



Investments that transform

# INTEGRATED REPORT › 2022



# **Investments that transform**

**2022 Integrated Report**

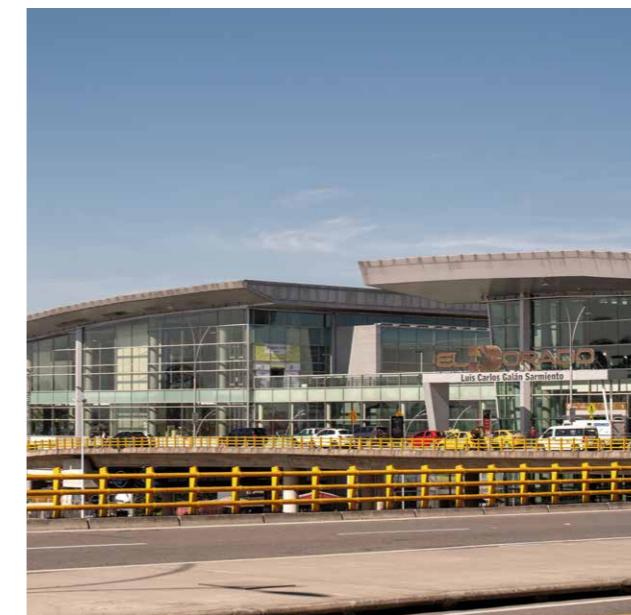


**GRUPO ARGOS**

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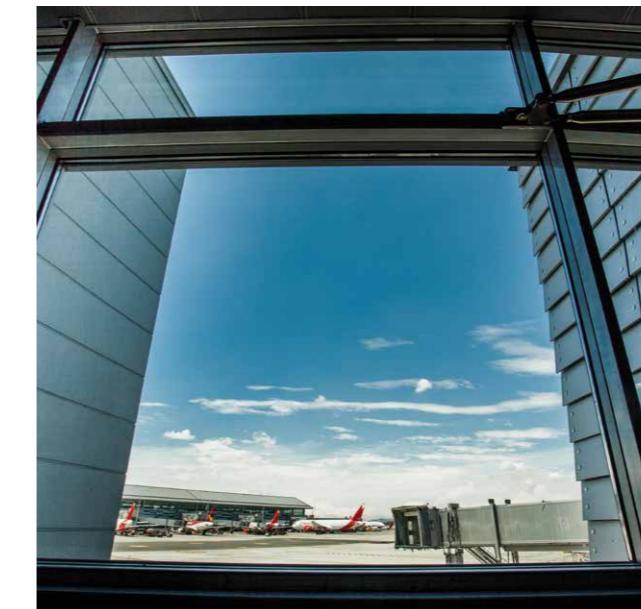
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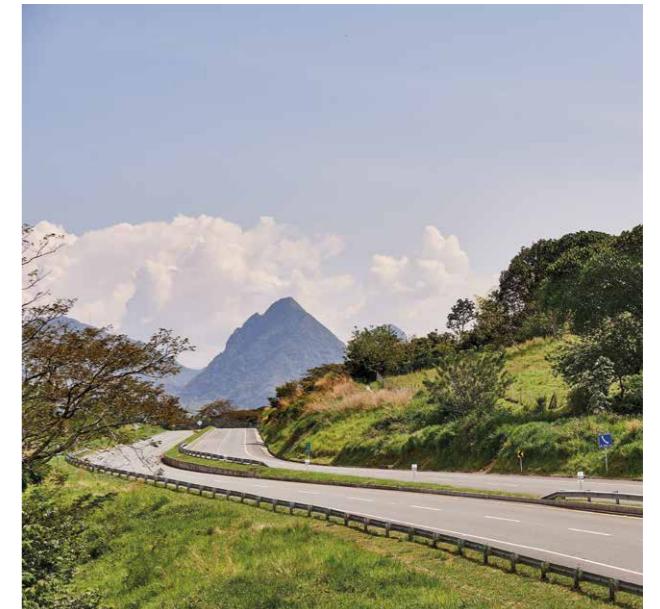
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# About this report

This report is an exercise in transparency, where we publish our progress in the management of the most relevant economic, social and environmental affairs for Grupo Argos's stakeholders. Through it, we present the ways in which we create value for shareholders, society, and the environment.

## Materiality

**[2-14, 3-1]** The relevance of the topics developed in this report was determined based on a Materiality Analysis carried out in 2022 to precisely reflect the issues we consider our key drivers for creating value. In this report, we have used the double materiality approach, which aims to analyze key sustainability issues from the perspectives of **financial materiality and impact materiality**.

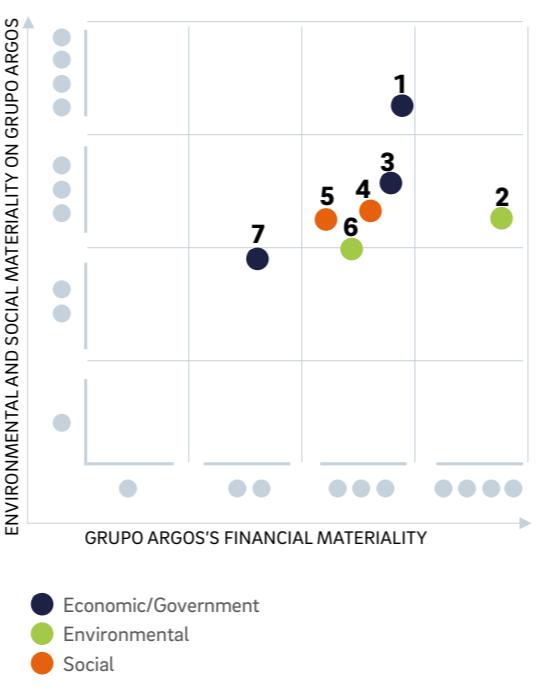
The Materiality Analysis chapter describes the entire process and any changes in key sustainability issues compared to previous periods. The materiality analysis was reviewed and approved by the Steering Committee and the Sustainability and Corporate Governance Committee of the Board of Directors. On their respective pages, we describe each of the six value drivers, their relevance, and the way in which we manage them. We also present our vision for the future for each driver using short, medium and long-term goals, and their associated challenges and opportunities.

Our commitment to the United Nations 2030 Agenda is materialized through eight of its 17 Sustainable Development Goals (SDGs), prioritized according to our capacity to contribute directly to the global challenges represented by each one.

## Reporting methodology

This report has been prepared according to the most recent version of the *Global Reporting Initiative* (GRI) standards from 2021, and adheres to the principles and guidelines of Integrated Reporting Framework (IRF) of the IFRS Foundation.

For the third year in a row, we implemented the *Task Force on Climate Related Financial Disclosure*, (TCFD) framework to show how the company manages climate change related risks and opportunities. Financial statements are presented under International Financial Reporting Standards, and dollar figures have been converted to Colombian pesos using the representative market rate defined for each item in the financial statements. The annexes section contains the GRI Content Index, and the numerical codes that appear before certain paragraphs and the self-declaration of compliance with Integrated Reporting Framework (IRF) principles serve as guides to this (see page 125). GRI and SASB Content Indexes can be found on pages 114 and 121.



- 1 **Value Creation:** page 48
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- 7 **Conscious investments:** page 60

**In 2022, we updated our value drivers using the double materiality approach and in consultation with representatives from 100% of our stakeholder groups.**

## Coverage

**[2-2, 3-1, 3-2]** This report gives an account of Grupo Argos's management, performance, and main results as an infrastructure investment manager, and also includes relevant information on its businesses: cement (Cementos Argos S.A.), infrastructure (energy - Celsia, and highway and airport concessions - Odinsa), and investments in the real estate and coal businesses (Sator). Throughout this document we specify whether the indicators reported correspond to a separate Grupo Argos indicator, to one of its businesses, or to Grupo Empresarial Argos in a consolidated manner.

## Frequency

**[2-3]** This document was published in March 2023 and describes Grupo Argos's performance and annual results for the period between January 1 and December 31, 2022. The previous version was published in March 2022. This report coincides with the reporting periods for the financial reports.

Pacífico 2  
Antioquia



## External verification

**[2-14, 2-5]** To verify the reliability of the reported information, we have submitted this publication to an independent third-party accounting audit by KPMG as the company's Statutory Auditor for the company (see page 80). Senior management reviewed and approved the Integrated Report and commissioned BDO Audit S.A.S. with limited assurance of social, environmental and economic indicators. (See pages 127 a 130).

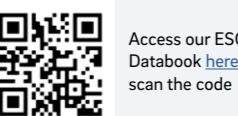
**[2-4]** No relevant information from previous reports has been restated. In the event of updates to the calculation method used for any indicator, these are described in the corresponding section.

**[2-3]** This document has been published at [www.grupoargos.com](http://www.grupoargos.com) and is complemented by Grupo Argos's *ESG Databook*. Please visit the following websites to find the integrated reports of our strategic businesses: [www.argos.co](http://www.argos.co), [www.celsia.com](http://www.celsia.com), and [www.odinsa.com](http://www.odinsa.com).

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Databook [here](#) or  
scan the code



## About Us

01

# Important Figures

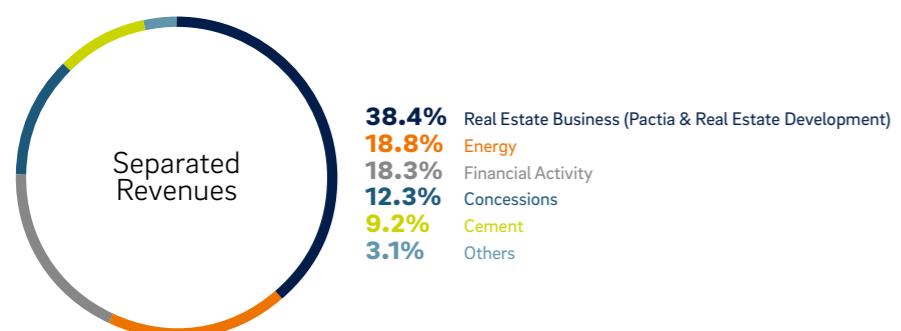
[2-1, 2-6 and 2-7]

Over the last 10 years, Grupo Argos has become an infrastructure investment manager with COP 57 trillion in assets under management and a presence in 20 countries and territories throughout the Americas. The company has an articulated portfolio that focuses on cement, energy, concessions, and real estate, and plays an active role as an investment manager with the capacity to drive and strategically guide companies that are focused on selective and profitable growth and value maximization.

## Key information by business

	ARGOS	CELSIA	ODINSA	PACTIA
Shareholding	Cement 58.8%*	Energy 52.9%	Roadway & Airport Concessions 99.9%	Real Estate 37.4%
Revenue Trillions of COP	11.7	5.6	1.9	0.4
Ebitda Trillions of COP	2.1	1.8	0.7	0.2
Net income controlling interest Billions of COP	142	276	263	243
Employees per company change from 2021	6,937 (-1.60%)	2,254 (+2.45%)	1,834 (+7.69%)	550 (+12.02%)

\*Grupo Argos's share of Cementos Argos is equal to 58.8% of the ordinary outstanding shares and 49.9% of preferential shares



## Grupo Argos S.A. Separated FS

Assets  
COP **21 trillion**

Revenue  
COP **779.18 billion**

Ebitda  
COP **475.85 billion**

Net Income  
COP **345.78 billion**

Sustainable financing  
COP **392.00 billion**  
› 28.4% of debt

Shareholders  
**15,812**

Market cap

COP **7.6 trillion**

Employees  
**94**  
› (+15%)

### Other Investments

#### Grupo Sura

**27.9%**

#### Nutresa

**9.9%**

## Grupo Empresarial Argos Consolidated FS

Assets  
COP **56.9 trillion**  
› 2012 COP 26.8

Revenue  
COP **21.3 trillion**  
› 2012 COP 6.7

Ebitda  
COP **5.2 trillion**  
› 2012 COP 1.6

Net income  
COP **1.4 trillion**  
› 2012 COP 0.7

Sustainable financing  
COP **3.4 trillion**  
› 20.7% of debt

Equity  
COP **32.0 trillion**  
› 2012 COP 12.8

Trees planted  
**15.2 million**  
› Accumulated since 2016

## Presence in 20 countries and territories



### Countries by business

Cementos Argos  
Celsia  
Odinsa



55%  
26%  
9%  
10%  
Cement  
Energy  
Concessions  
Others

Over  
**11,500**  
Employees

Over  
**COP 108 billion**  
in social investments  
› COP 34.9 billion  
executed by Fundación  
Grupo Argos

Climate Change  
**36% [305-5]**  
› Reduction in specific  
emissions vs. 2018  
baseline

# Board of Directors

[2-9, 2-11, 2-12, 2-13]

Women on  
the Board of Directors

[405-1]

**3**

43%

Total number  
of sessions

**17**

Board of Directors  
attendance rate

**100%**

Action plan  
fulfillment rate

**100%**

- » The Board of Directors has seven principal members, with two vacant positions.
- » Reported indicators are calculated for the seven seats on Grupo Argos's Board of Directors
- » The Good Governance Code was reformed on April 27, 2022. These reforms included a reorganization of Board Committees. The Nomination and Remuneration Committee was abolished and its functions were shared amongst the Sustainability and Corporate Governance Committee, the Remuneration Committee, and the Talent Committee.



**Rosario Córdoba**

Independent consultant



**Chair of the Board**  
**Start date:** March 23, 2011

**Board Committees:**



**Other Boards of Directors:** 2

- » Fiduciaria Bogotá
- » El Tiempo

**Non-profit entities:**

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

**Studies:**

- » Economics, Universidad de Los Andes
- » Master's degree's in Economics, Universidad de Los Andes

**Professional background:**

- » Independent consultant
- » Previous position: Chair of Consejo Privado de Competitividad

**Experience:**

- » Risks
- » Corporate Finance
- » Crisis Management
- » Sustainability
- » Governance and Public policy



**Claudia Betancourt**

Amalfi S.A. - General Manager



**Start date:** April 16, 2018

**Board Committees:**



**Other Boards of Directors:** 4

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

**Non-profit entities:**

- » Fundación Notas de Paz
- » Fundación Scarpetta
- » Propacífico

**Studies:**

- » Economics, Colegio Mayor de Nuestra Señora del Rosario

**Professional background:**

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

**Experience:**

- » Risks
- » Corporate Finance
- » Business Affairs
- » Materials Industry
- » Crisis Management
- » Sustainability

The Board of Directors is the company's highest management body and maintains an overall vision of all Grupo Empresarial Argos's business. It has a diverse composition in terms of gender, abilities and experience, and active participation from independent members.

It also supports the engagement system between the businesses in Grupo Empresarial Argos, which serves as a foundation for defining strategy, policy and other guidelines

that apply to all the businesses and seeks to ensure a unity of purpose and direction.

All this seeks the best interests of the shareholders and other stakeholders, making sure their rights are protected and their expectations are met in a balanced manner, subject to the highest ethical, behavioral, and transparency standards.



**Ana Cristina Arango**

Director - Inversiones El Yarumo S.A.S.



**Start date:** March 25, 2009

**Board Committees:**



**Other Boards of Directors:** 2

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

**Studies:**

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

**Professional background:**

- » Director of Inversiones el Yarumo S.A.S.
- » Previous position: Financial Management Assistant Cementos Rioclaro S.A.

**Experience:**

- » Corporate Finance
- » Materials Industry
- » Sustainability



**Jorge Uribe**

Independent consultant



**Start date:** March 25, 2015

**Board Committees:**



**Other Boards of Directors:** 3

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

**Studies:**

- » Engineering Management, Universidad Nacional
- » MBA, Xavier University

**Professional background:**

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

**Experience:**

- » Risks
- » Corporate Finance
- » Business Affairs
- » Sustainability
- » International
- » Talent



**Armando Montenegro**

BTG Pactual S.A. - Chair



**Start date:** March 25, 2015

**Board Committees:**



**Other Boards of Directors:** 3

- » Fedesarrollo
- » Ingredion Inc.
- » General Mills Inc.

**Studies:**

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

**Professional background:**

- » Chair of BTG Pactual S.A.
- » Previous position: Managing Director Agora Corporate Consultants
- » Director of the National Planning Department
- » Chair of ANIF

**Experience:**

- » Risks
- » Internal control
- » Corporate Finance
- » Crisis Management
- » Governance and Public policy



Independent member



Non-executive member  
Audit, Finance and Risk Committee



Sustainability and  
Corporate Governance  
Committee



Talent

Committee



Remuneration  
Committee

# Steering Committee

|2-13|



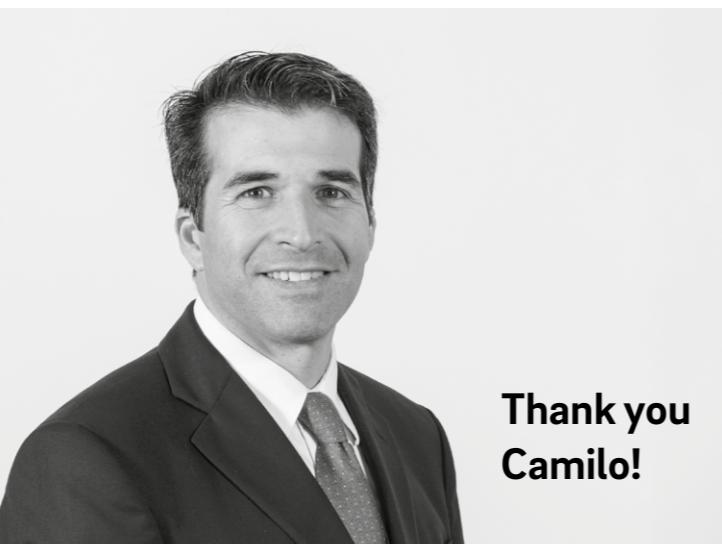
Its members' technical knowledge, experience and personal qualities make Grupo Argos's Steering Committee a competent governing body to make sure the company's strategy is achieved.

This Committee advises the CEO on decisions inherent to or that have an impact on Grupo Argos. In turn, each of its members is responsible for both their own individual responsibilities and for associated issues with a Business-wide scope.

**1. Alejandro Piedrahita**  
Chief Officer for Strategy and Corporate Finance

**2. Jorge Mario Velásquez**  
CEO

**3. Rafael Olivella**  
Chief Officer for Corporate Affairs



In 2022, our great colleague and friend Camilo Abello Vives, Executive Director of the Grupo Argos Foundation, passed away. Camilo is and will be a symbol of struggle and tenacity and an inexhaustible source of inspiration due to his exemplary life, and, above all, his physical, mental and spiritual strength. Today we pay tribute to his memory and thank him for his legacy, which lives and breathes in every corner of the organization.

# CEO Committee



With an in-depth understanding of each strategic business, this Committee discusses decisions that affect the entire Business Group, articulating efforts to lead shared mechanisms together.

The CEO of each business is completely accountable for their company's results, under the direction of their corresponding boards of directors and within the corporate framework and context of Grupo Empresarial Argos.

**1. Juan Esteban Calle.**  
Cementos Argos CEO

**2. María Clara Aristizábal.**  
Manager of the Real Estate Business

**3. Mauricio Ossa.**  
Odinsa CEO

**4. Jorge Mario Velásquez**  
Grupo Argos CEO

**5. Ricardo Sierra**  
Celsia CEO



# Management Report

# 01

# Management Report from the Board of Directors and the CEO



Martinsburg Plant  
- Cementos Argos  
United States

## Dear shareholders

[2-22] Thanks to your support, backing, and the trust you have placed in us to manage your capital, we reaffirm our commitment and conviction regarding Grupo Argos's capacity to create value. In a year with a challenging macroeconomic outlook, all businesses proved their structural soundness and the power of the strategy developed and implemented over the last decade to materialize their purpose of creating value for all our stakeholders.

In 2022 Grupo Argos achieved financial results that were unprecedented in its almost 90 years in existence. Revenues amounted to COP 21.3 trillion and EBITDA ascended to COP 5.2 trillion. Net income ended the year at COP 1.4 trillion, whereas net income to the majority shareholder was COP 881 billion. This all goes hand in hand with close to COP 1 trillion of deleveraging in our net debt.

The organization's evolution in recent years is a reason for pride and is evidence of Grupo Argos's capacity for transformation. The company evolved from a local cement company to a Multilatina that operates in the construction materials, energy, concessions, and real estate income sectors in 20 countries and territories around the Americas. We offer products and services that positively impact the lives of millions of people every day: from El Dorado Airport and Túnel de Oriente, to energy services for around 1.3 million customers. We produce the cement and concrete that drive the country's infrastructure growth, and develop urban projects that positively transform cities and lives.

As part of our process, around half of our revenue now comes from outside Colombia and from other businesses than cement. This expansion and geographic diversity have provided the organization with flexibility to mitigate the effects of the exchange rate volatility currently extant in the country. Over 50% of the EBITDA of our cement business comes from the United States, which makes investing in Grupo Argos a way to have exposure to the most important economy in the world.

Unfortunately, a year of excellent results was overshadowed by an issue that concerns and occupies us: Our share price performance. This problem is not exclusive to Grupo Argos. It is a structural reality of the Colombian stock market, where shares currently trade at a massive discount compared to other equity markets around the world. Nonetheless, aware of our responsibility to our shareholders, we continue prioritizing projects that will help close the gap between our business's fundamentals and their stock price on the market, as well as implementing measures to transfer value to them.

Along these lines, in 2022 we drove 30% growth in dividends for Grupo Argos, 40% for Cementos Argos, and 50% for Celsia. This year, an increase of 15% will be submitted for consideration by our shareholders. We will also submit, for consideration by our shareholders, an authorization to buy back up to COP 500 billion in company stock over the next three years. Both Celsia and Cementos Argos's shareholders will also consider an authorization to buy back up to COP 300 billion and COP 250 billion in stock, respectively, reaffirming our trust in the fundamentals of all our businesses.

› COP **21.3** trillion  
Revenue  
+31%

› COP **5.2** trillion  
EBITDA  
+21%

› COP **881** billion  
Net income  
+49%

Celsia Solar Comayagua  
Honduras





➤ Cartagena Plant - Cementos Argos  
Bolívar

In 2022, Grupo Argos continued its consolidation as a reference in the infrastructure management sector. Its partnership with *Macquarie Asset Management* as Odinsa's partner in its roadways and airports platform, not only proves the trust that top-level investors have in the organization, it is also evidence that the company is managing to execute its vision for the future: Grupo Argos is now an asset manager, and this reality will grow deeper every day.

The project to list Argos USA on the New York Stock Exchange is also moving forward apace, and we hope to conclude it as soon as market conditions are appropriate.

The company continues to think about and move towards its future, but it is also excited about its present. The results of each of our businesses, presented below, are proof of this.

## Business Performance

### Cement

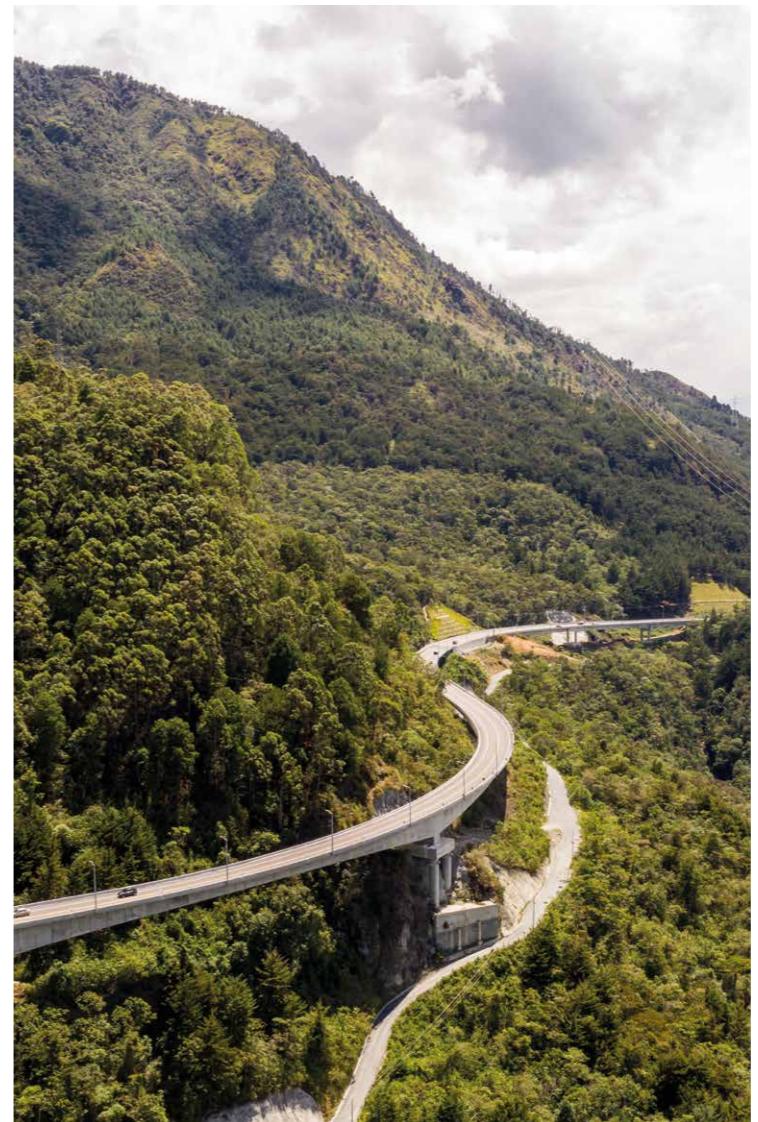
Cementos Argos reported positive results in 2022, with significant revenue growth, and achieving one of the highest operating EBITDAs in its history, surpassing COP 2.1 trillion, and ending the year with an indebtedness indicator of 2.8 times net debt/ebitda. All three regions posted double-digit revenue growth. Revenue grew 12% in Colombia, 23% in United States, and 17% in Central America and the Caribbean. In turn, cement volumes were 16.2 million tons at year end, and concrete volumes stood at 7.5 million cubic meters.

Exports last year were a record 1.2 million tons, a 28% increase compared to 2021. This was possible thanks to the expansion of the Port of Cartagena, optimized industrial processes that achieved a 10% increase in production capacity, and the refiring of kiln 3 at the Cartagena Plant

and kiln 2 at the Toluviejo Plant. Concrete volumes in Colombia grew 14%, driven by close to 30% year-over-year growth in construction licenses in the country.

In turn, in the United States, the Roberta, Harleyleville and Newberry plants transitioned production to *Portland Limestone Cement IL* (PLC), resulting in increased production capacity while reducing their carbon footprint. In this region, all our plants – except Martinsburg – are operating at full capacity.

Construction spending in that country grew around 12% in 2022. We expect this trend will continue in 2023, driven mainly by the infrastructure and commercial segment after the entry into force of the "*Infrastructure and Employment Investment Bill*" that was passed by Congress.



➤ Túnel de Oriente  
Antioquia

➤ **COP 2.1 trillion**  
**Cementos Argos Ebitda**

➤ **16.2 million tons**  
**Cement Volumes**

➤ **7.5 million cubic meters**  
**Concrete Volumes**

Argos USA also signed an agreement with *Smyrna Ready Mix Concrete, LLC.*, to sell 23 concrete plants (18 in North Carolina and five in Florida), with five-year cement supply rights. The total value of this sale was close to USD 93 million. This initiative is part of the efforts made by the company to divest assets that are not integrated into its logistics network and to use these resources to decrease its leverage.

Along these same lines, the company made progress with the requirements for listing the United States cement business on the New York Stock Exchange. As part of this process, Argos North America signed a USD 750 million, five-year loan agreement to refinance its debt, intend to improve its financial costs and maturity profile, without increasing the organization's leverage. At this time, the company is ready to look for a market window that will allow implementing this initiative, as soon as it sees reasonable multiples and variables for shareholders.

