

INVESTOR DAY | ARGOS

Sustainability as a Pillar of Profitable Growth

Cartagena Colombia

June 15-16, 2022

Our Sustainability Strategy as a pillar of Profitable Growth

All our actions are aimed at creating value for society and for the company, making possible the construction of dreams of housing and infrastructure that enable a more sustainable, prosperous, and inclusive society. To achieve this goal, we work within the framework of four pillars:

Sustainability Strategy

1 Build Relationships of Trust

The relationship with our interest groups is based on transparency and mutual respect through constant dialogue.

2 Work around Shared Values

Empowering our stakeholders from their role so that together we can transform our present and build a better future.

3 Profitability of the business

We create financial value through initiatives aimed at generating innovative and efficient solutions.

4 Responsible Production

This defines our commitment to the responsible use of resources and the work we do every day to offset our impacts.

Supported by a commitment to transparency and disclosure of our work, progress and challenges

Relevant Milestones

- We published our first sustainability strategy **14 years** ago.
- **10** consecutive years publishing our integrated report under the GRI standard
- For **9 years** we have been part of the *Dow Jones Sustainability Index*, with recognition in 2022 as the **most sustainable cement company**
- For **2 years** we have reported under the SASB standard
- **In 2021** , we signed the commitment letter of **the Science Based Targets initiative** (SBTi)

Prioritized SDGs

SDG 8
Decent work and economic growth

SDG 9
Industry, innovation and infrastructure

SDG 11
Sustainable cities and communities

SDG 13
Climate action

Standards and Accessions

Sustainability Award Gold Class 2022 S&P Global
OBJETIVOS DE DESARROLLO SOSTENIBLE
VALUE REPORTING FOUNDATION INTEGRATED REPORTING FRAMEWORK
TCFD TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES
mercc EMPRESAS Y LÍDERES
FTSE4Good
gcca
GRI STANDARDS
SASB STANDARDS BOARD
ALAS20
wbcsd
CDP
SCIENCE BASED TARGETS DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

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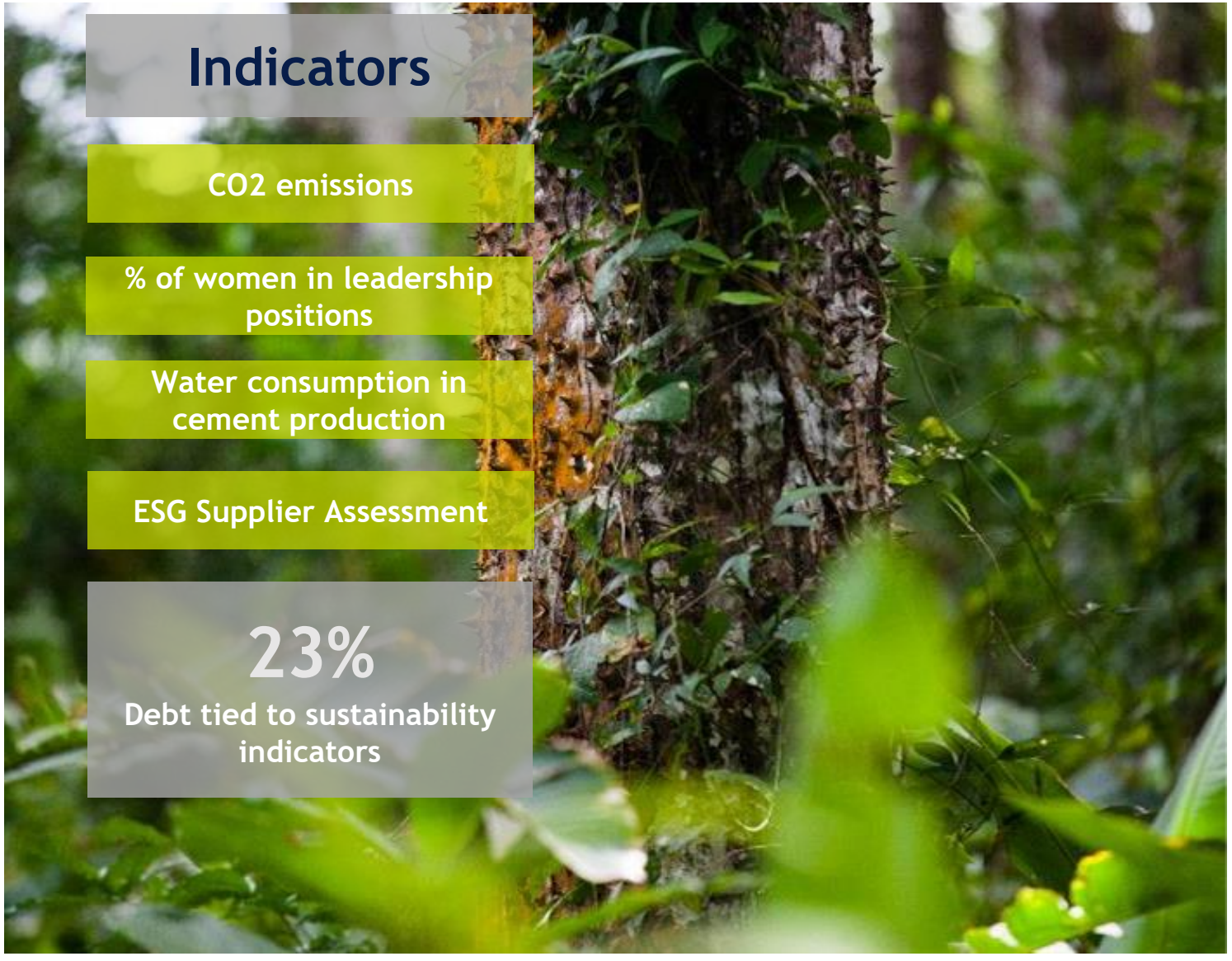
Allowing us access to financing tied to sustainability indicators, as a strong competitive advantage



