

# INVESTMENTS THAT TRANSFORM

Integrated Report 2021



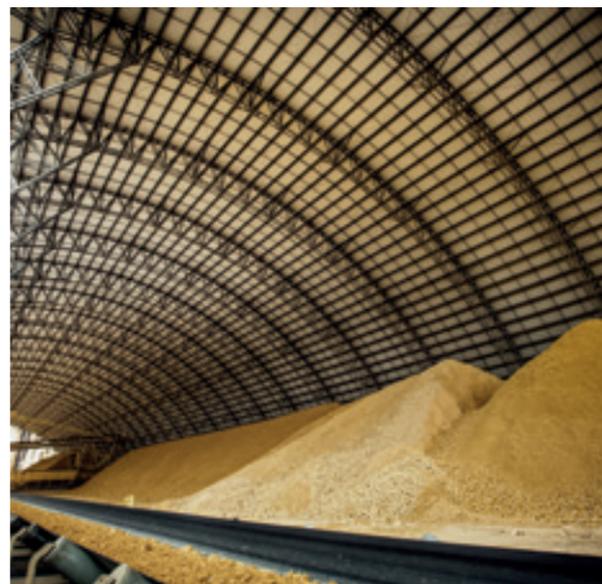
# Investments that transform

2021 Integrated Report



GRUPO ARGOS

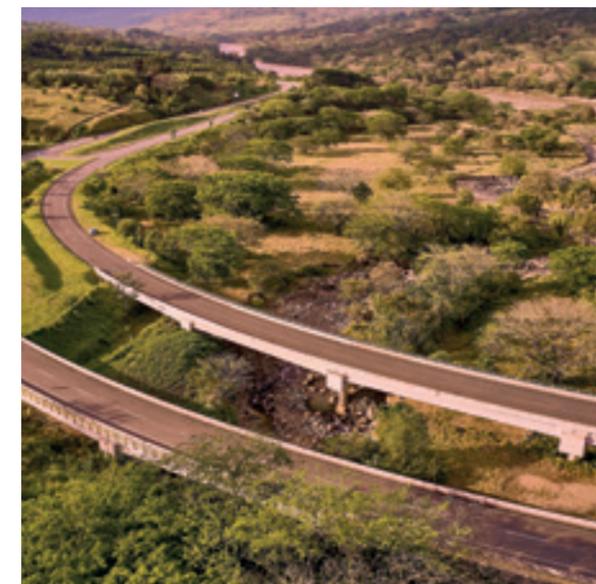
# Contents



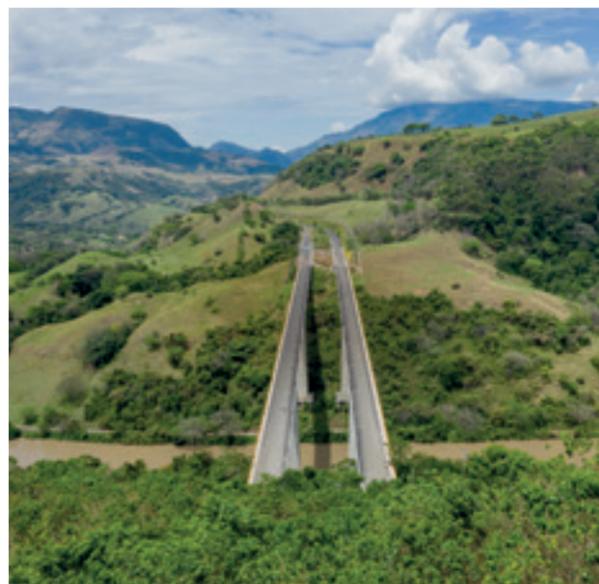
**01**  
Who We Are  
Page 06



**04**  
Value Drivers  
Page 46



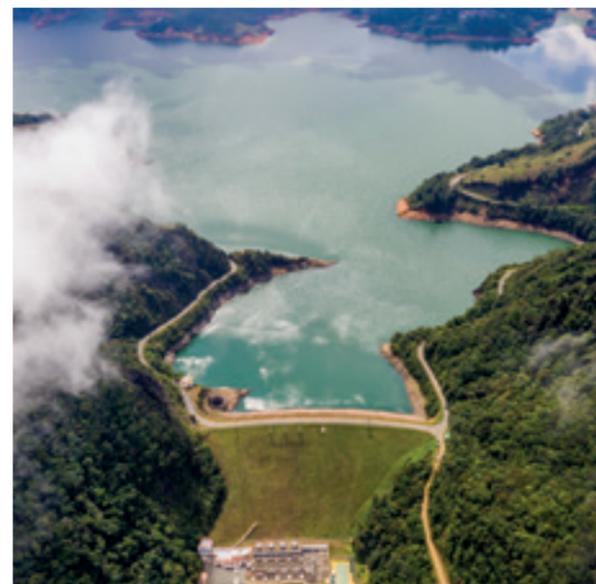
**05**  
Separate Financial Statements  
Page 68



**02**  
Management Report  
Page 14



**03**  
Our Business  
Page 36



**06**  
Consolidated Financial Statements  
Page 90



**07**  
Annexes  
Page 110

# About this report

This report is an exercise in transparency, where we publish to our stakeholder the progress we have made with managing our most relevant economic, social and environmental affairs. Here, we present the way in which we create value for the company, society and the planet as a whole.

## Materiality

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

On the pages referred to, we describe each of the six value drivers, their relevance, how we manage them, our progress, and our most significant milestones for 2021. We also present our outlook for each driver, using short, medium and long-term goals, and their associated challenges and opportunities.

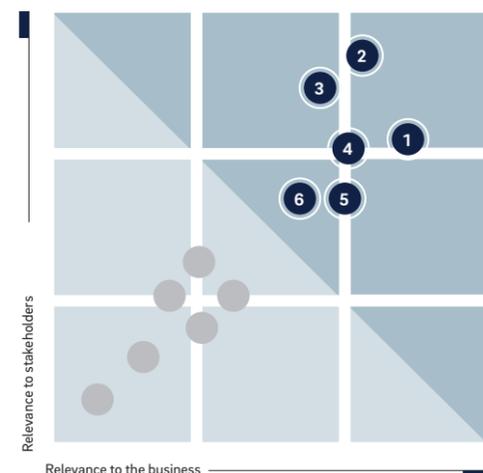
Our commitment to the United Nations 2030 Agenda is materialized through four of its seventeen Sustainable Development Goals (SDGs), which we prioritize according to our capacity to contribute directly to the different global challenges each one represents. Alongside each value driver is the symbol(s) of the SDG it contributes to.

## Reporting methodology

[102-54] This report has been prepared under *Global Reporting Initiative* (GRI) standards, core option, and follows the principles and guidelines of *The Value Reporting Foundation*, its *Integrated Reporting Framework* (IRF), and its SASB standard. We also implement the *Task Force on Climate Related Financial Disclosure*, (TCFD) framework to reflect how the company manages climate change 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 established for each item in the financial statements.

[102-55] The Annexes contain the GRI Content Index, for which the numerical codes that appear at the start of certain paragraphs and the self-declaration of compliance with Integrated Reporting Framework principles serve as guidance (see page 122). See GRI and SASB Content Indexes on pages 112 and 118.



- 1. Strategic Engagement | Page 50
- 2. Financial Management | Page 52
- 3. Ethics and Corporate Governance | Page 54
- 4. Sustainability Vision | Page 56
- 5. Identity and Relations | Page 58
- 6. Talent and Culture | Page 60

**In 2022 we will update the materiality exercise for Grupo Argos as asset manager and for Grupo Empresarial Argos as a whole.**

## Coverage

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

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

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

## Frequency

[102-50, 102-51, 102-52] This document was published in February 2022 and describes our performance and results for the period between January 1 and December 31, 2021. The previous version was published in March 2021.

## External verification

[102-32, 102-56] To verify the reliability of the reported information, we have submitted this publication to an independent third-party accounting audit by KPMG (see pages 78 and 103), as Statutory Auditor for the company. Senior management reviewed and approved the Integrated Report and commissioned Deloitte & Touche with limited assurance of social, environmental and economic indicators. See pages 124-125.

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

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

[102-53] This document has been published at [www.grupoargos.com](http://www.grupoargos.com) and is complemented by a section called the *ESG Databook*.

Visit the following websites to find integrated reports for our strategic businesses: [www.argos.co](http://www.argos.co), [www.celsia.com](http://www.celsia.com), [www.odinsa.com](http://www.odinsa.com).

## Inquiries:

- Natalia Agudelo**  
Investor Relations Manager  
[nagudelo@grupoargos.com](mailto:nagudelo@grupoargos.com)
- Juan Esteban Mejía**  
Investor Relations Director  
[jemejia@grupoargos.com](mailto:jemejia@grupoargos.com)
- Ana María Uribe**  
Sustainability Manager  
[auribe@grupoargos.com](mailto:auribe@grupoargos.com)
- Margarita María Gonzalez**  
Sustainability Director  
[mgonzalez@grupoargos.com](mailto:mgonzalez@grupoargos.com)

Pacífico 2 Antioquia



Access our ESG Databook [here](#) or scan the code



**Who  
We Are**

**01**



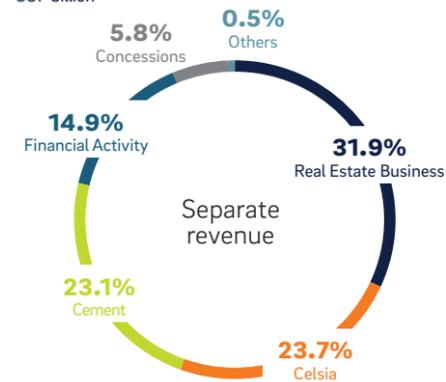
# Highlights

[102-2, 102-4, 102-6, 102-7, 102-8, GA-EG05, GA-EF02]

Over the last 10 years, Grupo Argos has become a consolidated infrastructure asset manager with COP 53 trillion in assets under management and a presence throughout the Americas. We have an articulated portfolio that targets the cement, energy, concessions, and real estate businesses. We play an active role as investment manager, driving our companies with a focus on selective and profitable growth and value maximization.

## Key information by business

	ARGOS	CELSIA	ODINSA	PACTIA
<b>Grupo Argos Businesses (% shareholding)</b>	<b>58.5%*</b> Cement	<b>52.9%</b> Energy	<b>99.9%</b> Roadway and Airport Concessions	<b>37.2%</b> Real Estate Income
<small>* Grupo Argos' stake in Cementos Argos is equivalent to 49.6% of its outstanding shares and 58.5% of its ordinary shares</small>			<small>Note: including Opain and excluding the accounting impact of the divestment in ADN and BTA.</small>	
<b>Revenue</b> COP trillions	<b>9.8</b>	<b>4.1</b>	<b>1.8</b>	<b>0.3</b>
<b>Ebitda</b> COP trillions	<b>2.2</b>	<b>1.4</b>	<b>0.9</b>	<b>0.2</b>
<b>Net income controlling interest</b> COP billion	<b>431</b>	<b>335</b>	<b>182</b>	<b>134</b>



\* Revenue distribution excluding the effect of non-recurring transactions (divestment in Dallas RMC and divestment in ADN and BTA)

## Recognition



### Grupo Argos S.A. Separate F.S.

Assets  
COP  
**19.0 trillion**

Revenue  
COP  
**653 billion**

Ebitda  
COP  
**420 billion**

Net Income  
COP  
**336 billion**

Sustainable Financing  
**\$392 billion**  
26% of debt

Shareholders  
**12,585**

Market cap  
COP  
**10.9 trillion**

### Portfolio

Grupo Sura: **27.9%**  
Nutresa: **9.8%**  
Real Estate Business: **100%**

### Grupo Empresarial Argos Consolidated F.S.

Assets  
COP  
**52.6 trillion**  
2012 COP 26.8

Revenue  
COP  
**16.3 trillion**  
2012 COP 6.7

Ebitda  
COP  
**4.3 trillion**  
2012 COP 1.6

Net Income  
COP  
**1.2 trillion**  
2012 COP 0.3

Sustainable Financing  
**\$2.6 trillion**  
16% of debt

Shareholders  
**35,177**

Equity  
COP  
**28.8 trillion**  
2012 COP 12.8

Trees planted  
**11.4 million**

## Presence in 18 countries



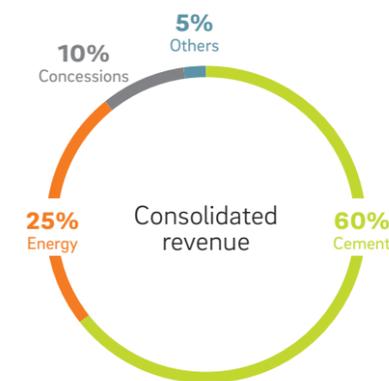
Employees  
**13,000**

Social investment  
Over COP  
**77 billion**

COP 19.7 billion executed by Fundación Grupo Argos

Climate change (emissions reduction vs 2015 baseline)

**23%**



# Board of Directors

[102-18, 102-19, 102-22, 102-23, 102-26, 102-30]

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

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

It also supports the engagement system between the companies in the corporate group, which serves as a foundation for defining strategy, policy and other guidelines that

apply to all our companies and seek to ensure a unity of purpose and direction.

All this is in the best interest of our shareholders and other stakeholders, making sure their rights are protected and their expectations are met in a balanced manner, subject to the highest standards in ethics, behavior and transparency.

Action plan fulfillment  
**100%\***

Board of Directors attendance  
**100%\*\***

Women on the Board of Directors  
[405-1]  
**43%**

Total number of sessions  
**13**

\* According to modifications approved by the Board of Directors.

\*\* Gonzalo Alberto Pérez and Carlos Ignacio Gallego did not attend Board meetings where deliberations took place and decisions were made regarding the takeover bid of Grupo Nutresa S.A.



**Rosario Córdoba**  
Independent consultant

Chair of the Board  
**Member since:** March 23, 2011  
**Board Committee:**  
 Chair

**Other Boards of Directors: 2**  
 > Fiduciaria Bogotá  
 > El Tiempo  
**Non-profit Entities:**  
 > Universidad Jorge Tadeo Lozano  
 > Fundación Santa Fe de Bogotá  
 > Fedesarrollo Steering Committee  
**Studies:**  
 > Economics, Universidad de Los Andes  
 > Master's Degree in Economics, Universidad de Los Andes  
**Experience:**  
 > Independent consultant  
 > Previous position: Chair of the Consejo Privado de Competitividad



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

**Member since:** March 26, 2020  
**Board Committee:**

**Other Boards of Directors: 4**  
 > Grupo Nutresa S.A.  
 > Bancolombia S.A.  
 > Suramericana S.A.  
 > Sura Asset Management S.A.  
**Non-profit Entities:**  
 > Fundación Sura  
 > Orquesta Filarmónica de Medellín  
 > Fundación Nutresa  
 > Proantioquia  
 > Consejo Privado de Competitividad  
 > Fundación Empresarios por la Educación  
 > Fundación Ideas para la Paz  
**Studies:**  
 > Law, Universidad de Medellín  
 > Specialization in Insurance, Swiss Re  
 > CEO Management Program, Kellogg School of Management, Northwestern University  
**Experience:**  
 > CEO Grupo Sura S.A.  
 > Previous position: CEO Suramericana S.A



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

**Member since:** March 26, 2014  
**Board Committee:**

**Other Boards of Directors: 4**  
 > Grupo Sura S.A.  
 > Tresmontes Lucchetti S.A. (Chile)  
 > Estrella Andina S.A.S.  
 > La Recetta S.A.S.  
**Non-profit Entities:**  
 > Hospital Pablo Tobón Uribe  
 > Proantioquia  
 > Fundación Suramericana  
 > Universidad Eafit  
 > Board of Trustees of the Pontificia Universidad Javeriana  
 > Cumbre Empresarial Alianza del Pacífico CEAP  
 > ANDI  
**Studies:**  
 > Civil Engineering, Universidad Eafit  
 > Master of Business Administration, Universidad Eafit  
 > CEO Management Program, Kellogg School of Management, Northwestern University  
**Experience:**  
 > CEO Grupo Nutresa S.A.  
 > Previous position: CEO Servicios Nutresa S.A.



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

**Member since:** April 16, 2018  
**Board Committee:**

**Other Boards of Directors: 4**  
 > Gases de Occidente S.A.  
 > Promigas S.A.  
 > Contecar S.A.  
 > Palmar de Altamira S.A.S.  
**Non-profit Entities:**  
 > Fundación Notas de Paz  
 > Fundación Scarpetta  
 > Propacífico  
**Studies:**  
 > Economics, Colegio Mayor de Nuestra Señora del Rosario  
**Experience:**  
 > General Manager Amalfi S.A.  
 > Previous position: Chief Risk Officer, Corporación Financiera del Valle S.A.



**Ana Cristina Arango**  
Director - Inversiones El Yarumo S.A.S.

**Member since:** March 25, 2009  
**Board Committee:**

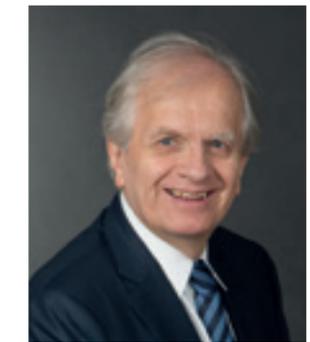
**Other Boards of Directors: 2**  
 > Distribuciones Agralba S.A.  
 > Productos del Caribe S.A.  
**Studies:**  
 > Civil Engineering, Universidad Eafit  
 > MBA, Universidad de Los Andes  
**Experience:**  
 > Director of Inversiones el Yarumo S.A.S.  
 > Previous position: Financial Management Assistant Cementos Rioclaro S.A.



**Jorge Uribe**  
Consultant

**Member since:** March 25, 2015  
**Board Committee:**  
 Chair

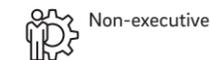
**Other Boards of Directors: 3**  
 > Carvajal S.A.  
 > Ingredion Inc.  
 > General Mills Inc.  
**Studies:**  
 > Engineering Management, Universidad Nacional  
 > MBA, Xavier University  
**Experience:**  
 > Independent consultant  
 > Previous position: Global Productivity and Organization Transformation Director, P&G



**Armando Montenegro**  
BTG Pactual S.A. - Chair

**Member since:** March 25, 2015  
**Board Committee:**  
 Chair

**Non-profit Entities:**  
 > Fedesarrollo  
**Studies:**  
 > Industrial Engineering, Universidad Javeriana  
 > Master of Economics and Latin American Studies, Ohio University  
 > Ph.D. in Economics, New York University  
**Experience:**  
 > Chair of BTG Pactual S.A.  
 > Previous position: Managing Director Agora Corporate Consultants  
 > Director of the National Planning Department



# Steering Committee

|102-20|



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

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

- 1. Camilo Abello**  
Senior Director of Sustainability and Executive Director of Fundación Grupo Argos
- 2. Alejandro Piedrahita**  
Chief Officer for Strategy and Corporate Finance
- 3. Jorge Mario Velasquez**  
CEO
- 4. Rafael Olivella**  
Chief Officer for Corporate Affairs

# CEO Committee



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

The CEO of each business is entirely 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

# 02



# Management Report from the Board of Directors and the CEO



Mercedes - Benz Stadium Atlanta United States

Pacífico 2 Antioquia



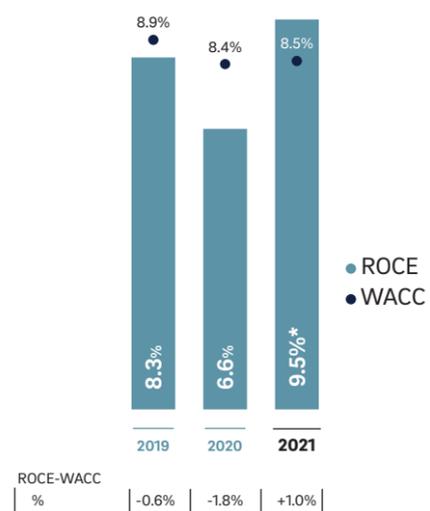
## Dear shareholders

**[102-10, 102-14]** In 2021 we reaffirmed Grupo Argos's capacity to generate value, its structural soundness, and the effectiveness of the strategy executed over the last decade that allowed us to close out a year with historic results.

Grupo Empresarial Argos achieved an EBITDA of COP 4.3 trillion, with 29% year-on-year growth, as well as consolidated net income of COP 1.2 trillion, 7.8 times higher than in 2020, with a weighted return on invested capital that has grown progressively and closed at 9.5%, surpassing the cost of capital. In addition, it considerably reduced its costs and expenses, improving cash flow, reducing consolidated debt and increasing profitability.

These results demonstrate the company's ability to adapt and the value of nearly 90 years' experience as a relevant player in the country and the region. Discipline and strategy implementation has mobilized transformations that have, in

## Consolidated Grupo Argos\*



\*The non-recurring effect of the divestment in DNA and BTA is eliminated.

turn, strengthened the company. We highlight the acquisition in recent years of an important base of energy assets, real estate income, and roadway and airport concessions that add up to a total of COP 22 trillion in assets under management.

It is equally important to highlight the consolidation of a business model that connects an abundance of global liquidity with the region's infrastructure needs and links global partners to leverage our operations' profitable growth while enabling remuneration for the Business Group's intellectual capital.

The maximized investment values and the selective and profitable growth evident in the results have been managed in articulation with the needs and expectations of all the company's stakeholders. This has enabled implementation of social and environmental transformation processes, founded on relationships of trust and on articulated work with the State, academia, and society at large.

This way of doing business meant that Grupo Argos was once again recognized in 2021 by the Dow Jones Sustainability Index as the most sustainable company in its industry globally, as a result of the proven progressive and relevant progress made year after year in the management of its environmental, social and corporate governance risks.

**COP 4.3 trillion** in EBITDA during 2021  
 ▲ 29%

**COP 22 trillion** in infrastructure assets

**COP 53 trillion** in assets under management



Mixer driver  
Antioquia

## Long-term value generation

Over the last 10 years Grupo Argos has undergone a transformation: From a company with investments in the cement business and COP 27 trillion in consolidated assets to positioning itself as a relevant player in the infrastructure sector throughout the American continent with COP 53 trillion in assets under management and a solid and vibrant corporate culture that enables value generation in the 18 countries where it operates.

Over the decade, the company multiplied its revenue by 2.8, its EBITDA by 2.7 and its net income by 5.1. Today Grupo Argos is the number one Colombian investor in the United States, a leading company in energy transformation in Colombia and Central America, and one of the transport infrastructure platforms with the greatest potential in Latin America.

The experience developed over nine decades of operations in the cement business allowed Grupo Argos to consolidate, in just under ten years, an important asset base in the electrical

**2.7 times**  
Grupo Argos multiplied  
its EBITDA over the last 10 years

**5.1 times**  
net income growth between 2011 and 2021

energy generation, transmission, distribution, and commercialization, roadway and airport infrastructure, urban development, and real estate income segments.

