WE CREATE SOCIAL VALUE

2020

INTEGRATED REPORT

ARGOS

WHERE WE OPERATE

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

200
Women 8%

2,419
Men 92%

2,619
USA EMPLOYEES

4 Cement plants | 210 Concrete plants | 2 Grinding mills | 19 Ports and terminals

USA REGION

TALENT

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

13%
CCA

51%
Colombia

36%
USA

7,289
EMPLOYEES

Men 86% | Women 14%

3,733
COLOMBIAN EMPLOYEES

632
Women 17%

3,101
Men 83%

7 Cement plants | 46 Concrete plants | 1 Port

COLOMBIA REGION

ASSETS

13 Cement plants

265 Concrete plants

9 Grinding mills

28 Ports and terminals

67 Dispatch centers

+2,200 Mixer trucks

+1,600 Railway wagons

4 Our own boats and one leased long-term

2 Cement plants | 9 Concrete plants

7 Grinding mills | 8 Ports and terminals

CARIBBEAN AND CENTRAL AMERICA REGION

937
CCA EMPLOYEES

193
Women 21%

744
Men 79%

REVENUES PER REGION

18%
CCA

60%
USA

22%
Colombia

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

INSTALLED CAPACITY

23 million tons of cement

16.5 million cubic meters of concrete

ON SITE

16 countries and territories

WE EXPORT TO

30 destinations

FINANCIAL RESULTS

Ebitda*
incresed 4.5%
COP 1.7 TRILLION

Revenues
COP 9 TRILLION

Volume of dispatched cement (tons)
15 M

Volume of dispatched concrete (m³)
8 M

MILESTONES RESET

- **100%** of retaining employees through the pandemic
- Restarting our operations safely
- Total debt reduction
- Free cash flow of **COP 1 TRILLION**
- Solid cash position of **COP 621,000 MILLION**
- **Savings** reached **USD 115 M**
- We increased the use of **Argos ONE**
- **Digital twin** initiatives implementation

OUTSTANDING ACHIEVEMENTS

We returned to society **3.34** **times the benefit** we retained as a Company. **USD 631.1 M** is the net value added to society

Sustainability Award
Silver Class 2021

S&P Global

We were recognized with the Silver Class distinction in the 2021 Sustainability Yearbook of the S&P firm.

Dow Jones Sustainability Indexes

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.

** 2019: The adjusted ebitdaexcludes that generated by concrete operations divested in the USA, land appreciation in Colombia and divestments in the equity portfolio. 2020: The adjusted ebitda excludes USD 20 million that Argos USA agreed to pay as part of the Deferred Prosecution Agreement with the Antitrust Division of the United States Department of Justice*

OUR HIGHER PURPOSE

TO BUILD DREAMS THAT BOOST DEVELOPMENT AND TRANSFORM LIVES.

WHO WE ARE?

We are a growing multinational Company with an established presence in 16 countries and territories with emerging and developed economies. We have been building history for over eighty years, and today we are the number one cement and concrete manufacturer in Colombia and one of the most-relevant companies in the United States and in the Caribbean and Central America.

WHAT DO WE DO?

We create value to society and the Company through innovative products and solutions and logistics synergies.We lay the foundations for development in a sustainable manner and constantly innovate to have a hopeful outlook of the future. We take on major challenges that allow us to carve out new paths, shape realities and transcend boundaries, advancing with concrete and assured steps.

OUR PRODUCTS

CEMENT

This is a binding material composed of limestone rock and clay and is the most widely-usedconstruction input in the world. Its adhesive and resistant properties make it ideal for all kinds of constructions.

CONCRETE

This is a mixture of cement and filler materials (sand and gravel aggregates), water and additives that, when hardened, have the capacity to withstand extreme compression.

AGGREGATES

Aggregates are granular and inert materials of natural origin or obtained by grinding rocks. They comprise between 65% and 85% of the total volume of concrete; in addition, they make up approximately 95% of asphalt mixtures.

WHAT MAKES US DIFFERENT?

- We support our clients in the development of their businesses, being an ally in the materialization of their dreams and projects through which we build a future and multiply growth opportunities together.
- We attract the best talent and we are committed to delivering extraordinary solutions for clients.
- We build relationships of trust based on ethics and transparency.
- We are a Company committed to creating value.

The future is in the origin.

GREEN SOLUTIONS
Conscious Innovation

Low in Carbon

Green Cement
3,000 and 4,000 psi
Green Concrete
Viaforte
Edifika

Adaptability and Circular Economy

Low-permeability durable concrete
High-resistance concrete
Permeable concrete
Advanced concrete
Color concrete
Green Sacks

Comfort

Architectural concrete
Concrete for pavements

This is a way of declaring and sharing our commitment to a more-sustainable future. Also, it is an invitation to the current construction professionals and those of new generations so that they are informed, to decide and act in favor of their environment.

At Argos, we develop sustainable services and products that contribute to the care of the environment, as they reduce carbon emissions, they adapt to the weather and natural phenomena, they contribute to the circular economy and they promote well-being and comfort.

Specific Web portal and constant training

WE CREATE SOCIAL VALUE

2020

INTEGRATED REPORT

Empresa de cemento del GRUPO ARGOS

ARGOS

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ABOUT THIS REPORT

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In Cementos Argos, we work day-to-day to create value for our Company and society. Our greatest interest is to achieve the maximum benefit for you: our Shareholders, clients, employees, suppliers, communities and other Stakeholders.

Along this line, we present to you - for the ninth consecutive year - the **Integrated Report 2020**, through which we present to you both the economic, social and environmental results that we achieved as a Company during the period between January 1 and December 31, 2020, as well as the strategies to manage each of these relevant issues that impact the ability of this Organization to create value in the short, medium and long term.

We hope that this document is a useful mechanism to generate greater dialogues and better connectivity among all, while inspiring us within the Company to work for a more-sustainable and equitable society where, as our higher purpose states, we aspire to build the dreams of housing and infrastructure, promote the development of the territories where we are present, and positively transform the lives of millions of people.

We offer extraordinary solutions for each of our segments.
One-kg. sacks; Colombia Region

SCOPE OF THE DATA REPORTED

The data include the activities of the Companies, the figures of which are consolidated in the Financial Statements of the Cement, Concrete and Aggregate Businesses in Colombia, the United States and Caribbean and Central America regions. (except where indicated otherwise).

EXCHANGE RATE

COP 3,691.27

unless otherwise stated in the specific section.

EXTERNAL VERIFICATION

Deloitte Asesores y Consultores has carried out the independent verification of this Report and their report may be found in the Appendices Chapter (See page 365).

MATERIALITY

The content focuses on the material issues identified in the strategic, competitive-review process and dialogues with Stakeholders that we carried out in 2019. (See page 56).

Newberry Plant,
the United States Region

CURRENCY OF FIGURES REPORTED

Colombian Pesos (COP) for the figures associated with the operations of the Colombia Region and the Corporate results, and United States Dollars (USD) for the results of operations in the United States, the Caribbean and Central America.

FRAMEWORKS USED FOR THE CONSTRUCTION OF THE INTEGRATED REPORT

International Integrated Reporting Council (IIRC). (See page 346)

GRI Standards, regarding the general basic contents. See codes highlighted in green; for example: [102-3])

SASB Standards for the Construction Industry (See page 363)

Sustainability Guidelines and Reference Indicators for the Global Concrete and Cement Association (GCCA) Industry, under the option of extended compliance.

Sustainable Development Goals (SDG). See the SDG icons available throughout the report, as well as on the next page.

SPECIAL NOTE

The COVID-19 pandemic marked some important milestones in our management that, in addition to the human challenge it poses, impacted our results. Throughout the Report - and highlighted in turquoise - the measures taken to overcome each stage of the crisis and face the changes will be indicated.

CONTACT

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

SUSTAINABLE DEVELOPMENT GOALS (SDG)

Employee, Antigua,
Caribbean and Central America Region

As we reach the 10-year countdown to attaining the SDGs, it's crucial that organisations are not only setting ambitious sustainability targets, but aligning their targets with the SDGs and integrating them into their core business strategies. The cement and concrete industry provides an opportunity for transformative change, and as the sector progresses towards its carbon neutral target it will also bring positive impacts across many of the SDGs

Sue Allchurch, Chief of Outreach and Engagement,
United Nations Global Compact.

At Argos. we are committed to the 2030 SDGs and their universal purpose of leaving no one behind. protecting the environment and promoting alternatives that help all people have sufficient opportunities to have a dignified, peaceful life.

Therefore, and based on our ability to contribute directly to the different global challenges that each of the goals represents, our Sustainability Strategy and the management of the different material issues are aligned with the following four SDGs that we have prioritized:

8 DECENT WORK AND ECONOMIC GROWTH

- **Efficiency and productivity**
- **Talent management**
- **Occupational health and safety**
- **Supplier management**
- **Human Rights**

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

- **Adaptation to market dynamics**
- **Industry positioning**
- **Relationships with communities**
- **Supplier management**

11 SUSTAINABLE CITIES AND COMMUNITIES

- **Ecosystems**
- **Atmospheric emissions**
- **Relationships with communities**
- **Ethics and compliance**
- **Human Rights**

13 CLIMATE ACTION

- **Efficiency and productivity**
- **Climate change**
- **Ecosystems**
- **Industry positioning**

Likewise, together with the Global Cement and Concrete Association (GCCA), we come together to monitor the long-term contribution that - as an industry - we make to the fulfillment of the 2030 agenda, since we are aware that beyond our direct impacts, we have an active role in building the well-being and development of the regions where we operate. This, through the construction of infrastructure that contributes to access to water and basic sanitation, the offer of high-quality products for the construction of housing for all and the generation of employment, among other important milestones.

1 NO POVERTY

- **SDG 1.5:** We provide long-lasting material, resistant to natural disasters, with high availability that allows for efficiencies in costs.
- In addition, we directly add to the generation of unskilled and qualified labor jobs in the areas where we operate and throughout our value chain.

2 ZERO HUNGER

- **SDG 2.3 & 2.4:** Due to its long-lasting characteristics, concrete contributes to the construction of production infrastructure and the logistics of the food sector.
- **SDG 2.2:** It also plays a fundamental role in the construction of infrastructure that guarantees access to water and basic sanitation, which improves the quality of life of people.

3 GOOD HEALTH AND WELL-BEING

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

4 QUALITY EDUCATION

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

5 GENDER EQUALITY

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

6 CLEAN WATER AND SANITATION

- **SDG 6.1:** We contribute to the construction of infrastructure that facilitates access to water and sanitation.
- **SDG 6.3:** We are committed to the proper use of natural resources, thus reducing our impact, increasing the use of recycled water and protecting ecosystems.

7 AFFORDABLE AND CLEAN ENERGY

- **SDG 7.1:** We facilitate the construction of infrastructure that promotes access to clean energy.
- **SDG 7.3:** The characteristics of concrete allow it to absorb light, reducing the energy consumption associated with heating systems.
- As an industry, we are committed to the use of responsible energy and to decrease these of energy from fossil fuels.

- We contribute to the construction of infrastructure that promotes economic development and connects territories.
- We generate the direct hiring of qualified and unskilled labor throughout our chain.
- We are committed to implementing the best labor, hiring and occupational health and safety practices.

- We offer a cost-effective, durable and resistant material to build resilient, sustainable infrastructure.
- We contribute to industrialization.
- Innovation is a key part of our business, insofar as we offer products that respond to current needs and we continually evaluate our production processes to reduce their impacts.

- We contribute to the construction of infrastructure and basic services that reduce inequity.
- We contribute about 40% to the income of people at the base of the pyramid through our value chain.
- We positively impact the local economies of the territories where we operate through the reinvestment of income associated with wages, rents and local purchases.

- **SDG 11.1:** We contribute to the construction of sustainable cities through the offer of products, such as colored concretes that help reduce the effect of island heat and materials that absorb CO_2.
- **SDG 11.1:** Concrete is a material resistant to natural disasters and, therefore, is key for the construction of the basic infrastructure of cities.

Concrete is a material that is:
- Flexible, with characteristics that allow modular constructions of columns, walls and houses.
- Long-lasting, which should not be demolished by fire or flood.
- It is a pioneer industry in circular-economy processes through the use of ash and waste from other industries.

- We are an industry with a significant footprint in CO_2 emissions, which is why we are committed to offer a concrete-neutral carbon through the Climate Ambition Plan 2050.
- As a member company of the GCCA, we report and monitor the indicators associated with CO_2 emissions.
- We work to replace fossil fuels with alternative fuels.
- Durability in extreme conditions prevents early demolition of concrete-built infrastructure, thereby reducing the footprint associated with construction and maintenance.

- **SDG 14.3:** The ocean-acidification process can only be solved with the transition to a low carbon economy, a fact to which - as an industry - we are committed through our Climate Ambition Plan 2050.

- As an industry, we are committed to the GCCA Biodiversity Policy, through which we work hand in hand with allies to preserve ecosystems, measure and report our impacts and offer a product that is environmentally friendly.

- As active members of GCCA, we are committed to acting transparently, in compliance with the local regulations of the territories where we operate.
- We also respect Human Rights and adhere to international standards.

- Through initiatives, such as *Innovandi*, we promote innovation as a mechanism for linking different Stakeholders to solve problems at a global level.

We invite you to review the Sustainability Control Panel and the SDG in the Appendices to specifically see the contributions of our management to the universally declared goals.

LETTER FROM THE CHAIRMAN OF THE BOARD OF DIRECTORS [102-14]

Jorge Mario Velásquez,
Chairman of the Board of Directors

THE SITUATION ASSOCIATED WITH COVID-19 PROMPTED OUR ORGANIZATION TO THE BRING OUT THE BEST OF ITS CAPABILITIES, TO WORK IN AN AGILE, EFFICIENT MANNER AND, ESPECIALLY, TO RATIFY THAT WE ARE A COMPANY THAT PROMOTES WELL-BEING AND DEVELOPMENT AND CREATES ECONOMIC AND SOCIAL VALUE.

Dear Shareholders:

On behalf of the Board of Directors and the more than 7,200 employees of Cementos Argos who share our higher purpose of contributing to the construction of housing dreams and better infrastructure in the sixteen countries and territories where we operate, it is gratifying to share with you satisfactory results, which reflect the committed and determined work of extraordinary, diverse and inclusive talent that has allowed us to face this moment with flexibility and strategic coherence to overcome the challenges that 2020 imposed.

Thanks to your trust and permanent support, today we can proudly say that the situation associated with COVID-19 prompted our Organization to bring out the best of its capabilities, to work in an agile, efficient manner and, especially, to confirm that we are a Company that promotes well-being and development and creates economic and social value.

Throughout the Management Report, you will be able to see in detail the actions taken by the Company to close the year with results that reflect discipline in the execution of the various programs and action plans, including the one we call RESET (Re-Start safety and health to boost the economy, bring hope and transform lives), a plan that we put in place to mitigate the impacts associated with COVID-19 and that covers the human, operational, financial and social dimensions, from its five pillars: health and safety, liquidity and debt management, operational excellence, Cementos Argos initiatives for the future and solidarity with the environment.

WE WILL CONTINUE TO OPERATE WITH ALL OUR ENERGY AND COMMITMENT TO HELP ACCELERATE ECONOMIC REACTIVATION AND THE RECOVERY OF GROWTH INDICATORS AND EMPLOYMENT LEVELS.

We highlight our commitment to advance in the Company's deleveraging strategy with the reduction of debt and a solid cash position of COP 621,000 million at the end of the year, while we continued to improve the profitability of the business with savings for USD 115 million and an adjusted EBITDA of COP 1.68 trillion during 2020.

In the midst of a challenging year, we are also pleased to report that, facing our clients, we have been able to strengthen our Product Portfolio and specialized solutions for both Housing and Infrastructure. Examples of initiatives that excite us are the launching of Green Cement, an innovative product that marks the Company's path in its commitment to continue leading the industry in terms of sustainability and adaptation to climate change. We also highlight the activation of our modular system specifically for housing construction, with which, undoubtedly and with the help of our construction partners, we will improve the quality of the current supply of social housing and positively impact the productivity of the sector.

In parallel, we are pleased to see great advances in the digital-transformation front and in our commitment to digitization and the use of Artificial Intelligence (AI) in our operations to achieve more-efficient processes and closer interactions with all our stakeholders.

This higher purpose, which frames all the actions of Cementos Argos, allowed us to be recognized once again by the Dow Jones Sustainability Index (DJSI) as one of the most-sustainable cement companies in the world. Additionally, we were classified as one of the most-innovative companies in the country; we were part of the ten organizations with the best reputation in Colombia, and we positioned ourselves as leaders in Corporate Governance in the ALAS20 initiative. And for our unwavering commitment to operating with the highest industry standards and in a responsible manner with the environment, while promoting respect for Human Rights and deepening our contribution to the Sustainable Development Goals (SDGs), we received awards, such as the FTSE4Good, the Silver Distinction in the S&P Sustainability Yearbook and the *Equipares* Seal.

Shareholders, please be assured that we will continue to operate with all our energy and commitment to help accelerate economic reactivation and the recovery of growth indicators and employment levels, both in Colombia and in the other countries where we operate. This is the time to renew hope and continue to look to the future with optimism and determination.

Thanks for the trust and support.

JORGE MARIO VELÁSQUEZ
Chairman of the Board of Directors

The Martinsburg Plant Steering Committee
The United States Region

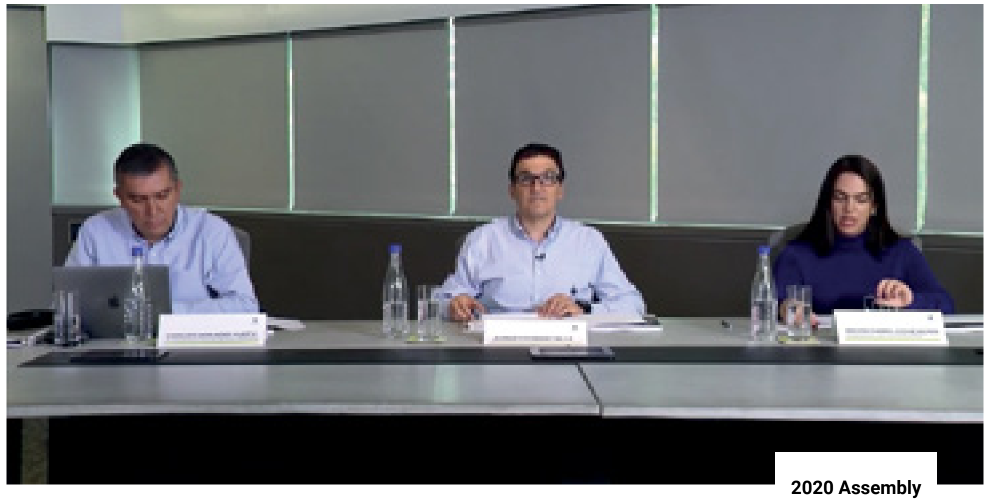
CORPORATE GOVERNANCE

We have a Corporate Governance framework aligned with high international standards that seeks to guarantee the rights of our investors, the optimal balance among the administrative, management and control bodies, adequate decision making, and the disclosure of timely, truthful information as factors to strengthen the trust of our Stakeholders and facilitate access to businesses, markets and clients.

We have a self-regulatory framework for Corporate Governance that establishes transparent management mechanisms with Shareholders, the market, and society in general:

- **Code of Good Governance**
- **Corporate Bylaws**
- **Policy on Board of Directors Appointments, Remuneration and Succession**
- **Policy on Operations among Related Companies**
- **Policy on Relationships among Related Parties**

We fill out and publish the Country Code survey on the best Governance practices adopted by the Company. This shows compliance of most-recommended good practices.



2020 Assembly

[102-18] [102-22] This regulatory framework establishes an administrative and management structure that includes:

General Shareholders' Assembly

↓

Board of Directors → **Chairman** → **Steering Committee** → **Employees**

↓

Board of Directors' Committees

Audit, Finance and Risk Committee

Its main purpose is the evaluation of the accounting procedures, the management of the relationship with the Fiscal Auditor and the supervision of the effectiveness of the Control Architecture and the Comprehensive Risk-Management System. In 2020, six sessions were held, with an average attendance of 94%.

Noteworthy Activities 2020:

- Review of financial information and results.
- Monitor the Company's strategic risks and insurance scheme.
- Follow-up of the annual Audit Plan and the implementation of the action plans defined to reinforce Internal Control.

Sustainability and Corporate Governance Committee

It recommends to the Board systems for the adoption, monitoring and improvement of sustainability practices and Corporate Governance.
In 2020, five sessions were held, with an average attendance of 100%.

Noteworthy Activities 2020:

- Monitoring the Sustainability Strategy.
- Review of environmental metrics and approval of the Climate-Change Strategy.
- Monitor Occupational Health and Safety indicators and plans defined by the Company to prevent COVID-19.
- Discussion and trend analysis of international sustainability and Corporate Governance.
- Monitor the Ethics and Compliance Program.

Appointment and Remuneration Committee

It determines the policies and rules for the hiring, compensation and development of the Board members and Top Management. It continuously monitors the goals of the different compensation programs in relation to employee performance.
In 2020, five sessions were held, with an average attendance of 100%.

Noteworthy Activities 2020:

- Review of diversity and human capital indicators.
- Approval and monitoring of remuneration policies and the goals of the Organizational Results Premium
- Monitor the Talent Management, Succession and Organizational Development Strategy.
- Execution the evaluation process of the Chairman.

THE SHAREHOLDERS' ASSEMBLY

[102-19] This is the highest Corporate Body made up of the holders of the Company's ordinary shares, who have the right - among others - to know in a comprehensive, timely manner, relevant information to participate in decisions that may affect them, formulate proposals for the Organization's best performance, and receive fair, equitable treatment.
It meets every year on a regular basis and is one of the main means of presenting the Organization's management and strengthening the relationship with this Stakeholder.

For 2020, given the limitations to hold mass meetings due to the pandemic, the General Shareholders' Assembly was developed using both virtual and personal-attendance tools, complying with the regulations to prevent COVID-19 and applying, in every case, the attendance, participation and information-control mechanisms, in order to guarantee the rights of our Shareholders.

[102-19] [102-21] Shareholder Rights:

- To comprehensively know in a timely manner the relevant information for decision making.
- To participate in the decisions that may affect the Shareholders.
- To make observations to Management and formulate proposals for the best performance of the society.
- To receive fair, equitable treatment.

To exercise these rights and for the correct relationship with our Stakeholders, we have various means of contact and dissemination of information that serve as a link between the market and the Company, including the Investor Relations Office, the Investor Attention Center, the Transparency Line, our Website, calls to present results, the publication of relevant information, personal-attendance meetings with analysts from brokerage firms, pension funds, foreign-investment funds, and Shareholders, among others.

DUE TO LIMITATIONS ASSOCIATED WITH COVID-19, THE SHAREHOLDERS' ASSEMBLY WAS DEVELOPED USING VIRTUAL AND PERSONAL-ATTENDANCE TOOLS.

BOARD OF DIRECTORS

[102-18] [102-19] [102-26] [102-29] [102-30] [102-31] [102-33]
This is the body in which the Shareholders' Assembly delegates the Company's management. It is composed of seven persons, with high standards of ethics, extensive experience in the sector and who comply with the skill set defined by the Company for this governing body. It has a diversified configuration in terms of gender, skills and experience, and has the participation of independent members.

They are in charge of guiding the long-term strategy; Monitor the Company's management in economic, social and environmental matters; they follow up on strategic risks and monitor financial results and the Internal-Control System, among other key activities to ensure the Company achieves its higher purpose. Annually, in coordination with Top Management, the Board of Directors defines a work plan in which topics are established that will be discussed at each meeting, seeking that these are in accordance with the Corporate Strategy and the results of the annual Board of Directors evaluation.

To carry out its functions, the Board meets according to a defined Action Plan, which includes topics to be discussed that are framed in economic aspects and environmental and social strategies that are strategic for the Company. With this programming, it is guaranteed that strategic, relevant and urgent issues are dealt with as a priority.

In addition, before each Board meeting, the Steering Committee meets to prepare the more-important and strategic issues to the central topic; the relevant information to be presented at the Board sessions is sent sufficiently in advance to the Directors, so that members can study the topics to review and achieve strategic discussion, innovative proposals and debates that generate a positive impact within the Company.

BOARD OF DIRECTORS 2020

Composition

[102-22] [102-23]

Average attendance at the Board Meetings

100%

JORGE MARIO VELÁSQUEZ

Chairman

Grupo Argos
CEO

Executive Member

Appointment: 2016

Appointment and Remuneration Committee

Attendance at Board Meetings 100%

Attendance at Committee Meetings 100%

Participation in Boards of other companies:
Grupo Sura (Principal)
Celsia (Principal)
Odinsa (Principal)
Grupo Nutresa (Principal)

SKILLS

- Strategy
- Corporate Finances
- Commercial Matters
- Construction-Materials Industry - Infrastructure
- Crisis Management
- Sustainability
- Governance / International Public Policy

RAFAEL OLIVELLA

Member

Grupo Argos
Vice President of Talent and Corporate Affairs

Executive Member

Appointment: 2020

Sustainability and Corporate Governance Committee

Appointment and Remuneration Committee

Attendance at Board Meetings 100%

Attendance at Committee Meetings 100%

Participation in Boards of other companies:
Celsia (Principal)
Odinsa (Principal)

SKILLS

- Risks
- Strategy
- Internal Control
- Construction-Materials Industry
- Crisis Management
- Legal Matters
- Sustainability
- Governance / International Public Policy

ALEJANDRO PIEDRAHÍTA

Member

Grupo Argos
Vice President of Corporate Finances

Executive Member

Appointment: 2018

Audit, Finance and Risk Committee

Attendance at Board Meetings 100%

Attendance at Committee Meetings 83%

Participation in Boards of other companies:
Grupo Sura (principal)
Celsia(principal)
Odinsa(principal)
Pactia (principal)

SKILLS

- Risks
- Strategy
- Internal Control
- Corporate Finances
- Commercial Matters
- Construction-Materials Industry
- Crisis Management
- Governance / International Public Policy

CECILIA RODRÍGUEZ

Member

Corporación Bioparque
CEO

Independent Member

Appointment: 2012

Audit, Finance and Risk Committee

Sustainability and Corporate Governance Committee

Attendance at Board Meetings 100%

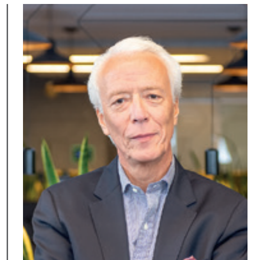
Attendance at Committee Meetings 100%

Participation in Boards of other companies:
Bioparque Proyectos (Principal)
Corporación Bioparque (Principal)

SKILLS

- Construction-Materials Industry
- Crisis Management
- Sustainability
- Governance / International Public Policy

CARLOS GUSTAVO ARRIETA



Member

Partner: Arrieta y Mantillas Asociados

Independent Member

Appointment: 2012

Audit, Finance and Risk Committee

Attendance at Board Meetings 100%

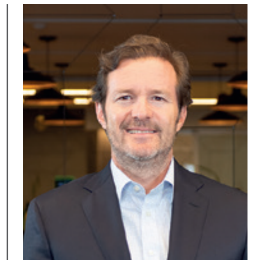
Attendance at Committee Meetings 100%

Participation in Boards of other companies:
IcoMedios (Principal)
AMYA Inversiones (Principal)

SKILLS

- Risks
- Construction-Materials Industry
- Crisis Management
- Legal Matters
- Sustainability
- Governance / International Public Policy

ESTEBAN PIEDRAHÍTA



Member

CEO of the Cali Chamber of Commerce

Independent Member

Appointment: 2012

Appointment and Remuneration Committee

Attendance at Board Meetings 100%

Attendance at Committee Meetings 100%

Participation in Boards of other companies:
Ecopetrol (Principal)
Centro de Eventos Valle del Pacífico (Principal)

SKILLS

- Risks
- Strategy
- Internal Control
- Corporate Finances
- Commercial Matters
- Construction-Materials Industry
- Crisis Management
- Sustainability
- Governance / International Public Policy

LEÓN TEICHER

Member

Independent Consultant

Independent Member

Appointment: 2012

Sustainability and Corporate Governance Committee

Attendance at Board Meetings 100%

Attendance at Committee Meetings 100%

Participation in Boards of other companies:
Seissa (Principal)
DonDoctor S.A.S. (Principal)

SKILLS

- Risks
- Internal Control
- Corporate Finances
- Commercial Matters
- Construction-Materials Industry
- Crisis Management
- Sustainability
- Governance / International Public Policy

Principal Board Topics and Activities in 2020

[102-29] [102-30] [102-31] Topics dealt With:

- Corporate and competitive strategies
- Adaptation to the pandemic
- Performance of each region
- Financial results
- Legal matters
- Risks
- Internal Control
- Sustainability
- Environmental and Occupational Health and Safety

During the period

- The Operations Policy among Related Parties Associated with Grupo Empresarial Argos was approved.
- The Relationship among Related Parties Policy was updated.
- The Code of Good Governance was updated in the following parts: Internal regulation to negotiate Argos shares by Directors and Employees; Elimination of the 10-year period to lose the nature of Independent of the Directors; Incorporation of the Directors' duty to participate in the Shareholders' Assembly; and strengthening the functions of the Board of Directors and Support Committees.

Detail of Code of Good Governance updated

[102-21] [102-34] To guarantee the adequate communication and exchange of information, the Secretariat General is to deliver it in a timely manner to the Board of Directors. Likewise, the Administration participates in the Board sessions, according to the topics established in the Action Plan and communicates the Work Guidelines determined by the Board of Directors to Employees.

50 %
of the Directors chosen must fulfill the independence requirements.

Process and Frequency of the Nomination and Selection of Members of the Board of Directors

[102-24] The Board of Directors is composed of seven members, chosen for periods of one year.

- The Board is elected annually by the General Shareholders' Assembly through the application of the electoral quotient system.
- At least 50% of the elected Directors must meet the independence requirements.
- The Directors may not be in any of the circumstances of incompatibility or inability.
- Election criteria include personal qualities, relevant knowledge for the Company's activity, diversity, experience in Sustainability, in business management and prior participation in other Boards of Directors.
- Their appointment is regulated in the Corporate Bylaws, the Code of Good Governance and the Board of Directors' Appointment, Remuneration and Succession Policy.

Consult the Board of Directors Appointment, Remuneration and Succession Policy.

