
102-16	Values, principles, standards and norms of behavior	Ethics and Compliance, pag. 96-100		
102-17	Mechanisms for advice and concerns about ethics	Ethics and Compliance, pag. 96-100		
205-1	Number and percentage of operations assessed in terms of corruption and significant risks identified	http://sostenibilidad.argos.co/Ethics-Indicators	X	
205-2	Communication and training about anti-corruption policies and procedures	Ethics and Compliance, pag. 96-100	X	
205-3	Confirmed incidents of corruption and actions taken	Ethics and Compliance, pag. 96-100	X	
206-1	Legal actions for anti competitive behavior, anti trust and monopoly practices	http://sostenibilidad.argos.co/Ethics-Indicators	X	
307-1	Non compliance with environmental laws and regulations	http://sostenibilidad.argos.co/Ethics-Indicators	X	
419-1	Non compliance with social and economic regulations	http://sostenibilidad.argos.co/Ethics-Indicators	X	
A-ETH1	Environmental, social and human rights complaints received	http://sostenibilidad.argos.co/Ethics-Indicators	X	
MATERIAL TOPIC: ECOSYSTEMS				
103	Management approach	Ecosystems, pag. 120-124		
103-1	Explanation of the material topic and its boundary	Ecosystems, pag. 120-124		
103-2	The management approach and its components	Ecosystems, pag. 120-124		
103-3	Evaluation of the management approach	Ecosystems, pag. 120-124		
303-3	Water withdrawal by source (m³)	https://sostenibilidad.argos.co/Water-indicators & https://sostenibilidad.argos.co/Environmental-indicators	X	
303-4	Water discharge destination	https://sostenibilidad.argos.co/Water-indicators & https://sostenibilidad.argos.co/Environmental-indicators	X	
303-5	Specific water consumption (L/ton or L/m³)	https://sostenibilidad.argos.co/Water-indicators & https://sostenibilidad.argos.co/Environmental-indicators	X	

Specific content				
#	Indicator	Location in the IR	Verification	Omissions
A-A1	Water consumption	Ecosystems, pag. 122, https://sostenibilidad.argos.co/Water-indicators & https://sostenibilidad.argos.co/Environmental-indicators	X	
A-A2	Reused and recycled water	https://sostenibilidad.argos.co/Environmental-indicators , https://sostenibilidad.argos.co/Water-indicators	X	
A-B11	Number and percentage of active and inactive quarries with high biodiversity value where biodiversity management plans are actively implemented	Ecosystems, pag. 122 and https://sostenibilidad.argos.co/Environmental-indicators	X	
A-B12	Number and percentage of disturbed areas rehabilitated at active and inactive quarries	Ecosystems, pag. 122 and https://sostenibilidad.argos.co/Environmental-indicators	X	
304-1	Percentage of active facilities with high biodiversity value where biodiversity management plans are actively implemented	https://sostenibilidad.argos.co/Environmental-indicators	X	Detailed information related to the company owned, leased or managed or adjacent sites to protected areas and areas of high value for biodiversity outside protected areas is not disclosed due to confidentiality restrictions.
304-4	Percentage of active and inactive quarries that have a closure plan established	https://sostenibilidad.argos.co/Environmental-indicators	X	
A-B13	Number of facilities with high biodiversity value	https://sostenibilidad.argos.co/Environmental-indicators	X	
A-B14	IUCN Red List species and national conservation list species with habitats in areas affected by operations	https://sostenibilidad.argos.co/Environmental-indicators	X	
MATERIAL TOPIC: INDUSTRY POSITIONING				
103	Management approach	Industry positioning, pag. 101-105		
103-1	Explanation of the material topic and its boundary	Industry positioning, pag. 101-105		
103-2	The management approach and its components	Industry positioning, pag. 101-105		
103-3	Evaluation of the management approach	Industry positioning, pag. 101-105		
A-LS1	VAS	Value added to society, pag. 68 and https://sostenibilidad.argos.co/Value-Added-Statement	X	
A-LS2	Reputation Index	Industry positioning, pag. 103	X	
A-TAX1	Taxes paid by country	http://sostenibilidad.argos.co/Ethics-Indicators	X	
415-1	Largest contributions and expenditures	http://sostenibilidad.argos.co/Ethics-Indicators	X	
A-ETH2	Major contributions	http://sostenibilidad.argos.co/Ethics-Indicators	X	
MATERIAL TOPIC: OCCUPATIONAL HEALTH AND SAFETY				
103	Management approach	Occupational Health and Safety, pag.134-139		
103-1	Explanation of the material topic and its boundary	Occupational Health and Safety, pag.134-139		
103-2	The management approach and its components	Occupational Health and Safety, pag.134-139		
103-3	Evaluation of the management approach	Occupational Health and Safety, pag.134-139		
403-1	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs	Occupational Health and Safety, pag.135	X	
403-2	Hazard identification, risk assessment, and incident investigation	Through our Yo Prometo management system with its programs and committees, we focus on comprehensive risk management. We strengthen the corporate culture in a way that makes it easier for us to achieve and sustain the zero objective, so that we all know the risks and apply the control measures that prevent occupational injuries and illnesses.		
403-3	Occupational health services	Occupational Health and Safety, pag.136		
403-4	Occupational health and safety management system	Occupational Health and Safety, pag.136	X	
403-5	Worker training on occupational health and safety	https://sostenibilidad.argos.co/indicadores-seguridad-y-salud-en-el-trabajo		
403-6	Promotion of worker health	The Sustainability and Corporate Governance Committee of the Board of Directors closely monitors compliance and progress of the Health and Safety indicators, so that the strategy is present at all organizational levels. Through our pillar of OPERATIONAL EXCELLENCE, we continuously learn and improve, sharing our best practices, we promote safety and health as a habit that is present in daily actions and decisions.		