## Infrastructure

### Energy

Our energy business had historic results. Consolidated revenue was COP 5.6 trillion, with an EBITDA of close to COP 1.8 trillion, growing 30% compared to the previous year. Consolidated net profit ended the year at COP 442 billion, an excellent result despite the impact of increased financial spending due to higher interest rates.

In 2022, Celsia continued to add assets to generate clean and reliable energy for Colombia and the region. One of the most outstanding of these was the El Tesorito Thermoelectric Power Plant in Sahagún, Córdoba, which began commercial operations in September and made 200 MW of installed capacity available to the National Interconnected System. This plant required an investment of USD 210 million, which included the installation of 11 state-of-the-art, low emission and high-efficiency gas engines.

► Parque Solar Prudencia  
Panama



In 2022, through C2 Energía, its investment platform for solar farm development, the company also brought an additional 80 MW online, and is building 172 MW more, which will bring the platform up to 300 MW by the end of 2023. With its solar generation capacities, Celsia continues its consolidation as a key actor in the country's energy transition.

Quality of service for the transmission and distribution system was maintained in all markets, even including the challenges of the rainy season in Colombia and its effects upon infrastructure. Within this segment, Caoba, the transmission investment platform, continued expanding its asset base. Operating income totaled over COP 224 billion, growing 24%, and EBITDA was over COP 194 billion, growing 25%.

In the commercialization segment, global inflation during 2022 had an impact on local energy rates. In conversation with the National Government, a solution was reached to change the indexes and effectively reduce those rates. Celsia adhered to this voluntarily, with a reasonable financial impact, given the circumstances that gave rise to that situation, and a positive outcome for our clients.

► COP **5.6** trillion  
Consolidated revenue

► COP **1.8** trillion  
Ebitda

► COP **442** billion  
Net income

In 2023, Celsia will remain focused on maintaining its growth and further expanding its leadership in non-conventional renewable energy in Colombia. This company is prepared to play a key role in the energy transition demanded by the country and the world, maintaining high sustainability and quality standards and providing economic and social benefits for its shareholders.

### Concessions

In 2022, our roadway and airport concession business proved its resilience by ending the year with results that show it has fully recovered from the effects of the Covid-19 pandemic.

The performance of Odinsa's roadway concessions continued to improve, and ended the year with over 39 million vehicles, an increase of 15% compared to the previous year. Increased traffic resulted in higher internal rates of return for each concession. A highlight was the performance of Túnel de Oriente, where average daily traffic increased 30% compared to the previous year and reached levels estimated for 2032.

In turn, airport traffic ended the year with 40.7 million passengers mobilized. Both Opain and Quipròp grew over 60% compared to the previous year. This resulted in greater profitability, a highlight of which was substantial growth of the expected internal rate of return for El Dorado, which increased from 13% to 17% per year in 2022.

#### Roadway traffic:

► **39** million  
vehicles  
+15% vs. 2021

#### Airport traffic:

► **40.7** million  
passengers  
+60% vs. 2021



► Túnel de Oriente  
Antioquia



► Pacifico 2  
Antioquia



El Dorado Airport  
Bogota

Besides considerable growth in its operating results, in 2022 Odinsa achieved great milestones towards realizing its long-term vision. The most important of these, without a doubt, was the announcement that a COP 1.4 trillion airport platform would be created together with *Macquarie Asset Management*, the manager of the world's largest infrastructure fund, with whom the company had already entered into an agreement to create Odinsa Vías, the road concession platform that now manages Túnel Aburrá Oriente, Pacífico 2, Malla Vial Del Meta and Autopistas del Café.

*Macquarie* and Odinsa will each have a 50% stake in the new airport platform. Upon the conclusion of this transaction, this partnership will hold 65% of Opain and 46.5% of Quiport. Given its extensive capacity, experience and knowledge of the assets, Odinsa will carry on as the private equity fund manager and will be remunerated for its role.

Also in the airport segment, at the end of the year, the company received approval from the National Infrastructure Agency (ANI, in Spanish) for the prefeasibility of the El Dorado Max Private Initiative. An over COP 7 trillion project that intends to expand and improve the existing infrastructure of the El Dorado Airport in Bogotá including new construction projects to expand its capacity to 60 million passengers a year.

Thanks to operations performed by the company throughout the year, Odinsa prepaid practically all its debt, which provides it with significant financial flexibility for upcoming business opportunities.

To close this chapter, we would like to mention Decree 0050/2023 that freezes the rates for

143 tolls throughout the country. As a company, we would like to issue a call for calm, as 75% of Odinsa's road traffic was not affected by the Colombian Government's decree. This decree also defines compensation mechanisms for concessions affected by these measures and a mandate to reestablish the rates, which is fundamental for the concessions' economic and legal stability.

However, considering the long-term effects for the sector, we would invite the Colombian Government to maintain the rules of the game and the institutions that have enabled, through public and private partnerships, reducing the infrastructure gap, which is of such importance for the country's competitiveness, development, and, especially, social inclusion.

As regards the electrical industry, the government issued Decree 0227 by which the President of the Republic took over, for a period of three months, the general functions delegated to some of the public utility regulatory commissions, including the CREG, making the President responsible for issuing specific acts of administration.

Although no regulatory provisions have been issued to date, we would like to issue a call to maintain the sector's institutions, which have been consolidated for over 30 years, and which have allowed overcoming periods of scarcity in energy generation without requiring rationing as was experienced in 1992, as well as building and financing large infrastructure projects with solid and stable regulations over time. These institutions have also allowed coverage to increase to around 97%, from 80% during the 1990s. Quality indexes are improving and, as a country, we must foster conditions that will maintain its energy security, which is a social and economic enabler that we cannot take for granted. We are convinced that a fairer and more sustainable economic system must be built on the institutional framework that has been developed for decades.

## Real Estate Business

2022 was an extraordinary year for Grupo Argos's Real Estate Business. We recorded COP 224 billion in revenues, which resulted in a net cash flow of almost COP 100 billion. Over the next five years this business has signed sales agreements that will represent cash revenues of COP 350 billion for Grupo Argos.

The company completed a very successful call for the third stage of Ciudad Mallorquí and for three blocks of Portal Empresarial del Norte. Our customers sold over than 4,600 VIS units and nearly 2,000 non-VIS units in Barranquilla and Puerto Colombia, equivalent to a 39% and 56% share of the region's market, respectively. This confirms that our projects have the best turnover and sales indices in the metropolitan area of Barranquilla.

In Barú we continue to make progress with positioning it as a great Caribbean tourist destination.

With the opening of the Sofitel Barú Calablanca Hotel - where Grupo Argos contributed the land, managed its structure, and maintains a 20% stake - we managed to place this territory on the Colombian and regional luxury tourism map, positioning the hotel as one of the most representative assets in this category.

Pactia had a net operating revenue of COP 256 billion, growing 8%, and a consolidated EBITDA of COP 187 billion, 15% growth compared to 2021. Income was COP 243 billion, growing 49% over the previous year. The business also ended the year with a gross leasable area of 804,000 sq. mt. and COP 3.9 trillion in assets under management, and assets in all segments have high occupancy levels: 95% for commercial, 99% for logistics, and 96% for office space.

➤ COP 224 billion  
in revenue

➤ COP 350 billion  
in assured cash revenue over the  
next 5 years

Ciudad Mallorquí (render)  
Atlantico





➤ COP 3 trillion  
in debt reductions  
over the last 3 years

➤ Rioclaro Plant - Cementos Argos  
Antioquia

## Financial Results

As mentioned earlier, Grupo Argos ended 2022 with historic results. Revenue was COP 21.3 trillion, a 31% increase over last year, and EBITDA was COP 5.2 trillion, a 21% increase. Net income ended the year at COP 1.4 trillion, and net income to the majority shareholder was COP 881 billion.

Outstanding figures in a lot of the businesses went hand in hand with a deleveraging policy that, considering the volatile economic environment and considerably increased financing rates, resulted in significantly reduced financial expenses. We reduced our net debt by over COP 3 trillion over the last three years, equivalent to over half the consolidated EBITDA recorded for 2022. Decisions to divest in non-strategic assets and the use of these and other resources to pay off debt, allowed mitigating con-

solidated financial costs, which nonetheless grew by approximately COP 450 billion. If these decisions had not been made in a timely manner, financial costs could have had an estimated impact of another half trillion pesos on our consolidated results.

Grupo Argos's separated debt ended the year at COP 1.1 trillion, with 99% of its loans maturing after 2023. This provides the company with greater financial flexibility and allowed it to close the period with healthy indebtedness indicators that are in line with its current credit rating. Financing rates have increased worldwide, which has meant that the cost of debt at the end of the year was 12%, a 500 basic point increase over 2021. Nonetheless, the company put in place a series of hedging mechanisms to partially mitigate this increase.

## Long-term value creation

Since it was founded in 1934, Grupo Argos has been a proudly Colombian organization that believes that ethical and responsible operations are both a necessity and good business. This is a company that, since it distributed its first dividend to shareholders in 1938, has never stop doing so.

Over the last decade, the organization continued its history of growth and accelerated a process of transformation and diversification that provide it with an optimal competitive position to deal with the current economic environment and take advantage of new opportunities in the regional infrastructure sector.

In 2012, Grupo Argos generated an EBITDA of COP 1.6 trillion. To date, that figure has grown 3.3 times over, ending 2022 at COP 5.2 trillion. This

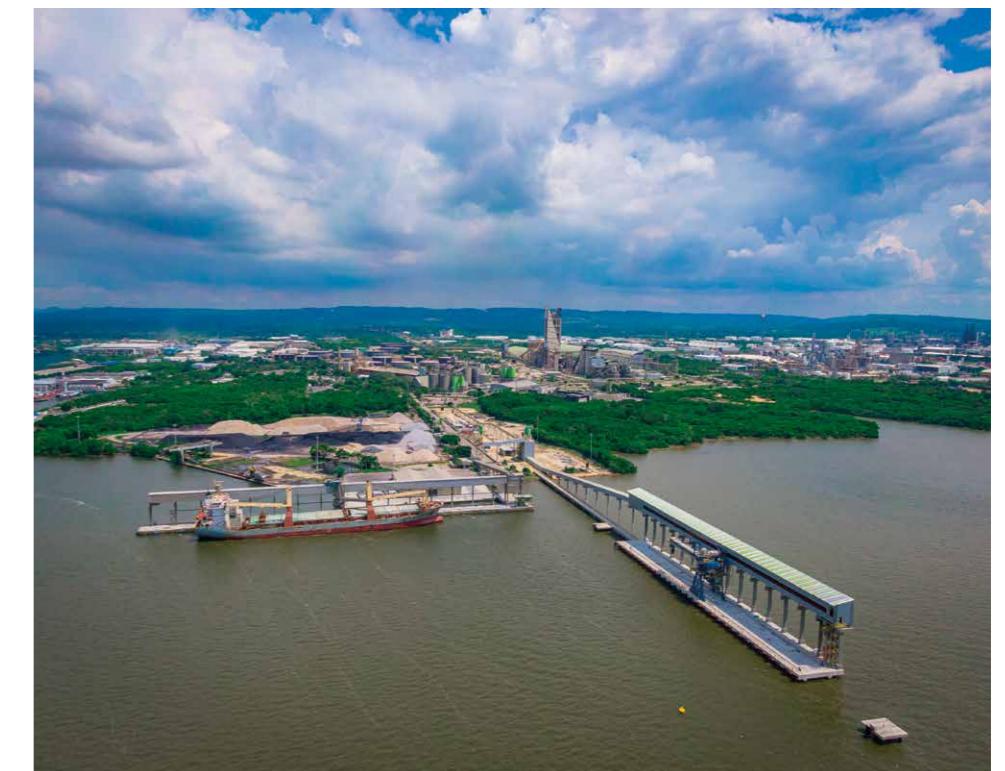
growth in operational performance occurred largely because the company managed to double EBITDA generated in Colombia from COP 1.5 trillion to COP 3.3 trillion over 10 years, and multiply by almost 10 times EBITDA generated in other countries, from COP 0.2 trillion in 2012 to COP 1.9 trillion in 2022.

Under volatile exchange conditions, Grupo Argos has greater stability and flexibility due to the benefits brought by its diversification and growth over the last decade. Apart from this, in 2017, almost half of the organization's revenue, on average, has come from sources other than the cement business. This is proof that while the organization has diversified geographically, it has also diversified its lines of business.

**Grupo Argos has greater stability and flexibility due to the benefits brought by its diversification and growth over the last decade.**

**Over the last 10 years, EBITDA has multiplied by**

**3.3 times**



➤ Puerto Cartagena  
Cementos Argos  
Bolívar

➤ Harleyville Plant  
Cementos Argos  
United States



## Share price

Now, it should be highlighted that the organization's evident generation of economic value is not being reflected by Grupo Argos's share price. Proof of this is that the company is trading at less than half of its carrying value while, on average, throughout the time it has been listed on the stock exchange, this price has exceeded its carrying value at the end of each year.

This decoupling is due to multiple causes, some of them exogenous, including a low appetite of international investors for equity assets in emerging markets, a lack of liquidity in the Colombian market, political and institutional uncertainty in Colombia, and global economic volatility.

This value and price gap affects many companies listed on the Colombian Stock Exchange. At the start of 2023, the median price-to-book multiple among issuers on the Colombian exchange was close to 0.6 times, a factor without precedent. For reference, this same multiple for S&P 500 companies was above three times. In 2022 the change in share price amongst companies listed on the Colombian Stock Exchange, excluding those subject to takeover bids during the year, was close to -30%. This is a widespread decoupling that represents a greater challenge for implementing initiatives that will help close the gap between the organization's stock price and its value.

When observing the historical evolution of Grupo Argos's share price in recent decades, its value has increased the most with the stock market entry of PFAs, passive funds, and international institutional investors. However, in recent years, no new actors have been interested in providing sufficient dynamics and bring efficiency to the Colombian Stock Market.

Grupo Argos's business fundamentals are still extremely positive, and we are fully confident in

the organization's value. In the long term, market prices should converge with the fundamental prices of companies that have consistently solid results. Colombia is a country with many opportunities. So long as issuers can continue to maintain their positive results and the country continues growing, we are convinced that the market will recognize a fair value for the stock listed on the market.

➤ Price vs. carrying value (P/PV):  
BVC (median):  
**0.6 times**

➤ S&P 500 (median)  
**-30% times**

## Strategy

To address these complexities of the Colombian stock market, in 2021 we publicly announced a strategic plan that intends to transfer greater value to our shareholders. Odinsa's partnership with *Macquarie Asset Management* is a milestone that proves that this is not just a vision for the future, but that we are already achieving that vision.

This segment has been the axis of Grupo Argos' strategy over the last 10 years. The organization is now evaluating the most efficient business, tax, social, and financial mechanisms and alternatives to consolidate and extend this business model. Its

first approaches with potential investors has found an appetite for the type of assets and geographies where Grupo Argos has a business presence.

It should be noted that this vision is essentially the same as other infrastructure asset managers, where the company acts as a professional private equity fund manager and receives management and success commissions for that work. This strategy will enable further growth and maximize returns for shareholders as Grupo Argos diversifies its revenue streams and receives remuneration for its intellectual capital and management capacity.

➤ Wind Farm  
Guanacaste  
Costa Rica





➤ Autopistas del Café  
Coffee Growing Region

## Takeover bids

As communicated through the relevant reporting mechanism, Grupo Argos's Board of Directors decided not to participate in the takeover bids for ordinary stock of Grupo Sura and Grupo Nutresa in 2022, considering the technical and strategic analyses submitted by *J.P. Morgan* and the legal analyses submitted by the company's external legal counsel. These decisions were founded, among other reasons, on the successive and increasingly more expensive bids made by the different bidders, which confirm the strategic and economic value of Grupo Sura, Grupo Nutresa, and the companies they invest in, as well as their potential for creating greater value for all their shareholders, including Grupo Argos.

The Board of Directors also considered that the isolated prices offered per share could not be the sole value used to make decisions. It considered, among others, the proration risks resulting from the fact that these were partial takeover bids, and their impact on the price and value of the remaining shares, as well as the strategic and financial

value of the deciding share packages in Grupo Sura and Grupo Nutresa, which Grupo Argos holds, considering the bidders' share of these companies. The Board also considered the uncertainty and risks for Grupo Argos and its shareholders, given Grupo Sura and Grupo Nutresa's stake in Grupo Argos, as regards the company's and its affiliate's business plans, as these have been hostile takeover bids.

The Board of Directors also analyzed several scenarios related to the potential non-realization of these takeover bids due to the way in which the bids were structured and, specifically, their effects on Grupo Argos, its shareholders, and the other companies in Grupo Empresarial Argos and their shareholders.

Grupo Argos's investments in Grupo Nutresa and Grupo Sura have represented benefits for the organization's shareholders, with internal rates of return of close to 20% per year over the last 20 years. They have supported the growth of Grupo Argos and its businesses and a sustained distribution of dividends throughout its history.

## Sustainable value creation for stakeholders

Grupo Argos's results and consolidation today are the virtuous consequence of a corporate vision that has been maintained over time and is founded on an essential conviction: Corporate success is possible, and, moreover, is exponentially higher, when it seeks to benefit all the organization's stakeholders and is balanced with the creation of social value and with care for the environment. This vision was recognized by the *Dow Jones Sustainability Index*, which ranked Grupo Argos and Cementos Argos amongst the most sustainable companies in their sector in the world for the tenth consecutive year.

This year, the company made progress in all lines of its sustainability strategy. On the climate change front, Grupo Empresarial Argos aims to reduce the intensity of its CO<sub>2</sub>e emissions by 46% per million pesos in revenue compared to

2018 by 2030. At the end of 2022, we recorded a reduction of 36% compared to the 2018 baseline thanks to energy efficiency and transformation efforts made by the businesses. We have also implemented reforestation programs that have represented voluntary planting of over 15 million native trees in Colombia over the past six years.

The organization's climate change strategy is also being recognized and validated by independent entities. Grupo Argos is undergoing certification by *Carbon Trust* as a carbon neutral company for its 2022 corporate operations, while Celsia received that accreditation from Icontec. In turn, Cementos Argos and Odinsa became the first Colombian companies with climate change mitigation objectives validated by the *Science Based Targets®* initiative.



➤ Educational centers that benefited from Works for Taxes Tolima

From a perspective of diversity and inclusion, Grupo Argos's commitment to creating inclusive environments that value and respect diversity was recognized by the Bloomberg Gender Equality Index, which includes over 400 companies from around the world. Likewise, *Forbes* ranked Grupo Argos as the most woman-friendly company in the world after evaluating criteria that included competitive salaries, career advancement opportunities, and flexible work arrangement. This organization has a team of over 11,500 people from different backgrounds, generations, cultures, and skills that provide all their talent and commitment to consolidate Grupo Empresarial Argos's capacity for comprehensive value creation. We extend a special recognition to all our employees for the work they have done.

In 2022, the organization continued promoting several shared development initiatives, including high impact initiatives developed through the Social Value Creation program and Fundación Grupo Argos. In the former case, it is worth highlighting the Corporate Group's participation in the Works for Taxes Roundtable, an example of the power of working together, which, last year alone, represented close to COP 90 billion in investment as a result of the efforts of the 10 partner companies.



Delivery of clean and safe water solutions in Puerto Triunfo  
Antioquia

Since the mechanism began in 2018, we have achieved over COP 200 billion in investments, and benefitted over 240,000 people with school supplies, road infrastructure, and environmental sanitation projects.

Through Fundación Grupo Argos, we have sought to contribute to the planet and to the standards of living of rural families. In 2022, we planted close to 1 million trees, generated almost 800 green jobs, and protected over 3,500 hectares of water basins with conservation and productivity agreements. Finally, to improve standards of living for 25,000 rural families, we delivered 5,500 solutions for access to clean water.

These outstanding results for materializing Grupo Argos's purpose of transcendence from a perspective of social and environmental sustainability were made possible by your generosity, dear shareholders, and the inspiring and dedicated leadership of Camilo Abello, Grupo Argos's Senior Director of Sustainability and the Executive Director of Fundación Grupo Argos, who, unfortunately passed away in December 2022. We want to pay a special tribute to this extraordinary human being in every sense of the word. A professional who shone since his entry to Grupo Argos in 1993 and until his final days. An integral man, a father, and a person with great social sensitivity who knew how to connect with the people around him. Camilo is and will be a symbol of struggle and tenacity and an inexhaustible source of inspiration due to his exemplary life, and, above all, his physical, mental and spiritual strength. We are moved and touched by his early departure. It will be impossible to forget him, as his mark and legacy live and breathe in every corner of the organization.



➤ Grupo Empresarial Argos Employees  
Colombia

## Our vision for the future

On behalf of over 11,500 employees that give their talent and commitment to create value for you and all our stakeholders, I want to thank you for supporting and accompanying Grupo Argos's vision for the future, so we can continue to lead development of the infrastructure that drives competitiveness in Colombia and all the other countries where we have a presence.

Dear shareholders. We acknowledge the structural challenges we face, but, just as we have done throughout our 90-year history, you can be certain of our commitment to creating and transferring value to each of you, so you can perceive the value of the company and its investment portfolio.

Thank you very much.

**Rosario Córdoba Garcés**  
**Ana Cristina Arango Uribe**  
**Claudia Betancourt Azcárate**  
**Armando Montenegro Trujillo**  
**Jorge Alberto Uribe López**  
Board of Directors

**Jorge Mario Velásquez Jaramillo**  
CEO

## Addendum: Legal and Corporate Governance Matters

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

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

Grupo Argos has implemented an internal control system to ensure adequate preparation and presentation of financial information to its shareholders, the market and the public at large. In 2022, the company's Management, Risk Evaluation Department, Internal Auditor, Statutory Auditor and Board of Directors, through its Audit, Finance and Risk Committee, conducted an internal control system review and concluded that it works properly.

Grupo Argos also held three extraordinary sessions of the General Shareholders' Meeting on January 4, 2022, February 21, 2022, April 19, 2022, and November 16, 2022 to decide on authorizations required in terms of potential conflicts of interest of certain Grupo Argos Board members, to deliberate and decide on takeover bids related to ordinary shares of Grupo Nutresa S.A. and Grupo de Inversiones Suramericana S.A. Similarly, the Grupo Argos Board of Directors, in sessions following the extraordinary sessions of the General Shareholders' Meeting, deliberated and decided on these takeover bids. All the above was reported to the market through relevant reporting channels.

Grupo Argos's legal matters, including legal and administrative proceedings, are being dealt with in a timely manner by the Directors and Counsel and no material rulings affecting the company's financial situation were handed down.

Finally, a report on the implementation of Country Code recommendations can be found on the website [www.grupoargos.com](http://www.grupoargos.com).



## Our Business

03

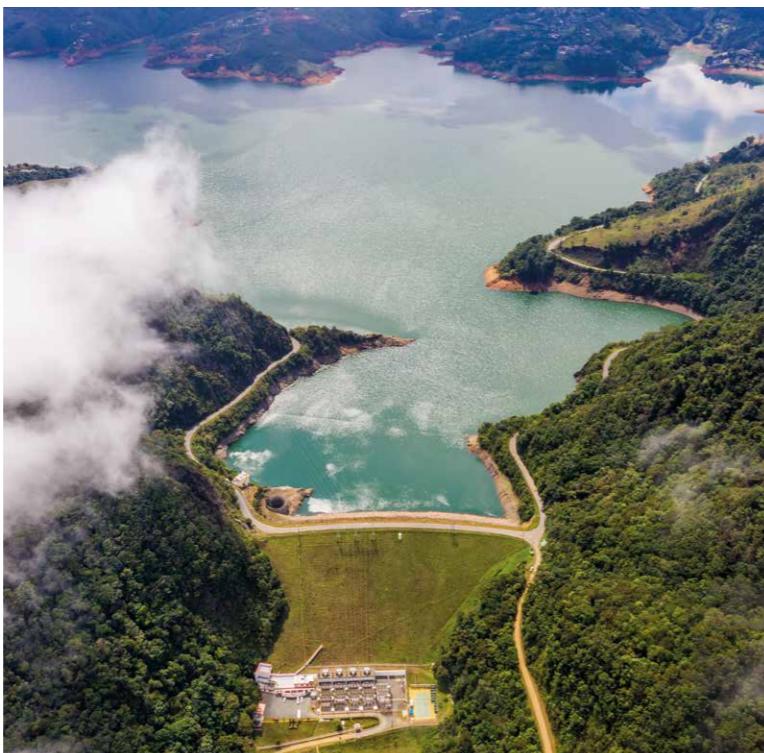
# How We Create Value

## What Inspires Us

**[2-25]** We positively transform lives by mobilizing financial, human, intellectual, and social capital with investments that generate superior economic results, obtained with a sense of transcendence and generating well-being for our shareholders and stakeholders.

We believe in the importance of playing an active role as an investment manager to drive value maximization and the selective and profitable growth of Grupo Empresarial Argos.

This process adheres to the *Stakeholder Engagement Standard* (SES), published by Accountability (AA1000).



Calima Hydroelectric Plant  
Valle del Cauca

## Stakeholders

**[2-29]**

At Grupo Argos, we identify and prioritize stakeholders according to their level of dependence and influence on our strategy.

### Stakeholder identification process:

**1**

We perform an analysis to define key actors in the two-way interactions between stakeholders and the organization.

**2**

We use this analysis to draw up a list of potential stakeholders for different areas of the company, with whom we analyze the level of involvement or closeness of the different identified groups with the organization and the potential influence or impact of our issues upon them.

**3**

With these results, we define our priority stakeholders, to more effectively respond to their expectations and strengthen the way we create value for them.

As a result of this exercise, we have prioritized eight groups that are fundamental to our value creation process:

### Stakeholders and value promises **[2-29]**

#### Shareholders and investors

Make their investments profitable over the long term and ensure their participation as owners, in the purpose, strategy, and performance of Grupo Argos and its businesses.

#### Management, administration and talent

Strengthen employee commitment, develop their leadership, empower their inspiration, and allow their results to transcend together with the organization.

#### Investments

Enhance their value, both individually and as part of Grupo Empresarial Argos

#### Strategic Partners:

Provide the capabilities required to drive and strengthen joint investments, within a framework of ethics, good corporate governance, and transparency.

#### Government and authorities

Maintain transparent, collaborative relationships with public institutions, to contribute to the development of the countries where we operate

#### Society

Actively participate in shared development, understanding the needs of society and supporting processes with our internal capacities.

#### Suppliers and contractors

Establish fair and sustainable business relations over time for the benefit of all the parties involved.



Visit the ESG to learn more about stakeholder engagement by scanning the QR code

**At Grupo Argos we integrate stakeholder participation into all policies and/or processes relevant to strategy development and investment management.**

## Awards **[2-28]**

» **Merco Empresas:** Ranked 9 amongst companies with the best reputation in Colombia, and 1 amongst business conglomerates.



» **Forbes - The World's Top Female-Friendly Company**

bvc

» **Bóscares** - First place in the Forests and Climate Change category

Emisor

» **Winnders of the Xpossible awards** for its Social Value Creation program

Top 5%

S&P Global ESG Score 2022

» **Private Social Investment Index -** Ranked 13 in Colombia

88 /100

S&P Global

As of February 7, 2023.