A highlight of these milestones includes the creation of Compas in 2012, a port platform incorporated from the spinoff of the cement business's bulk ports. These had been lacking coordination, and Grupo Argos operated and optimized them,

together with a partner, to create a logistical network, which, five years later and consistently with the original investment thesis, was sold, achieving an annual internal rate of return of 26%.

During this period, the organization also acquired and transformed the Colversiones portfolio, multiplying its equity by 2.4, from COP 2.7 trillion in 2011 to COP 6.3 trillion in 2021, becoming consolidated as a leading platform for renewable energy generation in Colombia. It has grown significantly in the electrical distribution business with the acquisition of assets in Tolima and consolidation of its networks in Valle del Cauca, serving 1.2 million customers.

Along this vertical, and over the last three years, the organization managed to bring together top-tier global players, including the Canadian pension funds PSP and OTPP, through *Cubico Sustainable Investments*, under an asset manager scheme applied to the solar power generation and transmission businesses. Today, the organization has become established as a leading player in the transformation towards non-conventional renew-

**1,000**  
MW  
in structuring  
and development

able energies in Colombia and Central America with an installed capacity of 184 MW in solar and wind power and nearly 1,000 MW undergoing structuring and development.

In 2016, Grupo Argos also invested in the creation of Pactia, a private real estate equity fund that operates under an asset manager business model, which, thanks to its stable cash flow and growth potential, brought the Protección Pension Fund on board as a partner in 2017, doubling the value of its assets under management since its creation, with a current figure of COP 3.9 trillion represented by 838,000 m<sup>2</sup>.

In the transport infrastructure segment, the company acquired Odinsa in 2015 and, since then, has focused on the road and airport concessions segments, divesting non-strategic assets and consolidating relevant positions in those that have led its transformation. In the roadway segment, in 2021 it partnered with Macquarie, the largest infrastructure fund in the world, under an asset management figure, in a new vehicle where Grupo Argos and Odinsa will be the managers of the roadway platform and which represents an annual internal net return of 19% for this vertical.

These strategic milestones, which demonstrate its capacity to attract global liquidity and first-class institutional partners, reaffirm Grupo Argos's competencies for generating value through platform creation and operation, together with partners, which are now the starting point for evolving the organization's strategy and structure under one central, concrete premise: **the disclosure and transfer of value to all shareholders.**

Guanacaste Wind Farm  
Costa Rica



An investor that bought COP 1,000 in Grupo Argos shares in 2000 would now have over COP 22,000 from dividends received and share valuation. This return is equivalent to an average annual return of 15.9% during a period full of economic growth and contraction cycles, largely explained by global commodity price and demand dynamics.

Now, while shareholder return is favorable over the long term and has responded to the organization's transformation and growth, when we look at the last 10 years we find an asymmetry in the share price, which does not match with Grupo Argos's good financial results over the decade. A gap has appeared between the value generated by the organization and its share price.



Cementos Argos Florida Plant  
United States

Grupo Argos' EBITDA grew from  
COP 1.6 trillion in 2012 to

**COP 4.3**  
trillion in 2021

From a financial performance perspective, over the last decade EBITDA, a benchmark that represents Grupo Argos's operating cash generation, grew from COP 1.6 trillion in 2012 to COP 4.3 trillion in 2021, while from a stock market perspective, total shareholder returns, incorporating share valuation and dividends, remained stable. This provides evidence of a disconnect between the share price and the company's performance.

Among other reasons, this gap between the fundamental value and the market price is due to the low liquidity and depth of the Colombian Stock Exchange, which, over the last decade went from trading USD 100 million a day to around USD 30 million a day, meaning that most of the shares listed on the Colombian Stock Exchange, including those of Grupo Argos, are much more affected by exogenous variables than by the reality of their own financial results. This situation is repeated throughout Latin American markets, given these economies' direct exposure to the commodity cycle where, over the last decade, they have suffered through periods of low commodity prices that affected their economies and stock markets.

A series of challenges have also been evident in the Colombian equity market, a stand-out of which is the departure of international investors in recent years that was aggravated by the Covid-19 crisis. Between January 2020 and December 2021, COP 6.6 trillion in foreign investment flowed out of equity market, and this pressure has hindered share price recovery. Other structural problems put into evidence by the Equity Market Mission in 2019 are added to the outflow of capital which we have not yet solved as a country.

In 2021, in response to liquidity issues, Grupo Argos co-led the dual registration process for six Colombian issuers in Chile, seeking to reach a much deeper market and attract a new source of investors that would trade its shares in their local market and currency. The company also supported new digital platforms that promoted the involvement of over 2,000 new investors.

Dear shareholders, you can be certain that closing the gap between its fundamental value and its share price is a priority for the company's directors. For this purpose, Grupo Argos has announced the acceleration of a number of strategic initiatives we will refer to later.



Hotel Sofitel Calablanca Barú  
Bolívar

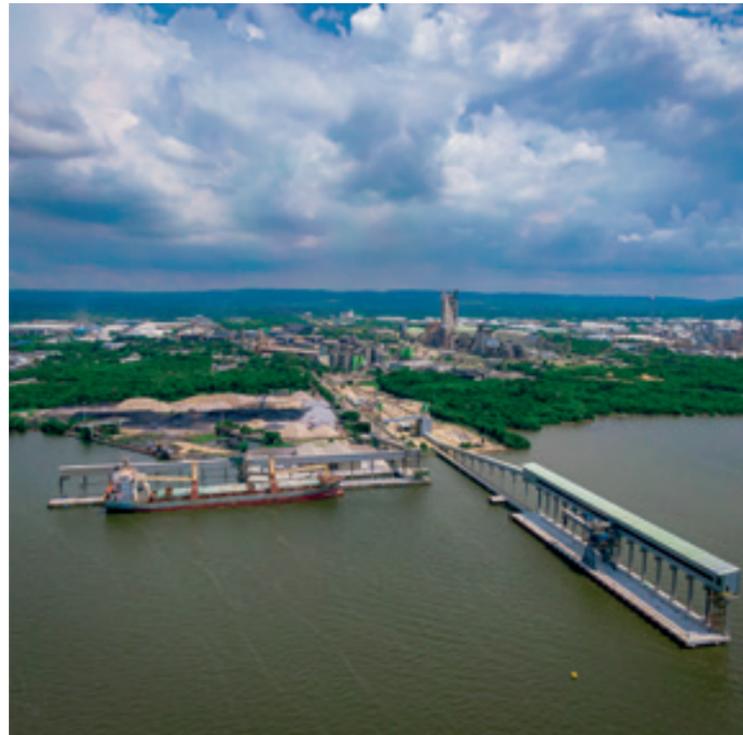
## Business Performance

### Cement

The progress made by Cementos Argos over several years in its operational efficiency and capital structure, together with good demand dynamics in all the regions where it operates, allowed the company to exceed expectations and strengthen its competitive position, achieving the highest EBITDA in its history.

In the United States, Cementos Argos moved forward with divestments in non-strategic assets, a highlight of which was the sale of 24 concrete plants for around USD 184 million. The resources from this divestment enabled accelerating the company's deleveraging process, which ended the year with an indebtedness indicator of 2.9 times net debt / EBITDA, its lowest in 8 years.

The company had total sales of 17.1 million tons of cement, an all-time record that led to 9% revenue growth in 2021, while EBITDA grew 34%. These results confirm Cementos Argos's favorable outlook, which closed out the year with COP 2.2 trillion in EBITDA, the highest in its history.



Cementos Argos Cartagena Plant  
Bolívar

The company improved its competitive position and achieved greater financial flexibility thanks to decreased interest payments related to debt repayments.

2022 began with solid results and with the inauguration of a new port terminal in Cartagena that triples its export capacity from Colombia to the United States, to strengthen the business's position and meet the growing demand for cement in the region. This will also be leveraged by the infrastructure plan passed by that country's Senate.

Cementos Argos	2021	2020	% Var
Revenue	9,818	9,001	9%
Ebitda	2,156	1,610	34%
Net Income	431	78	453%

\*Figures in billions of pesos

**17.1** million  
tons of cement sold in  
2021

**20%**  
2021 adjusted  
EBITDA margin

### Infrastructure

In 2021, the organization made progress with the consolidation of its energy, roadway and airport concessions and the real estate returns segment with strategic alliances and capital investments to strengthen each operation's growth.

### Energy Generation

Three solar farms with a total installed capacity of 29.4 MW came on-line during this period and significant progress was made with the construction of the 200 MW El Tesorito thermoelectric project. This plant is expected to come on-line in 2022 to support the organization's and the country's power grid.

During 2021, the company made progress with structuring an additional 1,000 MW in renewable energy generation projects that will begin operations over the next four years and that, together with the El Tesorito plant, represent close to 70% growth in the company's current installed capacity.

### Energy Transmission, Distribution and Marketing

In this segment, the company continued making progress with its network optimization strategy, particularly in the Tolima operations that were acquired in 2019 and that, to date, have improved service quality indicators by over 20% to maximize profitability. After two years in operation, its results have surpassed by 15% the business plan on which investments in these assets were based

Celsia	2021	2020	% Var
Revenue	4,111	3,536	16%
Ebitda	1,368	1,236	11%
Net Income	335	249	34%

\*Figures in billions of pesos

**70%**  
increase in Celsia's  
installed power  
generation  
capacity  
over the  
next four years

**20%**  
improvement in  
energy service  
quality indicators  
for the Tolima  
operations

Celsia Solar Comayagua  
Honduras





Autopistas del Café  
Coffee Growing Region

## Roadway Concessions

The roadway concessions business ended the year with about 43 million vehicles mobilized, the highest number in the company's history. A contract was concluded with Macquarie in September 2021 for the creation of a roadway platform that will boost this segment's profitability and growth alongside a partner that will have 50% of the assets, while Odinsa maintains the other 50%. This transaction will involve a partial monetization of the investment in this business with a net Internal Rate of Return of close to 19%. Proceeds from the transaction will be used to reduce the company's indebtedness and ensure greater financial flexibility.

During 2021, a deal was also closed with the government of the Dominican Republic allowing early termination of the Autopistas del Nordeste and Boulevard Turístico del Atlántico concession contracts. A net payment of USD 319 million was made to Odinsa as a result of this transaction, with an annual Internal Rate of Return of 19% in dollars for the years of the investment.

Pacífico 2 was delivered and inaugurated in October 2021, becoming the third fourth generation roadway project to being operations in the

country. This involved the construction and rehabilitation of more than 90 km of roads, and an investment of COP 1.3 trillion. Delivery of this infrastructure megaproject proves that projects in Colombia can be built on time and on budget.

Transactions closed by the roadway concessions business in 2021, including the refinancing of Pacífico 2, represent close to COP 2 trillion in net cash that Odinsa will receive to reduce debt and promote future growth under the new asset manager scheme. Capital investments of COP 4.5 trillion in 4G and 5G projects are projected in coming years.

**43 million**  
vehicles travelled along roadway concessions during 2021

**COP 4.5 trillion**  
of future investment in 4G and 5G projects

## Airport Concessions

In the airport business, the company ended 2021 with a positive net result at El Dorado Airport in Bogota and with an encouraging trend for income generation in 2022. The organization also concluded negotiations to extend the Airport's concession contract for about three years additional beyond its original termination date. This will partially offset the impact on present value of flows not perceived during the Covid-19 related lockdown and mobility restrictions.

In terms of traffic, El Dorado Airport mobilized 1.9 million passengers on average each month, whereas average monthly traffic in 2019 was 2.9 million passengers, which denotes the pandemic's impact. However, in December 2021, El Dorado mobilized 3 million passengers in total, marking the start of 2022 with traffic levels nearing those recorded before the pandemic.

**3 million**  
passengers travelled through El Dorado Airport in December 2021

Odinsa	2021**	2020	% Var
Revenue	1,752	1,196	47%
Ebitda	879	458	92%
Net income controlling interest	182	-87	309%

\*Figures in billions of pesos

\*\*Results exclude operations of Autopistas del Nordeste and Boulevard Turístico del Atlántico

\*\*\*Including Opain



El Dorado Airport  
Bogota

Túnel de Oriente  
Antioquia



### Real Estate Business

The real estate business had positive results with a net operating income of COP 236 billion, 23% growth compared to 2020. During 2021, the fund divested 12,000 sq.mt. of leasable area, i.e., 1.4% of the 838,000 sq.mt. the company currently owns, allowing it to concentrate on those assets that have a greater capacity for generating profits.

These results allowed Pactia to reduce its leverage and end the year with a debt balance of COP 1.5 trillion, 10% below December 2020.

Pactia	2021	2020	% Var
Revenue	357	282	26%
Ebitda	163	123	33%
Net Income	134	(13)	1092%

\*Figures in billions of pesos

### Financial Results - Infrastructure Business

On a consolidated basis, and through its different vehicles, infrastructure assets contributed COP 5.7 trillion to Grupo Argos's revenue and COP 1.7 billion in EBITDA. These results provide evidence of business model evolutions Grupo Argos began implementing over the last decade to create infrastructure asset platforms that now represent over 40% of the organization's EBITDA.

**COP 5.7 trillion**  
in revenue from the Infrastructure business

**COP 1.7 trillion**  
in EBITDA from the Infrastructure business

**40%**  
of Grupo Argos's EBITDA comes from the infrastructure business

### Real Estate Business

The efforts Grupo Argos's urban development business has been making in recent years, creating new markets and strategies to boost sales of its properties, came to fruition with important progress made in Barranquilla and Barú, with a net cash flow of COP 80 billion and businesses that guarantee COP 350 billion in future revenue, around COP 170 billion of which will enter in 2022.

Ciudad Mallorquín in Puerto Colombia, one of the business's most ambitious projects due to its vision for meeting the demand for social housing, is now a reality. The first stage of this project is moving forward with 5,000 homes sold in the first 10 months, which allowed tendering a second stage that will generate COP 214 billion in revenue.

The Calablanca hotel was also inaugurated in Barú, and has become the mainstay for developing the master plan for this region. Two promises of purchase and sale were also signed in 2021 for the development of a boutique hotel and a Four Seasons hotel which, together, will bring over COP 50 billion in revenue for Grupo Argos.

REAL ESTATE BUSINESS	2021	2020	% Var
Revenue	184	126	46%
Ebitda	33	48	(30%)
Net Cash Flow	80	14	486%

\*Figures in billions of pesos

**COP 350 billion**  
in future revenue concluded by the Real Estate Business



Hotel Sofitel Calablanca Barú  
Bolívar



■ Grupo Sura Headquarters  
Medellin

## Portfolio Investments

### Grupo Nutresa

Grupo Nutresa made progress with the consolidation of its business model, expanding its offerings in high growth categories like healthy snacks and functional beverages, extending its geographical footprint, and increasing its participation in the nutrition and wellbeing markets. It grew its B2B model in the United States and accelerated digitalization of its operations. The company also moved forward with construction of a new multicategory plant to increase competitiveness, connectivity and efficiency for the export market shipping from the Colombian Atlantic coast. Finally, it entered the pet category, one of the fastest growing segments in the world, with the acquisition of Belina, a company in Costa Rica.

Grupo Nutresa's had COP 12.7 trillion in consolidated revenues in 2021, 14.5% growth compared to 2020. EBITDA was COP 1.5 trillion, an increase of 6.2%, and consolidated net income ended the year at COP 677 billion, an increase of 17.6%.

Since 2000, this company has provided a yearly return of 18.9% to its shareholders, including Grupo Argos, adding together dividends and share valuation.

■ Grupo Nutresa  
**18.9%**  
TSR since 2000

■ Grupo Sura  
**19.3%**  
TSR since 2000

### Grupo Sura

Grupo Sura's consolidated assets at the end of 2021 were COP 76 trillion, a 7.1% increase. The results of the financial business are a highlight of this growth, with Bancolombia recording 14.8 times the net income it received in 2020 and a return on equity of 14%. The progress made by Nequi is another highlight. It added over 10 million customers, and the bank to decide to spin off this business at the end of 2021 to boost its growth.

Sura Asset Management, in turn, increased its assets under management by 7.4% compared to 2020, which allowed it to generate higher income from both the commissions and the pensions and investment businesses.

On the insurance front, Suramericana continued proving the soundness of its assets in the face of Covid-19, maintaining its market leadership and growing 16.5% in premiums issued. At the most critical time, the company demonstrated a responsible and supportive commitment to caring for millions of people.

Grupo Sura's consolidated revenues amounted to COP 24.8 trillion, an increase of 19% compared to the end of 2020, while operating income was COP 2.6 trillion, growing by 59.2%. In turn, consolidated net income closed out the year at COP 1.5 trillion, 4.5 times higher than in 2020.

Including dividends and share valuation since 2000, this company has provided 19.3% in shareholder return annually.



■ Martinsburg Plant - Cementos Argos  
United States

## Grupo Nutresa and Grupo Sura Takeover Bids

Bids were made on the Colombian stock market for ordinary shares of Grupo Nutresa and Grupo Sura, companies belonging to Grupo Argos's portfolio, in November 2021. This dynamic continued in January 2022 with two new bids for stock in these companies.

These offers were analyzed by five members of the Board of Directors, after the General Share-

holders' Meeting granted authorizations regarding potential conflicts of interest to deliberate and decide on them.

According to technical studies submitted by independent consultants including J.P. Morgan, which were analyzed by the Board of Directors, the prices offered by the two takeover bids for each company were lower than their fundamental value, among other strategic and business elements considered, which led the Board of Directors to refuse such offers.



Newberry Plant - Cementos Argos  
United States

## Financial Results

The consolidated results aggregate the good performance of all businesses during 2021. Revenues amounted to COP 16.3 trillion (+17%), EBITDA was COP 4.3 trillion (+29%), and net income was COP 1.2 trillion (+683%), all exhibiting double-digit growth compared to 2020 and surpassing forecasts delivered to the market at the start of the exercise. Excluding the effects of non-recurring operations, the growth of financial results in all areas is also evident when compared to 2019 results, a year not affected by the pandemic, compared to which revenue grew\* by 4%, EBITDA by 11%, and net income by 73%.

Performance by all businesses confirms that the impact caused by the health situation has been overcome and that the global economy is reactivating. This has been driven by aggregate demand and benefitted all sector, including productive sectors, and specifically construction and infrastructure.

Even with higher inflation and the difficulties faced by supply chains around the world due to a decoupling between demand and restarting manufacturing activity together with high fuel costs, consolidated revenues grew by 17% while costs

grew 11%, resulting in a higher contribution margin that proves the power of Grupo Empresarial Argos's operational leverage.

Financial expenses were close to COP 1 trillion and were reduced by COP 250 billion, given the COP 400 billion in debt payments made by the organization, achieving a 2% reduction in consolidated gross debt that ended the year at COP 16.3 trillion.

Along these lines, highlights include Cementos Argos's reduced leveraging with operating cash flow generation and divestments in assets not integrated with the cement production network. A reduction in Odinsa's leveraging at the end of the period was also very relevant, thanks to progress made with optimizing the equity structure for roadway concessions with refinancing achieved in Pacifico 2, the Tunel de Oriente Concession, and transactions in Dominican Republic.

\*Proforma results eliminating the impact of non-recurring operations including asset acquisitions and divestments.

**COP 16.3**  
trillion  
in revenue  
▲ 17%

**COP 1.2**  
trillion  
in net income  
▲ 683%

Net income ended the year at COP 1.2 trillion, and net income to the controlling entity was COP 590 billion. The organization's ability to generate operating cash flow was also proven. This item amounted to COP 4.3 trillion, a 53% increase compared to 2020, and allowed it to meet all its obligations, reduce leverage and keep its investment programs in line, closing the year with an outstanding consolidated cash position of COP 2.7 trillion. In turn, Grupo Argos's weighted return on capital employed (ROCE), closed at 9.5%, growing 290 basic points compared to 2021.

Just as in the consolidated results, growth was evident in all lines of the 2021 separate results. Revenues were COP 653 billion, with a positive contribution from the cement, energy, real estate and urban development businesses that, together with the dividends received from portfolio investments, led to a growth of 155%. EBITDA was COP 420 billion, an increase of 405%, and consolidated net income was COP 336 billion.

As regards its equity structure, Grupo Argos ended the year with a separate debt of COP 1.47 trillion, a 7.5% reduction compared to the previous period. 94% of the loans mature after 2023, giving the company greater financial flexibility and allowing it to close 2021 with healthy indebtedness indicators, in line with the AAA and AA+ rating given by Fitch Ratings and S&P Global Ratings respectively, the latter improving its outlook from neutral to positive.

During the year, Grupo Argos managed to structure innovative financing alternatives with the first ESG loan in the country, and one of the first in the world, which it concluded with Bancolombia for COP 392 billion. This operation will allow the company realize the investments it has

made, with conviction, in environmental, social and corporate governance matters. This milestone allowed other Group companies to make their ESG investments tangible through liability substitutions, where COP 2.6 trillion were placed at the end of the year, representing potential consolidated savings of COP 9 billion.

The benefits of the economic reactivation added to years of great efforts by our collaborators to achieve more efficient companies focused on profitability ratify the soundness of the operational leverage achieved by Grupo Argos and its companies, which allow us to present extremely satisfactory results today.

**COP 2.6**  
trillion  
in sustainable  
financing for the  
Business Group



Celsia Solar Divisa  
Panama

**46%**

will be the reduction by Grupo Empresarial Argos of the intensity of CO<sub>2</sub>e emissions per million pesos in revenue.

**11.4**

million native trees planted between 2016 and 2021

### Generation of sustainable value for stakeholders

Grupo Argos's vision for making a positive impact on its various stakeholders is included in its strategic value proposition and its investments. Besides allowing it to remain one step ahead to ensure the future existence of its companies viable, this vision arises from an understanding that corporations are relevant to society. Along these lines, the company focused on three major fronts for sustainable value generation in 2021: climate change, diversity, and social value.

Throughout the year, the organization moved forward with its climate change strategy to mitigate and offset its consolidated carbon footprint and strengthen mechanisms to adapt the businesses to the effects of this global phenomenon. The goal by 2030 is to reduce the intensity of CO<sub>2</sub>e emissions by 46% per million pesos in revenue compared to a 2018 baseline.

In terms of mitigation, Grupo Argos is working developing innovation programs and new technologies that will allow it to: (i) consolidate a power generation grid with at least 25% of its installed capacity coming from non-conventional renewable sources by 2025, a goal that is 10% complete at the end of 2021; (ii) improve the energy efficiency of its operations; (iii) and, specifically in the construction materials business, increase its use of alternative fuels to 33%, reach a 72% clinker/cement ratio, and reduce kiln heat consumption by 10%.

As regards offsets, Grupo Empresarial Argos became consolidated in 2021 as the private actor that has contributed the most to voluntary reforestation in Colombia, having planted of 11.4 million native trees between 2016 and 2021. The purpose is to continue along these lines and increase massive and voluntary tree planting, to the tune of approximately 4.5 million more units in 2022.