Specific content				
#	Indicator	Location in the IR	Verification	Omissions
403-9	Type of injury & rates of injury, occupational diseases, lost days, & absenteeism, & total number of work-related fatalities, by region & by gender	https://sostenibilidad.argos.co/Health-and-safety-Indicators	X	
403-10	Work-related ill health	https://sostenibilidad.argos.co/indicadores-seguridad-y-salud-en-el-trabajo	X	
A-SI1	Lost-Time Injuries Frequency Rate (LTIFR) - Contractors and employees	Occupational Health and Safety, pag.137, https://sostenibilidad.argos.co/Health-and-safety-Indicators	X	
A-SI2	Occupational Illness Frequency Rate (OIFR) - Employees	https://sostenibilidad.argos.co/Health-and-safety-Indicators	X	
MATERIAL TOPIC: ATMOSPHERIC EMISSIONS				
103	Management approach	Atmospheric emissions, pag. 125-127		
103-1	Explanation of the material topic and its boundary	Atmospheric emissions, pag. 125-127		
103-2	The management approach and its components	Atmospheric emissions, pag. 125-127		
103-3	Evaluation of the management approach	Atmospheric emissions, pag. 125-127		
305-7	Nitrogen oxides (NOx), sulfur oxides (Sox) and other significant air emissions	https://sostenibilidad.argos.co/Environmental-indicators	X	
A-OE1	Specific Emissions	Atmospheric emissions, pag. 126 and https://sostenibilidad.argos.co/Environmental-indicators	X	
MATERIAL TOPIC: SUPPLY CHAIN MANAGEMENT				
103	Management approach	Supplier Management, pag.106-111		
103-1	Explanation of the material topic and its boundary	Supplier Management, pag.106-111		
103-2	The management approach and its components	Supplier Management, pag.106-111		
103-3	Evaluation of the management approach	Supplier Management, pag.106-111		
204-1	Proportion of spending on local suppliers	https://sostenibilidad.argos.co/Supplier-management-indicators	X	
308-2	Negative environmental impacts in the supply chain and actions taken	https://sostenibilidad.argos.co/Supplier-management-indicators	X	
414-2	Negative social impacts in the supply chain and actions taken	https://sostenibilidad.argos.co/Supplier-management-indicators	X	
MATERIAL TOPIC: COMMUNITY ENGAGEMENT				
103	Management approach	Community Engagement, pag.140-147		
103-1	Explanation of the material topic and its boundary	Community Engagement, pag.140-147		
103-2	The management approach and its components	Community Engagement, pag.140-147		
103-3	Evaluation of the management approach	Community Engagement, pag.140-147		
203-1	Development and impact of infrastructure investments and services supported	Community Engagement, pag.140-147	X	
413-1	Percentage of facilities where development, impact evaluation and local community participation programs have been implemented	https://sostenibilidad.argos.co/Community-engagement-indicators	X	
413-2	Operations with significant actual and potential negative impacts on local communities	https://sostenibilidad.argos.co/Community-engagement-indicators	X	
A-COM1	Social Investment	Community Engagement, pag. 146 and https://sostenibilidad.argos.co/Community-engagement-indicators	X	
A-COM2	Revenue associated with social impact commercial initiatives	https://sostenibilidad.argos.co/Community-engagement-indicators	X	
A-COM3	Type of Philanthropic Activities	https://sostenibilidad.argos.co/Community-engagement-indicators	X	
A-COM4	Argos prioritized operations with local engagement plans	https://sostenibilidad.argos.co/Community-engagement-indicators	X	
A-COM5	Prioritized operations with interaction and risk management	https://sostenibilidad.argos.co/Community-engagement-indicators	X	
A-COM6	Innovative solutions	Sustainability program	X	
MATERIAL TOPIC: HUMAN RIGHTS				
103	Management approach	Human rights, pag. 148-151		
103-1	Explanation of the material topic and its boundary	Human rights, pag. 148-151		
103-2	The management approach and its components	Human rights, pag. 148-151		
103-3	Evaluation of the management approach	Human rights, pag. 148-151		

ENVIRONMENTAL INDICATORS

	Argos	GCCA	GRI	SASB	DJSI	2017	2018	2019	2020	Goal 2030	Comments
CO₂ EMISSIONS											
Cement											
Direct (Scope 1) GHG emissions (t CO ₂ e)			305-1		2.3.1	7,475,544	7,794,246	8,186,930	7,281,478		
Indirect (Scope 2) GHG emissions (t CO ₂ e)			305-2		2.3.2	417,858	436,090	432,834	399,728		
Total CO ₂ emissions - gross (t CO ₂ e)		GCCA				7,475,544	7,794,246	8,186,930	7,281,478		
Total CO ₂ emissions - net (t CO ₂ e)		GCCA				7,362,087	7,661,340	8,057,886	7,176,891		
Specific CO ₂ emissions - gross (kg CO ₂ e/t cementitious material)		GCCA	305-4			627	627	638	643		
Specific CO ₂ emissions - net (kg CO ₂ e/t cementitious material)	A-EC1	GCCA		EM-CM-110a.2		618	616	628	634	523	
Concrete											
Direct (Scope 1) GHG emissions (t CO ₂ e)			305-1			135,921	114,944	126,796	72,026		
Indirect (Scope 2) GHG emissions (t CO ₂ e)			305-2			17,900	14,968	12,737	14,041		
GHG emissions intensity (kg CO ₂ e/m ³ concrete)			305-4			13	12	14	9		
Aggregates											
Direct (Scope 1) GHG emissions (t CO ₂ e)			305-1			3,143	4,899	4,009	2,806		
Indirect (Scope 2) GHG emissions (t CO ₂ e)			305-2			877	1,109	752	656		
GHG emissions intensity (kg CO ₂ e/t product)			305-4			1	2	2	2		
Electricity generation											
Direct (Scope 1) GHG emissions (t CO ₂ e)			305-1			553,278	384,307	395,896	416,468		
Indirect (Scope 2) GHG emissions (t CO ₂ e)			305-2			N/A	N/A	N/A	N/A		
GHG emissions intensity (kg CO ₂ e/MWh)			305-4			781	865	865	910		
Company											
Direct (Scope 1) GHG emissions tCO ₂ e			305-1	EM-CM-110a.1	2.3.1	8,167,887	8,298,395	8,713,631	7,772,778		
Indirect (Scope 2) GHG emissions tCO ₂ e			305-2		2.3.2	436,634	452,167	446,322	414,425		
Total direct and indirect GHG emissions tCO ₂ e						8,604,521	8,750,562	9,159,953	8,187,203		
Other indirect (Scope 3) GHG emissions tCO ₂ e			305-3		2.6.10	3,571,690	3,580,053	4,328,311	4,153,714		
ENERGY AND FUELS											
Energy consumption within the organization - cement (GJ)			302-1			38,479,780	40,616,758	42,279,469	37,058,870		
Energy consumption within the organization - concrete (GJ)			302-1			1,995,513	1,696,758	1,836,511	1,102,264		
Energy consumption within the organization - aggregates (GJ)			302-1			64,683	92,730	71,786	50,535		
Energy consumption within the organization - energy generation (GJ)			302-1			6,531,242	4,619,321	5,014,380	4,614,307		
Energy sold to the grid (GJ)			302-1	EM-CM-130a.1		N/A	N/A	161,688	211,309		
Total energy consumption within the organization (GJ)			302-1			45,368,302	45,742,995	47,685,450	41,253,086		
Total non-renewable energy consumption within the organization (MWh)					2.3.3	12,112,395	12,004,281	12,368,809	10,579,857		