Position and Score are industry specific and reflect exclusion screening criteria. Learn more at spglobal.com/esg/yearbook

Sustainable1

## Memberships **[2-28]**

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

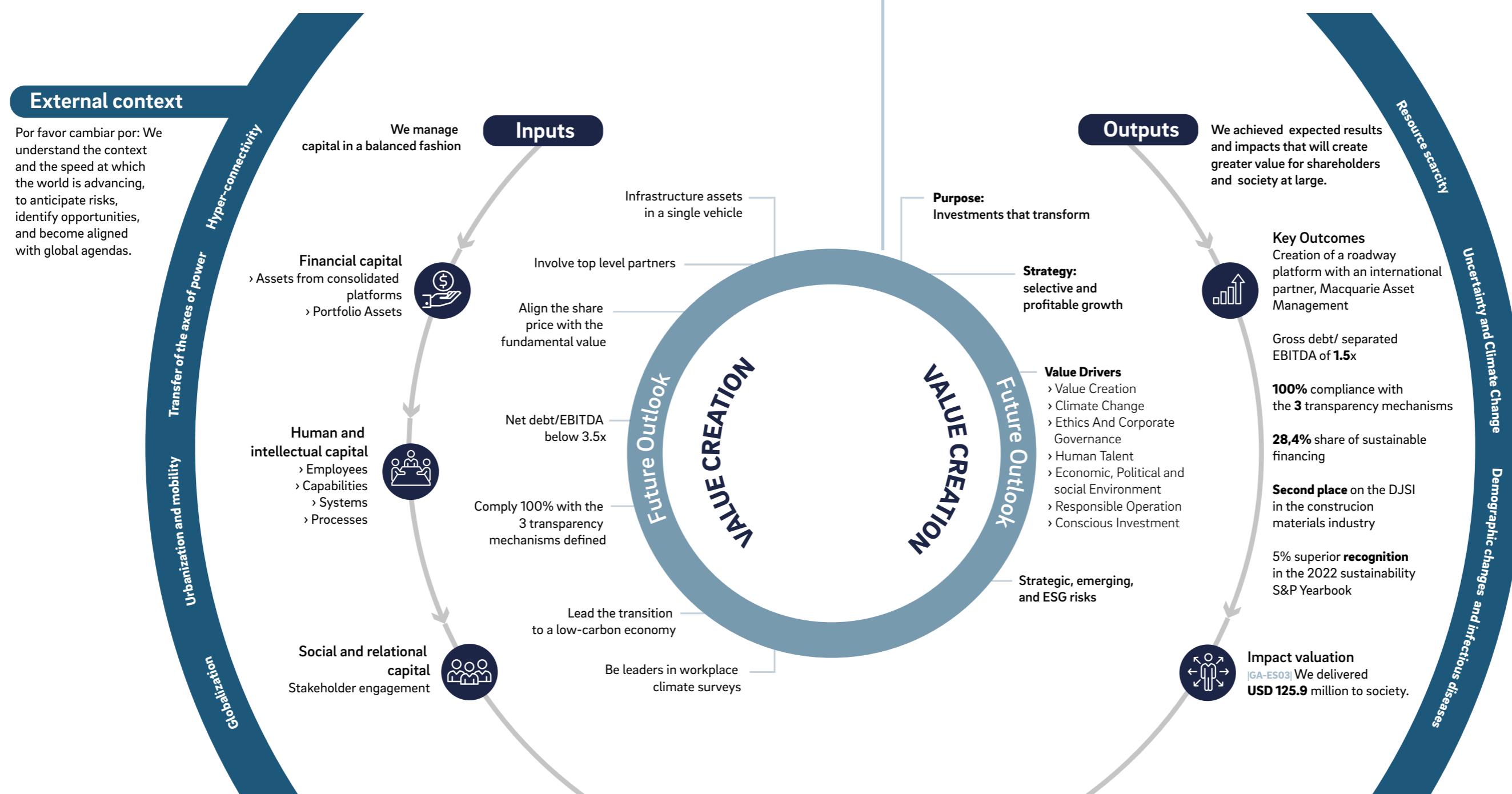


Consejo Colombiano de Construcción Sostenible

# Value Creation Model

[2-6] At Grupo Argos we are working to become consolidated as a reference for infrastructure asset management in the Americas, to attract institutional capital and grow selectively within the region, developing attractive and profitable platforms for long-term institutional investors.

Our business activities allow investors to have exposure to the infrastructure sector through a diverse portfolio that includes access to equity markets, capital allocation and financial flexibility according to specific strategic objectives.



# Strategic risks

Grupo Argos's Comprehensive Risk Management System (SGIR, in Spanish) is an iterative and dynamic process that has the attention and participation of the entire organization and aims to improve decision-making while anticipating opportunities and/or threats to its strategic objectives. It allows us to identify, analyze, appraise, process, and monitor events that could significantly affect those objectives, to make sure we can meet them at any time.

The SGIR receives feedback from different areas and sources of information, including strategic planning, strategic business risk teams, materiality analysis, conversations with stakeholders, and contextual trends.

To keep our risk matrix updated and current, we carry out a trend and risk exploration process that compares Grupo Argos's business with its environment, consider long-term and specific business trends, and define a path to ensure the businesses' sustainability.

Our qualitative analyses are complemented by quantifications used to estimate short-, medium- and long-term impacts based on projected variables and different scenarios.

We also monitor the appearance of new risks and work actively and decidedly to turn them into skills that will make us more resilient and, therefore, more competitive.

## 1 Human talent

Risks related to attraction and loyalty processes that would prevent the organization from having the talent required to achieve its objectives.

## 2 Technology and cybersecurity

Failures or attacks involving the technological platform that enables asset competitiveness and efficient cybersecurity management.

## 3 Allocation and cost of capital

Inability to generate sustainable and profitable growth of the assets under management.

## 4 Social, political, and economic environment

Conditions external to the organization that impact the social, business, institutional and regulatory fabric and do not allow the businesses we have a stake in to perform adequately.

## 5 Climate change and other global risks

Low competitiveness in the transition to a low-carbon economy and threats from natural events. Other global risks that compromise our portfolio, such as pandemics and wars.

## 6 Reputation

Impacts on reputation and on stakeholder confidence that compromise the organization's ability to operate and enable business performance, enter new markets, attract capital, forge partnerships, affecting share prices, increased regulatory pressures, and the capacity to attract and retain talent, among others.



Cartagena Plant  
Cementos Argos  
Bolívar

## Strategic Risks and Value Drivers

Grupo Argos actively works on the critical issues identified in strategic risks using its value drivers, which show us the actions required to minimize the materialization of these risks and also indicate how it can take advantage of its opportunities.



Learn more about our risk management plan by scanning the QR Code



# Value Added Statement – VAS

At Grupo Argos, we aim to give back more to our environment than we take from it, and we are aware of our responsibility as social agents of change. We go beyond a quest for profitable growth, making decisions that consider the environmental risks and impact of our businesses and investments and guaranteeing our company's persistence over time.

## Our Model

We transform the different kinds of capital used by our operations into value. This includes financial, human and intellectual, social, and relational capital. Throughout this process, we generate negative and positive impacts. To measure these, we developed a Value Added Statement (VAS) that allows us to estimate the net value we deliver to our surroundings over a year.

Results are expressed in monetary terms using a bridge graph. It begins with a blue bar, representing the retained benefit for the period. The following bars represent economic, social, and environmental externalities that translate into benefits or costs for society. These amounts are expressed in dollars and are added up to obtain a net value, reflected by the final blue bar.

## Externalities

## Results

For our separated analysis of Grupo Argos, we calculated nine economic, social, and environmental externalities that reflect our most relevant impacts.

### Economic

Financial capital flows that boost the economy with payments that include salaries, interest to banks and investors, dividends to shareholders, and taxes to the State.

### Social

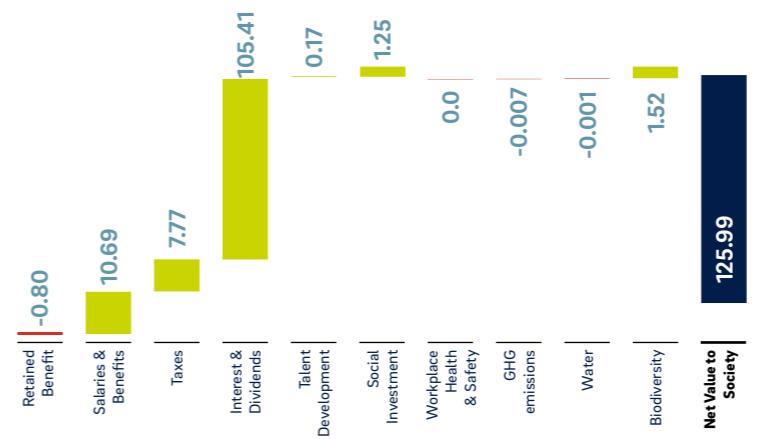
Impacts associated with other activities, including:

- » Income and benefits for employees who receive better compensation in the job market after receiving training

### Grupo Argos 2022 Separated

- » Figures in millions of dollars, Average 2022 Exchange Rate COP 4,257.12
- » Figures from the Separated Financial Statement, that includes the Real Estate Business

In 2022, Grupo Argos had unprecedented financial results in its almost 90 years in existence. Separated revenue was COP 779.18 billion, growing 19.4% compared to 2021, given a greater contribution from the real estate business, and increases in the equity method due to greater revenue from Odinsa. EBITDA, in turn, was COP 475.85 billion, growing 13.3% compared to the previous year.



Retained benefit = EBITDA - income tax - financial expenses - dividends paid.

Figures in USD Million

We delivered to society

**USD 125.9 million**

USD 1.5 million in the environmental dimension. This impact assessment exercise reaffirms our superior purpose of positively transforming the lives of millions of people and generating value for our shareholders and all our stakeholders.

## Benefits

We firmly believe that we need to make informed and objective decisions to guarantee the creation of comprehensive long-term value as we contribute to solving current global challenges. The VAS allows us to:

- 1 MAKE DECISIONS**  
that are increasingly better informed
- 2 MANAGE RISKS**  
with greater precision
- 3 BE TRANSPARENT**  
towards our stakeholders

Retained earnings, equivalent to EBITDA minus interest, dividends, and income tax, were -USD 803,000. This value is due to a 26% increase in dividends paid, increased financial costs and a 13.6% increase in the moving average rate with which financial figures are converted into dollars. Even with inflation challenges, high interest rates and devaluation, Grupo Argos generated USD 125.9 million in value to society.

We boosted the economy with the payment of salaries, benefits, taxes, interest, and dividends, generating an estimated benefit of USD 123.8 million. This represents 98.3% of the net value added and is a significant contribution to the productivity and competitiveness of the regions where we operate.

In the social dimension, our training programs achieved an average of 96.2 hours per full-time employee and an estimated benefit of approximately USD 171,010.

We contribute to culture and the development of competencies for entrepreneurs in the area of influence of our Urban Development Business, added to environmental education programs, which is equivalent to an estimated community benefit of USD 1.2 million. Additionally, the company had no social costs associated with employee injury. The estimated social benefit was USD 1.4 million.

In the environmental dimension, our main impact is related to greenhouse gas (GHG) emissions, which represent an estimated social cost of -USD 7,420. As regards biodiversity, the result was positive, as offset and voluntary planting made an important impact on the rehabilitation of planted hectares for an estimated benefit of USD 1.5 million. This represents an estimated positive net amount of

An asset manager, we know that our decisions have the potential to make a positive or negative impact on the economy, the planet, and the people that inhabit it. Besides the above, we developed the Conscious Investment Model, a methodology that includes the VAS, for due diligence processes inherent to operations that allows confronting financial criteria against monetized ESG impacts.

A photograph of the El Dorado International Airport terminal building in Bogota, Colombia. The building is a modern structure with a curved glass facade and a prominent white overhang. The name "EL DORADO" is written in large, gold-colored letters above the entrance, with "Luis Carlos Galán Sarmiento" written below it in smaller letters. In front of the building is a multi-lane highway with yellow guardrails. Several cars and a few yellow taxis are visible on the road. The sky is clear and blue.

## Value Drivers

04

# Materiality Analysis

**[3-1]** Our Materiality Analysis is a roadmap that reflects our most important environmental, social and governance (ESG) focal points, and allows us to adapt to changes in our surroundings, market dynamics, and stakeholder expectations.

**[3-2]** The relevance of the topics developed in this chapter reflects the seven material topics that we consider value drivers, which allow Grupo Argos, as an investment manager, to create comprehensive value. In 2022, we updated our value drivers according to the double materiality methodology, which analyzes key sustainability issues from two perspectives: (i) **financial materiality**, which allows understanding the environment's positive and negative impacts on the organization's financial, strategic and reputational performance; and (ii) **impact materiality**, which allows understanding the impacts the company and its value chain have on society and the environment.

For this exercise, we considered the practices required by *Global Reporting Initiative* (GRI) standards, SASB, the Integrated Reporting Framework (IRF), and Accountability's AA1000 standard for stakeholder engagement. We periodically draw up this roadmap that contains our most important areas for work.

The prioritization process to define our drivers has five steps:

## Understanding and identifying impacts

We carried out information analysis on internal and external resources including sector industry and business reports, best practices, recommendations, and news sources. This exercise provided key inputs for identifying the most important impacts for our company from a dual materiality perspective, including our strategy, risks, policies, among others.

## Identification and preliminary case assessment

We performed an initial survey of potential material issues based on the company's impacts from two perspectives:

- » Potential, actual, positive, and negative impacts on society and the environment
- » Impacts that could potentially change the company's financial value

## Update stakeholders

The exercise to update value drivers using the dual materiality approach included reviewing and updating our stakeholder groups to identify key stakeholders to involve in this process.

## Involve stakeholders

We held interviews and open conversation workshops with representatives from prioritized stakeholders who rated the topics according to their relevance, presented their thoughts, and provided key elements to guide the company's operations around these topics. These inputs allowed us to prioritize issues based on both financial and impact materiality.

## Validation

Proposed value drivers were validated with the Steering Committee and the Sustainability and Corporate Governance Committee of the Grupo Argos Board of Directors. The end result provides us with a roadmap to focus on and prioritize our resources on topics that are relevant to our stakeholders.

## Value Drivers

**1 Value creation:** Creation of economic value for shareholders by meeting the company's objectives with a long-term vision

**2 Climate change:** Identification, assessment, and management of climate change risks and opportunities at Grupo Argos's investments

**3 Ethics and corporate governance:** Promotion of ethical and transparent behavior, within the applicable legal framework, strengthening the trust of all stakeholders in the organization

**4 Human talent:** Management of the company's employees and ongoing focus on their well-being

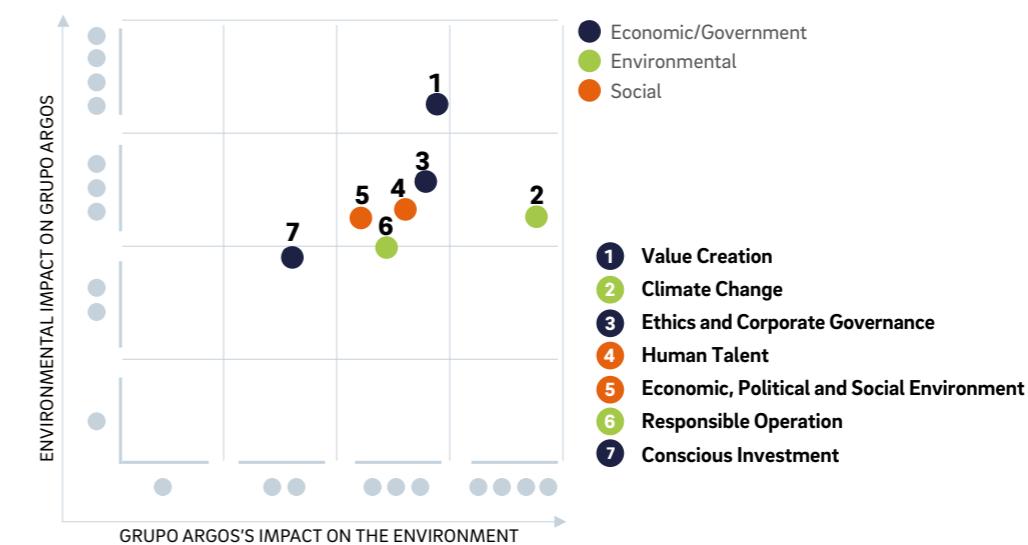
**5 Economic, political and social environment:** Economic, political, and social factors, external to Grupo Argos, that condition the company's operations. It affects the way the organization adapts to its surroundings through engagement, social investment, and human rights protections



Forward Vision Operations Nucleus  
Valle del Cauca

**6 Responsible Operation:** Commitment to use natural resources efficiently and responsibly

**7 Conscious investment:** Analysis of environmental, social, and governance criteria when making investment or divestment decisions that create comprehensive value



## Value drivers for 2019 vs 2022

[3-2]

2019	2022
1. Strategic Engagement	1. Value Creation
2. Financial Management	
3. Ethics and Corporate Governance	2. Ethics and Corporate Governance
4. Talent and Culture	3. Human Talent
5. Sustainability Vision	4. Climate Change
	5. Responsible Operation
	6. Conscious Investment
6. Identity and Engagement	7. Economic, Political and Social Environment

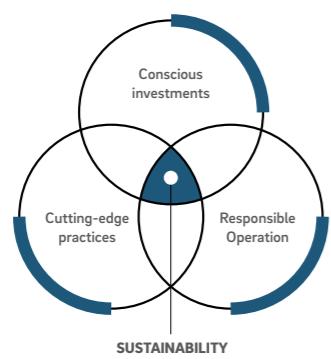
## Policies and guidelines

[2-23; 2-24; 2-25]

Grupo Argos is committed to creating value for its shareholders and stakeholders responsibly and within a framework of transparent and sustainable practices. To do this, it has corporate policies that materialize its business vision.

One of these is its Sustainability Policy, with which it makes sure that capital transformation through responsible investments with a long-term vision is in line with the company's value drivers. Conscious investments, cutting-edge practices, and responsible operations by all its businesses define Grupo Argos as a sustainable investment manager. Our businesses also share, contribute, and carry out their business activities according to this shared objective.

### Shared values of our sustainability strategy



### This policy has three lines of action

#### Conscious investments

We invest in businesses that help solve global challenges and ensure long-term value creation for the company, society and the planet.

#### Responsible Operation

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

#### Cutting edge practices

We develop innovative solutions to empower our current business models while capitalizing on new investment opportunities.



To view more details on our corporate policies and guidelines and how they relate to our value drivers, scan this code

## Relationship between value drivers and potential impacts

[3-3]

- Environmental impact
- Strategic impact
- Social impact

### Value Driver

- Value Creation
- Climate Change
- Ethics and Corporate Governance
- Human Talent
- Economic, Political and Social Environment
- Responsible Operation
- Conscious Investment



Jamundi Substation  
Valle del Cauca

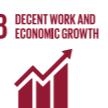
## Commitment to the 2030 Agenda

At Grupo Argos we are aware that private sector commitment is crucial to meeting the 2030 Agenda and its Sustainable Development Goals (SDG). Thus, as an important actor that promotes development and competitiveness, we have carried out a prioritization exercise where we considered the company's purpose, strategy, strategic risks, materiality, and business opportunities.

As a result of this, we prioritized eight of the 17 SDGs: 5, 8, 9, 11, 12, 13, 16, and 17. 47% of the SDGs defined by the United Nations.



- |    |   |
|----|---|
| 5  | 54.1% of women in leadership positions.<br>43% of women on the Board of Directors   |
| 8  | COP 5.2 trillion in EBITDA<br>9,045 total training hours<br>96.23 hours on average per full time employee<br>0 fatalities<br>28.4% of debt tied to sustainability indicators<br>Agreement with Universidad Nacional de Colombia   |
| 9  | COP 10.1 billion in overall social investment<br>24.9% of renewable energy consumed<br>8,838 m³ of water consumed<br>265 t CO2e scope 1 & 2<br>21,097 t CO2e scope 3<br>0 confirmed cases of corruption<br>100% of operations evaluated for corruption risks<br>100% of employees received anti-corruption training<br>USD 125.9 million delivered to society<br>COP 947 million in contributions to public policy institutions |
| 11 |   |
| 12 |   |
| 13 |   |
| 16 |   |
| 17 |   |



# 1. Value Creation

Investment portfolio management through an appropriate assignment of resources, an efficient capital structure, and the empowerment of Grupo Empresarial Argos's strategies based on the organization's expertise, cross-cutting understanding, and long-term vision, allow us to promote new perspectives, develop synergies between businesses, and grow efficiently and profitably.

## Value Creation

**|3-3|** Our operations as a strategic architect seek to make Grupo Argos the main alternative asset manager in the region by mapping, assessing, and executing high-impact investments. We thus help strengthen the competitive position of our strategic businesses, support investment management, and attract top level investors that drive sustainable and profitable growth to create value for shareholders.

Attracting resources and achieving compensation for Grupo Argos's management allows leveraging knowledge and enhancing the asset management model. Assistance to investment teams for analyzing different opportunities and constantly monitoring the investments made, allow businesses to quickly respond to changing economic, political and competitive realities.

## Management approach

**|3-3|** Selective and profitable growth and value maximization are the cornerstones of Grupo Argos' strategy. To materialize this, we assess the performance of our businesses and their risk and opportunity management to implement measures that will allow them to comply with business and investment plans. We do this through the boards of directors of Grupo Argos and its businesses, and the strategic and steering committees.



To see more details  
of our strategic and  
emerging risks,  
scan this QR code.

### We use the following mechanisms to ensure proper management of our investments:

- We manage strategic risks and opportunities to maximize value creation by our businesses
- We ensure an optimized equity structure, ensuring an adequate mix of indebtedness and capital allocation.
- We also promote and develop new alternatives for Colombian equity markets that provide financial flexibility and can be implemented within the Grupo Empresarial Argos and even by other local companies. We work together with local banks to design innovative products for the financial system.
- We review our capital allocation model every year to identify challenges and opportunities, and to formulate plans to obtain better financial indicators, endorsed by the boards of directors of our businesses.
- We coordinate integration of our corporate management services through Summa, our shared services center.
- We monitor key financial management indicators to protect the cash-flow of our operational businesses and ensure the financial sustainability of their operations.

## Progress

**|3-3|**

- » We closed our involvement of *Macquarie Infrastructure and Real Assets*, MIRA, as a strategic partner to grow the roadway concessions, and we announced their future involvement in the airport vertical. This partnership will allow us to take advantage of infrastructure opportunities in the region.
- » We involved the investment bank BNP Paribas and the strategy consultant Bain & Company as advisors to assess and assist Grupo Argos's pathway to consolidation as an infrastructure asset manager
- » Our cost of debt is below the growth in inflation (12% vs. 13.1%) and we achieved close to COP 40 billion in savings (25% of financial expenses for the year) via interest rate hedging operations and investments in fixed return securities with a *positive carry* regarding debt and bond buybacks.
- » In line with its goals and anticipating a challenging 2023 related to revenue pressures and financial expenditures, the organization defined action plans to accumulate the largest amount of cash possible.
- » We identified, quantified, and followed up the political risks of our businesses and strengthened our insurance scheme by structuring a new instrument to cover insurance gaps, generate savings, and reinforce our overall risk management.
- » We continue to strengthen Summa, Grupo Empresarial Argos's shared services center, with the migration in 2022 of five new business management services from Cementos Argos, accumulating 112 services across the entire organization. Since the creation of Summa in 2016, the organization has achieved COP 150 billion in savings from negotiations and COP 85 billion from vendor payments.
- » Consolidated debt stock stable at COP 16.5 trillion despite a YOY devaluation of 21%

- » Growing gap between received and paid dividends at COP 511 billion
- » Weighted ROCE at 11% and negative gap vs. WACC at 1.8%

## Goals

**|3-3|**

Status ● Accomplished ○ In progress

### Short term

Target	Year - Value Baseline	2022 Value
○ Achieve a net separated debt of 1 trillion in 2023	2021 - 1.4 trillion	1.1 trillion

### Medium term

○ Maintain a Fitch AAA rating to 2030	n.a.	Fitch: AAA
○ Maintain a real reduction in Grupo Argos separated controllable expenses for the reporting year to 2030	n.a.	-3.6%
○ Maintain a positive separated primary surplus to 2030	n.a.	COP 376 billion
○ Maintain a separated Net Debt / EBITDA* below 3.5 times to 2030	n.a.	1.5

\*Adjusted separated EBITDA

## Challenges and Opportunities

**|103-3|** On our path to consolidation as an asset manager, we have an opportunity to attract investors who are willing to generate long-term profitability thanks to our positioning and experience in these sectors, our knowledge of the countries where we operate, and our strong business strategy based on ESG criteria. Likewise, faced with a challenging macroeconomic outlook, we will look for operating and financial strategies that will help create value for the businesses and our shareholders.



# 2. Climate Change

Our efforts focus on maximizing the positive impact of our operations, minimizing the negative, and increasing the resilience of Grupo Empresarial Argos's investments, intending to continue creating long-term value for our stakeholders.

## Value Creation

**[3-3]** Grupo Argos's Sustainability Policy aligns value creation with sustainable development as a comprehensive part of our long-term investment strategy, with a broad vision of our trends and risks, to set goals and objectives as a company and as a Corporate Group.

There is sufficient scientific evidence to show that human activity contributes significantly to increasing average global temperatures. This is both a strategic, tactical, and operational challenge that involves a complex calculation of the impacts of our activities, and an opportunity to take advantage of our experience to offer solutions.

The company has therefore prioritized the effects of climate change within its business model, its physical and transition risks, and its opportunities for its operations and its entire value chain.

Additionally, we work with our businesses design the required transformations in our capital assignment processes and short, medium, and long-term financial planning within this context.

## Management approach

**[3-3]** Our corporate government, headed up by the Board of Directors and the Sustainability and Corporate Governance Committee, has overall responsibility for managing and monitoring all our economic, environmental, and social risks and opportunities. These bodies regularly review climate strategy performance activities and guide the path for reducing environmental risks and capitalizing market opportunities to continuously improve our performance.

We also have a variable compensation system that incentivizes the fulfillment of strategic goals, including those related to climate change. Progress and performance with climate change strategy compliance and monitoring its associated risks are reviewed periodically by members of the Sustainability and Corporate Governance Committee and the Audit, Finance and Risk Committee.

As part of Grupo Argos's role as an investment manager, we support our businesses to consolidate climate change risk mitigation and opportunity maximization within their business strategy, with active participation in different government bodies and active creation of synergies, alliances, and investment vehicles that will enable us to achieve our climate goals and increase the resilience of our operations. For this purpose, we have a Climate Change Roundtable, where the businesses' tactical and operational levels generate synergies and share good practices, difficulties, and results around climate change.

Besides executive participation on the different committees that support the boards of directors of these businesses, the Grupo Empresarial Argos CEO Committee meets quarterly and addresses these topics, intending to share good practices, experiences, and action plans, and generate synergies.