In terms of diversity and inclusion, progress was made with establishing and implementing policies to prevent sexual harassment and develop diversity and inclusion training programs. The organization also moved forward with its commitment to breaking paradigms with training programs for women as electricians, firefighters, and mixer drivers.

This commitment was recognized by the *Bloomberg* Gender-Equality Index, an initiative that, in 2021 highlighted the 418 global companies with best equality practices that generate value for their investors through diversity and inclusion initiatives.



Emprender Mujer Program Antioquia



Conecta Volunteer Work in Cocorná Antioquia

Hogares Saludables in Manrique Antioquia



**2,500**

job vacancies for young people and women with the Corporate Employment Alliance led by Grupo Argos

**COP 19**

billion in social investment executed by Fundación Grupo Argos in 2021

Along these lines, during 2021, Grupo Argos built and implemented an inclusive leadership model to enable behaviors in our teams that allow us, among others, to continue strengthening this diversity and inclusion strategy value driver throughout the organization. This comprehensive model includes five dimensions of leadership: company results, team consolidation, career development, human essence, and community returns.

In this last area, precisely, Grupo Argos promoted *We Create Social Value*, a program that arose from a genuine interest in protecting employment, strengthening productive chains and generating scalable social innovation processes within the framework of the pandemic. This program materialized a vision for collective and articulated work that has inspired Grupo Empresarial Argos for nearly 90 years to connect labor supply with employment needs around the country, generating 2,500 job opportunities for young people and women.

With a voluntary initiative to support suppliers within the framework of the *Creamos Valor Social* program, liquidity was added to the economy by

reducing payment lead times, benefiting over 9,000 companies in Colombia that provide products and services to our organization and that employ over 500,000 people. More than 7,500 of these are micro, small, and medium-sized enterprises.

Finally, in 2021, Fundación Grupo Argos invested over COP 19,6 billion in a consolidated manner in programs and projects that fell under its two strategic lines: territorial transformation and water resource conservation. In a document on our website, you can find details of the operations of Fundación Grupo Argos made possible thanks to our shareholders' support and generosity.

Grupo Argos's comprehensive vision for sustainability has shown that successful companies can contribute to societies that offer better opportunities and that are able to understand their environment and propose alternatives to improve it.

## Our Strategy and Vision for the Future

Grupo Argos's strategic route towards consolidation as an important infrastructure asset manager on the American continent, involving top level associates that will allow it to connect an abundance of global capital with the region's infrastructure needs, configure an important potential for growth that will drive the organization's value generation and comprehensively benefit its shareholders. Added to this objective is the imperative of aligning its share price, and those of its businesses and portfolio investments, to the real performance and fundamental value demonstrated by this Corporate Group. A series of short- and medium-term strategic initiatives are being implemented with this in mind.

The first of these is preparation for listing and issuing Argos USA shares on the New York Stock Exchange. Argos USA gathers Cementos Argos's cement and concrete assets in the United States through a public issue of shares on that country's equity markets and registered subject to the rules of the competent authority, namely the *Securities and Exchange Commission*.

Argos USA would be the largest 100% North American cement company in terms of installed capacity listed on the NYSE, with exposure to that country's cement demand, which will be boosted once the USD 1.2 trillion infrastructure renewal program is approved.

Subsequently, Grupo Argos's infrastructure assets will be consolidated under a single vehicle. Development of the infrastructure business has been the core strategy over the last 10 years, and completion of this operation will allow the company to consolidate a regional asset management platform that will repay the organization's proven management capacity.

The resulting company will gather together the following operations: (i) energy generation, distribution, and transmission; (ii) roadway and airport

concessions; and (iii) the real estate portfolio - a robust asset base that shares similar characteristics including the generation of stable, predictable cash flows with a long-term investment horizon. This consolidation will maximize operational, tax, and equity structure efficiencies, but, above all, it seeks to convey to our shareholders the value and potential of these businesses, which are not being fully recognized by Grupo Argos's share price.

Finally, and as a transparent and efficient mechanism to transfer economic value to shareholders, the Grupo Argos Board of Directors decided to review its dividend policy and propose to the Shareholders' Meeting an increase of 31% on the dividend paid the year before.

Dear shareholders, thank you for supporting and trusting in your organization, and for accompanying a vision for generating long-term comprehensive value that will bring development and progress to millions of people through infrastructure. We are fully convinced that this shared vision will allow the company to continue consolidating its leadership throughout the Americas, generating value for you, our shareholders, and for all stakeholders.

**Thank you very much.**

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

**Board of Directors**

Jorge Mario Velásquez Jaramillo  
**CEO**

## 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 2021, 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 December 3, 2021, January 4, 2022, and February 21, 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 Sura 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 over 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 at [www.grupoargos.com](http://www.grupoargos.com).

**Our  
Business**

**03**



# How We Create Value

## What Inspires Us

We positively transform lives by mobilizing financial, human, intellectual, and social capital in investments that generate superior economic results, obtained while preserving our planet for future generations and generating well-being for our stakeholders.

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



Túnel de Oriente  
Antioquia

## Stakeholders

[102-42, 102-43]

We identify and prioritize stakeholders according to their level of dependence and influence on our strategy, and on ours towards theirs.

Stakeholder identification process:

- 1** We carried out an analysis to define key actors in the two-way interactions between stakeholders and our organization.
- 2** Different areas of the company participated in this analysis, enabling development of a strong list of potential stakeholders.
- 3** We used this list to define our stakeholders, to more effectively respond to their expectations and strengthen they way we create value for them.
- 4** We analyzed the level of involvement or closeness the different identified groups have towards the organization and the incidence or potential impact of our issues on them.

This process was carried out following the *Stakeholder Engagement Standard (SES)*, published by *Accountability (AA1000)*.

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

## Memberships [102-12, 102-13]



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



Latin American Companies Circle - Corporate Governance Roundtable.



Learn more about our stakeholder engagement [here](#) or by scanning the QR code

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

Sogamoso Plant  
Cementos Argos  
Boyacá



## Value Promises

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

**Shareholders and Investors**  
Make their investments profitable over the long term and include their participation as owners, in our purpose, strategy and performance.

**Subsidiaries and Businesses**  
Potentialize their individual value and their value as Corporate Group members by applying key value drivers.

**Strategic Partners**  
Provide the capabilities required to make the most of joint investments, within a framework of ethics, good corporate governance, and transparency.

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

**Environment**  
Contribute to the preservation of life on the planet towards the future, aiming to minimize our negative and maximize our positive impact.

**Authorities**  
Maintain transparent, collaborative relationships with public institutions, to contribute to the development of the countries in which we operate.

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

**Associations**  
Contribute to capacity building within the industry and to strengthening the private sector as a fundamental agent for development.

# Strategic Risks

[GA-ES01]

Through a comprehensive interpretation of our environment and an in-depth understanding of our business, we have built a comprehensive risk model that allows us to manage our risks proactively. We have identified six strategic risks within this model and have defined effective controls for each of them to minimize the probability they will occur. We also have quantification methodologies for three of the six strategic risks, intending to define an order of magnitude that will allow us to focus our actions and optimize our resources. We monitor the appearance of new risks in an ongoing fashion and work actively and decidedly to turn them into important skills that will make us more resilient and, therefore, more competitive. Thus, our risk management provides evidence for the way in which we care for our most valuable assets.

Cartagena Plant Cementos Argos  
Bolívar



Risk Name:	1 Allocation and cost of capital	2 Social, political, and economic environment	3 Climate change and other global risks	4 Reputation	5 Human talent	6 Technology and cybersecurity
Risk Description	Inability to generate sustainable and profitable growth of assets under management, through professional management of third-party capital in projects and businesses, while maintaining the highest standards of responsible operation.	Conditions external to the organization that impact the social, business, institutional and regulatory networks and do not allow adequate performance of the businesses we have a share in.	Changes in economic development models in line with a transition to a low-carbon economy that do not allow us to maintain the competitiveness of our portfolio assets, and the materialization of natural events that affect facilities, persons, and ongoing operations.	Impacts on reputation and on stakeholder confidence compromising the organization's ability to operate and enable business performance, enter new markets, attract capital, forge partnerships, that affect share prices, increase regulatory pressures, and the capacity to attract and retain talent, among others.	Risks related to attraction and loyalty processes that do not allow having the talent required to achieve the organization's objectives. Succession management for critical and development positions.	Delays consolidating the technological platform that enables the competitiveness of infrastructure assets and the proactive and forceful management of cybersecurity events that compromise asset integrity and ongoing operations.
Which challenges us to	Have an adequate mix of indebtedness and capital allocation.	Have optimal relationships, clear rules for action and monitor the economic, political and regulatory environment.	Anticipate climate change risks and opportunities.	Protect our reputational soundness to leverage investor confidence.	Attract and retain human talent with the required key capabilities.	Guarantee the integrity of the technological platforms that ensure the integrity and continuity of our operations.



Learn more about our risk management [here](#) or by scanning the QR code

# Value Creation Model

[102-9]

At Grupo Argos we are working to become consolidated as an infrastructure asset manager that is a point of reference in the Americas, to attract institutional capital and grow selectively within the region, developing attractive and profitable platforms for long-term institutional investors.



Through this model we respond to our stakeholder promises:

- |  |   |                                |                         |
|--|---|--------------------------------|-------------------------|
| <b>1</b><br>Shareholders and investors | <b>2</b><br>Subsidiaries and Businesses | <b>3</b><br>Strategic Partners | <b>4</b><br>Employees   |
| <b>5</b><br>Authorities                | <b>6</b><br>Suppliers                   | <b>7</b><br>Associations       | <b>8</b><br>Environment |

## Inputs

With this in mind, we manage capital in a balanced fashion

- Financial capital**
  - Assets from consolidated platforms
  - Portfolio Assets
- Human and intellectual capital**
  - Employees
  - Capabilities
  - Systems
  - Processes
- Social and relational capital**
  - Stakeholder engagement

## Value Creation

Through our business activities, we allow investors to have exposure to the infrastructure sector with a diverse portfolio that includes access to equity markets and with capital allocation and financial flexibility in accordance with defined strategic objectives.

## Future Outlook

- Infrastructure assets in a single vehicle
- Involve top level partners
- Align the share price with the fundamental value
- Net debt/EBITDA below 4x
- Comply 100% with the 3 transparency mechanisms defined
- Lead the transition to a low-carbon economy
- Be leaders in workplace climate surveys



- iiPurpose: Investments that transform**
- Strategy: selective and profitable growth**
- Value Drivers**
  - Strategic Oversight
  - Financial Management
  - Ethics and Corporate Governance
  - Sustainability Vision
  - Identity and Engagement
  - Talent and Culture
- Strategic, emerging, and ESG risks**

## Outputs

Thus achieving expected results and impacts that will create greater value for shareholders and society at large.



## Outcomes

- Creation of a roadway platform with an international partner, Macquarie
- Gross debt/EBITDA below 3.5x
- 100% compliance with the 3 transparency mechanisms
- 26% share of sustainable financing
- First place on the DJSI in the construction materials industry
- S&P Global Gold Class in the Sustainability Yearbook S&P 2022



## Impact valuation

- | GA-EN03 |** We delivered USD 154.5 million to society, equivalent to 3.8 times the retained value.

## External context

To achieve this, we understand the context and the speed at which the world is advancing, to anticipate risks, identify opportunities, and become aligned with global agendas.

Globalization

Urbanization and mobility

Transfer of the axes of power

Hyper-connectivity

Resource scarcity

Climate variability and change

Demographic changes and infectious diseases

# Value Added Statement – VAS

[102-11, GA-ES03, GA-EG05]

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

## Our Model

With our business activities, we transform into value the different types of capital used by our operations. These include financial, human, natural, social, intellectual, and operating capital. Throughout this transformation process we have both positive and negative impacts. To measure these, we developed our VAS model that allows us to estimate the net value we deliver to our environment over the fiscal year.

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

### Externalities

For our separate analysis of Grupo Argos, we calculated 9 economic, social, and environmental externalities that reflect our most relevant impacts.

#### Economic

These are financial capital flows that drive the economy through payments including salaries, interest to banks and investors, dividends to shareholders, and taxes to the State.

#### Social

These impacts are associated with other activities including increased income and benefits for employees who receive better compensation in the job market after receiving training; social investment that represents wellbeing for communities

through urban planning and education projects; and costs to employees and their families related to workplace injuries, fatalities, and illnesses.

#### Environmental

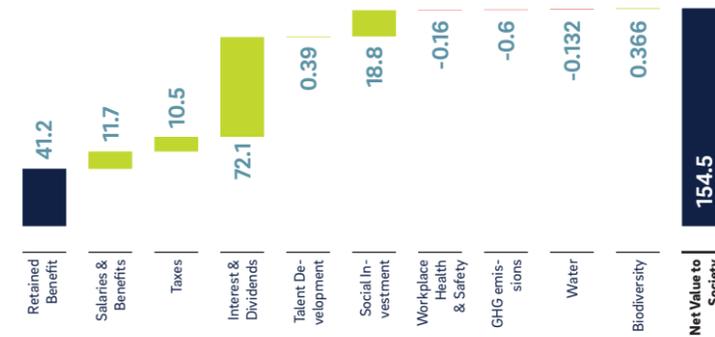
Impact on the environment and on people from GHG emissions (Scope 1 and 2 CO2e emissions), potential water scarcity caused by consumption, and biodiversity impacts related to urban planning operations, as well as benefits from compensation and rehabilitation programs.

## Results

### Grupo Argos 2021 Separate

- Figures in millions of dollars, Exchange Rate \$3,747.24, average 2021
- Figures on the Separate Financial Statements
- Includes the Real Estate Business
- Impact of our own operations

We deliver to society  
**3.8**  
times our retained benefit



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

Our assets under management performed well in 2021, confirming that the impact of the pandemic has been overcome. Revenues grew compared to the previous year due to improved operating performance by the cement business, the energy business and the real estate business, allowing EBITDA to recover compared to 2020, and setting our retained benefit at USD 41 million.

The contribution from the concessions business dropped COP 34 billion compared to the same period the previous year because of the accounting effect of early termination of the ADN and BTA concession contracts.

In the economic dimension, we drive the economy through the payment of salaries, benefits, taxes, interest, and dividends, generating an estimated benefit of USD 94.2 million. This represents 59% of the net value added and makes a significant contribution to the country's productivity and competitiveness.

In the social dimension, we provided an average of 93.6 hours of training programs per employee, with an estimated benefit of USD 390,000 for them.

We contribute to community infrastructure with urban works built by our Real Estate Business, which had a year of great sales together with environmental education programs, equivalent to an estimated USD 18.8 million in community benefits. These positive externalities, minus USD 160,000 in social costs represented by minor accidents suffered by 4 contractors, equals an estimated USD 18.8 million dollars net for the social dimension. This impact does not yet reflect our social investment in hospitals and providers to deal with the pandemic. We are currently researching the multiplier and will include it once the study is complete.

In the environmental dimension, our main impact is related to water consumption, with an estimated social cost of USD 132,500. Biodiversity results were positive as compensation and voluntary planting programs returned important figures from the rehabilitation of planted hectares, with an estimated benefit of USD 366,600. This represents an estimated positive net amount of USD 211,000.

Although our environmental results are positive, we continue working towards ecosystem presentation through our businesses and Fundación Grupo Argos.

This impact valuation 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. This is how tools like the VAS allow us to:

- 1 MAKE more** responsible and better informed decisions
- 2 MANAGE RISKS** with greater precision
- 3 BE TRANSPARENT** towards our stakeholders

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

# Value Drivers

# 04



# Materiality Analysis

[102-46]

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

[102-47] The degree of relevance of the topics developed in this chapter precisely reflect the six topics we consider our key value drivers, which, as an asset manager, allow us to generate value for our companies, society and the planet.

For this exercise, we considered the practices required by *Global Reporting Initiative (GRI)* standards, the Integrated Reporting framework, which focuses on the creation of value through different types of capital, and *Accountability's AA1000* standard for stakeholder relations. We draw up this roadmap that contains our most important areas for work every three years.

The prioritization process that allowed us to define our material topics included five steps:



Celsia Solar Prudence  
Panama

## Topic identification

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

## Identification of Stakeholders for Consultation

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

## Internal and External Consultations

We held open conversations and interviews with each of our stakeholder groups, who ask questions and identify topics that could impact them.

## Prioritization

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

## Validation

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

# Value Drivers

[102-47]

- 1. Strategic Oversight:** Empowerment of Corporate Group strategies through our expertise, cross-cutting understanding, and long-term vision, as well as our ability to promote new perspectives and synergies between the businesses.
- 2. Financial Management:** Management of our investment portfolio through adequate resource allocation and an efficient capital structure, and monitoring it in our strategic businesses, to ensure they respond to our guidelines for efficient and profitable growth.
- 3. Ethics and Corporate Governance:** Compliance and Corporate Governance systems define and set the ethics, behavior and transparency standards that govern our corporate actions.

**4. Sustainability Vision:** A set of strategies aimed at ensuring conscious investment, the adoption of cutting-edge practices, and responsible operations, to minimize risks and ensure long-term value creation for shareholders and all its stakeholders.

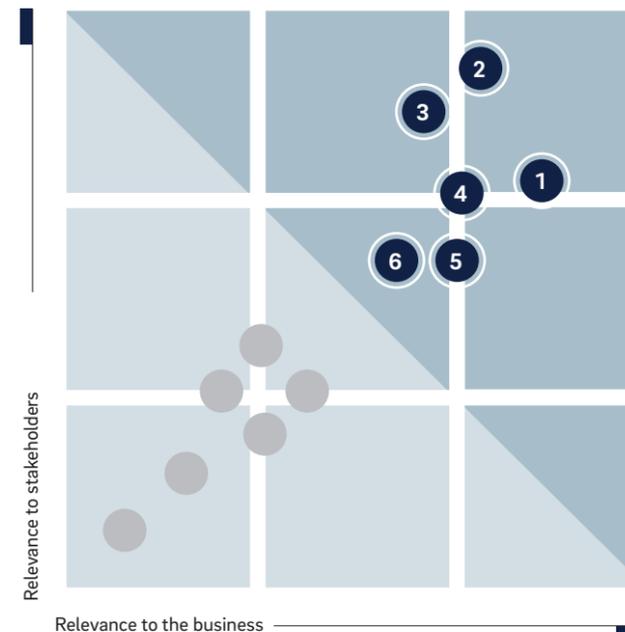
**5. Identity and Engagement:** Strengthening the reputation and effectively positioning the organization so our stakeholder groups perceive, understand, trust in, and support Grupo Empresarial Argos.

**6. Talent and Culture:** The pillars of transcendence, integrity, inspiration and commitment are our framework for attracting, developing, and retaining the best talent, to respond to business challenges, and fulfill our strategy and high-er purpose.

We will perform a new materiality analysis for Grupo Argos S.A in 2022 in line with our asset management strategy



Find out more about our SDG alignment [here](#) or by scanning the QR code



## 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 a relevant actor that promotes development and competitiveness, we have performed a prioritization exercise that considered company strategy, strategic risks, materiality and business opportunities. As an end result, we selected four of its 17 Sustainable Development Goals.



# 1. Strategic Oversight



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

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

## Value Creation

**[103-1]** Adequate strategic oversight allows our businesses to make high impact investments with a long-term outlook.

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

In turn, our strategy is based upon a premise of accelerating growth and generating more value together with partners that share our vision, values, and balanced management of different stakeholder groups, and on attracting global-scale institutional capital.

Grupo Argos has maintained its strategic focus to become consolidated as one of the most important alternative asset managers in the region.

## Management Approach

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

Our role as long-term asset manager is consolidated with a vision, articulated

amongst the different businesses, that promotes profitable growth and expansion by involving shareholders that have a long-term perspective and who share our values and respect for corporate governance, recognize the fundamental value of our portfolio, and have excellent ESG practices. In this way we make sure to capture of value for our different stakeholders.

The following actions allow us to achieve strategic articulation amongst the Corporate Group:

- We ensure an optimized equity structure with an adequate mix of indebtedness and capital allocation.
- We actively manage strategic risks to maximize the value captured by our businesses.
- We apply our conscious investment model in our investment or divestment decisions to reduce ESG risks, ensuring investment sustainability over time.
- Every year, we define specific initiatives for each business that will help achieve long-term objectives. Grupo Argos follows these up in strategic committees, board meetings, and CEO committee meetings.

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

Guarantee the integrity of the technological platforms that ensure the integrity and continuity of our operations.

Ensure adequate debt and capital allocation.

Maintain optimum engagement, clear rules for action and oversight of the economic, political and regulatory environment.

Protect our reputation and investor confidence.

Attract and retain human talent with key required skills.

Anticipate climate change related risks and opportunities.



Pacifico 2 Antioquia

## Progress **[103-2, 103-3]**

Over the last 10 years, we have become a consolidated infrastructure asset manager with a vision for profitable and sustainable growth, and for capturing value for our different stakeholders.

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

- **We partnered with Macquarie Asset Management**, a strategic international partner for growing the roadway concessions business. This partnership with the world's largest institutional infrastructure investor will allow us to take advantage of the region's development opportunities.
- **In the airport business, we reached important agreements** with the authorities to mitigate the economic impact of the reduction in air traffic resulting from the pandemic. At Opain, we managed to extend the concession's maturity by over 3 years. At Quiport, a capex renegotiation was carried out that allowed postponing the execution

of certain works at the airport.

- **In our cement business, we sought optimization and profitability** by divesting in US 180 million in concrete assets in Dallas, Texas. This improved financial flexibility and allowed distribution of an extraordinary dividend.
- **We sold 100% of the shares of Celsia Move S.A.S.** a VIP Green Mobility SARL. These resources will be used to continue Celsia's growth strategy, especially in renewable energy, electric mobility and energy distribution.
- **We continue to consolidate our energy business platforms** with the help of the investor Cubico Sustainable Investments, seeking to expand the distribution business.

## Goals **[103-2]**

● Ongoing ○ In progress ○ Not started

### Short Term (0 - 2 years)

- Prepare for the IPO of Cementos Argos's assets in the United States on the New York Stock Exchange - NYSE, to enhance captured value, optimize its equity structure, and take advantage of growth in that country.

### Medium Term (2 - 5 years)

- Consolidate infrastructure assets, roadway and airport concessions, energy and real estate revenues, into a single vehicle.
- Involve an international strategic partner to take advantage of the region's economic reactivation policies.

### Long Term (5 years or more)

- We will become the largest infrastructure asset manager in the Americas.

## Opportunities and challenges

**[103-3]** The global economic reactivation and the supply of institutional capital generated mainly by an abundance of liquidity driven by an expansionary monetary policy that has dominated the economic context of developed countries over the last decade, present Grupo Argos with a great opportunity. Pension funds and equity managers seek long-term investments with stable and predictable cash flows, which are characteristics inherent to the infrastructure sector. Thus, we have the opportunity to become a global reference as an infrastructure asset manager, connecting these investment needs to the region's infrastructure requirements.