	Argos	GCCA	GRI	SASB	DJSI	2017	2018	2019	2020	Goal 2030	Comments
Specific caloric consumption of clinker production (MJ/t clinker)		GCCA				3,709	3,730	3,759	3,684		
Substitution of caloric consumption of fossil fuels with alternative fuels (%)	A-ENE1				2.5.1	5.4%	5.1%	5.6%	6.3%	33.0%	
Rate of alternative fuels (%)		GCCA				4.4%	4.9%	4.5%	4.2%		
Biomass rate as fuel (%)		GCCA				1.0%	0.2%	1.0%	2.0%		
MATERIALS											
Cement											
Raw materials						17,859,358	17,284,870	17,838,357	15,327,796		
Auxiliary materials						10,925,284	8,759,543	10,840,546	8,317,068		
Semi-finished			301-1			11,972,923	3,245,333	3,506,215	3,652,037		
Packing						20,101	19,738	17,080	22,906		
Concrete											
Raw materials						20,738,461	19,172,674	17,294,278	16,007,268		
Auxiliary materials			301-1			985,654	825,498	1,320,506	673,430		
Semi-finished						3,688,970	4,724,211	4,169,891	3,925,733		
Aggregates											
Raw materials						2,807,962	2,769,282	2,302,807	1,657,764		
Auxiliary materials			301-1			999	1,269	1,271	52,645		
Semi-finished						-	-				
Electricity generation											
Raw materials						-	-		-		
Auxiliary materials			301-1			442,190,662	97,337,958	862,234	742,312		
Company											
Raw materials						41,405,781	39,226,827	37,435,442	32,992,829		
Auxiliary materials						454,102,598	106,924,269	13,024,558	9,785,455		
Semi-finished			301-1			23,137,437	15,763,790	7,676,107	7,577,771		
Packing						20,101	19,738	17,080	22,906		
Total consumption of materials (t)						518,665,917	161,934,623	58,153,187	50,378,961		
Alternative Raw Materials (cement) (%)	A-EC2	GCCA			2.5.1	10.2%	10.2%	10.7%	12.0%	15.0%	
Supplementary Cementitious Material (concrete) (%)	A-EC3					16.5%	16.3%	16.8%	17.8%	18.0%	
Volume of recycled aggregates used (t accumulated)	A-EC4					5,328	12,720	15,277	17,034		
Ratio Clinker/Cement		GCCA			2.5.1	77%	76%	77%	78%		
WASTE											
Total waste						326,489	212,226	265,068	143,816		
Hazardous waste (t)						789	1,585	847	418		
Reuse / Recycling / Recovery, including recovery of waste / Other post consumption programs						369	801	335	144		
Coprocessing						-	18	12	2		
Incineration						238	282	181	149		
Secure Landfill			306-2	EM-CM-150a.1		183	484	320	123		
Non hazardous waste (t)						325,699	210,641	264,220	143,398		
Reuse / Recycling / Recovery / Composting						51,213	94,180	106,492	84,491		
Coprocessing						13	2,677	58	88		
Incineration						8	335	2	2		
Secure Landfill						5,277	13,142	13,709	5,256		
Authorized site for disposal of concrete debris						213,224	100,307	143,960	53,562		
On-site storage						55,965	N/A	N/A	-		

Argos	GCCA	GRI	SASB	DJSI	2017	2018	2019	2020	Goal 2030	Comments
Recovery, recycling and reused					107,560	97,675	106,896	84,725		
Hazardous waste					369	819	346	146		
Non hazardous waste					107,191	96,856	106,550	84,579		
Waste disposed through landfill or incineration					2.3.5	218,929	114,551	158,172	59,091	
Hazardous waste					421	766	501	272		
Non hazardous waste					218,508	113,785	157,671	58,819		
OTHER EMISSIONS										
Cement										
Dust										
Absolute dust emissions (t)		305-7		EM-CM-120a.1	1,695	831	863	617		[102-48] Includes emissions from the calcined clay process (8.9 tonnes of dust emissions)
Absolute dust emissions (t) Only kiln		GCCA - KPI 3			484	406	589	315		
Specific dust emissions (g MP/t clinker)	A-OE1	GCCA - KPI 3			57	45	62	37	45	
Coverage with dust monitoring (percentage of clinker produced in kilns covered with monitoring systems for dust) (%)		GCCA - KPI 4			100 %	100 %	100 %	99 %		
NOx										
Absolute NOx emissions (t NOx)		GCCA - KPI 3	305-7	EM-CM-120a.1	12,183	11,838	10,726	11,106		[102-48] Includes emissions from the calcined clay process (4.98 tonnes of dust emissions)
Specific NOx emissions (g NOx/t clinker)	A-OE1	GCCA - KPI 3			1,397	1,311	1,128	1,319	1,205	
Coverage with NOx monitoring (percentage of clinker produced in kilns covered with monitoring systems for SO ₂) (%)		GCCA - KPI 4			100%	100%	100%	99%		
SOx										
Absolute SO ₂ emissions (t SO ₂)		GCCA - KPI 3	305-7	EM-CM-120a.1	2,191	1,780	1,880	1,579		[102-48] Includes emissions from the calcined clay process (96,62 tonnes of dust emissions)
Specific SO ₂ emissions (g SO ₂ /t clinker)	A-OE1	GCCA - KPI 3			251	197	198	176	205	
Coverage with SO ₂ monitoring (percentage of clinker produced in kilns covered with monitoring systems for SO ₂) %		GCCA - KPI 4			100 %	100 %	100 %	99 %		
Total coverage (percentage of clinker produced in kilns covered with monitoring systems, continuous or discontinuous, for dust, NOx, SO ₂ , VOC/THC, heavy metals) %		GCCA - KPI 1			57.3 %	55.5 %	82.6 %	60.8 %		
Coverage with continuous monitoring of emissions (percentage of clinker produced in kilns covered with continuous monitoring systems for dust, NOx, SO ₂)		GCCA - KPI 2			93.9 %	92.0 %	88.1 %	91.2 %		