- The possibility of financing through credits and bonds tied to ESG indicators gives an important competitive edge to players like Argos, who are committed to ESG and transparency.
- To date, 23% of total debt is tied to ESG indicators.
- ESG debt has monetary benefits tied to compliance with indicators. In our case, these benefits will amount to 2,6 Billion pesos in the total life of the loans.
- Our ambition is to have at least 50% of debt tied to these indicators in the medium term

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Our materiality analysis and prioritized issues are the starting point to: Define goals, work on plans and manage risks associated with the Company's sustainability

MATERIALITY MATRIX

PRIORITY ISSUES

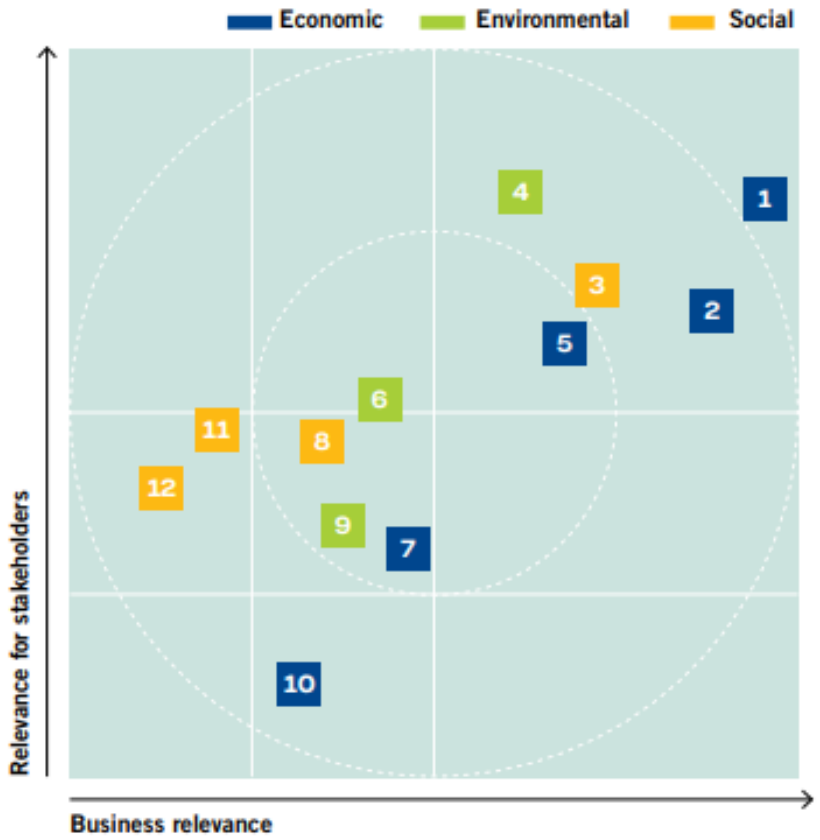
1. Efficiency and productivity
2. Adaptation to market dynamics
3. Talent management
4. Climate change
5. Ethics and compliance

RELEVANT ISSUES

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

EMERGING OR MAINTENANCE ISSUES

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



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With challenging 2030 goals backed by action plans that seek continuous improvement in all our processes

We have around 30 sustainability goals, mostly by 2030, among which we highlight:

Economic and Corporate Governance:

We create value through our commitment to the responsible and transparent development of our activities.