Process in training the Board of Directors

[102-27] To continuously improve the participation in meeting and decision making, we promote training for the members of the Board of Directors, thus expanding their knowledge of the industry, the competitive dynamics in the jurisdictions where we operate, sustainability issues, innovation and good governance, among others.

Evaluation Processes of the Board of Directors

[102-28] In searching to maintain a level of excellence for the Company in performance, composition and operation of the Board of Directors, its performance is evaluated annually, alternating the external evaluation with the self-evaluation.

In 2020 Rafael Olivella was designated a Board Member, replacing Camilo Abello.

Processes to Manage Conflicts of Interest

[102-25] We strive for the objectivity of Directors in decision making. For this reason, they must adequately disclose the potential conflicts in which they may be immersed during the formal sessions of the Board of Directors or through the Annual Declaration of Potential Sources of Conflicts of Interest. In the event that there are conflicts that may affect their independence and objectivity, we establish the necessary measures for their proper administration, in accordance with the guidelines established in the Code of Business Conduct, thereby guaranteeing, in all cases, that the Directors will refrain from participating in those decisions in which the conflict arises.

Policy andProcesses for the Remuneration of the Members

[102-35] [102-36] [102-37] In compliance with the Board of Directors' Appointment, Remuneration and Succession Policy, the Directors' fees are defined annually by the General Shareholders' Assembly, in accordance with the structure, responsibilities and obligations of the Board of Directors.

For the period, monthly fees of COP 6,800,000 were established for the Board of Directors and COP 6,800,000 for Board of Directors Committees, which represented an increase of 4.6% over the previous year. Independent members receive remuneration for both their participation in the Board of Directors, as well as in the Committees; Patrimonial members receive it for their participation in the Board of Directors.

STEERING COMMITTEE

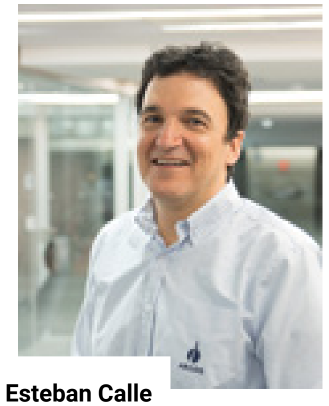
[102-20] This is the administrative body chosen by the Board of Directors to coordinate and supervise the society in relation to economic, social and environmental aspects. It is composed of the Chairman and Vice Presidents, who lead the Company's administration and present the progress of these processes to the Board of Directors in Board or Committee meetings. The Board provides pertinent feedback and gives instructions for the correct handling of the matters presented and, in turn, each of the leaders transmits the instructions received to their employees.

Its mission is to deliver the guidelines and validate the Company's management on economic, social and environmental aspects; provide feedback and guide employees to make decisions and lead the implementation of the Corporate Strategy.

Consult here to learn more about our Steering Committee

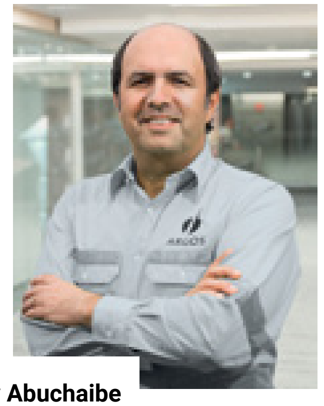
Members:

During 2020, changes were made in the structure of our Steering Committee. The Vice Presidency of Talent and Culture was replaced by the Vice Presidency of Persons and Transformation, in order to strengthen the management of new businesses and innovation. Tomás Restrepo, former Vice President of the Colombia Region was elected leader of this new Vice Presidency and Harry Abuchaibe was designated to replace him.

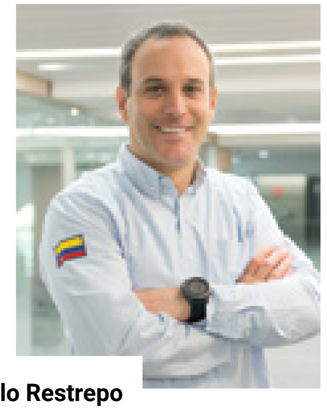


Juan Esteban Calle
CEO

Bill Wagner
VP United States Region

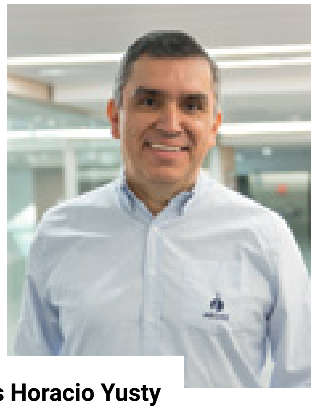


Harry Abuchaibe
VP Colombia Region

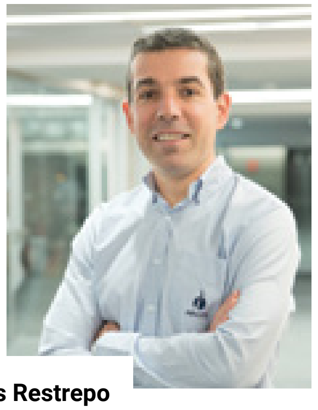


Camilo Restrepo
VP Caribbean and Central America Region

María Isabel Echeverri
VP Legal and Sustainability



Carlos Horacio Yusty
VP Finances



Tomás Restrepo
VP Persons and Transformation

The Board of Directors and the Committees held 100% of their meetings virtually.

THIS IS HOW WE ADAPTED, DUE TO COVID-19

- We adapted our Board of Directors' operation and Action Plan for the correct management of emerging risks and adaptation to the situation.
- We strengthened virtual tools to hold meetings and send information.
- We modified the Action Plan to guarantee adequate risk management and monitor the Company's adaptation to the pandemic.

RECOGNITIONS

- For the eighth year in a row, we were recognized in the Dow Jones Global Sustainability Index, which classified us as the third most-sustainable cement company in the world.
- We entered the top five of the FTSE4Good World Index as a leading company in Sustainability and Good Governance in the Construction Materials sector.
- We were recognized in the 2021 S&P Sustainability Yearbook with a Silver Distinction for our performance in the 2020 Dow Jones Sustainability Index.
- For the seventh consecutive year, we were part of the 10 companies with the best reputation in Colombia, according to *MERCO*, the Business Monitor of Corporate Reputation.
- We were recognized as a leading company in Corporate Governance in the ALAS20 Initiative of the Center for Social Responsibility and Sustainability and GovernArt.
- For the sixth year in a row, we received the Certification as Known Issuer and Appellant from the Colombian Financial Superintendency.
- For the sixth consecutive year, we achieved Investor Relation (IR) recognition from the Colombian Stock Exchange.

Dow Jones Sustainability Indexes

FTSE4Good

Sustainability Award
Silver Class 2021
S&P Global

CHALLENGES

We referenced Good Corporate Governance practices in which various Sustainability Indices and international standards were analyzed; it was evidenced that we have a robust, adequate, and mature Corporate Governance, in accordance to our structure and Shareholding Composition.

In the local and Latin American context, we are a benchmark in the adoption of Good Governance practices. However, with respect to other international markets, we have opportunities in terms of:

- Independence in the conformation of the Board of Directors and its Committees.
- Diversity in the conformation of the Board of Directors.
- Greater disclosure of information on executive remuneration.

Amarilo's Ciudad Verde is currently the largest macro-project of its kind in Latin America. There are about 328 hectares where 51,000 housing solutions are being developed, which will house over 200,000 people. A project with the Argos seal, Cundinamarca, Colombia.

WE MULTIPLY OPPORTUNITIES

01. MANAGEMENT REPORT

ARGOS 2020 MANAGEMENT REPORT [102-32] [102-10]

Juan Esteban Calle
CEO

Dear shareholders:

We want to begin this report with a moment of silence to honor all the victims of COVID-19. We pay special tribute to the deceased among our direct and indirect employees, investors, customers, suppliers, communities, allies, and authorities in each of the territories where we are present. Particularly in Humberto Ramos, Milton Pedraza, Nelson Galvis, and Rafael Moreno, employees from the Colombia Regional, and five colleagues from the United States Regional, whose names we cannot disclose due to U.S. legal provisions. We join each of the families and loved ones in mourning their loss. Our hearts go out to them, and we want them to know they have our support and solidarity. We also want to reassure our commitment to honor their legacy and their example by working every day with passion and determination in moving forward with our higher purpose of helping. Hand in hand with our customers, we work to make the dreams of housing and infrastructure a reality and create equity, well-being, and development for millions of people in the sixteen countries where we are present.

On behalf of more than 7,200 Argos employees, we want to thank you for your trust. Through this report, we want to share an administration process that reflects the company's strength and adaptability amid the challenging and painful circumstances that we have previously experienced.

2020 is a year that will remain in everyone's memory. The COVID-19 pandemic impacted our way of life, public health, the operation of the economy, and employment on all five continents, which affected the dynamics of a large part of the production and service sectors in most of our markets. This event has become one of the most significant challenges that we have faced as individuals, families, companies, and countries over the last century.

On a personal level, it transformed how we live and has taught us about true priorities, the importance of giving up some things, adjusting quickly to uncertain conditions and new realities. It also brought a new meaning to values such as empathy and solidarity. It accelerated the search for universal purposes and inspired reflection and debate on fair social causes such as vital minimums, access to health systems, and education.

In the midst of a context of so much uncertainty and complexity, in which the priority for companies became sustaining themselves, preserving cash, conserving jobs, and minimizing negative impacts to the fullest, our results can be described, without a doubt, as very satisfying. Thanks to your support, valued shareholders, resilience, commitment, creativity, and contribution of our employees, we managed to register an operating result even higher than that of 2019. We took appropriate steps in terms of financial flexibility; we deepened organizational efficiency; we strengthened our portfolio with specialized products and services. We continued to create social value for our different stakeholders.

Since the second quarter, we adjusted our budgets and eliminated non-essential expenses and costs, anticipating the effects of the confinements decreed by the governments and the consequent supply and demand shocks. We are proud to have been able to continue operating in a biosafe manner and without interruptions throughout the year in the United States, in Haiti and in Suriname, while significantly mitigating the consequences of the prolonged closures we had in most of our other geographies. We managed to turn, almost in full, the company's costs and operating expenses into variables. Simultaneously, we empowered the company's different regions to become the main character in the reactivation of economies and employment levels as countries began to lift quarantines and sectoral restrictions.

WE RECORDED AN OPERATING RESULT HIGHER THAN THAT OF 2019

ADAPTATION AND MANAGEMENT DURING THE GLOBAL EMERGENCY

Since the declaration of the health emergency, measures were taken, and actions were defined to reduce the effects of the disruption caused by COVID-19, thus having as guiding premises for action:

1. Protecting the lives, health, and well-being of our employees and their families and, in general, of all our stakeholders.
2. Supporting and accompanying the provisions of the governments and authorities of each of the countries where we operate.
3. Building an appropriate liquidity position to withstand supply and demand shocks and guarantying business continuity and the company's sustainability.
4. Preserving direct and indirect jobs in all our geographies.
5. Providing social support to communities in the areas of influence of our operations.
6. Preparing the company for the opportunities and challenges of the future.

To go through that period of great uncertainty we experienced, which had the greatest impact between March and June of 2020, we preserved cash. We prepared the company for the reopening of economies and the gradual recovery of markets. We designed and implemented the RESET plan; a name derived from Safe and Healthy Restarting to Boost the Economy, Generate Hope and Transform Lives. RESET impacted human, operational, financial, social, and regulatory aspects.

A Call to Empathy is an alliance of our business group which delivered groceries to over 100,000 vulnerable families in Colombia. About 15,000 of these families belong to construction workers.

Some of the actions carried out in regard to the protection of people were:

- Activation of the Crisis Committee to monitor the risk level of the company's operations, markets, and geographies
- Implementation of all emergency measures to safeguard the health and mitigate the risk of our employees and their families
- Remote work as of March 18th and suspension of national and international travel
- Strict quarantines and care for employees with a risk factor associated with COVID-19
- Establishment of extraordinary Health and Safety Committees
- Enabling all the technological means for collaborative work to guarantee the continuity of processes, with the support of digital tools to facilitate remote work
- Preparation and implementation of biosafety protocols, in line with the instructions of the different governments, in order to guarantee operations under maximum safety conditions for our employees, customers, suppliers, and communities

These are among the actions deployed to operate under pandemic conditions and high supply and/or demand uncertainty in the markets:

- Quick implementation of all health protocols to help mitigate the risk of contagion in the United States operation, a country in which activities were never suspended because construction was classified as an essential sector. Thanks to this, this region, which represents about 55% of Argos' EBITDA, had a normal behavior of demand, income, and collections in 2020, without any contagions registered as a result of the operation
- Implementation of health protocols and mitigation of the risk of contagion in Haiti, a country where it was also possible to operate normally throughout the year, under normal conditions of demand and without contagion reported in operations

Our mixer trucks exchanged concrete for water and soap to support the disinfection of different cities in Panama and Colombia.

- Temporary suspension plans programmed for those operations that were interrupted due to the pandemic, taking into account the preservation of minimum inventories necessary for the subsequent start-up and the guarantee of safety and the appropriate operation of equipment
- Design, approval, and enlistment of protocols to safely continue operations in all countries with scheduled suspensions, and availability of the equipment, devices, personal protection equipment, manuals, and required monitoring tools. This is how we were able to immediately and gradually reactivate activities in the Colombian, Caribbean, and Central American markets, as governments decreed exceptions and reopening

In terms of liquidity protection and financial status:

- Disbursements of credit lines for more than 100 million dollars to strengthen our liquidity position
- Decrease in Capex and concentration of investment only in essential and necessary projects for the operation in the framework of disruptions
- Execution of a cost and expense reduction plan for 115 million dollars in all operations
- Successful negotiation with financial organisms on a modification to the syndicated loan, which allowed us to establish a new threshold ceiling for the net debt to EBITDA plus dividends indicator, which was significantly above expectations for the year
- Centralized control of cash management to guarantee the efficient use of liquidity under different market scenarios
- Constant communication with banks and risk rating agencies to explain the measures implemented

In terms of communities:

- Definition of strategy and social management plans in the operations of the three regionals
- Delivery of humanitarian aid by joining food safety initiatives in 28 towns of 9 provinces in Colombia, which benefited more than 4,000 families from communities surrounding the plants
- Cleaning and disinfection, with our mixer trucks, of hospitals, town squares, transport stations, and public spaces
- Development of the campaign "A call to empathy" with the Grupo Argos foundation, that allowed for us to collect donations from employees and other stakeholders, which were duplicated by the foundation, to join the business alliance that delivered groceries to more than 100,000 vulnerable families, of which around 15,000 were families of construction workers
- Delivery of 11 billion pesos, by the Grupo Argos Foundation, which is funded by contributions from all the companies that are part of the Grupo Argos Business Group, for increasing and strengthening the intensive care units of some Colombian cities during the pandemic

To mitigate the effects of the pandemic, we implemented RESET, which covers human, operational, financial, social and regulatory aspects.

In terms of regulatory changes:

- Active participation in unions in the design and support of proposals aimed at safe operations and resumption of the industry under all biosafety standards
- Monitoring, analysis, disclosure, and implementation in the organization of the provisions of the governments in the countries where we operate to adapt operations to the evolution of the pandemic
- Permanent contract with our suppliers and customers to best serve their needs in the midst of the emergency and easily resume operations that were suspended

WE OPERATE IN A SAFE AND HEALTHY WAY TO BOOST THE ECONOMY, BRING HOPE AND TRANSFORM LIVES.

Due to the successful execution of RESET, we managed to end 2020 with a cash position of 621 billion pesos -significantly better than expected-, savings of 115 million dollars in the year -which exceeded the initial goal of 94 million dollars- and a minimum number of COVID-19 infections associated with the operation.

Likewise, we increased the use of Argos ONE in the three regions, we supported the entry of our hardware customers to the virtual world, thus promoting increased sales in an environment with mobility restrictions, and we advanced in the implementation of initiatives such as the digital twin that uses data analysis and artificial intelligence to achieve an optimal combination of assets, solutions, services, labor, and logistics in our concrete and cement operations, based on historical data from each of the plants, in order to increase efficiency and improve product quality.

We are encouraged by the pleasing performance in the midst of the crisis, by the ability to continue operating our facilities in a biosafe manner, and the prospect of a strong recovery in all geographies. In 2021, we will continue to focus on deleveraging the company and improving the businesses' profitability by always monitoring market conditions and considering the challenges that persist for the construction industry and the economy in general due to the pandemic.

Mixer truck in the streets of Panama

DEBT PROFILE

Generating a free cash flow of 1 trillion pesos in 2020 allowed the company to end the year with a solid cash position and positively impacted the company's leverage ratio, which stood at 4.54x as of December 31st, 2020. To do so, the increase in operating EBITDA and the cut in Capex was decisive.

The amortization of short-term facilities, for 361 billion pesos, and the negotiation of long-term obligations, to replace loans with shorter maturities, which significantly improved the average life of debt and resulted in the short-term debt that decreased from 25% in the first semester to 14% at the end of the year.

Likewise, the success in negotiating the waiver to the covenant of the maximum debt ceiling of some financial liabilities and the syndicated loan stands out. Thanks to this, it was possible to establish a new threshold for the EBITDA indicator's net debt. The new ceiling was set at 6.75 times as of December 2020, decreasing gradually to 4 times in December 2021. This negotiation is important proof of the support of the company's lenders and their confidence in the company's administration and the strategy implemented in the midst of the crisis.

In the third quarter, the company made the second issuance of regular bonds, under the program of issuance and placement of regular bonds and commercial papers, for a value of 250 billion pesos on a 51-month term. There was a demand for more than 362 billion pesos, which represent 1.81 times the value initially offered. The resources obtained made it possible to pay the existing debt without increasing the level of indebtedness. With this operation, the maturity profile has improved, and the company's financing sources are diversified.

STOCK PERFORMANCE

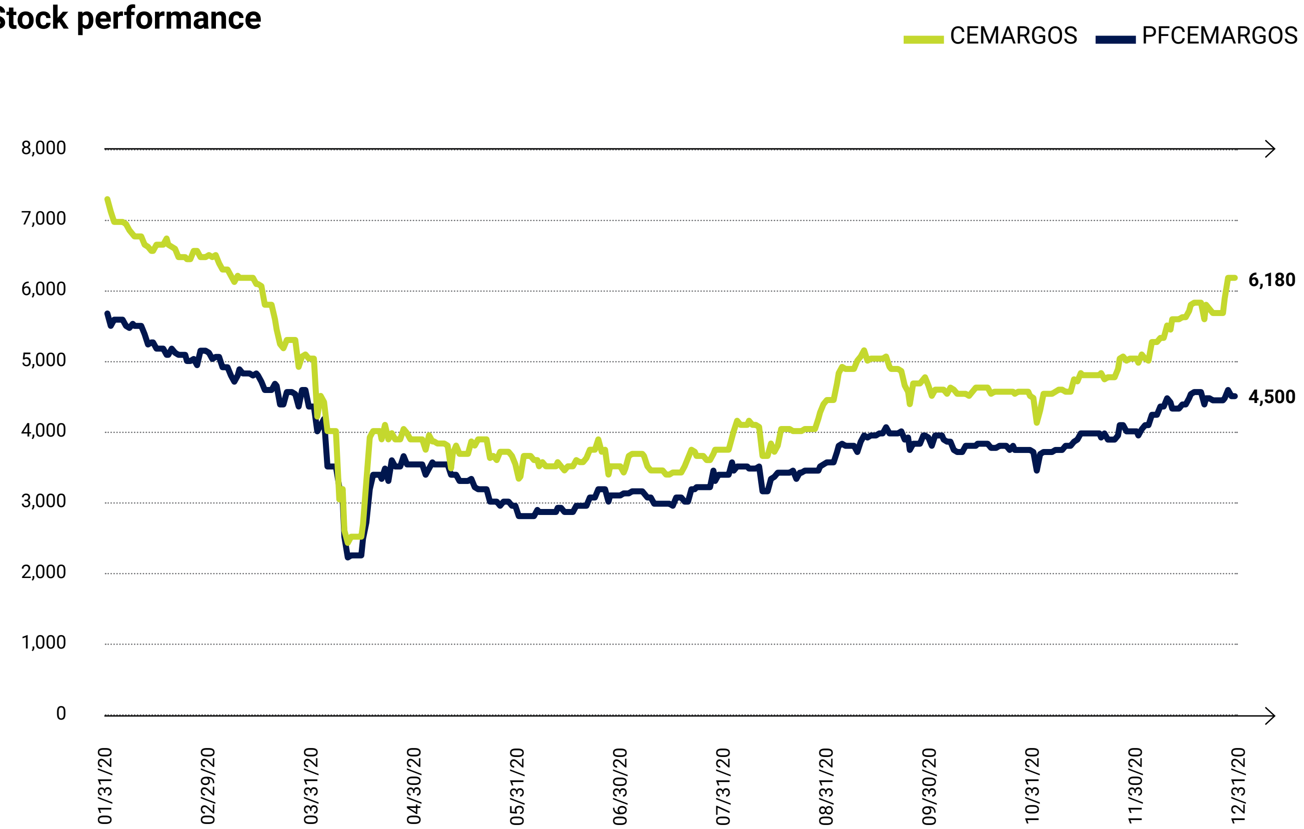
Since the beginning of the pandemic, the high level of uncertainty about its effects forced rating agencies, analysts, central banks, and issuers of the different industries to adjust their forecasts. In light of the probability of materialization of negative growth, contraction, and recession scenarios, which generated a sharp drop in stocks in all markets worldwide.

In the Colombian Stock Exchange case, the outlook was more complex due to the great volatility of last year. The departure of foreign capital from Latin American markets due to the marked crises in some emerging economies and changes in rating methods by international investment funds appraisers.

Our common and preferred shares within this framework registered an annual decrease of 15.3% and 20.8%, respectively. These values do not leave us at ease because we consider that they do not reflect the company's performance, its potential to generate value, its growth opportunities, and its fundamental indicators.

We are full of confidence in the sustainability of Argos, in its solvency and financial strength to continue growing. In the very positive prospects in all the markets where we operate, we continue to focus on strengthening our customers' value proposition, increasing the efficiency of our operations and improving profitability for our shareholders.

Stock performance



8 million cubic meters of concrete

14.7 million tonnes of cement

COP **1.7** trillion in EBITDA

COP **9** trillion in revenues

We stand by our clients at all times. Dryefor hardware store, Medellin, Colombia Regional.

CONSOLIDATED RESULTS

At the end of 2020, the cement's consolidated volume stood at 14.7 million tonnes, with a year-on-year decrease of 9.1%. Adjusted concrete volume, excluding the 2019 figures, the concrete plants' shipments divested in the United States in December of 2019, showed a decrease of 16.3%, totaling 8 million cubic meters.

Volumes were affected by hurricanes and heavy rains in the United States in the second half of the year and by closures of between ten and twelve weeks of operations in Colombia, Honduras, Panama, the Dominican Republic, and other markets in Central America and the Caribbean due to the pandemic.

The impact of the downturn in volumes on the company's results was offset by price improvements in Colombia and the United States, efficiencies in costs and expenses in all operations, and the Colombian peso's devaluation. As a result, revenues reached 9 trillion pesos, registering a 4% reduction compared to 2019.

Adjusted EBITDA reached 1.7 trillion pesos, an increase of 4.5% year-on-year in comparable terms due to the price improvements and cost efficiencies implemented throughout the organization. The adjusted EBITDA margin was 18.7%.

The adjusted EBITDA excludes the 2019 divestments of Carton de Colombia and Omya Andina, land appraisals in Colombia, and the value generated by the concrete operations divested in the United States; it also excludes for 2020, the impact of the agreement signed between Argos USA and the U.S. Government for the closure of historical legal contingencies.

Employee of the Roberta Plant, United States Regional

5.9 million cubic meters of shipped concrete

5.9 million tonnes of shipped cement

USD **257** million in EBITDA

USD **1.4** billion in revenues

PERFORMANCE BY REGIONS

USA

The USA market continued to demonstrate its strength with healthy dynamics, despite the pandemic. In this region, operations remained active (with small temporary exceptions in some states) since construction and its chain were considered an essential sector. Thanks to the commitment of the entire U.S. team and the rigorous compliance with the protocols and sanitary regulations, we had very satisfactory performance throughout the year, despite challenges derived from adverse weather conditions, both due to excessive rainy days and to the impact of four hurricanes and two tropical storms on the states and the effects on the economy because of the uncertainty of COVID-19 and the presidential elections.

In full, the year's GDP decreased 3.5% when compared to 2019, being the first downturn since the financial crisis of 2009, the macroeconomic context of 2020 was moderately positive for the construction sector.

Consumer confidence increased at the end of the year, as did the index of future expectations, highlighting the increase in the intention to purchase a new home in the second half of the year, which suggests that sales would continue on a positive trend for the last months of 2020.

Construction spending increased 5.7% in December, compared to the same month of 2019, driven by spending on residential construction and public construction, which grew 20.7% and 3.0%, respectively, while spending on non-residential construction decreased 9.8%. In the public spending component, the annual growth in highway and road projects (+ 3.9%) and education (+ 4.5%) stands out, segments that represent 54% of total public spending.

By pouring concrete into the Capitol Building in Atlanta, Georgia, we fuel development.

In infrastructure, the renewal of the Fast Act for one year, with 13.6 billion dollars added to the Highway Trust Fund, and the announcement of the 2020-2021 Florida budget, including $ 9.8 billion for the Department of Transportation of the State, ensure financing to continue on civil works until a more comprehensive plan is approved on a federal level.

For its part, the residential sector continues with solid dynamics, driven by the historically low level of thirty-year mortgage rates. In December, initial housing construction grew 5.8% compared to the previous month and 5.2% compared to the same month in 2019, stimulated by the start of single-family homes, which increased 7.8% on an annual basis. Construction permits increased by 17.3% compared to December 2019 and were at 2006 levels.

In the commercial segment, the indicators' performance was weak, although with a slight improvement at the end of the year, especially in the Dodge Momentum Index, associated with the dynamics of the construction of warehouses and distribution centers to support the growth of electronic commerce.

Cement volumes reached 5.9 million tonnes with a decrease of 6.4%, affected, in large part, by the rigorous closure measures in the Northeast in the second quarter and by the reduction in demand in the wholesale segment throughout the country. Concrete volumes closed at 5.9 million cubic meters, 9.9% lower than the year before when excluding operations divested in 2019, resulting from adverse weather conditions, particularly in Texas, which impacted performance in the third and fourth quarters. This reduction in volumes was partially offset by the price increase executed in the year.

The regional revenue stood at 1.4 billion dollars, a decrease of 9.4% compared to 2019. Savings during the year reached 47 million dollars. Adjusted EBITDA, excluding the divestments of concrete plants in 2019 and the impact of the agreement signed with the American Government in 2020, ended at 257 million dollars, with a positive variation of 6.3% year-on-year and an EBITDA margin of 17.7%.

As strategic suppliers of Coninsa Ramnn H, we took part in the construction of Curazaos, a social housing project from Comfama that was developed in Apartado (Uraba), Colombia, and which was granted the Habitat Quality award by Minurvi.

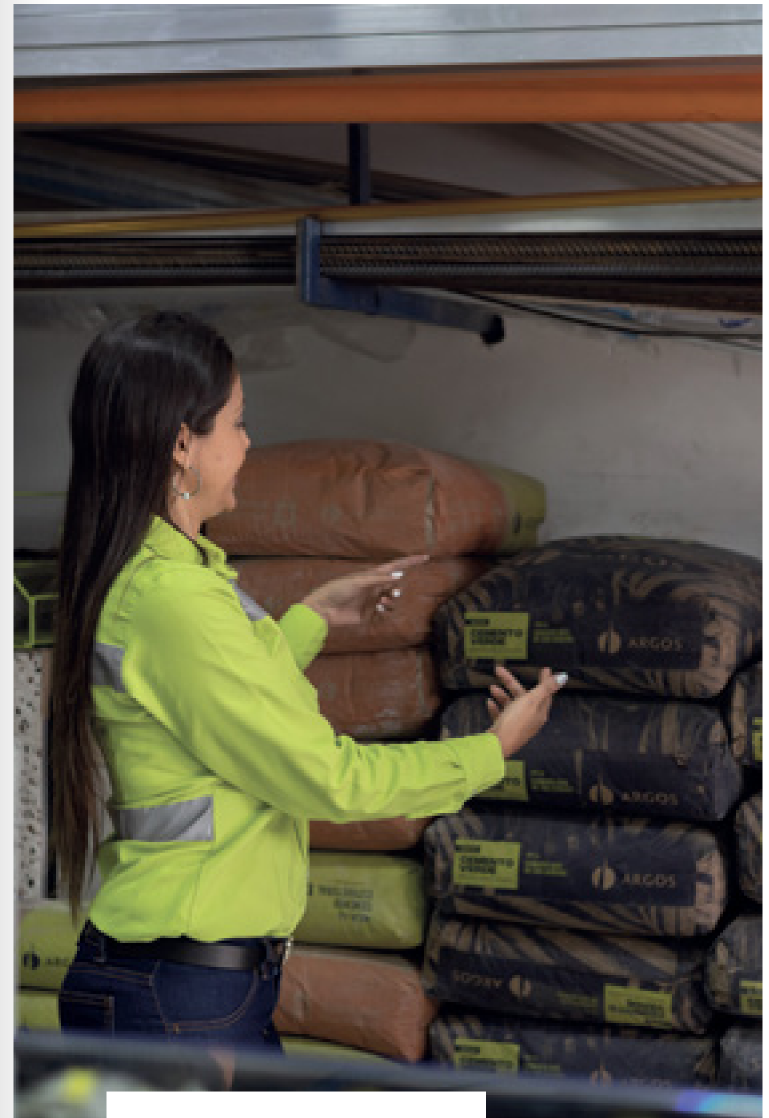
Colombia

In the Colombia Region, due to the Government's measures to attend to the pandemic, we had a closure of more than one month in our operations, with the exception of minimal activity at the Cartagena Plant for export purposes.

The reopening of the sector gradually took place as of the end of April, focusing on civil works, large infrastructure, and housing projects, while the retail segment managed to return to a certain normal in the third quarter due to the reactivation of self-construction.