	Argos	GCCA	GRI	SASB	DJSI	2017	2018	2019	2020	Goal 2030	Comments
Absolute VOC/THC emissions (t VOC/THC)		GCCA - KPI 3			2.3.10	325	275	355	214		
Specific VOC/THC emissions (g VOC/THC/t clinker)		GCCA - KPI 3		EM-CM-120a.1		65	37	45	47		
Coverage VOC/THC (%)		GCCA - KPI 4				57.3 %	81.7 %	82.6 %	54.5 %		
Absolute PCDD/F emissions (mg PCDD)		GCCA - KPI 3				76	71	149	55		
Specific PCDD/F emissions (mg PCDD/t clinker)		GCCA - KPI 3				18	10	19	8		
Coverage PCDD/F (%)		GCCA - KPI 4				63.4 %	72.1 %	82.6 %	79.8 %		
Absolute Hg emissions (kg Hg)		GCCA - KPI 3			2.3.8	243	226	283	226		
Specific Hg emissions (mg Hg/t clinker)		GCCA - KPI 3				34	31	34	30		
Coverage Hg (%)		GCCA - KPI 4				80.9 %	81.7 %	87.7 %	90.1 %		
Absolute HM1 (Cd + TI) emissions (kg HM1)		GCCA - KPI 3				45	36	31	18		
Specific HM1 (Cd + TI) emissions (mg HM1/t clinker)		GCCA - KPI 3				5	5	4	3		
Coverage HM1 (Cd + TI) (%)		GCCA - KPI 4				80.9 %	75.2 %	82.6 %	79.8 %		
Absolute HM2 emissions (Sum of Sb, As, Pb, Cr, Co, Cu, Mn, Ni, V) (kg HM2)		GCCA - KPI 3				3,684	1,312	1,204	2,907		
Specific HM2 emissions (Sum of Sb, As, Pb, Cr, Co, Cu, Mn, Ni, V) (mg HM2/t clinker)		GCCA - KPI 3				454	178	153	433		
Coverage HM2 (Sum of Sb, As, Pb, Cr, Co, Cu, Mn, Ni, V) (%)		GCCA - KPI 4				80.9 %	75.2 %	82.6 %	79.8 %		
Concrete											
Absolute dust emissions (t)			305-7			142	129	117	97		
Electricity generation											
Absolute dust emissions (t)						60	21	11	37		
Absolute NOx emissions (t NO)						640	375	464	466		
Absolute SO ₂ emissions (t SO ₂ /año)			305-7			3,003	1,844	2,120	1,740		
Company											
Absolute dust emissions (t)					2.3.9	1,897	980	991	751		
Absolute NOx emissions (t NOx/año)			305-7		2.3.6	12,823	12,213	11,190	11,572		
Absolute SO ₂ emissions (t SO ₂ /año)					2.3.7	5,194	3,624	4,000	3,319		

Argos	GCCA	GRI	SASB	DJSI	2017	2018	2019	2020	Goal 2030	Comments
WATER										
Water Withdrawal (m³)										
Cement										
Water withdrawn - surface source					3,390,866	3,171,553	3,661,583	2,709,839		
Water withdrawn - Groundwater					5,686,243	4,047,012	5,277,888	4,205,991		
Water withdrawn - rainwater					52,580	38,389	141,756	74,064		
Municipal water supply or from other water companies					707,704	444,501	514,633	492,301		
Concrete										
Water withdrawn - surface source					52,459	62,043	81,869	79,267		
Captación de aguas subterráneas					849,967	787,565	827,106	814,159		
Captación de aguas lluvias					45,021	50,814	32,857	24,738		
Suministro de agua municipal o de otras compañías de agua					1,481,603	1,360,737	1,163,293	996,012		
Aggregates										
Water withdrawn - surface source					373,311	299,885	230,402	202,216		
Water withdrawn - Groundwater					451	249	399	375		
Water withdrawn - rainwater	303-3	EM-CM-140a.1			3,293	5,572	15	15		
Municipal water supply or from other water companies					1,643	1,170	1,125	464		
Electricity generation										
Water withdrawn - surface source					441,968,405	97,165,248	679,010	556,982		
Water withdrawn - Groundwater					197	-		757		
Water withdrawn - rainwater					-	-		-		
Municipal water supply or from other water companies					-	-		-		
Company										
Water withdrawn - surface source					445,785,042	100,698,728	4,652,865	3,548,304		
Water withdrawn - Groundwater					6,536,859	4,834,826	6,105,393	5,021,282		
Water withdrawn - rainwater					100,894	94,774	174,627	98,817		
Municipal water supply or from other water companies					2,190,950	1,806,408	1,679,051	1,488,777		
Total withdrawal (m³)	GCCA				13,736,062	11,076,761	12,437,309	10,058,363		
Water discharge (m³)										
Cement										
Discharge to surface sources					4,254,480	4,021,544	5,731,298	4,419,705		
Discharge to groundwater sources					188,232	181,956	235,768	198,613		
Discharge to the sea					-	-	-	-		
Discharge to sewerage system	303-4				18,814	36,149	50,683	32,885		
Concrete										
Discharge to surface sources					104,214	75,487	34,284	1,485		
Discharge to groundwater sources					1,973	6,072	5,179	2,857		
Discharge to the sea						-	-	-		
Discharge to sewerage system					10,104	14,562	34,809	30,237		

	Argos	GCCA	GRI	SASB	DJSI	2017	2018	2019	2020	Goal 2030	Comments
Aggregates											
Discharge to surface sources						38,525	26,111	232	189		
Discharge to groundwater sources						-	123	114	57		
Discharge to the sea						-	-	-	-		
Discharge to sewerage system						262	-	-	-		
Electricity generation											
Discharge to surface sources						21,234	4,202	-	-		
Discharge to groundwater sources			303-4			2,901	-	-	-		
Discharge to the sea						-	-	-	-		
Discharge to sewerage system						-	-	-	-		
Company											
Discharge to surface sources						4,418,453	4,127,344	5,765,814	4,421,379		
Discharge to groundwater sources						193,107	188,151	241,061	201,527		
Discharge to the sea						-	-	-	-		
Discharge to sewerage system						29,180	50,712	85,492	63,122		
Total water discharge		GCCA				4,640,740	4,366,207	6,092,367	4,686,028		
% of reused and/ or recycled water for cement						95.8 %	126.0 %	120 %	144 %		
% of reused and/ or recycled water for concrete						16.9 %	16.1 %	19 %	19 %		
% of reused and/ or recycled water for Aggregates	A-A2			EM-CM-140a.1		91.3 %	116.2 %	270 %	6 %		
% of reused and/ or recycled water for Electricity generation						5.8 %	23.0 %	4281 %	5269 %		
% of reused and/ or recycled water for Company						74%	94%	99 %	110 %		
Water consumption (m³)											
Water consumption Cement						5,375,868	3,461,806	3,578,111	2,830,992		
Water consumption Concrete						2,312,759	2,165,037	2,030,853	1,879,596		
Water consumption Aggregates		GCCA	303-5			339,911	280,641	231,595	202,824		
Water consumption Electricity generation						1,167,679	897,844	679,010	557,739		
Water consumption Company				2.3.4		9,196,217	6,805,329	6,519,570	5,471,151		
Specific water consumption											
Cement (L/t cement)						413	259	264	235	245	
Concrete (L/m³ Concrete)	A-A1					223	228	215	237	216	
Aggregates (L/t Aggregates)						147	109	100	109		
BIODIVERSITY											
% of active and inactive quarries within, adjacent to, or containing protected areas or areas of high biodiversity value with biodiversity management plan in place	A-BI1			EM-CM-160a.2		59.0 %	71.0 %	68 %	77 %	85 %	
% Released areas rehabilitated at active and inactive quarries	A-BI2					80.2 %	84.8 %	87 %	81 %	90 %	
% of active Facilities within, adjacent to, or containing protected areas or areas of high biodiversity value	A-BI3				2.4.2	63.0 %	67.0 %	66 %	68 %		