1. Fight against Corruption

100% of our businesses evaluated

2. Compliance

100% of workforce in middle and upper management with i) Declaration of conflicts ii) Annual conduct course iii) Declaration of assets and income

3. Suppliers

61% of suppliers evaluated in sustainability at least once every 3 years

Social:

We create value by building solid relationships that transform the future of society.

1. Talent

35% of leadership positions held by women

2. Safety and health at work

Reducing total injuries by 50% by 2025

3. Communities

Zero materialization of risks to the community

With challenging 2030 goals backed by action plans that seek continuous improvement in all our processes

Environmental Dimension

We create sustainable value through conscious and responsible production and the continuous improvement of our processes, through 5 pillars: Climate Change, Emissions, Ecosystems, Sustainable Construction and Circular Economy.

1. Climate Change

***29%** reduction in net specific CO2 emissions versus 2006, reaching emissions of **523 kg/t** of cementitious material by 2030, with a detailed work plan that permeates the entire value chain, and that focuses on:*

Mitigation

Cement
- Improved caloric consumption
- Alternative fuels
- K/C factor reduction
- Operational continuity assessment

Adaptation

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

R&D

CCUS
- microalgae

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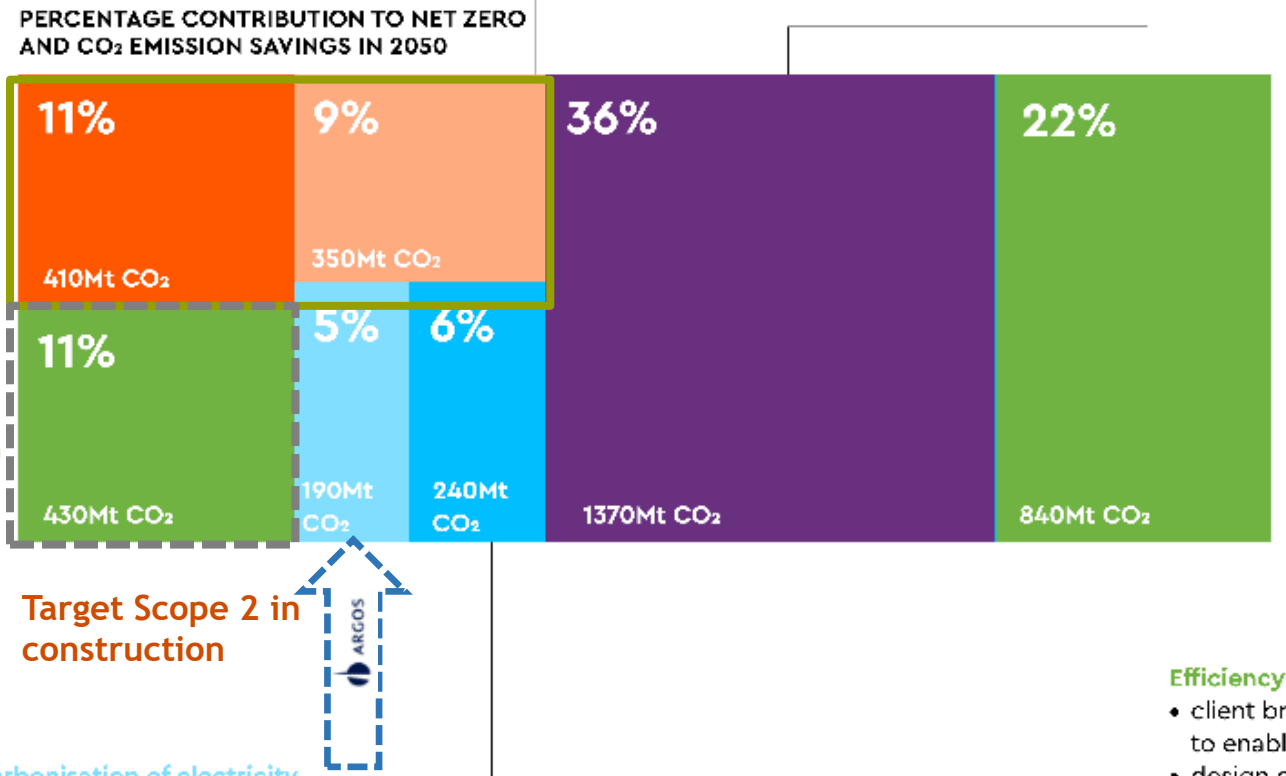
Roadmap to Net Zero Concrete by 2050 - GCCA