**[201-2]**  
We published our third  
TCFD report for 2022.  
For more details, scan  
the QR code.

## Goals [3-3]

Status ● Accomplished ○ In progress ○

Short term		
Target	Year - Value Baseline	2022 Value
● Certify Grupo Argos's carbon neutrality in 2022 by 2023	Carbon neutrality uncertified	Carbon neutrality certification by Carbon Trust México, S.A. is in progress.
Long term		
● By 2030, we will reduce our scope 3 CO <sub>2</sub> e emissions to 12 kg CO <sub>2</sub> e per million COP in revenue	2021 - 33	271 <small>[305-3]</small>

## Challenges and Opportunities

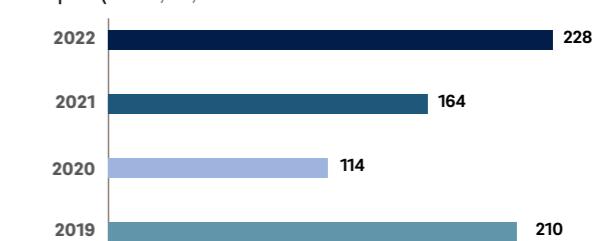
- » **[3-3]** Grupo Argos's scope 3 emissions constitute more than 99% of our total emissions. This poses a significant challenge to influence and accompany our value chain to reduce its carbon footprint and meet our proposed goal. We will thus work on defining a roadmap to reduce Grupo Argos's scope 3 emissions by coordinating shared efforts with the value chain, especially with critical vendors.
- » To the extent that execution of the company's strategy allows consolidating Grupo Argos as an infrastructure investment manager, it is key to determine the appropriate approach to establish goals aligned with the latest scientific trends.
- » Maintain a risk management system that is robust enough to minimize the impact of materialized transitional risks and can adapt to large-scale, complex and exceptionally challenging challenges like those posed by climate change
- » Position the management of climate issues as a channel to attract investment capital in line with the organization's vision of becoming the region's main infrastructure asset investment manager
- » Continue exploring climate change metrics to translate climate change risks into transparent, easy-to-understand terms that will allow monitoring them effectively over time and enable continuous improvement.

## Progress

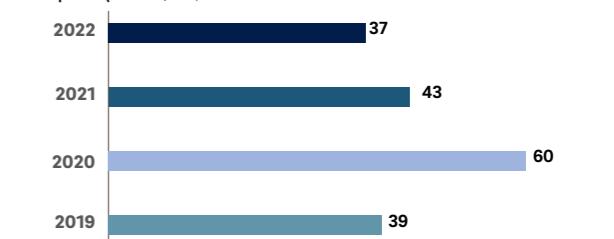
[3-3]

- We identified and quantified climate change opportunities for Grupo Argos and its businesses in line with TCFD recommendations.
- We consolidated a Climate Change Roundtable as a communication channel through which Grupo Argos can proactively influence, identify, manage, monitor and disclose climate change issues with its strategic businesses. In 2022, the Roundtable worked on topics like *Science Based Targets*, carbon credits or bonds and internal carbon pricing
- We defined our CO<sub>2</sub>e scope 3 emissions target
- **[305-1, 305-2, 305-3]** Grupo Argos carbon footprint:

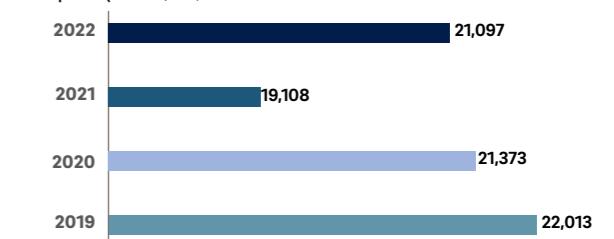
Scope 1 (tCO<sub>2</sub>e/year)



Scope 2 (tCO<sub>2</sub>e/year)



Scope 3 (tCO<sub>2</sub>e/year)





# 3. Ethics & Corporate Governance

Our operations are framed by solid corporate principles that allow us to fulfill our higher purpose: Positively transform the lives of millions of people with infrastructure investments and operations.

## Value Creation

**|103-1|** Solid corporate governance and compliance systems foster an environment of trust and transparency to maintain good stakeholder engagement.

We have clear action policies and suitable behavior and management parameters to ensure the integrity, sustainability, and competitiveness of the businesses we invest in and to strengthen investor confidence.

## Management approach

### Ethics

**|2-23; 2-25; 2-26|** Our Compliance System is structured around unequivocal statements on our commitment to transparency and good business behavior in our Corporate Code of Conduct.

Our Compliance System governance system is made up of a Central Conduct Committee with participation from the upper management of Grupo Argos and Grupo Empresarial Argos's companies, a Corporate Behavior Committee, and a Business Behavior officer, responsible for answering questions regarding the scope or application of the Code of Conduct. To achieve this, periodically hold a compliance round-

ble, with participation from the compliance officers of Grupo Empresarial Argos's different companies, that reviews the progress of compliance work plans and fosters a unity of purpose. This allows us to jointly and permanently analyze best practices to promote a culture of risk prevention and risk management and ensure the appropriate resources are allocated for the System's proper operation.

We also have System backup systems, summarized as commitments by the organization's directors to effectively manage the Transparency Hotline and monitor any corrective measures deriving from reports received there.

### Corporate Governance

**|2-23; 2-25; 2-26|** Our Good Governance Code and our Corporate Policies define transparent shareholder and investor, market and society facing management mechanisms.

Our Board of Directors and its supporting Sustainability and Corporate Governance Committee includes the vision of corporate and independent members to guide the company, provide positive results, and ensure an appropriate Corporate Governance and Compliance System. We also have a corporate legal round-table that meets periodically to review best practices and ensure their implementation by the company.

➤ **Grupo Empresarial Argos Employees**  
Atlántico



**|2-27| |205-3|**  
**Grupo Argos has not received any sanction or fine for breaches of legislation or regulations**

## Goals |3-3|

Status ● Accomplished ○ In progress

Short term		
Goal	Year - Value Baseline	2022 Value
● Implement procedures and protocols required for compliance with new Colombian stock market reporting regulations.	n.a.	File the implementation plan for compliance with External Circular 012/2022 from the Financial Superintendence of Colombia
Medium- and long-term		
● 100% of Grupo Argos employees will complete the two Compliance System mechanisms: Annual Course of Conduct evaluation and Annual Declaration of Potential Sources of Conflicts of Interest.	Make sure that Grupo Argos's Employees complete the Annual Course of Conduct and the Annual Declaration of Potential Sources of Conflicts of Interest.	100% of employees took the Annual Course of Conduct and the Annual Declaration of Potential Sources of Conflicts of Interest.
● 100% of Grupo Argos employees in the target audience, will complete a third mechanism of the Compliance System: The Annual Assets and Income Declaration.	Make sure Grupo Argos's Employees in the target audience fill out the Annual Assets and Income Declaration.	100% of the target audience filled out the Assets and Income Declaration
● Maintain high standards of corporate governance in the implementation of the company's strategy.	n.a.	<ul style="list-style-type: none"> <li>➤ For the tenth consecutive year we received the <i>Investor Relations award</i> from the Colombian Stock Exchange with a score of 93%</li> <li>➤ We made modifications to the Good Governance Code</li> </ul>

## Progress |3-3|

- 9.2 years is the average tenure of Board members incumbent on December 31, 2022.
- Public takeover bids involving shares in Grupo Nutresa S.A. and Grupo Sura S.A. were analyzed by five members of the Board of Directors, after the General Shareholders' Meeting granted authorizations regarding potential conflicts of interest to deliberate and decide on them.
- **|206-1|** We have not been a party to any legal proceedings related to monopolistic and/or antitrust practices.

## Challenges and Opportunities

**|3-3|** Maintain a solid corporate governance and compliance structure, considering Grupo Argos's strategic roadmap to continue its consolidation as a relevant infrastructure asset manager in the Americas, to provide confidence and transparency towards our new partners and continue generating comprehensive long-term value to all our shareholders and other stakeholders.



Find our Corporate Governance Report by scanning this QR code



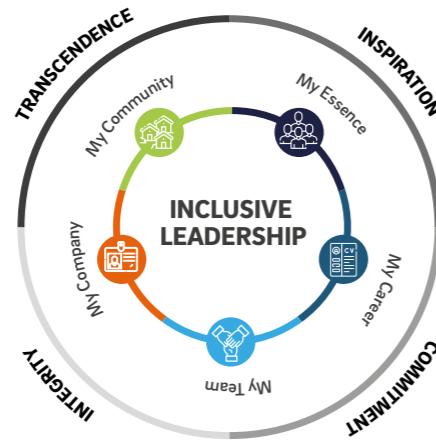
# 4. Human Talent

At Grupo Argos, our differences unite us. Diversity includes all the ways we are different, and inclusion allows us to learn from those differences to turn them into sources of competitive advantage.

## Value Creation

**|3-3|** Talent management is a strategic pillar to drive our value proposal and achieve outstanding organizational results. Adequate talent management enables and promotes the behaviors and leadership required to achieve Grupo Argos's strategy. This allows developing integral employees, and creating teams that are diverse, efficient, and committed to the company's higher purpose.

### Grupo Argos Leadership Model



- **My career**
  - » Performance management
  - » Individual development plans
  - » Career plan
  - » Training

- **My team**
  - » Team empowerment and leadership tools: inspire, transforming conversations
  - » Career assistance

- **My company**
  - » PRO
  - » Individual performance

- **My community**
  - » We create social value to drive the development of leadership skills: mentoring, awareness of surroundings

## Management approach

**|3-3|** We lead empathetically, motivating our teams with optimism, and promoting diverse and inclusive thinking. Grupo Argos has developed a leadership model to ensure this understanding and pass on its corporate vision.



➤ **Grupo Empresarial Argos Employees**  
Antioquia

### This model is accompanied by practices that include:

- **Develop** our talent for successful succession to critical positions in Grupo Empresarial Argos.
- **Strengthen** as a great place to work, with culture appropriation initiatives, a wellness and quality of life offering, and a competitive comprehensive compensation program.
- **Promote** diversity, inclusion and equal opportunities for all people, to enable a healthy organizational climate and drive innovation.
- **Foster** a comprehensive experience for employees by contributing towards their development during their time in the company.



➤ **Grupo Empresarial Argos Employees**  
Antioquia

## Progress |3-3|

➤ In 2022 we were recognized as the number one company, and the only Colombian company on *Forbes' World's Top Female-Friendly Companies* ranking, that highlights projects and initiatives worldwide that promote gender equality and diversity, inside and outside companies.

➤ In 2022, we were included on Bloomberg's Gender Equality Index. We obtained a historical score of 88.29% against an average global score of 73%.

➤ **|403-9|** We had the following results in the areas of occupational health and safety:

» **|403-5|** 3,570 hours of employee training with 100% of employees covered

» **|403-5|** 1,590 hours of contractor training with 100% of contractors covered

» 0 in severity index with employees and 0 in injury frequency

» **50.55** in severity index with contractors and **6.85** in injury frequency

## Goals |3-3|

Status ● Accomplished ○ In progress

### Short term

Goal	Year - Value Baseline	2022 Value
● Achieve 100% participation by Grupo Argos employees in leadership programs by 2023	2022- 97%	➤ We launched our Inclusive Leadership model ➤ We ran leadership training programs for all levels of the organization

### Long term

● Increase the number of training hours and the number of training hours that promote leadership	2021: ➤ 7,678 total training hours ➤ 2,565 leadership training hours	➤ 9,045 total training hours ➤ 3,598 leadership training hours
● 100% of employees received a performance evaluation and feedback on meeting objectives and their adjustment to corporate competencies.	2017 - 94%	➤ 93.6% - <b> 404-3 </b>
● We will maintain our employee engagement indicator at 94%	2021 - 94%	94%
● Zero fatalities amongst Grupo Argos employees and contractors	2017-0	0 <b> 403-9 </b>

## Challenges and Opportunities

» **|3-3|** Become consolidated as one of the best companies to work for

» Develop a cross-cutting leadership model at Grupo Empresarial Argos to ensure alignment and facilitate decision-making, talent mobility, and fulfillment of the higher purpose

» Evaluate and adjust talent attraction and retention process to ensure competitiveness.

» Ensure the availability of diverse talent as regards origin, gender, and generations to hold critical positions.

» Strengthen diversity, equity, and inclusion in the company's senior management.



# 5. Economic, Political and Social Environment

We promote ongoing, transparent, and differentiated dialog as the foundation for building trust, to adapt and create value for all our stakeholders.

## Value Creation

**[3-3]** Building relationships of trust facilitates access to business opportunities that promote strategic execution, generate a sense of corporate pride, and maintain an adequate engagement with all our stakeholders. Managing our environment also allows us to enhance and promote the company's role, provide opportunities, and generate development.

## Management approach

**[3-3]** Grupo Argos has defined four lines of work to manage its environment:

1. Stakeholder engagement
2. Social investment
3. Value Chain
4. Human rights

Strategic planning is proposed by the organization's Steering Committee according to a reading of the environment. Progress is shared periodically, and decisions are made in the Board of Directors. In the case of Fundación Grupo Argos, contributions are approved by the Shareholders' Meeting and mainly focus on carrying out voluntary social investment programs in the businesses' areas of influence. The Foundation, as a non-profit organization with independent legal status, has a Board of Directors as its highest governing body and bylaws that regulate it.

## Lines of work

**[2-25]** **Stakeholder engagement:** We identify and prioritize stakeholders according to their level of dependence and influence on our strategy, and on ours towards theirs. We gather their opinions on our business activities and communicate the progress of our operations. We develop differentiated value promises

to respond to stakeholder expectations and translate them into value. We work on this engagement based on our corporate reputation and identity, through internal, external and brand communications, articulations for building the reputation of Grupo Empresarial Argos, and institutional engagement with unions, authorities, and opinion leaders.

**Social investment:** Fundación Grupo Argos consolidates most of the volunteer actions by Grupo Argos and its businesses. Its Board of Directors has defined two lines of action:  
» **Water and biodiversity protection:** Contribute towards water security in the territories  
» **Territorial transformation and We Create Social Value:** Contribute to solving the issues we share as a society

**Value chain:** We work with Grupo Argos's suppliers to ensure the sustainability of their value chains, take care of employment, and strengthen the business fabric.

**Human rights:** We are committed to respecting and promoting human rights.

**GRUPO ARGOS SOCIAL INVESTMENT**  
**COP 10.10 billion**  
**95% voluntary**

**Voluntary social investment**  
**Investment in communities: 82.8%**  
**Commercial initiatives: 2.8%**  
**Donations: 14.4%**



Learn more about Grupo Argos Human Rights Policy scanning this QR Code

## Goals [3-3]

Status ● Accomplished ○ In progress □ Not started

Short term			
Goal	Year - Value Baseline	2022 Value	
● Apply Grupo Argos's reputation model to measure stakeholder perception	n.a.	Develop the reputation model	
● Keep Grupo Argos ranked #1 amongst business conglomerates with the best reputation in Colombia in 2023	2022 - #1	> Ranked #1 as a business conglomerate and > Ranked #9 out of 100 companies in all sectors	
○ Map Grupo Argos's critical suppliers using ESG criteria in 2023	n.a.	n.a.	
● Consolidate the Works for Taxes Roundtable in 2023 to execute new projects	n.a.	Two projects started in Antioquia worth over COP 24 billion	
● Increase our impact on women and young people with the "Alliance for Employment" project in 2023	2020 - 0 women and young people impacted	3,522 young people and women have found employment, 23 companies have contributed COP 16 billion and 56 have contributed job vacancies	

Long term	
● By 2030, promote fulfillment of Fundación Grupo Argos's specific goals in Water and Biodiversity Protection, Territorial Transformation and We Create Social Value	See Fundación Grupo Argos's management report

➤ Corporate volunteer event Bolívar



To learn more about the process of Fundación Grupo Argos projects, scan this code

## [3-3] Challenges and Opportunities

- » Strengthen strategic articulation with the businesses
- » Develop profitable and attractive projects for co-operation, donation, or implementation of sustainable financing schemes
- » Continue supplier development programs to sustainably strengthen their business models
- » Expand good practices in human rights

## Progress

### [3-3] Stakeholder engagement

- » We updated our stakeholders in 2022 to continue strengthening communication and engagement strategies within a framework of double materiality

**[415-1] Payments to guilds and associations: COP 947 million**

### Social investment

#### Water and Biodiversity Protection

- » **Access to water:** In 2022, the Aquavida program benefited over 25,000 people in 15 departments around Colombia, providing over 5,500 solutions for access to safe drinking water

- » **Restoration and conservation:** Sembrando Futuro became consolidated as a restoration program, planting of 1 million native trees and generating 778 direct or indirect green jobs

#### Territorial transformation and We Create Social Value

- » Regional Development Grants benefited 151 recipients in 2022, with a historical retention rate of 92%

- » Strengthening the Economic Fabric: With Emprender Mujer, an initiative that seeks to reduce the economic inequality gap for women, a group of 150 startups created 68 new jobs in areas of impact, 57 partnerships, and increased sales in Medellín by 196% and rural sales by 600%.



# 6. Responsible Operations

Responsible operations are a pillar of our Sustainability Policy that seeks to ensure that the transformation of capitals is done in a balanced manner, maximizing our positive and minimizing our negative impacts.



➤ Comayagua Plant Cementos Argos  
Honduras

## Value Creation

|3-3| As long-term investors, our actions are by the principle of creating value for all our stakeholders. This requires a commitment to the appropriate use of natural resources, identification and proper management of significant risks and impacts, and promotion of opportunities associated with sustainable infrastructure and the circular economy.

This commitment is also linked to contributions to ensure ecosystem services and other resources are available in the long term for the economic activities performed by the company, its investments, its supply chain, and the people and ecosystems that depend on them, enabling the organization's continuity in the long term.

## Management approach

|3-3| Grupo Argos shares a sustainability vision where responsible operations is a pillar that supports our commitment to promote, support, and assist our strategic businesses to reduce their impact and improve resource efficiencies. This requires rigorously monitoring our actions over time, using relevant, easy-to-understand metrics that help reflect the organization's performance and the results of its operations. They should also enable comparisons against global standards, so the organization can implement the best environmental practices and remain up to date on these issues.



➤ El Dorado Airport  
Bogota

## Goals |3-3|

Status ● Accomplished ○ In progress

### Short term

Goal	Year - Value Baseline	2022 Value
● We will define a water consumption baseline and goal for Grupo Argos considering the impacts of our value chain	n.a.	303-5  8,838 m <sup>3</sup>
● Together with the Real Estate Business, we will define products and services with sustainability characteristics and their corresponding baseline	n.a.	n.a.

➤ Argos Medellin Distribution Center  
Antioquia



## Challenges and Opportunities |3-3|

Proper management of natural resources brings benefits like prosperity and well-being by providing economic value. It contributes to social development, to equality, and increases our resilience to climate change. This represents an important opportunity to generate direct financial returns through cost reductions and asset appreciation, increased productivity, talent retention, and reduced turnover, among others. We will therefore work to:

- Implement mechanisms to assess and manage natural risks
- Drive strategic changes in the businesses and their value chains to strengthen their attention to and awareness of natural capital
- Define strategies focused on efficient resource use, through the application of circular economy models, energy management, and appropriate supply chain management
- Define products and services with sustainability characteristics for the Real Estate Business based on business model innovations and on applicable metrics to quantify the impact of the construction of sustainable infrastructure

In 2022 we achieved  
**24,8%** of renewable and  
alternative energy  
consumption in  
Grupo Argos's activities



# 7. Conscious Investment

We invest in businesses that help solve global challenges and ensure long-term value creation for the company and for society.



Celsia Solar Bolívar  
Bolívar

## Value Creation

|3-3| Grupo Argos makes high social, economic, and environmental impact investments, and it works to prioritize and interiorize the effects and opportunities of ESG issues in its business and investment model, understanding risks and mitigation controls as it capitalizes on opportunities.

This vision is even more relevant when we understand the company's consolidation as an asset investment manager that attracts institutional capital that is willing to compensate the organization's intellectual capital and drive its growth.

**Grupo Argos debt tied to sustainability indicators:**  
**COP 392 billion**  
**(28.4% of total debt)**

## Management approach

|3-3| Conscious investment is managed through the company's corporate governance bodies. Thus, all mergers and acquisitions processes are evaluated at different levels: strategic committees, boards of directors of operating businesses and the Board of Directors of Grupo Argos.

The company currently uses a conscious investment model where, besides conducting due diligence of financial variables, it uses rating criteria that include ESG variables. This allows us to assess investment or divestment opportunities and provide final decision makers with elements of value.

Similarly, to contribute to businesses that bring wellbeing to society and help reduce our capital costs, we have implemented strategies to innovate in corporate funding through financing alternatives tied to ESG criteria.

## Goals |3-3|

Status ● Accomplished ○ In progress

Medium term		Year - Value Baseline	2022 Value
Goal			
● At least 20% of debt tied to sustainability indicators on the separated financial statements by 2025		2021 - 26%	28.4%
Long term			
● By 2030, 100% of assets under management must be assessed according to ESG criteria		2021 - 100%	100%

## Progress

|3-3| Within our role as strategic architect, we enable spaces with our businesses to promote the implementation of a methodology for calculating the internal carbon price according to geography, industry, and regulations so it can be incorporated into investment and operating decisions.

We analyze the impacts and opportunities of takeover bids, using a Conscious Investment Model that defines the ESG criteria to be analyzed and quantified during due diligence processes.

## Challenges and Opportunities

|3-3| In line with Grupo Argos' strategic vision, our main challenge is to implement financing, investment, and divestment practices that allow us to make informed and objective decisions while incorporating ESG criteria. This intends to ensure the creation of comprehensive long-term value and to consolidate a portfolio of responsible investments, as we contribute to solving current global challenges and capitalize on the business opportunities deriving therefrom. To do this, we need to continue strengthening our conscious investment model.

The global trend towards conscious investment is an opportunity, insofar as we are able to differentiate ourselves from other players and identify investment and financing opportunities based on sustainable and innovative business models. In turn, this challenges us to internalize ESG criteria in investment decisions to anticipate any future materialization of risks and opportunities associated with these issues. One of these anticipation measures is to implement an internal carbon pricing methodology within each businesses' investment and operating decisions.

Pacífico 2 Operations Control Center  
Antioquia



# Material issues

## Grupo Empresarial Argos

Grupo Argos' sustainability strategy is based on three principles included in our Sustainability Policy: conscious investment, responsible operations, and cutting-edge practices. This three-part vision is aligned and integrated with our businesses' strategic vision to generate value for our shareholders and investors and for our other stakeholders.



➤ Salvajina Hydroelectric Plant  
Cauca

Grupo Argos directs and accompanies development of the Corporate Group's overall sustainability model, with a broad perspective of trends and risks, and promotes goal- and objective-setting and plans for implementation.

This role is realized through our participation on the boards of directors of our businesses and their respective Sustainability and Corporate Governance committees, as well as in the CEO Committee. We also have a Sustainability Synergy Network, where ESG issues are discussed by the Officers responsible for this topic in each of the Corporate Group's

companies, and a Sustainability Synergy Table made up of Sustainability teams from Grupo Argos and all its businesses.

Within this framework, in 2022 we updated the material sustainability issues for the Argos Business Group, considering the businesses' materiality results and our long-term objectives, providing us with alignment around clear priorities.

Conscious investment, the implementation of cutting-edge practices and the exercise of responsible operations define us as a sustainable investment organization that contributes to the development of the territories where it is present.

**To learn more about the management of our businesses visit:**  
**[www.argos.co](http://www.argos.co),  
[www.celsia.com](http://www.celsia.com) and  
[www.odinsa.com](http://www.odinsa.com)**

## Economic and Corporate Governance Dimension

### Value Creation

Grupo Empresarial Argos has a commitment to long-term sustainable value creation. We believe in the importance of playing an active role as an investment manager, leading to selective and profitable growth and maximization of value for our organization.

Our business activities allow investors to have exposure to the infrastructure sector through a diverse portfolio that includes access to equity markets, capital allocation and financial flexibility according to specific strategic objectives.

### Corporate Group Goals

Status ● Accomplished ○ In progress

Goal	2022 Progress
● Maintain S&P AAA rating to 2030	<b>AAA vs. AA+ in 2021</b>
● Maintain a consolidated Net Debt / EBITDA of maximum four times to 2030.	<b>2.7times, vs. 3.2 times in 2021</b>
● At least 20% of debt tied to sustainability indicators on the consolidated financial statements by 2025	Consolidated sustainable debt: <b>3.4 trillion (20.7%)</b>
○ Implement a consolidated shock plan at in 2023 for around COP 2.9 trillion, including renegotiations of capital maturities, capex / opex reduction, liquidity management and bank quotas	2022 Progress: <b>83%</b>

### Progress

➤ Grupo Empresarial Argos Assets	<b>56.9</b> trillion	➤ Grupo Empresarial Argos Consolidated EBITDA	<b>5.2</b> trillion
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Grupo Argos	Cementos Argos	Celsia	ODINSA
Assets	<b>21</b>	<b>23.3</b>	<b>14.9</b>
Ebitda	<b>0.48</b>	<b>2.1</b>	<b>1.8</b>
Sustainable Financing	<b>0.39</b>	<b>2.2</b>	<b>0.78</b>

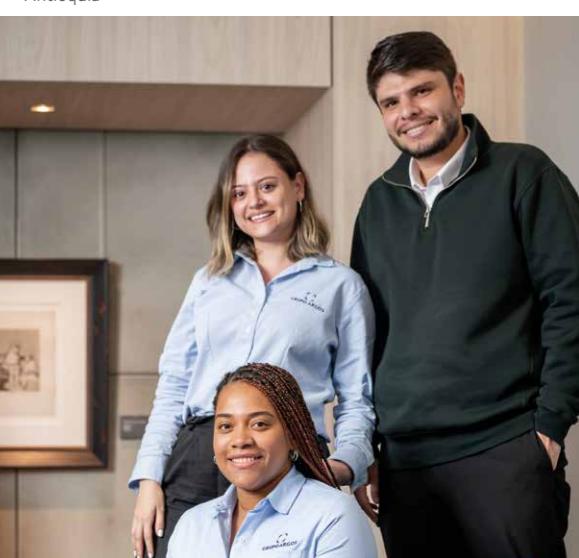
» Figures in trillions of COP

» \* Assets under management by Odinsa on a 100% share basis, defined through (i) valuation of assets in the private equity fund Odinsa Vías, (ii) transaction values announced to the market upon creation of the airport vertical and (iii) carrying value of other assets.

### Challenges and Opportunities

- » On our path to consolidation as an asset manager, we have an opportunity to attract investors who are willing to generate long-term profitability thanks to our positioning and experience in these sectors, our knowledge of the countries where we operate, and our strong business strategy based on environmental, social and governance criteria.
- » List Argos USA's assets on the New York Stock Exchange, NYSE. With this, Argos USA would be the largest 100% North American cement company in terms of installed capacity listed on the New York Stock Exchange
- » Create and consolidate business platforms through partnerships with top-level investors, specifically in the energy, road and airport concessions businesses
- » Faced with a challenging macroeconomic outlook, we will look for operating and financial strategies that will help create value for the businesses and our shareholders.

➤ Grupo Argos Employees  
Antioquia



## Ethics, Transparency and Corporate Governance

With its adoption and implementation of high corporate governance standards and a balanced vision of the organization's sustainability, Grupo Empresarial Argos carries out its activities with integrity as a fundamental principle for action when making decisions to fulfill its business strategy.

We act ethically and transparently towards our stakeholders, with whom we build mutually beneficial relationships throughout our entire value chain.

### Corporate Group Goals

STATUS ● Accomplished ● In progress				
● Goal	205-1  100% of our businesses and operations assessed for corruption-related risks			
2022 Progress	100% of our businesses and operations evaluated			
● Goal	205-2  100% of our middle and senior management employees will complete all three mechanisms of the Compliance System			
2022 Progress				
Indicator	Grupo Argos	Cementos Argos	Celsia	Odinsa
Collaborators that filled out the Declaration on Conflicts of Interest	100%	69%	89.8%	95%
Collaborators that filled out the Annual Course on Conduct	100%	70%	100%	95%
Collaborators that filled out the Declaration on Conflicts of Interest	100%	93%	97.5%	100%
● Goal	Maintain 0 cases involving corruption			
2022 Progress	205-3  Confirmed cases of corruption 0			
	0	5	0	0

### Progress

	Grupo Argos	Cementos Argos	Celsia	Odinsa
405-1  Women on the Board of Directors	3	1	2	0
Board of Directors attendance rate	100%	97%	86.9%	87.9%
2-27 Non-compliance with legislation and regulations	0	0	0	0
205-2  Board Members informed about anti-corruption policies and procedures.	100%	100%	85.7%	100%

### Grupo Empresarial Argos Employees Antioquia



### Challenges and Opportunities

- » Continue to be recognized as a Corporate Group for the high corporate governance and behavior standards based on integrity, ethics and transparency with which our stakeholders identify and feel confident in maintaining long-term relationships
  - » Facilitate access to business opportunities to promote strategic execution by building long-term
- relationships of trust, based on clear ethical and integrity guidelines, which, besides attracting and retaining the best talent, will create a sense of corporate pride and maintain an adequate engagement with all our stakeholders.