	Argos	GCCA	GRI	SASB	DJSI	2017	2018	2019	2020	Goal 2030	Comments
# of active Facilities within, adjacent to, or containing protected areas or areas of high biodiversity value			304-1		2.4.2	30	30	29	22		
% of active and inactive quarries that have an established closure plan		A-BI4				75.0 %	89.0 %	78 %	88 %		
% of active quarries that have an established closure plan		GCCA				88.4 %	90.9 %	93 %	95 %		
% of active quarries within, adjacent to, or containing protected areas or areas of high biodiversity value		GCCA				44.2 %	45.5 %	41 %	33 %		
% of active quarries within, adjacent to, or containing protected areas or areas of high biodiversity value with biodiversity management plan in place		GCCA				73.7 %	80.0 %	78 %	85 %		
Species on the IUCN Red List and species on the National Conservation List that inhabit areas affected by operations											
Total of species						72	77	160	170		
In critical danger			304-4			5	5	15	15		
In danger						9	10	21	20		
Vulnerable						25	26	55	60		
Nearly threatened						6	6	11	12		
Minor concern						27	30	58	63		

SUSTAINABLE CONSTRUCTION

Revenues obtained from products with sustainability characteristics. (USD)

A-CS1

124,360,820

177,739,329

268,213,269

283,751,623

800,000,000

[102-48]

The figures for the years 2017, 2018 and 2019 were restated because of the new definition of the green solutions portfolio established by the company.





ENVIRONMENTAL INVESTMENTS (COP)

Capital investments	84,091,140,058	148,044,654,844	110,091,804,288	27,474,410,160
Operating expenses	19,023,904,573	20,591,934,453	26,651,481,969	26,513,324,526
Total expenses (capital investments + operating expenses)	2.2.3 103,115,044,631	168,636,589,297	136,743,286,257	53,987,734,686
Savings, avoided costs, income, tax incentives	14,355,352,241	6,975,675,702	10,253,198,055	17,325,102,725

SUSTAINABILITY PROGRAM AND SDG DASHBOARD

Material Topic	SDG	Goal	KPI	Unit	Baseline year	Goal year	Baseline value	Target value	2020 result	Trend
Efficiency and productivity	SDG 8 y 13 Goal 8,4 Goal 13,2	Reduce the heat consumption by 10% with respect to 2013 consumption levels.	Heat consumption	KCal/k clinker	2013	2025	941	846	869	↓
		Reduce electricity consumption by 15% with respect to 2013 consumption levels	GRI [302-1] Heat consumption	Kwh/t cem	2013	2025	116	99	120	↑
		Reach an 33% substitution rate in heat consumption from the use of alternative fuels	[A-EN1] % replacement of heat consumption from the use of alternative fuels	%	N/A	2030	N/A	33	6.2	↑
	SDG 8 Goal 8,2 Goal 8,4	Reach a 15% of alternative raw materials in cement operations	[A-EC2] % Alternative raw materials in our cement operations	%	N/A	2030	N/A	15	12	↑
		Reach 18% of alternative raw materials in concrete operations	[A-EC3] % alternative raw materials in our concrete operations	%	N/A	2030	N/A	18	17.8	↑
Adapting to market dynamics	SDG 9 Goal 9 y 9,5	Obtain revenues of USD \$ 800 million for our products with sustainability properties (PSP)	[A-CS1] Total of revenues from PSP	\$	2015	2030	USD 136 millions	USD 800 millions	USD 284 millions	↑
Talent management	SDG 8 Goal 8,5 y 8,6	Generating opportunities for internal mobility and between Group companies for at least 10% of its employees	[A-TM1] % of employees that have opportunities of internal mobility across the companies of the Argos Business Groups	%	N/A	2020	N/A	10	6.9	⚠
		Maintain key talent retention above average and Reach a 40% success rate in succession planning	[A-TM5] Succession success rate	%	N/A	2020	N/A	40	50	⚠
		Maintain at least 96% coverage of the Performance Management assessment throughout the cycle	Coverage of the Performance Management evaluation	%	2019	2020	96	96	97	⚠
		Increase the proportion of women in leadership positions from 29% to 35%	[A-TM2] % of women in leadership positions	%	2017	2025	29	35	29	==
		50% of executive and managerial level employees will be of non-Colombian origin	[A-TM-3] % of executives and managerial level from countries outside of Colombia	%	N/A	2025	N/A	>50 %	38	==
Climate change	SDG 13 Goal 13,2	523 kg CO ₂ /ton of cementing materia	[A-EC1] Specific emissions of CO ₂	kgCO ₂ /t material cem	2006	2030	735	523	634	↑