Savings in clinker production
- thermal efficiency
- savings from waste fuels ("alternative fuels")
- use of decarbonated raw materials
- use of hydrogen as a fuel

Target Scope 1 cement to 2030

Savings in cement and binders
- Portland clinker cement substitution. Also expressed through clinker binder ratio
- alternatives to Portland clinker cements

Carbon capture and utilisation/storage
- carbon capture at cement plants



Target Scope 1 cement to 2030

Efficiency in concrete production
- optimised mix design
- optimisation of constituents
- continue to industrialise manufacturing
- quality control

Target Scope 2 in construction

Decarbonisation of electricity
- decarbonisation of electricity used at both cement plants and in concrete production

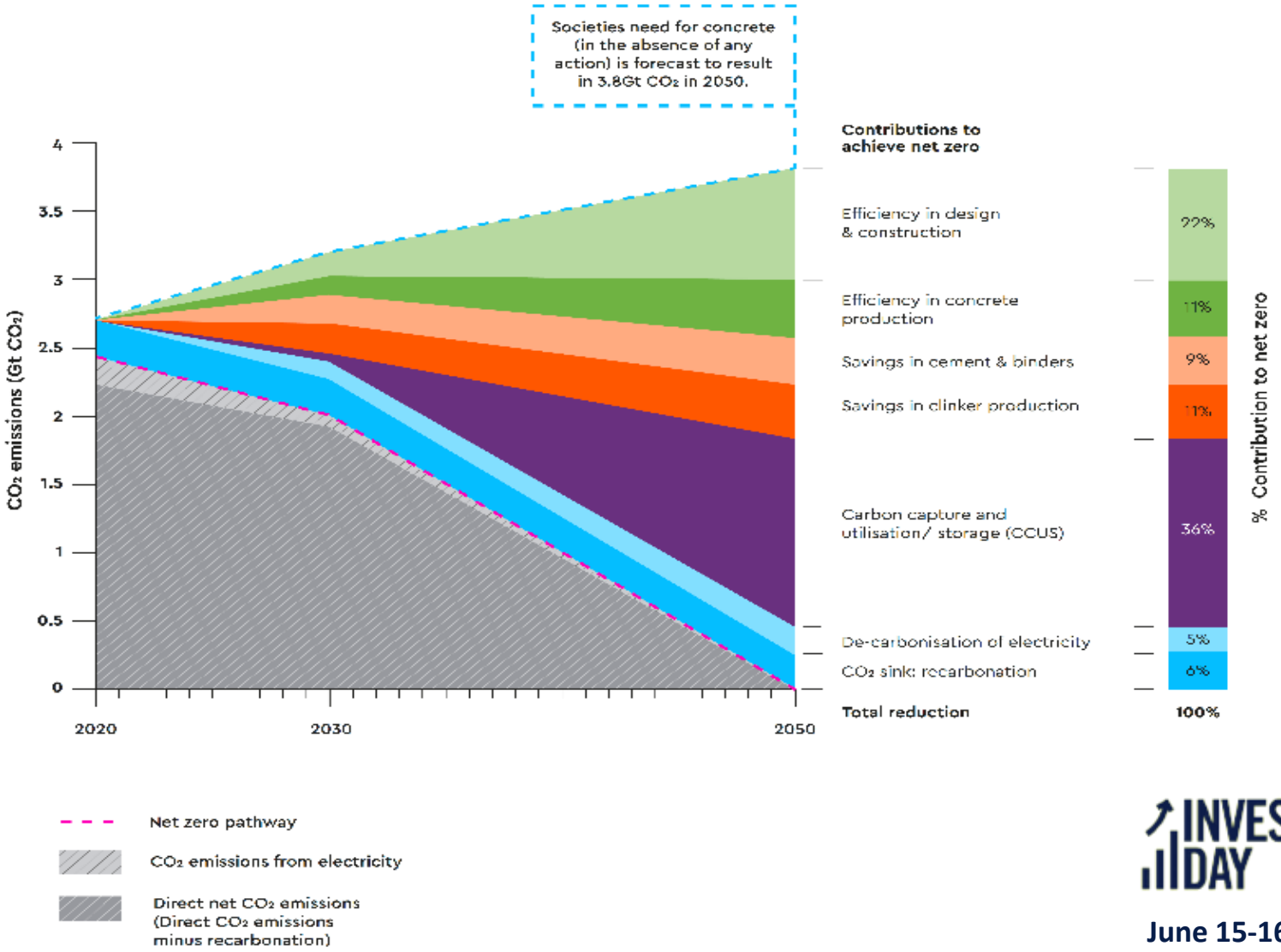
CO_2 sink: recarbonation
- natural uptake of CO_2 in concrete – a carbon sink