Although the industry, in general, was hit in its results, the country showed a positive dynamic in the residential segment, reflecting the implementation of the successful program of the national government that seeks to deliver a total of 200,000 subsidies to acquire housing between 2020 and 2022. According to Camacol, about 195,000 social housing and non-social housing units were sold during the year, a figure that marks the historical record in annual sales in the country. This represented an 8% increase in sales of social interest units and a slight drop in the non-social segment, which is noteworthy in the context of the year. We expect this dynamic to continue in 2021, given the launch of new projects in 2020, especially of social interest, which will positively impact housing construction during the year. Within this framework, cement shipments in September, October, and November were even above those registered by the industry in 2019.

We supported over
1,100
hardware stores in Colombia in entering the digital world.



This year we launched our Green Cement, which is produced at the Rioclaro Plant, Colombia Regional.

WE HAVE BEEN CLOSER TO OUR CUSTOMERS THROUGH DIGITIZATION.

2
million cubic meters of shipped concrete

4
millon tonnes of shipped cement

COP **2**
trillion in revenues

COP **401**
billion in EBITDA

In infrastructure, the formal start of the construction of the Bogota Metro, along with the investments announced for more than 30 trillion pesos for the first wave of 5G projects and the programs "Concluir, concluir, concluir" and "Vias para la legalidad." These programs helped to reassure the government's commitment to continue investing in the sector and establish strong drivers for consumption in the country over the next ten years.

Our cement volumes ended at 4 million tonnes, and our concrete volumes closed at 2 million cubic meters, with variations of -18.3% and -25.7%, respectively, versus 2019. In addition to the impact of the confinements due to the health crisis, it was also influenced by our strategy's continuity to recover value, which led to an annualized increase of 9% in the price of cement and 2% in the price of concrete.

Revenues in the Colombia Regional were close to 2 trillion pesos, with a year-on-year decrease of 15.3% due to lower volumes, which were partially offset by higher prices. Selling and administrative expense savings and cost efficiency initiatives accounted for 32.75 million dollars. Adjusted EBITDA, excluding Carton de Colombia's divestments and Omya Andina and land appraisals in 2019, in line with revenues, decreased 17.5%, to stand at 401 billion pesos at the end. The adjusted EBITDA margin was 20.2%.

Ready to Use Plant, Panama,
Caribbean and Central America Regional

131,000
cubic meters
of shipped concrete

4.7
million tonnes
of shipped cement

USD **447**
million in revenues

USD **117**
million in EBITDA

Caribbean and Central America

All of our operations in the region, with the exception of Haiti, faced closures and strict quarantines that significantly impacted the construction sector and its value chain. The reactivations began gradually from the end of April. However, in the case of Panama, one of the most relevant markets for the company, the restrictions were in effect until September.

Likewise, adverse weather conditions due to hurricanes, which affected some markets, especially Honduras, and the phenomenon of artificial currency revaluation in Haiti in the second half of the year, also impacted the results.

As part of RESET, the regional savings were **USD 15 million.**

However, the demand recovery speed, driven primarily by the self-construction segment. Once restrictions began to be lifted, in markets such as Honduras, the Dominican Republic, and Puerto Rico, they helped cushion the fall in volumes and consolidated the regional results. which ended up suffering much less than expected, taking into account the magnitude of the challenges faced.

The price environment shows recovery in some relevant markets for the company, such as the Dominican Republic and Haiti; stability in others, like Puerto Rico; and decreases in Honduras due to competitive dynamics, and in Panama, as a consequence of low demand. The combination of attractive demographic conditions and the large existing infrastructure and housing needs, added to our knowledge of the market, value proposition, and efficiency initiatives, allow us to maintain a positive vision about the future of the region and its profitability for the company.

The regional cement volumes closed at 4.7 million tonnes. In contrast, concrete volumes stood at 131,000 cubic meters, with a decrease of 3.3% and 62.5%, respectively, due to the prolonged measures of isolation and the limitations for investment in infrastructure given the focus of public budgets in the care of the pandemic.

Revenues totaled 447 million dollars at the end of the year, with a year-on-year variation of -16.6%. Savings of 15 million dollars were achieved. The EBITDA was 117 million dollars, 20.7% lower compared to 2019. The EBITDA margin for the Caribbean and Central America was 26.1%.

At the beginning of 2020, we inaugurated our solar farm in Comayagua, Honduras, in the Caribbean and Central America Regional.

SEPARATED RESULTS

Our separated financial statements reflect a trend similar to that reported in the information on the Colombian segment, both in the consolidated financial statement and in the complementary analysis published to the public securities market and reported to Colombia's Financial Superintendence. Likewise, it is highlighted that the separated financial statements include the corporate expenses of the operation that support the different geographies. Therefore, to have an appropriate understanding of the information that reflects the company's solvency, profitability, liquidity, and indebtedness, it is suggested to analyze the consolidated financial statements taken as a whole.

From the separated results, we highlight, at the end of 2020, the EBITDA registered for 130 billion pesos, the financial debt for 4.1 trillion pesos, and the profit for the year that totaled 78 billion pesos.

RELEVANT FACTS

As follows, we want to share with you some of the most relevant events of the year in our commitment to innovation, the delivery of value-added products and solutions, and economic, environmental, and social sustainability.

LAUNCH OF GREEN CEMENT

In February 2020, we presented Green Cement in Colombia. With an investment of more than 78 million dollars, the project allowed us to incorporate thermally activated clays into the traditional cement manufacturing formula. These clays reduce the use of clinker and make it possible to obtain a more environmentally friendly material. During the process, CO_2 emissions are reduced by up to 38% and energy consumption by up to 30%. With this innovation, we are at the forefront of our commitment to climate change. We anticipate a new paradigm of substitute cementitious materials in the industry while achieving greater flexibility to offer our customers the possibility of customizing types of cement to their projects' requirements.

CEMENT SOIL

In the last four years, our cement soil has been used to pave approximately 350 kilometers of tertiary and secondary roads in Colombia. Argos is a leader in this technology that has been positioning itself as an excellent alternative to boost rural infrastructure with lower costs and lasting results, connecting small towns with main cities and promote social equity.

THE LINEA TUNNEL

Among the outstanding projects of the term, with Argos's participation as a strategic ally, is the Linea Tunnel, one of the most important infrastructures works in Colombia. For the construction of this tunnel, which becomes the longest in Latin America, we delivered nearly 700,000 m^3 of specialized and high-strength concretes and more than 220,000 tonnes of cement. Most of the mixtures used had some type of modification throughout the project in order to meet the construction requirements in the technical, operational, and placement plan. Thanks to the installation of five plants on site, we were able to supply materials in real-time and contribute to air quality by reducing the traffic of mixing vehicles.

DIGITAL DEVELOPMENT FOR HARDWARE STORES

We supported and accompanied more than 1,100 hardware stores in Colombia in expanding their sales channels through digital media to adapt to the new reality of trade due to the health emergency and ensure its sustainability in the medium term. The digitization strategy was focused on several stages, which included: georeferencing in Google My Business, sale through WhatsApp, creation of emails, and, at higher levels, the creation of web pages and marketplaces.

VIRTUAL PLATFORM FOR TECHNICAL UPDATING "LEARNING AMONG FRIENDS"

We multiplied our offer of virtual spaces for knowledge transfer, with a certification to make good use of the available time during quarantines. improving our customers' work profile and preparing them for their return to work after periods of confinement. At the end of 2020, more than 71,000 hours of training were provided on this platform.

La Linea Tunnel, Colombia, a project with the #ArgosSeal

Expansion of Cartagena's port, Colombia Regional

In 2020, the Casa para Mi program began the construction of the first rural housing pilot in La Danta, an area near our Rioclaro Plant, in Antioquia, Colombia.

PRODUCTION TRANSFORMATION OF THE CAIRO PLANT

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, 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.

EXPANSION OF THE CARTAGENA PLANT AND EXPORTS

We were able to expand the Cartagena Plant capacity by 10% with a marginal investment in Capex. The operational and market developments associated with the project, plus the effects of the peso devaluation, allowed us to begin exporting cement to our ready-mix concrete operation in Houston, to improve its performance.

CASA PARA MÍ

With this start-up, we sought to connect supply and demand to facilitate access to decent housing for low-income families, thus offering solutions for re-densification and urban expansion and rural housing, leveraged on innovation in construction systems and strategic alliances. In 2020, we built a market laboratory in Tocancipa to validate the construction model and its finishes for the social housing segment with end-users. We finished the designs and began the licensing of a re-densification project in Medellín's Manrique neighborhood, which will have eight homes and commercial premises. We filed plans for licensing and began constructing the first rural housing pilot, in alliance with the VIVA company and the Berta Martinez foundation. Finally, we designed a housing prototype for Providencia, with the direct participation of the island community. We made progress in pre-construction announcements, in response to the needs and challenges left by the winter front.

CONSTRUYÁ
With this program, we focused on the integration of supply and demand for the improvement and development of housing solutions for families in social levels 1, 2, and 3, in 2020, where roughly 15,583 households benefited with 10.755 billion pesos in loans. Over the last 15 years, Construya celebrates almost 118,000 families who have been granted around 125 billion pesos in disbursements. Furthermore, we highlight that, in alliance with the Grupo Social Foundation, we presented Soluciones de Credito in Colombia, a loan originator company, which began operating in 2020.

With our cement soil we contribute to improving and building tertiary roads to bring agricultural production centers closer to those of consumption.

MICROALGAE PROJECT
We successfully continued with the pilot system's tests with real CO_2 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 CO_2 capture and transformation plant at one of our plants in the United States.

THE EXPANSION PROJECT OF THE CLEARWATER MARINE AQUARIUM
For the expansion of this outstanding aquarium in the state of Florida, United States, which was completed in 2020, we delivered 18,000 cubic yards of concrete to our customers RSI Concrete and GC Creative Contractors. With this expansion project, which has already received recognition, it is anticipated that the annual visitors to the aquarium will increase by around 825,000.

BLOCK H PROJECT OF TAMPA WATER STREET
Through our customersRSI, we are suppliers of about 8,000 m³ of concrete for the construction of this project in Florida, which has among its investors Bill Gates and Jeff Vinik. The exterior facade of Block H will be exposed concrete and will have a little more than 44,500 m², with 23 floors of commercial premises and housing, plus a social area on the roof of the 24th floor.

WALMART DISTRIBUTION CENTER
Argos is a key ally in the construction of this mega logistics work in Jedburg, South Carolina, where we are expected to deliver more than 92,000 m³ of concrete and an additional 30,000 tonnes of cementitious soil. The project is estimated to be completed in the first quarter of 2022.

With our customers in mind, we continue to strengthen our Ready to Use portfolio. Panama, Caribbean and Central America Regional.

ARGOS ARRIVES IN GUATEMALA
As part of our expansion strategy, in 2020, we completed our arrival process in Guatemala, with the commercialization of cement for general and structural use in the northeast and the capital city, thus making our value proposition, experience, and capacity available to the market innovation.

READY-TO-USE IN PANAMA:
In developing the product diversification strategy, the Ready-to- use portfolio was consolidated and expanded in Panama with the launch of a new Ceramic Glue and Porcelain Glue that complements the line of outstanding solutions. Hardware stores in the country have highly accepted the entire portfolio of Ready Mixes.

SOLAR PANEL FARM IN HONDURAS
In alliance with Celsia, we put into operation the first solar panel farm in the cement sector in Honduras as part of our commitment to sustainability and the implementation of renewable energy sources. It consists of 32,160 solar panels with a maximum power capacity of 10.6 MW to supply up to 20% of the demand of our operation in Comayagua and reduce the annual CO_2 emissions by 20% to improving the productivity and efficiency rates of the company.

ECO-FRIENDLY MULTIPURPOSE CEMENT IN HONDURAS
Argos presented the first environmentally friendly cement in the Honduran market. CO_2 emissions are reduced by 40% in its production process, and energy consumption comes from the solar farm in Comayagua, a renewable energy source. The product's additional benefits include its versatility to adapt to multiple applications for all types of masonry and domestic applications, ensuring a more manageable mix and better finishes.

ICONIC PROJECTS IN HONDURAS
We are allies in the construction of the Palmerola International Airport, supplying more than 30,000 tonnes of cement; the megaproject Civic Government Center, which will house more than 40 institutions of the Honduran State, with the delivery of 29,000 tonnes of cement; the Ecovivienda Condominiums, the first ecological residential complex in the country, to which we supplied 10,000 tonnes of cement, and of the 1847 Building, administrative headquarters of the National Autonomous University of Honduras, and characterized by its cutting-edge design and technology, where 6,700 tonnes of cement were shipped.

READY-TO- USE IN THE DOMINICAN REPUBLIC
As a sign of our firm commitment to innovation and the strengthening of our value proposition, the Ready-to- use portfolio was presented to the market, including mortar for paneling and ceramic glue. The products are combinations of cement, fine aggregate, and state-of-the-art additives, which are ready to use and represent a direct benefit for the industry due to their ability to provide construction solutions, guarantee better finishes in less time, and with savings by reducing the amount of waste on-site.

NEW BUSINESS MODEL IN PUERTO RICO
In 2020, our business model on the island was comprehensively transformed in the aims of ensuring the sustainability of operations, better serving the market, and strengthening the forecast of Puerto Rico as a logistics and export hub of the Caribbean. The new model maximizes our potential by combining the distribution capacity from the Maritime Terminal in San Juan and the processing at the Dorado Plant, with a new mixing and packaging system for the production of bagged cement, integrating resources from the trading team and from other nearby markets to ensure the quality of the cement and the supply, in order to meet the demand.

ARGOS 360 FORUM ON CONCRETE
With the participation of more than 1,800 people registered from sixteen countries, the ninth Argos 360 Forum on Concrete was held virtually and free of charge in October. This great event, which takes place every two years, continues the company's training strategy to construction professionals through the 360 Concrete Community, a virtual platform with courses and content of interest on cement, concrete, its use, and industry advances. In this event, fifteen top-level experts supported the transfer of technical knowledge to customers and other stakeholders, with around five theme lines: Adaptation and evolution of concrete, Infrastructure as a recovery highway, Buildings for a new era, Sustainability: responsible growth and Architecture: innovation from design.

MODULAR SYSTEM OF CONCRETE PANELS
Argos made a disruptive, agile, and more productive construction system available to the market in Colombia, based on the manufacture of concrete modules for subsequent assembly on site. This innovation, which contributes to the industrialization of the sector, is focused on the Social Housing and Priority Social Housing segment and contributes to closing equity gaps. The modular system of concrete panels reduces the construction times of a project by up to 40%. Likewise, the efficiency of the system allows better integration of the construction, sales, and delivery cycles of homes, which benefits both builders and homeowners. With this alternative, the company expands its portfolio of products and services with a comprehensive solution for modular design, production, transportation, and on-site assembly of concrete modules for buildings.

New concrete modular system, Colombia


With our commitment to biodiversity, we rehabilitated 81% of the areas released in our quarries.
San Antonio Mine (Boyaca), Colombia Regional.

I PROMISE, ENVIRONMENT AND COMMUNITIES MANAGEMENT

Our commitment to industrial safety and our employees' occupational health and other stakeholders is leveraged on the I Promise Management System. This system is now five years old and is an international benchmark that is strengthened day-by-day to always arrive home safe and sound.

Among the positive developments in 2020, we highlight having totaled 332 Green Days, that is, days without any lost time incidents. Additionally, we went from six to four serious injuries. We had a 20% reduction in total injuries and lost workday cases (LWC) decreased by 30%.

At the end of the year, our frequency index was 1.33, above our goal of 1.2, a result that commits us to strengthen risk analysis, quality of investigations, promoting lessons learned, and active interventions to achieve world-class indicators in our I Promise Management System.

Unfortunately, during the year, we had a direct employee death as a result of a concrete delivery process. The incident was investigated and, based on the lessons learned, specific training and reflection processes were carried out to reinforce the understanding of the procedures and ensure that people in these positions know how to respond to emergency situations.

Faced with the management of our priorities in environmental matters, climate change, circular economy, emissions, ecosystems, and sustainable construction, we highlight the following achievements:

- In 2020, we increased our consolidated level of substitution of fossil fuels for alternative fuels to 6.2%. We were able to use more than 95,000 tonnes of waste as caloric substitution, with the Roberta, Harleyville, Newberry, and Martinsburg plants' contribution in the United States; Comayagua, in Honduras; and Cartagena and Rioclaro, in Colombia.
- We achieved 31.4% of energy from renewable sources in our compared matrix, with a year-on-year growth of 5%.
- We used more than 3.4 million tonnes of waste in our cement and concrete processes, for an increase of more than 600,000 tonnes, approximately 21% more compared to 2019.
- We had a 50% increase in the number of electric and gas vehicles that point to a greener distribution based on the reduction of our carbon footprint. With this fleet, we avoided the emission of 237 tonnes of CO_2 in 2020.
- We recycled 195 tonnes of bags under the Green Sacks program, hand in hand with our customers. Since 2013, we have cumulatively processed more than 7 million bags.
- We reduced water consumption by 11% in the concrete business and recirculated the water from all our operations by 109% (11 million m³ equivalent to the consumption of 60,000 families in one year).
- We rehabilitated 81% of the areas that intervened in mining to protect biodiversity.

With the increase of our electric, hybrid and gas fleet, we are aiming for a greener distribution and a reduction of our carbon footprint.

In 2020, we worked on updating our climate change strategy, seeking to significantly reduce emissions and the responsible management of resources in our sector and its chain. By 2030, we plan to reduce net specific emissions to 523 kg CO_2 / t of cementitious material and obtain revenues of more than 800 million dollars per year from our green portfolio. By 2050, we are committed to producing carbon-neutral concrete, making us one of the forty leading companies that signed the Global Cement and Concrete Association (GCCA) Climate Ambition Plan. This maximum aspiration represents a crucial and historical milestone for the industry in the world.

In line with this commitment, we continue to develop technologies to reduce the emissions of our products. Likewise, ongoing initiatives and programs, such as green products, CO_2 capture with microalgae, electric mobility, recycled aggregates, co-processing, among others, are part of this strategy.

In the United States, we want to highlight the Waste to Ash project that is focused on incorporating ash from waste incineration as a raw material in clinker production. In 2021, we will carry out a final industrial test before its implementation. In Colombia, we were able to validate on an industrial scale at the Cartagena Plant, a technology that allows us to reduce the use of clinker by 30%, and tests will soon be carried out with customers to ensure that the product meets their needs. We also continue to stabilize the clay plant in Rioclaro and make progress in the implementation of this technology in cements for concrete use.

On social matters, there were multiple and diverse actions carried out by Argos in 2020, with which we ratified our commitment to being good neighbors and allies of community development. As a company, we registered a social investment of more than 4.6 million dollars that positively impacted the lives of more than 700,000 people. 55% of the investment was focused on supporting the management of the pandemic in our areas of influence in the three regions.

We took the Healthy Environments program to about 300 inhabitants of the Pasacaballos district, in Cartagena (Bolivar), Colombia.

In Colombia:

- We recovered and protected the water resource of the district of Jerusalem, in Sonson, Antioquia, in alliance with Cornare and the Mayor's Office of the municipality, through the construction of sewerage networks and a wastewater treatment system that benefits about 1,500 inhabitants of the territory.
- We participated in community infrastructure interventions in El Salado and El Hobo, in the province of Bolivar, and we carried out programs for the social and cultural strengthening of populations surrounding the Saldana and Rioclaro river basins.
- We continue to impact the habitat of the communities with the development of kitchens, bathrooms and floors, parks, sports spaces, and public furniture in particular, within the framework of the Healthy Environments program. In 2020, 45,000 m² of floors and a total of 1,125 homes were intervened in Colombia, benefiting 4,500 people.
- In alliance with the Social Pastoral of the Archdiocese and SENA, we carried out the Healthy Environments program to about 300 inhabitants of the Pasacaballos district. In Cartagena (Bolivar), who contributed the labor to replace the sand, mud, and the land of their homes for concrete floors, to manage the emergency due to the winter front, for safer and more dignified conditions. In addition, with the participation of the community, we carried out a road improvement of 50 linear meters through the model of precast concrete pavers.
- We executed the Farm program, in cooperation with Asobancaria, for the benefit of 22 Family Agricultural Units (UAF) in the province of Boyaca to improve the standards and productivity of these initiatives.
- We designed and executed the Colinas Verdes project in Turbana, province of Bolivar, with aims of developing and strengthening the chain of agro-ecological and productive tourism in the municipality, by virtue of its natural and cultural heritage, to enhance it as a sustainable destination and promote opportunities for progress for its inhabitants.
- We started the Huertas Caseras program as the first stage of a productive food safety and income generation project in the area of influence of the Cairo Plant. In 2020, there were four harvest cycles with 168 participating families.

1,500
inhabitants of Jerusalem (Antioquia) will benefit from the new sewage system

In the United States:

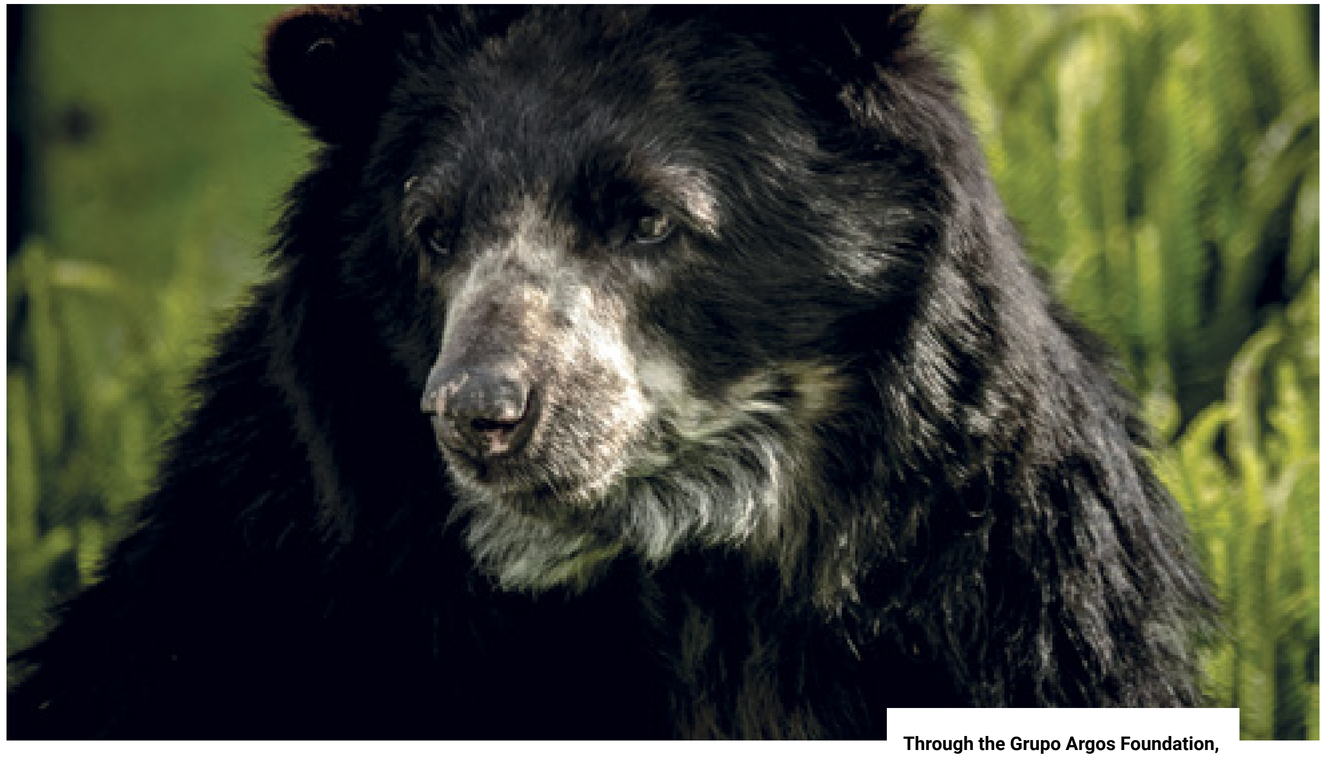
- Multiple volunteer actions were carried out in 2020 by our employees who contributed to food safety, protection against health risks, the adaptation of living spaces, and the improvement of living conditions of people and families in need in areas of influence.
- More than 10,000 dollars were donated by employees for the campaign to support vulnerable families close to our operation in Haiti through the delivery of hygiene kits and sponsorship of the community soup kitchen and the St. Gerard Medical Center that provides patient care for COVID-19.
- In Martinsburg, we delivered lunch to children and teens who were deprived of their free school lunches when the pandemic closed schools nationwide.
- We donated Tyvek suits and rubber gloves to local fire departments and other establishments in the Martinsburg community.
- We held a food drive for children in need throughout the local Roberta community in partnership with Back Pack Buddies.
- We donated groceries, mask boxes, cleaning supplies, and gloves to different communities.
- The team of employees in Texas made a donation of pallets of bottled water during hurricane emergencies.
- Atlanta employees participated in the "Sweep the Hooch" initiative to remove trash and debris from the Chattahoochee River.

In the Dominican Republic, we prioritized health as an essential factor for social investment in 2020.

USD **10.000+**
were donated by employees in the United States.

In the Caribbean and Central America Region:

- We made a consolidated investment of more than 60 million lempiras in recent years in Honduras in social support programs to benefit our neighboring communities. With the flagship program and healthy Floors, we have succeeded in replacing more than 54,900 m² of dirt floors for concrete floors, impacting the health and quality of life of almost 1,900 families.
- In the context of the pandemic, through the Argos Honduras Foundation, we delivered food rations to the most affected communities in the areas of influence, which benefited 2,344 families.
- We developed the CRECE program to support the creation of micro-companies in five communities of influence of the Comayagua Plant in Honduras, with the participation of employees who served as mentors to 23 groups of entrepreneurs. The program included funds for base capital in order to contribute to the generation of additional and sustainable income for families affected by the pandemic.
- In the Dominican Republic, prioritizing health as the axis of social investment in 2020, we delivered medical supplies and personal protection items to families in the communities of Hato Viejo, La Canela, Boca de Nigua, Los Cajuiles, and Malpaez. More than 2,000 people benefited from hand sanitizing gel masks. gloves and other essential items in an effort to preserve their health amid the pandemic.
- Moreover, in the Dominican Republic, along with the Sur Futuro Foundation, we delivered 1,099 kits for the students of the Enriquillo, Julian Jimenez, Hato Viejo, San Nicolas, Malpaez, and Zeneida Beltre schools, in the municipality of San Cristobal, in order to improve the educational conditions of Pre-schools and Primary Schools.



Through the Grupo Argos Foundation, we continue with the Andean bear conservation program in Colombia.

The Grupo Argos Foundation, a voluntary social investment vehicle for the Grupo Argos Business Group companies, executed programs, and actions worth 18.5 billion pesos, of which Argos contributed 7.2 billion pesos, which was approved at the 2020 Assembly for social management.

Achievements to highlight:

- The strengthening of the healthcare system in Colombia, with the provision of beds for intensive care units
- Donations to the campaigns led by the local administrations of Barranquilla, Bogota, Cartagena, Medellin, and Valle del Cauca, for the care of the most vulnerable population during the pandemic
- Institutional coordination to provide food safety to more than 116,000 families during confinement
- The Conecta volunteer program, through which nearly 400 employees of the business group provided advice and technical support to 92 micro, small and medium-sized companies and provided mentoring and support to students, scholarship holders, and the elderly
- The agreements for the conservation, sustainable production, and protection of watersheds in 3,910 hectares of four Colombian provinces, in addition to planting 300,000 trees, with which we achieved more than seven million native trees to be planted by the Grupo Argos Business Group
- Continuity of the Andean Bear conservation program and commercialization and export of the first Andean Bear coffee as part of the work with farming communities
- The delivery of 174 scholarships for higher education to young adults from the areas of influence, with computers during the period and support with mentoring

At Argos, we have developed a model that we call the Value Added to Society or VAS, by its acronym. This allows us to monetize the positive and negative externalities derived from our management and value the social, economic, and environmental impacts to determine our generation of sustainable value to society.

Based on this measurement, it is satisfactory to note that in 2020 we returned 3.34 times the profit we obtained to society.

In 2020, we returned to society
3.34
times the profit we achieved.

At Argos, we go the extra mile to offer our clients outstanding solutions. Employees, Medellin Distribution Center, Colombia Regional.

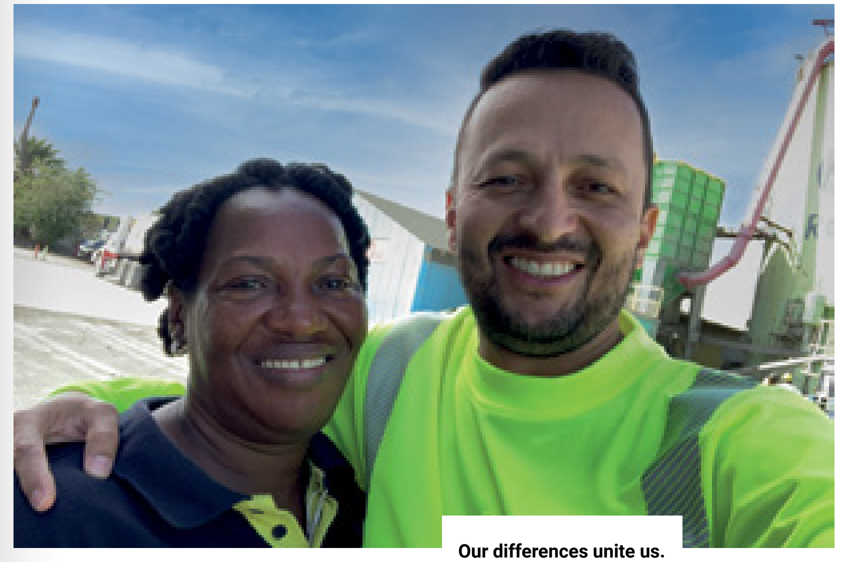
TALENT MANAGEMENT AND ORGANIZATIONAL DESIGN

We continue to advance in the consolidation of a people-centered and customer-oriented organization, with a higher purpose that inspires us to build a better society and an ethical, agile, simple, and flexible act, which allows us to adapt to trends and opportunities of the future for sustainable growth and the generation of value for all stakeholders.

In the performance management program, in 2020, we achieved 97% coverage of employees with evaluation and support. In the talent planning program, our succession success rate was 50%. As a tool for retention and professional growth in other companies of the business group, the internal mobility rate was 6.86%.

We continue to be recognized as a benchmark in promoting gender equality and diversity. In addition to Colombia, we activated diversity committees and panels in all Caribbean and Central America countries. At the end of 2020, we had 29% of women in leadership roles and 150 women in positions traditionally assumed by men, 39% of the executive and managerial levels are of Non-Colombian origin.