Material Topic	SDG	Goal	KPI	Unit	Baseline year	Goal year	Baseline value	Target value	2020 result	Trend
Ecosystems	SDG 11 Goal 11,4	85% of the quarries located in areas of high biodiversity value will have Biodiversity Management Plan (BMP)	[A-BI1] % quarries located in HCVA with BMP	%	2017	2030	59	85	77	↑
		Rehabilitate 90% of areas released in active and in inactive quarries	[A-BI2] % active and inactive quarries rehabilitated	%	2017	2030	80	90	81	↓
	SDG 8 Goal 8,4	Reduce the specific water consumption in cement	[A-A1] Specific water consumption in cement	L/t Cement	2015	2030	350	245	235	↓
		Reduce the specific water consumption in concrete	[A-A1] Specific water consumption in concrete	L/m³ concrete	2015	2030	249	216	237	↑
		Reduce the specific water consumption in aggregates	[A-A1] Specific water consumption in aggregates	L/t aggregates	2020	2030	109	94	109	==
Health and safety in the workplace	SDG 8 Goal 8,8	Reduce total injuries by 10% compared to 2019	Number of injuries per million man hours worked	N.º	2019	2020	475	427.5	385	⬇
		90% of our employees who carry out high-risk tasks (HRT) will develop the necessary skills to execute them safely	% Employees who execute HRT with developed competencies	%	2019	2020	100	90	89	⬇
		Reduce the frequency index	[A-SI1] Frequency index	N.º	2018	2020 2025	0,93	1.2 0,8	1.33	⬇ ↑
Atmospheric emissions	SDG 8 Goal 8,4	Reduce our particulate matter emissions	GRI [305-7] Particulate matter emissions	g/t de clínker	N/A	2030	N/A	45	37	↓
		Reduce NOx emissions	GRI [305-7] NOx emissions	g/t de clínker	N/A	2030	N/A	1,205	1,319	↑
		Reduce SOx emissions	GRI [305-7] SOx emissions	g/t de clínker	N/A	2030	N/A	205	176	↓
Supplier Management	SDG 8 Goal 8,3	Migrate from local hiring manuals to a corporate manual	Manuals implementation Status	#	2019	2020	0	1	1	⬇
		Implement a technology platform for managing the hiring, negotiation and performance evaluation processes for the USA Region	Platform implementation Status	#	2019	2020	0	1	1	⬇
		Achieve savings of over \$12 million dollars in negotiation processes	Savings achieved	USD	N/A	2020	N/A	>USD 12 millions	USD 27,6 millions	⬇
		To publish a specific web page for suppliers	Status of the supplier website	#	N/A	2021	N/A	1	-	
		Obtain import substitution for a value of USD 1 million	Import substitution value	USD	N/A	2021	N/A	USD 1 million	-	
		Carry out performance evaluations at 85% from our critical suppliers	Critical providers evaluated	%	N/A	2021	N/A	85	-	
		Close gaps for 50% of critical suppliers evaluated in the 2019 Sustainability Index	# critical suppliers that have closed their gaps.	N.º	2019	2021	8	199	-	

Material Topic	SDG	Goal	KPI	Unit	Baseline year	Goal year	Baseline value	Target value	2020 result	Trend
Community Engagement	SDG 9 y 11 Goals 9,1 y 11,2	Have 100% of Argos prioritized operations with Local Engagement Plans (LEP)	[A-COM4] % of prioritized operations with LEP	N.º	2018	2021	9	11	-	
		Achieve 100% risk management and community interactions in prioritized operations.	[A-COM5] % of prioritized operations with risk management and community interactions	N.º	2018	2021	9	11	-	
		Develop solutions that consolidates a business opportunity and/or responds to a society need	[A-COM6] Nº of innovative solutions	N.º	2018	2020	0	1	3	
		Increase the development of corporate volunteering activities by 10% in relation to the initiatives carried out in 2019	# of corporate volunteering activities	%	2019	2020	80	88	29	
		Apply the Socioeconomic Footprint Index to at least six operations	# of sites where the Socioeconomic Footprint Index is applied	N.º	N/A	2020	N/A	6	0	
Human rights		Implement a new supplier-focused human rights risk management tool	Status of the tool implementation	%	2019	2020	0	100	100	

SUSTAINABILITY ACCOUNTING STANDAR BOARD – SASB



Check
on the
website

SASB is an independent non-profit organization that sets standards to guide the disclosure of financially material sustainability information by companies to their investors.

This is the first time that Cementos Argos reports using SASB guidelines, nevertheless, most of the metrics included in this document have been reported by the organization for several years under the GRI standard, the GCCA guidelines or through own internal KPIs that are considered in the verification process done by the external verifier that this year has been Deloitte organization.

The following table lists the subset of environmental, social and governance (ESG) issues that are most relevant to the financial performance of construction materials companies:

Topics	Code	Accounting metric	2017	2018	2019	2020	GRI/GCCA/ or own KPI metric associated
Greenhouse gas emissions	EM-CM-110a.1	Gross global Scope 1 emissions tCO ₂ e					
		* Greenhouse gases included in the calculation: This indicator includes only CO ₂ emissions, since emissions of other greenhouse gases are not significant in the cement production process. In addition, the CO ₂ and Energy Accounting and Reporting Standard for the Cement Industry is limited only to the CO ₂ inventory (see: "The Cement CO ₂ and Energy Protocol - CO ₂ and Energy Accounting and Reporting Standard for the Cement Industry. World Business Council for Sustainable Development (WBCSD) - Cement Sustainability Initiative (CSI), 2011. Available at: http://www.cement-co2-protocol.org/v3/).	8,167,887	8,298,395	8,713,631	7,772,778	305-1
		Percentage covered under emissions-limiting regulations (%)	1.30	1.34	1.35	Currently the data is on calculating process	N.A.
		Discussion of long-term and short-term strategy Analysis of performance against those targets	Integrated Report, Climate change p. 114 - 117; TCFD Table: https://bit.ly/3qN0fij				103-1; 103-2; 103-3; 201-2; 305-5
Air quality	EM-CM-120a.1	Absolute NO _x emissions (t NO _x)	12,823	12,213	11,190	11,572	305-7
		Absolute SO ₂ emissions (t SO ₂)	5,194	3,624	4,000	3,319	305-7
	These emissions were quantified with continuous monitoring systems (CMS) and isokinetic sampling	Absolute Particulate matter emissions (t)					
		The data refers to particulate material emissions under the EPA #5 method "Particulate matter emissions determination in stationary sources"	1,897	980	991	751	305-7
		PCDD/F (mg PCDD/y) Absolute emissions	76	71	149	55	GCCA - KPI 3
		VOC/THC absolute emissions (t VOC/THC)	325	275	355	214	GCCA - KPI 3
		HG (kg Hg/y) absolute emissions	243	226	283	226	GCCA - KPI 3
		HM1 (Cd + Ti) absolute emissions (kg HM1)	45	36	31	18	GCCA - KPI 3
Energy management	EM-CM-130a.1	HM2 absolute emissions (Sum of Sb, As, Pb, Cr, Co, Cu, Mn, Ni, V) (kg HM2)	3,684	1,312	1,204	3,684	GCCA - KPI 3
		Total energy consumption within the organization (GJ)	45,368,302	45,742,995	47,685,450	41,253,086	
		Percentage alternative (%)	3.8 %	3.8 %	4.2 %	4.7 %	302-1
		Percentage grid electricity (%)	5.36	8.15	7.06	6.50	
	* Values calculated with lower heating value (LHV)	Percentage renewable (%)	Currently, we do not have purchase agreements (PPA) that explicitly include renewable energy certificates (RECs) or Guarantees of Origin (GOs), a Green-e Energy Certified utility or supplier program, or other green power products that explicitly include RECs or GOs, or for which Green-e Energy Certified REC are paired with grid electricity, therefore we are not able to report the metric according to the standard guideline.				N/A