Efficiency in design and construction
- client brief to designers to enable optimisation
- design optimisation
- construction site efficiencies
- re-use and lifetime extension

Offset not considered

"Offsetting measures such as planting of trees or other nature based solutions are not included in the calculations to get to net zero"... (GCCA, 2021)

Future Concrete Needs - Estimated to 2050



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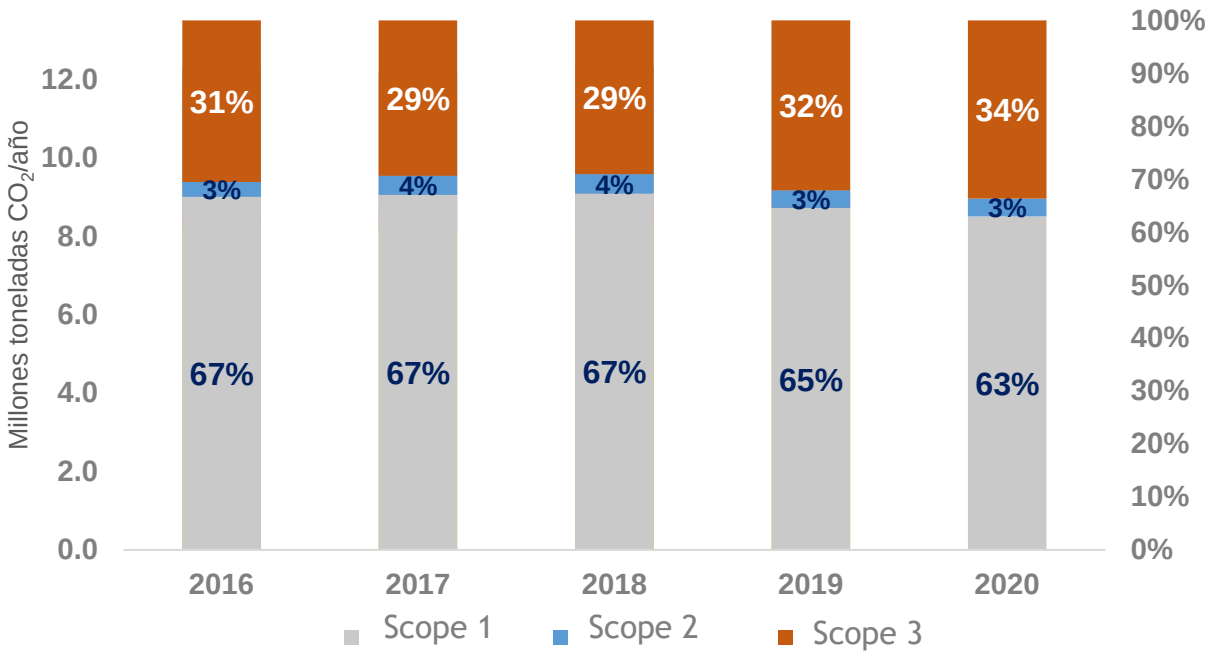
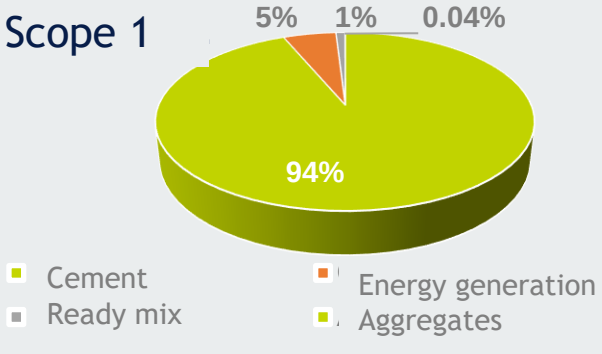
CO2 Emissions: Scope 1, Scope 2 and Scope 3

Direct and indirect emissions (tCO_2/year)



	2016	2017	2018	2019	2020
Scope 1	8.186.365	8.167.887	8.298.395	8.713.631	7.772.778
Scope 2	342.271	436.634	452.167	446.322	414.425
Scope 3	3.743.850	3.571.690	3.580.053	4.328.311	4.153.714
Total	**12.272.486**	**12.176.211**	**12.330.615**	**13.488.264**	**12.340.917**