We implemented the VIVE program in our Spanish-speaking markets to support employees in managing the pandemic's impacts on their health, team management, work methods, and personal balance. We had 40 events in the year with almost 2,400 participants. Nine hundred twenty-five employees worked remotely for more than 75% of the year, while formal teleworkers' base increased and exceeded 380 employees at the closing of the year.



Our differences unite us. Employees, Antigua, Caribbean and Central America Regional

We have **29%** **women** in leadership roles.

On the other hand, in 2020, some novelties took place in the organizational structure and the conformation of the management team:

Jorge Ignacio Acevedo, vice president of Talent and Culture, announced, at the end of 2019, his decision to leave the company, motivated by his personal and family priorities and by his wish to continue contributing to the construction of society from new settings. However, with a great sense of responsibility in the context of the COVID-19 pandemic, Jorge continued to fulfill his role until the end of 2020. We praise Jorge's human and professional qualities and wish him the best in his new endeavor of life, with absolute gratitude and appreciation for his significant contribution in sixteen years of service at Argos.

As a result of his retirement, the creation of the Chief People and Transformation Officer (CPTO) role was approved, a position to which Tomas Restrepo was promoted to and who had been serving as vice president of the Colombia Regional.

Harry Abuchaibe was promoted to the Colombia Regional's vice presidency, and he had been serving as general director of Argos Panama. He will lead the Colombia Regional from Barranquilla, in recognition of the very important role of that city and the Caribbean coast in our company's history. The relevance of our customers and allies, and the growth potential in the Northern Area, as one of the pillars of our operation in the country.

Due to this appointment, the Management of Panama and Central America was created, which Gustavo Uribe assumed, who had been serving as general director of Honduras. Those responsible for Argos operations in Honduras, Guatemala, and those in the future will be consolidated in Central America report to this management.

The Argos Caribbean Management position was also created, thus naming Gary Manuel de la Rosa, who served as general director in the Dominican Republic. Argos' operations in the Dominican Republic, Haiti, French Guyana, Suriname, and the Antilles now depend on this management to strengthen the company's growth in the region.

And last, Luis Eduardo Tovar, who worked as regional director of the Industrial Business in the Colombia Regional, assumed the position of General Director of the Honduras operation.

In terms of organizational design, in the second half of 2020, the aggregates business, which was outside the company, was integrated into its operational and commercial component to the Colombia Regional in order to enhance value capture and consolidate its profitable and sustainable expansion.

Likewise, in the Colombia Regional, some adjustments were defined to respond more agilely to the competitive dynamics of each area of the country, based on a unique strategy, with greater proximity, understanding the markets and capacity for innovation in the areas, going from a functional organization by type of customers to an organization made up of geographies or areas, with the same existing talent, seeking that people can perform in a different way.

ACHIEVEMENTS AND RECOGNITIONS

In 2020, we received the following distinctions that highlight our administration:

- Gold Class Medal in the 2020 Sustainability Yearbook from RobecoSAM, a private company that independently rates the companies that participate in the Dow Jones Sustainability Index and since 2004 has included the most sustainable in each industry in its Yearbook. In 2021, prior to this report's approval, we received the Silver Class distinction in the S&P Sustainability Yearbook.
- According to the Dow Jones Sustainability Index, we were named the third most sustainable cement company in the world. We obtained the highest possible rating in variables such as sustainable construction, environmental reporting, biodiversity, climate change strategy, water resource management, social reporting, corporate citizenship and philanthropy, materiality, risk and crisis management, and tax strategy. For more than 20 years, this index has evaluated companies in 58 economic sectors and 27 countries based on sustainability criteria. In 2020, more than 3,500 companies were invited to participate, and only 10% were selected as members of the global DJSI.
- Within the top five companies in the construction materials sector with the best corporate governance, environmental and social management practices, by the FTSE4Good world index.
- The ninth company that best manages its human talent, in the Merco Talent ranking.
- One of the most innovative companies in Colombia, according to the National Association of Entrepreneurs (ANDI).
- We placed fourth in the ranking of private social investment in Colombia.
- One of the ten companies with the best corporate reputation in Colombia, according to Merco Empresas, after evaluating management and perception on issues such as innovation, human talent, international dimension, ethics, corporate responsibility, financial results, and presence in digital channels. Merco is the first audited monitor in the world with monitoring and verification of its process by KPMG.

We transform scrap tires into wellness for everyone. The One Plant for One Tire Program, Honduras, Caribbean and Central America Regional.

- Recognition as the sixth most valuable brand in Colombia, according to the Compass Branding ranking.
- Social Seal to the Mining of the Government of Antioquia, by virtue of the commitment with the generation of value for society and its strategy of relationship with communities.
- Seal of Gender Equality Gold Level in Panama, granted by the Ministry of Labor, in conjunction with the Ministry of Commerce and Industries, the National Institute for Women, and the United Nations Development Program (UNDP), for the advances in terms of diversity, inclusion, and principles of equal opportunities. Argos is the first and only company in the cement sector to receive this accolade.
- According to a study by the SUMMA Magazine of Honduras, we placed in the top five companies that offer the best working conditions for women in the Central American region. Argos is the only cement company in the ranking.

When we join forces, we are able to make a family's dream of housing come true in just one day. Through the Grupo Argos Foundation and with the support of our employees, in 2020, we donated a home in Maria la Baja, Bolivar, Colombia.

- Seal of Socially Responsible Company of the Honduran Foundation for Corporate Social Responsibility (Fundahrse), which for the second consecutive year recognizes compliance with corporate governance indicators, human rights, fair operating practices, responsible marketing, environment, participation with the community, and labor practices.
- Energy Star ® certification from the United States Environmental Protection Agency, EPA, to the Roberta plants, in Alabama, and Harleyville, in South Carolina, for the fifth and third consecutive year, respectively, for their commitment to efficient use of energy and the care and preservation of natural resources. The Harleyville plant is also distinguished by having the largest furnace in the United States operating with approximately half the traditional furnace and co-processing waste's energy consumption.

IN HONDURAS, WE RECEIVED THE SOCIALLY RESPONSIBLE COMPANY SEAL FROM FUNDAHRSE.

- First place for the Harleyville plant in the 2020 Energy and Environment Awards in the Energy Efficiency category, awarded by the Portland Cement Association (PCA), for our outstanding environmental management and efforts in engaging with communities beyond regulatory requirements.
- Certification of the Savannah, Georgia, and Martinsburg, Virginia plants by the Wildlife Habitat and Conservation (WHC) program due to their efforts and achievements in implementing biodiversity initiatives. Martinsburg was especially recognized for its Black Vulture Management project dedicated to the protection of black vultures.

We envision a future full of opportunities.
Cartagena Plant, Colombia Regional

FUTURE VISION

While the impacts of the COVID-19 pandemic continue to be felt throughout the world, with the start of vaccination campaigns comes a glimmer of hope to think about overcoming the most complex aspects of the crisis.

However, analysts and experts anticipate additional challenges in economies, employment levels, and social programs in 2021, and it is clear that the recovery of development indicators will take several years, which will require joint efforts between governments, cooperation organizations, institutions, companies, and societies, to define priorities and move forward.

With the significant lessons that 2020 leaves us, we are confident that we are able to continue the creation of social value through the successful execution of our business activity.

We envision a future full of opportunities, and we are sure that we have the best talent and all the capabilities to realize our dreams of growth. We are optimistic about the good moment of the leading indicators in the United States, the recovery trend of the cement market in Colombia, and the positive prospects for the political climate in relevant territories of the Caribbean and Central America, which will surely drive the start-up of large infrastructure projects.

We will move forward, deepening our commitment to innovation and sustainability. We are passionate about better serving our customers every day, implementing developments for the Argos of the future based on agile work cells and methodologies, and consolidating our efficiency, competitiveness, and financial flexibility to maximize profitability and return on your investment.

On behalf of more than 7,200 Argos employees present in 16 countries, we express our gratitude for your trust. We are proud to represent your interests with our administration and carry the name of the company around the world with our heads held high. We will continue giving our best to always achieve the most positive scenario of results and leave a mark on our society by contributing to the realization of dreams of housing and infrastructure, which translate into well-being and quality of life for millions of people the Americas.

Jorge Mario Velásquez
Alejandro Piedrahíta
Rafael Olivella
Carlos Gustavo Arrieta
Cecilia Rodríguez
Esteban Piedrahíta
León Teicher
Board of Directors

Juan Esteban Calle
CEO

LEGAL AND CORPORATE GOVERNANCE MATTERS

Argos observed the applicable legislation on intellectual property and copyright, and the operations carried out with administrators and shareholders were carried out in compliance with the provisions of the corresponding regulations and in accordance with market conditions. These transactions are detailed in notes 36 and 42 of the separate and consolidated financial statements, respectively. Likewise, the company did not hinder the free circulation of invoices issued by suppliers.

Aspects related to article 446 of the Commercial Code are found in the Financial Statements and in the Statutory Auditor's Report, in this document, and like the Business Group Report, referred to in article 29 of Law 222 of 1995, are included in the additional information provided to shareholders.

The performance of the financial information disclosure and control systems was verified through different activities carried out by the administration, the Statutory Auditor, the Internal Audit and the Board of Directors through the Audit, Finance and Risk Committee, which concluded that they work adequately. Among the aforementioned activities, the review of the financial statements by the Statutory Auditor, the evaluation of the proper design and operation of the Internal Control System by the Internal Audit and the monitoring of the financial statements by the Audit Committee, Finance and Risks and the Board of Directors stand out.

In 2020, progress was made in strengthening the Money Laundering and Terrorism Financing Risk Management System. As part of this program, training was given to employees and suppliers, in addition to reviewing the controls associated to the different processes.

The legal and administrative processes of the company were developed in 2020 without any failures or relevant events that have affected the financial situation of the company and are being attended to in a timely and diligent manner by the administration and its legal advisors.

Employees at Newberry Plant,
United States Regional

After the closing of the 2020 fiscal year, Argos USA LLC, a subsidiary of Argos USA, signed an agreement under the mode known as Deferred Prosecution Agreement (DPA) with the Antitrust Division of the United States Department of Justice, by virtue of which it made a payment of 20 million dollars, in connection with the resolution of an investigation into the anti-competitive conduct of two former employees of a small local sales office in Pooler, Georgia, who joined Argos USA through the acquisition of assets from another company, after the conduct had been carried out. The assets in Pooler, Georgia were sold in 2019 and are no longer part of Argos USA.

The DPA notes that the company's administration, outside of Pooler, Georgia, did not participate in or tolerate the misconduct and expressly states that nothing in the DPA should be construed to mean that Argos was involved in this improper behavior.

Last, the Annual Corporate Governance Report will be delivered to the shareholders and on the website www.argos.co/ir you will find the report on the implementation of the Country Code recommendations.

We create social value when we help connect regions. The Pacific 2 mega-road, for which we delivered more than 200,000 m³ of concrete, is part of the 4G program and will benefit more than 170,000 people by connecting the north of Colombia with the southwest. Antioquia, Colombia.

WE BUILD DREAMS

02. STRATEGIC FRAMEWORK

HOW WE CREATE VALUE

[102-11] To guide the achievement of our strategic objectives, we have the Sustainability Strategy with four premises that guide our decisions so that they are focused on creating value for both the Company and society.

SUSTAINABILITY STRATEGY

- Trust Relationships
- Responsible Production
- Business Profitability
- Shared Values

TRENDS

The market is global
Increase of cement clinker imports in the Americas

Emergence of multiple new competitors

Increased environmental awareness
Climate change and global warming

Water scarcity and increase in the number of species threatened with extinction

Need for changes in behavior, habits and increased environmental demands

Increase in health and biosafety measures

Digital transformation
Faster communications

Changes in client transactions and behaviors

Increased client expectations for quality, service experience and perceived value

Implementation of information-security protocols

RESOURCES

Human
7,289 employees
6,821 suppliers and contractors

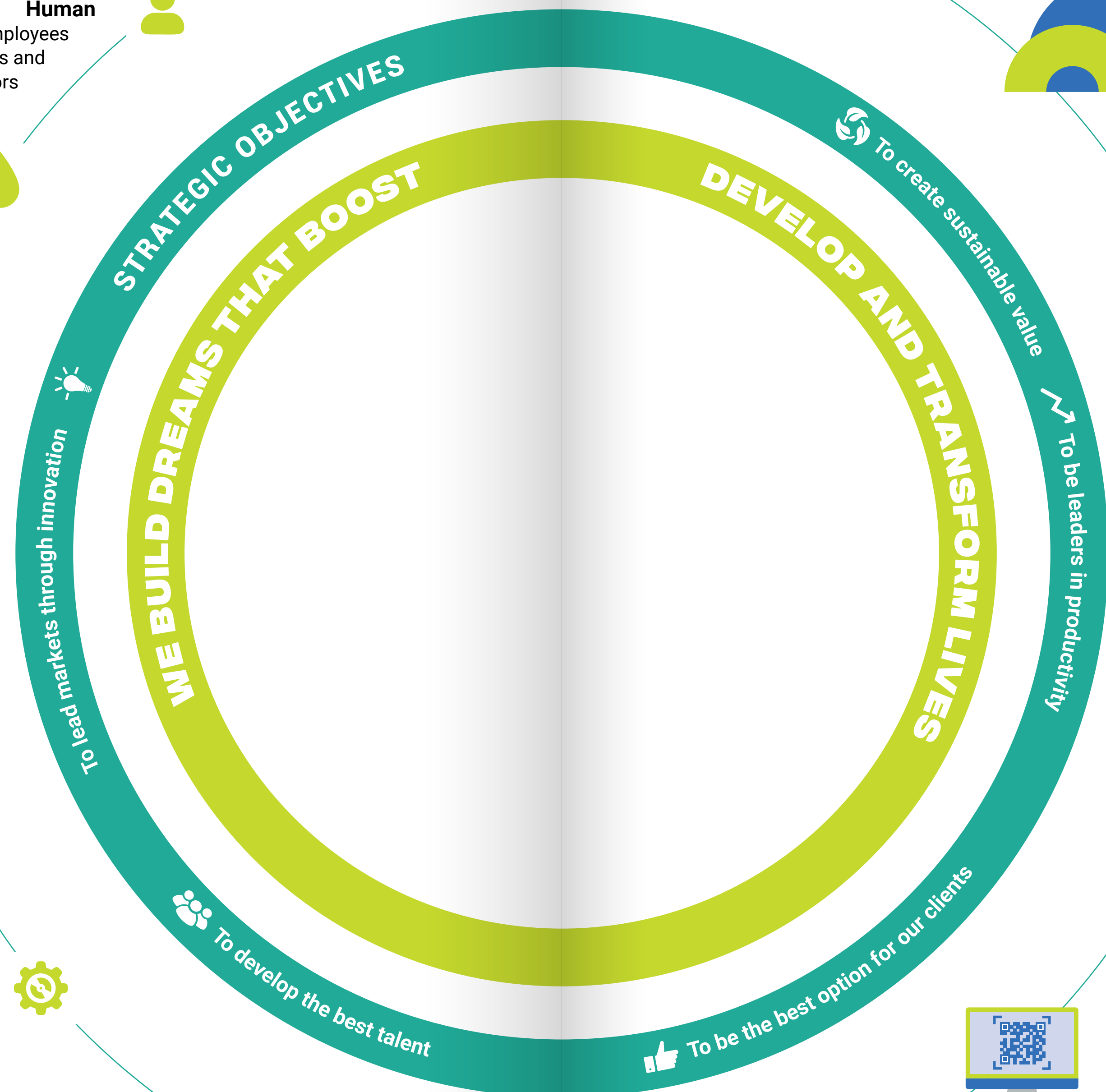
Natural
Natural resources:
Water: 5.5 million m³
Energy: 41 million GJ/year
Materials: 50 million t/year

Social and Relational
Stakeholders: Clients, employees, suppliers, communities, investors and shareholders, authorities, the media and associations.

Financial
Funds
Bank System

Industrial
13 Cement plants
265 Concrete plants
9 Grinding mills
28 Ports and terminals
67 Dispatch centers
2,200 Mixer trucks
1,600 Railway wagons

Intellectual
10 patents y five pending



KEY ACTIVITIES OF THE BUSINESS MODEL

(See page 57)

Supplying

Production
Cement
Concrete
Aggregates

Orders

Logistics

After sales

EXTERNALITIES

(See page 68)

Human
Talent development / salary and benefits

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

Social and relational
Investments in communities

Financial
Tax / interest and dividends

Economic Dimension
USD 751 M

Environmental Dimension
USD (310) M

Social Dimension
USD 849,525

We deliver to society
3.34
times more of the value retained by the Company

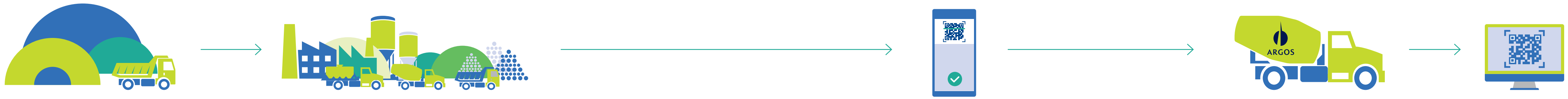
RISKS (See page 64)

WE HONOR, PROTECT AND PROMOTE RESPECT FOR HUMAN RIGHTS THROUGHOUT THE ENTIRE VALUE CHAIN AND AMONG ALL OUR STAKEHOLDERS.

6,907

was the total number of employees, suppliers and members of the communities of influence trained in the Organization's policies and procedures to combat fraud, corruption, money laundering and the financing of terrorism.

SUSTAINABILITY AT EACH STAGE OF OUR VALUE CHAIN



SUPPLYING

In the Extraction

81%
of intervened quarry areas rehabilitated

77%
In high-value areas with a Biodiversity Management Plan

With Supplier Management

91%
of our purchases from local suppliers

PRODUCTION

Cement

33%
reduction in water consumption*

14%
reduction in CO_2 emissions*

40%
reduction in dust emissions compared to 2019

11%
reduction in SO_2 emissions compared to 2019

Concrete

5%
reduction in water consumption*

Aggregates

109
L / t of aggregates was our water consumption in 2020. *
Our goal is to reduce this consumption by 14% by 2030.

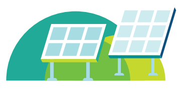
With respect to the baseline

Efficient and State-of-the-Art Production

Thermally activated clays
Reduction of up to 38% in CO_2 emissions and 30% in energy consumption

CO_2 capture with microalgae
Using microalgae, we developed the biofuels project from CO_2, with the aim of capturing and transforming the emissions generated.

Scan for more details.



6.2%
use of alternative fuels

12%
use of alternative raw materials in cement

17.8%
supplementary alternatives for concretes

ORDERING OF PRODUCTS AND SERVICES

We facilitate the taking of orders through different lines:
phone, app, Web, WhatsApp.

Through our digital channels you enter in all regions:

64%
of cement orders

20%
of concrete orders

Digital billing: It allows the costs and times associated with physical billing to decrease significantly; in addition, it contributes to the reduction of our carbon footprint.

Wide Range of Sustainable Products

Among those that stand out:

Green and Eco Multipurpose Cement

Concrete: glass-added, advanced, colored.

Aggregates: industrialized sand for glue and concrete, multipurpose gravel, among others

Greco: recycled aggregates

LOGISTICS

Commercialization and Distribution

Sustainable mobility:
We make good use of the means of transport, taking into account the logistical context of each region and taking advantage of our resources and geographic location to improve delivery times and reduce costs.

- Net for load compensation
- Promotion of less polluting vehicles
- Transport optimization (see page 85)

AFTER SALES

Green Sacks

95%
It is the level of return of the empty kraft paper sacks that we use to pack the cement that is distributed in the metropolitan area of Medellín, Antioquia-Colombia.

Vendor Support and Technical consultancies

Attention lines and channels available in all the places where we are present to provide:

- Technical support in cement, concrete, aggregates
- Education and training programs
- Supply of mobile plants, among others

MATERIALITY ANALYSIS

[102-47] At Argos we believe that to generate value it is necessary to build relationships of trust based on dialogue and mutual knowledge. For this reason, our materiality exercise is a fundamental axis that allows us to identify the priority issues for sustainability management in the short and medium term.

To identify these issues:

We analyses the trends and environment of our industry + We dialogue with our stakeholders + We consult the Strategic Business Team + We reference the sector trends, news and dynamics + We include other internal and external sources of information = **As a result of all these consultations and analyzes, we obtain an initial proposal of the Materiality Matrix**

We validate the results with the Board of Directors

=

MATERIALITY MATRIX

Review of priority issues:

PERIODICALLY

Stakeholder participation:

2,400

people from the three regions

Last update of our Matrix:

2019

WE MADE THE MOST RECENT UPDATE BASED ON THAT OF 2017 AND WE ADDED THE RESULTS AND REFLECTIONS OF THE RECENT ORGANIZATIONAL AND MARKET CHANGES.

Priority Topics

These are issues of high importance for the Company and its stakeholders, which require strategic definitions in the short term.

EFFICIENCY AND PRODUCTIVITY
Strategies that focus on efficient resource use and business profitability.This includes the application of circular-economy models, alternative-material leverage plans, diversification of energy-management models and efficient supply-chain management. (See page 78).

OUR MATERIALITY MATRIX

Priority Topics

1. Efficiency and Productivity
2. Adaptation to Market Dynamics
3. Talent Management
4. Climate Change
5. Ethics and Compliance

Relevant Topics

6. Ecosystems
7. Industry Positioning
8. Health and Safety at the Workplace
9. Atmospheric Emissions

Emerging Topics

10. Supplier Management
11. Community Engagement
12. Human-Rights Management System

ADAPTATION TO MARKET DYNAMICS
The Organization's ability to innovate in the components of its business model in order to adapt to industry and market disruptions and maintain its high level of competitiveness. The strategies that work towards this goal include components such as expanding the portfolio of products and services, adopting high standards and responding to the needs of local markets. (See page 88).

TALENT MANAGEMENT
Efforts aimed at attracting, retaining and developing talent through the promotion of a culture of diversity and equality, the implementation of cutting-edge labor practices and ensuring the right to free association. (See page 128).

CLIMATE CHANGE
Prevention, mitigation and compensation strategies to counter the impacts derived from emissions. It also includes plans to adapt to climate phenomena and the development of business opportunities. (See page 114).

ETHICS AND COMPLIANCE
Practices aimed at ensuring ethical and transparent conduct within the Organization. This includes preventing fraud, corruption, money laundering and the violation of antitrust rules. (See page 96).

Employees at the Bermellón Plant, one of those that assisted in the construction of the Túnel de la Línea, Colombia.

Relevant Topics

These are important issues to our stakeholders and Company due to their potential impact in the medium term.

ECOSYSTEMS
To identify and manage risks related to water resources and biodiversity in areas of influence, to minimize potential impacts and maximize opportunities.(See page 120).

INDUSTRY POSITIONING
Efforts geared towards the adoption of high standards and best practices, knowledge transfer and the promotion of guidelines that position the industry as a strategic partner in creating value to society.(See page 101).

HEALTH AND SAFETY AT WORK
Identification, evaluation and mitigation of risks associated with health and safety at the work-place to ensure that employees and stakeholders return home safe and healthy. (See page 135).

ATMOSPHERIC EMISSIONS
Strategies and plans aimed at managing risks and measuring the impacts of operation-related atmospheric emissions. (See page 125).

Emerging or Maintenance Topics

These are issues for which norms and long-lasting practices exist and that are important to manage in a consistent manner.

SUPPLIER MANAGEMENT
Plans focused on the selection, promotion and development of suppliers through knowledge transfer and implementation of good practices, with the aim of creating social value and achieving long-term business partnerships. (See page 106).

COMMUNITY ENGAGEMENT
Actions that seek community development through the creation of shared value, with the aim of building relationships based on trust. It includes recognition processes of local actors, responsible management and social innovation. (See page 141).

HUMAN-RIGHTS MANAGEMENT SYSTEM
Initiatives aimed at respecting, protecting and promoting human rights and building open and transparent dialogue with stakeholders. (See page 148).

STAKEHOLDERS

[102-42; 102-43] As a Company, we are aware that we are part of a society and, as such, we identify the need for constant communication with those around us in order to create value, not only for ourselves, but also for the territories where we operate.

For this reason, we are committed to strengthening relationships of trust through a Policy of Relationship with Stakeholders, which seeks that interactions with them are governed by transparency, open dialogue, and which facilitate the development of joint initiatives that contribute to the development of all.

Consult the Policy of Relationship with Stakeholders

WHO ARE OUR STAKEHOLDERS?

They are identified through an analysis of our value chain and the mapping of interaction points between the Company and internal and external groups of people. There, we not only value physical proximity, but also analyze how they are affected by our operations and decisions.

Thus, we have an overview of who surrounds us and how we interact with them, which facilitates the prioritization process that takes into account their dependence on our Company and the influence that our operations have on them and vice versa.

After applying this process, we defined eight Stakeholders (see the table on the following pages) that were characterized and with whom we maintain even closer monitoring.

CLIENTS
People or companies that use our products for their projects

EMPLOYEES
Anyone who dedicates their time to work for the achievement of our higher purpose and who has a contractual relationship with the Company

SUPPLIERS
Our allies who provide their products or services every day to promote the construction of dreams with us.

COMMUNITIES
Our neighbors with whom we work for the development of regions and territories where we are present.

INVESTORS AND SHAREHOLDERS
Those who support and promote our management.

THE MEDIA
Those who help us communicate with those who are close and who constantly serve us as a platform to communicate our management.

ASSOCIATIONS AND GUILDS
Allies to improve working conditions and the positioning of the industry as development managers.

AUTHORITIES
Institutions with which we team up to promote the development of the territories through the generation of value with transparency and legality.

OUR STAKEHOLDERS [102-21] [102-40] [102-43] [102-44]

Stakeholders	Objective of Relationship	Area Responsible	Relationship Mechanisms	Periodicity	Topics of Interest
CLIENTS	To provide extraordinary solutions and be strategic allies that seek the joint constructions of dreams and the development of society.	Regional Business Teams	1. Advise and support 2. Client Service Line 3. Transparency Line 4. Market study 5. Social networks	1. Permanent 2. Permanent 3. Permanent 4. Annual 5. Permanent	■ Ethics and compliance ■ Adaptation to market dynamics ■ Efficiency and productivity
EMPLOYEES	To attract and develop the best talent, understood as the fundamental piece in the achievement of our higher purpose.	Talent Management	1. Performance management 2. Face-to-face communication spaces 3. Intranet and virtual media 4. Bulletin boards and internal media 5. Transparency Line 6. Social networks 7. Sustainability dialogues	1. Quarterly 2. Permanent 3. Permanent 4. Permanent 5. Permanent 6. Permanent 7. Annual	■ Occupational health and safety ■ Ethics and compliance ■ Talent Management ■ Efficiency and productivity
SUPPLIERS	To establish a relationship of mutual growth, in which they become our allies in creating value for clients and for society.	Supplier Management	1. Personalized follow-up 2. Transparency Line 3. Supplier evaluation 4. Integrated Report 5. Sustainability dialogues 6. Impact Valuation	1. Permanent 2. Permanent 3. Annual 4. Annual 5. Annual 6. Annual	■ Efficiency and productivity ■ Occupational health and safety ■ Ethics and compliance
COMMUNITIES	To generate development through knowledge of our communities and the correct management of identified development opportunities.	Regional *Yo Prometo*, Environment and Community Teams	1. Local Relationship Plan 2. Sustainability dialogues 3. Sustainability Week 4. Transparency Line 5. Community committees 6. Socioeconomic footprint 7. Impact Valuation 8. Social networks	1. Permanent 2. Annual 3. Annual 4. Permanent 5. As needed 6. Annual 7. Annual 8. Permanent	■ Community engagement ■ Ecosystems ■ Human Rights ■ Climate change

Stakeholders	Objective of Relationship	Area Responsible	Relationship Mechanisms	Periodicity	Topics of Interest
INVESTORS AND SHAREHOLDERS	Act transparently and maximize the creation of sustainable value.	Relationship with Investors	1. Personal meetings 2. Conference Call 3. General Assembly 4. Integrated Report 5. Webpage 6. Direct commu-nication through the mail, direct line, among others 7. Impact Valuation	1. Permanent 2. Quarterly 3. Annual 4. Annual 5. Permanent 6. Permanent 7. Annual	■ Efficiency and productivity ■ Ethics and compliance ■ Climate change
THE MEDIA	Transparently communicate our management through the indicated means, taking this as a starting point to build relationships of trust with other Stakeholders	Communications Management	1. Permanent communication 2. Phone calls 3. Meetings and press conferences 4. Press releases and other resources 5. Mail 6. Press room 7. Webpage 8. Social networks	1. Permanent 2. Permanent 3. As needed 4. As needed 5. Permanent 6. Permanent 7. Permanent 8. Permanent	■ Ethics and compliance ■ Climate change ■ Positioning of the industry ■ Community engagement ■ Efficiency and productivity ■ Adaptation to market dynamics ■ Talent Management
ASSOCIATIONS AND GUILDS	Actively participate in the spaces that seek the correct positioning of the industry, based on the identification and construction of the best practices that strengthen the different associations	Regional teams	1. Joint work tables 2. Sustainability dialogues 3. Webpage 4. Integrated Report 5. Impact Valuation	1. Permanent 2. Annual 3. Permanent 4. Annual 5. Annual	■ Positioning of the industry ■ Climate change ■ Adaptation to market dynamics
AUTHORITIES	Build relationships based on trust and transparency that promote joint work for the development of territories.	Regional teams	1. Integrated Report 2. Webpage 3. Local Relationship Plan 4. Transparency Line 5. Impact Valuation	1. Annual 2. Permanent 3. Permanent 4. Permanent 5. Annual	■ Climate change ■ Community engagement ■ Ethics and compliance

SOME SPACES ESTABLISHED FOR RELATIONSHIPS WITH OUR STAKEHOLDERS ARE THE SUSTAINABILITY DIALOGUES, THE SUSTAINABILITY WEEK AND OTHERS.

Commercial advisor and hardware store owner; Honduras The Caribbean and Central America Region

HOW DO WE ENGAGE?

After prioritizing them, they are assigned a natural leader in the relationship; that is, those roles within the Organization that are constantly in contact with each group and who are called upon to dialogue or interact with them, ensuring an optimal relationship with the Company.

