

C0. Introduction

C0.1

(C0.1) Give a general description and introduction to your organization.

Cementos Argos is a growing multinational Company with an established presence in 16 countries and territories with emerging and developed economies. Argos has been building history for over eighty years, and today is the market leader in the cement and concrete business in Colombia, the second concrete company and fourth cement company in the United States, and one of the largest in the Caribbean and Central America.

Cementos Argos is a cement, concrete and aggregates producer with headquarters in Colombia and a network of operations across three regions: Colombia, the United States, and Central America & the Caribbean. The company has 7 cement plants in Colombia, 4 in the United States, and 1 in Central America; 9 grinding facilities located in the United States, Puerto Rico, Haiti, Panama, Dominican Republic, Honduras, French Guiana and Surinam; and 28 ports and terminals. The company also has 265 concrete plants located across the three regions mentioned before. Its total installed capacity is 23 million tonne of cement and 16.5 million cubic meters of concrete per year. Its business model is focused on the customer and on creating added value for its stakeholders.

A fundamental part of the business vision at Argos is the creation of sustainable value, which it is one of the company's five strategic objectives. This approach ensures long-term permanence and a competitive position in a market that is continuously becoming more dynamic, generating not only products and services that truly add value for the organization's stakeholders and society, but also establishing a proper manner of behaving and conducting operations in all regions where the company is present.

Argos seeks the value creation to society and the company through balance between revenue generation, social development, and the reduction of environmental impacts. Argos' Sustainability Strategy guides the entire organization through four principles of work:

- Relationships of trust: Relationships with stakeholders are based on mutual transparency and support. They are nourished by constant dialogue and collective construction, which lead Company to achieve common goals.
- Responsible production: Argos uses resources responsibly, which means working every day to prevent, mitigate, correct and compensate impacts on its value chain.
- Business profitability: Decisions of Company are focused on the generation of innovative and efficient solutions to maximize the value generated to customers and business.
- Shared values with its partner (common values): Transforming Argos' future requires transforming Company present through individual actions. Argos contributes to empowering its stakeholders in their roles as agents of change.

This sustainability strategy is possible through positive relationships with stakeholders and following principles of good governance.

C0.2

(C0.2) State the start and end date of the year for which you are reporting data.

	Start date	End date	Indicate if you are providing emissions data for past reporting years	Select the number of past reporting years you will be providing emissions data for
Reporting year	January 1 2020	December 31 2020	No	<Not Applicable>

C0.3

(C0.3) Select the countries/areas for which you will be supplying data.

- Colombia
- Dominican Republic
- French Guiana
- Haiti
- Honduras
- Panama
- Puerto Rico
- Suriname
- United States of America

C0.4

(C0.4) Select the currency used for all financial information disclosed throughout your response.

COP

C0.5

(C0.5) Select the option that describes the reporting boundary for which climate-related impacts on your business are being reported. Note that this option should align with your chosen approach for consolidating your GHG inventory.

Operational control

C-CE0.7

(C-CE0.7) Which part of the concrete value chain does your organization operate in?

- Limestone quarrying
- Clinker production
- Portland cement manufacturing
- Blended cement
- Alternative 'low CO2' cementitious materials production
- Aggregates production
- Concrete production

C1. Governance

C1.1

(C1.1) Is there board-level oversight of climate-related issues within your organization?

Yes

C1.1a

(C1.1a) Identify the position(s) (do not include any names) of the individual(s) on the board with responsibility for climate-related issues.

Position of individual(s)	Please explain
Board-level committee	The highest level of direct responsibility for climate change issues in the Company is in the Sustainability and Corporate Governance Committee, which belongs to the committees of the Board of Directors. This Committee is formed by three members of the Board of Directors: one of them is an expert in social and environmental topics and former Minister of Environment in Colombia; another one is a lawyer specialized in commercial matters, was the Legal and Institutional Affairs Vice-president at Cementos Argos and now is the Talent and Corporate Affairs Vice-president at Grupo Argos; and the last one is an economist who is expert in technological and mining sectors. This Committee's objective is to recommend to the Board of directors, systems for the adoption, follow-up and improvement of sustainability and corporate governance practices used within the Company. This committee had 5 sessions in 2020 and has among its functions the guidance, monitoring and tracking of best practices in sustainability, as well as ensuring compliance with the sustainability strategy.
Chief Sustainability Officer (CSO)	The Legal and Sustainability Vice Presidency goal is ensuring integrity, corporate governance, reputation and sustainability, while leading the legal and corporate affairs, communications and sustainability process, thus supporting the results of the regions.
Chief Operating Officer (COO)	In the search of a more competitive and efficient organization, in 2019 Argos carried out a resizing of its corporate structure, going from nine vice-presidencies to a model of three regional vice-presidencies and three corporate vice-presidencies. With this structure, Argos is looking forward to strengthening competencies and promoting a larger autonomy for its operations. The operations are empowered to act quickly and more decisively within their markets, have agile administrative areas that work closely with the business, and develop Transversal Excellence Networks to facilitate the adoption of best practices and the creation of synergies between areas. The Central America and Caribbean (CCA) Vice Presidency is one of three Operating Office in Argos, together with the Vice Presidencies of the other two regions (Colombia and USA). The Central America and Caribbean (CCA) Vice Presidency as an Operating Office is responsible for implementing the region's competitive strategy, focusing on responding to the market in an agile way, to deliver a value proposition that satisfies customer needs, supported by an efficient operation to generate profitability. In a transversal way, through its Transversal Excellence Networks (TEN), this VP leads synergies in following issues: - Strategies and policies on environment, occupational health and safety, and community engagement. Therefore, as Sponsor VP of Environmental TEN, this VP guides and supports topics under his responsibility and ensures that the objectives of the TEN are met. - Branding - Cement operations One Transversal Excellence Networks of this Operating Office is the Environmental Management Department, which is responsible for defining climate change strategy and ensuring its compliance. The implementation of the climate change strategy is leveraged by Regional VPs: Colombia, USA and Central America & Caribbean; with active participation of other VPs, such as: Legal and Sustainability, Finance, and Talent and Culture. The regional teams are then responsible for the reduction of the company's GHG emissions through the correct execution of strategies.
Other, please specify (Steering committee)	The CEO and Vice Presidents meet formally every month, at the Steering Committee, to analyse the performance of the Company, evaluate new projects and to follow up ongoing projects. Likewise, Vice presidents of regional divisions attend a monthly committee along with the CEO. The main functions of the Steering Committee are: - Delivering the guidelines and validating the management of the company in relation to economic, social and environmental aspects. - Giving feedback and guiding employees for decision making. - Aligning and transmitting the recommendations received from the Board of Directors.

C1.1b

(C1.1b) Provide further details on the board's oversight of climate-related issues.

Frequency with which climate-related issues are a scheduled agenda item	Governance mechanisms into which climate-related issues are integrated	Scope of board-level oversight	Please explain
Scheduled – all meetings	<p>Reviewing and guiding strategy</p> <p>Reviewing and guiding major plans of action</p> <p>Reviewing and guiding risk management policies</p> <p>Reviewing and guiding business plans</p> <p>Setting performance objectives</p> <p>Monitoring implementation and performance of objectives</p> <p>Overseeing major capital expenditures, acquisitions and divestitures</p> <p>Monitoring and overseeing progress against goals and targets for addressing climate-related issues</p>	<Not Applicable>	<p>The Sustainability and Corporate Governance Committee meets quarterly and its objective is to recommend to the Board of Directors, systems for the adoption, follow-up and improvement of sustainability and corporate governance practices used within the Company. Its main function is establishing, monitoring and tracking best practices in sustainability as well as ensuring the compliance of the sustainability and environmental strategies, which includes the company's climate change strategy. Some functions of this Committee are the following: - Ensure that the Shareholders and the market in general have access in a complete, truthful and timely manner to all information that must be disclosed by the Company. - Support the management of the Board of Directors and provide instructions to the Management regarding good governance, transparency and sustainability within the Company. - Make sure that Sustainability and Corporate Social Responsibility are part of the Company's long-term strategy. - Frequently evaluate compliance with the Good Governance Code, the Code of Corporate Conduct and the Sustainability Policy of the Organization, taking into account the commitments that were acquired with regard to each of the Stakeholders and the strategy to be followed to improve sustainability and good governance practices. - Ensure compliance with the Good Governance Code, as well as with the Code of Corporate Conduct, the regulations for the Assembly, Board of Directors, and other company bodies, and with the environmental and sustainability policies defined by the Company. - Present, to the Board of Directors, an annual report of the Sustainability and Corporate Governance Committee. - Definition and monitoring of the Sustainability Strategy, including monitoring of environmental indicators. - Analysis of sustainability issues related to the strategic risks. The Sustainability and Corporate Governance Committee had 5 sessions during 2020 and the main activities developed were the following: - Follow-up to the sustainability strategy. - Review of environmental metrics and approval of climate change strategy. - Discussion and analysis of international trends in corporate governance. - Follow-up to the Ethics and Compliance Program. - Analysis of results, opportunities and action plans associated with sustainability indices that evaluate the company's management. - Review of the Board of Director's annual assessment proposal.</p>

C1.2

(C1.2) Provide the highest management-level position(s) or committee(s) with responsibility for climate-related issues.

Name of the position(s) and/or committee(s)	Reporting line	Responsibility	Coverage of responsibility	Frequency of reporting to the board on climate-related issues
Other, please specify (Board-level committee (Sustainability and Corporate Governance Committee))	<Not Applicable>	Both assessing and managing climate-related risks and opportunities	<Not Applicable>	Quarterly
Other, please specify (Steering Committee)	<Not Applicable>	Both assessing and managing climate-related risks and opportunities	<Not Applicable>	Quarterly
Chief Sustainability Officer (CSO)	<Not Applicable>	Both assessing and managing climate-related risks and opportunities	<Not Applicable>	Quarterly
Other, please specify (Environmental, Health and Safety and Community Engagement Sr. Director)	<Not Applicable>	Both assessing and managing climate-related risks and opportunities	<Not Applicable>	Quarterly
Chief Operating Officer (COO)	<Not Applicable>	Both assessing and managing climate-related risks and opportunities	<Not Applicable>	Quarterly
Risk manager	<Not Applicable>	Both assessing and managing climate-related risks and opportunities	<Not Applicable>	Quarterly
Other, please specify (● Board-level committee (Audit, Finance and Risk Committee))	<Not Applicable>	Both assessing and managing climate-related risks and opportunities	<Not Applicable>	Quarterly

C1.2a

(C1.2a) Describe where in the organizational structure this/these position(s) and/or committees lie, what their associated responsibilities are, and how climate-related issues are monitored (do not include the names of individuals).

The Corporate Government of Argos has the following hierarchy:

1. **Superior entity: General Shareholders' Assembly:** it is the highest Corporate Body and it is constituted by the company's shareholders.
2. **Board of Directors:** is elected by the General Assembly of Shareholders for a term of one (1) year and they may be re-elected indefinitely. The Board of Directors meets at least once a month according to with the defined action plan, which includes topics to be discussed that are framed in economic, environmental and social matters. Among its functions are the following: - Guide and review the long-term strategy; - Follow-up on the main projects, budgets and the business plan; - Adopt the company strategies in economic, social and environmental matters; - Formulate proposals and actions taking into account the best sustainability practices; - Keep track of strategic risks, the associated impacts and the corresponding prevention and mitigation plans; - Monitor the functioning of internal control mechanisms and their effectiveness for risk management.

The **Sustainability and Corporate Governance Committee**, which belongs to the Board of Directors, meets quarterly and has as objective to recommend to the Board of directors, systems for the adoption, follow-up and improvement of sustainability and corporate governance practices used within the Company. In this Committee, all environmental issues of interest to the company, and among them those related to climate change, are treated and monitored.

The Audit, Finance and Risk Committee, that also belongs to the Board of Directors, has among its functions the supervision of the effectiveness of the Integrated Risk Management System (IRMS).

3. **Chairman**, has the functions defined in the Company's Bylaws.
4. **Steering Committee:** its mission is to deliver the guidelines and validate the Company's management on economic, social and environmental aspects. It is made up by the CEO and the six Vice Presidents that the company has. This Committee meets every month to analyse the performance of the Company, evaluate new projects and to follow up ongoing projects. The main functions of the Steering Committee are: - Delivering the guidelines and validating the management of the company in relation to economic, social and environmental aspects; - Giving feedback and guiding employees for decision making; - Aligning and transmitting the recommendations received from the Board of Directors. The Legal & Sustainability Vice President and the Central America and Caribbean Vice President (as Sponsor VP of Environmental TEN – Transversal Excellence Net) ensure that climate change issues are considered within the implementation of the company strategy.
5. **Legal & Sustainability Vice Presidency (Chief Sustainability Officer - CSO):** is responsible for formulating the sustainability strategy and ensuring that the guidelines of the Board permeate the organization.
6. **Central America & Caribbean Vice Presidency (Chief Operating Officer (COO):** as Sponsor VP of Environmental TEN (Transversal Excellence Net) this VP guides and supports topics under his responsibility, ensures that guidelines of Board permeate the organization and that the objectives of Environmental TEN team objectives are met.
7. **Environmental, Health & Safety Sr. Director:** this position is under the Central America & Caribbean Vice Presidency in the corporate structure **and is** responsible for formulating and leading the implementation of the Climate Change Strategy, which focuses on the measurement of direct and indirect greenhouse gases (GHG), on the identification and development of mitigation measures for these emissions and on the definition of actions to adapt to impacts related with climate change. Some of the functions of the Environmental, Health, and Safety Sr. Director are: - Define and maintain updated and adjusted to reality, the strategy in environmental affairs while carrying out continuous monitoring of its implementation; - Advising and accompanying the environmental work plan of the organization; - Follow-up on the implementation of the environmental process in the organization; and - Lead and monitor the environmental process to ensure compliance with the environmental strategy, the applicable regulations and the improvement of environmental performance, promoting synergies between regions and other areas of the organization on issues related to the environmental strategy.
8. **Risk Sr. Director:** this position is under Finance Vice Presidency in the corporate structure. He leads the climate change risk analysis; his team updates company climate change risk matrix yearly under IRMS guidelines, which allows prioritizing resources and action plans to support climate change management.

C1.3

(C1.3) Do you provide incentives for the management of climate-related issues, including the attainment of targets?

	Provide incentives for the management of climate-related issues	Comment
Row 1	Yes	Argos has a Variable Compensation System (monetary incentives) that promotes the achievement of the strategic targets. Through this system extra salary bonuses are paid to employees when the goals are achieved. Depending on the organizational level within the company, there are two types of incentives that could apply: short term & long-term incentives. In addition, In 2020 Argos launched Green Plant award as a non-monetary incentive. This is an annual recognition given to the best integrated plant, grinding plant, & division of concrete. The plants were chosen based on the evaluation of four indicators related to climate change management, including the reduction of CO2. Also, Argos has other non-monetary incentives: - Ideaxion: to promote the generation of innovative ideas. It allows the collection of innovative ideas from anyone anywhere in the Company. - Amovilizarte: which highlights and promotes sustainable mobility (walk, bicycle, public transport, carpooling)

C1.3a

(C1.3a) Provide further details on the incentives provided for the management of climate-related issues (do not include the names of individuals).

Entitled to incentive	Type of incentive	Activity incentivized	Comment
Chief Executive Officer (CEO)	Monetary reward	Other (please specify) (Formulating the climate change strategy)	Argos has a Variable Compensation System (monetary incentives) that promotes the achievement of the strategic targets. Through this system, extra salary bonuses are paid to employees when the goals are achieved. Depending on the organizational level within the company, there are two types of incentives that could apply: short term incentives and long-term incentives. The short-term monetary incentive (annual) establishes targets which are evaluated and reviewed at the end of the established periods. The long-term monetary incentive indicator focuses on the search for the sustainability of Argos operations, articulating the interests of the shareholders and the management executives. For this reason, Argos establishes a 3-year vision that guides its decisions in the short term; however, the planning measurement and tracking of these indicators are carried out every year. This monetary incentive for the CEO is a long-term sustainability incentive. Among the action lines of this indicator are commitments related to the definition of Grupo Argos climate change strategy and alignment with the climate change pillar of Cementos Argos environmental strategy. In addition, this indicator includes the review of the externalities or impacts of the company through the Value Added to Society (VAS) which integrates the assessment of environmental externalities, including the impacts of the generation of greenhouse gases associated with climate change. Compliance of the targets gives rise to the payment of monetary incentives. This incentive aims to generate awareness and management in favour of the company's sustainability by defining actions and initiatives on a day-to-day basis.
Other, please specify (Named Executive Officers)	Monetary reward	Other (please specify) (Formulating the climate change strategy)	Argos has a Variable Compensation System (monetary incentives) that promotes the achievement of the strategic targets. Through this system, extra salary bonuses are paid to employees when the goals are achieved. Depending on the organizational level within the company, there are two types of incentives that could apply: short term incentives and long-term incentives. The short-term monetary incentive (annual) establishes targets which are evaluated and reviewed at the end of the established periods. The long-term monetary incentive indicator focuses on the search for the sustainability of Argos operations, articulating the interests of the shareholders and the management executives. For this reason, Argos establishes a 3-year vision that guides its decisions in the short term; however, the planning measurement and tracking of these indicators are carried out every year. This monetary incentive for the Named Executive Officers is a long-term sustainability incentive. Among the action lines of this indicator are commitments related to the definition of Grupo Argos climate change strategy and alignment with the climate change pillar of Cementos Argos environmental strategy. In addition, this indicator includes the review of the externalities or impacts of the company through the Value Added to Society (VAS) which integrates the assessment of environmental externalities, including the impacts of the generation of greenhouse gases associated with climate change. Compliance of the targets gives rise to the payment of monetary incentives. This incentive aims to generate awareness and management in favour of the company's sustainability by defining actions and initiatives on a day-to-day basis.
Business unit manager	Monetary reward	Other (please specify) (Levers for climate change management.)	As a short-term indicator, the Business Unit Managers of the Caribbean and Central America region and of the Transversal Excellence Network, have within their variable compensation program, indicators such as: energy reduction, efficiency, alternative fuels and clinker/cement ratio. These indicators are levers for climate change management and achievements. This short-term monetary incentive (annual) establishes targets which are evaluated and reviewed at the end of the established periods. Compliance of targets of key performance indicators related to the company's Climate Change Strategy, gave rise in 2020 to the payment of monetary incentives.
Other, please specify (Employees)	Monetary reward	Other (please specify) (Levers for climate change management.)	Employees of different levels in the Caribbean and Central America region have different indicators within their variable compensation program in the short term according to their role within the organization. Some indicators are related to energy reduction, efficiency, alternative fuels, clinker/cement ratio. These indicators are levers for managing and achieving targets related to climate change mitigation. This short-term (annual) monetary incentive establishes goals that are evaluated and reviewed at the end of the established periods. Compliance of targets of key performance indicators related to the company's Climate Change Strategy, gave rise in 2020 to the payment of monetary incentives.
All employees	Non-monetary reward	Other (please specify) (Best practices in operational efficiency, care of life and that of others, environmental issues and building relationships of trust with communities.)	In 2020 Argos launched Green Plant award as a system of non-monetary incentives, which is an annual recognition process that is delivered to the best integrated plant, grinding plant, and division or zone of concrete, with the best practices in operational efficiency, care of life, management of environmental matters and building relationships of trust with communities. The plants were chosen based on the evaluation of four indicators related to climate change management, including the reduction of net CO2 emissions and energy efficiency. Employees at the Roberta, Guyana and Suriname plants received the first recognition for the comprehensive, responsible and sustainable management of their facilities.
All employees	Non-monetary reward	Other (please specify) (Sustainable Mobility Program.)	Another program within non-monetary incentives is "Amovilizarte", which highlights and promotes sustainable mobility (walk, bicycle, public transport and carpooling) via the Try My Ride app to reduce the carbon footprint related to the transport of employees. Every month Argos publishes several piece of data on the use of the bikes, highlighting the person who has used them the most in that period, the CO2 emissions avoided due to their use, the increase in the use of bicycles, among other piece of data about practices to reduce personal carbon footprint. In the framework of the program's anniversary celebration, a working group was set up with the other Grupo Argos companies to motivate more people to join the initiative, however, despite the challenges generated by the Covid, the number was increased of employees participating in the initiative, which led us to avoid a total of 19,960 kilograms of CO2 in 2020.
All employees	Non-monetary reward	Other (please specify) (The implementation of innovative ideas that promotes efficiency in the processes and savings in emissions (GEI and other emissions), energy, water and all resources in general.)	Argos has a system of non-monetary incentives to promote generation of innovative ideas (named IDEAXION), which is an organizational tool for the innovation management that allows the collection of innovative ideas from anyone anywhere in the Company, and, it has a system of points assigned to reward authors and mentors of those innovative ideas. This initiative is part of the strategies aimed at the efficient use of resources, maximizing the profitability of businesses, expanding the portfolio of products and services with sustainability characteristics, adopting high quality standards and responding to the needs of the local markets.

C2. Risks and opportunities

C2.1

(C2.1) Does your organization have a process for identifying, assessing, and responding to climate-related risks and opportunities?

Yes

C2.1a

(C2.1a) How does your organization define short-, medium- and long-term time horizons?

	From (years)	To (years)	Comment
Short-term	1	3	Argos evaluates its Value at Risk annually from strategic risk scenarios, quantifying the impact on the key indicators budgeted by the company, which are set according to the corporate strategy (e.g., net debt/EBITDA ratio). Additionally, facility and process risk assessments are performed yearly or biannually, in order to follow-up on action plans and identify further alerts.
Medium-term	4	6	Corporate guidelines such as the environmental strategy are currently set on milestones for 2030. Therefore, medium-term plans are designed on a five-year horizon, so they are aligned with the strategic KPIs.
Long-term	7	10	Long-term projects are evaluated on 10-year projections of earnings and cash flows. Decisions on financial feasibility are taken considering 10-year NPV results and internal rates of return, plus payback periods lesser or equal than 10 years and impacts on long-term strategic KPIs such as EBITDA, FCF, net debt/EBITDA ratio and ROCE. This is aligned to other criteria such as the Paris Agreement time horizon, the SDG agenda and the FICEM roadmaps.

C2.1b

(C2.1b) How does your organization define substantive financial or strategic impact on your business?

At Argos, all our actions are driven by our higher purpose, i.e., to build dreams that foster development and transform lives. Our roadmap for this is the corporate strategy, which is centered in creating stakeholder value through offering construction materials and services, leveraging solutions that drive the industrialization and digitalization of the sector, in countries in the Americas with high potential for construction and infrastructure development, based on streamlined, innovative and efficient management, with high sustainability standards under a recognized brand. The degree of achievement of the strategy and strategic objectives is measured through Objectives and Key Results (OKR), which are reviewed and adjusted quarterly, according to the constant changes in the environment and the medium and long-term challenges that may influence the industry and the company. Supporting and aligned to our main strategic framework, we count on environmental and climate change strategies, for which goals and targets are set by year 2030. One of our top-company objectives is to become industry leaders in climate change mitigation and adaptation, by focusing our actions in increasing the energy efficiency and the use of alternative fuels, reducing clinker/cement ratio by using supplementary cementitious materials, and exploring carbon capture technologies, widening our green solutions portfolio and executing a capital expenditures plan (i.e., technical roadmap) for climate change mitigation and adaptation. We continuously assess the risk and opportunities derived from our company roadmaps through our Integrated Risk Management System (IRMS) as well as the guidelines provided by the corporate strategy.

Our IRMS provides the framework and methodology to identify, assess, quantify and monitor the risks that may affect the company's OKRs at the strategic, tactical and operational levels. The strategic risks' relevance is measured against the company's financial appetite and tolerance scales, which are set according to the potential deviation that a risk materialization may cause on OKRs related to financial performance, measured in Ebitda and net/ebitda ratio (magnitude of potential losses may be low, medium-low, medium, medium-high and high according to intervals that are periodically reviewed and currently range from USD 5,5 to over 40 millions). More specifically, we quantify the impact of strategic risks through the definition of risk scenarios under the Value-at-Risk approach, in which we evaluate losses in EBITDA and their effect on the company's net debt/EBITDA ratio (OKR for financial flexibility). The impact scale is then defined depending on whether the net debt/EBITDA ratio allows or not to achieve the company's budgeted targets, keep financial flexibility, credit ratings, & the overall investment outlook of the company, according to the targets defined by the company.

The IRMS enables Argos the successful execution of its strategy, through following processes: the identification of possible risk scenarios considering materiality, global trends & company strategic framework; the assessment of the level of exposure to all risks; the management through action plans including adaptation & continuity plans and the corporate insurance program; the monitoring of effectiveness of action plans, & the reporting to the Board of Directors and stakeholders. Strategic risks are defined according to the internal & external drivers that may affect achieving the company's strategic objectives and OKRs. Currently, Argos monitors ten strategic risks (SR): market risks (SR1); delay in closing competitiveness gaps in technological adoption (SR2); inability to adapt to changes in the value chain of construction & our customers' needs (SR3); new policies or changes in regulation (SR4); low appropriation of the company's culture pillars & mismanagement of talent (SR5); inability to comply with the company's CO2 emission reduction objectives (SR6); occurrence of natural events (SR7); non-compliance with ethic, compliance standards & internal control (SR8); failures in information & control systems due to cyber-attacks (SR9) and political, social & legal instability at a global or local level (SR10).

For climate change, a standalone analysis is performed in which specific risks are formulated as the potential materialization of any of our strategic or emerging risks, either as specific scenarios or as the risk materialization, with the same frameworks & methodologies mentioned above. In line with this, we count on a climate change risk analysis in which 7 risks are identified (as specific cases or as the strategic or emerging risk per se), evaluated, and their impact is quantified & characterized according to the corporate risk appetite & tolerance scales. As a result, we update our climate change risk matrix yearly under our IRMS framework, which allows prioritizing resources & action plans to support climate change management.

C2.2

(C2.2) Describe your process(es) for identifying, assessing and responding to climate-related risks and opportunities.

Value chain stage(s) covered

Direct operations

Risk management process

Integrated into multi-disciplinary company-wide risk management process

Frequency of assessment

More than once a year

Time horizon(s) covered

Short-term
Medium-term
Long-term

Description of process

Risks: Argos' Integrated Risk Management System (IRMS) identifies and assesses risks either from a strategic point of view, for process and project management (tactical) or for assets and facilities (operational). The IRMS enables Argos the successful execution of its strategy, through following steps: 1. The identification of possible risks considering materiality, global trends and the company strategic framework; 2. The assessment of each risk's level of exposure; 3. The management through action plans including adaptation and continuity plans and the corporate insurance program; 4. The monitoring of effectiveness of action plans, plus the reporting to our stakeholders. Strategic (SR) & emerging risks (ER) may affect the achievement of the company's strategic objectives in the short and long term, respectively. Strategic risks are reviewed and updated according to Argos' strategy and strategic objectives & materiality analysis, the Trends and Connections analysis (i.e., Argos methodology to identify trends that may define strategic and emerging risks) & inputs from business experts in different geographies. In addition, Strategic & emerging risks are constantly reviewed by the

Board of Directors (BD) through the Audit, Finance and Risk Committee (AFRC), which supports the decision-making of the BD. Climate change risks are considered strategic and are periodically reported to the AFRC. A climate change risk matrix is built under qualitative and quantitative criteria and is updated annually. 1. Identification: our climate change risk matrix counts on seven risks that are directly related to the company's top risks, strategic (SR) and emerging (ER), depending on the time horizon in which they would be materialized. Thus, even if a climate change risk counts on a very specific denomination in the matrix, it can be viewed as a particular case on a top company risk (<https://argos.co/wp-content/uploads/2021/04/Climate-Change-Risks.pdf>). Strategic risks that are directly related to our climate change risk matrix are: the inability to comply with the company's CO2 emission reduction objectives due to the non-implementation of alternative fuels, technologies and cementitious materials (SR6), new policies or changes in regulations that affect the company's value creation (SR4), occurrence of natural events that significantly affect the operations, business continuity, market share and the company's equity (SR7), restrictions on access to capital, credits and the like, as it is a production process that is intensive in CO2 emissions (ER1) and depletion of water resources for the continuity of the operation due to climate change and ecosystem degradation (ER2). 2. Analysis: the company assesses climate-change scenarios related to strategic and emerging risks by quantifying financial impacts of a potential risk materialization on strategic KPIs and KRIs such as EBITDA, FCF, net debt/EBITDA ratio and ROCE, measured as deviations of risk materializations from budgeted OKRs or long-term goals. The IRMS sets the impact and likelihood scales to determine risk exposure and the risk heat map. More specifically, the IRMS sets the impact scales for both strategic and operational risks according to the corporate risk appetite and tolerance framework, or the yearly EBITDA of each facility, respectively. At the tactical and operational levels, the company identifies risks through risk workshops with process owners and environmental experts, and evaluates them through tools such as: end-to-end assessments to the environmental management processes, a physical assessment risk tool for measuring the facilities' exposure to weather events and potential losses associated to them; and self-assessment tools to evaluate the facilities' level of compliance to regulatory and voluntary standards, as well as their level of maturity on climate change adaptation, e.g., their preparedness to climate-related events and emergencies or the existence of a climate change adaptation plan (operational). 3. Response: At Argos, climate change risk management is a top-down and bottom-up integrated team effort in different teams work together. Decisions are implemented through measures such as risk transfer and retention, revision of strategic projects or definition and tracking of our top-company OKRs. More specifically, Argos set a new CO2 reduction target (523 kg CO2/t cementitious product). To achieve this new target, in 2021 Argos will build the roadmap to reduce CO2 emissions by 2030, annualized and for each region through scenario analyses under a bottom-up approach, and detailing the technical strategies for mitigation and the required investment plan. In addition, at the tactical and operational levels, we set the guidelines, objectives and goals of our climate change adaptation plan and develop standard tools for risk assessments and monitoring in the facilities. Thus, we support our facilities in evaluating their climate change risk exposure and in designing action plans to improve their resilience. Opportunities: Climate change opportunities arise from the need for innovative solutions to address our strategic risks, especially regarding new challenges derived from changes in the value chain of construction and our customers' needs, commitments with our stakeholders and natural resource scarcity. Opportunities are assessed through an integration of top-down and bottom-up approaches. The company defines its strategic priorities, which are evaluated and monitored by the corporate Business Strategy and marketing teams. These priorities frame Argos' commercial and innovation initiatives (i.e., 'Smart Construction' and 'Road to Zero'). In addition, in 2020 we formed an interdisciplinary task force whose main objective is to continue to position ourselves as a strategic ally of our clients for the design and construction of projects with sustainability characteristics, through a range of products and services that respond to their needs (Green Solutions Portfolio). Facilities, on the other hand, identify opportunities via SWOT Analyses. Each component of the facility's SWOT matrix is assessed considering their feasibility and impact, and the most relevant are submitted to IDEAXION, a corporate platform which enables transmitting ideas to the Innovation, Environmental and Strategy teams. A business case is developed for those which represent relevant business opportunities, which is evaluated and approved by the corporate Financial Planning department. Once opportunities have been identified and approved, special teams are formed to define and perform the project. For specific information regarding climate change opportunities in operations, please refer to question C2.4a., Opportunities 2 & 3, regarding process efficiencies and carbon capture (microalgae).

Value chain stage(s) covered

Upstream

Risk management process

Integrated into multi-disciplinary company-wide risk management process

Frequency of assessment

Annually

Time horizon(s) covered

Short-term

Medium-term

Description of process

The process for identifying and assessing our climate-related risks is the same for any segment of our value chain (see question C2.2: direct operations). The IRMS enables Argos the successful execution of its strategy at strategic, tactical and operational levels, through the following processes: 1. The identification of possible risk scenarios considering materiality, global trends and the company strategic framework; the assessment of the level of exposure to all risks; 2. The management through action plans including adaptation and continuity plans and the corporate insurance program; 3. The monitoring of effectiveness of action plans, plus the reporting to our stakeholders. Moreover, for upstream risks, we also follow the regulations and standards that define our due diligence procedures. 1. Identification: From a strategic perspective, upstream climate change risks are associated to natural hazards derived from climate change (SR 7), and the depletion of water resources for the continuity of the operation due to climate change and ecosystem degradation (ER2). Also, the Risk Management, Environmental Management & Energy Management teams design & quantify risk scenarios considering potential increases in energy costs (see question C2.3, risk 4). 2. Analysis: impacts from extreme weather events in property losses and business continuity are assessed together with the Supply Chain department and third-party modelling (RMS-AIR) (see question C2.3, risk 5). For ER2, the risk management and environmental management teams designed a valuation tool for long-term shifts in water costs (see question C2.3, risk 6). Moreover, for upstream risks, as part of our due diligence procedures we count on risk assessment tools to evaluate our suppliers' maturity on sustainability criteria. In facilities, risk assessments following the IRMS guidelines are performed to identify potential impacts and design action plans regarding cost overruns caused by scarcity in energy resources (e.g., gas & alternative fuels) and water (water risk calculator). In 2020 we performed a water risk assessment for Argos' critical suppliers (97 locations from 64 suppliers) with WRI Aqueduct tool. From that assessment it was concluded that about 5% of the operations of the evaluated suppliers are in zones of high or extremely high-water stress level, 12% with medium to high stress, 30% in zones with medium to low level stress, while the remaining 53% is in zones of low stress level. 3. Response: for implementing action plans derived from risk assessments, we count on teams in the regional divisions and operations which support the implementation and management of them (e.g., working teams dedicated to increase alternative materials and fuels in plants). Argos uses the information from risk assessments to prioritize and share good practices and strategies of water management with suppliers, such as Good practice guides for water management, water accounting, water risk assessment, among others with the aim of communicating experiences and creating collective actions around proper water management at operational and supply chain level. Among the main achievements in 2020, related to increase alternative fuels, it is worth to mention: We continue to use alternative fuels at the plants in Roberta, Harleyville, Newberry, Martinsburg (USA), Comayagua (Honduras), Cartagena, Rioclaro & Yumbo (Colombia), with a heat substitution amounting to 6.2 %. We are making progress in strengthening the alternative fuel supply chain in the three regional operations. In USA, in the cement plants, we consumed more than 79,000 t of waste. USD 1.9 million was the savings achieved for the use of alternative-fuels in the burner tip in US cement operations. We particularly highlight the agreement with the company VLS, the main supplier of alternative-fuels for the Newberry, Harleyville & Roberta Plants, which consists -through the figure of a joint venture- of opening an operation in Florida that will make it possible to increase both the volume of alternative-fuels and reduce the net specific CO2 emissions and the prices of these fuels at the Newberry Plant. This project will also allow the plant to contribute to waste management in the region. In turn, the Roberta Plant partnered with the Alabama Department of Environmental Management (ADEM) Solid Waste Area to help implement a state-mandated recycling initiative. In Honduras, at Piedras Azules Plant, we were close to tripling the income from waste co-processing services, compared to 2019, which consists of offering fiscal destruction of branded products and the destruction of special waste. In Colombia, COP 1.2 billion were the approximate savings achieved due to the use of alternative-fuels in cement operations in Colombia. We had a record of tons of alternative fuel consumed in this region, where we co-processed more than 13,900 t of waste at the Cartagena, Rioclaro & Yumbo plants. These results are aligned with the environmental strategy of the organization & with the circular economy initiatives, by mitigating the environmental impacts associated with the disposal of waste and the reduction of conventional fuels in our production processes. Process for identifying, assessing and responding to climate-related opportunities: Climate change opportunities arise from the need for innovative solutions to address our strategic risks, especially regarding new challenges derived from changes in the value chain of construction and our customers' needs, commitments with our

stakeholders and natural resource scarcity. Opportunities are assessed through an integration of top-down and bottom-up approaches. The company defines its strategic priorities, which are evaluated and monitored by the corporate Business Strategy and marketing teams. These priorities frame Argos' commercial and innovation initiatives (i.e., 'Smart Construction'). In addition, in 2020 we formed an interdisciplinary task force whose main objective is to continue to position ourselves as a strategic ally of our clients for the design & construction of projects with sustainability characteristics, through a range of products and services that respond to their needs (see Green Solutions Portfolio). Facilities, on the other hand, identify opportunities via SWOT Analyses. Each component of the facility's SWOT matrix is assessed considering their feasibility and impact, and the most relevant are submitted to IDEAXION, a corporate platform which enables transmitting ideas to the Innovation, Environmental and Strategy teams. A business case is developed for those which represent relevant business opportunities, which is evaluated and approved by the corporate Financial Planning department. Once opportunities have been identified and approved, special teams are formed to define and perform the project. For specific information regarding upstream climate change opportunities, please refer to question C2.4a., Opportunity 2.

