WE MAKE HOUSING AND INFRASTRUCTURE

DREAMS POSSIBLE

THE HIGHEST RESULTS IN ARGOS' HISTORY
PAGE 22

47% OF REVENUES FROM PRODUCTS WITH SUSTAINABILITY CHARACTERISTICS
PAGE 76

THREE LOANS LINKED TO ESG INDICATORS
PAGE 106

2021 INTEGRATED REPORT

ARGOS

WHO ARE WE?

A growing multinational that consolidates its presence in 16 countries and territories with emerging and developed economies. We have been building history for more than 80 years and today we are the number one cement and concrete company in Colombia and one of the relevant companies in the sector in the United States, the Caribbean and Central America.

WHAT DO WE DO?

We create value for society and for the company through innovative solutions and products and logistic synergies. We lay foundations for sustainable development and we constantly innovate to look hopefully to the future. We assume great challenges that allow us to chart new paths, build realities and transcend limits, advancing with concrete, safe steps.

WHAT MAKES US DIFFERENT?

- We accompany our clients in the development of their businesses as an ally for the materialization of dreams and projects with which we build future together and multiply growth opportunities.
- We have the best talent and we are committed to delivering extraordinary solutions to clients.
- We promote relationships based on ethics and transparency.
- We are a company committed to creating value.

OUR HIGHER PURPOSE

MAKE THE CONSTRUCTION OF HOUSING AND INFRASTRUCTURE DREAMS POSSIBLE, WHICH ENABLE A MORE-SUSTAINABLE, PROSPEROUS AND INCLUSIVE SOCIETY.

OUR PRODUCTS

Cement

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

Concrete

This is a cement mixture with filler materials (sand and gravel) as aggregates, water and additives that – when hardened – have the ability to withstand large compressive stresses.

Aggregates

Aggregates are agranular, inert materials, of a natural origin or from a grinding process from rocks. It constitutes between 65% and 85% of the total volume of concrete; additionally, they make up about 95% of asphalt mixtures.

+1,400

FAMILIES IN COLOMBIA
improved their quality of life thanks to the Healthy Homes Program.

HEALTHY HOMES

This consists of the improvement of dwellings through the replacement of dirt floors with concrete floors and, in some cases, through adaptations to bathrooms and kitchens.

This initiative, implemented in Colombia, is developed under a joint-work model among Cementos Argos, the communities and other allies, such as local mayors, social pastoral groups and educational institutions, such as the National Learning Service (SENA), since basic construction training is included for family members, in order to leave the capacity installed in the territory and prepare them for a self-construction process.

An ambitious goal!

Together with our clients and allies, we will improve **10,000 homes** in the next five years in different cities and Departments in Colombia.

Testimonials that inspire!

ASSETS

12 cement plants

248 concrete plants

9 clinker grinding mills

31 ports and terminals

56 dispatch centers

+1,905 Mixer trucks

+1,600 railway wagons

4 own boats
2 leased permanently

ECONOMIC RESULTS 2021

17.1 MILLION TONS of cement dispatched

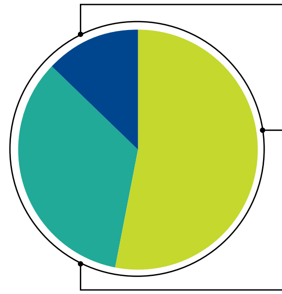
7.8 MILLION M³ of concrete dispatched

COP **2** TRILLION in EBITDA*
Increased **20.1%**

COP **431,000** BILLION is the positive net profit

TALENT

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

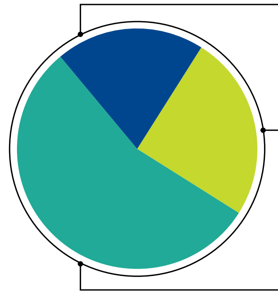


7.050 employees

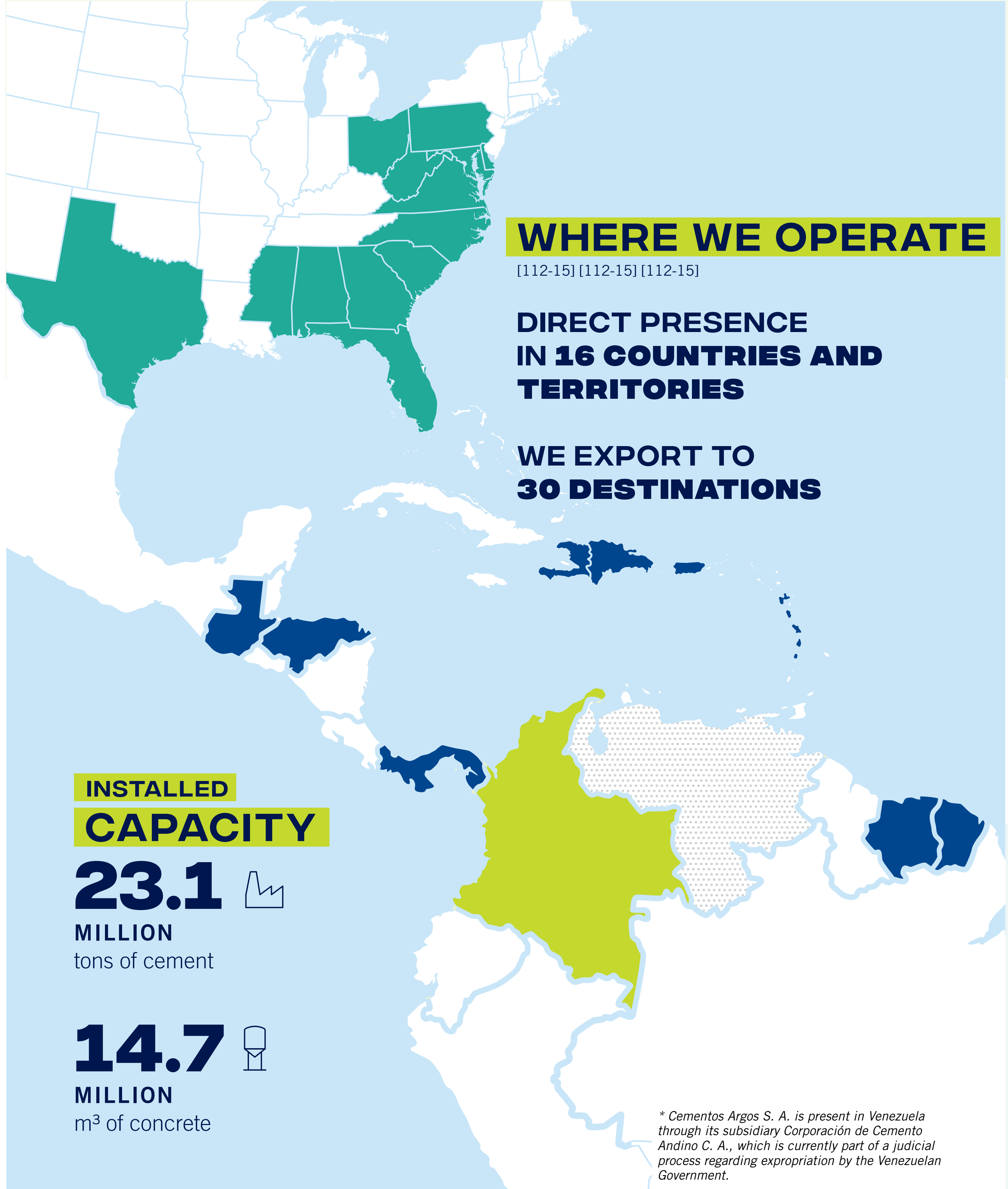
85% Men

15% Women

REVENUE BY REGIONAL



** In 2020, the Adjusted EBITDA excluded USD 20 million that Argos USA agreed to pay as part of the Deferred Prosecution Agreement (DPA) with the US Department of Justice (DOJ). It also excluded COP 33.600 billion of the EBITDA generated by the Dallas operation in the second half, equivalent to USD 9.1 million. In 2021, the Consolidated EBITDA did not include the profit on the sale of the divestment in Dallas for COP 174.000 billion, which represents USD 48 million. Also, it excluded the expense for the adjustment of non-productive assets for COP 18.122 billion, equivalent to USD 4.6 million.*



WHERE WE OPERATE

[112-15] [112-15] [112-15]

DIRECT PRESENCE IN 16 COUNTRIES AND TERRITORIES

WE EXPORT TO 30 DESTINATIONS

INSTALLED CAPACITY

23.1 MILLION tons of cement

14.7 MILLION m³ of concrete

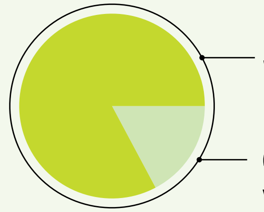
** Cementos Argos S. A. is present in Venezuela through its subsidiary Corporación de Cemento Andino C. A., which is currently part of a judicial process regarding expropriation by the Venezuelan Government.*

COLOMBIA REGIONAL

6 cement plants

50 concrete plants

1 port



3,746 employees

83% Men

17% Women

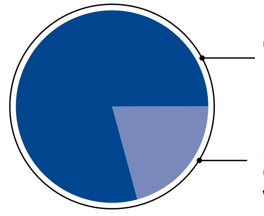
CARIBBEAN AND CENTRAL AMERICA REGIONAL

2 cement plants

11 concrete plants

7 clinker grinding mills

9 ports and terminals



940 employees

79% Men

21% Women

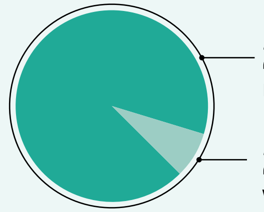
USA REGIONAL

4 cement plants

187 concrete plants

2 clinker grinding mills

21 ports and terminals



2,364 employees

91% Men

9% Women

OUTSTANDING ACHIEVEMENTS

We returned
2.55
TIMES the benefit we retained as a company.
USD 764 M is the net worth added to society.

The value of the retained benefit was
USD 300 M

Sustainability Award
Gold Class 2022
S&P Global

We were recognized with the Gold Class Distinction in the S&P Sustainability Yearbook 2022.

Dow Jones Sustainability Indexes

We received recognition as the most-sustainable cement company in the world, according to the Dow Jones Global Index.

WE MAKE HOUSING AND INFRASTRUCTURE DREAMS POSSIBLE

2021 INTEGRATED REPORT

The GRUPO ARGOS Cement Company

ARGOS

CONTENT

03 FOCUSES OF ACTION

04 APPENDICES

The Calle 78 concrete plant in Tampa, Florida, the United States

ABOUT THIS REPORT

[102-32] [102-46] [102-48] [102-49] [102-50] [102-51] [102-52]

At Cementos Argos, we make the construction of housing and infrastructure dreams possible, which enable a more-sustainable, prosperous and inclusive society. Our desire is to continue materializing this purpose hand in hand with our partners through solutions that allow building a better future for all.

That is why – for the tenth consecutive year – we present the Integrated Report, which contains and economic, social and environmental results that we achieved as a company in 2021 and which are based on our identified material topics in the strategic and competitive review and dialogues with our stakeholders.

We hope that this will be a useful report that will allow the generation of dialogues and connectivity between the Company and these stakeholders and, likewise, serve as inspiration so that we all continue to work in a committed, determined manner to achieve momentous transformations in our communities.

SCOPE OF THE DATA REPORTED

The data includes the activities of the companies, the figures of which are consolidated in the Financial Statements of the cement, concrete and aggregate businesses of the Colombia, United States and Caribbean and Central America regions (except in cases where indicated otherwise).

MOBILE AVERAGE RATE

COP 3,747.24

unless indicated otherwise in the specific section.

CURRENCY OF FIGURES REPORTED

Colombian Pesos for the figures associated with operations in the Colombia Region and corporate results and US Dollars for results of operations in the United States and the Caribbean and Central America.

MATERIALITY

The content is centered on the material issued identified in the strategic and competitive review and dialogues held with stakeholders in 2019.

EXTERNAL VERIFICATION

Deloitte & Touche carried out the independent revision of this report and the corresponding verification report is found in the Annexes of this document (See page 331).

FRAMES USED FOR THE PREPARATION OF THE INTEGRATED REPORT

Value Reporting Foundation - Integrated Reporting Framework.*

In accordance with the Global Reporting Initiative (GRI) standards, Essential option. (See the index of the GRI contents on page 313 and the codes in blue; for example: [102-3]).

Sustainability Accounting Standards Board 8SASB) for the construction industry. (See the index of GRI contents on page 313

Recommendations from the Task Force on Climate-Related Financial Disclosures (TCFD). (Learn more on our Webpage in the section on Climate Change).

Sustainability guidelines and reference indicators for the industry from the Global Concrete and Cement Association (GCCA) under the option of extended compliance. (See the index of GRI contents on page 313).

Sustainable Development Goals (SDGs). See the SDG icons available throughout the report.

CONTACT

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

** Go to the annexes in the Sustainability section of our Webpage to learn about the self-assessment of the application of principles and the content of the Integrated Report.*

SUSTAINABLE DEVELOPMENT GOALS (SDGS)

The universal purpose of the SDGs is to leave no one behind, protect the environment and promote alternatives that help people have sufficient opportunities to have a dignified, peaceful life.

At Cementos Argos, we are committed to the 2030 SDGs, which is why we see to directly contribute to the different global challenges that each of the goals represent.

Our Sustainability Strategy and the management of the different material issues are aligned with the following four SDGs:

8 DECENT WORK AND ECONOMIC GROWTH

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

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

- Adaptation to market dynamics
- Positioning of the industry
- Relationship with communities
- Supplier management

11 SUSTAINABLE CITIES AND COMMUNITIES

- Ecosystems
- Atmospheric emissions
- Relationship with communities
- Ethics and compliance
- Human rights

13 CLIMATE ACTION

- Efficiency and productivity
- Climate change
- Ecosystems
- Positioning of the industry

Hardware customer in Bogotá, Colombia

We join the Global Concrete and Cement Association (GCCA) to monitor the long-term contribution that – as part of the industry, we do for compliance of the 2030 Agenda. We understand that, as a company, we have an active role in generating well-being and developing the regions where we operate through the construction of infrastructure that contributes to access water and basic sanitation, to offer high-quality products for the construction of housing for all, and to generate employment, among other important milestones.

SDG 1.5:

- We contribute, through the offer of a long-lasting material resistant to natural disasters and with high availability, which allows cost efficiencies.
- We innovate in construction solutions and systems that help our clients to massify and make access to decent housing in the cities and the countryside viable.

SDG 2.3 and 2.4:

- Due to its high-durability characteristics, concrete contributes to the construction of production infrastructure and logistics of the food sector.

SDG 2.2:

- It also plays a fundamental role in infrastructure construction that guarantees access to water and basic sanitation, which improves people's quality of life.

- We contribute to the construction of decent housing with the purchase of energy, water and sanitation through the offer of an easily accessible product with long-lasting characteristics.
- As an industry, we are committed to implementing best practices in health and safety, not only reaching direct employees, but also having an impact on contractors, families and communities surrounding the operations.

- We contribute to the construction of infrastructure for education.
- We contribute to the development of local labor that we contract directly and indirectly.

- We understand that working and being committed to equity and diversity for hiring and the professional development of our employees is consistent with our fundamentals of respect and value for difference.

SDG 6.1:

- We contribute to the construction of infrastructure that facilitates access to water and sanitation.

SDG 6.3:

- We committed to the proper use of natural resources; thus, we decrease our impact, increase the use of recycled water and protect ecosystems.

SDG 7.1:

- We facilitate the construction of infrastructure that promotes access to clean energies.

SDG 7.3:

- The characteristics of concrete allow it to absorb light, reduce energy consumption associated with heating systems.
- As an industry, we are committed to using energy responsibly and decreasing the use of energy from fossil fuels.

- We contribute to the construction of infrastructure that promotes economic development and connects territories.
- We generate the contracting of skilled and unskilled labor directly and through our value chain.
- We are committed to implementing best labor, hiring and health and safety practices.

- We offer a cost-efficient, durable and sturdy material to build resilient, sustainable infrastructure.
- We contribute to industrialization.
- Innovation is a key piece of our business to the extent in which we offer products that respond to current needs, and we continually evaluate our production processes to lessen their impacts.

- We contribute to the construction of infrastructure and basic services that reduce inequality.
- We contribute nearly 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 to salaries, rent and local purchases.

SDG 11.1:

- We contribute to the construction of sustainable cities, thanks to the range of products, such as colored concrete, which help to reduce the island effect of heat and materials that absorb CO_2.
- Concrete is a material resistant to natural disasters and, therefore, it is key for the construction of basic infrastructure of cities.

Concrete is a material:

- that is flexible, with characteristics that allow modular constructions of columns, walls and houses.
- has high duration, which should not be demolished by fire or floods.
- is a pioneer in circular-economy processes through the use of ash and waste from other industries.

- We are an industry with CO_2-emission footprint; therefore, we are committed – through the 2050 Climate Ambition Plan – to offer a carbon-neutral concrete.
- As a member company of the GCCA, we report and monitor the indicators associated with CO_2 emissions.
- We work on the replacement of conventional fuels for alternative fuels.
- Durability in extreme conditions prevents early demolition of the infrastructure built with concrete and, consequently, reduces the footprint associated with construction and maintenance.

SDG 14.3:

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

- As an industry, we are committed to the GCCA's Biodiversity Policy, in which we work – hand in hand with allies – for the preservation of ecosystems, the measurement and reporting of our impacts and the offering of an environmentally friendly product.

- As active members of the GCCA, we commit to act transparently, following the local regulations of the territories where we operate.
- We also respect Human Rights and we accept the international standards.

- Through initiatives, such as *Innovandi*, we promote innovation as a mechanism of union among different stakeholders to solve problems at a global level.

Learn more detail about the contributions of our management to the universally declared goals in the Sustainability Dashboard and the SDGs, on page 329

A LETTER FROM THE CHAIRMAN OF THE BOARD OF DIRECTORS

Jorge Mario Velásquez,
Chairman of the Argos Board of Directors

Dear Shareholders:

The year 2021 was full of many challenges, but also extraordinary opportunities that allowed Cementos Argos and its more than 7,000 employees realize their determination, effort and commitment to the creation of economic value and the reactivation of the 16 countries and territories where we are present.

We are proud to present you some transcendental results in the Company's history, the product of the disciplined execution of our strategy of efficiency, sustainability and growth, based on a long-term vision to generate profitability for our investors and value for our stakeholders.

In the Integrated Report and the Management Report, you will learn the most relevant facts of the management of Cementos Argos in 2021, including: a record in volumes and EBITDA, solid operational performance, strengthening the financial flexibility, innovation in products and specialized services, revitalization of commercial practices, improvement of occupational health and safety indicators and the updating of the climate-change strategy. These achievements allowed us to consolidate Cementos Argos' competitiveness, as we drive our purpose of making possible the construction of housing and infrastructure dreams that enable a more-sustainable, prosperous and inclusive society.

Thanks to the solid financial results achieved in 2021, the start-up of operational-efficiency strategies that have leveraged the reduction of debt and the expectation that the generation of operating cash flows continue with a growth trend in the next few years, we recently received – from Fitch Ratings – an improvement in Argos' credit-rating perspective, going from Stable to Positive.

For the ninth year in a row, we were recognized – together with Grupo Argos – as a world reference in sustainability in the construction-materials sector, according to the Dow Jones Global Index. Additionally, thanks to the impeccable commitment to operate responsibly with the highest industry standards, we positioned ourselves as one of the leading companies in the world with the best environmental, social and governance practices, according to the FTSE4Good responsible. and sustainable-investment index and we received the Gold Class Distinction in the S&P Sustainability Yearbook.

WE CELEBRATE THE FACT THAT 2021 WAS THE BEST YEAR IN THE HISTORY OF CEMENTOS ARGOS IN TERMS OF RESULTS IN ALL ITS DIMENSIONS. THIS ALLOWS US TO DREAM AND OPTIMISTICALLY CONTINUE IN OUR PURPOSE OF POSITIVE TRANSFORMATION CONTRIBUTING TO THE CONSTRUCTION OF A BETTER FUTURE FOR SOCIETY

During 2021, we reaffirmed our commitment to climate change, assuming it as a challenge, but also as a unique opportunity for our operations and their value chain. This is how we set ourselves two challenging goals: to reduce CO_2 emissions by 29% in our cement operations by 2030 and offer carbon-neutral concrete by 2050, aligned with the Global Cement and Concrete Association (GCCA) Roadmap for Net Zero Concrete.

In the framework of this commitment, we presented Green Solutions, Conscious Innovation, a portfolio where our clients can find resources, services and products that contribute to the development of projects that are more environmentally respectful, as a way of declaring and sharing their commitment to a more-sustainable future. And we managed to close the year with USD 1.5 billion in revenues for products with sustainability characteristics, surpassing our goal of USD 800 million by 2030.

There are many more advances that you will discover throughout these pages, which show the capacity for resilience, the power of conviction and the great enthusiasm of the Cementos Argos talent to face the challenges that the industry has experienced in recent years. We hope you see in these results our best way to thank you and to respond to your permanent trust and support.

We reiterate our commitment to strengthening our value proposition and the development of new businesses is becoming increasingly ambitious, as is the implementation of innovative initiatives and the search for new sources of income that allow to value your investment even more.

We will continue to work tirelessly and with determination to live up to your trust, while we earn the preference of clients and significantly contribute to social transformation, value creation and economic reactivation.

Jorge Mario Velásquez
Chairman of the Board of Directors

CORPORATE GOVERNANCE

Our Corporate Governance framework is based on high international standards that seek to guarantee the rights of our investors, the optimal balance among the administrative bodies, management and control, proper decision making and the disclosure of timely, truthful information as factors to strengthen the confidence 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
- Corporate Bylaws
- Policy on Board of Directors Appointments, Remuneration and Succession
- Policy on Operations among Related Companies
- Policy on Relationships among Related Parties

[102-18] [102-22] **This regulatory framework establishes a management and governance structure that includes:**

SHAREHOLDERS' ASSEMBLY

[102-19]

This is the Company's highest corporate body and is made up of all holders or the Company's common shares. The members have the following rights: to receive fair, equitable treatment; to know relevant information in a timely, comprehensive manner; to participate in the decisions that may affect them; to evaluate the management of the Company; and to formulate proposals for its best performance. The General Shareholders' Assembly meets regularly every year; this session is one of the primary means to present the organization's management and to strengthen the relationship between Argos and its shareholders.

Rights of the Shareholders' Assembly

[102-19] [102-21]

Consult the Rights of the Shareholders' Assembly

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 direction of the Company. It is made up of seven people with high ethical standards and experience in the sector and who, in addition, comply with the set of skills defined by the Company for this governance body. It is configured differently in terms of skills and experience and has the participation of four independent members.

Consult the Functions of the Board of Directors

Committees

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

** To calculate the attendance of the Patrimonial Directors, no Board of Directors sessions were taken into account against those members who expressed their decision not to participate, due to conflicts of interest described on page 13 of the Corporate Governance Report 2021 in relation to the Public Offers for Grupo Sura shares*

	1.	2.	3.
Composición [102-22] [102-23]	**Jorge Mario Velásquez** Presidente de Grupo Argos	**Rafael Olivella** Vice President of Grupo Argos Talent and Corporate Affairs	**Alejandro Piedrahíta** Vice President of Grupo Argos Corporate Finances
	Patrimonial Member Appointment 2016	Patrimonial Member Appointment 2020	Patrimonial Member Appointment 2018
Comités al que pertenece			
Asistencia a comités	80%	80%	100%
Asistencia a juntas	95%*	90%*	95%*
Participación en Juntas Directivas de otras empresas	Grupo Sura (principal) Celsia (principal) Odinsa (principal) Grupo Nutresa (principal)	Celsia (principal) Odinsa (principal)	Grupo Sura (principal) Odinsa (principal) PACTIA (principal) Celsia (principal) *Aceros Mapa* (principal)
Experiencia	Strategy Corporate finances Commercial affairs Construction materials industry – infrastructure Sustainability International Public Government / Policy	Risks Strategy Internal control Construction materials industry – infrastructure Crisis management Legal affairs Sustainability International Public Government / Policy	Risks Strategy Internal control Corporate finances Commercial affairs Construction materials industry – infrastructure Crisis management International Public Government / Policy

4.	5.	6.	7.
Cecilia Rodríguez *Corporación Bioparque* CEO	**Carlos Gustavo Arrieta** Partner *Arrieta y Mantillas Asociados*	**Esteban Piedrahíta** Rector of Icesi University	**León Teicher** Independent Consultant
Independent Member Appointment 2012	Independent Member Appointment 2012	Independent Member Appointment 2012	Independent Member Nombramiento 2012
100%	100%	100%	100%
100%	96%	100%	100%
Bioparque Proyectos (principal) *Corporación Bioparque* (principal)	*IcoMedios* (principal) *AMYA Inversiones* (principal)	*Ecopetrol* (principal)	*Seissa* (principal) *DonDoctor* (principal)
Construction materials industry – infrastructure Crisis management Sustainability International Public Government / Policy	Risks Construction materials industry – infrastructure Crisis management Legal affairs Sustainability International Public Government / Policy	Risks Strategy Internal control Corporate finances Commercial affairs Construction materials industry – infrastructure Crisis management Sustainability International Public Government / Policy	Risks Internal control Corporate finances Commercial affairs Construction materials industry – infrastructure Cybersecurity Sustainability International Public Government / Policy

BOARD COMMITTEES

[102-18] [102-22]

Appointment and Remuneration Committee

It shall have special functions to determine the policies and rules for hiring, compensation and development of the members of the Board and Senior Management. It continuously monitors the goals of the different compensation programs in relation to the performance of the officials.

Activities to highlight

- Executive-level succession planning, which highlights the appointments in the Colombia Region Vice Presidency.
- Monitor the application of the Remuneration Policy and its effects on results; in this sense, the different compensation programs were updated to recognize the realities of each geography.
- Monitor the management strategy of people and the work environment and the diversity, equity and inclusion indicators and targets.

Frequency of meetings
Five sessions: February, March, July, September and December

Sustainability and Corporate Governance Committee

It aims to recommend systems for the adoption, tracking and improvement of sustainability, ethics, business conduct and corporate governance practices in the Company.

Activities to highlight

- Monitor the climate-change strategy and the approval of the roadmap to reach our carbon-neutrality goal by 2050, through actions, such as: the increase in offering products with sustainable characteristics, the decrease of the cement clinker factor, the increase in the use of energy from renewable sources, the maximization of waste co-processing and the use of alternative fuels.
- Review the occupational health and safety indicators and strategies and the plans defined by the Company to continue with proper management of the risks associated with COViD-19.
- Monitor the performance in sustainability, corporate governance, ethics and compliance matters.

Frequency of meetings
Five sessions: February, April, July, September and December

Audit, Finance and Risk Committee

Its main purpose is the evaluation of accounting procedures, managing the relationship with the Fiscal Auditor and the supervision of the effectiveness of the control architecture and the Comprehensive Risk-Management System (SGIR, in Spanish).

Activities to highlight

- Review financial information and results and monitor strategic risks and the Company's assurance scheme.
- Monitor the annual Audit Plan and the implementation of the action plans defined to reinforce internal control
- Compliance program on competition in the Argos United States Region.
- Internal audit and the Fiscal Auditor Reports.

Frequency of meetings
Four sessions: February, April, July, and October

Management of Conflicts of Interest
[102-25]

Directors must disclose potential conflicts in which they could be immersed and that are related to the topics to be discussed during the Board of Directors' meetings. They can report through the Annual Declaration of Potential Sources of Conflicts of Interest. In the event that there are conflicts that affect their independence or objectivity, measures necessary are established for their correct administration, in accordance with what is established in the Code of Good Governance and the Cost of Business Conduct.

The potential conflicts declared by the directors for the period correspond to their participation on the Board of Directors of other companies, the existence of personal relationships with Argos stakeholders and the shareholding participation that some hold in the Company. However, these do not represent incompatibilities to exercise their functions or make decisions for which they are responsible..

At the end of 2021, the Patrimonial Members disclosed potential conflicts of interest and expressed their decision not to participate in the deliberation and decision of the Company's Board of Directors in connection with the Public Offering of Acquisition (OPA, in Spanish) of the Group's Sura shares for the concurrence with the takeover bid for Grupo Nutresa shares. Potential conflicts revealed were known and decided upon by the Cementos Argos Shareholders' Assembly.

Declared conflicts **do not represent incompatibilities** to serve as Argos directors.

Policy and processes for the remuneration of the members of the Board of Directors
[102-35][102-36][102-37]

In compliance with the Board of Directors' Appointment, Remuneration and Succession Policy, the fees of the Directors are defined annually by the General Shareholders' Assembly, according to the structure, responsibilities and obligations of the Board of Directors.

The March 24, 2021, Assembly established the fees of the Board of Directors for the period between April 2021 and March 2022. Members shall receive the amount of COP 7,000,000 monthly for the Board of Directors and COP 7,000,000 monthly for Board Committee. The Grupo Argos members (Jorge Mario Velásquez, Alejandro Piedrahíta and Rafael Olivella) do not receive fees for their participation in the Board Committees.

Evaluation of the Board of Directors

In 2021, Kearney, an independent external firm, evaluated the performance of the Board of Directors as a collegiate body and the functioning of the support committees.

Executive summary of the 2021 external evaluation of the Board of Directors.

Formation of the Board of Directors
[102-27]

The directors received external, independent advice on the operation of the industry and perspective of the market in the United States. They were also trained by external legal counsel on the challenges and opportunities to list the United States operation on the New York Stock Exchange.

[102-21] [102-34] [102-24] [102-27] [102-28] Principal topics of the Board of Directors

Our Board of Directors visited the Harleyville Plant in the United States in August 2021

Topics dealt with by the Board of Directors during the reporting fiscal year

[102-29] [102-30] [102-31]

The topics dealt with in 2021 included:

- Competitive strategy
- Performance of each region
- Reports from the support committees
- Legal matters
- Risk management
- Internal control
- Divestment progress
- Sustainability
- Environmental and occupational health and safety strategy

Board of Directors adaptation to COVID-19

The dynamics and functioning of our Board of Directors continued to adapt to the COVID-19 contingency, by strengthening the virtual mechanisms to hold meetings and the resumption of face-to-face sessions beginning in the second half of 2021.

STEERING COMMITTEE

[102-20]

This is the administrative body elected by the Board of Directors to coordinate and supervise the Company in relation to economic, social and environmental aspects. It is composed of the CEO and Vice Presidents, who lead the Company's management and present advances of these processes to the Board of Directors at their meetings or those of the Committees. The Board provides pertinent feedback and gives the instructions for the correct management of the issues presented and – in turn – each of the leaders transmits the instructions received to the other employees.

Its functions are to deliver the guidelines and validate the Company's management in relation to economic, social and environmental aspects, provide feedback and guide employees to make decisions and lead the implementation of the Corporate Strategy.

1.

2.

3.

1. Juan Esteban Calle
Chairman

2. María Isabel Echeverri
Legal and Sustainability VP

3. Felipe Aristizábal
Corporate Finances VP

4. Tomás Restrepo
Persons and Transformation VP

5. Camilo Restrepo
Caribbean and Central America Region VP

6. Bill Wagner
United States Region VP

7. Carlos Horacio Yusty
Colombia Region VP

4.

5.

Carlos Horacio Yusty served as Vice President of Corporate Finances during 2021 until he was appointed Vice President of the Colombia Region. This assignment allows Carlos Horacio to contribute his trajectory and experience in the construction-materials industry to this region and continue contributing to the efficiency and financial stability of the operations.

Felipe Aristizábal, former manager of the Argos Business Group Mergers and Acquisitions, was appointed Vice President of Corporate Finances, replacing Carlos Horacio Yusty. This designation allows the contribution of Felipe's extensive experience in corporate strategy and financing mechanisms to the Company, to continue with the successful implementation of projects to improve Argos' financial flexibility and the generation of value to our investors.

6.

7.

THANK YOU, DEAR HARRY!

In 2021, our great colleague and friend Harry Nicolás Abuchaibe, Vice President of the Colombia Region, passed away. His legacy, built for nearly 20 years with optimism, joy, faultless commitment, passion and integrity, will continue to be present in our lives and in the history of Cementos Argos. Today, we pay tribute to his memory and we are grateful for the fortune of having joined with him on the way.

PROGRAMS 2021

Argos USA Listing

After several months of analysis, the Cementos Argos Board of Directors authorized the Administration to carry out the steps necessary so that its United States business is listed and issued shares on the New York Stock Exchange (NYSE) with the purpose of enhancing the capture of its value, optimizing the capital structure and obtaining the necessary resources to continue the execution of the growth strategy.[1]

Inscription in the Chile Public Securities Market

Thanks to an agreement between the Colombian Stock Exchange and the Santiago Stock Exchange, which encouraged the double registration of the main issuers of both places, the shares of six multi-Latin companies of Colombian origin – including Cementos Argos – have been allowed to be traded on the Chilean Stock Market with the facilities of the transactional system and local currency.

[1] *This announcement did not constitute an offer to sell or a sale of shares or securities. These may only be given when the records or permits are obtained by the corresponding authorities.*

HIGHLIGHTS 2021

Payment of an extraordinary dividend

Thanks to the outstanding results of the first half of 2021 and seeking to compensate and recognize the trust of our Shareholders, in the framework of an Extraordinary Assembly, the payment of an additional dividend for COP 79.97 per ordinary and preferential share was approved.

Consult the press release on the dividend payment

Country Code Survey

The Country Code Survey on the corporate governance practices of this guide, which have been adopted by the Company, was completed and transmitted to the market.

Consult the survey here

CHALLENGES

We constantly evaluate our governance practices with the aim of staying ahead on best practices and adopting those that add value for the Company and fir into the structure of the Argos Business Group. From the self-assessments of our governance system, we have concluded that – in a local and Latin American context – we are a reference in the adoption of good governance practices. However, compared 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.
- Increased disclosure of information about executive remuneration.

Employees in Atlanta, the United States

RECOGNITIONS

[103-3]

We were highlighted as a leading company in corporate governance in the ALAS20 initiative of the Center for Social Responsibility and sustainability and GovernArt.

For the seventh year in a row, we achieved the Investors Relation Recognition from the Colombia Stock Exchange.

For the ninth consecutive year, we were recognized in the Dow Jones Sustainability Index, which catalogues us – together with Grupo Argos – as the world benchmarks for sustainability in our industry.

We ranked sixth in the FTSE4Good World Index as a leading company in the sector in sustainability and good governance.

For the eights year in a row, we were part of the companies with the best reputation in Colombia, according to the MERCO Corporate Reputation Business Monitor. [A-LS2]

Sustainability Award
Gold Class 2022
S&P Global

As a result of being included in the Dow Jones Sustainability Index, we received the Gold Class Distinction in the S&P Global Sustainability Yearbook.

01

MANAGEMENT REPORT

Argos employees in water treatment plant project in Valle del Cauca, Colombia


ARGOS
ARGOS

2021 MANAGEMENT REPORT

Juan Esteban Calle,
Argos CEO

2021 HAS BEEN THE BEST YEAR IN ARGOS' HISTORY IN TERMS OF RESULTS IN ALL ASPECTS

Dear shareholders:

Amid the now two-year pandemic, humanity has faced many great challenges affecting public health systems, logistics and supply chains, employment, poverty levels worldwide, and our general overall well-being. In light of the growing economic, political and social dynamics that the world is experiencing today, we would like to begin this report by ratifying our absolute determination to our responsibility as companies, leaders and members of families and communities. We strive to promote corporate, professional, personal, and collective commitment to address the present's challenges and spread optimism about the future.

That is why at Argos, we maintain our passion for serving and our deep desire to transcend through our higher purpose of making the dreams of housing and infrastructure construction possible, driving a more sustainable, prosperous, and inclusive society.

We are happy to celebrate that 2021 has been the best year in Argos' history in results in all aspects. For the first time, we have achieved a frequency index in our operations that is less than 1 in our I Promise occupational health and safety program. We were recognized as the most sustainable cement company in the world, according to the Dow Jones Global Index. We substantially promoted social value creation programs such as Construyá, Healthy Homes and Casa para Mí, which benefit thousands of families. We were also able to achieve the highest EBITDA in the 84 years of Argos' history, thus recovering financial flexibility amid challenging circumstances.

These outstanding results were possible thanks to the enthusiasm, professionalism, and dedication of more than 7,000 of our employees. All of this is driven by a corporate purpose that transcends, focuses and is passionate about moving the organization forward to generate value for clients, communities, suppliers, and families. We are convinced that this translates into business strength and development, long-term profitability for all our shareholders and investors and the construction of a better society.

THE BEST YEAR IN ARGOS' HISTORY

In 2021, the company's commitment to the life, health, and well-being of all our employees was showcased in the positive indicators of our I Promise management system. Everyone at Argos returned home safe and sound without any fatalities, and 90 % of our facilities reported zero LWC incidents in the year.

The frequency index was 0.96, lower than the established goal of 1.1, representing a 28 % decrease compared to last year. It is noteworthy that, since the system's launch in 2014, Argos has decreased the frequency index by 75 %. Additionally, we have a 39 % decrease in total injuries compared to the 2019 base year, when the strategy was updated.

Additionally, the excellent operational and financial results achieved in 2021 result from the profitability of our operations in the three regions. These results are leveraged by a strategy focused on satisfying our clients' needs and a business philosophy of creating social value for all stakeholders. As well as the successful execution of our BEST efficiency plans and RESET and the favorable market dynamics in most of our geographies. This success was achieved despite the challenges caused by the pandemic and the local impacts of political and social situations that will be mentioned later when referring to the regions' management.

90%

OF OUR FACILITIES

reported zero LWC incidents during the year

First responder employee member in Panama

Our Max Structural Cement in works in Bogota, Colombia

17.1 **MILLION TONS** of dispatched cement

7.8 **MILLION M^3** of dispatched ready-mix

COP 9.8 **TRILLION** in revenues

COP 2.16 **TRILLION** in EBITDA

We posted strong volume performance in most countries. We shipped 17.1 million tons of cement and 7.8 million cubic meters of concrete on a consolidated basis, representing an increase of 18.3 % and 2.7 % compared to 2020, respectively.

The reactivation context and strengthening of macroeconomic indicators began to create inflationary pressures with a heavy impact on fuel, freight, and transportation in the three regions as of the second semester of the year. However, Argos occupies a privileged position given its ability to produce clinker and cement locally in each region where we operate. In addition, the strategic geographic location of our Cartagena plant, one of the most efficient in the Americas, and its connectivity with the ports, terminals, and grinding stations in the US, Central America, and the Caribbean, and our fleet of vessels are important competitive advantages compared to other players in the industry.

Consolidated revenues stood at COP 9.8 trillion within this framework, with a year-on-year increase of 9.1 %.

[A-RE3] Consolidated EBITDA for 2021, including the earnings from the divestment in Dallas, closed at COP 2.16 trillion and is the highest in Argos history, with an increase of 34 % compared to 2020. The annual EBITDA margin was 22 % and is the highest since 2005, when the internationalization of the company began.

Mass concrete pouring for the construction of the new Sura complex in Barranquila, Colombia

Mixer trucks at the Mercedes Benz Stadium, a construction site with the Argos seal in Dallas, The United States

FINANCIAL FLEXIBILITY, A LEVER FOR DEVELOPMENT AND SUSTAINABILITY

These solid financial results made it possible to significantly reduce the company's leverage ratio of 4.5 times net debt over EBITDA plus dividends, which the company had at the beginning of 2021 and placed it slightly below 3 times by the end of the year.

Based on figures and expectations of future cash flow income derived from the positive performance of the markets where we operate, Fitch Ratings recently announced its decision to improve the outlook of our long-term local rating, thus going from neutral to positive.

In 2021, we were at the forefront of the search for financing plans that supported best practices on environmental, social, and corporate governance (ESG) matters with the disbursement of three credit lines linked to sustainability indicators.

1. The first loan is a long-term financing agreement between BBVA and Argos for COP 160 billion (equal to approximately 37 million euros), with an interest rate linked to the company's performance on environmental, social and governance best practices aspects.

2. The second was through the Concretos Argos subsidiary, which signed with Bancolombia for COP 135 billion with a reduced interest rate linked to specific net CO_2 emissions, water consumption in the cement business and the evaluation of sustainability criteria of suppliers, as part of the company's interest in developing an increasingly sustainable value chain.

3. And the third one was the first ESG loan with international banks worth USD 300 million to prepay an existing syndicated loan signed with BNP Paribas Securities Corp., Natixis, New York Branch., Sumitomo Mitsui Banking Corporation and The Bank of Nova Scotia. The interest rate is linked to CO_2 emission reduction indicators and the percentage of women in leadership positions. It was signed by the Argos North America Corp subsidiary and included Cementos Argos S.A. and Argos USA LLC as guarantors of the operation.

Employee at the grinding station in Río Blanquito, Honduras

ACTIONS AIMED AT CAPTURING VALUE

After a shaken up 2020 in which the global economy suffered a severe impact due to the coronavirus pandemic, and where numbers were negative in markets and most businesses around the world, the reactivation and reopening of industries and the creation and approval of several vaccines brought hope and expectation to start the recovery in 2021. However, variants appeared, and the new wave of infections has impacted confidence and maintained pressure on the stock market, mainly in emerging countries.

The stock market index of the Colombian Stock Exchange (BVC), MSCI Colcap, decreased 1.9 % in 2021, as a result of the uncertainty generated by the social unrest seen in the first half of the year and the downgrade in the country's rating, as well as the low liquidity of the market, which has increased after the departure of foreign investors, who consolidated as net sellers in the Colombian market in 2021.

Argos' regular shares dropped 1.1 % throughout the year, and the preference share had a variation of -7.6 %. We insist that we are not satisfied with this, since they do not reflect the company's performance or its growth opportunities, nor do they reveal the potential for generating value or the fundamentals in the different countries in which the company is present.

As part of the efforts and initiatives so that the share price reflects the true value of the company for the benefit of all shareholders, in 2021, we joined the Santiago de Chile Stock Exchange through an agreement between the Chile stock exchange and the BVC in aims of consolidating a more diverse market in both places and offering an opportunity for portfolio diversification for local investors. Additionally, we announced the company's decision to list the United States operation on the New York Stock Exchange this year.

Thanks to the outstanding results in the first half of 2021, the outstanding cash flow income, the low financial leverage, and the great prospects that we envisioned for the second half of the year, Argos proposed shareholders the payment of an additional dividend for regular and preference shares, which was approved at the Shareholders' Extraordinary Meeting held on August 25. The votes in favor were 92.66 % of the shares represented at the meeting. This dividend sought to reward and recognize shareholders, especially over 10,000 natural persons who are minority shareholders, for their trust and support given to the company during the difficult times that arose due to the pandemic and its consequent economic effects.

Margaret Hunt Hill Bridge, a work
with the Argos seal in Dallas, United States

SEPARATE RESULTS

Ready-mix plant
in Medellin, Colombia

In compliance with Notification Letter 24 of 2017 and the regulation established in Decree 2555 of 2010, particularly in article 5.2.4.1.5, it is important to highlight that the consolidated and separate financial statements must be analyzed together for the best understanding of the financial information disclosed by the company. This includes their respective annexes and indexes of solvency, profitability, liquidity and indebtedness, detailed in the booklet sent to the Financial Superintendence of Colombia.

The separate financial statements of Cementos Argos S.A. reflect a trend similar to that reported in the information of the Colombian segment, both in the consolidated financial statement and in the complementary analyzes published in the public stock market and reported to the Financial Superintendence of Colombia. Likewise, it is highlighted that the separate financial statements include operation's corporate expenses that support the different geographies. Therefore, and in order to have an appropriate understanding of the information that reflects the solvency, profitability, liquidity and indebtedness of the company, it is suggested to analyze the consolidated financial statements be taken as a whole.

Dusk at our Martinsburg Plant, in the United States

POSITIVE PERFORMANCE IN THE REGIONS

USA

In terms of volumes, the USA region shipped 6.1 million tons of cement and 5.2 million cubic meters of concrete, with year-on-year variations of 5.7 % and -4.2 %, respectively, compared to the closing of 2020. These results are particularly good given the challenging weather conditions in markets like Houston, Dallas, and Georgia in the second and third quarters of the year.

These figures do not include, in 2020, the volumes corresponding to the 24 concrete plants in Dallas, Texas, which were sold to SRM Concrete in June for an approximate value of 183 million dollars. This was part of the plan to divest non-operational or non-strategic assets, which focused on the great objective of deleveraging the company, improving profitability, strengthening financial flexibility, targeting investments, creating value and maximizing the return on capital for our investors. The company's exit from the Dallas concrete business was due to the fact that it was not integrated into Argos' own cement operations, and there was no possibility of integrating it in the future.

6.1
MILLION TONS
of cement

5.2
MILLION M^3 of ready-mix

274
MILLION DOLLARS
in annual EBITDA

Linebaugh Plant, in Tampa, Florida, USA

THE OPERATING EBITDA IN THE UNITED STATES IS THE HIGHEST SINCE THE BEGINNING OF INTERNATIONALIZATION IN 2005

Annual operating EBITDA on a comparable basis grew 10.6 % and stood at 274 million dollars with an EBITDA margin of 18.9 %. This is the highest result achieved by the company in the United States and reinforces the importance of the strategy that Argos has deployed in the country since 2005, including acquisitions and recent optimization of the ready-mix concrete operation.

As part of the portfolio of sustainable and innovative products, the USA region launched SUPER UHPC in 2021; a cutting-edge ultra-high-performance concrete made up of a series of unique cementitious materials and fibers, which provide outstanding characteristics in terms of mechanical and durability properties with a wide range of applications.

The macroeconomic context in the country continues to be favorable regarding the construction sector with a positive price atmosphere. The residential segment was one of the main engines of growth, demonstrating significant increases in both building permits and housing starts. The commercial segment maintained the focus of its reactivation, especially in warehouses and data centers.

On infrastructure, the American Jobs Plan, which includes an investment of USD 2 billion over the next eight years, and the approval in the second half of the Infrastructure Law for USD 1 billion will leverage a significant increase in the demand for cement. This increase in demand will make the industry even more dynamic as of 2022, in a context of high utilization of local installed capacity, as well as higher costs and prices of imported material.

We are optimistic about growth expectations in 2022, based above all on the continuity of the positive dynamics in the residential market, with a demand that exceeds supply, and the potential impacts of the Infrastructure Law, which, along with the promising prospects of the macroeconomic fundamentals, would leave us broad room for growth in the future.

Fontana 2 housing project
in Cundinamarca, Colombia

Colombia

We highlight market's excellent performance on a national level, which in 2021, reached the record figure of 13 million tons of cement shipped among the different players in the industry. In this context, the Colombia region achieved volumes of 5 million tons of cement and 2.4 million cubic meters of concrete, which represent an increase of 23.1 % and 18.3 %, respectively, mainly associated with the deployment of commercial initiatives throughout the year, the solid performance of the mass segment and the recovery of formal construction, in a stable price framework.

The total EBITDA of Colombia was COP 524 billion, an increase of 30.8 % compared to 2020 and an EBITDA margin of 21.7 %. This result is based on the significant growth in volumes sold and the initiatives implemented to offset the inflationary pressures in costs that impacted the industry globally in 2021.

The Colombia region began 2021 with a positive dynamic in terms of volume and with the mass segment leading the industry's recovery, a beneficial increase in housing starts and stability in the execution of infrastructure projects in formal construction. However, the protests and roadblocks caused by the social outbreak during the last week of April and all of May greatly affected some operations, especially in the Southwest Zone and the Central Zone.

The market dynamics resumed its recovery process as of the third quarter and the residential segment stands out, with consolidated annual growth of 30 % and 24 % in sales of social and non-social housing, respectively. At the same time, housing starts achieved the highest level in seven years in 2021.

In formal construction, Argos won the bid in 2021 for the contract to supply ready-mix concrete for the Bogota Metro Patio Shop, where it will deliver around 100,000 m³ of concrete during approximately fourteen months. In addition, the country's infrastructure project portfolio maintained its dynamics with works such as Santana-Mocoa-Neiva, Popayan-Santander de Quilichao and Roads del Valle, scheduled to start in 2022.

In the second half of 2021, the Cartagena Plant production and port capacity expansion came into operation with an investment of more than 40 million dollars. This project supports the growing demand of the North American market and other export destinations while leveraging the creation of social value by generating 194 additional jobs and deepening our support for more than 1,700 medium and small suppliers in the country.

New Argos port terminal in Cartagena's free zone in Colombia

THE EXPANSION OF THE PORT IN CARTAGENA WILL BOOST EXPORTS TO THE UNITED STATES, CENTRAL AMERICA, THE CARIBBEAN AND OTHER DESTINATIONS

5 MILLION TONS of cement

2.4 MILLION M³ of ready-mix

COP 524 BILLION in annual EBITDA

At the end of the year, we announced the joint venture with Saint-Gobain, a world leader in sustainable solutions and one of the top hundred most innovative companies globally, to develop mortars solutions in Colombia. This partnership will combine technology and Saint-Gobain's global knowledge on the mortar business along with Argos' strong leadership and strong local presence in order to offer a wide range of construction services and accelerate the evolution of the market towards a more industrialized and sustainable future.

Short and medium-term expectations in the region continue to be very positive. This view is based on the record level of cement shipments in the industry for 2021, the country's solid macro fundamentals, and the portfolio of projects under formal construction, both for housing and construction infrastructure. There is optimism regarding the Government's announcements related to the completion of 14 4G projects in 2022, the bid for the 5G projects, and the initiatives included in the infrastructure package called "Compromiso por Colombia."

6
MILLION TONS
of cement

192,000
M³ of ready-mix

146
MILLION DOLLARS
in annual EBITDA

Mixer truck in housing construction project in the Dominican Republic

Caribbean and Central America

In this region, the volume of cement reached a historical record in 2021, with 6 million tons shipped and a growth of 26.6 %. These figures highlight the positive performance of the trading business, which reported 1.6 million tons sold, 107.3 % higher compared to last year, and exports from Cartagena, which reached nearly one million tons. On the other hand, concrete volumes closed with 192,000 cubic meters and increased 46.2 % versus 2020.

The EBITDA, as of December 31, stood at 146 million dollars, a year-on-year growth of 25.3 %, with an EBITDA margin of 27.8 %. Higher volumes and positive price dynamics in relevant markets helped mitigate, to a large extent, cost inflation, especially those related to fuel and freight.

Honduras had suitable market conditions in 2021, both in volumes and prices, and closed the year with an all-time high in shipments.

The Dominican Republic showed a constant growth trend in prices and volumes and maintains a good outlook in demand levels.

In Panama, we managed to increase our market share amid the challenges that the industry continues to face, associated to the high housing inventories and the delay in the start of large infrastructure projects under construction that affect pricing.

Puerto Rico registered a positive dynamic in prices in a context of a still recovering demand, which is sensitive to interruptions in the supply chains.

Employees in our site at Tegucigalpa, Honduras

The operation in Haiti, although prices improved, had shipments decrease due to the complex social and political circumstances of the country and the technical and logistical difficulties as a result of the fuel shortage.

In the region, prices remain at the highest level since 2018, due to the economic recovery and increased import parity prices in recent months, derived from higher freight rates and production costs.

In September, the inaugural flight of Ariane 6 took place, the launch platform of the European Space Agency, built by the Eiffage company in French Guiana, where we dispatched nearly 54,500 tons of three different types of cement with high levels of strength and advanced technical requirements. Among which, there are soil cement or road binder, which stands out, a soil stabilizing solution that was used for the first time in a project like this, and some sulfate-resistant cements.

Argos' cement was used to construct of all the necessary works for the launch platform, for the 90-meter-high mobile base, the rocket assembly building, the tracks and several structures for the electrical networks and pipelines.

CARIBBEAN AND CENTRAL AMERICA WAS THE REGION WITH THE BEST EBITDA MARGIN IN ARGOS IN 2021

In line with our commitment to innovation in several markets of the region, we expanded our product portfolio with added value. An example of this was the launch of the ready mixes category in the Dominican Republic. This includes a combination of cement, fine aggregate and state-of-the-art ready-to-use additives that directly benefit the industry and customers by allowing better finishes in less time and provide economic savings by reducing waste on-site.

In the short and medium-term, although inflationary pressures on costs are expected to continue, strong market conditions in all countries support expectations to maintain positive results.

Beneficiaries of the Hogares Saludables program in Bolívar, Colombia

STRENGTHING ESG MANAGEMENT – ENVIRONMENTAL, SOCIAL AND GOVERNANCE ASPECTS

We are committed to creating value for our shareholders, investors, and other stakeholders and to the sustainable development of the company and the communities we serve. Our responsible management with a long-term vision is visible through the best environmental, social and governance practices that support the recognition of Argos as a corporate citizen and a global model in sustainability. Here are the highlights below.

The details of the benchmark indicators and standards are shown in the Annex on ESG Issues, which is a comprehensive part of this report.

Based on the monetization of the positive and negative externalities associated with our management and the assessment of all our economic, social and environmental impacts, through the measurement that we have called the State of Added Value to Society, AVS, we highlight that in 2021, we returned 2.55 times the profit we held to society.

On an environmental level, we made progress in initiatives to achieve our stated goals of reducing by 29 % CO_2 emissions in cement operations by 2030 and offering carbon-neutral concrete by 2050, which is in line with the Global Cement and Concrete Association roadmap.

As a visible contribution to climate change mitigation and adaptation, in 2021, we introduced Green Solutions. It is a portfolio of innovative products, services, and resources with sustainability characteristics that, due to their design, production, and performance, promote the development of more environmentally friendly projects. Furthermore, they contribute to the circular economy, adapt to natural phenomena, not to mention comfort and well-being of users, and reduce carbon emissions and all associated specifications to sustainable construction certifications such as LEED, Casa Colombia, or Edge.

It is very satisfying to report that at the end of 2021, revenues from products and services with sustainability characteristics exceeded 1.5 million dollars, a figure that represents 47 % of our revenues and with which we far exceeded the goal we had of reaching 800 million dollars by 2030.

Technologies and innovations already recognized as:

- Calcined clay cement.
- Our Edifika process for building with concrete prefabricated modular systems that generate less CO_2 emissions, reduce waste and increase the durability of works.
- Our infrastructure solution for the construction of roads, especially tertiary roads with a high benefit/cost ratio, which makes the use of non-renewable natural resources more efficient by minimizing material sources exploitation.
- The Green Sacks program, where through reverse logistics, we collect empty cement bags from our clients to be reused as raw material in other industries. This program allowed us to recycle 232 tons of packaging in 2021, which is equal to preventing more than 2,322 trees from being cut down and save more than 19,000 m^3 of water which could supply 110,000 people on a daily basis.

OUR GREEN SOLUTIONS PORTFOLIO LEVERAGES PROGRESS IN MITIGATING AND ADAPTING TO CLIMATE CHANGE

4.5

MILLION DOLLARS

of consolidated investment in social projects

In our environmental management, we also highlight the procurement of electricity from renewable sources, such as the solar farm in Honduras; the procurement of electricity with 100 % renewable energy certification in Colombia, and the implementation of different sustainable transport alternatives: train, hybrid mixer trucks, gas tractors and electric trucks.

In terms of co-processing, we used them as an alternative fuel in manufacturing cement to reduce the use of fossil fuels and take advantage of the caloric value of waste such as waste tires, plastics, pharmaceutical products, and others, we used them as an alternative fuel in manufacturing cement. We have processed more than one million tires in Colombia. Furthermore, in 2021, we launched the program in Honduras to collect around 5,000 waste tires monthly in Choluteca and use them in the kiln at the Piedras Azules de Comayagua plant.

More than 368,000 people were direct beneficiaries of our social projects, which includes a consolidated investment of more than 4.5 million dollars in the lines of home improvement, cement donation for road and community infrastructure, quality education, inclusive businesses, health, food security and solidarity support to communities and construction workers amid the pandemic crisis.

Co-processing of scrap tires for later use as alternative fuel

We moved forward in expanding our Casa para Mí social program to facilitate access to more Colombian families to decent and sustainable housing, thus articulating efforts for financial closings from the Government and other institutions. We counted on the contributions of different allies and the commitment to innovation in materials and construction methods.

We strengthened the Healthy Homes program and announced our commitment to improve 10,000 homes in five years in different cities and provinces of Colombia, hand in hand with our clients and other allies.

Home improvements through the Healthy Homes program in Antioquia, Colombia

Home built under Casa para Mí model in La Danta, Antioquia, Colombia

In 2021, along with Grupo Argos, SENA and Pastoral Social, we improved the quality of the homes of 200 families in the Manrique neighborhoods – La Honda, San Javier, Moravia and San Cristobal, in Medellin, through improvements that included replacing dirt floors for concrete floors, plastering walls and adapting bathrooms and kitchens in some cases. The initiative also generates employment, strengthens production chains and promotes positive social transformation. The participants receive training in basic construction to consolidate skills that give them access to new alternatives for economic subsistence, young people from the community are involved to obtain a construction certification and the chance of working in the construction sector. In addition, the foremen and hardware stores of the territories play key roles in the program as fundamental actors in the acquisition and logistics of materials.

As part of the program in 2021, we also carried out 50 home improvements in Turbaco and Turbana, in the province of Bolivar. It included training activities related to basic construction, health, social relations, citizen coexistence, self-care, teamwork, and domestic violence, among others.

Likewise, Healthy Homes was strengthened and expanded in the Caribbean and Central America region. In 2021, more than 250 people benefited from the improvement of the physical and health conditions of their homes in the Dominican Republic. This was carried out in alliance with Habitat for Humanity and the support of volunteers. Since the beginning of the program in 2018, around 5,860 square meters have been worked on. More than 700 people have been impacted, and about 140 homes have been improved. All while the local economy is boosted by the generation of direct jobs and the purchase of community businesses. Healthy Homes is also present and growing in countries such as Honduras, Panama, and Puerto Rico.

Hardware store owner offering the Construyá loan to a customer in Colombia

On the other hand, in 2021, through our Construyá program, which is focused on integrating supply and demand for the improvement and development of housing solutions for families from social-economic levels 1, 2 and 3 in Colombia, 12,089 households were benefitted from COP 16.824 billion in loans. In Construyá's 16-year history, almost 135,000 families have benefitted from more than COP 143 billion in disbursements. For its part, the Soluciones de Crédito firm, which we created in alliance with the Grupo Social Foundation, had its first full year of operations in 2021 and granted loans for more than COP 3.300 billion.

COP 143

BILLION

in disbursements to almost 135,000 families that were benefitted by the Construyá program

More social value creation actions to highlight:

- Support to local organizations and schools in the United States, product donations to improve community spaces and the sponsorship of neighboring social initiatives where we strengthened our volunteers' program, who proactively participate in the reconstruction of homes and care of affected families by natural phenomena.
- The Agua Segura project continues in the community of La Caucara in San Lorenzo, Honduras, with Water Mission International, to deliver clean and reliable water to more than 100 families.
- The construction of a central park in the community Boca de Nigua. This project is developed in partnership with the Municipal Mayor's Office of Nigua, Dominican Republic, to benefit its 5,000 residents and surrounding communities.
- The maintenance and recovery of tertiary roads that connect rural areas with urban areas in the provinces of Atlántico, Sucre and Antioquia, in Colombia, to improve the mobility and commuting conditions of more than 10,000 people.
- The intervention of 22 production patios in support of families from Turbaco, Bolivar, who grow vegetables under the concept of inclusive businesses. It includes training related to planting and caring for products and water management.

In 2021, the Corporate Volunteering program increased experiences by 92 % compared to 2020, with 4,136 hours between work and non-work participation and 631 volunteering employees taking part.

Employee at the Panama site

Forklift operator employee
in Panama

A TEAM THAT CREATES VALUE

Our greatest strength is our fantastic team! We have achieved a healthy, constructive work environment with good energy. Trust prevails, and diversity is respected, promoted, and supported; employees have the tools to develop and contribute to the dreams of the shareholders, clients, and stakeholders we serve.

Our talent is a priority for the organization. Their well-being and development are fundamental for the sustainability of the business by leveraging our continuous growth, the materialization of results and our positive impact on society.

The performance and development management system covers 96 % of employees, supporting processes and assessment on all organizational levels.

We recorded more than 278,000 hours of face-to-face and virtual training in 2021.

We had significant growth in the success rate of succession plans, reaching 69 %.

We had an internal transfer rate of 9 %, based on opportunities for talent in the different companies of the business group.

The signing of the Framework Agreement with the International Building and Wood Workers in October 2021 is a milestone in our commitment to social dialogue and to foster and protect the rights of the working sector and constructive labor relations.

Likewise, we deeply advanced in closing gender gaps and promoting inclusion and diversity by implementing the Forklift Operation certification for women, an initiative from the company's Gender Committee, to incorporate more of them into operational and technical positions that men traditionally occupy.

At the end of 2021, 30 % of leadership positions in Argos were occupied by women.

Employees at the Saldana Aggregates Plant in Tolima, Colombia

ACKNOWLEDGMENTS THAT WE ARE COMMITTED TO

Several standards, indexes and measurements recognize our responsible and sustainable management, our best environmental, social, and corporate governance practices, and the creation of value for all stakeholders. Among which we highlight the following:

- We are the most sustainable cement company in the world, according to the S&P Dow Jones Global Index (DJSI), with the highest rating in the categories of materiality, risk management, environmental reporting, institutional relations, climate change strategy, water risk management, social reporting, labor practices and human rights.
- Gold Class Award in the S&P Sustainability Yearbook.
- One of the leading companies in the construction materials sector in the world with the best ESG practices according to the responsible investment index and sustainable FTSE4Good, created by FTSE Russell.
- ENERGY STAR® certification for our cement plants in Harleyville, South Carolina, and Roberta, in Calera, Alabama, granted by the US Environmental Protection Agency (EPA), due to their commitment to the reduction and efficient use of energy and the care and preservation of natural resources.
- For the third consecutive year, we have been awarded the Socially Responsible Company Seal from the Honduran Foundation for Corporate Social Responsibility (Fundahrse) due to our actions on social investment, environmental management, and fair operating practices responsible marketing, labor practices, governance and human rights.
- We are one of the ten companies with the best reputation in Colombia, according to the Merco Ranking, an audited reference monitor, with over six evaluations, twenty sources of information and the participation of thousands of survey takers.
- Merco also recognizes Argos, for the tenth consecutive year, among the best companies in social responsibility and corporate governance.
- Argos continues to be highlighted as one of the most innovative companies in Colombia, according to the National Association of Entrepreneurs (ANDI).
- We stand third place in the Private Social Investment ranking in Colombia, according to the Jaime Arteaga & Asociados firm.

Mixer truck going by the Puente Cauca construction site in Antioquia, Colombia

WE ARE EXCITED ABOUT THE FUTURE

We face challenges and move forward in strengthening as a customer-oriented company. All of us united in our higher purpose of making the dreams of housing and infrastructure construction possible, which drives a more sustainable, prosperous, and inclusive society.

These outstanding results of 2021 are meaningful steps towards achieving our long-term goals.

In 2022, we will continue to focus on innovating and maximizing our value proposition to consolidate our competitive position in each market, increase EBITDA, deepen financial flexibility, optimize efficiencies, capture synergies, and divest non-operating and non-strategic assets in order to enhance the return on capital employed and generate even more value for you, our shareholders.

Likewise, it inspires us to reap the fruits from the efforts of recent years to continue setting a path of success for this valuable company, which is a world benchmark, under the principles ofintegrity, ethics, and respect for others. It also moves us, of course, to contribute to social transformation and transcend as a good corporate citizen in the sixteen countries and territories where we are present.

The privileged and unique platform of assets that we have, the extraordinary talent of our people, your trust, having our clients' preference and loyalty and the positive conditions of the fundamentals in the three regions augur the best for us in the future.

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 announces that it complies with the applicable legislation on intellectual property and copyright in the development of its corporate purpose.

In 2021, 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. In notes number 36 and 41 of the separate and consolidated financial statements, entail these transactions, respectively. The aspects related to article 446 of the Commercial Code are found in the financial statements, in the report of the statutory auditor and in this document. For its part, the Business Group Report referred to in article 29 of Law 222 of 1995 can be found in the additional information delivered to shareholders.

Likewise, the company certifies that it did not hinder the free circulation of invoices issued by suppliers and that its judicial and administrative processes are being attended to in a timely and diligent manner by the administration and its legal advisors and no material decisions were presented that have affected the financial situation of the organization.

The performance of the financial information disclosure and control systems were verified through different processes 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 appropriately. Among the aforementioned processes, the following stand out, the review of the financial statements by the statutory auditor, the assessment of the appropriate design and operation of the Internal Control System by the Internal Audit and the monitoring of the financial statements by the Internal Audit, the Audit, Finance and Risk Committee and the Board of Directors.

In 2021, the global governance and compliance program continued to be strengthened. Within the framework of the program, training and communication activities were carried out and the controls were correctly executed to prevent the risks of money laundering, financing of terrorism, corruption, and competition.

In corporate matters, the payment of the dividend in shares was done in accordance with the Profit Distribution Project approved by the Shareholders' Meeting in the regular session held in March 2022, where 18,806,432 regular shares were released and, as a result, the subscribed and paid-in capital of the company went from $592,569,425,760 corresponding to 1,424,445,735 shares, to $600,392,901,472, corresponding to 1,443,252,167 shares, of which 1,170,478. 742 are in circulation and 63,575,575 correspond to repurchased shares.

For its part, in an extraordinary meeting of the Shareholders' Meeting, held virtually, a proposal to set aside a portion of the occasional reserves for the strengthening of the patrimony and declare an extraordinary dividend was approved.

At the end of the year, an extraordinary new meeting was called to be held in January 2022, in which the potential conflicts of interest reported by some members of the Board of Directors regarding the takeover bid for regular shares of the Group Sura S.A. was decided on.

Additionally, Argos and Saint-Gobain (a French multinational that participates in several businesses associated with the construction industry) signed partnership agreements to develop mortar solutions in Colombia.

Regarding the company’s corporate governance, the Annual Corporate Governance Report will be delivered to shareholders on the following website www.argos.co/ir You can find the report on the the Country Code’s recommendations implementation.

02

STRATEGIC FRAMEWORK

A materials-warehouse worker in Bogotá, Colombia


CAL HIDRATADA 75
DE USO GENERAL
ARGOS
YO
RECOMIENDO
ARGOS

IN THE WEB

HOW WE CREATE VALUE

[102-9]

TRENDS

The market is global
Increase in clinker imports in the Americas

Appearance of new and numerous competitors

Greater environmental and occupational health and safety awareness
Climate change and global warming

Water scarcity and an increase in species in danger of extinction

Need for changes in behavior, habits and increased environmental demands

Increase in health and biosecurity measures.

Digital transformation
Increase in speed and new media to facilitate communications

Changes in the types of transactions, behaviors, interaction mechanisms and client expectations

Evolution of production technology

Implementation of information-security protocols

CAPITALS

Human
7,050 direct employees,
6,951 suppliers and contractors

Natural
Natural resources
Water consumed: 5.9 million m³
Materials; 48 million t/year

Social and Relational
Stakeholders: clients, employees, suppliers, communities, investors and shareholders, authorities, the media and guilds

Financial
Funds
Banking system

Industrial
271 concrete plants
9 clinker grinding mills
30 ports and terminals
56 dispatch centers
1,906 mixer trucks
+ 1,600 railway wagons

Intellectual
9 patents and 7 pending

HIGHER PURPOSE

MAKE THE CONSTRUCTION OF HOUSING AND INFRASTRUCTURE DREAMS POSSIBLE, TO ENABLE A MORE-SUSTAINABLE, PROSPEROUS AND INCLUSIVE SOCIETY

See more about the sustainability strategy

STRATEGIC AXES

Intelligent growth

The roadmap to carbon neutrality

Focused on the client

People and culture

Creation of social value

SUSTAINABILITY STRATEGY

At Argos, we believe that sustainability is creative value for society and for the company. To achieve this objective, we work on the four-pillar framework:

- Generate relations of trust
- Produce responsibly
- Ensure business profitability
- Share our values

→ Grow sustainably (ROCE > WACC) and close the gap between Argos' market value and its core value.

→ Advance the goal of becoming a carbon-neutral company by 2050.

→ Increase our competitiveness through the delivery of a differentiated service to our clients.

→ Unleash Argos' potential through the transformation of our culture and talent management.

→ Become a company that continually creates social value.

BUSINESS MODEL

Sourcing

↓

Production
(Concrete, cement, aggregates)

↓

Orders

↓

Logistics

↓

After sales

EXTERNALIDADES

Human
Talent development/salaries and benefits

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

Social and relational
Investments in communities

Financial
Taxes/interest and dividends

VALUE ADDED TO SOCIETY

Economic dimension
USD 812.6 M

Environmental dimension
USD -353 M

Social dimension
USD 4.6 M

We delivered to society
2.55
times the value retained by the company

#AtArgosWeAre
a team that is committed
to the mitigation of

CLIMATE
CHANGE

COMMITMENT LETTER TO THE SOCIETY

The time is now and we are ready to act ambitiously!

ARGOS' COMMITMENT TO CLIMATE CHANGE:

For nearly 90 years, at Argos we have promoted and participated in the sustainable development of the communities we serve. We are not unfamiliar to the challenges that we, as part of society, must face. For this reason, we are aware that is pivotal to do much more, therefore, we declare our commitments to face climate change.

Our company views it as a challenge and a unique opportunity to improve our operations and value chain. Accordingly, we are committed to mitigating direct and indirect CO_2 emissions, generating the necessary capacities for adaptation and moving forward in the research and development of strategies for carbon capture and offsetting emissions, working hand in hand with our business group at every level.

Even though we have been working for more than 10 years to reduce our footprint and have decreased our direct CO_2 emissions by 14 % from the baseline, we have recently updated our environmental strategy and its climate change line.

NEW AND CHALLENGING GOALS:

- By 2030, we will reduce CO_2 emissions by 29 % in our cement operations
- By 2050, we will offer carbon-neutral concrete, aligned with the Net Zero ambition plan of the Global Cement and Concrete Association (GCCA)

HOW WILL WE ACHIEVE IT?

- Maximizing waste co-processing.
- Decreasing the amount of clinker in cement.
- Optimizing caloric and electrical energy consumption.
- Investing in cleaner technologies.
- Increasing the purchase of electrical energy from renewable sources.
- Increasing our offer of products with sustainability features, including low-carbon products, which contribute to the circular economy and climate change adaptation.

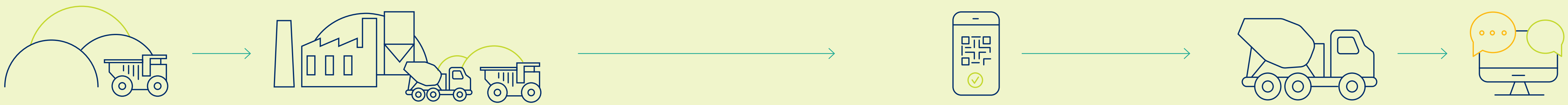
THESE ARE SOME OF THE CONCRETE ACTIONS THAT WE ARE IMPLEMENTING

- Co-processing of tires and other waste in the United States, Honduras, and Colombia (Cartagena and Rioclaro).
- Use of calcined clays and other supplementary cementing materials for the preparation of low carbon-cements.
- A pilot project launched at the Cartagena Plant to capture CO_2 with microalgae and its subsequent transformation into bio-crude.
- The Green Bags Program, which consists of reverse logistics and in collecting bags used by our customers which then are delivered to other companies that will take advantage of them.
- Initiatives to reduce heat and electrical energy consumption in our cement operations.
- Purchase of electrical energy from renewable sources, such as the solar farm in Honduras and the purchase of electrical energy in Colombia with 100 % renewable energy certication.
- Sustainable distribution of our products in electric, hybrid and natural gas vehicles.
- Boosting the modular construction of housing and infrastructure.
- A growing use of recycled aggregates in our concrete operations.
- Via Forte: use of soil-cement technology to improve tertiary roads.

We are determined to face this important challenge and we are convinced that we can build the future we have planned and achieve a more prosperous, inclusive and low-carbon world if we work together with determination to accelerate this transition.

We will continue to strive to implement tangible actions, achieve measurable progress each year and deliver information about our opportunities and progress transparently.

SUSTAINABILITY AT EACH STAGE OF OUR VALUE CHAIN



SOURCING

In the extraction

77%
of freed areas rehabilitated

74%
of quarries in high-value areas for diversity that have a management plan in this component

With supplier management

90%
of our purchases from local suppliers

PRODUCTION

Cement

236 L/t
of cement was our water consumption in 2021, achieving our goal of 245 L/t

635 Kg CO_2/t
of cementitious material were our net specific emissions

854 t
were our absolute emissions of particulate matter

2,816 t
were our absolute emissions of SOx

Concrete

259 L/m³
of concrete was our water consumption in 2021. Our goal is 316 L/m³

Aggregates

95 L/t
of specific water consumption in 2021. Our goal defined for 2030 is 94 L/t

Efficient, state-of-the-art production

6.4%
use of alternative fuels

11%
of use of alternative raw materials in cement

34%
supplementary alternative for concretes

ORDERS FOR PRODUCTS AND SERVICES

We facilitate taking orders through different lines: telephone, app, Web. WhatsApp.

Through our digital channels, we achieved:

63%
of the cement orders

28%
of the concrete orders

Digital billing: This allows the costs and times associated with physical billing to decrease significantly, contributing to the decrease in our carbon footprint.

A wide offer of sustainable products

Among which we highlight:

- Green Cement and Multipurpose Eco
- Permeable concrete
- **Aggregates:** industrialized sand for glue, pañete and concrete; multipurpose gravel, among others
- **Greco:** recycled aggregates

LOGISTICS

Commercialization and Distribution

Sustainable mobility:
We make good use of the meansof 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

AFTER SALES

Green Sacks

232
tons of paper were returned and used during 2021

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

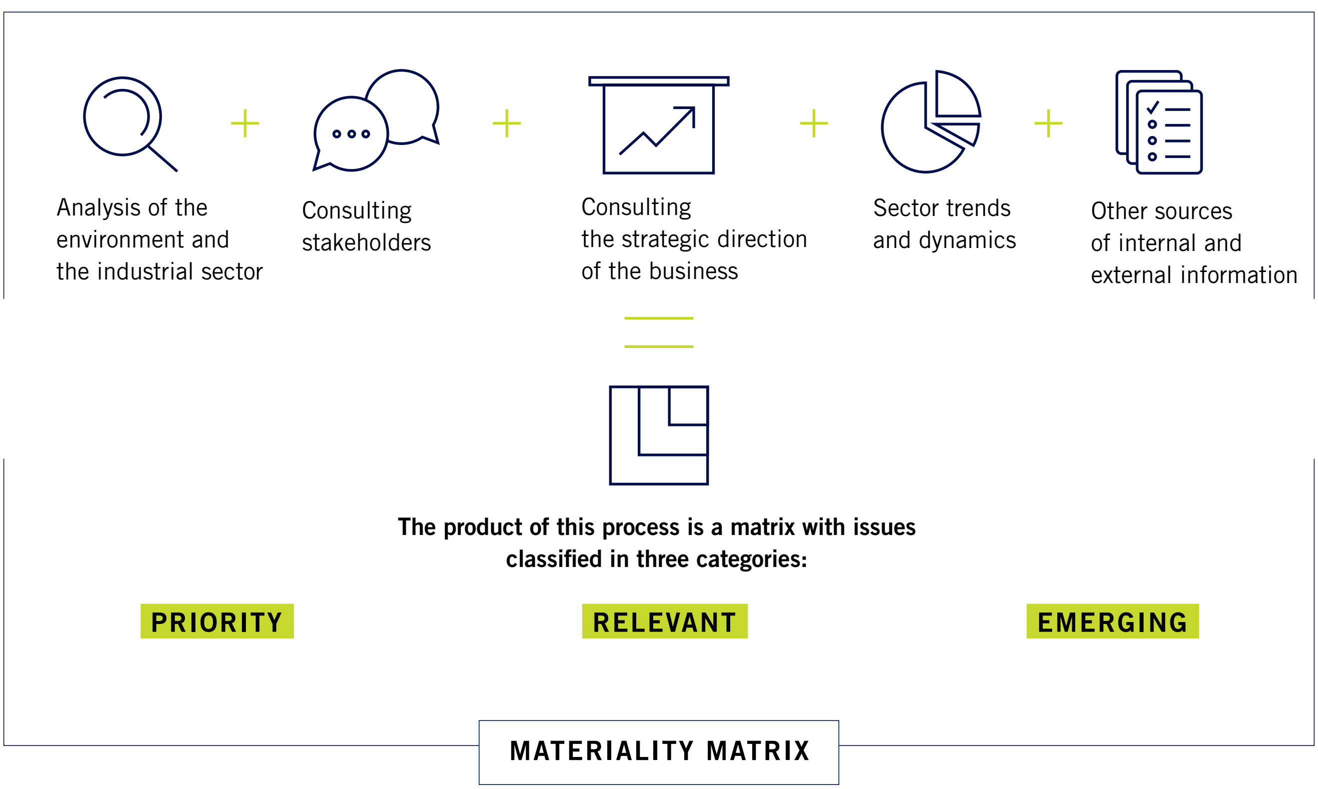
MATERIALITY ANALYSIS

[102-47]

Materiality analysis is a methodology that allows us to identify topics that are able to create value for Argos and its stakeholders. Also, it becomes the short-term guide to corporate management. This analysis is done periodically; the last update was made in 2019, when 2,400 people participated who are part of our stakeholders in the three regions.

DURING 2022, WE WILL UPDATE OUR MATERIALITY MATRIX THROUGH A SERIES OF DIALOGUES, WORKSHOPS, INTERVIEWS AND OTHER RELATIONSHIP MECHANISMS WITH OUR PRIORITIZED STAKEHOLDERS. THIS EXERCISE WILL ALLOW US TO CONTINUE WITH THE MANAGEMENT OF THE RELEVANT TOPICS IN SUSTAINABILITY IN THE SHORT AND MEDIUM TERM

This process is developed through:



MATERIALITY MATRIX

PRIORITY ISSUES

1. Efficiency and productivity
2. Adaptation to market dynamics
3. Talent management
4. Climate change
5. Ethics and compliance

RELEVANT ISSUES

6. Ecosystems
7. Positioning of the industry
8. Occupational health and safety
9. Atmospheric emissions

EMERGING OR MAINTENANCE ISSUES

10. Supplier management
11. Relationships with communities
12. Human-rights management system

PRIORITY ISSUES

An issue of high importance for the company and for stakeholders, which require short-term strategic definitions.

Efficiency and productivity
Strategies focused on the efficient use of resources and the profitability of the businesses. It includes the application of circular-economic models, harvesting plans of alternative materials, diversification of energy-management models and the efficient management of the supply chain. (See page 64).

Adaptation to market dynamics
Our ability to innovate in the business model to adapt to industry and market disruptions and maintain our high level of competitiveness. Some of the components of the strategies aimed at this objective are the expansion of the portfolio of products and services, the adoption of high standards and the response to the needs of local markets. (See page 72).

Talent management
Efforts directed at the attraction, retention and development of talent by promoting a diverse, equitable organizational culture, the implementation of avant-garde labor practices and guaranteeing the right to free association. (See page 117).

Ethics and compliance
Practices aimed at ensuring acting ethically and transparently in the organization. This includes the prevention of fraud, corruption, money laundering and the violation of competition rules. (See page 80).

Climate change
Strategies to prevent, mitigate and compensate impacts derived from CO_2 emissions. It also includes plans to adapt to climatic phenomena and develop business opportunities. (See page 100).

RELEVANT ISSUES

Key issues for our stakeholders and our company, due to their potential impact in the medium term.

Ecosystems
Identification and management of the risks to the water resource and biodiversity in the areas of influence, to minimize potential impacts and maximize opportunities. (See page 109).

Positioning of the industry
Effort aimed at adopting high standards and good practices, transferring knowledge and promoting guidelines that position the industry as a strategic ally in creating value for society. (See page 86).

Occupational health and safety
Identification, evaluation and mitigation of the risks associated with occupational health and safety, so that employees and stakeholders return home safe and healthy. (See page 122).

Atmospheric emissions
Strategies and plans aimed at managing risks and measuring the impacts of atmospheric emissions related to the operation. (See page 114).

EMERGING OR MAINTENANCE ISSUES

Issues on which there are long-standing standards and practices and which need to be managed constantly.

Supplier management
Plans aimed at selecting, promoting and developing these allies through knowledge transfer and the implementation of good practices, to create social value and achieve long-term commercial alliances. (See page 93).

Relationship with communities
Actions aimed at developing communities through the creation of shared value, to promote the construction of relationships of trust. It includes processes to recognize local actors, responsible management and social innovation. (See page 128).

Human-rights management system
Initiatives aimed at respect for and the protection and promotion of human rights and the construction of an open, transparent dialogue with stakeholders. (See page 134).

An Argos business advisor in a hardware store in Bogotá, Colombia.

STAKEHOLDERS

[102-40] [102-42] [102-43]

As a company, we are aware that we are part of a society; thus, we identified the need for constant communication with those who surround us to create value not only for ourselves, but also for the communities of the territories where we are present:

We are committed to strengthening relationships of trust with a relationship policy with stakeholders, which seeks that the interactions with them are governed by transparency and open dialogue and which facilitate joint initiatives that contribute to the development of all.

Our stakeholders are identified with an analysis of our value chain and the mapping of points of interaction between the company and groups of people, both internal as well as external. Therefore, not only do we value physical proximity, but also how they are affected by our operations and decisions. Thus, we have an overview of those around us and the way we interact with them.

PRIORITIZATION OF STAKEHOLDERS

We have eight stakeholders who were identified and prioritized, taking into account the relationship between dependence and influence; that is, the proximity of our company and the affectations that fall on them for the strategic and operational decisions that we make and vice versa.

[102-21] [102-40] [102-43] [102-44]
Consult the stakeholder matrix in detail

Clients
People or companies that use our products for their projects.

Employees
All those who dedicate their time to work to achieve our higher purpose and who have a contractual relationship with the company.

Suppliers
Allies who day-by-day provide their products or services to bolster the construction of dreams with us.

Communities
Neighbors with whom we work for the development of the regions and territories where we are present.

Investors
Our engine to continue generating value and optimizing our management.

The media
All those who help us communicate with those who are nearby, who serve as a platform to constantly report on our management.

Associations and guilds
Allies to improve work conditions and the positioning of the industry as managers of development

Authorities
Institutions with which we are a team to promote the development of the territories by generating value with transparency and legality.

Visit to the *Turó y Amonte* site in Bogotá, Colombia

RELATIONSHIP

Each stakeholder is assigned a natural leader in the relation; that is, company employees who fulfill the role of having constant contact with each stakeholder and who are called to dialogue or interact with them to ensure optimum interaction with the organization. Thus, the channels of official communication and meeting spaces are defined to exchange information and day-by-day build a relationship between both parties.

Some spaces established for the relationship with our stakeholders are Sustainability Dialogues, Sustainability Week, the Transparency Line, forums and other activities that bring us closer to each of them to provide information about our management and receive feedback, suggestions or build solutions that impact the way we approach issues that are relevant to both parties. Likewise, client service and transparency lines are constantly open, aimed at collecting cases that endanger the integrity of the organization and our stakeholders.

A key tool to interact with each of them is the classification we make by dependency and by the position they have with the company and its actions. Thus, we know which are the most-relevant issued and we define if we should execute activities to keep them informed with greater frequency or if we should include them in consultations to make decisions; this is how we minimize the risks that may arise from the relationship with them. This analysis is developed jointly by the areas that lead the interaction with each one and with the Sustainability Department, a corporate area that facilitates the dialogue and training methodologies, seeking that they are appropriate according to the nature of the group and its necessities.

EACH STAKEHOLDER IS ASSIGNED A NATURAL LEADER IN THE RELATIONSHIP, WHICH GUARANTEES INTERACTION AND ENSURES OPTIMUM COMMUNICATION WITH THE COMPANY.

Beneficiaries of the Healthy Homes Program in Medellín, Colombia

ACTIONS CARRIED OUT IN 2021

1. **Spaces for virtual and in-person training** for our clients in topics related to sustainable construction, a topic that is of great interest for the sector.

2. **A total of three training sessions for suppliers in environmental and social issues,** to improve their performance in issues that were measures in the sustainability evaluation.

3. **Response to requirements for information on sustainability** for our investors, who are increasingly more interested in knowing our company's performance and future plans in these issues.

4. **Support for the Healthy Homes Program,** through the systematization of indicators to better track the beneficiary families.

The results of this management are communicated in each of the dialogue spaces, as well as through the use of tools, such as social networks, Websites, direct communications and the Integrated Report itself, which is prepared every year to report on the management of these issues that – hand-in-hand with stakeholders – were identified as relevant. Likewise, we have other spaces that arise naturally throughout the year, such as conferences, follow-up meetings, audits or scheduled visits.

An employee in our new port terminal in the Free-Trade Zone in Cartagena, Colombia

RISKS

[102-15]

We identify, analyze, value and manage risks that impact the fulfillment of the strategy, projects, processes and operations.

We have evaluation, monitoring and escalation mechanisms in the Comprehensive Risk-Management System (SGIR, in the search for efficient transfer through the corporate insurance program, to reach the geographies according to the following levels:

CORPORATE STRATEGY

SUSTAINABILITY STRATEGY

OBJECTIVES AND KEY RESULTS

Top-Down management

STRATEGIC LEVEL
We report risks and threats to the Board of Directors through its Audit, Finance and Risk Committee to define the action plans and make decisions through management.

TACTICAL LEVEL
We carry out risk analysis and evaluation in company operations, projects and processes by quantifying their impacts. We accompany the scaling and activation of mitigation or prevention plans.

OPERATIVE LEVEL
We apply the SGIR in the analysis of process and facility risks to facilitate the implementation and monitoring of action plans.

Bottom-Up management

COMPREHENSIVE RISK-MANAGEMENT SYSTEM (SGIR, IN SPANISH)

Our SGIR supports and complements the governance, audit and compliance models. It is based on the ISO 31000 and COSO – WBCSD Enterprise Risk Management standards and is aligned with the best international practices. Also, it is supported in the risk-management application and contains the following elements and tools:

IDENTIFY

- Materiality analysis
- Risk workshops
- Trends and connections of the global environment
- Strategic framework

ANALYZE AND EVALUATE

- Risk matrices
- Value in risk (sensitivity analysis)
- Self-evaluation tools

TREAT

- Risk-management application
- Corporate insurance program
- Adaptation and continuity plans

MONITOR

- Reports to Senior Management
- Reports to the Board of directors

RISK TRANSFER

We have a corporate insurance program to transfer insurable risks under recognized statistical models in the reinsurance market.

Through these markets, we seek an adequate, optimal transfer of risks, to avoid significant deviations of our objectives in the event of possible materializations and we pursue adequate compensation of possible losses.

CORPORATE INSURANCE PROGRAM

Property | **Patrimony** | **Benefits**

Coverage of losses derived from risk, such as:

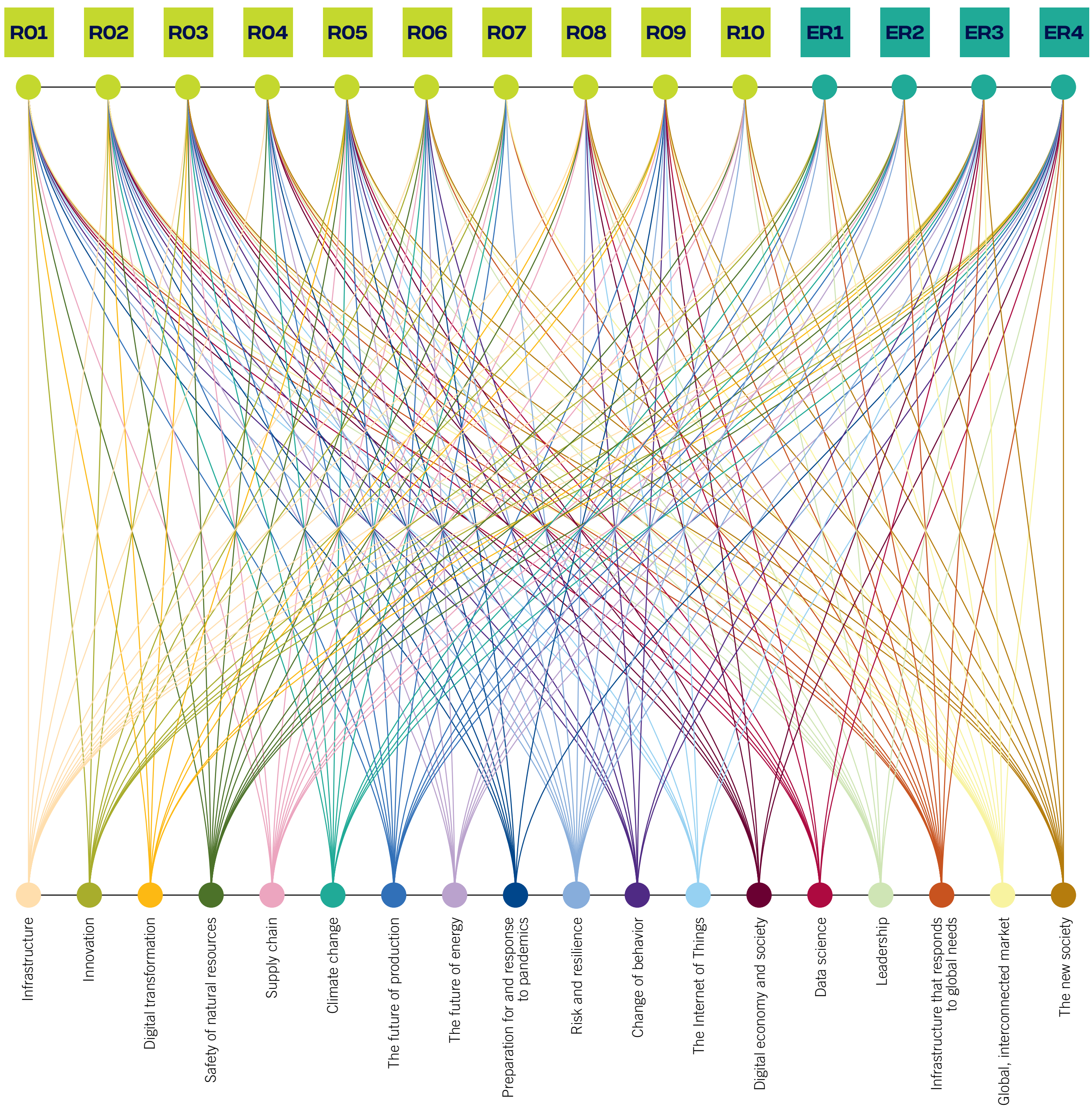
Natural/human/operational events
Infrastructure and the assets of natural, human and operational events – such as hurricanes, fires or damages to facilities – are protected.

Patrimonial claims
The company's assets are protected for liability claims, third-party lawsuits, profit and financial risks are protected.

Risks to people
Risks associated with people are protected to effects on life, health, or employment compensation of any individual.

TRENDS AND CONNECTIONS

Through our analysis of signals, trends and connections, we identify the global currents of great importance for Argos and the different degrees of interconnection among them. We also find correspondences among the trends identified and our strategic and emerging risks and, additionally, we qualify their degree of influence, which allows our risks to be aimed at managing current and future challenges.



Strategic risks [A-RI1]

Strategic risks are those the materialization of which can significantly affect strategic objectives, the corporate strategy, the value for shareholders or the company's viability. They may be derived from trends in the environment or organizational factors and must be priority knowledge by Senior Management.

R01 No generation of value due to changes in the market environment

R02 Delay or impossibility to close competitiveness gaps

R03 Inability to adapt ourselves to changes in the value chain and our clients

R04 New policies or regulatory changes

R05 Low appropriation of cultural behaviors

R06 Non-compliance with CO_2-emission reduction targets

R07 Occurrence of natural events

R08 Non-compliance with regulations or ethical standards and internal control

R09 Failures in information and control systems, due to internal or external cyber attacks

R10 Political, social and legal instability, globally or locally

Emerging risks

Emerging risks are those events the nature and consequences of which have high uncertainty; they occur on a large scale and arise from global trends.

See more information on the emerging risks

ER1 Restrictions and surcharges in accessing capital, credits and the like because it is a CO_2-emission intensive productive process

ER2 Depletion of the water resource for the continuity of the operation, due to climate change and the deterioration of ecosystems

ER3 Shortage of human talent to execute key processes due to generational trends and the new challenges of talent development

ER4 Inability to adapt ourselves to changes in the construction value chain and to the needs of our clients

CLIMATE-CHANGE RISKS

Climate-change risks can manifest from the present time and evolve in the short, medium and long term. To accommodate this, we have a framework that allows the generation of a risk matrix for this issue that supports decision making and the resilience of the strategy in real time. Additionally, in 2021, we made progress in identifying and quantifying a taxonomy of physical and transition risks, based on climate scenarios, to determine short-, medium-, and long-term impacts based on the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD).

Scan to see the TCFD Report 2021

PERFORMANCE 2021

Deepening of sensitivity analysis

We incorporate new quantitative and data-analysis models in the assessment of risk and crisis scenarios. To date, this has allowed us to have these scenarios quantified for nine of the ten strategic risks and three of the four emerging risks.

Self-management of risks

We promoted self-management of risks with the different areas through the development of controls; this allowed a greater deployment of risk analyses to the company's key processes and the elaboration of these analyses for all the business' concrete plants in the United States, through the support of computer tools.

Strengthening the SGIR

We advanced in strengthening and implementing the SGIR at all levels of the company through the updating of our strategic and emerging risks, from the exercise of trends and connections, and we began the implementation of the risk-management application.

Insurance program management

We optimized risk-transfer mechanisms with tailored coverage, based on risk analysis and potential losses. Likewise, we guaranteed the effective recovery of some losses covered by them.

HIGHLIGHTS 2021

Dow Jones Sustainability Index Risk management

We were recognized, for the **third year in a row,** for best practices in our management of risks.

We obtained
100 %
IN THE RANKING
of the Dow Jones Global Sustainability Index

Risk culture

We promote this culture through internal socialization channels; also, we updated the virtual training course, impacting the majority of our employees.

WE INCREASED THE COVERAGE OF THE VIRTUAL RISK-MANAGEMENT COURSE, ENABLING US TO REACH 1,094 EMPLOYEES IN 2021

A construction worker on site in Bogotá, Colombia

STATEMENT OF THE VALUE ADDED TO SOCIETY (VAS)

[A-LS1]

The generation of sustainable value is the promise that drives us to focus our efforts to deliver innovative solutions to our clients; development opportunities to allies; and constant, sustainable growth to investors. To make sure that all actors in our chain are receiving that value and identify the areas where we need to improve, we use the Statement of Value Added to Society (VAS).

Hardware clients in Panama

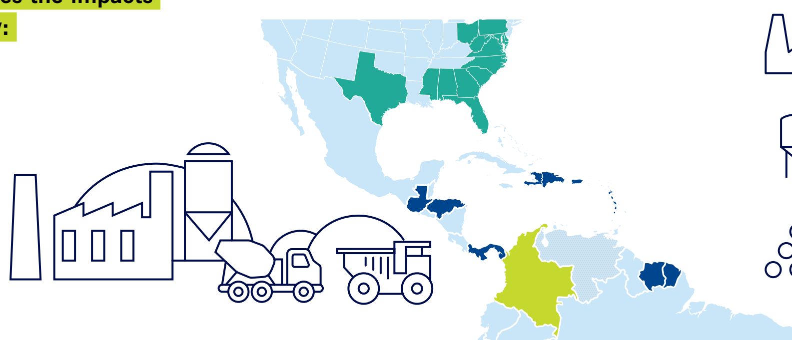
Scope of the model

VAS monetizes the impacts generated by:

1. Fifteen of the countries where we operate

2. Our three business units

- Cement
- Concrete
- Aggregates



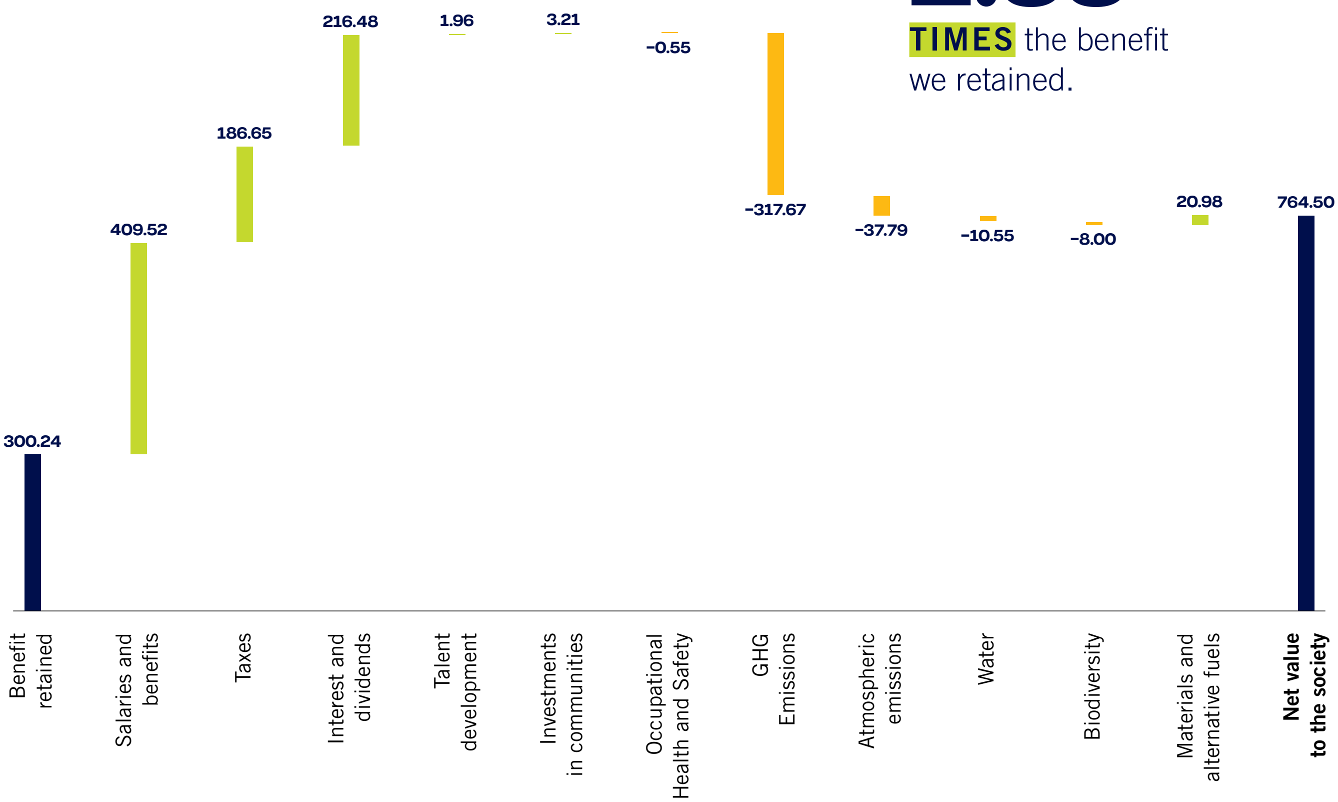
* Currently, the model does not include the impacts generated by our suppliers or clients, or by transportation to and from our operations. To the extent that we have primary data from other segments of the value chain, we will begin to monetize externalities in our supply processes in the pre-production phase and/or in the marketing and use of the product.

Learn more about our VAS

VALIDITY OF THE MODEL

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

VAS RESULTS 2021



In 2021, we return to the company

2.55

TIMES the benefit we retained.

The year 2020 challenged us as humanity and a company. We ratify that life is a fundamental value and we wagered on continuing to generate value for our stakeholders. Cementos Argos and the private sector, in general, made great efforts to help reduce the impacts of the pandemic in terms of health and food safety. In turn, 2021 was the opportunity to take the lessons learned that the pandemic left us in order to return to normal with all the enthusiasm and to continue making housing and infrastructure dreams possible that enable a more sustainable, prosperous and inclusive society.

The results of the Statement of Value Added to Society evidence the social and economic influences we face. Economic growth in the countries where we are present, the reactivation of construction and consumer confidence were reflected in meeting the goals established by Argos. During 2021, we continued begging on the generation of value for society and for the company, especially emphasizing our shareholders.

In this period, we reached the highest EBITDA in the company's 84-year history, which is also evidenced in a substantial increase in our retained benefit, which is the starting point of our valuation exercise, which grew by 59% - compared to the previous year – passing from USD 188.9 million to USD 300.2 million.

In turn, and consistent with our good corporate results, the net value to society also presented a considerable increase, as it passed from USD 631 million to USD 764.5 million, 21% more. Taking into account both values, during 2021, we achieved 2.5 times more value to society than the benefit we retained as a company, which is aligned with our commitment to create sustainable value.

A m ore detailed explanation on the impact of each externality and its variation – compared to the previous year – is given on the next page:

Construction of the wastewater-treatment plant in Valle del Cauca, Colombia

Economic dimension

409,521,095
DOLLARS

Salaries and benefits

By paying salaries and benefits to our employees, we contribute to the revitalization of the economy and we support the development of our team. This externality of the model increased 4%, compared to the previous year, after a very challenging 2020 at the level of humanity and the company, where everyone – and especially our employees – worked with great enthusiasm and responsibility. Last year – 2021 – was the opportunity to recognize their abilities, their experience and their commitment.

186,655,429
DOLLARS

Taxes

By paying taxes, we contribute to the development of the countries where we operate. During 2021, there was a return to normal, which is seen in the excellent financial results for the company and a significant increase in sales and consumer confidence, which bring with them higher income evidenced by more contributions in the economies where we are present. The foregoing explains the 47% increase in the tax-payment externality in the countries, which is in line with our commitment to grow hand in hand with the territories.

216,484,253
DOLLARS

Interest and dividends

By paying our financial obligations and paying our shareholders, we reward their trust in the company and we contribute to the revitalization of the economy. Between 2020 and 2021, we experienced a 5% decrease in this externality. We keep working with conviction so that the price of our shares reflects the company's true value and its multiple growth opportunities. In this point, it is also necessary to mention our commitment to reduce the company's leverage indicator, which spent 4.5 times the net debt as a proportion of EBITDA, as well as the dividends at the beginning of 2021 at 2.87 at the end of the year, thus achieving greater financial flexibility.

Social dimension

1,964,746
DOLLARS

Talent

The impact of this externality depends on the turnover of our employees, of the total hours of training offered and the ratio between men and women. During 2020, the pandemic brought with it a decrease in supply, for which the turnover item fell. In addition, virtuality changed the model of training hours, going from face-to-face to virtual, which – undoubtedly – was an enormous challenge in terms of training within the company. During 2021, we evidenced a positive increase of 4% in this externality, which is primarily explained by an increase in training hours for our employees, resuming face-to-face sessions and further strengthening the virtual model, for a total of 278,000 hours.

3,211,347
DOLLARS

Investments in the community

In 2021, we continued with our desire to continue investing in and generating development hand in hand with our communities, which explains the good performance of this externality, which – according to the increase in our benefit retained – also presented an increase of 57%, which reiterates our commitment to the territories. In this point, it is opportune to remember that, within the VAS model, there are specifically accounted for investment lines prioritized by the company: housing, educational and community infrastructure, scholarships and energy in Haiti; likewise, we want to point out that these lines carry out investments through three forms: commercial initiatives, community investments and donations.