For this, and based on the knowledge that each leader has, the official communication channels and the spaces in which we will meet are defined to exchange information and build the relationship between the Company and its stakeholders.

Some spaces established for the relationship with our Stakeholders are the Sustainability Dialogues, the Sustainability Week, the Transparency Line, forums and other activities that bring us closer to them in order to provide them with information about our management and receive feedback, suggestions or build solutions that impact the way we approach the issues that are relevant to both parties.

A key tool with each Stakeholder is the classification we make by dependency and by their position vis-à-vis the Company and its actions. In this way, we know which are the most relevant issues; we define if we should carry out activities to keep them informed more frequently, or if we should include them in consultations for decision making, thus minimizing the risks that may arise from the relationship with each of them.

This analysis is developed jointly by the areas that lead the relationship with each Stakeholder and with the Sustainability Department, a Corporate area that facilitates dialogue and training methodologies, seeking to be appropriate according to the nature of each group and its needs.

We build relationships of trust with our Stakeholders. Donation of books; El Cairo, Antioquia, Colombia

SOME EVENTS MADE DURING 2020

- The Argos 360° Forum, which this year had Industry as an Engine of Transformation as its central theme; more than 1,800 people - including clients, suppliers and even the academic community - participated.
- Podcasts about facing the challenge of transforming communication spaces, due to the global situation. Six podcasts were distributed by Email, WhatsApp and newsletters that primarily reached employees, communities and suppliers, and which included topics, such as Climate Change, Adaptation to the Market, and Efficiency and Productivity.

Additionally, Client Service and Transparency Lines are constantly being opened, aimed at collecting cases that put the Company's integrity and our Stakeholders at risk.

The results of these interactions are communicated in each of the dialogue spaces that are held and also through the use of tools, such as social networks, Webpages and the Integrated Report itself, which is prepared each year to talk about management in these issues that - with the help of Stakeholders - were identified as relevant. In addition, we have other spaces that arise naturally throughout the year, such as conferences, follow-up meetings, audits or scheduled visits.

Some highlights cases are:

1.
Identification of topics around which mentoring with suppliers will be created during 2021.

2.
Contractor training in biosafety protocols

3.
Performance evaluation of suppliers in the Caribbean and Central America and the USA region.

4.
Execution of the *Crece* Program, developed with communities in Honduras, where 23 entrepreneurial groups were formed through volunteering.

For more information, please refer to the material topics "Supplier Management" and "Community Engagement."

RISKS

[102-15] We identify, analyze, assess and manage the risks that can impact the compliance of our strategy, projects, processes and operations.

We have evaluation, monitoring and escalation mechanisms adopted in the methodology of our Comprehensive Risk Management System (SGIR, in Spanish), seeking the most efficient transfer through the Corporate Insurance Program, reaching all levels and geographies where we operate:

Strategic Level
We report to the Board of Directors through its Audit, Finance and Risk Committee, and we generate alerts to the Steering Committee for timely decision making.

Tactical Level
We analyze and evaluate risks in the countries, projects and processes, quantifying their impacts and accompanying the escalation and operationalization.

Operational Level
We apply the SGIR methodology to analyze risks, processes and facilities, facilitating the formulation, implementation and monitoring of Action Plans.

INTEGRATED RISK MANAGEMENT SYSTEM (IRMS)

Our IRMS supports and complements the Governance, Audit and Compliance models. It is based on the ISO 31000 and COSOWBCSD-Enterprise Risk Management standards and aligned with the best international practices. The IRMS is supported in the governance, risk and compliance (GRC) portal technological tool and contains the following elements and tools:

IDENTIFY
- Materiality Analysis
- Global Environment Trends and Connections
- Risk Workshops
- Strategic Framework

ANALYZE AND EVALUATE
- Risk Matrices
- Value at Risk (Sensitivity Analysis)
- Self-Evaluation Tools

GIVE TREATMENT
- GRC Portal - Action Plans
- Corporate Insurance Program
- Adaptation and Continuity Plans

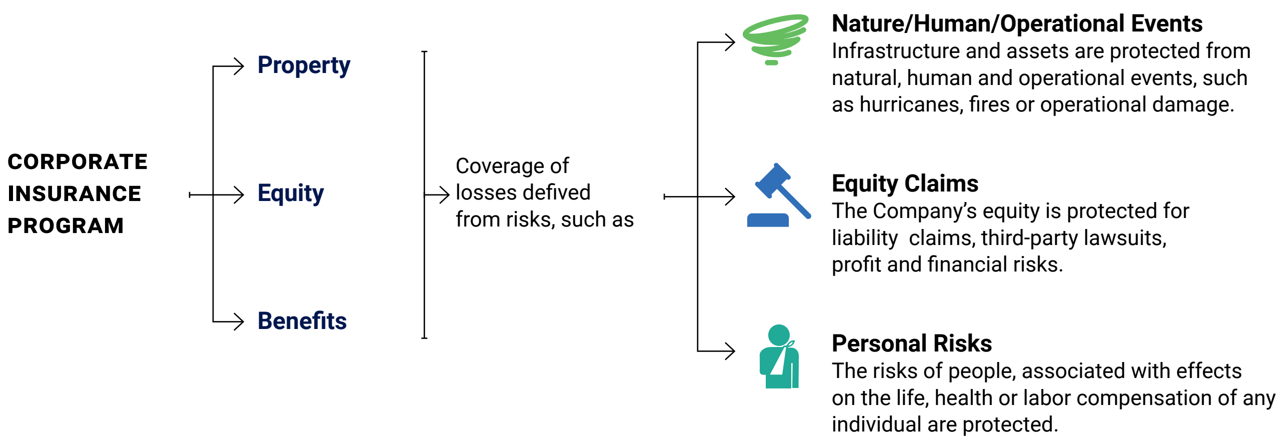
MONITORING
- Reports to Top Management
- Reports to the Board of Directors

We identify, analyze, assess and manage the risks that impact the compliance of our strategy, projects, processes and operations. Employee at the *Piedras Azules* Plant; Honduras; Caribbean and Central America Region

RISK TRANSFER

We have a Corporate Insurance Program to transfer insurable risks under recognized, accepted statistical models in the re-insurance market.

Through these, we seek an adequate, optimal transfer of risks, with which we avoid significant deviations from our objectives in the event of possible materializations and we seek adequate compensation for possible losses.



2020 HIGHLIGHTS

- **Deepening of the Sensitivity Analysis:** We incorporated new quantitative models and data analysis tools in the assessment of risk and crisis scenarios. This has allowed us to have - to date - quantified scenarios for eight of the 11 strategic risks and three of the five emerging risks.
- **Climate-Change and Environmental, Social and Governance (ESG) Risk Analysis:** We support the strategic definition and updating processes in Sustainability in Cementos Argos and Grupo Argos, through the analysis of climate change risks and the evaluation of the framework of environmental, social and Corporate Governance risks.
- **Risk Culture:** We promote a risk culture through internal socialization channels and update the virtual training course, thus impacting 1,480 employees.
- **Risk Self-Management:** We promote risk self-management with the different areas, supporting the development of controls; this allowed a greater deployment of risk analysis to key Company processes.
- **Strengthening the IRMS:** We developed the methodology to identify trends and connections to update strategic and emerging risks; in this way, we strengthened the technological tools to implement IRMS at all levels of the Company.
- **Management of the Insurance Program:** We optimize risk transfer mechanisms and recover the respective losses covered by them.

FOR OUR BEST RISK-MANAGEMENT PRACTICES, WE WERE RECOGNIZED FOR THE SECOND YEAR IN A ROW AND OBTAINED 100%, THE HIGHEST POSSIBLE RATING, IN THIS CATEGORY OF THE DOW JONES SUSTAINABILITY INDEX.

THIS IS HOW WE ADAPT TO COVID-19

We support our clients in implementing their protocols. Delivery of Biosecurity kits. Colombia

We accompany the different areas in their response to the crisis generated by COVID-19 through the following mechanisms:

- Formation of Crisis and Organizational Resilience Committees.
- Accompaniment to the areas to implement and monitor biosecurity protocols.
- Assessment of Corporate resilience.
- Construction of the Reactivation Risk Matrix, Scenario Assessment and monitoring at a strategic level.
- Virtual inspection visits to the facilities.
- Timely management of the Insurance Program due to changes in the exposure of operations.

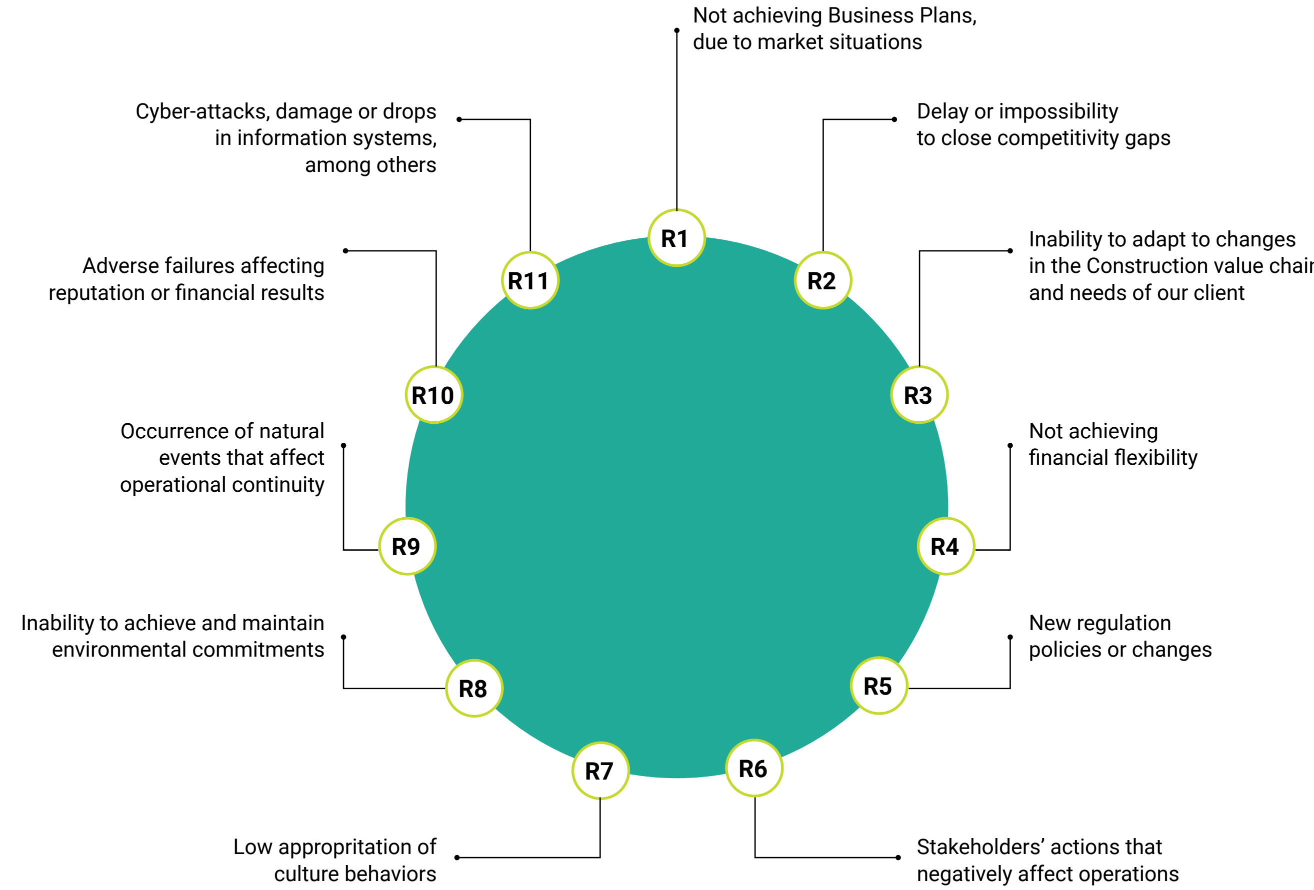
TRENDS AND CONNECTIONS

Through our analysis of signals, trends and connections, we identify correlations between global trends and our strategic and emerging risks, as well as their degree of influence. This allows our risks to be aimed at managing current and future challenges.

Scan for trends and connections and strategic and emerging risks.

STRATEGIC RISKS [A-RI1]

We are currently validating and updating our risks. Soon you can find them in the QR indicated at the top of this page.



CLIMATE CHANGE RISKS

We analyze these risks under the same framework of Corporate risk management. We have a Climate-Change Risk Matrix that is updated annually and communicated to Senior Management.

Check here the risks of climate change.

VALUE ADDED STATEMENT TO SOCIETY - VAS [A-LS1]

We team up to ensure that all the actors in our chain perceive the value we generate.

The generation of sustainable value is the promise we have made to our Stakeholders. All our efforts are focused on delivering innovative solutions to our clients, development opportunities to our partners and constant, sustainable growth to our investors. To ensure that all the actors in our chain are receiving this value and to identify the links we must improve, we use the Value Added Statement to Society (VAS).

IMPACT ASSESSMENT MODEL

Impact assessment is the monetization of positive and negative externalities derived from our operations that are not reflected in the Financial Statements.

At Cemenntos Argos, we have developed a model that we call the Value Added Statement to Society (VAS), based on the KPMG True Value methodology, which allows us to convert social, economic and environmental impacts to US Dollars and, thus, determine our value generation to society.

Principal Objectives of the VAS

1.

TO MAKE MORE RESPONSIBLE, BETTER-INFORMED DECISIONS

- To offer extraordinary solutions to our clients.
- To more accurately respond to the interests and needs of our Stakeholders.

2.

TO MORE PRECISELY MANAGE OUR RISKS

- To be more agile and adaptable in a changing world.
- To ensure our sustainability

3.

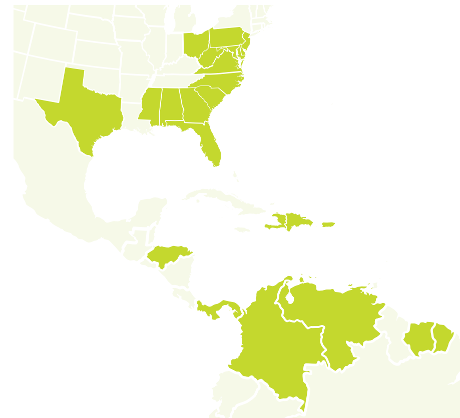
TO PROMOTE ACCOUNTABILITY INSIDE AND OUTSIDE THE SECTOR

- To contribute to transparency in the sector.
- To sensitize Stakeholders and society on the impacts of our business.

Scope of the Model

The VAS monetized the impacts generated due to:

1. Our operations in 15 of the countries where we operate



2. Scope in the Value Chain

OUR SUPPLIERS
↓
OUR OPERATIONS
↓
OUR CLIENTS

3. Our Three Business Units

CEMENT

CONCRETE

AGGREGATES

Currently, the model does not include the impacts generated by our suppliers, clients nor by the transport to and from our operations. To the extent that primary data is available from other segments of the value chain, we will begin to monetize externalities in our supply processes in the pre-production phase and/or in the product marketing and use phase.

Our VAS is composed of 11 externalities, classified in three dimensions. These were chosen to be part of our model, due to the magnitude of the impact generated and for their relevance for our Stakeholders:

ECONOMIC EXTERNALITIES

- **Salaries and Benefits:** This reflects the impacts that the payment of salaries and benefits to our employees has on society.
- **Taxes:** This reflects the impacts that the payment of all kinds of taxes in the countries where we operate has on society.
- **Interest and Dividends:** This reflects the impacts generated in the economy as a consequence of the payment of dividends to our Shareholders and interest to financial-service lenders.

ENVIRONMENTAL EXTERNALITIES

- **Greenhouse Gas (GHG) Emissions:** This reflects the impact derived from the generation of GHGs (CO_2 emissions, Scope 1 and 2), associated with climate change.
- **Atmospheric Emissions:** This reflects the costs to society generated as a consequence of NOx, SOx, mercury and particulate matter emissions, associated with atmospheric pollution.
- **Water:** This reflects the impacts generated by the water consumption of our operations, according to the level of water stress of each of them.
- **Biodiversity:** This reflects the impacts on biodiversity of our operations, including benefits from compensation and rehabilitation programs.

SOCIAL EXTERNALITIES

- **Talent Development:** This reflects the impacts that investments in the training and development of our employees have on society.
- **Investment in Communities:** This reflects the social return on social investments made by all of our operations.
- **Occupational Health and Safety:** This reflects the costs generated to society as a consequence of accidents and occupational illnessess suffered by our employees.

CHANGES AND UPDATES TO THE 2020 MODEL

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

Materials and Alternate Fuels

EMISSION FACTORS

- Emission factors of ash with high-carbon content and tires were updated, according to the new version of the document that the model uses as a reference.
- The iron-emission factor was updated. Although the reference document has not been updated, in the review process of the activities included in the value chain defined in the document, it was concluded that the activities of the "Iron-Ore Treatment" phase do not apply to the supply chain of this Argos material.

SUBSTITUTION FACTORS

This externality variable was calculated by Argos when the model was built in 2015 and had not been updated since then. This revision resulted in the updating of the Clinker Substitution Factors for slag and ash and the definition of Substitution Factors by region (to date, the model used a single Substitution Factor by material for all operations.

PARAMETRIZATION OF BIOMASS AS AN ALTERNATIVE FUEL

To reflect all the efforts we make to reduce GHG emissions, this alternative fuel that is being used in the USA and Colombia regions was parametrized.

A Plant for a Tire
(*Una planta por una llanta*) Honduras

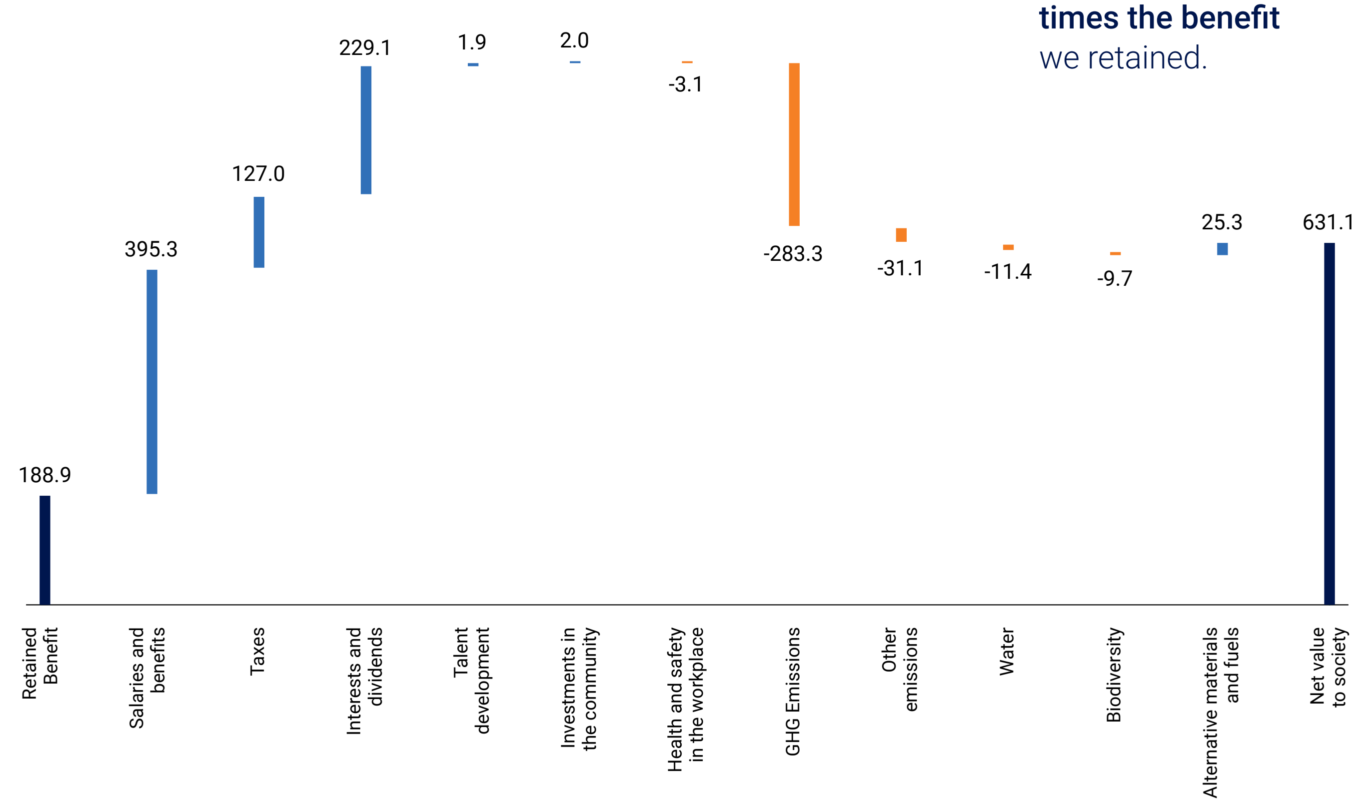
GHG emissions

The calculation of this externality was reformulated, to address an affectation in the model caused by including avoided emissions from the use of alternative materials and fuels.

The Corporate VAS Report goes into greater detail on updates and changes to the model in 2020.

2020 VAS RESULTS

USD Million



In 2020. we returned to society **3.34** **times the benefit** we retained.

HOW ARE RESULTS INTERPRETED?

The results of the impact measurement are presented in a bridge graph. The first column of the graph is the starting point for the calculations and presents the value that the Organization withheld or the retained benefit. The following columns represent the benefits (positive impacts) or costs (negative impacts) that the Organization generated to society. These values are added or subtracted from the retained profit and this results in the net value to society; that is, the value that the society received as a consequence of the Organization's presence in the territory.

While there are no generally accepted parameters to guide the interpretation of an impact valuation, at Argos we use the ratio of the net value to society on the retained benefit. The result that we expect from our exercise is that the value that we generate to society is least equal to the value that we withheld as an Organization.

Employee; *Puente Aranda* Plant
Colombia Region

We support local authorities and communities. Our cement floors are an excellent alternative to stabilize tertiary roads.

HIGHLIGHT VAS RESULTS 2020

The year 2020 was atypical for both humanity as well as the Company. Due to the context in which these impacts were generated, we cannot say that the 2020 results are comparable with those of previous years or with those of future years.

In 2020, we generated 3.34 times more value to society than the benefit we retained as a Company. This means that - even in extreme situations, such as the pandemic - Argos is a generator of value, not only for its Shareholders, but also for all its Stakeholders.

The results of the Value Added Statement to Society reflect the social and economic pressures that we face as a society and as an Organization and are evidence of the interdependence between the two.

Economic Dimension

The economic value generated in 2020 was

USD **751.4**

million, primarily marked by the payment of salaries and benefits and taxes.

SALARIES AND BENEFITS

Through the payment of salaries and benefits to our employees, we contribute to the dynamization of the economy and we support the economic and personal development of our team. In 2020, the priority was to protect employment and make sure we supported our employees to overcome the health emergency in the best possible conditions. Steps were taken to secure the Organization's cash without having to sacrifice jobs and this is reflected in the final impact generated by this externality.

TAXES AND INTEREST AND DIVIDENDS

Through the payment of taxes, we contribute to the development of the countries where we operate and by paying our financial obligations and with our Shareholders, we contribute to dynamizing of the economy. These externalities depend - to a large extent - on the Organization's performance in the period and 2020 was no exception. We hope that once the health situation is normalized, we can return to the production and sales levels of previous years and, thus, make greater contributions to the economies of the countries where we are present.

Our efforts are focused on providing development opportunities and constant, sustainable growth to our Stakeholders.

Social Dimension

We generated social value equal to

USD **849,525**

TALENT

The impact of this externality depends on the turnover of our employees and the total hours of training offered by the Organization. In 2020, these two items decreased, due to multiple factors, among which are the decrease in the labor supply in the geographies where we are present and, likewise, to the measures taken by Argos to maintain employment in a safe, secure manner, and to safeguard the Company's cash flow. The fact that 100% of the training had to be migrated to virtual formats also affected the performance of this externality.

COMMUNITY ENGAGEMENT

The pandemic generated a reorganization of social investment in our Company. As a business group, we focused all our resources on supporting the prevention of COVID-19, strengthening health systems in the countries where we operate, contributing to the food security of neighboring communities and promoting economic stability. More than 90% of our social investment resources were the traditional investment lines that are part of the VAS model, representing a little more than 10% of the total investments made in the period.

Currently, we are building the parameters to include the investment lines catalyzed by the COVID-19 in the VAS and, thus, be able to present our Stakeholders with the complete panorama of our social impact.

OCCUPATIONAL HEALTH AND SAFETY

Unfortunately, in 2020 we lost one of our colleagues while he was carrying out activities related to his position. This event marked the management of 2020 and prompted us to double our efforts to ensure that we all return home healthy and safe. Our commitment to our employees and their families is that this result will never be at this level again.

Since 2015, we annually quantify the net value we transfer to society.

Environmental Dimension

In 2020, we generated environmental costs equal to USD 310,007,953, as a consequence of our Greenhouse Gas (GHG) emissions, atmospheric emissions, water consumption and impacts on biodiversity. In this dimension, we also had a positive externality that shows our efforts to replace traditional materials and fuels with those that pollute less.

In 2020, the costs avoided to society for the use of alternative materials and fuels was USD **25.3** million.

GHG EMISSIONS AND ATMOSPHERIC EMISSIONS

Greenhouse Gas (GHG) emissions and those that affect human health are directly related to production levels. In 2020, due to the pandemic, many of our plants were shut down for long periods, which negatively affected production and positively affected the performance of this exernality. This clarification is important because – although the results of 2020 were much better than those of 2019 – they reflect an atypical year and, therefore, they should not be considered as a reference for future comparisons.

WATER AND BIODIVERSITY

Our productive activities have impacts on ecosystems through water consumption and effects on biodiversity. Although they are not the most representative impacts of our operations, they are prioritized by our Stakeholders and that is why they are part of the VAS.

ALTERNATIVE MATERIALS AND FUELS

One of our biggest wagers to face the challenges associated with climate change was the substitution of traditional materials and fuels for alternatives in our operations. Currently, our three regions use materials, such as ash and slag, and fuels, such as tires and biomass, to reduce GHG emissions, both in the production process and in landfills.

OTHER HIGHLIGHTS

VAS COUNTRIES

In 2020, we continued to work with local teams to run the model at the country level. Currently, we are able to carry out the impact assessment exercise for all our operations on an aggregate or individual basis. The results of these exercises are used by each operation in different manners, always seeking to improve decision-making processes and risk management.

POSITIONING AND COMMUNICATION

We were invited by the National University of Colombia's Faculty of Human and Economic Sciences, Medellín Campus, to present our impact assessment model within the framework of the Cycle of Conferences on Economy, Finance and Sustainability, and we participated as speakers in training sessions on impact assessment offered by the World Business Council.

Additionally, as members of the Impact Valuation Roundtable (IVR), we contributed a case study on the Organization's experience in impact assessment in the publication *Generation Impact: International Perspectives on Impact Accounting*, by Adam Richards. This publication, which is already available on Amazon, features case studies from other organizations, such as UPM, Novartis and Maersk.

COLLABORATION WITHIN THE BUSINESS GROUP

We continue to work in coordination with Grupo Argos and its subsidiaries, Celsia and Odinsa, to expand the scope of the valuation model and refine its methodology.

TOOL IMPROVEMENTS AND UPDATES

In 2020, we created an internal work group dedicated to updating and improving the Alternative Materials and Fuels externality. This group has the participation of the Environmental Team, the Alternative Resources Team, and the Sustainability Team; it meets monthly to identify opportunities for improvement in the impact-assessment tool, support other areas of the Organization and research industry trends.

Thanks to this working group, it was possible to include biomass as an alternative fuel in the VAS.

You can get the book here.

WE CONTRIBUTED WITH A CASE STUDY ABOUT OUR EXPERIENCE IN *GENERATION IMPACT: INTERNATIONAL PERSPECTIVES ON IMPACT ACCOUNTING.*

THE NEXT STEPS FOR 2021

In 2021, we will focus on the following lines of work:

- More than 90% of our social investments made in 2020 were allocated to the attention of the pandemic and the economic stabilization of neighboring communities. These investment lines are not parametrized in the impact-assessment tool. In 2021, we will advance in the construction of the multiplier of these investments to present the total impact generated by our social investments to our Stakeholders.
- Through the Alternative Materials and Fuels working group, the externality of the same name will be updated to include microsilica mixed-industrial waste and oil residues, alternative materials and fuels that our plants are using and that the tool does not have incorporated at this time.
- Together with the Environmental Team, we are going to update the water risk-quantification tool to reflect the environmental context of the countries where we operate and to align it with the new Environmental Strategy goals. Once updated, we will pilot it in one of our operations to validate its effectiveness.
- The pandemic has led us to rethink the mechanisms to disseminate VAS results. In 2021, we will present the results in more agile, flexible formats to increase their reach in our Stakeholders, facilitating their access and making them more user friendly for the reader.

In Argos we create social value when we unite in the same purpose and we sow a better future together. Productive Project; Cairo, Antioquia, Colombia.

WE TRANSFORM LIVES

03. FOCUSES OF ACTION

SDG	Impact on business	GRI [103-1]	Strategic Sustainability Pillars	On the Website
8 DECENT WORK AND ECONOMIC GROWTH 13 CLIMATE ACTION	Costs Income Risks	Suppliers Clients Argos Society	Relationships of Trust **Business Profitability** Responsible Production Shared Values	

EFFICIENCY AND PRODUCTIVITY

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.

We focus on:

1.
The application of efficient, safe production processes

2.
The application of circular-economy models

3.
The diversification of energy-management models

4.
The efficient management of the supply chain

We work in an agile, efficient manner to adapt to different market conditions
Puente Aranda Plant; Colombia Region.