Value chain stage(s) covered

Downstream

Risk management process

Integrated into multi-disciplinary company-wide risk management process

Frequency of assessment

Annually

Time horizon(s) covered

Short-term

Description of process

The process for identifying and assessing our climate-related risks is the same for any segment of our value chain. The IRMS enables Argos the successful execution of its strategy at strategic, tactical and operational levels, through the following processes: 1. The identification of possible risk scenarios considering materiality, global trends and the company strategic framework; 2. The assessment of the level of exposure to all risks; the management through action plans including adaptation and continuity plans and the corporate insurance program; 3. The monitoring of effectiveness of action plans, plus the reporting to our stakeholders. 1. Identification: from a strategic perspective downstream climate change risks are associated to the Inability to adapt to changes in the value chain and our customers' needs (SR3) and the restrictions on access to capital, credits and the like, as it is a production process that is intensive in CO2 emissions (ER1). In addition, the reliability of our distribution network, which may be impacted by extreme weather events (SR7). Argos performs risks assessments at a tactical and operational level for R&D projects, new products and business lines, applying the 4 steps of our IRMS framework. For instance, we count on risk assessments at a project level for the implementation of precast and steel framing construction in social housing, and carbon capture through microalgae. 2. Analysis: for climate-change risks strategic and project-level risks are directly related. New projects and products count on a risk matrix assessing risks such as lack of demand, unexpected changes in technology adoption, legal contingencies among others. Each count on impact valuations over the projected business case, assessing the degree in which the projected Ebitda, cash flow and payback may be affected, thus influencing decision-making. 3. Response: risk assessments are crucial input for investment decisions or changes during implementation. Projected business cases that consider potential risk materializations are presented to the top management thus influencing investments or suggesting changes to the project or business line. Upstream process and downstream risks are closely related, as the implementation of new technologies in our production process, and the use of alternative, more efficient and cleaner raw materials and fuels are key in the value offer of our Green Solutions portfolio, "Green Solutions, Conscious Innovation". Process for identifying, assessing and responding to climate-related opportunities: Climate change opportunities arise from the need for innovative solutions to address our strategic risks, especially regarding new challenges derived from changes in the value chain of construction and our customers' needs, commitments with our stakeholders and natural resource scarcity. Opportunities are assessed through an integration of top-down and bottom-up approaches. The company defines its strategic priorities, which are evaluated and monitored by the corporate Business Strategy and marketing teams. These priorities frame Argos' commercial and innovation initiatives (i.e., 'Smart Construction' and 'Road to Zero'). In addition, in 2020 we formed an interdisciplinary task force whose main objective is to continue to position ourselves as a strategic ally of our clients for the design and construction of projects with sustainability characteristics, through a range of products and services that respond to their needs (Green Solutions Portfolio). Facilities, on the other hand, identify opportunities via SWOT Analyses. Each component of the facility's SWOT matrix is assessed considering their feasibility and impact, and the most relevant are submitted to IDEAXION, a corporate platform which enables transmitting ideas to the Innovation, Environmental and Strategy teams. A business case is developed for those which represent relevant business opportunities, which is evaluated and approved by the corporate Financial Planning department. Once opportunities have been identified and approved, special teams are formed to define and perform the project. For specific information regarding downstream climate change opportunities, please refer to question C2.4a., Opportunity 1 (Green Solutions). And, for specific information regarding climate change opportunities in operations, please refer to question C2.4a., Opportunities 2 (resource efficiency) and 3 (carbon capture).

C2.2a

(C2.2a) Which risk types are considered in your organization's climate-related risk assessments?

	Relevance & inclusion	Please explain
Current regulation	Relevant, always included	The Environmental, Energy Management, Risk Management, Production and Financial Planning teams developed a risk analysis addressing a potential widening of the tax base on Colombia's current carbon tax (see question C2.3, climate change risk 3). Carbon taxes (applicable to liquid fuels consumption) could be potentially increased in the near future due to the widening of the tax base to coal and gas consumption. The company performs sensitivity analyses for estimating the financial impacts of this scenario in the yearly EBITDA. In April 2021, a first draft of the tax reform was released that proposes several modifications and inclusions in green taxes. The first material change would consist of taxing the national consumption of coal with the National Carbon Tax (INC) at a rate of COP 41,861 (approximately eleven dollars) per tonne. The INC is an indirect tax, like VAT, that is caused only once in the chain (single phase) and falls on the carbon content of fossil fuels used for energy and combustion purposes. The tax is generated with the first sale made by the producer, or with the withdrawal of inventory and import for own consumption. Exports are exempt from the tax, as it is a tax that seeks to reduce CO2 emissions in Colombia. As it is an indirect tax, the producer of the fuel must collect it and the buyer is the one who must bear its value but can deduct it from the income. Its recovery, then, would be only 31% or the equivalent of the applicable rental rate. From the point of view of the tax management, this allows a reduced margin of maneuver due to its few exemptions or no subtraction. The most important of these is to be credited as "carbon neutral". In other words, the Law allows the non-causation of the tax for taxpayers who certify to be carbon neutral. One can buy carbon credits, at a cost less than the value of the tax. The tax on coal would begin to apply from 2022 progressively until 2028, in the following percentages: 1. For the years 2022 and 2023: 0%. 2. For the year 2024: 20% of the value of the full rate. 3. For the year 2025: 40% of the value of the full rate. 4. For the year 2026: 60% of the value of the full rate. 5. For the year 2027: 80% of the value of the full rate. 6. From the year 2028: full rate. Our estimations conclude that this risk has a potential annual impact of COP 35 MMM, representing a strong incentive to reassess our energy portfolio (see question C2.3, risk 3). By now, this tax reform in Colombia was postponed.
Emerging regulation	Relevant, always included	For the Strategic Risk 4, namely "new policies or regulatory changes that affect the company's value creation", the Environmental, Risk Management and Financial Planning teams quantify impacts from potential Emissions Trading Systems and increases in Nationally Determined Contributions (see question C2.3, climate change risks 1 and 2). The company assesses strategic risks through the definition of risk scenarios and their quantification via impacts of a potential risk materialization on strategic OKRs and KRIs such as EBITDA, FCF, net debt/EBITDA ratio and ROCE, measured as deviations of risk materializations from budgeted OKRs or long-term goals. The results of these analyses are constantly reported to the top management to promote decision-making. Emissions trading systems will most likely be implemented over the next few years in the locations where Argos operates. More specifically, Colombia and the US are the countries where most of our carbon-intensive activities take place, and agendas on ETS are being currently carried out. In Colombia, with Law 1931 of 2018, the National Program for Tradable Emission Quotas was created. In the government of Ivan Duque this was included in the National Development Plan, but the Ministry of the Environment has not designed the regulatory mechanisms to implement it yet. In the US, ETS are in force or being scheduled in the states of California, Washington, Oregon, New Mexico, North Carolina, New York City, Massachusetts, plus the Regional Greenhouse Gas Initiative (RGGI).
Technology	Relevant, always included	For Argos, technology has become one of the drivers of climate change management. Hence, as we define as a top company objective to become industry leaders in climate change mitigation and adaptation, we have defined key results attached that measure our progress in innovation and technology adoption: alternative fuels, supplementary cementitious materials, carbon capture technology, green solutions portfolio and capital expenditures for climate change mitigation and adaptation. From a strategic perspective, these goals plan to address the strategic risks (SR) regarding the inability to comply with the company's CO2 emission reduction objectives due to the non-implementation of alternative fuels, technologies and cementitious materials (SR6) and the delay or impossibility of closing competitiveness gaps in the incorporation of new technologies and in the adoption of the digital transformation strategy (SR2). The company counts on risk analyses for project-level initiatives (such as the implementation of calcined clays technologies in new facilities (Colombia and the US), carbon capture technology (microalgae), plant-level processes (such as the implementation of alternative materials and fuels in facilities) and climate risk assessments to identify the most important measures to adapt our processes to climate change. Upstream process and downstream risks are closely related, as the implementation of new technologies in our production process, and the use of alternative, more efficient and cleaner raw materials and fuels are key in the value offer of our Green Solutions portfolio, "Green Solutions, Conscious Innovation".
Legal	Relevant, always included	Argos is currently not exposed to legal claims regarding climate change. However, authorities in the US counts on current and emerging regulation regarding climate change reporting. Therefore, we count on a legal matrix at the tactical and operational levels to identify non-monetary and monetary sanctions derived from potential non-compliances to environmental regulations. In addition, tools such as facility risk assessments and self-assessment tools evaluate the facilities' risk exposure of not complying with their emissions goals, which are in line with Argos' voluntary commitments regarding CO2 emissions and the company's environmental strategy. This is part of the analysis of our strategic risk of non-compliance with norms or standards of ethics and internal control by employees and administrators, or whoever acts on behalf of the company (SR8).
Market	Relevant, always included	Market risks are part of the main challenges to the business strategy, either via market dynamics (SR1), breaches in technology adoption (SR2) or a potential inability to adapt to disruptive changes in the value chain (SR3). Market factors such as new substitute products or changes in consumer behavior are among the drivers of these risks. The company monitors strategic risks (SR) through the definition of risk scenarios and their quantification via impacts of a potential risk materialization on strategic OKRs and KRIs such as EBITDA, FCF, net debt/EBITDA ratio and ROCE, measured as deviations of risk materializations from budgeted KPIs or targets. The results of these analysis are constantly reported to the top management to promote decision-making. Regarding climate change, the Risk Management, Environmental Management and Energy Management teams design and quantify risk scenarios considering potential increases in energy costs (see question C2.3, climate change risk 4). In addition, impacts from extreme weather events in property losses and business continuity are assessed together with the Supply Chain department and third-party modelling (RMS-AIR) (see question C2.3, climate change risk 5). For ER2, the risk management and environmental management teams designed a valuation tool for long-term shifts in water costs (see question C2.3, climate change risk 6). In addition, the company currently counts on a Green Solutions portfolio "Green Solutions, Conscious Innovation". We want to be the best allies of our clients in the construction of their sustainable housing and infrastructure dreams in all the territories where we operate. This opens new business opportunities and the possibility of increasing revenue from sales of solutions with clear benefits for sustainable construction. Our goal by 2030 is for the revenue generated from the sale of products with sustainability characteristics to reach USD 800 million. We highlight in this portfolio the following categories of products that contribute to the mitigation and adaptation of climate change: 1. Low carbon products and 2. Adaptation and circular economy. A third line of products is focused on increase the people's well-being.
Reputation	Relevant, always included	To this date, reputational risks are mainly materialized via our investors, representing an emerging potential inability to access to capital, as we belong to a CO2-intensive sector (Emerging Risk 1, see question 2.3 climate change risk 7). Investors are increasing their demands for information that lead them to a better understanding of our emission reduction strategies, and banking institutions are designing further mechanisms to incentivize access to competitive credits for the building materials industry, which are linked to ambitious emissions reduction goals. The Risk Management department considers all reputational risk alerts and analyses their potential impacts on financial performance. More specifically, the company addresses the decrease in capital availability (loans or investments) derived from stigmatization of the sector. As part of our corporate climate risk matrix, we assess the reputational impacts on our access to capital and monitor new developments standards for climate change management and disclosure, to keep our stakeholders updated about our progress. The Corporate Sustainability, Communications and Investor Relations teams constantly perform reputational risk assessments. They monitor media trends, stakeholder perceptions, among other sources, to identify the climate-change issues that may affect the company's reputation and tackle them accordingly, either via communication plans or by creating internal awareness of the company's current challenges.
Acute physical	Relevant, always included	The company's operation is exposed to extreme weather events, so an increased frequency and severity of these events is assessed and monitored at the strategic level (strategic risk 7 & climate change risk 5, see question 2.3). These events affect the continuity of key operations, which translates into operational losses, asset damage and increases in insurance policies. The corporate Risk Management and Insurance teams evaluate periodically the exposure of weather events of all facilities. Losses for all locations are estimated annually using the AIR and RMS models, which enables making better informed risk transfer and retention decisions (question 2.3, risk 5). The company also counts on hazard assessments developed by the Geosura platform, that is a tool that allows identifying the degree of severity for each facility facing different weather events. Interruptions caused by extreme weather events are also modelled using the company's supply chain methodology. In addition, at the operational level, the facilities' preparedness to extreme weather events (e.g. through climate change adaptation plans or asset inspections) is evaluated through risk assessments and self-assessment tools, from which action plans are designed and carried out. The company is prepared for weather events and monitors the weather patterns to prevent any potential impact on the facilities and keep staff safe. All facilities are currently designing climate change adaptation plans, which start with physical risk assessments based on local threats and vulnerabilities. The process for designing adaptation plans is set on the Argos' Climate Change Adaptation Guidelines (CCAG), which must be applied to all our existing facilities. Although we have no new asset planned, adaptation guidelines must apply to all new operations acquired by the company in the future. Argos' climate change adaptation process comprises five steps, namely: 1. Identifying and assessing physical risks; 2. Identifying and prioritizing adaptation measures; 3. Planning and implementing selected measures; 4. Monitoring and evaluation; and 5. Lessons learned & best practices. Adaptation milestones: Each year we count on updated quantified risk scenarios (AIR & RMS), threat assessments (Geosura) & SSA tools for all locations. Argos currently counts on a standardized physical risk assessment tool (beta version) that will be shared during 2021 with all facilities, so they can assess their local physical risk exposure.
Chronic physical	Relevant, always included	Risk exposure to chronic physical risk is identified, assessed and managed through by means of the evaluation and monitoring mechanisms provided by the Comprehensive Risk Management System methodology (IRMS) at three main levels strategic, tactical and operational. At a strategic level, water related risks are directly linked with two of Argos' strategic risks: "R6 "Inability to comply with the company's CO2 emission reduction objectives"; R7 "Occurrence of natural events that significantly affect the operation and continuity of businesses". Likewise, water risks constitute the Emerging risk (ER) 2: Depletion of water resources for the continuity of operation due to climate change and ecosystem degradation. Water-related risks count on disruption scenarios and quantified financial impacts, creating alerts about deviations that these might cause in the company's goals, prioritize mitigation plans, and suggest actions to reduce exposure. At a tactical level, the Environmental process risks are used to manage water related risks, by means of an iterative process composed of a series of steps executed in sequence, including risk quantification exercises at the country level and analysis and evaluation of risks in projects, to guarantee continuous improvement in decision-making and ensure the achievement of Argos' Environmental Strategy targets. Additionally, Argos built and uses the Water Risk Calculator to quantify risks exposure level in monetary terms and aiming to evaluate future benefits of an environmental strategy for the cement operations. At operational level, Argos through the Measurement and Efficient Water Use Plans, can mitigate the water risk identified in previous steps in a local level. Likewise, The Company carries out a water risk assessment using WRI Aqueduct to obtain a total risk exposure by plant and by type of water risk (physical, regulatory and reputational) (e.g. 21% of the facilities are in high or extremely high baseline water stress river basins and 29% in high or extremely high risk Regulatory & Reputational Risk).

(C2.3) Have you identified any inherent climate-related risks with the potential to have a substantive financial or strategic impact on your business?

Yes

C2.3a

(C2.3a) Provide details of risks identified with the potential to have a substantive financial or strategic impact on your business.

Identifier

Risk 1

Where in the value chain does the risk driver occur?

Direct operations

Risk type & Primary climate-related risk driver

Emerging regulation	Carbon pricing mechanisms
---------------------	---------------------------

Primary potential financial impact

Increased direct costs

Climate risk type mapped to traditional financial services industry risk classification

<Not Applicable>

Company-specific description

Increased carbon pricing costs due to changes to the Nationally Determined Contributions (NDC) defined by international agreements. The COP21 conference set the commitment of countries to keeping the rise in global temperature below 2° Celsius compared to the pre-industrial age. Locally, this was reflected on the targets each country set and committed to for their NDCs. In October 2018 the last IPCC (Intergovernmental Panel on Climate Change) report sent an alert to the governments of the world to take immediate action and set much more ambitious goals to limit global warming to 1.5°C, given that current commitments will not keep the temperature within the expected range. In 2020, countries were requested to submit the next round of NDCs by 2020 and every five years thereafter (e.g. by 2020, 2025, 2030), regardless of their respective implementation time frames. For instance, by year 2030 the USA committed to decreasing absolute emissions by 51%, while Colombia committed to decreasing them by 50% (previously 20%) under a Business-As-Usual (trend) scenario. Similarly, several countries in the Caribbean and Central America committed to reducing their CO2 emissions, such as Honduras, which set a 16% target under the BAU by 2030. Therefore, all countries comprising our geographical scope may keep increasing their NDCs in the future and hence their demands to carbon-intensive industries to reduce their emissions. The implementation of these targets will involve taking measures for industries with an intensive use of fuels, energy and CO2 emissions, such as the cement industry. The main implications for Argos operations might be materialized through, for example, the implementation of economic instruments (taxes or CO2 trading markets) and incentives, as well as mandatory reporting and verification systems, which imply an instant increase in production costs and decreases our competitiveness in the industry. Even if the mechanisms for carbon pricing specific for the cement industry may be yet unclear (e.g., in Colombia the government set a cement-specific NDC of 7,5% emissions reduction by 2030), we consider this risk as a standalone case in which we illustrate the potential costs that the company might assume should it comply with the NDC as stated by each country's government. This helps us in focusing the effort in geographies where our impacts and their potential internalization are most material for Argos and society.

Time horizon

Medium-term

Likelihood

Likely

Magnitude of impact

Medium-high

Are you able to provide a potential financial impact figure?

Yes, an estimated range

Potential financial impact figure (currency)

<Not Applicable>

Potential financial impact figure – minimum (currency)

49645179800

Potential financial impact figure – maximum (currency)

137007206400

Explanation of financial impact figure

The company monitors strategic risks through the definition of risk scenarios and their quantification via impacts of a potential risk materialization on strategic KRIs and KPIs such as EBITDA, FCF, net debt/EBITDA ratio and ROCE, measured as deviations of risk materializations from budgeted OKRs. These scenarios are constantly reported to the top management to promote decision-making. We considered the current NDCs defined by Colombia, USA & Honduras and calculated our emissions exceeding these thresholds. In addition, we defined potential carbon prices as random variables under a range from existing carbon pricing schemes according to the information available on the International Carbon Action Partnership (ICAP). Under a Value-at-Risk approach, we performed Monte Carlo simulations for cost overruns keeping BAU emission levels for each country and calculating the corresponding emissions thresholds and costs of potential traded permits. In 2020 the following inputs & assumptions were updated for the valuation of this risk: □ We run the model keeping 2019 production levels as a business-as-usual year, as it is still a representative period in terms of business performance (considering pre-pandemic conditions) given that in 2020 the company went through periods of inactivity under local curfew measures. However, emissions in Puerto Rico were adjusted as the business model changed from an integrated to a grinding plant. □ We set the NDC for USA as a random variable ranging from 7,5% to 51% emissions decrease, with a likely value of 28%, as it was the previous NDC submitted in the US. This, to consider a transition period and potential sector-specific mandates. □ NDCs for Colombia were adjusted separating cement production from concrete, aggregates & electricity self-generation. Cement production contributions considered the benefits from co-processing that are expected by 2030, decreasing the sector specific NDC up to 7,5%, as stated by Colombia's submission. Other activities performed by the company kept the NDC of 50%. □ The considered carbon pricing alternatives were updated under current market conditions. Reported financial impacts are, the 5th and 95th percentiles from the resulting model's distribution of costs. As a result, cost overruns from setting NDCs for our emissions could vary between USD 13 (perc. 5) and 36 (perc. 95) million.

Cost of response to risk

6899481188.25

Description of response and explanation of cost calculation

In 2020 Argos continued implementing initiatives related to the company's climate change strategy, specifically with the lines of action that promote the mitigation of CO2

emissions. These actions involved investments of approximately USD \$ 1.9 million (6899 million COP). There was a significant reduction in 2020 compared to 2019 in the investments to mitigate climate change, as the investment made for the commissioning of the calcined clays project at Rioclaro Plant was made between 2018 and 2019 and represented around 98% of the total investment made in those years to mitigate climate change. In 2020 the calcined clay project began operations starting to produce artificial pozzolans that substitute clinker in Rioclaro's products portfolio, hence the investments related to this project will decrease from year 2020. Some of these initiatives were: - In 2020 we committed to the Climate Ambition Plan promoted and launched by the GCCA (Global Cement and Concrete Association), which meant belonging to the set of 40 companies that signed the ambition to produce carbon neutral concrete in 2050. - During 2020, the company's Climate Change Table was set up, where issues associated with the company's performance on climate change are discussed in a comprehensive manner: direct and indirect emissions, mitigation scenarios, risks and opportunities, innovation initiatives to mitigate emissions, among other issues. - The calcined clay project entered a stage of stabilization, optimization and acquisition of knowledge. Likewise, industrial tests were carried out using artificial pozzolan in the 'Structural Max' cement, exceeding the expected results. This will allow in the near future the use of artificial pozzolans in all products of the Rioclaro plant portfolio. - We increased the substitution of conventional fuels (coal and petcoke) with alternative fuels (tires, mixed industrial waste, RDF, used oils, biomass, etc.), achieving a 6,2% rate at company level. - Regarding low carbon products, the company dedicated 59% of its total R&D projects' budget, for researching and developing of these products in 2020. - Enhancements in operation and stability of kilns in various cement plants in Colombia, which led to obtain savings in thermal energy. - Implementation of initiatives to reduce the consumption of electrical energy. - Energy Star certification from the United States Environmental Protection Agency, EPA, to the Roberta and Harleyville cement plants.

Comment

Monitoring and mitigation of this risk are integrated into the company's risk management system. Likewise, within the framework of the Environmental Strategy, Argos monitors and implements actions to reduce CO2 emissions, such as: CO2 inventory (scope 1, scope 2 and scope 3), CO2 reduction objectives, and mitigation levers (energy efficiency, use of alternative fuels, reduction of the clinker/cement ratio, as well as the increase in the efficiency of the value chain, among others). Argos considers that operational efficiency mitigates climate-related impacts through the implementation of better and cleaner technologies and co-processing programs. The company constantly monitors risks regarding strategic efficiency projects and new technologies such as the usage of calcined clay. The company monitors its transitions risks through the participation in several sectorial programs: Portland Cement Association (PCA), National Ready-Mix Association (NRMCA), FICEM (American Federation of Cement), PROCEMCO (Colombian Chamber of Cement and Concrete), GCCA (Global Cement and Concrete Association) and ANDI (National Business Association of Colombia).

Identifier

Risk 2

Where in the value chain does the risk driver occur?

Direct operations

Risk type & Primary climate-related risk driver

Emerging regulation	Carbon pricing mechanisms
---------------------	---------------------------

Primary potential financial impact

Increased direct costs

Climate risk type mapped to traditional financial services industry risk classification

<Not Applicable>

Company-specific description

Implementation of Emission Trading Systems (ETS) in the countries where the company operates: CO2 market schemes will most likely be implemented over the next few years in the locations where Argos operates. More specifically, Colombia and the US are the countries where most of our carbon-intensive activities take place, and agendas on ETS are being currently carried out. In Colombia, with Law 1931 of 2018, the National Program for Tradable Emission Quotas was created. In the government of Ivan Duque this was included in the National Development Plan, although the Ministry of the Environment has not designed the regulatory mechanisms to implement it yet. In addition, ETS are in force in California and the states comprising the Regional Greenhouse Gas Initiative (RGGI), i.e., Connecticut, Delaware, Maine, Maryland, Massachusetts, New Hampshire, New Jersey, New York, Rhode Island, Vermont, and Virginia. In addition, ETS schemes are being considered or implemented in Oregon, Washington, New Mexico, North Carolina and New York City. An ETS being implemented implies a cost on our cement production, which is the most representative business in terms of CO2 emissions.

Time horizon

Medium-term

Likelihood

Likely

Magnitude of impact

Medium

Are you able to provide a potential financial impact figure?

Yes, an estimated range

Potential financial impact figure (currency)

<Not Applicable>

Potential financial impact figure – minimum (currency)

2036967200

Potential financial impact figure – maximum (currency)

43382354200

Explanation of financial impact figure

The company monitors strategic risks through the definition of risk scenarios and their quantification via impacts of a potential risk materialization on strategic KPIs and KRIs such as EBITDA, FCF, net debt/EBITDA ratio and ROCE, measured as deviations of risk materializations from budgeted OKRs or targets. Currently Argos operates in regions where carbon market schemes (ETS) have not been implemented. However, the valuation of this risk aims to identify the potential impact of having an already existing ETS in at least one of the countries in which we operate. This scenario was updated considering three likely schemes to be implemented: the RGGI, the California cap-and-trade, and the European Union ETS. Under a Value-at-Risk approach, we performed Monte Carlo simulations for cost overruns considering these three schemes with their current carbon price levels, their allowances (intensities measured in tCO2/t clinker) and the established free allocation of permits, when available. We compared the company's 2019 emission intensities to the allowances established by the market, and considering our clinker production, we calculated the emissions that might be subject to the purchase of permits. Random variables for each ETS are: carbon prices (according to the range in which prices varied in 2019 or 2020), and the level of free allocation of permits in the EU ETS, considering the expected decrease to a 30% that the market will reach in 2020. For adding up the simulations by country and controlling for simultaneity, a binary matrix was added with Bernoulli distributions. In 2020, the following inputs and assumptions were modified for updating this scenario: □ We run the model keeping 2019 production levels as a business-as-usual year, as it is still a representative period in terms of business performance (i.e., considering pre-pandemic

conditions) given that in 2020 the company went through periods of inactivity under local curfew measures. Operations that changed their main activity or went inactive, were adjusted accordingly. We added a third alternative ETS, namely the RGGI, to consider more options already running in the US, as it is the country in which a significant part of our emissions take place. An implementation of an ETS in our current conditions, may represent between USD 536 thousand (percentile 5) and 11.4 (percentile 95) million in additional costs.

Cost of response to risk

6899481188.25

Description of response and explanation of cost calculation

In 2020 Argos continued implementing initiatives related to the company's climate change strategy, specifically with the lines of action that promote the mitigation of CO2 emissions. These actions involved investments of approximately USD \$ 1.9 million (6899 million COP). There was a significant reduction in 2020 compared to 2019 in the investments to mitigate climate change, as the investment made for the commissioning of the calcined clays project at Rioclaro Plant was made between 2018 and 2019 and represented around 98% of the total investment made in those years to mitigate climate change. In 2020 the calcined clay project began operations starting to produce artificial pozzolans that substitute clinker in Rioclaro's products portfolio, hence the investments related to this project will decrease from year 2020. Some of these initiatives were: - In 2020 we committed to the Climate Ambition Plan promoted and launched by the GCCA (Global Cement and Concrete Association), which meant belonging to the set of 40 companies that signed the ambition to produce carbon neutral concrete in 2050. - During 2020, the company's Climate Change Table was set up, where issues associated with the company's performance on climate change are discussed in a comprehensive manner: direct and indirect emissions, mitigation scenarios, risks and opportunities, innovation initiatives to mitigate emissions, among other issues. - The calcined clay project entered a stage of stabilization, optimization and acquisition of knowledge. Likewise, industrial tests were carried out using artificial pozzolan in the 'Structural Max' cement, exceeding the expected results. This will allow in the near future the use of artificial pozzolans in all products of the Rioclaro plant portfolio. - We increased the substitution of conventional fuels (coal and petcoke) with alternative fuels (tires, mixed industrial waste, RDF, used oils, biomass, etc.), achieving a 6,2% rate at company level. - Regarding low carbon products, the company dedicated 59% of its total R&D projects' budget, for researching and developing of these products in 2020. - Enhancements in operation and stability of kilns in various cement plants in Colombia, which led to obtain savings in thermal energy. - Implementation of initiatives to reduce the consumption of electrical energy. - Energy Star certification from the United States Environmental Protection Agency, EPA, to the Roberta and Harleyville cement plants.

Comment

Monitoring and mitigation of this risk are integrated into the company's risk management system. Likewise, within the framework of the Environmental Strategy Argos monitors and implements actions to reduce CO2 emissions, such as: CO2 inventory (scope 1, scope 2 and scope 3), CO2 reduction objectives, and mitigation levers (energy efficiency, use of alternative fuels, reduction of the clinker/cement ratio, as well as the increase in the efficiency of the value chain, among others). Argos considers that operational efficiency mitigates climate-related impacts through the implementation of better and cleaner technologies and co-processing programs. The company constantly monitors risks regarding strategic efficiency projects and new technologies such as the usage of calcined clay. The company monitors its transitions risks through the participation in several sectorial programs: Portland Cement Association (PCA), National Ready-Mix Association (NRMCA), FICEM (American Federation of Cement), PROCEMCO (Colombian Chamber of Cement and Concrete), GCCA (Global Cement and Concrete Association), and ANDI (National Business Association of Colombia). In addition, the Risk Management and the Environmental Management teams constantly monitor emerging changes on ETS schemes in the countries where we operate, through platforms such as the International Carbon Action Partnership (ICAP) and the World Bank's carbon pricing dashboard.

Identifier

Risk 3

Where in the value chain does the risk driver occur?

Direct operations

Risk type & Primary climate-related risk driver

Current regulation	Carbon pricing mechanisms
--------------------	---------------------------

Primary potential financial impact

Increased direct costs

Climate risk type mapped to traditional financial services industry risk classification

<Not Applicable>

Company-specific description

New or higher carbon taxes on emissions or fossil fuel consumption: Among Argos' operations, Colombia is currently the only country where a carbon tax has been implemented. The Environmental, Energy Management, Risk Management, Production and Financial Planning teams developed a risk analysis addressing a potential widening of the tax base on Colombia's current carbon tax. Carbon taxes (currently applicable to liquid fuels consumption) could be potentially increased soon due to the widening of the tax base to coal and gas consumption. In April 2021, a first draft of the tax reform was released that proposes several modifications in green taxes. The first material change would consist of taxing the national consumption of coal with the National Carbon Tax (INC, by its Spanish acronym) at a rate of COP 41,861 (approximately eleven dollars) per tonne. The INC is an indirect tax, like VAT, that is registered only once in the chain (single phase) and falls on the carbon content of fossil fuels used for energy and combustion purposes. The tax is generated with the first sale made by the producer, or with the withdrawal of inventory and import for own consumption. Exports are exempt from the tax, as it is a tax that seeks to reduce CO2 emissions in Colombia. As it is an indirect tax, the producer of the fuel must collect it and the buyer is the one who must bear its value but can deduct it from the income. From the point of view of the tax management, this allows a reduced margin of maneuver due to its few exemptions or no subjection. The most important of these is to be credited as "carbon neutral". In other words the Law allows that the carbon tax is not incurred for taxpayers who certify to be carbon neutral through CO2 mitigation initiatives certified by third parties (these are projects developed at the national level whose objective is the reduction, removal or capture of GHG). One can also buy carbon credits, at a cost less than the value of the tax. The tax on coal would begin to apply from 2022 progressively until 2028, in the following percentages: 1. For the years 2022 and 2023: 0%. 2. For the year 2024: 20% of the value of the full rate. 3. For the year 2025: 40% of the value of the full rate. 4. For the year 2026: 60% of the value of the full rate. 5. For the year 2027: 80% of the value of the full rate. 6. From the year 2028: full rate. By now, this law was postponed in the country.

Time horizon

Medium-term

Likelihood

Virtually certain

Magnitude of impact

Medium-low

Are you able to provide a potential financial impact figure?

Yes, an estimated range

Potential financial impact figure (currency)

<Not Applicable>

Potential financial impact figure – minimum (currency)

9571747800

Potential financial impact figure – maximum (currency)

29171657600

Explanation of financial impact figure

The company monitors strategic risks through the definition of risk scenarios and their quantification via impacts of a potential risk materialization on strategic KPIs and KRIs such as EBITDA, FCF, net debt/EBITDA ratio and ROCE, measured as deviations of risk materializations from budgeted KPIs or targets. These scenarios are constantly reported to the top management to promote decision-making. Given the latest updates on the upcoming tax reform in Colombia, we valued this risk addressing a potential widening of the tax base on Colombia's carbon tax. Under a Value-at-Risk approach, we performed Monte Carlo simulations for cost overruns derived from the tax increase. We took optimistic, likely and pessimistic references for potential carbon tax values per tonne of coal and cubic meter of gas consumed based on our 2019 production figures: The following inputs and assumptions were modified for updating this analysis: □ We run the model keeping 2019 production levels as a business-as-usual year, as it is still a representative period in terms of business performance (i.e., considering pre-pandemic conditions) given that in 2020 the company went through periods of inactivity under local curfew measures. Operations that changed their main activity or went inactive, were adjusted accordingly. □ Assumed tax values for coal and gas increased on average, as the uncertainty on the final value was reduced by the tax reform proposal. This reform also considers a yearly increasing gradual implementation, which was also taken into account. □ Gas consumption was considered under the guidelines provided by the tax reform. The widening of the carbon tax base in Colombia may represent between USD 2.5 (percentile 5) and 7.7 (percentile 95) million COP in additional costs. This risk assessment will be performed in other countries, once we detect that a carbon tax is being considered by the governments of countries in which we operate.