-550,054
DOLLARS

Occupational Health and Safety

For Argos, employee health and lift will always be the most important thing. After 2020, in which – unfortunately, we reported the fatality of one of our employees – our commitment in 2021 was to ensure the life and safety of all, thus achieving zero fatalities in our three regions, which is evidenced in an 82% improvement in the externality.

Environmental dimension

In 2021, we generated environmental costs equivalent to USD 353,028,626 as a consequence of our greenhouse gas and atmospheric emissions, water consumption and the effects on biodiversity. In this dimension, we also have a positive externality that evidences our efforts to replace traditional materials and fuels with others which are less-contaminating; this was quantified in USD 20,985,071.

-317,668,284
DOLLARS

Greenhouse gas emissions

They represent the global impact that – as a company, we generate in all people. These are primarily referenced to our Scope 1 and Scope 2 CO2 emissions, which we monetize, taking into account the social cost of carbo, which is defined in USD 31.66/tCO2. During the year, we had greater levels of production compared to 2020, given that several of our operations stopped; this explains the increase in the cost of the externality, which was 12%.

-37,788,562
DOLLARS

Atmospheric emissions

According to the argument previously made, these also had a lower performance compared to 2020, by increasing 22%

[1] *https://www.epa.gov/sites/production/files/2016-12/documents/sc_co2_tsd_august_2016.pdf*

An employee
at the Cartagena Plant

OTHER HIGHLIGHTS OF OUR MANAGEMENT

VAS countries

During 2021, we worked – together with local teams – to expand this corporate model to the reality of the territories. Currently, we are capable of carrying out the impact-assessment exercise for all our operations in aggregate or individually. The results are used in multiple ways by each country, always seeking to improve decision-making processes and the management of our operations.

– 18,557,851
DOLLARS

Water and biodiversity

Our productive activities have an impact on ecosystems through water consumption and the effect on biodiversity. Although they are not the most representative of our operations, they have been prioritized by our stakeholders and that is why we quantify them as impacts on the VAS. By 2021, the cost associated with these externalities decreased by 24%, as a result of the divestment in Dallas, an operation with a significant impact on the water resource.

20,982,071
DOLLARS

Materials and alternative fuels

One of our greatest wagers to face the challenges associated with climate change is the substitution of materials and traditional 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 greenhouse-gas emissions in the production process.

THE NEXT STEPS FOR 2022

- We hope to supplement the VAS information with that of the territories through tools, such as the Socioeconomic Footprint Index, which allows us to not only review the country's macro situation, but also have a deeper understanding of those specific territories where we operate.
- We hope to continue improving our VAS communication schemes, delivery of information, analysis and the resulting action plans, with the aim of materializing the results that the tool can product to benefit the management of the countries.
- Our goal is to launch the VAS model in our United States Regional; we see this as an opportunity to strengthen the information available when making decisions and identify the foci where we should improve.

03

FOCUSES OF ACTION

- Efficiency and productivity
- Adaptation to market dynamics
- Ethics and compliance
- Positioning of the industry
- Supplier management
- Climate change
- Ecosystems
- Atmospheric emissions
- Talent management
- Occupational health and safety
- Community Engagement
- Human rights

Beneficiaries of the Healthy Homes Program in Cartagena, Colombia

IN THE WEB

EFFICIENCY AND PRODUCTIVITY

SDGs

8 DECENT WORK AND ECONOMIC GROWTH
13 CLIMATE ACTION

Impact on the business

- Costs
- Income
- Risks

GRI [103-1]

- Suppliers
- Clients
- Argos
- Society

Strategic sustainability pillars

Business profitability

Concrete plant in Medellín, Colombia

Our corporate strategy is materialized through actions aimed at the efficient use of resources, improving our flexibility and maximizing income generation and the profitability of the businesses.

We focus on:

1. The application of efficient, safe productive processes

2. The application of circular-economy models

3. The diversification of the energy-management models

4. The efficient management of the supply chain

MANAGEMENT OBJECTIVES

[103-1]

For the company

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

For society

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

HOW IS IT MANAGED?

[103-2]

To manage the efficiency and productivity of our businesses, we define key objectives and goals that seek agility, flexibility and profitability through the following lines

1. **Operational excellence:** We adapt productive processes to new market challenges and we advance toward digital transformation. For this, we concentrate on operational efficiency, production optimization and logistics and transport processes, as well as the implementation of circular-economy models.

2. **Energy efficiency:** We permanently seek energy and caloric efficiency in productive processes, ensuring the proper use of resources and contributing to the reduction of CO_2 emissions, through the adoption of the guidelines of the corporate strategies.

3. **Circular economy:** With the incorporation of waste and by-products from other industries, as raw materials or alternative fuels in our productive processes, we mitigate environmental impacts generated by the use of non-renewable natural resources.

4. **Logistics and transport:** Taking into account the logistical context of each region, taking advantage of our resources and geographical location to improve delivery times and decrease costs.

Learn about other indicators of this topic

An employee in Honduras

PERFORMANCE 2021

[103-2] [103-3]

Production optimization

New Argos port terminal in the Free-Trade Zone in Cartagena
Colombia Regional

We achieved the expansion of this important port, passing to two docking lines for ships, which allow – in addition to dispatching two boats simultaneously – having the ability to receive others that are of larger dimensions. This project included high international standards for its construction and operation.

The expansion of the Cartagena port allows mobilizing up to 3.5 million tons per year and increasing exports to the United States and the Caribbean and Central America, generating a vertical integration with our operations in Houston and Puerto Rico, primarily, and serving other markets with finished products. This will lead to the maximization of the use of our Cartagena Plant by combining attention to national and international markets.

Optimization of the use of clinker
Colombia Regional

In 2021, the clinker-cement factor was reduced 2.3% in our operations of the Regional. On the one hand, different technologies of chemical additives to enhance the performance of the clinker, blast-furnace slag and other active additions were tested and validated. On the other hand, better performance was presented in the production of artificial pozzolan, increasing this production by 240%, compared to 2020. These optimizations had a positive impact on reducing clinker consumption and allowed improving the performance of the cement, promoting an increase in the manufacture of low-carbon products.

Hot-gas generation system at the Najayo Plant
The Dominican Republic

Generating hot gases from fossil or alternative fuels, which are then fed into the cement grinding mill, increase the temperature of the system to dry the raw materials having a high moisture content, which allowed increasing cement production in the grinding mill by 4%. With this optimization, a greater los-cost production capacity was generated to supply the market demand.

Productive transformation in the Dorado Plant
Puerto Rico

TTransforming the operating and production system from an integrated plant to a grinding and blending station allows improving the performance of the facilities to adapt to the market environment and the business, to achieve compliance of the profitability targets proposed.

The blending system is based on mixing already-processed and ready raw materials to obtain a final product. This offers greater flexibility from the point of view of diversifying the product portfolio.

Storage silo in the Dominican Republic

Energy and caloric efficiency

Operational excellence team of energy management in the Cartagena Plant

Colombia Regional

In this operation, the issues of energy and caloric consumption associated with the process are managed through an interdisciplinary committee that analyzes the result of the management in fuels and energy consumption; from these, action plans are established to be implemented to enable the achievement of the established goals year by year.

In 2021, some of the actions executed were related to the negotiation of prices and volumes with carbon suppliers, the expansion of the capacity of the carbon-injection system, and the revision of the strategy to increase the substitution of alternative fuels by 10% by 2022.

Energy and caloric consumption

Colombia Regional

The specific consumption of thermal energy in the clinkerization process in the Colombia Regional presented an increase of 4.7%, affected primarily by the inclusion of two ovens via moisture on the indicator: the start-up of Furnace 3 at the Cartagena Plant and the incorporation of a white-cement kiln at the Nare Plant which – despite contributing to the production of nearly 300,000 tons of clinker at times of the international shortage of this product – generated a negative on the caloric index.

As for electric energy, there was a 1.2% increase in specific consumption of cement in silos. The start-up of Kiln 3 and Cement Mill 4 at the Cartagena Plant, together with a 34% increase in high-energy consumption cements for export, were the main factors that affected the indicator.

29%

OF ELECTRIC-ENERGY CONSUMPTION

of the Colombia Regional is generated through renewable sources

Approximately

19,000

TONS

of alternative fuel consumed in the Cartagena Plant, equal to 6.7% of caloric substitution

Production of precast concrete modular panels

Smart Manufacturing

USA Regional

With this project, carried out in conjunction with the University of Louisville, and with the financial support of the Clean Energy Smart Manufacturing Innovation Institute (CESMII) and the initiative of the United Stated Energy Department, the Smart Manufacturing Institute has been working on the reduction of up to 15% of energy consumption in the production of clinker through the use of artificial-intelligence tools and machine learning, coupling – in addition – statistical data-based phenomenological models and connecting the complexity of the physiochemical processes that occur inside the oven.

This year, important milestones have been achieved, such as:

- The creation of a predictive model based on the production data of the Roberta Plant, which is expected to be validated with real-time data and implemented during 2022 to optimize processes,
- Construction and commissioning of a laboratory-scale clinker kiln to relate important variables of the process with the phenomenological model that is under construction.

Hydrogen injection in the fuel process in the *Piedras Azules* Plant

Honduras

The project has technical and financial validation and is in the industrial-testing phase. It consists of injecting hydrogen into the fuel-dosing system to improve the combustion process and operational efficiency of the clinker furnace.

Carrying out tests to validate these new developments and innovations in the process will allow achieving future production increases of around 4% and facilitate the use of alternative fuels.

+USD

360,000

INVESTED

in the operation and maintenance of the waste-management systems to strengthen the circular-economy process

Contributing to a 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. Also, we establish collaborative relationships with authorities, companies and communities to provide a sustainable solution to the problem of the inadequate disposal of waste in our areas of influence.

As a line of action in our Environmental Strategy, the circular economy is assessed by the performance of indicators, such as: the use of alternative raw materials in cement and the use of supplementary cementitious material in concrete.

In 2021, we reached a 34% replacement of supplementary cementitious material in the concrete business, with which we surpassed the goal established for 2030 (18%), thanks to the increased production of concrete with sustainability characteristics in the category of adaptation and circular economy. Also, we obtained a 10.8% use of alternative raw materials in cement production.

IN 2021, 48% OF THE CEMENT AND 86% OF THE CONCRETE WITH SUSTAINABILITY CHARACTERISTICS CORRESPONDED TO PRODUCTS THAT CONTRIBUTE TO ADAPTATION AND THE CIRCULAR ECONOMY.

Green Solutions, Conscious Innovation

Products

Our portfolio of Green Solutions offers products and solutions that contribute to adaptation and the circular economy, as they contribute to the decrease in the use of non-renewable natural resources by taking advantage of alternative fuels and materials in our processes. In this category we find:

- Products that permit reducing the amount of materials necessary for construction, thanks to their performance which allows optimizing the dimensions of the structures and achieving higher life spans than those that would be achieved with use of concrete without durability specifications.
- Products that take advantage of waste that is generated in the works.
- Products which – due to their characteristics – allow the recycling of water.

Solutions

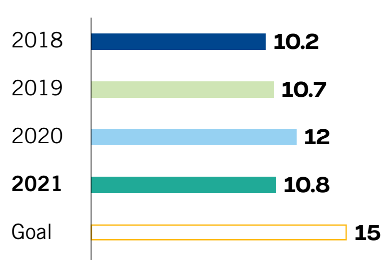
The Green Sacks Program, which has operated since 2013 in Medellín, has been a pioneer in Colombia in the use of packaging through reverse logistics. Beginning in 2021, the scope was expanded to other cities in the country with a total of 394 active works. In this same period, we took advantage of 232 tons of paper, which is equivalent to 2,322 trees that have not been cut down, and more than 19,000 m3 of water, which have not been consumed in other production processes.

+3.6

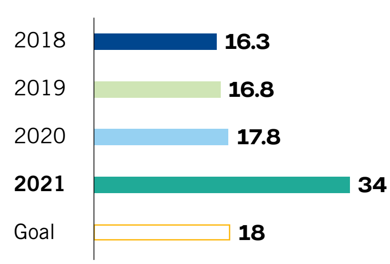
MILLION TONS

of waste used in our production processes

[A-EC2] **(%) Alternative raw materials in cement**



[A-EC3] **(%) Supplementary cementitious material in concrete**



Transport and logistics

Digital transformation
Colombia Regional

We formed a work cell to implement a digital-transformation smart plan in the logistics of the Regional. Through this, we also sought to automate and digitize processes and develop an advanced analytical approach to risk management and decision making.

We implemented an application for drivers and owners, which facilitates communication and uploads documents. In 2021, we recorded more than 1,000 downloads and in 2022, we hope to promote its use and create more features.

We developed a tendering tool to make cargo offers, aimed at carriers applying and charging in accordance with the availability and compliance of requirements, to favor the automatic assignment of trips and generate logistics efficiencies. It will begin to operate in early 2022.

Improvement and automation of the logistics process
Puerto Rico

We worked on three initiatives to increase efficiency and reliability:

- We automated the payment to suppliers, with which the manual work and the risk of calculation mistakes was decreased.
- We developed a dashboard for the logistics operation, which allows monitoring the sourcing plan of the plant and sales, ensuring fairness in the assignment of trips, monitoring the availability of vehicles and ensuring the full use of the vehicle load capacity.
- We improved the follow-up of inventory reconciliation.

AROUND USD
11,000
in savings by automating payments to suppliers

Continuous improvement project
USA Regional

After training in the LEAN Six Sigma methodology and a diagnosis of the Regional's processes, different initiatives were identified and prioritized to develop in 2021, including:

- A reduction in the Maintenance, Repair and Overhaul (MRO) inventory in cement plants and terminals. Thanks to this, savings for USD 30,000 were generated during 2021. For 2022, we expect savings for USD 3 million.
- The optimization of the logistics process through the digital transformation of the mixer-truck fleet. This will allow us to complete integrate the dispatch software, have real-time information on traffic and improve communications between the plants and the trucks and the connection with Argos ONE.

The efficient use of resources together with our suppliers
USA Regional

During 2021, we began a pilot with a telemetry system in 280 of our vehicles and heavy machinery.

This allowed us to make a more-efficient use of the resource, reduce the risk of fuel loss, improve sourcing safety, generate alerts to program maintenance and prioritize the supply based on real inventory levels for contingency situations.

A mixer-truck driver, Puente Aranda

Mixer trucks
on the streets of Panama

GOALS 2030 [103-2]

- We will achieve a 33% substitution of caloric consumption by using alternative fuels.
- We will achieve 15% in the use of alternative raw materials in the cement operations.
- We will achieve 18% in the use of supplementary cementitious material in concrete.

CHALLENGES [103-2]

- Maintain the sales of products with sustainability characteristics included in the Green Solutions portfolio.
- Maintain a constant supply of high-quality alternative raw materials necessary for our cement and concrete production processes.
- Promote the use of waste or by-products as a leverage to reduce CO_2 emissions.
- Ensure the sufficient quantity of drivers for the concrete business in the United States Regional.

Optimization of assets

[A-BE2]

In order to reduce the company's leverage, strengthen its financial flexibility and maximize the return on employee capital, in the second quarter of the year we divested 24 concrete plants located in Dallas, the United States. This transaction was closed for USD 180 million initially negotiated plus a USD 3.8 million working-capital adjustment.

Financial flexibility

[A-RE1]

Achievements reached:

- Regarding debt management, in 2021 we acquired three loans for more than USD 300 million – linked to the performance of the ESM indicators – with local and international banks, which not only confirms the confidence of financial institutions in the company's sustainability strategy, but also allowed us to extend the duration of the debt and improve its financial cost.
- We closed 2021 with a net debt to EBITDA ratio plus dividends of 2.87 times, the lowest since 2013, complying with the goal of closing 2021 with an indicator below 3 times. This achievement is the product of the reduction in leverage that was reached by the resources obtained in the divestment of concrete assets in Dallas, as well as the excellent results in terms of EBITDA and cash-flow generation.

IN 2021, WE ACQUIRED THREE LOANS LIKED TO THE PERFORMANCE OF THE ESM INDICATORS WITH LOCAL AND INTERNATIONAL BANKS.

IN THE WEB

ADAPTATION TO MARKET DYNAMICS

SDGs

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

Impact on the business

- Costs
- Income
- Risks

GRI [103-1]

- Suppliers
- Clients
- Argos
- Society

Strategic sustainability pillars

Business profitability

Drawbridge of the *Gran Malecón* work in Barranquilla, Colombia

Aware of the challenges we face as a society and the importance of being part of the industry transformation, we are committed to continuous improvement and innovation of our business model and production processes to continue being strategic allies of our clients in the construction of sustainable housing and infrastructure.

To achieve this goal, we analyzed market requirements, we expanded the offer of products and services with sustainability characteristics and we maintained our high-quality standards.

MANAGEMENT OBJECTIVES

[103-1]

For the company

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

For society

Respond to housing needs and improve the quality of life and infrastructure to facilitate the development of sustainable, smart and interconnected cities that respond to the current challenges that the planet faces.

HOW IS IT MANAGED?

[103-2]

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

1.

Portfolio of products and services with sustainability characteristics
This constitutes the value offer for our clients, which differentiates us in the market. It is composed of a portfolio of green solutions that comprise products with sustainability characteristics; services such as Green Sacks, which is aimed at reducing waste by managing packaging; construction solutions, such as ground cement; technical advice, training, agreements, integrated logistics and the personalized design of services that contribute to this objective.

2.

Digital channels
A strategy that includes different channel proposals through which we reach the market to guarantee clients access to our products and solutions. This includes improvement mechanisms in the experience of these allies based on technologies, facilitation and digital-process streamlining, among others.

3.

New business models
Initiatives adjacent to the value proposition represent new business opportunities in the construction sector.

4.

Future initiatives
Projects in the validation process and feasibility studies being tested with which we plan to adapt ourselves to the future dynamics of the sector.

See other indicators on the topic

PERFORMANCE 2021

[103-2] [103-3]

Portfolio of products and services with sustainability characteristics

Climate change offers us an opportunity to see ourselves and the relationships we establish with nature in a new way: this can help us move forward as humanity by demanding a real change in how we think and act.

A demonstration of permeable concrete, a material that recreates the natural water cycle

GREEN SOLUTIONS
Conscious Innovation

This is a company decision that allows us to declare our commitment to a more-sustainable future. Also, it is an invitation to present and future generations of construction professionals to be informed, decide and act in favor of their environment.

With the challenges that sustainable construction proposes and the strengths that we have developed as a company, in 2021 we launched this new portfolio, a set of products, solutions and services that allow reducing the negative environmental impacts of construction throughout its life cycle. These Green Solutions are segmented in the following categories:

A *Vía Forte* test section in Rionegro, Antioquia Colombia

Low carbon

Products and solutions with a lower embedded-CO_2 content. They have product statements and environmental self-declarations, which provide objective, quantitative and rigorous information on their impact to make better decisions when choosing materials for a project. Within this category we have the green cements we produce in our Cartagena and Sogamoso Plants, in Colombia; *Piedras Azules*, in Honduras; and Quebrancha, in Panama, which substitute part of the clinker for other alternative materials, such as slag, ash and pozzolans, achieving CO_2 reductions of more than 35% in the case of the general-purpose cement and 15% in structural cement. We also have green concrete, in which additive cements and supplementary cementitious materials are used to achieve embedded-CO_2 reductions of more than 20%. Likewise, we offer modular construction solutions, through which the use of non-renewable resources is optimized and which have less waste and less carbon incorporated.

Frames in the purpose of being transparent in the information, we deliver product declarations and environmental self-declarations, which are supported with life-cycle analysis through the implementation of the GCCA tool: EPD Tool – Quantis, which complies with the product category rules: for cement: Product Category Rules for Portland, Blended Hydraulic, Masonry, Mortar and Plastic (Stucco) Cements (NSF, 2020); and concrete: Product Category Rules for Concrete (NSF, 2019).

This tool allowed us to develop a solution that made it possible to calculate the emissions avoided by using our products, as well as providing information to calculate the carbon footprint of their buildings and infrastructures.

In 2021, more than 370 Life-Cycle Assessments (LCA) of our cement and concrete products in the three regionals. This has allowed us to identify low-carbon products aimed at offering a concrete with zero net CO_2 emissions.

Green Cement: We have generated important advances in our production processes, primarily in Colombia, Honduras and Panama, which has allowed us to offer our green cements, which have a low embedded-carbon content in its production stage. Fourteen of our cements present CO_2 reductions, compared to average industry benchmarks.

Green Concrete: In 2021, we launched green concrete, which achieves reductions of more than 20% in CO_2 emissions. This launch constituted an important step in the commitment to integrate a low-carbon economy and develop sustainable cities. For Colombia 58% and for the United States 57% of the LCA-supported concrete analyzed is green concrete.

Application of colored concrete on a sidewalk in Medellín, Colombia

Products and services that contribute to the adaptation to climate change and the circular economy

They contribute to decreasing the use of non-renewable natural resources. They permit building structures that adapt to natural phenomena with a greater life span and – due to their characteristics – enable water recycling. Within this category we have some concrete, such as durable, high-resistances, pavements, advanced, permeable, among other, and we have the Green Sacks Program, through which we collect the cement sack generated in the works, through reverse logistics, and we deliver them to companies that use them to manufacture fiber cement, paper pulp or waste-derived fuel.

Products and solutions that promote well-being

They promote the health, comfort and well-being of users. Their application in visible finishes does not affect air quality; they generate a reduction in the temperatures of structures and promote energy efficiency and the reduction of the heat-island effect. Likewise, we have the *Vía Forte* solution, through which we offer soil-cement technology to develop tertiary roads, which allows generating well-being for the communities of rural areas and reduces the exploitation of aggregates and CO_2 emissions in the construction process.

Innovative technologies in a carbon-neutral industry

These are products incorporating innovative technologies to reduce environmental impacts. One of these – with which Argos has been a pioneer in the world – is that of thermally activated clays at the Rioclaro Plant, in Colombia, through which greenhouse-gas emissions are reduced.

Learn more about Green Solutions

See a video on Green Solutions

Limestone Cement Type IL
(Portland Limestone Cement, PLC)
USA Regional

In 2021, our United States Regional proposed expanding the Portland Limestone Cement Type IL (PLC) market, aimed at increasing its production, promotion and sale by 2022.

PLC is a high-quality blended hydraulic cement and a more-ecological product when used instead of Portland cements. It is designed with a higher limestone content than Portland cement and when used in concrete-mix designs, it provides a typical 10% reduction in the carbon footprint. All this, while maintaining the aspects of resistance and sustainability for which it is known.

It is manufactured with the same additives, equipment and control measures and produces a yield and a quality comparable to that of traditional Type I/II cement, so it can be used as a one-to-one substitution. Also, it is more environmentally respectful, when compared to traditional Portland cement, as it reduces the carbon footprint.

Argos PLC is ideal for use in premixed and prefabricated concrete, mortars, groups, soil stabilization, deep recovery, concrete masonry units and other applications for sustainable construction.

We had
USD +1.5
BILLION
in income for products with sustainability characteristics [A-CS1]

It is important to highlight the contribution that our products with sustainability characteristics have in the sustainable construction certification systems, such as LEED, BREEAM, and Casa Colombia, among others. This is thanks to the properties and performance of the cements and concrete, combined with design and construction strategies of the buildings.

During 2021, we had income for more than USD 1.500 billion for products with sustainability characteristics, exceeding our goal of USD 800 million to 2030, a figure that represents 47% of our income. This is due to the refinement in the classification of the Green Solutions portfolio, which has allowed us to highlight the sustainability characteristics of our products and services, based on the principles and practices of environmentally responsible construction.

Digital channels

Our digital strategy has four work axes and two fundamental pillars

Work axes:

1. To delight our clients
2. To expand the frontiers of our business model
3. To respect our world
4. To maximize efficiency

Fundamental pillars:

1. Client experience
2. Transformation of the value chain

In this way, we have moved away from the commoditization to continue adding value to our clients with a proposal of solutions that is increasingly specialized. We have accelerated our digitization process and the implementation of artificial intelligence to be more efficient, generate savings and be more assertive in the delivery of extraordinary solutions to our allies.

Argos ONE, a digital platform for our clients

Through Argos ONE, we integrate the different digital services that we make available to our clients, simplifying and streamlining their interactions with our company through an omni-channel experience that orchestrates the entire process of the ally experience, from taking an order to payment.

The omni-channel experience:

- Place orders
- Consult orders
- Confirm and program deliveries
- Track deliveries
- Consult the Statement of Account
- Consult histories on the quality of deliveries
- Make claims
- Contact Client Service
- Make payments
- Consult invoices

THE AVERAGE 2021 ADOPTION OF ARGOS ONE CONSOLIDATED AT THE CORPORATE LEVEL REPRESENTED THE FOLLOWING DATA:

63%

OF THE CEMENT ORDERS and

28%

OF THE CONCRETE ORDERS

are made through our digital platform

39%

OF THE PAYMENTS

from clients are collected through digital solutions

64%

OF CEMENT DELIVERIES and

98%

OF THE CONCRETE DELIVERIES

are digitally managed through Argos ONE

+4.4

MILLION TONS OF CEMENT and

1.5

MILLION M³ OF CONCRETE

were sold through Argos ONE

"I just wanted to let you know how great it has been working with Argos ONE. From placing an order until its modifications due to site conditions, it has been perfect. Despite the great help you always provide us, it's nice to be able to enter when I have time and receive a confirmation within 24 hours. We appreciate anything that makes our job less stressful. Thanks again and keep up the good work."

Josh Tupa,
Collins and Arnold Construction Company

Through Argos ONE, more than **1,600,000 client consultations** related to the status of their orders or deliveries have been made.

The digital transformation of our value chain

We are driving our digital strategy towards Hyper automation, so that all that can and should be automated is done. Our objective is to increase the capabilities of people in the decision-making process and identify opportunities through real-time information analysis. We use the industry 4.0 digital enablers – such as artificial intelligence, digital twins, robotics and advanced analytics – to optimize our operations, capturing efficiencies and promoting human talent.

Some of our initiatives are:

Seeking to improve the decision-making capability of our employees, we have developed – in different areas of the company – predictive models based on artificial intelligence that allow:

- To predict income and cash outputs to optimize cash flow.
- To plan demand to project our sales from the behavior of exogenous and controlled variables.
- To optimize the supply chain from simulations.
- To project our financial results in advance.

Mantenimiento digital

Focused on improving the reliability of the equipment in our cement plants, we develop digital tools that monitor in real time more than 1,000 variables in 37 pieces of equipment, which has allowed us to warn about potential failures or breakdown, increasing the availability of our assets and their useful life.

Learn more about digital twins on page 92.

New business models

Industrialized solutions

Modular solutions in concrete is an off-site construction system technically and commercially developed in the country, which revolutionizes the execution of the structure through the installation and assembly of prefabricated concrete structural elements, such as walls, plates, stairs, rooves. This model stands out for the following benefits:

- Increase in the workforce productivity
- 50% less construction time
- Full quality control
- More sustainable
- Greater ease in hiring and construction management
- Architecturally versatile
- Lower financial costs for inventory
- More-profitable projects
- Greater safety in processes

We are successfully implementing the assembly of the first industrialized production plant for the mass production of concrete homes in Colombia, which will start operations in the Second Quarter of 2022 and with which nearly 500 homes will be built.

Learn more about Modular Solutions

A Colombian hardware client using Argos ONE

The team in charge of a massive pouring of concrete carried out in Barranquilla, Colombia

Construyá

With 16 years of experience, more than 133,000 families have been impacted through access to credits to improve the housing of people who have no prior banking experience. This innovative business model has demonstrated – over time – its high social impact and growth projection. At the end of the year, there was a total of COP 16.824 billion, which indicated a growth of more than 35% compared to 2020.

COP 16,824

BILLION was the total of disbursements at the closing of the year

Future initiatives

CO_2 Digital twin
An on-line calculation of direct CO_2 emissions, this allows better monitoring and facilitates decision making to meet the sustainability targets proposed by the organization.

3D Printing
To explore the benefits of manufacturing spare parts through this method, to reduce repair times and stock.

Digital mine pilot
To escalate this pilot with artificial intelligence to other operations to monitor and optimize limestone extraction and transport from the mine to the plant.

GOALS 2030 [103-2]

- We will obtain income for USD 800 million for our products with sustainability characteristics.

CHALLENGES [103-2]

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

IN THE WEB

ETHICS AND COMPLIANCE

SDGs

11 SUSTAINABLE CITIES AND COMMUNITIES

Impact on the business

- Risks

GRI [103-1]

- Suppliers
- Clients
- Argos
- Society

Strategic sustainability pillars

Share values

Employees at the Panama site

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

Through the Global Governance and Compliance Program – our business ethics and conduct system – we seek to promote that our actions are consistent with the pillars of corporate culture and embrace integrity as a guiding principal of action of our business activity.

MANAGEMENT OBJECTIVES

[103-1]

For the company

To promote that our actions are in accordance with the pillars of culture and that integrity is an inspiring principle for all members of the organization. Thus, we consolidated ourselves as competitive, reliable company before investors and other stakeholders.

For society

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

HOW IS IT MANAGED?

[103-2]

We have voluntarily adopted a self-regulation framework that ratifies our commitment to ethics in the businesses as a way to promote transparent practices that contribute to the development of competitive markets. This incorporates principles of mandatory compliance in matters of ethics and conduct:

Find our Code of Conduct here

Business Code of Conduct **Supplier Code of Conduct**

- **Antifraud policy**
- **Anticorruption policy** — **Donation process**
- **Self-control policy for ML/FT risks** — **Due-diligence protocol**
- **Competition policy** — **Due-diligence protocol**
- **Personal-data policy**

→ Compliance Program Manual

→ Transparency Line Protocol

→ Conflict-of-Interest Management Protocol

** Our self-regulation framework is adjusted to the regulatory requirements in matters of compliance programs and the DJSI, FTSE, Country Code, ISO 37001, ISO 37002, ISO 37301 Standards and the guidelines of the United Stated Department of Justice.*

For the proper implementation and application of these guidelines, the strengthening of the ethical culture and the control of incorrect actions, our Board of Directors approved the Global Governance and Compliance Program (GGCP). Its structure incorporates the best international practices to evaluate compliance programs, such as ISO 37001, ISO 37002, ISO 37301 and the guidelines of the United States Department of Justice (DOJ).

This systematically groups the activities carried out to promote integrity in the actions of the company, its employees and the members of the value chain, which allow the updating and permanent strengthening of the program.

Update and continuous improvement

- **Regulatory and risk evaluation**
- **Development of policies and controls**
- **Training and communication**
- **Tracking and monitoring**

HOW DO WE EVALUATE THE MANAGEMENT?

[103-3]

To verify the effectiveness and correct implementation of the GGCP, we conduct annual internal and external audits on the implementation and execution of the controls associated with the program. Beginning with the development of their different stages and carrying out the audits, management reports and indicators are extracted, which are presented to the Business Conduct Committee, the Argos Business Group Central Conduct Committee or to the Board of Directors' Sustainability and Corporate Governance Committee. They make observations that allow updating and continually improving the program.

The indicators to be monitored include – among others – the statistics of the Transparency Line, the coverage of conduct training, the results of the risk-compliance assessment, the level of implementation of the regulatory obligations in matters of compliance programs and the results of the execution of controls established under the program.

Learn about other indicators of this topic

An employee at the administrative site in the United States

PERFORMANCE 2021

[103-2] [103-3]

Conduct training for the employees of our operations

We display our conduct guidelines through a series of ethical situations and dilemmas adapted to the risks that our operating staff could confront in the performance of their duties. This training was adapted to different cultures and languages and considered the access barriers to technological tools in the operations.

CONDUCT TRAINING FOR

72%

of the active employees

Self-evaluation tool

We developed a self-evaluation tool on the efficacy and maturity of our compliance program that allows us to periodically monitor the evolution of the program and the status of adopting improvement actions according to the standards and associated good practices.

TRANSPARENCY LINE

[102-17]

We have a Transparency Line so our stakeholders can report behaviors contrary to the Business Code of Conduct or other corporate policies, and, then, corrective actions or disciplinary sanctions that may apply are implemented. Reports are received by an independent third party, which guarantees the protection of the identity of the person reporting and retaliation against complaints made in good faith.

The investigation of these reports is carried out by investigative offers assigned to each category in the different regionals, following the Transparency Line protocol. Highly critical cases are brought to the attention of the Business Conduct Committee and those involving the Steering Committee shall be reported to the Board of Directors' Sustainability and Corporate Governance Committee.

Learn its operation here

Telephones:

- **The United States:** (+1 888) 567 – 6629
- **Colombia:** (01) 8000 – 522 – 021
- **Dominican Republic:** (18001) 485 – 009
- **Panamá:** (00800) 157 – 1011
- **Honduras:** (800) 2791 – 9378

Email:

lintransparencia@argos.com.co

> The operation of the Transparency Line by an external company allows ensuring the confidentiality of the information, the anonymity and protection of the person who makes the denouncement, as well as the objectivity in receiving and assigning the investigations."
>
> **Miguel Echavarría,**
> Representative of the external operator

The process to strengthen the Transparency Line

Included:

- Disclosure of the investigation and management protocol of the Transparency Line cases.
- Disclosure of the operating guidelines of the channel to the employees of the different regionals and suppliers.
- The implementation of a digital form, available on the Website.
- Training for investigation officers of the Labor Relations category.

206 REPORTS RECEIVED

through the Transparency Line, of which **104 cases** were closed with administrative or corrective actions

Execution of controls for the proper treatment of personal data

We reinforce the operation of the program through:

- The disclosure of guidelines for the proper management of personal data.
- The application of a survey to identify the application of controls.
- The auditing of the compliance program in personal-data matters.

Management of money laundering and the financing of terrorism risks

We continue to strengthen our technological tools to prevent the risks from money laundering and the financing of terrorism to identify early warnings.

In 2021:

- We implemented the segmentation of our counterparties according to risk factors.
- We audited the tools implemented to consult and monitor our counterparties in restrictive lists.

"Ethics, integrity and transparency are fundamental, non-negotiable values that guide our actions and allow us to materialize our commitment to the creation of social value. For this reason, regardless of the challenges we face, they should always prevail in our actions as a reflection of our organizational culture."

Juan Esteban Calle,
Cementos Argos CEO

Strengthening of the compliance program in matters of free competition

During 2021, an action plan was defined in accordance with the standards established by the United States Department of Justice in a guide on compliance program in this matter.

During the period, we highlight:

- Updating the corporate competition policy.
- Reinforcing training with 1,085 employees in competition standards through practical workshops and virtual mechanisms.
- Evaluating the competition risks by operations and functions.
- Developing technological tools to monitor compliance of the commercial policies in the process to determine sale prices.
- Completing and analyzing a survey to measure exposure of different roles and functions to competition risks.
- Updating our competition-risk matrix at the corporate level.
- Disclosure and communication of content to actively promote the culture of ethics and free competition, as well as multiple messages that show the support of our leaders and Senior Management to the compliance program.

Likewise, noteworthy was the hiring of a specialized external consultant to evaluate and reinforce the program, who – through interviews and documentary revision – will present a report on the improvement actions required and during 2022 accompany the strengthening of the controls and preventive measures of the competition risks.

1,086

EMPLOYEES TRAINED

in matters of free competition and **1,921 positions evaluated,** according to their exposure to competence risks.

Annual communications plan

This included, among other topics, the strengthening of the Transparency Line, the guidelines to treat personal data and the correct management of conflicts of interest

100%
EXECUTION
of the plan

A mixer truck driver in the United States

GOALS [103-2]

● Met ● Ongoing ● No Met

Goals 2021

- To strengthen the compliance program in matters of free competition, in accordance with the standards established by the United States Department of Justice.
- To continue with the development of Comprometidos – the conduct disclosure campaign – and achieve coverage in compliance and conduct training higher than 60% of the company's active employees.
- To evaluate the maturity of our compliance program through benchmarking with international standards and good practices to identify opportunities for improvement.

Goals 2022

- To update our compliance program to prevent bribery and corruption, in accordance with the standards applicable to the company and the associated international standards that add value to our business management.
- To define a scheme of administration, roles and responsibilities that permit empowering the regionals in the implementation of the compliance program, the effective application of controls of associates in the operations and monitoring the indicators of each jurisdiction.
- To advance in reinforcing the controls of the process to determine sales prices and the communication-monitoring mechanisms.

CHALLENGES [103-2]

- To continue positioning the Global Governance and Compliance Program in the company's different levels and operations, adjusting it to the cultural realities and needs of each country, as well as to our clients and other stakeholders.
- To advance in the automation of controls and warnings associated with the Compliance Program, to increase its effectiveness and guarantee better monitoring, given the large volume of company information, the diverse data-information systems that exist and the different geographies where we operate.

IN THE WEB

POSITIONING OF THE INDUSTRY

SDGs

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
13 CLIMATE ACTION

Impact on the business

- Risks

GRI [103-1]

- Suppliers
- Clients
- Argos
- Society

Strategic sustainability pillars

Relationships of trust

The One, the tallest building in Barranquilla, Colombia, a work with the Argos seal

We position ourselves as strategic allies of the development of the territories where we are directly present and through the empowerment of our value chain

Likewise, through the construction of housing and sustainable infrastructure that enables closing gaps, creating jobs, improving the quality of life and reducing impacts.

MANAGEMENT OBJECTIVES

[103-1]

For the company

To be strategic allies of stakeholder in order to position the company's role in the market.

For society

To sustainably respond to the growing demand of the global population, aimed at improving the quality of people's lives, interconnecting regions and developing innovative solutions.

HOW IS IT MANAGED?

[103-2]

We are committed to the role that we have as a company in achieving the goals of the 2030 Agenda, consolidating the development plans of the territories where we operate and economically reactivating the countries affected by the pandemic. Therefore, we focus our development efforts on housing and infrastructure projects that contribute to closing gaps, generating employment in safe conditions, protecting the environment, and investing in improving health systems and the quality of life of people.

Our work is developed in three big lines:

Unidad residencial Reserva del Sol en el municipio de Mosquera, Cundinamarca, Colombia

1.

Cities for everyone

With nearly 54% of the population living in urban areas, the pandemic manifested the inequality that lives in the cities of the world. About 90% of the COVID-19 cases were concentrated in the 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 execute projects that benefit the underprivileged population, facilitating access to housing and promoting the execution of projects in the areas of influence.

2.

Interconnected cities

In response to the pandemic, digitization processes provided an acceleration that increase the demand for technological infrastructure, in addition to a latent need to interconnect urban and rural areas, aimed at expanding the coverage of basic services, such as health. Therefore, in Argos, we continue working to create innovative solutions that allow us to be present in the large works of the countries and territories where we are present.

3.

Smart cities

The acuteness of the effects of climate change became the risk having the greatest impact for the world; because of it, on the global stage, the need has grown to make a transition to a low-carbon economy, an opportunity that becomes more relevant in the midst of the 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 – in addition to contemplating investments in improving our production processes and expanding the offer of products and solutions to our clients – works in the empowerment of the value chain and the strengthening of alliances with the financial sectors, in order to promote the construction of housing and infrastructure with these characteristics.

HOW DO WE EVALUATE THE MANAGEMENT?

[103-3]

We carry out referencing processes that allow us to see how we are against market peers. We also have spaces for open dialogue, which we call Sustainability Dialogues, and anonymous mechanisms, such as the Transparency Line. We also frequently report the information requested by the different adhesions and commitments of which we are part, in addition to the specific requests of each of the countries where we are.

Recognitions

Sustainability Award Gold Class 2022 S&P Global

merco

ALAS20

FTSE4Good

Adhesions

gcca

wbcsd

SUSTAINABLE DEVELOPMENT GOALS

Commitments

TCFD TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

GRI STANDARDS

CDP DISCLOSURE INSIGHT ACTION

SCIENCE BASED TARGETS

VALUE REPORTING FOUNDATION

- We were recognized as the most-sustainable cement company in the world, according to the Dow Jones Global Sustainability Index.
- We ranked among the most-outstanding companies in the FTSE4Good Sustainability Index.
- We were among the 10 most-innovative companies in Colombia, positioning ourselves as the ninth most-innovative among 340 companies in the country, according to the annual measurement carried out by the National Business Association of Colombia (ANDI), in alliance with Revista Dinero.
- According to the ALAS20 initiative, we are one of the 10 companies with best practices in sustainability, corporate governance and investor relations in Hispanic America.

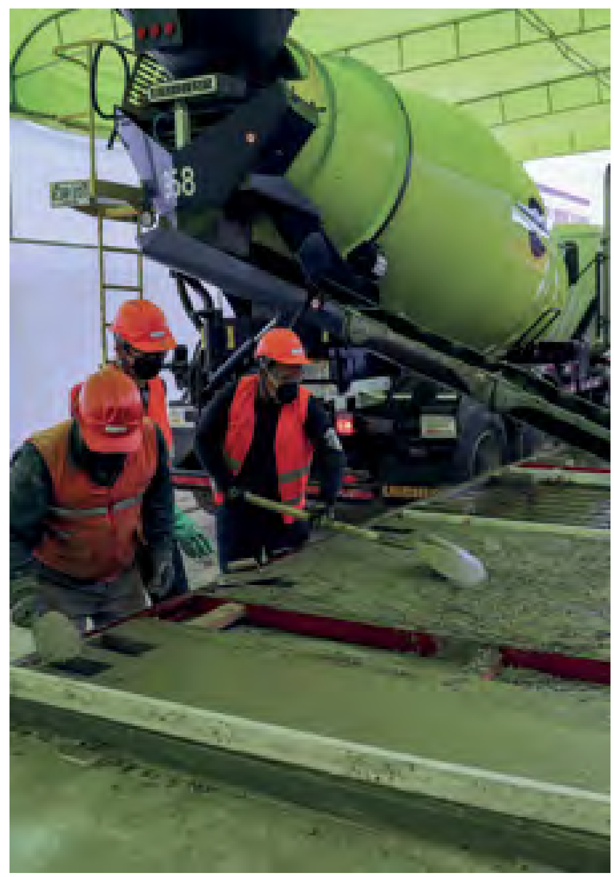
PERFORMANCE 2021

[103-2] [103-3]

Cities for everyone

Industrialized housing

At Argos, we are successfully implementing the assembly of the first industrialized plant for the mass production of concrete houses in Colombia, which will begin operation in the Second Quarter of 2022 and which – thanks to the high acceptance in the market and the interest of the principal construction companies in the country – nearly 500 homes will be built, already committed to Argos' Modular Solutions.



Production process of concrete modules

Learn about other indicators of this topic

Alliances for development – Works for Taxes

We feel part of the progress of the countries where we operate. It is precisely because of that feeling that we have wanted to transcend our proposal to deliver high-quality construction materials, also seeking to directly participate in the construction of infrastructure and housing dreams.

Currently, there are various mechanisms through which we can participate in the construction of significant works for the development of the territories. One of the greatest examples of this are Works for Taxes, a tax mechanism available in Colombia through which companies have the possibility of paying up to 50% of their taxes through the direct execution of investment projects in the areas most affected by violence and poverty (Russell Bedford, 2021), such as the Development Programs with a Territorial Focus (PDET, in Spanish) and the Areas Most Affected by the Armed Conflict (ZOMAC, in Spanish), in which gaps are sought to be closed and the quality of life of their inhabitants improved.

The Works for Taxes mechanism powerfully articulates actors of the public and private sector, as well as their resources and capabilities for the real needs of the territories and their inhabitants. As a company, we feel we are both leveragers and articulators of these collective-action spaces, in which all allies of transformation with technical knowledge and strengths are placed at the service of society.

Donation of school kits in the San Carlos Educational Center, in Colombia

During 2021, together with public allies and other colleagues from the private sector – such as Fiduciaria Bancolombia, Autopistas del Café, Zona Franca, among others – we structured initiatives, the purpose of which is to bring competitiveness and quality of life to the inhabitants of territories that have been victims of violence through the construction of high-impact infrastructure works, such as the 8.1 kilometers of road and a bridge in the municipality of Dabeiba, Antioquia. With this first investment, we expect to improve the conditions of nearly 12,000 inhabitants, who represent 50% of the population of the municipality, not only through an infrastructure solution, but also by strengthening the capabilities and production environment in communities with high potential in agricultural production.

This is the starting point of a collective strategy to transform territories. Our purpose is to continue managing this type of projects that respond annually to increasingly higher ambitious goals in our desire to be development partners.

Assessment of impacts

This is the monetization of externalities; that is, of the positive and negative impacts derived from our operations that are not reflected in our Financial Statements.

At Argos, we have developed an impact-assessment model, which we call the Value Added to the Society (VAS) Statement, based on the Klynveld Peat Marwick Goerdeler (KPMG) True Value methodology. This tool allows us to convert social and economic impacts to US Dollars (USD) and determine our generation of value to society.

During the last few years, we have increased the range of exercises to quantify and assess externalities. This has helped us participate in a timely manner in discussions of each territory, make informed decisions and identify the closure of gaps or opportunities for new projects.

> The first thing begun were the tunnels; the excavation was done in a record time of 15 months and that released many doubts and facilitated clarifying any critical-route variable. There are two tunnels in the Antioquia batholith under a railway tunnel built more than 90 years ago, which served a lot to explore and learn the conditions of this rock. All the rock extracted from the tunnels served to build the other 50 bridges the project had. The biggest challenge was logistics, the relevant quantities, the months in which significant volumes of cement were obtained, the difficulties of winter and the roads of our Department."

Ricardo López Lombana,
Mincivil General Manager

Works of the Guillermo Gaviria Echeverri Tunnel in Antioquia, Colombia

Ciudades interconectadas

The *Vías del Nus* road concession in Antioquia

Colombia

This is one of the principal 4G-connections. This project is very important because it improves the connection between Medellín and the Atlantic Coast, to reduce travel time by up to two hours.

It is a 24-kilometer-long two-lane highway, within which there are 4.1 km of tunnel under the *Alto de la Quiebra* and the rehabilitation of 37 kilometers of the existing road.

Participation in this project has a huge impact on communities in the north of the Department of Antioquia. It is projected to generate an important socioeconomic contribution to more than 400,000 inhabitants of Maceo, Santo Domingo, Cisneros, Girardota and Copacabana.

En este proyecto participamos como proveedores clave con la entrega de:

160,000
TONS OF CEMENT

400,000
M³ OF CONCRETE

Learn more about this project

Section 1 and 2 of the Guillermo Gaviria Echeverri Tunnel
Colombia

We are strategic allied in the construction of this infrastructure work, which is one of the most important in the country and which is located in the Department of Antioquia. It is articulated with the 4G highways, especially the *Vías Mar 1* and *Vías Mar 2*, located to the west of the Department, seeking to connect cities and production centers in the interior of the country with the Urabá sea and the ports that are being built in this region. At the end of the main tunnel, this would be the longest throughout the American continent, as it would surpass the *La Línea* Tunnel and the *Túnel de Oriente*, also located in Colombia.

We are participating in the construction of the longest highway in Virginia
The United States

Together with other Virginia contractors, we are participating in the construction of the expansion of the Hampton Road Bridge Tunnel by supplying cement and supplementary cementitious material (Supercem Slag Grade 100). This project, which has a duration of five years and supposes an investment of nearly USD 3.800 million, aims to extend the current four-lane stretches along almost 10 miles of the I-64 corridor in Norfolk and Hampton with the construction of twin tunnels under the bay. Altogether, for this work, we will deliver 93,932 tons of cement and 91,814 tons of slag.

“Even though the rest of the economic sector was locked up and in quarantine, we were able to go out and work and Argos was out there with us. That is something that has to be told because it is not supplying a product, but having an ally who is with you in the good times and in the bad.”

Ricardo López Lombana,
Mincivil General Manager

Works of the Memorial Park Land Bridge and Prairie Project, in the United States

Building bridged in the community of Houston
The United States

The construction of a project in our Houston Division has officially been launched. We are proud to be a part of the Land Bridge and Prairie Project, located in the Memorial Park Conservancy. This is part of what is known as the Master Plan, consisting of many different projects that- ultimately – preserve, restore and enhance Memorial Park for the enjoyment of the inhabitants of this territory and its fauna.

To date, we have poured 5,352 m^3 of 5,000 PSI concrete and we plan to pour another 994 m3. The completion of the bridge restoration and the meadow is programmed for the end of 2022.

Smart cities

Artificial intelligence in our plants – Digital Twins

The Cement Business: Through the implementation of digital twins, which have the capability to use artificial intelligence and machine learning, we are optimizing the clinkerization, grinding and packaging processes to also reduce CO_2 emissions, as well as to increase the production capacity in some grinding mills.

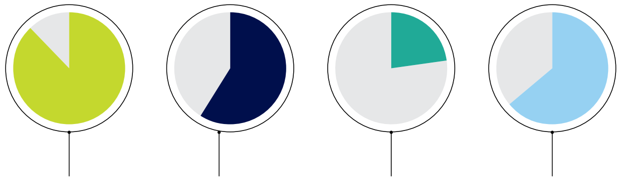
Expected annual savings are expected to be around USD 11 million beginning in 2023, when we estimate that it will be fully implemented.

11
CEMENT PLANTS
connected

35
DIGITAL TWINS
in operation

The *Piedras Azules* Plant in Honduras

Progress in the implementation at the close of 2021



88%	59%	23%	64%
COL	CCA	USA	**Total**

The Concrete business: We began a pilot in which we use artificial intelligence to optimize the use of our assets, investments and our designs for mixtures and have greater visibility of the quality of our products. At the end of 2021, we had 45 plants connected, collecting real-time information.

Initiatives, such as digital twins make it possible to transform our human talent in roles of greater value generation. An example is the plant operators whose role evolves towards one of greater analysis and identification of new opportunities to be incorporated into these types of models.

CHALLENGES [103-2]

- To quantify and enhance the role of the construction industry in the economic-recovery scenario in the countries where we operate.
- To continue to actively participate in discussions of emerging sustainability issues at the industry level, which promote the adoption of better practices and the acquisition of commitments.
- To integrate the impact-assessment methodologies on due-diligence exercise that Argos carries out.

IN THE WEB

SUPPLIER MANAGEMENT

SDGs

Impact on the business

- Costs
- Risks

GRI [103-1]

- Suppliers
- Clients
- Argos
- Society

Strategic sustainability pillars

Shared values

We make relationships of trust possible

Supplier management is a fundamental pillar of our supply-chain strategy and it seeks to build and strengthen the relationships with strategic allies that have the ability to contribute to the company in terms of efficiency, productivity, client service and innovation.

Thus, we carefully select our suppliers; we transfer knowledge to drive their development; we promote good practices and we recognize those who are an example of sustainable, innovative, safe and responsible management.

MANAGEMENT OBJECTIVES

[103-1]

For the company

To add value throughout the company's supply chain, from the purchase of goods and services to the delivery of the product to clients. Through the mitigation of risks and promoting opportunities, the implementation of good hiring practices and excellent service, we create relationships of trust and we convert suppliers in business allies.

For society

To develop our suppliers, promote transparent practices and responsible behaviors to improve the productivity and the competitiveness of our society and support the construction of a better future.

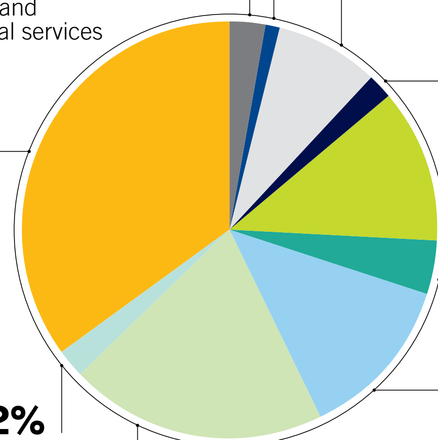
HOW IS IT MANAGED?

[103-2]

Our management is divided in five stages:

1. Identification of goods and services required
2. Preselection of suppliers
3. Negotiation with the best suppliers
4. Supplier retention and evaluation
5. Recognition

2021 Macrocategories



Also, we have:

Hiring Manual: A framework of transparent action that guides the negotiation and hiring of our suppliers to allow the process to be agile, to use the best practices and to carry out adequate risk management.

Supplier Code of Conduct:
Here, we define the principles and behaviors that we expect from our allies in terms of respect for human rights, employee protection, environmental management, business ethics and responsible business practices.

Learn more about our supplier management

HOW DO WE EVALUATE THE MANAGEMENT?

[103-3]

We measure management by monitoring indicators, participation in international surveys and the auditing processes that allow us to identify gaps in our management and create the respective action plans. Likewise, we participate in collaborative roundtables, in which we learn new focuses to approach supplier development and strengthening, and we carry out conversation roundtables to receive direct feedback from our stakeholders.

Learn about other indicators of this topic

PERFORMANCE 2021

Strategy to manage the supply crisis generated by the pandemic

Understanding the current situation of global supply, we have created different strategies to face the possible shortage of some categories that are key for the business, such as the sacks and refractories. To mitigate associated risks, with the Operating Area we:

- Increased inventories in the cement plants, and – in some cases – invest in increasing the capacity of our warehouses and/or lease them to third parties.
- Placed orders for the bricks necessary to guarantee their supply during the principal stoppages of 2022.
- Developed strategic alliances with suppliers, in order to guarantee supply, always with a look to the long term.
- Increased the amount of suppliers to have different supply sources in the event that a shortage materializes. In this sense, it has been important to have our countries of origin, such as the United States, Germany, Spain and Brazil.

USD 27.9 MILLION

was saved thanks to the management carried out by our Purchasing Teams

Argos digital solutions in the pandemic context

Platform to automate orders and transactions

We began the parametrization of the automation project for orders for the maintenance, repair and operations in the United States Regional. This decision is aimed so that the Purchase Area focuses on expanding the coverage of the contracts that are currently being carried out, as well as those of the concrete business.

Savings for purchasing negotiations

Despite supply challenges that the pandemic has brought about, thanks to the excellent management carried out by our Purchasing Teams in negotiation processes, we managed to save USD 27.9 million.

25% of this savings was possible for the global purchasing strategy, which seeks to identify the needs of common goods and services and transact negotiations to the regions.

Improvement in the supply process in the United States Regional

We streamlined the purchasing process; we increased its transparency and maximized the benefits of negotiations that have been carried out in the United States through a clear definition of roles and functions for the process.

The user areas were in charge of creating requisitions and receiving goods and services, while purchase orders were created by the Supply Team.

To ensure the successful implementation of the project, for several years we have focused on negotiating the largest number of suppliers and strengthening the structure of the Purchasing Area. By meeting these two conditions, we ensure users that their requirements can be processed quicky at an efficient cost.

Currently, the project is operating with very good results in the cement plants.

A mixer truck driver in Medellín, Colombia

> "We have been working with Cementos Argos for the last 25 years and each time the relationship gets stronger; we make long-term contracts, in which they assure us that we are going to have a commercial relationship with more trajectory and that gives confidence to make major capital investments to provide a more suitable service. Good payment practices and such a strong relationship that we have created have allowed us to grow over time, generate more quality employment and pay employees better; also, people have an increasingly stronger sense of belonging."
>
> **Víctor Cardona,**
> *Metálicas RC* Manager

Spaces to strengthen and train suppliers

We held two virtual strengthening spaces with more than 50 of our suppliers from the Colombia and Caribbean and Central America Regionals, in order to close gaps identified in our sustainability assessments.

Additionally, with our transport suppliers, we carried out the monitoring of the improvement plans established in 2020 and we continued with a training process on occupational health and safety, job responsibilities, road safety and environmental management, expanding coverage to 76 suppliers. Also, we train 1,400 people per month, including drivers, owners and representatives of the operation, for a total of 17,000 participations in more than 35 topics accumulated in the year, including: rollover prevention, attention to road incidents and good environmental practices.

1,400
PEOPLE
were trained a month amongdrivers, owners and representatives of the operation

17,000
ACCUMULATED PARTICIPATIONS
in the year in more than 35 topics

HIGHLIGHTS 2021

[103-2] [103-3]

We Create Social Value Mentorings

Being aware of the importance of suppliers to create for society and the future and taking into account the challenges generated by the pandemic, among the Argos Business Group business, we joined capacities to generate a greater transformation in this stakeholder.

In the framework of the We Create Social Value initiative, we have worked in three actin lines: **Mentorings, Financial Relief and Logistics Processes.**

Mentorings
We put the capabilities, experience and knowledge of our human talent to create solutions to the strategic challenges of suppliers.

The program was structured in two phases: in the first, suppliers had access to multidisciplinary mentors, who advised them on the solution to their challenges; and the second consisted of personalized appointments with a company mentor and with follow-up spaces.

Financial Relief
We teamed up with a financial entity to design a line of sustainable confirming for our suppliers, which allowed them to improve their cash flow, have working capital to operate, meet their financial obligations and access banking benefits. This benefit is applicable for micro, small and medium-sized companies.

Logistics Processes
We invited our suppliers to create value through innovation; on this occasion, we launched the challenge of identifying and proposing strategies to progress in our cement-production processes, aimed at improving efficiencies, maximizing the availability of plants and developing new tools to streamline equipment maintenance.

Five suppliers participated, and the winner is working together with the company's technical teams to formulate, develop and implement their proposal.

We continue to encourage the substitution of imports; and therefore, in 2021, we substituted imports amounting to USD 2.2 million. These parts would have been purchases, primarily, in countries, such as China, Brazil, Germany and the United States.

When this company was founded, there were five employees and myself, moving from Cali to the Cairo Plant in Santa Barbara. The relationship with Argos began with my commitment and that of my family that our company would grow hand-in-hand with Cementos Argos. Little by little, we adapted to the changed on issues, such as industrial safety, quality and everything that makes companies sustainable. Ad we ended up being one of the ally suppliers of the cement company in almost all its plants in the country."

Jorge Valderrama,
CIM Founder and General Manager

9
SUPPLIERS
accessed sustainable confirming and
70 are waiting to begin

An employee visiting the *Natura Living* work in Bogotá, Colombia

We signed three financial agreements linked to the performance of the ESG indicators; one of them considers supplier evaluation.

This transaction recognizes our commitment to our sustainability strategy and makes it possible to gain a competitive advantage in financing linked to the fulfillment of ESG indicators, on which we have been working for more than a decade. Every year, we will have to report our progress.

Learn more about one of these agreements

GOALS [103-2]

● Met ● Ongoing ● No Met

Goals 2021

- ● (Met) To obtain import substitutions for a value of USD 1 million.
- ● (Met) To close the gaps for 50% of the critical suppliers evaluated in the 2019 Sustainability Index.
- ● (Met) To reactivate the Supplier Webpage, to generate a space for constant communication with this stakeholder.
- ● (No Met) To carry out the performance evaluations on 85% of our critical suppliers.

Goals 2022

- To redesign the supplier-recognition methodology and hold the third version of the vent in which these allies are highlighted.

Goals 2024

- To evaluate – in terms of sustainability 45% of our suppliers at least once every three years.

CHALLENGES [103-2]

- To increase the coverage of supplier evaluations in each of the regionals, both in terms of performance as well as in sustainability.
- To improve the acceptance and receptivity, by suppliers, of indices, evaluations, recognitions or invitations to participate in various kinds of initiatives.
- Approval of good practices in supplier management in the different regionals; a multidisciplinary work cell was created to begin in the Caribbean and Central America Regional.
- To identify those priority suppliers for the development of company processes, in order to manage the risks of shortages in the Colombia Regional.

ENVIRONMENTAL STRATEGY

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

We know the importance of our activity for economic growth and social well-being of the geographies where we operate, while recognizing the impacts that this activity generated in the natural capital.

Therefore, through the implementation of our environmental management system, we seek continuous improvement that creates sustainable value for the company, our value chain, and our stakeholders by offering products and services with high standards that contribute to the solution of environmental problems.

Based on the hierarchy of impact mitigation, risk identification and control, and the enhancement of opportunities, we focus our work on five main areas.

CLIMATE CHANGE

	Goal 2030
Reduction of specific net CO_2 emissions	**523** Kg CO_2/t cementitious material

ECOSISTEMAS

	Goals 2030
Rehabilitation of intervened areas	**90%**
Quarries with a management plan in areas of high value	**85%**
Reduction of water consumption in cement	**245** L/t
Reduction of water consumption in concrete	**216** L/m^3
Reduction of water consumption in aggregates	**94** L/t

EMISSIONS

	Goals 2030
Reduction of particulate-matter emissions	**45** g/t of clinker
Reduction of sulfur-dioxide emissions	**205** g/t of clinker
Reduction of Nitrogen-oxide emissions	**1,205** g/t of clinker

SUSTAINABLE CONSTRUCTION

	Goal 2030
Income for products with sustainability characteristics	**USD800** million

CIRCULAR ECONOMY

	Goals 2030
Use of alternative fuels	**33%**
Alternative raw materials in cement	**15%**
Supplementary cementitious material in concrete	**18%**

IN THE WEB

CLIMATE CHANGE

SDGs

13 CLIMATE ACTION

Impact on the business

- Costs
- Income
- Risks

GRI [103-1]

- Suppliers
- Clients
- Argos
- Society

Strategic sustainability pillars

Responsible production

A pilot in capturing CO_2 through microalgae in our Cartagena Plant, in Colombia

At Argos, we are aware of the criticality of the effects of climate change over time, the measures promoted – both globally and locally – by the public and private sector to face this challenge of humanity and the crucial role that our company has in the construction-materials sector in taking innovative, forceful and sustained actions that favor mitigation and adaptation to climate change. Also, we recognize that it is an opportunity to promote and encourage sustainable construction and to contribute to the creation of social value in the geographies where we operate.

According to the VAS, the cost derived from CO_2 emissions was

USD 317.7 MILLION

(See VAS, page 60)

Learn about other indicators of this topic

MANAGEMENT OBJECTIVES

[103-1]

For the company

To mitigate the risk related to climate change, to generate the capacities necessary to adapt to the impacts of this phenomenon and to promote opportunities arising from this problem through the efficient management of our operations and research and development of better processes, products and solutions to 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 CO_2 emissions focused on the use of alternatives fuels, the optimization of the clinker/cement factor and energy efficiency; also to strengthen the efforts to generate innovative products and solutions with sustainability characteristics that leverage the capacities to adapt to climate change and contribute to sustainable construction.

HOW IS IT MANAGED?

[103-2]

The climate-change strategy guides our actions in **mitigation, adaptation to impacts and the research and development of technologies,** which allows us to minimize the risks and enhance the opportunities associated with this phenom-enon. This strategy permeates the entire value chain and is built with CO_2-emission mitigation scenarios with the possibilities of optimization in processes, the analyses to identify and asses physical and transition risks and the opportunities for innovation and sustainable growth that the construction-materials sector brings us.

The action framework of the climate-change strategy considers:

- **Risk management and reduction and the promotion of opportunities** associated with climate change
- The search for **permanent innovation.**
- **Green financing** through mechanisms that include sustainability criteria.
- Conserving transparency in the **corporate governance** decisions and good practices.

CLIMATE-CHANGE STRATEGY

MANAGEMENT OF RISKS AND OPPORTUNITIES | GOVERNMENT

Mitigation

- **Cement**
  - Energy efficiency
  - Alternative fuels
  - Optimization of the clinker/cement factor

+

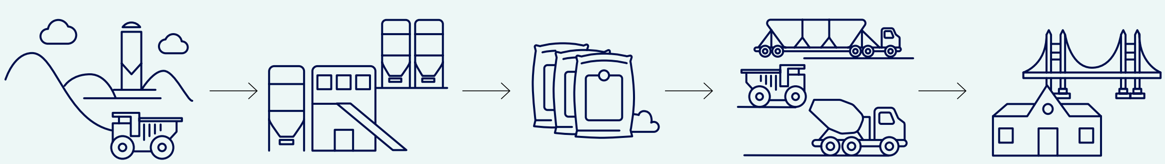
Adaptation

- Identification and assessment of physical and transition risks
- Risk management
- Adaptation plans

+

R+D

- Forest investments
- Carbon bonds
- Microalgae
- Recarbonation



Suppliers → **Productive process** → **Green products and solutions** → **Logistics and marketing** → **Clients: sustainable construction**

INNOVATION | GREEN FINANCING

PERFORMANCE 2021

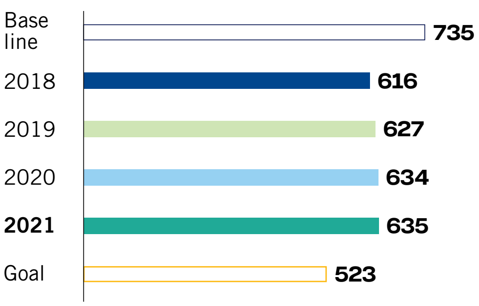
[103-2] [103-3]

CO_2 Emissions in cement

Net Specific – Scope 1

They had an 0.2% increase, due to the increase in the specific caloric consumption in clinker production. This increase reflects that emissions remained stable, which shoes a similar behavior in the levers to reduce direct CO_2 emissions associated with the clinker/cement factor, which decreased, and to the increase in the use of alternative fuels. This did not allow driving a significant decrease in emission intensity.

[A-EC1] **Net specific CO_2 emissions (Kg CO_2/t) of cementitions material**



Absolute – Scope 2

The consumption of purchased electric energy increased by about 11%, compared to 2020, which is proportional to the increase of cement production.

However, these emissions – calculated under the Location Based methodology – increase 1%, thanks to the fact that several energy matrices of the electrical network of the countries where we operate were generated with cleaner sources, achieving a reduction in their emissions factors per kWh produced.

This year, we began CO_2 Scope 2 measurements through the Market Based method, in accordance with the recommendations given by the GHG Protocol Scope 2 Guidance (2015) to define the baseline. Under this method, the measurement yields values that are 5% lower than the Location Based calculation, since the calculation considers the emission factors of the suppliers who provide us renewable energy.

HIGHLIGHTS

Technical and financial roadmap to reduce CO_2 emissions

During 2021, we built **the Technical and Financial Roadmap to reduce CO_2 emissions and achieve the goal proposed for 2030.** The result was the sum of the efforts of the multiple areas of the company that aligned with the Objectives and Key Results (OKR) established by the company and a call to action was made to “become leaders in the industry in mitigation and adaptation to climate change in the next three years.”

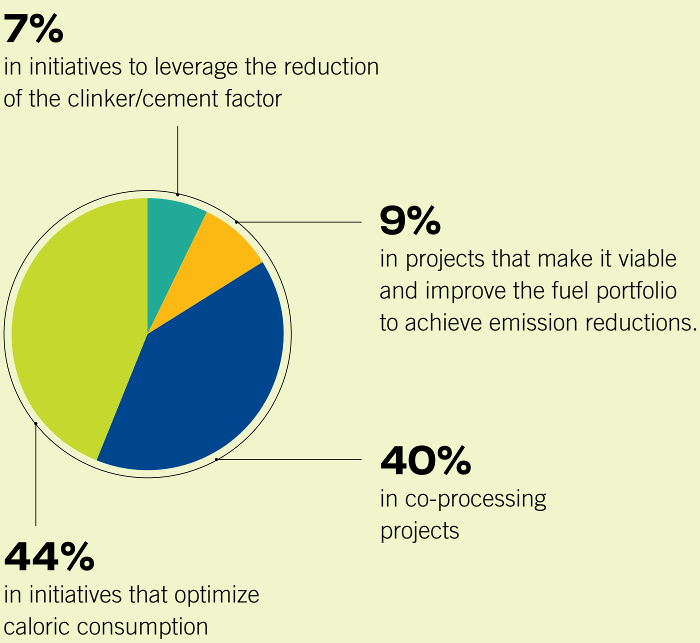
Likewise, a guideline was established to constantly verify compliance of the reduction goals and a cyclical review of the validity, optimization and inclusion of new projects. This roadmap will be validated each year by the Board of Directors’ Sustainability and Corporate Governance Committee.

To date, we have defined **the premises and technical considerations that move the levers to reduce CO_2 emissions (1),** for the approval of **the short-term resources within the company’s CapEx, as well as the internal reserve of resources in the medium term (2).** The foregoing, to ensure the annual allocation of resources to comply with the roadmap.

1. Within the initiatives and projects that the Technical and Financial Roadmap contains to reduce CO_2 emissions are found:

- The evaluation of operational continuity of those processes with a lower performance in terms of CO_2 emissions, due to the nature of their technology.
- The optimization of caloric consumption that depends on the operational and infrastructure adjustments, considering the implementation of oxygen-enriched and hydrogen-injection technologies in the clinker ovens.
- The diversification of the fuel portfolio, promoting caloric substitution with alternatives.
- The optimization of the clinker/cement factor through the diversification and expansion of the company’s portfolio with low-carbon products.

2. The investments approved in this roadmap to reduce our direct Scope 1 emissions, which amount to USD 52.9 million, will be distributed thus:



We recognize the importance of CO_2 emissions Scope 2 for the industry. For this reason, in 2022 we will define the goals to reduce this type of emissions, which will be published before the Shareholders' Assembly in 2023.

Adaptation to climate change

As for the second line of action of our strategy: We focus on identifying and evaluating the physical risks to which our operations are exposed, as well as establishing measures to mitigate them. Noteworthy is that, in 2021, we built and disseminated a tool to evaluate the physical risk in the cement, concrete and aggregate facilities in all our geographies, which allows the personnel of each operation to evaluate, according to the threat to which it is exposed and the conditions of specific vulnerabilities of their context, the total exposure to physical risks for the people, processes and continuity of the operation.

In 2022, the operations will implement the tool as the starting point to formulate their plans to adapt to climate change, which will contain measures that will require investment that will be scaled to the company's financial planning.

Innovation and development of technologies

For our third line of action of the climate strategy: We continue executing actions so that our facilities have the best technologies available in the industry. We continue concentrating efforts on conducting the cement operations to achieve their best performance in terms of energy efficiency and the clinker/cement factor through various actions, such as the renovation of critical equipment, the development and implementation of digital twins, the industrial implementation of alkaline-activated hybrid-cement production, the increase in the use of calcined clays in cement, the identification and continuity of capture projects and carbon use and storage.

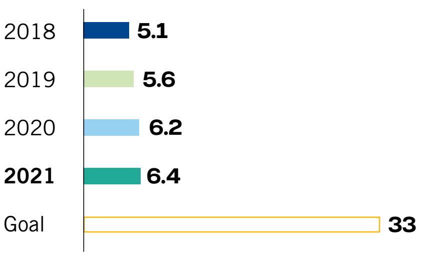
Facing the challenge of the scarcity of supplementary cementitious materials in the United States for use in concrete, we focus on the development of calcined clays. In 2021, we achieved its production on a pilot scale and we conducted tests with several clients to test their ability to replace cement and reduce the CO_2 emissions of concrete. Finally, we linked with an international consortium that aims to produce calcined clays with zero CO_2 emissions through the electrification of its production, using renewable energies.

In relation to our CO_2-capture technology with microalgae and its conversion into biofuels, we manages to leverage resources through a summons from the Colombian Ministry of Science, Technology and Innovation, which will allow us to produce biofuels in a continuous in our Cartagena Plant. For this project, we teamed up with Ecopetrol – a Colombian oil company – three universities in the country and other actors in the innovation ecosystem. We also applied for a patent in the United States to protect our processes to produce fuel from microalgae biomass and we began a feasibility in our cement plants in this country. We found that all our facilities have the conditions for its implementation; we selected our Roberta Plant to continue a more-detailed study aimed at quantifying the CapEx and OpEx values.

Alternative fuels

Co-processing continues to be one of the primary levers to reduce the intensity of net specific CO_2 emissions and one of the fundamental factors for energy and cost efficiency in the cement operations in the three Regionals.

[A-ENE1] **Substitution of conventional-fuel caloric consumption for alternative fuels (%)**



The United States Regional:

Cement operations in the United States obtained an 11.05% substitution, representing a consumption of 82.17 tons of waste in the Roberta, Harleyville, Newberry and Martinsburg Plants. In 2021, the following alternative fuels were used: industrial waste; urban solids; waste derivatives, including plastics; wood biomass, sawdust, peanut shells; nuts; tires; and used oils. Thus, the use of conventional fuels, such as coal and petcoke.

In cement operations achieved savings amounting to USD 3.1 million for the use of burner-tip alternative fuels.

11.05%
CALORIC SUBSTITUTION
in the cement operations

In 2021, the Roberta Plant continued the alliance with the Solid Waste Division of the Alabama Department of Environmental Management (ADEM) to strengthen the recycling initiative ordered by the State of Alabama. The objectives of this alliance are:

- To identify potentially viable sources of alternative solid fuels that would otherwise be deposited in sanitary landfills or inadequately disposed of.
- To analyze the transport and processing limitations that currently prevent the use of many potential sources of alternative solid fuels.
- To discuss the regulatory and public-policy needs that facilitate the gathering, preparation and distribution of alternative solid fuels.
- To demonstrate the willingness of the authorized operations to co-process high-quality alternative fuels.

Due to the negative effects of the pandemic in the country's productivity, significant reductions were generated in the volumes of waste for co-processing, affecting the caloric-substitution rates at the Roberta and Newberry Plants.

Pouring concrete in Atlanta, the United States

Co-procession of discarded tires for the subsequent use as fuel in Honduras

2.43%
CALORIC SUBSTITUTION
in the cement operations

Colombia Regional:

Cement operations in the Regional obtained a 2.43% substitution, corresponding to the consumption of 20,857 tons of waste in the Cartagena and Rioclaro Plants. The waste used included: tires; hydrocarbon-impregnated materials; refuse-derived fuel (RDF) and biomass.

In 2021, the Regional continued the collaborative work among the different areas of the organization to consolidate the supply chains for tires, biomass and impregnated material.

The company was present in the XXXVII French Indonesian Consortium in Engineering and Management (FICEM) International Technical Congress 2021 with the presentation "Establishment of an alternative fuel portfolio from multiple sources".

5.45%
CALORIC SUBSTITUTION
in the cement operations

Caribbean and Central America Regional:

A caloric substitution of 5.45% was achieved in the cement operations of the Regional, which meant a consumption of 3,527 tons of waste in the Piedras Azules Plant, in Honduras. For the substitution of petcoke – the primary conventional fuel in this plant – tires, expired medications, used oils, paper and cardboard were used.

In 2021, income for waste co-processing services – which consists of offering the fiscal destruction of brand products and special wastes. This income amounted to USD 102,000.

An agreement between Argos Honduras and the Fundesur and Fundación Herco foundries was established to implement a program for the responsible management of discarded tires in the cities of Choluteca and San Lorenzo, in the south of Honduras, the goal of which is to collect 60 tons of tires per month.

A feasibility study was developed for a business model in which the leaders of our communities can become suppliers of waste for co-processing in our Piedras Azules Plant, in Comayagua, Honduras.

COMPLEMENTARY ACTIONS

We obtained credits linked to the ESM performance

To obtain resources that enable the compliance of our sustainability strategy, we are adopting new financing mechanisms and finding in loans and bonds linked to sustainability an excellent not only to demonstrate the commitment to this topic we have as an organization, but also to achieve greater financial flexibility and have access to discounts in interest rates at the time of meeting the performances agreed upon.

Thus, in 2021, we closed three negotiations with banks, in which the interest rate is directly linked to the company's sustainability performance. Specifically, two of the agreements – one for COP 135 billion and the other for USD 300,000,000 – have the reduction of specific CO_2 emissions in our operations, which ratifies the commitment to comply with the reduction goals defined within Argos.

During 2022, we will continue identifying new opportunities in this field in order to finance the different projects formulated in the Emission-Reduction Roadmap.

National Carbon-Neutrality Program

In September 2021, we signed the Agreement of Wills to join the National Carbon-Neutrality Program in Colombia.

It is promoted by the Government to pool efforts in the construction of sustainable, low-carbon growth, with the aim of helping to achieve the goals established in the Nationally Determined Contributions (NDC) and the establishment of pillars to achieve the national carbon-neutrality goal. The deal is valid for two years.

The signing of this Agreement of Wills is a sign of Argos' interest to articulate the mitigation goals established by the Colombian Government.

Accompaniment and Auditing Plan 2022

In order to ensure compliance of the roadmap to reduce CO_2 drawn up for 2030, during this decade we decided to undertake some complementary actions that support this transformation process:

- Definition and approval of the Internal Consultancy and Auditing Plan 2022, which contemplates the strategy to accompany the achievement of the CO_2-reduction indicators in the three Regionals; it is lead by the Corporate Audit Management and a team specialized in reviewing analytics and designing action plans.
- The Green Solutions cell is a multidisciplinary team that is made up of representatives from the three Regionals and seeks to share good practices and design initiatives that point to the reduction of CO_2 emissions in the value chain. Likewise, it focuses its efforts on creating innovative solutions aimed at complying with our environmental strategy and reducing CO_2 emissions.

WE CLOSED THREE CREDITS WITH BANKS ASSOCIATED WITH PERFORMANCE

Green Cement produced through the use of thermally activated clays

Compensation with carbon bonds

The purchase of carbon bonds in the Colombia Regional by the cement and concrete operations for the non-causation of the carbon tax

Thanks to the purchase of the carbon bonds from the company Forestry Consulting Group S. A. S. for the non-causation of the carbon tax in Colombia, we allow the compensation of some of the CO_2 emissions generated for the consumption of diesel fuel in our cement and concrete operations. The projects that generated the carbon bonds were:

- **Carbon agroforestry businesses:** Located in the Departments of Antioquia and Bolívar.
- **Carbon cattle and forests:** Located in the Department of Antioquia.
- **SKCarbono (administered by Reforestadora Andina S. A.):** In the Departments of Caldas, Cauca, Quindío, Risaralda, Tolima and Valle del Cauca.
- **Andean Zone and Atlantic Coast programmatic associative project – FCG of the forestry and reforestation sector:** In the Departments of Antioquia, Bolívar, Caldas, Córdoba and Sucre.

We avoided the non-causation of the carbon tax for 37,650 tons of CO_2, through the purchase of carbon bonds.

ADHESIONS AND INITIATIVES

SCIENCE BASED TARGETS

This initiative is a collaboration among the Carbon Disclosure Project (CDP), the United Nations Global Compact, the World Resources Institute (WRI) and the World Wide Fund for Nature (WWF), likewise, it is part of the commitments of the We Mean Business coalition.

It promotes the establishment of science-based goals, as an competitive advantage for companies, driving them to make a transition toward a low-carbon economy, understanding them as the goals to reduce greenhouse-gas emissions that are in live with the decarbonization level required to meet the goals of the Paris Agreement: To limit global warming well below 2ºC, compared to the pre-industrial levels, and make efforts to limiting heating to 1.5ºC.

In 2021, we signed the Letter of Commitment of the Science Based Targets Initiative (SBTi), in which we commit ourselves to establishing objectives to reduce CO_2 emissions, aligned with its criteria in the trajectory of the temperature ambition well below 2ºC.

gcca Global Cement and Concrete Association

Since 2018, we have been part of GCCA, the association with the greatest global coverage of the carbon sector, which promotes initiatives so that concrete is recognized as a sustainable construction material of choice for today's needs and to meet global challenges. Currently, as members, we are committed to the Climate Ambition Plan to offer carbon-neutral concrete to society by 2050.

CDP
DRIVING SUSTAINABLE ECONOMIES

Since 2015, we have been part of CDP and each of our annual reports are for public consultation.

Recycling of used cement sacks through our Green Sacks Program

GOALS 2030 [103-2]

- We will reduce net specific CO_2 emissions by 29% compared to the 2006 baseline (735 kg CO_2/t of cementitious material); this is equal to emitting a maximum of 523 kg CO_2/t of cementitious material.
- We will achieve a 33% substitution of caloric consumption from the use of alternative fuels.

CHALLENGES [103-2]

- To build the roadmap to reduce CO_2 emissions Scope 2 by 2030, with annualized goals for each Regional, detailing the technical strategies for mitigation and the investment plan required.
- To achieve the reduction of the CO_2 emissions Scope 1 proposed in the roadmap.
- To ensure that the supply of alternative fuels is constant, it has quality and is cost efficient in our three Regionals; in this way, we will increase the levels of caloric substitution.
- To establish strategic alliances to take advantage of waste, to achieve common objectives and offer greater benefits to society.
- To increase the use of additions as substitutes for clinker in cement to respond to the market dynamics in the different geographies where Argos is present and in which the level of substitution is limited.
- To advance in the development of low-carbon products and solutions.
- To begin the implementation of the guidelines to adapt the facilities to the impacts that generate physical risks from climate change.

TCFD | TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

We voluntarily aligned with the recommendations of the Financial Stability Board (FSB) on Climate-Related Financial Disclosures (TCFD), which allows us to validate that the identification, evaluation and efficient management of climate-related risks and opportunities are integrated into our risk-management process.

Consult the TCFD Report 2021

Consult the CDP Report 2021

IN THE WEB

ECOSYSTEMS

SDGs

11 SUSTAINABLE CITIES AND COMMUNITIES
13 CLIMATE ACTION

Impact on the business

- Costs
- Risks

GRI [103-1]

- Suppliers
- Argos
- Society

Strategic sustainability pillars

Responsible production

Natural capital, understood as the stock of renewable and non-renewable natural resources that confer characteristics to the different ecosystems, is fundamental to develop and maintain prosperous, healthy economies, as well as for the health and well-being of people.

At Cementos Argos, we are aware of the importance of not only having outstanding performance in managing natural resources, but also striving to achieve a net profit so that these valuable ecosystem services endure for our direct operations and its value chain, the people and ecosystems that depend on them and future generations through the proper understanding and management of the significant risks and impacts in the geographies where we operate.

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

20%

compared to 2020
(See VAS, page 61)

Study of flora and fauna carried out in the Quebrancha Plant, in Colón, Panama

MANAGEMENT OBJECTIVES

[103-1]

For the company

To achieve the positive net impact on biodiversity and carry out appropriate, integral water management through the implementation of Cementos Argos' environmental strategy, the hierarchy of impact mitigation, management of risks and opportunities and the commitment of no net deforestation and of not operating protected or declared areas of high value for biodiversity, in order to create sustainable value, drive economic growth, increase the company's resilience and endure the continuous flow of ecosystem goods and services necessary for our operation.

For society

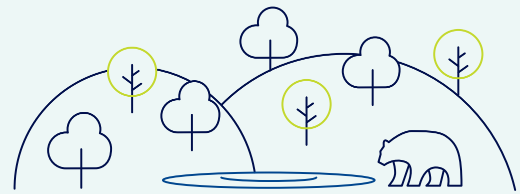
To have high environmental performance in the management of water and biodiversity through activities that incorporate prevention, mitigation and compensation of our negative impacts and enhance those that are positive to contribute to the availability of valuable environmental services for current and future generations.

HOW IS IT MANAGED?

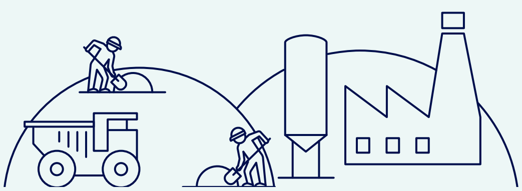
[103-2]

Argos' sustainability and environmental strategy – specifically in its water and biodiversity pillar – es the roadmap to achieve high environmental performance and adequate management of the natural capital. Our goal is to achieve a positive net impact on biodiversity and integrated water management.

Our efforts are specifically focused on four lines of action:



1. Efficient use of water through the correct quantification of flows of this resource and reporting as a basis to generate plans.



2. Evaluation of the water risks in our operations and the value chain in all the territories where we operate, focusing on those located in areas of water stress. We prioritize efforts and boost the collective action to permit innovative solutions with a positive impact on the resource.

3. Formulation and implementation of rehabilitation plans of the areas intervened for all our quarries, in order to achieve a positive net impact.

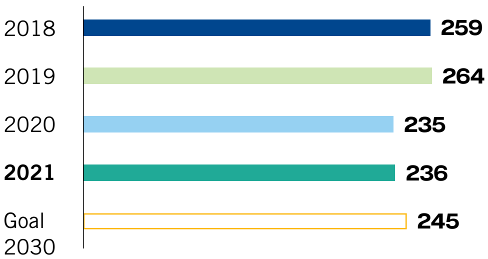
4. Biodiversity Management Plans (BMP) for the quarries adjacent to or located in Areas of High Value for Biodiversity (HVB).

HOW DO WE EVALUATE MANAGEMENT?

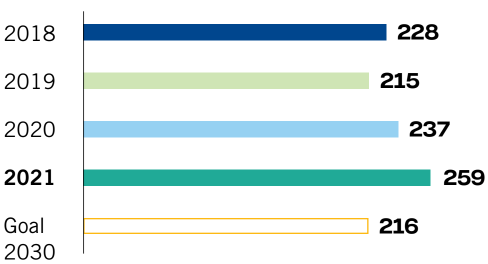
[103-3]

Among the most-important performance indicators to monitor the achievement of the goals established in the water and biodiversity pillar of our environmental strategy are found:

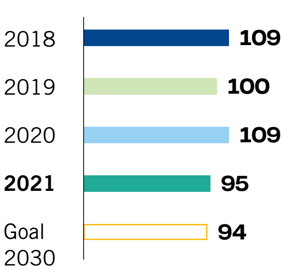
[A-A1] **Water consumption in cement (L/t)**



[A-A1] **Water consumption in concrete (L/m³)**

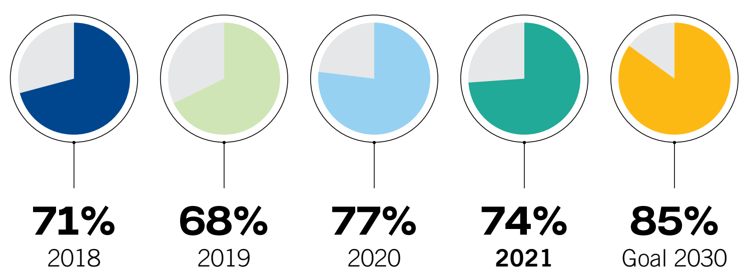


[A-A1] **Water consumption in aggregates (L/t)**

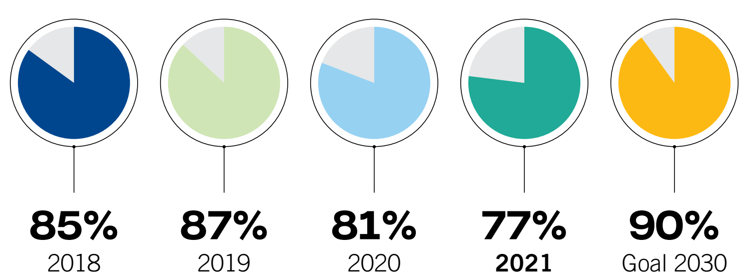


A lake belonging to a reforested area around the Quebrancha Plant, in Panama

[A-BI1] **Quarries in areas of high value with a management plan**



[A-BI2] **Rehabilitation of areas intervened**



Consult our water and biodiversity indicators on page 176.

See the water indicators in detail

PERFORMANCE 2021

[103-2] [103-3]

Rehabilitation of areas intervened

Our biodiversity-management strategy is focused on the rehabilitation of the areas that have finalized mining operations in order to recover environmental, social and economic functionality and – in the long term – the positive net impact.

We rehabilitate

77%

OF THE AREAS FREED

in our quarries in the three Regionals. This is equivalent to recovering **533** soccer fields.

Recirculation of water

This corresponds to the water used once for process purposes or outside of the process and which is used again. This allows reducing pressure on the water resource and decreasing the volume of water captured to contribute to ensuring the availability of this valuable resource, both for the company as well as for society, ecosystems and future generations.

We achieved

10.9

MILLION M³

of recirculated water, which is equivalent to a recirculation percentage of **91%**. This corresponds to the average consumption of **60,000 families** per year

Specific water consumption

[303-5]

This refers to the water that eliminated from the system and, thus, is not available for its subsequent use per product unit. It is also known as the direct blue water footprint.

We achieved

236

L/T in the cement business

259

L/M³ in the concrete business

95

L/T in the aggregate business

This demonstrates the commitment and the effort to comply with the goals of the environmental strategy.

Collaborative platform to recover the *Canal del Dique* basin

Its objective is to articulate and manage the actions and investments – both public as well as private – to contribute to the water safety of the populations and economic sectors that depend on the basin. Through the protection, conservation, restoration and/or rehabilitation of ecosystems.

Participants in the collective action

The Ministry of the Environment, Cardique, the Environmental Public Establishment of Cartagena, the Office of the Governor of Bolívar, the Office of the Mayor of Arjona, *Aguas de Cartagena,* the National Business Association of Colombia (ANDI), *Promigas, Fundación Canal del Dique Compas* and *Fundación Grupo Argos.*

Saldaña, una cuenca de vida

We continue to be part of the collective action, the purpose of which is to implement conservation strategies that contribute to reducing threats to biodiversity and ecosystem services that the water resource generated for the well-being of the local populations in the Amoy, Alto Saldaña and Cucuana sub-basins, belonging to the Saldaña river basin. During 2021, significant progress was achieved on issues, such as: forest maintenance and restoration, sustainable production systems, sanitation and hygiene, communications and environmental education, new conservation areas and monitoring and research.

Fauna near our Toluviejo Plant, in Sucre, Colombia

Wild Life Habitat Council (WHC) Certifications

In our commitment to care for biodiversity, five cement plants and eight terminals of the United States Regional obtained or maintained the Wild Life Habitat Council (WHC) certifications, thanks to their conservation initiatives of habitats for valuable species, such as bats, buzzards, birds and butterflies and promoting pollination, among other ecological services.

HIGHLIGHTS 2021

Credits linked to environmental, social and corporate governance practices

Together with Bancolombia, we signed a three-year financing agreement for COP 135 billion, in which the interest rate is linked to the performance of three indicators.

The Cleanest Production Award to the *Najayo* Plant in the Dominican Republic

We were recognized in the Sixth Edition of the National Cleanest Production Award *(Producción más Limpia, P+L)*, in the categories of Materials and Water, the product of our project to use ash in concretes and for the savings and efficient use of this resource in the cement operation.

GOALS 2030 [103-2]

- We will have 100% of our quarries with an established rehabilitation plan.
- We will have 85% of the quarries located in areas with a high value for diversity with a biodiversity management plan.
- We will rehabilitate 90% of the areas freed in active and inactive quarries.
- We will reduce specific water consumption in the cement business up to 245 L/t of cement.
- We will reduce specific water consumption in the concrete business up to 216 L/m³.
- We will reduce specific water consumption in the aggregate business up to 94 L/t.

CHALLENGES [103-2]

- To continue to the low specific water consumptions in the cement and concrete business achieved in recent years under scenarios of uncertainty.
- To construct the consumption baselines in the aggregate business that permits defining reduction actions.
- To Identify and drive opportunities in efficiency, savings in cost and reduction of impacts in the resource, derived from water management, both for the company as well as for its stakeholders.
- To close the gaps in the rehabilitation of areas freed in quarries and generate the biodiversity management plans for those facilities where they are found.
- To establish and execute the risk-assessment methodology related to biodiversity, which permits identifying possible impacts and opportunities.

Specific water consumption in the *Najayo* Plant has been reduced by approximately **57% since 2015,** achieving valued of less than 20 L/t

IN THE WEB

ATMOSPHERIC EMISSIONS

SDGs

11 SUSTAINABLE CITIES AND COMMUNITIES

Impact on the business

- Costs
- Risks

GRI [103-1]

- Argos
- Society

Strategic sustainability pillars

Responsible production

The Sogamoso Plant, in Boyacá, Colombia

We are committed to reducing our emissions through actions that make processes more efficient and through the implementation of abatement measures; thus, we contribute to good air quality in the places where we operate.

Our cement, concrete and aggregate production processes emit specific and disperse particulate matter (PM) emissions, as well as sulfur oxide (SO_2) and nitrogen oxide (NOx) emissions in the clinkerization ovens in the cement plants.

MANAGEMENT OBJECTIVES

[103-1]

For the company

To develop more-efficient processes that permit reducing our atmospheric emissions and contributing to responsible production that meets – and even exceeds – the local regulations in the countries where we operate, contributing to business profitability and preparing us to face future challenges.

For society

To contribute to the mitigation of the impact on air quality in the areas where we operate, acting responsible and promoting relationships of trust with our stakeholders.

HOW IS IT MANAGED?

[103-2]

The emissions pillar of our environmental strategy is focused on working in the adequate measurement, control and reduction of SO_2, NOx and particulate-matter emissions generated by our production processes in the cement business and in the prevention and mitigation of our disperse particulate-matter emissions (dust), primarily generated by the transport, transfer, unloading and storage activities of materials in the cement, concrete and aggregate processes through operational control, the optimization and renovation of emission-control systems to achieve continuous improvement.

According to the VAS, the cost derived from the atmospheric emissions for society in 2021 was

USD37.8

MILLION

(See VAS, page 60)

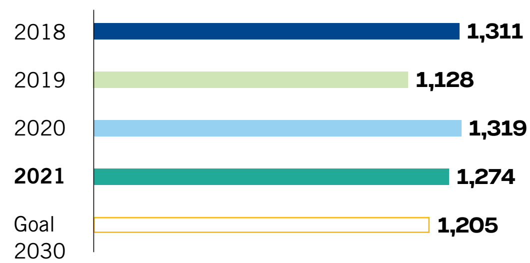
HOW DO WE EVALUATE MANAGEMENT?

[103-3]

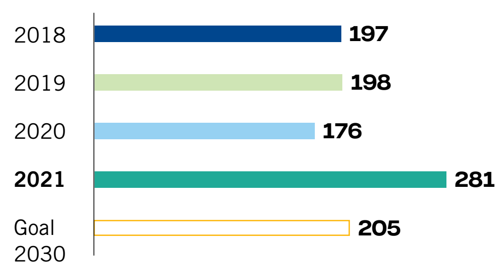
We use different performance indicators to monitor compliance with our environmental strategy, including:

[A-OE1] **(g/t of clinker)**

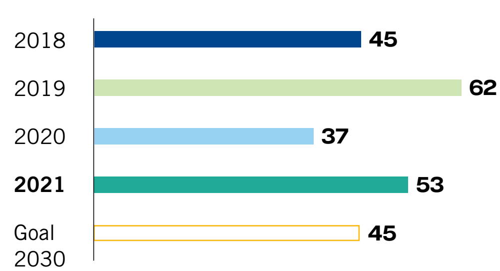
Specific NOx emissions



Specific SO_2 emissions



Specific PM emissions



Learn about other indicators of this topic

The Green Cement production line in the Rioclaro Plant, Colombia

The Harleyville Plant, the United States

PERFORMANCE 2021

[103-2] [103-3]

Performance of specific emissions

In 2021, our NOx emissions were reduced by 3%. As for our emissions of particulate matter and sulfur oxide (SO_2), we obtained an increase of 18% and 43%, respectively, due to the low availability of low-sulfur carbons and high-caloric power, generating a higher presence of sulfur in the emissions of the clinkerization process.

Investments 2021

The company invested more than USD 4.6 million to implement monitoring, control and reduction measures of emissions into the air; these consisted of optimizing and renewing the technology of the control systems, the maintenance of already-installed equipment to guarantee their proper functioning and the monitoring of fixed and dispersed sources.

Plan to prevent and control disperse emissions

We continue implementing mitigation measures to control fugitive emissions, which include the construction of enclosures to store materials and fuels and paving internal roads and continuous irrigation.

GOALS 2030 [103-2]

- We will reduce our particulate-matter emissions to 45 g/t of clinker.
- We will reduce our SO_2 emissions to 205 g/t of clinker.
- We will reduce our NOx emissions to 1,205 g/t

CHALLENGES [103-2]

- To continue with the implementation of control measures to reduce the PM, SO_2 and NOx emissions, to achieve the goals established in the Environmental Strategy.
- To continue minimizing the disperse particulate-matter emissions (dust) in our operations through the implementation of new technologies and improvements in the current processes.
- To implement operational improvements in the production processes, which contribute to reducing SO_2 and NOx emissions.

IN THE WEB

TALENT MANAGEMENT

SDGs

8 DECENT WORK AND ECONOMIC GROWTH

Impact on the business

- Costs
- Risks

GRI [103-1]

- Argos
- Society

Strategic sustainability pillars

Shared Values

An employee of the Administrative Area in Panama

At Argos, we drive transformation through the development of people. We attract, retain and develop our talent through programs aimed at strengthening the employee's experience and we promote allied leadership styles of sustainable growth.

The foregoing, within the framework of our pillars of culture and values and the highest standards in labor practices, in which inclusion, respect for diversity, the right to free association and the comprehensive development of people are fundamentals that guide our action.

Our pillars of culture:

1. We deliver extraordinary solutions to our clients
2. We team up
3. We behave like owners

MANAGEMENT OBJECTIVES

[103-1]

For the company

To consolidate a great team that embraces change as an opportunity, that created shared value in collaborative work environments to face present and future challenges and that is an ally for the growth of the business and the generation of innovative solutions in a clear balance among profitability, social development and environmental impact.

For society

To transform our society through the development of people who are aware of their surroundings, who transcend and create value with each of their actions. To attract, retain and develop employees willing to make a different in the societies they impact. This, under criteria of diversity and inclusion and behaviors that transcend our operations and generate well-being and a positive impact on communities.

An employee in Honduras

HOW IS IT MANAGED?

[103-2]

Our talent management is focused on the human and seeks to offer the best experience to our employees, so that they assume their development with co-responsibility and flexibility.

We are convinced that diversity enriches and adds value; for this, it is necessary to have people who develop, grow and contribute their best. At Argos, talent management focuses on three main lines:

Attraction, retention and development of the best talent
The objective is to have the right people to perform successfully in every place. For this, we structure and develop programs through which we identify and evaluate our talent, their priorities and their goals in order to execute medium- and long-term growth plans and nurture talent.

Development, maintenance and strengthening of critical competencies
Our continuous performance-management program ensures that feedbacks are timely and that each employee is responsible for his or her growth process, together with the accompaniment of the leaders. Additionally, our training program is aimed at developing, maintaining and strengthening the critical competencies at each stage of the employee's evolution.

Promotion of high standards in labor practices
We are convinced that respect and the promotion of diversity and inclusion guarantee the construction of a multicultural, interdisciplinary company where we all contribute in a unique way. For this, we are committed – internally and externally – to guarantee the right to free association, equal participation in processes and respect for diversity and inclusion.

HOW DO WE EVALUATE MANAGEMENT?

[103-3]

We do it from these four great perspectives:

Learn about other indicators of this topic

1.

Referencing:
We evaluate and compare our talent management with the best practices in the industry and other relevant sectors to ensure that we evolve according to the state of the art.

2.

Adhesions and initiatives:
We adhere to initiatives, certifications, voluntary evaluations and work tables related to human-capital matters, where we contribute from our experience and we strengthen ourselves through collaborative knowledge.

3.

Internal evaluations:
We measure our processes to identify strengths and opportunities, understand action plans, reinforce the level of commitment and satisfaction of our employees and determine the values that characterize us.

4.

Management indicators:
We measure and manage key indicators that allow us to accompany the employee during his or her cycle in the company, evidence needs and evaluate achievement in executing initiatives to identify success factors and improvement actions.

PERFORMANCE 2021

[103-2] [103-3]

Continuous performance-management program

A permanent bidirectional process of feedback on performance, aimed at people achieving their potential and leaders strengthening their management skills. This contemplates Objectives and Key Results (OKR), conversations, feedback and recognition.

Enablement of the Betterworks Platform for more than

2,200

EMPLOYEES

+1,900

CONVERSATIONS

enabled, with 1,500 of them finished

Corporate mentoring program

Throughout the business group, this program seeks to enable the internal capacity to train mentors who can contribute to the development of other people, and – in turn – give feedback on their own growth process from the experiences lived.

- Identification of a group of employees interested in training as mentors, emphasizing the search for women who will support the development of emerging female talent from their experiences of professional success.
- Design of a mentoring training program with theoretical and practical components, such as a development tool to train the population of internal trainers.

Employees in the Sogomoso Plant

An Argos employee in Honduras, working from home

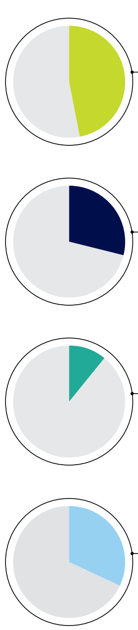
Collective work agreement

[102-41]

Our labor relations are developed in the framework of social dialogue and respect for the right to free association. Under this framework, more-sustainable agreements and exercises were reached, adjusted to the reality of the company's pillars.

- The signing of an agreement with the international framework between Cementos Argos and the Building and Wood Workers' International (BWI). This is a sign to the implementation of initiatives that promote positive labor relations, equity and inclusion in our organization and the construction of a history based on recognition and respect. The unions from Colombia Panama and Honduras belong to BWI.

Employees covered by collective agreements:



47% COL

29% CCA

11% USA

32% **Total**

Implementation of hybrid work models

During 2021, there was a gradual return to workplaces. For administrative personnel, this meant the adoption of a hybrid model adjusted to the regulations of the country or based on an innovative work model for those countries that do not have such regulations.

674

PEOPLE IN TELEWORK

distributed by countries, thus: **575** in Colombia, **36** in Honduras, **51** in Panama y **12** in the Dominican Republic

[404-1]

278,000

HOURS OF TRAINING

of which **117,415** were virtual, representing 42%of the training total

HIGHLIGHTS 2021

Multipliers and diversity tables

This is a synergy program that seeks to raise awareness on issues of diversity and inclusion; it starts with self-development and individual knowledge and goes to the collective. It is composed of leaders who are empowered by inclusion and gender equity in their day to day and they share it with others to continue appropriating what it represents for our organization.

+160

WOMEN

in technical or operational positions that have traditionally been done by men

30.3%

OF LEADERSHIP POSITIONS

in the organization are occupied by women [A-TM4]

> HR Agile is an excellent program, thought out and designed to strengthen technical competencies and generate synergies among national and international teams."
>
> **Eliana Ospina,**
> Cementos Argos employee

Agility
HR Agile

A program aimed at strengthening the capability in teams to adapt to changes in the surroundings, which allows working in short cycles and obtaining evident results in said period.

- Transformation of the Human Management team toward agile frameworks.
- Activation of collaborative tools at the organizational level, such as agility and open space sessions.
- The accompaniment of 53 people from four work teams in agility matters.

RECOGNITIONS

The *Equipares* Gold Seal Certification

Ranked 13th in the *MERCO* Talent measurement

Recognition as the most-equitable construction company in Colombia, according to the PAR Ranking of Gender Equity.

The highest score in the Chapter on Labor Practices and Human Rights in the Dow Jones Sustainability Index measurement.

GOALS [103-2] [103-3]

● Met ● Ongoing ● No Met

Goals 2021

- ● (Met) To maintain an above average retention of key talent and achieve a success rate of 50%
- ● (Met) To strengthen the performance-management program with the adoption of the continuous-performance model, reaching 96% coverage levels across all the programs.
- ● (No Met) To achieve an internal mobility rate of 10%*.

* *The trend of this indicator increased: a 9.18% employee-mobility rate was reached, thanks to the prioritization of internal talent and the succession programs.*

Goals 2030

- To increase the leadership positions occupied by women in the organization from 29% to 35%.
- One half (50%) of the executive- and managerial-level staff will be non-Colombian origin.