## Sustainable Infrastructure

Our purpose is to positively transform the lives of millions of people with infrastructure investments and operations. More than cement, energy, roads, and airports, we are driven by the development, progress, and well-being of the millions of people that benefit from our projects. Thus, through infrastructure with sustainability characteristics, we seek help build an environment of economic growth, with improved standards of living, and with development opportunities for the territories where we are present.

### Challenges and Opportunities

- » By conviction, Grupo Empresarial Argos contributes to the development of sustainable infrastructure. Our main opportunity lies in consolidating the definitions and understandings of the organization's contributions to sustainable infrastructure in the territories where we operate.
- » Strengthen the development of infrastructure solutions with sustainability characteristics in line with market and value creation needs.

Dorado Plant - Cementos Argos  
Puerto Rico



## Environmental Dimension

### Climate Change

To fulfill our business strategy, and understanding the context and the speed at which we must move, we firmly believe in the need to understand, prioritize, and internalize the effects of climate change within our business model.

We have a cross-cutting Climate Change strategy with actions to mitigate CO<sub>2</sub>e emissions and to promote actions to adapt our businesses to the effects

of the global phenomenon. As part of this strategy, we have promoted tree planting programs that align with the Nature-Based Solutions required by climate change, and we have enhanced projects to measure and certify CO<sub>2</sub>e emissions reductions related to efficiency and tree planting projects as an opportunity to create value and increase the organization's commitment.

In parallel, and understanding our role as strategic architect, we work permanently with our businesses to mitigate the risks and capitalize on the opportunities of climate change and to design any transformations required by capital assignment processes and short, medium, and long-term financial planning within this context.

### Progress

	Grupo Argos	Cementos Argos	Celsia	Odinsa
305-1 , 305-2  CO <sub>2</sub> e emissions scope 1 and 2 (t CO <sub>2</sub> e)	265	9,215,592	252,547	4,372 <b>Goal:</b> Reduce scope 1 and 2 emissions by 68% by 2030. 2018 Baseline
305-3  CO <sub>2</sub> emissions scope 3 (t CO <sub>2</sub> e)	21,097 <b>Goal:</b> 12 kg CO <sub>2</sub> /million COP in revenue (64% reduction) by 2030 2021 Baseline	4,812,791	15,787	N.A. (for 2022) <b>Goal:</b> Reduce scope 3 emissions by 15% by 2030. 2018 baseline
305-4  Intensity of scope 1 and 2 emissions	Not applicable	637 <b>Goal:</b> 523 kgCO <sub>2</sub> /t cementitious material (29% reduction) by 2030. 2006 baseline	40 <b>Goal:</b> 282 tCO <sub>2</sub> /kWh (25% reduction) by 2025. 2015 baseline	Not applicable

### Corporate Group Goals

STATUS	Accomplished	In progress
● <b>Goal</b>		
46% reduction in the intensity of direct and indirect (scope 1 & 2) CO <sub>2</sub> e emissions per million in COP revenues by 2030. 2018 baseline		
<b>2022 Progress</b>		
305-5  36% reduction		
● <b>Goal</b>		
37% reduction in absolute direct and indirect (scope 1 & 2) CO <sub>2</sub> e emissions by 2030. 2015 baseline		
<b>2022 Progress</b>		
305-5  23% reduction		

### Challenges and Opportunities

- » Expand strategic partnerships that will allow us to support exploring innovation ecosystems with cutting-edge technology to reduce CO<sub>2</sub> emissions and other fields that will allow us to meet our proposed goals as a Corporate Group.
- » Continue to identify opportunities derived from climate change that we can exploit and that will make a relevant impact on business performance
- » We will strengthen the construction of climate scenarios to invest in technologies and business models with high certainty and/or in early stages of development.
- » Permanently update climate change risks and opportunities. We will also identify new approaches and improve the implementation of *machine learning* models for their quantification.

### Nature and resource efficiency

As a Corporate Group we acknowledge that we need to use natural resources sustainably as they are valuable resources for our operations, for the communities in our areas of influence, and for ecosystems.

#### Corporate Group Goals

STATUS ● Accomplished ○ In progress

Goal	2022 Progress
Reduce in 50% water consumption by 2025 in m <sup>3</sup> /million in COP revenue 2015 baseline	305-5  75% reduction
Care for 100% of high risk water sources by 2025 2018 baseline	100% of water sources cared for
Plant 25 million native trees by 2030. 2016 Baseline	15.2 million trees



Túnel de Oriente  
Antioquia

### Progress

	Grupo Argos	Cementos Argos	Celsia	Odinsa
303-5  Water consumption	8,838 m <sup>3</sup>	4.9 billion m <sup>3</sup>	385,611 m <sup>3</sup>	570,082 m <sup>3</sup>

Water consumption intensity	Not applicable	227 l/t and 223 l/m <sup>3</sup> in water consumed for cement and concrete, respectively <b>Goal:</b> by 2030, 245 l/t and 216 l/m <sup>3</sup> in water consumed for cement and concrete, respectively	Not applicable	Not applicable
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Renewable and/or alternative energy consumption	24.8%	5.1% renewable energy (5.8% use of alternative fuels) <b>Goal:</b> Substitute 33% of caloric consumption by using alternative fuels by 2030	9.8%	N.A.
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### Challenges and Opportunities

- » Update the indicators and targets corresponding to this material issue of the Corporate Group
- » Empower results through the synergies we can generate as an organization for efficiently using resources and caring for nature and the ecosystem services
- » Understand challenges related to natural risks, and their identification and management by the Corporate Group's different businesses
- in the performance of our own and our stakeholders' activities

## Social dimension

### Shared development

Proper management of our environment is relevant, insofar as it allows us to strengthen and promote the company's role, provide opportunities, and generate shared development among our shareholders by using empathy and cooperation to achieve common goals while protecting the company's solid reputation, driving investor trust, with clear rules for action and ongoing monitoring of our economic, political, and social environment, as a corporate behavior differential that creates value for our stakeholders.



► Inauguration Ratón field - We Create Social Value  
Antioquia

Progress	Grupo Argos	Cementos Argos	Celsia	Odinsa
Total social investment*	<b>10,105</b>	<b>30,796</b>	<b>61,012</b>	<b>5,866</b>
Local suppliers	<b>97.1%</b>	<b>90.4%</b>	<b>92.3%</b>	<b>93.8%</b>
[204-1] Local procurement	<b>99.6%</b>	<b>94%</b>	<b>66.4%</b>	<b>94.7%</b>
Conecta Volunteers	<b>75</b>	<b>618</b>	<b>243</b>	<b>186</b>
[415-1] Contributions to guilds and associations*	<b>947</b>	<b>13,600</b>	<b>1,044</b>	<b>643</b>

\* Figures in millions of COP

## Talent, occupational health and safety

### Corporate Group Goals

STATUS ● Accomplished ○ In progress

Goal	2022 Progress
● In 2023, we will begin the second class of the Multipliers of Diversity program	<b>90 employees</b> from 8 different countries where Grupo Empresarial Argos is present were part of the first class
● In 2023, provide continuity to the Mentoring program, focusing and ensuring strong women successors and leaders	<b>24 active pairs</b> <b>46 mentors</b> <b>70% women mentors</b> <b>45% women mentees</b>
● Achieve at least <b>33.4%</b> participation by women in leadership positions at Grupo Empresarial Argos by 2030.	405-1  <b>31.54%</b>
● Zero fatalities amongst employees and contractors	403-9  <b>0</b> collaborators <b>6 contractors</b>

### Challenges and Opportunities

- » Maintain updated high standards for the safety and well-being of our employees, that will allow us to meet our objectives.
- » We have businesses that operate in different contexts, sectors, and geographical locations, which requires us to have a cross-cutting talent model that will facilitate decision-making, talent mobility and diversity, and achievement of the higher purpose

### Progress

	Grupo Argos	Cementos Argos	Celsia	Odinsa
405-1  Women in leadership positions	<b>54.1%</b>	<b>29.9%</b> <b>Goal:</b> 35% of women in leadership positions by 2030.	<b>26.31%</b> <b>Goal:</b> have 35% of total women in management and junior management positions by 2025.	<b>38.40%</b> <b>Goal:</b> 31% of women in leadership positions by 2025
404-1  Training hours per employee	<b>96.23</b>	<b>36.26</b>	<b>48.55</b>	<b>60.92</b>
403-9  Fatalities	<b>0</b> employees <b>0</b> contractors	<b>0</b> employees <b>0</b> contractors	<b>0</b> employees <b>4</b> contractors	<b>0</b> employees <b>2</b> contractors
Injury frequency index	<b>0</b> employees <b>6.85</b> contractors	<b>0.92</b> employees <b>0.84</b> contractors	<b>3.5</b> employees <b>12.9</b> contractors	<b>14.21</b> employees <b>17.03</b> contractors
Injury severity index	<b>0</b> employees <b>50.55</b> contractors	<b>40.01</b> employees <b>16.5</b> contractors	<b>19.4</b> employees <b>1,209.7</b> contractors	<b>190.13</b> employees <b>1,293.17</b> contractors



# Separated Financial Statements

05

## Grupo Argos S.A.

# Separated Statement of Financial Position

As at 31 December | Figures stated in millions of Colombian pesos

	Notes	2022	2021
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	6	<b>72,319</b>	16,237
Derivative financial instruments	7	<b>3,521</b>	3,000
Other financial assets	11	<b>180,827</b>	-
Trade and other receivables, net	8	<b>249,639</b>	160,230
Inventories, net	9	<b>268,832</b>	200,354
Tax assets	10	<b>12,556</b>	39,821
Prepaid expenses and other non-financial assets	12	<b>32,209</b>	5,631
<b>CURRENT LIABILITIES</b>		<b>819,903</b>	<b>425,273</b>
Liabilities associated with non-current assets held for sale	18	<b>64,617</b>	-
<b>TOTAL CURRENT LIABILITIES</b>		<b>884,520</b>	<b>425,273</b>
<b>NON-CURRENT ASSETS</b>			
Trade and other receivables, net	8	<b>112,593</b>	151,250
Right-of-use assets of property, plant and equipment, net	20	<b>7,021</b>	6,723
Intangible assets, net	13	-	76,020
Property, plant and equipment, net	14	<b>1,491</b>	1,806
Investment property	15	<b>2,020,317</b>	2,123,104
Investments in associates and joint ventures	16	<b>5,346,383</b>	5,285,646
Investments in subsidiaries	17	<b>10,512,565</b>	9,562,131
Other financial assets	11	<b>2,078,396</b>	1,313,006
Prepaid expenses and other non-financial assets	12	<b>1,548</b>	7,134
<b>TOTAL NON-CURRENT ASSETS</b>		<b>20,080,314</b>	<b>18,526,820</b>
<b>TOTAL ASSETS</b>		<b>20,964,834</b>	<b>18,952,093</b>

## Grupo Argos S.A.

# Separated Statement of Financial Position

As at 31 December | Figures stated in millions of Colombian pesos

	Notes	2022	2021
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Borrowings	19	<b>8,920</b>	2,556
Lease liabilities	20	<b>3,706</b>	2,053
Employee benefits liabilities	21	<b>13,907</b>	12,510
Provisions	22	<b>5,255</b>	5,005
Trade and other payables	23	<b>148,922</b>	11,274
Tax liabilities	10	<b>2,135</b>	15,683
Derivative financial instruments	7	-	726
Bonds and compound financial instruments	24	<b>10,357</b>	95,117
Other non-financial liabilities	25	<b>175,533</b>	109,056
<b>TOTAL CURRENT LIABILITIES</b>		<b>368,735</b>	<b>253,980</b>
<b>NON-CURRENT LIABILITIES</b>			
Financial liabilities	19	<b>392,297</b>	392,281
Lease liabilities	20	<b>3,617</b>	4,679
Deferred tax, net	10	<b>557,402</b>	185,302
Employee benefits liabilities	21	<b>1,646</b>	2,122
Derivative financial instruments	7	-	921
Bonds and compound financial instruments	24	<b>994,367</b>	1,003,177
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>1,949,329</b>	<b>1,588,482</b>
<b>TOTAL LIABILITIES</b>		<b>2,318,064</b>	<b>1,842,462</b>
<b>EQUITY</b>			
Share capital	26	<b>54,697</b>	54,697
Additional paid-in capital	26	<b>1,503,373</b>	1,503,373
Retained earnings		<b>8,473,522</b>	8,588,287
Reserves	27	<b>3,241,099</b>	3,339,623
Profit (loss)		<b>345,789</b>	336,205
Other components of equity	28	<b>300,068</b>	275,290
Other comprehensive income	27	<b>4,728,222</b>	3,012,156
<b>TOTAL EQUITY</b>		<b>18,646,770</b>	<b>17,109,631</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>20,964,834</b>	<b>18,952,093</b>

The accompanying notes are an integral part of the Separated Financial Statements.

Jorge Mario Velásquez Jaramillo  
CEO | Legal Representative

Claudia Patricia Álvarez Agudelo  
Accountant | Registration 69447-T  
Member of KPMG S.A.S.  
(See report of 28 February 2023)

Gonzalo Alonso Ochoa Ruiz  
Statutory auditor | Registration 43668-T  
Member of KPMG S.A.S.  
(See report of 28 February 2023)

## Grupo Argos S.A.

# Separated Statement of Profit or Loss

Years ended as at 31 December | Figures stated in millions of Colombian pesos

	Notes	2022	2021
Income from financial activity	30	<b>142,454</b>	111,239
Income from real estate business	30	<b>298,851</b>	238,484
Equity-accounted investees net in the results of subsidiaries	30	<b>337,881</b>	303,037
<b>REVENUE</b>	<b>30</b>	<b>779,186</b>	<b>652,760</b>
Cost of ordinary activities	31	(112,955)	(103,496)
<b>GROSS PROFIT</b>		<b>666,231</b>	<b>549,264</b>
Administrative expenses	32	(188,531)	(134,521)
Selling expenses	33	(2,279)	(1,669)
<b>STRUCTURE EXPENSES</b>		<b>(190,810)</b>	<b>(136,190)</b>
Other income (expenses), net	35	(13,422)	(10,701)
<b>PROFIT FROM OPERATING ACTIVITIES</b>		<b>461,999</b>	<b>402,373</b>
Finance income	36	<b>59,359</b>	14,179
Finance expenses	36	(168,032)	(105,336)
Foreign exchange difference, net	36	<b>3,468</b>	(1,307)
<b>PROFIT (LOSS) BEFORE TAX</b>		<b>356,794</b>	<b>309,909</b>
Income tax	10	(11,005)	26,296
<b>NET PROFIT (LOSS)</b>		<b>345,789</b>	<b>336,205</b>
<b>EARNINGS (LOSS) PER SHARE FROM CONTINUING OPERATIONS (*)</b>			
Attributable to shareholders			
Basic	37	<b>398</b>	388
Diluted	37	<b>398</b>	388

(\*) Figures stated in Colombian pesos.

The accompanying notes are an integral part of the Separated Financial Statements.

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CEO | Legal Representative

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Member of KPMG S.A.S.  
(See report of 28 February 2023)

## Grupo Argos S.A.

# Separated Statement of Other Comprehensive Income

Years ended as at 31 December | Figures stated in millions of Colombian pesos

	Notes	2022	2021
<b>NET INCOME</b>		<b>345,789</b>	<b>336,205</b>
ITEMS THAT WILL NOT BE RECLASSIFIED SUBSEQUENTLY TO PROFIT OR LOSS	27.2	635,338	344,743
Gains of equity investments		<b>716,509</b>	232,702
Deferred tax on equity investments		(269,596)	(2,581)
Remeasurement of employee defined benefit liabilities		(9,248)	3,347
Net interests in other comprehensive income of subsidiaries		<b>197,673</b>	111,275
ITEMS THAT WILL BE RECLASSIFIED SUBSEQUENTLY TO PROFIT OR LOSS	27.2	1,079,556	901,754
Net gains from instruments under cash flow hedges		<b>1,947</b>	1,059
Deferred tax of cash flow hedging instruments		(759)	(474)
Net interests in other comprehensive income of subsidiaries		<b>1,078,368</b>	901,169
<b>OTHER COMPREHENSIVE INCOME, NET OF TAX</b>	27.2	<b>1,714,894</b>	<b>1,246,497</b>
<b>TOTAL COMPREHENSIVE INCOME</b>		<b>2,060,683</b>	<b>1,582,702</b>

The accompanying notes are an integral part of the Separated Financial Statements.

Claudia Patricia Álvarez Agudelo  
Accountant | Registration 69447-T  
Member of KPMG S.A.S.  
(See report of 28 February 2023)

**Grupo Argos S.A.****Separated Statement of Changes in Equity**

Years ended as at 31 December |

Figures stated in millions of Colombian pesos

	Notes	Share capital and additional paid-in capital	Legal Reserve	Other Reserves	Other Comprehensive Income	Retained earnings and profit for the year	Other components of equity	Total Equity
<b>BALANCE AS AT 1 JANUARY 2021</b>		<b>1,408,692</b>	<b>29,665</b>	<b>3,643,918</b>	<b>1,792,605</b>	<b>8,616,710</b>	<b>301,186</b>	<b>15,792,776</b>
Profit or loss		-	-	-	-	336,205	-	336,205
Other comprehensive income for the period, net of tax	27.2	-	-	-	1,246,497	-	-	1,246,497
<b>Comprehensive income for the period 2021</b>		<b>29</b>	<b>-</b>	<b>-</b>	<b>1,246,497</b>	<b>336,205</b>	<b>-</b>	<b>1,582,702</b>
Ordinary cash dividends declared	29	-	-	-	-	(97,165)	-	(97,165)
Preferred cash dividends declared	29	-	-	-	-	(80,918)	-	(80,918)
Ordinary share dividends declared	27.1	-	-	-	-	(149,378)	-	-
Constitution of reserves	27.1	-	-	6,500	-	(6,500)	-	-
Release of reserves	27.1	-	-	(340,460)	-	340,460	-	-
Transfers to retained earnings	27.2	-	-	(26,946)	26,946	-	-	-
Effect of change in income tax rate in Colombia	10	-	-	-	(60,636)	-	(60,636)	-
Other variations	28	-	-	-	(1,232)	(25,896)	(27,128)	-
<b>BALANCE AS AT 31 DECEMBER 2021</b>		<b>1,553,070</b>	<b>29,665</b>	<b>3,309,958</b>	<b>3,012,156</b>	<b>8,924,492</b>	<b>275,290</b>	<b>17,109,631</b>
<b>BALANCE AS AT 1 JANUARY 2022</b>		<b>1,553,070</b>	<b>29,665</b>	<b>3,309,958</b>	<b>3,012,156</b>	<b>8,924,492</b>	<b>275,290</b>	<b>17,109,631</b>
Profit or loss		-	-	-	-	345,789	-	345,789
Other comprehensive income for the period, net of tax	27.2	-	-	-	1,714,894	-	-	1,714,894
<b>COMPREHENSIVE INCOME FOR THE PERIOD 2022</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>1,714,894</b>	<b>345,789</b>	<b>-</b>	<b>2,060,683</b>
Ordinary cash dividends declared	29	-	-	-	-	(328,814)	-	(328,814)
Preferred cash dividends declared	29	-	-	-	-	(105,914)	-	(105,914)
Constitution of reserves	27.1	-	-	6,900	-	(6,900)	-	-
Release of reserves	27.1	-	-	(105,424)	-	105,424	-	-
Transfers to retained earnings	27.2	-	-	-	1,172	(1,172)	-	-
Effect of change in income tax rate in Colombia	10	-	-	-	(112,082)	-	(112,082)	-
Other variations	28	-	-	-	(1,512)	24,778	23,266	-
<b>BALANCE AS AT 31 DECEMBER 2022</b>		<b>1,553,070</b>	<b>29,665</b>	<b>3,211,434</b>	<b>4,728,222</b>	<b>8,819,311</b>	<b>300,068</b>	<b>18,646,770</b>

The accompanying notes are an integral part of the Separated Financial Statements.

**Jorge Mario Velásquez Jaramillo**

CEO | Legal Representative

**Claudia Patricia Álvarez Agudelo**Accountant | Registration 69447-T  
(See report of 28 February 2023)**Gonzalo Alonso Ochoa Ruiz**Statutory auditor | Registration 43668-T  
(See report of 28 February 2023)**Grupo Argos S.A.****Separated Statement of Cash Flows**

Years ended as at 31 December | Figures stated in millions of Colombian pesos

**CASH FLOWS FROM OPERATING ACTIVITIES**

Notes	2022	2021
<b>NET PROFIT</b>	<b>345,789</b>	<b>336,205</b>
Adjustments by:		
Dividend and equity income	30	(143,615)
Income tax	10	11,005
Net equity-accounted subsidiaries	30	(337,881)
Finance expenses, net recognized through profit or loss		74,632
Expenses recognized in respect to employee benefits and provisions	22	750
Profit on disposal of non-current assets		(2)
Gain on fair value measurement		(88,272)
Depreciation and amortization of non-current assets	32	13,858
Impairment of financial assets, net		595
Foreign exchange gains and losses recognized on financial instruments, net	36	(3,468)
Other adjustments		(898)
		(127,507)
		(93,334)
<b>CHANGES IN WORKING CAPITAL OF:</b>		
Trade and other receivables		(10,507)
Inventories		53,322
Other assets		(22,000)
Trade and other payables		24,320
Provisions		(449)
Other liabilities		56,611
<b>CASH FLOWS (USED) GENERATED IN OPERATING ACTIVITIES</b>	<b>(26,210)</b>	<b>3,022</b>
Dividends received	11, 16,17	802,790
Income tax, reimbursed (paid)		9,721
		(5,260)
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>786,301</b>	<b>420,536</b>

# Grupo Argos S.A.

## Separated Statement of Cash Flows

Years ended as at 31 December | Figures stated in millions of Colombian pesos

	Notes	2022	2021
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Financial interest received		<b>39,636</b>	4,516
Acquisition of property, plant and equipment		-	(1,201)
Proceeds from the sale of property, plant and equipment		-	260
Acquisition of investment property	15	<b>(5,246)</b>	(16,696)
Proceeds from the sale of investment property		<b>800</b>	3,502
Acquisition of interests in subsidiaries	17	<b>(12,282)</b>	(492)
Proceeds from the sale of interests in subsidiaries		<b>13,052</b>	-
Acquisition of interests in associates and joint ventures		-	(7,054)
Proceeds from the sale of investments in associates and joint Ventures		<b>256</b>	1,148
Acquisition of financial assets		<b>(364,571)</b>	(318)
Proceeds from the sale of financial assets		<b>144,247</b>	23,635
Loans granted to third parties		<b>(10,821)</b>	(22,085)
Proceeds from repayment of loans granted to third parties		<b>17,854</b>	-
Contribution refunds	11 y 16	<b>11,191</b>	53,737
<b>NET CASH FLOW (USED) GENERATED IN INVESTING ACTIVITIES</b>		<b>(165,884)</b>	<b>38,952</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Payment of bonds		<b>(95,107)</b>	(31,716)
Acquisition of other financing instruments		<b>43,385</b>	327,800
Payment of other financing instruments		<b>(43,756)</b>	(417,302)
Payment of lease liabilities	20	<b>(1,826)</b>	(1,706)
Payments from financial derivative arrangements with hedging of finance liabilities		<b>10,790</b>	1,322
Dividends paid on ordinary shares		<b>(246,854)</b>	(167,445)
Dividends paid on preferential shares		<b>(78,630)</b>	(90,674)
Interest paid		<b>(152,177)</b>	(87,665)
Other cash outflows		<b>(30)</b>	(617)
<b>NET CASH FLOW USED IN FINANCING ACTIVITIES</b>	<b>7.7</b>	<b>(564,205)</b>	<b>(468,003)</b>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>		<b>56,212</b>	<b>(8,515)</b>
Cash and cash equivalents at the beginning of the period	6	<b>16,237</b>	24,148
Effect of exchange rate changes on cash and cash equivalents held in foreign currencies		<b>(130)</b>	604
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	<b>6</b>	<b>72,319</b>	<b>16,237</b>

The accompanying notes are an integral part of the Consolidated Financial Statements.

Jorge Mario Velásquez Jaramillo  
CEO | Legal Representative

Claudia Patricia Álvarez Agudelo  
Accountant | Registration 69447-T

Gonzalo Alonso Ochoa Ruiz  
Statutory auditor | Registration 43668-T  
Member of KPMG S.A.S.  
(See report of 28 February 2023)

## Certification of the Legal Representative of the Company

Medellín, 28 February 2023

### To the shareholders of Grupo Argos S.A.

In my capacity as Legal Representative, I hereby certify that the separated financial statements as of the closing date of 31 December 2022 that are being disclosed do not contain defects, inaccuracies or material errors that would prevent knowing the true financial position or the transactions performed by Grupo Argos S.A. during the corresponding period.

Jorge Mario Velásquez Jaramillo  
CEO | Legal Representative

## Certification of the Legal Representative and the Accountant of the Company

Medellín, 28 February 2023

### To the shareholders of Grupo Argos S.A.

The undersigned Legal Representative and the Accountant of Grupo Argos S.A. (hereinafter the Company), certify that the separated financial statements of the Company as at 31 December 2022 and 2021, before making them available to you and third parties, the following statements contained therein have been verified:

- a) Assets and liabilities included in the Company's financial statements as at 31 December 2022 and 2021 exist and all transactions included in said statements have been made during the years ended on those dates.
- b) The economic events completed by the Company during the years ended 31 December 2022 and 2021 have been recognized in the financial statements.
- c) Assets represent probable future economic benefits (rights) and liabilities represent probable future economic sacrifices (obligations), obtained or at the expense of the Company as at 31 December 2022 and 2021.
- d) All items have been recognized at their appropriate values in accordance with the Accounting and Financial Reporting Standards accepted in Colombia.
- e) All economic events affecting the Company have been correctly classified, described and disclosed in the financial statements.

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

Claudia Patricia Álvarez Agudelo  
Accountant | Registration 69447-T  
(See attached certification)



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AUDM&SMDE-EFI2023-P-287

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

To the Shareholders  
Grupo Argos S.A.,

**Report on the Audit of the Separate Financial Statements**

**Opinion**

I have audited the separate financial statements of Grupo Argos S.A. (the Company), which comprise the separate statement of financial position as at December 31, 2022 and the separate statements of income and comprehensive income, changes in equity, and cash flows for the year then ended, and notes comprising significant accounting policies and other explanatory information.

In my opinion, the aforementioned separate financial statements, prepared with information faithfully taken from the books and attached to this Report, present fairly, in all material respects, the separate financial position of the Company as at December 31 of 2022, the separate results of its operations and its separate cash flows for the year ending on that date, in accordance with Accounting and Financial Information Standards accepted in Colombia, applied on a basis consistent with that of the preceding year, except for the one-time application as of December 31, 2022 of the voluntary exemption allowed by Decree 2617 of 2022 "Accounting alternative to mitigate the effects of the change in the income tax rate and the change in the occasional income tax rate in taxable period 2022".