Cost of response to risk

6899481188.25

Description of response and explanation of cost calculation

In 2020 Argos continued implementing initiatives related to the company's climate change strategy, specifically with the lines of action that promote the mitigation of CO2 emissions. These actions involved investments of approximately USD \$ 1.9 million (6899 million COP). There was a significant reduction in 2020 compared to 2019 in the investments to mitigate climate change, as the investment made for the commissioning of the calcined clays project at Rioclaro Plant was made between 2018 and 2019 and represented around 98% of the total investment made in those years to mitigate climate change. In 2020 the calcined clay project began operations starting to produce artificial pozzolans that substitute clinker in Rioclaro's products portfolio, hence the investments related to this project will decrease from year 2020. Some of these initiatives were: - In 2020 we committed to the Climate Ambition Plan promoted and launched by the GCCA (Global Cement and Concrete Association), which meant belonging to the set of 40 companies that signed the ambition to produce carbon neutral concrete in 2050. - During 2020, the company's Climate Change Table was set up, where issues associated with the company's performance on climate change are discussed in a comprehensive manner: direct and indirect emissions, mitigation scenarios, risks and opportunities, innovation initiatives to mitigate emissions, among other issues. - The calcined clay project entered a stage of stabilization, optimization and acquisition of knowledge. Likewise, industrial tests were carried out using artificial pozzolan in the 'Structural Max' cement, exceeding the expected results. This will allow in the near future the use of artificial pozzolans in all products of the Rioclaro plant portfolio. - We increased the substitution of conventional fuels (coal and petcoke) with alternative fuels (tires, mixed industrial waste, RDF, used oils, biomass, etc.), achieving a 6,2% rate at company level. - Regarding low carbon products, the company dedicated 59% of its total R&D projects' budget, for researching and developing of these products in 2020. - Enhancements in operation and stability of kilns in various cement plants in Colombia, which led to obtain savings in thermal energy. - Implementation of initiatives to reduce the consumption of electrical energy. - Energy Star certification from the United States Environmental Protection Agency, EPA, to the Roberta and Harleyville cement plants.

Comment

Monitoring and mitigation of this risk are integrated into the company's risk management system. Likewise, within the framework of the Environmental Strategy Argos monitors and implements actions to reduce CO2 emissions, such as: CO2 inventory (scope 1, scope 2 and scope 3), CO2 reduction objectives, and mitigation levers (energy efficiency, use of alternative fuels, reduction of the clinker/cement ratio, as well as the increase in the efficiency of the value chain, among others). Argos considers that operational efficiency mitigates climate-related impacts through the implementation of better and cleaner technologies and co-processing programs. The company constantly monitors risks regarding strategic efficiency projects and new technologies such as the usage of calcined clay. The company monitors its transitions risks through the participation in several sectorial programs: Portland Cement Association (PCA), National Ready-Mix Association (NRMCA), FICEM (American Federation of Cement), PROCEMCO (Colombian Chamber of Cement and Concrete), GCCA (Global Cement and Concrete Association), and ANDI (National Business Association of Colombia). In addition, the Risk Management and the Environmental Management teams constantly monitor emerging changes on carbon taxes in the countries where we operate, through platforms such as the International Carbon Action Partnership (ICAP) and the World Bank's carbon pricing dashboard.

Identifier

Risk 4

Where in the value chain does the risk driver occur?

Upstream

Risk type & Primary climate-related risk driver

Market	Increased cost of raw materials
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Primary potential financial impact

Increased direct costs

Climate risk type mapped to traditional financial services industry risk classification

<Not Applicable>

Company-specific description

Increase in energy prices from stressed energy markets and raw material scarcity: energy regulation in Colombia establishes penalties for excess electricity consumption during a scarcity period, i.e., a period in which energy sources are affected to the extent that market asymmetries must be corrected by a trading scheme. Despite counting on long-term contracts to reduce the volatility of electricity prices and the exposure during scarcity periods, the regulation establishes that any consumption beyond our energy consumption baseline is exposed to high and volatile energy market prices. The exposure increases if any damage occurs to our self-generation facilities, or if there is no gas to supply our self-generating capacity.

Time horizon

Short-term

Likelihood

Virtually certain

Magnitude of impact

Medium-high

Are you able to provide a potential financial impact figure?

Yes, an estimated range

Potential financial impact figure (currency)

<Not Applicable>

Potential financial impact figure – minimum (currency)

3544389989

Potential financial impact figure – maximum (currency)

62586267609

Explanation of financial impact figure

The company monitors strategic risks through the definition of risk scenarios and their quantification via impacts of a potential risk materialization on strategic KPIs and KRIs such as EBITDA, FCF, net debt/EBITDA ratio and ROCE, measured as deviations of risk materializations from budgeted KPIs or targets. These scenarios are constantly reported to the top management to promote decision-making. Under a Value-at-Risk approach, we performed Monte Carlo simulations for cost overruns derived from producing under an El Niño phenomenon with the same characteristics of the one set in 2015-2016, but with our current energy consumption levels and energy market conditions regarding price levels. Energy prices (regulated and non-regulated) were defined as random variables with variation ranges according to current price fluctuations, and prices under scarcity conditions were modeled emulating the variations presented during the scarcity period of 2015-2016. We also established what-if conditions regarding the damage of our self-generation facilities and gas scarcity, as well as catastrophic scenario in which we could not self-generate. Reported values correspond to the 5 percentile of an optimistic scenario (i.e., counting on full capacity of our self-generation facilities), and the 95% of the catastrophic scenario (not being able to generate during this period).

Cost of response to risk

311410302.28

Description of response and explanation of cost calculation

We materialize our Corporate Strategy through actions aimed at the efficient use of resources, the improvement of our financial flexibility, and the maximization of income generation and business profitability. For those reasons, we focus in the application of efficient and safe production processes, the application of circular-economy models, the diversification of energy-management models and the efficient management of the supply chain. Regarding electric and heat efficiency, we are aware of the need to work on reducing energy consumption as one of the fundamental pillars in the climate-change mitigation process. This goes hand in hand with our Corporate Strategies and Policies and with the commitment that our Managers have with sustainability. The reported figure for cost of response to risk corresponds the investments for reducing power consumption in 2020, such as: - Use of excess gases from the clinker cooler in the cement mill (Piedras Azules Plant), - Implementation of Digital Twin system that allows the mill to be operated remotely, optimizing its operation (Dominican Republic Plant). - Modification of water and additive injection system, incorporating arrangements and control systems to mix water and additive together with air to generate aspersion on the grinding table of the vertical mill (Panama Plant). Likewise, we highlight the progress made in 2020 in improving heat efficiency in some of our cement plants. For instance, we increased the operational stability and reliability of our kilns in the Colombia Region: Noteworthy was the performance of the Cartagena Plant, which managed to stabilize its production at 5,600 tons/day, and that of Rioclaro, which decreased its heat consumption by 4.6%, compared to 2019.

Comment

Regarding electricity consumption, different responses are structured depending on each country's profile. For instance, in Colombia and Panama, long-term variations of weather patterns affect water availability and hence the reliability on hydroelectric sources, which are these countries' main power providers. Mitigation actions include long-term contracts with fixed prices. In countries with diverse non-predominant energy markets, we study renewable and conventional generation projects to reliably cover the demand at a competitive price. For instance, in 2018 and together with Celsia, we started implementing a solar farm in Honduras, which contributed 14.5% of the electricity requirement of the cement operation of the Piedras Azules Plant during 2020. Moreover, we optimize processes and avoided redundant energy consumption in our operations, thanks to the implementation of optimization strategies under the RESET plan (Re-Start safety and health to boost the economy, bring hope and transform lives) which is a plan that Argos put in place to mitigate the impacts associated with COVID-19 and that covers the human, operational, financial and social dimensions, from five pillars: health and safety, liquidity and debt management, operational excellence, Cementos Argos initiatives for the future and solidarity with the environment). Also, we highlight in the Caribbean and Colombia regional divisions, the implementation of Optimization Levers in Heat and Electricity Consumption, which aim to make a more efficient management of our consumption from improvement projects. These levers are supported by a 3-year work plan and people in charge of delivery and KPI monitoring.

Identifier

Risk 5

Where in the value chain does the risk driver occur?

Direct operations

Risk type & Primary climate-related risk driver

Acute physical	Increased severity and frequency of extreme weather events such as cyclones and floods
----------------	--

Primary potential financial impact

Decreased revenues due to reduced production capacity

Climate risk type mapped to traditional financial services industry risk classification

<Not Applicable>

Company-specific description

Effects on operations caused by extreme weather events (SR9): Argos operates in areas which are highly vulnerable to extreme weather events, such as hurricanes, floods and storm surge. These risks foster the need to frequently monitor potential impacts from extreme weather events on our operations and supply chain, and design mitigation and adaptation strategies for all our facilities depending on their specific degree of vulnerability. Extreme weather events have an impact in the availability of our facilities, causing increases in logistical costs, decrease in revenues, higher insurance premiums, property damage costs, among others.

Time horizon

Short-term

Likelihood

Likely

Magnitude of impact

Medium

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact figure (currency)

41830008600

Potential financial impact figure – minimum (currency)

<Not Applicable>

Potential financial impact figure – maximum (currency)

<Not Applicable>

Explanation of financial impact figure

Argos estimates financial impacts of extreme weather events via costs of interrupting operations in key facilities (e.g., logistical, loss of profits), and potential property damage losses affecting insurance premiums. In 2021 the value on annual losses from property damage and business interruption were updated. Losses for all locations were estimated using the AIR Touchstone and Risk Management Solutions (RMS) models for hurricane, floods and storm surge, which enabled us to make better informed risk transfer and retention decisions, as well as to better identify critical operations in order to prioritize climate change adaptation plans. Results for all our facilities account for approximately 11 million USD. Estimations are used internally for decision-making.

Cost of response to risk

48926831600

Description of response and explanation of cost calculation

The potential impacts enable Argos implementing early actions aimed at optimizing the logistics chain in order to reduce the magnitude of potential impacts as well as to reduce our exposure to increased insurance premium costs. Reported management costs comprise the global corporate property policy premium for 2021-2022. The policy covers global losses from property damage and business interruption for natural events in which earthquakes are also included. In addition, all facilities are currently designing climate change adaptation plans, according to Argos' Climate Change Adaptation Guidelines (CCAG), which must be applied to all our existing facilities and new operations acquired by the company in the future. Argos' CCAG comprises five steps, namely: 1. Identifying & assessing physical risks Physical risks are identified according to the threats: floods, landslides, hurricanes, atmospheric discharges, tropical depression, frosts, wildfires, heavy rains, heat waves, droughts, gales, winds and rise in sea level. For assessing these threats, we rely on Geosura, which displays the intensity of natural hazards in each location. Threat scores for each facility are combined with vulnerability assessments to obtain a facility score of physical risk exposure. Results of the physical risk assessment combined with the results from the Nat-Cat modelling provide inputs for designing climate change adaptation measures in each facility. 2. Identifying and prioritizing adaptation measures Identifying measures aimed at reducing the effects of climate variability & change. Prioritizing these measures implies identifying which ones are most appropriate and effective. 3. Planning & implementing selected measures Planning the prioritized measures implies considering aspects such as scope, timeframe, cost-benefit analyses and funding sources, which must be defined for each facility. 4. Monitoring & evaluation The measures adopted must be monitored & evaluated to guarantee continuous improvement. Argos counts on a self-assessment tool (SSA) for evaluating the environmental management system's maturity which allows grading & following-up the implementation of control measures to mitigate risk exposure. 5. Lessons learned & best practices This stage aims to determine whether the implemented measures increased climate resilience. Each year we count on updated quantified risk scenarios (AIR & RMS), threat assessments (Geosura) and SSA tools for all locations.

Comment

Argos currently counts on a standardized physical risk assessment tool (beta version) that will be shared during 2021 with all facilities, so they can assess their local physical risk exposure.

Identifier

Risk 6

Where in the value chain does the risk driver occur?

Upstream

Risk type & Primary climate-related risk driver

Chronic physical	Changes in precipitation patterns and extreme variability in weather patterns
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Primary potential financial impact

Increased indirect (operating) costs

Climate risk type mapped to traditional financial services industry risk classification

<Not Applicable>

Company-specific description

Depletion of water resources for the continuity of the operation due to climate change and ecosystem degradation (emerging risk 2): As a consequence of climate change, exposure to changes in water availability (droughts or floods) and quality (contamination) increases, which restricts water access for both the community and the company. The potential impacts derived from this risk's materialization are: * Impact on the continuity of operations. * Opposition to the operation by communities in the areas of influence * Increased operational costs * Denials of permits for new operations and facilities. * Reduced investment attractiveness due to non-compliance to environmental commitments.

Time horizon

Long-term

Likelihood

About as likely as not

Magnitude of impact

Low

Are you able to provide a potential financial impact figure?

Yes, an estimated range

Potential financial impact figure (currency)

<Not Applicable>

Potential financial impact figure – minimum (currency)

5002426400

Potential financial impact figure – maximum (currency)

6107660200

Explanation of financial impact figure

Risk exposure to chronic physical risk is assessed through the WRI's Aqueduct and the Water Risk Filter (WRF), which enable to prioritize and implement water

management plans and targets defined by the Environmental Strategy. We developed a water risk assessment tool for forecasting annual costs associated to water consumption, considering the facilities' current stress levels (Aqueduct), potential variations of water stress (WRF), and future social costs of water consumption according to the Value Added Statement, i.e., Argos' model for monetizing externalities. Reported financial impact corresponds to the difference between the annual water consumption costs under a business-as-usual scenario and the one resulting when projected increases in water stress are taken into account. Random variables for this scenario are: water consumption levels, water costs per cubic meter and water stress levels for locations that may present significant water stress levels increases in a 10-year span. Aggregated cost overruns for all cement plants amount between USD 1,3 (percentile 5) and 1,6 million USD (percentile 95).

Cost of response to risk

3021835869.77

Description of response and explanation of cost calculation

Reported figures comprise actions in all facilities related to improvements of measurements, water recirculation processes, wastewater treatment and environmental culture activities around water. The company has implemented the following responses facing the materialization of this risk: • Environmental strategy with emphasis on water risk management, which includes prospective analysis through tools such as Aqueduct and the Water Risk Filter, as a basis for future investments. • Technological renovation to reduce water consumption. • Operational efficiency projects. • Quantification of water flows to the operations. • Water measurement and efficient use plans in all facilities.

Comment

Water Risk Assessment for 100% of Argos' direct operations was carried out using WRI Aqueduct, since this tool allows to establish physical water risk exposure levels according its baseline water stress by plant. In 2020, 2,8% of Argos facilities are in basins with an extremely high-water stress level, 18,6 % in basins with high level, 28,5% in medium to high level, 14,6% in low to medium level and 35,6% in low level. A more detailed water risk assessment was conducted using WWF Water Risk Filter, for the plants located in high or extremely high water-stressed areas (21%) to establish action plans for water risk management, quantification, design scenarios of possible operation disruptions at strategic & tactical levels & suggest mitigating actions to reduce risk exposure to reasonable levels. This supported Argos to be aware and prioritize efforts towards water efficient use, minimize risk exposure, as well as to project different risk future scenarios. Regarding suppliers' water risk assessment, every year Argos performs a water risk assessment for its critical suppliers (97 locations from 64 suppliers) with WRI Aqueduct tool. From that assessment it was concluded that about 5% of the operations of the evaluated suppliers are in zones of high or extremely high-water stress level, 12% with medium to high stress, 30% in zones with medium to low level stress, while the remaining 53% is in zones of low stress level. Thus, Argos uses this information to prioritize and share good practices and strategies of water management with suppliers, such as Good practice guides for water management, water accounting, water risk assessment, among others with the aim of communicating experiences and creating collective actions around proper water management at operational and supply chain level.

Identifier

Risk 7

Where in the value chain does the risk driver occur?

Downstream

Risk type & Primary climate-related risk driver

Reputation	Stigmatization of sector
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Primary potential financial impact

Decreased access to capital

Climate risk type mapped to traditional financial services industry risk classification

<Not Applicable>

Company-specific description

Restrictions on access to capital, credits and the like, as it is a production process that is intensive in CO2 emissions. The company may be increasingly exposed to different risks related to investment capital and indebtedness, as ESG metric disclosure standards are widely adopted, financial products aligned with long-term commitments to reduce CO2 emissions are developed, and more and more investors require greater transparency from company managers regarding climate change commitments. There would be a potential increase in the cost of borrowing or the inability to access credits granted by the banking system, plus a greater preference of investors and asset managers for sectors with lower carbon footprints or trends towards carbon neutrality. This may begin to materialize strongly in the Americas, which may follow emerging trends in other regions. The impacts derived from this risk are, among others: * Changes in credit ratings motivated by ESG criteria (environmental, social and governance) that impact investment opportunities. * Cost overruns of credit placed by financial institutions. * Impossibility of acquiring credit instruments that allow the financing of projects that contribute to climate change mitigation. * Lack of access to credit lines with competitive rates attached to ESG performance * Withdrawal of capital and advocacy from investors who are seeking to change their portfolios to sectors with a lower carbon footprint, carbon neutral or whose actions are aimed at mitigating the impacts of climate change.

Time horizon

Medium-term

Likelihood

Very likely

Magnitude of impact

Low

Are you able to provide a potential financial impact figure?

Yes, an estimated range

Potential financial impact figure (currency)

<Not Applicable>

Potential financial impact figure – minimum (currency)

675000000

Potential financial impact figure – maximum (currency)

2025000000

Explanation of financial impact figure

The company is exploring potential drivers of this risk via credit and investment. This is an emerging risk in the Americas, hence specific ways in which it could be materialized is yet to be determined. However, one of the emerging trends Argos foresees is the development of financial products attached to ESG performance. Reported impacts are opportunity costs associated with non-compliance with ESG metrics attached to emerging financial products,

Cost of response to risk

6899481188.25

Description of response and explanation of cost calculation

In 2020 Argos continued implementing initiatives related to the company's climate change strategy, specifically with the lines of action that promote the mitigation of CO2 emissions. These actions involved investments of approximately USD \$ 1.9 million (6899 million COP). There was a significant reduction in 2020 compared to 2019 in the investments to mitigate climate change, as the investment made for the commissioning of the calcined clays project at Rioclaro Plant was made between 2018 and 2019 and represented around 98% of the total investment made in those years to mitigate climate change. In 2020 the calcined clay project began operations starting to produce artificial pozzolans that substitute clinker in Rioclaro's products portfolio, hence the investments related to this project will decrease from year 2020. Some of these initiatives were: - In 2020 we committed to the Climate Ambition Plan promoted and launched by the GCCA (Global Cement and Concrete Association), which meant belonging to the set of 40 companies that signed the ambition to produce carbon neutral concrete in 2050. - During 2020, the company's Climate Change Table was set up, where issues associated with the company's performance on climate change are discussed in a comprehensive manner: direct and indirect emissions, mitigation scenarios, risks and opportunities, innovation initiatives to mitigate emissions, among other issues. - The calcined clay project entered a stage of stabilization, optimization and acquisition of knowledge. Likewise, industrial tests were carried out using artificial pozzolan in the 'Structural Max' cement, exceeding the expected results. This will allow in the near future the use of artificial pozzolans in all products of the Rioclaro plant portfolio. - We increased the substitution of conventional fuels (coal and petcoke) with alternative fuels (tires, mixed industrial waste, RDF, used oils, biomass, etc.), achieving a 6,2% rate at company level. - Regarding low carbon products, the company dedicated 59% of its total R&D projects' budget, for researching and developing of these products in 2020. - Enhancements in operation and stability of kilns in various cement plants in Colombia, which led to obtain savings in thermal energy. - Implementation of initiatives to reduce the consumption of electrical energy. - Energy Star certification from the United States Environmental Protection Agency, EPA, to the Roberta and Harleyville cement plants.

Comment

Argos has been working on increasing its possibility to access to green financing and in 2021 the Company signed a long-term financing agreement with BBVA through a sustainable credit for COP 160.000 million (equivalent to approx. 37 million euros) where the interest rate will be linked to the company's performance in ESG aspects. Monitoring and mitigation of this risk are integrated into the company's risk management system. Likewise, within the framework of the Environmental Strategy Argos monitors and implements actions to reduce CO2 emissions, such as: CO2 inventory (scope 1, scope 2 and scope 3), CO2 reduction objectives, and mitigation levers (energy efficiency, use of alternative fuels, reduction of the clinker/cement ratio, as well as the increase in the efficiency of the value chain, among others). Argos considers that operational efficiency mitigates climate-related impacts through the implementation of better and cleaner technologies and co-processing programs. The company constantly monitors risks regarding strategic efficiency projects and new technologies such as the usage of calcined clay. The company monitors its transitions risks through the participation in several sectorial programs: Portland Cement Association (PCA), National Ready-Mix Association (NRMCA), FICEM (American Federation of Cement), PROCEMCO (Colombian Chamber of Cement and Concrete), GCCA (Global Cement and Concrete Association), and ANDI (National Business Association of Colombia).

C2.4

(C2.4) Have you identified any climate-related opportunities with the potential to have a substantive financial or strategic impact on your business?

Yes

C2.4a

(C2.4a) Provide details of opportunities identified with the potential to have a substantive financial or strategic impact on your business.

Identifier

Opp1

Where in the value chain does the opportunity occur?

Downstream

Opportunity type

Products and services

Primary climate-related opportunity driver

Development and/or expansion of low emission goods and services

Primary potential financial impact

Increased revenues resulting from increased demand for products and services

Company-specific description

Increased market opportunities via the Green Solutions portfolio "Green solutions, conscious innovation": In the coming years we will be the actors in a profound transformation of the construction industry which will allow us to offer our clients a portfolio of carbon neutral solutions by 2050 at the latest. To achieve this goal, we want to be the best allies of our clients in the construction of their sustainable housing and infrastructure dreams in all the territories where we operate. This opens new business opportunities and the possibility of increasing revenue from sales of solutions with clear benefits for sustainable construction. Our goal by 2030 is for the revenue generated from the sale of products with sustainability characteristics to reach USD 800 million. We highlight in this portfolio the following categories of products that contribute to the mitigation and adaptation of climate change: 1. Low carbon products and 2. Adaptation and circular economy. A third line of products is focused on increase the people's well-being. 1. Low Carbon Products: cement and concrete with lower carbon content embedded and lower energy consumption in its production stage, according to life cycle analyses. 2. Adaptation and circular economy: cement and concrete produced with recycled materials, concrete that allows to reduce the consumption of raw materials during the construction works, concretes that allows to increase the useful life of the infrastructure and reduce the use of raw materials for repairs or reconstructions, and concretes to manage water as a resource. To promote well-being: concrete aimed to increase well-being by, for instance, reducing the heat-island effect or other negative impacts on people. The Green Solutions portfolio additionally covers industrialized, packaging and digital solutions to our customers. In addition, we aim to keep accessing market opportunities via products with resilience characteristics. With the increasing likelihood of more intense extreme weather events that may cause natural disasters, Argos sees the importance in developing products that help to build infrastructures that better adapt to the changing conditions. For example, Argos offers a special concrete with higher solar reflectance, which minimizes heat absorption. In addition, the company offers products that allow greater infiltration rate, so it reduces the intensity of damage caused by floods.

Time horizon

Short-term

Likelihood

Virtually certain

Magnitude of impact

High

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact figure (currency)

1018983458792.13

Potential financial impact figure – minimum (currency)

<Not Applicable>

Potential financial impact figure – maximum (currency)

<Not Applicable>

Explanation of financial impact figure

The financial implications of changes in consumer behavior due to the climate change are related to the revenues from sales of products that contribute to the mitigation and adaptation of climate change (e.g., Low Carbon Products and Avoided Emissions Products, which represented 5,11% and 12,29% of total revenues in 2020, respectively). For Argos a Low Carbon Product must have a Life Cycle Analysis (LCA) and its Global Warming Potential (GWP) result must be lower than the industry average and or 20% substitution of raw materials. And, regarding Avoided Emissions Products, Argos considers these products under these criteria: - Low Carbon emissions supported by EPD'S or LCA compared to the industry average. - Circular Economy & Adaptation: products that have at least 20% of raw materials substitution, reduce consumption of raw materials during the construction stage, & increase the life span of construction. - Products that contribute to Well-being & Comfort and reduce heat island effect.

Cost to realize opportunity

660261897

Strategy to realize opportunity and explanation of cost calculation

Reported annual costs correspond to R&D projects for developing products with sustainability characteristics, such as: low-carbon products, adaptation and circular economy, among others. Our Research and Development team (R&D) develops innovative and low carbon processes, products and solutions that allow reduce CO2 emissions at various stages of our value chain. Regarding low carbon products, the company dedicated 59% of its total R&D projects budget, for researching and developing of these products in 2020. Argos works to create sustainable value, effectively responding to new market dynamics and positioning itself as industry leader through innovation. Thus, product portfolio and customized solutions is the value proposition that Argos offers to its customers, and which differentiates it in the marketplace (i.e. cement, concrete, aggregates, as well as differential services such as technical assistance, integrated logistics, and customized solution design). In addition, under the "Sustainable construction" pillar of the Environmental Strategy, Company leverage life cycle management and develop products focused on solving constructive challenges with extraordinary solutions through innovation.

Comment

As a result of Argos commitment with sustainability, the Company is providing the Green Solutions portfolio to its clients, a set of products and solutions aimed at strengthening the value chain and mitigating the impact of the operations from the production process to the final disposal of its products (see webpage Green Solutions, Conscious Innovation <https://bit.ly/3yxiqxt>). In 2020 the Green solutions cell (i.e., company-wide task force) was created; this group seeks to advocate products and solutions with sustainability characteristics, as well as creating soluble packaging, promoting recycling programs, a hybrid fleet, among other initiatives. During last year the Green solutions cell developed 247 LCA of cement & concrete references (215 EPD in USA & 32 Self Declaration Environmental Reports in Colombia), which allows Argos' clients to make better decisions when choosing materials. More information on climate change opportunities is available at: <https://argos.co/wp-content/uploads/2021/04/Climate-Change-Risks.pdf> (pages 16 to 18).

Identifier

Opp2

Where in the value chain does the opportunity occur?

Direct operations

Opportunity type

Resource efficiency

Primary climate-related opportunity driver

Use of more efficient production and distribution processes

Primary potential financial impact

Reduced direct costs

Company-specific description

Lower operational costs through more efficient processes: It is possible to have a positive impact on profits through operational efficiency directed to reduce scope 1 and scope 2 CO2 emissions. This can be achieved through the development of projects complying to Argos' climate strategy drivers, e.g., optimize thermal and electric energy consumption, use of alternative fuels and reduce our clinker to cement ratio.

Time horizon

Short-term

Likelihood

Virtually certain

Magnitude of impact

Medium-low

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact figure (currency)

32261351963.09

Potential financial impact figure – minimum (currency)

<Not Applicable>

Potential financial impact figure – maximum (currency)

<Not Applicable>

Explanation of financial impact figure

Reported figures correspond to estimated annual monetary savings from the CO2 emissions reduction initiatives that were implemented by Argos within the reporting year 2020 (see question 4.3b for details). These initiatives are related to the mitigation levers of CO2 emissions in the cement process: substituting conventional by alternative fuels, reduction of clinker cement ratio, reduced power consumption due to improvements in electrical efficiency, reduced heat consumption due to improvements in thermal efficiency, and sustainable mobility.

Cost to realize opportunity

6899481188.25

Strategy to realize opportunity and explanation of cost calculation

Argos' Climate Change Strategy is focused on minimizing climate change-related risks and maximizing opportunities through innovation in processes and products to ensure the sustainability of the Company and its value chain. It defines the company's actions to mitigate and adapt to climate change through initiatives such as increasing operational efficiency, using alternative fuels, reducing clinker content in cement and developing new products and services with sustainability characteristics along the value chain. Likewise, lower operational costs could be achieved through the implementation of the Operational Excellence program, which seeks to optimize resources consumption & maximize benefits to achieve organizational excellence and competitiveness, focus on operational efficiency especially on energy efficiency, the optimization of production, the optimization of logistics & transport processes, & the application of circular economy models. In 2020 Argos continued implementing initiatives related to the company's climate change strategy, specifically with the lines of action that promote the mitigation of CO2 emissions. These actions involved investments of approx. USD \$ 1.9 million (6899 million COP). Some of these initiatives were: - We committed to the Climate Ambition Plan promoted and launched by the GCCA (Global Cement and Concert Association), which meant belonging to the set of 40 companies that signed the ambition to produce carbon neutral concrete in 2050. - The company's Climate Change Table was set up, where issues associated with the company's performance on climate change are discussed in a transversal manner: mitigation scenarios, risks & opportunities, etc. - The calcined clay project entered a stage of stabilization, optimization and acquisition of knowledge. Likewise, industrial tests were carried out using artificial pozzolan in the 'Structural Max' cement, exceeding the expected results. This will allow in the near future the use of artificial pozzolans in all the products of the Rioclaro plant portfolio. - We increased the substitution of conventional fuels (coal and petcoke) with alternative fuels (tires, mixed industrial waste, RDF, used oils, biomass, etc.), achieving a 6,2% rate at company level. - Enhancements in operation and stability of kilns in various cement plants of Colombia Region, which has led to obtain savings in thermal energy. - Implementation of initiatives to reduce the consumption of electrical energy.

Comment

More information on climate change opportunities is available at: <https://argos.co/wp-content/uploads/2021/04/Climate-Change-Risks.pdf> (pages 16 to 18). Also, see question 4.3b for details regarding details on the CO2 mitigation initiatives implemented in the reporting year 2020.

Identifier

Opp3

Where in the value chain does the opportunity occur?

Direct operations

Opportunity type

Products and services

Primary climate-related opportunity driver

Development of new products or services through R&D and innovation

Primary potential financial impact

Increased revenues through access to new and emerging markets

Company-specific description

New products and services derived from carbon capture technologies: since 2008, Argos has been working on a carbon capture project through microalgae. With the support of the Eafit University, Ruta N and the University of Antioquia, the system has allowed different microalgae to absorb CO2 (they do so 50 times more than plants or trees), capture solar energy and generate biomass, which has potential for biofuel production.

Time horizon

Long-term

Likelihood

More likely than not

Magnitude of impact

Unknown

Are you able to provide a potential financial impact figure?

No, we do not have this figure

Potential financial impact figure (currency)

<Not Applicable>

Potential financial impact figure – minimum (currency)

<Not Applicable>

Potential financial impact figure – maximum (currency)

<Not Applicable>

Explanation of financial impact figure

We do not yet have a potential financial impact figure for this opportunity.

Cost to realize opportunity

3000000000

Strategy to realize opportunity and explanation of cost calculation

The system's pilot test was developed in Cartagena with photobioreactors, where the microalgae live, and the CO2 captured from the chimneys is injected. Subsequently, in the laboratory, biomass is transformed to obtain cost-efficient biocrude, through a process developed together with the University of Antioquia. In 2020, based on preliminary life cycle analysis studies, this technological solution's contribution on the emission reduction was proven. The new knowledge generated allowed the company to apply for a new patent that is in the process of registration. Reported figures correspond the approximate amount of investments in the microalgae project in Colombia to this date. The next step is to expand the reach of the technology through a larger-scale CO2 capture and transformation plant at one of our plants in the United States. This project, should it be approved, would represent an investment of approximately USD 9 million.

Comment

C3.1

(C3.1) Have climate-related risks and opportunities influenced your organization's strategy and/or financial planning?

Yes

C3.1b

(C3.1b) Does your organization intend to publish a low-carbon transition plan in the next two years?

	Intention to publish a low-carbon transition plan	Intention to include the transition plan as a scheduled resolution item at Annual General Meetings (AGMs)	Comment
Row 1	Yes, in the next two years	Yes, we intend to include it as a scheduled AGM resolution item	Argos is working on submitting in 2021 its CO2 emission-reduction targets to the Science Based Targets (SBT) initiative for being reviewed and approved, with which Argos would contribute to the goals of the Paris Agreement. To achieve this, the Company will build its low-carbon transition plan in 2021 to reduce CO2 emissions by 2030, annualized and for each region, detailing the technical strategies for mitigation and the required investment plan. In fact, the building of the company's CO2 emissions reduction technical and financial roadmap was set as a company OKR (Objective and Key Result). In the company's OKRs dashboard, which is managed on the Betterworks platform, there is the following KR (Key Result) for 2021 that is led by the CEO "Get the approval for the technical and financial roadmap at company level for scope 1 and 2 with annual targets and definition on the budget allocation procedure or budget assigned by December 31st". Therefore, the Cement Operation Directors (which will represent each of the company's cement plants), in synergy with the Company's Financial Planning area and the Transversal Environmental Direction, will be in charge of leading the achievement in 2021 of this KR. It is expected in 2022 to present to all stakeholders, in the Integrated Report 2021 and in other internal and external company news media, the results obtained in the formulation of the CO2 reduction roadmap to 2030. As happens each year, the Integrated Report will be delivered and socialized at the "Annual General Meetings (AGM)", or "The General Assembly of Shareholders", which is the Company's top governing body, and is made up by its Shareholders. This Assembly must hold an ordinary meeting once a year, in which the shareholders must receive proper information in order to participate and make decisions.

C3.2

(C3.2) Does your organization use climate-related scenario analysis to inform its strategy?

Yes, qualitative and quantitative

C3.2a

(C3.2a) Provide details of your organization's use of climate-related scenario analysis.