# 2. Financial Management



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

Management of our investment portfolio through adequate resource allocation and an efficient capital structure, and monitoring it in our strategic businesses, to ensure they respond to our guidelines for efficient and profitable growth.

## Value Creation

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

This allows us to simplify our corporate structure, focus and strengthen the competitive positioning of our strategic businesses, and support each other in mergers, acquisitions and divestments to promote profitable, sustainable growth. We also actively manage the search for financial and strategic investors that will support our future growth and help improve our returns, always aligned with our vision for doing business.

## Management Approach

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

We review our capital allocation model every year to identify challenges and opportunities and formulate plans and initiatives that are signed off on by the businesses' boards of directors. Their execution aims to

improve our strategic industry positioning and increase value creation from invested capital.

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

We promote and develop new alternatives on the Colombian equity markets that provide financial flexibility and can be implemented by the Corporate Group and by other local companies. And we work together with local banks to design innovative products for the financial system.

Similarly, we coordinate integration of our *back-office* services through Summa, our shared services center.

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

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

Guarantee the integrity of the technological platforms that ensure the integrity and continuity of our operations.

Ensure adequate debt and capital allocation.

Maintain optimum engagement, clear rules for action and oversight of the economic, political and regulatory environment.

Roberta Plant Cementos Argos United States



## Progress **[103-2, 103-3]**

**Controllable expenses from the holding and Real Estate Business** reduced by 6.6% and 7.1%, respectively, in real terms (2015-2021).

**Cost of debt at 7.0%**, growing at a slower rate than the CPI due to COP 435 billion in hedging.

**[GA-EF01] Debt/dividend at 3.1x, below Fitch's 2021 easing limit of 4.0x**, with a 7% reduction in debt to COP 1.5 trillion and a positive primary surplus.

**A difference of over COP 200 billion** between dividends received and dividends paid.

**We achieved a weighted ROCE of 9.5%, 100 bps** above the cost of capital.

**We achieved consolidated leverage of COP 16.3 trillion** and a net debt/EBITDA indicator of 3.2x, lower than the 4x limit.

## Milestones **[103-2, 103-3, GA-EF02]**

- **Rating agencies reaffirmed their confidence in our long-term strategy.** Fitch maintained our rating at AAA and S&P maintained our rating at AA+ and increased its outlook from stable to positive.
- **We took out the first sustainable loan tied to climate change and gender equality indicators** with a local bank for COP 392 billion. The conditions of this loan

could represent savings of up to 100 bps in our separate debt cost and allowed us to reduce maturities by 6% between 2024 and 2025. On a consolidated level, we ended 2021 with a total of COP 2.6 trillion in sustainable financing, representing 16% of our overall debt.

- **We quantified physical and transition risks** associated with climate change, and published them in our TCFD 2021 report.
- **We continued our Supplier Support program** created as a response to the contingency caused by Covid-19, to continue generating well-being and permanence for our suppliers, reducing their need for working capital.
- **We strengthened Summa through the provision of new services** to Corporate Group companies, optimizing service and third-party contracting costs.

## Goals **[103-2]**

● Ongoing ● In progress ○ Not started

### Short Term (0 - 2 years)

- Maintain a primary surplus that is greater than zero.
- Maintain a AAA (Fitch Ratings) holding-level credit rating.
- Maintain a real reduction in the holding's controllable expenses compared to 2015.

### Medium Term (2 - 5 years)

- 20% of Grupo Argos's consolidated debt will be through sustainable financing.
- Annual improvements in our weighted ROCE and returns higher than the cost of capital.
- Consolidated deleveraging in terms of net debt/EBITDA below 4x.
- COP 45 billion in savings through Summa and no real growth in terms of costs for migrated processes.

### Long Term (5 years or more)

- Maintain a AAA investment grade rating according to *Fitch Ratings*.
- Reduce holding debt by 20% compared to current levels to COP 1.2 trillion.

## Opportunities and challenges

**[103-3]** On our path to consolidation as an asset manager, we see an opportunity to attract investors willing to capture long-term returns thanks to our positioning and experience in these sectors, our knowledge of the countries where we operate, and our business strategy with strong ESG criteria.

# 3. Ethics & Corporate Governance



Compliance and Corporate Governance systems define the ethics, behavior and transparency standards that define our corporate actions.

## Value Creation

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

To ensure sustainability, we implement cutting-edge best practices that provide us with appropriate behavior and management parameters.

## Management Approach [103-2]

### Ethics

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

**[102-17]** We also have Compliance System backup mechanisms, summarized as commitment from the organization's directors to effectively manage the Transparency Hotline and appropriately monitor any corrective measures deriving from reports made thereto.

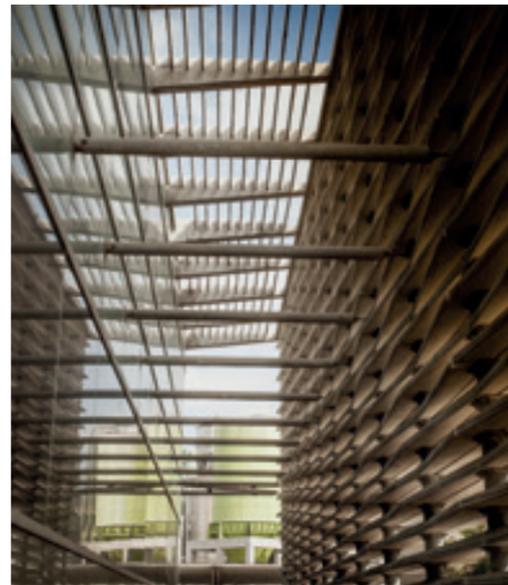
**[102-16]** Integrity, ethics and transparency are everyone's responsibility. We encourage our employees and suppliers to live out these values throughout Grupo Empresarial Argos. To achieve this, we have a governance structure for the Compliance System, with participation from the upper management of Grupo Argos and its companies. We also periodically hold a compliance round-

table, responsible for reviewing the progress of work plans and foster 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 proper Compliance System operation.

### Corporate Governance

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

Our boards of directors rely on the perspective of corporate and independent members and have sustainability and corporate governance committees to support their functions, providing appropriate guidance to each company, generating positive results, and ensuring an appropriate Corporate Governance system. We also implement a corporate legal roundtable, responsible for reviewing best corporate governance practices and ensuring their implementation throughout the Business Group.



Cartagena Plant Cementos Argos Bolivar

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

Protect our reputation and investor confidence.

Guarantee the integrity of the technological platforms that ensure continuity of operations.

Attract and retain human talent with required key capabilities.

## Progress [103-3]

**7.2** years is the average tenure of Board members.

**100%** of employees took the Annual Course of Conduct evaluation and filled out the Annual Declaration of Potential Sources of Conflicts of Interest.

**100%** of the employees in the target audience filled out the Assets and Income Declaration.

**9,000** suppliers took the Annual Conduct Course as part of our commitment to integrity and to strengthening the compliance program.



Access the Corporate Governance report [here](#) or by scanning the QR code

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

### Ethics

- **We made progress with the development of technological management tools** for compliance programs, including the Annual Declaration of Potential Sources of Conflicts of Interest and the Declaration of Assets and Income, making them easier for employees to fill out and creating repositories for managing and monitoring that information.
- **We offered our Annual Conduct Course**, where we provided tools to help employees make decisions based on the corporate pillars of ethics and transparency, and reinforced knowledge related to the organization's Compliance System.

### Governance

- **We were recognized by the Alas20 ranking, a Hispano-American initiative**, as the fifth leading company in

the corporate governance component.

- **The Corporate Audit audited compliance with the Code of Good Governance** and validated the existence of adequate practices and procedures for compliance.
- **Our Board of Directors approved the 2030** climate change and gender equality targets and reviewed ESG risks.
- **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.
- **For the ninth consecutive year we obtained the Investor Relations award** from the Colombian Stock Exchange with a score of 94.8%.

## Goals [103-2]

● Ongoing ● In progress ○ Not started

### Short Term (0 - 2 years)

- Continue automating procedures and unifying compliance criteria to deploy effective management and help strengthen the Compliance System
- Implement the internal procedures and protocols required for compliance with new stock market reporting regulations.
- Review the currency of the Corporate Bylaws, the Code of Good Governance and the Code of Conduct in an ongoing manner, to ensure continued compliance with high standards of corporate governance.

### Medium Term (2 - 5 years)

- Continue to participate actively on the BVC Issuers Committee and the Colombian Institute for Corporate Governance.
- Guarantee the application of the highest standards of corporate governance in the implementation of the company's strategy to all our stakeholders and shareholders.
- Continue the process of harmonizing the best corporate governance practices applicable to Grupo Empresarial Argos.
- Strengthen the tool that consolidates corporate governance information for Grupo Empresarial Argos, providing us with real-time information on the business.

## Challenges and Opportunities

**[103-3]** Considering the announcement of Grupo Argos' strategic roadmap to continue its consolidation as a relevant infrastructure asset manager in the Americas, we will review and implement the corporate governance practices applicable to this business model to provide confidence and transparency to our new partners and, in turn, to continue generating comprehensive long-term value for all our shareholders and other stakeholders.

# 4. Sustainability Vision

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



A set of strategies aimed at ensuring conscious investment, the adoption of cutting-edge practices, and responsible operations, to minimize risks and ensure long-term value creation for shareholders and all its stakeholders.

## Value Creation

**[103-1]** As long-term investors and key players in the region's infrastructure sector, we are convinced of the benefits a sustainable model brings to business strategy. We work to manage the risks and take advantage of the opportunities presented by transformative forces acting throughout the world and in the contexts where our operations are located, allowing us to minimize the negative and maximize the positive impacts of our activities, benefiting all our stakeholders and, in turn, making the businesses of our Corporate Group more resilient for the creation of social value, which translates into greater value for our company in the long term.

ment opportunities, considering ESG elements, to provide final decision makers with elements for review.

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

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

The Board of Directors and its Sustainability and Corporate Governance Committee approve the elements of the sustainability model and plans for their implementation. Similarly, sustainability is discussed by the boards of directors of the strategic businesses and their Sustainability and Corporate Governance Committees.

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

- Guarantee the integrity of the technological platforms that ensure the integrity and continuity of our operations.

- Have optimal relationships, clear rules for action and monitor the economic, political and regulatory environment.

- Protect our reputation and investor confidence.

- Attract and retain human talent with key required skills.

- Anticipate climate change related risks and opportunities.

Celsia Solar El Carmelo  
Valle del Cauca



## Management Approach

**[103-2]** To ensure our vision as a long-term investor, Grupo Argos has defined sustainability as a common purpose of the Corporate Group, framing the actions and operations of our investments and businesses, and allowing us to maintain a unified direction.

Our Sustainability framework has 3 pillars: conscious investment, cutting-edge practices, and responsible operations. In turn, each of our businesses has a differentiated sustainability strategy that responds to their operational and market realities.

**Conscious Investment:** We have a process for reviewing investment or divest-

## Progress **[103-2, 103-3]**

- We signed the first loan tied to sustainability indicators for Grupo Argos worth COP \$392 billion.**

- We built the Grupo Argos ESG Profile, a specialized search engine that facilitates analysis of our ESG management.**



Access our climate change micro-site [here](#) or scan the QR Code

- We have been acknowledged as the most sustainable construction materials company in the world, according to DJSI and received a gold medal in the Sustainability Yearbook S&P 2022.**

- We published our 2021 TCFD report that includes quantification of climate change risks and a strategic scenario analysis.**



Access our TCFD report [here](#) or scan the QR Code

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

### Conscious Investment

- We analyze the impacts and opportunities of the Grupo Nutresa takeover bid** using the Conscious Investment Model that defines the ESG criteria to be analyzed and quantified in a due diligence process, including impact monetization using the VAS methodology.
- We implemented an ESG information system** with a Corporate Group scope, to ensure timely and reliable information that will help evaluate ESG performance in the businesses.
- We reviewed the ESG risks** implemented using the WBCSD and COSO ERM methodology, to validate and manage them comprehensively on how potential events and trends can impact the organization's strategy and goals.

the Corporate Group's transition towards its low-carbon economy goals.

- We accompanied the construction of a mitigation plan for reducing scope 1 & 2 CO<sub>2</sub>e emissions**, including annual reduction goals per business for the period between 2021 and 2030.

### Cutting-Edge Practices

- In energy, we continued our explorations and developments in the area of energy storage**, created new financial electrical infrastructure assets, and technological platforms for innovative products and services in the cement business.
- In infrastructure, we are developing technological platforms** for innovative products and services and shared micro-mobility models that enable an improved understanding of their impact on the infrastructure of the cities of the future.

### Responsible Operations

- We moved forward with defining Grupo Argos's position** for mobilizing

## Goals **[103-2]**

● Ongoing ● In progress ○ Not started

### Short Term (0 - 2 years)

- Lead the Corporate Group's transition to carbon neutrality.
- Certify Grupo Argos as carbon neutral (scope 1 and 2) in 2022.
- Continue including ESG impacts in financial and capital allocation models.
- Update Grupo Argos's materiality as an asset manager and the materiality of Grupo Empresarial Argos with the latest trends.

### Medium Term (2 - 5 years)

- Consolidate new low carbon businesses.

### Long Term (5 years or more)

- Capture the operational efficiencies of carbon neutrality

## Challenges and Opportunities

**[103-3]** Considering the strategic vision of attracting partners with a long-term vision to enhance the value of our investments, our sustainability model needs to permeate these new partnerships or vehicles to strengthen value creation as a long-term infrastructure asset manager. This challenges us to be at the forefront of best ESG practices, have excellent relationships with our strategic partners, and strengthen our sustainability model.

# 5. Identity and Engagement

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



Strengthening the reputation and effectively positioning the organization so our stakeholder groups perceive, understand, trust in and support Grupo Empresarial Argos and its businesses, generating relational and economic value for the company.

## Value Creation

**[103-1]** Building and strengthening our corporate reputation is an ongoing and proactive process implemented via the coherent and transparent management of relationships, communication channels, and content strategies so our stakeholders can have knowledge of, understand, and support the operations of Grupo Argos and its businesses.

Grupo Argos plays a strategic role, coordinating the reputation, brand, and institutional engagement plans with its construction materials, energy, and concessions businesses to ensure a Corporate Group-wide alignment that will create value for all the organization's stakeholders.

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

## Management Approach

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

- **Institutional Relations:** Strengthening transparent, trust-based, long-term relationships with industries, authorities and opinion leaders with annual high-level planning that considers the regulatory business environment, country context, and company needs.

- **Internal communications:** Enhancing mechanisms, channels and strategies to drive the Corporate Group's cultural transformation, contribute to strategy fulfillment, and consolidate a sense of pride amongst employees. Grupo Empresarial Argos has a communications desk that ensures strategy coordination and implementation in each business, meeting the needs of its various audiences.

- **External communications:** Keeping stakeholders informed about the organization's most relevant events over broadcast media and its own channels based on a shared communications manual that defines the moments, scenarios, and spaces for participation by each of the Grupo Empresarial Argos brands.

- **Brand:** Positioning Grupo Argos as a relevant company, an infrastructure sector leader, and a supporting brand that empowers the positioning of Cementos Argos, Celsia and Odinsa. The organization has an advertising coordination mechanism that provides an overview of its brands' strategic presence.

- **Articulation:** Aligning, coordinating and executing reputation building for the Corporate Group.

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

- Protect our reputation and investor confidence.

- Have optimal relationships, clear rules for action and monitor the economic, political and regulatory environment.

- Attract and retain human talent with key required skills.

## Progress [103-2, 103-3]

- **Grupo Argos consolidated its position as one of the top 15 companies with the best reputation, highlighting the company's strategic role in its businesses' growth and positioning of its businesses.**

- **We launched the first Group Culture book** to promote cultural transformation within the Corporate Group.

- **72% of the information published by the company corresponds to topics related to the Corporate Group's sustainability management,** the work done by Fundación Grupo Argos, and the Creamos Valor Social program.

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

- **We came in third place in the +CTG 2021 Award** for our Sustainability communications strategy in Sustainability.

- **We were recognized by Interlat Digital Enterprise Intelligence's Latam Digital Awards** as the company with the best communications campaign on LinkedIn and came in second in the Best internal corporate digital sense of belonging campaign category, thanks to the communications strategy of the Creamos Valor Social program.

- **We made relevant and updated information** on the Corporate Group's climate change



Coda Tech Square- A project with Argos seal United States

- **We contributed to strengthening journalism** to help citizens build the capacities required to make informed decisions

- In partnership with Universidad de Antioquia, we structured a diploma course in Economic Journalism that benefited 25 journalists from economic outlets around the country.
- We developed and supported the first Journalism Seminar for Community and Alternative Media in Medellín.
- In partnership with Universidad Nacional, we developed a five-conference cycle called Conversaciones que Construyen (Conversations that Build). Over 1,000 people participated in these spaces.

## Goals [103-2]

● Ongoing ● In progress ○ Not started

### Short Term (0 - 2 years)

- Continue improving Grupo Argos' standing on the Merco Empresas Colombia ranking.

### Medium Term (2 - 5 years)

- Consolidate Grupo Argos position as a relevant infrastructure asset manager in the Americas.

### Long Term (5 years or more)

- Strengthen Grupo Argos's reputation as a company that creates comprehensive value for all its stakeholders.

## Challenges and Opportunities

[103-3]

The gap between Grupo Argos's share price and its fundamental value resulting from the Colombian stock market's inefficiency and lack of depth, challenges us to communicate and position Grupo Argos and its businesses' capacity for creating economic value, the organization's strategy, and the mechanisms it has undertaken to accelerate a transfer of value to the share price.

# 6. Talent and Culture



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

The pillars of transcendence, integrity, inspiration and commitment are our framework for attracting, developing, and retaining the best talent, responding to business challenges, and fulfilling our strategy and higher purpose.

## Value Creation

**[103-1]** An adequate talent and culture management enables and promotes amongst company employees the behaviors and leadership required to achieve Grupo Argos's strategy. It also provides solutions to support business challenges with innovative practices, and promotes a close and empathic experience for employees in healthy work environments. Simultaneously, it allows for the development of integral employees, and creates teams that are diverse, efficient, and committed to the company's higher purpose.

- **We generate** spaces for exposure through participation in projects, commissions, internships, horizontal movement, international assignments, and mentoring for startups, suppliers, and cultural institutions.
- **We strengthen** our employees' well-being and quality of life through our Equilibrio Consciente (Conscious Balance) program that focuses on three pillars: financial, physical and mental. This allows us to achieve commitment to and pride in working for Grupo Empresarial Argos.

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

- Protect our reputation and investor confidence.
- Attract and retain human talent with key required skills.
- Guarantee the integrity of the technological platforms that ensure the integrity and continuity of our operations.

## Management Approach

**[103-2]** We act as a strategic partner for our employees, providing solutions and ensuring the best talent with practices that include:

- **Talent development for successful succession to critical positions in Grupo Empresarial Argos.**
- **Positioning as a great place to work** through culture appropriation initiatives, wellness and quality of life offers, and a competitive comprehensive compensation program.
- **We promote diversity, inclusion, and equal opportunities** for all people. This promotes improved decision-making and business development and growth.
- **We promote holistic development by providing training, scholarships, and sponsorships** to acquire necessary leadership, strategic communication, negotiation, impact and influence, diversity and inclusion skills, and strengthen technical and future skills.
- **Continuous feedback** through performance management, coaching, mentorship, care for human beings, and 360 review programs.

## Progress **[103-3, 404-1, 404-3]**

**93.6** hours of training per employee on average.

**94%** of leaders in senior management were reviewed using the 360-degree methodology.

We went from 762 hours to 2,786 hours of training on diversity and inclusion throughout the Corporate Group.

**100%** of employees received a performance evaluation and feedback on meeting objectives and adjusting competencies.

We contributed to gender equality and women's empowerment. We were highlighted worldwide on the Gender Equality Index promoted by *Bloomberg*, received the Equipares seal from the Ministry of Labor, and were recognized by the ACRIP (Colombian Human Management Federation, in Spanish) for good sustainable labor practices.

## Goals **[103-2]**

● Ongoing ● In progress ○ Not started

### Short Term (0 - 2 years)

- Increase the number of people in the mobility programme by 20%.
- Conclude the Diversity Multipliers program at Grupo Empresarial Argos.
- Consolidate the inclusive leadership model.
- Launch the mental health promotion and psychosocial risk management program.
- Maintain the commitment target at 94%, a very favorable level.

### Medium Term (2 - 5 years)

- Increase the percentage of women in senior management from 21% in 2017 to 31% in 2025 throughout the Corporate Group.
- Evaluate and adjust talent attraction and retention process considering the future of work and the fourth industrial revolution.
- Become consolidated as one of the best companies to work for according to recognized employer brand rankings.

### Long Term (5 years or more)

- Achieve a score of 90 or more on the diversity and inclusion dimension of the workplace climate survey.

## Challenges and Opportunities

**[103-3]** As a Business Group we operate in different contexts, sectors and geographical locations, which requires us to have: 1. Cross-cutting leadership models to facilitate decision-making, talent mobility, and the achievement of the higher purpose. 2. Talent programs adapted to new realities and ways of working. 3. Ensure the availability of diverse talent as regards origin, gender, and generations.

## Milestones **[103-2, 103-3, 405-1 GA-VS03]**

### Health, life, and well-being

- **99% of employees in Colombia vaccinated, with contractors and family members included in the vaccination strategy.**
- **100% of employees participated** in at least one activity offered by the Equilibrio Consciente program.
- **We defined voluntary return-to-office models** to guarantee flexibility and a work/life balance.
- **80% of employees voluntarily returned to the office**, strengthening the cultural appropriation process.

### Culture and work environment

- **We scored 89% in work climate**, 94% in commitment, and 90% in cultural appropriation.
- **100% of employees participate** in our variable compensation system.

### Talent Development

- **We increased average training hours by 72%** compared to 2020.
- **The mobility program** (internships, horizontal movement, assignments, and projects) had 400 participants, 10% of the management-level staff.
- **With our Creamos Valor Social program** we generated over 1,047 volunteer hours and supported 300 startups, suppliers, and cultural entities.

- **More than 207,000 CVs** uploaded to our job portal. We provided feedback to 100% of candidates that participated in selection processes.

### Diversity

- **Our Multiplicadores de Diversidad program** ended with participation from 108 people in 9 countries and an 88% recommendation rate. We now have agents of change that will strengthen our diversity and inclusion strategy and management in all the countries where we have a presence.
- **We promoted open conversations** around topics of diversity and inclusion with focus groups, diversity committee training, surveys, diversity interviews, and gatherings to foster an inclusive culture and leadership.
- **We increased the number of women** in talent matrices from 41% in 2020 to 43% in 2021.
- **Shortlists with women in selection processes** grew from 29% to 36% over the last year.

### We prepare the Corporate Group's future leadership

- **We updated 100%** of the Corporate Group's succession matrices for critical positions, accompanied development plans for 100% of successors to critical positions, and increased their readiness level from 54% in 2020 to 71% in 2021.