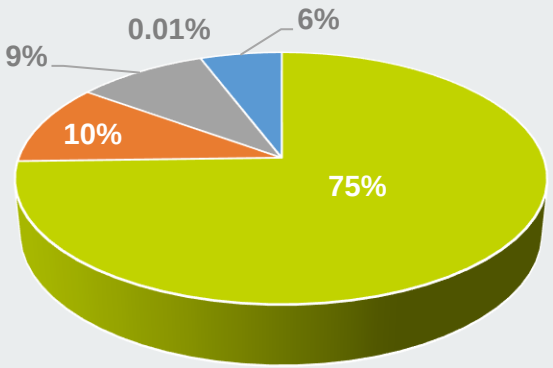
Scope 1



Scope 2



Scope 3



- Category 1: Purshased Goods & services
- Category 3: Activities related to energy and fuels
- Category 4: Upstream transportation and distribution
- Category 6: Business trips
- Category 9: Downstream and distribution

Technical and Financial Roadmap for the Company to reduce CO2 Emissions - Scope 1

To reach the goal of CO2 emissions scope 1 by 2030, of 523 kg/t of cementitious material, we estimate investments of **USD 129 million** in activities related to Mitigation, focused on the following initiatives:

$53M

Ongoing investments with detailed plan

- **US 28 M** in Caloric Consumption Improvement
- **US 21 M** in Alternative Fuels
- **US 4 M** in Clinker/cement factor reduction

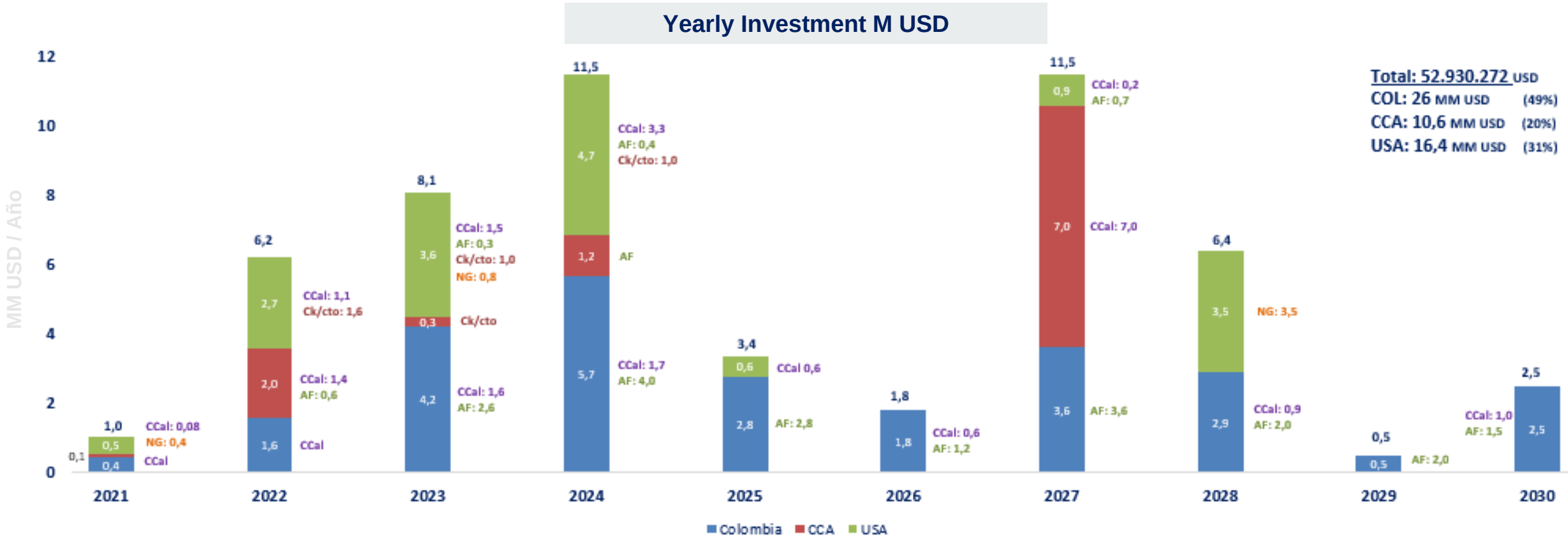
$76M

Estimated investments

All of these investments would be made in alternative fuels, mainly in the development of suppliers, which is one of the limitations that we have to date to achieve the proposed goals.

To reduce emissions below the current goal, there are **aspirational projects** that focus on significant reductions in clinker/cement factors, with estimated investments undergoing analysis for future disclosure.