Climate-related scenarios and models applied	Details
RCP 2.6	Argos continues strengthening the physical climate risks analyses to identify impacts from chronic and acute phenomena in its facilities. One of the assessed scenarios is "Occurrence of natural events that significantly affect the operations, business continuity, market share and the company's equity" (R05). The likelihood and severity of extreme weather events are assessed and monitored at a strategic level. These events translate into operational losses, asset damage and increases in the cost of insurance. For the most significant threats, Argos evaluates periodically the exposure of each facility in all business lines, relying on methodologies such as AIR and RMS models and supply chain modelling, which quantify financial losses in asset damage and business continuity and hence enable making better informed risk transfer and retention decisions. For assessing our facilities' exposure to natural hazards, we rely on Geosura, which is a platform that enables the interconnection of thematic databases, the interactive analysis in a geographic environment, and the estimation of business indicators. Geosura allows to graphically observe the relationship between the location of facilities with maps of natural hazards. We count on information available for 14 threats, namely floods, landslides, hurricanes, atmospheric discharges, tropical depression, frosts, major hurricanes, wildfires, heavy rains, heat waves, droughts, gales, winds, and rise in sea level. Geosura's natural hazard analyses contemplate four greenhouse gas concentration scenarios: RCP 2.6; 4.5; 6.0 and 8.5. To evaluate implications of climate change, 2 scenarios are taken, one optimistic and one pessimistic. Currently, RCP2.6 is being used as an optimistic scenario, which assumes that the radiative forcing (energy accumulated in the earth) for 2100 will reach 2.6 W / m2 (watts per square meter- Energy/area), which translates into a global average temperature between 0.3°C and 1.7°C.
IEA B2DS	In 2020 a bottom-up scenario analysis was carried out to establish the target of reducing specific net CO2 emissions by 2030 aligned with the Company's business model and with sustainability agendas established by several initiatives worldwide, such as Science Based Targets initiative, Sustainable Development Goals, FICEM CO2 roadmaps, etc. This reduction target that was calculated using scenario analysis, enabled Argos an understanding of how the Company can mitigate its transition climate risks through its performs in terms of CO2 emissions under different operating conditions and market processes, and how can contribute to the fulfillment of Paris Agreement, through its CO2 targets aligned with SBT initiative. These scenarios were built for each of the cement plants and were consolidated in a final scenario to obtain the projection of CO2 emissions at Regional and Company level. CO2 emissions scope 1 were modeled under the methodology of Cement CO2 Protocol (WBCCSD,2011). Results obtained from the climate change scenario were compared with CO2 emissions modeled by technical studies of recognized entities in climate issues such as ETP B2DS (Beyond two degree scenario as defined in IEA "Energy Technology Perspectives", 2017) which is incorporated in SBT Tool (SBTi Tool V1.2.1) and that applies the Sectoral Decarbonization Approach (SDA) scenario. Argos modeled a scenario in this tool under a Fixed market share (as projected output measure) and the result by 2030 was 533 kg CO2/t cementitious product. As conclusion, Argos confirmed that its new CO2 reduction target of the Company's climate change strategy (523 kg CO2/t cementitious product) is ambitious and responds to the global challenge of effectively contributing to a low carbon economy and move to obtain carbon neutral concrete by 2030.
Nationally determined contributions (NDCs)	In 2021 Argos completed an assessment of its material transition climate risks. One of the assessed scenarios was "Increased carbon pricing costs due to changes to the Nationally Determined Contributions (NDC)" (R1). Its characteristics are described below: Scope and focus: potential financial impacts in Argos own operations due to changes in legislations (carbon pricing mechanisms). Methodology: Argos used qualitative and quantitative climate scenario analysis, assuming: - We run the model keeping 2019 production levels as a business-as-usual year, as it is still a representative period in terms of business performance (considering pre-pandemic conditions) given that in 2020 the company went through periods of inactivity under local curfew measures. - We considered the current NDCs defined by Colombia, USA & Honduras and calculated our emissions exceeding these thresholds. - We set the NDC for USA as a random variable ranging from 7,5% to 51% emissions decrease, with a likely value of 28%, as it was the previous NDC submitted in the US. This, to consider a transition period and potential sector-specific mandates. - NDCs for Colombia were adjusted separating cement production from concrete, aggregates & electricity self-generation. Cement production contributions considered the benefits from co-processing that are expected by 2030, decreasing the sector specific NDC up to 7,5%, as stated by Colombia's submission. Other activities performed by the company kept the NDC of 50%. - We defined potential carbon prices as random variables under a range from existing carbon pricing schemes according to the information available on the International Carbon Action Partnership (ICAP). - Under a Value-at-Risk approach, we performed Monte Carlo simulations for cost overruns keeping BAU emission levels for each country and calculating the corresponding emissions thresholds and costs of potential traded permits. - The considered carbon pricing alternatives were updated under current market conditions. - Output: Cost overruns from setting NDCs for our emissions could vary between USD 13 (perc. 5) and 36 (perc. 95) million.

Climate-related scenarios and models applied	Details
Other, please specify (Target Scenario analysis)	<p>Argos aligned itself with the global agenda to face climate change and updated in 2020 its Climate Change Strategy and set a new target: to achieve 523 kg net CO2/t cementitious product by 2030, which is equivalent to reduce 29% with respect to 2006 baseline. This reduction target was calculated using scenario analysis, which enabled Argos an understanding of how the Company can mitigate its transition climate risks through its performs in terms of CO2 emissions under different operating conditions & market processes, and through its alignment with the Science Based Targets initiative. To achieve this target Argos will build the roadmaps to reduce CO2 emissions by 2030, annualized and for each region, also through scenario analysis methodology under a bottom-up approach, and detailing the technical strategies for mitigation and the required investment plan. Climate-related scenario that was used by Argos to establish its CO2 mitigation target by 2030 have the following features: 1. Parameters: Boundaries & time horizon: the scenarios cover all the integrated cement operations of the Company & were developed for year 2030. The CO2 emissions scope 1 were modeled. Methodology: "The Cement CO2 & Energy Protocol" was used (WBCSD-CSI,2011). A bottom-up scenario analyses was developed; it means each cement plant was modeled and later all results were consolidated in a final scenario that enabled the estimation of CO2 emissions at regional and company level. Inputs: - Information, from 2006 to 2019, reported to Getting the Numbers Right. - Forecast of clinker & cement production (portfolio). - Strategic projects: calcined clays, hybrid cements, etc. - Forecast of levers for CO2 reduction: specific heat consumption, clinker cement ratio, use of alternative fuels, fuel mix at kiln. - Data sources: Integrated Model (long time model generated by Supply Chain Team), IEA-CSI (WBCSD) Roadmap (2018), FICEM Roadmap, GCCA Ambition. Analytical methods: Analysis were made under these scenarios: - Green (Business As Usual) - Blue (Low CAPEX): conservative - Orange (Medium CAPEX): intermediate - Gray (High CAPEX): optimistic Argos' CO2 target, obtained through scenario analysis, was compared with CO2 indices projected by technical studies that consider climate related scenario and that are publicly available: -Technology Roadmap-Cement Industry (WBCSD/CSI-IEA,2018): uses 2DS scenario (https://bit.ly/2IOx5Jg). - SBTi Tool V1.2.1 (IEA,2017): applies the Science Based Target (SBT) criteria and the Sectoral Decarbonization Approach (SDA) scenario, which has incorporated the ETP B2DS (Beyond two-degree scenario as defined in IEA "Energy Technology Perspectives" (2017). Argos modeled the scenario in this tool under a Fixed market share (as projected output measure) and the result by 2030 was 533 kg CO2/t cementitious product. 2. Assumptions: default values established in methodology B1 of the CSI CO2 Protocol were used. 3. Results & analyzes: The scenario selected was the gray one (the most ambitious), therefore, under this scenario Argos would reach 523 kgCO2/t cementitious product by 2030. By comparing Argos' CO2 target with targets set for the cement sector by the referenced studies, it was concluded that Argos target is challenging and draws a pathway towards a low carbon economy, through mitigation of its risks (transitions & physical risks) & taking advantage of the opportunities derived by climate change. 4. Monitoring procedures: CO2 target is monitored monthly in each cement plant. Gaps are analyzed & action plans are established. Likewise, the Company's target is monitored periodically at strategic, tactical and operational level. 5. Communication & report: CO2 target has been shared with the Board of Directors, the Steering Committee, and the Senior Directors of production plants. It was also published to Argos' stakeholders (internal & external) in the Annual Integrated Report and on web page.</p>
Other, please specify (Scenarios for assessing material transition climate risks related to carbon pricing (R2 and R3) and increase energy prices (R4))	<p>Argos analyzes climate change risks under the same framework of Corporate risk management. The Company has a Climate-Change Risk Matrix that is updated annually and communicated to the Senior Management. This climate change risk matrix counts on different impact scales (economic, reputation, information and H&S); as well as scales of probability of occurrence, which form their overall risk profile. Climate change risks are assessed qualitative and quantitatively. Probability assessments are obtained through experts' criteria and quantitative impacts are estimated through scenarios based on stochastic modeling under the Value at Risk (VaR) approach and are reported to the Board of Directors, so they are aware of potential deviations caused in the annual financial planning model. In 2021 Argos completed an assessment of its material transition climate risks. The evaluated scenarios had the following characteristics: 1. "Implementation of Emission Trading Systems (ETS) in countries where company operates"(R2) Scope and focus: financial impacts in Argos own operations due to changes in legislations (carbon pricing mechanisms). Methodology: Argos used qualitative and quantitative climate scenario analysis, assuming: - We consider three likely schemes to be implemented: the RGGI, the California cap-and-trade and the EU ETS. - We run the model keeping 2019 production levels as a business-as-usual year, as it is still a representative period in terms of business performance (i.e., considering pre-pandemic conditions) given that in 2020 the company went through periods of inactivity under local curfew measures. - A Value at Risk approach was performed considering these three schemes with their current carbon price levels, their allowances (intensities measured in tCO2/t clinker) and the established free allocation of permits, when available. - Random variables for each ETS are: carbon prices (according to the range in which prices varied in 2019 or 2020), & the level of free allocation of permits in the EU ETS, considering the expected decrease to a 30% that the market will reach in 2020. For adding up the simulations by country and controlling for simultaneity, a binary matrix was added with Bernoulli distributions. - Output: an implementation of an ETS may represent between USD 536 thousand (percentile 5) & 11.4 (perc. 95) million in additional costs. 2. "New or higher carbon taxes on emissions or fossil fuel consumption"(R3) Scope and focus: financial impacts in Argos own operations due to changes in legislations (carbon pricing mechanisms). Methodology: Argos used qualitative and quantitative climate scenario analysis, assuming: - We took optimistic, likely and pessimistic references for potential carbon tax values per tonne of coal and cubic meter of gas consumed based on our 2019 production figures. - Assumed tax values for coal and gas increased on average, as the uncertainty on the final value was reduced by the tax reform proposal. This reform also considers a yearly increasing gradual implementation, which was also taken into account. - Output: the widening of the carbon tax base in Colombia may represent between USD 2.5 (perc. 5) & 7.7 (perc. 95) million in additional costs. 3. "Increase in energy prices"(R4) Scope and focus: financial impacts due to energy market changes in Argos upstream activities. Methodology: qualitative & quantitative climate scenario analysis was used, assuming: - Potential impact of producing under an El Niño phenomenon with the same characteristics of the one set in 2015-2016, but with 2020 energy consumption & price levels. - Energy prices (regulated & non-regulated) were defined as random variables with variation ranges according to current price fluctuations, and prices under scarcity conditions were modeled emulating the variations presented during the scarcity period of 2015-2016. - What-if conditions was established regarding the damage of Argos self-generation facilities & gas scarcity.</p>
Other, please specify (Scenarios for assessing physical climate risks "Depletion of water resources for the continuity of the operation due to climate change and ecosystem degradation")	<p>Argos continues strengthening the physical climate risks analyses to identify impacts from chronic and acute phenomena in its facilities. Regarding the physical risk "Depletion of water resources for the continuity of the operation due to climate change and ecosystem degradation" (R06), Argos assessed this risk using the following scenario: Argos developed a water risk calculator, which quantifies financial impacts from increasing water stress in the geographic areas in which each facility is located. The water risk calculator considers the stress levels of both own facilities and critical suppliers (Aqueduct), future variations of water stress (Water Risk Filter), and future social costs of water consumption according to the VAS, i.e., Argos' model for monetizing externalities. Random variables for this scenario are water consumption levels, water costs per cubic meter and water stress levels for locations that may present significant increases in water stress over time. This tool allows each facility's personnel to view: 1) the water flows map; 2) the forecasts up to 2025 of water cost variations under two scenarios: Business-as-usual vs. complying with the Environmental Strategy's water consumption reduction goals and 3) simulation results to calculate water costs under uncertainty.</p>

C3.3

(C3.3) Describe where and how climate-related risks and opportunities have influenced your strategy.

	Have climate-related risks and opportunities influenced your strategy in this area?	Description of influence
Products and services	Yes	Changes in consumer demand patterns create the necessity to develop more sustainable products. In the coming years we will be the actors of a profound transformation of the construction industry, which will allow us to offer our clients a portfolio of innovative products and solutions with sustainability characteristics. To achieve this goal, we will be the best partners to our clients in the construction of sustainable housing and infrastructure. Through the Sustainable Construction strategy, we respond to a changing world through innovation, opening new business opportunities and increasing revenues from products with sustainability characteristics. This added to the communication of how the product portfolio contributes to sustainable construction certification systems has opened up new market opportunities for us. During 2020, and thanks to the teamwork of more than 43 professionals from different areas of the Company, we consolidated a portfolio of products and services, named "Green Solutions – Conscious Innovation" whose objective is to continue positioning ourselves as a strategic ally of our clients for the design and construction of projects with sustainability characteristics. The line of work that make up this project are: - Concrete and cements with sustainability characteristics: We put at the service of our clients products in three main lines: low carbon products, products that contribute to adaptability and circular economy, and products that promote well-being. - Industrialized solutions: We generate a sustainable solution for the public sector, focused on the construction needs of local infrastructure, such as tertiary roads. - Packaging solutions: We structured a portfolio of solutions for handling the packaging of the Company's products, which allows clients to reduce their waste on site. - Digital solutions: Through a digital platform, we provide clients with services that allow them to access information on certifications and benefits of sustainable construction. In 2020, we obtained revenues of more than USD \$ 283 million from products with sustainability characteristics. Also, we have established the contribution of the Argos portfolio products from the three regions to sustainable construction certifications such as LEED®, BREEAM®, Casa Colombia®, Edge®, among others.
Supply chain and/or value chain	Yes	Climate change risks such as extreme weather events impact the availability of facilities, suppliers or our distribution chain, causing increases in logistical costs, decrease in revenues, higher insurance premiums, property damage costs, among others. For instance in 2020 volumes were affected by hurricanes and heavy rains in the United States in the second half of the year. Potential costs of extreme weather events are disclosed in question 2.3a, Risk 5. The company evaluates periodically the exposure of weather events of all facilities. In 2020, losses for all locations were estimated using the AIR and RMS models, which enables to make better informed risk transfer and retention decisions as part of our corporate insurance program, as well as to better identify critical operations in order to prioritize climate change adaptation plans. Interruptions caused by extreme weather events are also modelled using the company's supply chain methodology. The potential impacts identified enable Argos to implement early actions aimed at optimizing the logistics chain in order to reduce the magnitude of the impact. Other risks such as increasing operational costs (e.g., energy, water consumption and logistics) derived from chronic physical risk materializations that cause resource scarcity, are evaluated and managed through tools such as the water risk assessment and the supply chain models, for which action and management plans are developed (see question 2.3a, risks 4 and 6).
Investment in R&D	Yes	Argos' Sustainable Construction program is one of the pillars of its Environmental Strategy and constitutes one of the most representative opportunities of climate change. This pillar is focused on satisfying the growing market demand for sustainable products, increasing the relevance of products with sustainable characteristics in the Company's portfolio, and guiding the clients in the selection for sustainable building materials. Argos develops projects to increase the use of supplementary cementitious materials, increase energy efficiency, increase the use of alternative fuels, improve durability and resistance, among other projects. Regarding low carbon products, which Argos defines as cements and concretes that have a lower content of embedded carbon and lower energy consumption in its production stage according to the life-cycle analysis, the company dedicated 59% of its total R&D budget, for researching and developing of these products in 2020. Moreover, the company is exploring carbon capture technologies. Since 2008, Argos has been working on a carbon capture project through microalgae to absorb CO2, capture solar energy and generate biomass, which has potential for biofuel production. The system's pilot test was developed in Cartagena and is currently being considered for being implemented in the United States.
Operations	Yes	Risks that represent increases in our operational costs created the need to develop a company-wide efficiency program aimed at increasing efficiencies and decreasing our risk exposure to events affecting our resource consumption and CO2 emissions. Therefore, it is possible to have a positive impact on profits through operational efficiency directed to reduce scope 1 and scope 2 CO2 emissions. This can be achieved through the development of projects complying to Argos' climate strategy drivers, e.g., optimize thermal and electric energy consumption, use of alternative fuels, reduce clinker cement ratio, among others. For that reason, Argos considers that operational efficiency mitigates climate-related impacts through the implementation of the Operational Excellence program, which seeks to optimize resources consumption and maximize benefits to achieve organizational excellence and competitiveness, focus on operational efficiency especially on energy efficiency, the optimization of production, the optimization of logistics & transport processes, and the application of circular economy models. As strategy to realize this opportunity Argos has an Environmental Strategy in order to implement actions to reduce CO2 emissions, such as: CO2 inventory (scope 1, scope 2 and scope 3), CO2 reduction objectives, energy efficiency initiatives, alternative fuels roadmap, and reduction of clinker/cement ratio initiatives. In 2020, Argos implemented initiatives related to the company's climate change strategy, specifically with the lines of action that promote the mitigation of CO2 emissions. These actions involved investments of approximately USD \$1,9 million (6899 million COP), represented around USD 8.7 million (32261 million COP) in operational savings and avoided around 154558 tonnes of CO2 emissions.

C3.4

(C3.4) Describe where and how climate-related risks and opportunities have influenced your financial planning.

	Financial planning elements that have been influenced	Description of influence
Row 1	Revenues Direct costs Indirect costs Capital expenditures Capital allocation Acquisitions and divestments Access to capital Assets	<p>• Revenues Through the Sustainable Construction pillar of our Environmental Strategy, we respond to a changing world through innovation, opening new business opportunities and increasing revenues related to products with sustainability characteristics. That is why we launched in 2020 the Green Solutions portfolio to our clients, a set of products and solutions aimed at strengthening our value chain and mitigating the impact of our operation from the production process to the final disposal of our products. Also, we communicate how the product portfolio contributes to sustainable construction certification systems, such as LEED® & EDGE®, which has opened new market opportunities. Our goal to 2030 is obtain revenues of USD \$800 million for our products with sustainability features. The financial implications of changes in consumer behavior due to climate change are related to the revenues from sales of products that contribute to climate change mitigation & adaptation (e.g., Low Carbon Products & Avoided Emissions Products, which represented 5,11% & 12,29% of total revenues in 2020, respectively).</p> <p>• Direct and Indirect costs The company has assumed increasing operational costs from higher energy prices and carbon pricing instruments. Since 2017 Argos has paid a carbon tax in Colombia applicable to liquid fuels consumption. As a response, and also as a way to promote resilience in the face of the effects of the pandemic, Argos designed and implemented a comprehensive plan to mitigate the effects of COVID-19, that was named: RESET (Re-Start safety and health to boost the economy, bring hope and transform lives). This is a plan that Argos put in place to mitigate the impacts associated with COVID-19, and which covers five pillars: health & safety, liquidity & debt management, operational excellence, and solidarity initiatives. Likewise, lower direct & indirect costs can be achieved through the implementation of the Operational Excellence program, which seeks to optimize resources consumption & maximize benefits to achieve organizational excellence & competitiveness, focus on energy efficiency, the optimization of production, the optimization of logistics & transport processes, & the application of circular economy models. - Energy efficiency (thermal & electrical). In 2020 around USD 2.6 million annual costs savings was obtained due to implementation of these initiatives. - Production optimization: we concentrate production in the most efficient plants, we use resources properly and we implement new technologies & processes to optimize the cost per unit of product. In 2020 our Puerto Rico cement plant was transformed to grinding plant; & the transformation process at Cairo cement plant (that was a wet plant) was completed. - Circular economy: these initiatives allowed us to achieve in 2020 around 2.3 USD million annual costs savings. - Logistics: make effective use of transportation & routes to reduce delivery times, decrease costs, & reduce GHG emissions. These initiatives allowed us to achieve in 2020 around 1,2 USD million annual costs savings. Among the next steps in financial planning in order to promote reduction of GHG emissions & at the same time maximize profitability, we consider: - Maintain focus on efficiency & improve costs of production; - Increasing alternative fuels and materials; - Reduce clinker to cement ratio; - Make progress in the development of low carbon products. • Capital expenditures/capital allocation Argos has developed the use of an internal carbon price in order to get prepared to the upcoming GHG regulations. An internal carbon price was calculated as criteria for strategic CAPEX allocations so potential risks related to climate change were considered in the estimations of profitability indicators of each alternative, such as the Internal Rate of Return. In order to determine the impact of the application of this internal carbon price process within the company, Argos has tested it in several projects. Nevertheless, the company has not recently moved forward in incorporating this variable given that the company has been reducing approbation of CAPEX for several profitability projects due to those capital expenditures have been focused to generate positive free cash flow from operations. In 2020 the pandemic imposed numerous challenges, including the financial sustainability of the company, and for that reason the Company affirmed in its Integrated Report that "Building an appropriate liquidity position to withstand supply and demand shocks and guarantying business continuity and the company's sustainability... In terms of liquidity protection and financial status: ...Decrease in Capex and concentration of investment only in essential and necessary projects for the operation in the framework of disruptions". • Acquisitions and divestments Impact evaluations in terms of CO2 emissions are made during the environmental due diligences of our acquisitions and investments. We revise impacts on the targets for CO2 reductions defined by our environmental corporate strategy. During 2020, we worked together with Grupo Argos (our Holding company) and its subsidiaries in the construction of the consolidated Climate Change Strategy, to join efforts to combat the impacts derived from this phenomenon. One of the Agreements established in that strategy was "To include considerations of risks arising from climate change in the processes of analysis of mergers and acquisitions, as well as in the structuring of new projects". • Access to capital Restrictions on access to capital as it is an intensive process in CO2 emissions is considered an emerging risk for the company. For that reason, it is monitored, analyzed & managed on a regular basis. Argos has been working on increasing its possibility to access to green financing and in 2021 the Company signed a long-term financing agreement with BBVA through a sustainable credit for COP 160.000 million (equivalent to approx. 37 million euros) where the interest rate will be linked to the company's performance in ESG aspects. Other financial products attached to ESG metrics (including CO2 emissions) are currently being explored. • Assets Climate change physical risks influence our asset management process in fields like risk transfer & retention through the company's insurance policies & the supply chain planning modelling. The company evaluates periodically the exposure of weather events of all facilities and is implementing a Climate Change Adaptation Plan in order to preserve our assets facing the increase in frequency and severity of extreme weather events. These actions influence our risk transfer & retention decisions as part of our corporate insurance program (specifically regarding property damage and business interruption) and will define the investments required for increasing climate resiliency in all our operations.</p>

C3.4a

(C3.4a) Provide any additional information on how climate-related risks and opportunities have influenced your strategy and financial planning (optional).

Argos' Climate Change Strategy is one of company's Environmental Strategy pillars and it is focused on minimizing climate change-related risks and maximizing opportunities through innovation in processes and products to ensure the sustainability of the Company and its stakeholders. This strategy is the roadmap that guides our actions in mitigating and adapting to the impacts of climate change, which allows us to minimize risks and potentiate the opportunities that this phenomenon poses. This roadmap is fed by scenarios of CO2-emission mitigation (direct & indirect), the possibilities of optimization, the analysis of risk identification and assessment and the opportunities for growth and innovation that the relationship with our clients brings along.

The Company supports its risks management through the Integrated Risk Management System (IRMS), which is based on the ISO 31000 & COSO Enterprise Risk Management standards. The IRMS enables Argos the successful execution of its strategy through following processes: the identification of possible risk scenarios considering materiality, global trends and company strategic framework; the evaluation of the level of exposure to all risks; the management through action plans including adaptation & continuity plans & the corporate insurance program; the monitoring of effectiveness of action plans, and the reporting to the Board of Directors (BD).

Climate change risks & opportunities are worked out under the IRMS and at all levels of the company, making them a companywide priority, which is integrated to all processes throughout the organization. These risks are reported to the Audit, Finance & Risk Committee of the BD, so they are aware of potential deviations caused in the annual financial planning model. Climate change risk & opportunities are managed from every perspective and organizational level (operational, tactical & strategic) under the IRMS guidelines (top-down and bottom-up), which guarantees minimizing risk materializations in the middle and long term, as well as the possibility of having dark or blind risks.

At strategic level Argos monitors its Strategic & Emerging Risks through the definition and quantification of risk scenarios and using strategic financial KPIs and KRIs. Quantitative impacts are estimated through scenarios based on stochastic modeling under the Value at Risk (VaR) approach. Those scenarios promote opportune decision making by top management through measures such as risk transfer & retention, or revision of strategic projects and goals.

Our climate change risk matrix counts on seven risks that are directly related to the company's top risks, strategic and emerging, depending on the time horizon in which they would be materialized. The company has identified 10 Strategic Risks (SR) & 4 Emerging Risks (ER). Three SR & two ER are directly related to climate change: new policies that affect the company's value creation (SR4), inability to comply with the company's CO2 emission reduction objectives due to the non-implementation of alternative fuels, technologies & cementitious materials (SR6), occurrence of natural events (SR7), restrictions on access to capital, credits and the like as it is a CO2 intensive production process (ER1), and depletion of water resources (ER2).

At tactical (for country level & projects) & operational levels (assets & facilities) Argos assesses climate change risks through several tools such as: end-to-end assessments to the environmental management processes (tactical), tools & methodologies for measuring the facilities' exposure to weather events and potential losses associated to them, and self-assessment tools to evaluate compliance to regulatory & voluntary standards (assets & facilities).

This strategy has enabled Argos to implement best management practices:

- Assign the highest level of direct responsibility for climate strategy of Company to the Sustainability & Corporate Governance Committee from BD. In 2020 Argos updated its CO2 target through scenario analyses. Those results were presented to the Company's BD to be included in the decision-making process.
- Include Climate Change strategy as one of the pillars of Argos Environmental Strategy and assess GHG emissions externality through Value-Added Statement.
- Argos recognizes that the mitigation line of work of its climate change strategy is the main mechanism to prevent & mitigate its climate-related transition risks. In this sense, Argos aligned itself with the global agenda to face climate change & updated in 2020 its Climate Change Strategy setting a new target: to achieve 523 kg net CO2/ t cementitious product by 2030, which is equivalent to reduce 29% with respect to 2006 baseline. This reduction target was calculated using scenario analysis, which enabled Argos an understanding of how the Company can mitigate its transition climate risks and how the company can align its CO2 targets with the Science Based Targets initiative. To achieve this target Argos will build the roadmaps to reduce CO2 emissions by 2030, annualized and for each region, also through scenario analysis methodology under a bottom-up approach, and detailing the technical strategies for mitigation and the required investment plan.
- Argos defines the strategies for managing property and business interruption risks from extreme weather events based on Nat-Cat modelling to estimate potential losses, and each facility has emergency, contingency and continuity plans in place. Each year we count on updated quantified risk scenarios (AIR & RMS), threat assessments (Geosura) & Sustainability Self-Assessment tools for all locations. Argos currently counts on a standardized physical risk assessment tool (beta version) that will be shared during 2021 with all facilities, so they can assess their local physical risk exposure based on local threats and vulnerabilities.

In 2022, facilities must identify, prioritize & plan adaptation measures to reduce their exposure to physical risks. The process for designing adaptation plans is set on the Argos' Climate Change Adaptation Guidelines, which must be applied to all our existing facilities. Although we have no new asset planned, adaptation guidelines must apply to all new operations acquired by the company in the future. Those measures that will require significant investments that will be escalated to the company's financial planning. Prioritized and planned adaptation measures will start their implementation phase in 2023, together with updated monitoring & evaluation mechanisms.

- Sustainable Construction Strategy: constitutes one of the most important climate change opportunities for Argos. In 2020 our revenues from products with sustainability characteristics were around USD \$283 million.

C4. Targets and performance

C4.1

(C4.1) Did you have an emissions target that was active in the reporting year?

Intensity target

C4.1b

(C4.1b) Provide details of your emissions intensity target(s) and progress made against those target(s).

Target reference number

Int 1

Year target was set

2020

Target coverage

Business division

Scope(s) (or Scope 3 category)

Scope 1

Intensity metric

Other, please specify (Specific Net CO2 per tonne of cementitious product)

Base year

2006

Intensity figure in base year (metric tons CO2e per unit of activity)

0.735

% of total base year emissions in selected Scope(s) (or Scope 3 category) covered by this intensity figure

100

Target year

2030

Targeted reduction from base year (%)

28.91

Intensity figure in target year (metric tons CO2e per unit of activity) [auto-calculated]

0.5225115

% change anticipated in absolute Scope 1+2 emissions

-22.36

% change anticipated in absolute Scope 3 emissions

0

Intensity figure in reporting year (metric tons CO2e per unit of activity)

0.634

% of target achieved [auto-calculated]

47.5319840838445

Target status in reporting year

New

Is this a science-based target?

Yes, we consider this a science-based target, but it has not been approved by the Science Based Targets initiative

Target ambition

Well-below 2°C aligned

Please explain (including target coverage)

Argos implements the GCCA methodology "Cement CO2 & Energy Protocol" V.3.04 to calculate both scope 1 & scope 2 carbon footprint of its cement operations. The intensity measure of the base line year & the reduction target were calculated as Indicator 74, "Specific Net CO2 per tonne of Cementitious Product" (line 074), where the numerator is absolute net CO2 (line 071) & the denominator is total cementitious products (line 21a). Argos set a new target in 2020: to achieve 523 kg net CO2/t cementitious product by 2030, which is equivalent to reduce 29% with respect to 2006 baseline. As Argos' scope 1 target is specific to cement production, and only CO2 emissions from cement production were measured in the baseline year (2006), the percentage of emissions considered in the scope 1 in base year is 100%. Likewise, it is considered that target coverage is "Business Division" since current Argos' scope 1 intensity target by 2030 is specific to cement production, which is one of Argos' three business divisions (along with the other two divisions, Concrete & Aggregates) and whose scope 1 emissions represents approximately 94% of total company scope 1 CO2 emissions. The Company achieved 634 kgCO2/t cementitious product in 2020, a reduction of 14% in comparison to the 2006 baseline of 735 kgCO2/t cementitious product. This 14% reduction in 2020 with respect base year 2006 means that 48% of the goal to 2030 (which is 29%) has already been completed. In other words: % of target achieved = $(14/29) * 100 = 48\%$. The scope 2 & scope 3 emissions are calculated and monitored by Argos; however, the Company has no public targets for reduction of these emissions yet. Argos has a location-based scope 2 emissions target but for internal communications purposes; as it is still in the process of being developed fully, the company has decided not to disclose it yet. Argos considers its new scope 1 target is a science-based target "Well-below 2°C aligned" because after using the SBTi Tool V1.2.1, the company determined that its new scope 1 CO2 reduction target is under the target proposed by the tool (which applies the Sectoral Decarbonization Approach scenario & has incorporated the ETP B2DS (Beyond two degree scenario as defined in IEA "Energy Technology Perspectives" (2017), that currently only provides sectoral pathways aligned with limiting warming to well-below 2°C).

C4.2

(C4.2) Did you have any other climate-related targets that were active in the reporting year?

No other climate-related targets

C4.3

(C4.3) Did you have emissions reduction initiatives that were active within the reporting year? Note that this can include those in the planning and/or implementation phases.

Yes

C4.3a

(C4.3a) Identify the total number of initiatives at each stage of development, and for those in the implementation stages, the estimated CO2e savings.

	Number of initiatives	Total estimated annual CO2e savings in metric tonnes CO2e (only for rows marked *)
Under investigation	14	0
To be implemented*	0	0
Implementation commenced*	0	0
Implemented*	6	154558
Not to be implemented	0	0

C4.3b

(C4.3b) Provide details on the initiatives implemented in the reporting year in the table below.

Initiative category & Initiative type

Energy efficiency in production processes	Fuel switch
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Estimated annual CO2e savings (metric tonnes CO2e)

81356.88

Scope(s)

Scope 1

Voluntary/Mandatory

Voluntary

Annual monetary savings (unit currency – as specified in C0.4)

8412446340

Investment required (unit currency – as specified in C0.4)

1522378158

Payback period

<1 year

Estimated lifetime of the initiative

Ongoing

Comment

Argos has the target to substitute 33% of conventional fossil fuel heat consumption with alternative fuels by 2030. In 2020 Argos achieved a 6.25% rate of use in alternative fuels in replacement of conventional fuels with the use of more than 95800 tonne of waste. The plants that used alternative fuels as part of the fuel mix for their clinker kiln were the following: Roberta, Harleyville, Newberry, Martinsburg (USA), Comayagua (Honduras), Rioclaro, Cartagena and Yumbo (Colombia). Also, Argos is making progress in strengthening the alternative fuel supply chain in the three regional operations.

Initiative category & Initiative type

Non-energy industrial process emissions reductions	Process material substitution
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Estimated annual CO2e savings (metric tonnes CO2e)

44733.95

Scope(s)

Scope 1

Voluntary/Mandatory

Voluntary

Annual monetary savings (unit currency – as specified in C0.4)

9795146962

Investment required (unit currency – as specified in C0.4)

3536920363

Payback period

<1 year

Estimated lifetime of the initiative

Ongoing

Comment

In several cement plants of Colombia, Caribbean and Central America and USA Regions, a reduction of the clinker cement ratio was achieved in 2020 in comparison with 2019, which was possible by replacing clinker with slags, fly ashes, CKD and others. In February 2020, Argos presented in Colombia one of the most-significant advances in terms of innovation and sustainability: the artificial pozzolana line with which the Company created Green Cement. These pozzolans reduce the use of clinker and make it possible to obtain a more environmentally friendly product, since (during the process) CO2 emissions are reduced by up to 38% and energy consumption, by up to 30%.

Initiative category & Initiative type

Energy efficiency in production processes	Process optimization
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Estimated annual CO2e savings (metric tonnes CO2e)

442.82

Scope(s)

Scope 2 (location-based)

Voluntary/Mandatory

Voluntary

Annual monetary savings (unit currency – as specified in C0.4)

5815563670

Investment required (unit currency – as specified in C0.4)

311410302

Payback period

<1 year

Estimated lifetime of the initiative

Ongoing

Comment

Argos has the goal for 2025 to decrease the electricity consumption by 15%. In 2020, Argos continued to implement projects and initiatives related Improvements in electrical efficiency. Some of these initiatives were: - Implementation of initiatives to reduce the consumption of electrical energy, such as: Use of excess gases from the clinker cooler in the cement mill (Piedras Azules Plant), implementation of Digital Twin system that allows the mill to be operated remotely, optimizing its operation (Dominican Republic Plant), among others. - The Portland Cement Association (PCA) recognized our Harleyville Plant as the winner of the 2020 Energy and Environment (E&E) Awards in the Energy Efficiency category. Harleyville Cement Plant has been focusing on increasing the utilization of the new vertical cement mill (VCM), which in turn lowered overall power consumption. - Harleyville and Roberta cement plants at USA Region received EPA Energy Star certification. - Electric energy from renewable sources: In Honduras, the solar farm contributed 14.5% of the electricity requirement of the cement operation of the Piedras Azules cement Plant during 2020.