# Grupo Empresarial Argos Materiality

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

Our role in Grupo Argos is that of an active strategic architect, leading, accompanying, and monitoring the Corporate Group's overall sustainability model, with a broad view of trends and risks, and promoting goal- and objective-setting amongst our strategic businesses and portfolio investments.

This role is materialized 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 vice-presidents responsible for this topic in each of the Corporate Group's companies, and the Sustainability Synergy Table integrated by teams from Grupo Argos and all its businesses.

For meeting their goals, each company has an individual action plan that includes goal setting and performance measurements that reflect their contribution to the commitments defined in our policy and respond to relevant ESG issues to promote responsible operations.

To learn more about the indicators in this chapter and their management visit:  
[www.argos.co](http://www.argos.co),  
[www.celsia.com](http://www.celsia.com),  
[www.odinsa.com](http://www.odinsa.com)

Forward Vision  
Operations Nucleus  
Valle del Cauca



Comayagua Plant Cementos Argos Honduras



## Environmental

### 1. Climate change

We have a cross-cutting Climate Change strategy with actions to mitigate and offset the Corporate Group's carbon footprint and to promote actions to adapt our businesses to the effects of climate change. This intends to drive a transition to a low-carbon economy and fulfill our business's 2030 climate goals.

|305-4|

2030 Target:

**46%**

reduction in the intensity of direct and indirect CO<sub>2</sub>e emissions per /million in COP revenues  
**2018 baseline**

**2021 Progress**  
17% tCO<sub>2</sub>e/M in revenues in COP

|305-5|

2030 Target:

**37%**

reduction in absolute direct and indirect CO<sub>2</sub>e emissions  
**2015 baseline**

**2021 Progress**  
23% of tCO<sub>2</sub>e emissions

**ODINSA**

**2030 GOAL**

Reduce t absolute CO<sub>2</sub> (sc. 1 & 2) by 68%

**2021 Progress**

61% absolute t CO<sub>2</sub> (sc 1 & 2)

ODINSA uses the shareholding method to define its SBTi

**CEMENTOS**

**2030 GOAL**

523 kg CO<sub>2</sub>/t cementitious material

**2021 Progress**

635 kg CO<sub>2</sub>/t cementitious material

**CELSIA**

**2025 GOAL**

Reduce t CO<sub>2</sub>/GWh by 25%  
**2015 baseline**

**2021 Progress**

89% in t CO<sub>2</sub>/GWh (equivalent to 41 t CO<sub>2</sub>/GWh)

## 2. Water and ecosystems

As a Corporate Group, we acknowledge the need to protect water sources as key elements of the ecosystems where we operate and as a valuable resource for our operations and for the communities in our areas of influence. We have therefore defined Corporate Group-level goals for reducing water consumption, caring for water sources, and planting trees as a fundamental element aligned with these objectives. The latter is understood as a key initiative within our Nature-Based Solutions.

### Tree planting

**2030 Goal: Plant**

**25 million**

native trees.

**2021 Progress**

11.4 million native trees planted

**2016 Baseline**

|303-5, GA-VS01|

### Water

**2025 Target:**

**50%**

reduction in water consumption in m<sup>3</sup>/million in COP revenue

**2021 Progress**

65% reduction in water consumption in m<sup>3</sup>/million in COP revenue. **2015 baseline**

#### ODINSA

**2021 Progress**

5% reduction in water consumption compared to the previous year, equivalent to 16,130 m<sup>3</sup> across all concessions.

#### CEMENTOS

**2030 GOAL**

245 l/ton and 216 l/m<sup>3</sup> of water consumed in cement and concrete, respectively, by 2030

**2021 Progress**

236 l/ton and 257 l/m<sup>3</sup> of water consumed in cement and concrete, respectively

#### CELSIA

**2021 GOAL**

Optimize 124 million m<sup>3</sup> of water in hydraulic generation between 2016 and 2021

**2021 Progress**

237.3 million m<sup>3</sup> of water was optimized as a result of efficiency in hydroelectric generation.

|GA-VS02|

### Ecosystems

Care of water sources

**2025 Target: Care for**

**100%**

of water supply sources classified as high risk **2018 baseline**

**2021 Progress**

100% of water sources cared for

#### ODINSA

**2025 GOAL**

Implement strategic ecosystem protection strategies in five concessions and in all projects by 2030.

**2021 Progress**

Strategic ecosystem protection strategies implemented in 4 concessions.

#### CEMENTOS

**2030 GOAL**

85% of quarries in areas of high biodiversity value have a Management Plan.

90% of released areas from quarries will be rehabilitated.

**2021 Progress**

74% of quarries in areas of high biodiversity value have a Management Plan.

77.4% of released areas from quarries will be rehabilitated.

#### CELSIA

**2025 GOAL**

Plant 10 million trees with the ReverdeC program.

**2021 Progress**

8.8 million trees planted with the ReverdeC program, 3 million of which were planted in 2021.

## Social

### 3. Talent and Culture

Our strategy aims to attract, develop, and retain the best talent, emphasizing capacity building to promote mobility, meeting business needs in a timely manner, and guaranteeing successful successions. This enables development of inclusive leaders capable of inspiring diverse teams to leverage our Corporate Group's business strategy and work towards a common purpose that allows us to transcend, inspire, engage and operate under common principles of integrity.



|405-1|

### Gender Diversity

**2030 Goal:**

**35%**

participation by women in senior management

**2021 Progress**

21.7% participation by women in senior management

#### ODINSA

**2025 GOAL**

31% of women in leadership positions.

**2021 Progress**

24.1% of women in management positions and 31.8% of women at the director level.



#### CEMENTOS

**2030 GOAL**

35% of women in leadership positions.

**2021 Progress**

30.3% of women in leadership positions.



#### CELSIA

**2025 GOAL**

Women as 35% of our total workforce, in managerial positions and junior managerial positions.

**2021 Progress**

Our female workforce grew 6.7%.

Cementos Argos Employees Honduras

### 4. Health and Safety

|403-9| We are committed to protecting and promoting the health, safety, and well-being of our employees and contractors so they remain safe and healthy. Our goal is to achieve zero fatalities, which is why we constantly challenge ourselves to continuously improve our frequency (FI) and severity (SI) indices.

#### GRUPO ARGOS

**2021 Progress**

Fatalities: 0 employees 0 contractors

FI: 4.5 employees 4.36 contractors

SI: 0 employees 16,3 contractors

#### ODINSA

**2021 Progress**

Fatalities: 0 employees 0 contractors

FI: 11.1 employees 12.4 contractors

SI: 145.1 employees 126.8 contractors

#### CEMENTOS

**2021 Progress**

Fatalities: 0 employees 0 contractors

FI: 1.2 employees 0.6 contractors

SI: 33.9 employees 6,9 contractors

#### CELSIA

**2021 Progress**

Fatalities: 0 collaborators 6 contractors

FI: 2.1 employees 10.3 contractors

SI: 10.8 employees 2.050,3 contractors

Alto Anchicayá Hydroelectric Power Plant  
Valle del Cauca



## Governance

### 5. Corporate Governance

Grupo Argos's corporate governance framework can be found in the Code of Good Governance, which is a guide for the proper management of our businesses, where we define the rules and principles that must be observed by management and employees.

This governance guide regulates shareholder and investor relations, guarantees the equal treatment of shareholders in the same class, contains the rules of operation for the Shareholders' Meeting and the Board of Directors, and defines a framework for the provision of clear, truthful, timely and sufficient information to the stock market on all the company's material topics.

Additionally, the Grupo Empresarial Argos Affiliated Companies Relationship Policy contains an explicit declaration of the unified purpose that must guide the economic, legal, administrative and operational relations and actions of all the companies that make up the Group, their directors, managers, and employees. The intent of the above is always to strengthen the business value, preserve the corporate reputation, consolidate the organization's identity, and unify its criteria.

**Ongoing goal:**  
To be recognized by the Colombian Stock Exchange's Investor Relations seal for adopting best practices related to information disclosure and investor relations.

**2021 Progress:**  
Grupo Argos: 9th year  
Cement: 7th year  
Energy: 9th year  
Concessions: 7th year



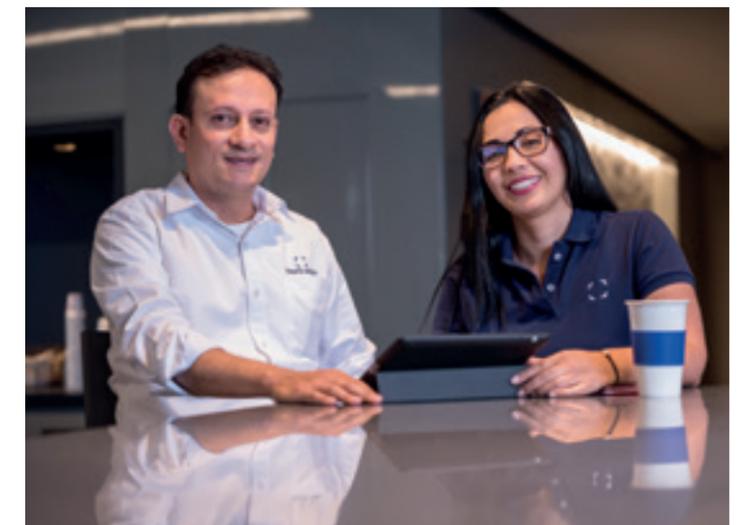
### 6. Ethics, Conduct, and Transparency

We do business within a framework of ethics, conduct, and transparency, and these elements are the foundation for decisions made, to fulfill the business strategy and to ensure integrity as a principle for action.

We have zero tolerance for fraud, bribery, and corruption, and, in this regard, our Code of Conduct is our guide for integrity-based behavior, understood as responsible, honest, upright, serious, transparent actions, subject to the law and to our internal policies.

**[206-1]** This code applies to all companies in the Corporate Group and encourages companies with which we enter into joint ventures to adopt codes of conduct with equivalent standards.

In terms of competition, we define a framework for action for our strategic businesses and make sure they have antitrust policies that regulate their participation in the markets where they operate.



Grupo Argos's Employees  
Antioquia

**[205-1]**

**Ongoing goal:**

**100%**

of our businesses and operations assessed for corruption-related risks

**2021 Progress**

100% of businesses and operations assessed

**[205-2]**

**Ongoing goal:**

**100%**

of our middle and senior Corporate Group management employees will complete all three mechanisms of the Compliance System

**GRUPO ARGOS**

**2021 Progress**  
100% of employees completed the Conflict of Interest Statement.

100% of employees completed the Annual Conduct Course.

100% of employees completed the Assets and Income Declaration.

**ODINSA**

**2021 Progress**  
94% of employees completed the Conflict of Interest Statement.

98% of employees completed the Annual Conduct Course.

100% of employees completed the Assets and Income Declaration.

**CEMENTOS**

**2021 Progress**  
71% of employees completed the Conflict of Interest Statement.

72% of employees completed the Annual Conduct Course.

52% of employees completed the Assets and Income Declaration.

**CELSIA**

**2021 Progress**  
76% of employees completed the Conflict of Interest Statement.

100% of employees completed the Annual Conduct Course.

100% of employees completed the Assets and Income Declaration.

# Separate Financial Statements

# 05



## Grupo Argos S.A.

Separated statement  
of financial position

As at December 31, | In millions of Colombian pesos

	Notes	2021	2020
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	6	16,237	24,148
Derivative financial instruments		3,000	-
Trade and other receivables	8	160,230	302,429
Inventories, net	9	200,354	248,887
Tax assets	10	39,821	27,787
Prepaid expenses and other non-financial assets	12	5,631	5,026
<b>TOTAL CURRENT ASSETS</b>		<b>425,273</b>	<b>608,277</b>
<b>NON-CURRENT ASSETS</b>			
Trade and other receivables	8	151,250	32,062
Right-of-use assetst	20	6,723	8,777
Intangibles assets, net	13	76,020	91,296
Property, plant and equipment, net	14	1,806	856
Investment property	15	2,123,104	2,108,885
Investments in associates and joint ventures	16	5,285,646	5,278,733
Investments in subsidiaries	17	9,562,131	8,549,998
Other financial assets	11	1,313,006	1,105,896
Prepaid expenses and other non-financial assets	12	7,134	6,694
<b>TOTAL NON-CURRENT ASSETS</b>		<b>18,526,820</b>	<b>17,183,197</b>
<b>TOTAL ASSETS</b>		<b>18,952,093</b>	<b>17,791,474</b>

## Grupo Argos S.A.

Separated statement  
of financial position

As at December 31, | In millions of Colombian pesos

	Notes	2021	2020
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Borrowings	19	2,556	237
Lease liabilities	20	2,053	1,720
Employee benefit liabilities	21	12,510	13,522
Provisions	22	5,005	253
Trade and other payables	23	11,274	94,586
Tax liabilities	10	15,683	7,453
Derivative financial instruments	7	726	-
Bonds and compound financial instruments	24	95,117	535
Other non-financial liabilities	25	109,056	57,883
<b>TOTAL CURRENT LIABILITIES</b>		<b>253,980</b>	<b>176,189</b>
<b>NON-CURRENT LIABILITIES</b>			
Borrowings	19	392,281	479,768
Lease liabilities	20	4,679	6,763
Deferred tax liabilities	10	185,302	207,369
Employee benefit liabilities	21	2,122	2,760
Derivative financial instruments	7	921	-
Bonds and compound financial instruments	24	1,003,177	1,125,849
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>1,588,482</b>	<b>1,822,509</b>
<b>TOTAL LIABILITIES</b>		<b>1,842,462</b>	<b>1,998,698</b>
<b>EQUITY</b>			
Share capital	26	54,697	53,933
Share premium	26	1,503,373	1,354,759
Retained earnings		8,588,287	8,675,833
Reserves	27	3,339,623	3,673,583
Profit (loss) for the period		336,205	(59,123)
Other components of equity	28	275,290	301,186
Other comprehensive income	27	3,012,156	1,792,605
<b>TOTAL EQUITY</b>		<b>17,109,631</b>	<b>15,792,776</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>18,952,093</b>	<b>17,791,474</b>

The accompanying notes are an integral part of these separate financial statements.

Original version issued  
in Spanish and signed by  
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CEO | Legal Representative  
(See attached certification)

Original version issued  
in Spanish and signed by  
**Claudia Patricia Alvarez Agudelo**  
Accountant | Registration No. 69447-T  
(See attached certification)

Original version issued  
in Spanish and signed by  
**Gonzalo Alonso Ochoa Ruiz**  
Statutory Auditor | Registration No. 43668-T  
Member of KPMG S.A.S.  
(See report from February 23, 2022)

## Grupo Argos S.A.

# Separated Statement of Profit or Loss

Years ending as at December 31 | In millions of Colombian pesos

	Notes	2021	2020
Revenue from financial activities	30	111,239	148,087
Revenue from real estate business	30	238,484	142,144
Share of profit (loss), net of subsidiaries	30	303,037	(33,924)
<b>TOTAL REVENUE FROM ORDINARY ACTIVITIES</b>	<b>30</b>	<b>652,760</b>	<b>256,307</b>
Cost of ordinary activities	31	(103,496)	(55,103)
<b>GROSS PROFIT</b>		<b>549,264</b>	<b>201,204</b>
Administrative expenses	32	(134,521)	(127,478)
Selling expenses	33	(1,669)	(1,144)
<b>STRUCTURE EXPENSES</b>		<b>(136,190)</b>	<b>(128,622)</b>
Other expenses, net	35	(10,701)	(7,877)
<b>PROFIT FROM OPERATING ACTIVITIES</b>		<b>402,373</b>	<b>64,705</b>
Finance income	36	14,179	51
Finance costs	36	(105,336)	(102,729)
Foreign exchange difference, net	36	(1,307)	(92)
<b>PROFIT (LOSS) BEFORE TAX</b>		<b>309,909</b>	<b>(38,065)</b>
Income tax	10	26,296	(21,058)
<b>PROFIT (LOSS) FOR THE PERIOD</b>		<b>336,205</b>	<b>(59,123)</b>
<b>EARNINGS (LOSSES) PER SHARE FROM CONTINUING OPERATIONS (*)</b>			
Attributable to shareholders			
Basic	37	388	(69)
Diluted	37	388	(69)

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(\*) Figures expressed in Colombian pesos.

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## Grupo Argos S.A.

# Separated Statement of Other Comprehensive Income

Years ended as at December 31 | In millions of Colombian pesos

	Notes	2021	2020
<b>PROFIT (LOSS) FOR THE PERIOD</b>		<b>336,205</b>	<b>(59,123)</b>
<b>ITEMS THAT WILL NOT BE RECLASSIFIED SUBSEQUENTLY TO PROFIT OR LOSS</b>	<b>27.2</b>	<b>344,743</b>	<b>(181,465)</b>
Gain (loss) on equity investments		232,702	(58,091)
Deferred tax on equity investments		(2,581)	(7)
Remeasurements of employee defined benefit liabilities		3,347	882
Net share in other comprehensive income of subsidiaries		111,275	(124,249)
<b>ITEMS THAT WILL BE RECLASSIFIED SUBSEQUENTLY TO PROFIT OR LOSS</b>	<b>27.2</b>	<b>901,754</b>	<b>218,063</b>
Net gains from instruments under cash flow hedges		1,059	46
Deferred tax on cash flow hedges		(474)	(13)
Net share in other comprehensive income of subsidiaries		901,169	218,030
<b>OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX</b>	<b>27.2</b>	<b>1,246,497</b>	<b>36,598</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>		<b>1,582,702</b>	<b>(22,525)</b>

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# Separated statement of changes in equity

Years ending as at December 31 In millions of Colombian pesos	Notes	Share capital and share premium	Legal reserve	Other reserves	Other compre. income	Retained earnings	Profit (loss) for the period	Other components of equity	Total Equity
<b>BALANCE DISCLOSED AS AT DEC. 31, 2019</b>	<b>26 - 28</b>	<b>1,408,692</b>	<b>29,665</b>	<b>3,483,496</b>	<b>1,765,469</b>	<b>9,184,187</b>	<b>-</b>	<b>301,188</b>	<b>16,172,697</b>
Accumulated effect of the adoption of new standards recognized under the equity method	3.1.2	-	-	-	-	(35,077)	-	-	(35,077)
<b>Adjusted Balance as at 1 January 2020</b>	<b>26 - 28</b>	<b>1,408,692</b>	<b>29,665</b>	<b>3,483,496</b>	<b>1,765,469</b>	<b>9,149,110</b>	<b>-</b>	<b>301,188</b>	<b>16,137,620</b>
Loss for the period		-	-	-	-	(59,123)	-	-	(59,123)
Other comprehensive income for the period, net of tax		-	-	-	36,598	-	-	-	36,598
<b>Total comprehensive income for the period 2020</b>					<b>36,598</b>		<b>(59,123)</b>		<b>(22,525)</b>
Ordinary dividends declared in cash		-	-	-	-	(242,670)	-	-	(242,670)
Preferred dividends declared in cash		-	-	-	-	(79,647)	-	-	(79,647)
Constitution of reserves		-	-	166,922	-	(166,922)	-	-	-
Release of reserves		-	-	(6,500)	-	6,500	-	-	-
Transfers to retained earnings		-	-	-	(9,462)	9,462	-	-	-
Other variations		-	-	-	-	-	-	(2)	(2)
<b>BALANCE AS AT DECEMBER 31, 2020</b>	<b>26 - 28</b>	<b>1,408,692</b>	<b>29,665</b>	<b>3,643,918</b>	<b>1,792,605</b>	<b>8,675,833</b>	<b>(59,123)</b>	<b>301,186</b>	<b>15,792,776</b>
<b>DISCLOSED BALANCE AS AT DEC. 31, 2020</b>	<b>26 - 28</b>	<b>1,408,692</b>	<b>29,665</b>	<b>3,643,918</b>	<b>1,792,605</b>	<b>8,675,833</b>	<b>(59,123)</b>	<b>301,186</b>	<b>15,792,776</b>
<b>ADJUSTED BALANCE AS AT JANUARY 1, 2021</b>	<b>26 - 28</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>-</b>	<b>301,186</b>	<b>15,792,776</b>
Profit for the period		-	-	-	-	336,205	-	-	336,205
Other comprehensive income for the period, net of tax		-	-	-	1,246,497	-	-	-	1,246,497
<b>TOTAL COMP. INCOME FOR THE PERIOD 2021</b>					<b>1,246,497</b>		<b>336,205</b>		<b>1,582,702</b>
Ordinary dividends declared in cash		-	-	-	-	(97,165)	-	-	(97,165)
Preferred dividends declared in cash		-	-	-	-	(80,918)	-	-	(80,918)
Ordinary share dividends declared		149,378	-	-	-	(149,378)	-	-	-
Constitution of reserves		-	-	6,500	-	(6,500)	-	-	-
Release of reserves		-	-	(340,460)	-	340,460	-	-	-
Transfers to retained earnings		-	-	-	(26,946)	26,946	-	-	-
Effect of change in income tax rate in Colombia		-	-	-	-	(60,636)	-	-	(60,636)
Other variations		-	-	-	-	(1,232)	-	(25,896)	(27,128)
<b>BALANCE AS AT DECEMBER 31, 2021</b>	<b>26 - 28</b>	<b>1,558,070</b>	<b>29,665</b>	<b>3,309,958</b>	<b>3,012,156</b>	<b>8,588,287</b>	<b>336,205</b>	<b>275,290</b>	<b>17,109,631</b>

The accompanying notes are an integral part of these separate financial statements.