**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 Separate Financial Statements" section of my Report. I am independent of the Company in accordance with the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants (IESBA Code) included in the Information Assurance Standards accepted in Colombia, together with the ethical requirements that are relevant to my audit of the separate financial statements established in Colombia, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

**Key Audit Matters**

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

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**Assessment of the recoverability of investments in subsidiaries and a significant associate  
(See Notes 16 and 17 to the separate financial statements)**

<b>Key Audit Matters</b>	<b>How it was addressed in the Audit</b>
<p>The Company's separate statement of financial position as at December 31, 2022 includes investments in subsidiaries and a significant associate for \$14,887,371 million COP, representing 71% of the Company's total assets.</p> <p>I have identified the assessment of the recoverability of these investments as a Key Audit Matter because it involves significant judgment in identifying impairment indicators for these investments. Additionally, due to the materiality of the balance, it is considered one of the areas of greatest audit attention.</p>	<p>My audit procedures to evaluate the recoverability of investments in subsidiaries and a significant associate included, among others, the following:</p> <ul style="list-style-type: none"> <li>Identification of events, facts, and/or circumstances that indicated the existence of objective evidence of impairment of the investments, based on the impairment tests of the different cash-generating units in the context of the audit of the separate financial statements.</li> <li>Evaluation of the work performed by the audit team of significant Subsidiaries in relation to the identification of objective evidence of impairment in the underlying assets in the investees.</li> <li>Professionals with relevant industry expertise and experience assisted me in: (1) evaluating the key assumptions used in the impairment test performed by the Company on its investment in this significant associate, including input data; (2) performing independent recalculations supported with information obtained from external sources on the discount rate and macroeconomic variables used; and (3) comparing the result of the calculations obtained, with those performed by the Company.</li> </ul>



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**Assessment of the valuation of investment properties in accordance with the provisions of  
IAS 40 – Investment Properties  
(See Note 15 to the separate financial statements)**

Key Audit Matters	How it was addressed in the Audit
<p>The Company's separate statement of financial position as at December 31, 2022 includes a significant amount of investment properties for \$2,020,317 million COP, mainly represented in land measured at fair value through profit or loss.</p> <p>The Company engages qualified external experts for the periodic determination of the fair value of its investment properties, who employ significant judgments in the determination of key valuation assumptions such as: the use of market comparables, estimated future cash flows, discount rates applied, and expected market growth.</p> <p>The main reasons for considering this a Key Audit Matter are: (1) there was significant judgment by the Company to determine the key assumptions for the valuation of investment properties; and (2) there was significant judgment and audit effort to evaluate the evidence obtained related to the appraisals performed, as well as the audit effort involving the use of professionals with specialized skills and knowledge in real estate valuation.</p>	<p>My audit procedures to assess the valuation of investment properties in accordance with IAS 40 included, among others, the following:</p> <ul style="list-style-type: none"> <li>• Evaluation of the design, implementation, and operating effectiveness of the key control established by the Company to determine and recognize for accounting purposes the fair value of investment properties, specifically in the review and approval by the Real Estate Strategy Department, of the appraisals performed by external professionals with expertise in real estate valuation engaged by the Company.</li> <li>• Evaluation of the competence and capacity of the external professionals engaged by the Company, who determined the fair value of the investment properties.</li> <li>• Involvement of a professional with relevant knowledge and experience in real estate valuation, who assisted me in the evaluation of the key assumptions used by the external professionals engaged by the Company to determine the fair value of investment properties, and whether the procedures and techniques applied are in accordance with IFRS 13 - Fair Value Measurement, and with the International Valuation Standards.</li> </ul>



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**Other Matters**

The separate financial statements as at and for the year ended December 31, 2021 are presented solely for comparative purposes. These were audited by myself and in my Report dated February 23, 2022, I expressed an unqualified opinion thereon.

**Other Information**

The Management is responsible for the *other information*. The *other information* comprises 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 myself in the "Report on Other Legal And Regulatory Requirements" section, in accordance with the provisions of Article 38 of Law 222 of 1995. The information contained in the integrated report is expected to be available to me after the date of this Audit Report.

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

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

When I read the contents of the integrated report, if I were to conclude that there is a material misstatement in that *other information*, I am required to report this fact to Those Charged With Governance.

**Responsibilities of Management and Those Charged with the Company's Governance for the Separate Financial Statements**

The Management is responsible for the preparation and fair presentation of these separate 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 determines is necessary to enable 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 going concern and using the going concern basis of accounting unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Charged with Governance are responsible for overseeing the Company's financial reporting process.



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### **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 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 separate 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 separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant 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 the 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 Company's ability to continue as a going concern. If I were to conclude that a material uncertainty exists, I am required to draw attention in my Auditor's Report to the related disclosures in the separate 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 Auditor's 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 present the underlying transactions and events so as to achieve a fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the Entities or business activities within the Group to express an opinion on the Group's financial statements. I am responsible for the direction, supervision, and performance of the Group's audit. I remain solely responsible for my audit opinion.



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I communicate with Those Charged with the Company's 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 we identify during my audit.

I also provide Those Charged with Governance with confirmation that I have complied with relevant ethical requirements for independence and that I have disclosed to them all relationships and other matters that might reasonably be considered to bear on my independence and, where applicable, related safeguards.

From the matters communicated with Those Charged with Governance, I determine the matters that were of most significance in the audit of the current period's separate financial statements and, therefore, are the Key Audit Matters. I describe these matters in my Auditor's Report unless law or regulation prevents public disclosure about the matter or when, in extremely exceptional circumstances, I determine that a matter should not be communicated in my Report because the adverse consequences of doing so would reasonably outweigh the benefits to the public interest of such communication.

### **Report on Other Legal and Regulatory Requirements**

Based on my test results, in my opinion, during 2022:

- a) The bookkeeping of the Company has been kept in accordance with legal regulations and accounting techniques.
- b) The transactions recorded in the ledgers are in accordance with the bylaws and the decisions of the General Shareholders' Meeting.
- c) Correspondence, account vouchers, minute books, and share registry books are duly kept and maintained.
- d) There is a concordance between the accompanying financial statements and the Management Report prepared by the administrators, which includes the Management's acknowledgment of the free circulation of invoices issued by vendors or suppliers.
- e) The information contained in the returns of contribution to the Comprehensive Social Security System, particularly that related to affiliates and their contribution base income, has been taken from the accounting records and supporting documentation. The Company is up to date in its contributions to the Comprehensive Social Security System.



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In order to comply with the requirements of Articles 1.2.1.2. and 1.2.1.5. of the Single Regulatory Decree 2420 of 2015, in development of the responsibilities of the Statutory Auditor contained in numerals 1º) and 3º) of Article 209 of the Commercial Code, related to the evaluation of whether the acts of the Company's administrators are in accordance with the bylaws and the orders or instructions of the General Shareholders' Meeting and whether there are adequate measures of internal control, and conservation and custody of the Company's assets or those of third parties in its possession, I issued a separate report dated February 28, 2023.

(Original version Spanish and signed by)  
Gonzalo Alonso Ochoa Ruiz  
Statutory Auditor of Grupo Argos S.A.  
Registration 43668 - T  
Member of KPMG S.A.S.

February 28, 2023

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

To the Shareholders  
Grupo Argos S.A.,

**Description of the Main Subject Matter**

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 1º) and 3º) of Article 209 of the Commercial Code, detailed as follows, by Grupo Argos S.A., hereinafter "the Company," as of December 31, 2022, in the form of a conclusion of independent reasonable assurance that the Management's performance has complied with the provisions of the bylaws and the General Shareholders' Meeting and that there are adequate internal control measures, in all material respects, in accordance with the criteria indicated in the paragraph entitled "*Criteria*" of this Report:

1º) Whether the acts of the Company's Management are in accordance with the bylaws and the orders or instructions of the General Shareholders' Meeting, and

3º) Whether the internal control measures, and the conservation and custody measures of the Company's assets or those of third parties in its possession are in place and adequate.

**Responsibility of Management**

The Company's Management is responsible for compliance with the bylaws and the decisions of the General Shareholders' Meeting and for designing, implementing, and maintaining adequate internal control measures and measures for the conservation and custody of the Company's assets or those of third parties in its possession, in accordance with the requirements of the internal control system implemented by the Management and Section III, Title V, Chapter I of the Basic Legal Circular of the Financial Superintendence of Colombia.

**Responsibility of Statutory Auditor**

My responsibility is to examine whether the acts of the Company's Management are in accordance with the bylaws and the orders or instructions of the General Shareholders' Meeting, and whether the internal control measures, and conservation and custody measures of the Company's assets or those of third parties in its possession are adequate, and to report thereon in the form of an independent reasonable assurance conclusion based on the evidence obtained. I performed my procedures in accordance with the International Standard on Assurance Engagements 3000 accepted in Colombia (ISAE 3000, issued by the International



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Auditing and Assurance Standards Board [IAASB] and translated into Spanish in 2018). Such Standard requires that I plan and perform the procedures that I consider necessary to obtain reasonable assurance about the compliance of the acts of management with the bylaws and the decisions of the General Shareholders' Meeting and about whether there are adequate measures of internal control—which include the Comprehensive System for the Prevention and Control of Money Laundering and Financing of Terrorism—, and conservation and custody measures of the Company's assets or those of third parties in its possession, in accordance with the requirements of the internal control system implemented by the Management and Section III, Title V, Chapter I of the Basic Legal Circular of the Financial Superintendence of Colombia, in all material respects.

The Accounting Firm to which I belong, and which appointed me as Statutory Auditor of the Company, applies International Quality Control Standard No. 1 and, consequently, maintains a comprehensive quality control system that includes documented policies and procedures on compliance with ethical requirements, and applicable legal and regulatory professional standards.

I have complied with the independence and ethics requirements of the Code of Ethics for Professional Accountants 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 assessment of the risk that the acts of management do not comply with the bylaws and decisions of General Shareholders' Meeting and that the internal control measures—which include the Comprehensive System for the Prevention and Control of Money Laundering and Financing of Terrorism—, and conservation and custody measures of the Company's assets or those of third parties in its possession are not adequately designed and implemented, in accordance with the requirements of the internal control system implemented by the Management and Section III, Title V, Chapter I of the Basic Legal Circular of the Financial Superintendence of Colombia

This reasonable assurance engagement includes obtaining evidence for the year ended December 31, 2022. The procedures include:

- Obtaining a written representation from the Management as to whether the acts of the administrators are in accordance with the bylaws and the decisions of the General Shareholders' meeting and as to whether there are adequate internal control measures, and conservation and custody measures of the Company's assets or those of third parties in its possession, in accordance with the requirements of the internal control system implemented by the Management and Section III, Title V, Chapter I of the Basic Legal Circular of the Financial Superintendence of Colombia.
- Review of the Company's bylaws and verification of compliance with said bylaws.



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- Obtaining a certification from the Management on the meetings of the General Shareholders' Meeting, documented in the minutes.
- Reading of the minutes of the General Shareholders' Meeting and the bylaws, and verification of whether the acts of management are in compliance with the same.
- Inquiries with the Management on changes or draft amendments to the Company's bylaws during the period covered, and validation of their implementation.
- Evaluation of the existence and adequacy of internal control measures—which include the Comprehensive System for the Prevention and Control of Money Laundering and Financing of Terrorism—, and conservation and custody measures of the Company's assets or those of third parties in its possession, in accordance with the requirements of the internal control system implemented by the Management and Section III, Title V, Chapter I of the Basic Legal Circular of the Financial Superintendence of Colombia, which includes:
  - Testing of the design, implementation, and operating effectiveness of the relevant controls of the components of internal control over financial reporting, which include the requirements of External Circular 012 of 2022, included in Section III, Title V, Chapter I of the Basic Legal Circular of the Financial Superintendence of Colombia and the elements established by the Company, such as control environment, risk assessment process by the Entity, information systems, control activities, and monitoring of controls.
  - Evaluation of the design, implementation, and operating effectiveness of the relevant manual controls over key business processes related to significant accounts in the financial statements.
  - Issuance of letters to the Management with my recommendations on internal control deficiencies considered not significant that were identified during the audit work.
  - Follow-up on the matters included in the Letters of Recommendation I issued in relation to the deficiencies in internal control considered not significant.

#### **Inherent Limitations**

Due to the inherent limitations of any internal control structure, it is possible that effective controls may exist at the date of my examination that may change in that condition in future periods because my Report is based on selective testing and because the evaluation of internal control is susceptible to becoming inadequate due to changes in conditions or because the degree of compliance with policies and procedures may deteriorate. Moreover, inherent limitations of internal control include human error, failures due to collusion by two or more persons, or inappropriate override of controls by the Management.

#### **Criteria**



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The criteria considered for the evaluation of the matters mentioned in the paragraph “*Description of the Main Subject Matter*” include: a) the Company's bylaws and the minutes of the General Shareholders' Meeting and, b) the internal control components implemented by the Company, such as the control environment, risk assessment procedures, its information and communications systems and the monitoring of controls by Management and Those Charged with Governance, which are based on the requirements of the internal control system implemented by the Management and Section III, Title V, Chapter I of the Basic Legal Circular of the Financial Superintendence of Colombia.

#### **Conclusion**

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

In my opinion, the acts of management are in accordance with the bylaws and the decisions of the General Shareholders' Meeting, and the measures of internal control—which include the Comprehensive System for the Prevention and Control of Money Laundering and Financing of Terrorism—, and conservation and custody of the Company's assets or those of third parties in its possession are adequate, in all material respects, in accordance with the requirements of the internal control system implemented by the Management and Section III, Title V, Chapter I of the Basic Legal Circular of the Financial Superintendence of Colombia.

(Original version Spanish and signed by  
 Gonzalo Alonso Ochoa Ruiz  
 Statutory Auditor of Grupo Argos S.A.  
 Registration 43668 - T  
 Member of KPMG S.A.S.

February 28, 2023



**Consolidated  
Financial  
Statements**

**06**

## Grupo Argos S.A. and subsidiaries

# Consolidated Statement of Financial Position

As at 31 December | Figure stated in millions of Colombian pesos

	Notes	2022	2021
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	6	<b>1,429,105</b>	2,683,143
Derivative financial instruments	7	<b>70,236</b>	20,856
Trade and other receivables	8	<b>2,718,115</b>	2,474,445
Inventories, net	9	<b>1,924,803</b>	1,376,345
Tax assets	10	<b>275,803</b>	272,079
Biological assets	20	<b>5,112</b>	4,312
Other financial assets	11	<b>763,678</b>	869,849
Prepaid expenses and other non-financial assets	12	<b>336,957</b>	229,924
<b>CURRENT ASSETS</b>		<b>7,523,809</b>	<b>7,930,953</b>
Non-current assets held for sale	13	<b>6,169,569</b>	58,304
<b>TOTAL CURRENT ASSETS</b>		<b>13,693,378</b>	<b>7,989,257</b>
<b>NON-CURRENT ASSETS</b>			
Trade and other receivables	8	<b>574,099</b>	867,991
Goodwill	14	<b>2,339,301</b>	3,211,125
Right-of-use assets	22	<b>669,838</b>	704,186
Intangible assets, net	15	<b>763,912</b>	4,219,758
Property, plant and equipment, net	16	<b>22,497,982</b>	21,057,939
Investment property	17	<b>2,290,960</b>	2,352,836
Investments in associates and joint Ventures	18	<b>11,116,749</b>	10,002,820
Derivative financial instruments	7	<b>87,544</b>	15,974
Deferred tax	10	<b>326,029</b>	400,299
Biological assets	20	<b>57,993</b>	56,866
Other financial assets	11	<b>2,373,015</b>	1,587,347
Prepaid expenses and other non-financial assets	12	<b>150,268</b>	122,946
<b>TOTAL NON-CURRENT ASSETS</b>		<b>43,247,690</b>	<b>44,600,087</b>
<b>TOTAL ASSETS</b>		<b>56,941,068</b>	<b>52,589,344</b>

## Grupo Argos S.A. and subsidiaries

# Consolidated Statement of Financial Position

As at 31 December | Figures stated in millions of Colombian pesos

	Notes	2022	2021
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Borrowings	21	<b>1,635,930</b>	2,628,060
Lease liabilities	22	<b>148,443</b>	137,257
Employee benefits liabilities	23	<b>277,951</b>	290,224
Provisions	24	<b>142,956</b>	309,164
Trade and other payables	25	<b>2,840,691</b>	2,603,991
Tax liabilities	10	<b>233,247</b>	171,501
Derivative financial instruments	7	<b>22,014</b>	2,087
Bonds and compound financial instruments	26	<b>830,643</b>	1,126,948
Other financial liabilities	7.2	<b>85,018</b>	-
Other non-financial liabilities	27	<b>594,852</b>	487,959
<b>CURRENT LIABILITIES</b>		<b>6,811,745</b>	<b>7,757,191</b>
Liabilities associated with non-current assets held for sale	13	<b>3,509,787</b>	7,772
<b>TOTAL CURRENT LIABILITIES</b>		<b>10,321,532</b>	<b>7,764,963</b>
<b>NON-CURRENT LIABILITIES</b>			
Borrowings	21	<b>6,080,834</b>	4,038,878
Lease liabilities	22	<b>615,979</b>	628,449
Deferred tax	10	<b>1,479,769</b>	1,283,447
Employee benefits liabilities	23	<b>292,873</b>	362,307
Provisions	24	<b>207,384</b>	232,008
Trade and other payables	25	<b>127,424</b>	135,088
Derivative financial instruments	7	<b>649</b>	48,373
Bonds and compound financial instruments	26	<b>5,784,720</b>	8,678,684
Other non-financial liabilities	27	-	610,589
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>14,589,632</b>	<b>16,017,823</b>
<b>TOTAL LIABILITIES</b>		<b>24,911,164</b>	<b>23,782,786</b>

## Grupo Argos S.A. and subsidiaries

# Consolidated Statement of Financial Position

As at 31 December | Figures stated in millions of Colombian pesos

	Notes	2022	2021
<b>EQUITY</b>			
Share capital	28	<b>54,697</b>	54,697
Additional paid-in capital	28	<b>1,503,373</b>	1,503,373
Retained earnings		<b>9,218,971</b>	9,083,552
Reserves	29	<b>3,241,099</b>	3,339,623
Profit for the year		<b>881,424</b>	589,799
Other components of equity	30	<b>(151,350)</b>	(111,432)
Other comprehensive income	29	<b>6,303,067</b>	3,996,628
<b>EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY</b>		<b>21,051,281</b>	<b>18,456,240</b>
Non-controlling interests	32	<b>10,978,623</b>	10,350,318
<b>TOTAL EQUITY</b>		<b>32,029,904</b>	<b>28,806,558</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>56,941,068</b>	<b>52,589,344</b>

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

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

**Claudia Patricia Álvarez Agudelo**  
Accountant | Registration No. 69447-T  
(See attached certification)

**Gonzalo Alonso Ochoa Ruiz**  
Statutory auditor | Registration No. 43668-T  
Member of KPMG S.A.S.  
(See report of 28 February 2023)

## Grupo Argos S.A. and subsidiaries

# Consolidated Statement of Profit or Loss

Years ended as at 31 December | Figures stated in millions of Colombian pesos, except earnings per share

	Notes	2022	2021
<b>Revenue</b>			
Interest income calculated using the effective interest method	33	<b>18,632,618</b>	15,045,514
Share of profit of associates and joint ventures	33	<b>759,273</b>	394,232
Other revenue	33	<b>1,925,215</b>	660,661
<b>TOTAL REVENUE</b>		<b>21,339,706</b>	<b>16,309,119</b>
Cost of ordinary activities	34	<b>(15,791,372)</b>	(11,848,313)
<b>GROSS PROFIT</b>		<b>5,548,334</b>	<b>4,460,806</b>
Administrative expenses	35	<b>(1,705,008)</b>	(1,490,786)
Selling expenses	36	<b>(334,174)</b>	(286,872)
<b>STRUCTURE EXPENSES</b>		<b>(2,039,182)</b>	<b>(1,777,658)</b>
Other income (expenses), net	37	<b>84,113</b>	(65,694)
<b>PROFIT FROM OPERATING ACTIVITIES</b>		<b>3,593,265</b>	<b>2,617,454</b>
Finance income	38	<b>234,000</b>	235,742
Finance expenses	38	<b>(1,675,341)</b>	(1,224,391)
Foreign exchange difference, net	38	<b>102,353</b>	27,815
<b>PROFIT BEFORE TAX</b>		<b>2,254,277</b>	<b>1,656,620</b>
Income tax	10.3	<b>(813,936)</b>	(450,587)
<b>NET PROFIT</b>		<b>1,440,341</b>	<b>1,206,033</b>
Attributable to:			
<b>OWNERS OF THE PARENT</b>		<b>881,424</b>	<b>589,799</b>
Non-controlling interests		<b>558,917</b>	616,234
<b>EARNINGS PER SHARE FROM CONTINUING OPERATIONS (*)</b>			
Attributable to common shareholders of the owner company:			
Basic (*)	39	<b>1,013.76</b>	681.32
Diluted (*)	39	<b>1,013.76</b>	681.32

(\*) Figures stated in Colombian pesos.

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

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

**Claudia Patricia Álvarez Agudelo**  
Accountant | Registration No. 69447-T  
(See attached certification)

**Gonzalo Alonso Ochoa Ruiz**  
Statutory auditor | Registration No. 43668-T  
Member of KPMG S.A.S.  
(See report of 28 February 2023)

## Grupo Argos S.A. and subsidiaries

# Consolidated Statement of Other Comprehensive Income

Years ended as at 31 December | Figures stated in millions of Colombian pesos

	2022	2021
<b>NET PROFIT</b>	<b>1,440,341</b>	<b>1,206,033</b>
Gains or losses of equity investments	717,830	237,317
Deferred tax on equity investments	(269,593)	(2,459)
Remeasurement of defined benefit plan liabilities	31,397	49,235
Defined Benefit plan deferred tax liabilities	(12,787)	(15,310)
Gains or losses on property, plant and equipment revaluation	-	9,018
Deferred tax on property, plant and equipment revaluation	1,241	(2,372)
<b>ITEMS THAT WILL NOT BE RECLASSIFIED SUBSEQUENTLY TO PROFIT OR LOSS</b>	<b>468,088</b>	<b>275,429</b>
Net profit from instruments under cash flow hedges	(41,236)	(72,577)
Deferred tax on cash flow hedges	18,551	27,380
Exchange differences on translating foreign operations	2,019,647	1,577,864
Deferred tax on translating foreign operations	(3,227)	(1,399)
<b>ITEMS THAT WILL BE RECLASSIFIED SUBSEQUENTLY TO PROFIT OR LOSS</b>	<b>1,993,735</b>	<b>1,531,268</b>
Share in associates and joint ventures	1,140,401	476,993
<b>OTHER COMPREHENSIVE INCOME, NET OF TAX</b>	<b>3,602,224</b>	<b>2,283,690</b>
<b>TOTAL COMPREHENSIVE INCOME</b>	<b>5,042,565</b>	<b>3,489,723</b>
Attributable to:		
<b>OWNERS OF THE PARENT</b>	<b>3,186,691</b>	<b>2,022,077</b>
Non-controlling interests	1,855,874	1,467,646

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

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

**Claudia Patricia Álvarez Agudelo**  
Accountant | Registration No. 69447-T  
(See attached certification)

**Gonzalo Alonso Ochoa Ruiz**  
Statutory auditor | Registration No. 43668-T  
Member of KPMG S.A.S.  
(See report of 28 February 2023)

## Consolidated Statement of Changes in Equity

Years ended as at 31 December | Figures stated in millions of Colombian pesos

	BALANCE DISCLOSED AS AT 31 DECEMBER 2020	1,408,692	29,665	3,643,918	2,591,296	9,118,449	(143,779)	16,648,241	9,581,610	26,229,851
Profit for the period										
Other comprehensive income for the period, net of tax										
<b>Comprehensive income for the period</b>	<b>149,378</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(97,165)</b>	<b>-</b>	<b>(97,165)</b>	<b>(440,091)</b>
Issuance of shares										
Ordinary cash dividends declared (Note 31)										
Preferred cash dividends declared (Note 31)										
Ordinary share dividends declared (Note 31)										
Ordinary in-kind dividends declared										
Constitution of reserves (Note 29.1)										
Share of associates and joint ventures (Note 30 - 32)										
Transfer from other comprehensive income to retained earnings (Note 29.2)										
Purchases and sales to non-controlling interests (Note 30 - 32)										
Loss of control of subsidiaries or businesses (Note 32)										
Effect of change in income tax rate in Colombia (Nota 29.3)										
Other variations										
<b>BALANCE AS AT 31 DECEMBER 2021</b>	<b>1,558,070</b>	<b>29,665</b>	<b>3,309,958</b>	<b>3,996,628</b>	<b>9,673,351</b>	<b>(111,432)</b>	<b>18,456,240</b>	<b>10,350,318</b>	<b>28,806,558</b>	

Share capital  
and additional  
paid-in capital

Legal  
Reserve

Other  
Reserves

Other  
Comprehensive  
Income

Other  
components  
of equity

Retained  
earnings  
and profit  
for the year

Attributable  
to owners of  
the parent

Non-  
controlling  
interests

Total  
Equity

## Grupo Argos S.A. and subsidiaries

# Consolidated Statement of Changes in Equity

Years ended as at 31 December |

Figures stated in millions of Colombian pesos

	Share capital and additional paid-in capital	Legal Reserve	Other Reserves	Other Comprehensive Income	Retained earnings and profit for the year	Other components of equity	Attributable to owners of the parent	Non- controlling interests	Total Equity
<b>BALANCE DISCLOSED AS AT 31 DECEMBER 2021</b>									
1,558,070	29,665	3,309,958	3,996,628	9,673,351	(111,432)	18,456,240	10,350,318	28,806,558	
Profit for the period	-	-	-	881,424	-	881,424	556,917	1,440,341	
Other comprehensive for the period income, net of tax	-	-	2,305,267	-	-	2,305,267	1,296,957	3,602,224	
<b>Comprehensive income for the period</b>			<b>2,305,267</b>	<b>881,424</b>		<b>3,186,691</b>	<b>1,855,874</b>	<b>5,042,565</b>	
Issuance of shares	-	-	-	-	-	-	-	1,973	1,973
Ordinary cash dividends declared (Note 31)	-	-	-	(328,815)	-	(328,815)	(715,499)	(1,044,314)	
Preferred cash dividends declared (Note 31)	-	-	-	(105,914)	-	(105,914)	(27,202)	(133,116)	
Constitution of reserves (Note 29.1)	-	(98,524)	-	98,524	-	-	-	-	-
Share of associates and joint ventures (Note 30 - 32)	-	-	-	-	(61,048)	(61,048)	(6,048)	(67,096)	
Transfer from other comprehensive income to retained earnings (Note 29.2)	-	-	1,172	(1,172)	-	-	-	-	-
Purchases and sales to non-controlling interests (Note 30 - 32)	-	-	-	-	20,157	20,157	(82,911)	(62,754)	
Loss of control of subsidiaries or businesses (Note 32)	-	-	-	-	-	-	(290,830)	(290,830)	
Effect of change in income tax rate in Colombia (Note 29.3)	-	-	-	(115,492)	-	(115,492)	(19,590)	(135,082)	
Commitments to purchase non-controlling interests (Note 32)	-	-	-	-	-	-	(85,018)	(85,018)	
Other variations	-	-	-	(1,511)	973	(538)	(2,444)	(2,982)	
<b>BALANCE AS AT 31 DECEMBER 2022</b>	<b>1,558,070</b>	<b>29,665</b>	<b>3,211,434</b>	<b>6,303,067</b>	<b>10,100,395</b>	<b>(151,350)</b>	<b>21,051,281</b>	<b>10,978,623</b>	<b>32,029,904</b>