Roadmap to reduce CO2 emissions - Scope 1



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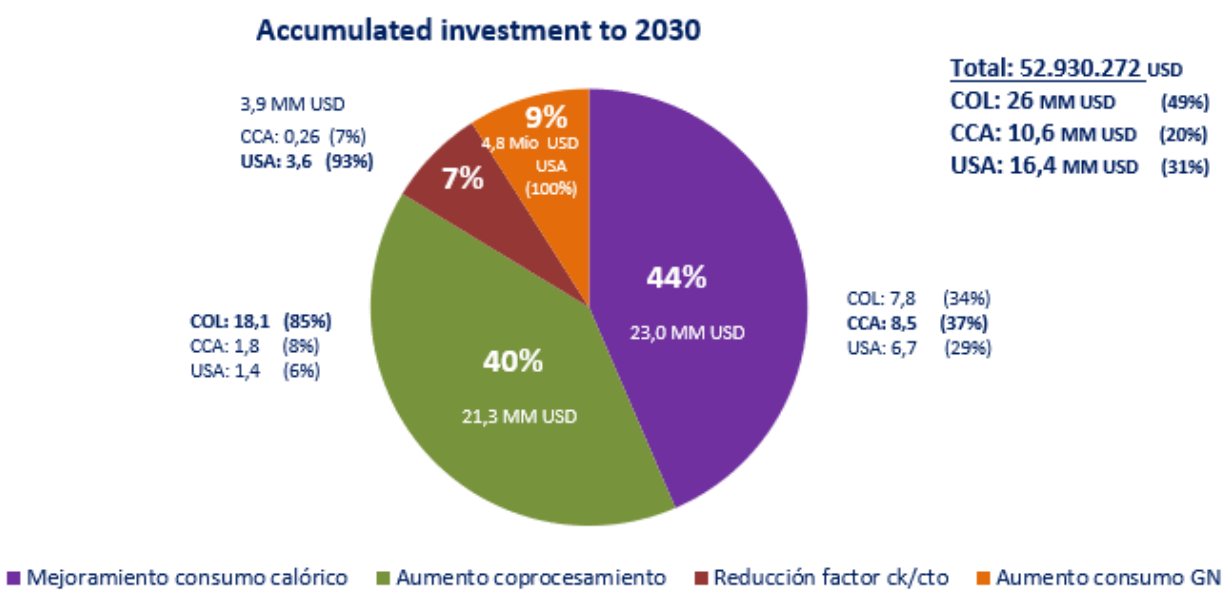
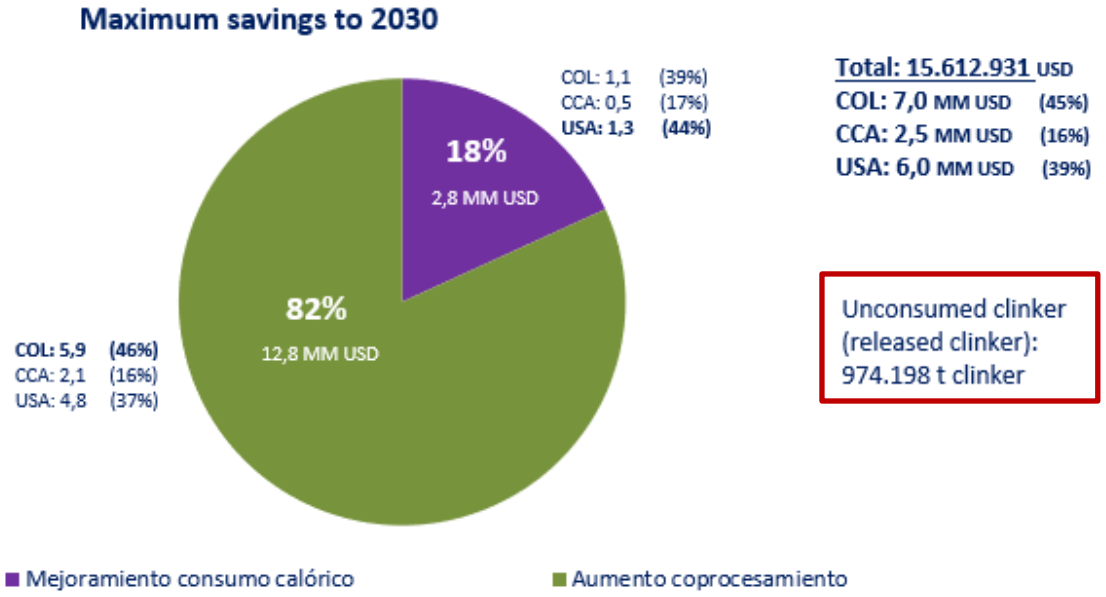
Savings generated by the CO2 Roadmap - Scope 1