Original version issued  
in Spanish and signed by  
**Jorge Mario Velásquez Jaramillo**  
CEO | Legal Representative  
(See attached certification)

Original version issued  
in Spanish and signed by  
**Claudia Patricia Alvarez Agudelo**  
Accountant | Registration No. 69447-T  
(See attached certification)

Original version issued  
in Spanish and signed by  
**Gonzalo Alonso Ochoa Ruiz**  
Statutory Auditor | Registration No. 43668-T  
Member of KPMG S.A.S.  
(See report from February 23, 2022)

## Grupo Argos S.A.

# Separated Statement of Cash Flows

Years ended as at December 31 | In millions of Colombian pesos

	Notes	2021	2020
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>PROFIT (LOSS) FOR THE PERIOD</b>		<b>336,205</b>	<b>(59,123)</b>
Adjustments for:			
Dividend and interest income	30	(130,473)	(122,786)
Income tax recognized through profit or loss	10	(26,296)	21,058
Share of profit (loss), net of subsidiaries	30	(303,037)	33,924
Finance costs, net recognized through profit or loss		91,157	92,486
Expenses recognized in respect to employee benefits and provisions		4,840	150
Gain on disposal of non-current assets		(55)	(12,561)
Gain on fair value measurement	30	(74,275)	(66,646)
Depreciation and amortization of non-current assets		17,486	18,378
Impairment (reversal) losses, net of financial assets		231	(52)
Impairment losses, net of non-current assets and inventory		-	1,165
Foreign exchange gains and losses on financial instruments recognized through profit or loss	36	1,307	64
Other adjustments		(10,424)	(5,065)
		<b>(93,334)</b>	<b>(99,008)</b>
<b>CHANGES IN WORKING CAPITAL FOR:</b>			
Trade and other receivables		(34,742)	(5,120)
Inventories		105,311	11,783
Other assets		333	(7,346)
Trade and other payables		(3,629)	(9,491)
Provisions		(139)	-
Other liabilities		29,222	3,974
<b>CASH GENERATED (USED) FROM OPERATING ACTIVITIES</b>		<b>3,022</b>	<b>(105,208)</b>
Dividends received		422,774	407,091
Income taxes, (paid) reimbursed		(5,260)	29,695
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>		<b>420,536</b>	<b>331,578</b>

## Grupo Argos S.A.

# Separated Statement of Cash Flows

Years ended as at December 31 | In millions of Colombian pesos

	Notes	2021	2020
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Financial interest received		4,516	13,036
Acquisition of property, plant and equipment		(1,201)	(301)
Proceeds from sale of plant and equipment		260	40
Acquisition of investment property		(16,696)	(2,136)
Proceeds from sale of investment property		3,502	10,723
Acquisition of interests in subsidiaries		(492)	(4,582)
Proceeds from sale of interests in subsidiaries		-	3,712
Acquisition of interests in associates and joint ventures		(7,054)	-
Proceeds from sale of investments in associates and joint ventures		1,148	36,422
Acquisition of financial assets		(318)	(793)
Proceeds from sale of financial assets		23,635	6,262
Payments for financial derivative arrangements		-	(10,882)
Loans granted to third parties		(22,085)	(1,490)
Contribution refunds		53,737	188
<b>CASH FLOWS GENERATED FROM INVESTING ACTIVITIES</b>		<b>38,952</b>	<b>50,199</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Issue of bonds		-	7,979
Payment of bonds and commercial papers		(31,716)	(433)
Increase of other financing instruments		327,800	203,703
Payment of other financing instruments		(417,302)	(150,462)
Payment of lease liabilities		(1,706)	(1,860)
Collections from financial derivative arrangements with financial liability hedging		1,322	-
Payments from financial derivative arrangements with financial liability hedging		-	(227)
Dividends paid on ordinary shares		(167,445)	(238,694)
Dividends paid on preferred shares		(90,674)	(77,424)
Interest paid		(87,665)	(101,877)
Other cash (outflows) inflows		(617)	135
<b>NET CASH FLOW USED IN FINANCING ACTIVITIES</b>		<b>(468,003)</b>	<b>(359,160)</b>
<b>NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS</b>			
Cash and cash equivalents at the beginning of the period		24,148	1,729
Effect of exchange rate changes on cash and cash equivalents held in foreign currencies		604	(198)
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	<b>6</b>	<b>16,237</b>	<b>24,148</b>

The accompanying notes are an integral part of these separate financial statements.

Original version issued  
in Spanish and signed by  
**Jorge Mario Velásquez Jaramillo**  
CEO | Legal Representative  
(See attached certification)

Original version issued  
in Spanish and signed by  
**Claudia Patricia Alvarez Agudelo**  
Accountant | Registration No. 69447-T  
(See attached certification)

Original version issued  
in Spanish and signed by  
**Gonzalo Alonso Ochoa Ruiz**  
Statutory Auditor | Registration No. 43668-T  
Member of KPMG S.A.S.  
(See report from February 23, 2022)

## Certification of the Legal Representative of the Company

Medellin, 23 February 2022

### 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 2021 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.

Original version issued in Spanish and signed by  
**Jorge Mario Velásquez Jaramillo**  
CEO | Legal Representative  
(See attached certification)

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

Medellin, 23 February 2022

### 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 2021 and 2020, before making them available to you and third parties, the following statements contained therein have been verified:

- Assets and liabilities included in the Company's financial statements as at 31 December 2021 and 2020 exist and all transactions included in said statements have been made during the years ended on those dates.
- The economic events completed by the Company during the years ended 31 December 2021 and 2020 have been recognized in the financial statements.
- 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 2021 and 2020.
- All items have been recognized at their appropriate values in accordance with the Accounting and Financial Reporting Standards accepted in Colombia.
- All economic events affecting the Company have been correctly classified, described and disclosed in the financial statements.

Original version issued  
in Spanish and signed by  
**Jorge Mario Velásquez Jaramillo**  
CEO | Legal Representative  
(See attached certification)

Original version issued  
in Spanish and signed by  
**Claudia Patricia Alvarez Agudelo**  
Accountant | Registration No. 69447-T  
(See attached certification)



**(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, 2021 and the separate statements of income, 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 faithfully taken from the books and attached to this report, present fairly, in all material respects, the separate financial position of the Company as of December 31 of 2021, 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 uniformly with the previous year, except for the one-time application as of December 31, 2021 of the voluntary exemption allowed by Decree 1311 of 2021 Accounting alternative to mitigate the effects of the income tax rate change in the 2021 taxable period.

**Basis for Opinion**

I conducted my audit in accordance with International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the *Auditors' 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.



**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, 2021 includes investments in subsidiaries and a significant associate of \$13,932,967 million COP, representing 74% 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 value of the investments, based on the impairment tests of the different cash-generating units in the context of the audit of the consolidated 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>



**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, 2021 includes a significant amount of investment properties of \$2,123,104 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 Management, of the appraisals performed by external professionals with expertise in real estate valuation hired by the Company.</li> <li>• Evaluation of the competence and capacity of the external professionals hired 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 hired 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 separate financial statements as at and for the year ended December 31, 2020 are presented solely for comparative purposes. They were audited by another public accountant, a member of KPMG S.A.S. who in his report dated February 24, 2021 expressed an unqualified opinion thereon.



**Other Information**

The administration is responsible for the other information. The other information includes 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 Other legal and regulatory requirements section, in accordance with the provisions of Article 38 of Law 222 of 1995.

My opinion on the separate financial statements does not cover the other information and I do not express any 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 consolidated financial statements or my knowledge obtained in the audit, or whether in any way, there appears to be a material misstatement.

If, based on the work I have performed, I conclude that there is a material error in this other information, I am required to report this fact. I have nothing to report in this regard.

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

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.

**Auditors' 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 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 Company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my 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.
- I obtain sufficient appropriate audit evidence regarding the financial information of the Entities or business activities within the Group to express an opinion on the 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.

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 2021:

- 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 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 self-assessment statements of contributions to the Comprehensive Social Security System, particularly that related to affiliates and their contribution base income, has been taken from the accounting records and supports. The Company is not in arrears for contributions to the Comprehensive Social Security System.



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 Partnership's administrators are in accordance with the bylaws and the orders or instructions of the Shareholders' Meeting and whether there are adequate measures of internal control, conservation and custody of the Partnership's assets or those of third parties in its possession, I issued a separate report dated February 23, 2022.

(Original signed in Spanish)  
Gonzalo Alonso Ochoa Ruiz  
Statutory Auditor of Grupo Argos S.A.  
Registration 43688 - T  
Member of KPMG S.A.S.

February 23, 2022



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

To the Shareholders  
Grupo Argos S.A.:

**Main matter description**

As part of my duties as Statutory Auditor and in compliance with Articles 1.2.1.2 and 1.2.1.5 of Single Regulatory Decree 2420 of 2015, amended by Articles 4 and 5 of Decree 2496 of 2015, respectively, I must report on compliance with numerals 1) and 3) of Article 209 of the Code of Commerce, detailed as follows, by Grupo Argos S.A. hereinafter "the Society" as of December 31, 2021, as a conclusion of independent reasonable assurance, that the management performance has complied with the statutory and the General Shareholders' Meeting provisions and that there are adequate internal control measures, in all material aspects, in accordance with the criteria indicated in the paragraph called Criteria of this report:

1) If the Company's management performance is in conformity with the bylaws and the instructions or decisions of the General Shareholders' Meeting, and

3º) If there are and are adequate the measures of internal control, maintenance and custody of the Company's assets or third parties' assets in its possession.

**Responsibility of Management**

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

**Statutory Auditor's responsibility**

My responsibility is to examine whether the Society's management performance conforms to the bylaws and the General Shareholders' Meeting's decisions and if there are and are adequate the internal control, maintenance and custody measures of the Society's assets or third parties' assets in its possession and report thereon expressing an independent reasonable security conclusion based on the evidence obtained. I performed my procedures in accordance with the International Standard on Assurance Engagements 3000 accepted in Colombia (ISAE 3000, which was issued by the International Auditing and Assurance Standards Board (IAASB – Translated into Spanish in 2018). Such standard requires that I plan and perform the procedures necessary to obtain reasonable assurance about



compliance with the bylaws and the General Shareholders' Meeting decisions and whether there are and are adequate the measures of internal control, including the Integrated System for Prevention and Control of Money Laundering and Terrorism Financing , and maintenance and custody measures of the Society's assets and third parties' assets that are in its possession, in accordance with the requirements of the internal control system implemented by management, in all material aspects.

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

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

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

This reasonable assurance engagement includes obtaining evidence for the year ending December 31, 2021. Procedures include:

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



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

#### **Inherent limitations**

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

#### **Criteria**

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

#### **Conclusion**

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

In my opinion, the management performance conforms to the bylaws and the General Shareholders' Meeting's decisions and the measures of internal control, including the Integrated System for Prevention and Control of Money Laundering and Terrorism Financing, and conservation and custody measures of the Society's assets or third parties' assets in its possession are adequate, in all material aspects, in accordance with the requirements of the internal control system implemented by management.

(Original signed in Spanish)  
Gonzalo Alonso Ochoa Ruiz  
Statutory Auditor of Grupo Argos S.A.  
Registration 43688 - T  
Member of KPMG S.A.S.

February 23, 2022

# Reporting under Code of Commerce, Article 446

	<b>2021</b>
<b>1. EXPENSES IN FAVOR OF MANAGEMENT PERSONNEL</b>	<b>26,726,830,559</b>
1.1. Salaries, security payments and other expenses	25,518,870,585
1.2. Representation expenses	322,959,974
1.3. Board of Directors professional fees	885,000,000
<b>2. PROFESSIONAL FEES PAID TO ADVISORS AND MANAGERS</b>	<b>9,013,548,993</b>
2.1. Technical consultancies	5,131,952,383
2.2. Legal counsel	3,284,850,708
2.3. Financial consultancies	596,745,902
<b>3. TRANSFERS FREE OF CHARGE</b>	<b>6,660,518,644</b>
<b>4. ADVERTISING AND PUBLICITY EXPENSES</b>	<b>3,222,545,254</b>
<b>5. PUBLIC RELATIONS EXPENSES</b>	<b>1,341,312,713</b>
<b>6. INVESTMENTS AND ASSETS ABROAD</b>	<b>77,864,623,471</b>
6.1. Assets abroad	23,267,770
6.2. Investments in foreign companies	77,841,355,701
<b>7. INVESTMENTS IN DOMESTIC COMPANIES</b>	<b>16,082,940,738,455</b>
7.1. Investments in subsidiaries	9,499,982,603,800
7.2. Investments in joint ventures and associates	5,285,645,307,899
7.3. Other investments	1,297,312,826,756
<b>8. LIABILITIES IN FOREIGN CURRENCY</b>	<b>62,982,291</b>

# Consolidated Financial Statements

# 06



## Grupo Argos S.A. and subsidiaries

Consolidated Statement  
of Financial Position

As at 31 December | In millions of Colombian pesos

	Notes	2021	2020
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	6	2,683,143	2,701,096
Derivative financial instruments	7	20,856	6,354
Trade and other receivables	8	2,474,445	2,050,392
Inventories, net	9	1,376,345	1,237,080
Tax assets	10	272,079	205,495
Biological assets	20	4,312	5,634
Other financial assets	11	869,849	-
Prepaid expenses and other non-financial assets	12	229,924	212,046
<b>CURRENT ASSETS</b>		<b>7,930,953</b>	<b>6,418,097</b>
Non-current assets held for sale	13	58,304	247,954
<b>TOTAL CURRENT ASSETS</b>		<b>7,989,257</b>	<b>6,666,051</b>
<b>NON-CURRENT ASSETS</b>			
Trade and other receivables	8	867,991	2,828,008
Goodwill	14	3,211,125	3,139,063
Right-of-use assets	22	704,186	813,037
Intangible assets, net	15	4,219,758	4,574,574
Property, plant and equipment, net	16	21,057,939	19,659,963
Investment property	17	2,352,836	2,280,815
Investments in associates and joint ventures	18	10,002,820	9,029,377
Derivative financial instruments	7	15,974	-
Deferred tax assets	10	400,299	388,664
Biological assets	20	56,866	53,721
Other financial assets	11	1,587,347	1,234,403
Prepaid expenses and other non-financial assets	12	122,946	105,891
<b>TOTAL NON-CURRENT ASSETS</b>		<b>44,600,087</b>	<b>44,107,516</b>
<b>TOTAL ASSETS</b>		<b>52,589,344</b>	<b>50,773,567</b>

## Grupo Argos S.A. and subsidiaries

Consolidated Statement  
of Financial Position

As at December 31, | In millions of Colombian pesos

	Notes	2021	2020
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Borrowings	21	2,628,060	1,741,257
Lease liabilities	22	137,257	132,103
Employee benefit liabilities	23	290,224	208,396
Provisions	24	309,164	430,062
Trade and other payables	25	2,603,991	2,353,159
Tax liabilities	10	171,501	183,414
Derivative financial instruments	7	2,087	65,085
Bonds and compound financial instruments	26	1,126,948	643,567
Other financial liabilities		-	3,811
Other non-financial liabilities	27	487,959	407,731
<b>CURRENT LIABILITIES</b>		<b>7,757,191</b>	<b>6,168,585</b>
Liabilities associated with non-current assets held for sale	13	7,772	455,564
<b>TOTAL CURRENT LIABILITIES</b>		<b>7,764,963</b>	<b>6,624,149</b>
<b>NON-CURRENT LIABILITIES</b>			
Borrowings	21	4,038,878	5,386,230
Lease liabilities	22	628,449	685,001
Deferred tax liabilities	10	1,283,447	1,112,850
Employee benefit liabilities	23	362,307	445,591
Provisions	24	232,008	236,086
Trade and other payables	25	135,088	408,744
Derivative financial instruments	7	48,373	95,940
Bonds and compound financial instruments	26	8,678,684	8,974,024
Other non-financial liabilities	27	610,589	575,101
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>16,017,823</b>	<b>17,919,567</b>
<b>TOTAL LIABILITIES</b>		<b>23,782,786</b>	<b>24,543,716</b>

## Grupo Argos S.A. and subsidiaries

Consolidated Statement  
of Financial Position

As at 31 December | In millions of Colombian pesos

	Notes	2021	2020
<b>EQUITY</b>			
Share capital	28	54,697	53,933
Share premium	28	1,503,373	1,354,759
Retained earnings		9,083,552	9,218,462
Reserves	29	3,339,623	3,673,583
Profit (loss) for the period		589,799	(100,013)
Other components of equity	30	(111,432)	(143,779)
Other comprehensive income	29	3,996,628	2,591,296
<b>EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY</b>		<b>18,456,240</b>	<b>16,648,241</b>
Non-controlling interests	32	10,350,318	9,581,610
<b>TOTAL EQUITY</b>		<b>28,806,558</b>	<b>26,229,851</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>52,589,344</b>	<b>50,773,567</b>

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

Original version issued  
in Spanish and signed by  
**Jorge Mario Velásquez Jaramillo**  
CEO | Legal Representative  
(See attached certification)

Original version issued  
in Spanish and signed by  
**Claudia Patricia Alvarez Agudelo**  
Accountant | Registration No. 69447-T  
(See attached certification)

Original version issued  
in Spanish and signed by  
**Gonzalo Alonso Ochoa Ruiz**  
Statutory Auditor | Registration No. 43668-T  
Member of KPMG S.A.S.  
(See report from February 23, 2022)

## Grupo Argos S.A. and subsidiaries

Consolidated Statement  
of Profit or Loss

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

	Notes	2021	2020
Revenue	33	15,045,514	13,241,095
Interest income calculated using the effective interest method	33	208,712	209,887
Share of profit of associates and joint ventures	33	394,232	30,360
Other revenue	33	660,661	509,181
<b>TOTAL REVENUE</b>		<b>16,309,119</b>	<b>13,990,523</b>
Cost of ordinary activities	34	(11,848,313)	(10,631,924)
<b>GROSS PROFIT</b>		<b>4,460,806</b>	<b>3,358,599</b>
Administrative expenses	35	(1,490,786)	(1,425,248)
Selling expenses	36	(286,872)	(262,865)
<b>STRUCTURE EXPENSES</b>		<b>(1,777,658)</b>	<b>(1,688,113)</b>
Other expenses, net	37	(65,694)	(32,359)
<b>PROFIT FROM OPERATING ACTIVITIES</b>		<b>2,617,454</b>	<b>1,638,127</b>
Finance income	38	235,742	147,307
Finance costs	38	(1,224,391)	(1,385,739)
Foreign exchange difference, net	38	27,815	6,347
<b>PROFIT BEFORE TAX</b>		<b>1,656,620</b>	<b>406,042</b>
Income tax expense	10.3	(450,587)	(252,097)
<b>PROFIT FOR THE PERIOD</b>		<b>1,206,033</b>	<b>153,945</b>
Attributable to:			
<b>OWNERS OF THE COMPANY</b>		<b>589,799</b>	<b>(100,013)</b>
Non-controlling interests		616,234	253,958
<b>EARNINGS (LOSSES) PER SHARE FROM CONTINUING OPERATIONS (*)</b>			
Attributable to ordinary shareholders of the owner company:	39		
Basic (*)		681.32	(116.67)
Diluted (*)		681.32	(116.67)

(\*) Figures stated in Colombian pesos.

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## Grupo Argos S.A. and subsidiaries

# Consolidated Statement of Other Comprehensive Income

Years ended as at December 31 | In millions of Colombian pesos

	2021	2020
<b>PROFIT FOR THE PERIOD</b>	<b>1,206,033</b>	<b>153,945</b>
<b>ITEMS THAT WILL NOT BE RECLASSIFIED SUBSEQUENTLY TO PROFIT OR LOSS</b>	<b>323,094</b>	<b>(61,868)</b>
Gains (losses) on equity investments	237,317	(48,897)
Deferred tax on equity investments	(2,459)	(5)
Remeasurements of employee defined benefit liabilities	49,235	(22,525)
Deferred tax on remeasurements of defined benefit liabilities	(15,310)	5,231
Gains and losses due to property, plant and equipment revaluation	9,018	111
Deferred tax on property, plant and equipment revaluation	(2,372)	81
Share in associates and joint ventures, net	47,665	4,136
<b>ITEMS THAT WILL BE RECLASSIFIED SUBSEQUENTLY TO PROFIT OR LOSS</b>	<b>1,960,596</b>	<b>570,426</b>
Net gains from instruments under cash flow hedges	(72,577)	(54,147)
Deferred taxes on cash flow hedges	27,380	9,578
Exchange differences on translating foreign operations	1,577,864	506,825
Deferred tax on translating foreign operations	(1,399)	1,770
Share in associates and joint ventures, net	429,328	106,400
<b>OTHER COMPREHENSIVE INCOME, AFTER TAX</b>	<b>2,283,690</b>	<b>508,558</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>3,489,723</b>	<b>662,503</b>
Attributable to:		
<b>OWNERS OF THE COMPANY</b>	<b>2,022,077</b>	<b>150,807</b>
Non-controlling interests	1,467,646	511,696

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

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## Grupo Argos S.A. and subsidiaries

# Consolidated Statement of Changes in Equity

Years ended as at December 31  
In millions of Colombian pesos

	Share capital and share premium	Legal reserve	Other reserves	Other comprehensive income	Retained earnings and profit for the period	Other components of equity	Attributable to owners of the company	Non-controlling interests	Total Equity
<b>BALANCE DISCLOSED AS AT 31 DECEMBER 2019</b>	<b>1,408,692</b>	<b>29,665</b>	<b>3,483,496</b>	<b>2,364,976</b>	<b>9,711,599</b>	<b>(165,142)</b>	<b>16,833,286</b>	<b>9,656,971</b>	<b>26,490,257</b>
Accumulated effect of the adoption of new standards (Note 3.1.1)	-	-	-	-	(34,569)	-	(34,569)	(16,553)	(51,122)
Accumulated effect of the adoption of new standards by the share in associates and joint ventures.	-	-	-	-	(647)	-	(647)	(14)	(661)
<b>Adjusted balance as at 1 January 2020</b>	<b>1,408,692</b>	<b>29,665</b>	<b>3,483,496</b>	<b>2,364,976</b>	<b>9,676,383</b>	<b>(165,142)</b>	<b>16,798,070</b>	<b>9,640,404</b>	<b>26,438,474</b>
Profit (loss) the period	-	-	-	-	(100,013)	-	(100,013)	253,958	153,945
Other comprehensive income for the period, net of tax	-	-	-	250,820	-	-	250,820	257,738	508,558
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>250,820</b>	<b>(100,013)</b>	<b>-</b>	<b>150,807</b>	<b>511,696</b>	<b>662,503</b>
Issuance of shares	-	-	-	-	-	-	-	24,351	24,351
Ordinary dividends declared in cash	-	-	-	-	(242,670)	-	(242,670)	(524,849)	(767,519)
Preferred dividends declared in cash	-	-	-	-	(79,647)	-	(79,647)	(24,416)	(104,063)
Constitution of reserves	-	-	160,422	-	(160,422)	-	-	(3)	(3)
Share of associates and joint ventures	-	-	-	-	-	20,511	20,511	2,047	22,558
Transfer from other comprehensive income to retained earnings	-	-	-	(24,500)	24,500	-	-	-	-
Acquisition and sales to non-controlling interests	-	-	-	-	-	3,981	3,981	(23,870)	(19,889)
Other variations	-	-	-	318	-	(3,129)	(2,811)	(23,750)	(26,561)
<b>BALANCE AS AT 31 DECEMBER 2020</b>	<b>1,408,692</b>	<b>29,665</b>	<b>3,643,918</b>	<b>2,591,296</b>	<b>9,118,449</b>	<b>(143,779)</b>	<b>16,648,241</b>	<b>9,581,610</b>	<b>26,229,851</b>