CHALLENGES [103-2]

- To generate and provide tools that facilitate talent management for company leaders through data-based decision making.
- To drive the adoption and implementation of agile methodologies for the transformation of the organization where work is based on short-cycle repetitions.
- To strengthen the work tables focused on diversity and inclusion, in all the geographies.

IN THE WEB

OCCUPATIONAL HEALTH AND SAFETY

SDGs

8 DECENT WORK AND ECONOMIC GROWTH

Impact on the business

- Costs
- Risks

GRI [103-1]

- Suppliers
- Clients
- Argos
- Society

Strategic sustainability pillars

Relationships of trust

An employee at the *Rio Blanquito* grinding mill station, in Honduras

Our comprehensive health and safety values move us each day to achieve ZERO: zero incidents and zero labor illnesses in all our operations and allows us – through examples – to transcend beyond our work places and schedules, to benefit all those who surround us.

MANAGEMENT OBJECTIVES

[103-1]

For the company

To accompany and recognize the behaviors, practices and initiatives of employees and contractors to remain safe, healthy and achieve the objectives proposed in the SISO strategy 2025.

For society

To contribute to the development of safe, health territories through the voice of our employees, contractors and their families, focused on sharing our experience and – frames in our values – the way in which we do things.

HOW IS IT MANAGED?

[103-2]

COMPREHENSIVE HEALTH AND SAFETY STRATEGY

We continue to consistently implement our comprehensive health and safety strategy to achieve our objective of ZERO: zero incidents and zero labor illnesses, focused on these four axes:

STAYING SAFE AND HEALTHY CONNECTS US TO OUR HIGHER PURPOSE

LEADERSHIP AND RESPONSIBILITY

We want to remain safe and healthy, sharing our vision, assuming our responsibility and strengthening the enthusiasm and commitment of the work teams.

Our Goal is:

To eliminate serious injuries in our employees and contractors by 2025.

DEVELOPMENT OF COMPETENCIES AND INTEGRAL RISK MANAGEMENT

We ensure that we all know how to and we can work safety and healthy from the knowledge of risks and the application of control measures.

Our Goals are:

To reduce total injuries to **50%** by 2025.

To reduce labor illnesses by **30%** by 2025.

COMMUNICATION AND CULTURE

We motivate and inspire the teams to choose to work safely and healthy by recognizing the expected behaviors and being aware of the consequences of compliance or non-compliance of proper risk management.

Our Goal is:

To formulate at least one project annually that impacts or is related to improving the company's SISO indicators.

OPERATIONAL EXCELLENCE

To work safely and healthy has become a habit and we have done it through continuous improvement, promoting health and safety as our most-important value and disclosing our best practices.

Our Goals are:

Decrease absenteeism for general illness by **15%**.

All (**100%**) of the high-risk situations will be intervened in a timely manner.

HOW DO WE EVALUATE MANAGEMENT?

[103-3]

We integrate our proactive indicator-measurement system through which we focus on preventive management, which allows us to identify in advance system deviations to take timely actions and prevent unwanted events from materializing. Among the proactive indicators of greater impact we have observations on behavior with which we generate commitments and changes of habits. We also conduce self-assessments and SISO audits in the operations of the different Regionals where we are present to identify system strengths and opportunities and, thus, reach a level of world-class cultural maturity.

Proactive indicators:

- Audits in the Regionals
- Observations on behavior
- Training hours in safety
- Intervention of high-risk conditions

And as elements to measure performance, we highlight:

- Frequency Index
- Severity Index
- Total Injury Index
- Serious injuries
- Occupational illnesses

PERFORMANCE 2021

[103-2] [103-3]

Monitoring of COVID-19 consequences

Employees who had confirmed cases received accompaniment by the Comprehensive Health Team. Taking into account the long-term impact reports of the diseased, we identified sequelae, both physical as well as emotional, with which relevant measures were established and specific actions were executed for its proper management.

We monitored and accompanied

2,364

PEOPLE

during 2021

Employees at the Barranquilla Plant aggregate station, in Colombia

Virtual SISO Moments

The virtual Safety and Health Moments Program was continued during 2021, in which members of the Steering Committee led reflections regarding health and safety with the operations of all the countries, aimed at generating commitment in our employees with their self-care, which is reflected in the result of zero disabling injuries in 90% of our facilities.

33

MOMENTS OF SAFETY AND HEALTH

carried out in all the Regionals

Blind spots in mobile equipment

Through this initiative carried out in two of our Regionals, we proposed to respond to the challenge of driving safely in mobile equipment, such as mixer and fire trucks, through experiences that allow drivers to be aware of the dimensions, maneuverability and visual limitations of their teams, so that they always keep the blind spots in mind during operations.

Occupational Health and Safety audits in the facilities

In 2021, 29 internal and four external audits were conducted on the Occupational Health and Safety Management System:

- **Mine Safety and Health Administration (MSHA):** in the United States Regional
- **ISO 45001:** in the Colombia Regional, the Dominican Republic and Panama
- **ISO 39001:** in Honduras

The Safe Points Program

Due to the acceptance of the Safe Points Program, alliances were continued with local authorities and guilds that intervene in the routes to accompany drivers in generating awareness about self-care and the care of other road actors, reinforcing basic factors of mobility in driving and safety recommendations to prevent incidents and to analyze both the physical and emotional conditions of drivers, the technical-mechanical characteristics of the vehicle and road infrastructure.

+22
SAFE POINTS

1,596
ROAD ACTORS
were engages as passengers, pedestrians, cyclists, motorcyclists, and cargo and public-service transport drivers

Roadmaps

Supported in the trends and experience of our trained personnel, maps of critical routes were prepared, which allow our own drivers and contractors to raise awareness about the risks present in each route, to be prepared for the conditions and to have the monitoring necessary for each journey. This initiative was applied in two of our Regionals. We have planned to prepare new route maps during 2022, together with the Central Committee for Road Safety.

+20
CRITICAL ROUTES
identified in the company in two Regionals and three countries

Virtual reality training Simulator, Module 2

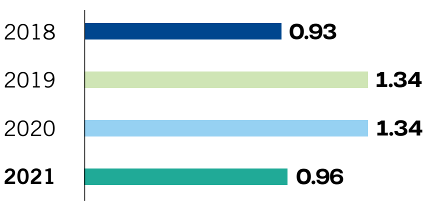
During 2021, training programs continued, supported by virtual reality. This technology made it possible to put the employee in a very-close-to-reality situation, so that he could experience the work he does and identify associated risks and how to control them without compromising his integrity.

+450
EMPLOYEES
have experienced Module 2 in the United States Regional

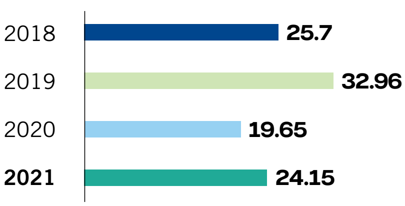
Learn about other
indicators of this topic

Indicators of results

[A-SI1] **Consolidated Frequency Index**



[A-SI1] **Consolidated Severity Index**



Total Injury Index

In 2021, there was
a decrease of
39%
IN TOTAL INJURIES
compared to 2019,
the base year

The **Total Injury Index** includes fatalities, incidents with the loss of time, medical treatments and first aid.

The *Najayo* Plant,
the Dominican Republic

HIGHLIGHTS 2021

Green Plant

Recognition is made of the facilities with the best integral performance. It is composed of operational, environmental and community indicators and SISO in all the company's businesses.

This recognition was awarded to:

Integrated cement plant
Planta Cartagena, en Colombia

Cement grinding mill
The *Najayo* Plant, in the Dominican Republic

Concrete zone
12 concrete plants, in Panama

GOALS [103-2]

● Met ● Ongoing ● No Met

Goals 2021

- Ninety percent (90%) of our employees who perform high-risks tasks will develop the skills necessary to perform them safely.
- We will achieve the reduction of the Frequency Index with Goal 1.1.*

* *Updated in 2021*

Goals 2025

- We will reduce total injuries by 50%, compared to 2019.
- We will improve employee health conditions, decreasing absenteeism due to general illness by 15%, compared to 2019.

Vaccination [403-3] [403-4]

5,625
EMPLOYEES
were fully vaccinated at the close of 2021, which corresponds to 75% of the company's employees

Implementation of cameras with the Advanced Driver Assistance Systems (ADAS) in logistics transport

Together with technological aids that support and monitor the drive in specific situations and allow reducing the risk in trips, both for the one who drives as well as for other road actors, it also allows identifying factors, such as:

- Not using the seatbelt
- Driver fatigue
- Changing lanes
- Excess speed
- The driver is distracted
- The driver is smoking
- Phone calls

These systems were implemented in more than 50 vehicles, through which more than 29,000 events, which could place the safety of drivers and other actors on the road at risk.

CHALLENGES [103-2]

- To strengthen leadership and empowerment in all levels of the organization continues to be the most important challenge to achieve our strategy by 2025.

1. To incorporate the Role Charter of SISO responsibilities in all the hierarchical levels of the organization.
2. To implement the Integral Training Program for supervisors through a leadership school that allows developing bland and technical skills to manage the performance and needs of their work teams, to lead change, to strengthen our culture and to increase awareness in safety and health by managing risks and emotions.
3. To define a general framework on aspects through which individual and collective achievements in SISO are recognized and also the objective mechanisms for the disciplined, progressive application in health and safety.

IN THE WEB

COMMUNITY ENGAGEMENT

SDGs

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
11 SUSTAINABLE CITIES AND COMMUNITIES

Impact on the business

- Risks

GRI [103-1]

- Suppliers
- Clients
- Argos
- Society

Strategic sustainability pillars

Relationships of trust

A productive project to plant beans in Sucre, Colombia

At Argos, we create value contributing to the progress of the regions where we are present, facing the current challenges of society and transcending our role in the territory.

The relationship with communities is frames in the responsibility of our actions, respect, promoting human rights and building relationships of trust that generate development opportunities to drive joint growth.

MANAGEMENT OBJECTIVES

[103-1]

For the company

To build relationships of trust with communities to, thus, support the achievement of corporate objectives and the continuity of each of our operations and to hold high the company’s reputation by adopting best practices in communities.

For society

To generate development opportunities to increase the quality of life and improve the social conditions in the territories where we are present, as we are convinced that – to the extent that communities grow – the company develops in healthy, safe surroundings. Also, we believe that it is important to sustainably address the long-term development needs of the communities, seeking an equitable, mutually beneficial relationship without creating a culture of dependency.

HOW IS IT MANAGED?

[103-2]

We have a management and relationship system with communities, which is composed of six elements that interact with each other to promote strategic, articulated, aligned and focused management.

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

Contribution to the development of reliable, sustainable, resilient and quality infrastructures.

11 SUSTAINABLE CITIES AND COMMUNITIES

Contribution to an increase in the proportion of the population that lives in homes with access to basic services.

1. THE STRATEGY WITH COMMUNITIES

We create value by contributing to the development of society through:

TO ACT RESPONSIBLY

By promoting human rights in our operations.

Our Goals are:

Zero (0) materialization of risks to communities by 2030.

Zero percent (0%) of operations with high and critical risks of affecting communities by 2030.

TO BUILD RELATIONSHIPS OF TRUST

Through fluid, transparent dialogue.

Our Goals are:

Zero (0) reiterative complaints by 2030.

70% satisfaction in prioritized communities by 2030.

TO GENERATE DEVELOPMENT OPPORTUNITIES

To drive the growth of the territories.

Our Goals are:

30% of the resources leveraged by 2030.

630.000 people impacted by social-investment programs by 2030.

2. LOCAL RELATIONSHIP PLAN

Operations
↓
Communities
↓
Local stakeholders
↓
Purpose of the relationship
↓
Initiatives

Risks

Events
- Materialization of risks
- Warning of the materialization of risks
- PQRS, publications in the media and social networks

Characterization
Relevant issues
Strategic objectives of the operation

3.

Benchmarking exercises on the best practices in the industry and other industry benchmarks.

4.

The program to development skills, roles and responsibilities for community management.

5.

A corporate incentive and recognition program of good internal practices.

6.

Spaces for external and internal dialogues.

HOW DO WE EVALUATE MANAGEMENT?

[103-3]

Learn about other indicators of this topic

At Argos, we believe that constant assessment improves our performance; for this reason, we have established dome mechanisms that allow us to evaluate the management of community relationship:

- Dialogues between the company and the community.
- Managerial committees developed in the operations.
- The Country Sustainability Committee.
- Application of self-assessment tools that self-evaluate the degree of implementation of the community-management system in the operation.
- Evaluation of risks in the communities.
- Audit of the management of community complaints.
- Evaluations of requirements from the local environmental authorities.
- Implementation of the Socioeconomic Footprint Index and the Value Added to Society (VAS) methodology to evaluate our effects on territories.
- Benchmarking of the best industry and sector practices.
- Corporate incentive and recognition program of good practices.
- Management, impact and result indicators.

Stabilization of soil through our *Vía Forte* solution

PERFORMANCE 2021

[103-2] [103-3]

The *Vía Forte* Program

This is a solution for the development of road infrastructure that improves the rural economy and the quality of life of communities using the cement-soil technology, which minimizes the exploitation of sources of materials and prolongs the useful life of the pavement structures, as it has less incorporated carbon. Since its implementation in Colombia in 2017, we have achieved cost efficiencies of projects, communities enjoy a more user-friendly infrastructure environment; it has contributed to the beautification of areas and their homes and their income has increased, due to the east of marketing local products. During 2021, alliances were managed with more than 13 governments, 50 mayors and design experts of structures, to that Vía Forte is considered a technical option to develop roads.

In the last five years in Colombia, more than 600 kilometers have been paved:

- **In Antioquia:** 365 kilometers of tertiary roads.
- **In Atlántico:** 30 km of local roads and 12 kilometers of tertiary roads.
- **In Sucre:** 35 kilometers of primary road, the responsibility of the State and 200 kilometers of concession roads.

Healthy Homes

This is a program frames in the We Create Social Value strategy, which seeks to improve the living conditions of families in conditions of vulnerability through integral interventions to improve homes in floors, kitchens and bathrooms with our product, together with the Group Argos Foundation and in alliance with the Pastoral Social and the National Learning Service (SENA). During 2021, in Colombia the program has reached more than 1,400 families in the municipalities of Cartagena, Barranquilla, Toluviejo, Sogamoso, Sonsón, Mulaló, Yumbo and Medellín.

The goal of this program is to intervene more than 10,000 households in five years; thus, we contribute to improving the quality of life of families, we foster community organization and connect young people with new employment opportunities.

In addition to fulfilling aesthetics, these interventions contribute to the improvement of the physical and mental-health conditions of people.

Learn more about this project here

Social investment

The Grupo Argos Foundation is nourished by contributions from companies that are part of the Argos Business Group and with resources from alliances with different entities.

During 2021, we delivered contributions that surpassed COP 7.2 billion, with which we boosted the social and cultural strengthening of communities, the development of community infrastructure and the execution of environmental-conservation and animal-protection programs through different projects, such as We Create Social Value, Sowing the Future and Scholarships for Development, among others.

USD4.56

MILLION was the total of social investment [A-COM1]

+ 368,000

PEOPLE WERE POSITIVELY IMPACTED thanks to the different social-investment programs [A-COM1]

Delivery of housing improvements and certification of family beneficiaries of the Healthy Homes Program in Cartagena, Colombia

A beneficiary of the Productive Projects Program in Sucre, Colombia

Sustainable infrastructure

This is a tool that standardizes the construction of social works in regional operations to create opportunities for development, to drive the growth of territories and to minimize the risk associated with the construction of infrastructure. This process is made up of ten steps that clearly characterize and identify – from planning the design, construction and use of building efficiencies to guarantee the rational use of resources; that is: infrastructure that serves people and the planet.

Through this tool, we seek:

- To reduce times dedicated to formulating infrastructure projects.
- To minimize the risks associated with the construction of infrastructure works.

Corporate Volunteer Work *CONECTA*

The *CONECTA* corporate volunteer work of Grupo Argos and its affiliates promote solidarity based on the organization's values through the mobilization of employee energy and talent toward dedicating time, knowledge and resources to generate social capital in high-impact, sustainable and transforming projects that contribute to strengthening and reflecting the organizational culture.

631
VOLUNTEERS [A-COM7]

4,136
HOURS OF VOLUNTEER WORK [A-COM7]

Internal disclosure of the community strategy

We internally disclose our clear, forceful commitment to the creation of value through our contribution to the development of society; this, stated in our relationship strategy with communities.

Through focus groups, the dissemination in internal media and the realization of a Webinar, we delve into our commitment to act responsibly, to build relationships of trust and to generate opportunities to drive the growth of the territories. In this way, we have achieved greater internalization of the purpose of the strategy in the various company roles.

HIGHLIGHTS

Due diligence in human rights for communities

We did an exhaustive analysis of the guidelines, standards, expectations and trends on human rights and companies; we also did research on the most-relevant issues for us, according to the activities that we do, the contexts where we operate and the challenges of the industry. This led us to adjust the risk-assessment tool of interaction with communities with a human-rights approach and to implement it in 40 operations.

The risk analysis of interaction with communities was updated to integrate those whom we were not previously analyzing, such as those related to climate change and with those who defend human rights, the earth and the environment.

100%

OF THE PRIORITIZED OPERATIONS

have risk analysis in human rights

GOALS [103-2]

● Met ● Ongoing ● No Met

Goals 2021

- ● We will have 100% of our operations prioritized with the Local Engagement Plan (LEP)
- ● We will update the risk assessments in the prioritized operations of our three Regionals.

Goals 2030

- We will have zero risk materializations toward the community.
- We will have zero operations with high and critical risks that impact communities.
- We will have zero repetitive complaints.
- The level of satisfaction of prioritized communities will be 70% or more.
- We will achieve that 30% of the social-investment resources for development from allies of the territories.
- We will reach 630,000 people impacted by social-investment programs.

CHALLENGES [103-2]

- To strengthen technical and soft skills of those responsible for community relationships in the operations.
- To create roadmaps to achieve the goals defined in the strategy.
- To continue with the development of a due-diligence system in human rights with the methodological design to assess impacts, to be implemented at the local level in the operations.
- To continue with the dissemination of the community strategy by promoting a culture based on the company's role in the development of society.

A beneficiary of the Safe Water Program, in Honduras.

IN THE WEB

HUMAN RIGHTS

SDGs

8 DECENT WORK AND ECONOMIC GROWTH

11 SUSTAINABLE CITIES AND COMMUNITIES

Impact on the business

- Riesgos

GRI [103-1]

- Suppliers
- Clients
- Argos
- Society

Strategic sustainability pillars

Shared values

A mixer-truck driver in Panama

We are committed to respecting, protecting and promoting human rights; for this reason, we have a policy approved by our Senior Management that guides the company's management to monitor potential risks resulting from our operations.

The key benchmarks of this policy are the International Charter of Human Rights, the principles and fundamental rights established in the International Labour Organization, as well as the United Nations' (UN) guiding principles on human rights and business and the laws of the countries where we are present.

This is the primary tool through which – supported in a due-diligence process based on the human-rights management system – we monitor the risks and impacts that the activities could cause on our stakeholders; we manage those consequences when they occur and we maintain clear, transparent communication with them.

MANAGEMENT OBJECTIVES

[103-1]

For the company

To manage the risks in human-rights matters in the operations, to promote our pillars of culture and to maintain relations of trust with all stakeholders.

For society

To sensitize stakeholders to prevent actions that go against 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 that implies the diversity of origins, cultures and thoughts our organization has, we have a risk-management process that allows monitoring the behaviors of the company and our suppliers identified as critical and that put the people who interact with the company from any role at risk.

This process has four principal steps

1. **Identification of the level of risk** of violation of relevant human rights, as the case may be, in the stakeholders we have defined as priorities.

- **Relevant human-rights risks:**
  - Discrimination
  - Violation of due process
  - Not taking care of people
  - Denial of free association and collective negotiations
  - Forced labor
  - Child labor
  - Workplace harassment

The foregoing risks were identified as the most relevant and with which we have more commitment in their protection; therefore, under the management system, we found a greater amount of plans that seek to strengthen our management around them.

- **Prioritized stakeholders:**
  - Employees
  - Suppliers
  - Communities
  - Joint ventures

In these stakeholders, we cover diverse audiences, including vulnerable groups, such as ethnic minorities, Indigenous and LGBTI populations.

A beneficiary of the Healthy Homes Program

2. **Definition of action plans and remediation** that decrease risks or close the gaps identified.

3. **Definition of monitoring plans** that permit validating the execution of the actin plans, monitor their impact and raise alerts in case any risk increases.

4. **Constant updating of the risks,** by connecting their identification with information available in other corporate reporting systems, such as the Transparency Line.

HOW DO WE EVALUATE MANAGEMENT?

[103-3]

Through performance indicators:

[A-DH1]

2

ACTS MATERIALIZED

of Human Rights risks that affected suppliers

[A-DH2]

100 %

OF OUR JOINT VENTURES

were included in the due-diligence process

[A-DH3]

89%

OF OUR PRIORITIZED STAKEHOLDERS

have action plans to close gaps

See the Human Rights Policy

PERFORMANCE 2021

[103-2] [103-3]

Updating of critical issues for communities

The most-relevant critical issues for this stakeholder were reviewed, with which the interaction-risk matrix was updated with this stakeholder, including critical human-rights issues, and 42 prioritized operations were analyzed. The result of this exercise allowed us to show that the largest gaps were present in the risks related to the operational process that can impact communities, the management of ethnic groups and – especially – vulnerable people. Based on this prioritization, action plans were defined with a projection to be executed in two years; after this, a new gap analysis will be carried out.

100%

OF PRIORITIZED COMMUNITIES

were consulted

An employee in Sint Maarten

Sustainability Dialogues in Human Rights

Through a collective participatory methodology, we dialogued with employees, communities and suppliers about the importance of working to promote and respect human rights; also, in these spaces, different perceptions and the more relevant issues were collected for the company's internal management in this topic. This process allowed identifying the critical issues in the most-relevant human rights for Argos. Based on this, we will continue with a consultancy to design a methodology that allows us to carry out these analyses at the local level.

More than
400
ATTENDEES
In the dialogues
in the three Regionals

Seguimiento a *Joint Ventures*

A través de espacios de diálogo con nuestro *joint ventures* Greco se hizo seguimiento a los planes de cierre de brechas resultantes de los diagnósticos. También, gracias a esto, se logró avanzar principalmente en la documentación de compromisos y buenas prácticas que evidencian el respeto de los derechos humanos.

La documentación de políticas y estándares buscan generar espacios más seguros para los grupos de interés de nuestros *joint ventures.*

GOALS [103-2] [103-3]

● Met ● Ongoing ● No Met

Goals 2021

- ● Participate in at least one specific human-rights measurement or evaluation exercise, to know the status of our system compared to best practices in the industries.
- ● Finalize the updating process of the risk tool in communities.

Goals 2022

- We will update human-rights risks in the countries.

CHALLENGES [103-2]

- To strengthen the use of tools as a source of information for decision making.
- To include new stakeholders in measuring risks.
- To continue promoting dialogues with our stakeholders to give continuity to our process to evaluate and manage Human Rights.

04

APPENDICES

A mixer-truck driver in Tampa, Florida, United States


SAFE OVER
SUMMER

CERTIFICATION FROM THE LEGAL REPRESENTATIVE OF THE COMPANY

Dear
Shareholders
Cementos Argos S.A.
Barranquilla

The undersigned Cementos Argos S.A. Legal Representative

CERTIFIES HEREBY:

That the annual consolidated financial statements ended on December 31, 2021, do not contain any faults, inaccuracies, or substantial errors that might prevent knowing the actual equity situation or the operations undertaken by Cementos Argos S.A. The foregoing is with the purpose of complying with Article 46 from Act 964/2005.

In witness whereof, I have hereunto set my hand on February 17, 2022.

Juan Esteban Calle Restrepo
Representante legal

CERTIFICATION FROM THE LEGAL REPRESENTATIVE AND ACCOUNTING CORPORATE MANAGER OF THE COMPANY

The undersigned Cementos Argos S.A. Legal Representative and Accounting Corporate Manager do hereby certify that, in accordance with Article 37 from Act 222/1995, the annual consolidated financial statements ended on December 31, 2021, have been faithfully taken from the books and that before being made available to you and third parties, we have verified the following statements contained therein:

1. All existing assets and liabilities, as well as all transactions recorded, have been carried out during said years.

2. All economic facts carried out by the Company have been recognized.

3. Assets represent probable future economic benefits (rights) and liabilities represent probable future economic engagements (obligations), obtained by or on behalf of the Company.

4. All elements have been recognized by their appropriate values according to the applicable Financial Reporting Standards in Colombia.

5. All economic facts affecting the Company have been correctly classified, outlined, and revealed.

In witness whereof, I have hereunto set my hand on February 17, 2022.

Juan Esteban Calle Restrepo
Representante legal

Óscar Rodrigo Rubio Cortés
Gerente corporativo de Contabilidad
T.P. 47208-T

KPMG S.A.S.
Calle 2 No. 20 – 50, 7 Floor, Q Office Building
Medellín - Colombia

Telephone 57 (4) 3556060
home.kpmg/co

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, 2021 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 summary of significant accounting policies and other explanatory notes.

In my opinion, the aforementioned consolidated financial statements attached to this report present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2021, the consolidated financial performance 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 Financial Statements section of my report. I am independent of the Group, in accordance with the Accounting Professionals Code of Ethics Issued by the International Ethics Standards Board for Accountants (IESBA Code), included in the Information Assurance Standards accepted in Colombia together with the ethical requirements established in Colombia that are relevant to my audit of the consolidated financial statements, and I have fulfilled my 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 consolidated opinion on these matters.

KPMG

Impairment of long-lived assets – Goodwill (See note 17 to the consolidated financial statements)	
Key Audit Matter	**How was this addressed in the audit**
The consolidated financial statement includes a Goodwill for COP1.862.913 million, as a result of acquisitions made in previous years, for which an assessment of changes is required annually in accordance with IAS 36 - Impairment of Assets. This represents a key audit matter because of 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.	My audit procedures to assess the recoverability of goodwill balances included, but were not limited to, the following: - Evaluation of the 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 whom assisted the Group in (1) Evaluating the key assumptions used in the impairment tests performed by the Group, including the input data, (2) perform independent calculations supported with information obtained from external sources on discount rates and the macroeconomic variables used, (3) compare the result of the calculations obtained above, with those made by the Group and (4) perform a sensitivity analysis including a possible reasonable reduction in the key variables. - Comparison to 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. - Assessment of whether the disclosures included in the notes to the financial statements are appropriate in accordance with IAS 36.

Assessment of the recoverability of deferred tax assets (See note 9 to the consolidated financial statements)	
Key Audit Matter	**How was this addressed in the audit**
The Group has recognized in the state consolidated financial position an asset for significant deferred tax for COP202,605 million, originated from tax losses and other tax credits from the parent company Cementos Argos S.A. This represents a key audit matter because assessing the recoverability of such assets 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.	My audit procedures to assess the recoverability of deferred tax assets included, but were not limited to, the following: - With the involvement of professionals with experience and knowledge in valuation, comparison of key assumptions used by the Group 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 determined based on the financial projections, as well as the period of reversal of temporary differences, the expiration of tax losses and other tax credits, and the tax strategies proposed by the Group.

Other matters

The consolidated financial statements as of and for the year ended December 31, 2021, are presented solely for comparative purposes, were audited by other accountant appointed by KPMG S.A.S. who expressed an unmodified opinion on those financial statements in their report dated February 24, 2021.

Other Information

Management is responsible for the other information. The other information comprises the Integrated Report but does not include the consolidated financial statements and my auditors' report thereon. The information include in the Integrated Report, is expected to be made available to me after the date of this auditors´ report.

My opinion on the consolidated financial statements does not cover the other information and we will 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 our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When reading the content of the integrated report if I conclude that there is a material error in that other information, I am required to report this fact to those charged with governance.

Responsibility of management and those charged with corporate governance for the consolidated financial statements

Management is responsible for the preparation and reasonable presentation of this 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 assessing the Group's ability to continue as going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting, unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with corporate governance are responsible for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

My objectives are to obtain reasonable assurance about whether the consolidated financial statements 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 from 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 taken on the basis of these consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is 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 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 basis of accounting 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 disclosures in the consolidated financial statements or, if such disclosures are 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 to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events so that the consolidated financial statements are reasonably presented.

- I obtain sufficient 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 with those charged with corporate governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide those charged with corporate governance with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with 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 corporate 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 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)
Gonzalo Alonso Ochoa Ruiz
Statutory Auditor
Professional License 43.668 - T
Appointed by KPMG S.A.S.

February 17, 2022

Cementos Argos S. A. and Subsidiaries

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As of December 31, 2021 and 2020 | Million Colombian Pesos

	Notes	2021	2020
ASSETS			
Cash and Cash Equivalents	5	$ 483,229	$ 612,014
Derivative financial instruments	6	16,263	66
Other financial assets	7	160	-
Trade and other accounts receivable, net	8	1,130,253	921,175
Credit balances from taxes	9	201,827	179,226
Inventories	10	1,035,296	814,997
Other non-financial assets		80,779	64,883
Assets held for sale	18	42,507	70,240
Total current assets		**$ 2,990,314**	**$ 2,662,601**
Trade and other accounts receivable, net	8	48,782	140,338
Investments in associates and joint ventures	12	26,602	26,955
Derivative financial instruments	6	15,974	-
Other financial assets	7	876,394	736,412
Other intangible assets, net	14	704,845	750,224
Right-of-use assets in lease, net	20	595,787	701,804
Biological assets	11	19,953	20,404
Property, plant and equipment, net	15	11,890,008	11,214,205
Investment property	16	225,282	169,154
Goodwill, net	17	1,862,913	1,818,708
Deferred tax assets	9	312,948	333,719
Total non-current assets		**$ 16,579,488**	**$ 15,911,923**
TOTAL ASSETS		**$ 19,569,802**	**$ 18,574,524**
LIABILITIES			
Financial Liabilities	19	1,476,758	656,233
Lease liabilities	20	118,945	125,598
Trade liabilities and accounts payable	21	983,726	1,017,385
Taxes, levies and charges	9	205,542	191,685
Employee benefits liability	22	180,102	113,859
Provisions	23	95,660	153,625
Other financial liabilities	24	-	3,811
Derivative financial instruments	6	1,360	21,611
Outstanding bonds and preferred shares	25	317,884	294,511
Anticipated income and other liabilities	24	104,693	86,841
Total current liabilities		**$ 3,484,670**	**$ 2,665,159**
Financial Liabilities	19	1,615,678	2,620,385
Lease liabilities	20	556,586	602,539
Trade liabilities and accounts payable	21	5	33
Employee benefits liability	22	237,982	300,623
Derivative financial instruments	6	47,451	95,940
Provisions	23	201,762	181,716
Outstanding bonds and preferred shares	25	2,926,871	3,215,110
Other liabilities	24	-	1,443
Deferred tax liability	9	293,992	179,619
Total non-current liabilities		**$ 5,880,327**	**$ 7,197,408**
TOTAL LIABILITIES		**$ 9,364,997**	**$ 9,862,567**
Issued capital	27	2,242,552	2,142,313
Repurchased own shares	27	(113,797)	(113,797)
Reserves	28	388,181	581,479
Accumulated income		2,130,215	1,817,515
Other comprehensive income	28	4,602,967	3,411,631
Total attributable equity to controlling interests		**$ 9,250,118**	**$ 7,839,141**
Non-controlling interests	30	954,687	872,816
EQUITY		**$ 10,204,805**	**8,711,957**
TOTAL LIABILITIES AND EQUITY		**$ 19,569,802**	**$ 18,574,524**

Notes are an integral part of these consolidated financial statements

Juan Esteban Calle Restrepo
Representante legal
(See attached certification)

Óscar Rodrigo Rubio Cortés
Gerente corporativo de Contabilidad
T.P. 47208-T
(See attached certification)

Gonzalo Alonso Ochoa Ruiz
Statutory Auditor P.C. 43668-T
KPMG S.A.S. member
(See my report of February 17, 2022)

Cementos Argos S. A. and Subsidiaries

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Years ended December 31, 2021, and 2020 | Million Colombian Pesos

	Notes	2021	2020
Continued operations			
Operating income	31, 32	$ 9,817,689	$ 9,000,548
Cost of sales	10	(7,912,107)	(7,367,975)
Gross profit		**$ 1,905,582**	**$ 1,632,573**
Overhead and sale	33	(644,734)	(618,948)
Selling expenses	33	(284,761)	(260,747)
Other operating income (expenses), net	34	258,926	(56,717)
Impairment of non-current assets	17	(18,123)	(1,120)
Operating profit		**$ 1,216,890**	**$ 695,041**
Financial income	37	32,738	42,318
Financial expenses	38	(434,224)	(498,563)
Gains (loss) by difference in foreign exchange, net	36	10,387	(11,351)
Net interest in investee income	12	(8,157)	(5,630)
Income before tax		**$ 817,634**	**$ 221,815**
Income tax	9	(293,698)	(81,001)
Year net income	**39**	**$ 523,936**	**$ 140,814**
Period income attributable to:			
Controlling interests	39	431,132	78,188
Non-controlling interests	30	92,804	62,626
Year net income	**39**	**$ 523,936**	**$ 140,814**
OTHER COMPREHENSIVE INCOME NET FROM TAX			
Headings that will not be subsequently reclassified to the period income			
Gains (loss) due to measurements of defined benefit obligations	22	44,428	(23,247)
Gains (losses) from equity investments at fair value		133,429	(237,218)
Income tax	9	(11,562)	5,233
Total headings that will not be reclassified to the period income		**$ 166,295**	**$ (255,232)**
Headings that will be subsequently reclassified to the period income			
Net gains (losses) from instruments on cash flow hedges		27,120	(36,477)
Gains by differences in foreign exchange from conversion		1,197,468	395,807
Income tax	9	(6,291)	9,026
Total headings that will be reclassified to the period income		**$ 1,218,297**	**$ 368,356**
Other comprehensive income net from tax		**$ 1,384,592**	**$ 113,124**
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**$ 1,908,528**	**$ 253,938**
Other period income attributable to:			
Controlling interests		1,264,248	58,837
Non-controlling interests	30	120,344	54,287
Other comprehensive income		**$ 1,384,592**	**$ 113,124**
Total comprehensive income attributable to:			
Controlling interests		1,695,380	137,025
Non-controlling interests	30	213,148	116,913
Total comprehensive income		**$ 1,908,528**	**$ 253,938**
Basic and diluted earnings per share:			
Attributable earning to controlling interests	40	368,34	67,89

Notes are an integral part of these consolidated financial statements.

Juan Esteban Calle Restrepo
Representante legal
(See attached certification)

Óscar Rodrigo Rubio Cortés
Gerente corporativo de Contabilidad
T.P. 47208-T
(See attached certification)

Gonzalo Alonso Ochoa Ruiz
Statutory Auditor P.C. 43668-T
KPMG S.A.S. member
(See my report of February 17, 2022)

Cementos Argos S. A. and Subsidiaries

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Years ended December 31, 2021, and 2020 I Million Colombian Pesos

	Notes	Issued capital	Repurchased own shares	Legal reserve	Other reserves	Accumulated income	Other compre-hensive income	Total attributable equity to controlling interests	Non-controlling interests	Total equity
Balance as of January 1, 2020		**$ 2,142,313**	**(113,797)**	**106,870**	**692,142**	**1,848,885**	**3,361,285**	**8,037,698**	**814,749**	**8,852,447**
Period income	39	-	-	-	-	78,188	-	78,188	62,626	140,814
Other comprehensive income for the period, net from tax		-	-	-	-	-	58,837	58,837	54,287	113,124
Comprehensive period income		**$ -**	**-**	**-**	**-**	**78,188**	**58,837**	**137,025**	**116,913**	**253,938**
Transfer from other comprehensive income to accumulated earnings	12, 26	-	-	-	-	8,091	(8,091)	-	-	-
Ordinary dividend declared in cash	29	-	-	-	-	(289,300)	-	(289,300)	(63,048)	(352,348)
Preferred dividend declared in cash	29	-	-	-	-	(50,241)	-	(50,241)	-	(50,241)
Provisioning		-	-	12,181	2,497	(14,678)	-	-	-	-
Provisions release		-	-	-	(232,212)	232,212	-	-	-	-
Changes in ownership without loss of control		-	-	-	-	-	(401)	(401)	(2,111)	(2,512)
Other variations		-	-	-	1	4,358	1	4,360	6,313	10,673
Balance as of December 31, 2020		**$ 2,142,313**	**(113,797)**	**119,051**	**462,428**	**1,817,515**	**3,411,631**	**7,839,141**	**872,816**	**8,711,957**
Balance as of January 1, 2021		**$ 2,142,313**	**(113,797)**	**119,051**	**462,428**	**1,817,515**	**3,411,631**	**7,839,141**	**872,816**	**8,711,957**
Period income	39	-	-	-	-	431,132	-	431,132	92,804	523,936
Other comprehensive income for the period, net from tax		-	-	-	-	-	1,264,248	1,264,248	120,344	1,384,592
Comprehensive period income		**$ -**	**-**	**-**	**-**	**431,132**	**1,264,248**	**1,695,380**	**213,148**	**1,908,528**
Ordinary dividend declared in cash	29	-	-	-	-	(143,539)	-	(143,539)	(105,433)	(248,972)
Preferred dividend declared in cash	29	-	-	-	-	(37,685)	-	(37,685)	-	(37,685)
Ordinary dividends distributed in shares	29	97,017	-	-	-	(97,017)	-	-	-	-
Preferred dividends distributed in shares		3,221	-	-	-	(3,221)	-	-	-	-
Provisioning		-	-	7,814	22,977	(30,791)	-	-	-	-
Provisions release		-	-	-	(224,089)	224,089	-	-	-	-
Changes in ownership without loss of control		-	-	-	-	-	(72,912)	(72,912)	(25,772)	(98,684)
Other variations by subsidiaries equity method		1	-	-	-	(30,268)	-	(30,267)	(72)	(30,339)
Balance as of December 31, 2021		**$ 2,242,552**	**(113,797)**	**126,865**	**261,316**	**2,130,215**	**4,602,967**	**9,250,118**	**954,687**	**10,204,805**

Notes are an integral part of these consolidated financial statements.

Juan Esteban Calle Restrepo
Representante legal
(Ver certificación adjunta)

Óscar Rodrigo Rubio Cortés
Gerente corporativo de Contabilidad
T.P. 47208-T
(Ver certificación adjunta)

Gonzalo Alonso Ochoa Ruiz
Revisor fiscal T.P. 43668-T
Miembro de KPMG S. A. S.
(Véase mi informe del 17 de febrero de 2022)

Cementos Argos S. A. and Subsidiaries

CONSOLIDATED CASH FLOW STATEMENT

Years ended December 31, 2021, and 2020 | Million Colombian Pesos

	Notes		2021		2020
CASH FLOW FROM OPERATION ACTIVITIES					
Year net income	39	$	523,936	$	140,814
Adjustments to reconcile profit:					
Depreciation & Amortization	39		921,141		913,578
Income tax	9		293,698		81,001
Financial expenses, net			401,486		450,357
Provisions and defined post-employment allowance plans			159,183		267,525
Financial assets and inventory net impairment			39,702		27,204
(Gain) by the effect in foreign exchange			(10,387)		(4,671)
Gain from fair value measurement of investment properties and other assets	11, 16		(41,988)		(1,307)
Interest in associates and joint ventures	12		8,157		5,630
(Gain) loss on non-current assets and business disposal			(189,611)		41,608
Other adjustments to reconcile profit			48,738		(35,204)
Changes in working capital of:					
(Increase) decrease in inventories			(166,667)		97,350
(Increase) decrease in debtors and other accounts receivable			(67,049)		148,523
Decrease in creditors and other accounts payable			(321,749)		(605,141)
Taxes paid			(241,685)		(91,021)
Total adjustments to reconcile profit			**832,969**		**1,295,432**
Net cash flow from operating activities		**$**	**1,356,905**	**$**	**1,436,246**
CASH FLOW FROM INVESTMENT ACTIVITIES					
Purchase of property, plant, and equipment, and investment properties			(450,981)		(317,669)
Sales of financial investments			482,757		278,815
Purchases of financial assets			(441,313)		(177,280)
Sales of property, plant and equipment and investment property			32,482		22,015
Dividends received			16,910		17,683
Interest received			10,568		12,083
Amounts arising from loss of business control	15		652,900		11,500
Purchase of intangible assets	14		(1,485)		(2,705)
Interests purchase in associates and joint ventures			(5,199)		(2,450)
Sales of interests in investee	12		4,984		-
Sales of Biological assets			120		-
Sales of non-current assets held for sale			28,212		-
Net cash flows used in investing activities		**$**	**329,955**	**$**	**(158,008)**
CASH FLOW FROM FINANCING ACTIVITIES					
Payment of loans and debt instruments			(3,997,587)		(2,610,917)
Amounts from loans			3,372,246		2,294,456
Interest			(316,618)		(419,444)
Paid dividend on ordinary shares	29		(351,428)		(319,300)
Amounts from bonds issuance	25		-		249,382
Lease liabilities payments			(181,476)		(141,576)
Payments from financial derivatives contracts			(57,723)		(114,287)
Receivables from financial derivative contracts			35,479		105,497
Paid dividend on preferred shares	29		(58,489)		(47,690)
Outstanding bond payments	25		(283,918)		(40,650)
Interests purchases from non-controlling interests			-		(2,512)
Other inflows (outflows) of cash			(20,868)		9,091
Net cash flow (used) in financing activities		**$**	**(1,860,382)**	**$**	**(1,037,950)**
(Decrease) Increase in cash and cash equivalent from operations			**(173,522)**		**240,288**
Variation effect in exchange rate on cash			**44,737**		18,515
Net (decrease) increase in cash and cash equivalents			**(128,785)**		**258,803**
Cash and cash equivalents at the beginning of period		**$**	**612,014**	**$**	**353,211**
Cash and cash equivalents at the end of period		**$**	**483,229**	**$**	**612,014**

Notes are an integral part of these consolidated financial statements.

Juan Esteban Calle Restrepo
Representante legal
(See attached certification)

Óscar Rodrigo Rubio Cortés
Gerente corporativo de Contabilidad
T.P. 47208-T
(See attached certification)

Gonzalo Alonso Ochoa Ruiz
Statutory Auditor P.C. 43668-T
KPMG S.A.S. member
(See my report of February 17, 2022)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As of December 31, 2021 and 2020
(Million Colombian Pesos and Thousand American Dollars, unless otherwise specified)

NOTE 1: GENERAL INFORMATION

Cementos Argos S.A. (the Company) is a business corporation, incorporated in accordance with Colombian laws on August 14, 1944, headquartered in the city of Barranquilla, Atlántico department, Republic of Colombia. The company's business purpose is the cement industry exploitation, the production of concrete mixes and any other materials or items made from cement, lime, or clay, the acquisition and exploitation of minerals or exploitable minerals deposits in the cement industry, and similar, the rights to explore and mine the aforementioned minerals, whether by concession, privilege, lease or another title. Its main address is in the city of Barranquilla and the term of the company expires on August 14, 2060, with an extended duration. The headquarters address is Carrera 53 N° 106–280 Centro Empresarial Buenavista Piso 17, Barranquilla. There are no branches established in Colombia or abroad.

Cementos Argos S. A. is part of Grupo Empresarial Argos, whose parent company is called Grupo Argos S.A.

The Board authorized on February 17, 2022, the consolidated financial statements issuance of the Group for the year ended on December 31, 2021.

NOTE 2: BASIS FOR PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

2.1. Compliance status

Cementos Argos S.A. consolidated financial statements for years ended on December 31, 2021, and 2020, have been prepared in accordance with the Accounting and Financial Information Standards accepted in Colombia (NCIF, by its Spanish acronym), which are based on the International Financial Reporting Standards (IFRS) along with their interpretations, officially translated into Spanish and issued by the International Accounting Standards Board (IASB), as of the second half of 2020. NCIF were established in Act 1314 from 2009, regulated by the Unique Regulatory Decree 2420 from 2015, amended by Regulatory Decrees 2496 from 2015, 2131 from 2016, 2170 from 2017, 2483 from 2018, 2270 from 2019, 1432 from 2020, and 938 from 2021.

Additionally, the Company, in compliance with laws, decrees, and other regulations in force, applies the following accounting criteria, specifically issued for Colombia by regulatory entities:

- External Circular No. 36/2014 from the Financial Superintendency of Colombia – The accounting treatment of the positive net differences generated in NCIF first-time application may not be distributed to stem losses, carry out capitalization processes, distribute profits and/or dividends, or be recognized as reserves. Negative net differences will not be taken into account for technical equity, minimum capital to operate, or other legal controls, for financial information preparers and security issuers subject to control.
- Decree 2496 of December 23, 2015 – which determines that parameters for accounting post-employment benefits must correspond to Decree 2783/2001 as the best market approximation. For 2016, Decree 2131 from December 22, 2016, eliminated the obligation to apply these assumptions for the measurement of post-employment benefits, allowing the application of the IAS 19 – Employee Benefits requirements, and these requirements being applicable only for financial information disclosure purposes. Decree 1625/2016 determines that the pension liabilities calculation must be disclosed in accordance with the parameters established in said standard and in the case of partial pension commutation, in accordance with Decree 1833/2016, as well as the differences arising from the calculation carried out in accordance with IAS 19 – Employee Benefits.

2.2. Basis for preparation and accounting policies

2.2.1. BASIS FOR PREPARATION

The consolidated financial statements include the financial statements of Cementos Argos S. A. and its subsidiaries (the Group) as of December 31, 2021. These have been prepared on a historical cost basis, except for the measurement of certain financial assets and liabilities, derivative financial instruments, investment properties, and biological assets that have been measured at fair value. The Group does not measure non-financial assets or liabilities at fair value on a recurring basis, except investment property and biological assets. Financial statements are presented in Colombian pesos, which is the functional currency of the Group's parent company, and all values in Colombian pesos are rounded up to the closest million. Also, values in dollars are rounded up to the closest thousand, unless otherwise indicated.

The consolidated financial statements have been prepared on the accounting basis of accumulation or accrual, except the cash flow information. Usually, the historical cost is based on the fair value of the consideration granted in exchange for goods and services.

Fair value is the price that would be received when selling an asset or would be paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation method. When estimating the fair value of an asset or a liability, the Group considers the asset or liability characteristics if the market participants take into account these characteristics to value the asset or liability at the measurement date. The fair value, for measurement and/or disclosure purposes of these financial statements, is determined on that basis, except for payment transactions based on actions within the IFRS 2 scope, leasing transactions within the IAS 16 scope, and measurements that have some similarities in fair value but are not fair value, such as the realizable value in IAS 2 or value in use in IAS 36.

Additionally, for financial information purposes, fair value measurements are categorized as Level 1, 2, or 3 based on the degree to which the entries to fair value measurements are observable and the importance of the entries to fair value measurements as a whole, which are described as follows:

- Level 1 entries are quoted prices (not adjusted) in active markets for identical assets and liabilities, to which the entity has access on the measurement date;
- Level 2 entries are entries different from the quoted prices included in Level 1 that are observable for an asset or liability, either directly or indirectly; and
- Level 3 entries are unobservable entries for an asset or liability.

2.2.2. CONSOLIDATION PRINCIPLES AND ACCOUNTING POLICIES

CONSOLIDATION PRINCIPLES

Investments over which the Group has control are consolidated using the global integration method, in which all the subsidiaries' assets, liabilities, equity, income, costs, and expenses, prior elimination in the parent or controlling company of the investment carried out by it in the subsidiary equity, are added to the financial statements, as well as the reciprocal operations and balances existing at the consolidated financial statements preparation date.

The Group controls an investee when it has power over it, is exposed, or has the right, to variable returns from its involvement in the investee, and can influence those returns through its power over it. The Group reassesses whether or not it controls an investee if the facts and circumstances indicate that there are changes to one or more of the three elements of control mentioned above. In the control evaluation, the Group considers the existing substantive voting rights, the contractual agreements signed between the entity and other parties, and the rights and capacity to appoint and remove key management members, among other aspects.

When the Group has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are enough to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers all relevant facts and circumstances when evaluating whether or not the voting rights of the Group in an investee are sufficient to give it power, including:

- The percentage size of voting rights of the Group regarding the size and dispersion of the percentages of other voting holders;
- Potential voting rights held by the Group other shareholders or other parties;
- Rights derived from contractual agreements, and
- Any additional fact or circumstance that indicates that the Group has, or does not have, the current ability to direct relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Financial statements of subsidiaries are included in the consolidated financial statements from the date on which the Group obtains control over the subsidiary, which may be different from the acquisition date, until the date on which the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or sold during the year are included in the consolidated statement of profit and loss and other comprehensive income, from the date the Group gains control until the date the Group ceases to control the subsidiary.

Changes in a parent's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. The carrying amount of the Group's interests and non-controlling interests are adjusted to reflect changes in their relative interest in the subsidiary. Any difference between the amount by which the non-controlling interests were adjusted and the fair value of the consideration paid or received is directly recognized in equity and attributed to the owners of the parent company.

When the Group loses control of a subsidiary, the gain or loss is recognized in the results and is calculated as the difference between (i) the fair value aggregate of the consideration received and the fair value of the retained interest and (ii) the carrying amount prior the subsidiary and any non-controlling interests assets (including goodwill), and liabilities. Amounts previously recognized in other comprehensive income regarding that subsidiary are recorded as if the Group had directly sold the relevant assets (i.e. reclassified to profit or loss or transferred to another equity category as specified/allowed by applicable IFRSs). The fair value of the investment retained in the former subsidiary, on the date on which control was lost, should be considered as the fair value for the initial recognition of a financial asset under IFRS 9 or, when applicable, the cost of the initial recognition of an investment in an associate or joint venture.

Non-controlling interests in the consolidated subsidiaries' net assets are presented separately from the Group's equity. Profit or loss for the period and other comprehensive income are also attributed to the non-controlling and controlling interests. The total comprehensive income of the subsidiaries is attributed to the owners of the Group and to the non-controlling interests, even if the results in the non-controlling interests have a negative balance.

The financial information of consolidated subsidiaries is prepared on the basis of International Financial Reporting Standards (IFRS); however, some of the subsidiaries abroad prepare their financial statements for statutory purposes, applying the generally accepted accounting principles in the United States (USGAAP), so adjustments are included to align these principles with the NCIF applicable to Colombia.

Management must make estimates and assumptions that affect the reported figures of assets and liabilities, income, costs and expenses disclosures of assets and liabilities as of the date of the consolidated financial statements, Note 4 details the critical accounting judgments and key estimates sources carried out by Management.

SIGNIFICANT ACCOUNTING POLICIES

Below are the significant accounting policies applied by the Group in the preparation of its consolidated financial statements:

1. Business and goodwill combinations

Business combinations are accounted for by the acquisition method. Identifiable assets acquired, liabilities, and contingent liabilities assumed by the acquiree are recognized at fair value at the acquisition date, acquisition costs are recognized in profit or loss, and goodwill as an asset in the consolidated statement of financial position.

The consideration transferred is measured as the sum of the fair value at the acquisition date, of the assets delivered, liabilities assumed and equity instruments issued by the Group, including the fair value of any contingent consideration, to obtain control of the acquiree.

Identifiable assets acquired and liabilities assumed are recognized at their fair value at the acquisition date, except for:

- Deferred tax assets or liabilities and liabilities or assets related to employee benefit agreements are recognized and measured in accordance with IAS 12 Income tax and IAS 19 Employee Benefits, respectively;
- Liabilities or equity instruments related to the acquiree's share-based payment agreements or the Group share-based payment agreements carried out as a replacement for the acquiree's share-based payment agreements are measured in accordance with IFRS 2 at the acquisition date; and
- Assets (or group of assets for disposal) that are classified as held for sale in accordance with IFRS 5 Non-current assets held for sale and discontinued operations are measured in accordance with that standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the value of any non-controlling interest, and when it is applicable, the fair value of any interest previously held in the acquiree, over the net value of the acquired assets, liabilities, and contingent liabilities assumed at the acquisition date.

When the consideration transferred is less than the fair value of the acquiree's net assets, the corresponding gain is recognized in profit or loss for the period, at the acquisition date.

Non-controlling interests that represent ownership interests and guarantee to their holders a proportionate share of the net assets of the institution, in the event of liquidation, could be initially measured at fair value or the proportional share of the non-controlling interests of the recognized amounts of the identifiable net assets of the acquiree. The measurement base selection is carried out on a transaction-by-transaction basis. Other types of non-controlling interest are measured at fair value or, where applicable, on the basis specified in another IFRS.

When the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration agreement, the contingent consideration is measured at fair value at the acquisition date and is included as part of the consideration transferred in a business combination. Changes in the fair value of contingent consideration that qualify as measurement period adjustments are adjusted retroactively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments arising from additional information obtained during the "measurement period" (which may not exceed one year from the acquisition date) on facts and circumstances that existed at the acquisition date. The subsequent recording of changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not subsequently remedied and its subsequent cancellation is recorded within the equity.

Contingent consideration that is classified as an asset or liability is referred to its reporting date under IFRS 9 Financial Instruments, or IAS 37 Provisions, Liabilities and Contingent Assets where appropriate, being the corresponding gain or loss recognized as profit or loss. In cases of business combinations carried out in stages, the Group's equity interest in the acquiree is remeasured at its fair value at the acquisition date (that is, the date on which the Group obtained control) and the resulting gain or loss, if any, is recognized in profit or loss.

Amounts resulting from the interest in the acquiree prior to the acquisition date that had previously been recognized in other comprehensive income are reclassified to profit or loss, provided that such treatment is appropriate, in the event that such interest is sold.

If the initial accounting for a business combination is not completed at the end of the period in which the combination occurs, the Group reports the provisional amounts of the items for which the accounting is incomplete. During the measurement period, the acquirer recognizes adjustments to the provisional amounts or recognizes additional necessary assets or liabilities to reflect new information obtained on facts and circumstances that existed at the acquisition date and, if known, would have affected the measurement of the amounts recognized at that date.

Goodwill is not amortized, it is measured at cost minus any accumulated impairment loss. If the cash-generating unit recoverable amount is less than the unit carrying amount, the impairment loss is allocated first to reduce the goodwill carrying amount allocated to the unit and then to the other unit assets, proportionally, based on the carrying amount of each unit asset. Cash-generating units to which the goodwill is allocated are subject to impairment assessments annually, or more frequently if there is an indication that the unit may have suffered impairment. Impairment losses are recognized in the statement of comprehensive income in the profit and loss section of the period. The impairment loss on goodwill cannot be reversed in the following period. In the event of withdrawal of a cash-generating unit, the goodwill attributable amount is included in the profit or loss calculation on withdrawal.

2. Cash and cash equivalent
Cash and cash equivalents in the financial position statement and in the cash flow statement include money in cash and in banks, highly liquid investments that are easily convertible into a certain amount of cash and subject to an insignificant risk of changes in value, with a three-month maturity or less from the acquisition date.

3. Financial instruments
Financial assets and liabilities are initially recognized at fair value plus (minus) directly attributable to transaction costs, except for those that are measured later at fair value with changes in the statement of income. The Group subsequently measures financial assets and liabilities at an amortized cost or fair value, depending on the Group's business model for managing financial assets and the contractual cash flows characteristics of the instrument.

Financial Assets
Financial assets other than those at amortized cost are subsequently measured at fair value with recognized changes in the statement of income. However, for investments in equity instruments that are not held for negotiation purposes, the Group may choose, during the initial recognition and irrevocably, to present the profits or losses from fair value measurements in other comprehensive income. When disposing of investments at fair value in other comprehensive income, the accumulated value of profits or losses is directly transferred to retained earnings and are not reclassified as income for the period. Cash dividends received from these investments are recognized in the statement of income. The Group has chosen to measure some of its investments in equity instruments at fair value in other comprehensive income. A financial asset is subsequently measured at amortized cost, using the effective interest rate, if the asset is held within a business model whose objective is to hold them in order to obtain contractual cash flows, and its contractual terms grant, on specific dates, cash flows which are only capital and interest payments on the outstanding capital value.

A financial asset or part of one is written off from the financial position statement when it is sold, transferred, it matures or control is lost over the instrument contractual rights or cash flows, or when the financial asset is transferred and transfer meets with derecognition requirements. A financial liability or part of one is written off from the separate statement of financial position when the contractual obligation has been settled or has matured. When derecognizing a financial asset or part of one, the difference between its book value and the sum of the consideration received is recognized in profit or loss (including any new asset obtained minus any liability assumed).

When an existing financial liability is replaced by another from the same counterparty on substantially different terms, or if the terms of an existing liability are substantially modified, such an exchange or modification is treated as an original liability write-off and the new liability recognition, and the difference in the respective book values are recognized in the statement of income.

Financial Assets Impairment
The impairment model, in accordance with IFRS 9, reflects expected credit losses. The Group records expected credit losses from debt securities, trade accounts receivable, and leases at the end of the reporting period. In the calculation of expected credit losses under IFRS 9, the Group applies a simplified approach, which allows not to track changes in the credit risk, but to recognize a provision for losses based on expected credit losses during the asset's lifetime on each reporting date; that is, to recognize the expected credit losses resulting from possible breach events during the expected financial instrument lifetime. In cases where there is objective evidence that a financial asset is impaired, the Group recognizes an individual impairment loss provision, excluding the collective impairment evaluation under the expected loss model.

To determine the expected credit losses, the Group has used a provision matrix based on the number of days that a trade account receivable is in default, i.e. by grouping the portfolio by ranges of overdue days and applying to the accounts receivable balance an expected default percentage on the measurement day for each range of overdue days. The default percentage according to overdue days in the portfolio is determined using the transition matrix methodology, according to Markov chain theory. Each subsidiary portfolio is segmented into two homogeneous groups, industrial and massive business.

Loss from impairment is recognized in the overhead expense and costs of sale in the Group's consolidated statement of income. When there is confirmation that the trade account receivable will be uncollectible, the gross book value of the account receivable is then written of in accounts against the associated provision.

Financial Liabilities
The financial liabilities initial recognition is carried out at fair value and subsequently valued at the amortized cost using the effective interest method. Losses and profits are recognized in the statement of income when liabilities are written off, as well as accrued interest using the effective interest method. The amortized cost is calculated taking into account any discount or premium on acquisition and installments or costs that are an integral part of the effective interest method.

The effective interest method is the method used to calculate the amortized cost of a financial asset or a financial liability and for the distribution and recognition of interest income or interest expense in the income for the period throughout the corresponding period. The amortized cost of a financial asset or financial liability is that at which it was measured at initial recognition, minus capital repayments, plus or minus, the accumulated amortization, using the effective interest method, of any difference between the initial amount and the maturity amount and, for financial assets, adjusted for any value correction for losses.

Financial Derivatives
Financial derivatives are recorded in the consolidated statement of financial position at their fair values, considering the market curves in force at the valuation date. The accounting for changes in the fair value of derivatives depends on the derivative use and its designation as an accounting hedging instrument. Certain derivatives embedded in other financial instruments (implicit derivatives) are treated as separate derivatives when their risk and characteristics are not closely related to the main contract and it is not recorded at fair value with its unrealized profits and losses included in the statement of income.

To mitigate risks in foreign currency transactions and exposure to interest rates, the Group undertakes natural hedging and financial hedging operations by using derivative financial instruments, mainly derivative swap contracts and forward contracts. All derivatives in force have been designated as accounting hedging instruments for cash flow or fair value in accordance with the criteria of IAS 39 Financial Instruments. The Group does not use derivative instruments or any other financial instruments for speculative purposes.

Certain derivative transactions that do not qualify to be accounted for as derivatives for hedging are treated and reported as derivatives for negotiation, even though they provide effective hedging for the management of risk positions. The Group formally appoints and documents the relationship for derivatives that qualify to be accounted for as hedge accounting, at the beginning of the hedging relationship, as well as the goals for the risk management and the hedging strategy.

Financial swap operations (“Swap”) correspond to financial transactions in which the Group, through a contractual agreement with a bank, exchanges cash flows to reduce currency, rate, term, or issuer risks, as well as assets or liabilities restructuring.

Forward transactions and currency swap transactions are used to hedge the exchange rate risk in foreign currency debt operations, to hedge future cash flows with a high probability of occurrence, such as the Group’s monthly exports, and to balance the Group’s currency exposure by taking advantage of what, in the Management’s opinion, are considered favorable market conditions. The existence of this agreement has no impact on the underlying debt valuation.

The Group also uses interest rate swaps to manage its exposure to interest rates. In the case of interest rate swaps, there is no exchange of capital, the Group is responsible for its debts with defined amounts and terms, its accounting record is independent of the swap. These exchanges aim to convert financial instruments, either from fixed to variable or from variable to fixed.

Management documents the hedging relationship from the time of initial recognition. This documentation includes, but is not limited to, the following:

- The designation, including identification of the hedging instrument, hedged item or transaction, or hedging relationship, hedging objective, and risk management strategy;
- Designation and hedging relationship, hedging objective and risk management strategy;
- Designation date of the accounting hedge; and
- Procedure to assess the effectiveness of the hedging and method to evaluate the effectiveness of the prospective and retroactive hedging and its periodicity.

Such hedges are expected to be highly effective in offsetting the changes in fair value or cash flows and are being constantly evaluated to determine that this has been so throughout the reporting periods for which they were designated. For hedge accounting purposes and for those applicable to the Group, hedges are classified and accounted for as follows, once the strict criteria for accounting are met:

- Fair value hedges, when they hedge exposure to changes in the fair value of recognized assets or liabilities or unrecognized firm commitments. In fair value hedging relationships, changes in the fair value of the hedged item and the hedging instrument are recognized and offset in the consolidated statement of income for the period, presented as financial cost or income. The change in fair value of the hedged item attributable to the hedged risk is recorded as part of the book value of the hedged item and is also recognized in the statement of comprehensive income under the income statement section as a financial income or cost.
- Cash flow hedges, when hedging exposure to variations in the cash flows attributed either to a particular risk associated with a recognized asset or liability or to a highly probable foreseen transaction, or to the exchange rate risk related to an unrecognized firm commitment. In cash flow hedging relationships, changes in the fair value of the hedging instrument are recognized directly in the other consolidated comprehensive income by the effective hedging portion, the ineffective portion is recognized in the consolidated financial income or expenses. The profits or losses recognized in equity are reclassified later to the consolidated statement of income when the hedged item affects the Group's consolidated income.

In highly probable transactions hedging relationships, changes in the fair value of the hedging instrument are directly recognized in the other consolidated comprehensive income by the effective hedging portion. Thus, the ineffective portion is recognized in the consolidated financial income or expenses. Profits or losses recognized in equity are reclassified at the end of the hedging relationship to the same account of the hedged item.

The effective portion of the profit or loss from measuring the hedging instrument is immediately recognized in the other comprehensive statement, whereas the ineffective portion is immediately recognized in the statement of comprehensive income under the income statement section as a financial cost.

The values recognized in the other comprehensive income are reclassified to the statement of comprehensive income under the income statement section when the hedged transaction affects the income, as well as when the hedged financial income or financial expense is recognized, or when the foreseen transaction takes place. When the hedged item constitutes the cost of a non-financial asset or liability, the values recognized in the other comprehensive income are reclassified to the initial book value of the non-financial asset or liability. If the foreseen transaction or firm commitment is no longer expected to take place, the cumulative gain or loss previously recognized in the other comprehensive income is reclassified to the statement of comprehensive income, under the income statement section.

If the hedging instrument matures or is sold, resolved, or exercised without a replacement or successive renewal of a hedging instrument for another hedging instrument, or if its designation as a hedge is revoked, any cumulative profit or loss previously recognized in other comprehensive income remains in the other comprehensive income until the foreseen operation or firm commitment affects the result.

Derivatives that are not designated as hedges for accounting purposes under IFRS 9 are measured at fair value.

4. Provision for decommisioning, restoration and rehabilitation

The Group recognizes as part of the cost of a property, plant, and equipment item the current value of the estimated future costs expected to be incurred for dismantling or restoration when there is a legal or implicit obligation to dismantle an asset or restore the site where it was built.

The decommissioning or restoration provision is recognized at the current value of estimated future disbursements to pay the obligation. Cash flows adjusted to reflect liability risks are discounted at a risk-free rate before taxes.

The estimated future cash flows for decommissioning or restoration are reviewed periodically. Changes in estimates, in the expected disbursements dates, or in the discount rate used to discount flows are recognized as an increase or decrease of the decommissioning cost included in the property, plant, and equipment item. The change in the provision value associated with the passage of time is recognized as a financial expense in the statement of comprehensive income

5. Exploration and evaluation disbursements

The Group recognizes as a period expense for mineral resources evaluation and exploration, those disbursements incurred before demonstrating the technical feasibility and commercial viability of an exploitation project, even if they are directly related to or associated with the activity of mineral resources exploration and evaluation. If disbursements meet the conditions for recognition, then they are recorded as intangible assets. These expenses will be recognized at the disbursed value at the time they are incurred.

6. Fair value measurements

Fair value is the price that would be received when selling an asset or would be paid to transfer a liability in an orderly transaction between market participants on the measurement date. The fair value of all financial assets and liabilities is determined as of the financial statements' presentation date, for recognition or disclosure in the notes to the separate financial statements. Judgments include data such as liquidity risk, credit risk, and volatility. Changes to the hypotheses about these factors might affect the reported fair value for financial instruments.

7. Foreign currency

Transactions in foreign currencies corresponding to those transactions in currencies other than the functional currency of the entity are recorded initially at the exchange rate of the functional currency in force on the transaction date. Later, the monetary assets and liabilities in foreign currencies are converted at the exchange rate of the functional currency in force on the closing date of the period. Non-monetary items measured at their fair value are converted using the exchange rates of the date when their fair value is determined, and non-monetary items measured at historical cost are converted using the exchange rates determined to be applicable on the date of the original transaction and have not been re-converted.

All exchange rate differences of monetary items are recognized in the income statement, except for monetary items that provide an effective hedge for a net investment in a foreign business, as well as those that come from investments in shares classified at fair value through equity. For the presentation of the Group's consolidated financial statements, the assets and liabilities of foreign operations have been converted into Colombian pesos at the exchange rate in force on the reporting period closing date. Revenues, costs and expenses, and cash flows are converted at the average exchange rates of the period unless these fluctuate significantly during the period, in which case the exchange rates of the date of the transactions are used. Any exchange rate differences that arise, as the case may be, are recognized in other comprehensive income and are accumulated in equity (attributed to non-controlling interests when appropriate).

When disposing of a foreign operation, including the disposal of the Group's total interest in a foreign operation and disposal involving the partial sale of a stake in a joint venture or associate that includes a foreign operation in which the retained interest becomes a financial asset, all exchange differences accumulated in equity relating to that attributable operation and the owners of the Group are reclassified from equity to income for the consolidated period.

Additionally, regarding the partial subsidiary disposal (which includes a foreign operation), the entity will attribute again the proportional share of the accumulated amount of the exchange differences to the non-controlling interests, and these are unrecognized in profit or loss. For any other partial disposals (i.e. the partial disposal of associations or joint agreements that do not involve the loss of significant influence and joint control by the Group), the entity will reclassify to profits or losses only the proportional share of the cumulative amount of exchange differences.

Adjustments corresponding to goodwill and the fair value of identifiable acquired assets and liabilities generated in the acquisition of a foreign operation are treated as foreign operation assets and liabilities and are converted at the exchange rate in force at the end of each reporting period. Any exchange differences that may arise will be recognized in other comprehensive income.

8. Impairment of non-financial assets

At the end of each period, the Group evaluates the existence of any indications that an asset's value may be impaired. If there are indications of impairment or at least annually for goodwill, from intangible assets with an indefinite useful life and intangible assets that are not yet in use, the recoverable asset value or the cash-generating unit(s) is estimated, the latter level when it is not possible to estimate the recoverable amount of the individual asset. When a reasonable and consistent basis of distribution is identified, common assets are also allocated to the cash-generating units, or distributed to the smallest group of cash-generating units for which a reasonable and consistent distribution basis might be identified.

The recoverable value of an asset is the highest value between the fair value minus the costs of sales, whether it is an asset or a cash-generating unit, and its value in use. When estimating the value in use, estimated future cash flows are discounted from the current value using a discount rate before taxes that reflect current market valuations of the temporary money value and the specific risks for the asset, for which the estimated future cash flows have not been adjusted. When the book value of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and the value is reduced to its recoverable amount.

When an impairment loss is reversed later, the book value of the asset (or cash-generating unit) is increased to the revised estimated value of its recoverable amount, so that the increased book value does not exceed the book value that would have been measured if the asset's (or cash-generating unit's) impairment loss had not been recognized in previous years. The reversal of an impairment loss is recognized in income. Goodwill impairment losses cannot be reversed.

9. Taxes

The expense for income tax represents the sum of the payable current income tax and the deferred tax.

Current income tax

Current assets and liabilities for the income tax of the period are measured by the values expected to be recovered or paid to the tax authority. The expense for income tax is recognized in the current tax according to the refinement carried out between the income tax and the accounting profit or loss affected by the income tax rate for the current year and pursuant to the tax standards provisions of each country. The tax rates and regulations used to compute these values are those that have been approved or substantially approved by the end of the reporting period, in the countries in which the Group operates and generates taxable profits.

Deferred tax

Deferred income tax is recognized using the liability method calculated on the temporary differences between the assets and liabilities tax bases and their book values. The deferred tax liability is recognized for temporary taxable differences and the deferred asset tax is recognized for temporary deductible differences and future offset of tax credits and unused tax losses, to the extent that the availability of future taxable income against which they may be allocated is likely. These assets and liabilities are unrecognized if the temporary differences arise from the initial recognition (other than the business combination) of other assets and liabilities in an operation that does not affect the tax profit or the accounting profit. Furthermore, deferred tax liabilities are unrecognized if the temporary difference arises from the initial goodwill recognition.

Liabilities deferred due to temporary taxable differences associated with investments in subsidiaries and associates and interests in joint ventures, except those where the Group can control the reversal of the temporary difference, and when there is the possibility that this might not be reversed in the near future, must be recognized. Deferred tax assets that arise from deductible temporary differences associated with such investments and interests are only recognized to the extent that the entity will likely have future taxable profit, against which the temporary differences might be charged and when there is the possibility that these might be reversed shortly.

The book value of a deferred tax asset should be subject to revision at the end of each reporting period and should be reduced to the extent it is likely that it will not have sufficient taxable profits in the future, in order to allow the asset to be recovered, either in total or in part. Deferred tax assets and liabilities should be calculated using the tax rates that are expected to be applicable during the period in which the asset is realized or the liability is settled based on the rates (and tax laws) that have been approved or practically approved by the end of the reporting period, after the approval process has been completed. The measurement of deferred tax liabilities and deferred tax assets will reflect the tax consequences that would occur from the manner in which the entity expects to recover or settle the book value of its assets and liabilities at the end of the reporting period. Deferred taxes are not discounted.

Deferred tax is recognized in the period income, except those related to items recognized outside the income; in this case, they will be presented in other comprehensive income or directly in equity. In the case of a business combination when current or deferred tax arises from the initial accounting for the business combination, the tax effect is considered within the accounting for the business combination.

10. Intangible assets

Intangible assets acquired separately are initially calculated at cost. The cost of intangible assets acquired in business combinations are recognized separately from goodwill by its fair value at the acquisition date (which is regarded as its cost). After the initial recognition, intangible assets are carried at cost minus any accumulated amortization and any accumulated impairment losses. Internally generated costs for intangible assets, except for development costs that meet recognition criteria, are not capitalized and when disbursed, these are recognized in the comprehensive statement of income at the time when they are incurred.

Disbursements arising from research activities are recognized as an expense in the period in which they are incurred. An internally generated intangible asset as a result of development activities (or of the development phase of an internal project) is recognized if, and only if, the following conditions are met:

- Technically, it is possible to complete the production of the intangible asset so that it may be available for use or sale;
- Its ability to complete the intangible asset in question, either to use it or to sell it;
- Its ability to use or sell the intangible asset;
- How the intangible asset will generate probable economic benefits in the future;
- The availability of adequate technical, financial, or other kinds of resources, to complete its development and to use or sell the intangible asset; and
- Its ability to reliably measure the expenditure attributable to the intangible asset during its development.

The amount initially recognized for an internally generated intangible asset will be the sum of the disbursements incurred from the time when the item meets the conditions for recognition, which were set forth above. After the initial recognition, an internally generated intangible asset will be accounted for at cost minus the accumulated amortization and accumulated amount of impairment losses, on the same basis as intangible assets that are acquired separately.

The amortization period and the amortization method for intangible assets with a finite useful life are reviewed at least at the end of each period. Changes in the estimated useful life of the asset are prospectively recognized. The expense for the amortization of intangible assets with finite useful lives is recognized in the comprehensive statement of income. Intangible assets with indefinite useful lives are not amortized, but rather tested for impairment.

An intangible asset is written off at the time of disposal, or when no future economic benefits from its use or disposal are expected. Profits or losses arising from the write-off of an intangible asset, calculated as the difference between the net income from the asset sale and its book value is recognized in the consolidated profits or losses at the time the asset is written off.

11.Investments in associates and joint ventures

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in financial policy and operational decisions of the investee, but without having absolute or joint control of it.

A joint venture is a joint agreement, whereby the parties that have joint control have rights to the net assets of the agreement. Joint control is shared control contractually agreed upon, which only exists when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The results, assets, and liabilities of the associate or joint venture are incorporated into the consolidated financial statements using the equity method unless the investment or a portion thereof is classified as held for sale, in which case it is accounted under IFRS 5. Under this method, the investment is initially recorded at cost and adjusted with the changes in the Group's interest, and are subsequently adjusted to account for the Group's interest in profits or losses and other comprehensive statements of income for the associate or joint venture, minus any losses due to impairment of the investment.

When the Group's interest in the losses of an associate or joint venture exceeds the Group's interest in the associate or joint venture (including any long-term interest that is basically a part of the Group's net investment in the associate or joint venture), the Group ceases to recognize its interest in future losses. Additional losses are recognized as long as the Group has acquired a legal or implicit obligation or has made payments on behalf of the associate or joint venture.

When the equity method applies, the necessary adjustments are carried out to standardize the accounting policies of the associate or joint venture with those of the Group. The share belonging to the Group is included in the obtained profits or losses and unrealized losses from transactions between the Group and the associate or joint venture. The equity method is applied from the date where the investee becomes an associate or joint venture. This is because, for example, it can occur in stages, and it is not the acquisition date; until significant influence or joint control over the entity is lost. In the investment acquisition in the associate or joint venture, any excess of the investment cost on the net fair value distribution of identifiable assets and liabilities of the investee is recognized as goodwill, which is included in the amount book value for the investment.

Any excess in the Group's distribution of the net fair value of identifiable assets and liabilities over the investment cost, after having been revaluated, is immediately recorded in profit or losses for the period where the investment was acquired. IFRS 9 requirements are applied to determine whether it is necessary to account for an impairment loss regarding the Group's investment in an associate or joint venture. The entire investment carrying amount (including goodwill) is tested for impairment under IAS 36 Impairment of Assets, as an individual asset by comparing its recoverable amount (highest between the use-value and the fair value minus the disposal costs) to its book value. Any recognized impairment loss is part of the investment carrying amount. Any reversal of that impairment loss is recognized under IAS 36 until the recoverable investment amount increases later.

The Group stops using the equity method on the date where the investment ceases to be an associate or a joint venture, or when the investment is classified as held for sale. When the Group has a stake in a former associate or joint venture and the holding is a financial asset, the Group measures the holding at fair value on that date, and the fair value considered as its fair value during the initial recognition, according to IFRS 9. The difference between the carrying book amount of the associate or joint venture on the date the use of the equity method was discontinued and the fair value of any retained interest and any result from the sale of a part of the interest in the associate or joint venture, is included in determining the gain or loss on the sale of the associate or joint venture.

Additionally, the Group records all previously recognized amounts in other comprehensive income regarding that associate or joint venture on the same basis that would have been required if the associate or joint venture had directly sold the financial assets or liabilities. Therefore, if a profit or loss previously accounted in other comprehensive income by the associate or joint venture had been reclassified to profits or losses upon selling the related assets or liabilities, the Group would reclassify the profit or loss from equity to profits or losses (as a reclassification adjustment) at the time when they stop using the equity method.

The Group continues using the equity method when an investment in an associate becomes an investment in a joint venture, or an investment in a joint venture becomes an investment in an associate. There is no recalculation at fair value at the time of such changes in ownership interests. When the Group reduces its equity share in an associate or a joint venture but continues to use the equity method, the Group reclassifies to profits or losses the share of the profit or loss that had been previously recognized in other comprehensive income regarding that reduction in the shareholding, if such a profit or loss were reclassified to profit or losses upon the sale of the corresponding assets or liabilities.

If a Group entity enters into a transaction with a Group's associate or joint venture, the profits and losses resulting from such transactions are accounted for in the separate financial statements of the Group, solely for the share portion in the associate or joint venture that is not related with the Group. Goodwill arising from the acquisition of an associate or a joint venture is included in the investment carrying amount and is not individually amortized or subjected to impairment tests.

12. Investment properties

Investment properties are properties (land or buildings considered, either in whole or in part, or both) that are held (by the Group or by a lessee under a financial lease) to earn income, capital gains, or both, instead of a) using it for goods or services production or supply, or for administrative purposes, or b) selling it in the ordinary course of operations, including investment properties under construction for such purposes; these are measured initially at their acquisition price, plus all costs associated with the transaction and non-recoverable indirect taxes, after deducting financial or commercial discounts, as well as the directly attributable costs to placing the investment property under the necessary conditions for it to operate in the manner intended by the Management. After the initial recognition, investment properties are measured at fair value, regarding the price that would be received on the measurement date, when disposing of the asset in a market transaction. In the determination of the reasonable value, the Group hires independent experts with recognized professional capability and experience in property appraisal. Changes in the fair value of investment property are recognized in the period income as they arise. Investment property may be transferred from and to property, plant, and equipment.

An investment property is written off when it is disposed of or when the investment property is permanently withdrawn from use and no future economic benefits are expected to be received from its sale. Any profit or loss arising from writing off the property (measured as the difference between the net income from the sale and the asset book value) is included in the consolidated income for the consolidated period where the property was written off.

13. Non-current assets held for sale

Non-current assets and groups of assets for disposal are classified as held for sale if their book value and may be recovered through a sales transaction, rather than through their continued use. These assets or groups of assets are presented separately as assets and liabilities in the statement of financial position, at either their book value or fair value minus sales costs, and are not depreciated or amortized from their classification date.

This condition is considered to be met only when the sale is highly likely and the asset (or group of assets for disposal) is available for immediate sale in its present condition, subject only to the usual terms adapted for the sale of these assets (or group of assets for disposal). Management must be committed to the sale, which should be recognized as a completed sale within one year after the classification date.

When the Group is committed to a sales plan involving loss of control of a subsidiary, all assets and liabilities of that subsidiary are classified as held for sale when they meet the criteria described above, regardless of whether the Group is going to keep a non-controlling interest in its former subsidiary after its sale.

When the Group is committed to a sales plan involving the sale of an investment, or a portion of an investment in an associate or joint venture, the investment or portion of the investment that will be sold is classified as held for sale when the criteria described above are met, and the Group discontinues the use of the equity method regarding the portion that is classified as held for sale. Any portion retained of an investment in an associate or a joint venture that has not been classified as held for sale, will continue to be accounted under the equity method. The Group discontinues the use of the equity method at the time of sale when the sale results in the Group losing significant influence over the associate or joint venture.

After the sale is carried out, the Group recognizes any interest retained in the associate or joint venture under IFRS 9, unless the interest retained is still an associate or a joint venture, in which case the Group uses the equity method (see the accounting policy regarding the influence over an associate or joint venture). In cases where the Group undertakes to distribute an asset (or group of assets for disposal) to the owners, said non-current asset (or group of assets for disposal) is classified as held for distribution to owners. For this to be the case, the assets must be available for immediate distribution in their current conditions, and the distribution must be highly likely, i.e., activities must be underway to complete the distribution and should be expected to be completed within a year from the classification date. The Group has classified its subsidiaries in liquidation processes as groups of assets to distribute to the owners.

Revenues, costs, and expenses from a discontinued operation are presented separately from those from continuing operations–in a single item after income taxes–in the consolidated statement of income for the current period and the comparative period of the previous year, even though the Group retains a non-controlling interest in the subsidiary after the sale.

The Group impairs a net investment in an associate or joint venture if, and only if, objective evidence indicates that one or more events, which occurred after initial recognition, have had an impact on the future cash flows of the net investment and that impact can be reliably estimated. The following events make it possible to establish whether there is objective evidence that these investments might show impairment:

- Significant financial difficulties of the associate or joint venture.
- Contract violations, such as defaults or delays in payment by the associate or joint venture.
- The granting of concessions to associates and joint ventures that would not have been granted in other circumstances.
- It becomes probable that the associate or joint venture will go into bankruptcy or some other form of financial reorganization.
- The disappearance of an active market for net investment due to financial difficulties of the associate or joint venture.
- Significant changes with adverse effects that have taken place in the environment, technological, market, economic or legal aspects, in which the associate or joint venture operates; or
- A significant and prolonged decrease in the fair value of an investment in an associate or joint venture that is an equity instrument below its cost.

14. Property, plant and equipment

The property, plant, and equipment includes the amount of land, buildings, furniture, vehicles, equipment, computing equipment, and other facilities owned by the consolidated entities, and which are used for the entity's operations. The Group recognizes an item of property, plant, and equipment when it is likely that the asset will generate future economic benefits, it is expected to be used for a period longer than one year, or all the risks and benefits inherent to the asset have been received and its value may be reliably measured. Spare parts and permanent maintenance equipment are recognized as an item of property, plant, and equipment as they meet the recognition criteria.

The fixed assets are measured at cost minus accumulated depreciation and accumulated impairment losses if any. Trade discounts, rebates, and other similar items are deducted from the acquisition cost of the fixed asset. Properties under construction for administrative, production, or service supply purposes are recorded at cost minus any recognized impairment loss. The cost includes professional fees, decommissioning and removal direct costs, and in the case of qualifying assets, capitalized loans costs following the Group accounting policy. These properties are classified in the appropriate property, plant, and equipment categories at the time of their completion and when they are ready for their intended use. Depreciation of these assets, as in the case of other property assets, begins when assets are ready for use. Depreciation begins when the asset is available for use and is calculated on a straight-line basis over the estimated technical useful life of the asset as follows:

Buildings and constructions	40 to 70 years
Aqueduct, networks and communications routes	20 to 40 years
Machinery and production equipment	10 to 30 years
Office, computer, and communication equipment	3 to 10 years
Overland transport equipment	3 to 10 years
River transport fleet	3 to 45 years
Mines, quarries, and mineral deposits	2 to 38 years

Property land is not depreciated.

An item of property, plant, and equipment will be written off at the time of disposal or when economic future benefits are no longer expected from their continued use. The profit or loss arising from writing off an asset of property, plant, and equipment is measured as the difference between sales revenue and the asset book value, and it is recognized in profit or losses. The assets' residual values, useful lives, and depreciation methods are reviewed and adjusted prospectively at each year-end if required.

15. Leases

The Group recognizes leases, subleases, and contracts with similar characteristics and circumstances taking into account the lessor or lessee capacity, the underlying asset, and the contract term.

At the beginning of a contract, the Group assesses whether a contract is, or contains a lease. A contract is or contains a lease if the contract transfers the right to control the use of an identified asset for some time in exchange for consideration. To assess whether a contract transfers the right to control the use of the identified assets, the Group uses the lease definition in IFRS 16. This policy applies to contracts entered into as of January 1, 2019.

The Group as a Lessee

As a lessee, at the beginning or in the modification of a contract that contains a lease component, the Group assigns consideration in the contract to each lease component based on their relative independent prices.

The Group initially recognizes on the lease start date a right-of-use asset that represents the right to use the underlying asset of the contract, as well as a lease liability, that represents its obligation to make the payments agreed upon in the contract. Right-of-use assets are measured at cost, minus any accumulated depreciation and impairment losses, and are adjusted with new lease liabilities measurements. The cost of right-of-use assets includes the value of recognized lease liabilities, initial direct costs incurred, and lease payments made before the contract start date minus any lease incentives received. Unless the Group has reasonable assurance of obtaining ownership of the leased asset at the end of the lease term, the assets recognized by the right-of-use are amortized in a straight line over the lease term. Right-of-use assets are subject to impairment.

On the lease start date, the Group recognizes the lease liabilities at the current value of the lease payments to be made during the lease term. Lease payments include fixed payments (including essentially fixed payments) minus lease incentives receivable, variable lease payments depending on an index or rate, and amounts expected to be paid based on residual value guarantees. Lease payments include the year's price of a purchase option when the Group has reasonable assurance that it will be exercised and the penalties for canceling the lease if the lease term reflects that the Group will exercise an option to terminate the lease. Variable lease payments that do not depend on an index or a rate are recognized as an expense in the period where the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate on the lease start date if the interest rate implicit in the lease may not be readily determined. After the start date, the lease liabilities value is increased to reflect interest accrual and is reduced by the lease payments made. In addition, the lease liabilities book value is remeasured if there is a modification, a change in the lease term, a change in essentially fixed lease payments, or a change in the valuation to acquire the underlying asset.

The Group recognizes the depreciation of the right-of-use assets and distributes the lease payments between the financial expense and the lease obligations reductions. Financial expense is charged directly to income unless it is directly attributable to eligible assets, in which case these are capitalized following the general borrowing costs policy.

The Group recognizes leases payments for contracts with a lease term of 12 months or less and no purchase option, or contracts whose underlying asset is of low value (i.e. assets whose new value is equal to or less than 3,500 dollars for assets intended for operation, and 5,000 dollars for administrative use assets), as a lease expense minus lease incentives related, in a straight-line basis during the term corresponding to the lease, unless another systematic distribution basis is more representative to more adequately reflect the temporal pattern of the lease benefits to the lessee.

The Group presents the right-of-use assets in the lease and the lease liabilities separately in the consolidated statement of financial position. Right-of-use assets that meet the definition of investment property are presented within the investment property item.

The Group presents interest expense on the lease liability separately from the asset depreciation charge for the lease right-of-use. Interest expense on the lease liability is a financial costs component, which is presented separately in the consolidated statement of comprehensive income.

The Group classifies in the consolidated cash flow statement, cash payments for capital and interest from lease payments as financing activities, as well as payments for short-term leases and payments for leases of low-value assets as operating activities.

Short-term leases and low-value asset leases.

The Group has decided not to recognize the lease right-of-use assets and the lease liabilities for leases with a lease term of 12 months or less and no purchase option (short-term leases), and leases whose underlying asset is of low value (i.e., assets whose new value is equal to or less than 3,500 dollars for assets intended for operation and 5,000 dollars for administrative use assets), including IT equipment. The Group recognizes the lease payment associated with these leases as a linear lease expense over the lease term.

The Group as a Lessor

At the beginning or when modifying a contract that contains a lease component, the Group assigns the consideration in the contract to each lease component based on their relative independent prices.

As a lessor, the Group classifies the leases as financial or operating at the beginning of the lease, evaluating the extent to which the risks and benefits derived from the asset ownership affect it. The Group classifies a lease as financial when all the risks and benefits inherent to the property are substantially transferred, and operating when all the risks and benefits inherent to the property are not substantially transferred.

The Group recognizes amounts owed by lessees under finance leases as accounts receivable at the amount of the Group's net investment in the leases. Finance lease income is distributed over the accounting periods to reflect a regular rate of return that is constant on the Group's net pending investment regarding the leases.

Revenue stemming from operating leases is recorded using the straight-line method over the same period as the lease term. Initial direct costs incurred upon negotiating and agreeing on an operating lease are added to the leased asset's book value and recorded on a straight-line basis over the lease term.

16. Borrowing costs

The Group capitalizes borrowing costs that are directly attributable to the acquisition, construction, or production of a qualifying asset if these costs could have been avoided and if no disbursements had been carried out for the asset. Borrowing costs are capitalized as part of the cost of the asset when they are likely to generate future economic benefits and maybe reliably measured. The capitalization of borrowing costs starts as part of the cost of a qualified asset on the date on which the following conditions are met: a. Disbursements are incurred regarding the asset, b. Borrowing costs are incurred, and c. Necessary activities to prepare the asset for its intended use or sale are carried out.

The Group suspends borrowing costs capitalization during the periods where the activities development of a qualifying asset are interrupted. However, borrowing costs capitalization is not interrupted by leases during a period if important technical or administrative actions are being carried out. Borrowing costs capitalization will not be suspended either when a temporary delay is necessary as part of the preparation process of a qualified asset for its intended use or sale.

Borrowing costs capitalization ends when all necessary activities to prepare a qualified asset for its intended use or sale have been substantially completed. If the asset has components and these components may be used separately while the construction continues, the borrowing costs capitalization on these components should be stopped.

17.Biological assets

The Group recognizes a biological asset or agricultural product when it controls the biological asset or agricultural product as a result of past events, it is likely it will generate future economic benefits and the cost of the biological asset or agricultural product may be reliably measured.

The Group measures biological assets both at the beginning and at the end of the period, at fair value minus selling costs. The biological asset's fair value is established by its quoted market price in an active market. In the event there are different active markets for the same biological asset, the asset fair value will be determined by the price quoted in the most relevant asset market.

If there is no asset market, the Group uses the following information to determine the fair value, provided it is available, and select the most reliable: a) the price of the most recent market transaction, assuming there have been no significant changes in economic circumstances between the transaction date and the end of the reporting period, b) the market price of similar assets, adjusted to reflect existing differences, c) sector benchmarks, such as plantations value expressed as a function of surfaces or capacity, weight or volume units.

Profits or losses arising from the initial recognition of a biological asset or agricultural product at fair value minus selling costs and from changes in this value are included in the income statement of the consolidated period when they occur.

18. Provisions

Provisions are recognized when the Group has a current, legal or implicit obligation as a result of a past event, the Group will likely have to dispose of resources to settle the obligation, and the obligation value may be reliably estimated. In cases where the Group expects the provision to be partially or fully reimbursed, the reimbursement is recognized as a separate asset, only when such reimbursement is virtually certain and the amount of the account receivable may be reliably measured.

Provisions are measured with the Management's best estimate of the future disbursements required to settle the current obligation and it is discounted using a risk-free rate. The expense related to the provisions is presented in the income statement, net from any reimbursement. The provision increase due to the passage of time is recognized as a financial expense in the income statement. The Group recognizes the present obligations, derived from an onerous contract, as provisions. An onerous contract is one in which the unavoidable costs of meeting the obligations it implies exceed the economic benefits expected to be received from it.

Contingent Liabilities

Possible obligations arising from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly under the control, are unrecognized in the consolidated statement of financial position but are disclosed as contingent liabilities.

Contingent liabilities acquired in a business combination are initially measured at their fair values on the acquisition date. At the end of the subsequent reporting periods, such contingent liabilities are measured either between the amount at which it would have been recognized under IAS 37 and the amount at which it was initially recognized minus the accumulated amortization recognized under IAS 15 Revenue from ordinary activities.

19. Post-employment benefit plans

The Group recognizes liabilities related to pensions, pension securities and bonds, retirement premiums, and other post-employment benefits under the IAS 19 Employee Benefits requirements.

On December 22, 2016, the Ministry of Commerce, Industry and Tourism issued Decree 2131, whereby it is required to disclose the pension liabilities calculation, following the parameters established in Decree 1625/2016 and, in the case of partial pension commutation, under Decree 1833/2016, as well as the differences arising from the calculation carried out under IAS 19 – Employee Benefits. This information is included in Note 22 employee benefits.

The Group recognizes the benefit plans classified as contribution plans in the consolidated income statement as overhead or sales expense, or cost of merchandise sold according to a submission by function on the date where it occurs. The Group recognizes benefit plans classified as benefit plans defined as an asset or liability in the statement of financial position by the difference between the fair value of the plan assets and the current value of the obligation of said plan, using the Projected Unit Credit Method to determine the current value of the obligation related to the defined benefits and the cost of the current service and, where applicable, the cost of past services, at least once a year. Plan assets are measured at fair value, which is based on the market price information and, in the case of quoted securities, it constitutes the published purchase price.

The Projected Unit Credit treats each period of service as a generator of an additional entitlement unit to benefits and measures each unit separately to build up the final obligation. The Group deducts the total value of post-employment benefits obligation, even if part of it is to be paid within the twelve months following the reporting period. The estimate of the liability for post-employment benefits is carried out by an independent actuary.

Actuarial profits or losses, the yield on plan assets, and changes in the effect of the asset ceiling, excluding amounts included in the net interest on the liability (asset) of the defined net benefits, are recognized in the other comprehensive income. Actuarial profits or losses include the effects of changes in actuarial assumptions, as well as experience adjustments. The net interest on the liability (asset) of defined net benefits includes income from interest on plan assets, interest costs for the defined benefit obligation, and interest on the effect of the asset ceiling.

The current service cost, the past service cost, any liquidation or reduction of the plan are recognized immediately in the comprehensive statement of income, in the statement section for the period where they arise.

20. Inventory

Assets acquired with the intention of selling them in the ordinary course of business or to be consumed in the rendering services process are classified as inventories. The inventory of raw materials, products in process, merchandise not manufactured for sale, and finished products are measured at the acquisition cost. The Group recognizes a decrease in the value of inventories of finished goods, materials, spare parts, and accessories if the cost exceeds the net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, minus the estimated costs of finalization and the estimated costs necessary to make the sale. Inventories include goods in existence that do not require transformation, materials such as minor parts and accessories for rendering services, as well as goods in transit and held by third parties.

Inventories are valued using the weighted average method and its cost includes costs directly related to the acquisition and those incurred to give them their current condition and location.

21. Income

IFRS 15 requires the recognition of ordinary income when the promised goods or services are transferred to customers, for the amounts that reflect the consideration that the entity expects to receive in exchange for said goods or services, through the application of a five-step approach: Step 1: Identify the contract(s) with the customer; Step 2: Identify performance obligations within the contract; Step 3: Determine the transaction price; Step 4: Assign the transaction price to each performance obligation based on the individual relative sale price of each good or service, and Step 5: Recognize ordinary income when (or to the extent that) the entity meets performance obligations by transferring control of promised goods and services to the customer. Performance obligations may be fulfilled at a point in time or over some time.

Sale of Goods
In the sale of goods, a single performance obligation is established. The Group recognizes revenue when the obligation is fulfilled, i.e., when control of the goods or services underlying the performance obligation has been transferred to the customer, at a point in time.

Rendering Services
The Group renders some services that are sold on their own in contracts with customers or bundled with the sale of goods to a customer. In both scenarios, revenues from service contracts are satisfied at a point in time.

IFRS 15 excludes from its scope the recognition requirements for dividend and interest revenues and operating leases, for which the Group continues to apply the same accounting treatment.

Dividends and Interest Income
Income from investment dividends is recognized once the shareholders' rights to receive this payment have been established (as long as it is probable that the economic benefits will flow to the company and that ordinary income can be reliably measured). Income from dividends generated from investments, where the equity participation method has previously been recognized on the distributed profits, is recognized as lower investment value.

Interest income from a financial asset is recognized when it is probable that the Group will receive the economic benefits associated with the transaction and the amount of revenue from ordinary activities can be reliably measured. Interest income is recorded on a time basis, about the outstanding principal and the applicable effective interest rate, which is the discount rate that exactly equals the estimated receivable or payable cash flows along with the life expectancy of the financial instrument with the net book value of the financial asset upon initial recognition.

Operating Leases Revenue
The Group policy for the revenue recognition from operating leases consists of recognizing the payments received as revenue in the statement of income on a straight-line basis throughout the useful life of the contract, unless another basis of distribution is deemed representative.

22. Operating segments
An operating segment is a component of the Group that develops business activities from which it can earn revenue and incur expenses, whose operating results are regularly reviewed by the highest authority in the Group's operating decision-making, to decide on the resources to be allocated to the segment, evaluate its performance and relating to which differentiated financial information is available.

Management has determined its operating segments based on financial information provided to the Group's Steering Committee, which is used by its members in making operational decisions to allocate resources and evaluate performance. The Steering Committee evaluates the performance of the operating segments based on the net sales, operating profit and EBITDA for each segment. On the other hand, the total assets and liabilities by operating segment are not evaluated internally for administrative purposes and therefore, are not disclosed by the Group.

23. Related parties
The Group considers as a related party Grupo Argos S.A. subsidiaries and associates and direct joint ventures, the entities that exercise joint control or significant influence over Cementos Argos S.A., and the key management personnel, which includes the members of the Board, Nomination and Remuneration Committee, Audit and Finance Committee, Sustainability and Corporate Governance Committee, Directive Committee (made up by the President and Vice President), and any other committee that directly depends on Cementos Argos S.A. and Grupo Argos S.A. Board of Directors, as well as the Managers who have the ability to direct, plan and control activities and their close relatives.

Transactions between related parties are considered as any transfer of resources, services, and obligations between the Group and a related party, as well as the outstanding balances between them at the preparation date of the consolidated financial statements, including any commitment and guarantee granted or received between both sides.

The information that is disclosed with related parties is provided according to the categories established by IAS 24 Related Party Disclosures, which correspond to transactions with (a) the parent company, (b) entities with joint control or significant influence over the entity, (c) subsidiaries, (d) associates, (e) joint ventures, (f) key management personnel and (g) other related parties. Likewise, items of similar nature are grouped for disclosure purposes.

The transactions characteristics with related parties do not differ from those carried out with third parties, nor do they imply differences between market prices for similar operations.

24. Materiality
The Group considers that information is material if its omission or inadequate expression could influence decisions of users about the consolidated financial statements.

25. Going concern
Consolidated financial statements have been prepared on the going concern basis and as of December 31, 2021. There are no material uncertainties related to events or conditions that produce significant doubts about the ability of any firm within the Group to continue operating. The Group has the required liquidity and solvency to continue operating the business for the foreseeable future. Refer to Note 4 Critical accounting judgments and key estimate sources, for information on COVID-19.

NOTE 3: ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

3.1. Ifrs incorporated in colombia and adopted at the preparation date of the consolidated financial statements

3.1.1. STANDARDS ISSUED BY THE IASB AND INCORPORATED IN COLOMBIA AS OF JANUARY 1, 2020
The following standards have been issued by the IASB, have been incorporated by Decree in Colombia, and have been implemented since January 1, 2020, – Decree 2270 of December 2019 and Decree 1432 of November 2020:

- **IFRIC 23 – Uncertainty regarding income tax treatments – Accounting for uncertain tax treatments.**
  This interpretation clarifies how to apply the recognition and measurement requirements of IAS 12 Income Tax when there is uncertainty over income tax treatments. Uncertain tax treatment is any tax treatment applied by an entity where there is uncertainty about whether said approach will be accepted by the tax authority. In this circumstance, an entity recognizes and measures its current or deferred tax asset or liability by applying IAS 12 requirements based on taxable profit (tax loss), tax bases, unused tax losses, unused tax credits, and tax rates, determined by applying this interpretation. The entity will manage uncertainties following: a) The rationale available to support its position, b) The approach that the tax authority is expected to take in an audit on the matter.

- **Amendment to IFRS 3 business combination – improvement in the definition of the “business” concept**

This modification:
- Clarifies that, to be considered a business, an acquired set of activities and assets must include, at a minimum, a contribution and a substantive process where these contribute significantly to the ability to create products.
- Narrows the business and products definitions by focusing on the goods and services provided to customers and by removing the reference to the ability to reduce costs.
- Adds guidance and illustrative examples to help entities assess whether a substantive process has been acquired.
- Eliminates the assessment of whether market participants are capable of replacing any missing inputs or processes and continue to produce products; and

– Adds an optional concentration test that allows a simplified assessment of whether an acquired set of activities and assets is not a business.

- **Amendment to IAS 19 Employee benefits – Accounting for plan modifications, reductions and settlements.** The amendment requires entities to use updated assumptions to calculate current service cost and net interest for the remainder of the period from a plan modification, reduction, or liquidation. Likewise, it requires entities to recognize any surplus reduction as part of the past service cost or of the gain or loss in liquidation.

- **Amendment to IAS 1 Presentation of financial statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors – Materiality Definition.** The information is material if the omission, deviation or concealment of it can reasonably be expected to influence the decisions that the primary users of general-purpose financial statements make about those financial statements, which provide financial information about a specific reporting entity.

- **Conceptual framework 2018 – General amendment,** contains concepts definitions related to:

– Measurement: including the factors considered when measuring bases are selected.
– Presentation and disclosure: including when to classify an income or expense in the other comprehensive income
– Non-recognition: includes guidance on when assets or liabilities should be removed from the financial statements.

Additionally, it updates assets and liabilities definitions and the criteria to include them in the financial statements and clarifies the meaning of some concepts.

- **Amendment to IFRS 16 Leases – Rent reductions related to Covid-19.**

This amendment incorporates a practical solution for the accounting treatment of rent reductions granted to tenants as a result of the Covid-19 pandemic, which is that tenants can choose to account for rent reductions in the same way that they would do if these were not modifications on the lease, provided that the following conditions are met: a) the change in lease payments results in a revised consideration for the lease that is substantially equal to or less than the lease consideration immediately preceding the change, b) any reduction in lease payments affects only payments due on or before June 30, 2021, and c) there is no substantial change to other lease terms and conditions.

Those who apply this exemption must apply it consistently to all lease contracts with similar characteristics and circumstances, and disclose this fact, as well as the amount recognized in profit or loss arising from rent reductions related to Covid-19. The voluntary application of this amendment in Colombia can be carried out in advance on the financial statements that begin as of January 1, 2020. The lessees are not obliged to restate the figures of previous periods or to provide the disclosures required by paragraph 28 (f) of this standard. Its anticipated application is allowed. In August 2020, the IASB updates the taxonomy to include amendments to IFRS 16 for rent reductions related to Covid-19.

The Group chose not to apply the amendment to IFRS 16 Leases in its consolidated financial statements.

These standards and amendments had no financial impact on the Group's consolidated financial statements in the reporting period.

3.2. Not effective ifrs issued by the IASB

Issued standards and amendments applicable from January 1, 2023:

Below are the amendments issued by the IASB during 2019 and 2020, that were adopted by Decree 938 of 2021 and will come into force as of January 1, 2023, their early application being voluntary as long as the standard allows it. The Group has not adopted any of these standards in advance and is in the process of determining the possible impacts that the application of these standards may have on the financial statements.

- **IFRS 9 – Financial Instruments, IAS 39 – Financial Instruments: Recognition and Measurement, IFRS 7 – Financial Instruments: Disclosures: Reference Interest Rate Reform, amendments to IFRS 9, IAS 39 and IFRS 7** - Paragraphs 6.8.1 to 6.8.12 of IFRS 9 are added, regarding the temporary exceptions to the application of hedge accounting specific requirements. Paragraphs 102A to 102N and 108G are added to IAS 39, regarding Temporary Exceptions to the application of hedge accounting-specific requirements. Paragraphs 24H on uncertainty arising from the benchmark interest rate reform, 44DE, and 44DF (effective date and transition) are incorporated. Its early application is allowed (although no significant impact is expected for Colombian entities) and its requirements will be retrospectively applied only to hedging relationships that existed at the beginning of the reporting period in which the entity applies for these requirements for the first time.