Initiative category & Initiative type

Energy efficiency in production processes	Process optimization
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Estimated annual CO2e savings (metric tonnes CO2e)

26004.27

Scope(s)

Scope 1

Voluntary/Mandatory

Voluntary

Annual monetary savings (unit currency – as specified in C0.4)

3792706091

Investment required (unit currency – as specified in C0.4)

830535750

Payback period

<1 year

Estimated lifetime of the initiative

Ongoing

Comment

Argos has the goal for 2025 to decrease the heat consumption by 10%. In 2020 Argos continued implementing projects and initiatives related improvements in thermal efficiency. Some of these initiatives were: - Enhancements in operation and stability of kilns in various cement plants of Colombia Region, which has led to obtain savings in thermal energy. - Energy Star certification for the Harleyville and Roberta plants in the USA region. - The Portland Cement Association (PCA) recognized our Harleyville Plant as the winner of the 2020 Energy and Environment (E&E) Awards in the Energy Efficiency category. Harleyville Cement Plant has been focusing on improving overall energy management by reducing kiln specific heat consumption. - In 2020 the operational transformation of Cairo plant was consolidated, going from being a plant with wet-type clinker production, to be a grinding center of clinker.

Initiative category & Initiative type

Transportation	Company fleet vehicle efficiency
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Estimated annual CO2e savings (metric tonnes CO2e)

2000

Scope(s)

Scope 3

Voluntary/Mandatory

Voluntary

Annual monetary savings (unit currency – as specified in C0.4)

4290488900

Investment required (unit currency – as specified in C0.4)

0

Payback period

<1 year

Estimated lifetime of the initiative

Ongoing

Comment

Argos has advanced in the sustainable mobility for raw material transportation to production plants, likewise in final products delivery to its clients, considering the logistical context of each region and taking advantage of its resources and geographic location to improve delivery times and reduce costs. Some initiatives implemented during 2020 were the following: - Argos continued to expand its cargo compensation network in the Colombia Region. In 2020 Argos participated in work sessions with the National Association of Industrialists (ANDI, in Spanish) and more than 100 companies, taking advantage of the circuits and fleets of each company to achieve a reduction in and optimization of costs, consolidate loads to the same destination and use the idle fleet they have. Additionally, Argos carried out synergies with logistics operators, allowing it to obtain savings by optimizing rates. - Argos has currently in Colombia 12 electric vehicles, 5 gas vehicles, a hybrid vehicle and cement transportation by train. - In Puerto Rico, through the consolidation of orders in a single vehicle, the company maximized the load so that a full load of orders is always carried out.

Initiative category & Initiative type

Transportation	Employee commuting
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Estimated annual CO2e savings (metric tonnes CO2e)

19.96

Scope(s)

Scope 3

Voluntary/Mandatory

Voluntary

Annual monetary savings (unit currency – as specified in C0.4)

4544400

Investment required (unit currency – as specified in C0.4)

155000000

Payback period

No payback

Estimated lifetime of the initiative

Ongoing

Comment

Through its sustainable mobility program (AMOVilazarte), which was created in 2016, Argos seeks to reduce the carbon footprint of its employees' transportation, promoting carpooling, walking, cycling and use of public transport. In 2020 in the framework of the celebration of the anniversary of the Sustainability Mobility Program to reduce the carbon footprint related to the transport of employees, a work table was set up with the other Grupo Argos companies and a fair was held in which the socialization and awareness activities were developed to motivate more people to join the initiative. Likewise, due to the situation generated by COVID-19, campaigns were generated that promoted the adoption of prevention and self-care practices. Thus, through challenges, campaigns and delivery of incentives to promote the use of the Try My Ride app (with which the kilometers traveled with each type of sustainable mobility and CO2 emissions avoided are accounted) the Company managed to increase the number of employees participating in the initiative.

C4.3c

(C4.3c) What methods do you use to drive investment in emissions reduction activities?

Method	Comment
Dedicated budget for energy efficiency	Thermal and electrical energy are critical inputs for Argos's production processes. Managing them efficiently enables to the Company to reduce the use of natural resources and minimize costs and net CO2 emissions. For this reason, Argos has as targets in its Energy Strategy: decrease heat consumption by 10% and electricity consumption by 15%, with the year 2013 as baseline, by the year 2025. During 2020 the company moved towards energy consumption reduction across its three regions (Colombia, USA and Caribbean and Central America): - Enhancements in operation and stability of kilns in various cement plants of Colombia Region, which has led to obtain savings in thermal energy. - Energy Star certification for the Harleyville and Roberta plants in the USA region. - The Portland Cement Association (PCA) recognized our Harleyville Plant as the winner of the 2020 Energy and Environment (E&E) Awards in the Energy Efficiency category. Harleyville Cement Plant has been focusing on improving overall energy management by reducing kiln specific heat consumption and increasing the utilization of the new vertical cement mill (VCM), which in turn lowered overall power consumption. - In 2020 the operational transformation of Cairo plant was consolidated, going from being a plant with wet-type clinker production, to be a grinding center of clinker. -Implementation of initiatives to reduce the consumption of electrical energy, such as: Use of excess gases from the clinker cooler in the cement mill (Piedras Azules Plant), implementation of Digital Twin system that allows the mill to be operated remotely, optimizing its operation (Dominican Republic Plant), among others. - Electric energy from renewable sources: In Honduras, the solar farm contributed 14.5% of the electricity requirement of the cement operation of the Piedras Azules cement Plant during 2020.

Method	Comment
Dedicated budget for low-carbon product R&D	In the Environmental Strategy of Argos, sustainable construction is one of its pillars. The focus of this pillar is to satisfy the growing market demand for sustainable products, increasing the relevance of products with sustainable characteristics in the Company's portfolio, and guiding the clients in the selection for sustainable building materials. Argos Research and Development (R&D) team develops projects to reduce CO2 emissions at various points in the value chain. Initiatives range from identifying new raw materials to launching new products, specifically with sustainability characteristics (i.e. low carbon products). Teamwork across a variety of company areas is essential for scaling the laboratory's developments. During 2020, and thanks to the teamwork of more than 43 professionals from different areas of the Company, Argos launched "Green Solutions, Conscious Innovation", a portfolio of products and solutions with sustainable characteristics, the objective of which is to continue positioning Argos as a strategic ally of its clients for the design and construction of projects with sustainability characteristics. This portfolio is compounded by three main lines: - Low Carbon Products: Cements and concretes that have a lower content of embedded carbon and lower energy consumption in its production stage, according to the life-cycle analysis. Regarding this category products, the company dedicated in 2020 59% of its total R&D budget for researching and developing these products. - Products that contribute to adaptability and circular economy: they include cements and concretes that contribute to the circular economy through the use of alternative materials or that (due to their technical or quality specifications) help reduce the pressure on non-renewable natural resources. Additionally, this category includes products that (due to their design specifications, associated with durability and resistance) allow structures to be reduced in size or contribute to adaptation to natural phenomena. - Products that promote well-being: Concretes that favor health and wellbeing (architectural and color) and that reduce the heat-island effect or other negative impacts on people. Likewise, Argos offers products that contribute to mitigating the negative effects on cities and well-being for people, among others.
Dedicated budget for other emissions reduction activities	Environmental strategy of the company includes the following activities that leverage CO2 emissions reduction: reduce energy intensity (heat consumption and electricity consumption), optimize clinker/cement ratio, replace conventional fuels by alternative fuels in the clinkerization process and use cleaner types of fuels (such as natural gas). To implement the mentioned activities, Argos has dedicated budget by regions and operations. In 2020 Argos continued implementing initiatives related to the company's climate change strategy, specifically with the lines of action that promote the mitigation of CO2 emissions. These actions involved investments of approximately USD \$ 1.9 million (6899 million COP). There was a significant reduction in 2020 compared to 2019 in the investments to mitigate climate change due to that the investment made for the commissioning of the calcined clays project at Rioclaro Plant was made between 2018 and 2019 and represented around 98% of the total investment made in those years to mitigate climate change. In 2020 the calcined clay project began operations starting to produce artificial puzzolans that substitute clinker in Rioclaro portfolio products, therefore from year 2020 the investments related to this project will decrease. Some lines of work are the following: - Reduce clinker content in all types of cement. - Increase the substitution of conventional fuels with alternative fuels. - Increase the use of alternative raw material in cement and concrete businesses. - Process optimization through thermal and electrical efficiency projects. - Continuation of production management system focused on finding the best operating practices, which has allowed efficiency improvements of processes and reduced energy consumption. Argos will build in 2021 its roadmap to reduce CO2 emissions by 2030, with annualized targets for each region, detailing the technical strategies for mitigation and the required investment plan.
Employee engagement	In 2020 Argos continued with its sustainable mobility program (AMOVilizarte) to reaffirm its commitment with the responsible development of cities and its operations. It is a program that promotes in Argos employees the sustainable mobility through practices such as carpooling, walk, bicycle and public transport. This program has lots of benefits, such as the reduction of CO2 emissions of employees due to transport, reduction in travel times, promotion of healthy practices, and the contribution to a more fluid mobility in the cities. The company heavily encourages its employees to look for options in business travels for remote meetings; this promotes the efficiency in the company, allows CO2 emissions reduction due to business travels, and also allows the employees to maintain a better balance between their personal life and work. Likewise, Argos has promoted telework, and more after the situation that was imposed by the pandemic, since it brings benefits both for workers and for the organization, such as: - Improvement of living standards (telework becomes an alternative of balance between the personal life and work). - Reduction of commuting time for workers.
Internal price on carbon	Argos has an Internal Carbon Price to assess financial risks in CAPEX projects (e.g. use of alternative fuels, energy efficiency projects and production capacity increase). The evaluation includes all those projects that generate a reduction or an increase of Scope 1 and 2 CO2 absolute emissions. For doing so, an interdisciplinary team was formed within the company and the best price was defined for the current situation of the company after analysing different options including projections from climate-related regulation, benchmarking against peers, social price of carbon, and technical analysis. For determining the price, Argos considered as a main reference the carbon tax that since 2016 has been applied in Colombia for liquid fuels usage, and because is in Colombia where most CO2 direct emissions are produced. This method helps towards investment decisions and is used as a risk management tool within the organization Climate Strategy. The process for applying it within the company is the following: - Identify within the results for the CAPEX allocation system of the company those new projects in line with adding profitability to the company. - Calculate the contribution of those new projects to increase or reduce CO2 absolute emissions, which will represent the cost that the company would assume. - Determine the level of risk identified for the company, making projections for different years. Also, the hypothetical scenarios are analysed for the geographies where the company is located. - Calculation of cost or savings of the final net value to society. - Calculation of financial impact of each project under the assumption of a possible CO2 tax and finally a sensitivity analysis is conducted to determine to which level of extent any KPI's, such as the Internal Rate of Return (IRR), is affected by the internal carbon price applied.
Internal incentives/recognition programs	Argos has a Variable Compensation System (monetary incentives) that promotes the achievement of the strategic targets. Through this system, extra salary bonuses are paid to employees when the goals are achieved. Depending on the organizational level within the company, there are two types of incentives that could apply: short term incentives and long-term incentives. The short-term monetary incentive (annual) establishes targets which are evaluated and reviewed at the end of the established periods. The long-term monetary establishes follow-up, measurement and compliance with the goals for periods of 3 years; however, the planning, measurement and tracking of these indicators are carried out every year and the next three-year period is planned. In 2020 Argos launched Green Plant award as a system of non-monetary incentives, which is an annual recognition process that is delivered to the best integrated plant, grinding plant, and division or zone of concrete, with the best practices in operational efficiency, care of life, management of environmental matters and building relationships of trust with communities. The plants were chosen based on the evaluation of four indicators related to climate change management, including the reduction of net CO2 emissions and energy efficiency. Employees at the Roberta, Guyana and Suriname plants received the first recognition for the comprehensive, responsible and sustainable management of their facilities. In addition, Argos has a system of non-monetary incentives to promote the generation of innovative ideas, which is named IDEAXION, an organizational tool for the innovation management that allows the collection of innovative ideas from anyone anywhere in the Company, and, it has a system of points assigned to reward authors and mentors of those innovative ideas. Another program with non-monetary incentives is "Amovilizarte", which highlights and promotes sustainable mobility (walk, bicycle, public transport and carpooling) via the Try My Ride app to reduce the carbon footprint related to the transport of employees.
Other (Value Added to Society (VAS))	Since 2016 Argos has included the analysis of externalities in its reporting and accountability model. These impacts are quantified in the Value Added to Society (VAS) report, which was developed based on the True Value methodology and includes the costs and benefits generated to society in the economic, social and environmental dimensions. These costs and benefits are monetized to reflect the impact that Argos operation had on society in a given period. In terms of GHG economic impact to society, Argos based its carbon price on the social cost of carbon (SCC), which reflects the cost of the damage for society generated by GHG emissions over the lifetime. In 2020 Argos used the Environmental Protection Agency (EPA) SCC estimates (EPA, 2016), which amounts to USD 31.66 after adjusting for inflation and the 4% discount rate applied according to the options provided by the study. Annual estimates vary based on the discount rate applied, which determines the present value of future damages derived from climate change.
Other (BEST program (Building Efficiency and Sustainability for Tomorrow))	In 2020 Argos finalized the implementation of BEST program (Building Efficiency and Sustainability for Tomorrow), which was an efficiency accelerator that Argos had deployed to become closer to its customers, enrich the value proposition of all segments, and compete in the market with the highest added value in terms of its portfolio, performance, and quality of products and solutions. The execution of BEST and the constant and continuous search for greater competitiveness in our production platform in Colombia required a process of a comprehensive transformation of the Cairo Plant (that was a wet clinkerization plant) which began in 2018. In 2020, its transition to a project mine was completed. Within the framework of the social dialogue built with the major union organization, SUTIMAC, and committed to the pillars of respect and recognition and in aims of protecting employment as much as possible, 112 relocations, 32 deferred bonuses were materialized throughout the process to workers with ages close to retirement and 14 pensions. Argos will continue to be present in the region with social projects and community capacity-building programs, among which a food safety project and a fique plant project stand out.
Other (RESET (Re-Start safety and health to boost the economy, bring hope and transform lives))	The pandemic affected the dynamics of a large part of the productive and service sectors in most of our markets and became one of the greatest challenges that all companies have faced. To navigate this period of great uncertainty, preserve cash, take relevant steps in terms of financial flexibility and organizational efficiency and prepare the Company for the reopening of economies and the gradual recovery of markets, Argos designed and implemented a comprehensive plan to mitigate the effects of COVID-19, that was named: RESET (Re-Start safety and health to boost the economy, bring hope and transform lives). This is a plan that Argos put in place to mitigate the impacts associated with COVID-19 and that covers the human, operational, financial and social dimensions, from five pillars: health and safety, liquidity and debt management, operational excellence, Cementos Argos initiatives for the future and solidarity with the environment. In 2020 some of following lines were developed: - Liquidity: ensuring liquidity and reducing leverage to gain financial flexibility is a priority for the Company. For this, Argos focused on generating greater free cash flow, reducing total debt for the year and adjusting its budgets to generate savings by reducing expenses and non-essential costs. - Operational excellence: The focus is to adapt the operating model to the new market dynamics and to maximize the digital transformation. In this sense, the Company focused on operational efficiency in all regional companies, focusing especially on energy efficiency, the optimization of production, the optimization of logistics and transport processes, and the application of circular economy models.

C4.5

(C4.5) Do you classify any of your existing goods and/or services as low-carbon products or do they enable a third party to avoid GHG emissions?

Yes

C4.5a

(C4.5a) Provide details of your products and/or services that you classify as low-carbon products or that enable a third party to avoid GHG emissions.

Level of aggregation

Group of products

Description of product/Group of products

Argos is continuously innovating and developing products to achieve its goals of net zero carbon. For Argos a Low Carbon Product must have a Life Cycle Analysis (LCA) and its Global Warming Potential (GWP) result must be lower than the industry average and or 20% substitution of raw materials. GWP lower than industry average: Cement General Use Sogamoso, Rioclaro & ECOMultiproposito. Concretes: Medellin Plant (1 Mix), Puente Aranda Plant (7 Mixes), G-crete, Prime Green, Drain Crete, Concrepave, Top Crete, Glenwood (29 Mixes), Smyrna (16 Mixes), Houston (6 Mixes), Doraville (21 Mixes), Atlanta Portable (10 Mixes), Armour Drive (55 Mixes). 20% of raw materials substitution: Concrete Cement - Panamá, Type III Cement - Atlanta, Masonry cement - Atlanta, Super Cem - Tampa, Tampa Fly ash Blend with T-I/II, Masonry Type N DMC - Roberta, Masonry Type NMMM - Roberta, Masonry Type S - Roberta, IS (85) Blend with T-I/II, Slag Blend with IL, IS(85) Blend with IL, Type III.

Are these low-carbon product(s) or do they enable avoided emissions?

Low-carbon product

Taxonomy, project or methodology used to classify product(s) as low-carbon or to calculate avoided emissions

Other, please specify (Life Cycle Analysis (LCA))

% revenue from low carbon product(s) in the reporting year

5.11

% of total portfolio value

<Not Applicable>

Asset classes/ product types

<Not Applicable>

Comment

Under the "Sustainable construction" pillar of the Environmental Strategy, Company leverage life cycle management and develop products focused on solving constructive challenges with extraordinary solutions through innovation. In 2020, within the Green solutions cell, a group specialized in the LCA of products was created. This group seeks to give a greater visibility to the environmental performance of its production processes. For the company it is important to measure the environmental impacts of its products and therefore it was able to develop LCA of 247 cement and concrete references (215 EPD in USA and 32 Self Declaration Environmental Reports in Colombia), which allows Argos' clients to make better decisions when choosing materials. Argos pursues its process optimization to ensure that the products have lower CO2 embedded emissions. To achieve it Argos continuously develops projects to increase the use of supplementary cementitious materials, energy efficiency, increase recycled aggregates and improve durability and resistance, among other projects. The estimated total avoided emissions in 2020 for "Low-carbon products" were 387666 tonne of CO2e.

Level of aggregation

Group of products

Description of product/Group of products

Argos considers products with Avoided Emissions under these criteria: - Low Carbon emissions supported by EPD'S or LCA compared to the industry average. - Circular Economy and Adaptation: products that have at least 20% of raw materials substitution, reduce consumption of raw materials during the construction stage, and increase the life span of construction; - Products that contribute to Well-being & Comfort and reduce heat island effect. Concretes: Permeable, Color, High Strength, Concrete Ratio Water, Paving, Advanced Concrete UHPC, Arquitectural Concrete, Medellin 1 Mix, Puente Aranda 7 Mixes, Self Compacting, Durable Draincrete, Prime Green, Top Green, Gcrete, Palettecrete. Cements: Cement General Use Sogamoso and Rioclaro, ECOMultiproposito, Concrete Cement Panama, Soil stabilization Cement, White Cement, Type III - Atlanta, Masonry - Atlanta, Masonry Type N DMC, Type S-Roberta, Super Cem - Tampa, Slag Blend with T-I/II - Tampa, Type N MUD, Type N MMM.

Are these low-carbon product(s) or do they enable avoided emissions?

Avoided emissions

Taxonomy, project or methodology used to classify product(s) as low-carbon or to calculate avoided emissions

Other, please specify (Life Cycle Analysis (LCA))

% revenue from low carbon product(s) in the reporting year

12.29

% of total portfolio value

<Not Applicable>

Asset classes/ product types

<Not Applicable>

Comment

Under the "Sustainable construction" pillar of the Environmental Strategy, Company leverage life cycle management and develop products focused on solving constructive challenges with extraordinary solutions through innovation. In 2020 the Green solutions cell was created; this group seeks to advocate products and solutions with sustainability characteristics such as avoid CO2 emissions, as well as creating soluble packaging, promoting recycling programs, a hybrid fleet, among other initiatives. To avoid CO2 emissions, Argos divided the initiative into 3 categories: Low-carbon products, Circular economy and Adaptation products, and Well-being and health products. For a product to be considered Low carbon it must have a LCA, and its GWP result must be lower than the industry average. The products that contribute to adaptation and the circular economy reduce the use of non-renewable resources in the manufacturing stage and/or in the construction stage, they increase the lifespan of the infrastructure, and/or allow the management of water as a resource. Products that contribute to well-being and comfort are focused on reducing the use of paints and pigments, as well as reducing the heat island effect. The estimated total avoided emissions in 2020 for "Avoided emissions products" were 392040 tonne of CO2e.

C-CE4.9

(C-CE4.9) Disclose your organization's best available techniques as a percentage of Portland cement clinker production capacity.

	Total production capacity coverage (%)
4+ cyclone preheating	13.11
Pre-calciner	77.16

C5. Emissions methodology

C5.1

(C5.1) Provide your base year and base year emissions (Scopes 1 and 2).

Scope 1

Base year start

January 1 2006

Base year end

December 31 2006

Base year emissions (metric tons CO2e)

9808866.708

Comment

The base year 2006 for the inventory corresponds to the year from which the consolidated inventory of CO2 emissions from all cement operations of the company began. Similarly, the year 2006 corresponds to the base year with respect to which the goal of reduction of net emissions of CO2 scope 1 was set, for the cement business, by year 2030.

Scope 2 (location-based)

Base year start

January 1 2019

Base year end

December 31 2019

Base year emissions (metric tons CO2e)

432158.433

Comment

The base year for scope 2 emissions is 2019 since in 2018 the company divested its on-site power generation assets in Colombia, located in the Sogamoso, Cairo and Nare cement plants. Therefore, as of 2019, these plants began to buy 100% of the electrical energy required from third parties. Argos has a location-based Scope 2 emissions target for internal communications purposes, but as it is still in the process of being developed fully. The company has not yet chosen to disclose it publicly.

Scope 2 (market-based)

Base year start**Base year end****Base year emissions (metric tons CO2e)****Comment**

C5.2

(C5.2) Select the name of the standard, protocol, or methodology you have used to collect activity data and calculate emissions.

The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (Revised Edition)

WBCSD: The Cement CO2 and Energy Protocol

C6. Emissions data

C6.1

(C6.1) What were your organization's gross global Scope 1 emissions in metric tons CO2e?

Reporting year**Gross global Scope 1 emissions (metric tons CO2e)**

7772778.128

Start date

<Not Applicable>

End date

<Not Applicable>

Comment

Direct CO2 emissions in Argos are the sum of those generated by cement (including energy production), concrete, and aggregates operations, and the total in 2020 was 7772778 tonnes. Cement operations contributed 99.04% (including energy production's 5.36%), concrete 0.9%, and aggregates 0.04%. The distribution of scope 1 emissions by region was 50.1% for Colombia, 42.8% for USA, and 7.0% for Caribbean and Central America.

C6.2

(C6.2) Describe your organization's approach to reporting Scope 2 emissions.

Row 1

Scope 2, location-based

We are reporting a Scope 2, location-based figure

Scope 2, market-based

We have operations where we are able to access electricity supplier emission factors or residual emissions factors, but are unable to report a Scope 2, market-based figure

Comment

Argos currently calculates Scope 2 emissions with the location-based methodology. However, Argos is moving forward in speaking with electricity suppliers requesting renewable energy certificates for the renewable fraction of energy provided. Scope 2 GHG emissions were measured with the location-based method; the emission factor associated to the electricity purchased from the grid, in kgCO₂/MWh, can vary significantly from one year to the next, according to the variations in the energy matrix of the country or area where each plant operates. In 2020, the CO₂ emission factor from the National Interconnected System for electricity generation in was calculated jointly by the Ministry of Mines and Energy, the Mining-Energy Planning Unit and XM (ISA Group company that operates the National Interconnected System (SIN) and manages the Wholesale Energy Market (MEM). It is available in: <https://www.xm.com.co/Paginas/detalle-noticias.aspx?identificador=2383> Likewise, the CO₂ emission factors from the National Interconnected System for electricity generation, for the Caribbean and Central America region, were taken from the International Energy Agency (IEA) ("CO₂ emissions from fuel combustion - Highlights", International Energy Agency - IEA, 2013 Edition). And for the USA, they were taken from the Environmental Protection Agency (EPA), in the webpage from Emissions & Generation Resource Integrated Database (eGRID) (available at: <https://www.epa.gov/egrid/summary-data>).

C6.3

(C6.3) What were your organization's gross global Scope 2 emissions in metric tons CO₂e?

Reporting year

Scope 2, location-based

414425.005

Scope 2, market-based (if applicable)

<Not Applicable>

Start date

<Not Applicable>

End date

<Not Applicable>

Comment

Argos Scope 2 CO₂ emissions in 2020 were 414425 tonnes, which represents indirect CO₂ emissions derived by the sum of electricity purchased across its cement, concrete, and aggregates operations. Cement operations contributed 96.5%, concrete 3.4%, and aggregates 0.2%. The regional contribution had USA in the lead with 76.0%, Caribbean and Central America with 15.4%, and finally Colombia with 8.6%. The USA region had the greatest contribution since 100% of the electric energy consumed there is purchased.

C6.4

(C6.4) Are there any sources (e.g. facilities, specific GHGs, activities, geographies, etc.) of Scope 1 and Scope 2 emissions that are within your selected reporting boundary which are not included in your disclosure?

No

C6.5

(C6.5) Account for your organization's gross global Scope 3 emissions, disclosing and explaining any exclusions.

Purchased goods and services

Evaluation status

Relevant, calculated

Metric tonnes CO2e

3096971.728

Emissions calculation methodology

From 2016 to 2019 Argos' scope 3 emissions calculations were made with Quantis SUITE 2.0 software from Quantis Enterprise, however this application was withdrawn from the market by Quantis in 2020. Due to this fact, Argos contracted with this same company the development of a customized tool that makes the same quantification as Quantis Suite 2.0. Likewise, the tool developed by Quantis for Argos works under the GHG Protocol methodology "Accounting and Reporting Standard for the Corporate Value Chain (Scope 3)" (World Business Council for Sustainable Development (WBCSD) and World Resources Institute (WRI), 2011), and under the "Cement Sector Scope 3 GHG Accounting and Reporting Guidance" developed by WBCSD (2016). Category 1 was calculated including all upstream purchasing information into the tool and using emissions factors given by Ecoinvent 2.2, which is a database integrated into this tool, to find the correspondent emissions to each material purchased in each business (cement, concrete and aggregates) and each region (Colombia, USA and Caribbean and Central America). Coverage: Cement, concrete and aggregates operations of the Colombia, Caribbean and Central America and USA regions.

Percentage of emissions calculated using data obtained from suppliers or value chain partners

0

Please explain

Argos has a Climate Change Strategy whose objective is to minimize climate change-related risks and create new business opportunities. Argos prioritized five categories as "Relevant" of the fifteen categories that comprise the Scope 3. The prioritization process was based on the results of the study developed by Quantis for Argos, entitled "Calculation of Cementos Argos' GHG Emissions from priority Sources of Scope 3 Emissions", in addition to the guidelines provided by the "Cement Sector Scope 3 GHG Accounting and Reporting Guidance", developed by the WBCSD - CSI (2016). Category 1, Purchased Goods and Services, was one of the five relevant categories. Of these five categories, Category 1 represented 75% of total Scope 3 emissions in 2020.

Capital goods

Evaluation status

Not relevant, explanation provided

Metric tonnes CO2e

<Not Applicable>

Emissions calculation methodology

<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners

<Not Applicable>

Please explain

Argos prioritized five of the fifteen categories that compose Scope 3 as relevant; this prioritization process was based on the results of the study developed by Quantis for Argos "Calculation of GHG emissions from Scope 3 prioritized sources of Cementos Argos" and on the guidelines given by the "Cement Sector Scope 3 GHG Accounting and Reporting Guidance" developed by WBCSD - CSI (2016). The relevant categories calculated were: -Category 1: Purchased goods and services. -Category 3: Fuel and energy related activities. -Category 4: Upstream transportation and distribution. -Category 6: Business travel. -Category 9: Downstream transportation and distribution. Capital goods (Category 2) was not selected as a relevant category considering the share of these emissions within the total Scope 3 emissions of the company.

Fuel-and-energy-related activities (not included in Scope 1 or 2)

Evaluation status

Relevant, calculated

Metric tonnes CO2e

432359.508

Emissions calculation methodology

From 2016 to 2019 Argos' scope 3 emissions calculations were made with Quantis SUITE 2.0 software from Quantis Enterprise, however this application was withdrawn from the market by Quantis in 2020. Due to this fact, Argos contracted with this same company the development of a customized tool that makes the same quantification as Quantis Suite 2.0. Likewise, the tool developed by Quantis for Argos works under the GHG Protocol methodology "Accounting and Reporting Standard for the Corporate Value Chain (Scope 3)" (World Business Council for Sustainable Development (WBCSD) and World Resources Institute (WRI) (2011), and under the "Cement Sector Scope 3 GHG Accounting and Reporting Guidance" developed by WBCSD (2016). Category 3 emissions were calculated in the same way as Category 1 emissions. Coverage: Cement, concrete and aggregates operations of the Colombia, Caribbean and Central America and USA regions.

Percentage of emissions calculated using data obtained from suppliers or value chain partners

0

Please explain

The company prioritized five categories as "Relevant" of the fifteen categories that comprise the Scope 3. The prioritization process was based on the results of the study developed by Quantis for Argos, entitled "Calculation of Cementos Argos' GHG Emissions from Priority Sources of Scope 3 Emissions", in addition to the guidelines provided by the "Cement Sector Scope 3 GHG Accounting and Reporting Guidance", developed by the WBCSD - CSI (2016). Category 3, Fuel and Energy-Related Activities, was one of the five relevant categories. Of these five categories, Category 3 represented 10% of total Scope 3 emissions in 2020.

Upstream transportation and distribution

Evaluation status

Relevant, calculated

Metric tonnes CO2e

383953.7

Emissions calculation methodology

The carbon footprint for the Colombia region was gathered from Logitrans, the most representative transportation supplier of raw materials and products in process, and from Geodis which is an important supplier of cargo transportation by sea and air. For calculation of the emissions of the other two regions (USA and the Caribbean and Central America) the tool developed for Argos by Quantis was used, which works under the GHG Protocol methodology "Accounting and Reporting Standard for the Corporate Value Chain (Scope 3)" (World Business Council for Sustainable Development (WBCSD) and World Resources Institute (WRI), 2011), and under the "Cement Sector Scope 3 GHG Accounting and Reporting Guidance" developed by WBCSD (2016). Coverage: Cement, concrete and aggregates operations of Colombia, Caribbean and Central America and USA regions.

Percentage of emissions calculated using data obtained from suppliers or value chain partners

16.96

Please explain

Argos prioritized five categories as "Relevant" of the fifteen categories that comprise the Scope 3. The prioritization process was based on the results of the study developed by Quantis for Argos, entitled "Calculation of Cementos Argos' GHG Emissions from Priority Sources of Scope 3 Emissions", in addition to the guidelines provided by the "Cement Sector Scope 3 GHG Accounting and Reporting Guidance", developed by the WBCSD - CSI (2016). Category 4 (upstream transportation and distribution) is among the 5 relevant categories. Of these five categories, Category 4 represented 9% of total Scope 3 emissions in 2020.

Waste generated in operations

Evaluation status

Not relevant, explanation provided

Metric tonnes CO2e

<Not Applicable>

Emissions calculation methodology

<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners

<Not Applicable>

Please explain

Argos prioritized five of the fifteen categories that compose Scope 3 as relevant; this prioritization process was based on the results of the study developed by Quantis for Argos "Calculation of GHG emissions from Scope 3 prioritized sources of Cementos Argos" and on the guidelines given by the "Cement Sector Scope 3 GHG Accounting and Reporting Guidance" developed by the WBCSD-CSI (2016). The relevant categories calculated were: -Category 1: Purchased goods and services. -Category 3: Fuel and energy related activities. -Category 4: Upstream transportation and distribution. -Category 6: Business travel. -Category 9: Downstream transportation and distribution. Category 5 (Waste generated in operations) is usually not considered relevant for cement companies.

Business travel

Evaluation status

Relevant, calculated

Metric tonnes CO2e

247.605

Emissions calculation methodology

The carbon footprint for Colombia and United States regions was collected from the travel agencies that operate the logistics of corporate travel. For calculation of the emissions of the Caribbean and Central America region the Scope 3 Tool developed by Quantis for Argos was used, which works under the GHG Protocol methodology "Accounting and Reporting Standard for the Corporate Value Chain (Scope 3)" (WBCSD) and WRI, 2011), and under the "Cement Sector Scope 3 GHG Accounting and Reporting Guidance" developed by WBCSD (2016). Coverage: Cement, concrete and aggregates operations of Colombia, Caribbean and Central America and USA regions.

Percentage of emissions calculated using data obtained from suppliers or value chain partners

82.59

Please explain

Argos prioritized five categories as "Relevant" of the fifteen categories that comprise the Scope 3. The prioritization process was based on the results of the study developed by Quantis for Argos, entitled "Calculation of Cementos Argos' GHG Emissions from Priority Sources of Scope 3 Emissions", in addition to the guidelines provided by the "Cement Sector Scope 3 GHG Accounting and Reporting Guidance", developed by the WBCSD - CSI (2016). Category 6, Business Travel, was one of the five relevant categories. Of these five categories, Category 6 represented 0.01 % of total Scope 3 emissions in 2020.

Employee commuting

Evaluation status

Not relevant, explanation provided

Metric tonnes CO₂e

<Not Applicable>

Emissions calculation methodology

<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners

<Not Applicable>

Please explain

Argos prioritized five categories as "Relevant" of the fifteen categories that comprise the Scope 3. The prioritization process was based on the results of the study developed by Quantis for Argos, entitled "Calculation of Cementos Argos' GHG Emissions from Priority Sources of Scope 3 Emissions", in addition to the guidelines provided by the "Cement Sector Scope 3 GHG Accounting and Reporting Guidance", developed by the WBCSD - CSI (2016). The relevant categories calculated were: - Category 1: Purchased goods and services. -Category 3: Fuel and energy related activities. -Category 4: Upstream transportation and distribution. -Category 6: Business travel. -Category 9: Downstream transportation and distribution. Employee commuting (Category 7) was not selected as a relevant category considering the share of these emissions within the total Scope 3 emissions for the Company.

Upstream leased assets

Evaluation status

Not relevant, explanation provided

Metric tonnes CO₂e

<Not Applicable>

Emissions calculation methodology

<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners

<Not Applicable>

Please explain

Argos prioritized five categories as "Relevant" of the fifteen categories that comprise the Scope 3. The prioritization process was based on the results of the study developed by Quantis for Argos, entitled "Calculation of Cementos Argos' GHG Emissions from Priority Sources of Scope 3 Emissions", in addition to the guidelines provided by the "Cement Sector Scope 3 GHG Accounting and Reporting Guidance", developed by the WBCSD - CSI (2016). The relevant categories calculated were: - Category 1: Purchased goods and services. -Category 3: Fuel and energy related activities. -Category 4: Upstream transportation and distribution. -Category 6: Business travel. -Category 9: Downstream transportation and distribution. According to the Cement Sector Scope 3 GHG Accounting and Reporting Guidance, Category 8 (Upstream leased assets) is usually not considered relevant for cement companies.