## Grupo Argos S.A. and subsidiaries

## Consolidated Statement of Changes in Equity

Years ending as at 31 December

Figures stated in millions of Colombian pesos

	Share capital and share premium	Legal reserve	Other reserves	Other comprehensive income	Retained earnings and profit for the period	Other components of equity	Attributable to owners of the company	Non-controlling interests	Total Equity
<b>BALANCE AS AT 31 DECEMBER 2020</b>	<b>1,408,692</b>	<b>29,665</b>	<b>3,643,918</b>	<b>2,591,296</b>	<b>9,118,449</b>	<b>(143,779)</b>	<b>16,648,241</b>	<b>9,581,610</b>	<b>26,229,851</b>
Profit for the period	-	-	-	589,799	589,799	-	589,799	616,234	1,206,033
Other comprehensive income for the period, net of tax	-	-	-	1,432,278	-	-	1,432,278	851,412	2,283,690
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,432,278</b>	<b>589,799</b>	<b>-</b>	<b>2,022,077</b>	<b>1,467,646</b>	<b>3,489,723</b>
Issuance of shares	-	-	-	-	-	-	-	67,570	67,570
Ordinary dividends declared in cash (Note 31)	-	-	-	-	(97,165)	-	(97,165)	(440,091)	(537,256)
Preferred dividends declared in cash (Note 31)	-	-	-	-	(80,918)	-	(80,918)	(19,484)	(100,402)
Ordinary share dividends declared (Note 31)	149,378	-	-	-	(149,378)	-	-	-	-
Ordinary in-kind dividends declared	-	-	-	-	-	-	-	(205,983)	(205,983)
Constitution of reserves (Note 29.1)	-	-	(333,960)	-	333,960	-	-	-	-
Share of associates and joint ventures	-	-	-	-	-	55,297	55,297	5,505	60,802
Transfer from other comprehensive income to retained earnings (Note 29.2)	-	-	-	(26,946)	26,946	-	-	-	-
Acquisition and sales to non-controlling interests	-	-	-	-	-	(25,213)	(25,213)	(115,876)	(141,089)
Loss of control of subsidiaries or businesses	-	-	-	-	-	-	-	(89,159)	(89,159)
Effect of change in income tax rate in Colombia (Note 29.3)	-	-	-	-	(67,036)	-	(67,036)	(56,546)	(123,582)
Other variations	-	-	-	(1,306)	1,306	2,263	957	155,126	156,083
<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>

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

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Statutory Auditor | Registration No. 43668-T  
Member of KPMG S.A.S.  
(See report from February 23, 2022)

## Grupo Argos S.A. and subsidiaries

## Consolidated Statement of Cash Flows

Years ended as at 31 December | In millions of Colombian pesos

	Notes	2021	2020
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>PROFIT FOR THE PERIOD</b>		<b>1,206,033</b>	<b>153,945</b>
Adjustments for:			
Dividend and interest income	33	(45,554)	(38,698)
Income tax expenses recognized through profit or loss	10	450,587	252,097
Share in results of associates and joint ventures	33	(394,232)	(30,360)
Financial costs, net recognized through profit for the period		794,901	866,004
Expenses recognized in respect to employee benefits and provisions		103,203	282,127
Loss on disposal of non-current assets		1,742,473	19,431
Gain on fair value measurement		(137,042)	(1,222)
Gain from a bargain purchase	37	(30,121)	-
Impairment losses, net of financial assets		37,684	45,195
Impairment losses, net of non-current assets and inventory		147,201	9,379
Depreciation and amortization of non-current assets	34	1,718,651	1,716,688
Foreign exchange gains and losses on financial instruments recognized through profit or loss		28,999	(11,532)
Other adjustments to reconcile the periods		43,102	(22,087)
		<b>5,665,885</b>	<b>3,240,967</b>
<b>CHANGES IN WORKING CAPITAL OF:</b>			
Trade and other receivables		(1,027,066)	463,224
Inventories		(36,503)	79,391
Other assets		(33,791)	(2,414)
Trade and other payables		185,671	(750,827)
Other liabilities		(34,727)	(39,252)
<b>CASH GENERATED FROM OPERATING ACTIVITIES</b>		<b>4,719,469</b>	<b>2,991,089</b>
Income taxes paid		(557,566)	(341,469)
Dividends and interests received		150,215	167,600
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>		<b>4,312,118</b>	<b>2,817,220</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Financial interest received		130,957	70,819
Acquisition of property, plant and equipment		(2,100,667)	(1,288,396)
Proceeds from sale of property, plant and equipment		124,556	106,093
Acquisition of investment property	17	(16,696)	(2,213)
Proceeds from sale of investment property		3,752	12,789
Acquisition of intangible assets		(53,799)	(52,388)
Proceeds from sale of intangible assets		283	820
Acquisition of other non-current assets		(8)	(5,157)
Proceeds from sale of other non-current assets		33,706	6,985
Acquisition of control of subsidiaries and other businesses		(125,386)	(30,000)
Sale of businesses with loss of control		672,338	11,500
Acquisition and/or contributions to interests in associates and joint ventures	18	(53,860)	(100,933)
Proceeds from sale of investments in associates and joint ventures	18	6,131	36,575
Acquisition of financial assets		(457,983)	(225,961)
Proceeds from sale of financial assets		529,674	454,440
Loans granted to third parties		-	(12,950)
Proceeds from repayment of loans granted to third parties		10,054	12,876
Payments for financial derivative arrangements		-	(25,842)
Other cash inflows (outflows)		53,777	(347)
<b>NET CASH FLOWS USED IN INVESTING ACTIVITIES</b>		<b>(1,243,171)</b>	<b>(1,031,290)</b>

## Grupo Argos S.A. and subsidiaries

# Consolidated Statement of Cash Flows

Years ended as at 31 December | In millions of Colombian pesos

	Notes	2021	2020
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Issue of shares and other capital instruments		67,090	24,351
Issue of bonds		815,571	737,361
Payment of bonds, structured notes and commercial papers		(1,015,379)	(777,344)
Acquisition of other financing instruments		6,185,703	4,590,425
Payment of other financing instruments		(7,251,376)	(4,140,438)
Payment of lease liabilities		(195,253)	(160,873)
Acquisition of non-controlling interests in subsidiaries		(52,013)	(15,446)
Proceeds from sale of non-controlling interests in subsidiaries		-	39,813
Payments for financial derivative arrangements		(91,808)	(127,807)
Proceeds from financial derivative arrangements		47,526	105,497
Capitalization of non-controlling interests		223,106	-
Dividends paid on ordinary shares		(689,049)	(689,756)
Dividends paid on preferred shares		(149,164)	(125,114)
Interest paid		(1,083,488)	(1,056,163)
Other cash (outflows) inflows		(57,577)	9,226
<b>NET CASH FLOW USED IN FINANCING ACTIVITIES</b>		<b>(3,246,111)</b>	<b>(1,586,268)</b>
<b>NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS</b>		<b>(177,164)</b>	<b>199,662</b>
Cash and cash equivalents at the beginning of the period		2,713,358	2,474,008
Effect of exchange rate changes on cash and cash equivalents held in foreign currencies		148,623	39,688
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	<b>6</b>	<b>2,684,817</b>	<b>2,713,358</b>
Less cash and banks included in a group of assets held for sale	6	1,674	12,262
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD WITHOUT CASH AND BANKS INCLUDED IN A GROUP OF ASSETS HELD FOR SALE</b>	<b>6</b>	<b>2,683,143</b>	<b>2,701,096</b>

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Member of KPMG S.A.S.  
(See report from February 23, 2022)

# Certification of the Legal Representative of the Company

Medellin, 23 February 2022

## 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 December 31, 2021 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.

## Original version issued in Spanish and signed by

**Jorge Mario Velásquez Jaramillo**  
CEO | Legal Representative

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

Medellin, 23 February 2022

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

The undersigned Legal Representative and the Accountant of Grupo Argos S.A. (hereinafter the Company) do hereby certify that the Company's Consolidated Financial Statements as of December 31, 2021 and 2020, before making them available to you and third parties, the following statements contained therein have been verified:

- All assets and liabilities included in the Company's financial statements as of December 31, 2021 and 2020, exist, and all transactions included therein were made during the years ending on those dates.
- The economic events completed by the Company during the years ending on December 31, 2021 and 2020 have been recognized in the financial statements
- The assets represent probable future economic benefits (rights) and the liabilities represent probable future economic sacrifices (obligations) obtained by the Company or for which it is responsible as at December 31, 2021 and 2020.
- All items have been recognized at their appropriate values in accordance with the Accounting and Financial Reporting Standards accepted in Colombia.
- All the economic events affecting the Company have been correctly classified, described, and disclosed in the financial statements.

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

To the Shareholders  
Grupo Argos S.A.,

**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, 2021 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 consolidated financial statements mentioned and attached to this report, present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2021, 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, except for the one-time application as of December 31, 2021 of the voluntary exemption allowed by Decree 1311 of 2021 Accounting alternative to mitigate the effects of the income tax rate change in the 2021 taxable period.

**Basis for Opinion**

I conducted my audit in accordance with International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the *Auditors' 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.

<b>Goodwill impairment evaluation (See note 14 to the consolidated financial statements)</b>	
<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 \$3,211,125 million, 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 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>



<b>Evaluation of the valuation of service concession agreements (See notes 8, 15 and 44 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 IFRIC 12 - Service concession agreements. The remuneration of these agreements depends on the terms and conditions of each contract; some incorporate certain mechanisms that grant the Group the unconditional right to receive a guaranteed minimum income (financial asset), while other agreements originate exposure of the investment in the underlying assets to the traffic risk of the operation (intangible asset). As of December 31, 2021, the Group's consolidated statement of financial position includes financial assets of \$393,720 million, and intangible assets of \$3,596,023 million, derived from the concession contracts signed, mainly from its subsidiaries Odinsa S.A. and Opain S.A.</p> <p>The foregoing represents a key audit matter due to the materiality of the balances related to 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 as are 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 evaluation 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 / intangible asset, as well as the discount rates used and comparison of the results with those obtained by the Group.</p>



Evaluation of the valuation of investment properties in accordance with the provisions of **IAS 40 – Investment Properties (see note 17 to the consolidated financial statements)**

Key Audit Matters	How it was addressed in the Audit
<p>The consolidated statement of financial position of the Group as of December 31, 2021 includes a significant amount of investment properties for \$2,352,836 million, mainly represented in land measured at fair value with changes in income.</p> <p>The Group hires 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 hypotheses 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 to evaluate 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 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 specialized knowledge in the valuation of real estate contracted by the Group.</li> <li>• Evaluation of the competence and capacity of the external professionals hired by the Group, 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 evaluating the key assumptions used by external professionals hired by the Group 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 International Valuation Standards.</li> </ul>

#### Other Matters

The consolidated financial statements as at and for the year ended December 31, 2020 are presented solely for comparative purposes. They were audited by another public accountant, a member of KPMG S.A.S. who in his report dated February 24, 2021 expressed an unqualified opinion thereon.



#### Other Information

The administration is responsible for the other information. The other information includes the integrated report but does not include the consolidated financial statements and my corresponding 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.

If, based on the work I have performed, I conclude that there is a material error in this other information, I am required to report this fact. I have nothing to report in this regard.

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

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

#### Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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



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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of 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.
- I obtain sufficient appropriate audit evidence regarding the financial information of the Entities or business activities within the Group to express an opinion on the 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.

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 signed in Spanish)  
Gonzalo Alonso Ochoa Ruiz  
Statutory Auditor of Grupo Argos S.A.  
Registration 43688 - T  
Member of KPMG S.A.S.

February 23, 2022

# Annexes

# 07



**GRUPO ARGOS**

# GRI content index 2021 Integrated Report

"In accordance with - Core " option of the GRI standard



Access our ESG Databook [here](#) or scan the QR code

## General Standard Disclosure

GRI	Description	Location in the report or response
<b>FOUNDATION</b>		
101	Foundation: a. Reporting Principles b. Using the GRI Standards for integrated reporting c. Claims related to the use of the GRI Standards	
<b>ORGANIZATIONAL PROFILE</b>		
102-1	Name of the organization	Grupo Argos S.A.
102-2	Activities, brands, products and services	Report: Who We Are, important figures p.8
102-3	Location of headquarters	Carrera 43A, # 1A Sur 143. Medellin, Colombia.
102-4	Location of operations	Report: Who We Are, important figures p.8
102-5	Ownership and legal form	Grupo Argos S.A.
102-6	Markets served (including geographic locations, sectors and types of customers and beneficiaries)	Report: Who We Are, important figures p.8
102-7	Scale of the organization (employees, operations, sales, capitalization, products and services provided)	Report: Who We Are, important figures p.8
102-8	Information on employees	<ul style="list-style-type: none"> <li>Report: Who We Are, important figures p.8</li> <li>ESG Databook Grupo Argos &gt; Social Dimension &gt; Labor indicators &gt; &gt; Number and Percentage of employees by gender, labor category, age, contract type.</li> </ul>
102-9	Organization's supply chain	Report: Our Business, Value Creation Model, p.42
102-10	Significant changes occurring during the reporting period	Report: Management report, p.16
102-11	Precautionary principle	Report: Our Business, Value Added Statement p.44
102-12	External initiatives	Report: Who We Are, important figures p. 8
102-13	Associations	Report: Who We Are, important figures p. 8
<b>STRATEGY AND RISKS</b>		
102-14	Statement from the most senior decision-maker of the organization on the relevance of sustainability	Report: Management report, p.16
102-15	Description of key impacts, risks and opportunities	Report: Our Business, How We Create Value, p.42
GA-ES01	Strategic risks	<ul style="list-style-type: none"> <li>Report: Our Business, Strategic Risks, p.40</li> <li>Grupo Argos ESG Databook: Economic Dimension &gt; Strategic Risks &gt; Strategic Risks"</li> </ul>
GA-ES02	Emerging risks	Grupo Argos ESG Databook: Economic Dimension > Emerging Risks > Emerging Risks
GA-ES03	Value Added Statement – VAS	<ul style="list-style-type: none"> <li>Report: Our Business, Value Added Statement - VAS, p. 44</li> </ul>
<b>ETHICS AND INTEGRITY</b>		
102-16	The organization's values, principles, standards and norms of behavior	Report: Value Drivers, Ethics and Corporate Governance, Management Approach p.54
102-17	Internal and external ethics advisory mechanisms	

GRI	Description	Location in the report or response
<b>CORPORATE GOVERNANCE</b>		
102-18	Governance structure of the organization, including committees of the highest governance body	<ul style="list-style-type: none"> <li>Report: Who We Are, Board of Directors. p. 10</li> <li>Grupo Argos ESG Databook: Economic Dimension &gt; Corporate Governance &gt; Board Committees</li> </ul>
102-19	Process for delegating authority for economic, environmental, and social topics	Report: Who We Are, Board of Directors. p. 10 Grupo Argos ESG Databook: Economic Dimension > Corporate Governance > Board Committees
102-20	Executive positions or positions with responsibility for economic, environmental and social issues	Report: Who We Are, Steering Committee, p.12
102-21	Processes for consultation between stakeholders and the highest governance body on economic, environmental, and social topics	<ul style="list-style-type: none"> <li>Grupo Argos ESG Databook: Corporate Governance &gt; Environmental and social and government issues in consultation with stakeholders</li> </ul>
102-22	Make-up of the highest governance body and its committees	<ul style="list-style-type: none"> <li>Report: Who We Are, Board of Directors. p. 10</li> <li>Grupo Argos ESG Databook: Economic Dimension &gt; Corporate Governance &gt; Attendance to sessions of the Board of Directors</li> </ul>
102-23	Chair of the highest governance body	Report: Who We Are, Board of Directors. p. 10
102-24	Nomination and selection process for the highest governance body	Grupo Argos ESG Databook: Economic > Corporate Governance > Board of Directors selection criteria
102-25	Conflicts of Interest	Grupo Argos ESG Databook: Economic > Corporate Governance > Conflict of interest prevention and management
102-26	Roles of the highest governance body and upper management for developing, approving and updating the organization's purpose, value or mission statements, strategies, policies and objectives related to its economic, environmental and social impact	<ul style="list-style-type: none"> <li>Report: Who We Are: Board of Directors. p. 10</li> <li>Grupo Argos ESG Databook: Economic Role &gt; Corporate Governance &gt; BD role in purpose definition</li> </ul>
102-27	Measures taken to develop and improve the highest governance body's overall knowledge of economic, environmental, and social topics	Grupo Argos ESG Databook: Economic > Corporate governance > Measures adopted during the reporting period
102-28	Processes for evaluating the highest governance body's performance regarding economic, environmental, and social governance. State whether such evaluation is independent or not, and its frequency	Grupo Argos ESG Databook: Economic > Corporate Governance > Performance Evaluation Processes
102-29	Role of the highest governance body in identifying and managing economic, environmental and social impacts, risks and opportunities	Grupo Argos ESG Databook: Economic > Corporate Governance > Impact management role of the highest governance body
102-30	Highest governance body's role in reviewing the effectiveness of the organization's economic, environmental, and social risk management processes	<ul style="list-style-type: none"> <li>Report: Who We Are: Board of Directors, p.10</li> <li>Grupo Argos ESG Databook: Economic &gt; Corporate Governance &gt; Role of the highest governance body</li> </ul>
102-31	Frequency with which the highest governance body analyzes economic, environmental and social impacts, risks and opportunities	Grupo Argos ESG Databook: Economic > Corporate Governance > Governance body analysis frequency
102-32	The highest committee or position that formally reviews and approves the organization's sustainability report and ensures that all material topics are covered	<ul style="list-style-type: none"> <li>Report: About this report, p. 4</li> <li>Grupo Argos ESG Databook: Economic &gt; Corporate governance &gt; Most important committee or position</li> </ul>
102-33	Process for communicating critical concerns to the highest governance body	Grupo Argos ESG Databook: Economic > Corporate Governance > Environmental and social and governance topics in consultation with stakeholders
102-34	Nature and number of critical concerns	Grupo Argos ESG Databook: Económica > Corporate Governance > ESG topics taken before the BD
102-35	Compensation policies for the highest governance body and senior executives	Grupo Argos ESG Databook: Economic > Corporate Governance > BD compensation strategy definition
102-36	Processes for determining compensation	Grupo Argos ESG Databook: Economic > Corporate Governance > BD compensation strategy definition
102-37	Stakeholder involvement in compensation	Grupo Argos ESG Databook: Economic > Corporate Governance > BD compensation strategy definition

GRI	Description	Location
<b>STAKEHOLDER ENGAGEMENT</b>		
102-40	List of the organization's stakeholder groups	Report: Our Business, How We Create Value - Promise of Value, p.30
102-42	Stakeholder identification and selection	Report: Our Business, How We Create Value - Promise of Value, p.30
102-43	The organization's approach to stakeholder engagement	<ul style="list-style-type: none"> <li>Report: Our Business, How We Create Value - Promise of Value, p.30</li> <li>Grupo Argos ESG Databook: Economic &gt; Stakeholders &gt; Stakeholders</li> </ul>
102-44	Key topics and concerns raised through stakeholder engagement	<ul style="list-style-type: none"> <li>Report: Our Business, How We Create Value - Promise of Value, p.30</li> <li>Grupo Argos ESG Databook: Economic &gt; Stakeholders &gt; Stakeholders</li> </ul>
<b>REPORTING PRACTICES</b>		
102-45	Entities included in the organization's consolidated financial statements or equivalent documents	
102-46	Process followed to determine report content and coverage of each aspect	
102-47	List of material topics	
102-48	Restatements of information given in previous reports, and the reasons for such restatements	
102-49	Significant changes in the scope and coverage of each aspect compared to previous reporting periods	Report: About this report, p.4
102-50	Reporting Period	
102-51	Date of last report	
102-52	Reporting cycle	
102-53	Point of contact for questions arising from this report	
102-54	Claims of reporting in accordance with the GRI Standards	
102-55	GRI Content Index	
102-56	External assurance	

## Specific content

GRI	Description	Location in the report or answer
<b>DRIVER 1: STRATEGIC OVERSIGHT</b>		
103	Management Approach (DMA)	
103-1	Explanation of the material topic and its scope	Report: Value Driversm
103-2	Management approach and components	Strategic Oversight, p.50
103-3	Management approach review	
<b>DRIVER 2: FINANCIAL MANAGEMENT</b>		
103	Management Approach (DMA)	
103-1	Explanation of the material topic and its scope	
103-2	Management approach and components	Report: Value Drivers, Financial Management, p.52
103-3	Management approach review	
GA-EF01	Gross Debt / Dividends	
GA-EF02	Sustainable Financing	
<b>DRIVER 3: ETHICS AND CORPORATE GOVERNANCE</b>		
103	Management Approach (DMA)	
103-1	Explanation of the material topic and its scope	Report: Value Drivers, Ethics and Corporate Governance, p.54
103-2	Management approach and components	
103-3	Management approach review	Report: Value Drivers, Corporate Group Materiality, Ethics, Conduct, and Transparency, p.67
205-1	Operations reviewed for corruption-related risks.	Grupo Argos ESG Databook: Economic > Compliance system > Corruption

GRI	Description	Location in the report or answer
205-2	Communication and training on anti-corruption policies and procedures.	<ul style="list-style-type: none"> <li>Report: Value Drivers, Corporate Group Materiality, Ethics, Conduct, and Transparency, p.67</li> <li>Grupo Argos ESG Databook: Economic &gt; Compliance system &gt; Corruption</li> </ul>
205-3	Confirmed incidents of corruption and actions taken	Grupo Argos ESG Databook: Economic > Compliance system > Incidents
206-1	Legal actions related to anti-competitive behavior, anti-trust and monopoly practices	Grupo Argos ESG Databook: Economic > Compliance system > Incidents/ Value Drivers: Grupo Empresarial Argos Materiality, p. 67
307-1	Non-compliance with environmental laws and regulations	Grupo Argos ESG Databook: Economic > Compliance system > Incidents
412-2	Employee training in human rights policies or procedures	Grupo Argos ESG Databook: Social > Human Rights
419-1	Non-compliance with social and economic laws and regulations	Grupo Argos ESG Databook: Economic > Compliance system > Incidents
GA-EG01	Possible Code of Conduct violations	Grupo Argos ESG Databook: Economic > Compliance system
GA-EG03	Board member general and specific industry experience	<ul style="list-style-type: none"> <li>Grupo Argos ESG Databook: Economic &gt; Corporate Governance &gt; Board Experience</li> </ul>
GA-EG04	Commitment to Human Rights	Grupo Argos ESG Databook: Social > Human Rights
GA-EG05	Social investment	Report: Who We Are, important figures, p. 8 Our Business, Value Added Statement, p.44
<b>DRIVER 4: SUSTAINABILITY VISION</b>		
103	Management Approach (DMA)	
103-1	Explanation of the material topic and its scope	Report: Value Drivers, Sustainability Vision, p.56
103-2	Management approach and components	
103-3	Management approach review	
302-1	Energy consumption within the organization	Grupo Argos ESG Databook: Environmental >Energy management > Internal energy consumption
302-3	Energy intensity	Grupo Argos ESG Databook: Environmental >Energy management > Energy consumption intensity
303-1	Interaction with water as a shared resource	Grupo Argos ESG Databook: Environmental > Water > Importance of water management for the Corporate Group
303-3	Total water uptake	Grupo Argos ESG Databook: Environmental > Water > Total water uptake
303-5	Water consumption	<ul style="list-style-type: none"> <li>Report: Value Drivers, Corporate Group Materiality, Environmental - Water and Ecosystems, p.64</li> <li>Grupo Argos ESG Databook: Environmental &gt; Water &gt; Water consumption</li> </ul>
305-1	Direct GHG emissions (Scope 1)	Grupo Argos ESG Databook: Environmental > Climate change > Direct GHG emissions
305-2	Indirect GHG emissions (Scope 2)	<ul style="list-style-type: none"> <li>Grupo Argos ESG Databook: Environmental &gt; Climate change &gt; Indirect GHG emissions</li> </ul>
305-4	Direct GHG emissions intensity	<ul style="list-style-type: none"> <li>Report: Value Drivers, Corporate Group Materiality, Environmental - Climate change, p.63</li> <li>Grupo Argos ESG Databook: Environmental &gt;Climate change &gt; Emissions intensity</li> </ul>
305-5	Reduction of GHG emissions	<ul style="list-style-type: none"> <li>Report: Value Drivers, Corporate Group Materiality, Environmental - Climate change, p.63</li> <li>Grupo Argos ESG Databook: Environmental &gt;Climate change &gt; Emissions intensity</li> </ul>
GA-VS01	Water consumption (m3) / million COP of revenue	<ul style="list-style-type: none"> <li>Report: Value Drivers, Corporate Group Materiality, Environmental - Water and Ecosystems, p.64</li> <li>Grupo Argos ESG Databook: Environmental &gt; Water &gt; Intensity of specific water consumption</li> </ul>
GA-VS02	Percentage of water sources cared for	<ul style="list-style-type: none"> <li>Report: Value Drivers, Corporate Group Materiality, Environmental - Water and Ecosystems, p.64</li> <li>ESG Databook Environmental &gt; Ecosystems &gt; Contribution to source protection</li> </ul>