- **IFRS 9 – Financial instruments, IAS 39 – Financial instruments: recognition and measurement, IFRS 7 – Financial instruments: disclosure information, IFRS 4 – Insurance contracts, IFRS 16 – Leases:Interest Rate Benchmark Reform – Phase 2:** Paragraphs 5.4.5 to 5.4.9 Changes in the basis for the determination of contractual cash flows as a result of the interest rate benchmark reform (measurement at amortized cost) are added, 6.8.13 Termination on the application of the hedge accounting temporary exception, 6.9.1 to 6.9.13 Additional temporary exceptions arising from the interest rate benchmark reform, 7.1.10 Effective date, and 7.2.43 to 7.2.46 Transition for the interest rate benchmark reform Phase 2, from IFRS 9. Paragraph 102M Termination on the application of the hedge accounting temporary exception is modified, paragraphs 102O to 102Z3 are added: Additional temporary exceptions arising from the interest rate benchmark reform and 108H to 108K: Effective and transition date, and new headings are added, from IAS 39. Paragraphs 24I, 24J Additional disclosures related to the interest rate benchmark reform, 44GG and 44HH Effective and transition date are added, and new headings are added, from IFRS 7. Paragraphs 20R and 20S Changes in the basis for determination of contractual cash flows as a result of interest rate benchmark reform, and paragraphs 50 and 51 Effective and transition date are added, and new headings are added, from IFRS 4. Paragraphs 104 to 106 Temporary exception arising from the rate reform are modified, and paragraphs C20C and C20D Benchmark interest rate reform phase 2 from IFRS 16 are added. Its anticipated application is allowed.
- **IFRS 3 – Business Combinations: Modifications by reference to the conceptual framework.** Modifications are carried out to the references to align them with the conceptual framework issued by the IASB in 2018 and incorporated into our legislation; in this sense, the identifiable assets acquired and the liabilities assumed in a business combination, on the transaction date, will correspond to those that meet the assets and liabilities definition described in the conceptual framework. Paragraphs 21A, 21B, and 21C are incorporated regarding the exceptions to the recognition principle for contingent liabilities and liabilities within the IAS 37 and IFRIC 21 scope. Paragraph 23A is added to define a contingent asset, and clarify that the acquirer in a business combination will not recognize a contingent asset at the acquisition date. Its anticipated application is allowed. Any effect on its application will be carried out prospectively.
- **IAS 16 – Property, plant, and equipment. It is modified regarding products obtained before the intended use.** The amendment deals with the directly attributable costs to the asset acquisition (which are part of the PPYE element) and refers to "the verifying costs that the asset works properly (that is, if the technical and physical performance of the asset is adequate, such that it may be used in the production or supply of goods or services, for lease to others or administrative purposes)." Paragraph 20A states that the inventories production, while the PPYE item is in the condition expected by management, at the time of sale, will affect the result of the period, together with its corresponding cost. Its anticipated application is allowed. Any effect on its application will be carried out retroactively, but only to the PPYE elements that are brought to the place and conditions necessary for them to operate in the manner intended by Management, as of the beginning of the first period presented in the financial statements, in which the entity applies the amendments for the first time. The cumulative effect of the initial amendments' application will be recognized as an adjustment to the opening balance of retained earnings (or another equity component as appropriate) at the beginning of the earliest period presented.
- **IAS 37 – Provisions, contingent liabilities and contingent assets, Onerous Contracts — Cost of Fulfilling a Contract.** It is clarified that the cost of fulfilling a contract includes the costs directly related to the contract (the direct labor and materials costs, as well as the allocation of costs directly related to the contract). Its anticipated application is allowed. The effect of the amendment application will not restate the comparative information. Instead, the cumulative effect of the initial amendments' application is recognized as an adjustment to the opening balance of retained earnings or another equity component, as appropriate, on the initial application date.
- **Annual Improvements to IFRS Standards 2018–2020. Amendments to IFRS 1 - First-time Adoption of International Financial Reporting Standards, IFRS 9 - Financial Instruments and IAS 41 - Agriculture. Amendment to IFRS 1. Subsidiary adopting IFRS for the first time:** Paragraph D13A of IFRS 1 is added, incorporating an exemption on subsidiaries that adopt the IFRS for the first time and take as balances in the opening statement of financial position the carrying amounts included in the financial statements of the parent company (subparagraph a from D16 paragraph of IFRS 1), so that it can measure the accumulated translation differences at the carrying amount of said item in the parent company consolidated financial statements (also applies to associates and joint ventures). Amendment to IFRS 9. Commissions in the "10% test" regarding the financial liabilities derecognition. A text is added to paragraph B3.3.6, and paragraph B3.3.6A is added, it is special to clarify the recognition of paid commissions (to the result if it is a liability cancellation, or as a lower value of the liability if it is not as a cancellation). Amendment to IAS 41. Taxes on

fair value measurements. The phrase "no tax flows" is eliminated from paragraph 22 of IAS 41, the reason for the above is because "before the Annual Improvements to IFRS Standards 2018-2020, IAS 41 had required an entity to use pre-tax cash flows when measuring fair value, but did not require the use of a pre-tax discount rate to discount those cash flows". In this way, IAS 41 requirements are aligned with those of IFRS 13. Its anticipated application is allowed.

- **IAS 1 – Presentation of financial statements. Modifications are carried out regarding the liabilities classifications as current or non-current.** Said amendment was issued in January 2020 and subsequently modified in July 2020. It modifies the requirement to classify a liability as current, by establishing that liability is classified as current when "it does not have the right at the end of the reporting period to defer the liability settlement, for at least twelve months following the date of the reporting period." It clarifies in the added paragraph 72A that "an entity's right to defer a liability settlement for at least twelve months after the reporting period must be substantial and, as paragraphs 73 to 75 illustrate, must exist at the end of the reporting period". Its anticipated application is allowed. The effect of the application on the comparative information will be carried out retrospectively.
- **Extension for the Temporary Exemption of Applying IFRS 9 – Financial Instruments. Amendments to IFRS 4 – Insurance Agreements.** Paragraphs 20A, 20J, and 20O of IFRS 4 are modified to allow the temporary exemption that allows but does not require, the insurer to apply IAS 39 Financial Instruments: Recognition and Measurement instead of IFRS 9 for annual periods beginning before January 1, 2023 (because as of that date, there is a new international requirement contained in IFRS 17).

NOTE 4: CRITICAL ACCOUNTING JUDGMENTS AND KEY ESTIMATE SOURCES

For the application of the Group's accounting policies, which are described in note 2, Management must make estimates and assumptions that affect the reported assets and liabilities figures, disclosures of contingent assets and liabilities up to date of the financial statements, and reported figures of income and expenses during the reporting period. The associated estimates and assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from such estimates.

The underlying estimates and assumptions are regularly reviewed by Management. Reviews to accounting estimates are recognized in the review period if it only affects that period, or in future periods if the review affects both the current period and subsequent periods.

4.1. Essential judgments when applying accounting policies

The essential judgments are presented below, apart from those that involve the estimates (see 4.2) carried out by the Management during the process of applying the Group's accounting policies, and that have a significant effect on the recognized amounts in the consolidated financial statements.

ENTITIES CONSOLIDATION

The Group consolidated financial statements include the subsidiaries accounts over which Cementos Argos S. A. has control. In the control assessment, the Group assesses the power existence over the entity, the exposure, or right, to variable returns from its involvement with the entity; and the ability to use its power over the entity to influence the Group's returns amount. Management uses its judgment to assess when there is control over an entity. The judgment is applied in determining the relevant activities of each entity and the capacity to make decisions about these activities. For this, the Group evaluates the entity's purpose and design, identifies the activities that impact the most its performance, and evaluates how decisions are made about relevant activities. In the decision-making assessment, the Group considers existing voting rights, potential voting rights, contractual agreements signed between the entity and other parties, and the rights and capacity to appoint and remove key management members, among other aspects. Judgment is also applied in the identification of variable returns and the exposure to them. Variable returns include, but are not limited to, dividends and other distributions of economic benefits from the entity, remuneration for managing the entity's assets or liabilities, commissions, and exposure to losses for providing credit or liquidity support.

CASH GENERATING UNITS

When carrying out value impairment tests of non-current assets, assets that do not individually generate cash inflows that are widely independent of the flows generated by the other assets or groups of assets should be grouped into the cash generator unit to which the asset belongs, which is the smallest identifiable group of assets that generates cash inflows in favor of the company, which are largely independent of those cash flows derived from other assets or groups of assets. Management uses its judgment in the determination of the cash-generating units for the value impairment tests purposes, under the provisions outlined in IAS 36 Assets Value Impairment.

DETERMINATION OF THE AVERAGE EXCHANGE RATES FOR THE THE FINANCIAL STATEMENTS CONVERSION

Consolidated income, costs, and expenses of subsidiaries whose functional currency differs from the parent company's functional currency are converted to the presentation currency, using the average exchange rate for the reporting period. Management considers that the average exchange rates are close to the rates in effect at the transaction date.

HEDGE ACCOUNTING

Management applies its judgment to establish whether a hedging relationship meets the IAS 39 Financial Instruments requirements, to be accounted for as hedge accounting, as well as the assessment of the hedging effectiveness and ineffectiveness sources. The Group applies fair value hedge accounting and cash flow accounting in its financial statements to mainly cover foreign currency risk and interest rate. The decision to apply hedge accounting has a significant impact on Cementos Argos S.A. financial statement.

4.2. Key uncertainties sources in the estimates

The basic assumptions regarding the future and other key uncertainty sources in the estimates are discussed below, at the end of the period over which they are reported, which imply a significant risk of material adjustments in the carrying amounts of assets and liabilities during the next financial period.

GOODWILL IMPAIRMENT ASSESSMENT

The Group conducts at least annually goodwill impairment tests, or when market or business conditions show significant changes that indicate impairment, the goodwill impairment assessment requires the estimation of the value in use for the cash-generating unit or group of cash-generating units (operating segment) to which it has been assigned. Estimating value in use requires estimating the future cash flows of the cash-generating unit or groups of cash-generating units (operating segment), and estimating financial assumptions such as inflation rate, discount rate and perpetual growth rate. For information on the assumptions used in the impairment tests of non-financial assets refer to Note 17 (Goodwill and assets impairment).

In the process of measuring expected future cash flows, Management makes estimates of future operating results. Changes in valuation assumptions may cause adjustments to the Group's goodwill for the next reporting periods in the event of impairment.

ASSESSMENT OF NON-FINANCIAL ASSETS IMPAIRMENT THAT ARE NOT CLASSIFIED AS HELD FOR SALE

The Group evaluates impairment signs of non-financial assets when facts and circumstances suggest that the book value of a cash-generating unit may exceed its recoverable amount, or at least at the end of each reporting period. The value indicators analyzed by the Group are those established in IAS 36 assets impairment, and, additionally, those indicated in IAS 27 separate financial statements for investments in associates and joint ventures. When this happens, Cementos Argos and its subsidiaries measure, present and disclose any resulting impairment loss in the income statement. For information on the assumptions used in the impairment tests for non-financial assets refer to Note 18 (Goodwill and assets impairment).

INCOME TAX

The Group recognizes significant amounts of current and deferred income tax in its financial statements given the volume of its operations, and the multiple countries in which it operates. Current and deferred tax determination is based on the Management's best interpretation of current and applicable laws and the best practices from the jurisdictions in which it operates. The reasonableness of this estimate depends significantly on the Management's ability to integrate complex tax and accounting standards, to consider changes in applicable laws, and the assessment, for purposes of recognizing deferred tax assets, from the existent tax profits which are enough for its conduction. Refer to note 9 income tax for more information.

An uncertain tax treatment is a tax treatment for which there is uncertainty as to whether the tax authority will accept the tax treatment under tax law. The Group recognizes uncertain tax positions in accordance with IFRIC 23 requirements. The probability analysis to recognize uncertain tax positions is based on expert opinions and the interpretation of the tax regulations in force for the applicable jurisdiction.

RECOGNITION OF DEFERRED TAX ASSETS FROM LOSSES OR UNUSED TAX CREDITS

Management applies its judgment to determine the value and recognize a deferred tax asset from losses or unused tax credits, evaluating whether it is probable the existence of enough tax profits from subsequent periods for compensation and/or recovery, together with the strategies for future tax planning. Note 9 income tax presents the value of unused tax losses or credits and associated deferred taxes.

LEASE TERM DETERMINATION FOR LEASE CONTRACTS WITH RENEWAL OPTIONS WHOSE TERM IS AUTOMATICALLY EXTENDED AT THE END OF THE ORIGINAL TERM

There is the option, under some leases, to lease assets for additional terms. The Group applies its judgment in evaluating whether it is reasonably safe to exercise the option to renew. That is, it considers all the relevant factors that create an economic incentive for renewal to take place. After the start date, the Group reassesses the lease term if there is a significant event or change in circumstances that are under its control and affect its ability to exercise (or not exercise) the option to renew. Additionally, the Group enters into lease agreements that are automatically renewed at the end of the original lease term for another term of the same length, or month by month, without any action by the Group or the lessor. The Group also signs leases contracts whose term is automatically extended at the end of each year or on the original termination date for another full period. The Group, for these contracts, estimates the lease term based on the existence of economic incentives, experience, the expectation of use for the asset, and the intention to continue with the lease, notwithstanding that the lessor may at any time exercise its legal rights and end the lease. This judgment has a significant impact on the consolidated financial statements.

FINANCIAL DERIVATIVES AND FINANCIAL ASSETS FAIR VALUE

The fair value of financial derivatives is determined using widely known valuation techniques in the market when there is no observable market price. The Group uses its judgment to select the appropriate valuation method for the asset or liability under measurement and maximizes the use of observable variables. The assumptions are consistent with the market conditions at the measurement date, as well as the information that market participants would consider in estimating the instrument price. Management considers that the valuation models selected and the assumptions used are appropriate in determining the fair value of financial derivatives. Notwithstanding the foregoing, the limitations of the valuation models themselves and the parameters required by these models may result in the estimated fair value of an asset or liability not exactly matching the price at which the asset or liability could be delivered or settled on its measurement date. Additionally, changes in internal assumptions and forward curves used in the valuation can significantly affect the fair value of financial derivatives. For information on the book value for financial derivatives assets and liabilities, refer to Note 6 (derivative financial instruments).

Moreover, Management measures at fair value the equity investments that it classifies under the fair value category through another comprehensive income referencing its quotation price at the end of the measurement period in the Stock Market, where they are traded. For information on the book value for equity investments refer to Note 25.9 Fair value for financial assets and liabilities.

INVESTMENT PROPERTIES FAIR VALUE

Fair value for investment properties is determined by independent experts with recognized professional ability and experience in real estate valuation. Independent experts use their judgment to select the appropriate valuation method for the asset under measurement, considering the three approaches allowed by IFRS 13: the market approach, cost approach, and income approach, and maximize the use of observable variables. The assumptions are consistent with market conditions at the measurement date and the information that market participants would consider in estimating the property price.

Management considers that the valuation models selected and the assumptions used are appropriate in determining the real estate fair value. Notwithstanding the foregoing, the limitations of the valuation models themselves and the parameters required by these models may result in the estimated fair value of an asset not exactly matching the price at which the asset or liability could be delivered or settled on its measurement date. For information on the book value for investment properties, as well as information on their fair value estimation, refer to Note 16 investment properties.

PROVISION FOR EXPECTED CREDIT LOSSES FROM ACCOUNTS RECEIVABLE

To determine the expected credit losses, Cementos Argos S.A. and its subsidiaries use a provision matrix based on the number of days that a trade account receivable is in default, this procedure consists of grouping the portfolio by ranges of overdue days and applying to accounts receivable balances an expected default percentage on the measurement day for each range of overdue days. The default percentage according to overdue days in the portfolio is determined using the transition matrix methodology, according to Markov chain theory. The limitations of the statistical models themselves, the parameters required by these models, and the uncertainty degree about future conditions may result in expected credit losses differing from future credit losses incurred and therefore, can significantly affect the separate financial statements figures. The Group monitors the portfolio collection given the contingency situation. As of December 31, 2021, and 2020, the portfolio collection behavior in the different regions has remained stable, without substantial effects. Information on the Group's expected credit losses and the value of accounts receivable exposed to default risk is reported in Note 8 trade and other accounts receivable.

LIABILITIES BY DECOMMISSIONING, WITHDRAWAL, OR REHABILITATION

The provision for decommissioning, withdrawal or rehabilitation is recognized by the current value of the expected costs to settle the obligation using estimated cash flows. In the process of measuring the present obligation value, Management makes estimates on future disbursements for decommissioning, retirement, or rehabilitation activities, the estimated date(s) on which these disbursements will be carried out, and estimate financial assumptions, such as the inflation and the discount rate. Given the long-term horizon of decommissioning obligations, estimates are subject to a significant uncertainty degree and can significantly affect the figures in the financial statements. For information on the book value of liabilities for decommissioning, withdrawal or rehabilitation refer to Note 23 provisions.

PROVISIONS FOR CONTINGENCIES, LITIGATION, AND LAWSUITS

The litigation and lawsuits to which the Group is exposed are managed by the legal area, the processes managed are of labor, civil, criminal, and administrative nature. The Group considers that a past event has given rise to a present obligation if, considering all the available evidence as of the reporting date, there is likely to be a present obligation, independent of future events. In these cases, it is understood that an event occurrence is more likely than unlikely when the occurrence probability is greater than 50%. The Group recognizes a provision when an outflow of future economic benefits is probable, discloses contingency information when its occurrence is possible and does not record or disclose information when it concludes that the occurrence probability of the event is remote. The Group involves the professional judgment of internal and external specialist lawyers to determine the occurrence possibility of a current obligation. In estimating the provision for litigation and lawsuits, Management considers assumptions such as, without being limited to, inflation rate, lawyers appraisal, estimated duration of litigation or demand, statistical information of processes with similar characteristics, and the discount rate to be applied to cash flows to determine the current obligation value, for those obligations that are expected to be settled within more than twelve (12) months at the end of the reporting period. For information on the book value of liabilities for contingencies, litigation and lawsuits refer to Note 23 provisions.

USEFUL LIFETIME ESTIMATION AND RESIDUAL VALUES FOR PROPERTY, PLANT, AND EQUIPMENT, AND INTANGIBLE ASSETS

As described in note 2, the Group reviews at least annually the estimate for useful lifetimes, the depreciation method, and residual values for property, plant and equipment, and intangible assets. When there is evidence of changes in the conditions or expected use of a property, plant, and equipment or the intangible assets, which imply a change in the consumption pattern of the future economic benefits incorporated in the asset, Management carries out a relevance assessment of the depreciation or amortization method used and a new estimate of the item useful life.

The definition of the depreciation or amortization method and the useful lifetimes estimate of the property, plant, and equipment and intangible assets is determined based on the asset historical performance, the asset expectation of use by Management, and the existing legal restrictions for its use. The selection of the depreciation method and the useful lifetimes estimate requires a significant degree of judgment from Management. The accounting policy for property, plant and equipment, and intangible assets indicates the useful lifetime estimate For information on the book value of property, plant and equipment, and intangible assets, refer to Note 15 property, plant and equipment, and Note 14 other intangible assets, respectively.

PENSION PLANS AND OTHER DEFINED POST-EMPLOYMENT BENEFITS

The post-employment benefits liability is estimated using the current technique of the projected credit unit, which requires the use of financial and demographic assumptions, among them and not limited to, discount rate, inflation rates, expected salary increase, lifetime expectation, and employee turnover rate. The liability estimation, as well as the determination of the values from the assumptions used in the valuation, is carried out by an independent external actuary, considering the country in which the benefits plan operates and the market conditions existing at the measurement date. Given the long-term horizon of these benefit plans, estimates are subject to a significant uncertainty degree, any change in actuarial assumptions directly impacts the obligation value by pension and other post-employment benefits. For information on the book value for the definitive benefit liabilities and the key assumptions used, refer to Note 22 employee benefits.

4.3.Uncertainty associated with the pandemic caused by a new coronavirus (Covid-19) and corporate action plans

In late 2019, the World Health Organization reported the cases occurrence of a Serious Acute Respiratory Infection (SARI) caused by a new coronavirus (COVID-19) in Wuhan, China. In March 2020, the World Health Organization declared the COVID-19 disease outbreak as a pandemic. In January 2020, the first cases were confirmed in the United States; later, in March 2020, the first cases were confirmed in Colombia and in the rest of the countries of the Caribbean and Central American region where we operate. In the first half of 2020, the governments of these countries took important governmental measures to face the crisis derived from the coronavirus disease pandemic in the health, social and economic spheres, to prevent the spread of the virus, including the temporary closure of businesses, severe restrictions on people travel and mobility, and other material limitations on the industries operation. In the second half of the year, businesses were reopened, permanent restrictions on mobility were lifted, maintaining some selective restrictions, and economies began to gradually recover.

These measures adopted by Governments directly impacted the Group's operations in the 2020 second quarter. In this period, the Group partially operated, reactivating at the end of the semester some of the operations that were suspended or with a provisional decrease. Specifically, in the Caribbean and Central America, Panama suspended its operations in April and May 2020 by government order to cease industrial activities, and reactivated its dispatches and sales in June, increasing slightly more than half of its usual performance. In April, Honduras, the Dominican Republic, and Puerto Rico partially operated; then, their operations continued to function normally. French Guiana, Suriname, and the Antilles partially operated during April and May until their production, dispatch, and sales normalized in June. Production, dispatches, and sales took place normally in Haiti.

In Colombia, in April, the operation continued being minimal with partial and gradual reactivation. In the second half of 2020, the Group reactivated all operations that were suspended or with a provisional decrease, with a recovery in demand almost at the volume levels existing before the quarantine was declared. As of December 31, 2021, and 2020, all operations are functioning normally under biosafety protocols, with minor effects on volumes in 2020 and significant effects for 2021.

The Group has implemented the necessary actions to maintain continuity in operations and safeguard the health of employees. The Group has a reasonable expectation that it has adequate and necessary resources to continue operating for the foreseeable future, and believes that none of its operations will present difficulties that would prevent it from continuing as a going concern.

The Group considers that most of the COVID-19 financial impacts have already been reflected in the consolidated financial statements at the reporting date, the effects being mainly presented in 2020. For 2021, no significant effects have been visualized in the financial statements.

The Group continues to closely monitor the market's evolution and the health situation of its employees with new outbreaks that are occurring and taking all pertinent measures and actions to mitigate the disruption effects caused by the pandemic and its variants. This happens by having as guiding premise of action the protection of life, health, and well-being of all its stakeholders, as well as support and accompaniment to governments provisions and authorities of each of the countries where it has a presence, focusing on maintaining its operations with the best biosafety practices to guarantee the health of its employees and mitigate the absenteeism risk in the Group's workforce due to massive infections.

NOTE 5: CASH AND CASH EQUIVALENTS

For purposes of the consolidated cash flow statement, cash and cash equivalents include cash and banks. Cash and cash equivalents at the end of the reported period in the consolidated cash flow statement and in the consolidated financial statement are:

	2021	2020
Cash and banks	483,229	612,014
Value of restricted or unavailable cash and cash equivalents for use	526	1,193

As of December 2021 and 2020, Zona Franca Argos S. A. S., a Group subsidiary, maintains restricted use resources by constitution of a trust whose resources are of restricted use on May 29, 2019. The purpose of this operation is to manage the resources destined to contract the expansion works controller of the Argos Free Zone private port in the city of Cartagena, in compliance with the obligations of the concession contract signed with the National Infrastructure Agency (ANI) and the entity.

During the current year and comparative periods, the Group carried out the following investment and financing activities not reflected in the consolidated statement of cash flow:

- Dividends of ordinary shares and shares with preferred dividend decreed not paid by Cementos Argos S. A. for $0 (2020: 113,950), which correspond to $ 0 of ordinary shares (2020: $ 96,433) and $ 0 (2020: $ 17,517) of preferred shares.
- On March 24, 2021, at the ordinary meeting, the profit distribution project was approved, which contemplates that the dividends would be paid at the shareholder choice, and could be paid as follows: 50% of the dividend payment in cash and 50% of the dividend payment in paid-up company shares; or 100% of the dividend payment in paid-up company shares. For the dividend payment in shares, the Board of Directors released 18,806,432 common shares and as a consequence, the Company subscribed and paid-in capital went from $592,569, corresponding to 1,424,445,735 shares, to $600,393, corresponding to 1,443,252,167 shares. With the approval of 587 shareholders, representing 58.24% of the company's outstanding shares, the payment in shares of $100,238 was carried out.
- On September 1, 2021, the Group repurchased Argos Panama shares from the minority shareholder Provicem for $98,683. This repurchase was canceled against the account receivable that the minority had at that cut-off date with the Group. The transaction did not generate cash flow and was therefore excluded from the cash flow statement for the stated amount of operating and financing activities.
- The additions to right-of-use assets, according to note 20, were financed by new lease liabilities.

NOTE 6: DERIVATIVE FINANCIAL INSTRUMENTS

	2021	2020
Current	16,263	66
Non-current	15,974	-
Derivative financial assets designated as cash flow hedging instruments	**32,237**	**66**
Current	1,360	21,611
Non-current	47,451	95,940
Derivative financial liabilities designated as cash flow hedging instruments	**48,811**	**117,551**
Financial derivatives liabilities, net	**(16,574)**	**(117,485)**

The financial derivatives in force as of December 31, 2021 and 2020 are:

SWAP and forward operations

				Underlying value I SWAP Amount			Fair value	
Swap type	Underlying	Underlying rate [1]	SWAP	Expiration	2021	2020	2021	2020
Interest rate	ITAU Club Deal (2)	Libor 3m + 1.85%	4.92%	24-oct-23	USD 300,000	USD 300,000	-	(74,132)
Interest rate	SMBC Club Deal (2)	Libor 3m + 1.10%	4.17%	24-oct-23	USD 300,000	USD 300,000	(43,275)	-
Interest rate	Davivienda Credit	Libor 6m + 2.25%	3.79%	21-aug-26	USD 60,000	USD 60,000	(2,297)	(12,144)
Currency	Long-term credit	Libor 3m + 1.35%	4.37%	16-sep-22	USD 30,000	USD 30,000	-	(9,664)
Currency	Long-term credit	Libor 3m + 1.32%	5.39%	18-feb-26	USD 15,000	USD 15,000	10,341	-
Currency	Long-term credit	Libor 3m + 1.32%	IBR + 2.05%	18-feb-26	USD 15,000	USD 15,000	5,633	-
Interest rate	Long-term credit	5.28%	IBR + 1.85%	20-nov-23	COP 160,000	COP 160,000	(1,879)	-
Interest rate	Long-term credit	3.83%	IBR + 0.79%	7-sep-22	COP 60,000	COP 60,000	(312)	-
SWAP transactions fair value							**(31,789)**	**(95,940)**

					Fair value	
Forward type	Underlying	Underlying value [1]	Forward rate	Expiration	2021	2020
Purchase	Financial liabilities - Interco	USD 15,059	3,682	9-jun-22	5,443	-
Purchase	Financial liabilities - Interco	USD 8,000	3,786	16-jun-22	2,093	-
Purchase	Financial Liabilities	USD 27,000	3,987	25-aug-22	2,483	-
Purchase	Financial Liabilities	USD 30,000	3,820	26-apr-22	5,184	-
Purchase	Financial Liabilities		3,819	26-apr-22	1,060	-
Purchase	Financial Liabilities	USD 30,038	4,047	16-mar-22	(1,048)	
Purchase	Financial Liabilities	USD 30,087	3,806	2-sep-21	-	(10,546)
Purchase	Financial Liabilities	USD 21,042	3,746	11-mar-21	-	(6,497)
Purchase	Financial Liabilities	USD 12,615	3,766	10-mar-21	-	(4,156)
Purchase	Financial Liabilities	USD 15,082	3,468	10-jun-21	-	(350)
Purchase	Financial Liabilities	USD 94	3,784	9-jun-21	-	(32)
Purchase	Financial Liabilities	USD 92	3,762	9-mar-21	-	(30)
Purchase	Financial Liabilities	USD 8,012	3,437	16-jun-21	-	66
Valor razonable de operaciones forward					**15,215**	**(21,545)**
Valor razonable de operaciones SWAP y forward					**(16,574)**	**(117,485)**

[1] The underlying value is rounded to the nearest million units.

[2] Corresponds to liabilities replacement (see Note 19 Financial obligations)

NOTE 7: OTHER FINANCIAL ASSETS

	2021	2020
Financial assets at fair value through changes in profit or loss	3,315	4,472
Financial assets at fair value through other comprehensive income (Note 26)	873,239	731,940
	876,554	**736,412**
Current	160	-
Non-current	876,394	736,412
	876,554	**736,412**

The category of other financial assets at fair value with changes in other comprehensive income includes investments held by the Group in Grupo de Inversiones Suramericana S. A. The investment is measured at fair value with changes in other comprehensive income with a monthly frequency. In note 26.2.1., Financial assets are measured at fair value with changes in other comprehensive income, this investment value is detailed for the periods reported.

NOTE 8: TRADE AND OTHER ACCOUNTS RECEIVABLE

	2021	2020
Trade accounts receivable	1,107,502	905,274
Other accounts receivable	160,391	246,621
Deterioration for expected credit losses and provision for doubtful accounts	(88,858)	(90,382)
	1,179,035	**1,061,513**
Current	1,130,253	921,175
Non-current	48,782	140,338
	1,179,035	**1,061,513**

The provision movement for expected credit losses and doubtful accounts from trade accounts receivable and other accounts receivable as of December 31 is detailed below:

	2021	2020
Movement in impairment of expected credit losses and doubtful accounts receivable		
Opening balance	(90,382)	(84,413)
Value impairment losses recognized on accounts receivable	(9,345)	(18,004)
Punishment of amounts considered uncollectible (1)	16,700	13,189
Amounts recovered during the year	(244)	-
Reversed impairment losses	6,170	2,524
Foreign currency conversion result	(12,192)	(3,653)
Other changes	435	(25)
Closing balance	**(88,858)**	**(90,382)**

(1) The contractual amounts of financial assets written off during the reporting period that are still subject to enforcement activities are $16,759 (2020: $14,026). During the period, the movement of financial assets written off by this concept is $2,385 (2020 $3,001). The contractual amounts of financial assets written off during the reporting period that are still subject to enforcement activities are $5,604 (2020: $6,284).

For each day range of non-payment of the portfolio, the following table presents the percentage of expected credit loss determined using the transition matrix methodology according to the Markov chains theory, the value of trade accounts receivable and other accounts receivable subject to credit risk before recognizing any loss due to value impairment, the values of expected losses determined individually and collectively and the value of accounts receivable after considering the expected impairment, at the end of the reporting period.

2021	Expected Credit Loss Rate	Gross Accounts Receivable	Impairment of Expected Credit Loss	Net accounts receivable
Impairment for expected credit losses explanation				
Not expired	0.12%	709,554	(851)	708,704
Between 0 and 30 days	0.17%	277,338	(470)	276,868
Between 31-60 days	0.88%	78,390	(689)	77,702
Between 61-90 days	4.27%	23,505	(1,005)	22,501
Between 91-120 days	4.86%	17,805	(865)	16,941
Between 121-150 days	5.49%	5,556	(305)	5,251
Between 151-180 days	6.22%	7,638	(475)	7,163
Between 181-360 days	17.07%	21,924	(3,743)	18,181
More than a year	63.76%	126,183	(80,455)	45,724
Total balances and provision for expected credit losses		**1,267,893**	**(88,858)**	**1,179,035**

2020				
Impairment for expected credit losses explanation				
Not expired	0.03%	668,113	(229)	667,884
Between 0 and 30 days	0.37%	139,686	(516)	139,170
Between 31-60 days	1.32%	53,520	(708)	52,812
Between 61-90 days	5.63%	18,188	(1,023)	17,165
Between 91-120 days	6.47%	10,031	(649)	9,382
Between 121-150 days	12.04%	5,707	(687)	5,020
Between 151-180 days	11.39%	3,858	(439)	3,419
Between 181-360 days	5.55%	91,715	(5,092)	86,623
More than a year	50.31%	161,077	(81,039)	80,038
Total balances and provision for expected credit losses		**1,151,895**	**(90,382)**	**1,061,513**

The average credit period over the sale of goods is 30 days. No interest surcharge is carried out on trade accounts receivable after the average credit period. The Group assesses at the end of the period on which it is reported and with the same periodicity of financial information. If there is objective evidence that financial assets are impaired, and if this is the case, it recognizes a loss in the income statement due to a value deterioration. The Group recognizes a provision on individual clients when they are in an economic insolvency state or when a financing or restructuring agreement of the account receivable is agreed upon and collectively grouping the portfolio by default days ranges, and applying to these values the non-compliance percentages using the transition matrix methodology according to the Markov chain theory. In determining the recoverability of a trade account receivable, the Group considers any change in the credit quality of the account from the date the credit was initially granted until the end of the reporting period. The concentration of credit risk is limited because the customer database is long and independent.

NOTE 9: INCOME TAX

The current and applicable tax provisions establish that the nominal income tax rates for 2021 and 2020 applicable to Cementos Argos S. A. and its subsidiaries located in Colombia, Antigua, Curacao, Dominica, United States, French Guiana, Guatemala, Haiti, Honduras, British Virgin Islands, Panama, Dominican Republic, Saint Maarten, Saint Thomas, Suriname, and Puerto Rico, are the following:

Country	2021	2020	Country	2021	2020
Antigua	25%	25%	Honduras	30%	30%
Colombia (1)	31%	32%	British Virgin Islands	0%	0%
Colombia Free Zone (2)	15%	15%	Panama	25%	25%
Curacao	27.50%	27.50%	Dominican Republic	27%	27%
Dominica	25%	25%	Saint Maarten	34.5%	34.5%
U. S.A. (3)	24.34%	24.51%	Saint Thomas	35%	35%
French Guiana	26.5%	28%	Suriname	36%	36%
Haiti	31%	31%	Puerto Rico	37.5%	37.5%
Guatemala	25%	25%			

(1) Income tax in Colombia is settled at a rate of 31% for 2021 and 2020

(2) A special tax regime is presented for Free Zones, whose benefits include an income tax rate of 15%.

(3) The U.S. federal tax rate for 2021 and 2020 is 21%. Also, in the United States, there is the state rate, which varies in a range between 3% and 7%, depending on the state. In the state of Texas, there is a one-time rate of 1%, called the "Texas Margin Tax".

Below are the main legal rules and issues applicable to the Group, in the countries where the main activities are carried out:

COLOMBIA:
On September 14, 2021, the National Government issued Law 2155, Law on Social Investment, through which significant changes are introduced in tax matters effective from January 1, 2022.

The most significant changes for income and supplementary tax purposes were as follows:

- As of the taxable year 2022, the applicable income tax rate will be 35% for legal entities. Legal stability contracts are respected.

- The dividend rate remains at 10% or 7.5% (transferable) between national societies.

- A tax discount is maintained on the income tax of 50% from the Industry and Commerce Tax paid. (Law 2010/2019 provided a 100% discount on the payment by Industry and Commerce in the income tax from 2022). The tax may be deductible if the discount is not chosen.

- The reform extends the scope of Works for taxes as a payment mechanism, for the following projects, which, although they will not be located in the ZOMAC, prior concept of the Territorial Renewal Agency, might be financed by this payment mechanism : (i) declared projects of national importance, strategic for economic and/or social reactivation; (ii) territories with high poverty rates; (iii) territories that totally or partially lack infrastructure to provide residential public services (energy, aqueduct, sewage, gas, among others); (iv) territories located in non-interconnected zones and (v) orange development areas.

- Establishes a new version of the complementary tax for tax normalization, which is caused by the possession of omitted assets or non-existent liabilities as of January 1, 2022, applying a 17% rate. The base is the assets value and is reduced by 50% if they are repatriated and remain in the country for at least two years. Add advance payment of 50% of the tax charged in a single installment and within the term established by regulations.

- The VAT paid on the importation, formation, construction or acquisition of real productive fixed assets, including the services necessary for their construction and start-up, continues as a tax discount.

- The registry of companies' effective beneficiaries is established according to international standards, to control transactions between related parties.

- Establishes an audit benefit in 2022 and 2023, for taxpayers who increase their net income tax with regarding the immediately previous year, as follows:

Tax increase	Strength of purpose
35%	6 months
25%	12 months

UNITED STATES OF AMERICA

In the United States, the Federal Tax rate is 21%. There is also a state tax rate, which varies by state from 3% to 7%. In the state of Texas, there is a particular rate of 1%, called the "Texas Margin Tax". Federal tax returns for 2015, 2016, 2017, 2018, 2019, and 2020 are subject to review and audit of exemptions applied by the tax authorities. In addition, statements with net operating losses are subject to revision even if the regulations have expired.

On March 27, 2020, the United States Congress and the President of the United States signed into law the Coronavirus Aid, Relief, and Economic Security (CARES) Act in response to the COVID-19 pandemic in the U.S. Among many other provisions of the act, the CARES Act allowed a temporary repeal of the 80% net operating loss (NOL) limitation for taxable years beginning before January 1, 2021 and modified the rules related to some types of recently generated carrybacks. However, since Argos has not been or is expected to be in a NOL position during the years affected by the law, no additional tax benefit is expected from these changes to the law. It should be noted that Argos USA tax losses were generated before January 1, 2017; therefore, they are subject to the above rules, applicable to when the losses were generated, which allow a two-year carryback period and a 20-year carry-forward period to offset the taxable income. These net operating losses (NOL) may fully offset future taxable income until the pre-2017 NOLs are fully used. As of December 31, 2021, the federal net operating losses (NOL) of United States subsidiaries are estimated at USD $ 267.4 million.

On July 28, 2020, the Treasury Department issued TD9905 final regulations reversing the proposed Section 163 (j) regulation, allowing the Company to add depreciation and amortization when calculating ATI, even if its depreciation and amortization is capitalized in inventory under IRC Section 263A. While final regulations are not required to be adopted until 2022, taxpayers can adopt them early as long as they are consistently applied over the last years. The Company decided to early adopt the proposed regulations and apply them in the 2019 tax return. As such, the $32M interest limitation being recognized was completely reversed, increasing NOL's carry-forward. This new law change does not cause a profit-and-loss impact on Argos but will prevent a regarding the expenses carry-forward by interests.

PANAMA

The income tax rate (ISR) applicable for 2021 is 25% (2020: 25%).

Act No. 8 from March 15, 2010, modifies the Alternate Calculation of Income Tax (CAIR), forcing a legal person which gives rise to income above one million five hundred thousand dollars (US$1,500,000) to determine as a taxable income, the greater amount between: (a) the net taxable income calculated by the ordinary method established in Title I from the Fourth Book of Panama Fiscal Code, and the net taxable income that is applied to the total taxable income, the four-point sixty-seven percent (4.67%).

Legal entities that incur losses due to the tax calculated under the presumptive method or that, due to the application of the said presumptive method, their effective rate exceeds the applicable tax rates for the fiscal period in question, may request the General Directorate of Revenue to be authorized to calculate the tax under the ordinary calculation method.

Following regulations, the income tax returns of companies incorporated in the Republic of Panama are subject to review by tax authorities for the last three years.

Following current Panamanian tax legislation, companies are exempt from paying income tax for profits from foreign sources. They are also exempt from income tax, interest earned on time deposits in local banks, interest earned on Panamanian state securities, and investments in securities issued through the Panama Stock Exchange.

Tax losses may be deductible from the taxable profit for the following five years, 20% each year, but limited to 50% of the tax result for each year.

HONDURAS

Companies residing in Honduras are taxed over territorial income. Non-resident companies are subject to corporate income tax (IRC) only on income derived from Honduran sources.

By Decree No. 25 of December 20, 1963, the obligation to pay income tax to natural or legal persons engaged in civil or commercial activities was established. According to Article No. 22, subparagraph a) from the income tax law, legal persons shall pay a rate of 25% on the net taxable income. On the other hand, by the Decree 278 of December 2013, the Law of Tax Equity was amended, by establishing a surcharge on income tax called the Solidarity, Contribution, equal to five percent (5%) applied on the net taxable income in excess above one million lempiras (L1,000,000), which must be paid in four quarterly payments on the following dates; June, September, December and the final payment in April of each year.

Declarations that are open for inspection are the periods 2018, 2019, 2020, and 2021.

As of 2017, the new tax code entered into force; however, this has not been regulated and thus, there are no specific details for its application. This new regulation does not imply changes in tax rates, nor in assets or liabilities for taxes.

DOMINICAN REPUBLIC

Companies resident in the Dominican Republic are taxed on territorial income; that is, resident companies, branches and permanent establishments are generally subject to income taxes from Dominican source.

The corporation tax rate (IRC) is 27%. In addition, the asset tax at the rate of 1% is considered an alternative minimum income tax, payable when the income tax is lower than the asset tax.

Strength of purpose for statements:

The parent company and its subsidiaries present open validity periods for review by the tax authorities of each country, which vary between 2010 and 2020. The company managements consider that no additional significant obligations will be generated as a result of possible revisions.

9.1. Income tax recognized in profit or loss for the period

	2021	2020
Current tax		
Regarding the current and previous year	179,839	145,359
Regarding the previous year	(4,918)	(17,658)
	174,921	**127,701**
Deferred tax		
Origin and reversal of time differences*	123,927	(4,980)
Changes in laws and tax rates	(6,212)	3,302
For unrecognized tax credits affecting deferred tax	1,062	(45,022)
	118,777	**(46,700)**
Current and deferred income tax expense	**293,698**	**81,001**

*The variation in deferred tax is mainly due to the reversal effect of deferred assets given by the use of tax credits during 2021.

The following table details the reconciliation of the effective tax rate applicable to the Group

	2021	2020
Profit before income tax	**817,634**	**221,815**
Current tax expense at applicable legal rates	**223,214**	**60,925**
Dividends	148,225	54,355
Non-taxable dividends	(94,908)	(52,538)
ECE Regime (Foreign Controlled Entities Regime), net	22,513	23,103
Non-taxable income	(14,000)	(8,283)
Net effect on USA assets	13,602	-
Effect of changes in approved tax rates	(6,212)	(3,344)
Use of tax losses or presumptive income in excess not previously recognized	(1,154)	(216)
Non-deductible and other expenses, net	2,419	6,999
Non-taxable investment sale	-	-
Current tax expense at applicable legal rates	**293,699**	**81,001**
Effective income tax rate	**35.9%**	**36.5%**

Variations between the statutory fees applicable to Cementos Argos S. A. and its subsidiaries, individually considered, and the effective rate generated in the consolidated financial statements, are presented mainly by:

- Tax effect for dividends received by Cementos Argos as taxed, and deferred tax assets generated by indirect tax discounts from the dividends distribution for USD$ 31.13 million from Argos SEM, LLC subsidiary, USD$ 11 million from Argos Panama subsidiary, and USD$ 6.3 million Argos Dominicana subsidiary
- Tax effect in Colombia, for passive income recognized by the Regime of Foreign Controlled Entities (ECE) application.
- Tax effect for the permanent differences generated in assets sales in the United States.
- Effect of change in nominal rates in Colombia and French Guiana. For Colombia, the company did not avail itself of the voluntary exemption enshrined in article 1 from Decree 1311 of 2021, on the recognition of the rate change effect, which established that it could be recognized within the entity in the accumulated results of previous years.
- Non-deductible expenses and untaxable income treated as permanent differences in the income tax calculation.

OTHER EFFECTS

- Cementos Argos S. A. company settled in 2020 the income tax by the presumptive income system, based on the tax basis from the previous year; while in 2021, the current income tax determination is carried out by ordinary liquid income. On the other hand, the expense variation of deferred tax in Cementos Argos S. A. was mainly caused by the active deferred tax generation, which corresponds to presumptive income in excess and tax losses generated during the year 2020, as well as the compensation of presumptive income in excess and use of tax discounts during 2021. Taxes paid abroad gave rise to a new active deferred tax during 2021.
- Tax benefits associated with a greater share of Zona Franca Argos S.A.S. A.S. in operating activities, which is subject to a 15% rent rate under the Free Zone regime in Colombia. It should be noted that the company has a 20-year legal stability contract signed with the Government in 2008.
- During 2021, Zona Franca Argos S. A. S. subsidiary linked to a project of Works for Taxes, with an investment of $2,752 charged to the 2020 income liability, the project aims to improve the conditions for educational skills training and development of 22,736 students from non-certified municipalities, located in the ZOMAC Municipalities of Antioquia West and Southwest department subregions and its development jointly with other Group companies. Up to date this contract is in execution.

9.2. Income tax recognized in other comprehensive income

	2021	2020
New measurements of defined benefit plans	(11,680)	5,231
Cash flow hedges	(4,892)	8,114
Difference in exchange for foreign business conversion	(1,399)	912
Measurement of equity investments at fair value	118	2
Income tax recognized in other comprehensive income, global	**(17,853)**	**14,259**
Income tax recognized in other comprehensive income, controlling interest	**(18,821)**	**13,754**

9.3. Balances in favour of taxes, and current tax liabilities and deferred tax balances

	2021	2020
Current tax assets	161,884	143,907
Current tax liabilities	(63,100)	(53,721)
Current tax assets, net	**98,784**	**90,186**
Deferred tax assets	312,948	333,719
Deferred tax liability	(293,992)	(179,619)
Deferred tax assets, net	**18,956**	**154,100**
Current tax assets	161,884	143,907
Assets for other taxes	39,943	35,319
Current and other tax assets	**201,827**	**179,226**
Current tax liabilities	63,100	53,721
Liabilities for other taxes	142,442	137,964
Current and other tax liabilities	**205,542**	**191,685**

The movement of the Group's net deferred tax liability for the period ended in December 31, 2021 and 2020 is detailed below:

		Recognized in:					
	Closing balance	Results	Other comprehen-sive income	Equity	Conver-sion effect	Reclassification	Closing balance
Deferred tax 2021							
Other current assets	19,908	(3,874)	-	-	2,529	-	18,563
Other equity investments	(6,544)	(5,182)	(1,399)	-	31	-	(13,094)
Property, plant and equipment	(684,995)	15,011	-	-	(61,258)	-	(731,242)
Intangible Assets	(145,341)	(10,937)	-	9,677	(21,667)	-	(168,268)
Other non-current assets	(8,266)	17,875	-	-	308	-	9,917
Provisions	26,499	6,096	-	-	1,514	-	34,109
Employee benefits	19,679	2,328	(11,680)	-	912	-	11,239
Financial Liabilities	24,195	14,447	-	-	3,702	-	42,344
Financial Instruments	14,061	(11,067)	(4,774)	-	316	-	(1,464)
Financial leases	19,033	3,818	-	-	2,674	-	25,525
Other liabilities	12,155	(18,031)	-	-	1,458	-	(4,418)
Unused tax credits	199,569	(736)	-	-	2,151	-	200,984
Unused tax losses	576,955	(128,059)	-	-	59,879	-	508,775
Unused presumptive income in excess	87,192	(466)	-	-	(740)	-	85,986
Deferred tax assets, net	**154,100**	**(118,777)**	**(17,853)**	**9,677**	**(8,191)**	**-**	**18,956**

		Recognized in:					
	Closing balance	Results	Other comprehen-sive income	Equity	Conver-sion effect	Reclassification	Closing balance
Deferred tax 2020							
Other current assets	18,384	5,818	-	-	731	(5,025)	19,908
Other equity investments	(11,992)	12,423	912	-	(182)	(7,705)	(6,544)
Property, plant and equipment	(692,851)	(57,913)	-	-	(19,883)	85,652	(684,995)
Intangible Assets	(150,612)	7,045	-	-	(7,658)	5,884	(145,341)
Other non-current assets	119,631	(8,520)	-	-	4,632	(124,009)	(8,266)
Provisions	19,344	(6,101)	-	-	396	12,860	26,499
Employee benefits	55,572	(9,301)	5,231	-	305	(32,128)	19,679
Financial Liabilities	53,070	(579)	-	-	1,012	(29,308)	24,195
Financial Instruments	-	(31,418)	8,116	-	-60	37,423	14,061
Financial leases	3,335	12,404	-	-	1,065	2,229	19,033
Other liabilities	(54,111)	5,399	-	-	233	60,634	12,155
Unused tax credits	155,833	28,059	-	-	815	14,862	199,569
Unused tax losses	507,503	76,710	-	-	14,812	(22,070)	576,955
Unused presumptive income in excess	73,765	12,674	-	-	52	701	87,192
Deferred tax assets, net	**96,871**	**46,700**	**14,259**	**-**	**(3,730)**	**-**	**154,100**

The Group evaluates the recoverability of its assets for deferred taxes from tax credits, reviewing the rights validity, the compensation times according to the regulation in each country, and estimating the probability of their use before their maturity, through the analysis of generation of sufficient future taxable income.

When analyses indicate that there is no high probability of using the deferred tax asset in its entirety, the asset is reduced to its recoverable amount. In such cases where it is concluded that it is not possible to use a deferred tax asset before its expiration, the asset is not recognised. Decreases in deferred tax assets are recognized in income tax expense in the period when it is concluded that there is no likelihood of full or partial recovery.

To assess the likelihood that income tax deferred assets will be realized, the financial and taxable income projections from the companies are considered, encompassing all available evidence both positive and negative, including, but not limited to, industry analyses, market conditions, expansion plans, tax strategies, tax structure and expected changes thereto, tax losses maturity and other applicable tax credits, and the future reversal of temporary differences. Likewise, variations are analyzed in each period between the actual results against the estimates, to determine whether such variations affect the amounts of such assets and to carry out the adjustments considered necessary, based on the relevant information available, which is recognized in income in the period in which its determination is conducted.

The active deferred tax recognition of the Colombia segment was based on the analysis of financial projections that Management has calculated, applying technical criteria in the generation of operational profit, which captures the most likely scenario of market share and costs and expenses association. Likewise, these projections capture through cash flows simulation, the variation of the obligations and associated financial expenses, obtaining the profit before tax, which is the fiscal analysis basis. Based on tax regulations in force in Colombia and the tax profile of each company, we proceed to calculate the tax base with the main tax premises identified in the financial projections for the companies: assets depreciation and amortization, ECE passive income (controlled entity from abroad) and taxable dividends. As a result of the above, Management may conclude that sufficient taxable income is generated to use tax credits before their maturity.

The active deferred tax recognition of the US segment was based on the following evidence: the most conservative scenarios allow evidence of the total recovery of tax losses accumulated in more than satisfactory periods of time. Management has technically and carefully analyzed the reversal probabilities and horizons of these losses. As a basis, projections for impairment calculation of assets prepared by Cherry Baker were taken, assuming that, for each test year, only the projections were known to date in the most conservative scenario. In these projections, through a cash flows and financial obligations simulation, financial expenses were calculated to finally reach fiscal profit before taxes, ratifying the prompt recoverability of the losses incurred. After adjusting, mitigating, and even stabilizing growth in the medium term, projections results show persistence and consumption of accumulated losses. Tax loss balances have been offset over the past two years.

9.4. Unrecognized deductible temporary differences, unused tax losses and unused tax credits

Deductible temporary differences, presumptive income in excess, unused tax losses, and unused tax credits for which deferred tax assets have not been recognized are attributable to the following:

	Unused Losses and Tax Credits		Presumptive income in excess over ordinary net income		Total tax benefits for which deferred tax was not recognized	
	2021	2020	2021	2020	2021	2020
Between one and five years	65,782	34,059	-	1,751	65,782	35,811
More than five years	1,256	656	-	-	1,256	656
No time limit	145	145	-	-	145	145
Total tax benefits	**67,183**	**34,860**	**-**	**1,751**	**67,183**	**36,612**

9.5. Impact on income tax on dividends proposed or declared before the financial statements issuance and on the potential dividends payment to its shareholders

No proposed dividends are presented before the consolidated financial statements have been authorized for issuance, on which an impact on income tax could be expected.

The Group has no potential consequences on tax return in case of dividends payment to its shareholders.

9.6. Group tax risk management

Tax risks are a formal part of the Board of Directors' supervision mandate. Each quarter, the Board's Risk Committee receives reports on the evolution of strategic risks, including tax risks, included within the Group's 16 strategic risks, and reviews and advises on possible impacts that could negatively affect relationships with key stakeholders and brand reputation.

Tax teams ensure that their pairs at Cementos Argos S. A. fully understand the tax function and legal requirements, including tax planning, policies and procedures. For this reason, the tax teams work with regional teams to provide clear, timely, and relevant advice to the tax issues that arise, recommending alternative strategies (if identified) to achieve the business results expected with the more efficient approach to tax and with compliance with applicable laws, and seeking to ensure a detailed understanding of alternative tax, and the financial and reputational consequences associated. These business decisions and their inputs include the evaluation, quantification, and presentation of tax provisions included in financial results.

According to reputational risk assessment and risk tolerance, the Company works hard to avoid any negative impact on shareholder value. To ensure adequate risk monitoring, permanent tax management controls and a periodic tax risk assessment are carried out.

The Group assesses tax risks on an ongoing basis, even if its tax strategy is not aggressive. The Group believes that for its strategy to be efficient in the short term, it does not necessarily have to adopt an aggressive approach. The risks that have been identified above have been assessed as part of the Company's strategic financial risk, so they are all being addressed in accordance with the corporate risk strategy.

For the Group, the best tax strategy is a strategy that creates maximum added value for all its stakeholders (which in turn, creates benefits for the Company) and not just for shareholders, using optimization strategies. Thanks to this interpretation, Argos also ensures the returns of its tax strategy in the medium and long term, providing benefits for the company, such as good relationships with the authorities, a good reputation and the increase of the resources available for local development, through its contributions. In this way, Argos sees its tax strategy as its main tool to mitigate risks.

NOTE 10: INVENTORIES

	2021	2020
Raw materials and direct materials	305,701	256,215
Materials, spare parts and accessories	305,772	248,612
Finished product	137,274	124,324
Product in process	142,786	118,723
Inventory in transit	90,483	29,368
Goods not manufactured by the company	26,880	15,567
Other inventories	22,847	18,938
Advances for inventory acquisition	3,553	3,250
Inventories, net	**1,035,296**	**814,997**

The cost of inventories recognized as the cost of merchandise sold during the period, including unabsorbed costs, is $7,912,107 (2020: $7,367,975). The decrease value in inventories to net realizable value corresponds to $11,662 (2020: $22,336) with a value reduction reversal of $795 (2020: $10,555). The reversal of the inventory value reduction corresponds to the Argos Puerto Rico Corp subsidiary. The value of unabsorbed costs in inventory is $106,893 (2020: $ 83,520).

As of December 31, 2021, and 2020, Cementos Argos S. A. and its subsidiaries do not maintain committed inventories as a liabilities guarantee and expect to carry out their inventories in a period of fewer than 12 months.

NOTE 11: BIOLOGICAL ASSETS

	2021	2020
Biological assets		
Book value as of January 1	20,404	20,638
Changes in fair value less selling costs	(252)	(234)
Biological assets selling	(199)	-
Book value as of December 31	**19,953**	**20,404**

The Group carries out agricultural activities through Cementos Argos S.A., which maintains forestry projects. The Group biological assets are measured at fair value less the estimated costs of sale at the harvest or collection point. Changes in biological assets fair value are presented in the statement of comprehensive income, such as income or valuation expense as appropriate.

For the plantation's valuation, the discounted cash flow model was used, taking into account that the future economic benefits associated with the forest cover are expected to be carried out 3 or 4 times over time, as follows: at the moment when the 2 or 3 thinning are carried out, which depend on the plantation age and diameter, and at the last moment when the clear felling is carried out. In this sense, fair value is determined by applying a discount rate to future net cash flows, for which purpose Weighted Average Cost of Capital (WACC) was used, which was estimated at 8.46% for 2021(2020: 8.78%). The sale price, volume, determined based on forestry experience and studies, and the estimation of costs and expenses are significant unobservable input data for the measurement.

The Group biological assets are composed of plantations, as follows:

	2021	2020
Plantations (hectares planted = ha)	1,158	1,172

As of December 31, 2021 and comparative, the plantations mainly include teak, eucalyptus, pine, rubber, acacia and melina, distributed throughout the national territory in Boyacá, Riosucio (Caldas), Montebello (Antioquia), Rioclaro (Antioquia), Cartagena (Bolivar), Victoria (Caldas) and Puerto Nare (Antioquia).

At the end of the reporting and comparative period, there are no restrictions on the ownership of the Group's biological assets, nor contractual commitments for their development or acquisition and they have not been pledged as collateral for debts fulfillment

NOTE 12: INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

The details of the Group's associates and joint ventures as of the reporting period date are as follows:

				Proportion of shareholding and voting power	
Investee	**Type**	**Location**	**Main activity**	**2020**	**2021**
Caltek S.A.S. (1)	Joint venture	Colombia	Lime exploitation	-	-
Trans-Atlantic Shipmanagement Ltd.	Joint venture	British Virgin Islands	Sea freight transport	50.00	50.00
MMC Cement Division C.V.	Joint venture	Curacao	Cement marketing	50.00	50.00
Soluciones de Crédito S.A.S (2)	Associate	Colombia	Credit and microcredit provision	48.98	48.98
Granulados Reciclados de Colombia Greco S. A.S.	Joint venture	Colombia	Toilet facilities	41.91	41.91
Summa S.A.S.	Associate	Colombia	Business services	25.00	25.00

(1) In December 2020, Cementos Argos S. A. sold to Calidra Latam S. A. S., a subsidiary from Grupo Calidra S.A. de C.V., the total stake in Caltek S. A. S. joint venture, equivalent to 21,857,974 shares held and representing 50% of the investee stake. The transaction value was $4,984 and the investment carrying value was $19,465, generating an investment disposal loss of $14,482 presented in the lines of other income and operating expenses. The consideration was settled in January 2021 in a single instalment. .

(2) On February 13, 2020, Cementos Argos S. A. and Fundación Grupo Social legalize the constitution of Soluciones de Crédito S. A. S. associate. domiciled in Colombia, whose corporate purpose is granting consumer credits and microcredits to people for housing improvement. Cementos Argos S. A. participates in share capital with a 49% share, equivalent to 1,920,800 shares, for a total capital contribution of $ 1,920, which was already canceled at the date on which it is reported.

All associates and joint ventures are accounted for using the equity participation method in the consolidated financial statements. None of the investments in associates and joint ventures maintained by the Group is listed in a national or foreign stock market; therefore, there is no quoted market price for the investment.

12.1. Investments in associates and joint ventures

The summarized financial information regarding each of the Group's associates is presented below. This information represents amounts shown in the associates' financial statements, which were prepared in accordance with IFRS:

Associates and joint ventures financial information						
	Trans Atlantic Shipmanagement Ltd.		MMC Cement Division C. V		Investee Individually not significant	
	2021	2020	2021	2020	2021	2020
Current assets	7,895	12,615	4,708	2,946	35,381	35,002
Non-current assets	86,475	104,073	9,603	9,159	23,041	27,836
Current liabilities	13,958	8,856	3,001	2,210	42,669	42,247
Non-current liabilities	44,214	71,520	-	-	15,181	15,750
Ordinary income	28,837	40,539	17,346	12,953	18,996	15,474
Continuous operations	(13,065)	(2,529)	(157)	(681)	(6,236)	(1,960)
Total comprehensive income	(13,065)	(2,529)	(157)	(681)	(6,236)	(1,960)

Detailed financial information of significant associates and joint ventures				
	Trans Atlantic Shipmanagement Ltd.		MMC Cement Division C. V	
	2021	2020	2021	2020
Cash and equivalents	2,046	4,792	15	342
Current financial liabilities	9,652	4,890	-	-
Non-current financial liabilities	44,214	71,520	-	-
Depreciation	4,046	8,014	969	955
Interest income	-	-	-	-
Interest costs	3,320	6,540	-	-

The reconciliation of the summarized financial information with the associates and joint ventures book value in the consolidated financial statements is:

Reconciliation of investments in associates and joint ventures with their financial information						
	Trans Atlantic Shipmanagement Ltd.		MMC Cement Division C. V		Investee individually not significant	
	2021	2020	2021	2020	2021	2020
Investee net assets	36,198	36,312	11,310	9,895	2,773	4,841
Share in the investee	50.00%	50.00%	50.00%	50.00%	25%-49%	25%-50%
Investee book value	**18,099**	**18,156**	**5,655**	**4,948**	**2,848**	**3,851**
Total carrying value of investments in investees					**26,602**	**26,955**

For the non-significant individual investees, there is an advance for future capitalization to the Servicios Corporativos Integrales S. A. S. associate for $ 1,490.

For the reported periods, investments in associates and joint ventures do not have unrecognized losses of the current or prior period, nor did they declare dividends.

There are no significant restrictions on the ability of associates or joint ventures to transfer funds to the Group as cash dividends, or to repay loans or advances made by the Group. The Group has no contingent liabilities related to its investments in associates and joint ventures.

NOTE 13: SUBSIDIARIES

13.1. Panel composition

The following are the companies included in Cementos Argos S.A. consolidated financial Statements:

AMERICAN CEMENT TERMINALS, LLC
Incorporated under the State of Delaware (United States) laws, on September 20, 2007; it has as its main purpose investments realization and its duration term is in perpetuity.

ARGOS DOMINICANA S.A.
Company by shares incorporated under Dominican Republic laws on February 12, 1996; its main purpose is clinker and cement manufacture, marketing, import, and export; exploitation and marketing of minerals used and related to the cement industry. The company's main domicile is in the city of Santo Domingo and its term is indefinite. Consolidates with Concretos Argos Dominicanos, S. R. L.

ARGOS GUATEMALA S. A.
Incorporated in the city of Guatemala, on January 7, 2020; its corporate purpose is cement, clinker, concrete, aggregates, related products, and derivatives manufacture, sale, export, and import; as well as all types of raw material, machinery, equipment, and spare parts import for cement, clinker, concrete, aggregates and related products and derivatives manufacture and sale, all of the above with the assistance of professionals on the matter. The main domicile is in Guatemala and it was established for an indefinite term. This company was acquired on June 9, 2020.

ARGOS GUYANE S. A.S.
Incorporated on March 23, 1989, its main address is Cayenne, French Guiana; its corporate purpose is cement manufacture and all derived products, as well as the import of all raw materials and finished products necessary for the cement and related products preparation, marketing, and export. The company duration is 99 years from March 23, 1989, unless early dissolution or extension. This company was acquired in April 2014.

ARGOS HONDURAS S.A. DE C.V.
Incorporated in accordance with Honduran law on July 10, 1975, its domicile is Tegucigalpa. Its main purpose is cement exploitation of all kinds, their derivatives, and products being manufactured from them; obtaining exploration permits, and exploitation concessions of land and mineral deposits, whose substances are required for cement manufacture and its derivatives. Its duration is for an indefinite period. In November 2019, it absorbs Cementos del Sur S. A. and Concretos Argos Honduras, S. A., companies, which it consolidated.

ARGOS NORTH AMERICA CORP
Incorporated under the State of Delaware (United States) laws, on December 19, 2006; his principal domicile is in the city of Alpharetta (Georgia), it is aimed at the social development of investment lawful activities in the cement, concrete, and related products sector. Its term is in perpetuity. The Corporation consolidates with Argos USA LLC, and Southern Star Leasing LLC.

ARGOS PANAMÁ S.A.
Stock corporation incorporated under the Republic of Panama laws on June 25, 1943. Its main purpose is cement and its derivatives manufacture, sale, import, and export; as well as all types of raw material, machinery, equipment, and spare parts importation for cement manufacture and sale. The company main domicile is located in Panama City, Republic of Panama, and the term is in perpetuity. This company consolidates with Concreto S. A., and Terminal Granelera Bahía Las Minas S. A. In November, 2019, it absorbed its subsidiary, called Grava, S. A.

ARGOS PORTS (WILMINGTON) LLC.
Company incorporated under the State of Delaware (United States) laws, on March 10, 1998, and was subsequently acquired by American Cement Terminals, LLC. on December 31, 2001; its corporate purpose is cement marketing and its related products. Its term is in perpetuity.

ARGOS PUERTO RICO CORP.

Acquired on February 8, 2017, in Puerto Rico. Argos San Juan, Corp., is a for-profit corporation, organized under the Commonwealth of Puerto Rico laws, to engage in cement manufacture and sale. It is registered in the Registry of Corporations from Puerto Rico State Department and its term is indefinite. In February 2018, it absorbed the Argos Puerto Rico, LLC company, a maritime cement terminal that had been acquired on April 30, 2015 and was dedicated to cement receipt, storage, sale and distribution. This company consolidates with Argos Trading Puerto Rico LLC, whose activity is cement and related products export.

ARGOS SEM, LLC

Established on March 21, 2014, in Panama City, (and relocated in December 2018 to Delaware, United States, at which time the name transformation from Argos SEM SA to Argos SEM, LLC was produced). Its purpose is to establish and operate as a Multinational Company Headquarters to provide all and any management and/or administration services for operations in a specific or global geographical area of a company from the business group; also, to internationally dedicate to the manufacture and marketing of goods of all kinds, as well as to the services marketing of all kinds, as allowed in the law from the respective state or jurisdiction. In May 2018, it absorbed the International Cement Company S.A. company, an entity incorporated in Panama on November 24, 1997, with the purpose of acquiring, owning, administering, taxing, leasing, and disposing of in any way all kinds of goods, whether on their own or third parties.

CEMENT AND MINING ENGINEERING INC.

Incorporated under Panamanian laws on February 4, 1997; its primary residence is located in Panama City, Panama; its purpose is towards social construction, technical assistance, equipment installation, and assembly, purchase, real and personal property sale and management, investments, funding, and share in societies, patents purchase or acquisition, trademarks, copyrights, licenses and formulas, operations with banks or other financial institutions. Likewise, sale of shares, securities or bonds, financing and share in companies, mining, maritime, and any other lawful business allowed by the Republic of Panama laws. Its term is in perpetuity.

CEMENTOS DE CALDAS S.A.

Incorporated in accordance with Colombian laws on July 17, 2007; its main domicile is in Villamaría, Caldas department. Its corporate purpose is the exploitation of the cement industry and the production of concrete mixtures and their derivatives. Its term of duration extends until July 22, 2054.

C.I. DEL MAR CARIBE (BVI) INC.

Incorporated in accordance with the British Virgin Islands laws on June 2, 2004; its main domicile is in Tortola and its corporate purpose is cement, clinker, and lime marketing. Its term is in perpetuity.

COLCARIBE HOLDINGS, S.A.

Incorporated under Panamanian laws on June 25, 1996.; its principal domicile is in Panama City. Its corporate purpose is to negotiate or dispose of securities, bonds, shares in other Companies and rights of any kind, either on its own or third parties, as well as open, operate, close accounts and deposits in financial institutions, lend or accept money in loans and give guarantees in favor of third parties in any currency of the world. Its term is in perpetuity.

COMMERCIAL ARVENCO, C.A.

Constituted in Caracas, Venezuela on November 2, 2006, its duration is for 50 years from this current date. Its domicile is the city of Barquisimeto, Lara state, Venezuela. Its corporate purpose is the business exploitation and other activities related to the import, export, transport, purchase and sale of all kinds of goods and products, metallic and nonmetallic minerals, cement, clinker, coal, equipment, artifacts, vehicles, machinery, tools, spare parts, accessories; as well as any other act of licit trade.

CONCRETOS ARGOS S.A.S.

Simplified joint-stock company incorporated in accordance with Colombian laws on April 22, 1985. Its main purpose is the exploration, exploitation, transport, benefit, integral use, marketing, and sale of stony minerals such as: sand, cement, gravels, pre-mixed concrete and precast concrete elements, concrete blocks, and any materials and own elements, accessories, and complementaries used in the construction industry. The main domicile of the company is in Bogotá and the term of duration is until September 8, 2093.

CORPORACIONES E INVERSIONES DEL MAR CARIBE S.A.S.
Incorporated in accordance with Colombian laws on December 14, 1982. Its principal domicile is in the city of Medellín and the term of duration is indefinite. The Company's corporate purpose is to carry out any lawful economic activity, both in Colombia and abroad. Currently, it is dedicated to investment in shares or interest rates. This Company consolidates with Argos USVI Corp., Argos (Dominica) Ltd., Argos Saint Maarten N.V. and Cementos Argos Company Limited.

HAITÍ CEMENT HOLDING, S.A.
Incorporated and domiciled in Panama City, Republic of Panama on October 7, 1997. Its main activity is to acquire, buy, invest in securities, bonds, shares, equity interests in other companies, as well as any lawful business allowed by the Republic of Panama laws. The duration of the company is in perpetuity. This company consolidates with Cimenterie Nationale S.E.M. (CINA).

LOGÍSTICA DE TRANSPORTE S.A.
Incorporated in accordance with Colombian laws on April 16, 1996; its principal domicile is in the city of Medellín. Its corporate purpose is the transport of people and all types of cargo inside or outside the country, in any of its modalities, land, air, river and sea, whether in vehicles, ships or aircraft owned or owned by third parties that are affiliated with it. The term of the company expires on April 16, 2026.

SURCOL HOUDSTERMAATSCHAPPIJ N.V.
Company incorporated in accordance with Suriname laws on March 1, 2006 and the term is indefinite; its main purpose is investments realization. The company's main domicile is in Paramaribo, Suriname. This company consolidates with Vensur N.V.

TRANSATLANTIC CEMENT CARRIERS, INC.
Incorporated in accordance with Panamanian laws on July 26, 1974; with principal domicile in Panama City and the term of duration is indefinite. Its corporate purpose is maritime transport, especially cement, clinker and the sale of these same products. In June 2018, through merger, it absorbed Compañía Marítima de Graneles S.A., which had been established in accordance with Panamanian laws on December 29, 1978, and which was dedicated to maritime transport, especially cement and clinker and the purchase and sale of these same products, ships chartering and especially the provisioning of them.

VALLE CEMENT INVESTMENTS LTD.
Incorporated in accordance with the British Virgin Islands laws on November 18, 1998; its main domicile is in the British Virgin Islands and its corporate purpose is to make investments of any kind. The duration term of the company is indefinite.

VENEZUELA PORTS COMPANY, S.A.
Incorporated in Panama City, Republic of Panama on February 26, 2002. Its domicile is in Panama City. Its main activity is to invest in societies, companies, or projects, and the negotiation, exploitation, or participation in industrial, mining, commercial, real estate, maritime, or any other kind of companies, as well as any licit business allowed by the Republic of Panama laws. The duration of the company is in perpetuity.

ZONA FRANCA ARGOS S.A.S.
Incorporated in accordance with Colombian laws on July 5, 2007, its principal domicile is in the city of Cartagena and its term of duration is indefinite. Its corporate purpose is the exploitation of the cement industry, the production of concrete mixtures and any other materials or articles based on cement, lime or clay, the acquisition and disposal of minerals or ore deposits that can be used in the cement industry and its similar, rights to explore and exploit minerals indicated, either by concession, privilege, lease or any other title, direct, manage, supervise, promote and develop a free zone, carry out all activities that in its condition of a single user of a special free zone are convenient, relevant or necessary, carry out the following activities as a port operator: loading and unloading, storage in ports, import and export of goods and services, general cargo handling, containerized cargo handling. It was declared in 2007 as a permanent special free zone.

The details of the Group's subsidiaries at the reporting period date, as well as the shareholding and voting power for 2021 and 2020 are as follows:

Subsidiary	Type	Location	Main activity	2021	2020
American Cement Terminals Llc.	P	United States	Investments	100.00	100.00
American Cement Terminals Trust (Bvi)	P	British	Investments	100.00	100.00
Argos (Dominica) Ltd.	A	Dominica	Cement distribution	100.00	100.00
Argos Dominicana S.A.	A	Dominican Republic	Cement production and marketing	79.18	79.18
Argos Guatemala	A	Guatemala	Cement production and marketing	100.00	100.00
Argos Guyane S. A.S.	A	French Guiana	Cement production and marketing	100.00	100.00
Argos Honduras S.A. De C.V.	A	Honduras	Cement production and marketing	53.29	53.29
Argos Panamá, S.A.	A	Panama	Cement and concrete industry and marketing	83.35	78.44
Argos North America Corp.	A	United States	Investments	99.08	99.08
Argos Ports (Wilmington) Llc.	P	United States	Cement distribution and sale	100.00	100.00
Argos Puerto Rico, Corp.	P	Puerto Rico	Cement distribution and sale	60.00	60.00
Argos Sem, Llc	P	United States	Investments	100.00	100.00
Argos St. Maarten N.V.	A	St. Maarten	Cement distribution	100.00	100.00
Argos Trading Puerto Rico Llc	P	Puerto Rico	Export	60.00	60.00
Argos Usa Llc.	P	United States	Cement and concrete industry	99.08	99.08
Argos Usvi Corp.	A	British	Cement distribution	100.00	100.00
Cement And Mining Engineering Inc.	A	Panama	Investments	100.00	100.00
Cementos Argos Company Limited	A	Antigua	Cement distribution	100.00	100.00
Cementos De Caldas S.A.	A	Colombia	Cement production	99.64	99.64
Ci Del Mar Caribe (Bvi) Inc.	A	British	Marketing	99.97	99.97
Cimenterie Nationale S.E.M. (Cina)	A	Haiti	Cement industry and marketing	65.00	65.00
Subsidiary	**Type**	**Location**	**Main activity**	**2021**	**2020**
Colcaribe Holdings, S.A	A	Panama	Investments	100.00	100.00
Commercial Arvenco, C.A.	A	Venezuela	Marketing	100.00	100.00
Concreto S.A.	A	Panama	Ready-mix concrete manufacturing	78.44	78.44
Concretos Argos S.A.	A	Colombia	Concrete production and marketing	99.46	99.46
Concretos Argos Dominicanos, S. R. L.	A	Dominican Republic	Concrete industry and marketing	79.39	79.39
Corporaciones E Inversiones Del Mar Caribe S.A.S.	A	Colombia	Investments	100.00	100.00
Haiti Cement Holding S.A.	A	Panama	Investments	100.00	100.00
Inmueble Miraflores S.A.	A	Panama	Property management	100.00	100.00
Logística De Transporte S.A.	A	Colombia	Transport	99.99	99.99
Supply Link Llc	P	United States	Receipt of goods in port	100.00	100.00
Southern Star Leasing, Llc	P	United States	Concrete industry	99.08	99.08
Surcol Houdstermaatschapij N.V.	A	Suriname	Investments	50.00	50.00
Terminal Granelera Bahía Las Minas S.A.	A	Panama	Sea ports operation	78.44	78.44
Transatlantic Cement Carriers, Inc.	A	Panama	Maritime transport	100.00	100.00
Valle Cement Investments Limited	A	British	Investments	91.81	91.81
Venezuela Ports Company, S.A.	A	Panama	Investments	100.00	100.00
Vensur N.V.	A	Suriname	Cement production and marketing	42.10	42.10
Zona Franca Argos S.A.S.	A	Colombia	Cement industry	100.00	100.00

P = Equity investees; A = Shares.

	Colombia		Caribbean and Central America		United States	
	2021	2020	2021	2020	2021	2020
Number of fully owned subsidiaries	2	2	14	14	4	4
Number of partially owned subsidiaries	3	3	13	13	3	3

Details of partially owned subsidiaries that have material non-controlling interests in the Group are disclosed in Note 13.2.

In 2021 and 2020, the following movements were recorded in the subsidiary companies and business acquisition:

- On September 1, 2021, Provicem S. A. shares repurchase in Argos Panamá S. A. is formalized, equivalent to 4.75% of the shares in this entity. Through this contract, 71,877 shares are acquired, resulting in a total purchase payment of USD $26 million (COP $98,684). With this transaction, the share percentage in this company is modified to 83.351%. The excess value paid to non-controlling interests of $ 72,912 was recorded directly in consolidated equity.
- In December 2020, the Concretos Argos S. A. S. company absorbs the Agregados Argos S. A. S. company. With this transaction, the partner of the absorbed company receives the shares of the absorbent for each share held, so Concretos Argos S. A. S. issues 198,389 actions to comply with these trade terms. This transaction modifies the percentage of effective share of Cementos Argos S. A. in Concretos Argos S. A. S. going from 99.45% to 99.46%, impacting, in turn, the percentages of effective share of the companies on which Concretos Argos S. A. S. has a stake.
- On October 1, the Corporaciones e Inversiones del Mar Caribe S. A. S. company bought 181 shares of Logística de Transportes S. A. company at a price of 3,349 Colombian pesos per share, obtaining a share of 0.0077%. This transaction modifies the Group's total share in Logística de Transportes S. A. from 99.998% to 99.999%.
- On September 14, 2020, Cementos Argos S. A. acquires the shares of Odinsa S. A. and Construcciones El Cóndor S. A. in Agregados Argos S. A., equivalent to 48% of the share in this entity. Through this contract, 3,024 million shares are acquired at a price of 83.07 cents per share, resulting in a total purchase payment of $2,512. With this transaction, Cementos Argos is constituted as the sole controlling party of the company. The excess value paid to non-controlling interests of $ 72,912 was recorded directly in consolidated equity.
- On September 10, 2020, Wetvan Overseas Ltda settlement is perfected on which the Group held a 60% shareholding. This transaction has no impact on the consolidated financial statements.
- On June 9, 2020, Cementos Argos S. A., through its subsidiaries, Argos SEM LLC and Colcaribe Holdins S. A., acquires a 100% stake in Argos Guatemala S. A., equivalent to 2 shares, per $96,724 (200 quetzals), whose main corporate purpose is cement, clinker, concrete and its related products and derivatives manufacture, sale, import, and export. The value was paid in cash on the purchase date. The acquired subsidiary is not a business in accordance with IFRS 3 requirements, so there was no goodwill recognition.

13.2. Details of partially owned subsidiaries that have material non-controlling interests

The following table shows the detail of partially owned Group subsidiaries that have material non-controlling interests:

Subsidiaryc	Place of incorporation and business headquarters	Proportion of shareholding and voting rights held by non-controlling interests		Profit (loss) allocated to non-controlling shares		Cumulative non-controlling interests	
		2021	2020	2021	2020	2021	2020
ARGOS HONDURAS S.A. DE C.V.	Honduras	46.7%	46.7%	63,243	38,898	661,815	600,642
Argos Panamá, S. A. and subsidiaries	Panamá	16.7%	21.6%	4,951	(486)	87,409	92,037
Argos Puerto Rico, Corp.	Puerto Rico	40.0%	40.0%	7,324	8,230	96,751	76,709
Argos Dominicana S. A. and subsidiary	Rep. Dom.	20.8%	20.8%	10,940	7,865	23,330	16,253
Valle Cement Investments Limited	Islas Vírgenes	8.2%	8.2%	394	721	17,626	28,834
ARGOS USA LLC.	Estados Unidos	0.9%	0.9%	7,843	2,816	86,414	67,329
				94,695	**58,044**	**973,345**	**881,804**
Individually intangible subsidiaries, with non-controlling interests				**(1,891)**	**4,582**	**(18,658)**	**(8,988)**
TOTAL CUMULATIVE NON-CONTROLLING INTERESTS				**92,804**	**62,626**	**954,687**	**872,816**

The summarized financial information regarding each of the Group's subsidiaries that has material non-controlling interests is presented below. The summarized financial information below represents amounts prior to intergroup eliminations:

2021	Current assets	Non-current assets	Current liabilities	Non-current liabilities	Ordinary income	Net income	Other comprehensive income	Total comprehensive income
Argos Dominicana S. A. and subsidiary	115,038	60,473	61,818	1,652	277,914	52,539	16,618	69,157
Argos Honduras S. A. de C.V.	301,663	1,408,211	152,578	140,468	557,492	135,392	177,820	313,212
Argos Panamá, S.A. and subsidiaries	151,727	608,807	199,353	8,425	307,615	29,736	73,590	103,326
ARGOS PUERTO RICO CORP.	115,104	305,566	62,533	101,137	232,377	22,812	33,502	56,314
ARGOS USA LLC.	4,679,056	8,003,685	2,201,192	1,353,466	5,429,634	757,926	1,214,104	1,972,031
Valle Cement Investments Limited	1,589,426	565,715	588,112	790,260	-	54,099	126,073	180,172

2020	Current assets	Non-current assets	Current liabilities	Non-current liabilities	Ordinary income	Net income	Other comprehensive income	Total comprehensive income
Argos Dominicana S. A. and subsidiary	107,404	51,219	77,249	3,316	217,189	37,773	(5,340)	32,434
Argos Honduras S. A. de C.V.	883,270	581,822	55,543	123,826	419,591	83,274	88,232	171,506
Argos Panamá, S.A. and subsidiaries	151,923	542,570	240,922	5,247	233,143	(2,254)	28,197	25,943
ARGOS PUERTO RICO CORP.	102,690	240,489	115,681	26,811	198,656	24,168	3,306	27,474
ARGOS USA LLC.	2,878,403	7,603,637	1,422,354	1,875,820	5,384,332	211,540	289,993	501,533
Valle Cement Investments Limited	463,146	1,573,538	1,241,461	-	-	23,515	31,408	54,923

13.3. Change in group ownership interest in a subsidiary

- On September 1, 2021, Provicem S. A. shares repurchase in Argos Panamá S. A. is formalized, equivalent to 4.75% of the shares in this entity. Through this contract, 71,877 shares are acquired, resulting in a total purchase payment of USD $26 million (COP $98,684). With this transaction, the share percentage in this company is modified to 83.35%. The excess value paid to non-controlling interests of $ 72,912 was recorded directly in consolidated equity.
- In December 2020, the Concretos Argos S. A. S. company absorbs the Agregados Argos S. A. S. company. With this transaction, the partner of the absorbed company receives the absorbing shares for each share held, so Concretos Argos S. A. S. issues 198,389 actions to comply with these trade terms. This transaction modifies Cementos Argos S.A. effective share percentage over Concretos Argos S. A. S. going from 99.45% to 99.46%, impacting, in turn, the percentages of effective share of the companies on which Concretos Argos S. A. S. has a stake.
- On September 14, 2020, Cementos Argos S. A. acquires Odinsa S. A. and Construcciones El Cóndor S. A. shares in Agregados Argos S. A., equivalent to 48% of the share in this entity. Through this contract, 3,024 million shares were acquired at a price of 83.07 cents per share, resulting in a total purchase payment of $2,512. With this transaction, the share percentage in this company is modified to 83.35%. The excess value paid to non-controlling interests of $ 72,912 was recorded directly in consolidated equity.

13.4. Significant restrictions and financial support

The Group does not have subsidiaries with significant restrictions to transfer and/or receive assets from other Group Companies, nor are there protective rights to non-controlling interests that can significantly restrict the Group’s ability to access or use the assets and settle the liabilities from the subsidiaries; there are also no guarantees or other requirements that may restrict dividends and other distributions of capital to be paid within the Group.

As of December 31, 2021, and its comparable, the Group has not provided financial support without any contractual obligation to conduct it towards any investee, nor has it helped to obtain financial support.

NOTE 14: OTHER INTANGIBLE ASSETS

14.1. Conciliation of cost, accumulated depreciation and intangible assets impairment

2021	Opening balance	Additions	Amortization	Foreign currency change effect	Assets sale and with-drawal [(2)]	Other changes [(1)]	Closing Balance
Brands with indefinite useful life	115,389	-	-	-	-	-	115,389
Brands, customer lists and related	1,110,784	-	-	158,466	(130,404)	(557)	1,138,289
Concessions, franchises and rights	460,890	-	-	23,377	-	1,660	485,927
Patents, licenses and software	237,124	111	-	5,880	(249)	1,343	244,209
Intangible assets in progress	876	1,374	-	63	-	(876)	1,437
Other intangible assets	26,405	-	-	-	-	21,910	48,315
Historical cost	**1,951,468**	**1,485**	**-**	**187,786**	**(130,653)**	**23,480**	**2,033,566**
Brands, customer lists and related	723,467	-	58,670	106,823	(106,954)	-	782,006
Concessions, franchises and rights	259,816	-	28,570	11,915	-	460	300,761
Patents, licenses and software	206,419	-	17,909	5,165	(249)	16	229,260
Other intangible assets	11,542	-	5,151	-	-	-	16,693
Depreciation and impairment	**1,201,244**	**-**	**110,300**	**123,903**	**(107,203)**	**476**	**1,328,720**
Intangible assets, net	**750,224**	**1,485**	**(110,300)**	**63,883**	**(23,450)**	**23,004**	**704,846**

2020	Opening balance	Additions	Amortization	Foreign currency change effect	Assets sale and with-drawal [(2)]	Other changes [(1)]	Closing Balance
Brands with indefinite useful life	115,389	-	-	-	-	-	115,389
Brands, customer lists and related	1,051,667	-	-	66,229	(7,112)	-	1,110,784
Concessions, franchises and rights	453,151	-	-	7,454	-	285	460,890
Patents, licenses and software	233,019	1,830	-	1,618	(42)	699	237,124
Intangible assets in progress	1,870	875	-	-	-	(1,869)	876
Other intangible assets	26,405	-	-	-	-	-	26,405
Historical cost	**1,881,501**	**2,705**	**-**	**75,301**	**(7,154)**	**(885)**	**1,951,468**
Brands, customer lists and related	626,430	-	71,691	32,458	(7,112)	-	723,467
Concessions, franchises and rights	232,302	-	24,761	2,753	-	-	259,816
Patents, licenses and software	183,364	-	21,367	1,234	(42)	496	206,419
Other intangible assets	6,391	-	5,151	-	-	-	11,542
Depreciation and impairment	**1,048,487**	**-**	**122,970**	**36,445**	**(7,154)**	**496**	**1,201,244**
Intangible assets, net	**833,014**	**2,705**	**(122,970)**	**38,856**	**-**	**(1,381)**	**750,224**

(1) As of December 31, 2021, it includes expenditures for the improvement of technical knowledge in production processes.

(2) Corresponds to the sale of US assets (See Note 17.1)

As of December 31, 2021 and 2020, ongoing intangible assets do not include loan costs capitalization. Useful lives of other intangible assets are:

Intangible	Useful life ranges in years	Depreciation method
Argos brand	Undefined	
Other brands	Finite: Between 2 and 20	Linear
Client lists and client-related intangibles	Finite: Between 5 and 15	Linear
Rights	Finite: Between 4 and 35	Linear
Concessions, franchises and licenses	Finite: Between 4 and 75	Linear
Licenses, patents and software	Finite: Between 2 and 10	Linear
Other intangibles	Finite: Between 4 and 16	Linear

The amortization of intangibles is recognized as expenses in the consolidated income statement in the cost of sales, administrative expenses, and selling expenses line, and impairment losses are recognized as expenses in the income statement, in the goodwill impairment and other assets line.

No disbursements of research and development projects are carried out during the 2021 period. As of December 31, 2021, and 2020, there are no restrictions on the intangible asset's realization because none of them has been affected as security for the performance of obligations, or the Group has contractual obligations to acquire or develop intangible assets.

The net carrying value and the remaining amortization period for other significant intangible assets is:

Intangible	Remaining amortization period	2021	2020
Client list	7 years	260,470	259,117
Argos brand	Undefined	115,389	115,389

Management determined that the Argos Brand, purchased and paid in cash from Grupo Argos S. A. in December, 2005 for $115,389, is an intangible asset with an indefinite useful life given that Cementos Argos S. A., due to the legal rights acquired at the time of the purchase from Grupo Argos S. A., has the capacity to control the future economic benefits of the brand and expects it to generate economic benefits indefinitely (See Note 'Impairment').

NOTE 15: PROPERTY, PLANT AND EQUIPMENT

15.1. Reconciliation of cost, accumulated depreciation and impairment of property, plant and equipment

2021	Opening balance	Additions and depreciation	Loss of impairment [3]	Transfers from assets held for sale	Conversion effect	Sale and Withdrawals	Loss of subsidiary control	Other changes [1]	Closing balance
Land	1,360,545	1,830	-	-	81,440	(5,698)	(47,742)	40,923	1,431,298
Assets in progress, assembly and transit [2]	793,554	413,589	-	(323)	7,634	(3,660)	-	(391,078)	819,716
Buildings and constructions	2,302,982	2,800	(79)	-	269,990	(24,444)	(179,051)	103,660	2,475,858
Machinery and production equipment	7,740,202	10,054	(18,044)	144	734,401	(82,383)	(54,472)	240,897	8,570,799
Office, computer, and communication equipment	243,624	1,367	-	-	22,579	(33,591)	(8,541)	6,400	231,838
Mines, quarries, and mineral deposits	2,334,574	1,625	-	-	344,048	-		(49,878)	2,630,369
Overland transport equipment	1,096,575	13,957	-	-	133,038	(72,419)	(113,458)	98,226	1,155,919
River transport fleet	44,070	1,138	-	-	7,024	-		3,439	55,671
Aqueduct, networks and communications routes	350,661	-	-	-	37,765	(2,143)	(37,135)	8,871	358,019
Advances given to third parties	1,219	4,523	-	-	156	-		(3,085)	2,813
Total historical cost	**16,268,006**	**450,883**	**(18,123)**	**(179)**	**1,638,075**	**(224,338)**	**(440,399)**	**58,375**	**17,732,300**

2021	Opening balance	Additions and depreciation	Loss of impairment [3]	Transfers from assets held for sale	Conversion effect	Sale and Withdrawals	Loss of subsidiary control	Other changes [1]	Closing balance
Buildings and constructions	920,445	93,743	-	-	110,205	(20,973)	(127,807)	14,953	990,566
Machinery and production equipment	2,990,569	405,359	-	-	279,669	(70,164)	(18,484)	25,230	3,612,179
Office, computer, and communication equipment	182,877	19,298	-	-	16,783	(33,154)	(4,316)	(229)	181,259
Mines, quarries, and mineral deposits	194,928	36,323	-	-	15,978	-	-	(5,397)	241,832
Overland transport equipment	618,876	90,572	-	-	77,020	(66,298)	(79,956)	1,675	641,889
River transport fleet	9,603	2,088	-	-	1,551	-	-	(1)	13,241
Aqueduct, networks and communications routes	136,503	15,027	-	-	16,451	(772)	(5,752)	(132)	161,325
Total depreciation and impairment	**5,053,801**	**662,410**	**-**	**-**	**517,657**	**(191,361)**	**(236,315)**	**36,100**	**5,842,292**
Property, plant and equipment, net	**11,214,205**	**(211,527)**	**(18,123)**	**(179)**	**1,120,418**	**(32,977)**	**(204,082)**	**22,275**	**11,890,008**

(1) As of December 31, 2021, it mainly includes transfers between accounts due to activation and closure of ongoing projects.

(2) Within the construction in progress heading, equipment in assembly and transit, assets from the Helios project are included for a value of $527,111 and $568,223, for 2021 and 2020, respectively; corresponding to the construction and updating project of one of the cement plants, which is part of Colombia's existing integrated network and its start-up in operation is estimated for 2025.

(3) Corresponds to impairment by individual asset analysis. (See note 17.3)

(4) The United States subsidiary acknowledged a deterioration in the Mines and Quarries area against wealth, as a result of an asset acquisition review carried out in 2016. This effect was transferred to the consolidated financial statements via equity method against the same equity account.

2020	Opening balance	Additions and depreciation	Loss of impairment	Transfers from assets held for sale	Conversion effect	Sale and Withdrawals	Other changes (1)	Closing balance
Land	1,339,367	950	-	-	24,661	(4,207)	(226)	1,360,545
Assets in progress, assembly and transit	802,761	300,205	-	-	11,300	-	(320,712)	793,554
Buildings and constructions	2,077,006	10,118	-	-	63,534	(27,757)	180,081	2,302,982
Machinery and production equipment	7,624,301	9,212	-	628	273,374	(109,446)	(57,867)	7,740,202
Office, computer, and communication equipment	226,445	1,289	-	69	8,565	(5,475)	12,731	243,624
Mines, quarries, and mineral deposits	2,228,153	4,313	-	-	99,596	(17,477)	19,989	2,334,574
Overland transport equipment	1,028,382	925	-	-	37,839	(88,766)	118,195	1,096,575
River transport fleet	1,966	-	-	-	(3,152)	(301)	45,557	44,070
Aqueduct, networks and communications routes	299,416	-	-	-	4,836	(3,750)	50,159	350,661
Advances given to third parties	1,803	2,319	-	-	56	-	(2,959)	1,219
Total historical cost	**15,629,600**	**329,331**	**-**	**697**	**520,609**	**(257,179)**	**44,948**	**16,268,006**
Buildings and constructions	797,767	79,330	-	-	28,841	(19,392)	33,899	920,445
Machinery and production equipment	2,658,084	395,421	-	392	79,327	(83,621)	(59,034)	2,990,569
Office, computer, and communication equipment	160,858	14,990	-	-	6,042	(4,091)	5,078	182,877
Mines, quarries, and mineral deposits	172,562	34,905	-	-	2,366	(13,218)	(1,687)	194,928
Overland transport equipment	593,771	69,028	-	-	23,330	(83,564)	16,311	618,876
River transport fleet	549	1,212	-	-	(672)	(27)	8,541	9,603
Aqueduct, networks and communications routes	110,064	13,350	1,120	-	1,470	(3,395)	13,894	136,503
Other assets	-	874	-	-	-	-	(874)	-
Total depreciation and impairment	**4,493,655**	**609,110**	**1,120**	**392**	**140,704**	**(207,308)**	**16,128**	**5,053,801**
Property, plant and equipment, net	**11,135,945**	**(279,779)**	**(1,120)**	**305**	**379,905**	**(49,871)**	**28,820**	**11,214,205**

(1) As of December 31, 2020, includes transfers from (to) investment properties for ($226), in the land category.

For 2021, there were no new cost capitalizations per loan, but some projects were closed and $5,317 were capitalized to the assets created in said closing. For 2020, ongoing constructions included period loan cost capitalization of $1,184, the average rate used to determine the amount of loan costs was 5.7%, which is the specific effective interest rate on generic loans.

At the end of the reporting period and comparable ones, there are no restrictions on property, plant and equipment realization, nor contractual commitments for the acquisition of property, plant and equipment. The Group did not obtain compensation from third parties for damaged, lost or abandoned property, plant and equipment.

As of January 1, 2020, Cementos Argos S. A. evaluated the intention to use the assets from its plants located in Cartagena, Nare, Rio Claro, Sogamoso, Toluviejo and Yumbo, and increased their useful lives. The change in estimates implied a decrease as of December 31, 2020 in property, plant and equipment depreciation in $4,670.

15.2. Sale of concrete plants

On June 14, 2021, Argos USA LLC - a Cementos Argos S. A. subsidiary- sold twenty –four concrete plants, including equipment, buildings, land and inventory to Smyrna Ready Mix Concrete, LLC-for $ 184 million. The assets sale price, less the book value of the assets delivered, generated an accounting income for business disposal of $ 180,163 (USD 48.1 million), and an increase in current tax expenditure by $ 6,506 (USD 1.7 million) and deferred tax by $ 93,642 (USD 25 million), presented in the other income and operating expenses and income tax lines from the consolidated income statement. Disposed plants were part of several acquisitions, including Southern Star Concrete, a company acquired in 2005. Assets disposed of meet the business definition set out in IFRS 3. Figures in pesos are updated at the established exchange rates of each court.

NOTE 16: INVESTMENT PROPERTIES

	2021	2020
Fair value of investment properties as of January 1	**169,154**	**205,370**
Transfers to and (from) investment properties	1,327	(39,883)
Effect of foreign exchange differences	13,167	2,801
Net profits from fair value adjustments	42,240	1,541
Disposals and withdrawals	(606)	(675)
Fair value of investment properties as of December 31	**225,282**	**169,154**

During the period, the largest value of investment properties corresponds to adjustments to fair value by $42,240 and to the effect of the difference on foreign properties by $13,167.

The fair value of investment properties is determined by an independent valuation company. The appraisal companies used the comparative market and/or residual approach methodology to estimate the fair value.

Rental income from investment properties for the period amounted to $847 (2020: $1,065). Direct expenses related to investment properties that did not generate rental income are $1,838 (2020: $1,757), and related to rental income-generating properties $886 (2020: $106). As of December 31, 2021, and 2020, the Group has no contractual obligations to acquire, build or develop investment property, nor are there any restrictions on any investment property.

NOTE 17: GOODWILL AND ASSETS IMPAIRMENT

17.1. Goodwill movement by transaction segment

	2021			2020		
	Caribbean and Central America	United States	Total	Caribbean and Central America	United States	Total
Gross value	847,740	1,506,671	2,354,411	791,278	1,438,477	2,229,755
Accumulated impairment		(535,703)	(535,703)		(511,457)	(511,457)
Goodwill as of January 1	**847,740**	**970,968**	**1,818,708**	**791,278**	**927,020**	**1,718,298**
Business disposal(1)	-	(218,298)	(218,298)	-	-	-
Currency conversion effect	120,928	141,575	262,503	56,462	43,948	100,410
Goodwill as of December 31	**968,668**	**894,245**	**1,862,913**	**847,740**	**970,968**	**1,818,708**
Gross value	968,668	1,515,577	2,484,245	847,740	1,506,671	2,354,411
Accumulated impairment	-	(621,332)	(621,332)	-	(535,703)	(535,703)
Goodwill as of December 31	**968,668**	**894,245**	**1,862,913**	**847,740**	**970,968**	**1,818,708**
Intangible assets other than goodwill with indefinite useful lives in 2021 and 2020						115,389

(1) On June 14, 2021, Argos USA LLC - a Cementos Argos S. A. subsidiary- sold twenty –four concrete plants, including equipment, buildings, land, and inventory to Smyrna Ready Mix Concrete, LLC-for $ 184 million. The assets sale price, less the book value of the assets delivered, generated an accounting income for business disposal of $ 180,163 (USD 48.1 million), and an increase in current tax expenditure by $ 6,506 (USD 1.7 million) and deferred tax by $ 93,642 (USD 25 million), presented in the other income and operating expenses and income tax lines from the consolidated income statement. Disposed plants were part of several acquisitions, including Southern Star Concrete, a company acquired in 2005. Assets disposed of meet the business definition set out in IFRS 3. Figures in pesos are updated at the established exchange rates of each court.

According to IAS 36 Assets impairment, goodwill has been assigned to the operating segments, since Management controls goodwill at this level, both for financial reporting purposes and for carrying out impairment tests.

Impairment losses are recognized as expenses in the income statement for the impairment goodwill and other assets line. During the period, no impairment losses were recognized in the consolidated comprehensive income statement for the intangible asset with indefinite useful life "Argos Brand", or for any other intangible asset with finite useful life.

17.2. Goodwill impairment

Goodwill and intangible assets with an indefinite useful life are not subject to amortization, the Group annually reviews the existence of impairment. At the end of the reporting period and comparatives, no impairment losses on goodwill were recognized.

The Group conducted impairment tests based on the value in use of its operating segments. The key assumptions used by the Group in determining the value in use are as follows:

Key assumption	Description
Cash flow projection	The Group projects ordinary income based on the inflation of each country plus the addition of points associated with the expectation of market growth. On the other hand, costs are projected based on the inflation in each country.
Cash flow projection period	The period defined by Management for flows projection is 10 years with perpetuity, because the capital investments made by the Group in the operating segments require long recovery periods.
Discount rate applied to cash flow projections	The Group uses the valuation model of financial assets called CAPM (Capital Asset Pricing Model) to determine the discount rate, which uses as main variables: - Risk-free rate: return on a portfolio that has no default risk. It takes as a reference U.S. treasury bonds yield with long-term maturity. - Beta: risk measure that associates the share volatility with the market volatility. - Market premium: spread between risk-free rate and market profitability. - Country risk premium: it is the spread above the U.S. treasury bonds required by investors in international markets. The sources used to determine these variables were: Damodaran and SBBI (stocks, Bonds, Bills and inflation) year book.
Growth rate	Perpetuity corresponds to the company value at the end of the explicit period. The growth rate is defined taking into account not to exceed: - The growth expectations of the operating country and business segment. - The flows average growth of the explicit period in recent years.

Values of the key assumptions used by the Group in determining the value in use of the operating segments are presented below:

	Discount rate (before tax)		Growth rate in perpetuity	
	2021	2020	2021	2020
Caribbean and Central America	6.4% - 11.42%	7.7% - 11.93%	2.5% - 3.5%	2.5%
United States	9.5%	10.5%	2.5%	2.5%

17.3. Impairment of other assets

IAS 36 – Impairment of assets requires assessing impairment indicators of non-current assets at the end of the reporting period, based on available external and internal information. The Group reviews the carrying value of non-current impairment assets whenever events or circumstances indicate that the carrying value may not be recoverable. If the total discounted future cash flows are less than the carrying value, the non-current asset carrying value is not recoverable, and an impairment loss is recognized in the consolidated income statement.

The Argos brand has been assigned to the three geographical operating segments: Colombia, Caribbean and Central America, and the United States, for contributing to the generation of future economic benefits of all operating segments. Management determined that the Argos Brand, purchased and paid in cash from Grupo Argos S. A. in December, 2005 for $115,389, is an intangible asset with an indefinite useful life given that Cementos Argos S. A. due to the legal rights acquired at the time of the purchase from Grupo Argos S. A., and has the capacity to control the future brand economic benefits and expects it to generate economic benefits indefinitely (See Note 'Impairment').

Considering that the Argos Brand intangible is an intangible with an indefinite useful life and contributes to the generation of future economic benefits of the operating segments, and that the allocation of its carrying value is not significant to each individual segment.

The Argos brand does not present an event or circumstance that constitutes an impairment indicator; however, because it is an intangible asset with an indefinite useful life, an impairment test was carried out to verify its value, allowing to conclude that by 2021, the brand does not present decreases for impairment value. The recoverable amount was determined using the value in use; the cash flows projection was carried out at a consolidated level for a period of 10 years, considering the expected business conditions for each Regional.

The discount rate applied to cash flow projections was a pre-tax WACC of 9.85%. It was calculated using the CAPM methodology, including risk-free rate, average country risk considering the geographies where Argos has a presence, stock market premium, beta sector, implicit devaluations, average tax rate, D/E ratio, debt cost from Cementos Argos S.A., and perpetual growth rate: 2.5%.

For the 2021 closing period, Cementos Argos S.A. subsidiary carried the impairment analysis at the level of individual assets, where it was confirmed from the technical area that the line (mostly "raw grinding") from Sabanagrande will not generate future economic benefits and therefore, it is required to recognize impairment for a value of $18,122 in the consolidated financial statements, in the line of non-current assets impairment, in the segment of Colombia. This loss was fully allocated to the property, plant and equipment line.

As it was an individual analysis, the value in use (cash flow projection) was not determined, which is what leads to determining a discount rate. In conclusion, this fee does not apply.

In 2020, Argos Dominicana S. A., a Group subsidiary, evaluated impairment indicators of its assets and, since the carrying amount of two inactive HFO fuel generating units would not be recoverable, it measured their recoverable amount regarding fair value minus costs of sale, in a level 2 fair value hierarchy. The Group recorded an impairment loss of non-current assets of $1,120 in the Caribbean and Central America segment for property, plant and equipment.

NOTE 18: ASSETS HELD FOR SALE

The Group holds assets that are expected to be realized through a sale transaction rather than held for continued use and for which a sale plan has been initiated, these assets have been classified as held for sale in accordance with IFRS 5. Assets are available for immediate sale and their sale is highly probable.