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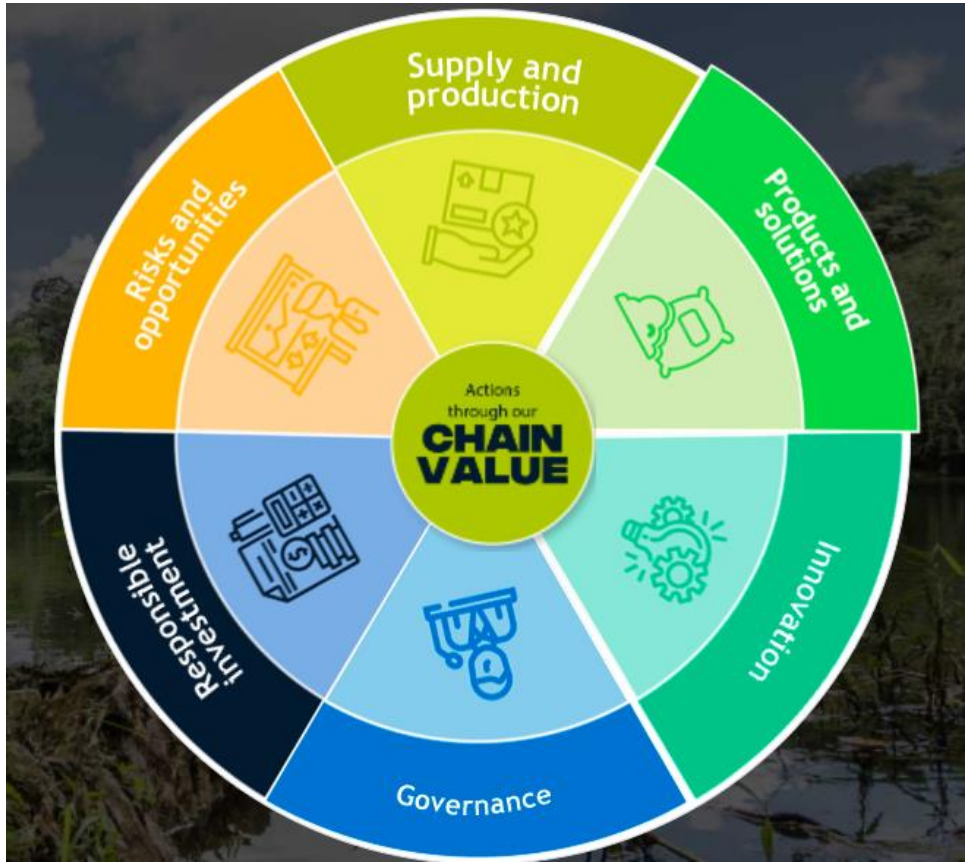
We have been working for over10 years to reduce our footprint and have reduced our CO2 emissions by 14% from the baseline

Through our portfolio of green solutions, we seek to be the best ally to our clients for the design and construction of sustainable projects





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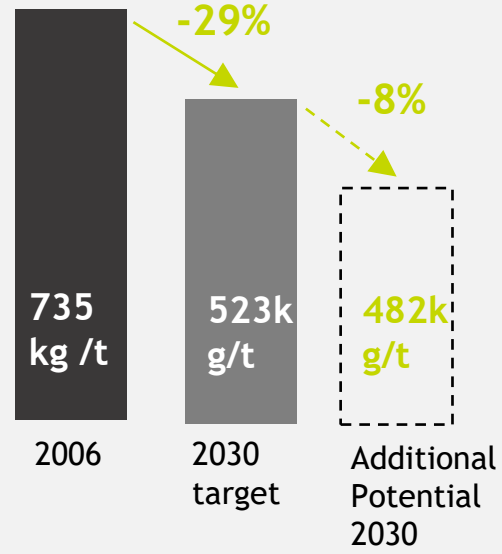
Our main aspirational project focuses on the expansion of the Calcined Clay business

Our goal

Expand the Calcined Clay business to **other geographies**, and reach an annual production of **3 million tons** of calcined clay by 2030.

This expansion of calcined clay production would allow us to achieve an **additional reduction of ~40 kg/t** with respect to our goal of emissions scope 1 by 2030.

Actual data and goal of CO2 emissions by 2030



Consolidated CO2 emissions could drop to **482 kg/t** if the calcined clay goal is reached

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