Topics	Code	Accounting metric	2017	2018	2019	2020	GRI/GCCA/ or own KPi metric associated
Water management	EM-CM-140a.1	Total fresh water withdrawn (m³/y)	13,736,062	11,458,117	12,437,309	10,058,363	303-3
		Total fresh water withdrawn (1.000 m³/y)	13,736	11,458	12,437	10,058	
		Percentage recycled (%)	74	94	99	110	A-A2
		Total withdrawal Areas of Water Stress (m³/año)	-	643,993	451,674	407,310	303-3
		% Water withdrawal in Areas of Water Stress	5.87	5.62	3.63	4.05	303-3
		Total water consumption in All Areas (m³/year)	9,196,217	7,072,756	6,519,570	5,471,151	303-5
		Percentage of water consumption in Areas of Water Stress	8.78	9.30	6.79	7.09	303-5
Waste management	EM-CM-150a.1 <small>These metrics are aligned with the GRI 306-2 indicator. Reported percentages are aligned according DJSI rational.</small>	Amount of waste generated (t/y)	326,489	212,226	265,068	143,816	306-2
		Hazardous waste (t/y)	789	1,585	847	418	306-2
		Reuse / Recycling / Recovery waste (t/y)	107,560	97,675	106,896	84,725	306-2
		Percentage hazardous (%)	0.2	0.7	0.3	0.3	306-2
		Percentage recycled (%)	33	46	40	59	306-2
Biodiversity impacts	EM-CM-160a.1	Description of environmental management policies and practices for active sites	Integrated report: Ecosystems p. 120 – 124 Successful case: shorturl.at/kHP59				103-1; 103-2; 103-3
	EM-CM-160a.2	Percentage of impacted area restored	80.2	84.8	87	81	A-BI1
Workforce health & safety	EM-CM-320a.1	Lost-Time Injury Frequency Rate (LTIFR)	1.16	0.93	1.34	1.33	403-9 A-SI1
		Lost-Time Injury Frequency Rate (LTIFR) - Employees	1.51	1.21	1.57	1.35	
		Lost-Time Injury Frequency Rate (LTIFR) - Contractors	0.71	0.63	1.04	1.34	
	EM-CM-320a.2	Number of reported cases of silicosis	0	0	0	0	N. A
Pricing integrity & transparency	EM-CM-520a.1	Total amount of monetary losses as a result of legal proceedings associated with cartelization activities, price fixing, and anti-trust activities (COP - Colombian Peso)	0	74,694,700,000	0	0	N. A
Product Innovation	EM-CM-410a.1	Percentage of products that qualify for credits in sustainable building design and construction certifications	We are currently carrying out an update of our product portfolio. We will report this metrics as soon as this process is completed				N. A
	EM-CM-410a.2	Total addressable market and share of market for products that reduce energy, water, and/or material impacts during usage and/or production	We are currently carrying out an analysis on how to integrate the new LEED standard (version 4.1) to estimate the revenues for products that reduce environmental impacts and that apply for credits in sustainable building design and construction certifications. The metric will be updated as soon as this process is complete.				N. A

Memorandum of independent review

Independent Review of the Integrated Report 2020 - Cementos Argos

Responsibilities of the Management of Cementos Argos and Deloitte

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

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

This Report has been prepared exclusively in the interest of the organization in accordance with the terms of our proposed services. We do not assume any liability to third parties other than the Management of the Company. We have performed our work in accordance with the Independence regulations required by the ethics code of the International Federation of Accountants (IFAC).

Scope of our work

The scope of a limited review is substantially less than an audit. Therefore, we do not provide an audit about the Annual Management Report. We have carried out the review of the content adaptation of Cementos Argos Integrated Report 2020, to the Guide for the preparation of Sustainability Reports of the Global Reporting Initiative (GRI Standards).

In the case of the environmental indicators, compliance with the guidelines of the Global Cement and Concrete Association (GCCA), previously known, as Cement Sustainability Initiative (CSI) for the operation of cement, was reviewed in the three regional operations (See Annex 1). In addition, we carried out the review of the variables that are part of the calculation of the Added Value model to society (See Annex 2).

Standards and review processes

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

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

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

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

General contents:

It was confirmed that the report conforms to the requirements of the core option "in accordance" with the GRI Standards regarding the general basic contents.

Specific contents:

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

Material	GRI content and / or own indicator of Cementos Argos
Efficiency and productivity	302-1, 302-4, 301-1, 306-2, A-EC2, A-EC3, A-EC4
Adaptation to market dynamics	A-IN1, A-IN3, A-IN4, A-CS1, A-IV1
Talent management	202-2, 401-1, 402-1, 404-1, 404-3, 405-1, 405-2, A-TM1, A-TM2, A-TM3
Ethics and Compliance	205-1, 205-2, 205-3, 206-1, 307-1, 419-1, A-ETH1
Climate change	201-2, 305-1, 305-2, 305-3, 305-4, 305-5, A-ENE1, A-EC1
Ecosystems	303-3, 303-4, 303-5, A-A1, A-A2, A-BI1, A-BI2, 304-1, 304-4, A-BI3, A-BI4
Industry Positioning	A-LS1, A-LS2, A-TAX1, 415-1, A-ETH2
Health and Safety at Work	403-1, 403-2, 403-3, 403-4, 403-5, 403-6, 403-7, 403-9, 403-10, A-SI1, A-SI2
Atmospheric emissions	305-7, A-OE1
Supplier Management	204-1, 308-2, 414-2
Trust relationships	203-1, 413-1, 413-2, A-COM1, A-COM2, A-COM3, A-COM4, A-COM5, A-COM6,

Conclusions

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

Has not reached our knowledge that the GCCA guidelines for the reporting of CO2 emissions, in the material: climate change, other atmospheric emissions (NOx, SOx, and particulate material), circular economy, sustainable construction and ecosystems water and are not applied properly. Has not reached our knowledge that the internal reporting system and information consolidation procedures for CO2 emissions, energy, other atmospheric emissions (NOx, SOx and particulate matter), circular economy, sustainable construction, ecosystems and occupational health, and safety are not working or does not provide appropriate information for disclosure.