As at 31 December 2021, and 2020, the Group has no discontinued operations classified as non-current assets held for sale or disposed of during the period. For these periods, the balance of non-current assets held for sale is:

	2021	2020
Investment properties and other real estate [1]	42,491	70,025
Property, plant and equipment	16	215
Equity investments classified as financial instruments [2]	-	-
Total assets held for sale	**42,507**	**70,240**

[1] As of December 31, 2021 and 2020, it includes non-operational use real estate that is expected to be realized through a sale transaction. In 2019, real estate disposal plan starts for $29,238. During 2021, assets worth $28,212 were sold, generating a profit of $289, with no impact on income tax or the associated deferred tax. In 2020, a sale plan is authorized for the land called "La Gabriela" for $39,866.

[2] In 2020, 3,503 shares were sold in Compañía Colombiana de Empaques S. A. for $7,914; 1,112,158 shares in Papeles y Cartones S. A. for $34; and 4,500 shares in Occidental de Empaques S. A. for $152, the first classified as held for sale as of December 31, 2019, and the remaining two classified as held for sale in January 2020. Transactions generated an impact on current income tax of $ 803, with no associated deferred tax. For sales transactions, the Group carried out transfers from the other comprehensive income to the accumulated earnings of $8,091.

NOTE 19: FINANCIAL OBLIGATIONS

	2021	2020
Bank overdrafts	3,199	6,554
Foreign and domestic currency promissory notes	3,076,342	3,269,258
Other obligations (1)	12,895	806
	3,092,436	**3,276,618**
Current	1,476,758	656,233
Non-current	1,615,678	2,620,385
	3,092,436	**3,276,618**

(1) In 2021, it mainly includes availability in the Argos Honduras S. A. de C. V. subsidiary credit line with Banco Atlántida and Banco Ficohsa in order to pay taxes within 25 days with an interest rate of 0%.

19.1. Loan agreements summary

Financial obligations in foreign currency and local currency comprise short-and long-term loans taken by the Group companies. Refer to Table 26.7 in Note 26 for information about average interest rates on financial liabilities. The Group's credits are rounded to the nearest million units when they are expressed in Colombian pesos, and to the nearest thousand units when they are expressed in dollars or euros.

					Nominal value			Book value	
Bank	Entity	Concept	Expiration	Currency	2021	2020	Currency	2021	2020
Foreign	Others (1)	SMBC Club Deal	2023	USD	150,000	-	COP	587,824	-
Foreign	Others (1)	SMBC Club Deal	2022	USD	150,000	-	COP	605,068	-
Foreign	Davivienda Intern.	Working capital	2029	USD	80,000	80,000	COP	320,817	276,751
Foreign	Santander	Working capital	2025	USD	35,000	-	COP	137,489	-
Foreign	Santander	Working capital	2026	USD	35,000	-	COP	137,399	-
National	Banco de Bogotá N.Y.	Working capital	2022	USD	10,000	40,000	COP	39,843	137,504
Foreign	Scotiabank	Working capital	2022	USD	32,000	-	COP	127,449	-
Foreign	Volvo	Working capital	2022	USD	2,339	-	COP	9,313	-
Foreign	Sumitomo	Working capital	2022	USD	16,000	-	COP	63,757	-
National	Banco de Bogotá	Working capital	2022	USD	60,000	30,000	COP	239,009	103,043
National	Itau	Working capital	2022	COP	90,000	-	COP	90,314	-
National	Bancolombia	Working capital	2022	COP	110,000	-	COP	110,311	-
National	Davivienda	Working capital	2022	COP	40,000	-	COP	40,143	-
Foreign	Santander	Working capital	2025	USD	15,000	-	COP	59,823	-
Foreign	Santander	Working capital	2026	USD	15,000	-	COP	59,823	-
National	BBVA (2)	Working capital	2023	COP	160,000	160,000	COP	160,961	160,783
Foreign	Banco Popular	Working capital	2026	USD	7,800	-	COP	31,273	-
Foreign	Banitsmo	Working capital	2022	USD	30,000	-	COP	119,684	-
National	Bancolombia (3)	Working capital	2024	COP	135,000	-	COP	136,042	
Foreign	Others (1)	Liabilities replacement	2023	USD	-	530,000	COP	-	1,810,817
Foreign	Scotiabank	Working capital	2021	USD	-	107,000	COP	-	367,554
National	Banco de Bogotá	Working capital	2021	USD	-	8,000	COP	-	27,464
National	Bancolombia	Working capital	2021	COP	-	50,00	COP	-	50,096
National	Davivienda	Working capital	2023	COP	-	135,265	COP	-	136,315
Foreign	BCP	Working capital	2021	USD	-	30,000	COP	-	103,048
National	Scotiabank	Working capital	2021	USD	-	21,000	COP	-	72,106
Foreign	Banque Populaire	Working capital	2021	EUR	-	1,500	COP	-	6,260
Foreign	Scotiabank	Working capital	2021	USD	-	5,000	COP	-	17,194
National	GFCM Comercial Mx	Working capital	2021	COP	-	323	COP	-	323
								3,076,342	**3,269,258**

(1) In 2021, Argos North America loan with Cementos Argos S. A. and Argos USA LLC guaranteed debtors, where a syndicated group of banks participated, whose administrative agent was Itaú Corpbanca, was replaced by a new syndicated loan for USD 300 Million managed by Sumitomo Mitsui Banking Corporation, where BNP Paribas Securities Corp., Natixis, New York Branch, Sumitomo Mitsui Banking Corporation and The Bank of Nova Scotia participate, reducing by 75pb interest rate. Part of U.S. assets divestment was used to credit capital to the syndicated loan with Itaú, with a starting balance of USD 600 Million. This contract has the following financial commitments:

a. Net debt/ Ebitda indicator less than 4 times for December 2021.
b. Ebitda/Financial expenses indicator greater than 2.5 times for December 2021.

(2) Long-term financing agreement between BBVA and Cementos Argos for 160,000 million pesos, which includes an adjustment mechanism through which the interest rate is directly linked to the general company performance in ESG (Environmental, Social and Governance) matters.

(3) Financing agreement between Bancolombia and Concretos Argos S. A for 135,000 million pesos, in which the interest rate is linked to the performance of three ESG indicators: net specific CO2 emissions (scope 1), specific water consumption in the cement business and number of suppliers evaluated in sustainability in the last three years.

The guarantees provided for the applicable credits are disclosed in note 26.8 Collateral.

19.2. Loan agreement breach

During the reporting periods, the Company did not present defaults on capital or interest on financial liabilities and/or loans payable, nor on the indicators of its loan agreements.

NOTE 20: RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

20.1. Leases as lessee

20.1.1. LEASE AGREEMENTS

In the ordinary course of business, the Group subscribes contracts for the lease of land, buildings, yellow machinery, vehicles, including concrete mixer trucks and equipment, which are accounted for as assets for a lease's right-of-use in the consolidated financial statements, except for those leases whose lease term is less than twelve months or the the new contract underlying asset is less than $3,000 for administrative assets and $5,000 for operating assets.

On the other hand, there are no significant lease agreements that provide significant restrictions related with the dividend's distribution, additional debt and new leases contracts, nor are there significant contingent fees, renewal options or escalator clauses.

As of December 31, 2021, most of the real estate lease contracts recognized are linked to the consumer price index of each jurisdiction in which they were subscribed. Few lease contracts are referenced at reference rates or payments that vary to reflect changes in market rental prices.

20.1.2. RIGHT-OF-USE ASSETS AND LIABILITIES IN LEASE

Balance of right-of-use assets and liabilities in lease includes:

	Right-of-use assets in lease						
2021	Closing balance	Additions	Depreciation	Transfers	Other changes (1)	Closing Balance	Lease liability closing balance
Land	56,386	90,523	(13,734)	(1,236)	16,410	148,349	232,007
Buildings and constructions	165,542	23,734	(21,106)	(14,680)	(28,782)	124,708	105,337
Machinery and production equipment	229,483	12,785	(35,285)	(56,565)	(10,485)	139,933	146,452
Office and communication equipment	35	70	(40)	-	(39)	26	27
Mines, quarries, and mineral deposits	1,166	3	(168)	-	(1,001)	-	-
Overland transport equipment	203,161	21,421	(58,448)	-	(35,811)	130,323	136,994
River transport fleet	46,031	8,507	(9,392)	-	7,302	52,448	54,714
Lease assets and liabilities, net	**701,804**	**157,043**	**(138,173)**	**(72,481)**	**(52,406)**	**595,787**	**675,531**

(1) Includes changes in leases valuation recorded in the asset of $15,708, assets withdrawals for right-of-use of $182,771 and the effect of foreign exchange differences.

2020	Closing balance	Additions	Depreciation	Transfers	Other changes [1]	Closing Balance	Lease liability closing balance
	Right-of-use assets in lease						
Land	72,145	3,141	(10,085)	1,245	(10,060)	56,386	126,227
Buildings and constructions	173,325	9,156	(19,048)	2,203	(94)	165,542	156,580
Machinery and production equipment	215,087	91,645	(38,316)	(22,847)	(16,086)	229,483	180,196
Office and communication equipment	-	-	(47)	-	82	35	36
Mines, quarries, and mineral deposits	-	637	(399)	-	928	1,166	-
Overland transport equipment	381,936	6,173	(75,604)	(13,145)	(96,199)	203,161	218,172
River transport fleet	122,367	-	(7,828)	-	(68,508)	46,031	46,926
Lease assets and liabilities, net	**964,860**	**110,752**	**(151,327)**	**(32,544)**	**(189,937)**	**701,804**	**728,137**

The contractual cash flows of lease liabilities classified by maturity as of December 31 are:

	2021	2020
One year or less	141,657	157,650
Between 1 and 3 years	207,634	251,627
Between 3 and 5 years	146,829	173,645
Between 5 and 10 years	193,918	212,514
More than 10 years	195,438	136,689
Total contractual cash flows from lease liabilities	**885,476**	**932,125**
Discount effect of lease liabilities	(209,945)	(203,988)
Total lease liabilities	**675,531**	**728,137**
Current	118,945	125,598
Non-current	556,586	602,539
Total lease liabilities	**675,531**	**728,137**

20.1.3. ITEMS RECOGNIZED IN THE INCOME STATEMENT AND CASH FLOWS FROM LEASES

	2021	2020
Interest expense from lease liabilities	34,061	45,367
Expenses related to short-term leases and variable leases	50,611	49,133
Expenses related to leases of low value assets	1,698	1,308
Lease cash flows	215,537	186,943

20.1.4. OPCIONES DE RENOVACIÓN

Most of the Group's leases contain renewal options that the Group can exercise to extend the lease term from one year to 20 years, and that can be exercised up to one year before the end of the non-cancellable contract period. Generally, the Group exercises these renewal options for the financial and operational facilities they provide. The renewal options are only exercisable by the Group and not by the lessor. The Group evaluates on the lease start date if it is reasonably safe to exercise the renewal options and considers them in the lease term determination. The Group reassesses whether it is reasonably safe to exercise the options if there is an event or significant changes in the circumstances under its control.

20.2. Leases as lessors

20.2.1. FINANCIAL LEASES

The company has no financial lease agreements in which it acts as a lessor.

20.2.2. OPERATING LEASES

The Group signs lease contracts as lessors of commercial premises, warehouses, apartments and houses, as well as leasing of machinery and operating equipment, fleet and transport equipment. All leases are classified as operating leases from the lessor perspective. The minimum future lease rights of non-cancellable operating leases for ranges of years and in total, consisted of the following:

	2021	2020
1 year or less	957	1.633
Between 1 and 2 years	645	717
Between 2 and 3 years	645	659
Between 3 and 4 years	645	659
Between 4 and 5 years	645	659
5 years or more	645	-
Non-cancellable operating lease rights	**4.182**	**4.327**

The lease income recognized by the Group during 2021 was $7,462 (2020: $8,875).

NOTE 21: TRADE LIABILITIES AND OTHER ACCOUNTS PAYABLE

	2021	2020
National suppliers	644,539	571,182
Costs and expenses payable	167,411	184,525
Dividends payable	37,543	147,609
Foreign suppliers	84,805	49,886
Current commercial accounts	12,121	10,202
Accounts payable to contractors	2,554	5,916
Miscellaneous creditors	1,562	4,863
Other accounts payable	33,196	43,235
	983,731	**1,017,418**
Current	983,726	1,017,385
Non-current	5	33
	983,731	**1,017,418**

The average credit period for the Group's purchases ranges between 8 and 60 days. No interest is paid to suppliers for 60-day payments.

NOTE 22: EMPLOYEE BENEFITS

	2021	2020
Post-employment employee benefits - Defined benefit plans	261,290	314,045
Post-employment employee benefits-defined contribution plans	16,641	17,636
Short-term employee benefits	125,866	62,861
Employee benefits for termination	7,639	15,152
Share-based payments	3,928	2,488
Long-term employee benefits	2,720	2,300
	418,084	**414,482**
Current	180,102	113,859
Non-current	237,982	300,623
	418,084	**414,482**

22.1. POST-EMPLOYMENT BENEFIT PLANS-DEFINED BENEFIT PLANS

The Group's employee benefit plans vary according to the local requirements of the countries and the obligations acquired by the subsidiaries in the labor agreements in force. Pension liabilities, pension bonds and titles, retirement premiums, and other post-employment benefits are accounted for in accordance with the IAS 19 requirements.

The actuarial valuation of plan's assets and the current value of the defined benefit obligation are calculated annually by independent actuarial consultants. The current value of the defined benefit obligations and the related current and past service costs were calculated using the projected unit credit method.

On December 22, 2016, the Ministry of Commerce, Industry and Tourism issued Decree 2131, whereby it is required to disclose the pension liabilities calculation in accordance with the parameters established in Decree 1625/2016 and, in the case of partial pension commutation, in accordance with Decree 1833/2016, as well as the differences arising from the calculation carried out in accordance with IAS 19 – Employee Benefits.

The amount included in the consolidated statement of financial position arising from the entity's obligation to defined benefit plans, the movement in the current value of the defined benefit obligation in the current year and changes in the fair value of plan assets in the current period is presented below:

2021	Pension plan	Pension securities and bonds	Seniority bonus and similar	Retire-ment bonus	Other defined benefit plans	Total Benefit plans
Current obligations value as of January 1, 2021	**241,391**	**31,598**	**7,335**	**12,986**	**41,259**	**334,569**
Current service cost	-	-	949	812	2,307	4,068
Interest cost for the defined benefits obligation	14,290	1,425	357	807	2,695	19,574
Actuarial (Gain)/loss for changes in:						
Experience	(7,702)	392	214	179	7,887	970
Demographic assumptions	15	-	46	-	(2,923)	(2,862)
Financial assumptions	(35,603)	(2,252)	(973)	(1,217)	(1,798)	(41,843)
Effect of foreign exchange differences	1,442	-	3,853	141	5,718	11,154
Benefits directly paid by the company	(19,466)	(3,826)	(386)	(131)	(5,829)	(29,638)
Profits paid from the asset fund	-	-	-	-	-	-
Other changes	-	-	-	(105)	(5,617)	(5,722)
Current obligations value as of December 31, 2021	**194,367**	**27,337**	**11,395**	**13,472**	**43,699**	**290,270**
Current plan assets value as of January 1, 2021	**7,112**	**-**	**7,568**	**5,844**	**-**	**20,524**
"Risk-free" Interest Income	206	-	178	309	-	693
Return on plan assets, excluding interest	(1,392)	-	(860)	-	-	(2,252)
Contributions made by the company	749	-	1,039	3,453	-	5,241
Payments made by the plan	-	-	-	-	-	-
Effect of foreign exchange differences	3,329	-	1,283	-	-	4,612
Other changes	-	-	(242)	404	-	162
Current plan assets value as of December 31, 2021	**10,004**	**-**	**8,966**	**10,010**	**-**	**28,980**
Current obligation value as of December 31, 2021	**184,363**	**27,337**	**2,429**	**3,462**	**43,703**	**261,290**

2020	Pension plan	Pension securities and bonds	Seniority bonus and similar	Retire-ment bonus	Other defined benefit plans	Total Benefit plans
Current obligations value as of January 1, 2020	**226,993**	**31,154**	**9,762**	**15,227**	**34,361**	**317,497**
Current service cost	-	-	766	787	2,866	4,419
Interest cost for the defined benefits obligation	14,308	513	233	657	2,466	18,177
New defined benefit plan measurements	-	-	-	-	-	-
Actuarial (Gain)/loss for changes in:						
Experience	9,899	1,183	(1,055)	182	(1,229)	8,980
Demographic assumptions	(9)	-	(6)	-	(15)	(30)
Financial assumptions	8,655	976	618	1,195	4,145	15,589
Effect of foreign exchange differences	838	-	417	115	1,719	3,089
Benefits directly paid by the company	(20,089)	(2,228)	(345)	(169)	(2,805)	(25,636)
Profits paid from the asset fund	-	-	(738)	(5,015)	-	(5,753)
Other changes	796	-	(2,317)	7	(249)	(1,763)
Current obligations value as of December 31, 2020	**241,391**	**31,598**	**7,335**	**12,986**	**41,259**	**334,569**
Current plan assets value as of January 1, 2020	**-**	**-**	**7,144**	**-**	**6,767**	**13,911**
"Risk-free" Interest Income	482	-	219	-	531	1,232
Return on plan assets, excluding interest	573	-	458	-	261	1,292
Contributions made by the company	-	-	742	-	565	1,307
Payments made by the plan	-	-	(1,351)	-	(2,280)	(3,631)
Effect of foreign exchange differences	368	-	356	-	-	724
Other changes	5,689	-	-	-	-	5,689
Current plan assets value as of December 31, 2020	**7,112**	**-**	**7,568**	**-**	**5,844**	**20,524**
Current obligation value as of December 31, 2020	**234,279**	**31,598**	**(233)**	**12,986**	**35,415**	**314,045**

The plan assets fair value is composed as follows:

	2021	2020
Cash and cash equivalents	4,751	3,861
Investment funds	24,229	16,663
Fair value of the plan assets	**28,980**	**20,524**

22.1.1. LIABILITIES COMPARISON FOR DEFINED BENEFIT PENSION PLANS, SECURITIES AND PENSION BONDS

On December 22, 2016, the Ministry of Commerce, Industry and Tourism issued Decree 2131, whereby it is required to disclose the pension liabilities calculation, following the parameters established in Decree 1625/2016 and, in the case of partial pension commutation, under Decree 1833/2016, as well as the differences arising from the calculation carried out under IAS 19 – Employee Benefits. The following is the comparison between the benefits plans liabilities established for pension plans, securities and bonds, calculated in accordance with Decree 1625 of 2016 and, in the case of partial pension swaps, in accordance with Decree 1833 of 2016 and with the calculation pursuant to IAS 19 - Employee Benefits, as of December 31, 2021 and 2020:

	Calculation made in accordance with IAS 19 - Employee Benefits	Calculation made in accordance with Decree 1625 of 2016	Comparison between the liability calculated in accordance with IAS 19 and Decree 1625
Current obligations value as of:			
December 31, 2021	211,602	211,746	(144)
December 31, 2020	**264,012**	**224,229**	**39,783**

The main actuarial assumptions used to determine obligations for the defined benefits plans are the following:

	2021	2020
Colombia		
Inflation rate (%)	3.5%	2.1%
Discount rate (%)	8.2%	6.3%
Salary increase (%)	4.2%	4.1%
Minimum wage increase (%)	5.2%	4.0%
Mortality table	2008 Valid rentiers	2008 Valid rentiers
Turnover table	50% SOA Pension turnover	50% SOA Pension turnover
Panamá		
Inflation rate (%)	2.0%	2.0%
Discount rate (%)	2.4%	3.3%
Salary increase (%)	4.5%	5.5%
Mortality table	Urban Panama population with 30% adjustment	Urban Panama population with 30% adjustment
Turnover table	2003 SOA Pension Plan Turnover Study with an adjustment factor of 150%	2003 SOA Pension Plan Turnover Study with an adjustment factor of 150%
Honduras		
Inflation rate (%)	4.0%	4.5%
Discount rate (%)	6.5%	10.5%
Salary increase (%)	5.5%	6.0%
Minimum wage increase (%)	5.0%	6.0%
Mortality table	2008 Valid Renters adjusted to 110%	2008 Valid Renters adjusted to 110%
Turnover table	2003 SOA Pension Plan Turnover Study with an adjustment factor of 75%	2003 SOA Pension Plan Turnover Study with an adjustment factor of 75%

The total expense recognized in the statement of income for the period represents the contributions for the defined contribution plans that is $67,823 (2020: $66,171). The Group expects to make contributions for the next annual period for 66,118 (2020: $63,647)

22.2. Pension plans, securities and pension bonds

PENSION PLAN AND SOCIAL SECURITY CONTRIBUTIONS – COLOMBIA

According to the Colombian Labor Code, the pension benefits granted to employees under the new social security regime (Law 100 of 1993) are accounted for as defined contribution plans, the Company covers its obligation to pensions through the payment of contributions to the Social Security Institute (ISS, by its Spanish acronym), and/or to the private pension funds under the terms and conditions contemplated by such law.

The pension benefits granted to employees not covered under the new social security regime (Law 100 of 1993), which essentially correspond to senior staff, are accounted as unfunded defined benefit plans. The company must pay retirement pensions or issue pension bonds to their employees or beneficiaries who meet certain requirements regarding age and length of service.

The benefit gives employees the right to a lifetime monthly retirement pension or an old age pension, equivalent to seventy-five percent (75%) of the average wages earned in the last year of service, subject to a minimum payment of a monthly minimum wage and a maximum wage equal to 25 monthly minimum wages. In addition, two additional payments are made, one in June and one in December.

When the participant expects to receive benefits from the Social Security Institute (ISS), these benefits are deducted from the benefits payable by the Company's and therefore, reduce the Company's obligation. Pension payments increase according to inflation. When a participant receives a pension equal to the minimum wage, the pension increases in accordance with the minimum wage increases.

On the other hand, the death benefit takes place in the event of death after retirement, in which the beneficiary receives 100% of the pension for a period that will depend on each beneficiary. Payments for social security pensions to Pension Administration Funds are the responsibility of the Company as the employer.

For workers who have retired from the company with a conventional or anticipated pension, which in any case is shared, the company continues to make contributions to the pension system until such time the pensioner meets the old-age requirements stated by the ISS (Colpensiones). Thus, the company is in charge of 100% of pension contributions until those requirements are met. The contribution is calculated based on the pension value. Additionally, in terms of health, Cementos Argos S. A. A. partially assumes a percentage of the pensioner's contribution.

Additionally, the defined benefit obligation for retirement pensions includes employees of Compañia Industrial Hullera S. A., in liquidation, as a result of the normalization process of pension liabilities in which Cementos Argos S.A. assumed in a definitive manner the obligation proportion that corresponds to it, according to the Official Communication set forth in October 9, 2012, issued by the Ministry of Labor.

PENSION PLAN FOR ROBERTA PLANT, ALABAMA, UNITED STATES

A 401(k) retirement savings plan recognized as a defined contribution plan is funded for all employees in the United States.

For a group of employees compensated under the hourly modality in the Roberta plant, located in Alabama, United States, who meet a specific binding date and are represented by the United Steelworkers International Union # 9-537, there is a retirement plan attached to the collective labor convention.

The normal retirement benefit is applicable to those who have turned 65 on the retirement date, effective in May 21, 2011, in the form of a monthly annuity to pay for life (or other optional forms to be chosen prior to retirement). The benefit normal and special early retirement is applicable to employees who have an age equal to or above 55 years old and less than 65 years old, and evidence at least 5 years of service but less than 30 years of service, or credited to 30 years or more of continuous service regardless of age, applying for these last few restrictions and reductions in the pension value.

In addition, the following benefits are granted to plan employees: termination payments, disability benefit, and death benefit whenever certain years of service are completed.

BENEFIT FOR PENSION GAP AT RETIREMENT

The benefit of this provision consists in the granting of a single premium at the time of disengagement with the entity to enjoy the old age pension, the value of which corresponds to the money needed to close the executive's pension gap.

22.3. Retirement bonus

For employees covered by any of the collective bargaining agreements, when the contract of a worker for the recognition of retirement, disability, or old age pension is terminated; a bonus equivalent to 5 current legal minimum wages is granted.

22.4. Bonds and pension plans-colombia

According to the Colombian Labor Code, employers must pay retirement pensions or issue pension bonds to their employees who meet certain requirements regarding age and length of service. The Group has issued pension bonds, Type A Pension Bond Modality 2 and Type A Pension Bond Modality 1. This obligation applies to some areas where the ISS did not have pension coverage prior to 1994.

The benefit is conferred at the withdrawal time from the company until the time the participant retires in the Colombian Social Security system. During this period, the company makes contributions to the social security system on behalf of the employee. Pension bonds and titles constitute resources destined to contribute to the formation of the necessary capital to finance pensions of the Colombian General Pension System affiliates.

22.5. Other defined benefit plans

DENTAL AID, EDUCATION, DEATH, AND OTHER PLANS - COLOMBIA
Retired employees in Colombia receive a death benefit that increases according to the Consumer Price Index (CPI), equivalent to 5 five legal minimum wages (SMLV, for its Spanish acronym). For the Valle plant retired employees in Colombia, education assistance is granted until their death and also to the children of retirees, until they reach the age of 25 years old. The beneficiary receives the amount regardless of the worker's survival.

Every year, the benefit increases according to the Consumer Price Index (CPI), as does as the dental benefit until the death of the employee as long as the service is formally requested, with annual increases according to Consumer Price Index (CPI).

RETROACTIVE LAYOFF PLAN - COLOMBIA
According to Colombian labor regulations, employees linked before the entry into force of Law 50 of 1990, have the right to receive, at the end of the employment contract, one month of current salary for each year of service and proportionally by fraction year as a layoff pay, for any reason that ends employment, including: retirement, disability, death, etc. The benefit is settled at the time of the employee's retirement, based on the last salary earned. Distributions may exist before the retirement date at the request of the worker, which are not compulsorily distributable.

Retroactive redundancies of workers who entered into employment contracts before the entry into force of Act 50 of 1990 are counted as unfunded defined benefit plans. With the entry into force of Law 50 of 1990, the Colombian Government allowed companies, subject to the approval of their employees, to transfer their layoff assistance obligation to private pension funds. Layoffs of all workers who entered into employment contracts after the entry into force of Act 50 of 1990 and former workers who took advantage of this system are counted as a defined contribution scheme.

SENIORITY PREMIUM PLAN AND LAYOFF FUND - PANAMA
In accordance with the Republic of Panama labor regulations, any indefinite-term employee who leaves the company for any reason and regardless of their age or years of service on the retirement date is recognized an amount of money equivalent to the average weekly salary in the last five years of service, or of the entire period of service if it is less than five years for each year and fraction of a year of service that the employee has at retirement.

On the other hand, as of 1995, Law 44 of 1995 introduced the obligation of the employer to establish a trust through a Pension Fund Administrator, that guarantees the employee payment to the obligation for Seniority Premium and compensation for unjustified dismissal called Layoff Fund, which is considered, for the purposes of assessing the commitment, as the asset that supports the Seniority Premium payment.

LAYOFF AID PLAN-HONDURAS
In accordance with the provisions of the Honduran Labor Code, the compensation that accumulates in favor of the Company's employees may be paid in the event of unjustified dismissal or death, at the rate of one month's salary for each uninterrupted year of services rendered with a maximum of 25 years; however, the company's policy is to pay its employees said benefit, even if they have submitted the respective resignation.

For unionized staff, the payment is 100% of the benefits (layoff and notice). For the voluntary retirement of trusted personnel, up to 40% of the benefits after one year are recognized, and up to 110% of the benefits after five years of service. The amount is determined based on the employee's years of service established by the benefit percentage.

As of December 31, 2021, and 2020, the Group has no reimbursement rights related to defined benefit plan obligations. The average duration in years of the defined benefit obligation is as follows:

	Pension plan	Pension securities and bonds	Seniority bonus and similar	Retirement bonus	Other defined benefit plans	Total average duration
Average duration 2021	8.1	3.2	10.0	7.7	6.8	7.5
Average duration 2020	9.3	3.9	9.7	8.8	9.8	8.8

	2021		2021	
	Decreases	Increases	Decreases	Increases
Higher (lower) discount rate, 100 basis points	288,121	250,982	343,500	294,007
Expected salary growth increases (decreases) by 1%	265,585	270,359	315,143	318,250
Life expectancy increases (decreases) by one year	274,279	262,637	324,760	307,960

The significant actuarial assumptions for the determination of the defined obligation are discount rate, expected salary increases and mortality. The sensitivity analyses below have been determined on the basis of possible reasonable changes in the corresponding presumptions that occur at the end of the reporting period while maintaining all other presumptions constant.

The reported value in the table above is the value of the defined benefit plan liability given the isolated change in the significant estimate defined by Management. However, the sensitivity analysis presented above may not be representative of real change in the defined benefit obligation, since assumptions are not likely to change in isolation from one another, given that some of the assumptions may be correlated.

Additionally, in the above sensitivity analysis, the current value of the defined benefit obligation was calculated using the projected unit credit method at the end of the reporting period, which is the same that was applied when calculating the liability of the defined benefit obligation recognized in the statement of financial position.

NOTE 23: PROVISIONS

	Litigation, lawsuits and other contingencies (i)	Dismantling (ii)	Environ-mental (iii)	Other provisions (iv)	Total
Book value as of January 1, 2021	**128,112**	**111,571**	**15,566**	**80,092**	**335,341**
Realized provisions	109,128	3,717	1,319	51,808	165,972
Use of provisions	(183,411)	(2,841)	(569)	(42,587)	(229,408)
Realized reversals	(159)	(4,504)	(191)	-	(4,854)
Discount rate adjustment	(975)	(5,633)	(584)	-	(7,192)
Conversion effect	14,166	9,485	964	13,378	37,993
Other changes	(92)	(390)	-	52	(430)
Book value as of December 31, 2021	**66,769**	**111,405**	**16,505**	**102,743**	**297,422**
Current	66,769	9,887	3,162	15,842	95,660
Non-current	-	101,518	13,343	86,901	201,762
Book value as of December 31, 2021	**66,769**	**111,405**	**16,505**	**102,743**	**297,422**

	Litigation, lawsuits and other contingencies (i)	Dismantling (ii)	Environ-mental (iii)	Other provisions (iv)	Total
Book value as of January 1, 2020	**55,081**	**106,217**	**15,352**	**74,601**	**251,251**
Realized provisions	237,315	113,614	914	43,963	395,806
Use of provisions	(154,811)	(1,903)	(934)	(41,861)	(199,509)
Realized reversals	(1,395)	(2,123)	(591)	-	(4,109)
Discount rate adjustment	(4,519)	(108,315)	(3)	-	(112,837)
Conversion effect	(3,465)	2,526	242	3,389	2,692
Other changes	(94)	1,555	586	-	2,047
Book value as of December 31, 2020	**128,112**	**111,571**	**15,566**	**80,092**	**335,341**
Current	127,517	6,854	6,829	12,425	153,625
Non-current	595	104,717	8,737	67,667	181,716
Book value as of December 31, 2020	**128,112**	**111,571**	**15,566**	**80,092**	**335,341**

(i) The Group is a party to judicial proceedings of different natures, both as plaintiff and defendant, which are being addressed diligently by qualified attorneys hired by the Company. Conflicts are of labor, civil, administrative, criminal and tax character. These types of litigations arises in the ordinary course of business of any company the size of Argos, and the Company expects a probable outflow of resources.

The appropriate reserves have been estimated for these processes based on criteria, such as the nature of the process, the evidence contained, economic factors, the possible sentence projected, etc., which will cover the possible unfavorable sentences or decisions that may occur. We believe that the estimated time of resolution for these processes ranges between three (3) and eight (8) years, approximately.

Subsidiaries located in the United States self-insure for workers' compensation claims up to $500 per occurrence, general liability claims up to $350 per occurrence, and automobile claims up to $500 per occurrence, and are insured for values over these amounts. As of December 31, 2021, a number of claims were open. The recognized cost value for these claims is based on actual occurrences and management's estimate of the liabilities resulting from each claim. Although the final outcome of these claims cannot be currently determined, the administration believes that the amounts of $55,059 and $49,439 foreseen for these claims in the consolidated financial statements as of December 31, 2021 and 2020, respectively, are adequate.

In July 2017, two of the Company's Competitors (Southest Ready Mix, LLC and Mayson Concrete Inc) filed a lawsuit against it, alleging violations of competition law, in the U.S. District Court for the North Georgia District, which began to be investigated by the U.S. Department of Justice (DOJ). As part of the investigations carried out by the DOJ, Argos USA LLC has been cooperating with the provision of information required by this entity and meeting its different requests.

On January 4, 2021, an indirect Cementos Argos subsidiary entered into a Deferred Prosecution Agreement (DPA) with the United States Department of Justice (DOJ) Antitrust Division, pursuant to which the subsidiary agreed to pay a fine in the amount of USD $20 million to the United States Treasury, for violations of competition law by certain former employees in a local sales office for the ready-mix concrete market from Savannah, Georgia. The sales office and related concrete plants involved in the conduct were acquired by the subsidiary in 2011, as part of a larger acquisition, and sold in 2019. Subject to compliance with DPA terms, the DOJ has agreed to defer prosecution of any charges against the subsidiary for such violations for three years and to dismiss any charges at the end of the three-year period. As of December 31, 2020, a provision for the agreed amount of the penalty was recorded.

(ii) Cementos Argos S.A. and its subsidiaries in Colombia are obliged to incur future costs for compliance with mining legal regulations, in the face of the mineral resources exploitation, corresponding to the dismantling of assets and the environmental restoration, where these assets were built, which is carried out at the time a mining operation is terminated or a mining title expires, whichever date is less.

The maximum execution date of decommissioning obligations is the expiration date of the mining title concession, so the disbursement of economic resources is estimated for five years before the legal requirement. However, in some cases where the operation is completed in an area covered by a title that is still effective for more than five years, the provision disbursements are estimated to be made within five years after completing the operation. In order to determine the best estimate to be used to settle, the Administration considers the areas affected by mining exploitation, the mining exploitation schedule and the costs incurred during past decommissioning operations.

(iii) Cementos Argos S.A. and its subsidiaries in Colombia are forced to incur costs for environmental obligations related to forestry offsets for quarries and forestry exploitation, costs for the removal and subsequent disposal of hazardous waste, specifically PCBs (polychlorinated biphenyls), previously stored. For forest compensation, Cementos Argos S.A. and its subsidiaries in Colombia have committed to liquidating their environmental obligations within a maximum period of five years or as indicated in the Resolution corresponding to each identified environmental liability. In order to determine the best estimate to be used to settle; the Administration mainly considers financial variables and planting, maintenance and isolation costs for a period of four years.

(iv) Argos USA LLC., as an indirect Cementos Argos S. A. subsidiary, can extract Chemical Grade Stone (CGS) from a quarry owned by Vulcan Construction Materials LP ("Vulcan"), which is adjacent to the Group's Alabama plant. Under the terms of the reserve exchange agreement with Vulcan, the Group has the right to extract limestone from Vulcan's quarry and, in return, to supply Vulcan with Aggregate Grade Stone (AGS) that is unsuitable for cement manufacturing. The reserve exchange agreement gives the Group the right to mine limestone on Vulcan's property and effectively increases the Group's available reserves. The agreement with Vulcan expires on December 31, 2035, with the option to extend it until December 2045. As of December 31, 2021 and 2020, the estimated obligations for future minerals mining from the Group-owned mines are $86,901 and $67,667, respectively.

NOTE 24: OTHER LIABILITIES

	2021	2020
Advances and forecasts received from clients	98,064	83,116
Income received in advance	3,769	3,004
Other liabilities	2,860	2,164
Other financial liabilities	**104,693**	**88,284**
Current	104,693	86,841
Non-current	-	1,443
Other financial liabilities	**104,693**	**88,284**

	2021	2020
Liabilities for resources collected in factoring operations	-	3,811
Other current financial liabilities	**-**	**3,811**

NOTE 25: OUTSTANDING BONDS AND PREFERRED SHARES

	2021	2020
Outstanding bonds	3,183,557	3,450,811
Preferred shares classified as compound financial instruments	61,198	58,810
Outstanding bonds and preferred shares	**3,244,755**	**3,509,621**
Current	317,884	294,511
Non-current	2,926,871	3,215,110
Outstanding bonds and preferred shares	**3,244,755**	**3,509,621**

25.1. Outstanding bonds

Outstanding bonds issued by Cementos Argos S. A., comprised the following as of December 31, 2021, and 2020.

Issuance	Placement date	Term	Effective rate	Interest payment method	2021	2020
2009 issuance	Apr 28, 2009	15 years	CPI + 7.19%	Quarterly in arrears	229,530	229,530
2012 issuance	May 16, 2012	10 years	CPI + 4.24%	Quarterly in arrears	285,696	299,896
2012 issuance	May 16, 2012	15 years	CPI + 4.50%	Quarterly in arrears	303,082	303,082
2014 issuance	Nov 27, 2014	10 years	CPI + 3.80	Quarterly in arrears	190,675	190,675
2014 issuance	Nov 27, 2014	15 years	CPI + 4.21	Quarterly in arrears	311,707	311,707
2016 issuance	Apr 13, 2016	5 years (1)	CPI + 3.74	Quarterly in arrears	-	73,568
2016 issuance	Apr 13, 2016	10 years (1)	CPI + 4.19	Quarterly in arrears	121,075	121,075
2016 issuance	Apr 13, 2016	15 years (1)	CPI + 4.47	Quarterly in arrears	184,157	184,157
2017 issuance	May 24, 2017	6 years (2)	6.65%	Quarterly in arrears	211,355	211,355
2017 issuance	May 24, 2017	13 years (2)	CPI + 3.64%	Quarterly in arrears	388,145	388,145
2017 issuance	May 24, 2017	25 years (2)	CPI + 3.99%	Quarterly in arrears	400,500	400,500
2018 issuance	Jun 27, 2018	3 years (3)	CPI + 2.88%	Quarterly in arrears	-	196,150
2018 issuance	Jun 27, 2018	10 years (3)	CPI + 3.75%	Quarterly in arrears	158,550	158,550
2018 issuance	Jun 27, 2018	20 years (3)	CPI + 4.04%	Quarterly in arrears	125,850	125,850
2020 issuance	Nov 25, 2020	4.25 years (4)	IPC + 2.24%	Quarterly in arrears	250,000	250,000
					3,160,322	**3,444,240**

(1) The issue is part of the issuance and placement program for ordinary bonds and commercial papers charged to a global quota of $1,000,000 approved through Resolution No. 0422 from the Financial Superintendence of Colombia on March 23, 2012.

(2) The issue is part of the issuance and placement program for ordinary bonds and commercial papers charged to a global quota of $1,000,000 approved through Resolution No. 0518 from the Financial Superintendence of Colombia of April 3, 2017, through which the global quota increase of the emission and collation program approved previously through resolution 0422 of 2012, was approved.

(3) The issue is part of the issuance and placement program for ordinary bonds and commercial papers charged to a global quota of $1,000,000 approved through Resolution No. 0585 from the Financial Superintendence of Colombia ("SFC") on May 10, 2018.
(4) The issue constitutes the second section that is part of the program for the issuance and placement of ordinary bonds and commercial papers charged to a global quota of $1,000,000 approved by Resolution No. 0585 from the Financial Superintendence of Colombia ("SFC") on May 10, 2018.

All issues are rated AA+, with a stable outlook by Fitch Ratings Colombia S.A. rating agency, and these are nominative securities issued to order and traded on the secondary market through the Colombian Stock Exchange.

During 2021, interest expenditure of $232,395 (2020 $227,508) on ordinary bonds and $5,675 (2020 $2,443) on preferred shares was recorded.

In 2021, bonds with an initial nominal balance of $ 94,768 and $ 215,600 million pesos were due in April and June, respectively.

25.2. Preferred shares

Per the approval of the General Shareholder's Meeting on March 15, 2013; Cementos Argos carried out the issuance and placement of shares with preferred dividends and no voting rights (hereinafter, preferred shares) in May 2013 for $ 1,610,824, allocating 209,197,850 preferred shares with a subscription price of $ 7,700 per preferred share, as determined by the Board of Directors of the Company.

The issuance of preferred shares is a compound financial instrument. The issuer, for its subsequent recognition and measurement, identified the debt and equity components by assessing the contractual instrument terms, as well as the issuer's obligations. Given the contractual obligation of the issuer to pay the minimum annual dividend to shareholders if the Company generates profits, the issuance incorporates a financial liability component. Once this liability has been measured, the difference between the received value and the obligation value constitutes an equity component. The part corresponding to the financial liability should be measured at least during each interim period and recognize their impact on the result of the period; the equity element is not subject to further measurement.

Cementos Argos determined the liability component by discounting the cash flows corresponding to the preferred minimum dividend, which were calculated in perpetuity based on the provisions of section 11.1.1 from the prospectus; the discount rate applied corresponded to the market rate at the issuance date of similar instruments that did not incorporate an equity component. Considering the difficulty of identifying a financial instrument on the market with the same characteristics as the issuance, the financial liability discount rate was determined by referencing the current yield of longer-term bonds issued by Cementos Argos S.A. in Colombian pesos. For these purposes, the valuation rate of Cementos Argos 2024 bond issuance, issued in May 2012, is long-term (15 years) and indexed to the CPI.

Preferred shares had a 3% minimum yearly dividend on the subscription price that was paid during the first 12 quarters starting from the placement date. In April 2016, this last minimum dividend corresponding to 3% per year on the subscription price was paid and as of the thirteenth quarter, the minimum annual dividend will be $10 per share, which will increase with the annual CPI at the end of each year. Issuance prospectus does not contain options to buy or sell the preferred shares.

Holders of shares with preferred dividends and no voting rights are entitled to receive a minimum dividend in a preferred manner, compared to the one corresponding to ordinary shares, provided they generated distributable profits during the immediately preceding accounting year. Under no case may the dividend received by the holders of the ordinary shares be higher than the one decreed in favor of the preferred shares; to the preferred reimbursement of their contributions, once the external liability has been paid, in the event of the issuer dissolution and liquidation; and the other rights provided for in the issuer's bylaws for holders of ordinary shares, except (i) the right to preferentially subscribe ordinary shares, and (ii) the right to vote on the proposals at the issuer's General Meeting of Shareholders. By way of exception, preferred shares will grant their holders the right to vote in the events described in the prospectus placement and issuance.

The liability recognized by the issuance of preferred shares is composed of the valuation of the debt component and the reduction of direct issuance costs allocated to the liability component, according to the participation percentage of each component in the issuance amount. At the time of initial recognition, issuance costs were included in the financial liability for $7,157. The debt component is measured at amortized cost using the effective interest rate. The effective interest rate for the subsequent debt component measurement at amortized cost was determined by matching cash flows receivable or payable estimated over the financial instrument expected life to the net book value of the liability component at the time of initial recognition. The financial liability increases with the recognition of interest applying the effective interest rate and decreases to the extent that the minimum dividends are accounted for to the preferred shareholders.

NOTE 26: FINANCIAL INSTRUMENTS

26.1. Capital risk management

The Group manages its capital from a long-term perspective, seeking to maintain a balanced, efficient and flexible capital structure to safely accompany and support the organization growth process. The Group considers equity shares, both ordinary and preferred, short and long-term financial obligations, as well as ordinary bonds as capital. Cementos Argos S.A. is not subject to externally imposed capital requirements.

The Group uses the Net debt / EBITDA + dividends indicator to monitor the capital structure. The net debt consists of financial obligations minus cash and temporary investments. This indicator allows establishing the leverage level of the Group regarding its cash generation. Additionally, this indicator is included in the long-term loan agreements that Company has. Other indicators, such as the debt's short-term and long-term relationship, average life, and free cash flow, also are taken into account to analyze the capital structure. In line with the above, a correct balance between debt and equity is maintained.

The Group periodically monitors that the Net debt / EBITDA + dividends leverage indicator stays within a specific range that enables a sustainable growth and the goals achievement set forth by the Administration.

In order to manage other indicators, such as the average debt life, and its long and short-term distribution, there is ample access to credit through approved lines with national and international banks and the possibility of accessing the capital market through the issuance of ordinary bonds and/or commercial papers in the local market.

The composition of the Group's liabilities conservates an adequate balance between currencies, taking advantage of natural hedges between assets and liabilities denominated in the same currency. The capital structure of the Group considers the fit between the indebtedness denominated in dollars and the EBITDA generated in United States and the Central American and Caribbean countries operations, which generate their flows mainly in dollars.

In 2021 and comparative period, there have been no significant changes in the Group's capital management objectives, policies, or processes.

26.2. Financial instruments categories

	2021	2020
Cash and cash equivalents (Note 5)	483,229	612,014
Fair value through profit or loss (Note 7)	3,315	4,472
Instruments derived from hedging relationships (Note 6)	32,237	66
Financial assets measured at amortized cost (Note 8)	1,179,035	1,061,513
Financial assets measured at fair value with changes in other comprehensive income (Note 7)	873,239	731,940
Financial Assets	**2,571,055**	**2,410,005**
Instruments derived from hedging relationships (Note 6)	48,811	117,551
Financial liabilities measured at amortized cost	7,320,922	7,807,469
Financial Liabilities	**7,369,733**	**7,925,020**
Financial liabilities, net	**4,798,678**	**5,515,015**

26.2.1. FINANCIAL ASSETS MEASURED AT FAIR VALUE WITH CHANGES IN OTHER COMPREHENSIVE INCOME

	2021	2020
Grupo de Inversiones Suramericana S. A.	851,848	712,473
Carvajal Pulp and Paper S. A.	619	619
Cemex S. A.	2,510	1,650
Other investments	18,262	17,198
	873,239	**731,940**
Recognized dividends related to investments held at the end of the period	17,053	17,914

Equity investments indicated in the table above are not held for negotiation purposes, these are held for strategic purposes in the medium and long term. The Group's management believes that this classification for these strategic investments provides more reliable financial information, rather than reflecting changes to their fair value immediately in the period results.

At the end of the period, the Group made a purchase through the stock exchange of 211,678 shares corresponding to Grupo de Inversiones Suramericana S. A. for $5,287.

As of December 31, 2021, the Group did not carry out transfers from the other comprehensive income to accumulated earnings.

In January 2020, the Group carried out transfers from other comprehensive income to accumulated earnings of $ 8,090, for the commitment of selling the shares of Colombiana de Empaques S. A. and Papeles y Cartones S. A to the Smurfit Kappa Centroamérica company, where the delivery of the shares was agreed for 2020.

26.2.2. FINANCIAL ASSETS RECLASSIFICATION

During the current period, the Group has not carried out changes in the business model for financial assets management and administration; therefore, financial assets have not been reclassified under the fair value modality towards the amortized cost, or vice versa.

26.3. Financial risk management objectives

The Group's financial policies are defined by the Corporate Finance committee and managed by the Corporate Finance Management, and they seek to ensure a solid financial structure and maintain the Group's exposure to market risk, liquidity and credit at optimal levels, according to the nature of the operations. The Group is exposed to exchange rate risks, interest rate, credit, and liquidity risk. The risk is mitigated by using natural hedging or financial derivatives, to the extent allowed by the market. The use of financial derivatives for speculative purposes is not allowed.

26.3.1. FOREIGN EXCHANGE RISK MANAGEMENT

The Group is exposed to exchange rate risk as a result of the investments it maintains in subsidiaries with a functional currency other than the Colombian peso, for transactions carried out in currencies other than its functional currency, including foreign currency borrowing operations. Fluctuations in exchange rates have direct impacts on cash and consolidated financial statements. The Group monitors exchange rate risk by analyzing the balance sheet and cash flow exposure.

The analysis of exposure to exchange rate risk is carried out on the subsidiaries that have assets, liabilities, income, and expenses in currencies other than their functional currency, and where the local currency floats freely without exchange controls since those subsidiaries located in Countries with currency exchange controls have low volatility in exchange rate fluctuations. The exposure of the statement of financial position is determined by calculating the net position in dollars, made up of the liabilities and assets in dollars of said companies. The company uses different natural hedging mechanisms to meet its objective of minimizing the volatility of the foreign exchange difference item in the consolidated income statement. Exposure to cash flows is monitored by analyzing the compensation of income and expenses in foreign currency, seeking to maximize the match between cash inflows and outflows in the same currency in order to minimize dollars purchases or sales in the spot market. When there is certainty about the occurrence of a short or long cash flow in foreign currency, hedges are carries out through financial derivatives if an imbalance with the natural position is found. In the Group's subsidiaries, the net position at the end of 2021 it is 2.6 million short dollars (2020: 12.5 million short dollars).

The concentration of foreign exchange risk is measured regarding the net position limit of + / - US 30 million. To the extent that the net position of the Group moves away from that figure, the exposure to foreign exchange risk is considered to increase.

The carrying amounts of the monetary assets and liabilities denominated in foreign currency at the end of the reporting period are as follows:

	Monetary assets		Monetary liabilities		Net exposure	
	2021	2020	2021	2020	2021	2020
US dollar, expressed in million pesos	1,687,317	1,418,133	811,965	748,244	875,352	669,889
US dollar, expressed in thousand dollars	423,825	413,149	203,952	217,988	219,873	195,161
Euro, expressed in million pesos	185	211	4,207	2,679	(4,022)	(2,468)
Euro, expressed in thousand euros	41	50	929	638	(888)	(588)

26.3.2. RISK MANAGEMENT OF INTEREST RATES AND INFLATION INDICES

The interest rate risk arises mainly from the type of interest rate of the company's loans. An increase in the rates at which financial instruments are indexed could make fixed-rate loans more expensive, increasing financial expenses. A decrease in interest rates in the market could represent an opportunity cost of reducing the financial expense on fixed-rate loans.

The concentration of interest rate risk materializes when a very high exposure to a particular index is detected in the financial debt portfolio. The Group considers an exposure to a fixed rate between 20% and 30% of its total consolidated debt to be optimal. The Group's debt profile is reported monthly to Management, indicating TF concentration levels vs. TV, term distribution (short-term vs. long-term) and distribution by currency (COP vs. USD vs. other currencies). With the results presented, decisions are made to manage the debt portfolio, such as the advance payment of obligations, structuring of financial derivatives to balance the position in interest rates and/or currencies, etc. As of December 31, 2021, 34% of the consolidated debt was agreed on at a fixed interest rate (2020 23%).

The reference interest rates of the Colombian financial market that generate exposure to the Group are the CPI, DTF and IBR, and the LIBOR international reference rate for credits in dollars. The Group has not considered exposure to other local or international rates.

26.3.3.CREDIT RISK MANAGEMENT

The credit risk derived from financial assets that imply the risk of the counterparty defaulting is reduced by evaluating and assessing clients with exposure or who require credit beyond the established limits and actual collaterals. The maximum exposure to credit risk is represented by the balance of the financial assets. Management has developed policies for credit authorization to customers. The exposure to credit risk is constantly monitored according to the debtor's payment behavior.

The credit risk derived from the investments made by the Group in the financial system is monitored through the use of an issuer quota model, which stipulates the maximum amount that the Group may have invested in an American, European, Honduran, or Colombian bank, in which most of the Group's cash is concentrated and with which financial derivative operations are agreed. The policy restricts the amount of investment in banks to the limit calculated by the model quotas, without the authorization of the Financial Vice President. The models incorporate variables, such as national and international rating, leverage indicators, and liquidity indicators of banking entities. When the amounts invested in a bank exceed the values calculated by the quotas model, the risk is considered to be highly concentrated in a single issuer. The Company balances that concentration, when the market allows it, by divesting the issuer that has exceeded the amount stipulated by the model and recomposing the investments with different alternatives, according to the calculated quotas. For banks that are not part of the model, the Company does not measure the issuer quota risk. In turn, banks that are not part of that model are entities in which there are no significant investments at the time of this report.

26.3.4. LIQUIDITY RISK MANAGEMENT

The Group has financial obligations with counterparties in the banking system and in the capital market. In order to mitigate the liquidity risk in the possible renewals of these credits, the Group plans the concentration of maturities monthly in order to avoid accumulating very high maturities in any given month of the year. Additionally, it has a broad portfolio of liquidity providers in different currencies, types of indexers, and terms, including national banks, international banks, commercial financing companies, stockbrokers, and issuance of bonds and trade papers in the capital market as a recurring issuer, where the main investors of these papers are pension funds and insurance companies. The balance of the debt distribution by term is another clear objective of management, with the goal of not concentrating more than 30% of financial liability maturities in the short-term. The years of duration of the financial liabilities are monitored month by month, and the objective is that the average life of the portfolio exceeds 3.5 years. These debt duration objectives can be affected at specific times by acquisitions and divestitures operations, etc., involving bridge or short-term financing, while adjusting the capital structure to the objectives set. Likewise, the Group has uncommitted credit quotas in national and international banks in a sufficient amount to cover any eventuality. The Group is also exposed to liquidity risk for breach of their financial commitments, which would trigger cross compliance clauses in other contracts. To mitigate this risk, the financial obligations in the credit agreements are monitored monthly and reported to Management.

Accounting working capital, defined as current assets minus current liabilities, shows a negative balance. This is mainly due to short-term loans and reclassifications of those loans that were long-term and whose maturity is already within the next 12 months. At the end of December, the company has available uncommitted quotas and is a recurring issuer in the Colombian stock market, with a quota in its bond and commercial paper issuance and placement program of $1.250.000 million. These bank quotas and in the stock market allow the structuring of sufficient financing alternatives to renew the current debt portion, together with the internal generation of the company.

26.4. Foreign currency sensitivity analysis

The Group is mainly exposed to the USD currency. The following table shows the impact on net income of a 20% depreciation or appreciation in the Colombian peso, against the relevant foreign currencies after considering the hedge accounting effect. The 20% represents the sensitivity rate used when reporting currency risk internally to key management personnel and represents management's assessment of a possible but extreme scenario. The sensitivity analysis includes only outstanding monetary items denominated in foreign currency and adjusts their translation at the end of the period for a 20% change in exchange rates. The sensitivity analysis includes external loans, as well as loans for foreign operations within the Group, where the loan denomination is in a currency other than the currency of the lender and the borrower. An appreciation of the Colombian peso has a positive impact on net income. Depreciation has the opposite effect.

	2021	2020
20% increase in US dollar regarding functional currency		
Income before taxes, expressed in million pesos	175,070	128,269
Equity	102,827	(16,521)

FOREIGN CURRENCY SENSITIVITY ANALYSIS IN CONSOLIDATED FINANCIAL STATEMENTS

The sensitivity analysis uses a 20% increase or decrease in the closing exchange rate and moving average, which represents the management's assessment of the possible reasonable change in exchange rates.

	2021	2020
20% increase in US dollar regarding functional currency		
Impact on profit before taxes, expressed in million pesos	199,088	90,596
Other Comprehensive Income, expressed in million pesos	1,775,294	1,557,042

A 20% drop in the Colombian peso against the US dollar would have produced the opposite effect. For the analysis, all other variables are assumed to be constants.

26.5. Sensitivity analysis of interest rates and inflation indices

The following sensitivity analyzes have been determined based on exposure to interest rates and inflation indices for both derivative and non-derivative instruments at the end of the reporting period. For liabilities at variable rates, an analysis is carried out, assuming that the amount of the outstanding liability at the end of the reporting period has been the outstanding liability for the entire year. When internally informing key management personnel about interest rate risk, an increase or decrease of 100 basis points over the indicator's spot rate is used, which represents management's assessment of the possible reasonable change in interest rates.

During the period, there have been changes in the methods and hypotheses used for the sensitivity analysis.

	CPI		Libor		IBR	
	2021	2020	2021	2020	2021	2020
Increase of 100PB over the indexer spot rate						
Income before taxes, expressed in million pesos	29,490	32,329	5,848	16,030	4,532	3,453
Other comprehensive income	-	-	(20,889)	(36,143)	(1,300)	-

26.6. Derivative contracts in foreign currency and interest rate

The following table details foreign currency derivative contracts and notional capital amounts and remaining terms of interest rate swap contracts under hedge accounting outstanding at the end of the reporting period:

	Derivative contract average rate		Underlying notional value in Colombian pesos [1]		Assets (liabilities) fair value	
	2021	2020	2021	2020	2021	2020
US dollar						
1 year or less, purchase forward	3.901	3,693	438,629	298,830	15,215	(21,545)
1 to 5 years, purchase swap	3.535	3,704	119,435	102,975	15,974	(9,664)
Total foreign currency derivative contracts			**558,064**	**401,805**	**31,189**	**(31,209)**
Interest rate swap, cash flow hedge						
1 year or less			60,000	-	(313)	-
From 1 to 5 years			1,593,218	1,029,750	(47,451)	(74,132)
5 years or more			-	205,950	-	(12,144)
Total interest rate derivative contracts			**1,653,218**	**1,235,700**	**(47,764)**	**(86,276)**
Total foreign currency derivatives and interest rates			**2,211,282**	**1,637,505**	**(16,575)**	**(117,485)**

[1] The underlying notional value includes values in American dollars. For disclosure purposes, these amounts have been converted into Colombian pesos using the closing exchange rate in force for each reporting date.

26.7. Interest risk and liquidity tables

The following tables detail the remaining contractual maturity of the Group for its non-derivative financial liabilities with agreed-upon reimbursement periods. Tables have been designed based on the undiscounted cash flows of financial liabilities, based on the date on which the Group must make payments. Tables include both interest and capital cash flows. When the interest is at the variable rate, the undiscounted amount is derived from the interest rate curves at the end of the reporting period. The contractual maturity is based on the minimum date on which the Group must make the payment.

	Weighted average effective rate	1 year or less	From 1 to 5 years	5 years or more	Total contractual cash flows	Book value
As of December 31, 2021						
Non-interest-bearing financial liability		983,726	5	-	983,731	983,731
Instruments with variable interest rates	7.14%	1,831,627	2,841,262	3,238,886	7,911,775	5,666,407
Instruments with fixed interest rates	4.26%	239,736	411,758	-	651,494	609,586
Other liabilities	-	2,411	10,263	194,850	207,524	61,198
		3,057,500	**3,263,288**	**3,433,736**	**9,754,524**	**7,320,922**
As of December 31, 2020						
Non-interest-bearing financial liability		1,017,385	33	-	1,017,418	1,017,418
Instruments with variable interest rates	4.65%	1,130,228	4,004,461	3,010,471	8,145,160	6,484,133
Instruments with fixed interest rates	4.98%	45,097	231,875	-	276,972	243,296
Other liabilities	Libor+1.60	6,163	10,013	197,512	213,688	62,621
		2,198,873	**4,246,382**	**3,207,983**	**9,653,238**	**7,807,468**

The following table details the Group's liquidity analysis for its derivative financial instruments. The table has been designed based on discounted contractual net cash flows that are written off on a net basis, and discounted gross cash flow on those derivatives that require a gross payment. When the amount payable or receivable is not fixed, the amount disclosed has been determined by referencing projected interest rates, as illustrated by the yield curves at the end of the reporting period. As of December 31, 2021, and 2020, the Group does not have derivative contracts that are settled in their gross amount.

	As of December 31, 2021				As of December 31, 2020			
	1 year or less	From 1 to 5 years	5 years or more	Total	1 year or less	From 1 to 5 years	5 years or more	Total
Net settled amount:								
Forward	15,215	-	-	15,215	(21,545)	-	-	(21,545)
Swaps	15,661	(47,451)	-	(31,790)	(9,664)	(74,132)	(12,144)	(95,940)
	30,876	**(47,451)**	**-**	**(16,575)**	**(31,209)**	**(74,132)**	**(12,144)**	**(117,485)**

26.8. Collateral

In 2021, the financial assets pledged as collateral are as follows:

- 27,683,344 shares from the issuer Grupo de Inversiones Suramericana S.A. to the financial entity Banco Santander as collateral for a loan for USD 100 million.
- Argos SEM LLC subsidiary has pledged 360,600 common shares of Argos Puerto Rico Corp. to secure credit between Argos Puerto Rico Corp. and Banco Popular de Puerto Rico. Under this credit, the accounts receivable, escrow accounts, and inventory from Argos Puerto Rico Corp. were also pledged.

At the end of 2020, the Group has no financial assets pledged as collateral for financial liabilities or contingent liabilities.

26.9. Financial assets and liabilities fair value

The Group determines the fair value of all its financial assets and liabilities in the reporting period for measurement or disclosure in the financial statements.

The following table shows, for each of the levels of fair value hierarchy, the Group's assets and liabilities measured at fair value at December 31, 2021 and 2020:

	As of December 31, 2021			As of December 31, 2020		
	Level 1	Level 2	Total Fair Value	Level 1	Level 2	Total Fair Value
Financial Derivatives	-	48,812	48,812	-	117,551	117,551
Financial assets at fair value	**-**	**48,812**	**48,812**	**-**	**117,551**	**117,551**
Financial assets at fair value:						
In results	3,315	-	3,315	4,472	-	4,472
In other comprehensive income	854,977	18,262	873,239	714,742	17,198	731,940
Financial Derivatives	-	32,237	32,237	-	66	66
Financial assets at fair value	**858,292**	**50,499**	**908,791**	**719,214**	**17,264**	**736,478**
Net assets (liabilities) at fair value	**858,292**	**1,687**	**859,979**	**719,214**	**(100,287)**	**618,927**

The following table shows the carrying amount and estimated fair value of the financial assets and liabilities of the Group that is not measured at fair value in the financial statements, but are required to be disclosed:

	As of December 31, 2021		As of December 31, 2020	
	Book value	Fair value, Level 2	Book value	Fair value, Level 2
Non-interest bearing liabilities	983,731	983,731	1,017,418	1,017,418
Instruments with variable interest rates	5,666,407	5,482,243	6,484,133	6,344,996
Instruments with fixed interest rates	609,586	598,919	243,296	252,776
Other liabilities	61,198	39,402	62,621	59,354
Financial liabilities measured at fair value	**7,320,922**	**7,104,295**	**7,807,468**	**7,674,544**
Cash and cash equivalents	483,229	483,229	612,014	612,014
Accounts receivable	1,179,035	1,179,035	1,061,513	1,061,816
Financial assets measured at fair value	**1,662,264**	**1,662,264**	**1,673,527**	**1,673,830**
Net financial liabilities measured at fair value	**(5,658,658)**	**(5,442,031)**	**(6,133,941)**	**(6,000,714)**

As of December 31, 2021 and 2020, there were no transfers between fair value hierarchy levels, or changes to the assets and liabilities measured at fair value on a recurrent basis using unobservable variables classified at level 3 of the fair value hierarchy.

26.10. Reconciliation of changes in liabilities and cash flows arising from financing activities

2021	Obligations and other financial liabilities	Lease liabilities	Dividend liability	Derivative liabilities, net	Composite bonds and financial instruments	Total liabilities with impact on financing cash flows	Non-controlling interest	Total liabilities and non-controlling interest
Balance as of January 1, 2021	**3,280,429**	**728,137**	**147,609**	**117,485**	**3,509,621**	**7,783,281**	**872,816**	**8,656,097**
Loan payments	(3,997,587)	-	-	-	-	(3,997,587)	-	(3,997,587)
Amounts from loans	3,372,246	-	-	-	-	3,372,246	-	3,372,246
Paid interest	(72,501)	(34,061)	-	-	(210,056)	(316,618)	-	(316,618)
Paid dividend on ordinary shares	-	-	(351,428)	-	-	(351,428)	-	(351,428)
Bonds issuance	-	-	-	-	-	-	-	-
Lease liabilities payments	-	(181,476)	-	-	-	(181,476)	-	(181,476)
Payments from financial derivatives contracts	-	-	-	(57,723)	-	(57,723)	-	(57,723)
Receivables from financial derivative contracts	-	-	-	35,479	-	35,479	-	35,479
Paid dividend on preferred shares	-	-	(55,202)	-	(3,287)	(58,489)	-	(58,489)
Outstanding bond payments	-	-	-	-	(283,918)	(283,918)	-	(283,918)
Purchases from non-controlling interests	-	-	-	-	-	-	(98,684)	(98,684)
Other cash inflows	-	-	-	-	-	(20,868)	-	(20,868)
Change from financing cash flows	**(697,842)**	**(215,537)**	**(406,630)**	**(22,244)**	**(497,261)**	**(1,860,382)**	**(98,684)**	**(1,959,066)**
Interest caused	82,257	34,061	-	36,806	232,395	385,519	-	385,519
Dividends decreed in equity	-	-	286,657	-	-	286,657	-	286,657
Loss of control of a subsidiary or business	-	(9,890)	-	-	-	(9,890)	-	(9,890)
Foreign currency conversion	369,545	74,835	9,906	9,860	-	464,146	-	464,146
New leases, net write-off	-	53,193	-	-	-	53,193	-	53,193
Fair value measurement of derivatives	-	-	-	(76,512)	-	(76,512)	-	(76,512)
Difference in unrealized change	59,951	3,854	-	(48,821)	-	14,984	-	14,984
Loan costs capitalization	-	-	-	-	-	-	-	-
Transfers of lease liabilities	-	-	-	-	-	-	-	-
Other changes	(1,904)	6,878	-	-	-	4,974	81,871	86,845
Changes other than cash flows	**509,849**	**162,931**	**296,563**	**(78,667)**	**232,395**	**1,123,071**	**81,871**	**1,204,942**
Balance as of December 31, 2021	**3,092,436**	**675,531**	**37,542**	**16,574**	**3,244,755**	**7,045,970**	**856,003**	**7,901,973**

2020	Obligations and other financial liabilities	Lease liabilities	Dividend liability	Derivative liabilities, net	Composite bonds and financial instruments	Total liabilities with impact on financing cash flows	Non-controlling interest	Total liabilities and non-controlling interest
Balance as of January 1, 2020	**3,421,433**	**954,107**	**112,104**	**60,999**	**3,312,570**	**7,861,213**	**814,749**	**8,675,962**
Loan payments	(2,610,917)	-	-	-	-	(2,610,917)	-	(2,610,917)
Amounts from loans	2,294,456	-	-	-	-	2,294,456	-	2,294,456
Paid interest	(136,991)	(45,367)	-	-	(237,086)	(419,444)	-	(419,444)
Paid dividend on ordinary shares	-	-	(319,300)	-	-	(319,300)	-	(319,300)
Bonds issuance	-	-	-	-	249,382	249,382	-	249,382
Lease liabilities payments	-	(141,576)	-	-	-	(141,576)	-	(141,576)
Derivative contract payments	-	-	-	(114,287)	-	(114,287)	-	(114,287)
Financial derivatives collections	-	-	-	105,497	-	105,497	-	105,497
Paid dividend on preferred shares	-	-	(45,587)	-	(2,103)	(47,690)	-	(47,690)
Outstanding bond payments	-	-	-	-	(40,650)	(40,650)	-	(40,650)
Purchases from non-controlling interests	-	-	-	-	-	-	(2,512)	(2,512)
Other cash inflows	-	-	-	-	-	-	9,091	9,091
Change from financing cash flows	**(453,452)**	**(186,943)**	**(364,887)**	**(8,790)**	**(30,457)**	**(1,044,529)**	**6,579**	**(1,037,950)**
Interest caused	125,470	45,367	-	46,667	226,323	443,827	-	443,827
Dividends decreed in equity	-	-	402,589	-	-	402,589	-	402,589
Foreign currency conversion	163,267	39,119	(1,326)	1,198	-	202,258	-	202,258
New leases, net write-off	-	(46,122)	-	-	-	(46,122)	-	(46,122)
Fair value measurement of derivatives	-	-	-	36,477	-	36,477	-	36,477
Difference in unrealized change	24,397	(2,051)	-	(19,066)	-	3,280	-	3,280
Loan costs capitalization	-	-	-	-	1,185	1,185	-	1,185
Transfers of lease liabilities	(686)	686	-	-	-	-	-	-
Other changes	-	(76,026)	(871)	-	-	(76,897)	51,488	(25,409)
Changes other than cash flows	**312,448**	**(39,027)**	**400,392**	**65,276**	**227,508**	**966,597**	**51,488**	**1,018,085**
Balance as of December 31, 2020	**3,280,429**	**728,137**	**147,609**	**117,485**	**3,509,621**	**7,783,281**	**872,816**	**8,656,097**

NOTE 27: : ISSUED CAPITAL

The authorized capital is made up of 1,500,000,000 shares with a nominal value in pesos of $416 each. The subscribed and paid capital is made up of 1,234,054,317 common shares and 209,197,850 preferred shares The reacquired treasury shares are 63,575,575. As of December 31, 2021, the outstanding shares are 1,379,676,592 (2020: 1,360,870,160).

	2021	2020
AUTHORIZED CAPITAL		
1,500,000,000 ordinary shares with a nominal value of $ 416	624,000	624,000
SUBSCRIBED AND PAID CAPITAL		
1,234,054,317 ordinary shares with a nominal value of $416	513,366	505,543
209,197,850 ordinary shares with a nominal value of $ 416	87,027	87,027
	600,393	**592,570**

On April 19, 2021, Cementos Argos made the payment of dividends in shares and cash, according to the profits distribution project adopted at the ordinary meeting of the Assembly of Shareholders held on March 24, 2021, and included the dividends that would be paid in cash in its entirety, but that, at the shareholder option, could be paid as follows: (i) 50% of the dividend payment in cash and 50% of the dividend payment on ordinary shares released from the company; or (ii) 100% of the dividend payment on ordinary shares released from the company.

As a result of the process of accepting the payment of the dividends in shares, 587 shareholders representing 58.24% of the company's outstanding shares accepted the payment of the dividends in shares, so the Board of Directors approved the release of 18,806,432 common shares, equivalent to a dividend payment value of $100,238, changing the Company subscribed and paid capital from $592,570 corresponding to 1,424,445,735 shares, to $600,393 corresponding to 1,443,252,167 shares. Shares in reserve decreased from 75,554,265 shares to 56,747,833 shares

Investments in the Group's associates and joint ventures do not hold Cementos Argos S.A. or any of its subsidiaries common or preferred shares at the reporting date or in comparative periods.

The Group has not reserved common or preferred shares for option contracts or contracts for the sale of shares.

Cementos Argos S.A. may only acquire its own shares by decision of the General Shareholders' Meeting with a favorable vote of the number of shares subscribed determined by law, with funds taken from liquid profits and provided that such shares are fully released.

27.1. Reconciliation of paid ordinary shares

	Number of shares	Social capital	Share placement premium	Total
Balance as of December 31, 2020	1,215,247,885	505,543	175,675	681,218
Balance as of January 1, 2021	**1,215,247,885**	**505,543**	**175,675**	**681,218**
Shares issued and delivered as dividend payment in shares	18,806,432	7,823	92,416	100,239
Balance as of December 31, 2021	**1,234,054,317**	**513,366**	**268,091**	**781,457**

27.2. Reconciliation of paid preferred shares

	Number of shares	Social capital	Share placement premium	Total
Balance as of December 31, 2020	209,197,850	87,027	1,374,068	1,461,095
Balance as of January 1, 2021	**209,197,850**	**87,027**	**1,374,068**	**1,461,095**
Balance as of December 31, 2021	**209,197,850**	**87,027**	**1,374,068**	**1,461,095**

Each ordinary share gives its owner the right to participate in the General Shareholders' Meeting decisions and vote in it, trade the shares freely, inspect the books and social papers freely during the fifteen (15) business days prior to the General Meeting in which the year-end financial statements are examined, and receive a proportionate share of the social assets at the time of settlement and once the company's external liabilities have been paid, among others included in the bylaws.

The shareholders holding ordinary shares shall have the right to preferentially subscribe in all-new issuance of ordinary shares, an amount proportional to those held on the date on which the competent social agency approves the subscription regulations.

Holders of shares with preferred dividends and no voting rights are entitled to receive a minimum dividend in a preferred manner, compared to the one corresponding to ordinary shares, provided they generated distributable profits during the immediately preceding accounting year. Under no case may the dividend received by the holders of the ordinary shares be higher than the one decreed in favor of the preferred shares; to the preferred reimbursement of their contributions, once the external liability has been paid, in the event of the issuer dissolution and liquidation; and the other rights provided for in the issuer's bylaws for holders of ordinary shares, except (i) the right to preferentially subscribe ordinary shares, and (ii) the right to vote on the proposals at the issuer's General Meeting of Shareholders. By way of exception, preferred shares will grant their holders the right to vote in the events described in the prospectus placement and issuance.

The preferred shares issuance qualifies as a compound financial instrument. The Group, for further recognition and measurement, identified the debt and equity components by assessing the instrument contractual terms and the issuer obligations. Given the issuer contractual obligation to issue cash or other financial assets to shareholders, the issuance incorporates a financial liability component. Once this liability has been measured, the difference between the received value and the obligation value constitutes an equity component. The part corresponding to the financial liability should be measured at least during each interim period and recognize their impact on the period result; the equity element is not subject to further measurement.

NOTE 28: RESERVES AND OTHER COMPREHENSIVE INCOME

28.1. Reserves

The Group consolidated reserves include the reserves value of Cementos Argos S. A., and participation in changes in reserves of subsidiaries, associates, and joint ventures accounted for by the equity method, in the percentage held by the Group, after the date of the first IFRS adoption. The following table shows separately the legal reserve and the other reserves from Cementos Argos S. A. controlling entity, as well as those corresponding to subsidiaries, associates, and joint ventures.

	Legal reserve	Reserve for shares repurchase	Other reserves	Total reserves
December 2021				
Cementos Argos S. A., controlling entity	123,055	113,797	10	236,862
Subsidiaries, associates and joint ventures	3,810	-	147,509	151,319
Total Cementos Argos S. A. and investees	**126,865**	**113,797**	**147,519**	**388,181**
December 2020				
Cementos Argos S. A., controlling entity	115,241	113,797	213,671	442,709
Subsidiaries, associates and joint ventures	3,810	-	134,960	138,770
Total Cementos Argos S. A. and investees	**119,051**	**113,797**	**348,631**	**581,479**

LEGAL RESERVE

National companies are obliged to appropriate as a legal reserve 10% of their annual net profits until the reserve balance is equivalent to 50% of the subscribed capital. As of December 31, 2021, and 2020, the legal reserve value amounts to $126,865 and $119,051, respectively. For both years, said reserve is above what is legally established.

The reserve is not distributable before the Company liquidation, but it should be used to absorb or reduce annual net losses. Appropriations made in excess of the 50% mentioned above are freely available by the General Shareholders ' Meeting.

RESERVE FOR SHARES REPURCHASE

This reserve, on the reacquired own shares, in accordance with the provisions set forth in the Commercial Code, is only distributable to the shareholders until the shares are sold again. As long as the shares belong to the Company, the rights inherent to them will be suspended.

RESERVE FOR TAX PROVISIONS

It is a mandatory reserve that originates in the requirement made by the Colombian Tax Statute, to appropriate the equivalent of 70% of the greater value requested for tax depreciation over the accounting. According to legal provisions, this reserve can be released to the extent that the subsequently recorded depreciations exceed those requested annually for tax purposes, or the assets that generated the greatest value deducted are sold.

OCCASIONAL RESERVES AT THE DISPOSAL OF THE HIGHEST SOCIAL BODY AND OTHER RESERVES

In addition to the reserves established by law or the bylaws, the General Shareholders' Meeting may constitute freely available reserves for specific purposes. On March 24, 2021, the General Shareholders' Meeting authorized the release of $103,328 from the reserve for assets strengthening, and in an extraordinary meeting held on August 25, 2021, it also authorized the release of $110,333 from the reserves, in order to distribute dividends to shareholders.

28.2 Other comprehensive net income attributable to the controller

During 2021, the Group made no transfers from the other comprehensive income to accumulated earnings, (2020: $8,091). These correspond to the commitment to sell Colombiana de Empaques S. A. and Papeles y Cartones S. A. to the company Smurfit Kappa Centroamérica, where it was agreed to deliver the shares for 2020 and the disposition of Cartón de Colombia S. A. shares, included in the category of other financial assets at fair value with change in other comprehensive income.

As of December 31, 2021 and 2020, the Group has not designated financial instruments for cash flow hedges of anticipated transactions, so no security has been reclassified from the other comprehensive income to the income for the period for this item.

28.3 Impact of ncifs first-time implementation

The impact of NCIFs application of unrealized assets and liabilities and retroactive adjustments due to the change in investment property policy is not distributable to shareholders.

NOTE 29: DIVIDENDS

The General Shareholders' Meeting held on March 24, 2021 decreed dividends on common and preferred shares of $127.60 per share per year, payable in a single instalment on April 19, 2021 for a total value of $173,647. The dividend may be received, at the shareholder's choice, 100% in cash or 100% in Company released ordinary shares, or a combination of both modalities in a 50% cash and 50% shares proportion.

In addition, a special meeting held on August 25, 2021, approved the payment of an extraordinary dividend on the ordinary and preferred shares at a rate of $79.97 per share, for a total of $110,333, payable in a single instalment on September 7, 2021.

During the period, Cementos Argos S. A. decreed and made the following dividend payments:

	2021			2020	
Declared dividends	Shares	$ dividend per share	Total	$ dividend per share	Total
Cementos Argos S.A.					
Ordinary dividend	1,151,672,310	127,60 anual	146,953	251,20 anual	289,300
Preferred dividend	209,197,850	127,60 anual	26,694	251,20 anual	52,551
Extraordinary dividend (on ordinary shares)	1,170,478,742	79,97 anual	93,603		
Extraordinary dividend (on preferred shares)	209,197,850	79,97 anual	16,730		
			283,980		**341,851**
Non-controlling interests			105,433		63,048
			389,413		**404,899**
Declared dividends, equity			386,895		402,589
Declared dividends, liabilities			2,518		2,310

Paid dividends	About No. of shares	$ dividend per share	paid in cash	Paid in shares	Total paid	$ dividend per share	Total paid in cash
			2021			2020	
Cementos Argos S.A.							
Ordinary dividend	1,151,672,310	83,73 – 127,60	146,369	97,017	243,386	60,50 - 83,73	262,543
Preferred dividend	209,197,850	83,73 – 127,60	40,990	3,221	44,211	60,50 - 83,73	47,690
Extraordinary dividend (on ordinary shares)	1,170,478,742	79,97	93,603	-	93,603		
Extraordinary dividend (on preferred shares)	209,197,850	79,97	16,730	-	16,730		
			297,692	**100,238**	**397,930**		**310,233**
Non-controlling interests			111,455	-	111,455		56,757
			409,147	**100,238**	**509,385**		**366,990**

Dividends paid on preferred shares in 2021 should consider an additional $769 of the 2019 passive PSP (Profit Sharing Project), for a total paid of $58,489.

NOTE 30: NON-CONTROLLING INTERESTS

	2021	2020
Opening balance	**872,816**	**814.749**
Profit share of the year	92,804	62.626
Ordinary dividends distributed in cash	(105,433)	(63.048)
Non-controlling interest generated by other comprehensive income	120,344	54.287
Changes in subsidiaries ownership without loss of control	(25,772)	(2.111)
Participation by other equity movements	(72)	6.313
Closing balance	**954,687**	**872.816**

NOTE 31: INCOME FROM ORDINARY ACTIVITIES

The income analysis of the Group period for continuing operations excluding income from investments (Note 37 Financial Income) is:

	2021	2020
Income from the sale of goods	9,755,650	8,948,499
Revenue from services provision and others	62,039	52,049
	9,817,689	**9,000,548**

Cementos Argos consolidated operating income is generated mainly by cement and ready-mixed concrete sale. Our concrete businesses are the main customer of our cement production. Sales of our products between geographic or operating segments are made at market prices comparable to those made with third parties. Our cement and ready-mix concrete sales are highly dependent on the construction industry performance, including residential, commercial and infrastructure projects, in each of the countries where we operate or sell our products. Fluctuations in the construction industry behavior significantly affect the cement and ready-mix concrete volumes that we are able to sell, as well as the selling prices that we can receive for our products, which are detailed below, in the segment reporting note.

As of December 31, 2021, and 2020, the Group has no commitments which it is estimated will result in losses.

NOTE 32: SEGMENT REPORTING

32.1. Operating segments, products and services that generate revenue from those segments

Management has determined its operating segments based on the financial information provided to the Cementos Argos S. A. Steering Committee, whose members periodically monitor the business results to make decisions regarding the resources to be allocated and evaluate their performance. The cement, ready-mixed concrete and aggregates business is organized and managed across the three main geographic regions in which the Group has a presence: Colombia, Panama and the Caribbean, and the United States, in which the Group operates through subsidiary companies. The Group has a fourth segment called others, which contains the results of other businesses, as well as corporate overhead that is not allocated to any particular operational segment. This segment is managed independently given the difference in the nature of its operations and the risks and benefits associated with it.

The three geographic segments generate their revenue from the cement, ready-mixed concrete and aggregates business, as follows:

Cement, which includes activities related to cement production, marketing, transport and distribution in all its forms and types, raw materials and semi-finished cement products. It also includes clinker's marketing operations. Cement plants produce a wide range of products, including clinker, general purpose cement, structural cement, Portland cement, type I, II, I/II and III cement, white cement, masonry cement and oil cement.

Ready-mixed concrete, which includes activities related to the production and marketing of ready-mixed concrete in all its forms and types. The ready-mix concrete product portfolio includes different types of ready-mix concrete for use in infrastructure, architectural and ornamental projects, public spaces, among other uses.

Aggregates are materials of natural origin (usually sand or hard rock) or by-products of other industries that by their size or composition allow the strength characteristics of concrete. These are generally subdivided into coarse and fine aggregates. The main rocks used as aggregates are limestones, conglomerates, sandstones, basalts.

The Steering Committee evaluates performance and allocates resources based on a geographic area segmentation, a product and/or service segmentation is not regularly monitored and reviewed at this level.

The Steering Committee evaluates the operating segments performance based on net sales, operating profit and EBITDA for each segment. These measures exclude the effects of financial income, expenses and income tax, which are not allocated to the operating segments and are managed at the entity level. The accounting policies applied to the segment reporting preparation are the same as those described in Note 2.2 Accounting Policies. The Group has not carried out asymmetric allocations in its operating segments.

32.2. Operating segment financial information

2021	Colombia	Caribbean and Central America	United States	Corporate and others	Total
Operating income	2,814,963	3,138,959	5,731,260	1,951	11,687,133
Less: inter-segment	(393,104)	(1,171,108)	(303,365)	(1,867)	(1,869,444)
Consolidated operating income	**2,421,859**	**1,967,851**	**5,427,895**	**84**	**9,817,689**
Cost of sale	(1,717,445)	(1,270,770)	(4,118,930)	(42)	(7,107,187)
Depreciation and amortization	(226,741)	(105,551)	(472,683)	55	(804,920)
Gross profit (loss)	**477,673**	**591,530**	**836,282**	**97**	**1,905,582**
Other depreciation and amortization	(10,400)	(53,806)	(27,561)	(24,454)	(116,222)
Managing and sales expenses	(204,100)	(164,901)	(347,527)	(96,746)	(813,274)
Other operating income (expenses), net	24,083	15,193	247,281	(27,631)	258,927
Impairment of non-current assets	(18,000)	-	(123)	0	(18,123)
Operating profit (loss)	**269,256**	**388,016**	**708,352**	**(148,734)**	**1,216,890**
Financial income					32,738
Financial expenses					(434,224)
Gains by difference in foreign exchange, net					10,387
Net interest in investee income					(8,157)
Income before tax					**817,634**
Income tax					(293,698)
Year net income					**523,936**

2020	Colombia	Caribbean and Central America	United States	Corporate and others	Total
Operating income	2,333,156	2,444,344	5,514,396	1,601	10,293,497
Less: inter-segment	(346,000)	(795,999)	(149,035)	(1,915)	(1,292,949)
Consolidated operating income	**1,987,156**	**1,648,345**	**5,365,361**	**(314)**	**9,000,548**
Cost of sale	(1,418,048)	(1,084,860)	(4,075,235)	(6,831)	(6,584,974)
Depreciation and amortization	(228,363)	(104,440)	(450,253)	55	(783,001)
Gross profit (loss)	**340,745**	**459,045**	**839,873**	**(7,090)**	**1,632,573**
Other depreciation and amortization	(10,652)	(54,419)	(41,759)	(23,747)	(130,577)
Managing and sales expenses	(193,187)	(141,389)	(342,430)	(72,112)	(749,118)
Other operating income, net	25,085	8,214	(71,796)	(18,220)	(56,717)
Impairment of non-current assets	-	(1,120)	-	-	(1,120)
Operating profit (loss)	**161,991**	**270,331**	**383,888**	**(121,169)**	**695,041**
Financial income					42,318
Financial expenses					(498,563)
Gains by difference in foreign exchange, net					(11,351)
Net interest in investee income					(5,630)
Income before tax					**221,815**
Income tax					(81,001)
Year net income					**140,814**

32.3. Information by geographical area and significant customers

	Revenue from external customers		Non-current assets	
	2021	2020	2021	2020
Colombia	2,423,946	2,007,943	4,463,524	4,629,013
United States	5,427,780	5,364,795	9,063,208	7,775,676
Panama	308,290	234,071	749,964	1,323,881
Honduras	545,184	417,669	600,253	567,456
Haiti	180,197	240,147	30,144	32,367
Dominican Republic	277,914	217,189	58,818	50,248
Suriname	38,175	30,288	21,257	18,670
Caribbean islands	597,155	485,362	337,655	303,787
Guatemala	19,048	3,084	567	356
Total	**9,817,689**	**9,000,548**	**15,325,390**	**14,701,454**

For these purposes, the basis used to attribute income from external clients to countries is the location of the Company. Non-current assets include property, plant and equipment, intangible assets, investment properties, investments in associates and joint ventures, goodwill, lease rights assets and biological assets. As of December 31, 2021, and 2020, the Group does not have any clients representing 10% or more of the consolidated income.

32.4. Information by product and service

	2021	2020
Cement	6,045,524	5,090,831
Concrete	3,705,483	3,851,410
Other products	66,682	58,307
Total	**9,817,689**	**9,000,548**

Cementos Argos consolidated operating income is generated mainly by cement and ready-mixed concrete sale. Our concrete businesses are the main customer of our cement production. Sales of our products between geographic or operating segments are made at market prices comparable to those made with third parties.

Our cement and ready-mix concrete sales are highly dependent on the construction industry performance, including residential, commercial and infrastructure projects, in each of the countries where we operate or sell our products. Fluctuations in the behavior of the construction industry significantly affect the volumes of cement that the Company is able to sell, as well as the sales prices that the Company is able to receive for its products.

NOTE 33: MANAGEMENT AND SALES EXPENSES

Management and sales costs as of December 31 comprise the following:

	Management expenses		Management expenses		Overhead and sale expenses	
	2021	2020	2021	2020	2021	2020
Staff expenses	311,887	261,319	143,547	128,522	455,434	389,841
Services	109,953	91,315	35,730	27,721	145,683	119,036
Amortization of intangible assets	38,972	56,593	40,381	38,801	79,353	95,394
Fees	50,020	82,090	1,875	1,805	51,895	83,895
Taxes	3,919	8,062	29,686	23,401	33,605	31,463
Maintenance and repairs	29,521	29,238	1,354	1,300	30,875	30,538
Property, plant and equipment depreciation	20,276	20,185	1,289	37	21,565	20,222
Insurances	11,973	15,408	2,433	3,629	14,406	19,037
Commercial debtors impairment	2,863	5,576	6,482	12,428	9,345	18,004
Right-of-use assets depreciation (1)	12,903	12,911	2,400	2,048	15,303	14,959
Contributions and affiliations	8,598	5,554	9,630	8,401	18,228	13,955
Leases	4,333	5,016	1,213	2,181	5,546	7,197
Travel expenses	6,276	3,750	2,643	2,452	8,919	6,202
Supplies and stationery	2,483	2,704	1,141	1,417	3,624	4,121
Fuel and lubricant	815	705	1,769	1,552	2,584	2,257
Adaptation and installation	1,008	1,432	648	719	1,656	2,151
Casino and restaurant	429	916	356	416	785	1,332
Legal expenses	1,316	845	145	252	1,461	1,097
Transportation	1,322	526	158	77	1,480	603
Representation and public relationships expenses	338	259	65	37	403	296
Miscellaneous	25,529	14,544	1,816	3,551	27,345	18,095
	644,734	**618,948**	**284,761**	**260,747**	**929,495**	**879,695**

NOTE 34: OTHER (EXPENSES) OPERATING INCOME, NET

	2021	2020
Gain from other income and expenses (1)	195,810	15,989
Gain on insurance recoveries and other recoveries	67,000	58,117
Gain on investment properties valuation, net (Note 16)	42,240	1,541
Gain on property, plant and equipment and other assets sale	24,968	9,496
Net compensation gain	4,668	3,561
Gain in exploitations	3,459	1,756
Gains on claims	1,126	37
Gains on investments sale in financial instruments and joint ventures (Note 26 and 12)	84	119
Government grant income (Note 35)	43	4,289
Profit on liabilities cancellation with non-financial assets	-	15,830
Loss on investments sale in joint ventures (2)	(2)	(14,482)
Valuation loss of biological assets, net (Note 11)	(331)	(234)
Loss due to legal process (3)	(1,939)	(77,018)
Loss on donations	(16,355)	(10,832)
Loss on four per thousand assumed tax and other assumed taxes	(18,426)	(16,615)
Loss in property, plant and equipment and other assets sale and withdrawal	(43,423)	(42,979)
	(258,926)	**(56,717)**

(1) On June 14, 2021, Argos USA LLC - a Cementos Argos S. A. subsidiary - sold twenty–four concrete plants, including equipment, buildings, land, and inventory to Smyrna Ready Mix Concrete, LLC-for $ 184 million. The assets sale price, minus the assets delivered book value, generated an accounting income for business disposal of $ 180,163 (USD 48.1 million), and an increase in current tax expenditure by $ 6,506 (USD 1.7 million), as well as deferred tax by $ 93,642 (USD 25 million), which were presented in the other income and operating expenses and income tax lines from the consolidated income statement.

[(2)] In December 2020, Cementos Argos S. A. sold to Calidra Latam S. A. S., a Grupo Calidra S. A. de C. V. subsidiary, the total stake in the joint venture Caltek S. A. S., equivalent to 21,857,974 shares held and representing 50% of the stake in the investee. The transaction value was $4,984 and the investment carrying value was $19,465, generating an investment disposal loss of $14,482 presented in the lines of other income and operating expenses. The consideration will be settled in January 2021 in a single installment.

[(3)] In July 2017, two of the Company's Competitors (Southest Ready Mix, LLC, and Mayson Concrete Inc.) filed a lawsuit against it, alleging competition law violations, before the United States District Court, for the North Georgia District, which began to be investigated by the United States Department of Justice (DOJ). On January 4, 2021, the Company reached a Defer Prosecution Agreement (DPA) with the U.S. Department of Justice, following a lengthy trial in which it was accused of engaging in anti - competitive practices for concrete sale in the Southern District of Georgia. Under this agreement, the Company must pay USD $ 20 million to the U.S. treasury. The signing of this agreement represents the contingencies closure related to the competition practices of former Argos USA employees, who were inherited in the acquisition of concrete assets in Pooler, Georgia, as part of a large asset package purchased by Argos USA from another company in 2011. These assets were then sold and no longer belong to Argos USA. As of December 31, 2020, a provision for the agreed penalty amount was recorded.

NOTE 35: GOVERNMENT SUBSIDIES

The Colombian National Government created the Formal Employment Support Program (PAEF, for its Spanish acronym) to support and protect the country's formal employment during the health emergency situation due to the COVID-19 coronavirus. The PAEF is a social program that grants Colombian companies a monthly monetary contribution of a state nature. PAEF government support is a government grant related to income within the scope of IAS 20 Government Subsidies, since the support is subject to compliance with requirements established by the National Government and the approval of the Special Administrative Unit for Pension Management and Parafiscal Contributions of Social Protection - (UGPP, for its Spanish acronym). State support is requested based on the number of company employees and the UGPP determines the amount.

As of December 31, 2020, Cementos Argos S. A. and its subsidiaries in Colombia recognized income and received cash resources for government support of $4,289. The amount paid corresponded to the state support for the months of April, May, June, July, September and October 2020 by $1,336, $1,221, $772, $66, $750 and $20, respectively.

In July 2020, Argos Guyane S. A., a Cementos Argos subsidiary , obtained a loan of 1.5 million euros with Banque Populairem, with a 12-months maturity and a 0.25% interest from BRED Bank, a loan guaranteed by the French Government. The loan was granted for the purpose of financial support for COVID-19. The difference between the market interest rate for an equivalent loan at the time of initial recognition and the interest rate granted by the government was recognized as a government grant in accordance with IAS 20. The government subsidy for loans at below-market rates of $123 is presented in results under other operating income. The loan is measured in accordance with the IFRS 9 requirements.

In 2021, government subsidies were received for $43 in the Colombia Regional.

NOTE 36: EXCHANGE DIFFERENCE, NET

	2021	2020
Exchange difference income	126,287	277,319
Exchange difference expense	(115,900)	(288,670)
Gains (loss) by difference in foreign exchange, net	**10,387**	**(11,351)**

NOTE 37: FINANCIAL INCOME

	2021	2020
Interest income	15,685	24,404
Dividends from equity investments	17,053	17,914
Total financial income	**32,738**	**42,318**

NOTE 38: FINANCIAL EXPENSES

	2021	2020
Interest on overdrafts and bank loans	100,558	147,251
Interest on obligations under leases (Note 20)	34,061	45,367
Interest on bonds and preferred shares (Note 25 and 26)	232,395	227,508
Interest on financial derivatives (Note 26)	36,806	46,667
Other financial expenses	32,696	32,955
Total interest expense on financial liabilities	**436,516**	**499,748**
Minus: amounts included in qualified assets cost (Note 15)	2,292	1,185
Total financial expenses	**434,224**	**498,563**
Discount effect of provisions, employee benefits and factoring operations	26,956	28,853
Financial income (Note 37)	32,738	42,318
Financial expenses	434,224	498,563
Total financial expenses, net	**401,486**	**456,245**

As of December 31, 2021 and 2020, the weighted average annual capitalization rate on the funds owed is 0% and 5.7% for Cementos Argos S. A.

NOTE 39: NET PROFIT FOR THE FISCAL YEAR

Profit for the year from continuing operations is attributed to:

	2021	2020
Company controllers	431,132	78,188
Non-controlling interests	92,804	62,626
	523,936	**140,814**

39.1. Impairment losses on financial assets

	2021	2020
Impairment loss on trade accounts receivable	9,345	18,004
Reversal of impairment losses on trade accounts receivable	6,170	2,524

39.2. Depreciation and amortization expenses in profit or loss for the period

	2021	2020
Property, plant and equipment depreciation	672,668	639,032
Right-of-use assets depreciation	138,173	151,576
Amortization of intangible assets	110,300	122,970
Depreciation & Amortization	**921,141**	**913,578**

39.3. Employee benefits expenses

	2021	2020
Cost	1,081,114	1,041,369
Overhead and sale	311,887	261,319
Selling expenses	143,547	128,522
Employee benefits expenses	**1,536,548**	**1,431,210**

NOTE 40: EARNINGS PER SHARE

The total basic earnings per share and the earnings and weighted average number of ordinary shares used in the calculation of basic earnings per share are as follows:

	2021	2020
Total basic earnings per share, pesos per share	368,34	67,89
Profit of the year attributable to controllers	431,132	78,188
Weighted average number of ordinary shares outstanding	1,170,478,742	1,151,672,310

The Group does not hold financial instruments or other contracts that entitle it to receive potential common shares, so the diluted profit per share is equal to the basic profit per share.

NOTE 41: RELATED PARTIES INFORMATION

The immediate Cementos Argos S. A. parent company is Grupo Argos S. A., with its principal address in Medellín, Colombia, which holds a share of 58.51% in the Company.

41.1. Qualitative information on transactions between related parties

41.1.1. TRANSACTIONS BETWEEN CEMENTOS ARGOS S. A. AND OUR SUBSIDIARIES OR BETWEEN OUR SUBSIDIARIES

- Clinker purchase and sale between us and our subsidiaries, and our subsidiaries among themselves, regardless of the region where they are located. The transaction involves the companies that produce clinker and sell it to the companies that produce cement, and the latter using it as a raw material to produce cement.
- Cement purchase and sale between us and our subsidiaries, and our subsidiaries among themselves, regardless of the region where they are located. The transaction involves the companies that produce cement and sell it to the companies that produce concrete, and the latter uses it as a raw material to produce concrete. In the case of purchases and sales among cement companies, cement is transferred with the purpose of being commercialized.
- Aggregates purchase and sale between us and our subsidiaries, and our subsidiaries among themselves, regardless of the region where they are located. The transaction involves the companies that produce aggregates and sell them to the companies that produce cement or concrete, and they use it as a raw material for their products.
- Provision of transportation services between Logitrans S. A. and Cementos Argos S. A., Concretos Argos S. A. and Zona Franca S.A.S. The transaction involves Logitrans S. A., as a cargo transport intermediary, outsourcing transportation of Cementos Argos S.A. products or raw materials. A.
- Purchase and sale of back-office services between Cementos Argos S. A. and Zona Franca Argos S. A. S.; the transaction consists of Cementos Argos S. A. providing back-office services to Zona Franca Argos S. A.S. in exchange for a consideration for them. The services provided are basically financial, administrative and technological support.
- Management support contracts between Cementos Argos, S. A. with Argos Honduras S. A., Argos Dominicana S. A., Cimenterie Nationale S. E. M., Vensur NV, Argos Puerto Rico LLC, Argos Panama and Argos North America Corp. it has a support contract with Cements Guyanais; the transaction consists of Cementos Argos S. A. provides management support services to the indicated subsidiaries in exchange for consideration by them. The services provided are basically administrative management services.
- Leasing contracts between us and our subsidiaries, and our subsidiaries among themselves, the transaction consists in that the lessor gives as lessee the right-to-use real estate and river transport fleet for the development of its activities.

- Provision of maritime transport services between Transatlantic Cement Carriers Inc. and Cementos Argos S. A. and /or its subsidiaries. The transaction consists of Transatlantic Cement Carriers Inc., acting as an intermediary of maritime transport, subcontracting with third parties the transport of raw materials products of Cementos Argos S. A. and/or its subsidiaries.

These transactions have been eliminated in the consolidated financial statements.

41.1.2. TRANSACTIONS BETWEEN GRUPO ARGOS S. A. AND CEMENTOS ARGOS S. A. AND/OR OUR SUBSIDIARIES

- Lease of real estate between Grupo Argos S. A. and/or its subsidiaries and Cementos Argos S. A. and/or its subsidiaries; the transaction consists of Grupo Argos S. A. and/or its subsidiaries lease spaces (offices, warehouses and/or batchs) to Cementos Argos S. A. and / or its subsidiaries, so that the latter carry out their activities, whether productive or administrative.

41.1.3.TRANSACTIONS THAT TAKE PLACE BETWEEN ENTITIES THAT EXERT SIGNIFICANT INFLUENCE OVER THE PARENT COMPANY AND THE GROUP.

- Cementos Argos S.A. and its subsidiaries contract real, property, and personal damage insurance, mainly through the life and general insurers that are part of Grupo de Inversiones Suramericana. This operation is carried out to cover capital losses in all the regional offices, using the risk retention and distribution schemes negotiated jointly with said insurers, all in accordance with the regulations that apply in accordance with the corresponding jurisdiction.

41.1.4. TRANSACTIONS BETWEEN CONSOLIDATED CEMENTOS ARGOS S.A. AND GRUPO ARGOS. SUBSIDIARIES

- Energy purchase and sale between Celsia S.A. and Zona Franca Argos S.A.S., the transaction consists of Zona Franca Argos S.A.S. providing energy to Celsia S.A. for marketing purposes.

41.1.5. TRANSACTIONS BETWEEN THE GROUP AND INVESTMENTS IN ASSOCIATES

- Provision of business services. The transaction consists of SUMMA Servicios Corporativos Integrales S.A.S. providing specialized business services and administrative support services to Cementos Argos S.A. through the execution of an operating mandate agreement without representation, in exchange for a consideration by them. Among the services provided are basically financial, administrative, legal assistance, purchasing, human management, risks and insurance, communications and information technology services, among others. In the mandate agreement exercise, SUMMA Servicios Corporativos Integrales S.A.S. will pay all necessary expenses to carry out its operations and at the end of each period, will request the reimbursement of such expenses from Cementos Argos S.A.
- Air transport service between Internacional Ejecutiva de Aviación S.A.S. and Cementos Argos S.A. This deal consists on Internacional Ejecutiva de Aviación S.A.S. providing air transport service to Cementos Argos S.A. senior executives.

41.1.6. TRANSACTIONS BETWEEN THE GROUP AND INVESTMENTS IN JOINT VENTURES

- Cement and concrete sale to Odinsa S.A. joint ventures, a Grupo Argos S.A. Subsidiary. The transaction consists on cement and concrete sale to Odinsa S.A. consortiums for the elaboration of infrastructure works in different regions of the country.
- Provision of maritime transport services between Transatlantic Cement Carriers Inc. and Trans Atlantic Shipmanagement Ltd. The transaction consists of Trans-Atlantic Shipmanagement Ltd. (among other providers) providing the ocean freight service and ship leasing to Transatlantic Cement Carriers Inc. for the transportation of raw materials and finished products for Cementos Argos S. A. and/or its subsidiaries.

41.2. Transactions between related parties

the following table presents the transactions carried out during the period with the subsidiaries of our immediate parent company Grupo Argos S. A. The transactions between Cementos Argos S. A. and its subsidiaries have been eliminated in the preparation of the consolidated financial statements.

	Parent company	Entities with significant influence in the Group	Grupo Argos parent company subsidiaries	Associated of the Group and its controller	Joint ventures of the Group and its controller [1]	Key Management personnel	Total related parties
2020							
Sale of goods and other income	325	18,000	16,232	510	38,103	-	**73,170**
Purchase of goods and other expenses	2,159	38,992	13,630	16,914	52,605	86,173	**210,473**
Amounts receivable	1,646	5,467	2,408	735	3,712	-	**13,968**
Amounts payable	56,012	6,574	755	3,797	40	-	**67,178**
Lease assets	1,313	-	-	23,521	46,031	-	**70,865**
Lease liabilities	1,511	-	-	25,166	46,926	-	**73,603**
2021							
Sale of goods and other income	338	17,057	2,568	598	10,435	-	**30,996**
Purchase of goods and other expenses	2,129	31,350	9,100	15,208	39,498	97,275	**194,560**
Amounts receivable	1,636	4,302	2,799	73	3,233	-	**12,043**
Amounts payable	12	8,047	1,461	2,676	-	-	**12,196**
Lease assets	1,598	-	-	16,581	52,447	-	**70,626**
Lease liabilities	1,435	-	-	23,011	54,714	-	**79,160**

[1] In December 2020, Cementos Argos S. A. sold to Calidra Latam S. A. S., a subsidiary from Grupo Calidra S.A. de C.V., the total stake in Caltek S. A. S. joint venture, equivalent to 21,857,974 shares held and representing 50% of the investee stake. The transaction value was $4,984 and the investment carrying value was $19,465, generating an investment disposal loss of $14,482 presented in the lines of other income and operating expenses. The consideration will be settled in January 2021 in a single installment.

As of December 31, 2021 and 2020, the Group has not recognized impairment and impairment expense of securities receivable with related parties. The Group has not received or provided any guarantees for balances receivable or payable to related parties. Transactions between the reporting Company and its related parties are carried out on terms equivalent to those that exist in transactions between independent parties.