Downstream transportation and distribution

Evaluation status

Relevant, calculated

Metric tonnes CO₂e

240181.344

Emissions calculation methodology

For the carbon footprint of Colombia region, information was collected from the companies Transportempo, Imbocar and Vigia, which are representative among the transportation suppliers of finished products. For the calculation of the emissions of the other two regions, the Scope 3 Tool developed by Quantis for Argos was used, which works under the GHG Protocol methodology "Accounting and Reporting Standard for the Corporate Value Chain (Scope 3)" (WBCSD and WRI, 2011), and under the "Cement Sector Scope 3 GHG Accounting and Reporting Guidance" developed by WBCSD (2016). Coverage: Cement, concrete and aggregates operations of Colombia, Caribbean and Central America and USA regions.

Percentage of emissions calculated using data obtained from suppliers or value chain partners

7.9

Please explain

Argos prioritized five categories as "Relevant" of the fifteen categories that comprise the Scope 3. The prioritization process was based on the results of the study developed by Quantis for Argos, entitled "Calculation of Cementos Argos' GHG Emissions from Priority Sources of Scope 3 Emissions", in addition to the guidelines provided by the "Cement Sector Scope 3 GHG Accounting and Reporting Guidance", developed by the WBCSD - CSI (2016). Category 9, Downstream Transportation and Distribution, was prioritized as one of the five relevant categories for Argos operations. Of these five categories, Category 9 represented 6% of total Scope 3 emissions in 2020.

Processing of sold products

Evaluation status

Not relevant, explanation provided

Metric tonnes CO₂e

<Not Applicable>

Emissions calculation methodology

<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners

<Not Applicable>

Please explain

Argos prioritized five categories as "Relevant" of the fifteen categories that comprise the Scope 3. The prioritization process was based on the results of the study developed by Quantis for Argos, entitled "Calculation of Cementos Argos' GHG Emissions from Priority Sources of Scope 3 Emissions", in addition to the guidelines provided by the "Cement Sector Scope 3 GHG Accounting and Reporting Guidance", developed by the WBCSD - CSI (2016). The relevant categories calculated were: - Category 1: Purchased goods and services. -Category 3: Fuel and energy related activities. -Category 4: Upstream transportation and distribution. -Category 6: Business travel. -Category 9: Downstream transportation and distribution. According to the Cement Sector Scope 3 GHG Accounting and Reporting Guidance, category 10 (Processing of sold products) is usually not considered relevant for cement companies.

Use of sold products

Evaluation status

Not relevant, explanation provided

Metric tonnes CO₂e

<Not Applicable>

Emissions calculation methodology

<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners

<Not Applicable>

Please explain

Argos prioritized five categories as "Relevant" of the fifteen categories that comprise the Scope 3. The prioritization process was based on the results of the study developed by Quantis for Argos, entitled "Calculation of Cementos Argos' GHG Emissions from Priority Sources of Scope 3 Emissions", in addition to the guidelines provided by the "Cement Sector Scope 3 GHG Accounting and Reporting Guidance", developed by the WBCSD - CSI (2016). The relevant categories calculated were: - Category 1: Purchased goods and services. -Category 3: Fuel and energy related activities. -Category 4: Upstream transportation and distribution. -Category 6: Business travel. -Category 9: Downstream transportation and distribution. According to the Cement Sector Scope 3 GHG Accounting and Reporting Guidance, category 11 (Use of sold products) is usually not considered relevant for cement companies.

End of life treatment of sold products

Evaluation status

Not relevant, explanation provided

Metric tonnes CO₂e

<Not Applicable>

Emissions calculation methodology

<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners

<Not Applicable>

Please explain

Argos prioritized five categories as "Relevant" of the fifteen categories that comprise the Scope 3. The prioritization process was based on the results of the study developed by Quantis for Argos, entitled "Calculation of Cementos Argos' GHG Emissions from Priority Sources of Scope 3 Emissions", in addition to the guidelines provided by the "Cement Sector Scope 3 GHG Accounting and Reporting Guidance", developed by the WBCSD - CSI (2016). The relevant categories calculated were: - Category 1: Purchased goods and services. -Category 3: Fuel and energy related activities. -Category 4: Upstream transportation and distribution. -Category 6: Business travel. -Category 9: Downstream transportation and distribution. According to the Cement Sector Scope 3 GHG Accounting and Reporting Guidance, Category 12 (End of life treatment of sold products) is usually not considered relevant for cement companies.

Downstream leased assets

Evaluation status

Not relevant, explanation provided

Metric tonnes CO₂e

<Not Applicable>

Emissions calculation methodology

<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners

<Not Applicable>

Please explain

Argos prioritized five categories as "Relevant" of the fifteen categories that comprise the Scope 3. The prioritization process was based on the results of the study developed by Quantis for Argos, entitled "Calculation of Cementos Argos' GHG Emissions from Priority Sources of Scope 3 Emissions", in addition to the guidelines provided by the "Cement Sector Scope 3 GHG Accounting and Reporting Guidance", developed by the WBCSD - CSI (2016). The relevant categories calculated were: - Category 1: Purchased goods and services. -Category 3: Fuel and energy related activities. -Category 4: Upstream transportation and distribution. -Category 6: Business travel. -Category 9: Downstream transportation and distribution. According to the Cement Sector Scope 3 GHG Accounting and Reporting Guidance, Category 13 (Downstream leased assets) is usually not considered relevant for cement companies.

Franchises

Evaluation status

Not relevant, explanation provided

Metric tonnes CO₂e

<Not Applicable>

Emissions calculation methodology

<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners

<Not Applicable>

Please explain

Argos prioritized five categories as "Relevant" of the fifteen categories that comprise the Scope 3. The prioritization process was based on the results of the study developed by Quantis for Argos, entitled "Calculation of Cementos Argos' GHG Emissions from Priority Sources of Scope 3 Emissions", in addition to the guidelines provided by the "Cement Sector Scope 3 GHG Accounting and Reporting Guidance", developed by the WBCSD - CSI (2016). The relevant categories calculated were: - Category 1: Purchased goods and services. -Category 3: Fuel and energy related activities. -Category 4: Upstream transportation and distribution. -Category 6: Business travel. -Category 9: Downstream transportation and distribution. According to the Cement Sector Scope 3 GHG Accounting and Reporting Guidance, Category 14 (Franchises)) is usually not considered relevant for cement companies.

Investments

Evaluation status

Not relevant, explanation provided

Metric tonnes CO₂e

<Not Applicable>

Emissions calculation methodology

<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners

<Not Applicable>

Please explain

Argos prioritized five categories as "Relevant" of the fifteen categories that comprise the Scope 3. The prioritization process was based on the results of the study developed by Quantis for Argos, entitled "Calculation of Cementos Argos' GHG Emissions from Priority Sources of Scope 3 Emissions", in addition to the guidelines provided by the "Cement Sector Scope 3 GHG Accounting and Reporting Guidance", developed by the WBCSD - CSI (2016). The relevant categories calculated were: - Category 1: Purchased goods and services. -Category 3: Fuel and energy related activities. -Category 4: Upstream transportation and distribution. -Category 6: Business travel. -Category 9: Downstream transportation and distribution. According to the Cement Sector Scope 3 GHG Accounting and Reporting Guidance, Category 15 (Investments) is usually not considered relevant for cement companies.

Other (upstream)

Evaluation status

Not relevant, explanation provided

Metric tonnes CO₂e

<Not Applicable>

Emissions calculation methodology

<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners

<Not Applicable>

Please explain

Argos worked with Quantis to prioritize the most relevant of the fifteen categories that make up Scope 3. This prioritization process was based on the guidelines in the "Cement Sector Scope 3 GHG Accounting and Reporting Guidance" developed by WBCSD - CSI (2016) and did not identify any other upstream sources of scope 3 emissions as relevant for Argos' operations.

Other (downstream)

Evaluation status

Not relevant, explanation provided

Metric tonnes CO₂e

<Not Applicable>

Emissions calculation methodology

<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners

<Not Applicable>

Please explain

Argos worked with Quantis to prioritize the most relevant of the fifteen categories that make up Scope 3. This prioritization process was based on the guidelines in the "Cement Sector Scope 3 GHG Accounting and Reporting Guidance" developed by WBCSD - CSI (2016), and did not identify any other downstream sources of scope 3 emissions as relevant for Argos' operations.

C6.7

(C6.7) Are carbon dioxide emissions from biogenic carbon relevant to your organization?

No

(C6.10) Describe your gross global combined Scope 1 and 2 emissions for the reporting year in metric tons CO₂e per unit currency total revenue and provide any additional intensity metrics that are appropriate to your business operations.

Intensity figure

9.225e-7

Metric numerator (Gross global combined Scope 1 and 2 emissions, metric tons CO₂e)

8187203.13

Metric denominator

unit total revenue

Metric denominator: Unit total

9000548000000

Scope 2 figure used

Location-based

% change from previous year

6.1

Direction of change

Decreased

Reason for change

This intensity figure was calculated as follow: $8187203 \text{ tCO}_2 / (9000548000000 \text{ COP} * 94.94\%) = 0,0000009581$ In 2020 compared to 2019, there was a decrease of 6.10% in the CO₂e emissions per unit of revenue (scope 1+2 divided total revenues according to coverage of the indicator by revenues, which was 94.94%). There was a decrease of 10.6% in the total scope 1+2 emissions of the company compared to the previous year, mainly due to the decrease in scope 1 and 2 of CO₂ emissions from cement operations, which contribute with the 94% and 96% in the company's scope 1 and 2 emissions, respectively. This reduction in CO₂ emissions from cement operations was proportional to the decrease in clinker production. Likewise, revenues decreased in a percentage of 4 compared to 2019. The reduction in production during 2020, and consequently in revenues, was due to operations stoppages in response to the health emergency regulations decreed by governments as a control measure in the face of the COVID 19 pandemic. To go through that period of great uncertainty, which had the greatest impact between March and June of 2020, the company focused on preserving cash, conserving jobs, and minimizing negative impacts to the fullest, and prepared itself for the reopening of economies and the gradual recovery of markets. Thus, Argos designed and implemented the RESET plan (Re-Start safety and health to boost the economy, bring hope and transform lives) which is a plan that the company put in place to mitigate the impacts associated with COVID-19 and that covers the human, operational, financial and social dimensions, from five pillars: health and safety, liquidity and debt management, operational excellence, Cementos Argos initiatives for the future and solidarity with the environment.

Intensity figure

0.634

Metric numerator (Gross global combined Scope 1 and 2 emissions, metric tons CO₂e)

7176891

Metric denominator

Other, please specify (metric tonnes of cementitious product)

Metric denominator: Unit total

11321418.6

Scope 2 figure used

Location-based

% change from previous year

1.03

Direction of change

Increased

Reason for change

Net specific CO₂ emissions per tonne of cementitious material increased slightly by 1.03% regarding 2019. The absolute net CO₂ emissions decreased in 11% while cementitious material production decreased 12%, in other words, CO₂ emissions decreased almost in the same proportion as the production of cementitious material decreased. The reduction in production was mainly due to operations stoppages in response to the health emergency regulations decreed by governments as a control measure in the face of the COVID 19 pandemic. The slight increase in the intensity of CO₂ emissions for cementitious material production occurred mainly due to: - A small increase in the clinker cement factor of the company (corresponding to 1.0 percentage points) - A decrease of 9 percentage point in natural gas in the fuel mix of the company kilns. This indicator is calculated according to the methodology determined by the Cement Sustainability Initiative (CSI) of the World Business Council for Sustainable Development (WBCSD) (now changed to "Global Cement and Concrete Association"): "The Cement CO₂ and Energy Protocol - CO₂ and Energy Accounting and Reporting Standard for the Cement Industry" (2011). This indicator corresponds to the variable 74 calculated by the methodology described: - Numerator: Net direct CO₂ emissions (Total CO₂ emissions, excluding CO₂ emissions from in situ power generation and CO₂ emissions generated by the consumption of alternative fuels). It corresponds to the variable 71 of the calculation of the "The Cement CO₂ and Energy Protocol - CO₂ and Energy Accounting and Reporting Standard for the Cement Industry" (WBCSD, 2011). - Denominator: Cementitious material production. It corresponds to variable 21a of the calculation of the "The Cement CO₂ and Energy Protocol - CO₂ and Energy Accounting and Reporting Standard for the Cement Industry" (WBCSD, 2011). Coverage: Cement operations of the Colombia, Caribbean and Central America and United States regions.

Intensity figure

0.678

Metric numerator (Gross global combined Scope 1 and 2 emissions, metric tons CO₂e)

7681206.38

Metric denominator

Other, please specify (metric tonnes of cementitious product)

Metric denominator: Unit total

11321418.6

Scope 2 figure used

Location-based

% change from previous year

1.08

Direction of change

Increased

Reason for change

Gross combined Scope 1 and 2 emissions in metric tons CO₂e per tonne of cementitious material increased slightly by 1.08% regarding 2019. The gross combined scope 1 and 2 emissions decreased in 11% while cementitious material production decreased 12%, in other words, CO₂ emissions decreased almost in the same proportion as the production of cementitious material decreased. The reduction in production was mainly due to operations stoppages in response to the health emergency regulations decreed by governments as a control measure in the face of the COVID 19 pandemic. The slight increase in the intensity of CO₂ emissions for cementitious material production occurred mainly due to: - A small increase in the clinker cement factor of the company (corresponding to 1.0 percentage points) - A decrease of 9 percentage point in natural gas in the fuel mix of the company kilns. This indicator is calculated according to the methodology determined by the Cement Sustainability Initiative (CSI) of the World Business Council for Sustainable Development (WBCSD) (now changed to "Global Cement and Concrete Association"): "The Cement CO₂ and Energy Protocol - CO₂ and Energy Accounting and Reporting Standard for the Cement Industry" (2011). - Numerator: absolute gross scope 1 CO₂ emissions (excluding CO₂ emissions from on-site power generation) plus scope 2 CO₂ emissions from external power generation, i.e. numerator corresponds to the sum of variables 59c and 49a of "The Cement CO₂ and Energy Protocol - CO₂ and Energy Accounting and Reporting Standard for the Cement Industry" (WBCSD, 2011). - Denominator: Cementitious material production. It corresponds to variable 21a of the calculation of the "The Cement CO₂ and Energy Protocol - CO₂ and Energy Accounting and Reporting Standard for the Cement Industry" (WBCSD, 2011). Coverage: Cement operations of the Colombia, Caribbean and Central America and United States regions.

Intensity figure

0.0109

Metric numerator (Gross global combined Scope 1 and 2 emissions, metric tons CO₂e)

86067

Metric denominator

Other, please specify (Cubic meter of concrete)

Metric denominator: Unit total

7921286

Scope 2 figure used

Location-based

% change from previous year

26.96

Direction of change

Decreased

Reason for change

There was a decrease of 26.96% in the CO₂ emissions intensity by m³ of concrete in the concrete business because its total CO₂ emissions (scope 1+2) decreased by 38%, while its concrete production decreased 16%. The decrease of scope 1+2 emissions in higher proportion than production was moved by a better performance in scope 1 emissions of USA region operations (which contributes 71% of the scope 1+2 emissions of the concrete business). In 2020, in this region, the information on fuel consumption in ready mix operations (which constitutes the activity data for the calculation of scope 1 emissions) was not estimated, as in previous years, but it was possible by 2020 to obtain it from the systems information in plants (SAP and others). Therefore, this allowed to have a greater precision of the information. The reduction in concrete production during 2020, and consequently in scope 1+2 CO₂ emissions, was due to operations stoppages in response to the health emergency regulations decreed by governments as a control measure in the face of the COVID 19 pandemic. To go through that period of great uncertainty, which had the greatest impact between March and June of 2020, the company focused on preserving cash, conserving jobs, and minimizing negative impacts to the fullest, and prepared itself for the reopening of economies and the gradual recovery of markets. Thus, Argos designed and implemented the RESET plan (Re-Start safety and health to boost the economy, bring hope and transform lives) which is a plan that the company put in place to mitigate the impacts associated with COVID-19 and that covers the human, operational, financial and social dimensions, from five pillars: health and safety, liquidity and debt management, operational excellence, Cementos Argos initiatives for the future and solidarity with the environment.

Intensity figure

0.0019

Metric numerator (Gross global combined Scope 1 and 2 emissions, metric tons CO₂e)

3462

Metric denominator

Other, please specify (tonne of aggregate)

Metric denominator: Unit total

1857989

Scope 2 figure used

Location-based

% change from previous year

9.38

Direction of change

Decreased

Reason for change

There was a decrease of 9.38% in the CO₂ emissions intensity by metric tonne of aggregate in the aggregates business due to the fact that both its total CO₂ emissions (scope 1+2) and production decreased, even the emissions were reduced in a greater proportion than production. The decrease in this intensity indicator was moved by the performance of Colombia region. The aggregates production of the Colombia region represents 92% of the total production of this material in the company. In this region, direct CO₂ emissions decreased in a higher proportion than production, mainly by efficiencies in fuel consumption of yellow machinery. The reduction in aggregates production during 2020, and consequently in scope 1+2 CO₂ emissions, was due to operations stoppages in response to the health emergency regulations decreed by

governments as a control measure in the face of the COVID 19 pandemic. To go through that period of great uncertainty, which had the greatest impact between March and June of 2020, the company focused on preserving cash, conserving jobs, and minimizing negative impacts to the fullest, and prepared itself for the reopening of economies and the gradual recovery of markets. Thus, Argos designed and implemented the RESET plan (Re-Start safety and health to boost the economy, bring hope and transform lives) which is a plan that the company put in place to mitigate the impacts associated with COVID-19 and that covers the human, operational, financial and social dimensions, from five pillars: health and safety, liquidity and debt management, operational excellence, Cementos Argos initiatives for the future and solidarity with the environment.

C-CE6.11

(C-CE6.11) State your organization's Scope 1 and Scope 2 emissions intensities related to cement production activities.

	Gross Scope 1 emissions intensity, metric tons CO2e per metric ton	Net Scope 1 emissions intensity, metric tons CO2e per metric ton	Scope 2, location-based emissions intensity, metric tons CO2e per metric ton
Clinker	0.865	0.853	0.047
Cement equivalent	0.692	0.682	0.038
Cementitious products	0.643	0.634	0.035
Low-CO2 materials			

C7. Emissions breakdowns

C7.1

(C7.1) Does your organization break down its Scope 1 emissions by greenhouse gas type?

No

C7.2

(C7.2) Break down your total gross global Scope 1 emissions by country/region.

Country/Region	Scope 1 emissions (metric tons CO2e)
Colombia	3897952
United States of America	3328633
Panama	3278
Honduras	398723
Dominican Republic	1464
Suriname	352.27
Haiti	17284
Puerto Rico	125050
Guyana	41

C7.3

(C7.3) Indicate which gross global Scope 1 emissions breakdowns you are able to provide.

By business division

By activity

C7.3a

(C7.3a) Break down your total gross global Scope 1 emissions by business division.

Business division	Scope 1 emissions (metric ton CO2e)
Colombia regional	3897952
Caribbean and Central America regional	546193
USA regional	3328633

C7.3c

(C7.3c) Break down your total gross global Scope 1 emissions by business activity.

Activity	Scope 1 emissions (metric tons CO2e)
Cement production	7281478
Concrete	72026
Own-energy production for processes supply	416468
Aggregates	2806

C-CE7.4/C-CH7.4/C-CO7.4/C-EU7.4/C-MM7.4/C-OG7.4/C-ST7.4/C-TO7.4/C-TS7.4

(C-CE7.4/C-CH7.4/C-CO7.4/C-EU7.4/C-MM7.4/C-OG7.4/C-ST7.4/C-TO7.4/C-TS7.4) Break down your organization's total gross global Scope 1 emissions by sector production activity in metric tons CO2e.

	Gross Scope 1 emissions, metric tons CO2e	Net Scope 1 emissions, metric tons CO2e	Comment
Cement production activities	7281478	7176891	- Gross Scope 1 emissions: Direct CO2 gross emissions (corresponding to GRI 305-1) for cement operations. Also, this indicator corresponds to KPI number 59c of the methodology established by the Cement Sustainability Initiative (CSI) of the World Business Council for Sustainable Development (WBCSD) (now changed to "Global Cement and Concrete Association") in the "CO2 and Energy Accounting and Reporting Standard for the Cement Industry - Cement CO2 and Energy Protocol" (WBCSD - CSI, 2011). The definition of this indicator is: Total direct emissions from raw materials, kiln fuels and non-kiln fuels; excluding CO2 from on-site power generation. Coverage by Argos: Cement operations in the Colombia, Caribbean & Central America, and United States regions. - Net Scope 1 emissions: Direct CO2 net emissions for cement operations. This indicator corresponds to KPI number 71 of the methodology established by the Cement Sustainability Initiative (CSI) of the World Business Council for Sustainable Development (WBCSD) (now changed to "Global Cement and Concrete Association") in the "CO2 and Energy Accounting and Reporting Standard for the Cement Industry - Cement CO2 and Energy Protocol" (WBCSD - CSI, 2011). The definition of this indicator is: Total direct emissions from raw materials, kiln fuels and non-kiln fuels, excluding CO2 from on-site power generation, minus alternative fossil fuels. Coverage by Argos: Cement operations in the Colombia, Caribbean & Central America, and United States regions.
Chemicals production activities	<Not Applicable>	<Not Applicable>	<Not Applicable>
Coal production activities	<Not Applicable>	<Not Applicable>	<Not Applicable>
Electric utility activities	<Not Applicable>	<Not Applicable>	<Not Applicable>
Metals and mining production activities	<Not Applicable>	<Not Applicable>	<Not Applicable>
Oil and gas production activities (upstream)	<Not Applicable>	<Not Applicable>	<Not Applicable>
Oil and gas production activities (midstream)	<Not Applicable>	<Not Applicable>	<Not Applicable>
Oil and gas production activities (downstream)	<Not Applicable>	<Not Applicable>	<Not Applicable>
Steel production activities	<Not Applicable>	<Not Applicable>	<Not Applicable>
Transport OEM activities	<Not Applicable>	<Not Applicable>	<Not Applicable>
Transport services activities	<Not Applicable>	<Not Applicable>	<Not Applicable>

C7.5

(C7.5) Break down your total gross global Scope 2 emissions by country/region.

Country/Region	Scope 2, location-based (metric tons CO2e)	Scope 2, market-based (metric tons CO2e)	Purchased and consumed electricity, heat, steam or cooling (MWh)	Purchased and consumed low-carbon electricity, heat, steam or cooling accounted for in Scope 2 market-based approach (MWh)
Colombia	35670		216989	
United States of America	314890		700976	
Panama	6297		17939	
Honduras	31737		85545	
Dominican Republic	15569		20954	
Suriname	868.36		3058	
Haiti	0		0	
Puerto Rico	8381		37087	
Guyana	1012		3564	

C7.6

(C7.6) Indicate which gross global Scope 2 emissions breakdowns you are able to provide.

By business division

By activity

C7.6a

(C7.6a) Break down your total gross global Scope 2 emissions by business division.

Business division	Scope 2, location-based (metric tons CO2e)	Scope 2, market-based (metric tons CO2e)
Colombia regional	35670	
Caribbean and Central America regional	63866	
USA regional	314890	

C7.6c

(C7.6c) Break down your total gross global Scope 2 emissions by business activity.

Activity	Scope 2, location-based (metric tons CO2e)	Scope 2, market-based (metric tons CO2e)
Cement production	399728	
Concrete	14041	
Aggregates	656	

C-CE7.7/C-CH7.7/C-CO7.7/C-MM7.7/C-OG7.7/C-ST7.7/C-TO7.7/C-TS7.7

(C-CE7.7/C-CH7.7/C-CO7.7/C-MM7.7/C-OG7.7/C-ST7.7/C-TO7.7/C-TS7.7) Break down your organization's total gross global Scope 2 emissions by sector production activity in metric tons CO2e.

	Scope 2, location-based, metric tons CO2e	Scope 2, market-based (if applicable), metric tons CO2e	Comment
Cement production activities	399728		This indicator corresponds to indirect (scope 2) GHG emissions (corresponding to GRI 305-2) for cement business activity. Also, this indicator corresponds to KPI number 49a of the methodology established by the Cement Sustainability Initiative (CSI) of the World Business Council for Sustainable Development (WBCSD) (now changed to "Global Cement and Concrete Association") in the "CO2 and Energy Accounting and Reporting Standard for the Cement Industry - Cement CO2 and Energy Protocol" (WBCSD - CSI, 2011). The definition of this indicator is: CO2 from external power generation. Coverage by Argos: Cement operations in the Colombia, Caribbean & Central America, and United States regions.
Chemicals production activities	<Not Applicable>	<Not Applicable>	<Not Applicable>
Coal production activities	<Not Applicable>	<Not Applicable>	<Not Applicable>
Metals and mining production activities	<Not Applicable>	<Not Applicable>	<Not Applicable>
Oil and gas production activities (upstream)	<Not Applicable>	<Not Applicable>	<Not Applicable>
Oil and gas production activities (midstream)	<Not Applicable>	<Not Applicable>	<Not Applicable>
Oil and gas production activities (downstream)	<Not Applicable>	<Not Applicable>	<Not Applicable>
Steel production activities	<Not Applicable>	<Not Applicable>	<Not Applicable>
Transport OEM activities	<Not Applicable>	<Not Applicable>	<Not Applicable>
Transport services activities	<Not Applicable>	<Not Applicable>	<Not Applicable>

C7.9

(C7.9) How do your gross global emissions (Scope 1 and 2 combined) for the reporting year compare to those of the previous reporting year?
Decreased

C7.9a

(C7.9a) Identify the reasons for any change in your gross global emissions (Scope 1 and 2 combined), and for each of them specify how your emissions compare to the previous year.

	Change in emissions (metric tons CO2e)	Direction of change	Emissions value (percentage)	Please explain calculation
Change in renewable energy consumption		<Not Applicable >		
Other emissions reduction activities	77390	Decreased	0.84	In 2020 there was a decrease of 77390 tCO2 compared to 2019, due to the following reasons: • Improvements in operations and stability of kilns in various cement plants which generated reductions in heat consumption, and therefore a reduction in scope 1 CO2 emissions of those plants. - There were efficiencies in some Argos operations, which moved the reduction of total scope 1 and 2 CO2 emissions even when there was an increase in production in those operations. Therefore, last year CO2 emissions decreased 911546 tCO2e compared to 2019 due to other emissions reduction activities. The total Scope 1 and Scope 2 emissions in 2019 were 9,159,953 tCO2, therefore, the emissions decreased 0.84% due to other emissions reduction activities (-77390 / 9159953 * 100 = -0.84%).
Divestment		<Not Applicable >		
Acquisitions		<Not Applicable >		
Mergers		<Not Applicable >		
Change in output	911546	Decreased	9.95	In 2020 there was a decrease of 928713 tCO2 compared to 2019, due to the following reasons: • There was a decreased production in almost all plants of cement, concrete and aggregates, but specially in those plants located at Colombia and Caribbean and Central America regions. The reduction in production during 2020 was due to operations stoppages in response to the health emergency regulations decreed by governments as a control measure in the face of the COVID 19 pandemic. • However, there was also an increased production in some plants especially in those located in the USA region, where the government did not decree prolonged closures due to the health emergency caused by the pandemic. • The opening of concrete plants (fixed and mobiles) in Colombia Region especially in the second half of the year 2020, in the context of the reactivation of the economy driven by the construction sector, after prolonged closures due to the health emergency caused by the pandemic. • Several mobile concrete facilities were closed due to projects that were supplied by these plants were finished. These facilities are temporary since their lifetime depend on duration of the project. Therefore, last year CO2 emissions decreased 911546 tCO2e compared to 2019 due to change in output. The total Scope 1 and Scope 2 emissions in 2019 were 9,159,953 tCO2, therefore, the emissions decreased 9.95% due to change in output (- 911546 / 9159953 * 100 = - 9.95%).
Change in methodology	12398	Increased	0.14	In 2020 there was an increase of 12398 tonnes of CO2 due to increase in the CO2 emission factor of the national electricity grid in Colombia (it was in 114 and changed to 164 kgCO2 / MWh), and likewise, due to increase in the CO2 emission factor of the local electricity grid in the South East Zone of the concrete operations in the USA (it was in 414 and changed to 423 kgCO2 / MWh). The total Scope 1 and Scope 2 emissions in 2019 were 9,159,953 tCO2, therefore, the emissions increased 0.14% due to change in methodology: 12398 / 9159953 * 100 = 0.40%).
Change in boundary		<Not Applicable >		
Change in physical operating conditions		<Not Applicable >		
Unidentified		<Not Applicable >		
Other		<Not Applicable >		

C7.9b

(C7.9b) Are your emissions performance calculations in C7.9 and C7.9a based on a location-based Scope 2 emissions figure or a market-based Scope 2 emissions figure?

Location-based

C8. Energy

C8.1

(C8.1) What percentage of your total operational spend in the reporting year was on energy?

More than 25% but less than or equal to 30%

C8.2

(C8.2) Select which energy-related activities your organization has undertaken.

	Indicate whether your organization undertook this energy-related activity in the reporting year
Consumption of fuel (excluding feedstocks)	Yes
Consumption of purchased or acquired electricity	Yes
Consumption of purchased or acquired heat	No
Consumption of purchased or acquired steam	No
Consumption of purchased or acquired cooling	No
Generation of electricity, heat, steam, or cooling	Yes

C8.2a**(C8.2a) Report your organization's energy consumption totals (excluding feedstocks) in MWh.**

	Heating value	MWh from renewable sources	MWh from non-renewable sources	Total (renewable and non-renewable) MWh
Consumption of fuel (excluding feedstock)	LHV (lower heating value)	538029	9893747	10431775
Consumption of purchased or acquired electricity	<Not Applicable>	341305	744808	1086113
Consumption of purchased or acquired heat	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Consumption of purchased or acquired steam	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Consumption of purchased or acquired cooling	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Consumption of self-generated non-fuel renewable energy	<Not Applicable>	0	<Not Applicable>	0
Total energy consumption	<Not Applicable>	879334	10638555	11517889

C-CE8.2a**(C-CE8.2a) Report your organization's energy consumption totals (excluding feedstocks) for cement production activities in MWh.**

	Heating value	Total MWh
Consumption of fuel (excluding feedstocks)	LHV (lower heating value)	10151256
Consumption of purchased or acquired electricity	<Not Applicable>	1046410
Consumption of other purchased or acquired energy (heat, steam and/or cooling)	<Not Applicable>	<Not Applicable>
Total energy consumption	<Not Applicable>	11197667

C8.2b**(C8.2b) Select the applications of your organization's consumption of fuel.**

	Indicate whether your organization undertakes this fuel application
Consumption of fuel for the generation of electricity	Yes
Consumption of fuel for the generation of heat	Yes
Consumption of fuel for the generation of steam	No
Consumption of fuel for the generation of cooling	No
Consumption of fuel for co-generation or tri-generation	No

C8.2c**(C8.2c) State how much fuel in MWh your organization has consumed (excluding feedstocks) by fuel type.****Fuels (excluding feedstocks)**

Coal

Heating value

LHV (lower heating value)

Total fuel MWh consumed by the organization

6629548

MWh fuel consumed for self-generation of electricity

675302

MWh fuel consumed for self-generation of heat

5954246

MWh fuel consumed for self-generation of steam

<Not Applicable>

MWh fuel consumed for self-generation of cooling

<Not Applicable>

MWh fuel consumed for self-cogeneration or self-trigeneration

<Not Applicable>

Emission factor

96

Unit

kg CO2 per GJ

Emissions factor source

IPCC 2006, 2006 IPCC Guidelines for National Greenhouse Gas.

Comment

Cement operations and self-generation of electricity.

Fuels (excluding feedstocks)

Natural Gas

Heating value

LHV (lower heating value)

Total fuel MWh consumed by the organization

1947669

MWh fuel consumed for self-generation of electricity

545055

MWh fuel consumed for self-generation of heat

1402613

MWh fuel consumed for self-generation of steam

<Not Applicable>

MWh fuel consumed for self-generation of cooling

<Not Applicable>

MWh fuel consumed for self-cogeneration or self-trigeneration

<Not Applicable>

Emission factor

56.1

Unit

kg CO2 per GJ

Emissions factor source

IPCC 2006, 2006 IPCC Guidelines for National Greenhouse Gas.

Comment

Cement operations and self-generation of electricity.

Fuels (excluding feedstocks)

Diesel

Heating value

LHV (lower heating value)

Total fuel MWh consumed by the organization

534101

MWh fuel consumed for self-generation of electricity

56352

MWh fuel consumed for self-generation of heat

477749

MWh fuel consumed for self-generation of steam

<Not Applicable>

MWh fuel consumed for self-generation of cooling

<Not Applicable>

MWh fuel consumed for self-cogeneration or self-trigeneration

<Not Applicable>

Emission factor

74.1

Unit

kg CO2 per GJ

Emissions factor source

IPCC 2006, 2006 IPCC Guidelines for National Greenhouse Gas.

Comment

Operations: Cement, Concrete, Aggregates and self-generation of electricity.

Fuels (excluding feedstocks)

Tires

Heating value

LHV (lower heating value)

Total fuel MWh consumed by the organization

77817

MWh fuel consumed for self-generation of electricity

0

MWh fuel consumed for self-generation of heat

77817

MWh fuel consumed for self-generation of steam

<Not Applicable>

MWh fuel consumed for self-generation of cooling

<Not Applicable>

MWh fuel consumed for self-cogeneration or self-trigeneration

<Not Applicable>

Emission factor

85

Unit

kg CO2 per GJ

Emissions factor source

World Business Council for Sustainable Development – Cement Sustainability Initiative (CSI).

Comment

Cement operations.

Fuels (excluding feedstocks)

Solid Biomass Waste

Heating value

LHV (lower heating value)

Total fuel MWh consumed by the organization

154747

MWh fuel consumed for self-generation of electricity

0

MWh fuel consumed for self-generation of heat

154747

MWh fuel consumed for self-generation of steam

<Not Applicable>

MWh fuel consumed for self-generation of cooling

<Not Applicable>

MWh fuel consumed for self-cogeneration or self-trigeneration

<Not Applicable>

Emission factor

100

Unit

kg CO2 per GJ

Emissions factor source

World Business Council for Sustainable Development – Cement Sustainability Initiative (CSI).

Comment

Cement operations

Fuels (excluding feedstocks)

Motor Gasoline

Heating value

LHV (lower heating value)

Total fuel MWh consumed by the organization

1818

MWh fuel consumed for self-generation of electricity

0

MWh fuel consumed for self-generation of heat

1818

MWh fuel consumed for self-generation of steam

<Not Applicable>

MWh fuel consumed for self-generation of cooling

<Not Applicable>

MWh fuel consumed for self-cogeneration or self-trigeneration

<Not Applicable>

Emission factor

69.3

Unit

kg CO2 per GJ

Emissions factor source

IPCC 2006, 2006 IPCC Guidelines for National Greenhouse Gas.

Comment

Operations: Cement, Concrete, Aggregates.