Alternative lines of actions

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

Declaration of Independence

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

ANNEX 1 GCCA (CSI)

As part of the review process of environmental indicators, we conducted interviews with those in charge of Argos operations. The selection took into account quantitative and qualitative variables such as production and the periodicity in which they are audited; this allows having a coverage of 43% (compared to the total percentage of CO2 emissions) of selected plants which are representative for the entire cement operation:

- Planta Cartagena (Colombia)
- Planta Rioclaro (Colombia)

- Planta Yumbo (Colombia)
- Planta PIA (Caribe)
- Planta Guayana Francesa (CCA)
- Planta Tampa (USA)
- Planta Harleyville (USA)
- Planta San Marcos (Colombia)
- Cantera Najayo (CCA)
- Planta Barranquilla (Colombia)
- Planta Puente Aranda (Colombia)
- Planta Surinam (CCA)
- Planta Caimito (CCA)
- Jersey Village (SCZ – USA)
- Atlanta Glenwood (SEZ – USA)

In the virtual meetings made, personnel responsible for the internal report and the collection of information were interviewed, validating the consolidation process and sending this information to the corporate level.

Criteria

For our review, we took into account the following CSI and GCCA guidelines:

GCCA:

GCCA Sustainability Framework Guidelines

GCCA Sustainability Guidelines for the monitoring and reporting of CO2 emissions from cement manufacturing

GCCA Sustainability Guidelines for the monitoring and reporting of emissions from cement manufacturing

GCCA Sustainability Guidelines for the monitoring and reporting of safety in cement manufacturing

GCCA Sustainability Guidelines for the monitoring and reporting of water in cement manufacturing

GCCA Sustainability Guidelines for co-processing fuels and raw materials in cement manufacturing

GCCA Sustainability Guidelines for quarry rehabilitation and biodiversity management

GCCA Guidance for Sustainable Supply Chain Management

Health Management Handbook

Road Safety Handbook

CSI:

Recommended good practices for contractor safety

Guidelines for Environmental and Social Impact Assessment (ESIA)

Guidance for reducing and controlling emissions of mercury compounds in the cement industry

Evaluation of indicators and information consolidation process

We perform tests based on samples to demonstrate the calculations that allow us to measure the following indicators in 2020:

Indicator
ECOSYSTEMS
Total water withdrawal according to the source
Total water discharge, according to its quality and destination
Total water consumption
Specific Water Consumption
Recycled and / or reused water
Number and percentage of active and inactive quarries with great value for biodiversity that have a biodiversity management plan

Indicator

Number and percentage of released areas rehabilitated in active and inactive quarries

Number of facilities with high value for biodiversity

Species on the IUCN red list and species on national conservation lists that inhabit areas affected by operations

Percentage of active facilities located in areas of high value for biodiversity that have biodiversity management plans

Percentage of active and inactive quarries that have an established closure plan

CLIMATE CHANGE

Total CO2 emissions - gross

Total CO2 emissions - net

Direct GHG emissions (scope 1)

Indirect GHG emissions (scope 2)

Other GHG emissions (Scope 3)

Intensity of GHG emissions

Reduction of GHG emissions

Financial implications and other risks and opportunities arising from climate change

Specific CO2 emissions - gross

Specific emissions of CO2 - net

CIRCULAR ECONOMY

Substitution of caloric consumption of fossil fuels with alternative fuels

Rate of alternative fuels

Biomass rate as fuel

Clinker Factor / Cement

Materials used by weight or volume

Alternative Raw Materials (Cement)

Supplemental Cementing Material (Concrete)

Volume of recycled aggregates used

Waste by type and disposal method

OTHER EMISSIONS

Total coverage (percentage of clinker produced in kilns covered with monitoring systems, continuous or discontinuous, for particulate material, NOx, SO2, VOC / THC, heavy metals)

Coverage with continuous monitoring of emissions (percentage of clinker produced in kilns covered with continuous monitoring systems for particulate matter, NOx, SO2)

Absolute emissions of particulate material

Specific emissions of particulate material

Indicator
Absolute emissions of NOx
Specific NOx emissions
Absolute emissions of SO2
Specific emissions of SO2
Coverage with monitoring for particulate material (percentage of clinker produced in kilns covered with monitoring systems for particulate material)
Coverage with monitoring for NOx (percentage of clinker produced in kilns covered with monitoring systems for NOx)
Coverage with monitoring for SO2 (percentage of clinker produced in kilns covered with monitoring systems for SO2)
VOC / THC - Absolute emissions in tons per year
VOC / THC - Specific emissions in grams per ton
VOC / THC - Coverage rate
PCDD / F - Absolute emissions in tons per year
PCDD / F - Specific emissions in grams per ton
PCDD / F - Coverage rate
Hg - Absolute emissions in tons per year
Hg - Specific emissions in grams per ton
Hg - Coverage rate
HM1 (Cd + Tl) - Absolute emissions in tons per year
HM1 (Cd + Tl) - Specific emissions in grams per ton
HM1 (Cd + Tl) - Coverage rate
HM2 (Sum of Sb, As, Pb, Cr, Co, Cu, Mn, Ni, V) - Absolute emissions in tons per year
HM2 (Sum of Sb, As, Pb, Cr, Co, Cu, Mn, Ni, V) - Specific emissions in grams per ton
HM2 clinker (Sum of Sb, As, Pb, Cr, Co, Cu, Mn, Ni, V) - Coverage rate
SUSTAINABLE CONSTRUCTION
Income obtained from products with sustainability characteristics
OCCUPATIONAL HEALTH AND SAFETY
Fatalities - direct employees
Fatalities - contractors
Fatalities - third parties
LTI frequency index, direct employees
LTI contractors frequency index
LTI Direct employees severity index
LTI contractor severity index

ANNEX 2 – VALUE ADDED STATEMENT EXERCISE

Scope of our work

To review the included indicators for the construction of the Value Added Statement model.

Review processes

Our review work has consisted of:

- Interviews with Cementos Argos staff to learn about the principles, systems and approaches used for the preparation of the Value Added Statement exercise.
- Analysis and identification of indicators used to prepare the Value Added Statement that are part of the review process under (GRI Standard, DJSI and/or GCCA).
- Review, through review tests of quantitative and qualitative information corresponding to additional indicators that are not part of the review process under (GRI Standard, DJSI and / or GCCA), below, we relate them:

VAS indicators
Number of injuries due to lost time: short absence
Number of injuries due to lost time: long absence
Average salary (men and women)
Average retirement age in the region (men)
Average retirement age in the region (women)
Average age of departure (men)
Average age of departure (women)
Electricity provided to local communities
Extreme areas of water scarcity
Areas of scarcity
Areas of water stress
Sufficient water reserves
Abundant water areas
Impacts on biodiversity by type of ecosystem (improved areas, restored areas, compensated areas)
Direct GHG emissions (scope 1)
Indirect GHG emissions when generating energy (scope 2)
Nitrogen oxides (NOx), sulfur oxides (SOx) and other significant air emissions
Total amounts of materials, alternative fuels used, and the avoided use of traditional materials and fuels.


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 Medellín, march 2020

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