The average term of accounts receivable from related parties regarding the sale of goods is 30 days. Accounts payable between related parties have an average term of 30 days. The average term of loans for 2021 is one year, agreed at a rate in pesos of 1.89%. (2020: 4.54%)

41.3. Compensation of the board of directors and key management personnel

	2021	2020
Wages and other short-term employee benefits	88,081	79,403
Pensions and other post-employment benefits	4,772	5,755
Termination benefits	2,665	315
Share-based payments	1,757	700
Total compensation of key management personnel for the period	**97,275**	**86,173**

Key management staff members include the members of the Board of Directors, Appointment and Remuneration Committee, Audit and Finance Committee, Sustainability and Corporate Governance Committee, Steering Committee (consisting of the President and Vice-Presidents), and any other Committee that reports directly to Cementos Argos S. A. and Grupo Argos S. A. Boards of Directors, as well as to Managers and their close relatives.

NOTE 42: BASIS FOR CONVERSION

Operations and balances in foreign currency are converted at the market representative exchange rate certified by the Banco de la República. In the preparation of the intermediate financial statements, assets and liabilities, as well as income, costs and expenses in foreign currency have been converted into Colombian pesos at the exchange rates observed on the date of each closing and average, as follows:

	December 2021		December de 2020	
	Closing exchange rate	Average exchange rate	Closing exchange rate	Average exchange rate
Colombian peso	3,981.16	3,747.24	3,432.50	3,691.27
Dominican peso	57.34	57.07	58.22	56.52
Euro	0.879	0.846	0.817	0.877
Honduran lempira	24.43	24.10	24.20	24.67
Haitian Gourde	99.87	89.13	72.16	93.39
East Caribbean Dollar	2.7	2.7	2.7	2.7
Guatemalan Quetzal	7.72	7.74	7.79	7.72

NOTE 43: CONTINGENT LIABILITIES AND ASSETS

At the date the financial statements are issued, there are certain contingent conditions that may result in a loss for Cementos Argos S. A. or its subsidiary companies. These contingencies are estimated by Management and its legal advisors based on their professional judgment. Considering the variability of the processes, it is possible that the probability of occurrence will vary in the future.

In estimating contingencies, legal advisors evaluate, among other aspects, the merits of the claims, the related jurisprudence and the status of each of the processes to date. These matters are considered to be resolved without any significant effect on our operations, financial position or results of operations.

43.1. Contingent liabilities

At the preparation date of the notes to the financial statements, we state that Cementos Argos S. A. or its subsidiary companies are parties to legal proceedings of different nature, acting both as plaintiffs and defendants, which have been diligently attended by qualified lawyers hired by each company. Conflicts are of labor, civil, administrative, criminal and tax character. This type of litigation arises in the ordinary course of business of any company the size of Cementos Argos S.A., and the Company expects a probable outflow of resources. We believe that the estimated time of resolution for these processes ranges between three (3) and eight (8) years, approximately.

LITIGATION RELATED TO TRANSMILENIO

Due to pavement structural defects of the North Highway Project in Bogotá D.C. developed by Transmilenio S. A. (hereinafter "Project"), a public interest claim is underway against the Mayor's Office of Bogotá, the Urban Development Institute , Concretos Argos S. A. S. and certain public officials and Project providers. The public interest claim points out that Concretos Argos S. A. S., together with other suppliers, supplied construction materials without complying with the required technical specifications, and as a result, structural defects were generated in the pavement of the Project.

In a judgment of first instance, Concretos Argos S. A. S. was ordered to carry out publications associated with the violation of consumer rights and asking for apologies. The aforementioned public interest claim is pending for a decision of second instance after the appeal and closing arguments presented by all the parties.

PUERTO NARE VALORIZATION

In December 2018, Cementos Argos S.A. filed an action for nullity and restoration of rights against a resolution of recovery contribution for the "Puerto Nare - Puerto Triunfo" road rectification and paving, in the Antioquia department, for $18.126. The lawsuit was admitted and, in its reply, the Antioquia department called in guarantee the firm that carried out the appraisal study. The Company presented a brief ruling on the answer to the lawsuit and requested again the suspension of the administrative act that contains the recovery contribution. We have not recorded any accounting provision considering that we have enough arguments to distort the payment obligation attributed to the Company.

SOUTHEAST READY MIX, LLC ET AL. VS. ARGOS NORTH AMERICA CORP. ET AL.

This is a lawsuit filed by two competitors in July 2017 before the U.S. District Court for the Northern District of Georgia. The lawsuit alleges violations of the Savannah, Georgia ready-mix market competition law by two of the company's indirect subsidiaries and other defendants. Considering the preliminary stage of the process, it is not possible to determine a contingency at this time.

PRO SLAB, INC. ET AL. VS. ARGOS USA LLC. ET. AL.

This is a class action lawsuit filed in November 2017 in the United States District Court for the District of South Carolina. The lawsuit alleges violations of the Savannah, Georgia ready-mix market competition law by two of the company's indirect subsidiaries and other defendants. Considering the preliminary stage of the process, it is not possible to determine a contingency at this time.

43.2. Contingent assets

As at the preparation date of the notes to the financial statements, Cementos Argos S. A. and its subsidiaries are not parties to judicial proceedings, acting as a plaintiff, where the income or recovery of contingent assets exceeding five billion pesos is expected individually. In addition, there are executive processes initiated by Cementos Argos S. A. and its subsidiaries against third parties for the portfolio recovery through judicial means. We believe that the estimated time of resolution for these processes ranges between three (3) and eight (8) years, approximately.

43.3. Acquired commitments

CONTRATO DE SUMINISTRO DE CARBÓN CON CARBONERA LOS PINOS S.A.S.

Up to date, Cementos Argos S.A. has a current contract for coal sale with Carbonera los Pinos S.A.S., which establishes that there must be a minimum purchase of 10 thousand tons, allowing a maximum deviation of 10%. The contract value is for $100,410, with a duration of 4 years from 2018. Currently, Cementos Argos S.A. has no breach of this contract.

NOTE 44: EVENTS OCCURRED AFTER THE REPORTING PERIOD

Between December 31, 2021 and the issue date of the Group's consolidated financial statements, there have been no subsequent events that could affect the financial statements already presented.

CERTIFICATION FROM THE LEGAL REPRESENTATIVE OF THE COMPANY

Dear
Shareholders
Cementos Argos S.A.
Medellín

The undersigned Cementos Argos S.A. Legal Representative

CERTIFIES HEREBY:

That the annual separate financial statements ended on December 31, 2020, do not contain any faults, inaccuracies, or substantial errors that might prevent knowing the actual equity situation or the operations undertaken by Cementos Argos S.A. The foregoing is with the purpose of complying with Article 46 from Act 964/2005.

In witness whereof, I have hereunto set my hand on February 17, 2022

Juan Esteban Calle Restrepo
Legal Representative
(See attached certification)

CERTIFICATION FROM THE LEGAL REPRESENTATIVE OF THE COMPANY AND THE ACCOUNTING CORPORATE MANAGER

The undersigned Cementos Argos S.A. Legal Representative and Accounting Corporate Manager do hereby certify that, in accordance with Article 37 from Act 222/1995, the annual separate financial statements ended on December 31, 2020, haven been faithfully taken from the books and that before being made available to you and third parties, we have verified the following statements contained therein:

1. All existing assets and liabilities, as well as all transactions recorded, have been carried out during said years.

2. All economic facts carried out by the Company have been recognized.

3. Assets represent probable future economic benefits (rights) and liabilities represent probable future economic engagements (obligations), obtained by or on behalf of the Compan.

4. All elements have been recognized by their appropriate values according to the applicable Financial Reporting Standards in Colombia.

5. All economic facts affecting the Company have been correctly classified, outlined, and revealed.

In witness whereof, I have hereunto set my hand on February 17, 2022

Juan Esteban Calle Restrepo
Legal Representative
(See attached certification)

Óscar Rodrigo Rubio Cortés
Gerente corporativo de Contabilidad
T.P. 47208-T

KPMG S.A.S.
Calle 2 No. 20 – 50, 7 Floor, Q Office Building
Medellín - Colombia

Telephone 57 (4) 3556060
home.kpmg/co

STATUTORY AUDITOR'S REPORT

To the Shareholders
Cementos Argos S.A.:

Opinion

I have audited the separated financial statements of Cementos Argos S.A. (The Company), which comprise the separated statement of financial position as of December 31, 2021, and the separated statements of comprehensive income, changes in equity, and cash flows for the year then ended, and their respective notes that include the summary of significant accounting policies and other explanatory notes.

In my opinion, the aforementioned separated financial statements attached to this report present fairly, in all material respects, the separated financial position of the Company as of December 31, 2021, the separated financial performance of its operations, and its separated 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 by 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, by the Accounting Professionals Code of Ethics 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 separated financial statements, and I have fulfilled my ethical responsibilities by 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 separated financial statements of the current period. These matters were addressed in the context of my audit of the separated financial statements as a whole, and informing my opinion thereon, and I do not provide a separated opinion on these matters.

Assessment of the recoverability of deferred tax assets (See note 9 to the separated financial statements)	
Key Audit Matter	**How was this addressed in the audit**
The Company has recognized in the separated state of financial position a significant deferred tax of $ 202,605 million, originated from tax losses and other tax credits. This represents a key audit matter because assessing the recoverability of such assets 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.	My audit procedures to assess the recoverability of deferred tax assets included but were not limited to, the following: - 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. - Involvement of professionals with experience and knowledge in taxes, evaluation of the main assumptions on which the tax adjustments made to pre-tax income determined based on the financial projections, as well as the period of reversal of temporary differences, the expiration of tax losses and other tax credits, and the tax strategies proposed by the Company.

Other matters

The separated financial statements as of and for the year ended December 31, 2020 are presented solely for comparative purposes, were audited by other accountant Appointed by KPMG S.A.S. who expressed an unmodified opinion on those financial statements in their report dated February 24, 2021.

Other information

The responsibility for the other information rests with Management. The other information comprises the information included in the Integrated Report but does not include the separate financial statements and my corresponding audit report, nor the management report on which I pronounce in the section on Other legal and regulatory requirements, by established in 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 and, in doing so, consider whether there is a material inconsistency between that

KPMG

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 obliged to report this fact to those charged with government corporate.

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

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

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

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

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

My objectives are to obtain reasonable assurance about whether the separate financial statements, considered as a whole, are free from material misstatement, whether due to fraud or error and to issue an audit report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted by 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 by ISAs, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is enough and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant for the audit to design audit procedures that are appropriate in the circumstances.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriate use of the going concern hypothesis by management and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If I would conclude that a material uncertainty exists, I am required to draw attention in my statutory auditor's report to the related disclosure in the separate financial statements or, if such disclosure is inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my report. However, future events or conditions may cause the Company 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.

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

Obtain enough and appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the separate financial statements. I am responsible for the direction, supervision, and performance of the audit. I remain solely responsible for my audit opinion.

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

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

Report about other legal and regulatory requirements

1. Based on the results of my tests, I believe during 2021:

    a) The Company's bookkeeping has been performed in conformity with legal rules and accounting pronouncements.

    b) The operations recorded in the books conform with the bylaws and decisions of the General Shareholders' Meeting.

    c) The correspondence, account vouchers, minutes ledger, and shares registry ledger are duly kept and maintained.

d) The management report prepared by management agrees with the accompanying financial statements, which includes evidence about the free circulation of invoices issued by sellers or suppliers. The correspondence, the vouchers of accounts and the books of minutes, and the record of shares have been properly maintained.

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

In compliance with the requirements of articles 1.2.1.2. and 1.2.1.5. of Single Regulatory Decree 2420 of 2015, in development of the Statutory Auditor's responsibilities contained in numerals 1) and 3) of article 209 of the Code of Commerce, related to the evaluation whether the Society's management performance is by the bylaws and the orders or instructions of the General Shareholders' Meeting and if there are and are adequate the measures of internal control, preservation, and custody of the Society's assets or third parties' assets in its possession, I issued a separate report dated February 17, 2022.

(Original version issued in Spanish and signed by)
Gonzalo Alonso Ochoa Ruiz
Statutory Auditor
Professional License 43.668 - T
Appointed by KPMG S.A.S.

February 17, 2022

KPMG S.A.S.
Calle 2 No. 20 – 50, Piso 7, Edificio Q Office
Medellín - Colombia

Teléfono 57 (4) 3556060
home.kpmg/co

(FREE TRANSLATION OF THE REPORT ISSUED IN SPANISH)
STATUTORY AUDITOR'S INDEPENDENT REPORT ON THE COMPLIANCE WITH NUMERALS 1°) AND 3°) 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, 2021, 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, by the criteria indicated in the paragraph called Criteria of this report:

1°) If the Society's management performance conforms with the bylaws and the instructions or decisions of the General Shareholders' Meeting, and

3) If there are and are adequate 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 designing, implementing, by 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, by 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 by the International Standard on Assurance Engagements 3000 (Review) accepted in Colombia (International Standard on Assurance Engagements - ISAE 3000, issued by the International Auditing and Assurance Standards Board (IAASB), that was translated into Spanish and issued in 2018. 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, by 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 complete quality control system that includes policies and procedures documented in 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 does 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, by the requirements of the internal control system implemented by management.

This reasonable assurance engagement includes obtaining evidence for the year ending December 31, 2021. 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, by 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, by 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.

  - Issuance of letters to management with my recommendations on deficiencies in internal control considered insignificant that were identified during the statutory audit work.

  - Follow-up of the matters included in the letters of recommendation that I issued about the deficiencies in internal control considered not significant.

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 the 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 is based on the established in the internal control system implemented by the administration.

Conclusion

My conclusion is based on the evidence obtained on the matters described and is subject to the inherent limitations outlined 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, by the requirements of the internal control system implemented by management.

(Original version issued in Spanish and signed by)
Gonzalo Alonso Ochoa Ruiz
Statutory Auditor of Cementos Argos S.A.
Registration 43.668 - T
Member of KPMG S.A.S.

February 17, 2022

Cementos Argos S.A.

SEPARATE STATEMENT OF FINANCIAL POSITION

As of December 31, 2021 and 2020 | Million Colombian Pesos

	Notes	2021	2020
ASSETS			
Cash and cash equivalents	5	$ 72,771	$ 236,227
Derivative financial instruments	6	16,263	66
Trade and other accounts receivable, net	8	269,116	403,303
Credit balances from taxes	9	95,281	89,651
Inventories	10	170,746	150,257
Other non-financial assets		17,361	15,187
Assets held for sale	17	2,625	30,199
Total current assets		**$ 644,163**	**$ 924,890**
Trade and other accounts receivable, net	8	112,845	124,114
Investments in subsidiaries	13	10,166,246	8,988,703
Investments in associates and joint ventures	12	1,358	1,854
Derivative financial instruments	6	15,974	-
Other financial assets	7	858,522	720,402
Other intangible assets, net	14	211,677	249,516
Right-of-use assets in lease, net	19	74,125	240,419
Biological assets	11	19,953	20,404
Property, plant and equipment, net	15	2,344,537	2,320,561
Investment property	16	100,768	97,938
Deferred tax assets	9	202,605	221,070
Total non-current assets		**$ 14,108,610**	**$ 12,984,981**
TOTAL ASSETS		**$ 14,752,773**	**$ 13,909,871**
LIABILITIES			
Financial liabilities	18	858,777	669,798
Lease liabilities	19	15,508	27,056
Trade liabilities and accounts payable	20	333,941	486,905
Taxes, levies and charges	9	55,468	52,864
Employee benefits liability	21	76,584	63,286
Provisions	22	17,388	20,777
Derivative financial instruments	6	1,360	21,611
Outstanding bonds and preferred shares	24	317,884	294,511
Anticipated income and other liabilities	23	58,183	43,366
Total current liabilities		**$ 1,735,093**	**$ 1,680,174**
Financial Liabilities	18	280,607	400,141
Lease liabilities	19	50,392	175,802
Trade liabilities and accounts payable	20	-	4
Employee benefits liability	21	193,739	258,002
Derivative financial instruments	6	1,879	9,664
Provisions	22	32,452	37,298
Outstanding bonds and preferred shares	24	2,926,871	3,215,110
Anticipated income and other liabilities	23	-	1,443
Total non-current liabilities		**$ 3,485,940**	**$ 4,097,464**
TOTAL LIABILITIES		**$ 5,221,033**	**$ 5,777,638**
Issued capital	26	2,242,551	2,142,313
Repurchased own shares	27	(113,797)	(113,797)
Reserve	27	410,438	599,377
Accumulated income	28	2,452,904	2,228,944
Other comprehensive income	27	4,539,644	3,275,396
EQUITY		**$ 9,531,740**	**$ 8,132,233**
TOTAL LIABILITIES AND EQUITY		**$ 14,752,773**	**$ 13,909,871**

The accompanying 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)

Gonzalo Alonso Ochoa Ruiz
Statutory Auditor P.C. 43668-T
KPMG S.A.S. member
(See my report of February 17, 2022)

Cementos Argos S. A.

SEPARATE STATEMENT OF COMPREHENSIVE INCOME

As of December 31, 2021 and 2020 | Million Colombian Pesos

	Notes		2021		2020
Continued operations					
Operating income	29	$	1,624,450	$	1,345,395
Costs of goods sold	10		(1,237,448)		(1,077,849)
Gross profit		**$**	**387,002**	**$**	**267,546**
Overhead expense	30		(251,341)		(227,352)
Selling expenses	31		(69,937)		(65,187)
Other operating income (expenses), net	32		(5,894)		4,822
Impairment of assets value	15		(18,000)		-
Operating profit (loss)		**$**	**41,830**	**$**	**(20,171)**
Financial income	33		21,619		37,358
Financial expenses	34		(294,582)		(326,097)
Gains by difference in foreign exchange, net	38		10,085		4,376
Net share in investee income	12,13		693,283		347,188
Profit before income tax		**$**	**472,235**	**$**	**42,654**
Income tax	9		(41,159)		35,478
Year net profit	**35**	**$**	**431,076**	**$**	**78,132**
OTHER COMPREHENSIVE INCOME NET FROM TAX					
Headings that will not be subsequently reclassified to the period income:					
Loss due to new measurements of defined profit obligations	21		47,789		(21,980)
(Losses) Gains from equity investments at fair value			133,935		(237,247)
Income tax on headings that will not be reclassified	9		(12,630)		4,799
Total headings that will not be reclassified to the period income		**$**	**169,094**	**$**	**(254,428)**
Headings that will be subsequently reclassified to the period income:					
Net loss from instruments on cash flow hedges			26,714		(36,153)
Gains by differences in foreign exchange from converting foreign business			1,074,631		340,463
Income tax on headings that will be reclassified			(6,191)		8,955
Total headings that will be reclassified to the period result		**$**	**1,095,154**	**$**	**313,265**
Other comprehensive income, net from tax		**$**	**1,264,248**	**$**	**58,837**
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**$**	**1,695,324**	**$**	**136,969**

The accompanying 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)

Gonzalo Alonso Ochoa Ruiz
Statutory Auditor P.C. 43668-T
KPMG S.A.S. member
(See my report of February 17, 2022)

Cementos Argos S. A.

SEPARATE STATEMENT OF CHANGES IN EQUITY

As of December 31, 2021 and 2020 I Million Colombian Pesos

			Issued capital	Repurchased own shares	Legal reserve	Other reserves	Accumulated income	Other comprehensive income	Cementos Argos S.A. Equity without investee	Reserves in investee	Accumulated income in investee	Other comprehensive income in investee	Total, Equity
Balance as of January 1, 2020		**$**	**2,142,313**	**(113,797)**	**103,060**	**559,679**	**757,430**	**876,769**	**4,325,454**	**154,171**	**1,503,280**	**2,347,881**	**8,330,786**
Period income	35		-	-	-	-	(269,055)	-	(269,055)	-	347,187	-	78,132
Other comprehensive period income, net from income tax			-	-	-	-	-	(254,810)	(254,810)	-	-	313,647	58,837
Comprehensive period income		**$**	**-**	**-**	**-**	**-**	**(269,055)**	**(254,810)**	**(523,865)**	**-**	**347,187**	**313,647**	**136,969**
Transfer from other comprehensive income			-	-	-	-	8,091	(8,091)	-	-	-	-	-
Ordinary dividend declared in cash	28		-	-	-	-	16,620	-	16,620	-	(305,920)	-	(289,300)
Preferred dividend declared in cash	28		-	-	-	-	5,328	-	5,328	-	(55,569)	-	(50,241)
Provisioning	27		-	-	12,182	-	700	-	12,882	-	(12,882)	-	-
Provisions release	27		-	-	-	(232,212)	232,212	-	-	-	-	-	-
Other variations	27		-	-	-	-	-	-	-	2.497	1.522	-	4.019
Balance as of December 31, 2020		**$**	**2,142,313**	**(113,797)**	**115,242**	**327,467**	**751,326**	**613,868**	**3,836,419**	**156,668**	**1,477,618**	**2,661,528**	**8,132,233**
Balance as of January 1, 2021		**$**	**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**
Period income	35		-	-	-	-	(262,207)	-	(262,207)	-	693,283	-	431,076
Other comprehensive period income, net from income tax			-	-	-	-	-	156,237	156,237	-	-	1,108,011	1,264,248
Comprehensive period income		**$**	**-**	**-**	**-**	**-**	**(262,207)**	**156,237**	**(105,970)**	**-**	**693,283**	**1,108,011**	**1,695,324**
Ordinary dividends paid in ordinary shares	28		97,017	-	-	-	(97,017)	-	-	-	-	-	-
Preferred dividends paid in ordinary shares Ordinary dividend declared in cash	28		3,221	-	-	-	(3,221)	-	-	-	-	-	-
Preferred dividend declared in cash	28		-	-	-	(93,603)	231,229	-	137,626	-	(281,166)	-	(143,540)
Provisioning	28		-	-	-	(16,730)	30,117	-	13,387	-	(51,073)	-	(37,686)
Provisions release	27		-	-	7,813	-	7,136	-	14,949	-	(14,949)	-	-
	27		-	-	-	(103,328)	103,328	-	-	-	-	-	-
Other variations			-	-	-	-	1,130,699	-	1,130,699	16,909	(1,262,199)	-	(114,591)
Balance as of December 31, 2021		**$**	**2,242,551**	**(113,797)**	**123,055**	**113,806**	**1,891,390**	**770,105**	**5,027,110**	**173,577**	**561,514**	**3,769,539**	**9,531,740**

The accompanying 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)

Gonzalo Alonso Ochoa Ruiz
Statutory Auditor P.C. 43668-T
KPMG S.A.S. member
(See my report of February 17, 2022)

Cementos Argos S. A.

SEPARATE CASH FLOW STATEMENT

As of December 31, 2021 and 2020 | Million Colombian Pesos

	Notes		2021		2020
CASH FLOW FROM OPERATION ACTIVITIES					
Year profit	35	$	431,076	$	78,132
Adjustments to reconcile profit:					
Depreciation & Amortization	15,35		162,654		165,175
Income tax	9		41,159		(35,478)
Financial income	33		(21,619)		(37,358)
Financial expenses	34		294,582		326,097
Provisions and defined post-employment allowance plans	21		5,591		2,465
Financial assets and inventory net impairment			9,607		4,236
Impairment of assets value	15		18,000		-
Loss by difference in foreign exchange	38		2,598		21,802
Loss (gain) by measurement at fair value			224		(2,962)
Net gain of subsidiaries, associates and joint ventures share	11,12		(693,283)		(347,188)
(Gain) on non-current assets disposal			(3,313)		14,477
Other adjustments to reconcile profit			3,642		1,173
Changes in working capital of:					
(Increase) Decrease in inventories	10		(11,616)		23,557
(Increase) Decrease in debtors and other accounts receivable	8		(103,588)		132,234
(Increase) Decrease in other non-financial assets			(2,174)		12,387
Income tax payments	9		-		(42)
Decrease in creditors, other accounts payable and other liabilities			(124,928)		(195,884)
Total adjustments to reconcile profit and changes in working capital			**(422,464)**		**84,691**
Net cash flow from operation activities		**$**	**8,612**	**$**	**162,823**
CASH FLOW FROM INVESTMENT ACTIVITIES					
Amounts used to capitalize associates or joint ventures	12		(492)		(1,920)
Investments acquisition in financial instruments	25		(22,413)		(45,162)
Amounts from selling shares in investee			4,984		-
Amounts from selling financial investments			44,565		135,814
Purchase of property, plant and equipment and investment properties	15		(76,067)		(56,745)
Received dividends			672,699		271,967
Amounts from selling property, plant and equipment and from investment	15		33,957		4,397
Purchase of intangible assets	14		(52)		-
Amounts from selling biological assets	11		120		-
Net cash flow from investment activities		**$**	**657,301**	**$**	**308,351**
CASH FLOW FROM FINANCING ACTIVITIES					
Cash flows from subsidiaries disposal (capitalization) without loss of control			-		452
Amounts from loans			973,482		1,216,145
Payment of loans and debt instruments			(925,886)		(1,088,502)
Amounts from bonds issuance			-		249,382
Paid interest			(243,055)		(300,919)
Paid dividend on ordinary shares	9		(239,973)		(262,543)
Paid dividend on preferred shares	9		(57,719)		(47,690)
Outstanding bond payments			(283,918)		(40,650)
Lease liabilities payments			(74,967)		(34,740)
Collections of financial derivatives			22,667		31,440
Net cash flow used in financing activities		**$**	**(829,369)**		**(277,625)**
Net increase (decrease) in cash and cash equivalents			**(163,456)**		**193,549**
Cash and cash equivalents at the start of period	5	**$**	**236,227**	**$**	**42,678**
Cash and cash equivalents at the end of period	5	**$**	**72,771**	**$**	**236,227**

The accompanying 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)

Gonzalo Alonso Ochoa Ruiz
Statutory Auditor P.C. 43668-T
KPMG S.A.S. member
(See my report of February 17, 2022)

NOTES TO SEPARATE FINANCIAL STATEMENTS

As of December 31, 2021 and 2020
(Million Colombian Pesos and Thousand American Dollars, unless otherwise specified)

NOTE 1: GENERAL INFORMATION

Cementos Argos S.A. (the Company) is a business corporation, incorporated in accordance with Colombian laws on August 14, 1944, headquartered in the city of Barranquilla, Atlántico department, Republic of Colombia. The company's business purpose is the cement industry exploitation, the production of concrete mixes and any other materials or items made from cement, lime or clay, the acquisition and exploitation of minerals or exploitable minerals deposits in the cement industry and similar, the rights to explore and mine the aforementioned minerals, whether by concession, privilege, lease or other title. The term of the Company expires on August 14, 2060, with an extended duration. The headquarters address is Carrera 53 No 106–280 Centro Empresarial Buenavista Piso 17, Barranquilla. There are no branches established in Colombia or abroad.

Cementos Argos S.A. is part of Grupo Empresarial Argos, whose parent company is called Grupo Argos S.A.

The Board authorized on February 17, 2021, the consolidated financial statements issuance of the Company for the year ended in December 31, 2020.

NOTE 2: BASIS FOR PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

2.1. Compliance Status

Cementos Argos S.A. separate financial statements for years ended in December 31, 2020 and 2019, have been prepared in accordance with Accounting and Financial Information Standards accepted in Colombia (NCIF, by its Spanish acronym), which are based on the International Financial Reporting Standards (IFRS) along with their interpretations, officially translated into Spanish and issued by the International Accounting Standards Board (IASB), as of the second half of 2020. NCIF were established in Act 1314 from 2009, regulated by the Unique Regulatory Decree 2420 from 2015, amended by Regulatory Decrees 2496 from 2015, 2131 from 2016, 2170 from 2017, 2483 from 2018, 2270 from 2019, 1432 from 2020 and 938 from 2021.

Additionally, the Company, in compliance with laws, decrees and other regulations in force, applies the following accounting criteria, issued specifically for Colombia by regulatory entities:

- External Circular No. 36/2014 from the Financial Superintendency of Colombia – The accounting treatment of the positive net differences generated in IRFS first time application may not be distributed to stem losses, carry out capitalization processes, distribute profits and/or dividends, or being recognized as reserves. Negative net differences will not be taken into account for technical equity, minimum capital to operate, or other legal controls, for financial information preparers and security issuers subject to control.
- Decree 2496 of December 23, 2015 – which determines that parameters for accounting the post-employment benefits must correspond to Decree 2783/2001 as the best market approximation. For 2016, Decree 2131 from December 22, 2016, eliminated the obligation to apply these assumptions for the measurement of post-employment benefits, allowing the application of the IAS 19 – Employee Benefits requirements, and these requirements being applicable only for financial information disclosure purposes. Decree 1625/2016 determines that the pension liabilities calculation must be disclosed in accordance with the parameters established in said standard and in the case of partial pension commutation, in accordance with Decree 1833/2016, as well as the differences arising from the calculation carried out in accordance with IAS 19 – Employee Benefits.

2.2. Basis for Preparation and Accounting Policies

2.2.1. BASIS FOR PREPARATION

The separate financial statements include the Company's financial statements as of December 31, 2021. These have been prepared on a historical cost basis, except for the measurement of certain financial assets and liabilities, derivative financial instruments, investment properties and biological assets that have been measured at fair value. The Company does not measure non-financial assets or liabilities at fair value on a recurring basis, except investment property and biological assets. Financial statements are presented in Colombian pesos, which is the functional currency of the Company's parent company, and all values in Colombian pesos are rounded up to the closest million. Also, values in dollars are rounded up to the closest thousand, unless otherwise indicated.

The separate financial statements have been prepared on the accounting basis of accumulation or accrual, except the cash flow information. Usually, the historical cost is based on the consideration fair value, granted in exchange for goods and services.

Fair value is the price that would be received when selling an asset or would be paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation method. When estimating the fair value of an asset or a liability, the Company considers the asset or liability characteristics if the market participants take into account these characteristics to value the asset or liability at the measurement date. The fair value, for purposes of measurement and/or disclosure of these financial statements is determined on that basis, except for payment transactions based on actions within the IFRS 2 scope, leasing transactions within the IAS 16 scope and measurements that have some similarities in fair value but are not fair value, such as the realizable value in IAS 2 or value in use in IAS 36.

Additionally, for financial information purposes, fair value measurements are categorized as Level 1, 2 or 3 based on the degree to which the entries to fair value measurements are observable and the importance of the entries to fair value measurements as a whole, which are described as follows:

- Level 1 entries are quoted prices (not adjusted) in active markets for identical assets and liabilities, to which the company has access on the measurement date;
- Level 2 entries are entries different from the quoted prices included in Level 1 that are observable for an asset or liability, either directly or indirectly; and
- Level 3 entries are unobservable entries for an asset or liability.

2.2.2. ACCOUNTING POLICIES

SIGNIFICANT ACCOUNTING POLICIES

Below are the significant accounting policies applied by the Company in the preparation of its separate financial statements.

1. Cash and Cash Equivalent

Cash and cash equivalents in the financial position and in the cash flow statements include money in cash and in banks, highly liquid investments that are easily convertible into a certain amount of cash and subject to an insignificant risk of changes in value, with a maturity of three months or less from the date of acquisition.

2. Financial Instruments

Financial assets and liabilities are initially recognized at its fair value plus (minus) directly attributable transaction costs, except for those that are measured later at fair value with changes in the income statement. The Company subsequently measures financial assets and liabilities at an amortized cost or fair value, depending on the Company's business model for managing financial assets and the characteristics of the contractual cash flows of the instrument.

Financial Assets
Financial assets other than those at amortized cost are subsequently measured at fair value with recognized changes in the period income statement. However, for investments in equity instruments that are not held for negotiation purposes, the Company may choose, during the initial recognition and irrevocably, to present the profits or losses from fair value measurements in other comprehensive income. When disposing of investments at fair value through other comprehensive income, the accumulated value of profits or losses is transferred directly to retained earnings and are not reclassified as income for the period. Cash dividends received from these investments are recognized in the income statement. The Company has chosen to measure some of its investments in equity instruments at fair value in other comprehensive income. A financial asset is subsequently measured at amortized cost, using the effective interest rate. If the asset is held within a business model whose objective is to hold them in order to obtain cash flows and its contractual terms grant, on specific dates, cash flows which are only principal and interest on the value of the outstanding principal.

A financial asset or part of it is written off from the separate financial position statement when it is sold, transferred, it matures or control is lost over the contractual rights or cash flows of the instrument, or when the financial asset is transferred and transfer meets with requirements for derecognition. A financial liability or part of it is written off from the separate statement of financial position when the contractual obligation has been settled or has matured. When derecognizing a financial asset or part of it, difference between its book value and the sum of the consideration received is recognized in the period result (including any new asset obtained minus any liability assumed).

When an existing financial liability is replaced by another from the same counterpart on substantially different terms, or if the terms of an existing liability are substantially modified, such an exchange or modification is treated as a write-off of the original liability and the recognition of the new liability, and the difference in the respective book values, are recognized in the income statement.

Financial Assets Impairment
The impairment model according to IFRS 9 shows the expected credit losses. The Company records expected credit losses from debt securities, trade accounts receivable, and leases at the end of the reporting period. In the calculation of expected credit losses under IFRS 9, the Company applies a simplified approach, which allows to not track changes in the credit risk, but to recognize a provision for losses based on expected credit losses during the asset's lifetime on each reporting date; that is, to recognize the expected credit losses resulting from possible breach events during the expected lifetime of the financial instrument. In cases where there is objective evidence that a financial asset is impaired, the Company recognizes an individual impairment loss provision, excluding the collective impairment evaluation under the expected loss model.

To determine the expected credit losses, the Company has used a provision matrix based on the number of days that a trade account receivable is in default, i.e., by grouping the portfolio by ranges of overdue days and applying to the balances of accounts receivable an expected default percentage on the measurement day for each range of overdue days. The default percentage according to overdue days in portfolio is determined using the transition matrix methodology, according to Markov chain theory. Each subsidiary’s portfolio is segmented into two homogeneous groups, industrial business and mass business.

Loss from impairment is recognized in the overhead expense and costs of sale in the Company's separate income statement. When there is confirmation that the trade account receivable will be uncollectible, the gross book value of the account receivable is then written of in accounts against the associated provision.

Financial Liabilities
The initial recognition of financial liabilities is carried out at fair value and subsequently valued at the amortized cost, using the effective interest method. Losses and profits are recognized in the income statement when liabilities are written off, as well as accrued interest using the effective interest method. The amortized cost is calculated taking into account any discount or premium on acquisition and installments or costs that are an integral part of the effective interest method.

The effective interest method is the method used to calculate the amortized cost of a financial asset or a financial liability and for the distribution and recognition of interest income or interest expense in the income, for the period throughout the corresponding period. The amortized cost of a financial asset or a financial liability is that which is measured on initial recognition, minus repayments of the principal, in addition to, more or less, accumulated amortization using the effective interest method of any difference between the initial amount and the amount at maturity, and for financial assets, adjusted for any value loss adjustments.

Financial Derivatives

Financial derivatives are recorded in the separate statement of financial position at their fair values, taking into account the market curves in force at the valuation date. The accounting for changes in the fair value of derivatives depends on the use of the derivative and its designation as an accounting hedging instrument. Certain derivatives embedded in other financial instruments (implicit derivatives) are treated as separate derivatives when their risk and characteristics are not closely related to the host contract and it is not recorded at fair value with its unrealized profits and losses included in the income statement.

To mitigate risks in foreign currency transactions and exposure to interest rates, the Company undertakes natural hedging and financial hedging operations by using derivative financial instruments, mainly derivative swap contracts and forward contracts. All derivatives in force have been designated as accounting hedging instruments for cash flow or fair value in accordance with the IAS 39 Financial Instruments criteria.The Company does not use derivative instruments, or any other public financial instruments for speculative purposes.

Certain derivative transactions that do not qualify to be accounted for as derivatives for hedging are treated and reported as derivatives for negotiation, even though they provide effective hedging for the management of risk positions. The Company formally appoints and documents the relationship for derivatives that qualify to be accounted for as hedge accounting, at the beginning of the hedging relationship, and also documents the goals of the risk management and the hedge strategy.

Swap operations relate to financial transactions in which the Company, through a contractual agreement with a bank, exchanges cash flows with the purpose of reducing the risks related to currency, rate, term or issuer, and also relate to the restructuring of assets or liabilities.

Forward transactions and currency swap transactions are used to hedge the exchange rate risk in operations of foreign currency debt, to hedge future cash flows with high probability of occurrence, such as the Company's monthly exports, and with the purpose of balancing the Company's currency exposure by taking advantage of what, in the Administration's opinion, are considered favorable market conditions. The existence of this agreement has no impact on the underlying debt valuation.

The Company also uses interest rate swaps to manage its exposure to interest rates. In the case of interest rate Swaps, there is no exchange of capital, and the Company is responsible for its debts with defined amounts and terms, the accounting record is independent from the swap. These exchanges aim to convert financial instruments either from fixed to variable or from variable to fixed.

Management documents the hedging relationship from the time of initial recognition. This documentation includes, but is not limited to, the following:

- Designation, including identification of the hedging instrument, hedged item or transaction, or hedging relationship, hedging objective and risk management strategy;
- Designation and hedging relationship, hedging objective and risk management strategy;
- Designation date of the accounting hedge; and
- Procedure to assess the effectiveness of the hedging and method to evaluate the effectiveness of the prospective and retroactive hedging and its periodicity.

Such hedges are expected to be highly effective in offsetting the changes in fair value or cash flows, and are being constantly evaluated to determine that this has been so throughout the reporting periods for which they were designated. For hedge accounting purposes and for those applicable to the Group, hedges are classified and accounted for as follows, once the strict criteria for accounting are met:

- **Fair value hedges,** when they hedge exposure to changes in the fair value of recognized assets or liabilities or unrecognized firm commitments. In fair value hedging relationships, changes in the fair value of the hedged item and the hedging instrument are recognized and offset in the separate income statement for the period, presented as financial cost or income. The change in fair value of the hedged item attributable to the hedged risk is recorded as part of the book value of the hedged item, and is also recognized in the statement of comprehensive income under the income statement section as a financial income or cost.

- **Cash flow hedges,** when hedging exposure to variations in the cash flows attributed either to a particular risk associated with a recognized asset or liability or to a highly probable foreseen transaction, or to the exchange rate risk related to an unrecognized firm commitment. In cash flow hedging relationships, changes in the fair value of the hedging instrument are recognized directly in the other comprehensive income, separated by the effective hedging portion. Thus, the ineffective portion is recognized in the separate financial income or expenses. The profits or losses recognized in equity are reclassified later to the separate income statement when the hedged item affects the Company's separated income.

In highly probable transactions hedging relationships, changes in the fair value of the hedging instrument are directly recognized in the other comprehensive income, separated by the effective hedging portion. Thus, the ineffective portion is recognized in the separate financial income or expenses. Profits or losses recognized in equity are reclassified at the end of the hedging relationship to the same account of the hedged item.

The effective portion of the profit or loss from measuring the hedging instrument is immediately recognized in the other comprehensive statement, whereas the ineffective portion is recognized immediately in the statement of comprehensive income under the income statement section as a financial cost.

The values recognized in the other comprehensive income are reclassified to the statement of comprehensive income under the income statement section when the hedged transaction affects the income, just as the hedged financial income or financial expense is recognized, or when the foreseen transaction takes place. When the hedged item constitutes the cost of a non-financial asset or liability, the values recognized in the other comprehensive income are reclassified to the initial book value of the non-financial asset or liability. If the foreseen transaction or firm commitment is no longer expected to take place, the cumulative gain or loss previously recognized in the other comprehensive income is reclassified to the statement of comprehensive income under the income statement section.

If the hedging instrument matures or is sold, resolved, or exercised without a replacement or successive renewal of a hedging instrument for another hedging instrument, or if its designation as hedge is revoked, any cumulative profit or loss previously recognized in other comprehensive income remains in the other comprehensive income, until the foreseen operation or firm commitment affects the result.

Derivatives that are not designated as hedges for accounting purposes under IAS 9 are measured at fair value.

2. Provisions for Decommissioning, Restoration and Rehabilitation

The Company recognizes as part of the cost of a property, plant and equipment item when there is a legal or implicit obligation to dismantle an asset or restore the site where it was built, the present value of the estimated future costs expected to be incurred for the dismantling or restoration.

The provision for decommissioning or restoration are recognized at the present value of estimated future disbursements to pay the obligation. Cash flows adjusted to reflect liability risks are discounted at a risk-free rate before taxes.

The estimated future cash flows for decommissioning or restoration are reviewed periodically. Changes in estimates, in the expected disbursements dates or in the discount rate used to discount flows are recognized as an increase or decrease of the decommissioning cost included in the property, plant and equipment item. The change in the provision value associated with the passage of time is recognized as a financial expense in the statement of comprehensive income.

3. Exploration and Evaluation Disbursement

The Company recognizes as a period expense for mineral resources evaluation and exploration, those disbursements incurred in before demonstrating the technical feasibility and commercial viability of an exploitation project, even if they are directly related to or associated with the activity of mineral resources exploration and evaluation. If disbursements meet the conditions for recognition, then they are recorded as intangible assets. These expenses will be recognized at the disbursed value at the time they are incurred.

4. Fair Value Measurements

Fair value is the price that would be received when selling an asset or would be paid to transfer a liability in an orderly transaction between market participants on the measurement date. The fair value of all financial assets and liabilities is determined as of the financial statements' presentation date, for recognition or disclosure in the notes to the separate financial statements. Judgments include data such as liquidity risk, credit risk, and volatility. Changes to the hypotheses about these factors might affect the reported fair value for financial instruments.

5. Foreign currency
Transactions in foreign currencies corresponding to those transactions in currencies other than the Company functional currency are recorded initially at the exchange rate of the functional currency in force on the transaction date. Later, the monetary assets and liabilities in foreign currencies are converted at the exchange rate of the functional currency in force on the closing date of the period. Non-monetary items measured at their fair value are converted using the exchange rates of the date when their fair value is determined, and non-monetary items measured at historical cost are converted using the exchange rates determined to be applicable on the date of the original transaction, and have not been re-converted.

All exchange rate differences of monetary items are recognized in the income statement, except for monetary items that provide an effective hedge for a net investment in a foreign business, as well as those that come from investments in shares classified at fair value through equity. For the presentation of Company separate financial statements, the assets and liabilities of foreign operations have been converted into Colombian pesos at the exchange rate in force on the reporting period closing date. Revenues, costs and expenses, and cash flows are converted at the average exchange rates of the period, unless these fluctuate significantly during the period, in which case the exchange rates of the transactions date are used. Any exchange rate differences that arise, as the case may be, are recognized in other comprehensive income and are accumulated in equity (attributed to non-controlling interests when appropriate).

When disposing a foreign operation, including the disposal of the Company's total participation in a foreign operation and a disposal involving the partial sale of a stake in a joint venture or associate that includes a foreign operation in which the retained participation becomes a financial asset, all exchange differences accumulated in equity relating to that attributable operation to the owners of the Company are reclassified from equity to income for the separate period.

Additionally, regarding the partial subsidiary disposal (which includes a foreign operation), the entity will attribute again the proportional share of the accumulated amount of the exchange differences to the non-controlling interests, and these are not recognized in profit or loss. For any other partial disposals (i.e. the partial disposal of associations or joint agreements that do not involve the loss of significant influence and joint control by the Company), the company will reclassify to profits or losses only the proportional share of the cumulative amount of exchange differences.

6. Impairment of non-financial assets
At the end of each period, the Company evaluates the existence of any indications that an asset's value may be impaired. If there are indications of impairment or at least annually for goodwill, from intangible assets with an indefinite useful life and intangible assets that are not yet in use, the recoverable asset value or the cash-generating unit(s) is estimated, the latter level when it is not possible to estimate the recoverable amount of the individual asset. When a reasonable and consistent basis of distribution is identified, common assets are also allocated to the cash-generating units, or distributed to the smallest group of cash-generating units for which a reasonable and consistent distribution basis might be identified.

The recoverable value of an asset is the highest value between the fair value minus the costs of sales, whether it is an asset or a cash-generating unit, and its value in use. When estimating the value in use, estimated future cash flows are discounted from the current value using a discount rate before taxes that reflects current market valuations of the temporary value of money and the specific risks for the asset for which the estimated future cash flows have not been adjusted. When the book value of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and the value is reduced to its recoverable amount.

When an impairment loss is reversed later, the book value of the asset (or cash-generating unit) is increased to the revised estimated value of its recoverable amount, so that the increased book value does not exceed the book value that would have been measured if the asset's (or cash-generating unit's) impairment loss had not been recognized in previous years. The reversal of an impairment loss is recognized in income.

7. Taxes
The expense for income tax represents the sum of the payable current income tax and the deferred tax.

Current income tax

Current assets and liabilities for the income tax of the period are measured by the values expected to be recovered or paid to the tax authority. The expense for income tax is recognized in the current tax according to the refinement made between the income tax and the accounting profit or loss affected by the income tax rate for the current year and pursuant to the provisions of the tax standards of each country. The tax rates and regulations used to compute these values are those that have been approved or substantially approved by the end of the reporting period, in the countries in which the Group operates and generates taxable profits.

Deferred tax

Deferred income tax is recognized using the liability method calculated on the temporary differences between the tax bases of the assets and liabilities and their book values. The deferred tax liability is recognized for temporary taxable differences and the deferred asset tax is recognized for temporary deductible differences and future offset of tax credits and unused tax losses, to the extent that the availability of future taxable income against which they may be allocated is likely. These assets and liabilities are not recognized if the temporary differences arise from the initial recognition (other than the business combination) of other assets and liabilities in an operation that does not affect the tax profit or the accounting profit.

Liabilities deferred due to temporary taxable differences associated with investments in subsidiaries and associates and interests in joint ventures, except those where the Company is able to control the reversal of the temporary difference, and when there is the possibility that this might not be reversed in the near future, must be recognized. Deferred tax assets that arise from deductible temporary differences associated with such investments and interests, are only recognized to the extent that it is likely that the company will have future taxable profit against which the temporary differences might be charged and when there is the possibility that these might be reversed in the near future.

The book value of a deferred tax asset should be subject to revision at the end of each reporting period and should be reduced to the extent it is likely that the Company will not have sufficient tax profits in the future, in order to allow the asset to be recovered, either in total or in part. Deferred tax assets and liabilities should be calculated using the tax rates that are expected to be applicable during the period in which the asset is realized or the liability is settled based on the rates (and tax laws) that have been approved or practically approved by the end of the reporting period, after the approval process has been completed. The measurement of deferred tax liabilities and deferred tax assets will reflect the tax consequences that would occur from the manner in which the Company expects to recover or settle the book value of its assets and liabilities at the end of the reporting period. Deferred taxes are not discounted.

Deferred tax is recognized in the period income, except those related to items recognized outside the income; in this case, they will be presented in other comprehensive income or directly in equity. In the case of a business combination when current or deferred tax arises from the initial accounting for the business combination, the tax effect is considered within the accounting for the business combination.

8. Intangible Assets

Intangible assets acquired separately are initially calculated at cost. The cost of intangible assets acquired in business combinations are recognized separately from goodwill at fair value at the acquisition date (which is regarded as its cost). After the initial recognition, intangible assets are carried at cost minus any accumulated amortization and any accumulated impairment losses. Internally generated costs for intangible assets, except for development costs that meet recognition criteria, are not capitalized and when disbursed, these are recognized in the comprehensive income statement at the time when they are incurred.

Disbursements arising from research activities are recognized as an expense in the period in which they are incurred. An internally generated intangible asset as a result of development activities (or of the development phase of an internal project) is recognized if, and only if, the following conditions are met:

- Technically, it is possible to complete the production of the intangible asset so that it may be made available for use or sale;
- Its ability to complete the intangible asset in question, either to use it or to sell it;
- Its ability to use or sell the intangible asset;
- How the intangible asset will generate probable economic benefits in the future;
- The availability of adequate technical, financial or other kind of resources, to complete its development and to use or sell

the intangible asset; and

- Its ability to reliably measure the expenditure attributable to the intangible asset during its development.

The amount initially recognized for an internally generated intangible asset will be the sum of the disbursements incurred from the time when the item meets the conditions for recognition, which were set forth above. After the initial recognition, an internally generated intangible asset will be accounted at cost minus the accumulated amortization and accumulated amount of impairment losses, on the same basis as intangible assets that are acquired separately.

The period of amortization and the amortization method for intangible assets with a finite useful life are reviewed at least at the end of each period. Changes in estimated useful life of the asset are prospectively recognized. The expense for amortization of intangible assets with finite useful lives is recognized in the comprehensive income statement. Intangible assets with indefinite useful lives are not amortized, but rather tested for impairment.

An intangible asset is written off at the time of disposal, or when no future economic benefits from its use or disposal are expected. Profits or losses arising from the write-off of an intangible asset, calculated as the difference between the net income from the asset sale and its book value is recognized in the consolidated profits or losses at the time the asset is written off.

9. Investments in Associates and Joint Ventures

An associate is an entity over which the Company has significant influence. Significant influence is the power to participate in financial policy and operational decisions of the investee, but without having absolute or joint control of it.

A joint venture is a joint agreement, whereby the parties that have joint control have rights to the net assets of the agreement. Joint control is shared control contractually agreed upon that only exists when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The results, assets and liabilities of the associate or joint venture are incorporated into the consolidated financial statements using the equity method, unless the investment or a portion thereof is classified as held for sale, in which case it is accounted pursuant to IFRS 5. Under this method, the investment is initially recorded at cost and adjusted with the changes in the participation of the Company and are subsequently adjusted to account for the Company's participation in profits or losses and in other comprehensive income statements of the associate or joint venture, minus any losses due to impairment of the investment.

When the Company participation in the losses of an associate or joint venture exceeds the Company participation in the associate or joint venture (including any long-term participation that is basically a part of the Company’s net investment in the associate or joint venture), the Company ceases to recognize its participation in future losses. Additional losses are recognized as long as the Company has acquired a legal or implicit obligation or has made payments on behalf of the associate or joint venture.

When the equity method applies, the necessary adjustments are made to standardize the accounting policies of the associate or joint venture with those of the Company. The share belonging to the Company is included in the obtained profits or losses and unrealized losses from transactions between Company and the associate or joint venture. The equity method is applied from the date where the investee becomes an associate or joint venture. This is because, for example, it can occur in stages, and it is not the date of acquisition; until significant influence or joint control over the entity is lost. In the investment acquisition in the associate or joint venture, any excess of the investment cost on the distribution of the net fair value of identifiable assets and liabilities of the investee is recognized as Goodwill Credit, which is included in the amount book value for the investment.

Any excess in the Company’s distribution of the net fair value of identifiable assets and liabilities over the investment cost, after having been revaluated, is immediately recorded in profit or losses for the period where the investment was acquired. IFRS 9 requirements are applied to determine whether it is necessary to account for an impairment loss regarding the Company’s investment in an associate or joint venture. The entire investment carrying amount (including goodwill) is tested for impairment in accordance with IAS 36 Impairment of Assets, as an individual asset by comparing its recoverable amount (highest between the useful value and the fair value minus the disposal costs) to its book value. Any recognized impairment loss is part of the investment carrying amount. Any reversal of that impairment loss is recognized in accordance with IAS 36 until the recoverable investment amount increases later.

The Company stops using the equity method on the date where the investment ceases to be an associate or a joint venture, or when the investment is classified as held for sale. When the Company has a stake in a former associate or joint venture and the holding is a financial asset, the Company measures the holding at fair value on that date, and at the fair value considered as fair value during the initial recognition, pursuant to IFRS 9. The difference between the associate or joint venture book value on the date the equity method stopped being used and the fair value of any retained stake and any result from the sale of a part of the stake in the associate or joint venture is included in the profit or losses determination from the sale of the associate or joint venture.

Additionally, the Company records all previously recognized amounts in other comprehensive income regarding that associate or joint venture on the same basis that would have been required if the associate or joint venture had directly sold the assets or liabilities. Therefore, if a profit or loss previously accounted in other comprehensive income by the associate or joint venture had been reclassified to profits or losses upon selling the related assets or liabilities, the Company would reclassify the profit or loss from equity to profits or losses (as a reclassification adjustment) at the time when they stop using the equity method.

The Company continues using the equity method when an investment in an associate becomes an investment in a joint venture, or an investment in a joint venture becomes an investment in an associate. There is no recalculation at fair value at the time of such changes in ownership interests. When the Company reduces its equity stake in an associate or a joint venture but continues to use the equity method, the Company reclassifies to profits or losses the share of the profit or loss that had been previously recognized in other comprehensive income regarding that reduction in equity participation, if such a profit or loss were reclassified to profit or losses upon the sale of the corresponding assets or liabilities.

If a Company entity enters into a transaction with an associate or joint venture of the Company, the profits and losses resulting from such transactions are accounted for in the separate financial statements of the Company, solely for the portion of participation in the associate or joint venture that is not related with the Company. Goodwill arising from the acquisition of an associate or a joint venture is included in the investment carrying amount, and is not individually amortized or subjected to impairment tests.

10. Investment property

Investment properties are property (land or buildings considered, either in whole or in part, or both) that are held (by the Company or by a lessee under a financial lease) in order to earn income, capital gains or both, instead of a) using it for goods or services production or supply, or for administrative purposes, or b) selling it in the ordinary course of operations, including investment properties under construction for such purposes; these are measured initially at their acquisition price, plus all costs associated with the transaction and non-recoverable indirect taxes, after deducting financial or commercial discounts, as well as the directly attributable costs to placing the investment property under the necessary conditions for it to operate in the manner intended by the Administration. After the initial recognition, investment properties are measured at fair value, with reference to the price that would be received on the measurement date, when disposing the asset in a market transaction. In the determination of the reasonable value, the Company hires independent experts with recognized professional capability and experience in property appraisal. Changes in fair value of investment property are recognized in the period income as they arise. Investment property may be transferred from and to property, plant and equipment.

An investment property is written off when it is disposed of or when the investment property is permanently withdrawn from use and no future economic benefits are expected to be received from its sale. Any profit or loss arising from writing off the property (measured as the difference between the net income from the sale and the asset book value) is included in the consolidated income for the separate period where the property was written off.

11. Non-current Assets held for sale

Non-current assets and groups of assets for disposal are classified as held for sale if their book value may be recovered through a sales transaction rather than through their continued use. These assets or groups of assets are presented separately as assets and liabilities in the statement of financial position, at either their book value or fair value minus sales costs, whichever is lower, and are not depreciated or amortized from their classification date.

This condition is considered to be met only when the sale is highly likely and the asset (or group of assets for disposal) is available for immediate sale in its present condition, subject only to the usual terms adapted for the sale of these assets (or group of assets for disposal). The Administration must be committed to making the sale, which should be recognized as a completed sale within the period of one year after the classification date.

When the Company is committed to a sales plan involving loss of control of a subsidiary, all assets and liabilities of that subsidiary are classified as held for sale when they meet the criteria described above, regardless of whether the Company is going to keep a non-controlling interest in its former subsidiary after its sale.

When the Company is committed to a sales plan involving the sale of an investment, or a portion of an investment in an associate or joint venture, the investment or portion of the investment that will be sold is classified as held for sale when the criteria described above are met, and the Company discontinues the use of the equity method regarding the portion that is classified as held for sale. Any portion retained of an investment in an associate or a joint venture that has not been classified as held for sale, will continue to be accounted under the equity method. The Company discontinues the use of the equity method at the time of sale, when the sale results in the Company losing significant influence over the associate or joint venture.

After the sale is made, the Company recognizes any interest retained in the associate or joint venture in accordance with IFRS 9, unless the interest retained is still an associate or a joint venture, in which case the Company uses the equity method (see the accounting policy regarding the influence over an associate or joint venture). In cases where the Company undertakes to distribute an asset (or group of assets for disposal) to the owners, said non-current asset (or group of assets for disposal) is classified as held for distribution to owners. For this to be the case, the assets must be available for immediate distribution in their current conditions, and the distribution must be highly likely, i.e., activities must be underway to complete the distribution and should be expected to be completed within a year from the classification date. The Company has classified its subsidiaries in liquidation processes as groups of assets to distribute to the owners.

Revenues, costs and expenses from a discontinued operation are presented separately from those from continuing operations–in a single item after income taxes–in the separate comprehensive income statement for the current period and for comparative the period of the previous year, even though the Company retains a non-controlling interest in the subsidiary after the sale.

The Company impairs a net investment in an associate or joint venture if, and only if, objective evidence indicates that one or more events, which occurred after initial recognition, have had an impact on the future cash flows of the net investment and that impact can be reliably estimated. The following events make it possible to establish whether there is objective evidence that these investments might show impairment:

- Significant financial difficulties of the associate or joint venture.
- Contract violations, such as defaults or delays in payment by the associate or joint venture.
- The granting of concessions to associates and joint ventures that would not have been granted in other circumstances.
- It becomes probable that the associate or joint venture will go into bankruptcy or some other form of financial reorganization.
- The disappearance of an active market for net investment due to financial difficulties of the associate or joint venture.
- Significant changes with adverse effect that have taken place in the environment, technological, market, economic or legal, in which the associate or joint venture operates; or
- A significant and prolonged decrease in the fair value of an investment in an associate or joint venture that is an equity instrument below its cost.

12. Property, Plant and Equipment

The property, plant and equipment include the amount of land, buildings, furniture, vehicles, computing equipment and other facilities owned by the consolidated entities, and which are used for the entity's operations. The Company recognizes an item of property, plant and equipment when it is likely that the asset will generate future economic benefits, it is expected to be used for a period longer than one year, or all the risks and benefits inherent to the asset have been received and its value may be reliably measured. Spare parts and permanent maintenance equipment are recognized as an item of property, plant and equipment as they meet the recognition criteria.

The fixed assets are measured at cost minus accumulated depreciation and accumulated impairment losses, if any. Trade discounts, rebates and other similar items are deducted from the acquisition cost of the fixed asset. Properties under construction for administrative, production or service supply purposes are recorded at cost minus any recognized impairment loss. The cost includes professional fees, decommissioning and removal direct costs, and in the case of qualifying assets, capitalized loans costs in accordance with the accounting policy of the Company. These properties are classified in the appropriate property, plant and equipment categories at the time of their completion and when they are ready for their intended use. Depreciation of these assets, as in the case of other property assets, begins when assets are ready for use. Depreciation begins when the asset is available for use and is calculated on a straight-line basis over the estimated technical useful life of the asset as follows:

Buildings and constructions	40 to 70 years
Aqueduct, networks and communication routes	20 to 40 years
Machinery and production equipment	10 to 30 years
Office, computer and communication equipment	3 to 10 years
Overland transport equipment	3 to 10 years
River transport fleet	3 to 45 years
Mines, quarries and mineral deposits	2 to 38 years

Property land is not depreciated.

An item of property, plant and equipment will be written off at the time of disposal or when economic future benefits are no longer expected from their continued use. The profit or loss arising from writing off an asset of property, plant and equipment is measured as the difference between sales revenue and the asset book value, and it is recognized in profit or losses. The assets residual values, useful lives and depreciation methods are reviewed and adjusted prospectively at each year-end, if required.

13. Leases

The Company recognizes leases, subleases and contracts with similar characteristics and circumstances taking into account the lessor or lessee capacity, the underlying asset, and the contract term.

At the beginning of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains a lease, if the contract transfers the right to control the use of an identified asset for a period of time in exchange for consideration. In order to assess whether a contract transfers the right to control the use of the identified assets, the Company uses the lease definition in IFRS 16. This policy applies to contracts entered into as of January 1, 2019.

The Company as a Lessee

As a lessee, at the beginning or in the modification of a contract that contains a lease component, the Company assigns consideration in the contract to each lease component based on their relative independent prices.

The Company initially recognizes on the lease start date a right-of-use asset that represents the right to use the underlying asset of the contract, as well as a lease liability, that represents its obligation to make the payments agreed upon in the contract. Right-of-use assets are measured at cost, minus any accumulated depreciation and impairment losses, and are adjusted with new lease liabilities measurements. The cost of right-of-use assets includes the value of recognized lease liabilities, initial direct costs incurred, and lease payments made before the contract start date minus any lease incentives received. Unless the Company has reasonable assurance of obtaining ownership of the leased asset at the end of the lease term, the assets recognized by the right-of-use are amortized in a straight line over the lease term. Right-of-use assets are subject to impairment.

On the lease start date, the Company recognizes the lease liabilities at the present value of the lease payments to be made during the lease term.Lease payments include fixed payments (including essentially fixed payments) minus lease incentives receivable, variable lease payments depending on an index or rate, and amounts expected to be paid based on residual value guarantees. Lease payments include the year's price of a purchase option when the Company has reasonable assurance that it will be exercised and the penalties for canceling the lease, if the lease term reflects that the Company will exercise an option to terminate the lease. Variable lease payments that do not depend on an index or a rate are recognized as an expense in the period where the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses the incremental borrowing rate on the lease start date if the interest rate implicit in the lease may not be readily determined. After the start date, the lease liabilities value is increased to reflect interest accrual and is reduced by the lease payments made. In addition, the lease liabilities book value is remeasured if there is a modification, a change in the lease term, a change in essentially fixed lease payments, or a change in the valuation to acquire the underlying asset.

The Company recognizes the right-of-use assets depreciation and distributes the lease payments between the financial expense and the lease obligations reductions. Financial expense is charged directly to income, unless it is directly attributable to eligible assets, in which case these are capitalized in accordance with the general borrowing costs policy.

The Company recognizes leases payments for contracts with a lease term of 12 months or less and no purchase option, or contracts whose underlying asset is of low value (i.e. assets whose new value is equal to or less than 3,500 dollars for assets intended for operation, and 5,000 dollars for administrative use assets), as a lease expense minus lease incentives related, in a straight-line basis during the term corresponding to the lease, unless another systematic distribution basis is more representative to more adequately reflect the temporal pattern of the lease benefits to the lessee.

The Company presents the right-of-use assets in lease and the lease liabilities separately in the consolidated statement of financial position. Right-of-use assets that meet the definition of investment property are presented within the investment property item.

The Company presents interest expense on the lease liability separately from the asset depreciation charge for the lease right-of-use. Interest expense on the lease liability is a financial costs component, which are presented separately in the separate statement of comprehensive income.

The Company classifies in the separate cash flow statement, cash payments for principal and interest from lease payments as financing activities and payments for short-term leases and payments for leases of low-value assets as activities of operation.

Short-term leases and low-value asset leases.
The Company has decided not to recognize the lease right-of-use assets and the lease liabilities for leases with a lease term of 12 months or less and no purchase option (short-term leases), and leases whose underlying asset is of low value (i.e., assets whose new value is equal to or less than 3,500 dollars for assets intended for operation and 5,000 dollars for administrative use assets), including IT equipment. The Company recognizes the lease payment associated with these leases as a linear lease expense over the lease term.

The Company as a Lessor
At the beginning or when modifying a contract that contains a lease component, the Company assigns the consideration in the contract to each lease component based on their relative independent prices.

As a lessor, the Company classifies the leases as financial or operating at the beginning of the lease, evaluating the extent to which the risks and benefits derived from the asset ownership affect it. The Company classifies a lease as financial when all the risks and benefits inherent to the property are substantially transferred and operating when all the risks and benefits inherent to the property are not substantially transferred.

The Company recognizes amounts owed by lessees under finance leases as accounts receivable at the amount of the Company's net investment in the leases. Finance lease income is distributed over the accounting periods in order to reflect a regular rate of return constant on the Company's net pending investment regarding the leases.

Revenue stemming from operating leases is recorded using the straight-line method over the same period as the lease term. Initial direct costs incurred upon negotiating and agreeing upon an operating lease are added to the leased asset's book value and recorded in a straight-line basis over the lease term.

14. Borrowing Costs
The Company capitalizes borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset, if these costs could have been avoided if no disbursements had been made for the asset. Borrowing costs are capitalized as part of the assets cost when they are likely to generate future economic benefits and may be reliably measured. The capitalization of borrowing costs starts as part of the cost of a qualified asset on the date on which the following conditions are met: a. Disbursements are made regarding the asset, b. Borrowing costs are incurred, and c. Necessary activities to prepare the asset for its intended use or sale are carried out.

The Company suspends borrowing costs capitalization during the periods where the activities of a qualifying asset are interrupted. However, borrowing costs capitalization is not interrupted by leases during a period if important technical or administrative actions are being carried out. Borrowing costs capitalization will not be suspended either when a temporary delay is necessary as part of the preparation process of a qualified asset for its intended use or sale.

Borrowing costs capitalization ends when all necessary activities to prepare a qualified asset for its intended use or sale have been substantially completed. If the asset has components and these components may be used separately while the construction continues, the borrowing costs capitalization on these components should be stopped.

15. Biological assets

The Company recognizes a biological asset or agricultural product when it controls the biological asset or agricultural product as a result of past events, it is likely it will generate future economic benefits and the cost of the biological asset or agricultural product may be reliably measured.

The Company measures biological assets both at the beginning and at the end of the period, at fair value minus selling costs. The biological asset fair value is established by its quoted market price in an active market. In the event there are different active markets for the same biological asset, the asset fair value will be determined by the price quoted in the most relevant asset market.

If there is no asset market, the Company uses the following information to determine the fair value, provided it is available, and select the most reliable: a) the price of the most recent market transaction, assuming there have been no significant changes in economic circumstances between the transaction date and the end of the reporting period, b) the market price of similar assets, adjusted to reflect existing differences, c) sector benchmarks, such as plantations value expressed as a function of surfaces or capacity, weight or volume units.

Profits or losses arising from the initial recognition of a biological asset or agricultural product at fair value minus selling costs and from changes in this value are included in the income statement of the separate period when they occur.

16. Provisions

Provisions are recognized when the Company has a current, legal or implicit obligation as a result of a past event, it is likely that the Company will have to dispose of resources to settle the obligation, and the obligation value may be reliably estimated. In cases where the Company expects the provision to be partially or fully reimbursed, the reimbursement is recognized as a separate asset, only when such a reimbursement is virtually certain and the amount of the account receivable may be reliably measured.

Provisions are measured with the Administration’s best estimate of the future disbursements required to settle the present obligation and it is discounted using a risk-free rate. The expense related to the provisions is presented in the income statement, net from any reimbursement. The provision increase due to the passage of time is recognized as a financial expense in the income statement. The Company recognizes the present obligations, derived from an onerous contract, as provisions. An onerous contract is one in which the unavoidable costs of meeting the obligations it implies exceed the economic benefits expected to be received from it.

Contingent Liabilities

Possible obligations arising from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly under the control, are not recognized in the separate statement of financial position, but are disclosed as contingent liabilities.

Contingent liabilities acquired in a business combination are initially measured at their fair values on the acquisition date. At the end of the subsequent reporting periods, such contingent liabilities are measured either between the amount at which it would have been recognized under IAS 37 and the amount at which it was initially recognized minus the accumulated amortization recognized under IAS 15 Revenue from ordinary activities.

17. Post-Employment Benefit Plans

The Company recognizes liabilities related to pensions, pension securities and bonds, retirement premiums and other post-employment benefits pursuant to the IAS 19 Employee Benefits requirements.

On December 22, 2016, the Ministry of Commerce, Industry and Tourism issued Decree 2131, whereby it is required to disclose the pension liabilities calculation, in accordance with the parameters established in Decree 1625/2016 and, in the case of partial pension commutation, in accordance with Decree 1833/2016, as well as the differences arising from the calculation carried out in accordance with IAS 19 – Employee Benefits. This information is included in Note 21 employee benefits.

The Company recognizes the benefit plans classified as contribution plans in the separate income statement as overhead or sales expense, or cost of merchandise sold according to a submission by function on the date where it occurs. The Company recognizes benefit plans classified as benefit plans defined as an asset or liability in the statement of financial position by the difference between the fair value of the plan assets and the present value of the obligation of said plan, using the Projected Unit Credit Method to determine the present value of the obligation related to the defined benefits and the cost of the current service and, where applicable, the cost of past services, at least once a year. Plan assets are measured at fair value, which is based on market price information and, in the case of quoted securities, it constitutes the published purchase price.

The Projected Unit Credit treats each period of service as a generator of an additional entitlement unit to benefits and measures each unit separately to build up the final obligation. The Company deducts the total value of post-employment benefits obligation, even if part of it is to be paid within the twelve months following the reporting period. The estimate of the liability for post-employment benefits is carried out by an independent actuary.

Actuarial profits or losses, the yield on plan assets, and changes in the effect of the asset ceiling, excluding amounts included in the net interest on the liability (asset) of the defined net benefits, are recognized in the other comprehensive income. Actuarial profits or losses include the effects of changes in actuarial assumptions, as well as experience adjustments. The net interest on the liability (asset) of defined net benefits includes income from interest on plan assets, interest costs for the defined benefit obligation and interest on the effect of the asset ceiling.

The current service cost, the past service cost, any liquidation or reduction of the plan are recognized immediately in the comprehensive income statement, in the statement section for the period where they arise.

18. Inventories

Assets acquired with the intention of selling them in the ordinary course of business or consumed in the rendering services process are classified as inventories. The inventory of raw materials, products in process, merchandise not manufactured for sale and finished products are measured at the acquisition cost. The Company recognizes a decrease in the value of inventories of finished goods, materials, spare parts and accessories if the cost exceeds the net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, minus the estimated costs of finalization and the estimated costs necessary to make the sale. Inventories include goods in existence that do not require transformation, materials such as minor parts and accessories for rendering services, as well as goods in transit and held by third parties.

Inventories are valued using the weighted average method and its cost includes costs directly related to the acquisition and those incurred to give them their current condition and location.

19. Revenue

IFRS 15 requires the recognition of ordinary income when the promised goods or services are transferred to customers, for the amounts that reflect the consideration that the entity expects to receive in exchange for said goods or services, through the application of a five-step approach: Step 1: Identify the contract(s) with the customer; Step 2: Identify performance obligations within the contract; Step 3: Determine the transaction price; Step 4: Assign the transaction price to each performance obligation based on the individual relative sale price of each good or service; and Step 5: Recognize ordinary income when (or to the extent that) the entity meets performance obligations by transferring control of promised goods and services to the customer. Performance obligations may be fulfilled at a point in time or over a period of time.

Sale of Goods

In the sale of goods, a single performance obligation is established. The Company recognizes revenue when the obligation is fulfilled, i.e., when control of the goods or services underlying the performance obligation has been transferred to the customer, at a point in time.

Rendering Services
The Company renders some services that are sold on their own in contracts with customers or bundled with the sale of goods to a customer. In both scenarios, revenues from service contracts are satisfied at a point of time.

IFRS 15 excludes from its scope the recognition requirements for dividend and interest revenues and operating leases, for which the Company continues to apply the same accounting treatment.

Dividend and interest income
Income from investment dividends is recognized once the shareholders' rights to receive this payment have been established (as long as it is probable that the economic benefits will flow to the company and that ordinary income can be reliably measured). Income from dividends generated from investments where the equity participation method has previously been recognized on the distributed profits, are recognized as lower investment value.

Interest income from a financial asset is recognized when it is probable that the Company will receive the economic benefits associated with the transaction and the amount of revenue from ordinary activities can be reliably measured. Interest income is recorded on a time basis, in reference to the outstanding principal and the applicable effective interest rate, which is the discount rate that exactly equals the estimated receivable or payable cash flows along the life expectation of the financial instrument with the net book value of the financial asset upon initial recognition.

Operating leases revenue
The Company policy for the revenue recognition from operating leases consists of the recognizing the payments received as revenue in the income statement on a straight-line basis throughout the useful life of the contract, unless another basis of distribution is deemed representative.

20. Related Parties
The Company considers as a related party the subsidiaries and associates and direct joint ventures, the entities that exercise joint control or significant influence over Cementos Argos S.A., and the key management personnel, which includes the members of the Board, Nomination and Remuneration Committee, Audit and Finance Committee, Sustainability and Corporate Governance Committee, Directive Committee (made up by the President and Vice President), and any other committee that directly depends on Cementos Argos S.A. Board of Directors, as well as the Managers who have the ability to direct, plan and control activities and their close relatives.

Transactions between related parties are considered as any transfer of resources, services and obligations between the Company and a related party, as well as the outstanding balances between them at the preparation date of the separate financial statements, including any commitment and guarantee granted or received between both sides.

The information that is disclosed with related parties is provided according to the categories established by IAS 24 Related Party Disclosures, which correspond to transactions with: (a) the parent company, (b) entities with joint control or significant influence over the entity, (c) subsidiaries, (d) associates, (e) joint ventures, (f) key management personnel and (g) other related parties. Likewise, items of a similar nature are grouped together for disclosure purposes.

The transactions characteristics with related parties do not differ from those carried out with third parties, nor do they imply differences between market prices for similar operations.

21. Materiality
The Company considers that information is material if its omission or inadequate expression could influence decisions of users of the separate financial statements.

22. Going concern
Separate financial statements have been prepared on the going concern basis and as of December 31, 2021, there are no material uncertainties related to events or conditions that produce significant doubts about the ability of any firm within the Company to continue operating. The Company has the required liquidity and solvency to continue operating the business for the foreseeable future. Refer to Note 4 Critical accounting judgments and key estimate sources, for information on COVID-19.

NOTE 3: ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

3.1. IFRS incorporated in colombia and adopted at the preparation date of the separate financial statements

3.1.1. STANDARDS ISSUED BY THE IASB AND INCORPORATED IN COLOMBIA AS OF JANUARY 1, 2020

The following standards have been issued by the IASB, have been incorporated by Decree in Colombia and have been implemented since January 1, 2020, – Decree 2270 of December 2019 and Decree 1432 of November 2020:

- **IFRIC 23 – Uncertainty regarding income tax treatments – Accounting for uncertain tax treatments.**

This interpretation clarifies how to apply the recognition and measurement requirements of IAS 12 Income Tax, when there is uncertainty over income tax treatments. An uncertain tax treatment is any tax treatment applied by an entity where there is uncertainty about whether said approach will be accepted by the tax authority. In this circumstance, an entity recognizes and measures its current or deferred tax asset or liability by applying IAS 12 requirements on the basis of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, determined by applying this interpretation. The entity will manage uncertainties in accordance with: a) The rationale available to support its position, b) The approach that the tax authority is expected to take in an audit on the matter.

- **Amendment to IFRS 3 business combination – improvement in the definition of the "business" concept**

This modification:

  - Clarifies that, to be considered a business, an acquired set of activities and assets must include, at a minimum, a contribution and a substantive process where these contribute significantly to the ability to create products.
  - Narrows the business and products definitions by focusing on the goods and services provided to customers and by removing the reference to the ability to reduce costs.
  - Adds guidance and illustrative examples to help entities assess whether a substantive process has been acquired.
  - Eliminates the assessment of whether market participants are capable of replacing any missing inputs or processes and continue to produce products; and
  - Adds an optional concentration test that allows a simplified assessment of whether an acquired set of activities and assets is not a business.

- **Amendment to IAS 19 Employee benefits – Accounting for plan modifications, reductions and settlements.**
  The amendment requires entities to use updated assumptions to calculate current service cost and net interest for the remainder of the period from a plan modification, reduction, or liquidation. Likewise, it requires entities to recognize any surplus reduction as part of the past service cost or of the gain or loss in liquidation.

- **Amendment to IAS 1 Presentation of financial statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors – Materiality Definition.**
  The information is material if the omission, deviation or concealment of it can reasonably be expected to influence the decisions that the primary users of general-purpose financial statements make about those financial statements, which provide financial information about a specific reporting entity.

- **Conceptual framework 2018 – General amendment,** contains concepts definitions related to:
  - Measurement: including the factors considered when measuring bases are selected.
  - Presentation and disclosure: including when to classify an income or expense in the other comprehensive income.
  - Non-recognition: includes guidance on when assets or liabilities should be removed from the financial statements.

Additionally, it updates assets and liabilities definitions and the criteria to include them in the financial statements and clarifies the meaning of some concepts.

- **Amendment to IFRS 16 Leases – Rent reductions related to Covid-19.**
  This amendment incorporates a practical solution for the accounting treatment of rent reductions granted to tenants as a result of the Covid-19 pandemic, which is that tenants can choose to account for rent reductions in the same way that they would do if these were not lease modifications, provided that the following conditions are met: a) the change in lease

payments results in a revised consideration for the lease that is substantially equal to or less than the lease consideration immediately preceding the change, b) any reduction in lease payments affects only payments due on or before June 30, 2021, and c) there is no substantial change to other lease terms and conditions.

Those who apply this exemption must apply it consistently to all lease contracts with similar characteristics and circumstances, and disclose this fact, as well as the amount recognized in profit or loss arising from rent reductions related to Covid-19. The voluntary application of this amendment in Colombia can be carried out in advance on the financial statements that begin as of January 1, 2020. The lessees are not obliged to restate the figures of previous periods or to provide the disclosures required by paragraph 28 (f) of this standard. Their early application is allowed. In August 2020, the IASB updates the taxonomy to include the amendments to IFRS 16 for rent reductions related to Covid-19.

The Company chose not to apply the amendment to IFRS 16 Leases in its separate financial statements.
These standards and amendments had no financial impact on the Company's separate financial statements in the reporting period.

3.2. Not effective IFRS issued by the IASB

Standards and amendments issued applicable from January 1, 2023:

Below are the amendments issued by the IASB during 2019 and 2020, that were adopted by Decree 938 of 2021 and will come into force as of January 1, 2023, their early application being voluntary as long as the standard allows it. The Company has not adopted any of these standards in advance and is in the process of determining the possible impacts that the application of these standards may have on the financial statements.

- **IFRS 9 – Financial Instruments, IAS 39 – Financial Instruments: Recognition and Measurement, IFRS 7 – Financial Instruments: Disclosures: Reference Interest Rate Reform, amendments to IFRS 9, IAS 39 and IFRS 7 -** Paragraphs 6.8.1 to 6.8.12 of IFRS 9 are added, regarding the temporary exceptions to the application of hedge accounting specific requirements. Paragraphs 102A to 102N and 108G are added to IAS 39, regarding Temporary Exceptions to the application of hedge accounting specific requirements. Paragraphs 24H on uncertainty arising from the benchmark interest rate reform, 44DE and 44DF (effective date and transition) are incorporated. Its early application is allowed (although no significant impact is expected for Colombian entities) and its requirements will be retrospectively applied only to hedging relationships that existed at the beginning of the reporting period in which the entity applies for these requirements for the first time.

- **IFRS 9 – Financial instruments, IAS 39 – Financial instruments: recognition and measurement, IFRS 7 – Financial instruments: disclosure information, IFRS 4 – Insurance contracts, IFRS 16 – Leases: Interest Rate Benchmark Reform – Phase 2:** Paragraphs 5.4.5 to 5.4.9 Changes in the basis for the determination of contractual cash flows as a result of the interest rate benchmark reform (measurement at amortized cost) are added, 6.8.13 Termination on the application of the hedge accounting temporary exception, 6.9.1 to 6.9.13 Additional temporary exceptions arising from the interest rate benchmark reform, 7.1.10 Effective date, and 7.2.43 to 7.2.46 Transition for the interest rate benchmark reform Phase 2, of IFRS 9. Paragraph 102M Termination on the application of the hedge accounting temporary exception is modified, paragraphs 102O to 102Z3 are added: Additional temporary exceptions arising from the interest rate benchmark reform and 108H to 108K: Effective and transition date, and new headings are added, from IAS 39. Paragraphs 24I, 24J Additional disclosures related to the interest rate benchmark reform, 44GG and 44HH Effective and transition date are added, and new headings are added, from IFRS 7. Paragraphs 20R and 20S Changes in the basis for determination of contractual cash flows as a result of interest rate benchmark reform, and paragraphs 50 and 51 Effective and transition date are added, and new headings are added, from IFRS 4. Paragraphs 104 to 106 Temporary exception arising from the rate reform are modified.

- **IFRS 3 – Business Combinations: Modifications by reference to the conceptual framework.** Modifications are made to the references to align them with the conceptual framework issued by the IASB in 2018 and incorporated into our legislation; in this sense, the identifiable assets acquired and the liabilities assumed in a business combination, on the transaction date, will correspond to those that meet the assets and liabilities definition described in the conceptual framework. Paragraphs 21A, 21B and 21C are incorporated regarding the exceptions to the recognition principle for contingent liabilities and liabilities within the IAS 37 and IFRIC 21 scope. Paragraph 23A is added to define a contingent asset, and clarify that the acquirer in a business combination will not recognize a contingent asset at the acquisition date. Its anticipated application is allowed. Any effect on its application will be carried out prospectively.

- **IAS 16 – Property, plant and equipment. It is modified regarding products obtained before the intended use.** The amendment deals with the directly attributable costs to the asset acquisition (which are part of the PPYE element) and refers to “the verifying costs that the asset works properly (that is, if the technical and physical performance of the asset is adequate, such that it may be used in the production or supply of goods or services, for lease to others or for administrative purposes).” Paragraph 20A states that the inventories production, while the PPYE item is in the condition expected by management, at the time of sale, will affect the result of the period, together with its corresponding cost. Its anticipated application is allowed. Any effect on its application will be carried out retroactively, but only to the PPYE elements that are brought to the place and conditions necessary for them to operate in the manner intended by the Administration, as of the beginning of the first period presented in the financial statements, in which the entity applies the amendments for the first time. The cumulative effect of the initial amendments’ application will be recognized as an adjustment to the opening balance of retained earnings (or other equity component as appropriate) at the beginning of the earliest period presented.

- **IAS 37 – Provisions, contingent liabilities and contingent assets, Onerous Contracts — Cost of Fulfilling a Contract.** It is clarified that the cost of fulfilling a contract includes the costs directly related to the contract (the direct labor and materials costs, as well as the allocation of costs directly related to the contract). Its anticipated application is allowed. The effect of the amendment application will not restate the comparative information. Instead, the cumulative effect of the initial amendments’ application is recognized as an adjustment to the opening balance of retained earnings or another equity component, as appropriate, on the initial application date.

- **Annual Improvements to IFRS Standards 2018–2020. Amendments to IFRS 1 - First-time Adoption of International Financial Reporting Standards, IFRS 9 - Financial Instruments and IAS 41 - Agriculture. Modification to IFRS 1. Subsidiary adopting IFRS for the first time:** : Paragraph D13A of IFRS 1 is added, incorporating an exemption on subsidiaries that adopt the IFRS for the first time and take as balances in the opening statement of financial position the carrying amounts included in the financial statements of the parent company (literal a from D16 paragraph of IFRS 1), so that it can measure the accumulated translation differences at the carrying amount of said item in the consolidated financial statements of the parent company (also applies to associates and joint ventures). Modification to IFRS 9. Commissions in the "10% test" regarding the financial liabilities derecognition. A text is added to paragraph B3.3.6, and paragraph B3.3.6A is added, it is special to clarify the recognition of paid commissions (to the result if it is a liability cancellation, or as a lower value of the liability if it is not as a cancellation). IAS 41 Modification. Taxes on fair value measurements. The phrase "no tax flows" is eliminated from paragraph 22 of IAS 41, the reason for the above is because "before the Annual Improvements to IFRS Standards 2018-2020, IAS 41 had required an entity to use pre-tax cash flows when measuring fair value, but did not require the use of a pre-tax discount rate to discount those cash flows”. In this way, IAS 41 requirements are aligned with those of IFRS 13. Its anticipated application is allowed.

- **IAS 1 – Presentation of financial statements. Modifications are carried out regarding the liabilities classifications as current or non-current.** Said amendment was issued in January 2020 and subsequently modified in July 2020.

It modifies the requirement to classify a liability as current, by establishing that a liability is classified as current when "it does not have the right at the end of the reporting period to defer the liability settlement, for at least twelve months following the date of the reporting period.” It clarifies in the added paragraph 72A that “an entity's right to defer a liability settlement for at least twelve months after the reporting period must be substantial and, as paragraphs 73 to 75 illustrate, must exist at the end of the reporting period”. Its anticipated application is allowed. The effect of the application on the comparative information will be carried out retrospectively

- **Extension for the Temporary Exemption of Applying IFRS 9 – Financial Instruments. Amendments to IFRS 4 – Insurance Agreements** Paragraphs 20A, 20J and 20O of IFRS 4 are modified to allow the temporary exemption that allows, but does not require, the insurer to apply IAS 39 Financial Instruments: Recognition and Measurement instead of IFRS 9 for annual periods beginning before January 1, 2023 (because as of that date, there is a new international requirement contained in IFRS 17).

NOTE 4: CRITICAL ACCOUNTING JUDGMENTS AND KEY ESTIMATE SOURCES

For the application of the Company's accounting policies, which are described in note 2, the Administration must make estimates and assumptions that affect the reported assets and liabilities figures, disclosures of contingent assets and liabilities up to date of the financial statements and reported figures of income and expenses during the reporting period. The associated estimates and assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from such estimates.

The underlying estimates and assumptions are regularly reviewed by the Administration. Reviews to accounting estimates are recognized in the review period if it only affects that period, or in future periods if the review affects both the current period and subsequent periods.

4.1. Essential Judgments when applying Accounting Policies

The essential judgments are presented below, apart from those that involve the estimates (see 4.2) carried out by the Administration during the process of applying the Company's accounting policies, and that have a significant effect on the recognized amounts in the separate financial statements.

CASH GENERATING UNITS

When carrying out value impairment tests of non-current assets, assets that do not individually generate cash inflows that are widely independent of the flows generated by the other assets or groups of assets, these should be grouped into the cash generator unit to which the asset belongs, which is the smallest identifiable group of assets that generates cash inflows in favor of the company, which are largely independent of those cash flows derived from other assets or groups of assets. The Administration uses its judgment in the determination of the cash generating units for the value impairment tests purposes, in accordance with the provisions set forth in IAS 36 Assets Value Impairment.

HEDGE ACCOUNTING

The Administration applies its judgment to establish whether a hedging relationship meets the IAS 39 Financial Instruments requirements, in order to be accounted for as hedge accounting, as well as the assessment of the hedging effectiveness and ineffectiveness sources. The Company applies fair value hedge accounting and cash flow accounting in its financial statements to mainly cover foreign currency risk and interest rate. The decision to apply hedge accounting has a significant impact on Cementos Argos S.A. financial statement.

4.2. Key Uncertainties Sources in the Estimates

The basic assumptions regarding the future and other key uncertainty sources in the estimates are discussed below, at the end of the period over which they are reported, which imply a significant risk of material adjustments in the carrying amounts of assets and liabilities during the next financial period.

ASSESSMENT OF NON-FINANCIAL ASSETS IMPAIRMENT THAT ARE NOT CLASSIFIED AS HELD FOR SALE

The Company evaluates impairment signs of non-financial assets when facts and circumstances suggest that the book value of a cash-generating unit may exceed its recoverable amount, or at least at the end of each reporting period. The value indicators analyzed by the Company are those established in IAS 36 assets impairment, and, additionally, those indicated in IAS 27 separate financial statements for investments in associates and joint ventures. When this happens, Cementos Argos and its subsidiaries measure, present and disclose any resulting impairment loss in the income statement. As of December 31, 2021 and 2020, for non-financial assets, the Company did not recognize assets impairment.

INCOME TAX

The Company recognizes significant amounts of current and deferred income tax in its separate financial statements given the volume of its operations. Current and deferred tax determination is based on the Administration's best interpretation of current and applicable laws and the best practices from the jurisdictions in which it operates. The reasonableness of this estimate depends significantly on the Administration's ability to integrate complex tax and accounting standards, to consider changes in applicable laws, and the assessment, for purposes of recognizing deferred tax assets, from the existent tax profits which are enough for its conduction. Refer to note 9 income tax for more information.

An uncertain tax treatment is a tax treatment for which there is uncertainty as to whether the tax authority will accept the tax treatment under tax law. The Company recognizes uncertain tax positions in accordance with IFRIC 23 requirements. The probability analysis to recognize uncertain tax positions is based on expert opinions and the interpretation of the tax regulations in force for the applicable jurisdiction.

RECOGNITION OF DEFERRED TAX ASSETS FROM LOSSES OR UNUSED TAX CREDITS

The Administration applies its judgment to determine the value and recognize a deferred tax asset from losses or unused tax credits, evaluating whether it is probable the existence of enough tax profits from subsequent periods for compensation and/or recovery, together with the strategies for future tax planning. Note 9 income tax presents the value of unused tax losses or credits and associated deferred taxes.

LEASE TERM DETERMINATION FOR LEASE CONTRACTS WITH RENEWAL OPTIONS WHOSE TERM IS AUTOMATICALLY EXTENDED AT THE END OF THE ORIGINAL TERM

There is the option, under some leases, to lease assets for additional terms. The Company applies its judgment in evaluating whether it is reasonably safe to exercise the option to renew. That is, it considers all the relevant factors that create an economic incentive for renewal to take place. After the start date, the Company reassesses the lease term if there is a significant event or change in circumstances that are under its control and affect its ability to exercise (or not exercise) the option to renew. Additionally, the Company enters into lease agreements that are automatically renewed at the end of the original lease term for another term of the same length, or month by month, without any action by the Company or the lessor. The Company also signs leases contracts whose term is automatically extended at the end of each year or on the original termination date for another full period. The Company, for these contracts, estimates the lease term based on the existence of economic incentives, past experience, the use expectation for the asset and the intention to continue with the lease, notwithstanding that the lessor may at any time exercise its legal rights and end the lease. This judgment has a significant impact on the separate financial statements.

FAIR VALUE OF FINANCIAL DERIVATIVES AND FINANCIAL ASSETS

The financial derivatives fair value is determined using widely known valuation techniques in the market, when there is no observable market price. The Company uses its judgment to select the appropriate valuation method for the asset or liability under measurement and maximizes the use of observable variables. The assumptions are consistent with the market conditions at the measurement date, as well as the information that market participants would consider in estimating the instrument price. The Administration considers that the valuation models selected and the assumptions used are appropriate in determining the financial derivatives fair value. Notwithstanding the foregoing, the limitations of the valuation models themselves and the parameters required by these models may result in the estimated fair value of an asset or liability not exactly matching the price at which the asset or liability could be delivered or settled on its measurement date. Additionally, changes in internal assumptions and forward curves used in the valuation can significantly affect the financial derivatives fair value. For information on the book value for financial derivatives assets and liabilities, refer to Note 6 (derivative financial instruments).

Moreover, the Administration measures at fair value the equity investments that it classifies under the fair value category through another comprehensive income referencing its quotation price at the end of the measurement period in the Stock Market, where they are traded. For information on the book value for equity investments refer to Note 25.9 Financial assets and liabilities fair value.

INVESTMENT PROPERTIES FAIR VALUE

Investment properties fair value is determined by independent experts with recognized professional ability and experience in real estate valuation. Independent experts use their judgment to select the appropriate valuation method for the asset under measurement, considering the three approaches allowed by IFRS 13: market approach, cost approach and income approach, and maximize the use of observable variables. The assumptions are consistent with market conditions at the measurement date and the information that market participants would consider in estimating the property price.

The Administration considers that the valuation models selected and the assumptions used are appropriate in determining the real estate fair value. Notwithstanding the foregoing, the limitations of the valuation models themselves and the parameters required by these models may result in the estimated fair value of an asset not exactly matching the price at which the asset or liability could be delivered or settled on its measurement date. For information on the book value for investment properties, as well as information on their fair value estimation, refer to Note 16 investment properties.

PROVISION FOR EXPECTED CREDIT LOSSES FROM ACCOUNTS RECEIVABLE

To determine the expected credit losses, Cementos Argos S.A. uses a provision matrix based on the number of days that a trade account receivable is in default, this procedure consists of grouping the portfolio by ranges of overdue days and applying to accounts receivable balances an expected default percentage on the measurement day for each range of overdue days. The default percentage according to overdue days in portfolio is determined using the transition matrix methodology, according to Markov chain theory. The limitations of the statistical models themselves, the parameters required by these models and the uncertainty degree about future conditions may result in expected credit losses differing from future credit losses incurred and therefore, can significantly affect the separate financial statements figures. The Company monitors the portfolio collection given the contingency situation. As of December 31, 2021, the portfolio collection behavior in the different regions has remained stable, without substantial effects. Information on the Company's expected credit losses and the value of accounts receivable exposed to default risk is reported in Note 8 trade and other accounts receivable.

LIABILITIES BY DECOMMISSIONING, WITHDRAWAL OR REHABILITATION

The provision for decommissioning, withdrawal or rehabilitation is recognized by the present value of the expected costs to settle the obligation using estimated cash flows. In the process of measuring the present obligation value, the Administration makes estimates on future disbursements for decommissioning, retirement or rehabilitation activities, the estimated date(s) on which these disbursements will be carried out and estimate financial assumptions, such as the inflation and the discount rate. Given the long-term horizon of decommissioning obligations, estimates are subject to a significant uncertainty degree and can significantly affect the figures in the separate financial statements. For information on the book value of liabilities for decommissioning, withdrawal or rehabilitation refer to Note 22 provisions.

PROVISIONS FOR CONTINGENCIES, LITIGATION AND LAWSUITS

The litigation and lawsuits to which the Company is exposed are managed by the legal area, the processes managed are of a labor, civil, criminal and administrative nature. The Company considers that a past event has given rise to a present obligation if, considering all the available evidence as of the reporting date, there is likely to be a present obligation, independent of future events. In these cases, it is understood that an event occurrence is more likely than unlikely when the occurrence probability is greater than 50%. The Company recognizes a provision when an outflow of future economic benefits is probable, discloses contingency information when its occurrence is possible, and does not record or disclose information when it concludes that the occurrence probability of the event is remote. The Company involves the professional judgment of internal and external specialist lawyers to determine the occurrence possibility of a present obligation. In estimating the provision for litigation and lawsuits, the Administration considers assumptions such as, without being limited to, inflation rate, lawyers appraisal, estimated duration of litigation or demand, statistical information of processes with similar characteristics and the discount rate to be applied to cash flows in order to determine the present obligation value, for those obligations that are expected to be settled within a period of more than twelve (12) months at the end of the reporting period. For information on the book value of liabilities for contingencies, litigation and lawsuits refer to Note 22 provisions.

USEFUL LIFETIME ESTIMATION AND RESIDUAL VALUES FOR PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

As described in note 2, the Company reviews at least annually the useful lifetimes estimate, the depreciation method and residual values for property, plant and equipment and intangible assets. When there is evidence of changes in the conditions or expected use of a property, plant and equipment or the intangible assets, which imply a change in the consumption pattern of the future economic benefits incorporated in the asset, the Administration carries out a relevance assessment of the depreciation or amortization method used and a new estimate of the item useful life.

The definition of the depreciation or amortization method and the useful lifetimes estimate of the property, plant and equipment and intangible assets is determined based on the asset historical performance, the asset expectation of use by the Administration and the existing legal restrictions for its use. The selection of the depreciation method and the useful lifetimes estimate requires a significant degree of judgment from the Administration. The accounting policy for property, plant and equipment and intangible assets indicates the useful lifetime estimate. For information on the book value of property, plant and equipment and intangible assets, refer to Note 15 property, plant and equipment and Note 14 other intangible assets, respectively.

PENSION PLANS AND OTHER DEFINED POST-EMPLOYMENT BENEFITS

The post-employment benefit liability is estimated using the current technique of the projected credit unit, which requires the use of financial and demographic assumptions, among them and not limited to, discount rate, inflation rates, expected salary increase, lifetime expectation and employee turnover rate. The liability estimation, as well as the values determination from the assumptions used in the valuation, is carried out by an independent external actuary, considering the country in which the benefits plan operates and the market conditions existing at the measurement date. Given the long-term horizon of these benefit plans, estimates are subject to a significant uncertainty degree, any change in actuarial assumptions directly impacts the obligation value by pension and other post-employment benefits. For information on the book value for the definitive benefit liabilities and the key assumptions used, refer to Note 21 employee benefits.

4.3. Uncertainty associated with the pandemic caused by a new coronavirus (Covid-19) and corporate action plans.

In late 2019, the World Health Organization reported the cases occurrence of Serious Acute Respiratory Infection (SARI) caused by a new coronavirus (COVID-19) in Wuhan, China. In March 2020, the World Health Organization declared the COVID-19 disease outbreak as a pandemic. In January 2020, the first cases were confirmed in the United States; later, in March 2020, the first cases were confirmed in Colombia and in the rest of the countries of the Caribbean and Central American region where we operate. In the first half of 2020, the governments of these countries took important governmental measures to face the crisis derived from the coronavirus disease pandemic in the health, social and economic spheres, in order to prevent the spread of the virus, including the temporary closure of businesses, severe restrictions on people travel and mobility, and other material limitations on the industries operation. In the second half of the year, businesses were reopened, permanent restrictions on mobility were lifted, maintaining some selective restrictions, and economies began to gradually recover.

These measures adopted by Governments directly impacted the Company's operations in 2020 second quarter. In this period, the Company operated partially, reactivating at the end of the semester some of the operations that were suspended or with a provisional decrease. Specifically, in the Caribbean and Central America, Panama suspended its operations in April and May 2020 by government order to cease industrial activities, and reactivated its dispatches and sales in June, increasing slightly more than half of its usual performance. In April, Honduras, the Dominican Republic and Puerto Rico partially operated, then their operations continued to function normally. French Guiana, Suriname and the Antilles partially operated during April and May until their production, dispatch and sales normalized in June. Production, dispatches and sales took place normally in Haiti.

In Colombia, in April, the operation continued being minimal with partial and gradual reactivation. In the second half of 2020, the Company reactivated all operations that were suspended or with a provisional decrease, with a recovery in demand almost at the volume levels existing before the quarantine was declared. As of December 31, 2021 and 2020, all operations are functioning normally under biosafety protocols, with minor effects on volumes in 2020 and significant effects for 2021.

The Company has implemented the necessary actions to maintain continuity in operations and safeguard the health of employees.

The Company has a reasonable expectation that it has adequate and necessary resources to continue operating for the foreseeable future, and believes that none of its operations will present difficulties that would prevent it from continuing as a going concern.

The Company considers that most of the financial impacts of COVID-19 have already been reflected in the separate financial statements at the reporting date, the effects being mainly presented in 2020. For 2021, no significant effects have been visualized in the financial statements.

The Company continues to closely monitor the markets evolution and the health situation of its employees with new outbreaks that are occurring, and taking all pertinent measures and actions to mitigate the disruption effects caused by the pandemic and its variants. This happens by having as guiding premise of action the protection of life, health and well-being of all its stakeholders, as well as support and accompaniment to governments provisions and authorities of each of the countries where it has a presence, focusing on maintaining its operations with the best biosafety practices in order to guarantee the health of its employees and mitigate the absenteeism risk in the Company's workforce due to massive infections.

NOTE 5: CASH AND CASH EQUIVALENTS

For purposes of the separate cash flow statement, cash and cash equivalents include cash and banks. Cash and cash equivalents at the end of the reported period in the separate cash flow statement and in the separate financial statement are:

	2021	2020
Cash and banks	72,771	236,227

During the current year and comparative periods, the following investment and financing activities carried out by Cementos Argos S.A. are not reflected in the separate cash flow statement:

- Dividends declared not yet paid by Cementos Argos S.A. for a value of $0 (2020 $113,950), which correspond to $0 of ordinary shares (2020 $96,433) and $0 (2020 $17,517) of preferred shares.
- On February 13, 2020, Cementos Argos S.A. and Fundación Grupo Social legalize the constitution of the associated company Soluciones de Crédito S.A.S., whose corporate purpose is granting consumer loans and microcredits to people for housing improvements, and its domicile is in Bogotá D.C. Cementos Argos S.A. participates in the capital stock with a participation percentage of 48.98%, equivalent to 1,920,000 shares, for a total capital contribution of $ 1,920.
- On March 24, 2021, at the ordinary meeting, the profit distribution project was approved, which contemplates that the dividends would be paid at the shareholder choice, and could be paid as follows: 50% of the dividend payment in cash and 50% of the dividend payment in paid-up company shares; or 100% of the dividend payment in paid-up company shares. For the dividend payment in shares, the Board of Directors released 18,806,432 common shares and as a consequence, the Company subscribed and paid-in capital went from $592,569, corresponding to 1,424,445,735 shares, to $600,393, corresponding to 1,443,252,167 shares. With the approval of 587 shareholders, representing 58.24% of the company's outstanding shares, the payment in shares of $100,238 was carried out.
- On September 1, 2021, the Company repurchased Argos Panama shares from the minority shareholder Provicem for $98,683 (see note 12). This repurchase was canceled against the account receivable that the minority had at that cut-off date with the Company. The transaction did not generate cash flow and consequently, was excluded from the cash flows statement for the amount indicated from operating and financing activities.

As of December 31, 2021, the company did not maintain restricted cash and cash equivalent balances.

NOTE 6: DERIVATIVE FINANCIAL INSTRUMENTS

	2021	2020
Derivative financial assets designated as cash flow hedging instruments recorded at fair value	32,237	66
Derivatives financial assets	**32,237**	**66**
Current	16,263	66
Non-current	15,974	-
Derivatives financial assets	**32,237**	**66**

	2021	2020
Derivative financial liabilities designated as cash flow hedging instruments recorded at fair value	3,239	31,275
Derivatives financial liabilities	**3,239**	**31,275**
Current	1,360	21,611
Non-current	1,879	9,664
Derivatives financial liabilities	3,239	31,275
Short net position in financial derivatives	**28,998**	**(31,209)**

Operations related to the Company financial derivatives as of December 2021 and 2010 are related below.

Swap operations:

Swap type	Underlying	Underlying rate	SWAP	Underlying value I SWAP Amount Expiration	2021	2020	Fair value 2021	2020
Currency	Long-term credit	Libor 3m + 1.35%	4.37%	16/09/2022	-	USD 30,000	-	(9,664)
Currency	Long-term credit	Libor 3m + 1.32%	5.39%	18/02/2026	USD 15,000	-	10,341	-
Interest rate	Long-term credit	Libor 3m + 1.32%	IBR + 2.05%	18/02/2026	USD 15,000	-	5,633	-
Interest rate	Long-term credit	5.28%	IBR + 1.85%	20/11/2023	COP 160,000	-	(1,879)	-
Tasa de interés	Long-term credit	3.83%	IBR + 0.79%	07/09/2022	COP 60,000	-	(313)	-
Swap operation fair value							**13,782**	**(9,664)**

Operaciones forward:

Forward type	Underlying	Underlying value [1]	Forward rate	Expiration	Fair value 2021	2020
Purchase	Short-term credit	USD 30,087	3,805.75	2/09/2021	-	(10,546)
Purchase	Short-term credit	USD 92	3,762.26	9/03/2021	-	(30)
Purchase	Short-term credit	USD 94	3,783.85	9/06/2021	-	(31)
Purchase	Short-term credit	USD 21,042	3,745.58	11/03/2021	-	(6,497)
Purchase	Short-term credit	USD 12,615	3,766.20	10/03/2021	-	(4,156)
Purchase	Short-term credit	USD 15,082	3,468.24	10/06/2021	-	(350)
Purchase	Short-term credit	USD 8,012	3,437.11	16/06/2021	-	65
Purchase	Intercompanies	USD 15,059	3,681.86	9/06/2022	5,443	-
Purchase	Intercompanies	USD 8,000	3,785.76	16/06/2022	2,093	-
Purchase	Intercompanies (partial)	USD 27,000	3,986.75	25/08/2022	2,483	-
Purchase	Short-term credit (partial)	USD 30,000	3,820.30	26/04/2022	5,184	-
Purchase	Short-term credit (partial)	USD 30,000	3,819.02	26/04/2022	1,061	-
Purchase	Short-term credit	USD 30,000	4,046.56	16/03/2022	(1,048)	-
Forward operations fair value					**15,216**	**(21,545)**
Swap and Forward operations fair value					**28,998**	**(31,209)**

[1] The underlying value is rounded to the nearest million units when expressed in Colombian pesos and to the nearest thousand units when expressed in dollars.