MANAGEMENT OBJECTIVES [103-1]

For the Company

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

For Society

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

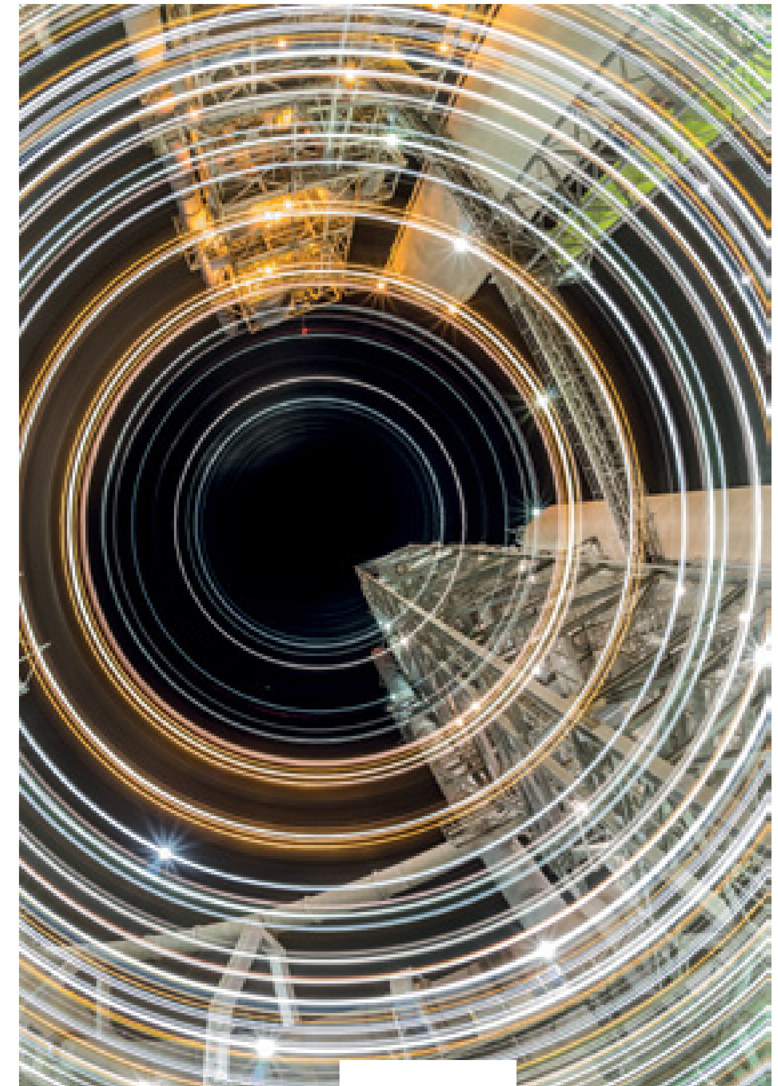
HOW IS IT MANAGED? [103-2]

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, we designed and implemented a comprehensive plan to mitigate the effects of COVID-19, that we call: RESET. This made 2020 focused on the following lines:

1.
HEALTH, SAFETY AND EMPLOYMENT
Operating productively and safely amid the COVID-19 pandemic has always been our priority. For this reason, we defined long-term biosafety protocols and established business continuity plans that included technical and human aspects, to guarantee the safe operation of all our facilities. Likewise, thinking of our Stakeholders, we promoted in our employees, contractors, clients, visitors and their families their remaining safe and healthy during the pandemic and, for this, we have shared various resources that promote good practices, from self-care to caring for others at work, to build a healthy future together. Finally, we highlight that we managed to preserve all the jobs we generate.

Learn about our protocols and measures to restart operations.

2.
LIQUIDITY
Ensuring liquidity and reducing leverage to gain financial flexibility is a priority for the Company. For this, we focus on generating greater free cash flow, reducing total debt for the year and adjusting our budgets to generate savings by reducing expenses and non-essential costs.



Newberry Plant
The United States Region.

3.
OPERATIONAL EXCELLENCE
Our focus is to adapt the operating model to the new market dynamics and to maximize our digital transformation. In this sense, we focus 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.

For this, we rely - above all - on our Argos ONE digital strategy, which focuses on the digitization of processes, automation and robotics, Artificial Intelligence and the Internet of Things, among others.

A CASE OF SUCCESS

We accelerate our digitization to continue being the best allies of our clients.

ARGOS ONE: WITH BIG STEPS IN DIGITIZATION, WE CONTINUE TO DELIVERY EXTRAORDINARY SOLUTIONS.

Firm in the purpose of delivering extraordinary solutions to our clients and of being an increasingly agile, efficient Company, we continue to advance in the implementation of the Argos ONE digital strategy through work in interdisciplinary cells, to promote the automation of processes, both internal and external.

Focusing on the pillar of automation of internal processes through the application of digital trends - such as Artificial Intelligence, machine learning and Digital Twins, among others - we have obtained the following advances:

- **Digital Twins:** A model that - through data analysis and Artificial Intelligence - improves the variability and quality of our products and guarantees the optimal combination of assets in operations.

  In 2020 we achieved the deployment of more than 18 models of Digital Twins in kilns and mills of our cement plants globally, with a focus on optimizing caloric consumption and the clinker/cement factor, respectively, capturing more than USD 1 million during the year. Likewise, we achieved the implementation of the Digital-Twins model to increase the production capacity of the Najayo Plant in the Dominican Republic, and we obtained - as an average result of the last two months - an increase in productivity between 2% and 3% (1.5 - 2.3 tph) and an approximate decrease of 0.61 kWh/t in electricity consumption, with a use of the models in automatic mode of 52% and 72% in October and November, respectively. We expect annual savings of USD 13 million, starting in 2022.

- **Increased Maintenance:** By monitoring critical equipment in real time and assigning a criticality score according to the behavior of the outliers, Maintenance Areas can identify the equipment with the highest probability of failure and, thus, prioritize the necessary activities on them to avoid unscheduled shutdowns. This initiative is in pilot tests at the *Rioclaro* Plant.

- **Increased Treasury:** Through Artificial-Intelligence models, we were able to improve the predictions of cash inflows and outflows in the United States by 10%, thereby optimizing the decision-making processes about cash-flow management.

Puerto Rico Terminal
The Caribbean and Central America Region.

2020 PERFORMANCE [103-2] [103-3]

PRODUCTION OPTIMIZATION

We concentrate production in the most-efficient plants, we use resources properly and we implement new technologies and processes that allow us to optimize the cost per ton or cubic meter (m³) of product.

EXPANSION OF THE CARTAGENA PLANT AND INTEGRATION OF OUR INTERNATIONAL SUPPLY CHAIN

We were able to expand the plant capacity by 10% with a marginal investment in CapEx. The operational and market developments associated with the project - added to the integration of this operation into our international supply chain and the effects of the devaluation of the Peso - allowed us, as of October 2020, to resume cement exports to our readymix concrete operation in Houston. This has enabled us to obtain efficiencies for about USD 1.2 million; in 2021, the projected savings will be USD 8 million.

NEW BUSINESS MODEL IN PUERTO RICO

Our business model on the island was comprehensively transformed to ensure the sustainability of operations, better service the market and strengthen the country's projection as the logistics and export hub of the Caribbean.

The new model maximizes our potential by combining the distribution capacity from the maritime terminal in San Juan and the processing at the Dorado Plant, with a new mixing-and-packaging system for the production of bagged cement, thus integrating resources from the Trading equipment and from other nearby markets to ensure the quality of the cement and the supply to meet demand.

PRODUCTIVE PLANT TRANSFORMATION; CAIRO, COLOMBIA

The constant, continuous search for greater competitiveness in our production platform in Colombia led us to initiate a comprehensive transformation process at this cement plant in 2018, which was finally completed during the second semester, but not before guaranteeing a transition with the least possible impact and protecting jobs as much as possible, against which we are happy to mention that we had zero layoffs.

DECREASE IN CEMENT AND WATER CONSUMPTION IN CONCRETE FORMULATIONS

In the production of concrete, we developed multiple initiatives that were geared towards implementation of innovative solutions and applications to offer our clients products with the lowest environmental impacts.

We focused on reducing the content of materials that have a higher level of CO_2 emissions and on reducing water consumption in concrete formulations. For this, a detailed monitoring of the performance of the products is made with statistical methods to determine - as accurately as possible - the content of cement and other materials. At the same time, we constantly evaluate and implement new additive-and-alternative material technologies to produce concrete, always guaranteeing that the properties of the products are in accordance with the needs of our clients.

Since 2012, this initiative has allowed us, in Colombia, to stop using approximately 614,000 tonnes of cement, which represents about 18,000 fewer trucks of cement traveling through the country. Likewise, we have stopped using around 70,000 liters of water.

Employees,
Quebrancha Plant, Panama, Caribbean and Central America Region.

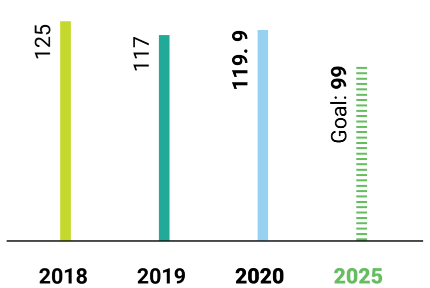
ELECTRIC AND CALORIC EFFICIENCY

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. During 2020 we highlight:

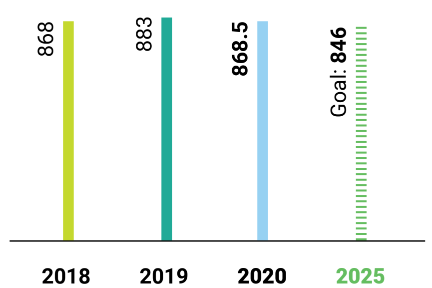
- **Electrical and Caloric Consumption:**As a Company, we achieved a caloric intake of 868.5 kCal/kgCk and electrical consumption of integrated plants of 119.9 kWh/t cement; that is, a 1.6% reduction and a 2.5% increase compared to 2019, respectively. To achieve the reduction, the optimizations of processes carried out at the Cartagena, Toluviejo and Rioclaro plants were significant in Colombia, and the decrease in the operating time of the Puerto Rico furnace, as a consequence of the trans-formation of the business model. For its part, the increase in electrical consumption was mainly due to the increase in the production of special cements, which require greater electrical consumption in their process and are a response to the needs of different markets. However, we have presented improvements and, for example, Colombia closed the year with consumption of 97.8 kWh/t.

- **The *Piedras Azules* Plant in Honduras optimized costs and doubled its carbon footprint:** In addition to finding a way to reduce the clinker/cement factor by increasing the percentage of additions, this operation counteracted the increase in humidity inherent to the replacement of materials through the development of a project to transport excess gases from the furnace cooler (tem-peratures >250°C) at the entrance to the mill. Altogether, the improvements allowed a 2t/h increase in production and a 1.0 kWh decrease in electrical consumption.

Electrical Consumption (kWh/t cement)



Caloric Consumption (kCal/kgCk)



Solar Park,
Piedras Azules Plant, Honduras, Caribbean and Central America region.

- **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* Plant during 2020, thus reducing electrical consumption generated by fossil sources and achieving a reduction of our indirect CO_2 emissions (Scope 2). We remain committed to increasing our electrical consumption from renewable energy in partnership with Celsia.

- **We increased the operational stability and reliability of our furnaces in the Colombia Region:** Noteworthy was the performance of the Cartagena Plant, which managed to stabilize its production at 5,600 tonnes/day, and that of Rioclaro, which decreased its caloric consumption by 4.6%, compared to 2019.

- **The *Quebrancha* Plant, Panama, achieved the best energy efficiency levels in the Caribbean and Central America Region:** Thanks to the hot-gas recirculation project in the vertical mill, we were able to reduce conventional fuel consumption in this plant by 95% in just three years, while guaranteeing the stability of the grinding system at all times. Also, thanks to improvements made in the water-and-additive-injection system, which allowed us to have a better position and dispersion of these materials, we managed to increase the productivity of this mill by 5% and reduce energy consumption by 2%.

"In Argos, we are committed to achiev-ing energy-efficiency in our operations, not only because of the cost reduction that this entails, but also because of the consequent reduc-tion in environmental impacts. For this reason, at the Pan-ama plant, we have taken on the chal-lenge of improving the performance of our equipment and reducing its electri-cal consumption. Projects, such as the improvement in the dosage of the injection of water and additive and the recirculation of hot gases in the vertical mill, have been an example of this."

—
Process Team,
Argos Panama

CIRCULAR ECONOMY

We take advantage of waste and by-products, such as raw materials or alternative-fuels, from other industries to mitigate the environmental impacts generated by the use of non-renewable natural resources in our production processes. Additionally, we establish collaborative links with authorities, companies and communities to provide a sustainable solution to the problem of inappropriate waste disposal in our areas of influence. During 2020 we hightlight:

ALTERNATIVE-FUELS

As a Company, we achieved a 6.2% substitution of our caloric consumption of conventional fuels with alternative-fuels, wich means an increase of 0.7 percentage points, compared to the previous year (for more information, see page 116).

ALTERNATIVE MATERIALS

- We reached 12% in the use of alternative raw materials to produce cement and we achived a 17.8% substitution of supplementary cementitious material in the concrete business, with which we took advantage of more than 3.4 million tonnes of waste in our production processes and avoided their ending up disposed of in sanitary landfills.
- In the United Stated, we highlight the Waste to Ash Project, focused on the incorporation of ash from waste incineration, as an alternative raw material in clinker production. In 2021, we will carry out a definitive industrial test before its implementation.

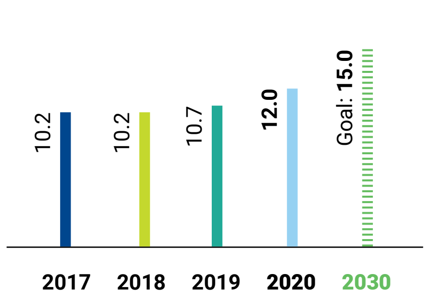
WASTE MANAGEMENT

- In the *Tocumen* Cement Plant in Panama, we implemented actions that have helped us take advantage of returns or surpluses of concrete up to 38%. Among some of these actions we highlight:
  - The reuse of returned concrete for the production of prefabricated figures for the adaptation of our own or public spaces in the areas of influence of our operations.
  - Concrete recycling systems, which make it possible to recover and incorporate the stone material back into the process.
  - Product application, which allows us to take advantage of the surpluses and turn them into another alternative.

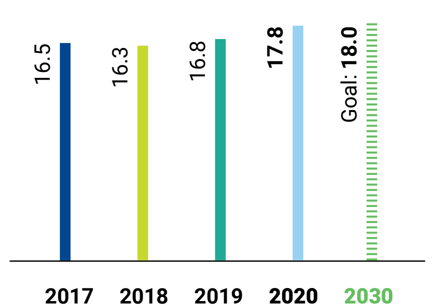
  These actions allow us to reduce the environmental impacts from the exploitation and the transportation of virgin materials, reduce the use of new virgin aggregates and reduce the unnecessary disposal of valuable materials.

- *Sacos Verdes* (Green Sacks) is a programs for the use of cement and aggregate bags, which has been operating in Antioquia, Colombia, since 2013. To date we have recycled more than 7,000,000 bags; in 2020, we reached a return of 95% of empty bags. For 2021, we have the challenge of expanding the scope of the program to other cities in the country. With this initiative, it is planned - during the first year - to collect 10% of the packaging of our products and then deliver them to companies that will use them through the manufacture of fiber-cement, the production of alternative fuel for co-processing in clinkerization furnaces or the transformation into paper pulp. By 2030, the goal is to take advantage of more than 30% of our packaging and containers.

% Alternative Raw Materials in Cement [A-EC2]



% Supplementary Cementitious Material in Concrete [A-EC3]



TRANSPORT AND LOGISTICS

We carry out an integrated planning of sales and operations to optimize critical resources, reduce risks and align supply to demand. Additionally, we make good use of the means of transport, considering the logistical context of each region and taking advantage of our resources and geographic location to improve delivery times and reduce costs.

Gas Pipe,
Medellín Distribution Center
Colombia Region.

RAW MATERIAL INVENTORY MANAGEMENT

We work on inventory management in different operations, defining policies and optimal inventory levels that create a balance between customer service and working capital and we design methodologies to monitor them. We highlight the management of the USA Region, which in 2020 generated savings of USD 17 million and achieved the reduction of four days of inventory.

NETWORK EXPANSION FOR CARGO COMPENSATION

We continue to expand our cargo-compensation network in the Colombia Region. During this year, we 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, we carried out synergies with logistics operators, allowing us to obtain savings by optimizing rates. These efforts have resulted in savings of nearly COP 1,900 million and more than 2,480 trips were avoided; that is more than 1,450 tonnes of CO_2 not emitted.

PROMOTION OF LESS-POLLUTING VEHICLESS

At Agros, we promote the use of clean, sustainable means of transport. Currently in Colombia, we have 12 electric vehicles, five gas vehicles, a hybrid vehicle and cement transportation by train. Their use together has allowed us to avoid more than 550 tonnes of CO_2 by 2020. Additionally, we have developed an alternative fuel booklet, which aims to invite transportation providers to learn the economic, environmental and social results of the implementation of these alternatives in their operations and, thus, promote their use.

OPTIMIZATION OF CARIBBEAN AND AND CENTRAL AMERICA REGION TRANSPORTATION

In Puerto Rico, through the consolidation of orders in a single vehicle, we maximize the load so that a full load of orders is always carried out. This project has represented savings of more than USD 350,000 and a reduction in the number of trips, which also generates a significant reduction in CO_2 emissions. Additionally, we digitized the payment process to carriers, which allowed us to improve the traceability of payments, savings in time and paper, and reduced risks.Also, in Honduras and Puerto Rico, we optimize vehicle cycle times through product pre-loading, in which vehicles are prepared and loaded prior to the entry of a client order. This allowed improving traceability, reducing dispatch times and optimizing the level of service to clients.

DELEVERAGING

[A-RE1] To improve the Company's debt position and increase liquidity and financial flexibility, we achieved the following results:

- We generated a free cash flow of COP 1 trillion, which allowed us to end up with a solid cash position, at the end of the year, of COP 621,000 million, while reducing total debt.
- We reduced our short-term debt by 25%, to 14% in the second half of 2020, thanks to the renegotiation of long-term credit lines and a bond issue for COP 250 billion, placed in November.
- We ended the year with a Net Debt to EBITDA ratio plus dividends of 4.54 times. This, despite having approved a waiver of the covenant of 6.5 times at the end of December 2020. Therefore, this result is important proof of the Company's good performance and solidity, even in times of great uncertainty. Likewise, we continue with our commitment to reduce the debt ratio to 3.2 times, as of December 2021.

Operation in Dominica, Caribbean and Central AmericaRegion.

ASSET OPTIMIZATION

[A-BE2] Taking into account the global context of the pandemic and the priorities defined in the framework of RESET, we strategically postponed our divestment plans until 2021, as we expect market confidence and stability to improve this year.

[302-1] [302-4] Learn other indicators in this material issue.

GOALS [103-2]

Goals 2025

- Decrease caloric consumption by 10%.
- Decrease electrical consumption by 15%.

Goals 2030

- We will achieve a 33% substitution of caloric consumption from the use of alternative-fuels.
- We will reach 15% in the use of alternative raw materials in cement operations.
- We will obtain 18% in the use of supplemental cementitious material in concrete.

CHALLENGES [103-2]

- To continue the transformation of our Energy Matrix by increasing our sources of renewable energy for our electrical and caloric consumption.
- To strengthen our supply-chain alternative materials and maintain a constant supply in all regions where we operate.
- To potentiate the use of waste or subprocesses as a lever to reduce CO_2 emissions.
- To promote the use of clean energy in our logistics network.

A CASE OF SUCCESS

ARGOS EXPRESS

To generate extraordinary solutions for our clients, we created a new service channel in Panama. Through AGROS EXPRESS, we offer a differentiated logistics service to meet the last-minute needs of the packaged-cement market, with a promise of delivery of less than two hours. This channel allows clients to track, in real time, orders; rate the drivers service; review order history; and make payments upon delivery. Orders can be made in standardized quantities, to avoid remnants in the vehicles and prevent driver's from having to return to the plant to load more material.

This new service also allows integration with Argos ONE. In the event that a truck has not used up its existence, the next day's orders hosted on this other platform are identified and their delivery can be advanced.

ACHIEVEMENTS:

- Flexibility in small-order formats
- Short delivery time
- Track and trace the order in real time
- Option to pay with a credit card at the time of delivery
- During 2020, we had more than 1,100 orders and we sold more than 207,000 bags through this channel

"Now that we have the Argos Express app, it is faster and easier to order cement. Also, they bring their own unloaders (a manu-al-download service) and they make things easier. Everything is excellent."

—
Yenifer Gan,
Almacén y Ferretería Mundial.

SDG	Impact on business	GRI [103-1]	Strategic Sustainability Pillars	On the Website
8 Decent work and economic growth; 11 Sustainable cities and communities	Costs; Income; Risks	Suppliers; Clients; Argos; Society	Relationships of Trust; Business Profitability; **Responsible Production**; Shared Values	

ADAPTATION TO MARKET DYNAMICS

In 2020, we launched our Green Cement in Colombia.

Aware of the challenges we face as a society and the importance of being part of the transformation of the industry, at Argos we are committed to the continuous improvement and innovation of our business model and our production processes, to continue being strategic allies of our clients in the construction of sustainable housing and infrastructure. To achieve this goal, we analyze market demands, we expand the offer of products and services with sustainability characteristics and we maintain high quality standards that characterize us.

MANAGEMENT OBJECTIVES [103-1]

For the Company

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

For Society

To respond to the needs of housing, improvement of the quality of life and infrastructure to facilitate the development of sustainable, intelligent and interconnected cities that respond to the current challenges facing the planet.

HOW IS IT MANAGED? [103-2]

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

1.
PORTFOLIO OF PRODUCTS AND SERVICES WITH SUSTAINABILITY CHARACTERISTICS
This constitutes the offer of value to our clients, which differentiates us in the market, through the offer of a portfolio of green solutions that included products with sustainability characteristics; services such as Green Sacks to manage packaging aimed at reducing waste; constructive solutions, such as concrete flooring; as well as technical advice, training, agreements, integrated logistics and the personalized designs of services that contribute to this objective.

2.
DIGITAL CHANNELS
This is a strategy that includes different channel proposals through which we reach the market to guarantee our clients access to our products and solutions. This includes the application of different digital trends that leverage improvements in the client experience and facilitate and streamline each of their interactions with our Company.

3.
NEW BUSINESS MODELS
These are those initiatives adjacent to the value proposition that represent new business opportunities in the construction sector.

4.
FUTURE INITIATIVES
These are the projects in the validation process, a feasibility study being tested, with which we plan to adapt to the future dynamics of the sector.

We have recycled more than 7,000,000 sacks, which means we have stopped cutting down 10,025 trees and saved 80,198 m³ of water, enough to supply 471,751 people in one day. A Green Sack User; Medellín, Colombia.

[A-CS1]
USD **+283**
million was our income in 2020 from products with sustainability characteristics.

[A-IN3]
27%
was income from innovation in 2020.

[A-IN1] [A-IN4] [A-IM1]
Learn about other indicators in this topic.

2020 PERFORMANCE

[103-2] [103-3]

GREEN SOLUTIONS, CONSCIOUS INNOVATION

A portfolio of products and solutions with sustainable characteristics.

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, the objective of which 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 and the four main results obtained are:

1.
CONCRETE AND CEMENTS WITH SUSTAINABILITY CHARACTERISTICS

We put at the service of our clients products in three main lines:

Low Carbon: 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.

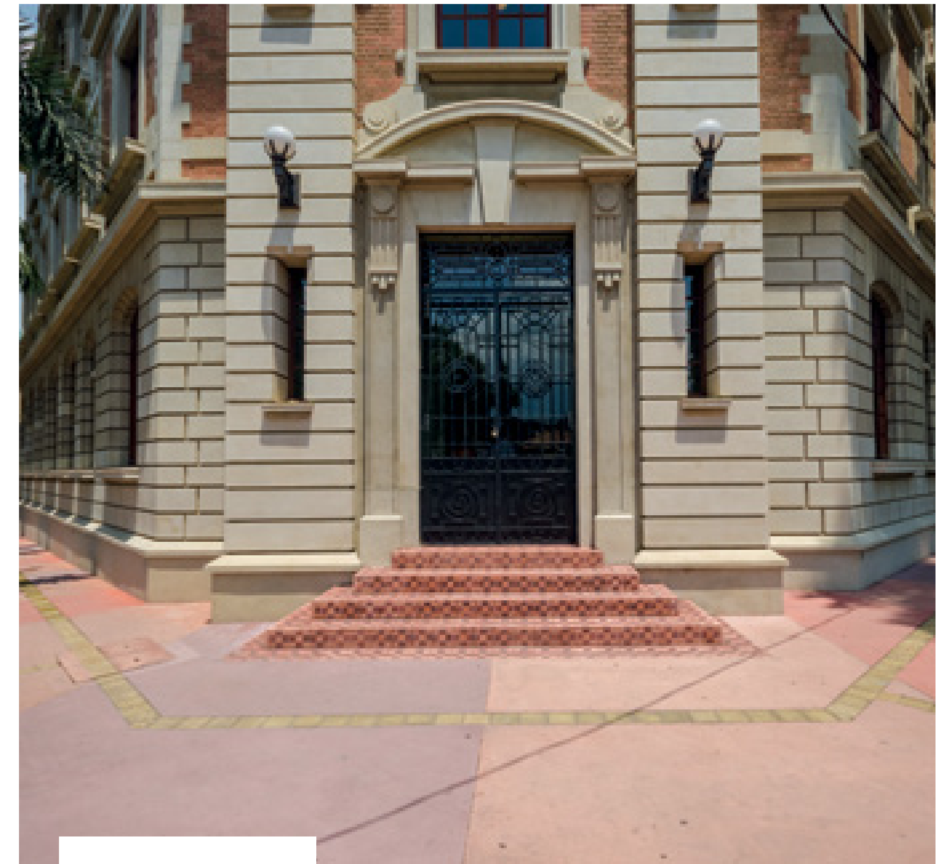
- **Green Cement:** In February, we presented in Colombia one of the most-significant advances in terms of innovation and sustainability: the artificial pozzolana line with which we created Green Cement. These pozzolans reduce the use of clinker and make it possible to obtain a more environmentally friendly product, since - during the process - CO_2 emissions are reduced by up to 38% and energy consumption, by up to 30%.

- **Eco Multipurpose Cement in Honduras:** We presented the first environmentally friendly cement to the Honduran market. In its production process, CO_2 emissions are significantly reduced and a part of the energy consumption comes from the solar farm in Comayagua. Additional benefits of the product include its versatility to adapt to multiple applications for all types of masonry and domestic applications, ensuring a more-manageable mix and better finishes.

- **Hybrid Cement at the Cartagena Plant, Colombia:** We were able to validate - on an industrial scale - a technology that allows us to produce hybrid cements and replace clinker by up to 30% with slag. In addition to all the environmental benefits that it entails, this enables us to have more product available for export. In the near future, tests will be carried out with clients to ensure that the product meets their needs.

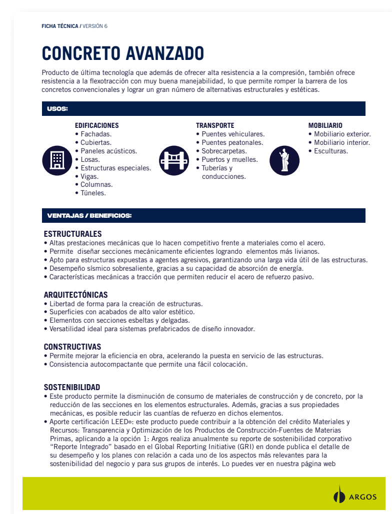
Cartagena Plant, Colombia Region.

- **Product Life-Cycle Analysis:** For the Company, it is important to measure the environmental impacts of its products; thus, to date, we have been able to develop life-cycle analyses of 32 references of cement and concrete, which provide rigorous, objective and quantitative information on the environmental impact, which allows our clients - based on our product self-declarations - to make better decisions when choosing materials for a project.



Color concrete, applied in the San Ignacio District; Medellín, Colombia.

What they 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.

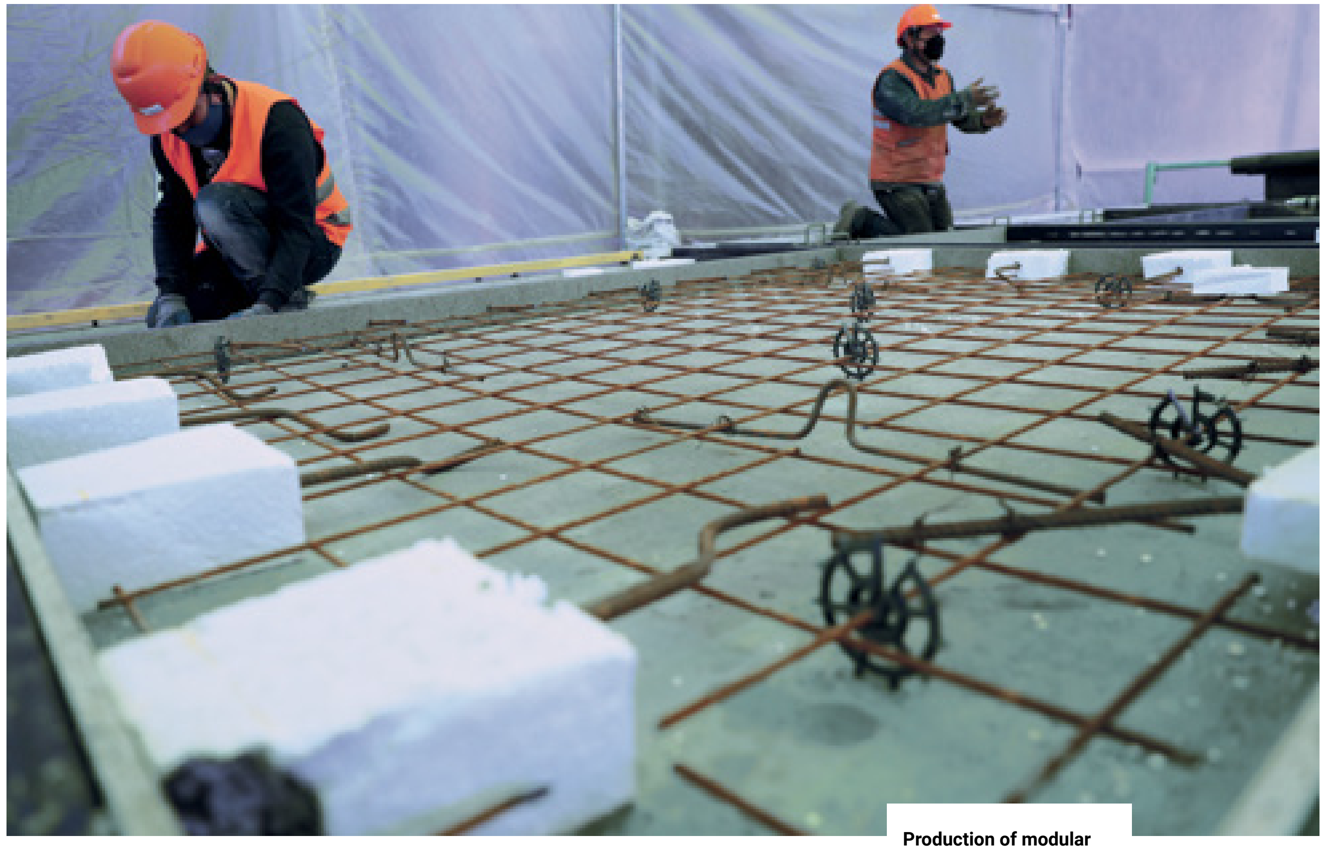


The section on Sustainability Advantages of the Technical Sheets of the Cement and Concrete Product Portfolio of the Colombia Region includes the benefits that allow these products to obtain in areas, such as reducing CO_2 emissions and reducing the consumption of non-renewable natural resources.