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

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

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

  
**Claudia Patricia Álvarez Agudelo**  
 Accountant | Registration No. 69447-T  
 (See attached certification)

  
**Gonzalo Alonso Ochoa Ruiz**  
 Statutory auditor | Registration No. 43668-T  
 Member of KPMG S.A.S.  
 (See report of 28 February 2023)

## Grupo Argos S.A. and subsidiaries

# Consolidated Statement of Cash Flows

Years ended as at 31 December | Figures stated in millions of Colombian pesos

	Notes	2022	2021
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>NET PROFIT</b>		<b>1,440,341</b>	<b>1,206,033</b>
Adjustments by:			
Dividend and equity income	33 - 38	(70,138)	(45,554)
Income tax expense recognized through profit or loss	10	813,936	450,587
Equity method of associates and joint ventures	33	(759,273)	(394,232)
Finance expenses, net recognized through profit or loss		1,402,026	794,901
Expenses recognized in respect to employee benefits and provisions		174,089	103,203
Profit (loss) on disposal or derecognition of non-current assets	20 - 33	(208,226)	1,742,473
Gain on fair value measurement	- 38	(94,030)	(137,042)
Gain from a bargain purchase	37	(4,225)	(30,121)
Impairment, net of financial assets		73,587	37,684
Impairment, net of non-current assets and inventory		144,368	147,201
Depreciation and amortization of non-current assets	34	1,626,911	1,718,651
Foreign exchange gains and losses on financial instruments, net recognized through profit or loss		(14,344)	28,999
Other adjustments to reconcile profit (loss) for the year		(44,439)	43,102
		<b>4,480,583</b>	<b>5,665,885</b>
<b>CHANGES IN WORKING CAPITAL OF:</b>			
Trade and other receivables		(409,510)	(1,027,066)
Inventories		(314,205)	(36,503)
Other assets		(130,224)	(33,791)
Trade and other payables		(62,427)	185,671
Other liabilities		148,296	(34,727)
<b>CASH GENERATED BY OPERATIONS</b>			
Income tax paid		(611,930)	(557,566)
Dividends and interests received	7.5 - 18	260,619	150,215
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>		<b>3,361,202</b>	<b>4,312,118</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Financial interest received		169,350	130,957
Acquisition of property, plant and equipment		(2,780,637)	(2,100,667)
Proceeds from the sale of property, plant and equipment		391,886	124,556
Acquisition of investment property	17	(5,797)	(16,696)
Proceeds from the sale of investment property		4,884	3,752
Acquisition of intangible assets		(88,192)	(53,799)
Proceeds from the sale of intangible assets		17,037	283
Acquisition of other non-current assets		(8)	(8)
Proceeds from the sale of other non-current assets		13,508	33,706
Prepayments received for non-current asset transactions		188,842	-
Acquisition of control of subsidiaries and other businesses		(125,386)	-
Sale of businesses with loss of control	37 - 46	(228,151)	672,338
Acquisition and/or contributions to interests in associates and joint ventures	18	(86,392)	(53,860)
Proceeds from the sale of investments in associates and joint ventures	18 - 46	236,084	6,131
Acquisition of financial assets		(1,284,411)	(457,983)
Proceeds from the sale of financial assets		1,297,472	529,674
Restitution of subordinated debt		169,127	-
Loans granted to third parties		(8,803)	-
Proceeds from the repayment of loans granted to third parties		18,091	10,054
Other cash inflows		11,709	53,777
<b>NET CASH FLOWS USED IN INVESTING ACTIVITIES</b>			
		<b>(1,964,393)</b>	<b>(1,243,171)</b>

# Grupo Argos S.A. and subsidiaries

## Consolidated Statement of Cash Flows

Years ended as at 31 December | Figures stated in millions of Colombian pesos

	Notes	2022	2021
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Issue of shares and other capital instruments		-	67,090
Issue of bonds and commercial papers		297,769	815,571
Payment of bonds, structured notes and commercial papers		(1,217,837)	(1,015,379)
Acquisition of other financing instruments		6,386,381	6,185,703
Payment of other financing instruments		(4,947,624)	(7,251,376)
Payment of lease liabilities		(161,512)	(195,253)
Acquisition of non-controlling interests in subsidiaries	19.3	(62,850)	(52,013)
Payments for financial derivative arrangements		(67,270)	(91,808)
Proceedings from financial derivative arrangements		87,716	47,526
Capitalization of non-controlling interests		-	223,106
Dividends paid on ordinary shares	31	(691,824)	(689,049)
Dividends paid on preferred shares	31	(122,750)	(149,164)
Interest paid		(1,261,979)	(1,083,488)
Other cash outflows		(96,076)	(57,577)
<b>NET CASH FLOWS USED IN INVESTING ACTIVITIES</b>		<b>(1,857,856)</b>	<b>(3,246,111)</b>
<b>NET (DECREASE) IN CASH AND CASH EQUIVALENTS</b>		<b>(461,047)</b>	<b>(177,164)</b>
Cash and cash equivalents at the beginning of the period, including amounts presented in a group of assets held for sale	6 - 13	2,684,817	2,713,358
Effect of exchange rate changes on cash and cash equivalents held in foreign currencies		233,008	148,623
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD, INCLUDING AMOUNTS PRESENTED IN A GROUP OF ASSETS HELD FOR SALE</b>			
Less cash and cash equivalents included in a group of assets held for sale	13	1,027,673	1,674
<b>CASH AND CASH EQUIVALENTS AT THE END OF PERIOD WITHOUT CASH AND CASH EQUIVALENTS INCLUDED IN A GROUP OF ASSETS HELD FOR SALE</b>			
	6 - 13	1,429,105	2,683,143

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

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

  
**Claudia Patricia Álvarez Agudelo**  
 Accountant | Registration No. 69447-T  
 (See attached certification)

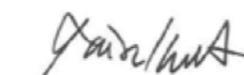
  
**Gonzalo Alonso Ochoa Ruiz**  
 Statutory auditor | Registration No. 43668-T  
 Member of KPMG S.A.S.  
 (See report of 28 February 2023)

## Certification of the Legal Representative of the Company

Medellin, 28 February 2023

### To the shareholders of Grupo Argos S.A.

In my capacity as Legal Representative, I hereby certify that the consolidated financial statements as of the closing date of 31 December 2022 that are being disclosed do not contain defects, inaccuracies or material errors that would prevent knowing the true financial position or the operations performed by Grupo Argos S.A. during the corresponding period.



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

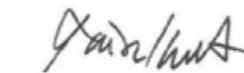
## Certification of the Legal Representative and the accountant of the Company

Medellin, 28 February 2023

### To the shareholders of Grupo Argos S.A.

The undersigned Legal Representative and the Accountant of Grupo Argos S.A. (hereinafter the Company), certify that the consolidated financial statements of the Company as at 31 December 2022 and 2021, before making them available to you and third parties, the following statements contained therein have been verified:

- a) Assets and liabilities included in the Company's financial statements as at 31 December 2022 and 2021 exist and all transactions included in said statements have been made during the years ended on those dates.
- b) The economic events completed by the Company during the years ended 31 December 2022 and 2021 have been recognized in the financial statements.
- c) Assets represent probable future economic benefits (rights) and liabilities represent probable future economic sacrifices (obligations), obtained or at the expense of the Company as at 31 December 2022 and 2021.
- d) All items have been recognized at their appropriate values in accordance with the Accounting and Financial Reporting Standards accepted in Colombia.
- e) All economic events affecting the Company have been correctly classified, described and disclosed in the financial statements.

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

  
**Claudia Patricia Álvarez Agudelo**  
 Accountant | Registration No. 69447-T  
 (See attached certification)



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AUDM&SMDE-EFI2023-P-288

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

To the Shareholders  
Grupo Argos S.A.,

**Report on the Audit of the Consolidated Financial Statements**

**Opinion**

I have audited the accompanying consolidated financial statements of Grupo Argos S.A. and Subordinates (the Group), which comprise the consolidated statement of financial position as at December 31, 2022 and the consolidated statements of income and other comprehensive income, changes in equity, and cash flows for the year then ended, and notes comprising significant accounting policies and other explanatory information.

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 at December 31, 2022, the consolidated results of its operations and its consolidated cash flows for the year then ended in accordance with Accounting and Financial Reporting Standards accepted in Colombia, applied on a basis consistent with that of the preceding 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 Consolidated Financial Statements" section of my Report. I am independent of the Group in accordance with the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants (IESBA Code) included in the Information Assurance Standards accepted in Colombia, together with the ethical requirements that are relevant to my audit of the consolidated financial statements established in Colombia, and I have fulfilled my other ethical responsibilities in accordance with these requirements. , and the IESBA code mentioned. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

**Key Audit Matters**

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



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**Goodwill impairment evaluation**  
(See Note 14 to the consolidated financial statements)

<b>Key Audit Matters</b>	<b>How it was addressed in the Audit</b>
<p>The Group's consolidated statement of financial position includes goodwill for \$2,339,301 million COP, derived from acquisitions made in previous years, for which an annual impairment assessment is required in accordance with IAS 36 – Impairment of Assets.</p> <p>The foregoing represents a Key Audit Matter due to the materiality of the goodwill balance, and because it involves the determination of complex and subjective judgments made by the Group in relation to long-term sales growth, operating costs and margins projected in the different countries where the Group operates, as well as in determining the rates used to discount future cash flows.</p>	<p>My audit procedures for the goodwill impairment assessment included, among others, the following</p> <ul style="list-style-type: none"> <li>• Involvement of professionals with relevant knowledge and experience in the industry who assisted me in: 1) evaluating the key assumptions used in the impairment tests carried out by the Group, including the input data; 2) carry out independent recalculations supported by information obtained from external sources on the discount rates and the macroeconomic variables used; 3) compare the result of the calculations obtained with those made by the Group; and 4) perform a sensitivity analysis including a possible reasonable reduction in key variables.</li> <li>• Comparison of the previous year's budget with the actual data, to verify the degree of compliance and, consequently, the accuracy of the projections made by the Group's Management.</li> <li>• Evaluation of whether the disclosures included in the notes to the financial statements are appropriate in accordance with IAS 36.</li> </ul>



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<b>Assessment of the valuation of service concession agreements (See Notes 8, 15, and 43 to the consolidated financial statements)</b>	
<b>Key Audit Matters</b>	<b>How it was addressed in the Audit</b>
<p>The Group has entered into concession agreements for the construction, operation, and transfer of infrastructures, which are within the scope of <i>IFRIC 12 - Service Concession Agreements</i>. The remuneration of these agreements depends on the terms and conditions of each contract; some incorporate certain mechanisms that grant the Group the unconditional right to receive a guaranteed minimum income (financial asset), while other agreements originate exposure of the investment in the underlying assets to the traffic risk of the operation (intangible asset). As of December 31, 2022, the Group's consolidated statement of financial position includes financial assets for \$359,938 million COP derived from the concession contracts subscribed, mainly from its subsidiary Odinsa S.A, and does not include intangible assets.</p> <p>The foregoing represents a Key Audit Matter due to the materiality of the balances related to those agreements, and because their valuation requires significant judgments by the Group in the determination of the discount rates and the selection of the key input data such as the projections of capital investments and operating expenses, incorporated in the financial models used as a basis for the valuation of the amounts derived from each concession contract.</p>	<p>My audit procedures for the assessment of the valuation of service concession agreements included the involvement of professionals with knowledge and relevant experience in the industry who assisted me in: 1) the analysis of the methodology used in the valuation of derivative assets of the concession contracts, and if it is consistent with IFRIC 12 and with the valuation practices usually used in the market; 2) the identification of the key assumptions included in the financial models and the evaluation of the economic merits of each relevant assumption; 3) comparison of key assumptions with market data, if available; and 4) the recalculation of the financial asset, as well as the discount rates used and comparison of the results with those obtained by the Group.</p>

<b>Assessment of the valuation of investment properties in accordance with the provisions of IAS 40 – Investment Properties (see Note 17 to the consolidated financial statements)</b>	
<b>Key Audit Matters</b>	<b>How it was addressed in the Audit</b>
<p>The consolidated statement of financial position of the Group as at December 31, 2022 includes a significant amount of investment properties for \$2,290,960 million COP, mainly represented in land measured at fair value through profit or loss.</p> <p>The Group engages qualified external experts for the periodic determination of the fair value of its investment properties, who use significant judgments in the determination of key valuation assumptions such as: the use of comparables in the market, the estimation of future cash flows, the discount rates applied, and the expected growth of the market.</p> <p>The main reasons for considering this a Key Audit Matter are: (1) there was significant judgment by the Group in determining the key assumptions for the valuation of investment properties; and (2) there was significant judgment and audit effort to assess the evidence obtained related to the appraisals performed, as well as the audit effort that involves the use of professionals with specialized skills and knowledge in real estate appraisal.</p>	<p>My audit procedures for the assessment of the valuation of investment properties in accordance with the provisions of IAS 40 included, among others, the following:</p> <ul style="list-style-type: none"> <li>Evaluation of the design, implementation and operational effectiveness of the key control established by the Group to determine and recognize for accounting purposes the fair value of investment properties, specifically in the review and approval by the Real Estate Strategy Department of the appraisals made by external professionals with expertise in real estate valuation engaged by the Group.</li> <li>Evaluation of the competence and capacity of the external professionals engaged by the Company, who determined the fair value of the investment properties.</li> <li>Involvement of a professional with relevant knowledge and experience in real estate valuation, who assisted me in the evaluation of the key assumptions used by the external professionals engaged by the Company to determine the fair value of investment properties, and whether the procedures and techniques applied are in accordance with IFRS 13 - Fair Value Measurement, and with the International Valuation Standards.</li> </ul>

#### Other Matters

The consolidated financial statements as at and for the year ended December 31, 2021 are presented solely for comparative purposes. These were audited by myself and in my Report dated February 23, 2022, I expressed an unqualified opinion thereon.



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#### **Other Information**

The Management is responsible for the *other information*. The *other information* comprises information included in the integrated report but does not include the consolidated financial statements and my corresponding Audit Report. 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 consolidated financial statements does not cover the *other information* and I do not express any form of assurance conclusion on it.

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

When I read the contents of the integrated report, if I were to conclude that there is a material misstatement in that *other information*, I am required to report this fact to Those Charged With Governance.

#### **Responsibilities of Management and Those Charged with the Group's Governance for the Consolidated Financial Statements**

The Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Accounting and Financial Reporting Standards accepted in Colombia. This responsibility includes designing, implementing, and maintaining such internal control as Management determines is 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 in the circumstances.

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

Those Charged with Governance are responsible for overseeing the Group's financial reporting process.

#### **Statutory Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

My objectives are to obtain reasonable assurance about whether the consolidated financial statements 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 the Management.
- Conclude on the appropriateness of 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 Auditor's 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 Auditor's 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 present the underlying transactions and events so as to achieve a fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the Entities or business activities within the Group to express an opinion on the Group's 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.



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I communicate with Those Charged with the Group's 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 we identify during my audit.

I also provide Those Charged with Governance with confirmation that I have complied with relevant ethical requirements for independence and that I have disclosed to them all relationships and other matters that might reasonably be considered to bear on my independence and, where applicable, related safeguards.

From the matters communicated with Those Charged with Governance, I determine the matters that were of most significance in the audit of the current period's consolidated financial statements and, therefore, are the Key Audit Matters. I describe these matters in my Auditor's Report unless law or regulation prevents public disclosure about the matter or when, in extremely exceptional circumstances, I determine that a matter should not be communicated in my Report because the adverse consequences of doing so would reasonably outweigh the benefits to the public interest of such communication.

(Original version Spanish and signed by)  
Gonzalo Alonso Ochoa Ruiz  
Statutory Auditor of Grupo Argos S.A.  
Registration 43668 - T  
Member of KPMG S.A.S.

February 28, 2023

## Annexes

07



Pacífico 2. Antioquia

**GRUPO ARGOS****GRI content index**

Grupo Argos S.A has prepared this report according to GRI Standards for the period between January 1 and December 31, 2022 / GRI 1: Fundamentals 2021 / As of the date of publication of the 2022 Integrated Report, sector standards for our company have not been published.

			Omission		
GRI STAN-DARD/ OTH-ER SOURCE	CONTENT	LOCATION	Omission require-ments	Motive	Explanation
<b>General Content</b>					
<b>GRI 2: GENERAL CONTENT 2021</b>					
2-1	Organization details	<ul style="list-style-type: none"> <li>• Grupo Argos S.A.</li> <li>• Carrera 43A, # 1A Sur 143. Medellin, Colombia.</li> <li>• Presence in 20 countries and territories</li> <li>• About us / Important figures p. 8 and 9</li> </ul>			
2-2	Entities included in the presentation of sustainability reports	<ul style="list-style-type: none"> <li>• About this report p. 4 and 5</li> </ul>			
2-3	Reporting period, frequency and point of contact	<ul style="list-style-type: none"> <li>• About this report p. 4 and 5</li> </ul>			
2-4	Updated information	<ul style="list-style-type: none"> <li>• About this report p. 4 and 5</li> </ul>			
2-5	External verification	<ul style="list-style-type: none"> <li>• About this report p. 4 and 5</li> </ul>			
2-6	Activities, value chain, and other commercial relations	<ul style="list-style-type: none"> <li>• About us / Important figures p. 8 and 9</li> <li>• Our Business / Value Creation Model, p. 36 and 37</li> </ul>			
2-7	Employees	<ul style="list-style-type: none"> <li>• About us / Important figures p. 8 and 9</li> <li>• ESG Databook: Talent section</li> </ul>	Non-guaranteed hourly employees	Not applica-ble	The categories of employees proposed in the GRI standard do not correspond in their entirety to those of the organization.
2-8	Non-employee workers	<ul style="list-style-type: none"> <li>• ESG Databook: Talent section</li> </ul>			
2-9	Governance structure and composition	<ul style="list-style-type: none"> <li>• About Us / Board of Directors. p. 10 and 11</li> <li>• ESG Databook: Governance section</li> </ul>			
2-10	Designation and selection process for the highest governance body	<ul style="list-style-type: none"> <li>• ESG Databook: Governance section</li> </ul>			
2-11	Chair of the highest governance body	<ul style="list-style-type: none"> <li>• About Us / Board of Directors. p. 10 and 11</li> </ul>			
2-12	Role of the highest governance body in overseeing impact management	<ul style="list-style-type: none"> <li>• About Us / Board of Directors. p. 10 and 11</li> <li>• ESG Databook: Governance section</li> </ul>			

			Omission		
GRI STAN-DARD/ OTH-ER SOURCE	CONTENT	LOCATION	Omission require-ments	Motive	Explanation
2-13	Delegation of responsibility for impact management	<ul style="list-style-type: none"> <li>• About Us / Board of Directors. p. 10 and 11</li> <li>• About Us / Steering and CEO Committees, p. 12 and 13</li> <li>• ESG Databook: Governance section</li> </ul>			
2-14	Role of the highest governance body in the submission of sustainability reports	<ul style="list-style-type: none"> <li>• About this report p. 4 and 5</li> <li>• ESG Databook Governance section</li> </ul>			
2-15	Conflicts of interest	<ul style="list-style-type: none"> <li>• ESG Databook: Governance section</li> </ul>			
2-16	Communicating critical concerns	<ul style="list-style-type: none"> <li>• ESG Databook: Governance section</li> </ul>			
2-17	Collective knowledge of the highest governance body	<ul style="list-style-type: none"> <li>• ESG Databook: Governance section</li> </ul>			
2-18	Performance review for the highest governing body	<ul style="list-style-type: none"> <li>• ESG Databook: Governance section</li> </ul>			
2-19	Remuneration policies	<ul style="list-style-type: none"> <li>• ESG Databook: Governance section</li> </ul>			
2-20	Process for determining remuneration	<ul style="list-style-type: none"> <li>• ESG Databook: Governance section</li> </ul>			
2-21	Total annual offset ratio	<ul style="list-style-type: none"> <li>• Not reported</li> </ul>	Total an-nual offset ratio	Con-fiden-tiality restric-tions	The information requested by this indicator is restricted access and is not disclosed to the public.
2-22	Statement on the sustainable development strategy	<ul style="list-style-type: none"> <li>• Management Report p. 14 to 31</li> </ul>			
2-23	Commitments and policies	<ul style="list-style-type: none"> <li>• Value Drivers / Materiality Analysis p. 46</li> <li>• Value Drivers / Ethics and Corporate Governance, p. 52 and 53</li> <li>• ESG Databook: Human Rights section</li> </ul>			
2-24	Incorporation of commitments and policies	<ul style="list-style-type: none"> <li>• Value Drivers / Materiality Analysis p. 46</li> <li>• Value Drivers / Economic, Political and Social Environment p. 56</li> <li>• Value Drivers / Ethics and Corporate Governance, p. 52 and 53</li> <li>• Value Drivers / Materiality Analysis p. 44 to 47</li> <li>• Our Business / How We Create Value p. 34 to 37</li> <li>• ESG Databook</li> </ul>			
2-25	Processes to remedy negative impacts				
2-26	Mechanisms to seek advice and raise concerns	<ul style="list-style-type: none"> <li>• Transparency line: <a href="https://bit.ly/3HsrkY">https://bit.ly/3HsrkY</a></li> <li>• Telephone: 01800126166</li> <li>• grupoargos@lineatransparencia.com</li> </ul>			
2-27	Compliance with legislation and regulations	<ul style="list-style-type: none"> <li>• Value Drivers / Ethics and Corporate Governance, p. 52 and 53</li> <li>• Material Issues Grupo Empresarial Argos p. 64</li> <li>• ESG Databook: Compliance system section</li> </ul>			
2-28	Affiliation with associations	<ul style="list-style-type: none"> <li>• Our Business / How We Create Value, p. 34 and 35</li> </ul>			
2-29	Approach to stakeholder engagement	<ul style="list-style-type: none"> <li>• Our Business / How We Create Value, p. 34 and 35</li> </ul>			

GRI	Description	Location in the report or answer	Omission		
			Omission requirements	Motive	Explanation
2-30	Collective bargaining agreements	<ul style="list-style-type: none"> <li>• Grupo Argos S.A does not have collective bargaining agreements</li> <li>• Our businesses do have collective bargaining agreements and participation details can be found at: ESG Databook: Talent section</li> </ul>			
<b>MATERIAL ISSUES</b>					
<b>GRI 3: MATERIAL ISSUES 2021</b>					
3-1	Process for determining material issues	<ul style="list-style-type: none"> <li>• About this report p. 4 and 5</li> <li>• Value Drivers / Materiality Analysis p. 44 to 47</li> </ul>			
3-2	List of material issues	<ul style="list-style-type: none"> <li>• About this report p. 4 and 5</li> <li>• Value Drivers / Materiality Analysis p. 44 to 47</li> </ul>			
<b>DRIVER 1: VALUE CREATION</b>					
<b>GRI 3: MATERIAL ISSUES 2021</b>					
3-3	Management of material issues	<ul style="list-style-type: none"> <li>• Value Drivers / Materiality Analysis p. 44 to 47</li> <li>• Value Drivers / Value Creation, p. 48 and 49</li> <li>• Website: <a href="https://bit.ly/3WDXYGf">https://bit.ly/3WDXYGf</a></li> </ul>			
<b>DRIVER: VALUE CREATION 2022</b>					
GA-PCV01	Strategic risks	<ul style="list-style-type: none"> <li>• Our Business / Strategic risks, p. 38 and 39</li> <li>• ESG Databook: Strategic risks section</li> </ul>			
GA-PCV02	Emerging risks	<ul style="list-style-type: none"> <li>• ESG Databook: Emerging risks section</li> </ul>			
GA-PCV10	Gross debt/ebitda	<ul style="list-style-type: none"> <li>• Our Business / Value Creation Model p. 36 and 37</li> </ul>			
GA-PCV07	Ebitda	<ul style="list-style-type: none"> <li>• Management Report p. 14 to 31</li> <li>• About us / Important figures p. 8 and 9</li> <li>• Material issues Grupo Empresarial Argos p. 63</li> </ul>			
GA-PCV11	Net debt/ebitda	<ul style="list-style-type: none"> <li>• Material issues Grupo Empresarial Argos p. 63</li> </ul>			
<b>DRIVER 2: CLIMATE CHANGE</b>					
<b>GRI 3: MATERIAL ISSUES 2021</b>					
3-3	Management of material issues	<ul style="list-style-type: none"> <li>• Value Drivers / Materiality Analysis p. 44 to 47</li> <li>• Value Drivers / Climate Change, p. 50 and 51</li> <li>• Website: <a href="https://bit.ly/3WDXYGf">https://bit.ly/3WDXYGf</a></li> </ul>			
<b>GRI 201: ECONOMIC PERFORMANCE 2016</b>					
201-2	Financial implications and other climate change risks and opportunities	<ul style="list-style-type: none"> <li>• Value Drivers / Climate Change, p. 50 and 51</li> <li>• 2022 TCFD Report</li> </ul>			
<b>GRI 302: ENERGY 2016</b>					
302-1	Energy consumption within the organization	<ul style="list-style-type: none"> <li>• ESG Databook: Energy management section</li> </ul>			
302-3	Energy intensity	<ul style="list-style-type: none"> <li>• ESG Databook: Energy management section</li> </ul>			

GRI	Description	Location in the report or answer	Omission		
			Omission requirements	Motive	Explanation
	<b>GRI 305: EMISSIONS 2016</b>				
<b>305-1 Direct GHG emissions (Scope 1)</b>					
305-2	Indirect GHG emissions associated with energy (scope 2)				
305-3	Other indirect GHG emissions (Scope 3)				
305-4	Intensity of emissions				
305-5	Emissions reductions				
<b>DRIVER 3: ETHICS AND CORPORATE GOVERNANCE</b>					
<b>GRI 3: MATERIAL ISSUES 2021</b>					
3-3	Management of material issues	<ul style="list-style-type: none"> <li>• Value Drivers / Materiality Analysis p. 44 to 47</li> <li>• Value Drivers / Ethics and Corporate Governance, p. 52 and 53</li> <li>• Website: <a href="https://bit.ly/3WDXYGf">https://bit.ly/3WDXYGf</a></li> </ul>			
<b>GRI 205: ANTI-CORRUPTION 2016</b>					
205-1	Operations assessed for corruption-related risks				
205-2	Communication and training on anticorruption policies and procedures.				
205-3	Confirmed incidents of corruption and actions taken				
206-1	Legal actions related to unfair competition and monopolistic and anti-trust practices				
			Break-down by region	Not applicable	Our region of operation is Colombia and indicators are reported with a focus on that region.