Fuels (excluding feedstocks)

Fuel Oil Number 1

Heating value

LHV (lower heating value)

Total fuel MWh consumed by the organization

16012

MWh fuel consumed for self-generation of electricity

4955

MWh fuel consumed for self-generation of heat

11057

MWh fuel consumed for self-generation of steam

<Not Applicable>

MWh fuel consumed for self-generation of cooling

<Not Applicable>

MWh fuel consumed for self-cogeneration or self-trigeneration

<Not Applicable>

Emission factor

77.4

Unit

kg CO2 per GJ

Emissions factor source

IPCC 2006, 2006 IPCC Guidelines for National Greenhouse Gas.

Comment

Cement operations

Fuels (excluding feedstocks)

Petroleum Coke

Heating value

LHV (lower heating value)

Total fuel MWh consumed by the organization

763668

MWh fuel consumed for self-generation of electricity

0

MWh fuel consumed for self-generation of heat

763668

MWh fuel consumed for self-generation of steam

<Not Applicable>

MWh fuel consumed for self-generation of cooling

<Not Applicable>

MWh fuel consumed for self-cogeneration or self-trigeneration

<Not Applicable>

Emission factor

92.8

Unit

kg CO2 per GJ

Emissions factor source

World Business Council for Sustainable Development – Cement Sustainability Initiative (CSI).

Comment

Cement operations.

Fuels (excluding feedstocks)

Other, please specify (RDF)

Heating value

LHV (lower heating value)

Total fuel MWh consumed by the organization

122392

MWh fuel consumed for self-generation of electricity

0

MWh fuel consumed for self-generation of heat

122392

MWh fuel consumed for self-generation of steam

<Not Applicable>

MWh fuel consumed for self-generation of cooling

<Not Applicable>

MWh fuel consumed for self-cogeneration or self-trigeneration

<Not Applicable>

Emission factor

75

Unit

kg CO2 per GJ

Emissions factor source

World Business Council for Sustainable Development – Cement Sustainability Initiative (CSI).

Comment

Cement operations.

Fuels (excluding feedstocks)

Industrial Wastes

Heating value

LHV (lower heating value)

Total fuel MWh consumed by the organization

154346

MWh fuel consumed for self-generation of electricity

0

MWh fuel consumed for self-generation of heat

154346

MWh fuel consumed for self-generation of steam

<Not Applicable>

MWh fuel consumed for self-generation of cooling

<Not Applicable>

MWh fuel consumed for self-cogeneration or self-trigeneration

<Not Applicable>

Emission factor

86

Unit

kg CO2 per GJ

Emissions factor source

World Business Council for Sustainable Development – Cement Sustainability Initiative (CSI).

Comment

Cement operations.

Fuels (excluding feedstocks)

Waste Oils

Heating value

LHV (lower heating value)

Total fuel MWh consumed by the organization

28727

MWh fuel consumed for self-generation of electricity

0

MWh fuel consumed for self-generation of heat

28727

MWh fuel consumed for self-generation of steam

<Not Applicable>

MWh fuel consumed for self-generation of cooling

<Not Applicable>

MWh fuel consumed for self-cogeneration or self-trigeneration

<Not Applicable>

Emission factor

69.3

Unit

kg CO2 per GJ

Emissions factor source

World Business Council for Sustainable Development – Cement Sustainability Initiative (CSI).

Comment

Cement operations.

C-CE8.2c

(C-CE8.2c) State how much fuel in MWh your organization has consumed (excluding feedstocks) by fuel for cement production activities.

Fuels (excluding feedstocks)

Coal

Heating value

LHV

Total MWh fuel consumed for cement production activities

6629548

MWh fuel consumed at the kiln

5954246

MWh fuel consumed for the generation of heat that is not used in the kiln

0

MWh fuel consumed for the self-generation of electricity

675302

MWh fuel consumed for self-cogeneration or self-trigeneration

<Not Applicable>

Fuels (excluding feedstocks)

Natural Gas

Heating value

LHV

Total MWh fuel consumed for cement production activities

1947669

MWh fuel consumed at the kiln

1402613

MWh fuel consumed for the generation of heat that is not used in the kiln

0

MWh fuel consumed for the self-generation of electricity

545055

MWh fuel consumed for self-cogeneration or self-trigeneration

<Not Applicable>

Fuels (excluding feedstocks)

Diesel

Heating value

LHV

Total MWh fuel consumed for cement production activities

253582

MWh fuel consumed at the kiln

0

MWh fuel consumed for the generation of heat that is not used in the kiln

197230

MWh fuel consumed for the self-generation of electricity

56352

MWh fuel consumed for self-cogeneration or self-trigeneration

<Not Applicable>

Fuels (excluding feedstocks)

Tires

Heating value

LHV

Total MWh fuel consumed for cement production activities

77817

MWh fuel consumed at the kiln

77817

MWh fuel consumed for the generation of heat that is not used in the kiln

0

MWh fuel consumed for the self-generation of electricity

0

MWh fuel consumed for self-cogeneration or self-trigeneration

<Not Applicable>

Fuels (excluding feedstocks)

Solid Biomass Waste

Heating value

LHV

Total MWh fuel consumed for cement production activities

154835

MWh fuel consumed at the kiln

154747

MWh fuel consumed for the generation of heat that is not used in the kiln

0

MWh fuel consumed for the self-generation of electricity

88

MWh fuel consumed for self-cogeneration or self-trigeneration

<Not Applicable>

Fuels (excluding feedstocks)

Motor Gasoline

Heating value

LHV

Total MWh fuel consumed for cement production activities

1818

MWh fuel consumed at the kiln

0

MWh fuel consumed for the generation of heat that is not used in the kiln

1818

MWh fuel consumed for the self-generation of electricity

0

MWh fuel consumed for self-cogeneration or self-trigeneration

<Not Applicable>

Fuels (excluding feedstocks)

Fuel Oil Number 1

Heating value

LHV

Total MWh fuel consumed for cement production activities

16012

MWh fuel consumed at the kiln

11057

MWh fuel consumed for the generation of heat that is not used in the kiln

0

MWh fuel consumed for the self-generation of electricity

4955

MWh fuel consumed for self-cogeneration or self-trigeneration

<Not Applicable>

Fuels (excluding feedstocks)

Petroleum Coke

Heating value

LHV

Total MWh fuel consumed for cement production activities

763668

MWh fuel consumed at the kiln

763668

MWh fuel consumed for the generation of heat that is not used in the kiln

0

MWh fuel consumed for the self-generation of electricity

0

MWh fuel consumed for self-cogeneration or self-trigeneration

<Not Applicable>

Fuels (excluding feedstocks)

Propane Gas

Heating value

LHV

Total MWh fuel consumed for cement production activities

842

MWh fuel consumed at the kiln

0

MWh fuel consumed for the generation of heat that is not used in the kiln

842

MWh fuel consumed for the self-generation of electricity

0

MWh fuel consumed for self-cogeneration or self-trigeneration

<Not Applicable>

Fuels (excluding feedstocks)

Other, please specify (RDF)

Heating value

LHV

Total MWh fuel consumed for cement production activities

122392

MWh fuel consumed at the kiln

122392

MWh fuel consumed for the generation of heat that is not used in the kiln

0

MWh fuel consumed for the self-generation of electricity

0

MWh fuel consumed for self-cogeneration or self-trigeneration

<Not Applicable>

Fuels (excluding feedstocks)

Industrial Wastes

Heating value

LHV

Total MWh fuel consumed for cement production activities

154346

MWh fuel consumed at the kiln

154346

MWh fuel consumed for the generation of heat that is not used in the kiln

0

MWh fuel consumed for the self-generation of electricity

0

MWh fuel consumed for self-cogeneration or self-trigeneration

<Not Applicable>

Fuels (excluding feedstocks)

Waste Oils

Heating value

LHV

Total MWh fuel consumed for cement production activities

28727

MWh fuel consumed at the kiln

28727

MWh fuel consumed for the generation of heat that is not used in the kiln

0

MWh fuel consumed for the self-generation of electricity

0

MWh fuel consumed for self-cogeneration or self-trigeneration

<Not Applicable>

C8.2d**(C8.2d) Provide details on the electricity, heat, steam, and cooling your organization has generated and consumed in the reporting year.**

	Total Gross generation (MWh)	Generation that is consumed by the organization (MWh)	Gross generation from renewable sources (MWh)	Generation from renewable sources that is consumed by the organization (MWh)
Electricity	457489	378217	0	0
Heat	0	0	0	0
Steam	0	0	0	0
Cooling	0	0	0	0

C-CE8.2d**(C-CE8.2d) Provide details on the electricity and heat your organization has generated and consumed for cement production activities.**

	Total gross generation (MWh) inside the cement sector boundary	Generation that is consumed (MWh) inside the cement sector boundary
Electricity	457489	378217
Heat	0	0
Steam	0	0

C9. Additional metrics**C9.1****(C9.1) Provide any additional climate-related metrics relevant to your business.****Description**

Other, please specify (Total CO2 emissions - gross (tonne))

Metric value

7281478

Metric numerator

7281478 tonne of CO2 (scope 1 gross)

Metric denominator (intensity metric only)

NA

% change from previous year

11.06

Direction of change

Decreased

Please explain

This indicator is calculated according to the methodology determined by Cement Sustainability Initiative (CSI) of the World Business Council for Sustainable Development (WBCSD), now GCCA (Global Cement and Concrete Association): "The Cement CO2 and Energy Protocol - CO2 and Energy Accounting and Reporting Standard for the Cement Industry" (WBCSD-CSI, 2011). This indicator, that corresponds to the variable 59c calculated by the methodology described, is defined as follows: "Total direct emissions from raw materials, kiln fuels and non-kiln fuels; excluding CO2 from on-site power generation". In 2020, regarding 2018, there was a proportional decrease (which was 11.06%) of this indicator with the decrease of the clinker production in the same period. The reduction in production was mainly due to operations stoppages in response to the health emergency regulations decreed by governments as a control measure in the face of the COVID 19 pandemic. Coverage: Cement operations of the Colombia, Caribbean and Central America and United States regions.

Description

Other, please specify (Total CO2 emissions - net (tonne))

Metric value

7176891

Metric numerator

7176891 tonne of CO2 (scope 1 net)

Metric denominator (intensity metric only)

NA

% change from previous year

10.93

Direction of change

Decreased

Please explain

This indicator is calculated according to the methodology "The Cement CO2 and Energy Protocol - CO2 and Energy Accounting and Reporting Standard for the Cement Industry" (WBCSD-CSI, 2011). This indicator, that corresponds to the variable 71 calculated by the methodology described, is defined as follows: "Total direct emissions from raw materials, kiln fuels and non-kiln fuels, excluding CO2 from on-site power generation, minus alternative fossil fuels". In 2020, regarding 2019, there was a proportional decrease (which was 10.93%) of this indicator with the decrease of clinker production in the same period. Coverage: Cement operations of the Colombia, Caribbean and Central America and United States regions.

Description

Other, please specify (Specific heat consumption of clinker production)

Metric value

3684

Metric numerator**Metric denominator (intensity metric only)****% change from previous year**

2

Direction of change

Decreased

Please explain

This indicator is calculated according to the methodology "The Cement CO2 and Energy Protocol - CO2 and Energy Accounting and Reporting Standard for the Cement Industry" (WBCSD-CSI, 2011). This indicator, that corresponds to the variable 93 calculated by the methodology described, is defined as follows: "Specific heat consumption of clinker production: Total heat consumption of kilns divided by the clinker production". In 2020, compared to 2019, specific heat consumption decreased 2.00%. This was because the company in 2020 optimized its processes, especially in energy consumption, thanks to the implementation of optimization strategies under the RESET plan (Re-Start safety and health to boost the economy, bring hope and transform lives) which is a plan that Argos put in place to mitigate the impacts associated with COVID-19 and that covers the human, operational, financial and social dimensions, from five pillars: health and safety, liquidity and debt management, operational excellence, Cementos Argos initiatives for the future and solidarity with the environment). Also, in 2020 some initiatives to reduce the consumption of thermal energy were implemented, such as: - Enhancements in operation and stability of kilns in various cement plants, which led to obtain savings in thermal energy. - Implementation of the Operational Excellence program, which seeks to optimize resources consumption & maximize benefits focus on operational efficiency especially on energy efficiency, the optimization of production, the optimization of logistics and transport processes, and the application of circular economy models. Coverage: Cement operations of the Colombia, Caribbean and Central America and United States regions.

Description

Other, please specify (Alternative and Biomass fuel rate (%))

Metric value

0.06

Metric numerator

1937 TJ per year

Metric denominator (intensity metric only)

31015 TJ per year

% change from previous year

0.69

Direction of change

Increased

Please explain

This indicator is calculated according to the methodology "The Cement CO2 and Energy Protocol - CO2 and Energy Accounting and Reporting Standard for the Cement Industry" (WBCSD-CSI, 2011). This indicator corresponds to the sum of Alternative fuel rate (that corresponds to variable 95 of methodology mentioned) plus Biomass fuel rate (that corresponds to variable 96). "Alternative fuel rate" indicator is defined by the methodology described, as follows: "Consumption of alternative fossil fuels divided by the total heat consumption of kilns". Likewise, "Biomass fuel rate" indicator is defined by the methodology described, as follows: "Consumption of biomass fuels divided by the total heat consumption of kilns". In 2020, compared to 2019, we increased the substitution of conventional fuels (coal and petcoke) with alternative fuels (tires, mixed industrial waste, RDF, used oils, biomass, etc.), achieving a 6,2% rate at company level. Alternative and Biomass fuel rate increased slightly (0.69 percentage points) at company level due to difficulties to access to supply sources of waste and by-products, mainly to the negative impact that the Pandemic has had with alternative fuel supply. However Argos is making progress in strengthening the alternative fuel supply chain in the three regional operations. - In Colombia, the region had a record of tonnes of alternative fuel consumed, where they co-processed more than 13,900 tons of waste at the Cartagena, Rio Claro and Yumbo cement plants. - In Piedras Azules plant (Honduras), the company was close to tripling the income from waste co-processing services, compared to 2019, which consists of offering fiscal destruction of branded products and the destruction of special waste. Income from this concept rose from USD 103,000 to USD 262,000 in 2020.. - In the USA, cement plants consumed more than 79,000 tonne of waste. It is particularly highlighted the agreement with the company VLS, the main supplier of alternative-fuels for the Newberry, Harleyville and Roberta Plants, which consists – through the figure of a joint venture – of opening an operation in the State of Florida that will increase the volume of alternative-fuels. Coverage: Cement operations of the Colombia, Caribbean and Central America and United States regions.

Description

Other, please specify (Clinker / cement ratio (%))

Metric value

77.61

Metric numerator**Metric denominator (intensity metric only)****% change from previous year**

0.85

Direction of change

Increased

Please explain

This indicator is calculated according to the methodology "The Cement CO2 and Energy Protocol - CO2 and Energy Accounting and Reporting Standard for the Cement Industry" (WBCSD-CSI, 2011). This indicator, that corresponds to the variable 92a calculated by the methodology described, is defined as follows: "Clinker/cement (eq.) factor: Total clinker consumed divided by the total of Portland + Blended cements". In 2020, compared to 2019, Clinker/cement (eq.) factor remained almost at the same value (the increase was only 0.85 percentage points). In the markets of the three regionals (Colombia, Caribbean and Central America, and USA) there has been for some years an increase in demand for the cement and concrete portfolio for infrastructure (with highest content of clinker), which has influenced for that company's cement clinker factor remain at values above 75%. However, Argos is modifying the traditional cement production process and through using thermally activated clays as raw material, is decreasing the consumption of clinker in cement production. In 2020 Green Cement was launched, which is a more environmentally friendly product. This new product has high content of supplementary cementitious materials replacing clinker in product, thereby it reduces carbon dioxide emissions by 38 percent and energy consumption by 30 percent, while maintaining the technical performance of the product. Coverage of indicator: Cement operations of the Colombia, Caribbean and Central America and United States regions.

C-CE9.6/C-CG9.6/C-CH9.6/C-CN9.6/C-CO9.6/C-EU9.6/C-MM9.6/C-OG9.6/C-RE9.6/C-ST9.6/C-TO9.6/C-TS9.6

(C-CE9.6/C-CG9.6/C-CH9.6/C-CN9.6/C-CO9.6/C-EU9.6/C-MM9.6/C-OG9.6/C-RE9.6/C-ST9.6/C-TO9.6/C-TS9.6) Does your organization invest in research and development (R&D) of low-carbon products or services related to your sector activities?

	Investment in low-carbon R&D	Comment
Row 1	Yes	Argos works to create sustainable value, effectively responding to new market dynamics and positioning itself as industry leader through innovation. Under the "Sustainable construction" pillar of the Environmental Strategy, Company leverages life cycle management and develops products focused on solving constructive challenges with extraordinary solutions. Argos R&D team develops projects to reduce CO2 emissions at various points in the value chain. Initiatives range from identifying new raw materials to launching new products. Teamwork across a variety of company areas is essential for scaling the laboratory's developments. The research lines or programs of the R&D team for the development of low-carbon products and solutions are: - Alternative raw materials for cement production - Clinker reactivity - Supplementary cementitious materials for the production of cement - Alternative cements - Innovations in concrete production As a result of Argos commitment with sustainability through innovation, a new portfolio of products and solutions with sustainable characteristics, named "Green Solutions, Conscious Innovation", was launched in 2020. The lines of work of this new portfolio are the following: - Concrete and cements with sustainability characteristics: low carbon products (Cements and concretes that have a lower content of embedded carbon and lower energy consumption in its production stage, according to the life-cycle analysis), products that contribute to adaptability and circular economy, and products that promote well-being. - Industrialized solutions: generate a sustainable solution for the public sector, focused on the construction needs of local infrastructure, such as tertiary roads. - Packaging solutions: solutions for handling the packaging of the Company's products, which allows clients to reduce their waste on site. - Digital solutions: Through a digital platform, we provide clients with services that allow them to access information on certifications and benefits of sustainable construction. Other highlights results in 2020 are: - Argos dedicated in 2019 59% of its total R&D budget for researching & developing of low carbon products. - The revenues from sales of products that contribute to the mitigation and adaptation of climate change were: Low Carbon Products (5,11%) and Avoided Emissions Products (12,29%) of total revenues in 2020.

C-CE9.6a

(C-CE9.6a) Provide details of your organization's low-carbon investments for cement production activities over the last three years.

Technology area	Stage of development in the reporting year	Average % of total R&D investment over the last 3 years	R&D investment figure in the reporting year (optional)	Comment
Fuel switching	Large scale commercial deployment	≤20%	1522378158	Argos considers innovation as the foundation for business sustainability and the main medium through which company maintain its competitive advantage. For that reason, the company invests in research and development (R&D) of low-carbon products and services related to its cement sector as method to mitigate climate transitions risks. One of the innovation initiatives in which Argos invests to achieve low carbon products is the use of alternative fuels in its cement plants. The company has the target to substitute 33% of conventional fossil fuel heat consumption with alternative fuels by 2030. In 2020 Argos achieved a 6.3% rate of use in alternative fuels in replacement of conventional fuels with the use of more than 93000 tonne of waste. The figure investment presented corresponds to the implementation of the alternative fuels projects in Colombia and in Caribbean and Central America (Honduras Plant) Regions.
Low clinker cement	Large scale commercial deployment	81 - 100%	3646972526	Argos considers innovation as the foundation for business sustainability and the main medium through which company maintain its competitive advantage. For that reason, the company invests in research and development (R&D) of low-carbon products and services related to its cement sector as method to mitigate climate transitions risks. Therefore, one of the components of the innovation strategy aimed at this goal is the expansion of the portfolio of products and services with sustainability characteristics, like the low carbon products due to its lower content of clinker. In 2020 Argos began to manufacture and distribute Green Cement, which decreases the use of the traditional clinker and therefore decreases CO2 emissions up to 38% and of energy consumption up to 30%, compared to the manufacturing process of the average general-purpose cement. The company has invested more than USD \$ 78 million in the last three years in this Green Cement project. The figure investment presented corresponds to the implementation of calcined clays project located at Rioclaro cement Plant, and other projects developed by R&D team during 2020 under its program of Supplementary cementitious materials for cement production. In 2019 Argos completed the commissioning to install the clay thermal activation line at the Rioclaro Plant, which can produce up to 450,000 tonne/year. With this line, in 2020 Argos will begin manufacture and distribute Green Cement, which decreases the use of the traditional clinker and therefore decreases CO2 emissions up to 38% and of energy consumption up to 30%, compared to the manufacturing process of the average general-purpose cement. The company has invested more than USD \$ 78 million in the last three years in this Green Cement project. The figure investment presented corresponds to the implementation of calcined clays project located at Rioclaro cement Plant, and other projects developed by R&D team during 2019 under its program of Supplementary cementitious materials for cement production.
Alternative low-CO2 cements/binders	Applied research and development	≤20%	8023780	The company invests in research and development (R&D) of low-carbon products and services related to its cement sector as method to mitigate climate transitions risks. Other of components of the innovation strategy is the expansion of the portfolio of products and services with sustainability characteristics, like the alternative low CO2 cements. The figure presented corresponds to investments in projects developed by R&D team during 2020 for hybrid cements development. This technology allows the reduction of clinker in cement and increases the use of by-products such as fly ash, slags and raw materials such as natural pozzolans. The figure presented corresponds to investments in projects developed by R&D team during 2019 for hybrid cements development. This technology allows the reduction of clinker in cement and increases the use of by-products such as fly ash, slags and raw materials such as natural pozzolans.
Carbon capture, utilization and storage (CCUS)	Pilot demonstration	≤20%	328255203	Regarding CCUS technologies investments, Argos continued during 2020 with the pilot system's tests with real CO2 capture conditions at the Cartagena Plant. In 2020, operating conditions were identified to increase the transformation with microalgae and the generation of improved biomass to obtain fuels. Similarly, in conjunction with the University of Antioquia, a process to transform biomass into more cost-efficient biocrude was developed. Based on preliminary life cycle analysis studies, this technological solution's contribution on the emission reduction was proven. The new knowledge generated allowed us to apply for a new patent that is in the process of registration. The next step is to expand the reach of the technology through a larger-scale CO2 capture and transformation plant at one of our plants in the United States. The figure presented corresponds to investment in project of CO2 capture with Microalgae developed by R&D team during 2020.
Other, please specify (Cement and Concrete Solutions)	Applied research and development	≤20%	213830751	R&D team develops projects to reduce CO2 emissions at various points in the value chain. Initiatives range from identifying new raw materials to launching new products. Teamwork across a variety of company areas is essential for scaling the laboratory's developments. Other programs developed by this team regarding low carbon products and solutions are: - Innovations in concrete production: design optimization, use of supplementary cementitious materials. - Increase in clinker reactivity: development of a more reactive clinker that allows to increase the levels of addition. - Use of alternative raw materials for clinker and cement production. The figure presented corresponds to investments in projects developed by R&D team during 2020 for Cement and Concrete Solutions development.

C10. Verification

C10.1

(C10.1) Indicate the verification/assurance status that applies to your reported emissions.

	Verification/assurance status
Scope 1	Third-party verification or assurance process in place
Scope 2 (location-based or market-based)	Third-party verification or assurance process in place
Scope 3	Third-party verification or assurance process in place

C10.1a

(C10.1a) Provide further details of the verification/assurance undertaken for your Scope 1 emissions, and attach the relevant statements.

Verification or assurance cycle in place

Annual process

Status in the current reporting year

Complete

Type of verification or assurance

Limited assurance

Attach the statement

Cementos Argos- MemorandoVerificación 2020.pdf

Page/ section reference

Page 2. Material Issues – Climate Change (305-1 Direct (Scope 1) GHG emissions

Relevant standard

ISAE3000

Proportion of reported emissions verified (%)

100

C10.1b

(C10.1b) Provide further details of the verification/assurance undertaken for your Scope 2 emissions and attach the relevant statements.

Scope 2 approach

Scope 2 location-based

Verification or assurance cycle in place

Annual process

Status in the current reporting year

Complete

Type of verification or assurance

Limited assurance

Attach the statement

Cementos Argos- MemorandoVerificación 2020.pdf

Page/ section reference

Page 2. Material Issues – Climate Change 305-2 Energy indirect (Scope 2) GHG emissions).

Relevant standard

ISAE3000

Proportion of reported emissions verified (%)

100

C10.1c

(C10.1c) Provide further details of the verification/assurance undertaken for your Scope 3 emissions and attach the relevant statements.

Scope 3 category

Scope 3: Purchased goods and services

Verification or assurance cycle in place

Annual process

Status in the current reporting year

Complete

Type of verification or assurance

Limited assurance

Attach the statement

Cementos Argos- MemorandoVerificación 2020.pdf

Page/section reference

Page 2. Material Issues – Climate Change (305-3 Other indirect (Scope 3) GHG emissions).

Relevant standard

ISAE3000

Proportion of reported emissions verified (%)

100

Scope 3 category

Scope 3: Fuel and energy-related activities (not included in Scopes 1 or 2)

Verification or assurance cycle in place

Annual process

Status in the current reporting year

Complete

Type of verification or assurance

Limited assurance

Attach the statement

Cementos Argos- MemorandoVerificación 2020.pdf

Page/section reference

Page 2. Material Issues – Climate Change (305-3 Other indirect (Scope 3) GHG emissions).

Relevant standard

ISAE3000

Proportion of reported emissions verified (%)

100

Scope 3 category

Scope 3: Upstream transportation and distribution

Verification or assurance cycle in place

Annual process

Status in the current reporting year

Complete

Type of verification or assurance

Limited assurance

Attach the statement

Cementos Argos- MemorandoVerificación 2020.pdf

Page/section reference

Page 2. Material Issues – Climate Change (305-3 Other indirect (Scope 3) GHG emissions).

Relevant standard

ISAE3000

Proportion of reported emissions verified (%)

100

Scope 3 category

Scope 3: Business travel

Verification or assurance cycle in place

Annual process

Status in the current reporting year

Complete

Type of verification or assurance

Limited assurance

Attach the statement

Cementos Argos- MemorandoVerificación 2020.pdf

Page/section reference

Page 2. Material Issues – Climate Change (305-3 Other indirect (Scope 3) GHG emissions).

Relevant standard

ISAE3000

Proportion of reported emissions verified (%)

100

Scope 3 category

Scope 3: Downstream transportation and distribution

Verification or assurance cycle in place

Annual process

Status in the current reporting year

Complete

Type of verification or assurance

Limited assurance

Attach the statement

Cementos Argos- MemorandoVerificación 2020.pdf

Page/section reference

Page 2. Material Issues – Climate Change (305-3 Other indirect (Scope 3) GHG emissions).

Relevant standard

ISAE3000

Proportion of reported emissions verified (%)

100

C10.2

(C10.2) Do you verify any climate-related information reported in your CDP disclosure other than the emissions figures reported in C6.1, C6.3, and C6.5?

Yes

C10.2a

(C10.2a) Which data points within your CDP disclosure have been verified, and which verification standards were used?

Disclosure module verification relates to	Data verified	Verification standard	Please explain
C2. Risks and opportunities	Other, please specify (Financial implications & other risks & opportunities due to climate change (GRI 201- 2))	- Verification standard: ISAE3000. - Type of verification: limited assurance. - Page reference: Page 2 (Material Issues): Climate Change (GRI 201-2) Financial implications & other risks & opportunities due to climate change).	Every year, an independent third party carries out an audit of the indicators that are part of Argos' Integrated Report. This audit is conducted in accordance to the International Standard ISAE 3000 – International Standard on Assurance Engagements Other than Audits or Reviews of Historical Financial Information, and the scope is a review of the adaptation of the contents of the Integrated Report to the Guide for the Preparation of Sustainability Reports of the Global Reporting Initiative (GRI Standards). Likewise, Deloitte, as part of the verification process of the environmental indicators, conducts interviews with Argos' operations to ensure the accuracy of the climate change data, based on the GCCA Sustainability Guidelines for the monitoring and reporting of CO2 emissions from cement manufacturing (October 2019). Among the climate change indicators verified by Deloitte in 2020 is: Financial implications & other risks & opportunities due to climate change (GRI 201-2). Cementos Argos- MemorandoVerificación 2020.pdf
C4. Targets and performance	Progress against emissions reduction target	- Verification standard: ISAE3000. - Type of verification: limited assurance. - Page reference: Page 2 (Material Issues): Climate Change A-EC1 CO2 net specific emissions	Every year, an independent third party carries out an audit of the indicators that are part of Argos' Integrated Report. This audit is conducted in accordance to the International Standard ISAE 3000 - International Standard on Assurance Engagements Other than Audits or Reviews of Historical Financial Information, and the scope is a review of the adaptation of the contents of the Integrated Report to the Guide for the Preparation of Sustainability Reports of the Global Reporting Initiative (GRI Standards). Likewise, Deloitte, as part of the verification process of the environmental indicators, conducts interviews with Argos' operations to ensure the accuracy of the climate change data, based on the GCCA Sustainability Guidelines for the monitoring and reporting of CO2 emissions from cement manufacturing (October 2019). Among the climate change indicators verified by Deloitte in 2020 is: CO2 net specific emissions (A-EC1), which corresponds to the indicator to which Argos has assigned a reduction CO2 target to year 2030. Cementos Argos- MemorandoVerificación 2020.pdf
C4. Targets and performance	Emissions reduction activities	- Verification standard: ISAE3000. - Type of verification: limited assurance. - Page reference: Page 2 (Material Issues): Climate Change (GRI 305-5) Reduction of GHG emissions.	Every year, an independent third party carries out an audit of the indicators that are part of Argos' Integrated Report. This audit is conducted in accordance to the International Standard ISAE 3000 - International Standard on Assurance Engagements Other than Audits or Reviews of Historical Financial Information, and the scope is a review of the adaptation of the contents of the Integrated Report to the Guide for the Preparation of Sustainability Reports of the Global Reporting Initiative (GRI Standards). Likewise, Deloitte, as part of the verification process of the environmental indicators, conducts interviews with Argos' operations to ensure the accuracy of the climate change data, based on the GCCA Sustainability Guidelines for the monitoring and reporting of CO2 emissions from cement manufacturing (October 2019). Among the climate change indicators verified by Deloitte in 2020 is: Reduction of GHG emissions (GRI 305-5). Cementos Argos- MemorandoVerificación 2020.pdf
C6. Emissions data	Other, please specify (Year on year change in emissions (Scope 1, Scope 2, Scope 3) and intensity figures.)	- Verification standard: ISAE3000. - Type of verification: limited assurance. - Page reference: Page 2. Material Issues – Climate Change: 305-1 Direct (Scope 1) GHG emissions 305-2 Energy indirect (Scope 2) GHG emissions 305-3 Other indirect (Scope 3) GHG emissions 305-4 GHG emissions intensity A-EC1 CO2 net specific emissions.	Every year, an independent third party carries out an audit of the indicators that are part of Argos' Integrated Report. This audit is conducted in accordance to the International Standard ISAE 3000 - International Standard on Assurance Engagements Other than Audits or Reviews of Historical Financial Information, and the scope is a review of the adaptation of the contents of the Integrated Report to the Guide for the Preparation of Sustainability Reports of the Global Reporting Initiative (GRI Standards). Likewise, Deloitte, as part of the verification process of the environmental indicators, conducts interviews with Argos' operations to ensure the accuracy of the climate change data, based on the GCCA Sustainability Guidelines for the monitoring and reporting of CO2 emissions from cement manufacturing (October 2019). Among the climate change indicators verified by Deloitte in 2020 are: - Direct (Scope 1) GHG emissions (GRI 305-1) - Energy indirect (Scope 2) GHG emissions (GRI 305-2) - Other indirect (Scope 3) GHG emissions (GRI 305-3) - GHG emissions intensity (GRI 305-4) - CO2 net specific emissions (A-EC1) Cementos Argos- MemorandoVerificación 2020.pdf
C6. Emissions data	Product footprint verification	- Verification standard: Product Category Rules (PCR) for ISO 14025:2006 Type III Environmental Product Declarations (EPDs) of Concrete, updating Version 1.1 dated December 2013, published by Carbon Leadership Forum (www.carbonleadershipforum.org) meeting the requirements of one of the following: ASTM C94, CSA A23.1/A23.2, UNSPSC code 30111500 - Type of verification: External Verification. Industrial Ecology Consultants http://industrial-ecology.com/	Argos has published on the ASTM International website 215 EPD's of different products from 5 concrete plants in the US Region. ASTM International has been the program operator who supports the verification processes of these EPD's. https://www.astm.org/CERTIFICATION/DOCS/epd_argos.html
C7. Emissions breakdown	Other, please specify (Year on year change in emissions (Scope 1, Scope 2), and intensity figures)	- Verification standard: ISAE3000. - Type of verification: limited assurance. - Page reference: Page 2. Material Issues – Climate Change: 305-1 Direct (Scope 1) GHG emissions 305-2 Energy indirect (Scope 2) GHG emissions 305-4 GHG emissions intensity A-EC1 CO2 net specific emissions.	Every year, an independent third party carries out an audit of the indicators that are part of Argos' Integrated Report. This audit is conducted in accordance to the International Standard ISAE 3000 - International Standard on Assurance Engagements Other than Audits or Reviews of Historical Financial Information, and the scope is a review of the adaptation of the contents of the Integrated Report to the Guide for the Preparation of Sustainability Reports of the Global Reporting Initiative (GRI Standards). Likewise, Deloitte, as part of the verification process of the environmental indicators, conducts interviews with Argos' operations to ensure the accuracy of the climate change data, based on the GCCA Sustainability Guidelines for the monitoring and reporting of CO2 emissions from cement manufacturing (October 2019). Among the climate change indicators verified by Deloitte in 2020 are: - Direct (Scope 1) GHG emissions (GRI 305-1) - Energy indirect (Scope 2) GHG emissions (GRI 305-2) - GHG emissions intensity (GRI 305-4) - CO2 net specific emissions (A-EC1) Cementos Argos- MemorandoVerificación 2020.pdf
C8. Energy	Other, please specify (Energy Management Model: - 302-1 Energy consumption within the organization. - 302- 4 Reduction of energy consumption)	- Verification standard: ISAE3000. - Type of verification: limited assurance. - Page reference: Page 2. Material Issues: Efficiency and productivity (GRI 302-1 Energy consumption within the organization; GRI 302-4 Reduction of energy consumption)	Every year, an independent third party carries out an audit of the indicators that are part of Argos' Integrated Report. This audit is conducted in accordance to the International Standard ISAE 3000 - International Standard on Assurance Engagements Other than Audits or Reviews of Historical Financial Information, and the scope is a review of the adaptation of the contents of the Integrated Report to the Guide for the Preparation of Sustainability Reports of the Global Reporting Initiative (GRI Standards). Likewise, Deloitte, as part of the verification process of the environmental indicators, conducts interviews with Argos' operations to ensure the accuracy of the climate change data, based on the GCCA Sustainability Guidelines for the monitoring and reporting of CO2 emissions from cement manufacturing (October 2019). Among the climate change indicators verified by Deloitte in 2020 are: - GRI 302-1 Energy consumption within the organization - GRI 302-4 Reduction of energy consumption Cementos Argos- MemorandoVerificación 2020.pdf

Disclosure module verification relates to	Data verified	Verification standard	Please explain
C9. Additional metrics	Other, please specify (GCCA Indicators (Climate Change): CO2 emissions gross and net, Specific CO2 emissions gross and net, Use of alternative fuels, Specific energy consumption, Use of biomass fuel, Clinker/Cement Ratio)	- Verification standard: ISAE3000. - Type of verification: limited assurance. - Page reference: Page 4 Indicators: Total CO2 emissions gross, Total CO2 emissions net, Specific CO2 emissions gross, Specific CO2 emissions net, Use of alternative fuels, Specific energy consumption in clinker production, Use of biomass fuel, Clinker / Cement Ratio)	Every year, an independent third party carries out an audit of the indicators that are part of Argos' Integrated Report. This audit is conducted in accordance to the International Standard ISAE 3000 - International Standard on Assurance Engagements Other than Audits or Reviews of Historical Financial Information, and the scope is a review of the adaptation of the contents of the Integrated Report to the Guide for the Preparation of Sustainability Reports of the Global Reporting Initiative (GRI Standards). Likewise, Deloitte, as part of the verification process of the environmental indicators, conducts interviews with Argos' operations to ensure the accuracy of the climate change data, based on the GCCA Sustainability Guidelines for the monitoring and reporting of CO2 emissions from cement manufacturing (October 2019). Among the climate change indicators verified by Deloitte in 2020 are: - Total CO2 emissions gross -Total CO2 emissions net - Specific CO2 emissions gross - Specific CO2 emissions net - Use of alternative fuels - Specific energy consumption in clinker production - Use of biomass fuel - Clinker / Cement Ratio Cementos Argos- MemorandoVerificación 2020.pdf

Cementos Argos-
MemorandoVerificación
2020.pdf

C11. Carbon pricing

C11.1

(C11.1) Are any of your operations or activities regulated by a carbon pricing system (i.e. ETS, Cap & Trade or Carbon Tax)?