By 2021, we hope to have this same development for the Caribbean and USA regions. In the Technical Sheets, you will find information on how Argos products - combined with the building design and construction strategies - can contribute to obtaining points in sustainable construction certifications, such as LEED® V4.1 and CASA Colombia V2.1.

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, we ofer products that contribute to mitigating the negative effects on cities and well-being for people, among others.

You can consult the technical specifications here.



Production of modular concrete; Bogotá, Colombia.

2.
INDUSTRIALIZED SOLUTIONS

We generate a sustainable solution for the public sector, focused on the construction needs of local infrastructure, such as tertiary roads.

During the last year, we have strengthened the positioning of our cement used for soil stabilization, which allows improving and stabilizing different types of soils with greater efficiency, offering control over the development of resistance and hydration heat. It is ideal to achieve pavements that are less susceptible to damage, due to environmental conditions or the loads they support.

Learn more about our use of soil-stabilization cement.

3.
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.

During 2020, the Environmental Management Plan for Containers and Packaging Waste (PGAREE, in Spanish) was developed and presented to the authorities for the Colombia Region, which included the technical and financial analysis of the alternatives to collect and use product sacks in the country (recycling to manufacture fiber-cement elements, co-processing in clinker kilns, soluble sacks, cement dispensers, etc.), in six prioritized cities.

4.
DIGITAL SOLUTION

Through a digital platform, we provide clients with services that allow them to access information on certifications and benefits of sustainable construction.

In 2020, Argos launched its Green Solutions Portal for the Colombia Region, which includes access to information on products, a calculator to quantify the carbon footprint of projects according to the products used, and a portfolio of sustainability training.

You can find these and other tools here.

Construyá **has impacted more than 117,000 families** with access to credits for people with no prior banking experience. Hardware client; Medellín, Colombia.

FUTURE INITIATIVES

Analytics Center, an innovation-based model that supports decision making: The team's mission is to create models that support the Organization's strategy and operations and bring knowledge and business analytical solutions to the entire Company.

During 2020, we highlight the following projects:

- **Ready-Mix Smart (USA, Colombia):** This allows knowing the profitability per client, per segment, per plant, per city and per product. With this tool, we can analyze volumes, prices, resistances, material margins, costs, among other. All from a Web dashboard connected to the Company's data sources.
- **Customer 360 (Panama, Colombia):** This is a tool that supports the profiling and knowledge of clients from a general and detailed vision. Variables - such as sales, internal prices, market, competitive dynamics, among others - are processed to generate information that is used by the business teams to manage campaigns and commercial strategies.
- **Dispatch Optimizer (USA):** This helps the Company to dispatch the product from the optimal plant, reducing delivery times, improving client service, and also optimizing the efficiency of the mixer trucks.

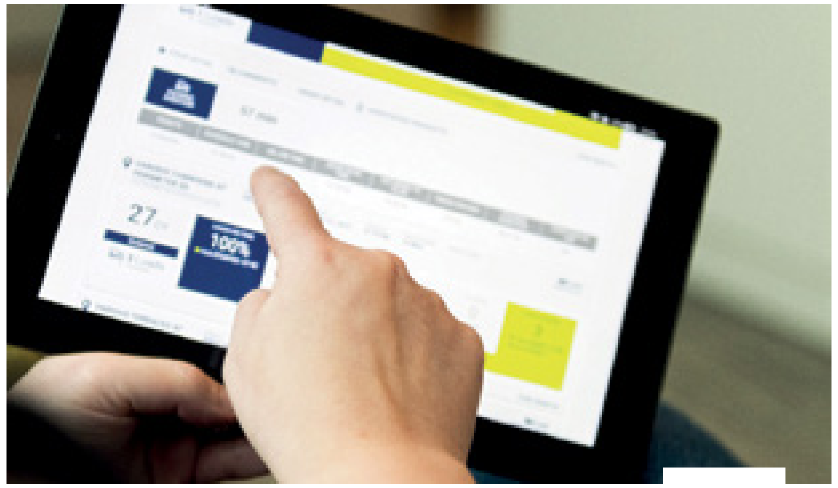
WE ARE PART OF THE TOP FIVE MOST-INNOVATIVE COMPANIES IN COLOMBIA, ACCORDING TO THE NATIONAL ASSOCIATION OF ENTREPRENEURS OF COLOMBIA AND *DINERO* MAGAZINE.

NEW BUSINESS MODELS

CONSTRUYÁ

With 15 years of experience, it has impacted more than 117,000 families through access to credit for people with no prior banking experience. This innovative business model has demonstrated - over time - its high social impact and growth projection. The first two months of 2020 had a 48% and 26% growth in disbursements, respectively, compared to 2019.

However, as a result of the pandemic, at the end of the year, total disbursements amounted to COP 12 billion; that is, 39% less than that disbursed in 2019.



Argos ONE.

DIGITAL CHANNELS

ARGOS ONE

Firm in the purpose of delivering extraordinary solutions to our clients and of being an increasingly agile, efficient Company, we continue to advance in the implementation of the Argos ONE Digital Strategy, to promote the automation of processes, both internal as well as external.

Thanks to joint efforts to become the best allies for our clients and offer them a better experience, during 2020 we achieved significant digital adoption, represented in the following data globally:

Through our Digital Channels, the following entered in all the regions:

64% of cement orders

+20% of concrete orders

Through Argos ONE, the following were confirmed digitally:

+94% of cement orders

+95% of concrete orders

With digital solutions **33%** **of client payments were collected**

Through digital solutions **+96,000** **monthly client consults** related to payment and delivery status were made

Also, teaming up to innovate every day and strengthening our digital value offer, we deploy different functionalities, among which we highlight:

- **A mobile app for the Concrete Business in the USA:** This included order requests, order inquiries and cancellations, vehicle GPS tracking and digital delivery confirmation. With this new version, we provide a self-management solution, so that clients can interact with the Company more easily and at any time and place.
- **Confirmation of digital delivery in the USA for the concrete business:** This has allowed clients to optimize their payment process to suppliers by having the information of their referrals online.
- **The Argos Store in Colombia:** Cementos Argos' new e-commerce is especially created for those who are not yet clients and need our products for their construction projects. We want to do business in a more-agile manner; therefore, we have expanded the Argos ONE solutions offer to bring new clients closer to the brand.
- **Payment Portal:** This seeks to support the collection process through a dynamic platform that allows clients to consult and pay their invoices, orders and advances in an agile, secure manner. In Colombia, this platform has a potential of digital collections of more than COP 25 billion per month. Additionally, in Panama, we deployed digital payment options for advances, orders and invoices, collecting USD 31.5 million during the second semester.

Through digitization, we offer extraordinary solutions to our clients.
Foreman, Medellín, Colombia.

- **New Channel for Automatic Cement Orders via WhatsApp:** Clients, both in mass businesses and in industry, have the option of requesting our products effectively, and they also have the possibility to pay for their orders immediately. In Colombia, this initiative was launched in July 2020 and - at the end of the year - it had reached more than 1,100 orders, which represent invoicing of around COP 3 billion and a volume of more than 7,000 tonnes of cement sold. This same channel was also deployed in Panama and Honduras.
- **Digitization of Company Invoicing:** Electronic invoicing allows the costs and times associated with physical invoicing to decrease significantly. While sending a physical invoice, through the provider, can take between five and fifteen days to be delivered to the client, with a cost that varies between USD 2 and USD 7 (depending on the location), sending it by Email takes a few minutes, with no associated costs, in addition to the environmental benefits of the non-use of paper. During 2020, in Colombia, we went from having 39% of billing by electronic means in January, to 72% in December of the same year.

GOALS [103-2]

Goals 2030

- We will earn USD 800 million in income from our products with sustainability features.

CHALLENGES [103-2]

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

SDG	Impact on business	GRI [103-1]	Strategic Sustainability Pillars	On the Website
11 Sustainable cities and communities	Risks	Suppliers Clients Argos Society	Relationships of Trust Business Profitability Responsible Production Shared Values	

ETHICS AND COMPLIANCE

Integrity is the principle that inspires all our actions. Employee; Panama. Caribbean and Central America Region.

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

MANAGEMENT OBJECTIVES

[103-1]

For the Company

To promote that our actions are in accordance with the pillars of culture and that integrity is the inspiring principle of all members of the Organization. Thus, we consolidate ourselves as a competitive, reliable Company vis-à-vis Investors and other Stakeholders.

For Society

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

[205-1] [205-2] [205-3] [307-1] [419-1] [A-ETH1]
Learn about other indicators in this topic.

HOW IS IT MANAGED? [103-2]

We have voluntarily adopted a self-regulatory framework that confirms our commitment to business ethics as a way to promote transparent practices that contribute to the development of competitive environments. This framework* incorporates mandatory principles of ethics and conduct:

Find our Code of Conduct here

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

- **Anti-Fraud Policy**
- **Anti-Corruption Policy**
- **ML/FT Risk Self-Control Policy**
- **Anti-Trust Policy**
- **Personal-Data Policy**

- **Donation Process**
- **Due-Diligence Protocol**
- **Guide to Anti trust Policy**

- Compliance Program Manual
- Transparency Line Protocol
- Conflict-of-Interest Management Protocol

Our self-regulatory framework conforms to the regulatory requirements regarding compliance programs and the standards of DJSI, FTSE, Country Code, ISO 37001, ISO 19,600 and the guidelines of the United States Department of Justice

For the proper implementation and application of these guidelines, the strengthening of the ethical culture, the prevention and control of incorrect actions, our Board of Directors approved the Global Governance and Compliance Program (GGCP, in Spanish). The program structure incorporates international best practices to evaluate compliance programs, such as ISO 37001, ISO 19600 and the United States Department of Justice (DOJ) guidelines. The program has the following scope:

Risk Prevention

- Validation of Personal-Data Standards
- Validation of Anti-Trust Standards
- Money Laundering (ML)
- Bribery and Corruption
- Financing of Terrorism (FT)
- Fraud

Likewise, it systematically groups together the activities carried out to promote integrity in the Company's actions, its employees, and members of the value chain, which allow the updating and permanent strengthening of the program. Operating Scheme:

- **Regulatory and Risk Assessment**
- **Development of Policies and Controls**
- **Training and Communication**
- **Follow-up and Monitoring**

CONTINUOUS UPDATING AND IMPROVEMENT

HOW DO WE EVALUATE MANAGEMENT? [103-3]

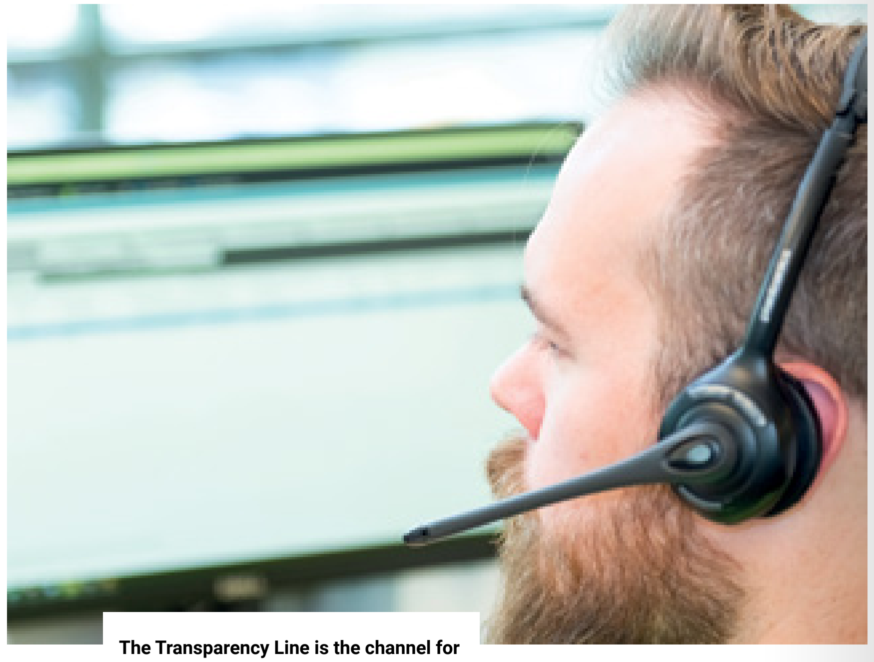
To verify the effectiveness and correct implementation of the GGCP, annually we carry out internal or external audits of the implementation and execution of the controls associated with the program. From the development of its different stages and the performance of the audits, reports and management indicators are extracted, which are presented to the Business Conduct Committee, the Central Conduct Committee of the Argos Business Group or the Board's Sustainability and Corporate Governance Committee, where observations are made that allow the updating and continuous improvement of the program.

The indicators to monitor include:

- The statistics of the Transparency Line Behavior training coverage
- The results of the Compliance Risk assessment
- The level of implementation of regulatory obligations regarding compliance programs
- The results of the execution of controls established in the framework of the program.

Learn about the operation of the Transparency Line here.

149
employees trained in due diligence and compliance risks.



The Transparency Line is the channel for our Stakeholders to report behavior contrary to the Business Code of Conduct.

TRANSPARENCY LINE

[102-17] This is the channel for our Stakeholders to report behavior contrary to the Business Code of Conduct or other Corporate policies and to implement any corrective actions or sanctions that may be applicable.

The reports are received by an independent third party, which guarantees the protection of the identity of the reporter and the non-retaliation against complaints made in good faith. The investigation of the reports is carried out by the investigation officers assigned to each category in the different regions, following the Transparency Line Protocol. Cases of high criticality are brought to the attention of the Business Conduct Committee; those of medium and low criticality are managed by and reported to the leaders of each process. Reports involving the Steering Committee must be managed in accordance with the Senior Management Investigation Protocol and reported to the Board's Sustainability and Corporate Governance Committee.

TELEPHONES

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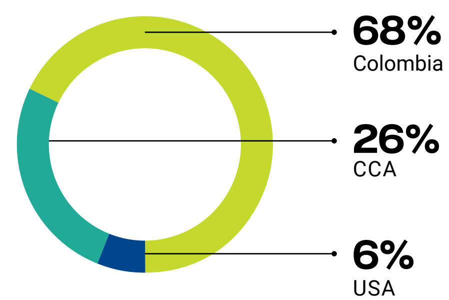
Web Report Form

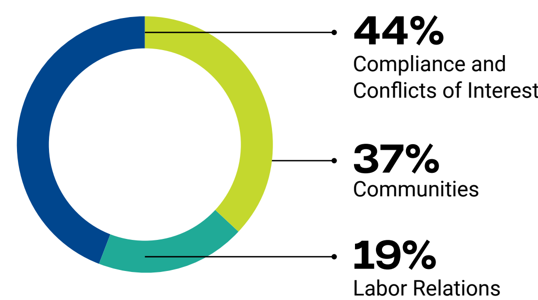
IMPLEMENTATION OF THE TRANSPARENCY LINE IMPROVEMENT PLAN

A plan to improve the operation of the Transparency Line was defined, which was 100% executed. This included updating the Case Investigation Protocol, training investigation officers, reinforcing the dissemination of the reporting channel with Stakeholders, adapting the line for reports associated with COVID-19, adjustment of the reporting categories for the correct monitoring of risks and the standardization of Case Management indicators, among others.

Reports by Region



Reports by Category



During 2020 we received **233** **reports**

42 **open cases**

131 **closed cases** with corrective actions

2020 PERFORMANCE

[103-2] [103-3]

CONTINUITY OF GGCP

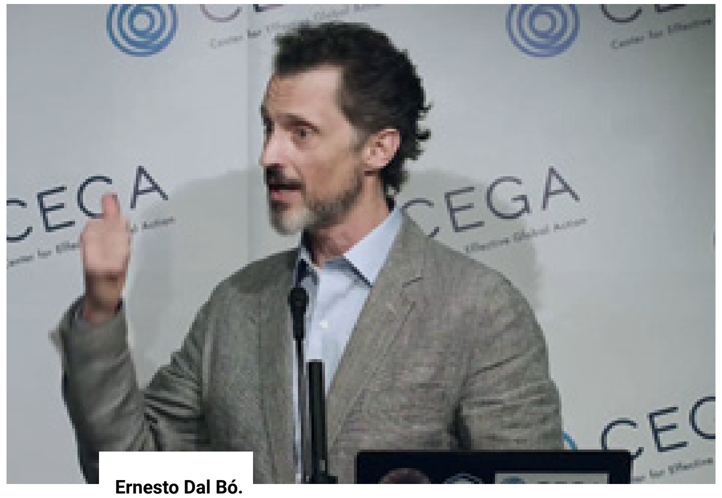
Despite the challenges of the pandemic, the controls and risk-management tools associated with the GGCP continued to operate correctly, complying with the annual work plan approved by the Program's monitoring bodies. Additionally, we developed the following activities to strengthen and continually improve the program:

- We updated our evaluation matrices of regulatory obligations associated with the implementation of compliance programs, with which we seek to ensure said regulatory compliance in all our operations.
- We made progress in updating behavioral-risk assessments in the Company's various operations and processes to adequately define controls.
- We strengthened the Program evaluation mechanisms through the development of a Management-Indicator Dashboard.
- We adopted a protocol to correctly manage conflicts of interest that includes specific guidelines for relations with the public sector and complements our anti-corruption guidelines.

ANTI-TRUST PROGRAM

We made progress in strengthening the Compliance Program in the area of anti-trust, in accordance with the guidelines established in the Associated Guide of the United States Department of Justice (DOJ), Among the achievements to highlight, we have:

- The updating of the Competition Risk Matrix
- The review of pricing processes
- Carrying out practical training workshops in competition
- Carrying out the survey of positions, according to their exposure to competition risk
- Strengthening communication-monitoring controls
- The development of *Nuestra Liga* (Our League), the virtual competition course
- The analysis of critical transaction allocations



Ernesto Dal Bó.

ANNUAL DISCLOSURE OF CONDUCT

Despite the challenges of the pandemic, we structured various tools to stay connected and to disseminate our principles of conduct throughout the Organization. Noteworthy was the implementation of new virtual training tools for operational personnel and the development of practical workshops on behavioral risks related to the pandemic. Likewise, we highlight the Annual Virtual Trainning on Conduct we called **The Power of Your Decision,** which consisted of a series of ethical dilemmas with the accompaniment of Ernesto Dal Bó, tenured Professor of Public Policy at the University of California, Berkeley, which allowed employees to understand how the daily activities of each one can impact the future of the Company and provided elements to ensure ethical, transparent decision making.

Find the launching of the Annual Virtual Course of Conduct here.

[205-2]

6,842

people were trained
in the Code of Conduct and its associated policies, including 4,407 employees and 2,435 suppliers.

GOALS [103-2] [103-3]

Goals 2020

Met | Ongoing | Not Met

- (Met) To update the evaluation matrices of the regulations associated with the GGCP in all operations.
- (Ongoing) To finalize updating the risk matrices associated with the GGCP in all operations.
- (Met) To finalize the design stage and start the implementation of the GGCP Indicator Control Panel, allowing us to permanently monitor the program status.
- (Met) To manage the approval and socialize the guidelines defined for the relationship with the public sector.

Goals 2021

- To strengthen the Compliance Program regarding free competition, in accordance with the standards established by the United States Department of Justice in the guide on compliance programs in this matter.
- To continue developing the Committed Behavior Disclosure Campaign and achieve training coverage in compliance and behavior of more than 60% of the Company's active employees.
- To evaluate the maturity of our Compliance Program through reference to international standards and good practices and identify opportunities for improvement.

CHALLENGES [103-2]

- To continue to position the GGCP at the various Company levels and operations, adjusting it to the cultural realities and deeds of each country, in addition to those of our clients.
- To advance in the automation of controls and alerts associated with the Compliance Program to increase its effectiveness and guarantee better monitoring, given the large volume of Company information, the various existing data systems, and the different geographies in the countries where we operate.

SDG	Impact on business	GRI [103-1]	Strategic Sustainability Pillars	On the Website
9 Industry, Innovation and Infrastructure; 13 Climate Action	Risks	Suppliers Clients Argos Society	Relationships of Trust · Business Profitability · Responsible Production · Shared Values	

POSITIONING OF THE INDUSTRY

We work to create innovative solutions that allow us to be present in the great projects of the countries where we are present. *Parques del Río*; Medellín, Colombia.

We position ourselves as strategic allies for the development of the territories where we are present, directly and through the empowerment of our value chain. We do it through the construction of housing and sustainable infrastructure that enables the closing of development gaps, the generation of employment, the improvement of the quality of life of owners and tenants, and the reduction of the impacts generated.

MANAGEMENT OBJECTIVES [103-1]

For the Company

To be strategic allies of the actors of our value chain to maintain the Company's leadership in the market, to ensure its competitiveness over time, and to increase the generation of sustainable value.

For Society

To sustainably respond to the growing demand for housing and infrastructure of the world population to improve the quality of life of people, interconnect regions, and develop innovative solutions.

HOW IS IT MANAGED?

[103-2]

We are committed to the role we have as a Company in the achievement of the 2030 Agenda goals, the consolidation of territorial development plans where we operate, and the economic reactivation of the countries affected by the pandemic. Therefore, we focus our efforts in the development of sustainable housing and infrastructure projects that contribute to closing socioeconomic gaps, generating employment under safe conditions, environmental protection, and investment in improving people's health systems and quality of life.

Our work unfolds in three large lines:

Level Crossing *21 de Octubre.*
Tegucigalpa, Honduras.

CITIES FOR EVERYONE

With nearly 54% of the world population living in urban areas, the pandemic made inequality of those who live in the cities of the world manifest. Nearly 90% of the COVID-19 cases are concentrated in the urban centers that have, among others, challenges associated with access to basic services and decent housing conditions. For this reason, we work together with our value chain to develop projects that benefit the less-favored population, facilitate access to housing, and promote development in the areas of influence.

INTERCONNECTED CITIES

The need to connect urban areas with rural areas to expand the coverage of basic services, such as health, has been a priority of developing countries since before the pandemic. Therefore, during 2020, we continued working on creating innovative solutions that allow us to be present in the large projects of the countries and territories where we are present.

INTELLIGENT CITIES

In recent years, the acuteness of the effects of climate change became the risk of greatest impact to the world. Therefore, in the global stage, a need has grown to transition to a low-carbon economy, an opportunity that becomes more relevant amid post-pandemic recovery scenarios and the effort we are making as a Company to generate new business models that respond to environmental and social challenges. For this reason, our Climate-Change Strategy includes actions aimed at mitigating the impacts associated with our productive processes, adapting our operating model and innovating from the identification of optimization opportunities.

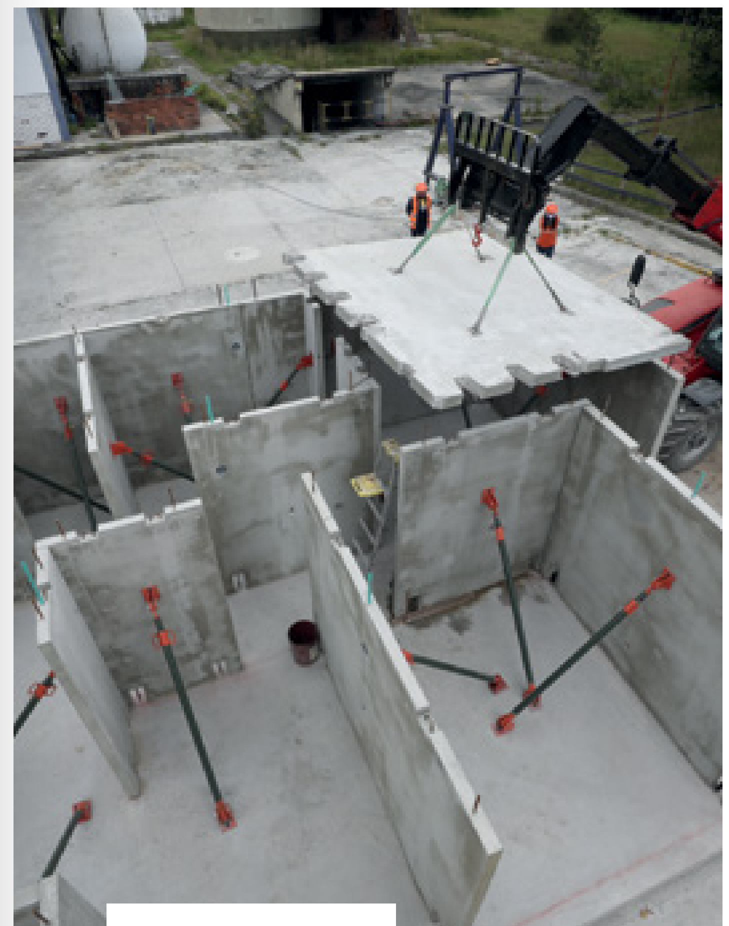
HOW DO WE EVALUATE MANAGEMENT? [103-3]

We carry out referral processes that allow us to see how we are performing against market peers. We also frequently report information requested by the different standards and initiatives we committed to, as well as the particular requests of each of the countries where we are present.

[A-TAX1] [415-1] [A-ETH2]
See other indicators here.

WE ARE THE NINTH COMPANY WITH THE BEST REPUTATION IN COLOMBIA, ACCORDING TO *MERCO* [A-LS2]

[102-12] [102-13]



In 2020, we made a concrete
disruptive modular solution available.

2020 PERFORMANCE

Highlights [103-2] [103-3]

CITIES FOR EVERYONE

INDUSTRIALIZED HOUSING

The industrialized-housing construction system is an agile solution that allows greater productivity by achieving a significant reduction in time and costs. Likewise, it expands access to housing, contributes to closing equity gaps and increases the promotion of decent housing.

The modular system of concrete panels is an alternative that consists of a design that is assembled on site, according to the concrete modules produced. One of the main differences with the traditional system is that the manufacture of the building is transferred to a production plant and, thus, the risks and the number of externalities to which a construction project is subjected – such as weather conditions – are reduced. In addition, the amount of waste is minimized, sustainability practices are improved, material inventories are reduced and administrative processes are eased.

Additionally, construction times are reduced by up to 40%; it better integrates the construction, sales and delivery cycles of homes; and benefits both constructors and users.

PARTNERSHIPS FOR DEVELOPMENT
The Global Cement and Concrete Association (GCCA) is an international organization established in 2018, which brings the main companies in the sector together at a global level. The work of this organization is focused on advancing as an industry in the construction of common objectives and global goals in favor of sustainable development, the positioning of the product and its attributes, and the increase in opportunities to access housing at a global level.

A clear example of the fruits of this alliance is the implementation of a specialized, international tool developed by experts (GCCA EPD Tool – Quantis) to conduct product life-cycle assessments, which guarantee compliance of the Product Category Rule (PCR) for Portland, mixed, masonry, mortar and plastic (stucco) cements, as well as the PCR for concrete registered in the National Sanitation Foundation (NSF) International.

For us, it is essential to conduct a rigorous evaluation of the environmental impact caused during our process and, for this reason, we spare no effort in the search for methodologies that guarantee alignment with the highest industry standards.

IMPACT ASSESSMENT
As part of our commitment to the development of the territories where we operate, during 2020 we conducted impact assessment exercises in six countries: Panama, Honduras, the Dominican Republic, Puerto Rico, the USA and Colombia. This exercise gives us the opportunity to participate in a timely manner in country discussions, make informed decisions, and identify the closing of gaps or opportunities for new projects that contribute to the creation of value in economic, social and environmental issues.

The Argos cement floor is the best option for tertiary roads. East Antioquia, Colombia.

THE APPLICATION OF CEMENT FLOORS IMPROVES THE RESISTANCE, DURATION AND SUSTAINABILITY OF THE STRUCTURE, AND AFFECTS THE REDUCTION OF CONSTRUCTION COSTS.

INTERCONNECTED CITIES

CEMENT FLOOR
This is a product to be used for soil stabilization, which improves the resistance, duration and sustainability of the pavement structure, and affects the reduction of costs associated with the construction and improvement of road infrastructure.

Due to its characteristics, this product is used in the construction of tertiary roads in countries like Colombia, which represent 70% of the road network that connects the countryside with the cities. Thus, it is a product that contributes to the revitalization of the rural economy, the reduction of transport costs, and facilitates the population's access to health services.

With this strategic direction of innovating and working for sustainability, and thanks to more than five years of work in association with academic and sector associations and the state, Argos identified that the cement floor meets the needs of any type of road infrastructure and it is an excellent alternative for the stabilization of tertiary roads.

Some of the most representative projects built with this product in Colombia are:

- **Ports** in Mamonal and Cartagena
- **Concessions:** The Americas, *Café*, *Alto Magdalena* and *Pacífico II* Highways
- **Airports:** El Dorado (Bogotá), Rafael Núñez (Cartagena) and San Luis (Ipiales)
- **Roads:** San Marcos – Majagual (Cesar), Carmen de Bolívar – Montes de María (Bolívar), Dabeiba – Santa Fe de Antioquia (Antioquia), and local roads in Barranquilla

The *La Línea* Tunnel was a project with great logistic ahd technical challenges that were met by Argos.

THE *LA LÍNEA* TUNNEL
We were strategic partners in the construction of the *La Línea* Tunnel, one of the most important infrastructures projects in Colombia. We delivered nearly 700,000 m³ of specialized and high-strength concretes and more than 220,000 tonnes of cement for the construction of this tunnel and its complementary roads – which became the longest in Latin America. Most of the mixes used had some type of modification throughout the project to meet the construction requirements at a technical, operational and placement level. Thanks to the installation of five on-site plants, we provided material in real time and contributed to air quality by reducing the traffic of mixing vehicles.