Omission					
GRI	Description	Location in the report or answer	Omission requirements	Motive	Explanation
<b>GRI 206: UNFAIR COMPETITION 2016</b>					
<b>GRI 405: DIVERSITY AND EQUAL OPPORTUNITIES 2016</b>					
405-1	Diversity in governance bodies	<ul style="list-style-type: none"> <li>About Us / Board of Directors. p. 10 and 11</li> <li>Material Issues Grupo Empresarial Argos p. 64</li> <li>ESG Databook: Governance section</li> </ul>	Age breakdown of the Board of Directors	Not applicable	The focus of diversity management in governing bodies is on gender.
<b>DRIVER: ETHICS AND CORPORATE GOVERNANCE 2022</b>					
GA-PeYg03	Attendance by Board members to sessions	<ul style="list-style-type: none"> <li>About Us / Board of Directors. p. 10 and 11</li> <li>ESG Databook: Governance section</li> </ul>			
<b>DRIVER 4: HUMAN TALENT</b>					
<b>GRI 3: MATERIAL ISSUES 2021</b>					
3-3	Management of material issues	<ul style="list-style-type: none"> <li>Value Drivers / Materiality Analysis p. 44 to 47</li> <li>Value Drivers / Human talent, p. 54 and 55</li> <li>Website: <a href="https://bit.ly/3WDXYGf">https://bit.ly/3WDXYGf</a></li> </ul>			
<b>GRI 401: EMPLOYMENT 2016</b>					
401-1	New employee hires and staff turnover	<ul style="list-style-type: none"> <li>ESG Databook: Talent section</li> </ul>			
<b>GRI 403: OCCUPATIONAL HEALTH AND SAFETY 2018</b>					
403-5	Worker workplace health and safety training	<ul style="list-style-type: none"> <li>Value Drivers / Human talent, p. 54 and 55</li> <li>ESG Databook: OHS section</li> </ul>			
403-6	Worker health promotion	<ul style="list-style-type: none"> <li>ESG Databook: OHS section</li> </ul>			
403-9	Work-related injuries	<ul style="list-style-type: none"> <li>Value Drivers / Human talent, p. 54 and 55</li> <li>Material Issues Grupo Empresarial Argos p. 69</li> <li>ESG Databook: OHS section</li> </ul>			
<b>GRI 404: TRAINING AND EDUCATION 2016</b>					
404-1	Average hours of training per year per employee	<ul style="list-style-type: none"> <li>Value Drivers / Human talent, p. 54 and 55</li> <li>Material Issues Grupo Empresarial Argos p. 69</li> <li>ESG Databook: Talent section</li> </ul>			
404-3	Percentage of employees receiving periodic performance and career development evaluations	<ul style="list-style-type: none"> <li>Value Drivers / Human talent, p. 54 and 55</li> <li>ESG Databook: Talent section</li> </ul>			
<b>GRI 405: DIVERSITY AND EQUAL OPPORTUNITIES 2016</b>					
405-1	Diversity of employees (including women in leadership positions)	<ul style="list-style-type: none"> <li>About Us / Board of Directors. p. 10 and 11</li> <li>Material Issues Grupo Empresarial Argos p. 69</li> <li>ESG Databook: Talent section</li> </ul>			
405-2	Ratio between the basic salary and remuneration of women and men	<ul style="list-style-type: none"> <li>ESG Databook: Talent section</li> </ul>			
<b>DRIVER: TALENT 2022</b>					
GA-PT06	Human Rights training	<ul style="list-style-type: none"> <li>ESG Databook: Human Rights section</li> <li>Value Drivers / Human talent, p. 54 and 55</li> </ul>			
GA-PT07	Employee injury frequency index	<ul style="list-style-type: none"> <li>Material Issues Grupo Empresarial Argos p. 69</li> <li>ESG Databook: OHS section</li> </ul>			

Omission					
GRI	Description	Location in the report or answer	Omission requirements	Motive	Explanation
<b>GA-PT08</b> Contractor injury frequency index					
<b>GA-PT09</b> Employee commitment					
<b>GA-PT11</b> Employee injury severity index					
<b>GA-PT12</b> Contractor injury severity index					
<b>DRIVER 5: ECONOMIC, POLITICAL AND SOCIAL ENVIRONMENT</b>					
<b>GRI 3: MATERIAL ISSUES 2021</b>					
3-3	Management of material issues	<ul style="list-style-type: none"> <li>Value Drivers / Materiality Analysis p. 44 to 47</li> <li>Value Drivers / Economic, Political and Social Environment p. 56 and 57</li> <li>Website: <a href="https://bit.ly/3WDXYGf">https://bit.ly/3WDXYGf</a></li> </ul>			
<b>GRI 204: SOURCING PRACTICES 2016</b>					
204-1	Share of spending on local suppliers	<ul style="list-style-type: none"> <li>Material Issues Grupo Empresarial Argos p. 68</li> </ul>			
<b>GRI 415: PUBLIC POLICY 2016</b>					
415-1	Contributions to political parties and/or representatives	<ul style="list-style-type: none"> <li>Value Drivers / Economic, Political and Social Environment p. 56 and 57</li> <li>Material Issues Grupo Empresarial Argos p. 68</li> <li>ESG Databook: Institutional consolidation section</li> </ul>			
<b>DRIVER: ECONOMIC, POLITICAL AND SOCIAL ENVIRONMENT 2022</b>					
GA-PEEPS09	Taxes paid	<ul style="list-style-type: none"> <li>ESG Databook: Tax management section</li> </ul>			
GA-PEEPS07	Value Added Statement – VAS	<ul style="list-style-type: none"> <li>Our Business / Value Added Statement p. 40 and 41</li> </ul>			
GA-PEEPS08	Social investment	<ul style="list-style-type: none"> <li>About us / Important figures p. 8 and 9</li> <li>Value Drivers / Economic, Political and Social Environment p. 56 and 57</li> <li>Material Issues Grupo Empresarial Argos p. 68</li> <li>ESG Databook: Institutional consolidation section</li> </ul>			

GRI	Description	Location in the report or answer	Omission		
			Omission requirements	Motive	Explanation
GA-PEEPS08	Percentage of local suppliers	• Material Issues Grupo Empresarial Argos p. 68			
<b>DRIVER 6: RESPONSIBLE OPERATIONS</b>					
<b>GRI 3: MATERIAL ISSUES 2021</b>					
3-3	Management of material issues	• Value Drivers / Materiality Analysis p. 44 and 47 • Value Drivers / Responsible operations, p. 58 and 59 • Website: <a href="https://bit.ly/3WDXYGf">https://bit.ly/3WDXYGf</a>			
<b>GRI 303: WATER AND EFFLUENTS 2018</b>					
303-3	Water uptake	• ESG Databook: Water management section  • Value Drivers / Responsible operations, p. 58 and 59			
303-5	Water consumption	• Material Issues Grupo Empresarial Argos p. 67 • ESG Databook: Water management section			
<b>DRIVER: RESPONSIBLE OPERATIONS 2022</b>					
GA-POR01	Energy consumed from renewable or alternative sources	• ESG Databook			
GA-POR02	Percentage of energy consumed from renewable or alternative sources	• Material Issues Grupo Empresarial Argos p. 67 • ESG Databook			
GA-ANE01	Water consumption intensity	• Material Issues Grupo Empresarial Argos p. 67 • ESG Databook: Water management section			
GA-ANE04	Percentage of water sources cared for	• ESG Databook: Ecosystems section  • Material Issues Grupo Empresarial Argos p. 67			
GA-ANE05	Tree planting	• About us / Important figures p. 8 and 9 • ESG Databook: Ecosystems section			
<b>DRIVER 7: CONSCIOUS INVESTMENTS</b>					
<b>GRI 3: MATERIAL ISSUES 2021</b>					
3-3	Management of material issues	• Value Drivers / Materiality Analysis p. 44 to 47 • Value Drivers / Conscious Investments, p. 60 and 61 • Website: <a href="https://bit.ly/3WDXYGf">https://bit.ly/3WDXYGf</a>			
<b>DRIVER: CONSCIOUS INVESTMENTS 2022</b>					
GA-PIC01	Sustainable financing	• About us / Important figures p. 8 and 9 • Value Drivers / Conscious Investments, p. 60 and 61			
GA-PIC02	Percentage of debt tied to sustainability indicators	• About us / Important figures p. 8 and 9 • Value Drivers / Conscious Investments, p. 60 and 61 • Material Issues Grupo Empresarial Argos p. 63			



## SASB Reference Table.

The IFRS Foundation is a global not-for-profit organization that offers a comprehensive set of resources designed to help businesses and investors develop a shared understanding of business value. Along these lines, it uses the SASB standard, which is intended to be used for communications to investors regarding sustainability issues that could potentially affect the organization's capacity to create long-term value.

In Grupo Argos, as part of the consolidation process as an asset manager, we adopted the standard for this industry. In addition, our stock exchange listed, Cementos Argos and Celsia, also publish their ESG management under the SASB standards for their industries.

Topic	Accounting Metric	Unit	Code	2021	2022	Comments
				2021	2022	
<b>ENVIRONMENTAL</b>						
GHG emissions	Total emissions of tCO <sub>2e</sub> scope 1	tCO <sub>2e</sub> / year	EM-CM-110a.1	146	228	Coincides with indicator 305-1 of the GRI standard
	Percentage covered by regulations to limit emissions and regulations for reporting emissions	%		NA	NA	Grupo Argos' scope 1 emissions are not covered by a regulation or program to limit emissions or intended to directly limit or reduce emissions.
	Discussion of the short- and long-term strategy or plan for managing scope 1 emissions, emission reduction targets, and a performance analysis against those targets.	De- scriptive	EM-CM-110a.2	Integrated Report 2021/ Climate Change P.63: <a href="https://bit.ly/3wqxugB">https://bit.ly/3wqxugB</a>	Integrated Report 2022/Climate Change p. 66	Coincides with indicators 305-4 and 305-5 of the GRI standard
	Total drinking water extracted-uptake	m <sup>3</sup> / year	EM-CM-140a.1	26,831	20,495	Coincides with indicator 303-3 of the GRI standard
	Total drinking water extracted-uptake	1000 m <sup>3</sup> / year		26.8	20.5	
Water management:	Water extraction in areas of water stress-uptake	m <sup>3</sup> / year		393	0	
	Percentage of water extraction in areas of water stress-uptake	%		1.5%	0%	
	Total water consumption across all areas	m <sup>3</sup> / year		14,044	8,838	

Topic	Accounting Metric	Unit	Code			Comments
				2021	2022	
Energy management	Total energy consumption within the organization	GJ	EM-CM-130a.1	3,226	4,436	Coincides with indicator 302-1 of the GRI standard
	Percentage of electricity from the grid	%		Not available	26.68%	
	Percentage of alternative electricity	%		Not available	2.07%	Coincides with indicator GA-POR02 found in Annex 1. GRI content index
	Percentage of renewable electricity	%		Not available	22.79%	The GA-POR01 indicator provided in Annex 1 was used as an input for calculation GRI content index
Waste management	Amount of waste generated	t/year	EM-CM-150a.1	Not available	8.43	Coincides with indicator 306-2 of the GRI standard
	Percentage of hazardous	%		Not available	0.17%	
	Percentage of recycled	%		Not available	2.10%	
Effects on biodiversity	Description of environmental management policies and practices for active sites.	De-scrip-tive	EM-CM-160a.1	Integrated Report 2021/Corporate Group Materiality P.62 <a href="https://bit.ly/3wqxugB">https://bit.ly/3wqxugB</a>	Integrated Report 2021/Corporate Group Materiality P.62	Coincides with indicator 3-3 of the GRI standard
	Restored area	HA		79.7	234.3	
	Affected area	HA		37.56	17.64	
	Percentage of impacted area restored	%		212%	1,328%	

**SOCIAL**

Diversity and inclusion amongst employees	Percentage of women represented at the executive level	%	FN-CN-330a.1	20%	20.0%	Coincides with indicator 405-1 of the GRI standard
	Percentage of men represented at the executive level	%		80%	80.0%	
	Percentage of women represented at the management level	%		57.1%	46.0%	
	Percentage of men represented at the management level	%		42.9%	54.0%	
	Percentage of women represented at the directors' level	%		63.6%	63.6%	
	Percentage of men represented at the directors' level	%		36.4%	36.4%	
	Percentage of women represented at the specialists' level	%		60.0%	55%	
	Percentage of men represented at the specialists' level	%		40.0%	45%	
	Percentage of women represented at other levels	%		0.0%	0.0%	
	Percentage of men represented at other levels	%		100.0%	100.0%	

Topic	Accounting Metric	Unit	Code	2021	2022	Comments	
Work-force health and safety	Injury frequency rate (LTIFR) Employees	Rate	IF-EN.320a.1 EM-CM-320a.1 IF-EN.320a.1 IF-EU-320a.1	4.51	0	Coincides with the GA-PT07 indicator in Annex 1. GRI content index This frequency rate is multiplied by one million.	
	Injury frequency rate (LTI-FR)-Contractors	Rate		4.37	6.85	Coincides with the GA-PT08 indicator in Annex 1. GRI content index This frequency rate is multiplied by one million.	
	Number of work-related fatalities-Employees	#		0	0	Coincides with indicator 403-9 of the GRI standard	
	Number of work-related fatalities-Contractors	#		0	0		
GOVERNANCE	Total amount of monetary losses as a result of legal proceedings associated with bribery and corruption charges	COP	IF-EN-510a.2	0	0	Complements indicators 2-7, 205-1 and 205-3 of the GRI standard	
	Total amount of monetary losses as a result of legal proceedings associated with anti-trust charges	COP		0	0	Complements indicators 2-7 and 206-1 of the GRI standard	
	<ul style="list-style-type: none"> <li>• Corporate Code of Conduct</li> <li>• Fraud, bribery and corruption risk management policy</li> <li>• Money laundering and terrorist financing risk self-control and management policy.</li> <li>• Gift and entertainment policy.</li> <li>• Transparency Line Policy</li> <li>• Policy for operations between related companies.</li> <li>• Corporate tax policy</li> </ul> <p>To see these policies and guidelines,, follow the link: <a href="https://bit.ly/3iZkUSn">https://bit.ly/3iZkUSn</a></p>						
	<p>Compliance System: 100% of employees filled out the 3 transparency mechanisms:</p> <ul style="list-style-type: none"> <li>i) Code of Conduct certification,</li> <li>ii) Declaration of conflicts of interest, and</li> <li>iii) Declaration of assets and income.</li> </ul> <p>Compliance System: 100% of employees filled out the 3 transparency mechanisms:</p> <ul style="list-style-type: none"> <li>i) Code of Conduct certification,</li> <li>ii) Declaration of conflicts of interest, and</li> <li>iii) Declaration of assets and income.</li> </ul>					Complements indicators 2-3, 205-1 and 205-3 of the GRI standard	
Corporate ethics	Description of policies and practices for preventing bribery and corruption	De-scrip-tive	IF-EN-510a.3	<ul style="list-style-type: none"> <li>• Corporate Code of Conduct</li> <li>• Policy for operations between related companies.</li> </ul> <p>To see these these policies and guidelines, follow the link: <a href="https://bit.ly/3iZkUSn">https://bit.ly/3iZkUSn</a></p>		Complements indicators 2-23 and 206-1 of the GRI standard	
	Description of policies and practices for preventing unfair competition during project tendering processes			<ul style="list-style-type: none"> <li>• Corporate Code of Conduct</li> <li>• Policy for operations between related companies.</li> </ul> <p>To see these these policies and guidelines, follow the link: <a href="https://bit.ly/3iZkUSn">https://bit.ly/3iZkUSn</a></p>			

Topic	Accounting Metric	Unit	Code	2021	2022	Comments
Price transparency and integrity	Total monetary losses from legal proceedings associated with cartel, price fixing, and antitrust activities	COP	EM-CM-520a.1	0	0	Complements indicator 206-1 and coincides with indicator 2-27 of the GRI standard
Incorporation of environmental, social and corporate governance factors in investment advice and management	Total assets under management	trillions of COP	FN-AC-000.B	53	57	
	Number of assets under management, by asset class, and including the integration of ESG criteria	%	FN-AC-410a.1	100%	100%	
	Describe the approach to incorporating ESG factors into the management of investment processes and/or strategies	Descriptive	FN-AC-410a.2	The company has designed a conscious investment process.		

## Self-Assessment of the application of Integrated Reporting principles and disclosures

The 2022 Integrated Report has been prepared following the principles and elements of the Integrated Reporting framework (IRF) of the IFRS foundation, to communicate more transparently to our stakeholders the management of material topics that influence our capacity to generate value and how these articulate with our strategy and business model, considering the Corporate Group's different risks and opportunities.

### Integrated Reporting Guidelines Applied

#### Strategic Approach and Future Direction

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

#### Information Connectivity

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

#### Stakeholder Engagement

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

#### Materiality

We perform a dual materiality analysis (impact materiality and financial materiality) where we enter into consultations

with representatives of different stakeholder groups, as well as sources of information for different applicable local and international strategies and practices, allowing us to identify seven material topics we have called Value Drivers. This report incorporates these results, presenting qualitative and quantitative information closely adjusted to each Value Driver, their positive and negative impacts, and the way in which these are taken into account in the value creation process and in investment or divestment decisions.

#### Conciseness

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

#### Reliability and Completeness

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

#### Compatibility and Consistency

We prepared our report under *Global Reporting Initiative* (GRI) standards, and have reported information on a constant basis over time to enable historical comparisons. We also follow the principles and guidelines of the Integrated Reporting Framework (IRF). The following are the elements of this framework applied when preparing this report.



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Content Element	Included Aspects	Section
Overview of the organization and external environment	Business model and its relationship to value creation	Our Business
	Grupo Argos' share portfolio	Management Report
	Geographical presence of the holding company's businesses	About us
Corporate Governance	Structure of the Board of Directors and the Steering Committee	
	Committees and responsibilities of the Board of Directors	About Us / Board of Directors, Steering Committee, CEO Committee
	Good practices for the Board of Directors: appointment, election, compensation, training and evaluation of the Board of Directors	
	Codes and guides for ethical behavior in the Holding Company	Chapter: Ethics and Corporate Governance
Business Model	Business model and its relationship to value creation	Our Business
Risks and Opportunities	Strategic risks and holding company mitigation activities	Our Business / Value Creation
	ESG risks and opportunities of the holding company	Our Business / Strategic Risks
Strategy and Resource Allocation	Results-focused business model	Our Business
	Sustainability strategy	Value Drivers / Materiality Analysis
Performance	Subsidiary financial performance	Management report Chapter: Value Creation Financial Statements
	Performance and results for the holding company and its subsidiaries under the triple bottom line accounting framework	Value Drivers Chapters: Value Creation, Climate Change, Ethics and Corporate Governance, Human Talent, Economic, Political and Social Environment, Responsible Operation and Conscious Investment Chapter: Material Issues Grupo Empresarial Argos
	In stakeholder engagement	Our Business / How We Create Value Chapter: Economic, Political and Social Environment
	In the management of ethics, transparency and anti-corruption mechanisms	Chapter: Ethics and Corporate Governance
	In financial capital management	Management report Chapters: Value Creation and Conscious Investing
Outlook	In intellectual capital management	Chapters: Value Creation and Human Talent
	In industrial capital management	About Us 2022 Cementos Argos Integrated Report 2022 Celsia Integrated Report 2022 Odinsa Annual Report
	In natural capital management	Chapters: Climate change and Responsible Operations
	In human capital management	Chapter: Human Talent
	In social capital management	Our Business / How We Create Value Chapter: Economic, Political and Social Environment and Human talent Fundación Grupo Argos 2022 Report
Basis for preparation and presentation	Contextualization and progress of the Integrated Report	About this report
	Identification of material aspects as regards sustainability and value creation	Our Business / How We Create Value Value Drivers / Materiality Analysis

In conclusion, positive progress has been made with Integrated Reporting Framework adherence compared to 2021, and the required considerations have been implemented to ensure its integrity. Even so, we are aware of the challenges and opportunities for improvement to move every closer to full adherence to that framework.

Ana María Uribe Ramírez  
Sustainability Manager  
Grupo Argos

## LIMITED ASSURANCE REPORT FROM THE INDEPENDENT AUDITOR

To the  
SHAREHOLDERS AND OTHER INTERESTED PARTIES OF  
Grupo Argos S.A. (hereinafter 'the company')  
Medellín, Colombia

### Introduction

We were engaged by Grupo Argos S.A. (the company) to present our limited assurance report on the information contained in the Company's Integrated Report from January 1<sup>st</sup> to December 31<sup>st</sup> 2022.

### Responsibilities of the company's management

Management of the company is responsible for the appropriate elaboration and presentation of the information contained in the integrated report in accordance with the standards guidelines. *Global Reporting Initiative* (GRI) and indicators defined as its own, as well as by the internal controls that it determined to be necessary to allow the elaboration of this information free from material misstatement, regardless of whether they are caused by fraud or error.

### Independence and Quality Management

We have fulfilled with the ethical and independence requirements of the public Accountant's Code of Professional ethics issued by *International Ethics Standard Board for Accountants* (IESBA), which is based on principles of integrity, objectivity, professional competence and due care, confidentiality, and professional conduct.

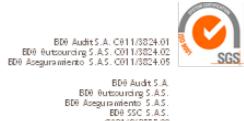
BDO Audit S.A. S BIC applies ISQM 1 (*International Standard on Quality Management 1*) and therefore, maintains an integrated system to guarantee the quality of audit and assurance engagements, including documented policies and procedures related to compliance with ethical requirements, professional standards and applicable legal requirements.

### Responsibility of Independent auditors

Our responsibility is to express a conclusion on the information that is included in the Integrated Report of Grupo Argos S.A., based on the limited assurance work conducted in accordance with International Standard on Assurance Engagements (ISAE) 3000 (Revised): Assurance engagements other than the audit or review of historical financial information (ISAE 3000), issued by the *International auditing And Assurance Standards Board* (IAASB), applicable to non-historical information.

A limited assurance engagement conducted in accordance with International Standard on Assurance Engagements (ISAE) 3000 (Revised): Assurance engagements other than the audit or review of historical financial information (ISAE 3000) consists primarily of making inquiries of management and other Company professionals who are involved in preparing the information contained in the **Grupo Argos S.A Integrated Report 2022**; identify the areas in which it is probable that the information on the matter under

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analysis contains material inaccuracies, as well as apply analytical procedures and detailed procedures to obtain evidence that enables us to conclude on the form of limited assurance on information taken together. A limited assurance engagement also requires the execution of additional procedures, when the independent auditor becomes aware of matters that lead to the belief that the information contained in the Integrated Report, taken as a whole, may present material errors.

The procedures selected were based on our understanding of the matters related to the compilation and presentation of the information contained in the indicators defined in annex 1, which are detail in the **Grupo Argos S.A. Integrated Report 2022** and other circumstances or areas where material misstatements may exist. The procedures comprised:

- a) The understanding of the calculation methodology and procedures for the compilation of the indicators through interviews with professionals responsible for the elaboration of the information;
- b) Consider the assessment of risks of material misstatement on the indicators selected in the Integrated Report with the purpose of obtaining limited assurance;
- c) The planning of the engagements, considering the relevance, the volume of quantitative and qualitative information and the operating systems that served as the basis for the elaboration of the information that is included in the **Grupo Argos S.A. Integrated Report 2022**, concerning the period from January 1<sup>st</sup> to December 31<sup>st</sup> 2022;
- d) Tests on the integrity and reasonableness of the information, based on the random selection of a sample of the information used for the elaboration of each indicator;
- e) Tests on the adequate preparation of the indicators considering the GRI standard guidelines and those defined by the company.
- f) The application of detailed procedures to corroborate the accuracy of the information used in the construction of the indicators described in annex 1.
- g) The application of analytical procedures on quantitative information and inquiries of qualitative information and its correlation with indicators disclosed in the information contained in the **Grupo Argos S.A. Integrated Report 2022**.

Annex 1 details the sustainability performance standards and indicators included in the scope of our work.

Limited assurance engagements also included adherence to the guidelines and criteria of the sustainability reporting framework in the GRI standards guidelines, following the option to report in accordance with GRI Standards for the period January 1<sup>st</sup> to December 31<sup>st</sup> 2022, as stated in the Integrated Report 2022 of Grupo Argos S.A.

We believe that the evidence obtained in our work is sufficient and appropriate to base our conclusion on the limited form.

#### Scope and Limitations

This report has been prepared solely in the interest of the Organization in accordance with the terms of our service proposal.

The procedures applied in the Limited Assurance Engagement are substantially less extensive than those applied in the audit engagement that are intended to issue an opinion on the information contained in the **Grupo Argos S.A. Integrated Report 2022**. Therefore, the procedures applied in a Limited Assurance Engagement differ in their nature and timing, and are less than that in a reasonable assurance engagement.

Non-financial data is subject to more-inherent limitations than financial data, given the nature and diversity of the methods used to determine, calculate or estimate such data. Qualitative interpretations of materiality, relevance and accuracy of data are subject to



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individual assumptions and judgments. In addition, we do not perform any work on data reported for previous periods, or in relation to Company's future projections and goals.

#### Conclusion

Based on the procedures we have performed, described in this report and the evidence obtained, nothing has come to our attention that leads us to believe that the information contained within the scope of the review and included in the Integrated Report, referring to the fiscal year of **Grupo Argos S.A.** which began on January 1<sup>st</sup> and ended on December 31<sup>st</sup> 2022, have not complied, in all material respects, with all the requirements defined on *Global Reporting Initiative (GRI) Standards* and the indicator define by the company in accordance to the records and files that served as the basis for its preparation.

#### Action Plans

BDO Audit S.A.S. BIC has delivered to **Grupo Argos S.A.**, through a separate report, action recommendations for the further preparation of the Integrated Report, which do not modify the conclusion expressed in this report. These recommendations seek to strengthen the process of building, managing, measuring, reviewing and communicating the company's sustainability indicators.

**LUIS FERNANDO GÓMEZ GONZÁLEZ**  
Auditing and assurance Partner  
Public Accountant TP 144,355

Member of  
BDO Audit S.A.S BIC

Medellín, March 6<sup>th</sup>, 2023.  
80049-01-2869-23

## ANNEX 1

The select GRI standards and the indicators defined by the company subject to limited assurance is set out below.

These criteria form an integral part of our independent limited assurance report on the integrated report of **Grupo Argos S.A.** For the period from January 1<sup>st</sup> to December 31<sup>st</sup> 2022.

Grupo Argos S. A	
GRI Standard	Description
205-2 (2016)	Communication and training about anti-corruption policies and procedures.
205-3 (2016)	Confirmed incidents of corruption and actions taken.
302-1 (2016)	Energy consumption within the organization.
303-5 (2018)	Water consumption.
305-1 (2016)	Direct (Scope 1) GHG emissions. *
305-2 (2016)	Energy indirect (Scope 2) GHG emissions. *
305-3 (2016)	Other indirect (Scope 3) GHG emissions-relevant categories. *
401-1 (2016)	New employee hires and employee turnover. *
404-1 (2016)	Average hours of training per year per employee. *
404-3 (2016)	Percentage of employees receiving regular performance and career development reviews. *
405-1 (2016)	Diversity of governance bodies and employees. *
405-2 (2016)	Ratio of basic salary and remuneration of women to men. *
403-9 (2018)	Work-related injuries (fatalities). *
415-1 (2016)	Guilds, associations and political contributions. *
3-3 Management approach (2021)	Economic value creation.
Company's Indicators	
Description	
GA-PEEEPS08	Social investment (execution and distribution by categories). *
GA-PT04	Employee lost-time injury frequency rate. *
GA-PT05	Contractors lost-time injury frequency rate. *
GA-POR01	Energy consumption from renewable sources or alternative sources.
GA-PIC02	Percentage of debt tied to ESG indicators. *

Argos Business Group	
GRI Standard	Description
205-3 (2016)	Communication and training about anti-corruption policies and procedures..
302-3 (2016)	Energy intensity. *
305-4 (2016)	GHG emissions intensity. *
305-5 (2016)	Reduction of GHG emissions. *
404-1 (2016)	Average hours of training per year per employee. *
405-1 (2016)	Diversity of governance bodies and employees (women in leadership positions). *
403-9 (2018)	Work-related injuries (fatalities). *
3-3 Management approach (2021)	Economic value creation.
3-3 Management approach (2021)	Sustainable infraestructura.
Company's Indicators	
Description	
GA-ADC02	Social Investment. *
GA-ANE01	Water Comsuption intensity (specifc water comsuption). *