Yes

C11.1a

(C11.1a) Select the carbon pricing regulation(s) which impacts your operations.

Colombia carbon tax

C11.1c

(C11.1c) Complete the following table for each of the tax systems you are regulated by.

Colombia carbon tax

Period start date

January 1 2020

Period end date

December 31 2020

% of total Scope 1 emissions covered by tax

1.27

Total cost of tax paid

801130990

Comment

Carbon tax in Colombia was created through Law 1819 of 2016 (Structural Tax Reform). It is a tax over the carbon content of all fossil fuels, including all petroleum derivatives and all types of fossil gas that are used for combustion. The fuels that are taxed by this tax are: Gasoline, Kerosene, Jet Fuel, Diesel and Fuel Oil. Natural gas is also taxed but only for use in the hydrocarbon refining and petrochemical industry, and liquefied petroleum gas (LPG) only for sale to industrial users. The National Carbon Tax is paid in Colombia since January 1, 2017. All users of taxed fuels pay the tax to their fuel supplier on the product invoice, according to the commercial agreements established in the fuel distribution chain. In the case of Argos, carbon tax has been paid on the consumption of the following fuels: Diesel, Gasoline and Fuel oil. In June 2017, Decree 926 of 2017 was issued in which consumers of fuels subject to the carbon tax are allowed to certify that they are "carbon neutral" in the CO2 emissions generated by the consumption of those fuels. For this certification, the purchase of carbon credits in the national market is allowed. In 2019, under the framework of this law, Argos compensated 5907 tonne of CO2 generated by the diesel combustion in its cement and concrete operations in Colombia, through the acquisition of emission reduction certificates from conservation and reforestation projects.

C11.1d

(C11.1d) What is your strategy for complying with the systems you are regulated by or anticipate being regulated by?

During last years Argos has carried out a risk identification from a strategic level on processes, projects, and in all its operations. As a result, Argos has identified 10 strategic risks with a potential impact on the Company's strategic objectives. According to the classification of inherent risks to climate change made by Argos, it has been possible to recognize CO2 market schemes as likely be implemented over the next few years in the locations where Argos operates, more specifically, USA and Colombia regions, which represent most of the company's cement operations. Therefore these regions have been identified as the main exposed regions to this risk.

Argos' Integrated Risk Management System (IRMS) identifies and assesses risks either from a strategic point of view, for process and project management (tactical) or for assets and facilities (operational). The IRMS enables Argos the successful execution of its strategy, through following steps: 1. The identification of possible risks considering materiality, global trends and the company strategic framework; 2. The assessment of each risk's level of exposure; 3. the management through action plans including adaptation and continuity plans and the corporate insurance program; 4. the monitoring of effectiveness of action plans, plus the reporting to our stakeholders. Strategic (SR) and emerging risks (ER) may affect the achievement of the company's strategic objectives in the short and long term, respectively. Strategic risks are reviewed and updated according to Argos' strategy and strategic objectives and materiality analysis, the Trends and Connections analysis and inputs from business experts in different geographies. In addition, Strategic and emerging risks are constantly reviewed by the Board of Directors through the Audit, Finance and Risk Committee (AFRC), which supports the decision-making of the Board of Directors.

For the Strategic Risk 4, namely "new policies or regulatory changes that affect the company's value creation", the Environmental, Risk Management and Financial Planning teams quantify impacts from potential Emissions Trading Systems and increases in Nationally Determined Contributions (see question C2.3, risks 1 & 2). The company assesses strategic risks through the definition of risk scenarios and their quantification via impacts of a potential risk materialization on strategic OKRs and KRIs such as EBITDA, FCF, net debt/EBITDA ratio and ROCE, measured as deviations of risk materializations from budgeted OKRs or long-term goals. The results of these analyses are constantly reported to the top management to promote decision-making.

Emissions trading systems will most likely be implemented over the next few years in the locations where Argos operates. More specifically, Colombia and the US are the countries where most of our carbon-intensive activities take place, and agendas on ETS are being currently carried out. In Colombia, with Law 1931 of 2018, the National Program for Tradable Emission Quotas was created. In the government of Ivan Duque this was included in the National Development Plan, but the Ministry of the Environment has not designed the regulatory mechanisms to implement it yet. In the US, ETS are in force or being scheduled in the states of California, Washington, Oregon, New Mexico, North Carolina, New York City, Massachusetts, plus the Regional Greenhouse Gas Initiative (RGGI).

At Argos, climate change risk management is a top-down and bottom-up integrated team effort in different teams work together. Decisions are implemented through measures such as risk transfer and retention, revision of strategic projects or definition and tracking of our top-company OKRs. More specifically, to manage these transition risks related to carbon pricing, Argos set a new CO2 reduction target (523 kg CO2/t cementitious product). To achieve this new target, in 2021 Argos will build the roadmap to reduce CO2 emissions by 2030, annualized and for each region through scenario analyses under a bottom-up approach, and detailing the technical strategies for mitigation and the required investment plan.

Monitoring and mitigation of these transition risks related to carbon pricing are integrated into the company's risk management system. Likewise, within the framework of the Environmental Strategy Argos monitors and implements actions to reduce CO2 emissions, such as: CO2 inventory (scope 1, 2 & 3), CO2 reduction objectives, and mitigation levers (energy efficiency, use of alternative fuels, reduction of the clinker/cement ratio, as well as the increase in the efficiency of the value chain, among others). Also, the company monitors its transitions risks through the participation in several sectorial programs: Portland Cement Association (PCA), National Ready-Mix Association (NRMCA), FICEM (American Federation of Cement), PROCEMCO (Colombian Chamber of Cement and Concrete), and ANDI (National Business Association of Colombia).

C11.2

(C11.2) Has your organization originated or purchased any project-based carbon credits within the reporting period?

Yes

C11.2a

(C11.2a) Provide details of the project-based carbon credits originated or purchased by your organization in the reporting period.

Credit origination or credit purchase

Credit purchase

Project type

Forests

Project identification

"Carbono - negocios agroforestales" (Carbon agroforestry business) ID 21 (associated with the holder: Negocios Agroforestales S.A.S)

Verified to which standard

VCS (Verified Carbon Standard)

Number of credits (metric tonnes CO2e)

5907

Number of credits (metric tonnes CO2e): Risk adjusted volume

Credits cancelled

Yes

Purpose, e.g. compliance

Compliance

C11.3

(C11.3) Does your organization use an internal price on carbon?

Yes

C11.3a

(C11.3a) Provide details of how your organization uses an internal price on carbon.

Objective for implementing an internal carbon price

Navigate GHG regulations

Change internal behavior

Stress test investments

Identify and seize low-carbon opportunities

GHG Scope

Scope 1

Scope 2

Application

Company-wide (with local variations accepted)

Actual price(s) used (Currency /metric ton)

18456

Variance of price(s) used

Argos established a uniform price: a single price that is applied throughout the company independent of geography, business unit, or type of decision. The price of USD 5 / metric tonne of CO2 established by Argos as internal carbon price, applies to all geographies where Argos has presence (Colombia, Caribbean and Central America and USA).

Type of internal carbon price

Shadow price

Impact & implication

Argos has developed the use of an internal carbon price in order to get prepared to the upcoming GHG regulations in the geographies where the company is present. For doing so, an interdisciplinary team was formed within the company and the best price was defined for current situation of the company after analyzing different options including: benchmarking against peers, social price of carbon, and technical analysis. Price value has been determined as it is the level of risk identified by the company in the geographies where its operations are located. For determining it, Argos considered as a main reference the carbon tax nowadays being applied in Colombia for liquid fuels usage, as it is in Colombia where most CO2 direct emissions are produced. The process for applying it within the company is the following: - It starts by identifying within the results for the CAPEX allocation system of the company those new projects in line with adding profitability to the company. - Later, it is calculated the contribution of those new projects to increase or reduce CO2 absolute emissions, which will represent the cost that the company would assume. - Level of risk is identified for the company, making projections for different years. Also, the hypothetical scenarios are analyzed for the geographies where the company is located. - Cost or savings of the final net value to society is calculated. - Financial impact of each project under the assumption of a possible CO2 tax is calculated and finally a sensitivity analysis is conducted to determine to which level of extent any KPI's, such as the Internal Rate of Return (IRR), is affected by the internal carbon price applied. In order to determine the impact of the application of this internal carbon price process within the company, Argos has tested it in several projects. Argos will have the process in place to fully implement the analysis needed within the company and take those decisions needed in order to be prepared to the GHG regulations upcoming in the geographies where the company is located.

C12. Engagement

C12.1

(C12.1) Do you engage with your value chain on climate-related issues?

- Yes, our suppliers
- Yes, our customers
- Yes, other partners in the value chain

C12.1a

(C12.1a) Provide details of your climate-related supplier engagement strategy.

Type of engagement

Compliance & onboarding

Details of engagement

Code of conduct featuring climate change KPIs
Climate change is integrated into supplier evaluation processes

% of suppliers by number

60

% total procurement spend (direct and indirect)

60

% of supplier-related Scope 3 emissions as reported in C6.5

60

Rationale for the coverage of your engagement

Argos promotes environmental sustainability from the inside to the stakeholders. In this manner, we improve our environmental performance supported by a management system for the prevention, mitigation, correction, and compensation of our environmental impacts, with an emphasis on climate change, water and biodiversity, emissions, sustainable construction, and circular economy. Argos has adopted the Suppliers' Code of Conduct, which contains the responsible business practices and values that Argos expects all its suppliers to adopt in contractual negotiations and relationships. We are aware of the importance of identifying, valuing, and mitigating our risk exposure, hence we continue to apply the whole vendor management cycle through these processes: identification, pre-selection, negotiation, performance appraisal and recognition.

Impact of engagement, including measures of success

Argos' Supplier Code of Conduct, the Procurement Policy, the Human Rights Policy, the OH&S Strategy, the Sustainability Strategy, and the Sustainable Development Goals (SDG) are some of the guidelines and policies that allow us to identify risks related to legal, environmental, economic and social matters, and mitigate them by fulfilling practices set forth by the Company, which ensure reliability and sustainability of services contracted and goods supplied. We act in an environmentally responsible manner in all our businesses and daily activities. Our influence in this area spans throughout the three geographical areas where we operate (Central America and the Caribbean, Colombia, and the USA), by means of the administration and management of aspects related to vendors and contractors that provide us with goods and services, such as: raw materials, services & mining operation, industrial & MRO, administrative services, logistics, and fuels. That's why all our suppliers agree to comply with our Suppliers' Code of Conduct when signing a contract with the company or accepting a purchase order. The control and mitigation of our supply chain sustainability risk is extended throughout the supplier management cycle, starting with the pre-selection stage, where certain ESG aspects established as the minimum standard for contracting are analyzed. According to each purchase category and its associated risk, third-party certifications are requested before contracting, thereby guaranteeing proper management in the framework of national regulation and company policies. These certifications include revisions of human rights and business ethics due diligence, occupational health and safety compliance, revision of operating and distribution licenses, environmental and mining licenses and permits.

Comment

Type of engagement

Information collection (understanding supplier behavior)

Details of engagement

Collect climate change and carbon information at least annually from suppliers

% of suppliers by number

7.04

% total procurement spend (direct and indirect)

17.71

% of supplier-related Scope 3 emissions as reported in C6.5

17.71

Rationale for the coverage of your engagement

Aligned with the Argos' Sustainability Strategy and seeking to evaluate performance in the three sustainability dimensions, for suppliers identified with a potential risk in sustainability are evaluated with the Supplier's Sustainability Index, a self-assessment tool which was jointly developed with the Massachusetts Institute of Technology (MIT). The index results allow us to identify main gaps and opportunities of our suppliers, and to agree on action plans. The transport process is a priority in our company Sustainable Supply Chain Strategy, due to its importance for our business model and the high sustainability risk it represents. Therefore, we work towards ensuring its sustainability and strengthening its processes and suppliers. The long-term relations that we build with our transport contractors guarantee efficient and safe operations.

Impact of engagement, including measures of success

During 2020, 1525 suppliers were evaluated in terms of quality, service levels, social, environmental, and economic performance ensuring constant feedback and identifying key factors for development. Based on best practices that Argos seeks in its suppliers and with the aim of knowing the status of sustainability specific-related issues of our suppliers, in 2020 we applied the Suppliers' Sustainability Index (SSI) to 335 suppliers in the three regions; based on the results, we promote lines of action that lead to a supply chain that is socially and environmentally responsible. Transport suppliers are closely developed and monitored, aligned with our road safety company priority and our Climate Change Strategy. H&SE audits, training programs, driver certifications, driving simulators, partnerships with local authorities and communities, are some of the strategies we use to develop these suppliers and reduce their inherent risk. Also, information such as carbon footprint measurement, climate change strategies and purchase of bonds to offset emissions is suggested as best practice both in the pre-selection stage and during our commercial relationship with them.

Comment**Type of engagement**

Engagement & incentivization (changing supplier behavior)

Details of engagement

Run an engagement campaign to educate suppliers about climate change

% of suppliers by number

7.04

% total procurement spend (direct and indirect)

17.71

% of supplier-related Scope 3 emissions as reported in C6.5

17.71

Rationale for the coverage of your engagement

We implement different methods of engagement with our stakeholders and suppliers due to our continue compromise responsible practices, annually we carry out the following mechanisms: "Sustainability Dialogues", the Integrated Report, "Sustainability week" and the supplier's Newsletter, which are spaces that promote the sustainable culture. Likewise, we build skills through collaborative business strengthening schemes with government organizations and training with internal and external experts that contribute to improve their management capacity and the industrial and social fabric of the country. Additionally, every two years we carry out the "Growing Together" recognition event, where we award suppliers who demonstrate outstanding performance in: innovation, sustainability, health & safety, and integral development.

Impact of engagement, including measures of success

In 2020, more than 100 suppliers participated in our training and strengthening programs. Specially with our main logistics suppliers we developed other engagement strategies such as: More than 1,200 virtual inductions were carried out and we had more than 22,000 participants in our training spaces; reduction of emissions through driving by training drivers in eco-driving technics; the creation of an alternative fuels booklet to help our suppliers decision making process in terms of acquiring less polluting vehicles; training in carbon footprint measurement, support in the calculation of their total emissions and establishment of work plans to reduce them, either from behavior, maintenance of vehicles, compensation bonuses or implementation of alternative fuels.

Comment

C12.1b

(C12.1b) Give details of your climate-related engagement strategy with your customers.**Type of engagement**

Education/information sharing

Details of engagement

Run an engagement campaign to education customers about your climate change performance and strategy

% of customers by number

31.8

% of customer - related Scope 3 emissions as reported in C6.5**Portfolio coverage (total or outstanding)**

<Not Applicable>

Please explain the rationale for selecting this group of customers and scope of engagement

At Argos we want to work proactively, hand in hand with our clients, on advanced practices aimed at mitigating and adapting to climate change. In Colombia, Argos uses different methods to link different types of clients, in that sense formal spaces have been established that have been used consistently over time as a scheme of conversations called "Sustainability Dialogues" and others such as "Sustainability Week" where all the capacity of our Company is concentrated to disseminate relevant content for costumers where, in general, there is a strong promotion of the culture of Sustainability in all aspects. We have worked under the umbrella of the Environmental Strategy in the Climate Change chapter. We are dedicated to the creation of sustainable value through conscious & responsible production and continuous improvement of our processes. We also have our own platform that has many visitors interested in deepening technical knowledge in the construction industry called: 360 degrees in concrete. In the Caribbean and Central America region we are working on developing new solutions that help the climate change including packaging, products, industrialization and digital services in the main countries. To mention some of them we are testing a soluble packaging that don't generate waste as you can mix the sack in the mixer to generate the concrete. Also, we are evaluating a program name "Sacos Verdes" that is based on a reverse logistics model whereby empty cement bags are cleaned and deliver back to Argos to do coprocessing in our plant. We are also implementing a Product Environmental Self-Declaration based on the life cycle analysis methodology to identify the sustainability attributes that our products have to do a better classification and communication in our data sheets of its sustainable characteristics. With this project we want to pack all solutions that Argos offers to our customers in order to communicate in a more efficiently way our value proposition of being the best ally in the design and construct sustainable projects. By the other hand Argos has presence in media and uses different channels such as Instagram, Facebook, Twitter, Youtube, web page and conferences to run sustainability engagement campaigns.

Impact of engagement, including measures of success

Proactively managing the relationship with its customers as well as the desired experience we want to provide them, is critical for the economic sustainability of Argos. To do that, the starting point is a clear understanding of each market and the segments it comprises, creating compelling Value Propositions tailored for each. The Argos brand acts as a shared vehicle to communicate these offerings, being recognized across its footprint for some core values but conveying specific attributes that may vary by country and market segment. The best demonstration of the commitment we have with the Company's Environmental Strategy in the Chapter related to Climate Change is the focus of our Research & Development team on the launch and permanent strengthening of the new line of products called Green Solutions. For the launch we use texts such as: "The future is always at the origin. Inspired by this principle, at Argos we develop sustainable, low-carbon products and services that promote adaptability, the circular economy and well-being. Argos #SolucionesVerdes. # Conscious Innovation. Build more sustainable. Learn more at: Solucionesverdes.com " Specifically in terms of the impact of the commitment, all the measures used up to now have been qualitative but we can offer as an example a communication sent to clients, signed by our CEO, in which they are informed that by using our "Green Cement" they avoided a certain amount of CO2 emissions. This impact is quantified with the Life Cycle Analysis of the product (s) that was sold to that customer and is demonstrated to them by means of an Environmental Product Self-declaration. Since 2016 Argos has implemented a tool to assess and actively manage each of the main externalities associated to its operation. This tool provides important insights on the ways through which the company retains, adds, or reduces value for the society as a whole including its value chain. According to its Value Added Statement to Society (VAS), the cost derived from CO2 emissions for society in 2020 was of USD \$ 283,3 million.

C12.1d

(C12.1d) Give details of your climate-related engagement strategy with other partners in the value chain.

Argos' Sustainability Strategy establishes a framework of action since its stakeholders through the pillars of relationships of trust and shared values. Argos Sustainability Strategy favors open, direct, transparent and mutual support relationships. This enables to Company to meet the expectations of its stakeholders and leads it to reach common goals. Its relationship mechanisms and development and training programs are executed by the areas that naturally interact with each of them, thus creating relationships of trust.

Argos implements different methods of engagement with its stakeholders, carrying out annually the following mechanisms: "Sustainability Dialogues", Integrated Report, and "Sustainability week", which are spaces where sustainable culture is promoted. Relevant environmental information is shared including climate change strategy as well as GHG emissions reduction targets. Also, Argos has a Transparency line which is used constantly.

In our 3 regions, we developed a dialogue methodology that allowed us to deploy customized issues to each of the people or groups with whom we interact, this is how, in more than 50 operations we discuss about water, climate change, innovation, efficiency and profitability, and ethics and compliance with groups composed of customers, communities, suppliers and employees. We also listened to more than 2,500 people and established action plans with most of them to resolve concerns, explore opportunities and work on innovative solutions.

Argos identify & prioritize engagements with stakeholders (prioritization strategy) like other partners in the value chain, following are the five criteria proposed by the AA1000SES standard:

- Dependence: those who depend on our activities, products or services or on whom we depend to continue operating.
- Responsibility: those with whom we have or might have a commercial, legal, operational or ethical responsibility.
- Proximity: those who need our immediate attention on financial, economic, social or environment issues.
- Influence: those who could generate an impact on the strategy or on our decision-making.
- Different perspective: those who can lead us to a new understanding about a specific situation or the identification of new opportunities.

The Company has designed a tool called the Sustainability Self-Assessment that allows the organization to measure the maturity state of its processes in each operation, including community engagement.

C12.3

(C12.3) Do you engage in activities that could either directly or indirectly influence public policy on climate-related issues through any of the following?

Direct engagement with policy makers
Trade associations
Other

C12.3a

(C12.3a) On what issues have you been engaging directly with policy makers?

Focus of legislation	Corporate position	Details of engagement	Proposed legislative solution
Mandatory carbon reporting	Support	Colombia has been moving forward in a development of a Low Carbon Strategy for the country; and for that, several round tables with industry representatives are being carried out. Argos has been participating in those proposing international standards on GHG measurement system for Mandatory carbon reporting. In fact, Argos with support of Associations like Inter-American Cement Federation (FICEM, for its acronym in Spanish) has suggested the government to include CSI's Cement CO2 and Energy Protocol (now GCCA GCCA's methodology) for the cement sector as the one applicable to the cement sector, as it is the strongest international system in the industry which allows mandatory carbon reporting, benchmarking with same industry in different countries or areas around the world.	Include in the mandatory carbon reporting regulation the CSI's Cement CO2 and Energy Protocol (now GCCA's methodology) as the one applicable to the cement sector in Colombia.
Mandatory carbon reporting	Support	There is a task force in Dominican Republic conformed by the cement guild in this country, the Dominican Association of Portland Cement Producers (ADOCEM for its acronym in Spanish), the National Council for Climate Change and Clean Development Mechanism (CNCCMDL for its acronym in Spanish) and the Ministry of Environment and Natural Resources of the Dominican Republic. This task force has worked in the formulation and development of system for measurement, reporting and verification (MRV for its acronym in Spanish) of greenhouse gas emissions from the cement industry.	Include in the system of measurement, reporting and verification of greenhouse gas emissions from the cement industry, in Dominican Republic, the GCCA's database of CO2 and energy performance of cement industry, named Getting the Numbers Right.
Other, please specify (Other climate change regulations)	Support with minor exceptions	Argos has been working through an internal multidisciplinary team to analyze the risks and opportunities for the company of any related climate change regulation. In last years, the company has analyzed the Climate Change laws for Colombia, which aim to regulate actions to adapt to climate change and actions to reduce greenhouse gases emission in the country. Argos has been shared its position regarding these laws through the official communication channel established by Colombian government.	Support the establishment of a CO2 Report and Verification Mechanism for the country. Argos has suggested modifications to law drafts in order to make it clearer.
Carbon tax	Support with minor exceptions	Colombian government introduced in 2016 a Carbon Tax over liquids fuels and natural gas. Argos followed the discussion, analyzed implication for the cement sector, set its position and let the government know comments.	Economic instruments to reduce CO2 emissions may avoid or reduce the risk of carbon leaking to be effective. Its implementation should analyze the economic context of each country. Regarding carbon pricing mechanisms is important to consider those economic instruments that promotes the efficiency and innovation, like the emissions trading systems.

C12.3b

(C12.3b) Are you on the board of any trade associations or do you provide funding beyond membership?

Yes

C12.3c

(C12.3c) Enter the details of those trade associations that are likely to take a position on climate change legislation.

Trade association

US Green Building Council (USGBC)

Is your position on climate change consistent with theirs?

Consistent

Please explain the trade association's position

The US Green Building Council is an organization which promotes the sustainability in construction, design and operation of buildings through its Leadership in Energy and Environmental Design (LEED) green building program.

How have you influenced, or are you attempting to influence their position?

Argos is member of the Colombia Green Building Council through Grupo Argos and continue to be members of the USGBC of the Panama Green Building Council.

Trade association

Asociación Nacional de Industriales (National Association of Industrialists) – ANDI

Is your position on climate change consistent with theirs?

Consistent

Please explain the trade association's position

Support the efforts of Colombian government toward the reduction of greenhouse gases emissions and guarantee the inclusion of industry concern in the discussion of any climate change related legislation to preserve the competitiveness of the country.

How have you influenced, or are you attempting to influence their position?

During last years Argos representatives, have generated inputs in many CO2 related initiatives like: CO2 tax, Energy Efficiency Market Collection systems and environmental management of used tires, Climate Change Law, NDC (Nationally Determined Contributions). Argos supports the inclusion of the agenda led by the CO2 and Energy Protocol, Cement Technology Road Map and the CO2 Reduction Roadmap for Latin America (led by Inter-American Cement Federation - FICEM, for its acronym in Spanish).

Trade association

Federación Interamericana del Cemento (Inter-American Cement Federation) – FICEM

Is your position on climate change consistent with theirs?

Consistent

Please explain the trade association's position

Support the efforts of the Latin American cement industry to reduce CO2 emissions according to the WBCSD agenda.

How have you influenced, or are you attempting to influence their position?

Argos supports the inclusion of the agenda led by the CO2 and Energy Protocol and the Cement Technology Road Map. Since 2017, with the leadership of FICEM, Latin American cement industry has been working in the development of its own roadmap for reduction of CO2 emissions (similar to Cement Technology Roadmap – CSI) to specify the contribution that Latin America cement plants could make to achieve the GHG reduction targets established in each country, and the company has supported the effort. Argos has participated in workshops, discussion tables, and in reviewing the generated documents by FICEM regarding this issue.

Trade association

Cámara Colombiana del Cemento y el Concreto – PROCEMCO (Colombian Chamber of Cement and Concrete)

Is your position on climate change consistent with theirs?

Consistent

Please explain the trade association's position

Procemco represents the cement and concrete companies located in Colombia. It supports the efforts of Colombian government toward the reduction of greenhouse gases emissions and guarantee the inclusion of industry concern in the discussion of any climate change related legislation to preserve the competitiveness of the country. Since 2016, Procemco on behalf of its represented companies has accompanied the initiative of the Colombian government to move forward in a national system for the monitoring, verification and reporting of GHG emissions. The Colombian government was promoting the development of a methodological guide for the determination of the carbon footprint in organizations of the cement sector as a tool for the monitoring and reporting of GHG emissions. Likewise, in the framework of the update of the NDC in Colombia during 2020, Procemco coordinated communication with the Ministry of Industry and Commerce of Colombia, which was the entity in charge of leading the discussion tables in which the possibilities of reducing CO2 emissions in Colombia at the industrial sectoral level (by type of productive sectors) were analyzed and evaluated.

How have you influenced, or are you attempting to influence their position?

Argos supports the inclusion of the agenda led by the CO2 and Energy Protocol, Cement Technology Road Map and the CO2 Reduction Roadmap for Latin America (led by Inter-American Cement Federation – FICEM). Argos position is to adopt the "CO2 and Energy Accounting and Reporting Standard for the Cement Industry" published by the Cement Sustainability Initiative (now GCCA - global cement and concrete association) (2011) as the local guideline to be applied in the country.

C12.3e

(C12.3e) Provide details of the other engagement activities that you undertake.

We believe that the creation of sustainable value is based on relationships of trust and transparent dialogue with our stakeholders through mechanisms that open up channels to discussions topics that are relevant to everyone. In this way, we can identify common values that allow our management program to be valued and understood by those who engage with us and look for common goals that leverage growth, not just for the company, but for those who become our allies in building dreams and transforming lives.

In 2019, we updated the materiality matrix through our Sustainability Dialogues. More than 2,400 people participated in these in the three regions where we operate. This activity allowed us to learn firsthand about the issues that stakeholders identify as a priority, as well as those that impact them and their relationship with Argos. As a result, we have engagement goals for each of our eight priority stakeholders:

- Employees: Attract and develop the best talent, which we see as the critical factor in achieving our higher purpose.
- Customers: Provide extraordinary solutions and be a strategic ally in building dreams and developing society.
- Suppliers: Establish a mutual growth relationship whereby suppliers become our allies in creating value for customers and society.
- Investors: Act with transparency and maximize the creation of sustainable value.
- Communities: Stimulate development through in-depth knowledge of our communities and proper management of identified development opportunities.
- Media: Communicate our work transparently through suitable channels and making this the starting point for building relationship of trust with other stakeholders.
- Associations and unions: Actively participate in forums that seek the appropriate industry positioning by identifying and building best practices that strengthen various trade associations.
- Authorities: Build relationships based on trust and transparency that foster collaboration for territorial development.

We have identified that it is of great relevance to include the issue of climate change and sustainable construction in the relationship agenda with stakeholders, through the relationship mechanisms established by the company:

- Employees: face to face communications forums, intranet and virtual channel, Internal boards and Channels, Performance Management, Transparency line, Social networks, Sustainability dialogues
- Customers: Advice and support, Customer service, Transparency line, Market research
- Suppliers: Personalized tracking, Transparency line, Supplier assessment, Integrated Report, Sustainability Dialogues
- Investors: Personal meetings, Conference Call, General Shareholders Meeting, Integrated Report, Website, Direct communication via mail, direct line, among others
- Communities: Local engagement plan, Sustainability Dialogues, Sustainability Week Transparency Line, Community committees, Socio-economic footprint
- Media: Ongoing communication, Phone calls, Meetings and press conferences, Press releases and other resources, Mail, Press office, Website, Social networks
- Associations and unions: Joint workshops Sustainability Dialogues Website Integrated Report
- Authorities: Integrated Report, Website, Local Relationship Plan, Transparency Line.

In each of our operations we have local stakeholders management teams, which are led by the manager or person responsible for the operation, supported by the community leader and the participation of the leader of the Environmental area. This has allowed us to consolidate a multidisciplinary team with diverse perspectives that enrich the design of possible initiatives in the territory .

C12.3f

(C12.3f) What processes do you have in place to ensure that all of your direct and indirect activities that influence policy are consistent with your overall climate change strategy?

Company's Environmental Strategy is approved by the Executive Committee and the Board of Directors of Argos. This strategy includes the climate change pillar which guides the strategy of the company regarding climate change and allows us to develop more efficient processes and generate new business opportunities. Training in all organizational levels have been developed to ensure a common understanding of the Environmental Strategy.

Position papers and communications guidelines regarding climate change issues are prepared, approved and distributed to the authorized speakers of the company to assure that the messages in any scenario are consistent with the climate change strategy of the company. Internal and external communications are revised by Communications, Sustainability and Environmental Departments to ensure they are aligned to the overall strategy of the company.

C12.4

(C12.4) Have you published information about your organization's response to climate change and GHG emissions performance for this reporting year in places other than in your CDP response? If so, please attach the publication(s).

Publication

In mainstream reports

Status

Complete

Attach the document

Argos_Integrated Report 2020.pdf

Cementos Argos- MemorandoVerificación 2020.pdf

Page/Section reference

- Argos_Integrated Report 2020. pdf : see pages on Pdf from 119 to 124 for Argos climate change strategy - Independent review report.pdf: see pages 1 to 6 for Deloitte independent review report.

Content elements

Governance

Strategy

Risks & opportunities

Emissions figures

Emission targets

Other metrics

Other, please specify (Argos Corporate Sustainability Reports)

Comment

The Integrated Report 2020 can be downloaded from the link: <https://argos.co/en/integrated-report/> Also, see annexes at link: <https://argos.co/en/integrated-report-annexes/>

Publication

Other, please specify (Environmental Product Declarations (EPD))

Status

Complete

Attach the document**Page/Section reference****Content elements**

Emissions figures

Other metrics

Other, please specify (Environmental Product Declarations (Global Warming indicator))

Comment

EPDs can be downloaded from the following link: https://www.astm.org/CERTIFICATION/DOCS/epd_argos.html

Publication

In mainstream reports

Status

Complete

Attach the document

spglobal_sustainability-yearbook-2021.pdf

Confirmation received by S&P_ Argos 2021 CSA submitted.pdf

Page/Section reference

- File "Confirmation received by S&P_ Argos 2021 CSA submitted": see whole page - File "spglobal_sustainability-yearbook-2021": see page 118 (Construction Materials - Sustainability leaders 2021)

Content elements

Governance

Strategy

Risks & opportunities

Emissions figures

Emission targets

Other metrics

Comment

- File "Confirmation received by S&P_ Argos 2021 CSA submitted": we attach email showing that Argos submitted the Corporate Sustainability Assessment to S&P Global in 2021 for the reporting year 2020. - File "spglobal_sustainability-yearbook-2021": We were recognized with the Silver Class distinction in the 2021 Sustainability Yearbook of the S&P firm. For the eighth consecutive year, we have been confirmed in the Dow Jones Global Sustainability Index as one of the most sustainable cement companies in the world.

Publication

In mainstream reports

Status

Complete

Attach the document

Screenshot_Upload_19.11.2020.pdf

Page/Section reference

See whole page

Content elements

Emissions figures

Other metrics

Comment

We are attaching the screenshot taken from the PWC platform (organization that manages the GNR), to show that in 2020 the reports of Cementos Argos to the GNR were uploaded to that platform.

C15. Signoff

C-FI

(C-FI) Use this field to provide any additional information or context that you feel is relevant to your organization's response. Please note that this field is optional and is not scored.

C15.1

(C15.1) Provide details for the person that has signed off (approved) your CDP climate change response.

	Job title	Corresponding job category
Row 1	Environment, Health and Safety and Community Engagement Sr. Director	Environmental, health and safety manager

Submit your response

In which language are you submitting your response?

English

Please confirm how your response should be handled by CDP

	I am submitting to	Public or Non-Public Submission
I am submitting my response	Investors	Public

Please confirm below

I have read and accept the applicable Terms