GRI	Description	Location in the report or answer
<b>DRIVER 5: IDENTITY AND ENGAGEMENT</b>		
103	Management Approach (DMA)	
103-1	Explanation of the material topic and its scope	Report: Value Drivers, Identity and Engagement, p.58
103-2	Management approach and components	
103-3	Management approach review	
415-1	Contributions to political parties and/or representatives	Grupo Argos ESG Databook > Economic > Institutional Consolidation > Payments made to trade groups, associations and political contributions
GA-IR01	Taxes paid	ESG Databook Grupo Argos > Economic > Taxes paid > Corporate Group Taxes Paid
<b>DRIVER 6: TALENT AND CULTURE</b>		
103	Management Approach (DMA)	
103-1	Explanation of the material topic and its scope	Report: Value Drivers, Talent and Culture, p.60
103-2	Management approach and components	
103-3	Management approach review	
102-7	Organization size	ESG Databook> Social > Labor Indicators > Number of employees by gender, labor category, age, contract type
102-8	Information about employees and other workers	ESG Databook> Social > Labor Indicators > Number of employees by gender, labor category, age, contract type
102-41	Collective bargaining agreements	ESG Databook> Social > Labor Indicators > Employees covered by collective agreements
401-1	New employee hires and employee turnover	ESG Databook> Social > Labor Indicators > Turnover Rate
401-2	Benefits provided to full-time employees not provided to part-time or temporary employees	ESG Databook> Social > Labor Indicators > Corporate benefits for full-time employees
404-1	Average hours of training per year per employee	<ul style="list-style-type: none"> <li>• Report: Value Drivers, Talent and Culture, p.60</li> <li>• ESG Databook&gt; Social &gt; Labor Indicators &gt; Average number and hours of training per level</li> <li>• ESG Databook&gt; Social &gt; Labor Indicators &gt; Average number and hours of training per gender</li> </ul>
404-3	Percentage of employees receiving periodic professional performance and development reviews"	<ul style="list-style-type: none"> <li>• Report: Who We Are, Board of Directors. p. 10</li> <li>Value Drivers, Talent and Culture, p.60,</li> <li>• ESG Databook &gt; Social &gt; Labor Indicators</li> </ul>
405-1	Diversity in governance bodies and employees	<ul style="list-style-type: none"> <li>• Report: Who We Are, Board of Directors. p. 10</li> <li>Value Drivers, Talent and Culture, p.60,</li> <li>• ESG Databook &gt; Social &gt; Labor Indicators</li> </ul>
405-2	Ratio of base salary and compensation for women compared to men	ESG Databook > Social > Labor Indicators > Ratio between base salary for men and women by position level
403-1	Workplace health and safety management system	ESG Databook > Social > Labor Indicators > Work-related injuries and illnesses
403-2	Hazard identification, risk evaluation and incident investigation	ESG Databook > Social > Labor Indicators > Work-related injuries and illnesses
403-3	Workplace health services	ESG Databook > Social > Labor Indicators > Work-related injuries and illnesses
403-4	Worker participation, consultation and communication on workplace health and safety	ESG Databook > Social > Labor Indicators > Work-related injuries and illnesses
403-5	Worker workplace health and safety training	ESG Databook > Social > Labor Indicators > Work-related injuries and illnesses
403-6	Worker health promotion	ESG Databook > Social > Labor Indicators > Work-related injuries and illnesses
403-7	Prevention and mitigation of health and safety-related impacts for workers directly affiliated under commercial relationships	ESG Databook > Social > Labor Indicators > Work-related injuries and illnesses

403-9	Work-related injuries	ESG Databook > Social > Labor Indicators > Work-related injuries and illnesses
403-10	Work-related illnesses and conditions	ESG Databook > Social > Labor Indicators > Work-related injuries and illnesses
GA-SST01	Employee work-related illness frequency	ESG Databook > Social > Labor Indicators > Work-related injuries and illnesses
GA-SST02	Contractor work-related illness frequency	ESG Databook > Social > Labor Indicators > Work-related injuries and illnesses
GA-SST03	Frequency of employee injuries in time lost	ESG Databook > Social > Labor Indicators > Work-related injuries and illnesses
GA-SST04	Frequency of contractor injuries in time lost	ESG Databook > Social > Labor Indicators > Work-related injuries and illnesses
GA-VS03	Employee Commitment	Report: Value Drivers, Talent and Culture, p.60



# SASB Reference Table.

The Value Reporting 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 has the SASB standard, which is intended to be used for communications to investors regarding sustainability issues that could potentially affect the corporate capacity to create long-term value.

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



Access our ESG Databook [here](#) or scan the QR code

Category	Code	Accounting Metric	2020	2021	Comments
<b>ENVIRONMENTAL</b>					
Green-house gas emissions	EM-CM-110a.1	Total gross scope 1 CO <sub>2</sub> e emissions (tCO <sub>2</sub> e/year)	114	164	GRI Standard 305-1
		Percentage covered by (2) regulations limiting emissions and (3) regulations for emissions reporting	N/A	N/A	N/A
	EM-CM-110a.2	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.	Indicator: 2030 Target: Baseline: Integrated Report/ Climate Change P. 63 <a href="https://bit.ly/3t3pUEt">https://bit.ly/3t3pUEt</a>	Indicator: 2030 Target: Baseline: Integrated Report/ Climate Change P. 63 <a href="https://bit.ly/3t3pUEt">https://bit.ly/3t3pUEt</a>	GRI Standard 305-4; 305-5
Water Management	EM-CM-140a.1	Total fresh water extracted (m <sup>3</sup> / year) - uptake	30,068	26,831	GRI Standard 303-3
		Total fresh water extracted (1000m <sup>3</sup> / year) - uptake	30.1	26.8	GRI Standard 303-3
		Percentage recycled (%)			N/A
		Water extraction in areas of water stress - uptake	315	393	GRI Standard 303-3
		% Of water extraction in areas of water stress	1.0%	1.5%	GRI Standard 303-3
Energy Management	EM-CM-130a.1	Total water consumption across all areas (m <sup>3</sup> / year)	8,968	14,044	GRI Standard 303-5
		Global energy consumption within the organization (GJ)	2,317	3226	
Waste Management	EM-CM-150a.1	Amount of waste generated (t / y)			
		Hazardous waste (t / y)			
		Waste Reuse / Recycling / Recovery (t / y)			GRI Standard 306-2
		Percentage hazardous (%)			
		Percentage recycled (%)			

Category	Code	Accounting Metric	2020	2021	Comments
Impacts on biodiversity	EM-CM-160a.1	Description of environmental management policies and practices for active sites.			GRI Standard 103-1; 103-2; 103-3
		Affected area (Ha)	2.84	37.56	
			11.1	79.7	
	EM-CM-160a.2	Percentage of impacted area restored (%)	391%	212%	

<b>SOCIAL</b>					
Work-place health and safety	EM-CM-320a.1	Lost time injury frequency rate (LTIFR)			
		Lost time injury frequency rate (LTIFR) - Employees	0	0	
		Lost time injury frequency rate (LTIFR) - Contractors	1.51	4.36	GRI Standard 403-9
		Number of work-related fatalities - Employees	0	0	
		Number of work-related fatalities - Contractors	0	0	
Diversity and inclusion	FN-AC-330a.1	Percentage of gender representation for:			
		Executive Level Women	20	20	
		Executive Level Men	80	80	
		Managerial Level Women	60	57.1	
		Managerial Level Men	40	42.9	
		Female Directors	58.8	63.6	GRI Standard 102-7; 102-8
		Male Directors	41.2	36.4	
		Female Specialists	63.6	60	
		Male Specialists	36.4	40	
		Other Levels Women	66.7	0	
Other Levels Men	33.3	100			

Category	Code	Accounting Metric	2020	2021	Comments
<b>GOVERNANCE</b>					
Leadership and governance	IF-EN-510a.2.	Total amount of monetary losses as a result of legal proceedings associated with charges of:			GRI Standard 205-3: Confirmed incidents of corruption.
		(1) bribery and corruption	\$ 0	\$ 0	GRI Standard 206-1: Legal proceedings related to monopolistic and/or antitrust practices.
		(2) antitrust practices	\$ 0	\$ 0	GRI Standard 419-1: Fines or breaches of current corporate legislation.

Category	Code	Accounting Metric	2020	2021	Comments
Description of policies and practices for preventing:					
Leadership and governance	IF-EN-510a.3.	(1) bribery and corruption	Corporate Code of Conduct <a href="https://bit.ly/3eJ89oV">https://bit.ly/3eJ89oV</a> Fraud, bribery and corruption risk management policy Money laundering and terrorist financing risk self-control and management policy. Gift and entertainment policy. Transparency Line Policy Policy for operations between related companies. Corporate tax policy To see these policies, follow the link <a href="https://bit.ly/3vwQRSH">https://bit.ly/3vwQRSH</a> Compliance System: 100% of employees filled out the 3 transparency mechanisms: i) Code of Conduct certification, ii) declaration of conflicts, and iii) declaration of assets and income,	Corporate Code of Conduct <a href="https://bit.ly/3eJ89oV">https://bit.ly/3eJ89oV</a> Fraud, bribery and corruption risk management policy Money laundering and terrorist financing risk self-control and management policy. Gift and entertainment policy. Transparency Line Policy Policy for operations between related companies. Corporate tax policy To see these policies, follow the link <a href="https://bit.ly/3vwQRSH">https://bit.ly/3vwQRSH</a> Compliance System: 100% of employees filled out the 3 transparency mechanisms: i) Code of Conduct certification, ii) declaration of conflicts, and iii) declaration of assets and income,	GRI Standard 205-1: Total number and percentage of operations (centers) assessed for corruption risks.
		(2) antitrust behavior during project tendering processes.	Corporate Code of Conduct <a href="https://bit.ly/3eJ89oV">https://bit.ly/3eJ89oV</a> Policy for operations between related companies. To see these policies, follow the link <a href="https://bit.ly/3vwQRSH">https://bit.ly/3vwQRSH</a>	Corporate Code of Conduct <a href="https://bit.ly/3eJ89oV">https://bit.ly/3eJ89oV</a> Policy for operations between related companies. To see these policies, follow the link <a href="https://bit.ly/3vwQRSH">https://bit.ly/3vwQRSH</a>	
	EM-CM-520a.1	Total monetary losses from legal proceedings associated with cartel, price fixing, and antitrust activities	\$ 0	\$ 0	GRI Standard 206-1: Legal proceedings related to monopolistic and/or antitrust practices. GRI Standard 419-1: Fines or breaches of current corporate legislation.
	FN-AC-000.B	Total assets under management (trillions of COP)		53	
Incorporation of ESG factors into investment management	FN-AC-410a.1	Number of assets under management, by asset class and including: (1) integration of ESG criteria		100%	
		Describe the approach to incorporating ESG factors into process and/or investment strategy management		The company has designed a conscious investment process.	

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

The 2021 Integrated Report has been prepared following the principles and elements of the *International Integrated Reporting Council*, IIRC1, to communicate more transparently to our stakeholders the management of material topics that influence our capacity to generate value and how these articulate with our strategy and business model, considering the different risks and opportunities arising at the Business Group.

### Integrated Reporting Guidelines Applied

#### Strategic Approach and Future Direction

At the start of the report we present our business model and the way in which we create value, we provide information on our strategy and how it relates to that capacity for value creation over the short, medium and long term. In the Our Business section, we present the objectives and components of the value creation process, framed within sustainable actions, as well as its use and effect upon the six capitals 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 aspects.

#### Stakeholder Engagement

In the Value Creation section, we provide information on the nature, mechanisms, and quality of our stakeholder engagement, including how and to what extent we understand, take into account, and respond to their legitimate expectations and interests to generate 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 materiality analysis under which we enter into consultations with representatives of different

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

#### Conciseness

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

#### Reliability and Completeness

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

#### Compatibility and Consistency

We prepare our report under *Global Reporting Initiative* (GRI) standards, core option, and have reported information on a constant basis over time 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.

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	Who We Are
Corporate governance	Structure of the Board of Directors and the Steering Committee	Who We Are / Board of Directors, Steering Committee, CEO Committee Chapter: Ethics and Corporate Governance
	Committees and responsibilities of the Board of Directors	
	Good practices for the Board of Directors: appointment, election, compensation, training and evaluation of the Board of Directors	
	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 / How We Generate Value Chapter: Sustainability Vision
	ESG risks and opportunities of the holding company	
Strategy and Resource Allocation	Results-focused business model	Our Business
	Sustainability strategy	Sustainability Vision
Performance	Subsidiary financial performance	Management report, Chapter: Financial Management, Financial Statements
	Performance and results for the holding company and its subsidiaries under the triple bottom line accounting framework	Chapters: Sustainability Vision, Talent and Culture, Ethics and Corporate Governance
Outlook	In stakeholder engagement	Our Business / Stakeholders
	In the management of ethics, transparency and anti-corruption mechanisms	Chapter: Ethics and Corporate Governance
	In financial capital management	Management report, Chapter: Financial Management Strategic Oversight, Financial Statements
	In intellectual capital management	Chapter: Strategic Oversight Sustainability Vision
	In industrial capital management	Who We Are: 2020 Celsia Integrated Report, 2020 Cementos Argos Integrated Report, 2020 Odinsa Annual Report
	In natural capital management	Chapter: Sustainability Vision
	In human capital management	Chapter: Talent and Culture
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 Generate Value Value Drivers / Materiality Analysis

In conclusion, positive progress has been made with Integrated Reporting Framework adherence compared to 2020, 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 ever closer to full adherence to that framework.



**Camilo Abello Vives**  
Senior Director of Sustainability

# Deloitte.

Deloitte & Touche Ltda.  
Nit. 860.005.813-4  
Calle 16 Sur No. 43A-49  
Pisos 4 y 9  
Ed. Corficolombiana  
Medellín  
Colombia

Tel: +57 (604) 604 1899  
www.deloitte.com/co

## INDEPENDENT ASSURANCE REPORT ON THE INTEGRATED REPORT OF GRUPO ARGOS S.A.

To the Management of Grupo Argos S.A.

### *Limited assurance report subject matter*

We have been engaged by Grupo Argos S.A. to perform assurance procedures to provide limited assurance on the Integrated Report in accordance with the provisions of the criteria section of this report, for the year ending December 31st, 2021. This assurance engagement was performed by a multidisciplinary team that includes assurance professionals and sustainability specialists.

### *Criteria*

The criteria used by Grupo Argos S.A. to prepare the Integrated Report, which is subject of the limited assurance report, were established considering the terms and conditions set forth in the GRI Standards as well as the modified indicators that the Administration defined as a complement to what is mentioned in the GRI and additionally, indicators defined by the Administration as its own, which are detailed in Appendix attached.

### *Management's responsibility for the Integrated Report*

Management is responsible for the preparation of the Integrated Report in accordance with the criteria established in the GRI Standards and with the modified indicators defined by Management as a complement to those mentioned in GRI and additionally, indicators defined by Management as its own. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation of an Integrated Report statement that is free from material misstatement, whether due to fraud or error

The Integrated Report is subject to inherent uncertainty due to the use of non-financial information which is subject to greater inherent limitations than financial information, given the nature of the methods used to determine, calculate, sample or estimate such information. In the preparation of the Integrated Report, Management makes qualitative interpretations about the relevance, materiality and accuracy of the information that are subject to assumptions and judgments

### *Our independence and quality control*

We have complied with the ethical and independence requirements of the Code of Professional Ethics of the Public Accountant issued by the International Ethics Standard Board for Accountants (IESBA), which is based on the principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our Firm applies the International Standard on Quality Control 1 (ISQC 1), and therefore maintains a comprehensive quality control system that includes documented policies and procedures related to compliance with ethical requirements, professional standards and requirements of applicable laws and regulations.

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### *Responsibility of independent assurance practitioner*

Our responsibility is to express a limited assurance conclusion about the Integrated Report based on the procedures we have performed and the evidence we have obtained. We conducted our limited assurance work in accordance with the "International Standard for Assurance Engagements, Other Than Audits or Reviews of Historical Financial Information" ISAE 3000 – Revised, issued by the International Auditing and Assurance Standards Board (IAASB). Such standard requires us to plan and conduct our work to obtain limited assurance as to whether the information in the Integrated Report is free of material error.

The procedures we conducted were based on our professional judgment and included inquiries, observation of the processes performed, inspection of documentation, analytical procedures, assessment of the adequacy of quantification methods and reporting policies, and agreement or reconciliation with the underlying records.

Given the circumstances of the engagement, we have performed the following procedures:

- a. Through inquiries, we gained an understanding of Grupo Argos's control environment and relevant information systems, but we did not evaluate the design of specific control activities or obtain evidence on their implementation, nor test their operational effectiveness.
- b. Understanding of the processes and tools used to generate, aggregate and report non-financial information through inquiries with those responsible for related processes.
- c. Substantive testing, based on a sample basis, of sustainability information identified by Grupo Argos, to determine the indicators subject to limited assurance and verify that the data have been adequately measured, recorded, collected, and reported through:
  - i. Inspection of policies and procedures established by the Company.
  - ii. Inspection of supporting documentation of internal and external sources.
  - iii. Recalculation.
  - iv. Comparison of the contents presented by Management with what is established in the criteria section of this report.

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

Our limited assurance engagement was made only with respect to the sustainability performance disclosures included in the table above, for the year ended December 31st, 2021; and we have not performed any procedures with respect to previous years, projections and future targets, or any other items included in the Integrated Report for the year ended December 31st, 2021 and therefore do not express a conclusion thereon.

A limited assurance engagement involves evaluating the appropriateness, in the circumstances, of the Company's use of the criteria as a basis for the preparation of the sustainability information report; assessing the risks of material errors in sustainability reporting due to fraud or error; responding to risks assessed as necessary in the circumstances; and evaluating the overall presentation of sustainability information report information. The scope of limited assurance engagement is substantially less than that of reasonable assurance engagement in relation to both risk assessment procedures, including an understanding of internal control, as well as procedures performed in response to the risks assessed. Therefore, we do not express a reasonable assurance conclusion as to whether the information in the Company's sustainability information report has been prepared in all material respects, in accordance with the criteria of the provisions of the criteria section of this report.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

## Deloitte.

### *Conclusion*

Based on the work we have done, the procedures we have performed and the evidence we have obtained, nothing has come to our attention that would lead us to believe that the sustainability performance standards and indicators for the year ended December 31st 2021, have not complied in all material respects, as established in the criteria section of this report.

### *Restriction of use*

Our report is issued solely for the purpose set forth in the first paragraph and should not be used for any other purpose or distributed to other parties on its own. This report refers only to the matters mentioned in the preceding sections and to the sustainability information identified and does not extend to any other financial and non-financial information included in Grupo Argos S.A.'s Integrated Report for the year ended December 31st 2021, nor to its financial statements, taken as a whole.



**JORGE ENRIQUE MÚNERA D**  
Partner  
Medellín, 10<sup>th</sup> of March 2022



## APPENDIX

The following are the GRI Standards, the GRI Standards with complementary guidelines established by Management and, additionally, indicators defined by Management as its own. These evaluation criteria are an integral part of our independent limited assurance report on the Integrated Report of Grupo Argos S.A. for the year ended December 31, 2021.

GRI Standards	Description
GRI 205-1 (2016)	Operations assessed for risks related to corruption.
GRI 205-3 (2016)	Confirmed incidents of corruption and actions taken.
GRI 302-1 (2016)	Energy consumption within the organization.*
GRI 303-5 (2016)	Water consumption.
GRI 305-1 (2016)	Direct (Scope 1) GHG emissions.
GRI 305-2 (2016)	Energy indirect (Scope 2) GHG emissions.*
GRI 305-3 (2016)	Other indirect (Scope 3) GHG emissions.*
GRI 305-4 (2016)	GHG emissions intensity.*
GRI 305-5 (2016)	Reduction of GHG emissions.*
GRI 415-1 (2016)	Political contributions.*
GRI 401-1 (2016)	New employee hires and employee turnover.*
GRI 404-1 (2016)	Average hours of training per year per employee.*
GRI 404-3 (2016)	Percentage of employees receiving regular performance and career development reviews.*
GRI 405-1 (2016)	Diversity of governance bodies and employees. <sup>1</sup>
GRI 405-2 (2016)	Ratio of basic salary and remuneration of women to men.*
GRI 412-2 (2016)	Employee training on human rights policies or procedures.*
GRI 403-9 (2018)	Work-related injuries.*
GRI 403-10 (2018)	Work-related ill health.*

\* Indicators referenced on Grupo Argos ESG Databook.

Modified GRI Standards	Description
GRI 205-2 (2016)	Communication and training about anti-corruption policies and procedures. The following item was additionally reviewed: a. Percentage of employees that completed the 3 mechanisms of the compliance system.

Own Indicators	Description
GA-VS01*	Total water consumption expressed in cubic meters divided by the amount of income in COP.
GA-EG05	Social investment, in terms of charitable donations, business initiatives and community investments.

\* Indicators referenced on Grupo Argos ESG Databook.

<sup>1</sup> Grupo Argos and at the Business Group level.

**GRAPHIC EDITING AND DESIGN**  
Taller de Edición  
[www.tallerdeedicion.co](http://www.tallerdeedicion.co)

Teams from Grupo Argos participated in the preparation of the Integrated Report under the coordination of Sustainability and Communications.



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