NOTE 7: OTHER FINANCIAL ASSETS

	2021	2020
Financial assets measured at fair value with changes in other comprehensive income (See note 25)	858,522	720,402
Other financial assets	**858,522**	**720,402**
Non-current	858,522	720,402
Other financial assets	**858,522**	**720,402**

As of December 31, 2021, none of these assets are expired or impaired.

The category of other financial assets at fair value with changes in other comprehensive income includes investments held by the Company in Grupo de Inversiones Suramericana S.A. The investment is measured at fair value with changes in other comprehensive income with a monthly frequency. In note 25.2.1., Financial assets are measured at fair value with changes in other comprehensive income, this investment value is detailed for the periods reported.

During 2021, Cementos Argos S.A. capitalized Grupo de Inversiones Suramericana S.A. and Occipital INC for $5,288 and $126.

During 2020, investments that the Company owned in Occidental de Empaques S.A., Colombiana de Empaques Bates S.A. And PAPELSA were classified as assets held for sale, this operation is detailed in note 17.

NOTE 8: TRADE AND OTHER ACCOUNTS RECEIVABLE

	2021	2020
Trade accounts receivable	159,966	167,800
Other accounts receivable	224,952	362,610
Deterioration for expected credit losses and provision for doubtful accounts	(2,957)	(2,993)
	381,961	**527,417**
Current	269,116	403,303
Non-current	112,845	124,114
Trade and other accounts receivable	**381,961**	**527,417**

Next, the impairment movement for expected credit losses of trade accounts receivable and other accounts receivable as of December 31 is detailed as follows:

	2021	2020
Provision movement for expected credit losses and doubtful accounts		
Opening balance	(2,993)	(2,775)
Value impairment losses recognized on accounts receivable [1]	(1,318)	(2,892)
Punishment of amounts considered uncollectible [2]	940	2,166
Recovered Amounts	35	-
Reversed impairment losses	379	508
Closing balance	**(2,957)**	**(2,993)**

[1] Cementos Argos S.A. adopted the simplified approach for measuring the value losses of commercial accounts receivable, contract assets and accounts receivable for leases, retroactively with the option not to restate comparative information. For presentation purposes, the provision movement of expected credit losses for 2021 and 2020 is presented in accordance with the new IFRS 9 Financial Instruments guidelines.

[2] The contractual amounts of financial assets written off during the reporting period that are still subject to enforcement activities are $940 (2020 $2,166).

For each day range of non-payment of the portfolio, the following table presents the value of trade accounts receivable and other accounts receivable subject to credit risk before recognizing any loss due to value impairment, the values of expected losses determined individually and collectively, the value of accounts receivable after considering the expected impairment, at the end of the reporting period, and the percentage of expected credit loss determined using the transition matrix methodology according to the Markov chains theory.

2021	Expected Credit Loss Rate	Gross accounts receivable	Impairment of expected credit loss	Net accounts receivable
Impairment for expected credit losses explanation				
Not expired	0.11%	268,029	(32)	267,997
Between 0 and 30 days	0.14%	48,842	(11)	48,831
Between 31-60 days	0.46%	6,972	(3)	6,969
Between 61-90 days	0.64%	3,124	(2)	3,122
Between 91-120 days	2.22%	3,177	(5)	3,172
Between 121-150 days	3.23%	1,238	(9)	1,229
Between 151-180 days	5.22%	717	(15)	702
Between 181-360 days	8.22%	8,977	(61)	8,916
More than a year	4.67%	43,842	(2,819)	41,023
Total		**384,918**	**(2,957)**	**381,961**

2020	Expected Credit Loss Rate	Gross accounts receivable	Impairment of expected credit loss	Net accounts receivable
Impairment for expected credit losses explanation				
Not expired	0.10%	181,894	(36)	181,858
Between 0 and 30 days	0.13%	73,555	(22)	73,533
Between 31-60 days	0.43%	40,865	(13)	40,852
Between 61-90 days	0.92%	11,978	(5)	11,973
Between 91-120 days	1.79%	3,808	(8)	3,800
Between 121-150 days	2.40%	2,024	(5)	2,019
Between 151-180 days	3.44%	2,380	(2)	2,378
Between 181-360 days	16.75%	82,577	(94)	82,483
More than a year	11.89%	131,329	(2,808)	128,521
Total		**530,410**	**(2,993)**	**527,417**

The average credit period over the sale of goods is 30 days. No interest surcharge is carried out on trade accounts receivable after the average credit period. Cementos Argos S.A. assess at the end of the period on which it is reported and with the same periodicity of financial information. If there is objective evidence that financial assets are impaired, and if this is the case, it recognizes a loss in the income statement due to a value deterioration. Cementos Argos S.A. recognizes a provision on individual clients when they are in an economic insolvency state or when a financing or restructuring agreement of the account receivable is agreed upon and collectively grouping the portfolio by default days ranges, and applying to these values the non-compliance percentages using the transition matrix methodology according to the Markov chain theory. In determining the recoverability of a trade account receivable, Cementos Argos S.A. considers any change in the credit quality of the account from the date the credit was initially granted until the end of the reporting period. The concentration of credit risk is limited because the customer database is long and independent.

Cementos Argos S.A., as of December 31, 2021, sold trade and other debtors to Bancolombia, BBV and Bancóldex for a value of $68,672 (2020 $45,247), having an effect on income of $1,028 (2020 $770).

NOTE 9: INCOME TAX

Tax provisions applicable and in force in Colombia, establish the following:

- Income tax in Colombia is settled at a rate of 31% for 2021 (2020 32%).
- Occasional earnings are taxed at the 10% rate.
- For 2021, the minimum percentage to determine the income tax is 0% (in 2020, the basis to determine the income tax could not be less than 0.5% of its net worth on the last day of the taxable year immediately preceding).
- Companies may offset losses with ordinary liquid income obtained in the following twelve (12) periods.
- Excesses of presumptive income over ordinary income generated as of 2003 can only be compensated with ordinary net income, within the following five (5) years.
- Pursuant to the provisions of Laws 788 of 2002 and 863 of 2003, income taxpayers who enter into transactions with economic associates or foreign related parties are required to determine, for income tax and supplementary purposes, the study of transfer prices; as of the date of the statement of financial position, the Company has not completed the study with 2021 operations; however, considering that the operations carried out with foreign related parties during 2021 had a similar behavior to those carried out in 2020, the Administration considers that there will be no impact on the income statement for the period.
- As of 2017, the references contained in the tax regulations regarding the accounting regulations will be to the International Financial Reporting Standards applicable in Colombia, taking into account the refinements established by the National Government.
- Act 1819 of 2016, determined through article 22 that for the 2017 term and subsequent years, the determination of income tax and complementary, in the value of assets, liabilities, equity, income, costs and expenses. The recognition and measurement systems will apply for the taxpayers obliged to keep accounts, in accordance with the accounting normative technical frameworks in force in Colombia, when the tax law expressly refers to them and in cases in which it does not regulate the matter. In any case, the tax law may expressly provide a different treatment, in accordance with article 4 of Law 1314 from 2009.
- Income tax returns for taxable years 2020, 2019, 2018, 2017 and 2016 are subject to review and acceptance by tax authorities.
- The general term of finality of statements is 3 years (5 years, for taxpayers who determine or offset tax losses or who are subject to the transfer pricing regime).
- Starting in 2019, the 4-year time limit for the use of the tax discount for taxes paid abroad is eliminated.

Tax reform
Some modifications to the Colombian tax regime for 2022 and upcoming years, introduced by the tax reforms established by the National Government, are summarized below:

a) Changes introduced by Law 2155 of 2021
EOn September 14, Act 2155 of 2021 was sanctioned, through which a new Tax Reform was adopted in Colombia, the Social Investment Law. This Reform arises as a response to the social and political context that the country faces to deal with the economic effects caused by COVID-19, among many other factors.

b) Here are the most relevant aspects:

- As of taxable year 2022, the applicable income tax rate will be 35% for legal entities. Legal stability contracts are respected.
- The dividend rate is maintained and will continue at 10% or 7.5% (transferable) between national companies.
- A tax discount is maintained on the income tax of 50% from the Industry and Commerce Tax paid. (Law 2010/2019 contemplated a discount of 100% of the Industry and commerce payment in the income tax from 2022). The tax may be deductible, if the discount is not chosen.
- The reform extends the scope of Works for taxes as a payment mechanism, for the following projects, which, although they will not be located in the ZOMAC, prior concept of the Territorial Renewal Agency, might be financed by this payment mechanism : (if) declared projects of national importance, strategic for economic and/or social reactivation; (ii) territories with high poverty rates; (iii) territories that totally or partially lack infrastructure to provide residential public services (energy, aqueduct, sewage, gas, among others); (iv) territories located in non-interconnected zones and (v) orange development areas.
- Establishes a new version of the complementary tax for tax normalization, which is caused by the possession of omitted assets or non-existent liabilities as of January 1, 2022, applying a 17% rate. The base is the assets value and is reduced by 50% if they are repatriated and remain in the country for at least two years. Add advance payment of 50% of the tax charged in a single installment and within the term established by regulations.
- The VAT paid on the importation, formation, construction or acquisition of real productive fixed assets, including the services necessary for their construction and start-up, continues as a tax discount.
- Establishes an audit benefit in 2022 and 2023, for 6 or 12 months, due to an increase in the net income tax of 35% or 25%, respectively.
- Registry of companies' effective beneficiary is established according to international standards, in order to control transactions between related parties.

9.1. Income Tax Recognized in Profit or Loss

	Current Tax	
	2021	2020
Regarding the current year	(30,385)	(46,841)
Regarding the previous year	(53)	12,413
	(30,438)	**(34,428)**
Deferred tax		
Origin and reversal of temporary differences	(14,095)	65,814
Changes in laws and tax rates	3,374	4,092
	(10,721)	**69,906**
Total tax expense related to continuous operations	**(41,159)**	**35,478**

The variation in the expense for current tax is generated mainly by the change in the tax base, in which for 2021, the income tax for ordinary liquid income was settled, using tax discounts up to the maximum limit established by the Law, as well as the value generated by occasional profit. For 2020, it was settled by the presumptive income system, whose base is the tax assets of the previous year.

The variation in deferred tax expense was mainly due to the use of excess presumptive income and tax discounts. In 2020, deferred assets were generated due to the tax loss for the year and the excess of the calculated presumptive income. Taxes paid abroad gave rise to a new deferred tax asset during 2021.

Reconciliation of the effective rate:

	2021		2020	
	Value	%	Value	%
Profit (loss) before income tax	472,235		**42,654**	
Notional tax	**(146,394)**	**(31%)**	**(13,650)**	**(32.0%)**
Equity method	214,919	43.8%	111,100	260.5%
Dividends, net	(105,870)	(21.6%)	(26,800)	(62.8%)
ECE Regime	(22,509)	(4.6%)	(23,072)	(54.1%)
Indirect tax discounts	42,927	8.8%	31,182	73.1%
Non-deductible expenses	(19,468)	(2.8%)	(14,713)	(34.5%)
Non-deductible donations	(1,349)	(0.3%)	(2,358)	(5.5%)
Taxes from previous exercises	(7,032)	(1.4%)	(23,838)	(55.9%)

Difference in rate	3,484	0.7%	4,092	9.6%
Other tax effects	133	0.0%	(6,465)	(15.2%)
Total current and deferred income tax	**(41,159)**	**8.4%**	**35,478**	**83.2%**

The effective tax rate of the Company is 8.7% for 2021 (2020 83.2%), it is 23 percentage points below the theoretical tax rate, generated mainly by the participation method, the net effect of taxable dividends and recognized indirect tax discounts.

The tax calculation made by the presumptive income system is as follows:

	2021	2020
Presumptive Income Basis	-	3,098,321
Presumptive Income	-	15,492
Presumptive Income Rate	0%	0.5%
Net Income Taxable	177,658	15,492
Income Rate	31%	32%
Current income rate	(55,074)	(4,957)
Occasional profit	(198)	-
Applied discounts	46,524	-
Income from previous years	(53)	12,413
Foreign expenses not originating in Colombia	(21,637)	(41,884)
Deferred tax	(10,721)	69,906
Total tax expense related to continuing operations	**(41,159)**	**35,478**

9.2. Income Tax Recognized directly in Equity

	Deferred tax	
	2021	2020
Generated by income and expenses recognized in other comprehensive income:		
Difference in foreign investment instead	(1,211)	(911)
New measurements of defined benefit plans	(12,488)	(4,088)
Cash flow hedges	5,954	(416)
Total income tax recognized in comprehensive income	**(7,745)**	**(5,415)**

9.3. Current Tax Assets and Liabilities and Deferred Tax Balances

	Current Tax	
	2021	2020
Income tax [(1)]	81,590	80,465
Sales taxes	61	147
Assets for other taxes	13,630	9,039
Net current tax asset	**95,281**	**89,651**

[(1)] In the income tax, there is an adjustment pending for $35. At this time, the adjustment is being absorbed by the balance in favor of income, which should be $54,689.

	Current Tax	
	2021	2020
Withholding at source	(8,446)	(8,450)
Sales tax payable	(31,886)	(28,513)
Industry and trade payable	(14,080)	(12,408)
Other Taxes payable	(1,056)	(3,493)
Net current tax liability	**(55,468)**	**(52,864)**

9.4. Tax Deferred Behavior

The following is an analysis of the liability presented in the statement of financial position for December 2021 and comparative periods:

2021	Opening balance	Other changes	Recognized in other comprehensive income	Recognized in results	Rate change	Closing balance
Other current assets	2,474	328	(325)	-	239	2,716
Associates and joint ventures	(4,396)	4,396	1,211	(1,211)	-	-
Other equity investments	-	(4,395)	(4,854)	-	-	(9,249)
Property, Plant and Equipment	(192,307)	14,488	(19,091)	-	(28,055)	(224,965)
Intangible assets	(26,752)	-	904	-	(4,853)	(30,701)
Other non-current assets	(630)	(328)	37	-	(210)	(1,131)
Provisions	16,903	1	1,174	-	2,720	20,798
Employee benefits	13,979	-	2,201	(12,488)	(2,033)	1,659
Financial Liabilities	173	(2,182)	12,028	5,954	2,246	18,219
Convertible instruments	7,397	2,181	(13,617)	-	(785)	(4,824)
Finance leases	3,277	(14,488)	12,626	-	241	1,656
Other passive	-	-	-	-	-	-
Unused tax credits	180,429	-	12,751	-	-	193,180
Unused tax losses	137,731	-	(6,552)	-	21,863	153,042
Unused presumptive income excesses	82,792	-	(12,698)	-	12,111	82,205
Total Deferred Tax Assets	**221,070**	**1**	**(14,205)**	**(7,745)**	**3,484**	**202,605**

2020	Opening balance	Other changes	Recognized in other comprehensive income	Recognized in results	Closing balance
Other current assets	(7,003)	9,685	(208)	-	2,474
Associates and joint ventures	(9,529)	(4,489)	8,711	911	(4,396)
Property, Plant and Equipment	(258,114)	103,353	(37,546)	-	(192,307)
Intangible assets	(15,172)	(14,559)	2,979	-	(26,752)
Other non-current assets	(3,325)	(7,175)	9,870	-	(630)
Provisions	11,831	7,183	(2,111)	-	16,903
Employee benefits	34,425	(17,308)	(7,226)	4,088	13,979
Financial Liabilities	50,597	(48,085)	(2,339)	-	173
Convertible instruments	-	5,717	1,264	416	7,397
Finance leases	-	(12,877)	16,154	-	3,277
Other liabilities	23,060	(21,444)	(1,616)	-	-
Unused tax credits	102,841	48,350	29,238	-	180,429
Unused tax losses	135,736	(37,902)	39,897	-	137,731
Unused presumptive income excesses	80,402	(10,449)	12,839	-	82,792
Total Deferred Tax Assets	**145,749**	**-**	**69,906**	**5,415**	**221,070**

The Company recognizes deferred tax assets which will be offset by the reversal of the current taxable temporary differences; however, if the deferred tax asset depends on future earnings, due to the reversal periodicity of taxable differences, the Company supports the deferred tax asset in the projection of future taxable income generation. When in the development of the analyzes, it is determined that there is a high probability of rejection of the tax asset by tax authorities or that it will not be possible to use the deferred tax asset before its expiration, said asset is not recognized. Both situations affect the income tax expense in the period in which it is determined.

In compliance with IAS 12, the Company did not record deferred tax liabilities related to temporary differences of investments in subsidiaries, mainly for concepts corresponding to undistributed profits and tax readjustments on investments. This is due to the fact that: i) The Company has control of the subsidiaries and, consequently, it can decide on the reversal of such temporary differences; and ii) the Company does not plan to carry it out in the medium term; therefore, it is probable that such temporary differences will not be reversed in the foreseeable future.

	2021	2020
Investments in subsidiaries	5,027,018	3,732,782
Investments in associates and joint ventures	(1,229)	(191)

The company did not take advantage of the voluntary exemption enshrined in article 1 of Decree 1311 from 2021, on the recognition of the rate change effect, which established that it could be recognized within the entity's equity in the accumulated results of previous years.

9.5. Unrecognized deductible temporary differences, unused tax losses and unused tax credits

At the end of 2021, the Company does not have tax credits without recognition of deferred tax assets.

9.6. Impact on income tax for the potential dividends payment to its shareholders

The Company does not show potential consequences for the income statement in the event of dividends payment to its shareholders.

The Company does not present proposed or declared dividends before the financial statements have been authorized for issuance, on which an impact on income tax could be anticipated.

NOTE 10: INVENTORIES

	2021	2020
Finished product	18,381	19,431
Product in process	52,529	49,305
Raw materials and direct materials	28,006	31,058
Inventory to be urbanized	289	-
Materials, spare parts and accessories	53.172	44,971
Inventory in transit	14,511	3,576
Others	3.728	1,528
Inventory of goods not manufactured by the company	112	365
Advances for inventory acquisition	18	23
Total inventories	**170,746**	**150,257**

Cementos Argos S.A. mide su inventario por el menor entre el costo y el valor neto realizable.

The cost of inventories recognized as cost of merchandise sold during the period, regarding operations in the separate statement of comprehensive income, corresponds to $1,237,448 (2020 $1,077,849), of which $41,009 correspond to unabsorbed costs (2020 $39,306) and distribution costs $292,267 (2020 $243,319).

During the year and comparatives, there was no reversal of inventory value. The decrease value in inventories at net realizable value corresponds to $864 (2020 $2,080).

During the year and comparatives, there was no reversal of inventory value. Cementos Argos S.A. expects to carry out its inventories in less than 12 months. As of December 31, 2021 and December 2020, Cementos Argos S.A. does not maintain committed inventories as collateral for liabilities.

NOTE 11: BIOLOGICAL ASSETS

	2021	2020
Opening balance	20,404	20,638
Changes in fair value less costs to sell	(252)	(234)
Biological assets selling	(199)	-
Biological assets	**19,953**	**20,404**

Cementos Argos carries out agricultural activities through forestry projects. The Company biological assets are measured at fair value less the estimated costs of sale at the harvest or collection point, considering significant observable Level 3 input data. Changes in biological assets fair value are presented in the statement of comprehensive income, such as income or valuation expense as appropriate.

For the plantation's valuation, the discounted cash flow model was used, taking into account that the future economic benefits associated with the forest cover are expected to be carried out 3 or 4 times over time, as follows: at the moment when the 2 or 3 thinning are carried out, which depend on the age and diameter of the plantation, and at a last moment when the clear felling is carried out.

In this sense, fair value is determined by applying a discount rate to future net cash flows, for which purpose Weighted Average Cost of Capital (WACC) was used, which was estimated at 8.5 for 2021(2020 8.65%). The sale price, volume, determined based on forestry experience and studies, and the estimation of costs and expenses are significant unobservable input data for the measurement.

Losses were recognized as a valuation result, which amounts to $252 (2020, $234). For the valuation, market prices were taken as the basis, which remain constant and the costs increase with the CPI throughout the projection. During 2021, a total of 14.97 Ha of Eucalyptus plantations were sold for a value of $120, leaving a loss of $79.

Cementos Argos S.A. biological assets are composed of plantations, as follows:

	2021	2020
Plantations (Hectares planted = Ha)	1,157	1,172

As of December 31, 2021 and comparative, the plantations mainly include teak, eucalyptus, pine, rubber, acacia and melina, distributed throughout the national territory in Boyacá, Riosucio (Caldas), Montebello (Antioquia), Rioclaro (Antioquia), Cartagena (Bolivar), Victoria (Caldas), Puerto Nare (Antioquia).

At the end of the reporting and comparative period, there are no restrictions on the biological assets' ownership of Cementos Argos S.A., nor contractual commitments for their development or acquisition and they have not been pledged as collateral for debts fulfillment.

NOTE 12: INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

12.1. Investments in Associates and Joint Ventures

The summarized financial information regarding each of the Cementos Argos S.A. associates are presented below. This information represents amounts presented in the associates' financial statements prepared in accordance with IFRS:

	SUMMA –Servicios Corporativos Integrales S.A.S.		Soluciones de Crédito S.A.S.	
	2021	2020	2021	2020
Current assets	26,442	28,124	3,878	3,538
Non-current assets	12,905	16,570	9	10
Current liabilities	26,872	28,521	114	24
Non-current liabilities	12,681	15.660	1,000	-
Ordinary income	10,733	10.410	523	1
Net income	(2,729)	49	(751)	(396)
Total comprehensive income	**(2,729)**	**49**	**(751)**	**(396)**

The reconciliation of the summarized financial information with the associates and joint ventures book value in the separate financial statements is:

	SSUMMA –Servicios Corporativos Integrales S.A.S. (2)		Soluciones de Crédito S.A.S. (1)		Total investee	
	2021	2020	2021	2020	2021	2020
Net investee assets	-	512	2,773	3,524	2,773	4,036
Participation in the investee	25%	25%	49%	49%	25%-49%	25-49%
Investee Book value	**-**	**128**	**1,358**	**1,726**	**1,358**	**1,854**

[(1)] Soluciones De Crédito S.A.S. is a company incorporated on February 5, 2020 in association with Cementos Argos S.A. This company has the corporate purpose of granting microcredits or consumer loans to people for homes improvement of small owners or that serve as working capital for construction professionals.

[(2)] (On June 30, 2021, Cementos Argos S.A., capitalized the company SUMMA – Servicios Corporativos Integrales S.A.S., worth $492, equivalent to 25 shares. This contribution did not imply changes in the associate participation.

Cementos Argos S.A., according to the accounting regulatory framework, recognizes as a liability the additional losses generated by its subsidiary SUMMA S.A.S., if the subsidiary subsequently reports profits, the company will resume recognition as an investment.

All associates and joint ventures are accounted for using the equity participation method in the separate financial statements. None of the investments in associates and joint ventures maintained by Cementos Argos S.A. is listed in a national or foreign stock market; therefore, there is no quoted market price for the investment.

For the reported periods, investments in associates and joint ventures do not have unrecognized losses of the current or prior period, nor did they declare dividends.

12.2. Significant Restrictions

As of December 31, 2021 and comparable periods, there are no significant restrictions on the ability of associates or joint ventures to transfer funds to Cementos Argos S.A., in the form of cash dividends, or for the loans repayment or advances made by the Company. The Company does not hold contingent liabilities related to their investments in associates and joint ventures.

NOTE 13: SUBSIDIARIES

13.1. General Information on Investments in Subsidiaries

ARGOS PANAMÁ S.A.
Stock corporation incorporated in accordance with the Republic of Panama laws on June 25, 1943. Its main purpose is the manufacture, sale, import and export of cement and its derivatives, as well as the importation of all types of raw material, machinery, equipment, spare parts for cement manufacture and sale. The main domicile of the company is located in Panama City, Republic of Panama, and the term is in perpetuity. This Company consolidates with Concreto S.A., and Terminal Granelera Bahía Las Minas S.A.

ARGOS SEM, LLC.
Incorporated on March 21, 2014 in the city of Panama, (and re-domiciled in December 2018 in Delaware, United States, at which time the name Argos SEM SA was also transformed into Argos SEM, LLC), its purpose is establish and operate as the Multinational Company Headquarters to provide any and all management and/or administration services for operations in a specific or global geographic area of a company of the business group, dedicate itself internationally to the manufacture and marketing of goods of all kinds, as well as the commercialization of services of all kinds, as allowed by the law of the respective state or jurisdiction. In May 2018, it absorbed the International Cement Company S.A., an entity incorporated in Panama on November 24, 1997, with the purpose of acquiring, owning, administering, taxing, leasing and disposing in any way all kinds of goods, whether on their own or third parties.

CEMENTOS DE CALDAS S.A.
Incorporated in accordance with Colombian laws on July 17, 2007; its main domicile is in Villamaría, Caldas department. Its corporate purpose is the exploitation of the cement industry and the production of concrete mixtures and their derivatives. Its term of duration extends until July 22, 2054.

C.I. DEL MAR CARIBE (BVI) INC.
Incorporated in accordance with the laws of the British Virgin Islands on June 2, 2004; its main domicile is in Tortola and its corporate purpose is cement, clinker and lime commercialization. Its term is in perpetuity.

COLCARIBE HOLDINGS, S.A.

Incorporated in accordance with Panamanian laws on June 25, 1996.; its principal domicile is in Panama City. Its corporate purpose is to negotiate or dispose of securities, bonds, participations in other Companies and rights of any kind, either on its own or third parties, as well as open, operate, close accounts and deposits in financial institutions, lend or accept money in loans and give guarantees in favor of third parties in any currency of the world. Its term is in perpetuity.

CONCRETOS ARGOS S.A.S.

Simplified joint stock company incorporated in accordance with Colombian laws on April 22, 1985. Its main purpose is the exploration, exploitation, transport, benefit, integral use, commercialization and sale of stony minerals such as: sand, cement, gravels, pre-mixed concrete and precast concrete elements, concrete blocks and any materials and own elements, accessories and complementaries used in the construction industry. The main domicile of the company is in Bogotá and the term of duration is until September 8, 2093.

CORPORACIONES E INVERSIONES DEL MAR CARIBE S.A.S.

Incorporated in accordance with Colombian laws on December 14, 1982. Its principal domicile is in the city of Medellín, and the term of duration is indefinite. The Company's corporate purpose is to carry out any lawful economic activity, both in Colombia and abroad. Currently, it is dedicated to investment in shares or interest rates. This Company consolidates with Argos USVI Corp., Argos (Dominica) Ltd., Argos Saint Maarten N.V. and Cementos Argos Company Limited.

HAITÍ CEMENT HOLDING, S.A.

Incorporated and domiciled in Panama City, Republic of Panama on October 7, 1997. Its main activity is to acquire, buy, invest in securities, bonds, shares, participations in other Companies, as well as any lawful business allowed by the Republic of Panama laws. The duration of the company is in perpetuity. This company consolidates with Cimenterie Nationale S.E.M. (CINA).

LOGÍSTICA DE TRANSPORTE S.A.

Incorporated in accordance with Colombian laws on April 16, 1996; its principal domicile is in the city of Medellín. Its corporate purpose is the transport of people and all types of cargo inside or outside the country, in any of its modalities, land, air, river and sea, whether in vehicles, ships or aircraft owned or owned by third parties that are affiliated with it. The term of the company expires on April 16, 2026.

TRANSATLANTIC CEMENT CARRIERS, INC.

Incorporated in accordance with Panamanian laws on July 26, 1974; with principal domicile in Panama City and the term of duration is indefinite. Its corporate purpose is maritime transport, especially cement, clinker and the sale of these same products. In June 2018, through merger, it absorbed Compañía Marítima de Graneles S.A., which had been established in accordance with Panamanian laws on December 29, 1978 and which was dedicated to maritime transport, especially cement and clinker and the purchase and sale of these same products, ships chartering and especially the provisioning of them.

VALLE CEMENT INVESTMENTS LIMITED.

Incorporated in accordance with the British Virgin Islands laws on November 18, 1998; its main domicile is in the British Virgin Islands and its corporate purpose is to make investments of any kind. The term of the company duration is indefinite.

ZONA FRANCA ARGOS S.A.S.

Incorporated in accordance with Colombian laws on July 5, 2007, its principal domicile is in the city of Cartagena and its term of duration is indefinite. Its corporate purpose is the exploitation of the cement industry, the production of concrete mixtures and any other materials or articles based on cement, lime or clay, the acquisition and disposal of minerals or ore deposits that can be used in the cement industry and its similar, rights to explore and exploit minerals indicated, either by concession, privilege, lease or any other title, direct, manage, supervise, promote and develop a free zone, carry out all activities that in its condition of a single user of a special free zone are convenient, relevant or necessary, carry out the following activities as a port operator: loading and unloading, storage in ports, import and export of goods and services, general cargo handling, containerized cargo handling. It was declared in 2007 as a permanent special free zone.

13.2. Information on Direct Participation in Investments in Subsidiaries

Subsidiary name	Main activity	Place of incorporation and operations	Percentage of shareholding 2021	Percentage of shareholding 2020	Carrying amount 2021	Carrying amount 2020
Argos SEM, LLC	Investments	United States	100.00%	100.00%	6,228,211	5,220,280
Zona Franca Argos S.A.S.	Colombian	Cement Industry	100.00%	100.00%	1,517,466	1,541,923
Valle Cement Investments INC	Investments	Virgin Islands	91.81%	91.81%	713,182	730,127
Colcaribe Holding S.A.	Investments	Panama	100.00%	100.00%	611,883	572,505
Argos Panamá S.A.	Cement and concrete industry	Panama	83.35%	78.44%	543,827	358,097
Concretos Argos S.A.S.	Stony minerals extraction	Colombia	93.13%	93.13%	187,745	202,208
C.I. del Mar Caribe BVI	Marketing	Virgin Islands	93.88%	93.88%	83,719	116,328
Corporaciones e Inversiones del Mar Caribe S.A.S.	Investments	Colombia	100.00%	100.00%	142,921	110,654
Transatlantic Cement Carriers, INC	Marine transport	Panama	100.00%	100.00%	87,727	64,796
Logística de Transporte S.A.	Transportation	Colombia	100.00%	100.00%	33,281	51,700
Haití Cement Holding S.A.	Investments	Panama	50.00%	50.00%	12,406	16,235
Cementos de Caldas S.A.	Cement production	Colombia	40.07%	40.07%	3,818	3,850
					10,166,246	**8,988,703**

13.3. Information on Indirect Participation in Investments in Subsidiaries

Subsidiary name	Main activity	Place of incorporation and operations	Percentage of shareholding 2021	Percentage of shareholding 2020
American Cement Terminals LLC.	Investments	United States	100.00%	100.00%
American Cement Terminals Trust (BVI)	Investments	United States	100.00%	100.00%
Argos (Dominica) Ltd.	Cement distribution	Dominica	100.00%	100.00%
Argos Dominicana S.A.	Clinker and cement exploitation	Dominican Republic	79.18%	79.18%
Concretos Argos Dominicanos, S.R. L	Concrete manufacturing and commercialization	Dominican Republic	79.39%	79.39%
Argos Honduras S.A. de C.V.	Cement and derivatives exploitation	Honduras	53.29%	53.29%
Argos North América Corp.	Investments	United States	99.08%	99.08%
Argos Panamá, S.A.	Cement and concrete industry	Panama	83.35%	78.44%
Concreto S.A.	Ready-mix concrete manufacturing	Panama	78.44%	78.44%
Terminal Granelera Bahía Las Minas S.A.	Sea ports operation	Panama	78.44%	78.44%
Argos Puerto Rico Corp.	Cement distribution and sale	Puerto Rico	60.00%	60.00%
Argos Trading Puerto Rico LLC	Exporting from Puerto Rico	Puerto Rico	60.00%	60.00%
Argos SEM, LLC	Investments	United States	100.00%	100.00%
Argos St. Maarten N.V.	Cement distribution	St. Maarten	100.00%	100.00%
Argos USA LLC. (formerly Argos Cement LLC.)	Cement and concrete industry	United States	99.08%	99.08%
Argos USVI Corp.	Cement distribution	Virgin Islands	100.00%	100.00%
Cementos Argos Company Limited	Cement distribution	Antigua	100.00%	100.00%
Cement and Mining Engineering Inc.	Investments	Panama	100.00%	100.00%
Cementos de Caldas S.A.	Cement production	Colombia	99.64%	99.64%
CI del Mar Caribe (BVI) Inc.	Marketing	Virgin Islands	99.97%	99.97%
Cimenterie Nationale S.E.M. (CINA)	Cement industry	Haití	65.00%	65.00%
Argos Guyane S.A.S.	Cement exploitation	French Guyana	100.00%	100.00%
Colcaribe Holdings S.A.	Investments	Panama	100.00%	100.00%
Inmueble Miraflores S.A.	Property management	Panama	100.00%	100.00%
Comercial Arvenco C.A.	Marketing	Venezuela	100.00%	100.00%
Concretos Argos S.A.S.	Stony minerals extraction	Colombia	99.44%	99.44%
Corp e Inversiones del Mar Caribe S.A.S.	Investments	Colombia	100.00%	100.00%
Haití Cement Holding S.A.	Investments	Panama	100.00%	100.00%
Logística de Transporte S.A.	Transportation	Colombia	99.99%	99.99%
Port Royal Cement Company LLC	Cement distribution and sale	United States	100.00%	100.00%
Southern Star Leasing, LLC	Concrete industry	United States	99.08%	99.08%
Surcol Houdstermaatschapij N.V.	Investments	Surinam	50.00%	50.00%
Transatlantic Cement Carriers Inc.	Marine transport	Panama	100.00%	100.00%
Valle Cement Investments Inc.	Investments	Virgin Islands	91.81%	91.81%
Venezuela Ports Company S.A.	Investments	Panama	100.00%	100.00%
Vensur N.V.	Cement production	Surinam	42.10%	42.10%
Argos Guatemala S.A.	Marketing	Guatemala	100.00%	100.00%
Zona Franca Argos S.A.S.	Cement industry	Colombia	100.00%	100.00%

subsidiaria	Colombia 2021	Colombia 2020	Caribbean and Central America 2021	Caribbean and Central America 2020	United States 2021	United States 2020
Number of wholly owned subsidiaries	2	2	13	13	4	4
Number of partially owned subsidiaries	3	3	13	13	3	3

In 2021 and 2020, the following movements were recorded in subsidiary companies and business acquisitions:

- On June 9, 2020, the company Argos Guatemala S.A. was acquired. Through Argos SEM, which will be considered the controller with a 99% stake, this company has 2 shares with a par value of 100 Quetzalez each (Authorized Capital 200). All shares are common, of equal value and give the owners the same right.
- On September 14, 2020, the Company purchased 3,024,000,000 shares of Agregados Argos S.A.S. of which 1,512,000,000 belonged to ODINSA S.A. and 1,512,000,000 to El Cóndor S.A. at a value of 83.07 cents per share, for a total operation worth 2,512,036,800 COP; in this way, the company obtains a 100% stake over Agregados Argos S.A.S.
- In December 2020, the merger of the subsidiaries Agregados Argos S.A.S. and Concrete Argos S.A.S. was improved, the first being absorbed by the latter. The effective participation of Cementos Argos S.A. over Concretos Argos S.A.S. increased from 92.97% to 93.12%, due to the issuance of 198,388 shares that were delivered to Cementos Argos S.A.
- On September 1, 2021, the repurchase of Provicem S.A. shares is formalized at Argos Panama S.A., equivalent to 4.75% of the stake in this entity. Through this contract, 71,877 shares are acquired, resulting in a total purchase USD payment.

13.4. Summarized Subsidiaries Financial Information

The summarized financial information regarding each of the subsidiaries to which Cementos Argos S.A. applies the equity accounting method is presented below. The financial information summarized below represents amounts before eliminations between group companies, and includes business combination adjustments, when applicable:

2021	Current assets	Non-current assets	Current liabilities	Non-current liabilities	Ordinary income	Net income	Other comprehensive income	Total comprehensive income
Argos SEM, LLC.	1,456	6,149,210	-	-	-	432,342	875,377	3,061,449
Valle Cement Investments Limited	1,589,426	565,715	588,112	790,260	-	54,099	126,074	493,605
Argos Panamá, S.A. And subsidiaries	151,727	608,807	199,353	8,425	307,615	29,736	73,590	398,292
Colcaribe Holdings S.A.	588,147	56,752	33,015	-	-	3,777	89,379	262,879
Zona Franca Argos S.A.S.	382,676	1,266,611	90,031	41,789	661,020	126,611	-	126,611
CI del Mar Caribe (BVI) Inc.	219,182	-	130,003	-	1,025,222	27,806	18,713	86,312
Corporaciones e Inversiones del Mar Caribe S.A.S.	28,338	121,222	6,639	-	-	30,222	(188)	33,791
Transatlantic Cement Carriers Inc.	76,019	70,546	19,175	39,664	341,174	11,837	27,321	39,158
Concretos Argos S.A.S	198,847	443,171	282,007	157,887	773,405	(16,100)	-	(15,987)
Haiti Cement Holding S.A.	3,761	21,051	-	-	-	(3,632)	6,882	25,773
Logística de Transporte S.A.	38,314	908	6,439	145	14,766	6,444	-	6,444
Cementos de Caldas S.A.	6,919	3,356	136	461	47	(78)	-	(77)

2020	Current assets	Non-current assets	Current liabilities	Non-current liabilities	Ordinary income	Net income	Other comprehensive income	Total comprehensive income
Argos SEM, LLC.	33,953	4,991,487	4	-	-	158,713	201,247	359,960
Valle Cement Investments Limited	463,146	1,573,538	1,241,461	-	-	23,515	31,408	54,923
Argos Panamá, S.A. And subsidiaries	151,923	542,570	240,922	5,247	233,143	(2,254)	28,197	25,943
Colcaribe Holdings S.A.	551,920	48,982	28,465	-	-	4,033	25,341	29,374
Zona Franca Argos S.A.S.	473,929	1,234,339	115,575	50,769	528,360	127,672	-	127,672
CI del Mar Caribe (BVI) Inc.	211,155	-	87,241	-	631,888	20,606	6,289	26,895
Corporaciones e Inversiones del Mar Caribe S.A.S.	30,147	102,046	21,569	-	-	21,410	-	21,410
Transatlantic Cement Carriers Inc.	50,068	64,187	8,926	40,532	185,166	13,593	1,408	15,001
Concretos Argos S.A.S.	187,987	469,950	437,557	43,178	676,240	(30,081)	-	(30,081)
Haiti Cement Holding S.A.	3,242	29,228	-	-	-	11,759	1,934	13,693
Logística de Transporte S.A.	56,549	1,126	5,735	310	11,459	7,034	-	7,034
Cementos de Caldas S.A.	7,009	3,356	147	462	47	28	-	28

13.5. Significant Restrictions

Cementos Argos S.A. does not have subsidiaries with significant restrictions to transfer and/or receive assets from other Group Companies, nor are there protective rights to non-controlling interests that can significantly restrict the company's ability to access or use the assets and settle the liabilities from the subsidiaries; there are also no guarantees or other requirements that may restrict dividends and other distributions of capital to be paid within the Group.

As of December 31, 2021 and its comparable, Cementos Argos S.A., has not provided financial support without any contractual obligation to conduct it towards any investee, nor has it helped to obtain financial support.

13.6. Analysis of Impairment Signs

At the end of each period, the impairment signs associated with each investment are reviewed, based on available external and internal information. In the case of investments that presented at least one impairment sign, an impairment test was carried out.

Cementos Argos S.A. reviews the book value of impairment investments each time events or circumstances indicate that the carrying amount may not be recoverable. If the total discounted future cash flows are less than the book value, the investment book value is not recoverable, and an impairment loss is recognized in the statement of separate income.

At the end of the reporting period and comparable ones, no investment in subsidiaries presented impairment indicators, nor were losses due to impairment recognized.

NOTE 14: OTHER INTANGIBLE ASSETS, NET

14.1. Conciliation of Cost, Accumulated Depreciation and Intangible Assets Impairment

2021	Opening balance	Additions	Amortization	Other changes	Closing balance
Intangible assets with indefinite useful life	115,389	-	-	-	115,389
Concessions, franchises and rights	255,347	-	-	199	255,546
Patents, licenses and software	193,252	-	-	315	193,567
Intangible asset projects	-	52	-	-	52
Intangible assets in progress	26,406	-	-	-	26,406
Total historical cost	**590,394**	**52**	**-**	**514**	**590,960**
Concessions, franchises and rights	(171,612)	-	(23,361)	-	(194,973)
Patents, licenses and software	(169,266)	-	(15,044)	-	(184,310)
Total depreciation and impairment	**(340,878)**	**-**	**(38,405)**	**-**	**(379,283)**
Intangible assets, net	**249,516**				**211,677**

2020	Opening balance	Amortization	Other changes	Closing balance
Intangible assets with indefinite useful life	115,389	-	-	115,389
Concessions, franchises and rights	255,347	-	-	255,347
Patents, licenses and software	193,252	-	-	193,252
Intangible assets in progress	26,512	-	(106)	26,406
Total historical cost	**590,500**	**-**	**(106)**	**590,394**
Concessions, franchises and rights	(152,418)	(19,194)	-	(171,612)
Patents, licenses and software	(151,898)	(17,368)	-	(169,266)
Total depreciation and impairment	**(304,316)**	**(36,562)**	**-**	**(340,878)**
Intangible assets, net	**286,184**			**249,516**

As of December 31, 2021, and 2020, intangible assets in progress do not include current borrowing costs capitalization. The useful lives of other intangible assets are:

	Useful life ranges in years	Depreciation method
Argos brand	Undefined	
Rights	Finite: 16-28 years	Linear
Concessions, franchises and licenses	Finite: 2-40 years	Linear
Licenses, patents and software	Finite: 3-12 years	Linear

The amortization of intangibles is recognized under the straight-line method as an expense in the statement of comprehensive income, in the sales cost line, administrative expenses and selling expenses, and impairment losses are recognized as expenses in the statement of comprehensive income in the asset's impairment line.

As of December 31, there are no restrictions on the intangible asset's realization, Cementos Argos S.A. has no contractual obligations to acquire or develop intangible assets.

Disbursements for research and development projects were recognized as expenses in the statement of comprehensive income during the period amounted to $6,388 (2020 $0). As of December 31, there are no restrictions on the intangible asset's realization, Cementos Argos S.A. has no contractual obligations to acquire or develop intangible assets.

The book value as of December 31, 2021 and 2020, and the remaining amortization time for significant assets is:

	Remaining amortization period	2021	2020
Intangible asset with indefinite useful life	Undefined useful life	115,389	115,389
ERP Development	-	-	120,912

The administration determined that the Argos brand, acquired from Grupo Argos S.A. in December 2005 for $115,389 is an intangible asset with an indefinite useful life, since it is not possible to estimate a foreseeable time limit over which it is expected to generate future economic benefits for the Company.

The Argos brand does not present an event or circumstance that constitutes an impairment indicator, however, because it is an intangible asset with an indefinite useful life, an impairment test was carried out to verify its value, allowing to conclude that by 2021, the brand does not present value decreases for impairment. The recoverable amount was determined using the value in use; the cash flows projection was carried out at a consolidated level for a period of 10 years, considering the expected business conditions for each Regional.

The discount rate applied to cash flow projections was a pre-tax WACC of 9.85%. It was calculated using the CAPM methodology, including risk-free rate, average country risk considering the geographies where Argos has a presence, stock market premium, beta sector, implicit devaluations, average tax rate, D/E ratio, debt cost from Cementos Argos S.A., and perpetual growth rate: 2.5%.

NOTE 15: PROPERTY, PLANT AND EQUIPMENT

15.1. Conciliation of Cost, Accumulated Depreciation and Property, Plant and Equipment Impairment

2021	Opening balance	Additions and depreciation	Sales and withdrawals	Other changes	Closing balance
Land	345,068	-	(2,457)	36,491	379,102
Assets in progress, assembly and transit	636,902	72,724	-	(133,458)	576,168
Buildings and constructions	273,542	1	(2,379)	35,382	306,546
Machinery and production equipment	1,772,496	1,297	(29,376)	161,619	1,906,036
Office, computer and communication equipment	53,704	349	(461)	2,569	56,161
Mines, quarries and mineral deposits	142,541	-	-	(9,639)	132,902
Overland transport equipment	20,864	233	-	-	21,097
River transport fleet	1,813	-	-	268	2,081
Aqueduct, networks and communication routes	54,930	-	-	204	55,134
Other assets	21,866	-	-	-	21,866
Advances given to third parties	79	1,463	-	-	1,542
Total historical cost	**3,323,805**	**76,067**	**(34,673)**	**93,436**	**3,458,635**
Buildings and constructions	(105,919)	(8,297)	2,006	(7,539)	(119,749)
Machinery and production equipment	(723,777)	(84,509)	27,905	(34,249)	(814,630)
Office, computer and communication equipment	(40,563)	(4,819)	424	(7)	(44,965)
Mines, quarries and mineral deposits	(92,925)	(5,371)	-	5,022	(93,274)
Overland transport equipment	(11,198)	(2,296)	-	-	(13,494)
River transport fleet	(663)	(130)	-	-	(793)
Aqueduct, networks and communication routes	(25,083)	(2,110)	-	-	(27,193)
Other assets	(3,116)	(738)	-	3,854	-
Total depreciation and impairment	**(1,003,244)**	**(108,270)**	**30,335**	**(32,919)**	**(1,114,098)**
Net property, plant and equipment	**2,320,561**				**2,344,537**

2020	Opening balance	Additions and depreciation	Sales and withdrawals	Other changes	Closing balance
Land	344,952	200	(84)	-	345,068
Assets in progress, assembly and transit	652,060	50,485	-	(65,643)	636,902
Buildings and constructions	264,557	2,063	-	6,922	273,542
Machinery and production equipment	1,705,070	4,793	(3,490)	66,123	1,772,496
Office, computer and communication equipment	52,527	311	(738)	1,604	53,704
Mines, quarries and mineral deposits	127,302	-	-	15,239	142,541
Overland transport equipment	17,829	-	-	3,035	20,864
River transport fleet	1,699	-	-	114	1,813
Aqueduct, networks and communication routes	53,868	-	-	1,062	54,930
Other assets	21,761	-	-	105	21,866
Advances given to third parties	-	79	-	-	79
Total historical cost	**3,241,625**	**57,931**	**(4,312)**	**28,561**	**3,323,805**
Buildings and constructions	(98,136)	(7,971)	-	188	(105,919)
Machinery and production equipment	(635,748)	(79,225)	1,582	(10,386)	(723,777)
Office, computer and communication equipment	(36,365)	(4,935)	737	-	(40,563)
Mines, quarries and mineral deposits	(88,822)	(5,870)	-	1,767	(92,925)
Overland transport equipment	(7,562)	(3,030)	-	(606)	(11,198)
River transport fleet	(532)	(131)	-	-	(663)
Aqueduct, networks and communication routes	(22,976)	(2,107)	-	-	(25,083)
Other assets	(2,380)	(736)	-	-	(3,116)
Total depreciation and impairment	**(892,521)**	**(104,005)**	**2,319**	**(9,037)**	**(1,003,244)**
Net property, plant and equipment	**2,349,104**				**2,320,561**

For 2021, there were no new capitalizations of loan costs, but some projects were closed and $5,317 were capitalized to the assets created in said closing. For 2020, construction in progress included borrowing costs capitalization for the period of $1,184, the average rate used to determine the amount of borrowing costs was 5.7%, which is the effective interest rate specific to generic loans.

Within the heading construction in progress, equipment in assembly and transit and assets from the Helios project are included for a value of $527,111 and $568,223 and millions of pesos for 2021 and 2020, respectively; corresponding to the construction and updating project of one of the cement plants, which is part of the existing integrated network for Colombia and its start-up in operation is estimated for 2025.

As of December 31, 2021, and 2020, there are no affected assets as collateral for the fulfillment of property, plant and equipment obligations.

The impairment analysis was carried out at the individual level of the assets, where it was confirmed from the technical area that the Sabanagrande "crude oil milling" line will not generate future economic benefits and, consequently, it was required to recognize the impairment.

At the end of the reporting and comparative period, there are no restrictions on the realization of property, plant and equipment, nor contractual commitments for the acquisition of property, plant and equipment. Cementos Argos S.A. did not obtain compensation from third parties for impaired, lost or abandoned property, plant and equipment.

NOTE 16: INVESTMENT PROPERTY

16.1. Investment Properties Conciliation

	2021	2020
Opening balance	**97,938**	**95,775**
Net profits from fair value adjustments	28	3,070
Transfers from plant and equipment property	-	148
Transfers to non-current assets held for sale	3,086	(391)
Provisions	(25)	(664)
Sales	(259)	-
Total investment properties	**100,768**	**97,938**

The fair value of investment properties for disclosure purposes is determined by the appraisal independent company Activos e Inventario Ltda. The appraisal companies used the comparative market and/or residual approach methodology to estimate the fair value.

The input data for the fair value modification are classified as level 2 input data within the fair value hierarchy, a hierarchy that also corresponds to the complete estimation, since it corresponds to offer prices, appraisals or controls of similar properties that are observable, either directly or indirectly, in the market, and that have been adjusted or homogenized by factors such as the area, access roads, immediate neighborhood, finishes, improvements, conservation status, among others.

Rental income from investment properties for the period amounted to $650 (2020 $491). Direct expenses related to investment properties are $1,838 (2020 $1,170).

As of December 31, 2021 and 2020, the Company has no contractual obligations to acquire, build or develop investment properties, nor are there restrictions on any property.

NOTE 17: ASSETS HELD FOR SALE

Cementos Argos S.A. has assets that are expected to be realized through a sale transaction instead of being maintained for continued use and for which a sales plan has been initiated, these assets have been classified as held for sale in accordance with IFRS 5. The assets are available for immediate sale and their sale is highly probable.

As of December 31, 2021 and December 31, 2020 Cementos Argos S.A. does not have discontinued operations classified as non-current assets held for sale or disposed of during the period. For these periods, the balance of non-current assets held for sale is:

The items mentioned above are detailed below:

2021	Opening balance	Additions	Sales	Withdrawals	Other changes	Closing balance
Property, plant and equipment [III]	28,977	3,570	(27,244)	-	(2,678)	2,625
Other assets	1,222	-	(679)	(135)	(408)	-
Historical cost 2021	**30,199**	**3,570**	**(27,923)**	**(135)**	**(3,086)**	**2,625**

2020	Opening balance	Additions	Sales	Other changes	Closing balance
Investments [I]	8	152	-	(160)	-
Property, plant and equipment [II]	29,208	-	(83)	(148)	28,977
Other assets	2,410	392	(1,657)	77	1,222
Historical cost 2020	**31,626**	**544**	**(1,740)**	**(231)**	**30,199**

[I] On September 16, 2020, an asset worth $91 was sold, generating a profit of $8; on March 30, 2021, an asset worth $95 was sold, generating a profit of $7. On December 1 and 3, three assets were sold for a value of $26,750, generating a profit of $280, with no impact on income tax and no associated deferred tax.

[II] On January 30, March 11 and May 20, 2020, three more assets were sold for a value of $1,051, generating a loss of $171, on July 15 and September 16, 2020, three assets were sold for a value of $274, generating a loss of $13, an asset worth $392 was sold on March 30, 2021. On December 1, 2021, an asset worth $280 was sold, generating a loss of $7, with no impact on income tax and no associated deferred tax.

[III] During the first 2021 quarter, 17 properties were received in payment enactment for a value of $3,570 million, these were classified as non-current assets held for sale. On March 3, two of these were sold for $250 and on March 4, six more were sold for $696, with no impact on income tax and no associated deferred tax.

On December 29, the withdrawal of three assets worth $161 was authorized for different reasons.

NOTE 18: FINANCIAL LIABILITIES

	2021	2020
Promissory notes in national currency	401,729	347,194
Promissory notes in foreign currency	358,655	305,661
Other obligations [(i)]	379,000	417,084
	1,139,384	**1,069,939**
Current	858,777	669,798
Non-current	280,607	400,141
	1,139,384	**1,069,939**

i. These correspond to financial liabilities with Companies from the same economic Group. (See note 36)

18.1. Loan Agreements Summary

Financial liabilities in national and foreign currencies include short and long-term credits.

Among the most significant are the following credits:

18.1.1. 2021 FINANCIAL LIABILITIES

					Contractual Value (COP)
Category	**Entity**	**Concept**	**Expiration**	**Currency**	**2021**
National bank	Banco de Bogotá	Working capital loan	2022	Dollar	60,000
National bank	Itaú	Working capital loan	2022	COP	90,000
National bank	Bancolombia	Working capital loan	2022	COP	110,000
National bank	Davivienda	Working capital loan	2022	COP	40,000
National bank	BBVA	Working capital loan	2023	COP	160,000

					Contractual Value (USD)
Category	**Entity**	**Concept**	**Expiration**	**Currency**	**2021**
Foreign bank	Santander	Working capital loan	2025	Dollar	15,000
Foreign bank	Santander	Working capital loan	2026	Dollar	15,000

18.1.2. 2020 FINANCIAL LIABILITIES

					Contractual Value (COP)
Category	**Entity**	**Concept**	**Expiration**	**Currency**	**2020**
National bank	Bancolombia	Working capital loan	2021	COP	50,000
National bank	Davivienda	Working capital loan	2023	COP	135,265
National bank	BBVA	Working capital loan	2023	COP	160,000

					Contractual Value (USD)
Category	**Entity**	**Concept**	**Expiration**	**Currency**	**2020**
Foreign bank	Banco de Bogotá Miami	Working capital loan	2021	Dollar	8,000
Foreign bank	Banco de Bogotá Miami	Working capital loan	2022	Dollar	30,000
Foreign bank	Scotiabank - Colpatria	Working capital loan	2021	Dollar	21,000
Foreign bank	BCP	Working capital loan	2021	Dollar	30,000

18.2. Loan Agreement Breach

During the reported periods, the Company did not default on principal or interest payments for financial liabilities and/or for loans payable. In turn, during 2021, there was no material modification to the credit agreements that already existed.

18.3. Reconciliation between the Beginning and Ending Liabilities arising from Financing Activities:

	Financial Liabilities	Related obligations	Obligations Rights of use	Bonds	Hedges	Other liabilities	Total
Balance as of January 01, 2021	**652,855**	**562,342**	**202,858**	**3,450,812**	**31,275**	**179,431**	**5,079,573**
Changes in cash flow from financing							
Amounts from loans	973,482	-	-	-	-	-	973,482
Payment of loans and debt instruments	(925,886)	-	-	-	-	-	(925,886)
Outstanding bonds payment	-	-	-	(283,918)	-	-	(283,918)
Paid dividend on ordinary shares	-	-	-	-	-	(239,973)	(239,973)
Paid dividend on preferred shares	-	-	-	-	-	(57,719)	(57,719)
Paid interest	(18,018)	-	(5,902)	(210,056)	(9,079)	-	(243,055)
Lease liabilities payments	-	-	(74,967)	-	-	-	(74,967)
Collections (payment) from financial derivatives	-	-	-	-	22,667	-	22,667
Total changes in cash flow from financing	29,578	-	(80,869)	(493,974)	13,588	(297,692)	(829,369)
Other Changes in other EFE lines	77,951	(31,856)	(56,090)	226,719	(12,229)	187,633	392,128
Balance as of December 31, 2021	**760,384**	**530,486**	**65,899**	**3,183,557**	**32,634**	**69,372**	**4,642,332**

	Financial Liabilities	Related obligations	Obligations Rights of use	Bonds	Hedges	Other liabilities	Investments in subsidiaries	Total
Balance as of January 01, 2020	**566,160**	**548,418**	**240,999**	**3,254,101**	**16,021**	**147,091**	**8,606,865**	**13,379,655**
Changes in cash flow from financing								
Cash flows from subsidiaries disposal without loss of control	-	-	-	-	-	-	452	452
Amounts from loans	1,151,942	64,203	-	-	-	-	-	1,216,145
Payment of loans and debt instruments	(1,088,502)	-	-	-	-	-	-	(1,088,502)
Amounts from bonds issuance	-	-	-	249,382	-	-	-	249,382
Outstanding bonds payment	-	-	-	(40,650)	-	-	-	(40,650)
Paid dividend on ordinary shares	-	-	-	-	-	(262,543)	-	(262,543)
Paid dividend on preferred shares	-	-	-	-	-	(47,690)	-	(47,690)
Paid interest	(34,681)	-	(13,226)	(237,085)	(15,927)	-	-	(300,919)
Lease liabilities payments	-	-	(34,740)	-	-	-	-	(34,740)
Collections of financial derivatives	-	-	-	-	31,440	-	-	31,440
Total changes in cash flow from financing	**28,759**	**64,203**	**(47,966)**	**(28,353)**	**15,513**	**(310,233)**	**452**	**(277,625)**
Other Changes in other EFE lines	**57,936**	**(50,279)**	**9,825**	**225,064**	**(259)**	**342,573**	**381,386**	**966,246**
Balance as of December 31, 2020	**652,855**	**562,342**	**202,858**	**3,450,812**	**31,275**	**179,431**	**8,988,703**	**14,068,276**

Cementos Argos S.A. reports overdrafts under IAS 7, overdrafts enforceable at any time by the bank are an integral part of the company's cash management, in such circumstances, overdrafts are included as cash and cash equivalents components.

NOTE 19: ASSETS AND LIABILITIES FOR LEASE

19.1. Leases as Lessee

19.1.1. LEASE AGREEMENTS

In the ordinary course of business, Cementos Argos S.A. subscribes contracts for the lease of land, buildings, yellow machinery, vehicles, including concrete mixer trucks and equipment, which are accounted for as assets for a lease's right-of-use in the separate financial statements, except for those leases whose lease term is less than twelve months or the underlying asset of the new contract is less than $3,000 for administrative assets and $5,000 for operating assets.

On the other hand, there are no significant lease agreements that provide significant restrictions related with the dividend's distribution, additional debt and new leases contracts, nor are there significant contingent fees, renewal options or escalator clauses.

As of December 31, 2021, most of the real estate lease contracts recognized are linked to the consumer price index of each jurisdiction in which they were subscribed. Few lease contracts are referenced at reference rates or payments that vary to reflect changes in market rental prices.

19.1.2. RIGHT-OF-USE ASSETS AND LIABILITIES IN LEASE

Balance of right-of-use assets and liabilities in lease includes:

	Right-of-use assets in lease						
2021	Opening balance	Transfers from (to) PPE	Additions	Depreciation	Other changes	Final Balance	Lease liability closing balance
Land	305	-	928	(674)	-	559	384
Buildings and constructions	80.056	(27.533)	2.228	(10.406)	(231)	44.114	32.833
Machinery and production equipment	108.281	(56.369)	2.399	(8.838)	(24.563)	20.910	23.703
Overland transport equipment	51.777	-	4.476	(5.797)	(41.914)	8.542	8.980
Lease assets and liabilities, net	**240.419**	**(83.902)**	**10.031**	**(25.715)**	**(66.708)**	**74.125**	**65.900**

	Right-of-use assets in lease						
2020	Opening balance	Transfers by IFRS 16 adoption	Additions	Depreciation	Other changes	Final Balance	Lease liability closing balance
Land	1,606	30	(34)	(921)	(376)	305	370
Buildings and constructions	87,364	2,458	2,564	(9,825)	(2,505)	80,056	90,735
Machinery and production equipment	137,965	(14,801)	(249)	(14,297)	(337)	108,281	56,519
Overland transport equipment	67,635	(3,332)	(351)	(10,573)	(1,602)	51,777	55,234
Lease assets and liabilities, net	**294,570**	**(15,645)**	**1,930**	**(35,616)**	**(4,820)**	**240,419**	**202,858**

The contractual lease liabilities cash flows classified by maturity as of December 31 are:

	2021	2020
One year or less	17,898	34,295
From 1 to 3 years	30,260	92,063
From 3 to 5 years	16,872	65,010
From 5 to 10 years	8,831	47,023
More than 10 years	-	776
Total contractual cash flows from lease liabilities	**73,861**	**239,167**
Discount effect from lease liabilities	(7,961)	(36,309)
Total lease liabilities	**65,900**	**202,858**
Current	15,508	27,056
Non-current	50,392	175,802
Total lease liabilities	**65,900**	**202,858**

19.1.3. ITEMS RECOGNIZED IN THE INCOME STATEMENT AND CASH FLOWS FROM LEASES

	2021	2020
Leases under IFRS 16		
Interest expense from lease liabilities	5.902	13.340
Expenses related to short-term leases and variable leases	5.638	5.373
Expenses related to leases of low value assets	1.485	1.195

19.1.4. RENEWAL OPTIONS

Most of the company's leases contain renewal options that can be exercised to extend the lease term from one year to 20 years, and that can be exercised up to one year before the end of the non-cancellable contract period. Generally, the Company exercises these renewal options for the financial and operational facilities they provide. The renewal options are only exercisable by Cementos Argos S.A. and not by the lessor. The Company evaluates on the lease start date if it is reasonably safe to exercise the renewal options and considers them in the lease term determination. It also reassesses whether it is reasonably safe to exercise the options if there is an event or significant changes in the circumstances under its control.

19.2. Leases as Lessors

19.2.1. FINANCIAL LEASES

The company has no financial lease agreements in which it acts as lessor.

19.2.2. OPERATING LEASES

Cementos Argos S.A. signs lease contracts as lessors of commercial premises, warehouses, apartments and houses, as well as leasing of machinery and operating equipment, fleet and transport equipment. All leases are classified as operating leases from the lessor perspective. The minimum future rights of the lease of non-cancellable operating leases for ranges of years and in total, consisted of the following:

	2021	2020
Leases under IFRS 16		
One year or less	312	438
Between 1 and 2 years	-	58
Non-cancellable operating lease rights	**312**	**496**

Rental income recognized by the Company during 2021 was $ 733 (2020, $ 573).

NOTE 20: TRADE LIABILITIES AND OTHER ACCOUNTS PAYABLE

	2021	2020
Current commercial accounts	151,485	145,257
National suppliers	113,883	134,563
Dividends payable	8,174	120,621
Miscellaneous creditors	17,789	32,750
Other accounts payable	21,111	29,587
Costs and expenses payable	10,127	16,235
Foreign suppliers	10,965	5,877
Accounts payable to contractors	407	2,019
Trade liabilities and other accounts payable	**333,941**	**486,909**
Current	333,941	486,905
Non-current	-	4
Trade liabilities and other accounts payable	**333,941**	**486,909**

The average credit period for the Company's purchases ranges between 8 and 60 days. No interest is paid to suppliers for 60-day payments.

NOTE 21: EMPLOYEE BENEFITS LIABILITIES

	2021	2020
Short-term employee benefits	46,561	31,823
Post-employment employee benefits - Defined benefit plans	216,484	273,363
Post-employment employee benefits without actuarial calculation	337	2,334
Employee benefits for termination	6,941	13,768
Employee benefits	**270,323**	**321,288**
Current	76,584	63,286
Non-current	193,739	258,002
Employee benefits	**270,323**	**321,288**

21.1. Post-Employment Benefit Plans - Defined Benefit Plans

Pension liabilities, pension bonds and titles, retirement premiums and other post-employment benefits are accounted for in accordance with the IAS 19 requirements.

The actuarial valuation of plan's assets and the present value of the defined benefit obligation are calculated annually by independent actuarial consultants. The present value of the defined benefit obligations and the related current and past service costs were calculated using the projected unit credit method.

On December 22, 2016, the Ministry of Commerce, Industry and Tourism issued Decree 2131, whereby it is required to disclose the calculation of pension liabilities in accordance with the parameters established in Decree 1625/2016 and, in the case of partial pension commutation, in accordance with Decree 1833/2016, as well as the differences arising from the calculation carried out in accordance with IAS 19 – Employee Benefits.

For 2021, the amount included in the consolidated statement of financial position derived from the entity's obligation regarding the defined benefit plans, and movements in the present value from the defined benefit obligations for the current year are presented below:

	Pension plan	Pension securities and bonds	Seniority premium and similar	Retirement bonus	Other defined benefit plans	Total
Current obligations value as of January 1, 2021	**232,414**	**31,597**	**9,270**	**2,956**	**2,971**	**279,208**
Current service cost	-	-	633	136	-	769
Interest cost for the defined benefits obligation	14,030	1,425	640	168	192	16,455
(Gain)/Actuarial loss for changes in:						
Experience	(7,565)	392	-	139	(81)	(7,115)
Demographic assumptions	-	-	-	-	(1)	(1)
Financial assumptions	(35,179)	(2,252)	(717)	(518)	(567)	(39,233)
Benefits directly paid by the company	(19,435)	(3,826)	-	(219)	(108)	(23,588)
Current obligations value as of December 31, 2021	**184,265**	**27,336**	**9,826**	**2,662**	**2,406**	**226,495**
Current plan assets value as of January 1, 2021	-	-	5,845	-	-	5,845
"Risk Free" Interest Income	-	-	311	-	-	311
Return on plan assets, excluding interest	-	-	360	-	-	360
Contributions made by the company	-	-	3,495	-	-	3,495
Current plan assets value as of December 31, 2021	-	-	**10,011**	-	-	**10,011**
Net current obligations value as of December 31, 2021	**184,265**	**27,336**	**(185)**	**2,662**	**2,406**	**216,484**

	Pension plan	Pension securities and bonds	Seniority premium and similar	Retirement bonus	Other defined benefit plans	Total
Current obligations value as of January 01, 2020	**219,411**	**31,153**	**12,190**	**2,739**	**3,066**	**268,559**
Current service cost	-	-	634	125	-	759
Interest cost on defined benefit obligation	14,028	513	518	164	210	15,433
(Gain)/Actuarial loss for changes in:						
Experience	9,932	1,183	-	111	(501)	10,725
Financial assumptions	8,317	976	943	227	244	10,707
Benefits directly paid by the company	(20,070)	(2,228)	(5,015)	(327)	(48)	(27,688)
Other changes	796	-	-	(83)	-	713
Current obligations value as of December 31, 2020	232,414	31,597	9,270	2,956	2,971	279,208
Current assets value as of January 1, 2020	**-**	**-**	**6,768**	**-**	**-**	**6,768**
"Risk Free" Interest Income	-	-	531	-	-	531
Return on plan assets, excluding interest	-	-	261	-	-	261
Contributions made by the company	-	-	(1,715)	-	-	(1,715)
Current plan assets value as of December 31, 2020	**-**	**-**	**5,845**	**-**	**-**	**5,845**
Net current obligations value as of December 31, 2020	**232,414**	**31,597**	**3,425**	**2,956**	**2,971**	**273,363**

The plan assets fair value is composed as follows:

	2021	2020
Investment funds	10,011	5,845
Plan assets fair value	**10,011**	**5,845**

21.1.1. LIABILITIES COMPARISON FOR DEFINED BENEFIT PENSION PLANS, SECURITIES AND PENSION BONDS.

On December 22, 2016, the Ministry of Commerce, Industry and Tourism issued Decree 2131, whereby it is required to disclose the pension liabilities calculation, in accordance with the parameters established in Decree 1625/2016 and, in the case of partial pension commutation, in accordance with Decree 1833/2016, as well as the differences arising from the calculation carried out in accordance with IAS 19 – Employee Benefits. The following is the comparison between the benefits plans liabilities established for pension plans, securities and bonds, calculated in accordance with Decree 1625 of 2016 and, in the case of partial pension swaps, in accordance with Decree 1833 of 2016 and with the calculation pursuant to IAS 19 - Employee Benefits, as of December 31, 2021 and 2020:

	Calculation made in accordance with IAS 19 - Employee Benefits	Calculation made in accordance with Decree 1625 of 2016	Comparison between the liability calculated in accordance with IAS 19 and Decree 1625
Current obligations value as of:			
December 31, 2021	211,602	211,746	(144)
December 31, 2020	264,012	224,229	39,783

The main actuarial assumptions used to determine obligations for the defined benefits plans are the following:

	2021	2020
Inflation rate (%)	3.50%	2.10%
Discount rate (%)	8.23%	6.33%
Salary increases (%)	4.17%	4.13%
Minimum wage increase (%)	5.24%	4.00%
Mortality table	Valid rentiers 2008	Valid rentiers 2008
Turnover table	150% SOA Pension turnover	150% SOA Pension turnover

The total expense recognized in the statement of income for the period represents the contributions for the defined contribution plans for 2021 as $29,014 (2020 $27,620). The Company expects to make contributions for the next 2022 annual period about $25,670.

21.2. Pension Plans, Securities and Pension Bonds

According to the Colombian Labor Code, the pension benefits granted to employees under the new social security regime (Law 100 of 1993) are accounted for as defined contribution plans, the Company covers its obligation to pensions through the payment of contributions to the Social Security Institute (ISS, by its Spanish acronym), and/or to the private pension funds under the terms and conditions contemplated by the law.

The pension benefits granted to employees not covered under the new social security regime (Law 100 of 1993), which essentially correspond to senior staff, are accounted as unfunded defined benefit plans. The company must pay retirement pensions or issue pension bonds to their employees or beneficiaries who meet certain requirements regarding age and length of service.

The benefit gives employees the right to a lifetime monthly retirement pension or an old age pension, equivalent to seventy-five percent (75%) of the average wages earned in the last year of service, subject to a minimum payment of a monthly minimum wage and a maximum wage equal to 25 monthly minimum wages. In addition, two additional payments are made, one in June and one in December.

When the participant expects to receive benefits from the Social Security Institute (ISS), these benefits are deducted from the benefits payable by the Company's and therefore, reduce the Company's obligation. Pension payments increase according to inflation. When a pensioner receives a pension equal to the minimum wage, the pension increases in accordance with the minimum wage increases.

On the other hand, the death benefit takes place in the event of death after retirement, in which the beneficiary receives 100% of the pension for a period that will depend on each beneficiary. Payments for social security pensions to Pension Administration Funds are the responsibility of the Company as employer.

For workers who have retired from the company with a conventional or anticipated pension, which in any case is shared, the company continues to make contributions to the pension system until such time the pensioner meets the old-age requirements stated by the ISS (Colpensiones). Thus, the company is in charge of 100% of pension contributions until those requirements are met. The contribution is calculated based on the pension value. Additionally, in terms of health, Cementos Argos S.A. partially assumes a percentage of the pensioner's contribution.

Additionally, the defined benefit obligation for retirement pensions includes employees of Compañia Industrial Hullera S.A., in liquidation, as a result of the normalization process of pension liabilities in which Cementos Argos S.A., assumed in a definitive manner the obligation proportion that corresponds to it according to the Official Communication set forth in October 9, 2012, issued by the Ministry of Labor.

21.3. Retirement Bonus

For employees covered by any of the collective bargaining agreements, when the worker contract for the recognition of retirement, disability or old age pension is terminated; a bonus equivalent to 5 current legal minimum wages is granted to them.

21.4. Pension Bonds and Securities Plan

According to the Colombian Labor Code, employers must pay retirement pensions or issue pension bonds to their employees who meet certain requirements regarding age and length of service. The Company has issued pension securities to them, Pension Bond Type A Mode 2 and Pension Bond Type A Mode 1. This obligation applies to some areas where the ISS did not have pension coverage prior to 1994.

The benefit is conferred upon retirement from the Company until such time the participant retires through the Colombian Social Security system. During this period, the Company makes contributions to the pension system on behalf of the employee. Pension bonds and titles are resources to contribute to the conformation of the capital needed to finance the pensions of members of the Colombian General Pension System.

21.5. Other Defined Benefit Plans

Retired employees in Colombia receive a death benefit that increases according to the Consumer Price Index (CPI), equivalent to 5 five legal minimum wages (SMLV, by its Spanish acronym). Retired employees of the Valle plant in Colombia receive an education benefit until their death, as well as the children of retirees up to 25 years old. Beneficiaries receive the amount regardless of the worker survival. Every year the benefit increases according to Consumer Price Index (CPI), as does the dental benefit until the death of the employee, as long as the service is formally requested, with annual increases according to Consumer Price Index (CPI).

BENEFIT FOR PENSION GAP AT RETIREMENT

The benefit of this provision consists in the granting of a single premium at the time of disengagement with the entity to enjoy the old age pension, the value of which corresponds to the money needed to close the executive's pension gap. This benefit currently has contributions in private pension funds that will be used only at the time of compliance with the requirements to obtain the benefit.

RETROACTIVE SEVERANCE PLAN

According to Colombian labor law, employees hired before the effect of Law 50 of 1990 are entitled to receive at the end of the employment contract one month's salary for each year of service, and proportionally for each fraction of a year, as a severance benefit for any reason that terminates the employment, including: retirement, disability, death, etc. The benefit is paid at the time of the employee's retirement based on the last salary earned.

As of December 31, 2021 and 2020, the Company has no reimbursement rights related to obligations under defined benefit plans.

The average duration in years of the defined benefit obligation is as follows:

	Pension plan	Pension securities and bonds	Retirement bonus	Other defined benefit plans	Total average duration
2021 Average duration	8.1	3.2	5.7	6.8	5.9
2020 Average duration	9.3	3.9	7	7.6	7

The significant actuarial assumptions for the determination of the defined obligation are discount rate, expected salary increases and mortality. The following sensitivity analyses are based on potential reasonable changes in the respective presumptions that occur at the end of the reporting period, while all other assumptions remain constant.

	2021		2020	
	Decreases	Increases	Decreases	Increases
Higher (lower) discount rate, 100 basis points	232,402	202,921	293,540	249,675
Expected salary growth increases (decreases) by 1%	2,470	2,876	2,710	3,231
Life expectancy increases (decreases) by one year	190,385	178,707	241,288	224,440

The sensitivity analysis presented above may not be representative of real change in the defined benefit obligation, since assumptions are not likely to change in isolation from one another, given that some of the assumptions may be correlated.

Additionally, in the above sensitivity analysis the present value of the defined benefit obligation was calculated using the projected unit credit method at the end of the reporting period, which is the same that was applied when calculating the liability of the defined benefit obligation recognized in the statement of financial position.

NOTE 22: PROVISIONS

	Litigation, lawsuits and other contingencies (i)	Decommissioning (ii)	Environmental (iii)	Other provisions	Total
Book value as of January 1, 2021	**7,308**	**37,777**	**9,151**	**3,839**	**58,075**
Realized provisions	4,371	2,892	463	8,128	15,854
Provision's utilization	(1,507)	(2,594)	(456)	(11,774)	(16,331)
Realized reversals	-	(3,579)	(191)	-	(3,770)
Discount rate adjustment	(884)	(2,503)	(601)	-	(3,988)
Book value as of December 31, 2021	**9,288**	**31,993**	**8,366**	**193**	**49,840**
Current	9,288	5,785	2,122	193	17,388
Non-current	-	26,208	6,244	-	32,452
Book value as of December 31, 2021	**9,288**	**31,993**	**8,366**	**193**	**49,840**

(i) Cementos Argos S.A. is party to judicial proceedings of different natures, both as plaintiff and defendant, which are being addressed diligently by qualified attorneys hired by the Company. Conflicts are of labor, civil, administrative, criminal and tax character. This type of litigation arises in the ordinary course of business of any company the size of Cementos Argos S.A., and the Company expects a probable outflow of resources.

The appropriate reserves have been estimated for these processes based on criteria, such as the nature of the process, the evidence contained, economic factors, the possible sentence projected, etc., which will cover the possible unfavorable sentences or decisions that may occur. We believe that the estimated time of resolution for these processes ranges between three (3) and eight (8) years approximately.

(ii) Cementos Argos S.A. is obligated to incur in future costs related to compliance with mining laws regarding the exploitation of mineral resources, the assets decommissioning and restoration of the environment where these assets were built, which is carried out when a mining operation is completed or when the mining rights expire, whichever is less.

The maximum decommissioning obligations execution date is the expiration date of the mining title concession, so the disbursement of economic resources is estimated for a five-year period prior to the legal requirement. However, in some cases where the operation is completed in an area covered by a title that is still effective for more than five years, the disbursements are estimated to be made within five years after the operations completion. In order to determine the best estimate to be used to settle, the Administration considers the areas affected by mining exploitation, the mining exploitation schedule and the costs incurred during past decommissioning operations.

(iii) Cementos Argos S.A. is obligated to incur in environmental costs related to forestry compensation for quarries and forestry exploitation, costs of removal and subsequent disposal of hazardous waste, specifically previously stored PCBs (polychlorinated biphenyls). For forestry compensations, Cementos Argos S.A. has pledged to settle its environmental obligations within a maximum period of five years or as indicated by Resolution to each identified environmental liability. In order to determine the best estimate to be used to settle; the Administration mainly considers financial variables and planting, maintenance and isolation costs for a four years' period. In the estimation of the PCBs disposition, the disbursements of packaging, transportation and disposal are mainly considered.

(iv) Cementos Argos S.A., according to the accounting regulatory framework, recognizes as a liability the additional losses generated by its subsidiary SUMMA S.A.S., if the subsidiary subsequently reports profits, the company will resume recognition as an investment.

NOTE 23: INCOME RECEIVED IN ADVANCE AND OTHER LIABILITIES

	2021	2020
Customer advances (i)	49,662	37,650
Others	8,521	7,159
	58,183	**44,809**
Current	58,183	43,366
Non-current	-	1,443
	58,183	**44,809**

i. The balance contains advances from domestic customers for $49,662 (2020 $37,650) and foreign customers for $2,485 (2020 $437)

NOTE 24: OUTSTANDING BONDS AND PREFERRED SHARES

	2021	2020
Outstanding bonds	3,183,557	3,450,811
Preferred shares classified as compound financial instruments	61,198	58,810
	3,244,755	**3,509,621**
Current	317,884	294,511
Non-current	2,926,871	3,215,110
Current obligations value as of December 31,	**3,244,755**	**3,509,621**

24.1. Outstanding bonds

Outstanding bonds issued by Cementos Argos S.A., comprise the following as of December 31, 2021 and 2020:

Issuance	Placement date	Term	Effective rate	Interest payment method	Securities issued 2021	Securities issued 2020
2009 issuance	04/28/2009	15 years	CPI + 7.19%	Quarterly in arrears	229,530	229,530
2012 issuance	05/16/2012	10 years	CPI + 4.24%	Quarterly in arrears	285,696	299,896
2012 issuance	05/16/2012	15 years	CPI + 4.50%	Quarterly in arrears	303,082	303,082
2014 issuance	11/27/2014	10 years	CPI + 3.80%	Quarterly in arrears	190,675	190,675
2014 issuance	11/27/2014	15 years	CPI + 4.21%	Quarterly in arrears	311,707	311,707
2016 issuance	04/13/2016	5 years (1)	CPI + 3.74%	Quarterly in arrears	-	73,568
2016 issuance	04/13/2016	10 years (1)	CPI + 4.19%	Quarterly in arrears	121,075	121,075
2016 issuance	04/13/2016	15 years (1)	CPI + 4.47%	Quarterly in arrears	184,157	184,157
2017 issuance	05/24/2017	6 years (2)	TF+6.65%	Quarterly in arrears	211,355	211,355
2017 issuance	05/24/2017	13 years (2)	CPI + 3.64%	Quarterly in arrears	388,145	388,145
2017 issuance	05/24/2017	25 years (2)	CPI + 3.99%	Quarterly in arrears	400,500	400,500
2018 issuance	06/27/2018	3 years (3)	CPI + 2.88%	Quarterly in arrears	-	215,600
2018 issuance	06/27/2018	10 years (3)	CPI + 3.75%	Quarterly in arrears	158,550	158,550
2018 issuance	06/27/2018	20 years (3)	CPI + 4.04%	Quarterly in arrears	125,850	125,850
2020 issuance	11/25/2020	5 years (3)	CPI + 2.24%	Quarterly in arrears	250,000	250,000
					3,160,322	**3,463,690**

(1) The issue is part of the issue and placement program for ordinary bonds and commercial papers charged to a global quota of $1,000,000, approved through Resolution No. 0422 of the Financial Colombian Superintendence on March 23, 2012.

(2) The issue is part of the issue and placement program for ordinary bonds and commercial papers charged to a global quota of $1,000,000, approved through Resolution No. 0518 of the Financial Colombian Superintendence on April 03, 2017. Previously, the increase in said quota had been approved by resolution 0422 of 2012.

(3) The issue is part of the issue and placement program for ordinary bonds and commercial papers charged to a global quota of $1 billion approved through Resolution No. 0585 of the Colombian Superintendence ("SFC") on May 10, 2018

In 2021, the bonds with an initial nominal balance of $94,768 and $215,600 million pesos matured in April and June, respectively

All issues are rated AA+ with a stable outlook by the Fitch Ratings Colombia S.A. rating agency, and these are nominative securities issued to order and traded on the secondary market through the Colombian Stock Exchange. During 2021, financial expenses for interest were recorded in the amount of $ 232,395 (2020, $227,508) for ordinary bonds and $ 5,675 (2020, $2,443) for preferred shares.

24.2. Preferred Shares

Per the approval of the General Shareholder's Meeting of March 15, 2013; Cementos Argos S.A., carried out the issuance and placement of shares with preferential dividends and no voting rights (hereinafter, preferred shares) in May of 2013 for $ 1,610,824, allocating 209,197,850 preferred shares with a subscription price of $ 7,700 per preferential share, as determined by the Board of Directors of the Company.

The issuance of preferred shares is a compound financial instrument. The issuer, for its subsequent recognition and measurement, identified the debt and equity components by assessing the contractual instrument terms, as well as the issuer's obligations. Given the issuer contractual obligation to pay the minimum annual dividend to shareholders if the Company generates profits, the issuance incorporates a financial liability component. Once this liability has been measured, the difference between the value received and the value of the obligation constitutes an equity component. The part corresponding to the financial liability should be measured at least during each interim period and recognize their impact on the period result; the equity element is not subject to further measurement.

Cementos Argos determined the liability component by discounting the cash flows corresponding to the minimum preferential dividend, which were calculated in perpetuity; the discount rate applied corresponded to the market rate at the issuance date of similar instruments that did not incorporate an equity component. Considering the difficulty of identifying a financial instrument on the market with the same characteristics as the issuance, the financial liability discount rate was determined by referencing the current yield of longer-term bonds issued by Cementos Argos S.A. in Colombian pesos. For this purpose, Cementos Argos S.A. valuation rate for 2024 bonds issuance, was issued in May 2012 at long-term (15 years) and is indexed to the CPI.

Preferred shares had a minimum yearly dividend of 3% on the subscription price that was paid during the first 12 quarters, starting from the placement date. In April 2016, this last minimum dividend corresponding to 3% per year on the subscription price was paid, and as of the thirteenth quarter, the minimum annual dividend will be $10 per share, which will increase with the annual CPI at the end of each year. The issuance prospectus does not contain options to buy or sell the preferred shares.

The shares holders with preferential dividends and no voting rights are entitled to receive a minimum dividend in a preferential manner compared to the one corresponding to ordinary shares, provided they generated distributable profits during the immediately preceding accounting year. Under no circumstances will the dividends received by holders of ordinary shares exceed the ones decreed in favor of preferred shares; the preferential reimbursement of their contributions-once the external liabilities have been paid-in the event of the dissolution and liquidation of the issuer, and other rights provided for in the issuer bylaws for ordinary shares holders, except (i) to subscribe ordinary shares preferentially, and (ii) to vote on the proposals in the General Shareholder's Meeting of the issuer. By way of exception, preferred shares will grant their holders the right to vote in the events described in the placement and issuance prospectus.

The liability recognized by the issuance of preferred shares is composed of the debt component valuation and the reduction of direct issuance costs allocated to the liability component, according to the participation percentage of each component in the issuance amount. The debt component is measured at amortized cost using the effective interest rate. The effective interest rate for the subsequent measurement of the debt component at amortized cost was determined by matching cash flows receivable or payable estimated over the expected life of the financial instrument to the net book value of the liability component at the initial recognition time. The financial liability increases with interest recognition applying the effective interest rate and decreases to the extent that the minimum dividends are accounted for to the preferred shareholders.

NOTE 25: FINANCIAL INSTRUMENTS

25.1. Capital Risk Management

Cementos Argos S.A. manages its capital from a long-term perspective, seeking to maintain a balanced, efficient and flexible capital structure to safely accompany and support the organization growth process. The Company considers equity shares, both ordinary and preferential, short and long-term financial obligations, as well as ordinary bonds as capital. Cementos Argos S.A. is not subject to externally imposed capital requirements.

The Company uses the Net debt / EBITDA + dividends indicator to monitor the capital structure. The net debt consists of financial obligations minus cash and temporary investments. This indicator allows to establish the Company's level of leverage regarding its cash generation. Additionally, this indicator is included in the long-term loan agreements that Company has. Other indicators, such as the debt's short-term and long-term relationship, average life, and free cash flow, also are taken into account to analyze the capital structure.

The Company periodically monitors that the Net debt / EBITDA + dividends leverage indicator stays within a specific range that enables a sustainable growth and the goals achievement set forth by the Administration.

In order to manage other indicators, such as the average debt life, and its long and short-term distribution, there is ample access to credit through approved lines with national and international banks and the possibility of accessing the capital market through the issuance of ordinary bonds and/or commercial papers in the local market.

The composition of the Group's liabilities exhibits an adequate balance between currencies, taking advantage of natural hedges between assets and liabilities denominated in the same currency. The capital structure of the Group considers the fit between the indebtedness denominated in dollars and the EBITDA generated in United States and the Central American and Caribbean countries operations, which generate their flows mainly in dollars.

In 2021 and comparative period, there have been no significant changes in the Company's capital management objectives, policies, or processes.

25.2. Financial Instruments Categories

	Financial Assets	
	2021	2020
Cash and Banks (See note 5)	72,771	236,227
Instruments derived from hedging relationships (See note 6)	32,237	66
Financial assets measured at amortized cost (See note 8)	381,961	527,417
Financial assets measured at fair value with changes in other comprehensive income (See note 7)	858,522	720,402
Financial Assets	**1,345,491**	**1,484,112**

	Financial Liabilities	
	2021	2020
Instruments derived from hedging relationships (See note 6)	3,239	31,275
Financial liabilities measured at amortized cost	4,718,080	5,066,467
Financial Liabilities	**4,721,319**	**5,097,742**
Financial liabilities, net	**(3,375,828)**	**(3,613,630)**

25.2.1. FINANCIAL ASSETS MEASURED AT FAIR VALUE WITH CHANGES IN OTHER COMPREHENSIVE INCOME

	2021	2020
Grupo de Inversiones Suramericana S.A.	851,848	712,473
Carvajal Pulpa y Papel S.A.	619	619
	852,467	**713,092**
Dividends recognized during the period related to investments that:		
Remain recognized at the end of the period	17,006	17,868
Total dividends recognized during the period related to investments that:	**17,006**	**17,868**

Equity investments indicated in the table above are not held for negotiation purposes, these are held for strategic purposes in the medium and long term. The Company's Administration believes that this classification for these strategic investments provides more reliable financial information, rather than reflecting changes to their fair value immediately in the period results.

25.2.2. FINANCIAL ASSETS RECLASSIFICATION

For 2021, the financial assets have not made changes in the business model of management and administration of financial assets, therefore, financial assets have not been reclassified under the fair value modality towards amortized cost, or vice versa.

25.3. Financial Risk Management Objectives

Cementos Argos S.A. financial policies are defined by the Corporate Finance committee and managed by the Corporate Finance Management, and they seek to ensure a solid financial structure and maintain the Company's exposure to market risk, liquidity and credit at optimal levels, according to the nature of the operations. The Company is exposed to exchange rate risks, interest rate, credit and liquidity risk, among others. The risk is eliminated or mitigated to tolerable levels of exposure by using natural hedging or financial derivatives, to the extent allowed by the market. The use of financial derivatives for speculative purposes is not allowed.

Special operations such as shares or bonds acquisitions and issuance may temporarily exceed the limit established by the Administration, a situation that is controlled by permanently monitoring the volatility and the execution of investment plans associated with the specific transaction that was carried out.

25.3.1. FOREIGN EXCHANGE RISK MANAGEMENT

The Company is exposed to exchange rate risk as a result of the investments it maintains in subsidiaries with a functional currency other than the Colombian peso, for transactions carried out in currencies other than its functional currency and for financing sources denominated in currencies other than its local currency. Fluctuations in exchange rates have direct impacts on cash and separate financial statements.

The analysis of exposure to exchange rate risk is carried out on assets, liabilities, income and expenses in currencies other than their functional currency, and where the local currency floats freely without exchange controls, since those subsidiaries located in countries with foreign exchange controls present low volatility in exchange rate fluctuations. The exposure of the statement of financial position is determined by calculating the net position in dollars, made up of the liabilities and assets in dollars of said companies. The company uses different natural hedging mechanisms to meet its objective of minimizing the volatility of the foreign exchange difference item in the separate income statement. Exposure to cash flows is monitored by analyzing the compensation of income and expenses in foreign currency, seeking to maximize the match between cash inflows and outflows in the same currency in order to minimize dollars purchases or sales in the spot market. When there is certainty about the occurrence of a short or long cash flow in foreign currency, hedges are carries out through financial derivatives if an imbalance with the natural position is found.

In the Colombian geographic segment subsidiaries, the net position at the end of 2021 is 2.6 million short dollars (2020 12.5 million short dollars).

The carrying amounts of monetary assets and liabilities denominated in foreign currency at the end of the reporting period are as follows:

	Monetary assets		Monetary liabilities		Net exposure	
	2021	2020	2021	2020	2021	2020
US dollar, expressed in million pesos	673,851	561,886	698,536	648,355	(24,685)	(86,469)
US dollar, expressed in thousand dollars	169,260	163,696	175,460	188,887	(6,200)	(25,191)
Euro, expressed in million pesos	185	211	2,852	2,655	(2,667)	(2,444)
Euro, expressed in thousand euros	41	50	630	632	(589)	(582)

25.3.2. RISK MANAGEMENT OF INTEREST RATES AND INFLATION INDICES

The interest rate risk arises mainly from the type of interest rate of the company's loans. An increase in the rates at which financial instruments are indexed could make fixed-rate loans more expensive, increasing financial expenses. A decrease in interest rates in the market could represent an opportunity cost of reducing the financial expense on fixed-rate loans. The concentration of interest rate risk materializes when a very high exposure to a particular index is detected in the financial debt portfolio. The Company considers an exposure to a fixed rate between 15% and 35% of its total consolidated debt to be adequate. The Company has maintained on average a relationship between fixed rate (TF) and variable rate (TV) of 25% TF vs 75% TV. The Company's debt profile is reported monthly to Management, indicating the concentration levels of TF vs. TV, distribution by term (short term vs. long term) and distribution by currency (COP vs. USD vs. other currencies). With the results presented, decisions are made to manage the debt portfolio, such as the advance payment of obligations, structuring of financial derivatives to balance the position in interest rates and/or currencies, etc. As of December 31, 2021, 32% of the consolidated debt was agreed at a fixed interest rate (2020 23%).

The reference interest rates of the Colombian financial market that generate exposure to the Company are the CPI, DTF and IBR, and the LIBOR international reference rate for credits in dollars. Cementos Argos S.A. has not considered exposure to other local or international rates.

25.3.3. CREDIT RISK MANAGEMENT

The credit risk derived from financial assets that implies the risk of the counterparty defaulting is reduced by evaluating and assessing clients with exposure or who require credit beyond the established limits and actual collaterals. The maximum exposure to credit risk is represented by the financial assets balance. The administration has developed policies for credit authorization to customers. The exposure to credit risk is constantly monitored according to the debtor’s payment behavior.

The credit risk derived from the investments made by the Company in the financial system is monitored through the use of an issuer quota model, which stipulates the maximum amount that the company may have invested in an American, European, Honduran, or Colombian bank, where most of the Company’s cash is concentrated. The policy restricts the amount of investment in banks to the limit calculated by the model quotas, without the authorization of the Financial Vice President. The models incorporate variables, such as national and international rating, leverage indicators, and liquidity indicators of banking entities. When the amounts invested in a bank exceed the values calculated by the quotas model, the risk is considered to be highly concentrated in a single issuer. The Company balances that concentration, when the market allows it, by divesting the issuer that has exceeded the amount stipulated by the model and recomposing the investments with different alternatives, according to the calculated quotas. For banks that are not part of the model, the Company does not measure the issuer quota risk. In turn, banks that are not part of that model are entities in which there are no significant investments at the time of this report.

25.3.4. LIQUIDITY RISK MANAGEMENT

The Company has financial obligations with counterparties in the banking system and in the capital market. In order to mitigate the liquidity risk in the possible renewals of these credits, the Company plans the concentration of maturities monthly in order to avoid accumulating very high maturities in any given month of the year. Additionally, it has a broad portfolio of liquidity providers in different currencies, types of indexers and terms, including national banks, international banks, commercial financing companies, stockbrokers and issuance of bonds and trade papers in the capital market as a recurring issuer.

The balance of the debt distribution by term is another clear objective of management, with the goal of not concentrating more than 30% of financial liability maturities in the short-term. The years of duration of the financial liabilities are monitored month by month, and the objective is that the average life of the portfolio exceeds 3.5 years. Likewise, the Company has uncommitted credit quotas in national and international banks in a sufficient amount to cover any eventuality. The Company is also exposed to liquidity risk for breach of their financial commitments, which would trigger cross compliance clauses in other contracts. To mitigate this risk, the financial obligations in the credit agreements are monitored monthly and reported to Management.

Accounting working capital, defined as current assets minus current liabilities, shows a negative balance. This is mainly due to short-term loans and reclassifications of those loans that were long-term and whose maturity is already within the next 12 months. At the end of December, the company has available uncommitted quotas and is a recurring issuer in the Colombian stock market, with a quota in its bond and commercial paper issuance and placement program. These bank quotas and in the stock market allow the structuring of sufficient financing alternatives to renew the current debt portion, together with the internal generation of the company liquid assets..

25.4. Foreign currency sensitivity analysis

The Company is mainly exposed to the USD currency. The following table shows the impact on net income of a 20% depreciation or appreciation in the Colombian peso, against the relevant foreign currencies after considering the hedge accounting effect. The 20% represents the sensitivity rate used when reporting currency risk internally to key management personnel and represents management's assessment of a possible but extreme scenario.

The sensitivity analysis includes only outstanding monetary items denominated in foreign currency and adjusts their translation at the end of the period for a 20% change in exchange rates. The sensitivity analysis includes external loans, as well as loans for foreign operations within the Company, where the loan denomination is in a currency other than the currency of the lender and the borrower. An appreciation of the Colombian peso has a positive impact on net income. Depreciation has the opposite effect.

During the period, there have been changes in the methods and assumptions used for the sensitivity analysis, going from 25% to 20% as standardization to the policies established by the Company.

	2021	2020
20% increase in US dollar regarding functional currency		
Income before taxes, expressed in million pesos	(4,937)	(17,294)
Equity	111,942	(481)

25.5. Sensitivity analysis of interest rates and inflation indices

The following sensitivity analyzes have been determined based on exposure to interest rates and inflation indices for both derivative and non-derivative instruments at the end of the reporting period. For liabilities at variable rates, a sensitization is carried out, assuming that the amount of the outstanding liability at the end of the reporting period has been the outstanding liability for the entire year. When internally informing key management personnel about interest rate risk, an increase or decrease of 100 basis points over the indicator's spot rate is used, which represents management's assessment of the possible reasonable change in interest rates.

During the period, there have been changes in the methods and hypotheses used for the sensitivity analysis, going from 25% to 100PB on the indexer sport rate as agreement to the policies established by the Company.

	CPI		Libor		IBR	
	2021	2020	2021	2020	2021	2020
Increase of 100PB over the indexer spot rate						
Income before taxes, expressed in million pesos	29,490	32,329	-	-	4,532	3,453
Other comprehensive income	-	-	4,154	(1,567)	(1,300)	-

25.6. Derivative Contracts in Foreign Currency

The following table lists derivative contracts in foreign currency under hedge accounting, outstanding at the end of the reporting period:

	Average rate of derivative contract		Underlying notional value in Colombian pesos [1]		Fair assets value (liabilities)	
	2021	2020	2021	2020	2021	2020
US dollar						
1 year or less, purchase forward	3,901	3,693	438,629	298,837	(15,215)	(21,545)
One to 5 years, purchase swap	3,545	3,704	119,435	102,975	(15,974)	(9,664)
Total foreign currency derivative contracts			**558,064**	**401,812**	**(31,189)**	**(31,209)**

[1] The underlying notional value includes values in American dollars. For disclosure purposes, these amounts have been converted into Colombian pesos using the closing exchange rate in force for each reporting date.

The following tables detail the notional principal amounts and remaining terms of forward and exchange rate swap contracts outstanding at the end of the reporting period.

25.7. Interest and Liquidity Risk Tables

The following tables detail the remaining contractual maturity of Cementos Argos S.A. for its non-derivative financial liabilities with agreed-upon reimbursement periods. The tables have been designed based on the undiscounted cash flows of financial liabilities, based on the date on which the Company must make payments. The tables include both interest and principal cash flows. When the interest is at the variable rate, the undiscounted amount is derived from the interest rate curves at the end of the reporting period. The contractual maturity is based on the minimum date on which the Company must make the payment.

	Weighted average effective rate	One year or less	From 1 to 5 years	5 years or more	Total contractual cash flows	Book Value
December 31, 2021						
Non-interest-bearing liabilities		333,941	-	-	333,941	333,941
Instruments with variable interest rates	8.26%	968,057	1,764,277	2,895,248	5,627,582	3,510,718
Instruments with fixed interest rates	4.89%	83,908	386,597	-	470,505	433,223
Other liabilities		2,411	10,263	194,850	207,524	61,198
		1,388,317	**2,161,137**	**3,090,098**	**6,639,552**	**4,339,080**
December 31, 2020						
Non-interest-bearing liabilities		486,908	-	-	486,908	486,908
Instruments with variable interest rates	5.73%	713,415	1,952,840	2,707,931	5,374,186	3,891,507
Instruments with fixed interest rates	4.92%	13,718	231,875	-	245,593	212,158
Other liabilities		2,352	10,013	197,512	209,877	58,810
		1,216,393	**2,194,728**	**2,905,443**	**6,316,564**	**4,649,383**

The following table details the Company's liquidity analysis for its derivative financial instruments. The table has been designed based on the discounted contractual net cash flows that are paid on a net basis, and the discounted gross cash flow of the derivatives that require gross payment. When the amount payable or receivable is not fixed, the amount disclosed has been determined by referencing projected interest rates as illustrated by the yield curves at the end of the reporting period.

As of December 31, 2021, the Company does not have derivative contracts that are settled for their gross amount.

	December 31, 2021			December 31, 2020		
	One year or less	From 1 to 5 years	Total	One year or less	From 1 to 5 years	Total
Net settled amount:						
Forward	15,215	-	15,215	(21,545)	-	(21,545)
Swaps	(313)	14,094	13,781	-	(9,664)	(9,664)
	14,902	**14,094**	**28,996**	**(21,545)**	**(9,664)**	**(31,209)**

25.8. Collateral guarantee

In 2021, the financial assets pledged as collateral are as follows:

- 27,683,344 shares of the issuer Grupo de Inversiones Suramericana S.A. to the financial entity Banco Santander as collateral for a loan for USD 100 million.

At the end of 2020, the Company has no financial assets pledged as collateral for financial liabilities or contingent liabilities.

25.9. Financial Assets and Liabilities Fair Value

The Company determines the fair value of all its financial assets and liabilities in the reporting period for measurement or disclosure in the financial statements.

The following table shows, for each of the levels of fair value hierarchy, the Company's assets and liabilities measured at fair value at December 31, 2021 and 2010:

	December 31, 2021			December 31, 2020		
	Level 1	Level 2	Total Fair Value	Level 1	Level 2	Total Fair Value
Financial Derivatives	-	3,240	3,240	-	31,275	31,275
Financial assets at fair value	**-**	**3,240**	**3,240**	**-**	**31,275**	**31,275**
Financial assets at fair value:						
In results						
In other comprehensive income	852,467	-	852,467	713,092	-	713,092
Financial Derivatives	-	32,237	32,237	-	66	66
Financial assets at fair value	**852,467**	**32,237**	**884,704**	**713,092**	**66**	**713,158**
Net assets (liabilities) at fair value	**852,467**	**28,997**	**881,464**	**713,092**	**(31,209)**	**681,883**

The book value and estimated fair value of Cementos Argos S.A. assets and liabilities hat are not recognized at fair value in the separate statement of financial position, but require disclosure at fair value as of December 31, 2021 are:

	December 31, 2021		December 31, 2020	
	Book Value	Fair value, Level 2	Book Value	Fair value, Level 2
Non-interest-bearing liabilities	333,941	333,941	486,908	486,908
Instruments with variable interest rates	3,510,718	3,399,448	3,891,507	3,786,730
Instruments with fixed interest rates	433,223	421,862	212,158	221,582
Other liabilities	61,198	39,402	58,810	55,543
Financial liabilities measured at fair value	**4,339,080**	**4,194,653**	**4,649,383**	**4,550,763**
Cash and cash equivalents	72,771	72,771	236,227	236,227
Accounts receivable	381,961	387,328	527,417	520,944
Financial assets measured at fair value	**454,732**	**460,099**	**763,644**	**757,171**
Net financial liabilities measured at fair value	**(3,884,348)**	**(3,734,554)**	**(3,885,739)**	**(3,793,592)**

As of December 31, 2021 and 2020, there were no transfers between fair value hierarchy levels, or changes to the assets and liabilities measured at fair value on a recurrent basis using unobservable variables classified at level 3 of the fair value hierarchy.

NOTE 26: ISSUED CAPITAL

As of December 31, 2021 and 2020, the authorized capital is made up of 1,500,000,000 shares with a nominal value in pesos of $416 each, for a total value of $624,000. The subscribed and paid capital is made up of 1,170,478,742 (2020 1,151,672,310) common shares and 209,197,850 preferred shares with a nominal value in pesos of $416, for a total of $486,919 (2020 $479,096) and $87,026, respectively. Own shares reacquired are 63,575,575. As of December 31, 2021 and 2020, the outstanding shares are 1,379,676,592 (2020 1,360,870,160). The separate statement of changes in equity includes a share placement premium of $1,642,159 (2020 $1,549,744).

As a result of the process of accepting dividends payment in shares, the Board of Directors approved the release of 18,806,432 common shares, equivalent to a dividend payment value of $100,238, corresponding to a subscribed and paid capital increase of $7,823 and premium in placement of shares of $92,415.

Investments in associates and joint ventures of the Company do not hold ordinary or preferred shares from Cementos Argos S.A. or any of its subsidiaries at the reporting date or in comparative periods. The Company has not reserved common or preferred shares for option contracts or contracts for shares sale.

Cementos Argos S.A. can only acquire its own shares by decision of the General Assembly of Shareholders, with the favorable vote of the number of subscribed shares determined by law, with funds taken from liquid profits and provided that such shares are fully released.

26.1 Reconciliation of Paid Ordinary Shares

		Number of shares	Social Capital	Share placement premium
Balance as of December 31, 2021	Paid ordinary shares	1,234,054,317	513,367	268,089
Balance as of December 31, 2021	Preferred shares	209,197,850	87,026	1,374,069
Balance as of December 31, 2020	Paid ordinary shares	1,215,247,885	505,543	175,675
Balance as of December 31, 2020	Preferred shares	209,197,850	87,026	1,374,069

Each ordinary share gives its owner the right to participate in the decisions of the General Shareholders' Meeting and vote in it, trade the shares freely, inspect the books and social papers freely during the fifteen (15) business days prior to the General Meeting in which the year-end financial statements are examined, and receive a proportionate share of the social assets at the time of settlement and once the company's external liabilities have been paid, among others included in the bylaws.

The shareholders holding ordinary shares shall have the right to subscribe preferentially in all new ordinary shares' issuance, a proportional amount to those held on the date on which the competent social agency approves the subscription regulations.

NOTE 27: RESERVES AND OTHER COMPREHENSIVE INCOME

27.1. Reserves

LEGAL RESERVE

The company is required to appropriate 10% of its annual net profits as a legal reserve, until the balance of this reserve is equivalent to 50% of the subscribed capital. As of December 31, 2021 and 2020, the value of the legal reserve amounts to $132,863 and $125,050, respectively. It increases from one period to another due to the considerations described in the profit distribution plan for 2020. The legal reserve value without including other equity adjustments such as the participation method on subsidiaries equity variations, amounts to $123,055 for the 2021 (2020 $115,242).

The reserve is not distributable before the Company liquidation, but it should be used to absorb or reduce annual net losses. Appropriations in excess of the 50% mentioned above are freely available to the General Shareholders' Meeting.

RESERVE FOR SHARES REPURCHASE

This reserve, on the reacquired own shares, in accordance with the provisions of the Commercial Code, is only distributable to the shareholders until the shares are sold again. As long as the shares belong to the Company, the rights inherent to them will be suspended.

	2021	2020
Reserve for shares repurchase	113,797	113,797
Repurchased own shares	(113,797)	(113,797)

RESERVES FOR EQUITY STRENGTHENING

In addition to the reserves established by law or the bylaws, the General Shareholders' Meeting may constitute freely available reserves for specific purposes.

OTHER COMPREHENSIVE INCOME NET OF TAX

During 2021, Cementos Argos S.A. made a transfer from other comprehensive income to retained earnings for a value of $0 (2020 $8,091). In 2021, the transferred values correspond to the shares disposal of Cartón de Colombia S.A., included in the category of other financial assets at fair value through other comprehensive income.

NOTE 28: RETAINED EARNINGS AND DIVIDENDS

28.1. Retained Earnings

	2021	2020
Opening balance	**2,228,944**	**2,260,710**
Attributable loss to the owners of the Company	(262,207)	(269,055)
Transfers from other comprehensive income to retained earnings	-	8,091
Ordinary and preferred dividends distributed in cash	261,346	21,948
Ordinary and preferred dividends distributed in shares	(100,238)	-
Provisioning	7,136	700
Provisions release	103,328	232,212
Participation in the subsidiaries equity variations	(916,104)	(25,662)
Other variations	1,130,699	-
Closing balance	**2,452,904**	**2,228,944**

28.2. Declared Dividends

The General Shareholders' Meeting held on March 24, 2021 decreed cash dividends on ordinary and preferred shares of $127.6 per year per share, payable in one (1) single installment on April 19, 2021 for a total value of $173,647. The dividend may be received, at the shareholder's choice, 100% in cash or 100% in Company ordinary shares or a combination of both modalities, in proportion of 50% cash and 50% shares.

Additionally, in an extraordinary meeting held on August 25, 2021, the extraordinary dividend payment on ordinary and preferred shares was approved at a rate of $79.97 per share, for a total of $110,333, to be paid in a single installment on September 7, 2021.

During the period, Cementos Argos S.A. declared the following dividends:

		2021		2020	
Declared dividends	**Shares**	**Annual $ per share**	**Total**	**Annual $ per share**	**Total**
Cementos Argos S.A.					
Ordinary dividend	1,151,672,310	127.60; annually	146,953	251.20; annually	289,300
Preferred dividend	209,197,850	127.60; annually	26,694	251.20; annually	52,550
Extraordinary dividend (over ordinary shares)	1,170,478,742	79.97; annually	93,603		
Extraordinary dividend (over preferred shares)	209,197,850	79.97; annually	16,730		
			283,980		**341,850**

During the period, Cementos Argos S.A. made the following dividend payment:

		January 1 to December 31, 2021				January 1 to December 31, 2020	
Paid dividends	**Over number of shares**	**Annual $ per share**	**Paid in cash**	**Paid in shares**	**Total paido**	**Annual $ per share**	**Total paid in cash**
Cementos Argos S.A.							
Ordinary dividend	1,151,672,310	127.60	146,369	97,017	243,386	83.73	262,543
Preferred dividend	209,197,850	127.60	40,990	3,221	44,211	83.73	47,690
Extraordinary dividend (over ordinary shares)	1,170,478,742	79.97	93,604	-	93,604		
Extraordinary dividend (over preferred shares)	209,197,850	79.97	16,729	-	16,729		
			297.692	**100.238**	**397.930**		**310.233**

On April 19, 2021, Cementos Argos made the dividends payment in shares and money, in accordance with the profit distribution project approved at Cementos Argos Shareholders' Ordinary Meeting on March 24, 2021.

As a result of the process of accepting the dividends payment in shares, 587 shareholders representing 58.24% of the company's outstanding shares accepted the dividends payment in shares, for which the Board of Directors approved the release of 18,806,432 common shares, equivalent to a dividend payment value of $100,238, changing the Company subscribed and paid capital from $592,569,425,760 corresponding to 1,424,445,735 shares, to $600,392,901,472 corresponding to 1,443,252,167 shares. Reserve shares went from 75,554,265 shares to 56,747,833 shares.

As a result of said release, the outstanding shares were as follows:

		Outstanding shares	
Cementos Argos S.A.	**Type of shares**	**2021**	**2020**
	ordinary	1,170,478,742	1,151,672,310
	preferred	209,197,850	209,197,850
Total		**1.379.676.592**	**1.360.870.160**

NOTE 29: ORDINARY ACTIVITIES INCOME

An analysis of Cementos Argos S.A. income for the period for continuing operations (excluding financial income - see note 33) is presented below.

	2021	**2020**
Income from the sale of goods	1,565,775	1,312,127
Income from services provision	58,675	33,268
	1,624,450	**1,345,395**

Cementos Argos S.A. has no commitments that are estimated to generate losses.

Cementos Argos S.A consolidated operating income is generated mainly through the cement sale. Sales are highly dependent on the construction industry performance, including residential, commercial and infrastructure projects, in each of the countries where Cementos Argos S.A. operates or the products are sold. Fluctuations in the behavior of the construction industry significantly affect the cement volumes that the Company is able to sell, as well as the sales prices that the Company is able to receive for its products.

NOTE 30: ADMINISTRATIVE EXPENSES

Administrative expenses as of December 31 comprised the following:

	2021	**2020**
Staff expenses	134,146	111,998
Services	41,745	36,578
Intangible assets amortization	19,660	22,391
Property, plant and equipment depreciation	12,984	12,309
Maintenance and repairs	10,973	11,583
Fees	10,950	13,523
Insurances	6,899	7,239
Contributions and affiliations	3,166	1,969
Leases	2,523	2,947
Travel expenses	2,516	1,689
Taxes	1,486	2,266
Travel expenses	955	149
Adaptation and repairs	493	326
Transportation	383	386
Supplies and stationery	320	187
Casino and restaurant	190	665
Commissions	103	-
Debtors' impairment	66	265
Representation and public relationships expenses	29	3
Miscellaneous	1,754	879
	251,341	**227,352**

NOTE 31: SELLING EXPENSES

Selling expenses as of December 31 comprised the following:

	2021	2020
Staff expenses	31,627	31,058
Services	16,880	13,946
Taxes	13,777	9,447
Debtors' impairment	1,252	2,626
Contributions and affiliations	1,103	1,299
Travel expenses	957	1,182
Property, plant and equipment depreciation	904	942
Transportation	791	798
Maintenance and repairs	693	411
Insurances	545	960
Fees	209	243
Casino and restaurant	143	349
Intangible assets amortization	57	70
Representation and public relationships expenses	54	27
Travel expenses	50	45
Supplies and stationery	27	192
Adaptation and installation	17	29
Leases	13	5
Miscellaneous	838	1,558
	69,937	**65,187**

NOTE 32: OTHER NET OPERATING INCOME (EXPENSES)

Other net operating income as of December 31 comprised the following:

	2021	2020
Gain on recoveries (1)	30,773	19,330
Gain in exploitations	2,190	1,360
Gain in compensations	124	2,900
Gain in subsidies	16	2,853
Caltek Sale (2)	-	1,349
Loss for assumed four per thousand tax	(14,916)	(13,188)
Loss on portfolio withdrawal	(8,150)	(898)
(Loss) gain on sale, fixed assets and other assets (3)	(5,590)	2,516
Loss on donations	(4,352)	(7,369)
(Loss) gain on sale investments	(1,726)	2,248
Loss in litigation	(1,564)	(1,785)
Loss on other income and expenses	(1,454)	(3,706)
Loss on other assumed taxes	(993)	(554)
Loss on biological assets sale and valuation	(252)	(234)
	(5,894)	**4,822**

(1) In 2021, the Company had recoveries from taxes for the lighting concept, thanks to a lawsuit won by the Company for which it had a recovery of $2,437; in addition to this, there were recoveries for some assets withdrawal for the leases concept, for a value of $14,061.

(2) In December 2020, Cementos Argos S.A entered into a sale agreement for the entire shareholding in Caltek S.A.S., for a value of $4,984. The sale transaction generated a loss on the sale of shares of $14,482. The impact of the transaction on current tax and deferred tax is $0. In 2019, Cementos Argos S.A. capitalized Caltek S.A.S. valued at $7,500.

(3) They correspond to the loss when a contract is withdrawn, it is what remains between the loss of assets and liabilities. The loss on these contract withdrawals for 2021 is $8,094..

NOTE 33: FINANCIAL INCOME

	2021	2020
Interest income	4,434	19,185
Dividends from equity investments	17,005	17,868
Others financial income	180	305
Total financial income	**21,619**	**37,358**

NOTE 34: FINANCIAL EXPENSES

	2021	2020
Interest on bonds and preferred shares	232,395	227,508
Interest on financial derivatives	7,604	17,707
Interest on overdrafts and bank loans	20,354	35,076
Interest on related parties loans	6,646	12,158
Other financial expenses	2,925	3,448
Total interest expenses on financial liabilities	**269,924**	**295,897**
Minus included amounts in the qualified assets cost	-	1,184
Total interest expenses on financial liabilities recorded in results	**269,924**	**294,713**
Interest expenses on lease liabilities (See note 19)	5,902	13,340
Discount effect of provisions and employee benefits	18,756	18,044
Total financial expenses	**294,582**	**326,097**

As of December 31, 2021 and 2020, the weighted average annual capitalization rate on funds owed is 0% and 5.7% for Cementos Argos S.A.

NOTE 35: YEAR INCOME FROM CONTINUING OPERATIONS

The profit for the year from continuing operations is attributed to:

	2021	2020
Company controllers	431,076	78,132

The profit for the year from continuing operations amounted to the previously expressed totals, after the following charges (credits):

35.1. Losses from Financial Assets Impairment

	2021	2020
Impairment loss on trade accounts receivable	1,318	2,892
Reversal of impairment losses on trade accounts receivable	379	508

35.2. Depreciation and Amortization Expenses

	2021	2020
Property, plant and equipment depreciation	99,025	93,743
Intangible assets amortization	38,405	36,562
Right-of-use assets depreciation	25,224	35,616
Total depreciation and amortization expense	**162,654**	**165,921**

35.3. Employee Benefit Expenses

	2021	2020
Cost	122,652	113,243
Overhead expense	126,164	105,064
Selling expenses	28,923	29,106
Other expenses	-	909
Employee benefit expenses	**277,739**	**248,323**

NOTE 36: INFORMATION FROM RELATED PARTIES

The immediate parent company of Cementos Argos S.A. is Grupo Argos S.A., which is headquartered in Medellin, Colombia, and holds a stake in the Company of 58.51% (2020, 57.98%).

36.1. Qualitative Information on Transactions between Related Parties

36.1.1. TRANSACTIONS BETWEEN CEMENTOS ARGOS S.A. WITH THE SUBSIDIARIES OR BETWEEN SUBSIDIARIES THEMSELVES

- Clinker purchase and sale between Cementos Argos S.A. and its subsidiaries, and our subsidiaries among themselves, regardless of the region where they are located. The transaction involves the companies that produce clinker and sell it to the companies that produce cement, and the latter using it as a raw material to produce cement.
- Cement purchase and sale between Cementos Argos S.A. and its subsidiaries, and our subsidiaries among themselves, regardless of the region where they are located. The transaction involves the companies that produce cement and sell it to the companies that produce concrete, and the latter using it as a raw material to produce concrete. In the case of purchases and sales among cement companies, cement is transferred with the purpose of being commercialized.
- Aggregates purchase and sale between Cementos Argos S.A. and its subsidiaries, and our subsidiaries among themselves, regardless of the region where they are located. The transaction involves the companies that produce aggregates and sell them to the companies that produce cement or concrete, and they use it as a raw material for their products.
- Provision of transportation services between Logitrans S. A. and Cementos Argos S.A., Concretos Argos S. A. and Zona Franca S.A.S. The transaction involves Logitrans S. A., as a cargo transport intermediary, outsourcing transportation of Cementos Argos S.A. products or raw materials.
- Back-office services purchase and sale between Argos North America Corp. and its subsidiaries. The transaction involves Argos North America Corp. providing back-office services to its subsidiaries in exchange for a consideration from them. The services provided are basically financial, administrative and technological support.
- Management support contracts between Cementos Argos S.A., Argos Honduras S. A., Argos Dominicana S. A., Cimenterie Nationale S.E.M, Vensur NV, Argos Puerto Rico LLC, Argos Panamá and Ciments Guyanais. The transaction involves Cementos Argos S.A. providing management support services to the subsidiaries listed in exchange for a consideration from them. The services provided are basically administrative management services.
- Leasing contracts between Cementos Argos S.A. and its subsidiaries and among our subsidiaries themselves, the transaction consists in that the lessor gives as lessee the right-to-use real estate and river transport fleet for the development of its activities.
- Provision of maritime transport services between Transatlantic Cement Carriers Inc. and Cementos Argos S.A. and/or its subsidiaries. The transaction consists in that Transatlantic Cement Carriers Inc., acts as a maritime transport intermediary, outsourcing the products or raw materials transportation from Cementos Argos S.A. and/or its subsidiaries.

36.1.2. TRANSACTIONS BETWEEN GRUPO ARGOS S.A. WITH CEMENTOS ARGOS S.A. AND/OR ITS SUBSIDIARIES

- Real estate lease between Grupo Argos S. A. A. and/or its subsidiaries and Cementos Argos S.A. and/or its subsidiaries. The transaction involves Grupo Argos S. A. and/or its subsidiaries leasing space (offices, warehouses and/or lots) to Cementos Argos S.A. and/or its subsidiaries, in order for the latter to develop their activities, whether productive or administrative.

36.1.3. TRANSACTIONS BETWEEN ENTITIES THAT HAVE A SIGNIFICANT INFLUENCE ON THE PARENT COMPANY AND THE GROUP.

- Cementos Argos S.A. and its subsidiaries contract real, property and personal damage insurance, mainly through the life and general insurers that are part of Grupo de Inversiones Suramericana. This operation is carried out to cover capital losses in all the regional offices, using the risk retention and distribution schemes negotiated jointly with said insurers, all in accordance with the regulations that apply in accordance with the corresponding jurisdiction.

36.1.4. TRANSACTIONS BETWEEN CEMENTOS ARGOS S.A. AND SUBSIDIARIES FROM GRUPO ARGOS.

- Energy purchase and sale between Celsia S.A. and Zona Franca Argos S.A.S., the transaction consists on Zona Franca Argos S.A.S. providing energy to Celsia S.A. for marketing purposes.

36.1.5. TRANSACTIONS BETWEEN THE GROUP AND INVESTMENTS IN ASSOCIATES

- Provision of business services. The transaction consists of SUMMA Servicios Corporativos Integrales S.A.S. providing specialized business services and administrative support services to Cementos Argos S.A. through the execution of an operating mandate agreement without representation, in exchange for a consideration by them. Among the services provided are basically financial, administrative, legal assistance, purchasing, human management, risks and insurance, communications and information technology services, among others. In the mandate agreement exercise, SUMMA Servicios Corporativos Integrales S.A.S. will pay all necessary expenses to carry out its operations and at the end of each period, will request the reimbursement of such expenses from Cementos Argos S.A.
- Air transport service between Internacional Ejecutiva de Aviación S.A.S. and Cementos Argos S.A. This deal consists on Internacional Ejecutiva de Aviación S.A.S. providing air transport service to Cementos Argos S.A. senior executives.

36.1.6. TRANSACTIONS BETWEEN THE GROUP AND INVESTMENTS IN JOINT VENTURES

- Cement and concrete sale to Odinsa S.A. joint ventures, a Grupo Argos S.A. Subsidiary. The transaction consists on cement and concrete sale to Odinsa S.A. consortiums for the elaboration of infrastructure works in different regions of the country.
- Provision of maritime transport services between Transatlantic Cement Carriers Inc. and Trans Atlantic Shipmanagement Ltd. The transaction consists of Trans-Atlantic Shipmanagement Ltd. (among other providers) providing the ocean freight service and ship leasing to Transatlantic Cement Carriers Inc. for the transportation of raw materials and finished products for Cementos Argos S.A. and/or its subsidiaries.

36.2. Transactions between Related Parties

	Parent company	Entities with significant influence in the Group	Subsidiaries	Associated	Joint ventures	Key Management personnel	Total related parties
2021							
Sale of goods and other income	174	17,006	339,103	255	1,020	-	**357,558**
Purchase of goods and other expenses	950	20,284	349,903	8,010	162	44,259	**423,568**
Amounts receivable	1,636	4,274	167,931	73	18	-	**173,932**
Amounts payable	10	7,630	548,994	2,676	-	-	**559,310**
Lease assets	401	-	17	16,581	-	-	**16,999**
Lease liabilities	274	-	13	23,011	-	-	**23,298**
2020							
Sale of goods and other income	17	-	291,798	134	3,656	-	**295,605**
Purchase of goods and other expenses	661	24,798	290,887	8,944	2,195	33,888	**361,373**
Amounts receivable	1,646	4,127	200,595	2,213	2,358	-	**210,939**
Amounts payable	56,012	5,576	603,425	3,696	-	-	**668,709**
Lease assets	208	-	52	22,850	-	-	**23,110**
Lease liabilities	268	-	42	24,466	-	-	**24,776**

As of December 31, 2021 and 2020, Cementos Argos S.A. has not recognized impairment value or impairment expense for the values receivable from related parties. Cementos Argos S.A. has not received or offered guarantees on balances receivable or payable to related parties. Transactions between the reporting Company and its related parties are carried out on terms equivalent to those that exist in transactions between independent parties.

The average term of accounts receivable from related parties regarding the sale of goods is 30 days, accounts payable between related parties have an average term of 30 days. The average term of the loans for the year 2021 is 12 months, agreed at a rate in pesos for accounts receivable is 1.89% and for accounts payable it is 4.71%, for December 2021 has a rate receivable in dollars of 1.55% (2020 4.48%).

36.3. Compensation from the Board of Directors and Key Management Personnel

	2021	2020
Wages and other short-term employee benefits	39,914	30,743
Pension and other post-employment benefits	2,675	3,145
Termination benefits	1,670	-
Total compensation of key management personnel for the period	**44,259**	**33,888**

Key management personnel include Board members, Nomination and Remuneration Committee, Audit and Finance Committee, Sustainability and Corporate Governance Committee, Directive Committee (made up by the President and Vice President), and of any other committee that directly depends on Cementos Argos and Grupo Argos Board of Directors, as well as Managers and their close relatives.

NOTE 37: GOVERNMENT GRANTS

The National Colombian Government created the Formal Employment Support Program (PAEF, by its Spanish acronym) to support and protect the country's formal employment during the health emergency situation due to the COVID-19 coronavirus. The PAEF is a social program that grants Colombian companies a monthly monetary contribution of a state nature. PAEF government support is a government grant related to income within the IAS 20 Government Grants scope, since the support is subject to compliance with requirements established by the National Government and the approval of the Special Administrative Unit for Pension Management and Social Protection Parafiscal Contributions - (UGPP, by its Spanish acronym).

As of the reporting date, cash resources have been received for $16 (2020 $2.853). Government grants are presented on the line of other net operating income in the separate income statement.

It is important to note that the requested form does not include values, only the PILA numbers and it is the UGPP who decides on the number of employees to pay the subsidy. In the note we refer to the support payment.

NOTE 38: EXCHANGE DIFFERENCE

	2021	2020
Exchange difference income	65,911	227,424
Exchange difference expense	55,826	223,048
Gains by difference in foreign exchange, net	**10,085**	**4,376**

NOTE 39: CONTINGENT ASSETS AND LIABILITIES

As of the date the financial statements are issued, there are certain contingent conditions that may result in a loss for Cementos Argos S.A. These contingencies are estimated by the Administration and its legal advisors based on their professional judgment. Taking into account the variability of the processes, it is possible that the probability of occurrence will vary in the future.

In estimating contingencies, legal advisors evaluate, among other aspects, the merits of the claims, the related jurisprudence and the status of each of the processes to date. These matters are considered to be resolved without any significant effect on our operations, financial position or operations results.

39.1. Contingent Assets

At the date of preparation of the notes to the financial statements, Cementos Argos S.A. is not a party to legal proceedings, acting as a plaintiff, where the income or recovery of contingent assets exceeding $5,000 (million pesos) is expected individually. In any case, there are executive processes initiated by Cementos Argos S.A. against third parties for the portfolio recovery through legal proceedings. We believe that the estimated time of resolution for these processes ranges between three (3) and eight (8) years approximately.

39.2. Contingent Liabilities

At the preparation date of the notes to the financial statements, we state that Cementos Argos S.A. takes part in legal proceedings of a different nature, acting both as plaintiffs and defendants, which are being diligently attended by qualified lawyers hired by each company. The conflicts here revealed are civil, administrative, criminal and fiscal; This type of litigation is one that arises in the ordinary course of business carried out by the Company of the size of operations of Cementos Argos S.A. We consider that the estimated completion time of these processes ranges between approximately three (3) and eight (8) years.

Transfer pricing with the National Tax and Customs Department (DIAN, by its Spanish acronym)
Lawsuit filed by the company against the Official Liquidation Revision due to differences in appreciation between DIAN and the company regarding the classification of a credit operation with related parties abroad and the application of article 35 of the Tax Code. The company maintains that the presumptive interest (DTF) cannot be applied to operations carried out with economic parties abroad, because it is a domestic rate that cannot serve as a basis for the determination of an international financial operation, contrary to what is claimed by DIAN.

The proceeding is currently on its second instance, after an appeal was filed against the ruling of the first instance which was unfavorable to the Company's interests. The financial impact of an adverse resolution is valued at COP 16,500 million. We have not recorded any accounting provision, considering that we have enough arguments to refute any liability that is attributed to the Company..

Puerto Nare Valorization
In December 2018, Cementos Argos S.A. filed an action for nullity and restoration of rights against a resolution of recovery contribution for the "Puerto Nare - Puerto Triunfo" road rectification and paving, in the Antioquia department, for COP 18,000 million. The lawsuit was admitted and, in its reply, the Antioquia department called in guarantee the firm that carried out the appraisal study. The Company presented a brief ruling on the answer to the lawsuit and requested again the suspension of the administrative act that contains the recovery contribution. We have not recorded any accounting provision considering that we have enough arguments to distort the payment obligation attributed to the Company.

San Luis accident
Direct repair action initiated by the relatives of the victims of the traffic accident of a vehicle hired by Cementos Argos S.A., and INMA S.A. for the transportation of its workers from the Rioclaro plant to their destinations in 2005. The lawsuit requests compensation and damages payment, estimated at COP 12,000 million suffered due to the death of the passengers.

In August 2020, a favorable ruling was obtained for Argos, absolving it of its responsibility and condemning INCO and DEVIMED. Currently, the process is on appeal filed by another of the defendants. By virtue of the above, its rating was changed from possible to remote.

Coal supply contract with Carbonera los Pinos S.A.S.
Up to date, Cementos Argos S.A. has a current contract for coal sale with Carbonera los Pinos S.A.S., which establishes that there must be a minimum purchase of 10 thousand tons, allowing a maximum deviation of 10%. The contract value is for $100,410, with a duration of 4 years from 2018.

Currently, Cementos Argos S.A. has no breach of this contract.

NOTE 40: EVENTS OCCURRED AFTER THE REPORTING PERIOD

The Company evaluated subsequent events from December 31, 2021 to February 17, 2022, the date on which the separate financial statements were approved by the Board of Directors. The Company concluded that there are no significant events to be disclosed in the separate financial statements.

GRI CONTENT + OTHER INDICATORS 2021

CODE	INDICATOR	LOCATION IN THE IR
101	Foundation	
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 GCCA-S1	Information on employees and other workers	Introduction, where we operate and https://sostenibilidad.argos.co/Anexos
102-9	Supply chain	Supply chain management, pag.93 -98
102-10	Significant changes to the organization and its supply chain	Management report, pag. 20 - 41
102-11	Precautionary principle or approach	Sustainability strategy, pag. 44
102-12	External initatives	Industry positioning, pag. 86-92
102-13	Memberships of associations	Industry positioning, pag. 86-92
Strategy And Risk Management		
102-14	Statement from senior decision maker	Letter from the Chairman of the Board, pag. 9; Management report, pag. 20
102-15	Key impacts, risks and opportunities	Risk management, pag. 51- 56 and https://sostenibilidad.argos.co/Emergent-and-strategic-risks
A-RI1	Strategic risks	Risk management, pag. 51 - 56 and https://sostenibilidad.argos.co/Emergent-and-strategic-risks
A-RI2	Emerging risks	https://sostenibilidad.argos.co/Emergent-and-strategic-risks
Governance		
102-18	Governance structure	Corporate governance, pag. 10
102-19	Delegating authority	Corporate governance, pag. 11
102-20	Executive level responsability for environmental, social and economic topics	Corporate governance, Pag. 14
102-21	Consulting stakeholders on environmental, social and economic topics	Stakeholders, pag. 47
102-22	Composition of highest governance body and its committees	Corporate governance, pag. 11
102-23	Chair of the highest governance body	Corporate governance, pag. 11
102-24	Nomination and selection of highest governance body	Corporate governance, pag. 10
102-25	Conflicts of interests	Corporate governance, pag. 10
102-26	Role of the highest governance body in setting purpose, values and strategy	Corporate governance, pag. 11
102-27	Collective knowledge of highest governance body	Corporate governance, pag. 10
102-28	Evaluating the highest governance body's performance	Corporate governance, pag. 10
102-29	Identifying and managing economic, social and environmental impacts	Corporate governance, pag. 11
102-30	Effectiveness of risk management processes	Corporate governance, pag. 11
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. 5
102-33	Communicating critical concerns	Corporate governance, pag. 10
102-34	Nature and total number of critical concerns	Corporate governance, pag. 10
102-35	Remuneration policies	Corporate governance, pag. 10
102-36	Process for determining remuneration	Corporate governance, pag. 10
102-37	Stakeholder's involvement in remuneration	Corporate governance, pag. 10
Stakeholder Engagement		
102-40	List of stakeholder groups	Stakeholders, pag. 49
102-42	Collective bargaining agreements	Stakeholders, pag. 49
102-41	Identifying and selecting stakeholders	https://argos.co/wp-content/uploads/2022/04/Talent.pdf
102-43	Approach to stakeholder engagement	Stakeholders, pag. 49
102-44	Key topics and concerns raised	Stakeholders, pag. 49
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
102-47	List of material topics	Material topics, pag. 44
102-48	Restatements of information	About this report, pag. 4
102-49	Changes in reporting	About this report, pag. 4
102-50	Reporting period	About this report, pag. 4
102-51	Date of most recent report	About this report, pag. 4
102-52	Reporting cycle	About this report, pag. 4
102-53	Contact point for questions regarding the report	About this report, pag. 4
102-54	Claims of reporting in accordance to GRI standards	About this report, pag. 4
102-55	GRI Content Index	About this report, pag. 4
102-56	External Assurance	About this report, pag. 4

SPECIFIC CONTENT				
CODE	**INDICATOR**	**LOCATION IN THE IR**	**VERIFICATION**	**OMISIONES**
Eficiency And Productivity				
103	Management approach	Efficiency and Productivity, pag. 64-71		
103-1	Explanation of the material topic and its boundary	Efficiency and Productivity, pag. 64-71		
103-2	The management approach an its components	Efficiency and Productivity, pag. 64-71		
103-3	Evaluation of the management approach	Efficiency and Productivity, pag. 64-71		
A-RE1	Net debt/(EBITDA+dividends)	Efficiency and Productivity, pag. 64-71		
A-RE2	EBITDA	Introduction, Relevant figures		
A-RE3	EBITDA margin	Management report, pag. 24		
A-BE2	Total deinvestments in the reporting period	Efficiency and Productivity, pag. 64-71		
302-1 EM-CM 130a.1	Energy consumption within the organization (GJ)	https://argos.co/wp-content/uploads/2022/04/Environmental-indicators-consolidated.pdf	X	
	Percentage alternative (%)			
	Percentage grid electricity, (%)			
	Percentage renewable (%)			
302-4	Reduction of energy consumption (MJ)	https://argos.co/wp-content/uploads/2022/04/Environmental-indicators-consolidated.pdf	X	
301-1	Materials used by weight or volume	https://argos.co/wp-content/uploads/2022/04/Environmental-indicators-consolidated.pdf	X	
306-2 EM-CM-150a.1	Waste by type and disposal method	https://argos.co/wp-content/uploads/2022/04/Environmental-indicators-consolidated.pdf	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. 64-71	X	
A-EC3	Percentage of supplementary Cementitious Materials (concrete)	Efficiency and Productivity, pag. 64-71	X	
A-EC4	Volume of used recycled aggregates	https://argos.co/wp-content/uploads/2022/04/Environmental-indicators-consolidated.pdf	X	
Adaptation To Market Dynamics				
103	Management approach	Adaptation to market dynamics, pag. 72-79		
103-1	Explanation of the material topic and its boundary	Adaptation to market dynamics, pag. 72-79		
103-2	The management approach an its components	Adaptation to market dynamics, pag. 72-79		
103-3	Evaluation of the management approach	Adaptation to market dynamics, pag. 72-79		
A-IN1	Total amount of innovation investment	https://argos.co/wp-content/uploads/2022/04/Innovation.pdf	X	
A-IN3	Revenues from innovation	Adaptation to market dynamics, pag. 72-79	X	
A-IN4	Savings derived from the implementation of innovation initiatives	https://argos.co/wp-content/uploads/2022/04/Innovation.pdf	X	
A-CS1	Revenues obtained from products with sustainability characteristics	Adaptation to market dynamics, pag. 72-79	X	
A-IM1	Customer satisfaction index per country	https://argos.co/wp-content/uploads/2022/04/Environmental-indicators-consolidated.pdf	X	
EM-CM-410a.1	Percentage of products that qualify for credits in sustainable building design and construction certifications	2018: NA; 2019: NA; 2020: NA; 2021: 47%	X	
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	This indicator will not be reported due to the lack of official public information in the countries where Argos has a presence. This situation generates uncertainty due to high levels of estimates.		
Ethics And Compliance				
103	Management approach	Ethics and Compliance, pag. 80 - 85		
103-1	Explanation of the material topic and its boundary	Ethics and Compliance, pag. 80 - 85		
103-2	The management approach an its components	Ethics and Compliance, pag. 80 - 85		
103-3	Evaluation of the management approach	Ethics and Compliance, pag. 80 - 85		
102-16	Values, principles, standards and norms of behavior	Ethics and Compliance, pag. 80 - 85		
102-17	Mechanisms for advice and concerns about ethics	Ethics and Compliance, pag. 80 - 85		
205-1	Number and percentage of operations assessed in terms of corruption and significant risks identified	https://argos.co/wp-content/uploads/2022/04/Ethics-and-comppliance-indicators.pdf	X	
205-2	Communication and training about anti-corruption policies and procedures	Ethics and Compliance, pag. 80 - 85	X	
205-3	Confirmed incidents of corruption and actions taken	Ethics and Compliance, pag. 80 - 85	X	
206-1	Legal actions for anti competitive behavior, anti trust and monopoly practices	https://argos.co/wp-content/uploads/2022/04/Ethics-and-comppliance-indicators.pdf	X	
307-1	Non compliance with environmental laws and regulations	https://argos.co/wp-content/uploads/2022/04/Ethics-and-comppliance-indicators.pdf	X	
419-1	Non compliance with social and economic regulations	https://argos.co/wp-content/uploads/2022/04/Ethics-and-comppliance-indicators.pdf	X	
A-ETH1	Environmental, social and human rights complaints received	https://argos.co/wp-content/uploads/2022/04/Ethics-and-comppliance-indicators.pdf	X	
EM-CM-520a.1.	Total amount of monetary losses as a result of legal proceedings associated with cartel activities, price fixing, and anti-trust activities	2018: 74.694.700,000; 2019:0; 2020: 0; 2021: 75.034.789.968	X	
A-ETH3	Number of prosecutions or investigations for corruption - FCPA violations		X	

SPECIFIC CONTENT				
CODE	INDICATOR	LOCATION IN THE IR	VERIFICATION	OMISIONES
Industry Positioning				
103	Management approach	Industry positioning, pag. 86-92		
103-1	Explanation of the material topic and its boundary	Industry positioning, pag. 86-92		
103-2	The management approach an its components	Industry positioning, pag. 86-92		
103-3	Evaluation of the management approach	Industry positioning, pag. 86-92		
A-LS1	VAS	Industry positioning, pag. 86-92		
A-LS2	Reputation Index	Industry positioning, pag. 86-92	X	
A-TAX1	Taxes paid by country	https://argos.co/wp-content/uploads/2022/04/Ethics-and-comppliance-indicators.pdf	X	
415-1	Largest contributions and expenditures	https://argos.co/wp-content/uploads/2022/04/Ethics-and-comppliance-indicators.pdf	X	
A-ETH2	Major contributions	https://argos.co/wp-content/uploads/2022/04/Ethics-and-comppliance-indicators.pdf	X	
EM-CM-000.a	Production by major product line	Cement: 16.850.637 t Concrete: 7.766.007 m^3 The data reported corresponds to the total of cement and concrete dispatched	X	
Supply Chain Management				
103	Management approach	Supply chain management, pag.93 -98		
103-1	Explanation of the material topic and its boundary	Supply chain management, pag.93 -98		
103-2	The management approach an its components	Supply chain management, pag.93 -98		
103-3	Evaluation of the management approach	Supply chain management, pag.93 -98		
204-1	Proportion of spending on local suppliers	https://argos.co/wp-content/uploads/2022/04/Suppliers-indicators.pdf	X	
308-2	Negative environmental impacts in the supply chain and actions taken	https://argos.co/wp-content/uploads/2022/04/Suppliers-indicators.pdf	X	
414-2	Negative social impacts in the supply chain and actions taken	https://argos.co/wp-content/uploads/2022/04/Suppliers-indicators.pdf	X	
308-1 414-1	Percentage of suppliers evaluated in sustainability in the last 3 years	https://argos.co/wp-content/uploads/2022/04/Suppliers-indicators.pdf	X	
Climate Change				
103 EM-CM-110a.2	Management approach	Climate change, pag. 100 - 108		
103-1	Explanation of the material topic and its boundary	Climate change, pag. 100 - 108		
103-2	The management approach an its components	Climate change, pag. 100 - 108		
103-3	Evaluation of the management approach	Climate change, pag. 100 - 108		
201-2 GCCA	Financial implications and other risks and opportunities due to climate change	https://argos.co/wp-content/uploads/2022/04/Climate-change.pdf	X	
305-1 EM-CM-110a.1 GCCA	Direct (Scope 1) GHG emissions	https://argos.co/wp-content/uploads/2022/04/Environmental-indicators-consolidated.pdf	X	
GCCA	Total CO_2 emissions -net (t CO_2/yr)	X	X	
EM-CM-110a.1	Percentage covered under emissions-limiting regulations	X	X	
305-2 GCCA	Energy indirect (Scope 2) GHG emissions	https://argos.co/wp-content/uploads/2022/04/Environmental-indicators-consolidated.pdf	X	
305-3 GCCA	Other indirect (Scope 3) GHG emissions (tCO_2)	https://sostenibilidad.argos.co/indicadores-cambio-climatico	X	
305-4 GCCA	GHG emissions intensity	https://argos.co/wp-content/uploads/2022/04/Environmental-indicators-consolidated.pdf	X	
305-5 GCCA	Reduction of GHG emissions (t CO_2)	https://argos.co/wp-content/uploads/2022/04/Environmental-indicators-consolidated.pdf	X	
A-ENE1 GCCA	Substitution of fossil caloric consumption with alternative fuels	Climate change, pag. 100 - 108	X	
A-EC1 GCCA	Specific CO_2 emissions - net (kg/t cementitious product)	Climate change, pag. 100 - 108	X	
GCCA	Specific CO_2 emissions - Gross (kg/t cementitious product)	https://argos.co/wp-content/uploads/2022/04/Environmental-indicators-consolidated.pdf	X	
Ecosystem				
103 EM-CM-160a.1	Management approach	Ecosystems, pag. 120 - 124	X	
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 EM-CM-140a.1. GCCA	Water withdrawal by source (m^3)	https://argos.co/wp-content/uploads/2022/04/Environmental-indicators-consolidated.pdf; https://sostenibilidad.argos.co/indicadores-de-agua	X	
303-4 GCCA	Water discharge destination	https://argos.co/wp-content/uploads/2022/04/Environmental-indicators-consolidated.pdf; https://sostenibilidad.argos.co/indicadores-de-agua	X	

SPECIFIC CONTENT				
CODE	**INDICATOR**	**LOCATION IN THE IR**	**VERIFICATION**	**OMISIONES**
303-5 EM-CM-140a.1. GCCA	Specific water consumption (L/ton or L/m^3)	https://argos.co/wp-content/uploads/2022/04/Environmental-indicators-consolidated.pdf; https://sostenibilidad.argos.co/indicadores-de-agua	X	
A-A1 GCCA	Water consumption	Ecosystems, pag. 109 - 113	X	
A-A2 EM-CM-140a.1. GCCA	Reused and recicled water	https://argos.co/wp-content/uploads/2022/04/Environmental-indicators-consolidated.pdf ; https://argos.co/wp-content/uploads/2022/04/water.pdf	X	
A-BI1 EM-CM-160a.2 GCCA	Number and percentage of active and inactive quarries with high biodiversity value where biodiversity management plans are actively implemented	Ecosystems, pag. 109 - 113; https://argos.co/wp-content/uploads/2022/04/Environmental-indicators-consolidated.pdf	X	
A-BI2 GCCA	Number and percentage of disturbed areas rehabilitated at active and inactive quarries	Ecosystems, pag. 109 - 113; https://argos.co/wp-content/uploads/2022/04/Environmental-indicators-consolidated.pdf	X	
304-1 GCCA	Percentage of active facilities with high biodiversity value where biodiversity management plans are actively implemented	https://argos.co/wp-content/uploads/2022/04/Environmental-indicators-consolidated.pdf	X	Information is not disclosed detailed related to owned operation sites of the company, leased, administered in or adjacent to protected areas and areas of high biodiversity value outside of protected areas due to confidentiality restrictions.
304-4 GCCA	Percentage of active and inactive quarries that have a closure plan established	https://argos.co/wp-content/uploads/2022/04/Environmental-indicators-consolidated.pdf	X	
A-BI3 GCCA	Number of facilities with high biodiversity value	https://argos.co/wp-content/uploads/2022/04/Environmental-indicators-consolidated.pdf	X	
A-BI3 GCCA	Number of facilities with high biodiversity value	https://argos.co/wp-content/uploads/2022/04/Environmental-indicators-consolidated.pdf	X	
A-BI4 GCCA	IUCN Red List species and national conservation list species with habitats in areas affected by operations	https://argos.co/wp-content/uploads/2022/04/Environmental-indicators-consolidated.pdf	X	
EM-CM-160a.2	Terrestrial acreage disturbed, percentage of impacted area restored	https://argos.co/wp-content/uploads/2022/04/Environmental-indicators-consolidated.pdf	X	
Atmospheric Emissions				
103	Management approach	Atmospheric emissions, pag. 114- 116		
103-1	Explanation of the material topic and its boundary	Atmospheric emissions, pag. 114- 116		
103-2	The management approach an its components	Atmospheric emissions, pag. 114- 116		
103-3	Evaluation of the management approach	Atmospheric emissions, pag. 114- 116		
305-7 EM-CM-120a.1	Nitrogen oxides (NO_x), sulfur oxides (Sox) and other significant air emissions	https://argos.co/wp-content/uploads/2022/04/Environmental-indicators-consolidated.pdf	X	
A-OE1	Specific Emissions	Atmospheric emissions, pag. 114- 116; https://argos.co/wp-content/uploads/2022/04/Environmental-indicators-consolidated.pdf	X	
GCCA - KPI 3	PCDD/F (mg PCDD/y) absolute emissions	https://argos.co/wp-content/uploads/2022/04/Environmental-indicators-consolidated.pdf	X	
	VOC/THC (t VOC/THC) absolute emissions		X	
	HG (kg Hg/y) absolute emissions		X	
	HM1 (Cd + Tl) (kg HM1) absolute emissions		X	
	HM2 (Sum of Sb, As, Pb, Cr, Co, Cu, Mn, Ni, V) (kg HM2) absolute emissions		X	
Talent Management				
103	Management approach	Talent management, pag. 117 - 121		
103-1	Explanation of the material topic and its boundary	Talent management, pag. 117 - 121		
103-2	The management approach an its components	Talent management, pag. 117 - 121		
103-3	Evaluation of the management approach	Talent management, pag. 117 - 121		
202-2	Proportion of senior management hired from the local community	https://argos.co/wp-content/uploads/2022/04/Talent.pdf	X	
401-1	Total number and rates of new employee hires and employee turnover by age group, gender and region	https://argos.co/wp-content/uploads/2022/04/Talent.pdf	X	
402-1	Minimum notice periods regarding operational changes, including whether these are specified in collective agreements	In the company, communication plays an essential role, since it allow the achievement of objectives and the joint work of all collaborators. Opportunity, clarity and assertiveness are the essential bases of the communications of the organizational changes that take place throughout the year, always accompanied by leaders of change management and area leaders willing to expand information and resolve doubts and concerns in the closest way possible. Communications are given through official channels, which include all collaborators and also it are develop official communications for unions with meetings established with a predefined frequency to maintain always communication in both directions.	X	

SPECIFIC CONTENT				
CODE	INDICATOR	LOCATION IN THE IR	VERIFICATION	OMISIONES
404-1	Average hours of training per year per employee by gender, and by employee category	https://argos.co/wp-content/uploads/2022/04/Talent.pdf	X	
404-3	Percentage of employees receiving regular performance and career development reviews, by gender and by employee category	https://argos.co/wp-content/uploads/2022/04/Talent.pdf	X	
405-1	Board of Directors broken down by age and gender	https://argos.co/wp-content/uploads/2022/04/Talent.pdf	X	
405-2	Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation	https://argos.co/wp-content/uploads/2022/04/Talent.pdf	X	
A-TM1	Mobility rate	https://argos.co/wp-content/uploads/2022/04/Talent.pdf	X	
A-TM4	Leadership positions held by women (%)	https://argos.co/wp-content/uploads/2022/04/Talent.pdf	X	
A-TM3	Succesion success rate	https://argos.co/wp-content/uploads/2022/04/Talent.pdf	X	
A-TM2	Clue talent	https://argos.co/wp-content/uploads/2022/04/Talent.pdf	X	
OCCUPATIONAL HEALTH AND SAFETY				
103	Management approach	Occupational Health and Safety, pag.122-127		
103-1	Explanation of the material topic and its boundary	Occupational Health and Safety, pag.122-127		
103-2	The management approach an its components	Occupational Health and Safety, pag.122-127		
103-3	Evaluation of the management approach	Occupational Health and Safety, pag.122-127		
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.122-127	X	
403-2	Hazard identification, risk assessment, and incident investigation	Through our I Promise management system with its programs and committees, we focus on comprehensive risk management. We strengthen the corporate culture in such a way that it makes it easier for us to reach and sustain the zero goal, so that we all know the risks and apply the control measures that prevent occupational injuries and illnesses.	X	
403-3	Occupational health services	Occupational Health and Safety, pag.122-127	X	
403-4	Occupational health and safety management system	Occupational Health and Safety, pag.122-127	X	
403-5	Worker training on occupational health and safety	https://argos.co/wp-content/uploads/2022/04/Health and safety indicators.pdf	X	
403-6	Promotion of worker health	The Sustainability and Corporate Governance Committee of the Board of Directors closely monitors the 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 learn and improve continuously, sharing our best practices, we promote safety and health as a habit that is present in daily actions and decisions.	X	
403-9 GCCA-S2 GCCA-R GCCA-S3 GCCA-T GCCA-S	Type of injury & rates of injury, occupational diseases, lost days, & absen- teeism, & total number of work-related fatalities, by region & by gender	https://argos.co/wp-content/uploads/2022/04/Health and safety indicators.pdf	X	
403-10	Work-related ill health	https://argos.co/wp-content/uploads/2022/04/Health and safety indicators.pdf	X	
A-SI1 EM-CM-320a.1. GCCA-U GCCA-KPI3 GCCA-KPI4 GCCA-KPI5 GCCA-V	Lost-Time Injuries Frequency Rate (LTIFR) - Contractors and employees	Occupational Health and Safety, pag.122 y https://argos.co/wp-content/uploads/2022/04/Health and safety indicators.pdf	X	
A-SI2.	Occupational Illness Frequency Rate (OIFR) - Employees	https://argos.co/wp-content/uploads/2022/04/Health and safety indicators.pdf	X	
EM-CM-320a.2	Number of reported cases of silicosis	https://argos.co/wp-content/uploads/2022/04/Health and safety indicators.pdf	X	
A-SI3	Serious injuries to our employees and contractors	https://argos.co/wp-content/uploads/2022/04/Health and safety indicators.pdf		
A-SI4	Number of injuries per million man-hours worked (#)	https://argos.co/wp-content/uploads/2022/04/Health and safety indicators.pdf		
A-SI5	Number of successful impact projects per region each year	https://argos.co/wp-content/uploads/2022/04/Health and safety indicators.pdf		
A-SI6	Absenteeism of direct employees due to general illness	https://argos.co/wp-content/uploads/2022/04/Health and safety indicators.pdf		
A-SI7	Percentage of high-risk situations intervened in a timely manner	https://argos.co/wp-content/uploads/2022/04/Health and safety indicators.pdf		

SPECIFIC CONTENT				
CODE	**INDICATOR**	**LOCATION IN THE IR**	**VERIFICATION**	**OMISIONES**
Community Engagement				
103	Management approach	Community engagement, pag. 128 - 133		
103-1	Explanation of the material topic and its boundary	Community engagement, pag. 128 - 133		
103-2	The management approach an its components	Community engagement, pag. 128 - 133		
103-3	Evaluation of the management approach	Community engagement, pag. 128 - 133		
203-1	Development and impact of infrastructure investments and services supported	Community engagement, pag. 128 - 133	X	
413-1	Percentage of facilities where development, impact evaluation and local community participation programs have been implemented	https://argos.co/wp-content/uploads/2022/04/Communities-indicators.pdf	X	
413-2	Operations with significant actual and potential negative impacts on local communities	https://argos.co/wp-content/uploads/2022/04/Communities-indicators.pdf	X	
A-COM1	Social Investment	Community engagement, pag. 128 - 133	X	
A-COM2	Revenue associated with social impact commercial initiatives	https://argos.co/wp-content/uploads/2022/04/Communities-indicators.pdf	X	"CONVIVIENDA" (Honduras): The National Housing Commission and Human Settlements CONVIVIENDA seeks to respond to the social problem of housing, concentrating on a single entity policy formulation and housing programs Social. "Pavimenta tu cuadra" (Honduras): Central government initiative looking for paving roads are in disrepair all year. This project involves the contribution of the communities in cement and rod, while the municipalities provide labor and the preparation of the terrace such as sanitary sewer. "Habitad para la humanidad" (Dominican Republic): The habitat organization for humanity RD developed with the dominican state the project for home repair in the province of San Juan. In said project and under an agreement, the company supplied at price preferential and for the development of this project the cement to use. "Construyá" (Colombia): provides access to financing for the purchase of construction materials in the Argos Marketing Network. Opening the doors to the population unbanked to transform your home and your business on the spot wanted.
A-COM3	Type of Philanthropic Activities	https://argos.co/wp-content/uploads/2022/04/Communities-indicators.pdf	X	
A-COM7	Corporative volunteering	https://argos.co/wp-content/uploads/2022/04/Communities-indicators.pdf		
A-AR1	Number of community risk´s incidents	https://argos.co/wp-content/uploads/2022/04/Communities-indicators.pdf		
A-AR2	Percentage of operations with high and critical risks affecting communities (%)	https://argos.co/wp-content/uploads/2022/04/Communities-indicators.pdf		
A-CC1	Percentage of satisfaction in communities (%)	https://argos.co/wp-content/uploads/2022/04/Communities-indicators.pdf		
A-CC2	Repetitive complaints	https://argos.co/wp-content/uploads/2022/04/Communities-indicators.pdf		
A-GO1	Leveraged Resources	https://argos.co/wp-content/uploads/2022/04/Communities-indicators.pdf		
A-GO2	People benefited by social investments and contributions	https://argos.co/wp-content/uploads/2022/04/Communities-indicators.pdf		
Human Rights				
103	Management approach	Human rights, pag. 134 - 137		
103-1	Explanation of the material topic and its boundary	Human rights, pag. 134 - 137		
103-2	The management approach an its components	Human rights, pag. 134 - 137		
103-3	Evaluation of the management approach	Human rights, pag. 134 - 137		
A-DH1	Materialization of human rights risks for all our stakeholders	Human rights, pag. 134 - 137		
A-DH2	Coverage in the due diligence process (%)	Human rights, pag. 134 - 137		
A-DH3	Percentage of stakeholders with action plans to close gaps (%)	Human rights, pag. 134 - 137		

ENVIRONMENTAL INDICATORS

	ARGOS	GCCA	GRI	DJSI	SASB	2018	2019	2020	2021	GOAL 2030	COMMENTS
CO_2 EMISIONS											
Cement											
Direct GHG emissions Scope 1 (t CO_2)			305-1	2.3.1	EM-CM-110a.1	7,794,246	8,186,930	7,281,478	8,291,874		
Indirect GHG emissiones Scope 2 ("location" method) (t CO_2)			305-2	2.3.2		436,090	432,834	399,728	408,558		
Indirect GHG emissiones Scope 2 ("Market" method) (t CO_2)			305-2	2.3.2					386,513		
Total CO_2 emissions gross (t CO_2/año)		GCCA				7,794,246	8,186,930	7,281,478	8,291,874		
Total CO_2 emissions net (t CO_2/año)		GCCA				7,661,340	8,057,886	7,176,891	8,166,427		
Specific CO_2 emissions - gross (kg CO_2/t cementitious material)		GCCA	305-4			627	638	643	645		
Specific CO_2 emissions - net (kg CO_2/t cementitious material)	A-EC1	GCCA				616	627.9	634	635	523	
Concrete											
Direct GHG emissions Scope 1 (t CO_2)			305-1			114,944	126,796	72,026	77,635		
Indirect GHG emissions Scope 2 (t CO_2)			305-2			14,968	12,737	14,041	10,696		
GHG emissions intensity (kg CO_2/m^3 concrete)			305-4			12	14	9	10		
Agreggates											
Direct GHG emissions Scope 1 (t CO_2)			305-1			4,899	4,009	2,806	4,275		
Indirect GHG emissions (Scope 2) (t CO_2)			305-2			1,109	752	656	747		
GHG emissions intensity (kgCO_2/t product)			305-4			2	2	2	3		
Electricity generation											
Direct GHG emissions Scope 1 (t CO_2)			305-1			384,307	395,896	416,468	415,300		
Indirect GHG emissions Scope 2 (t CO_2)			305-2			NA	NA	NA	-		
GHG emissions intensity (kg CO_2/MWh)			305-4			865	865	910	924		
Company											
Total direct GHG emissions (Scope 1) (t CO_2)			305-1	2.3.1		8,298,395	8,713,631	7,772,778	8,789,085		
Total indirect GHG emissiones Scope 2 ("location" method) (t CO_2)			305-2	2.3.2		452,167	446,322	414,425	420,000		
Total direct and indirect GHG emissions ("location" method) (t CO_2)						8,750,562	9,159,953	8,187,203	9,209,085		
Total indirect GHG emissiones Scope 2 ("Market" method) (t CO_2)			305-2	2.3.2					397,955		
Total direct and indirect GHG emissions ("Market" method) (t CO_2)									9,187,040		
Other indirect GHG emissions (Scope 3) (t CO_2)			305-3	2.6.10		3,580,053	4,328,311	4,153,714	4,127,706		
percentage covered under emissions-limiting regulations (%)					EM-CM-110a.2						
ENERGY AND FUELS											
Energy consumption within the organization - cement (GJ)			302-1			40,616,758	42,279,469	37,058,870	42,933,295		
Energy consumption within the organization - concrete (GJ)			302-1			1,696,758	1,836,511	1,102,264	1,163,190		
Energy consumption within the organization - aggregates (GJ)			302-1			92,730	71,786	50,535	69,300		
Energy consumption within the organization - energy generation (GJ)			302-1			4,619,321	5,014,380	4,614,307	5,190,638		
Energy sold to the grid (GJ)			302-1			N.A.	161,688	211,309	41,602		
Total energy consumption within the organization (GJ)			302-1		EM-CM-130a.1	45,742,995	47,685,450	41,253,086	47,868,464		
Alternative energy (%)					EM-CM-130a.1	3.8%	4.2%	4.7%	3.52%		6.4% use of alternative fuels

	ARGOS	GCCA	GRI	DJSI	SASB	2018	2019	2020	2021	GOAL 2030	COMMENTS
electricity purchased (%)					EM-CM-130a.1	8.2%	7.0%	6.5%	9.07%		
Renewable energy (%)					EM-CM-130a.1	-	-	-	0.7%		
Specific caloric consumption of clinker production (MJ/t clínker)		GCCA				3,730	3,759	3,684	3,822		
Substitution of caloric consumption of fossil fuels with alternative fuels (%)	A-ENE1			2.5.1		5.1%	5.6%	6.3%	6.4%	33.0%	
Rate of alternative fuels (%)		GCCA				4.9%	4.5%	4.2%	4.4%		
Biomass rate as fuel (%)		GCCA				0.22%	1.02%	2.04%	2.0%		

MATERIALS (t/year)

	ARGOS	GCCA	GRI	DJSI	SASB	2018	2019	2020	2021	GOAL 2030	COMMENTS
Cement											
Raw materials			301-1			17,284,870	17,838,357	15,327,796	17,723,971		
Auxiliary materials			301-1			8,759,543	10,840,546	8,317,068	10,599,696		
Semi-finished			301-1			3,245,333	3,506,215	3,652,037	4,341,836		
Packing			301-1			19,738	17,080	22,906	36,232		
Concrete											
Raw materials			301-1			19,172,674	17,294,278	16,007,268	14,426,787		
Auxiliary materials			301-1			825,498	1,320,506	673,430	1,533,046		
Semi-finished			301-1			4,724,211	4,169,891	3,925,733	3,429,111		
Aggregates											
Raw materials			301-1			2,769,282	2,302,807	1,657,764	1,599,632		
Auxiliary materials			301-1			1,269	1,271	52,645	189,394		
Semi-finished			301-1			-	-	-	4,018		
Electricity generation											
Raw materials			301-1			-		-	-		
Auxiliary materials			301-1			97,337,958	862,234	742,312	727,809		
Company											
Raw materials			301-1			39,226,827	37,435,442	32,992,829	33,750,391		
Auxiliary materials			301-1			106,924,269	13,024,558	9,785,455	13,049,946		
Semi-finished			301-1			15,763,790	7,676,107	7,577,771	7,774,964		
Packing			301-1			19,738	17,080	22,906	36,232		
Total consumption of materials (t)						**161,934,623**	**58,153,187**	**50,378,961**	**54,611,533**		
Alternative Raw Materials (cement) (%)	A-EC2	GCCA		2.5.1		10.2%	10.7%	12.0%	10.8%	15.0%	
Supplementary Cementitious Material (concrete) (%)	A-EC3					16.3%	16.8%	17.8%	34.0%	18.0%	
Volume of recycled aggregates used (t accumulated)	A-EC4					12,720	15,277	17034	18,404		
Ratio Clinker/Cement		GCCA		2.5.1		76%	77%	78%	77%		

WASTE

	ARGOS	GCCA	GRI	DJSI	SASB	2018	2019	2020	2021	GOAL 2030	COMMENTS
Total waste			306-2	2.3.5	EM-CM-150a.1	**212,226**	**265,068**	**143,816**	**188,824**		
Hazardous waste (t/year)			306-2			**1,585**	**847**	**418**	**687**		
Reuse / Recycling / Recovery, including recovery of waste / Other post consumption programs			306-2			801	335	144	428		
Coprocessing			306-2			18	12	2	13		
Incineration			306-2			282	181	149	159		
Secure Landfill			306-2			484	320	123	86		
Percentage of hazardous waste generated					EM-CM-150a.1				0.36%		
Percentage of hazardous wastes that were incinerated					EM-CM-150a.1				25%		
Non hazardous waste (t/year)			306-2			**210,641**	**264,220**	**143,398**	**188,137**		
Reuse / Recycling / Recovery / Composting			306-2			94,180	106,492	84,491	75,741		
Coprocessing			306-2			2,677	58	88	7		
Incineration			306-2			335	2	2	99		
Secure Landfill			306-2			13,142	13,709	5,256	4,663		
Authorized site for disposal of concrete debris			306-2			100,307	143,960	53,562	107,626		
Percentage of total recycled waste					EM-CM-150a.1	-	-	-	40%		
Total waste recycled/ reused				2.3.5		94,980	106,827	84,635	76,170		
Total waste disposed				2.3.5		117,246	158,241	58,965	112,654		

	ARGOS	GCCA	GRI	DJSI	SASB	2018	2019	2020	2021	GOAL 2030	COMMENTS
Waste landfilled				2.3.5		113,934	157,988	58,723	112,376		
Waste incinerated with energy recovery				2.3.5		2,695	69	91	21		
Waste incinerated without energy recovery				2.3.5		617	183	151	258		
Waste otherwise disposed				2.3.5		-	-	-	-		
Waste with unknown disposal method				2.3.5		-	-	-	-		
OTHER EMISSIONS											All emissions were quantified through continuous monitoring systems as well as isokinetic monitoring.
Cement											
Dust											
Absolute dust emissions (t/year)			305-7		EM-CM-120a.1	831	863	617	854		
Absolute dust emissions (t) Only kiln		GCCA-KPI 3				406	589	315	500		
Specific dust emissions (g MP/t clinker)	A-OE1	GCCA - KPI 3				45	62	37	53	45	
Coverage with dust monitoring (percentage of clinker produced in kilns covered with monitoring systems for dust) (%)		GCCA - KPI 4				100%	100%	99%	100%		
NO_x											
Absolute NO_x emissions (t NO_x/year)		GCCA - KPI 3	305-7		EM-CM-120a.1	11,838	10,726	11,106	12,054		
Absolute NO_x emissions (t NO_x/year) Only kiln						11,838	10,726	11,101	12,020		
Specific NO_x emissions (g NO_x/t clinker)	A-OE1	GCCA - KPI 3				1,311	1,128	1,319	1,274	1,205	
Coverage with NO_x monitoring (percentage of clinker produced in kilns covered with monitoring systems for NO_x) (%)		GCCA - KPI 4				100%	100%	99%	100%		
SO_2											
Absolute SO_2 emissions (t SO_2/year)		GCCA - KPI 3	305-7		EM-CM-120a.1	1,780	1,880	1,579	2,816		
Absolute SO_2 emissions (t SO_2/year) Only kiln						1,780	1,880	1,482	2,654		
Specific SO_2 emissions (g SO_2/t clinker)	A-OE1	GCCA - KPI 3				197	198	176	281	205	
Coverage with SO_2 monitoring (percentage of clinker produced in kilns covered with monitoring systems for SO_2) %		GCCA - KPI 4				100%	100%	99%	100%		
Total coverage (percentage of clinker produced in kilns covered with monitoring systems, continuous or discontinuous, for dust, NO_x, SO_2, VOC/THC, heavy metals) %		GCCA - KPI 1				55,5%	82,6%	60,8%	42%		
Coverage with continuous monitoring of emissions (percentage of clinker produced in kilns covered with continuous monitoring systems for dust, NO_x, SO_2)		GCCA - KPI 2				92.0%	88.1%	91.2%	89%		
Absolute VOC/THC emissions (t VOC/year)		GCCA - KPI 3		2.3.10	EM-CM-120a.1	275	355	214	268		
Specific VOC/THC emissions (g VOC/t clinker)		GCCA - KPI 3				37	45	47	54		
Coverage VOC/THC (%)		GCCA - KPI 4				81.7%	82.6%	54.5%	76%		
Absolute PCDD/F emissions (mg PCDD/year)		GCCA - KPI 3			EM-CM-120a.1	71	149	55	67		
Specific PCDD/F emissions (mg PCDD/t clinker)		GCCA - KPI 3				10	19	8	9.3		
Coverage PCDD/F (%)		GCCA - KPI 4				72.1%	82.6%	79.8%	54%		
Absolute Hg emissions (kg Hg/year)		GCCA - KPI 3		2.3.8	EM-CM-120a.1	226	283	226	142		
Specific Hg emissions (mg Hg/t clinker)		GCCA - KPI 3				31	34	30	20		

	ARGOS	GCCA	GRI	DJSI	SASB	2018	2019	2020	2021	GOAL 2030	COMMENTS
Coverage Hg (%)		GCCA - KPI 4				81.7%	87.7%	90.1%	76%		
Absolute HM1 (Cd + Tl) emissions (kg HM1/year)		GCCA - KPI 3			EM-CM-120a.1	36	31	18	25.7		sum of cadmium and thallium its compounds expressed as cadmium (Cd) and thallium (Tl)
Specific HM1 (Cd + Tl) emissions (mg HM1/t clinker)		GCCA - KPI 3				5	4	2.6	4.2		
Coverage HM1 (Cd + Tl) (%)		GCCA - KPI 4				75.2%	82.6%	79.8%	65%		
Absolute HM2 emissions (Sum of Sb, As, Pb, Cr, Co, Cu, Mn, Ni, V) (kg HM2/año)		GCCA - KPI 3			EM-CM-120a.1	1,312	1,204	2,907	1672		sum of antimony, arsenic, lead, chrome, cobalt, copper, manganese, nickel and vanadium and its compounds expressed as antimony (Sb), arsenic (As), lead (Pb), Chromium (Cr), cobalt (Co), copper (Cu), manganese (Mn), nickel (Ni) and vanadium (V)
Specific HM2 emissions (Sum of Sb, As, Pb, Cr, Co, Cu, Mn, Ni, V) (mg HM2/t clinker)		GCCA - KPI 3				178	153	433	272		
Coverage HM2 (Sum of Sb, As, Pb, Cr, Co, Cu, Mn, Ni, V) (%)		GCCA - KPI 4				75.2%	82.6%	79.8%	65%		
Concrete											
Absolute dust emissions (t/year)			305-7			129	117	97	107		
Electricity generation											
Absolute dust emissions (t/year)			305-7			21	11	37	30		
Absolute NO_x emissions (t NO_x/year)			305-7			375	464	466	1,715		
Absolute SO_2 emissions (t SO_2 /year)			305-7			1,844	2,120	1,740	826		
Company											
Absolute dust emissions (t/year)			305-7	2.3.9	EM-CM-120a.1	980	991	751	991		The report corresponds to the emissions of particulate matter measured according to EPA Method #5 “Determinants of the emissions of particulate matter in sources stationary”
Absolute NO_x emissions (t NO_x/year)			305-7	2.3.6	EM-CM-120a.1	12,213	11,190	11,572	13,769		
Absolute SO_2 emissions (t SO_2 /year)			305-7	2.3.7	EM-CM-120a.1	3,624	4,000	3,319	3,642		
WATER											
Water Withdrawal (m^3/year)											
Cement			303-3								
Water withdrawn - surface source			303-3			3,171,553	3,661,583	2,709,839	3,005,841		
Water withdrawn - Groundwater			303-3			4,047,012	5,277,888	4,205,991	5,595,108		
Water withdrawn - rainwater			303-3			38,389	141,756	74,064	116,612		
Municipal water supply or from other water companies			303-3			444,501	514,633	492,301	569,824		
Total water withdrawal in cement production			303-3			7,663,066	9,454,104	7,408,131	9,170,773		
Water withdrawal in in water-stressed areas			303-3			248,257					
% Water withdrawal in in water-stressed areas - cement production			303-3			3.08%	-	-	-		No facilities are located in water-stressed areas for the cement business.
Concrete			303-3								
Water withdrawn - surface source			303-3			62,043	81,869	79,267	109,895		
Water withdrawn - Groundwater			303-3			787,565	827,106	814,159	1,390,784		
Water withdrawn - rainwater			303-3			50,814	32,857	24,738	32,637		
Municipal water supply or from other water companies			303-3			1,360,737	1,163,293	996,012	566,505		

	ARGOS	GCCA	GRI	DJSI	SASB	2018	2019	2020	2021	GOAL 2030	COMMENTS
Water withdrawal in in water-stressed areas			303-3			360,225	451,674	407,310	227,641		
% Water withdrawal in in water-stressed areas -			303-3			16.29%	21.79%	21.56%	11.01%		
Aggregates			303-3								
Water withdrawn - surface source			303-3			299,885	230,402	202,216	186,633		
Water withdrawn - Groundwater			303-3			249	399	375	340		
Water withdrawn - rainwater			303-3			5,572	15	15	271		There were difficulties with some meters in the Colombia Region. Estimates were used
Municipal water supply or from other water companies			303-3			1,170	1,125	464	788		
Water withdrawal in in water-stressed areas			303-3			301,304	231,926	203,055	187,761		
% Water withdrawal in in water-stressed areas - aggregates production			303-3			0.03%	-	-	-		No facilities are located in water stress zones for the aggregates business.
Electricity generation			303-3								
Water withdrawn - surface source			303-3			97,165,248	679,010	556,982	545,273		
Water withdrawn - Groundwater			303-3			-		757	-		
Water withdrawn - rainwater			303-3			-		-	-		
Municipal water supply or from other water companies			303-3			-		-	-		
Water withdrawal in in water-stressed areas			303-3			-	-	-	-		
% Water withdrawal in water-stressed areas in electricity generation			303-3			-	-	-	-		There are no facilities located in water stress zones for self-generation of energy.
Company			303-3								
Water withdrawn - surface source			303-3			100,698,728	4,652,865	3,548,304	3,847,642		
Water withdrawn - Groundwater			303-3			4,834,826	6,105,393	5,021,282	6,986,232		
Water withdrawn - rainwater			303-3			94,774	174,627	98,817	149,520		
Municipal water supply or from other water companies			303-3			1,806,408	1,679,051	1,488,777	1,137,117		
Water withdrawal in in water-stressed areas			303-3		EM-CM-140a.1	643,993	451,674	407,310	227,641		
% Water withdrawal in in water-stressed areas			303-3		EM-CM-140a.1	5.62%	3.63%	4.05%	1.90%		
Water withdrawn by source (m^3/year)		GCCA	303-3		EM-CM-140a.1	11,076,761	12,437,309	10,058,363	11,970,991		
Water discharge (m^3/year)											
Cement			303-4								
Discharge to surface sources			303-4			4,021,544	5,731,298	4,419,705	5,886,565		
Discharge to groundwater sources			303-4			181,956	235,768	198,613	47,434		
Discharge to the sea			303-4			-	-	-	-		
Discharge to sewerage system			303-4			36,149	50,683	32,885	103,422		
Concrete			303-4								
Discharge to surface sources			303-4			75,487	34,284	1,485	2,034		
Discharge to groundwater sources			303-4			6,072	5,179	2,857	4,714		
Discharge to the sea			303-4			-	-	-	-		
Discharge to sewerage system			303-4			14,562	34,809	30,237	120,618		
Agregados			303-4								
Discharge to surface sources			303-4			26,111	232	189	2,077		
Discharge to groundwater sources			303-4			123	114	57	1,839		
Discharge to the sea			303-4			-	-	-	-		
Discharge to sewerage system			303-4			-	-	-	-		
Electricity generation			303-4								
Discharge to surface sources			303-4			4,202	-	-	-		
Discharge to groundwater sources			303-4			-	-	-	-		
Discharge to the sea			303-4			-	-	-	-		
Discharge to sewerage system			303-4			-	-	-	-		
Company			303-4								
Discharge to surface sources			303-4			4,127,344	5,765,814	4,421,379	5,890,676		
Discharge to groundwater sources			303-4			188,151	241,061	201,527	53,987		
Discharge to the sea			303-4			-	-	-	-		
Discharge to sewerage system			303-4			50,712	85,492	63,122	224,041		
Total water discharge		GCCA	303-4			4,366,207	6,092,367	4,686,028	6,168,704		
% of reused and/ or recycled water for cement	A-A2					126.0%	120%	144%	112%		
% of reused and/ or recycled water for concrete	A-A2					16.1%	19%	19%	19%		

	ARGOS	GCCA	GRI	DJSI	SASB	2018	2019	2020	2021	GOAL 2030	COMMENTS
% of reused and/ or recycled water for Aggregates	A-A2					116.2%	270%	6%	15%		
% of reused and/ or recycled water for Electricity generation	A-A2					23.0%	4281%	5269%	4775%		
% of reused and/ or recycled water for Company	A-A2				EM-CM-140a.1	94%	99%	110%	91%		
Water consumption (m^3/ year)											
Water consumption Cement		GCCA	303-5			3,461,806	3,578,111	2,830,992	3,249,963		
Water consumption Concrete		GCCA	303-5			2,165,037	2,030,853	1,879,596	1,972,454		
Water consumption Aggregates		GCCA	303-5			280,641	231,595	202,824	184,117		
Water consumption Electricity generation		GCCA	303-5			897,844	679,010	557,739	545,273		
Water consumption Company		GCCA	303-5	2.3.4	EM-CM-140a.1	6,805,329	6,519,570	5,471,151	5,951,808		
Water consumption in water-stressed areas (m^3) Cement		GCCA	303-5			275,435	0	0	0		
Water consumption in water-stressed areas (m^3) Concrete		GCCA	303-5			357,042	443,154	387,825	216,123		
Water consumption in water-stressed areas (m^3) Aggregates		GCCA	303-5			101	0	0	0		Problems are encountered with some meters, estimates are used
Water consumption in water-stressed areas (m^3) Electricity generation		GCCA	303-5			0	0	0	0		
Total water consumption in in water-stressed areas (m^3/year)		GCCA	303-5			633	443,154	387,825	216,123		
Water consumption in water-stressed areas Cement (%)		GCCA	303-5			7.38%	0	0	0		
Water consumption in water-stressed areas Concrete (%)		GCCA	303-5			16.49%	21.82%	20.63%	10.96%		
Water consumption in water-stressed areas aggregates (%)		GCCA	303-5			0.03%	0	0	0		
Water consumption in water-stressed areas electricity generation (%)		GCCA	303-5			0	0	0	0		
Water consumption in water-stressed areas (%)		GCCA	303-5		EM-CM-140a.1	0	6.79%	7.09%	3.63%		
Specific water consumption											
Cement (L/t Cement)	A-A1					259	264	235	236	245	
Concrete (L/m^3 Concrete)	A-A1					228	215	237	259	216	Its variation is due to an increase in plants with measurement in RUSA
Aggregates (L/t aggregates)	A-A1					109	100	109	95		Difficulties were encountered with meters in RCOL and estimates were used.
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					71.0%	68%	77%	74%	85%	
% Released areas rehabilitated at active and inactive quarries	A-BI2				EM-CM-160a.2	84.8%	87%	81%	77%	90%	
Total affected area (ha)					EM-CM-160a.2			2,897	2,534		
% of active Facilities within, adjacent to, or containing protected areas or areas of high biodiversity value	A-BI3			2.4.2		67.0%	66%	68%	12%		
# of active Facilities within, adjacent to, or containing protected areas or areas of high biodiversity value			304-1	2.4.2		30	29	22	29		

	ARGOS	GCCA	GRI	DJSI	SASB	2018	2019	2020	2021	GOAL 2030	COMMENTS
% of active and inactive quarries that have an established closure plan		A-BI4				89.0%	78%	88%	89%		
% of active quarries that have an established closure plan		GCCA				90.9%	93%	95%	97%		
% of active quarries within, adjacent to, or containing protected areas or areas of high biodiversity value		GCCA				45.5%	41%	33%	31%		
% of active quarries within, adjacent to, or containing protected areas or areas of high biodiversity value with biodiversity management plan in place		GCCA				80.0%	78%	85%	82%		
Species on the IUCN Red List and species on the National Conservation List that inhabit areas affected by operations											
Total of species			304-4			77	160	170	165		
In critical danger			304-4			5	15	15	13		
In danger			304-4			10	21	20	20		
Vulnerable			304-4			26	55	60	58		
Nearly threatened			304-4			6	11	12	12		
Minor concern			304-4			30	58	63	62		
SUSTAINABLE CONSTRUCTION											
Revenues obtained from products with sustainability characteristics. (USD)	A-CS1				EM-CM-410a.1	177,739,329	268,213,269	283,751,623	1,515,849,327	800,000,000	[102-48] Figures for 2017, 2018 and 2019 were restated under the new definition of the green solutions portfolio established by the company. There is a significant variation between the years 2021 and 2022 mainly due to the detailed classification of our portfolio according to the categories of green solutions.
ENVIRONMENTAL INVESTMENTS (COP)				2.2.3							
Capital investments				2.2.3		148,044,654,844	110,091,804,288	27,474,410,160	40,682,395,995		
Operating expenses				2.2.3		20,591,934,453	26,651,481,969	26,513,324,526	68,655,656,489		
Total expenses (capital investments + operating expenses)				2.2.3		168,636,589,297	136,743,286,257	53,987,734,686	109,338,052,484		
Savings, avoided costs, income, tax incentives				2.2.3		6,975,675,702	10,253,198,055	17,325,102,725	16,779,549,267		

SOCIAL INDICATORS

Selection of some of the main indicators

	Argos	GCCA	GRI	SASB	2018	2019	2020	2021	GOAL 2030
TALENT MANAGEMENT - SELECTION OF SOMO OF THE MAIN KPI´S									
Workforce - Company			102-7						
Regular workforce (#)		GCCA-S1	102-8		8,057	7,647	7,289	7,050	
Total employees covered by collective bargaining agreements - Company									
Total employees covered by collective bargaining agreements			102-41		2,264	2,231	2,172	2,271	
Percentage of employees covered by collective bargaining agreements (%)					28%	29%	30%	32%	
Proportion of senior managers hired from the local community - Company									
Senior managers hired from the local community (#)			202-2		53	35	33	39	
Senior managers hired from the local community (%)					77%	66%	52%	71%	
Turnover rate									
Turnover rate (%)					19.25%	18.24%	14.53%	16.30%	
Layoffs									
Layoffs (#)			401-1		1,551	1,395	1,059	1,149	
New employee hires									
New employee hires (females) (%)					10.12%	10.25%	13.25%	13.32%	
New employee hires (males) (%)					89.88%	89.75%	86.75%	86.68%	
Training per year - Company			404-1						
Total training hours					349,119	351,870	261,721	278,022	
Performance assessment - Company			404-3						
Employees receiving regular performance and career development reviews (%)					-	-	96.68%	96.30%	
Board of Directors									
Age									
Younger than 30 years					-	-	-	-	
30 to 40 years					-	-	-	-	
40 to 50 years					3	3	3	2	
50 to 60 years			405-1		2	2	2	2	
Older than 60 years					2	2	2	2	
Older than 70 years					-	-	-	1	
Gender									
Total of women (%)					14	14	14	14	
Total of men (%)					86	86	86	86	
Ratio of basic salary and remuneration of women to men - Company									
Level 2: Management					0.73	0.85	0.83	0.77	
Level 3: Direction			405-2		0.86	0.93	0.96	0.91	
Level 4: Specialists					0.97	0.95	0.95	0.95	
Level 5: Operatives					1.00	0.97	0.96	0.96	
Movility	A-TM1								
Movility rate					11	9	7	9	
Leadership positions - Company	A-TM4								
Leadership positions held by women (%)					29.6%	30.0%	29.3%	30.3%	35%
Succesion - Company	A-TM3								
Succesion success rate					-	45.45%	50%	69.57%	
Clue talent - Company	A-TM2								
Clue talent					-	93.42%	95.24%	93.04%	
HEALTH AND SAFETY AT THE WORKPLACE									
Employee training - Company									
Number of employees trained in occupational health and safety issues (#)			403-5		-	-	4,546	1,396	
Number of hours of training in occupational health and safety issues (hr)					-	-	14,915	14,311	

	Argos	GCCA	GRI	SASB	2018	2019	2020	2021	GOAL 2030
Work-related injuries and Work-related ill health									
Employees									
Manhours worked (hr)					-	23,506,397	20,685,023	20,659,747	
Number of work-related accidents, directly employed (#)		GCCA-S2			27	37	28	24	
Days absent due to work-related accidents, directly employed (#)					747	1,076	421	700	
Number of cases of occupational disease, directly employed (#)					7	5	2	6	
Days absent due to occupational disease, directly employed (days)					75	6	-	6	
Number of short/long-term disability cases due to common illness, directly employed (#)			403-9 403-10		3,126	2,789	2,644	2,714	
Days of short/long term disabilities due to common illness, directly employed (#)					17,903	20,807	25,338	25,080	
Fatalities, directly employed (#)		GCCA-R			-	-	1	-	
Contractors									
Manhours worked (hr)		GCCA-S3			18,918,563	18,215,289	9,686,741	11,634,186	
Number of work-related accidents, contractors/ subcontractors (#)					12	19	13	7	
Days absent due to work-related accidents, contractors/ subcontractors (#)					330	299	182	80	
Fatalities, contractors (#)		GCCA-T			-	-	-	-	
Third party									
Fatalities, third parties (#)		GCCA-S			2	1	2	2	
Lost time injury rate report									
Employees									
Frequency rate (n/m.h.w)		GCCA-KPI3		EM-CM-320a.1	1.21	1.57	1.33	1.16	
Severity rate		GCCA-KPI5			33	46	20	34	
Occupational illness frequency rate (OIFR)	A-SI2				0.31	0.13	0.10	0.29	
Occupational illness severity rate (OISR)					3.35	0.25	-	0.29	
Contractors									
Frequency rate (n/m.h.w)	A-SI1	GCCA-KPI4		EM-CM-320a.1	0.63	1.04	1.34	0.60	
Severity rate					17.44	16.41	18.79	6.87	
Consolidated (employees + contractors)									
Frequency rate (n/m.h.w)	A-SI1			EM-CM-320a.1	0.93	1.34	1.33	0.96	
Severity rate					25.76	32.96	19.62	24.15	
Number of reported cases of silicosis - Company									
Total cases				EM-CM-320a.2.	-	-	-	-	
COMMUNITY ENGAGEMENT									
Social investment									
Cementos Argos contributions (COP)					32,195,554,680	16,466,500	16,950,261,968	17,084,398,817	
Third party contributions (COP)					20,211,820,572	3,930,615	1,228,725,206	7,768,509,139	
Number of projects	A-COM1				368	380	316	492	
Number of alliances					122	296	265	180	
Cash contributions			203-1		31,221,883,450	12,396,210,140	11,653,974,288	12,229,098,859	
In-kind giving: product or services donations, projects/partnerships or similar					974,352,187	4,070,289,846	5,296,293,256	4,855,333,889	
Charitable donations (COP)					2,812,976,991	4,355,459,791	9,117,333,138	2,377,968,526	
Community investments (COP)	A-COM3				27,074,993,854	10,288,519,364	6,681,781,921	13,425,787,592	
Commercial initiatives (COP)					2,307,583,835	1,822,520,831	1,151,152,190	1,280,675,479	
Voluntary									
Number of volunteers	A-COM7				737	992	1,134	631	
Total volunteer hours (laboral and personal)					2,597	3,724	1,934	4,136	
Social impact commercial initiatives									
Number of social impact commercial inicitaives	A-COM2						9	5	
Revenue associated with social impact commercial inicitaives							2,107,229,942	8,758,939,445	
People benefited by social investments and contributions	A-G02								
Beneficiaries					486,778	497,837	719,754	368,371	630,000

	Argos	GCCA	GRI	SASB	2018	2019	2020	2021	GOAL 2030
Grievances about impacts on society filed, addressed & resolved through formal grievance mechanismss			103-2						
Number of grievances about impacts on society led through formal grievance mechanisms during the reporting period					115	108	82	64	
Number of complaints resolved during the reporting period					85	106	79	62	
Number of complaints resolved during the reporting period, which were received in a period prior to the report					7	31	2	3	
Number of complaints addressed and solved during the reporting period					92	137	81	65	
Operations with Actual and potential impacts			413-2						
Operations with Actual impacts					8	-	2	2	
Operations with Potential impacts					4	2	2	2	
Community risk´s incidents	A-AR1								
Number of community risk´s incidents					-	-	-		0
Operations with high and critical risks affecting communities	A-AR2								
Operaciones con riesgos altos y críticos de afectación a comunidadesOperations with high and critical risks affecting communities (%)					-	-	-	14	
Satisfaction in communities	A-CC1								
Percentage of satisfaction in communities (%)					-	-	-	6	0
Repetitive complaints	A-CC2								
Number of repetitive complaints					-	-	-		70
Resources leveraged	A-GO1								
Percentage of resources leveraged (%)					-	-	-	23	30
HUMAN RIGHTS									
Materialización de riesgos en derechos humanos para nuestros grupos de interés (#)	A-DH1								
Suppliers					-	-	-	2	
Employees					-	-	-	-	
Communities					-	-	-	-	
Coverage during the due-diligence process	A-DH2								
Coverage during the due-diligence process (%)					-	-	100	100	
Stakeholders that have action plans to close gaps	A-DH3								
Stakeholders that have action plans to close gaps (%)					-	-	100	89	

SUSTAINABILITY PROGRAM AND SDG DASHBOARD 2021

Material Topic	SDG	Goal	Baseline year	Goal year	Baseline value	Target value	2021 result	Trend
Efficiency and productivity	SDG 8 Goal 8,3	Substitution rate in heat consumption from the use of alternative fuels (%) A-EN1	N/A	2030	N/A	33	6.4	↑
	SDG 13 Goal 13,2	Alternative raw materials in concrete operations (%) A-EC3	N/A	2030	N/A	15	11	↓
		Alternative raw materials in cement operations (%) A-EC2	N/A	2030	N/A	16	10.8	↑
		Volume of recycled aggregates used (%) A-EC4	N/A	2030	N/A	18	34	↑
Adapting to market dynamics	SDG 9 Goal 9 Goal 9,5	Total revenues for our products with sustainability properties (PSP)(USD) A-CS1	2015	2025	USD 136 millons	USD 800 millons	USD 1515 millons	↑
Talent management	SDG 8 Goal 8,5 Goal 8,6	Percentage of the organization's leadership positions held by women (%) A-TM4	2017	2030	29	35	30	↑
		Percentaje of executive and managerial level employees will be of non-Colombian origin (%) A-TM3	N/A	2025	N/A	50%	38.24%	=
Climate change	SDG 13 Goal 13,2	Specific emissions of CO_2 (Kg CO_2 /t cementicius material A-EC1	2006	2030	735	523	635	↑
Ecosystems	SDG 11 Goal 11,4	Percentaje of the quarries located in areas of high biodiversity value will have Biodiversity Management Plan (BMP) (%) A-BI1	2017	2030	59	85	74	↓
		Percentaje of rehabilitate of areas released in active and in inactive quarries (%) A-BI2	2017	2030	80	90	77	↓
	SDG 8 Goal 8,4	specific water consumption in cement (L/t cement) A-A1	2015	2030	350	245	259	↑
		specific water consumption in concrete (L/m^3 concrete) A-A1	2015	2030	249	216	257	↑
		specific water consumption in aggregates (L/t aggregates) A-A1	2020	2030	109	94	95	↓
Atmospheric emissions	SDG 8 Goal 8,4	Particulate matter emissions (g/t de clínker) A-OE1	N/A	2030	N/A	45	53	↑
		NO_x emissions (g/t de clínker) A-OE1	N/A	2030	N/A	1,205	1274	↓
		SO_x emissions (g/t de clínker) A-OE1	N/A	2030	N/A	205	281	↑
Health and safety in the workplace	SDG 8 Goal 8,8	Employees who execute HRT with developed competencies (%)	2020	2021	89	90	92	
		Frequency index (#) A-SI1	2018	2021 / 2025	0.93	1.33 / 0.8	0.96	↓
		Number of serious injuries in our employees and contractors(#) A-SI3	NA	2025	NA	0	3	=
		Number of total injuries per million man-hours worked (#) A-SI4	2019	2025	612	306	374	↓
		Number of cases of occupational disease, directly employed (#) GRI [403-9; 403-10]	2019	2025	5	3	6	↑
		Successful-impact project per Region (#) A-SI5	NA	2025	NA	15	3	↑
		Absenteeism of direct employees due to general illness for every 1 million man-hours worked (#) A-SI6	2019	2025	885	752	1214	↑
		Percentage of high-risk situations intervened in a timely manner (%) A-SI7	N/A	2025	NA	100	100	=

Material Topic	SDG	Goal	Baseline year	Goal year	Baseline value	Target value	2021 result	Trend
Supplier Management	SDG 8 Goal 8,3	Status of the supplier website	N/A	2021	N/A	1	1	
		Import substitution value (USD)	N/A	2021	N/A	USD 1 millón	USD 2.2 millones	
		Critical providers evaluated (%)	N/A	2021	N/A	85	80	
		Critical suppliers that have closed their gaps (%)	2019	2021	8	199	127	↑
		Percentage of suppliers assessed for sustainability in the last 3 years (%) GRI [308-1/414-1]	2019	2024	20	45	42.5	↑
Community Engagement	SDG 9 Goal 9,1 SDG 11 Goal 11,2	Number of community risk´s incidents (#) A-AR1	2022	2030	N/A	0	-	
		Percentage of operations with high and critical risks affecting communities (%) A-AR2	2021	2030	N/A	0	14	
		Percentage of satisfaction in communities (%) A-CC1	2022	2030	N/A	70	-	
		Number of repetitive complaints (#) A-CC2	2021	2030	N/A	0	6	
		Resources leveraged A-GO1	2021	2030	N/A	30	23	
		People benefited by social investments and contributions (#) A-GO2	N/A	2030	N/A	630,000	368,371	

Deloitte & Touche Ltda.
Nit. 860.005.813-4
Calle 16 Sur No. 43A-49
Pisos 4 y 9
Ed. Corficolombiana
Medellín
Colombia

Tel: +57 (604) 604 1899
www.deloitte.com/co

INDEPENDENT ASSURANCE REPORT ON THE INTEGRATED REPORT OF CEMENTOS ARGOS S.A.

To the Management of Cementos Argos S.A.

Assurance report subject matter

We have been engaged by Cementos Argos S.A. (the "Company") to perform assurance procedures to provide limited assurance on the Integrated Report in accordance with the criteria section of this report for Cementos Argos S.A. for the year ending December 31st, 2021. This assurance engagement was performed by a multidisciplinary team that includes assurance professionals and sustainability specialists.

Criteria

The criteria used by Cementos Argos S.A. to prepare the Integrated Report, which is subject of the limited assurance report, were established considering the terms and conditions set forth in the GRI Standards and with the modified indicators defined by Management as a complement to those mentioned in GRI and additionally, indicators defined by Management as its own, which are detailed in Appendix A attached. Likewise, the SASB (Sustainability Accounting Standards Board) indicators reported according to the Construction Materials industry were reviewed (See Appendix B), and likewise, in the case of environmental indicators and health and safety indicators, compliance with the Global Cement and Concrete Association (GCCA) guidelines was reviewed (See Appendix C), and the variables that are part of the calculation of the Value Added to Society (VAS) model (See Appendix D).

Management's responsibility for the Integrated Report

Management is responsible for the preparation of the Integrated Report in accordance with the criteria established in the GRI Standards and with the modified indicators defined by Management as a complement to those mentioned in GRI and additionally, indicators defined by Management as its own, the SASB, GCCA and VAS indicators. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation of an Integrated Reporting statement that is free from material misstatement, whether due to fraud or error.

The Integrated Report is subject to inherent uncertainty due to the use of non-financial information which is subject to greater inherent limitations than financial information, given the nature of the methods used to determine, calculate, sample or estimate such information. In the preparation of the Integrated Report, Management makes qualitative interpretations about the relevance, materiality and accuracy of the information that are subject to assumptions and judgments.

Our independence and quality control

We have complied with the ethical and independence requirements of the Code of Professional Ethics of the Public Accountant issued by the International Ethics Standard Board for Accountants (IESBA), which is based on the principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Deloitte.

Our Firm applies the International Standard on Quality Control 1 (ISQC 1), and therefore maintains a comprehensive quality control system that includes documented policies and procedures related to compliance with ethical requirements, professional standards and requirements of applicable laws and regulations.

Responsibility of independent assurance practitioner

Our responsibility is to express a limited assurance conclusion about the Integrated Report based on the procedures we have performed and the evidence we have obtained. We conducted our limited assurance work in accordance with the "International Standard for Assurance Engagements, Other Than Audits or Reviews of Historical Financial Information" ISAE 3000 – Revised, issued by the International Auditing and Assurance Standards Board (IAASB). Such standard requires us to plan and conduct our work to obtain limited assurance as to whether the information in the Integrated Report is free of material error.

The procedures we conducted were based on our professional judgment and included inquiries, observation of the processes performed, inspection of documentation, analytical procedures, assessment of the adequacy of quantification methods and reporting policies, and agreement or reconciliation with the underlying records.

Given the circumstances of the engagement, we have performed the following procedures:

a. Through inquiries, we gained an understanding of Cementos Argos 's control environment and relevant information systems, but we did not evaluate the design of specific control activities or obtain evidence on their implementation, nor test their operational effectiveness.

b. Understanding of the processes and tools used to generate, aggregate and report non-financial information through inquiries with those responsible for related processes.

c. Substantive testing, based on a sample basis, of sustainability information identified by the Company, to determine the indicators subject to limited assurance and verify that the data have been adequately measured, recorded, collected, and reported through:

    i. Inspection of policies and procedures established by the Company.
    ii. Inspection of supporting documentation of internal and external sources.
    iii. Recalculation.
    iv. Comparison of the contents presented by Management with what is established in the criteria section of this report.

Appendixes A, B, C and D detail the sustainability performance standards and indicators included in the scope of our work.

Our limited assurance engagement was performed only with respect to the sustainability performance standards and indicators included in the Appendixes above, for the year ended December 31, 2021; and we have not performed any procedures with respect to prior years, future projections and targets, or any other items included in the Integrated Report for the year ended December 31, 2021 and therefore do not express a conclusion thereon.

A limited assurance engagement involves evaluating the appropriateness, in the circumstances, of the Company's use of the criteria as a basis for the preparation of the sustainability information report; assessing the risks of material misstatement of the sustainability information report due to fraud or error; responding to assessed risks as necessary in the circumstances; and evaluating the overall presentation of the information in the sustainability information report. The scope of limited assurance work is substantially less than that of reasonable assurance work in relation to both the risk assessment procedures, including an understanding of internal control, as well as the procedures performed in response to assessed risks. Accordingly, we do not express a reasonable assurance conclusion as to whether the information in the Company's sustainability information report has been prepared in all material respects in accordance with the criteria section of this report.

Deloitte.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Conclusion

Based on the work we have done, the procedures we have performed and the evidence we have obtained, nothing has come to our attention would lead us to believe that the sustainability performance standards and indicators detailed in Appendixes A, B, C and D, for the year ended December 31st, 2021, have not complied in all material respects, as established in the criteria section of this report.

Restriction of use

Our report is issued solely for the purpose set forth in the first paragraph and should not be used for any other purpose or distributed to other parties on its own. This report refers only to the matters mentioned in the preceding sections and to the sustainability information identified and does not extend to any other financial and non-financial information included in the Integrated Report of Cementos Argos S.A. for the year ended December 31, 2021, nor to its financial statements, taken as a whole.

JORGE ENRIQUE MÚNERA D
Partner
Medellín, 8th of March 2022

APPENDIX A

The following are the GRI Standards, the GRI Standards with supplementary guidelines established by Management and, additionally, indicators defined by Management as its own.

These evaluation criteria form an integral part of our independent limited assurance report on the Integrated Report of Cementos Argos S.A. for the year ended December 31th, 2021.

GRI Standards	Description
GRI 102-7 (2016)	Scale of the organization.
GRI 102-8 (2016)	Information on employees and other workers.
GRI 201-2 (2016)	Financial implications and other risks and opportunities due to climate change.
GRI 202-2 (2016)	Proportion of senior management hired from the local community.
GRI 203-1 (2016)	Infrastructure investments and services supported.
GRI 204-1 (2016)	Proportion of spending on local suppliers.
GRI 205-1 (2016)	Operations assessed for risks related to corruption.
GRI 205-2 (2016)	Communication and training about anti-corruption policies and procedures.
GRI 205-3 (2016)	Confirmed incidents of corruption and actions taken.
GRI 206-1 (2016)	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices.
GRI 301-1 (2016)	Materials used by weight or volume.
GRI 302-1 (2016)	Energy consumption within the organization.
GRI 302-4 (2016)	Reduction of energy consumption.
GRI 303-3 (2018)	Water withdrawal.
GRI 304-4 (2016)	IUCN Red List species and national conservation list species with habitats in areas affected by operations.
GRI 305-1 (2016)	Direct (Scope 1) GHG emissions.
GRI 305-2 (2016)	Energy indirect (Scope 2) GHG emissions.
GRI 305-3 (2016)	Other indirect (Scope 3) GHG emissions.
GRI 305-4 (2016)	GHG emissions intensity.
GRI 305-5 (2016)	Reduction of GHG emissions.
GRI 305-7 (2016)	Absolute emissions.
GRI 307-1 (2016)	Non-compliance with environmental laws and regulations.
GRI 308-2 (2016)	Negative environmental impacts in the supply chain and actions taken.
GRI 401-1 (2016)	New employee hires and employee turnover.
GRI 402-1 (2016)	Minimum notice periods regarding operational changes.
GRI 403-1 (2018)	Occupational health and safety management system.
GRI 403-2 (2018)	Hazard identification, risk assessment, and incident investigation.

GRI 403-3 (2018)	Occupational health services.
GRI 403-4 (2018)	Worker participation, consultation, and communication on Occupational health and safety.
GRI 403-5 (2018)	Worker training on occupational health and safety.
GRI 403-6 (2018)	Promotion of worker health.
GRI 403-9 (2018)	Work-related injuries.
GRI 403-10 (2018)	Work-related ill health.
GRI 404-1 (2016)	Average hours of training per year per employee.
GRI 404-3 (2016)	Percentage of employees receiving regular performance and career development reviews.
GRI 405-1 (2016)	Diversity of governance bodies and employees.
GRI 405-2 (2016)	Ratio of basic salary and remuneration of women to men.
GRI 413-1 (2016)	Operations with local community engagement, impact assessments, and development programs.
GRI 413-2 (2016)	Operations with significant actual and potential negative impacts on local communities.
GRI 414-2 (2016)	Negative social impacts in the supply chain and actions taken.
GRI 415-1 (2016)	Political contributions.
GRI 419-1 (2016)	Non-compliance with laws and regulations in the social and economic area.

Modified GRI Standards	**Description**
GRI 303-4 (2018)	Total discharge Total discharge of water in all areas in cubic meters (not megaliters) and breakdown of this total by the following types of destination, if applicable: i. surface water, ii. groundwater, iii. seawater, iv. water from third parties, and volume of such total that is destined for use by other organizations, if applicable.
GRI 303-5 (2018)	Water consumption a. Total water consumption in cubic meters (not megaliters) for all zones. b. Total water consumption in cubic meters (not in megaliters) of all water stressed areas.
GRI 304-1 (2018)	Operations owned, leased or managed sites located within or adjacent to protected areas or areas of high biodiversity value outside protected areas. a. Number of facilities with high biodiversity value
GRI 306-2 (2016)	Waste by type and disposal method. a. The total weight of hazardous wastes, broken down according to the following disposal methods where applicable: i. Reuse ii. Recycling

	iii. Composting iv. Recovery, including energy recovery v. Incineration (mass burning) vi. Deep well injection vii. Landfill viii. On-site storage ix. Other (to be specified by the organization) b. The total weight of non-hazardous waste, broken down according to the following disposal methods where applicable: i. Reuse ii. Recycling iii. Composting iv. Recovery, including energy recovery v. Incineration (mass burning) vi. Deep well injection vii. Landfill viii. On-site storage ix. Other (to be specified by the organization)
GRI 308-1 (2016)	New suppliers that have passed evaluation and selection filters in accordance with environmental criteria. a. Percentage of suppliers evaluated for environmental, social and economic aspects at least once in the last 3 years.
GRI 414-1 (2016)	New suppliers that have passed selection filters according to social criteria. a. Percentage of suppliers evaluated for environmental, social, and economic aspects at least once in the last 3 years.

Own Indicators	Description
A-EC1.	Specific net CO2 emissions.
A-EC2.	Percentage Alternative Raw Materials (Cement).
A-EC3.	Percentage of Supplementary Cementitious Material (Concrete).
A-EC4.	Volume of recycled aggregates used (t/year).
A-IN1.	Investment in innovation.
A-IN3.	Innovation revenues.
A-IN4.	Savings from implementation of innovation initiatives.
A-CS1.	Revenues from products with sustainability characteristics.
A-IM1.	Customer Satisfaction Index by Country.
A-TM1.	Mobility rate.
A-TM2.	Key talent retention rate.
A-TM3.	Succession success rate.
A-TM4.	Percentage of leadership positions in the organization held by women.
A-ETH1.	Environmental, social and human rights complaints received.
A-ETH2.	Major contributions.

A-ETH3.	Number of corruption prosecutions or investigations - FCPA violations.
A-ENE1.	Substitution of caloric consumption of fossil fuels for alternative fuels.
A-A1.	Specific water consumption.
A-A2.	Recycled and reused water.
A-BI1.	Number and percentage of active and inactive quarries with high biodiversity value that have a biodiversity management plan in place.
A-BI2.	Number and percentage of released areas rehabilitated in active and inactive quarries.
A-BI3.	Percentage of active facilities located in areas of high biodiversity value with biodiversity management plans.
A-BI4.	Percentage of active and inactive quarries with closure plans in place.
A-LS2.	Reputational index.
A-TAX1.	Taxes paid by country.
A-SI1.	Frequency and severity index - contractors and employees.
A-SI2.	Occupational disease frequency rate - employees.
A-OE1.	Specific emissions.
A-COM1.	Social investment.
A-COM2.	Revenues from commercial initiatives with social impact.
A-COM3.	Type of philanthropic activities.
A-COM4.	Prioritized Argos operations with PRL.

APPENDIX B

SASB indicators (Sustainability Accounting Standards Board) for the Construction Materials industry:

SASB indicators	Topic
EM-CM-110a.1	Greenhouse Gas Emissions.
EM-CM-120a.1	Air Quality.
EM-CM-130a.1	Energy Management.
EM-CM-140a.1	Water Management.
EM-CM-150a.1	Waste Management.
EM-CM-160a.1, EM-CM-160a.2	Biodiversity Impacts.
EM-CM-320a.1, EM-CM-320a.2	Workforce Health & Safety.
EM-CM-410a.1	Product Innovation.
EM-CM-520a.1	Pricing Integrity & Transparency.
EM-CM-000.A	Production by major product line.

APPENDIX C

Environmental indicators of the GCCA (Global Cement and Concrete Association).

Indicator
ECOSYSTEMS
Total water withdrawal by source
Total water discharge by destination
Total water consumption
Specific water consumption
Recycled and/or reused water
Number and percentage of active and inactive quarries with high biodiversity value that have a biodiversity management plan
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)
GHG emissions intensity
Reduction of GHG emissions
Financial implications and other risks and opportunities arising from climate change
Specific CO2 emissions - gross
Specific CO2 emissions - net
EFFICIENCY AND PRODUCTIVITY
Replacement of caloric consumption of fossil fuels with alternative fuels
Alternative fuel rate
Rate of biomass as fuel
Clinker/cement factor
Materials used by weight or volume

Alternative Raw Materials (Cement)
Supplementary Cementitious Material (Concrete)
Volume of recycled aggregates used
Waste by type and disposal method
ATMOSPHERIC EMISSIONS
Total coverage (percentage of clinker produced in kilns covered with monitoring systems, continuous or discontinuous, for particulate matter, 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
Absolute NOx emissions
Specific NOx emissions
Absolute SO2 emissions
Specific SO2 emissions
Coverage with monitoring for particulate matter (percentage of clinker produced in kilns covered with monitoring systems for particulate matter)
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)
Absolute VOC/THC emissions
Specific VOC/THC emissions
VOC/THC coverage rate
Absolute emissions of PCDD/F
Specific emissions of PCDD/F
PCDD/F coverage rate
Absolute Hg emissions
Specific Hg emissions
Hg coverage rate
(Cd + Tl) - Absolute emissions of HM1 (Cd + Tl)
(Cd + Tl) - Specific emissions of HM1 (Cd + Tl)
(Cd + Tl) - HM1 coverage rate (Cd + Tl)
Absolute HM2 emissions (Sum of Sb, As, Pb, Cr, Co, Cu, Mn, Ni, V)
Specific emissions of HM2 (Sum of Sb, As, Pb, Cr, Co, Cu, Mn, Ni, V)
HM2 coverage rate (Sum of Sb, As, Pb, Cr, Co, Cu, Mn, Ni, V)
ADAPTATION TO MARKET DYNAMICS

Income obtained from products with sustainability characteristics
HEALTH AND SAFETY AT WORK
Fatalities - direct employees
Fatalities – contractors
Fatalities - third parties
LTI frequency rate, direct employees
LTI contractor frequency rate
LTI severity index direct employees
LTI severity index contractors

APPENDIX D

Indicators of Value Added to Society:

VAS Indicators
Number of Lost Time Injuries: short Absence
Number of lost time injuries: long absence
Average salary (men and women)
Average retirement age in the region (men)
Average retirement age in the region (women)
Average age of leaving (men)
Average age of departure (women)
Extreme areas of water scarcity
Shortage areas
Water-stress areas
Sufficient water reserves
Abundant water areas
Net impacts to biodiversity by ecosystem type (affected 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 quantities of alternative materials and fuels used and averted use of traditional materials and fuels
Electricity provided to communities

Conceptualization,
graphic editing and design
Taller de Edición
www.tallerdeedicion.co

Thanks to the Healthy Homes program, Cindy Muñoz and her children Jacob, Guadalupe and Gerónimo Mazo now have a concrete floor where they can draw the world of their dreams.