INTELLIGENT CITIES

ARTIFICIAL INTELLIGENCE IN OUR PLANTS
In recent years, Argos has started a process of process automation, based on the calculation of variables for its plants. With this technology, we seek to improve our processes, to increase resource efficiency, and to project future operation with sustainability criteria. The use of Digital Twins is already being implemented in two plants in the Colombia Region and one in the Caribbean and Central America Region.

CHALLENGES [103-2]

- To quantify and enhance the role of the construction industry in the post-pandemic scenario of economic recovery in the countries where we operate.
- To integrate impact assessment methodologies in the due-diligence exercise.

We delivered nearly
700,000
m³ of specialized concrete for the *La Línea* Tunnel.

SDG	Impact on business	GRI [103-1]	Strategic Sustainability Pillars	On the Website
8 Decent work and economic growth; 9 Industry, innovation and infrastructure	Costs Risks	Suppliers Clients Argos Society	Relationships of Trust · Business Profitability · Responsible Production · **Shared Values**	

SUPPLIER MANAGEMENT

Supplier Management is a fundamental pillar of our supply-chain strategy and seeks to build and strengthen relationships with strategic partners who have the ability to contribute to the Company in terms of efficiency, productivity, client service and innovation. For this reason, we carefully select our suppliers, transfer knowledge to promote their development, promote good practices, and recognize those who are an example of sustainable, innovative, safe and responsible management.

We create social value and accompany our suppliers in their development. Supplier Recognition event; Medellín, Colombia.

MANAGEMENT OBJECTIVES [103-1]

For the Company

Adding value throughout the entire supply chain from the purchase of goods and services to the delivery of the product to clients. We seek risk mitigation, the implementation of good contractual practices and service excellence, creating relationships of trust, and turning suppliers into business partners.

For Society

To promote productivity, competitiveness, innovation and efficiency to boost the development of our suppliers and to encourage the implementation of transparent practices and responsible behaviors that support progress and the construction of better societies.

[204-1] [308-2] [414-2] Learn about other indicators here

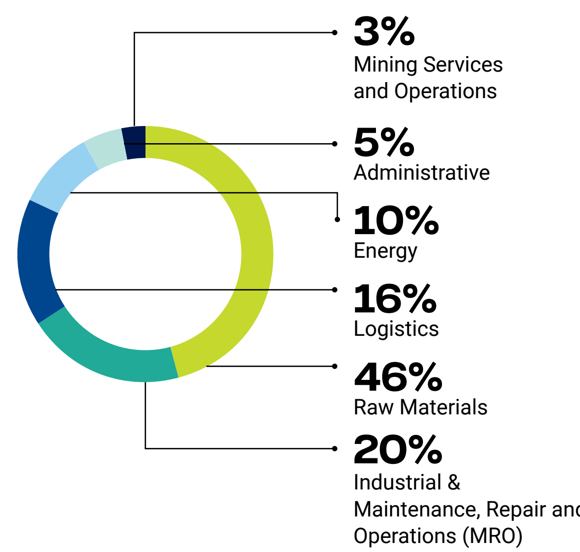
HOW IS IT MANAGED? [103-3]

Our management is divided into five stages:

1. IDENTIFICATION

We determine the goods and services required for our operation and the category to which they belong, according to our Category Tree. This groups our suppliers into macro-categories which – in turn – are subdivided into two more specific levels.

Macro-categories:



Each category is analyzed in terms of the impact on the business and the complexity of the market to which it belongs, allowing us to identify the risks associated to each one and the controls that need to be implemented from the beginning of our relationship.

2. PRE-SELECTION

We validate the suitability of suppliers through due diligence and review aspects of sustainability and financial health to ensure long-term relationships.

Supplier vulnerability to potential violations of their rights is monitored through **our Human-Rights Management System**.

3. NEGOCIATION

We select suppliers with high standards, considering technical, economic, sustainability and service aspects.

4. RETENTION AND EVALUATION

- We carry out knowledge-transfer processes with those suppliers with growth potential.
- We characterize our suppliers as critical suppliers or with potential risk in sustainability.
- We measure the management of critical suppliers through performance evaluations in terms of quality, service, occupational health and safety, having constant feedback and identifying key factors for their development.
- We apply the Sustainability Index to suppliers with potential sustainability risks, to identify challenges, opportunities, and to develop joint action plans in environmental, economic, social and Human-Rights matters.
- We implement additional controls and development plans to suppliers belonging to categories where the greatest potential risks have been identified. This is how, for example, we develop road-safety strategies for our logistics suppliers; with mining suppliers, we carry out a more rigorous pre-selection process, and with contractors, we have special controls on occupational health and safety.
- We have a Transparency Line for Stakeholders to report possible improper actions and to implement the pertinent corrective actions. During 2020, 21 reports were made on suppliers through this mechanism.

5. RECOGNITION

Every two years, through Growing Together (*Creciendo Juntos*), we recognize the suppliers that have shown outstanding performance in innovation, sustainability, health and safety and development and comprehensiveness.

THIS IS HOW WE ADAPT TO COVID-19

Employee, Atlanta
The United States Region.

PROGRAM TO SUBSTITUTE INTERNATIONAL PURCHASES WITH LOCAL PURCHASES

Understanding the challenges generated by the pandemic and seeking to positively impact society, in the Colombia Region we started the project to replace international purchases to locally produce mechanical parts that were normally imported.

Through this initiative, we seek to improve the local economy, while – at the same time – develop new capabilities in our suppliers.

So far, parts with an annual purchase value of more than USD 3,000,000 have been identified, which could be subject to replacement and are being validated by our production staff and our suppliers *Forjas* Bolívar and *Fundiciones Universo.*

ACHIEVEMENTS:

- Creation of worktables
- Identification of materials that have the potential of being substituted which could represent revenues to countries of USD 3,000,000.
- Development of new capabilities in our suppliers
- Identification of suppliers

2020 PERFORMANCE

[103-2] [103-3]

UPDATES AND REDESIGNS

During the year we carried out two important updates:

1.
We updated the definitions of critical suppliers and suppliers with potential risk in sustainability

- **Critical Suppliers:** Those belonging to 80% of the expenditure, plus those considered to be strategic according to their impact on the business and the complexity of the market, as well as unique suppliers.
- **Suppliers with Potential Risk in Sustainability:** Those that, due to the nature of their economic activity and that – if they do not have the relevant controls and procedures – have the potential to generate significant impacts on environmental, economic, social and Human Rights issues.

2.
We redesigned the Supplier Sustainability Index:

- We identified eleven potential risks based on the Company's strategic and emerging risks (see the next page).
- We evaluated the risks applicable to each purchase category, which allowed us to identify the types of suppliers in which it is necessary to increase actions to avoid the materialization of these risks.
- We aligned the Sustainability Index with this risk methodology and improved the evaluation format.

These changes have helped us to generate action plans, in conjunction with our suppliers, and internally in the implementation of better management strategies with this Stakeholder.

During 2020, more than **900** **suppliers** were evaluated in environmental, social and economic aspects.

POTENTIAL SUSTAINABILITY RISKS DEFINED

SOCIAL DIMENSION

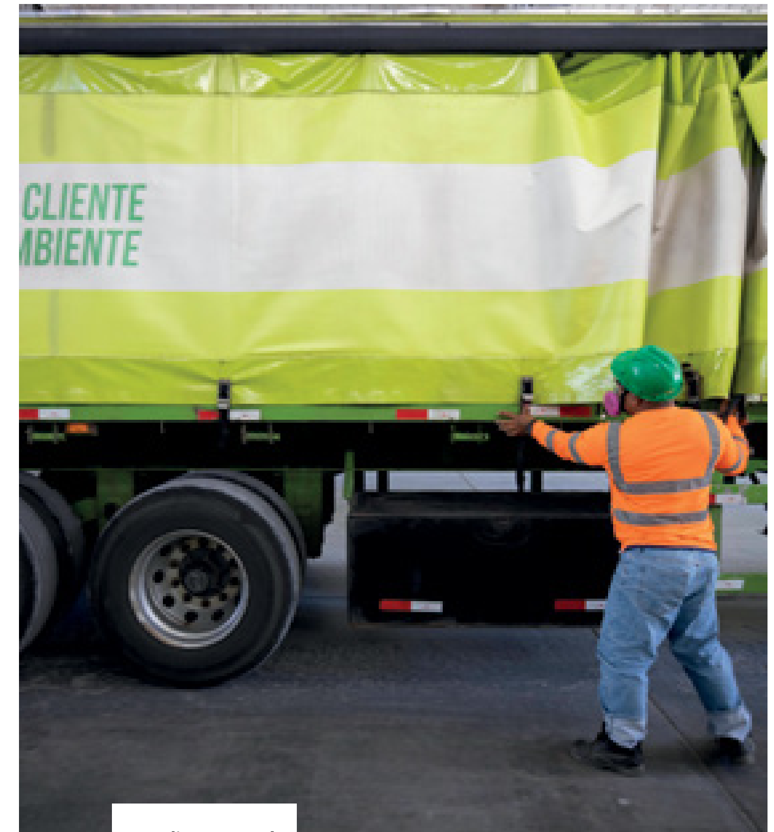
1. Breach of labor legislation, employee payment of salaries and social security.
2. Human Rights violations through practices, such as forced labor, child labor, transgression of freedom of association and collective bargaining, among others.
3. Impact on the community derived from supplier or contractor actions, inappropriate behavior or lack of commitment to the community.
4. Inadequate occupational health and safety conditions.

ENVIRONMENTAL DIMENSION

5. Breach of environmental legal requirements.
6. Inappropriate management of environmental impacts generated by the Company.
7. Inappropriate use of natural resources.

ECONOMIC DIMENSION

8. Interruption in the supply or provision of service due to the lack of human, technical or financial resources.
9. Breach of the quality parameters or the levels of service.
10. Breach of business ethics and practices in responsible businesses.
11. Inappropriate management of the supply chain.



Supplier; Panamá,
The Caribbean and Central America Region.

CORPORATE CONTRACTING MANUAL

We implemented the new Corporate Contracting Manual, which has allowed us to:

1.
Go from seven to a single action framework that respects the particularities of each region.

2.
Have more transparent, agile and efficient contracting processes.

3.
Promote best contracting practices throughout the Organization.

This implementation was accompanied by a direct socialization with more than 180 employees, in addition to communication to the rest of the Company through our internal media.

THE CARBON DISCLOSURE PROJECT (CDP) HIGHLIGHTED US AS LEADERS OF THE SUPPLIER ENGAGEMENT RATING (SER), AN ACKNOWLEDGEMENT FOR OUR COMMITMENT WITH SUPPLIERS TO MANAGE CLIMATE CHANGE.

SAVINGS IN PURCHASE NEGOTIATIONS

We achieved savings for USD 27.6 million, thanks to the excellent management carried out by our Purchasing teams in the negotiation processes. Of these savings, 20% was possible thanks to the global purchasing strategy, which seeks to identify the needs for common goods and services and carry out cross-regional negotiations.

WE CREATE SOCIAL VALUE

Among the Companies in the Business Group: Grupo Argos, Celsia, Odinsa, Cementos Argos and Summa, we have combined capabilities to align good practices and generate a greater transformation in our suppliers.

Through We Create Social Value (*Creamos Valor Social*), we have identified three lines of action to work in with our suppliers: Logistics Processes, Relationships and Training and Mentoring. This allows us to establish joint management strategies for this Stakeholder to develop as of 2021.

Scan to obtain information about the program.

GOALS [103-2]

Goals 2020

Met Ongoing Not Met

- We will migrate local contracting manuals to a corporate manual, which allows a unique understanding of the purchasing processes and good practices, respecting the context of each region.
- We will implement a technological platform to manage contracting, negotiation and performance evaluation for the USA Region.
- We will conduct new negotiations with potential savings of USD 12 million

Goals 2021

- To close the gaps of 50% of the critical suppliers evaluated in the 2019 Sustainability Index.
- To reactivate the Supplier Website, seeking to create a space for constant communication and exchange with that Stakeholder.
- To obtain import substitution worth USD 1,000,000.
- To conduct performance evaluations on 85% of our critical suppliers.

Goals 2022

- To redesign the recognition methodology and carry out the third version of the Recognition event.

CHALLENGES [103-2]

- To increase the coverage of the supplier evaluations in each of the regions, both in matters of performance as well as sustainability.
- To improve the acceptance and receptivity by suppliers of the indices, evaluations, recognitions and invitations to participate in different initiatives.
- To continue strengthening and developing the competencies of the Purchasing Teams.

A CASE OF SUCCESS

We build and strengthen relationships with strategic partners who have the ability to contribute to the Company in terms of efficiency, productivity, client service and innovation.

WE DEVELOP JOINT SOLUTIONS WITH OUR STRATEGIC PARTNERS

To strengthen relationships with business partners and create mutually beneficial initiatives, we joined with two of our main suppliers to optimize the reception of aggregates and transfers of cements from concrete plants in the United States.

The totality of this project was carried out by our teams and allowed us to go from a manual entry of all aggregate receipt data to an integration of the information systems of these suppliers with ours, so that the information on the receipts is preloaded and plant employees only have to validate, accept or reject it.

This translates into a reduction in the time it takes to enter information, eliminating the risk of errors, savings in suppliers of around USD 1.5 million, and a significant improvement in the relationship with these suppliers.

The technology used is very simple and low-cost, which will allow us to scale this project to more suppliers.

ACHIEVEMENTS:

At the close of 2020, we received more than 51,000 loads through this system, and it is projected that it will continue to increase.

- We use 100% internal resources
- Absolute minimum cost: Less than USD 5,000
- No annual maintenance cost
- Significant reduction in processing time:
  - A paper ticket took 1.5 minutes to be processes
  - Verifying five e-tickets now takes **20 seconds.**

ENVIRONMENTAL
STRATEGY

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

We are aware of the importance of our activity for the economic growth and social well-being of the geographies where we operate, while recognizing the impacts that this activity generates on the natural capital.

Therefore, through the implementation of our Environmental Management System, we seek continuous improvement that generates sustainable value for the Company, our value chain and other Stakeholders, by offering products and services with high standards that contribute to the solution of environmental problems.

Based on the hierarchy of impact mitigation, on risk identification and control and the enhancement of opportunities, **we focus our work on five lines:**

WATER AND BIODIVERSITY

We are committed to responsibly using vital services, such as water and biodiversity, which are necessary to society, ecosystems, our operations and the value chain. This, by identifying and managing risks and significant impacts and taking advantage of opportunities in the territories where we are present.

OUR GOALS ARE	2030
Rehabilitation of intervened areas	90%
Quarries in areas of high value with a management plan	85%
Reduction of water consumption in cement	245 L/t
Reduction of water consumption in concrete	216 L/m³
Reduction of water consumption in aggregates	94 L/t

See page 120 to learn the performance of this line of action.

CLIMATE CHANGE

We approach climate change in an innovative manner as a challenge and an opportunity to our direct operations and their value chain. That is why we are committed to mitigating direct and indirect CO_2 emissions ang generating the necessary capacities to adapt to its impacts, seeking to contribute to the competitiveness and resilient growth of both the Company and its Stakeholders.

OUR GOAL IS	2030
Reduction of net specific CO_2 emissions	523 kg CO_2/t cementitious material

See page 114 to learn the performance of this line of action.

SUSTAINABLE CONSTRUCTION

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.

OUR GOAL IS	2030
Revenue from products with sustainability characteristics	USD 800 Million

See page 90 to learn the performance of this line of action.

EMISSIONS

We are committed to reducing emissions through actions that achieve the efficiency of our processes, thereby contributing to good air quality in the places where we operate. For this reason, we focus on the measurement, control and reduction of point sources and disperses of particulate matter emissions (dust), as well as emissions of sulfur oxides (SO_2) and nitrogen oxides (NOx).

OUR GOALS ARE	2030
Reduction of particulate material emissions	45 g/t of clinker
Reduction of sulfur dioxide (SO_2) emissions	205 g/t of clinker
Reduction of nitrogen oxide (NOx) emissions	1,205 g/t of clinker

See page 125 to learn the performance of this line of action.

CIRCULAR ECONOMY

We contribute to the closing of life cycles of resources by harnessing waste or by-products from other industries, such as raw materials or alternative-fuels, providing a sustainable solution to the problem of their disposal. Likewise, we focus on the prevention, reduction, reuse, and recycling of our waste. To this end, we establish collaborative links with authorities, companies, and communities.

OUR GOALS ARE	2030
Use of alternative-fuels	33%
Alternative raw materials in cement	15%
Supplementary cementitious material in concretes	18%

See page 84 to learn the performance of this line of action.

SDG	Impact on business	GRI [103-1]	Strategic Sustainability Pillars	On the Website
13 CLIMATE ACTION	Costs Risks Income	Suppliers Clients Argos Society	Relationships of Trust · **Business Profitability** · Responsible Production · Shared Values	

ENVIRONMENTAL STRATEGY

CLIMATE CHANGE

We innovatively take on the historical challenge of facing climate change, which represents both a challenge and an opportunity for our direct operations and their value chain.

For this reason, we are committed to mitigate direct and indirect CO_2 emissions and to generate the necessary capacities to adapt to its impacts, seeking to contribute to the competitiveness and resilient growth of both the Company as well as its Stakeholders.

Harleyville Plant,
USA Region.

MANAGEMENT OBJECTIVES [103-1]

For the Company

To mitigate the risks related to climate change, to generate the necessary capacities to adapt to the impacts of this phenomenon and to enhance the opportunities derived from said problem. The foregoing, through the efficient management of our operations and the research and development of better processes, products and solutions that ensure the Company's competitiveness and permanence over time.

For Society

To contribute to face the challenges derived from climate change through the development of initiatives to mitigate CO_2 emissions, focused on the use of alternatives fuels, the optimization of the cement: clinker factor and energy efficiency, as well as to efforts to generate innovative products and solutions with sustainability characteristics that contribute to the mitigation of climate change and leverage the adaptation capacities of our Stakeholders.

According to the Value Added Statement to Society (VAS) , the cost derived from the CO_2 emissions was

USD 283.3 million. (See VAS, page 72)

HOW IS IT MANAGED? [103-2]

The Environmental Strategy, with its "Climate Change" pillar (see page 113) 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 CO_2-emission mitigation (direct and 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 us.

[201-2] [305-1] [305-2] [305-3] [305-4] [305-5] [A-EC1]
Learn about other indicators in this material topic.

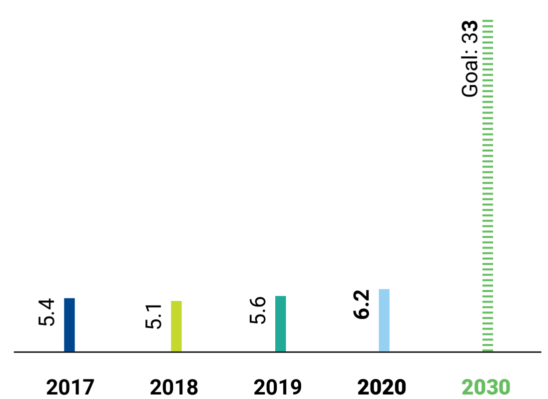
Learn about our Environmental Indicators.

Co-processing in the *Piedras Azules* Plant
Honduras; Caribbean and Central America Region.

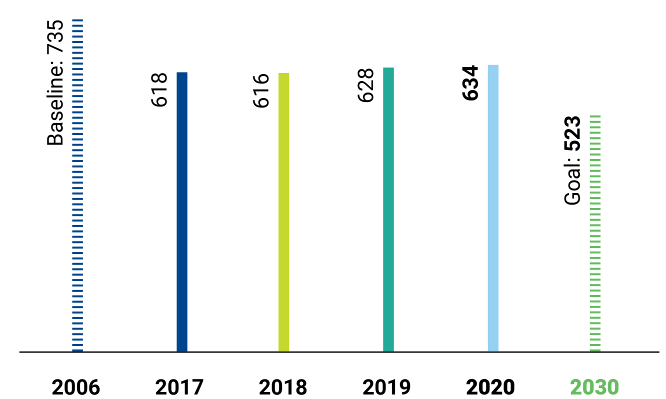
HOW DO WE EVALUATE MANAGEMENT? [103-2]

Different performance indicators allow us to follow up and monitor compliance with the Environmental Strategy and the contribution to climate challenges. Likewise, annually and through the VAS, we quantify the cost derived from CO_2 emissions for society.

Substitution of heat consumption of conventional fuels with alternative-fuels (%) [A-ENE1]



Specific net CO_2 emissions
Kg CO_2/t of cementitious material [A-ENE1]



2020 PERFORMANCE

[103-2] [103-3]

SPECIFIC CO_2 EMISSIONS

Specific net CO_2 emissions per ton of cementitious material increased 1%, compared to 2019. This was mainly due to a slight increase in the cement: clinker factor and the decrease in the use of natural gas consumed in the fuel mix of clinker kilns.

ALTERNATIVES FUELS

Alternative-fuels continue to be one of the main levers to reduce the intensity of specific net CO_2 emissions, as well as one of the fundamental pillars for energy and cost efficiency in the cement operations of our three regions. This year, we achieved a 6.2% substitution of caloric consumption of conventional fuels for alternative-fuels, which translates into an increase of 0.7 percentage points, compared to 2019.

This is the performance in each of the regions:

USA REGION

11.2%
substitution

In the cement plants, we consumed more than 79,000 tonnes of waste. Alternative-fuels used in 2020 as substitutes for conventional fuels, such as coal, include industrial waste, municipal solid waste, biomass (wood, peanut shells and tree nuts) and tires.

We particularly highlight 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 make it possible to increase both the volume of alternative-fuels and reduce the net specific CO_2 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.

.

USD **1.9** **Million** was the savings achieved for the use of alternative-fuels in the burner tip in US cement operations.

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. Within the framework of this association, periodic meetings are held in which the different actors of the waste value chain participate. Its objective is to identify potential sources of alternative-fuels, face existing barriers in transportation and waste-processing issues, discuss policies and regulatory matters, and – finally – that authorized companies show interest in receiving high-quality alternative-fuels.

Finally, in Martinsburg, the start-up of the alternative-fuels project has been delayed. The internal areas are working hard to agree with the supplier, Entsorga.

Since 2015, we have been part of the Carbon Disclosure Project (CDP) and now we voluntarily align ourselves with the recommendations of the Financial Stability Board (FSB) on Task Force on Climate-Related Financial Disclosure (TCFD), which allows us to validate that the identification, evaluation and effective management of climate-related risks and opportunities are integrated into our Risk Management process.

Our CO_2 emission-reduction targets will be aligned with the Science Based Targets (SBT) initiative. However, we are working on submitting them for review and approval of this initiative with which we will contribute to the goals of the Paris Agreement. To achieve this, we will build the roadmaps to reduce CO_2 emissions by 2030, annualized and – for each region – detailing the technical strategies for mitigation and the required investment plan.

CDP DISCLOSURE INSIGHT ACTION

Scan to see more information.

Co-processing in the Cartagena Plant; Colombia Region.

COLOMBIA REGION

2.1%
substitution

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 tonnes of alternative fuel consumed in this region, where we co-processed more than 13,900 tonnes of waste at the Cartagena, Rioclaro and Yumbo plants. There, we used materials, such as tires, impregnated with hydrocarbons, residue-derived fuels (RDFs) and biomass.

We highlight our participation in the Cemtech Decarbonisation Conference, in which we were invited to give a presentation called "Achieveing a Sustainable Alternative-Fuels Substitution Rate for Argos" to more than 1,400 virtual attendees, making known co-processing in Argos and its challenges.

THE CARIBBEAN AND CENTRAL AMERICA REGION

3.2%
substitution

At our *Piedras Azules*, Honduras, cement plant, we conducted a test to determine the feasibility of consuming solid waste crushed by the kiln's main burner to substitute petcoke as the main fossil fuel. The results showed that there were no effects on product quality, in the production process, or in equipment maintenance.

This is how – during the year – 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. Income from this concept rose from USD 103,000 to USD 262,000 in 2020.

"We are aware of the importance of concrete in closing gaps, in improving the quality of life of millions of people and in responding to the challenges posed by climate change and associated natural phenomena. For this reason, at Argos we work in the constant search for improvements in our production processes andin the consolidation of a portfolio that responds to these needs and allows us to continue positioning ourselves as allies of the future".

—
Juan Esteban Calle,
CEO

Thermally activated clay kiln
Riolaro Plant, Colombia Region.

THERMALLY ACTIVATED CLAYS

The use of these clays is one of the initiatives we have to reduce emissions per ton of cementitious material produced, as it aims to optimize the clinker content in the cement.

In 2020, the project, which is being carried out at the Rioclaro Plant, Colombia, was in a stage of stabilization, optimization and acquisition of knowledge of the team that operates it. We managed to enhance and stabilize the use of clays in Green Cement, guaranteeing its quality in the product. Most of the grey or green general-purpose cement shipped during the year had a significant proportion of thermally activated clays as cementitious material.

Additionally, industrial tests were carried out using these clays in the structural cement Max, exceeding the expected results. In the near future, this will allow their use in all the products of the Rioclaro Plant portfolio and, thus, meet the project's expectations.

GRUPO ARGOS CLIMATE-CHANGE STRATEGY

During 2020, we worked together with Grupo Argos and its subsidiaries in the construction of the Consolidated Climate Change Strategy, to join efforts to combat the impacts derived from this phenomenon. We believe that together we inspire transformations by example, with conscious investments, responsible operations, cutting-edge practices, and close work with our Stakeholders. This strategy focused on the actions of the companies on three axes: mitigation, adaptation and compensation.

Compensation of
5,907
t of CO_2 through Emission Reduction Certificates.

In the Business Group, we are committed to:

Reducing the intensity of Carbon Dioxide Equivalencies (CO_2e) emissions by
46%
by 2030; 2018 baseline

Reducing
37%
of the CO_2e emissions in absolute terms, compared to the 2015 baseline.

Advancing in the management of climate-change risks and opportunities.

CLIMATE-CHANGE TABLE

We set up a Climate-Change Table, where issues (direct and indirect emissions, quantification methodologies, mitigation scenarios, risks and opportunities, innovation initiatives for emission migitation, among others) associated with the Companyes performance around climate change are discussed transversally. One of the main achievements of 2020 was the joint construction of scenarios for the projection of the CO_2 emission-reduction goal (Scope 1) to 2030.

A CASE OF SUCCESS

ADHESION TO THE GCCA 2050 CLIMATE AMBITION PLAN

In 2020, we committed ourselves to the Climate Ambition Plan promoted and launched by the Global Cement and Concrete Association (GCCA), which meant belonging to the set of 40 companies that signed the following commitment: "The members of GCCA are committed to continue reducing the CO_2 footprint of their operations and products and aspire to deliver carbon neutral concrete to society by 2050."

The GCCA will work throughout the value chain of the environment, built to fulfill this aspiration, under a context of circular economy and life cycle.

The *Pacífico 2* megaproject,
in Antioquia, Colombia, is a work in harmony with the environment.

Scan to learn about the Climate Ambition Plan.

AMOVILIZARTE

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 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 and CO_2 emissions avoided with each type of sustainable mobility (walking, bicycle, public transport and shared car), we have managed to increase the number of employees participating in the initiative, which led us to avoid a total of 19,960 kilograms of CO_2 in the year.

GOALS [103-2]

Goals 2030

- We will reduce specific net CO_2 emissions by 29%, compared to the 2006 baseline (735 kg CO_2/ton of cementitious material), which is equivalent to emitting a maximum of 523 kg CO_2/ton of cementitious material.
- We will achieve a 33% substitution of heat consumption by using alternative-fuels.

CHALLENGES [103-2]

- To ensure a constant, quality and cost-efficient supply of alternative-fuels in our three regions.
- To update the guidelines to adapt facilities to the impacts generated by the physical risks of climate change.
- To build the roadmaps to reduce CO_2 emissions (Scope 1) by 2030, annualized and for each region, detailing the technical strategies for mitigation and the required investment plan.
- To participate in the construction of the roadmap of the CO_2 neutral concrete path to 2050.

SDG	Impact on business	GRI [103-1]	Strategic Sustainability Pillars	On the Website
11 Sustainable Cities and Communities; 13 Climate Action	Costs Risks	Suppliers Argos Society	Relationships of Trust; **Business Profitability**; Responsible Production; Shared Values	

ENVIRONMENTAL STRATEGY

ECOSYSTEMS

We are aware of the importance of natural capital as a critical asset for economic growth, health and social well-being. For this reason, at Argos we commit ourselves to carrying out an appropriate management of natural resources so that – in the long term – the flow of ecosystem services is maintained for our direct operations, the supply chain, and the people and ecosystems that depend on them, through the identification and proper management of risks and significant impacts in the geographies where we are present.

In the We Conserve Life (*Conservamos la Vida*) Program, we protect 11,000 km² of ecosystems in the Western and Central Mountain Range of the Colombian Andes, where the Andean bear lives.

MANAGEMENT OBJECTIVES

[103-1]

For the Company

To generate a positive net impact on biodiversity, to comprehensively carry out an appropriate management of water resources, and to achieve the goals of our Environmental Strategy. The foregoing, through the application of the impact-mitigation hierarchy, the management of risks and opportunities, and the commitment not to operate in protected areas or areas declared of high value for biodiversity. Thus, we create sustainable value, drive economic growth, increase the Company's resilience, and ensure the continuous flow of ecosystem goods and services necessary for our production processes.

For Society

To appropriately manage natural resources through the prevention, mitigation, correction and compensation of our negative impacts and enhance the positive impacts to guarantee the availability of environmental goods and services, such as water and biodiversity, for current and future generations.

Learn about our Environmental Indicators.

From our Grupo Argos Foundation, we conserve life and we bet on biodiversity.

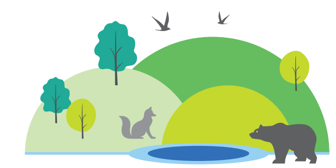
HOW IS IT MANAGED? [103-2]

The Water and Biodiversity pillar of our Environmental Strategy, aligned with the GCCA Biodiversity Policy, is our guide and roadmap for the adequate management of natural capital. Our goal is to have a net positive impact on biodiversity and integrated water management. For this, we focus on four lines of action:

1. The efficient use of water, starting from the correct quantification of water flows.

2. Assessment of water risks and risks associated with biodiversity in our operations and value chain to prioritize efforts, promote collective action and allow innovative solutions with a positive impact on these resources.

3. The formulation and implementation of rehabilitation plans for intervened areas for all our quarries to achieve a positive net impact.

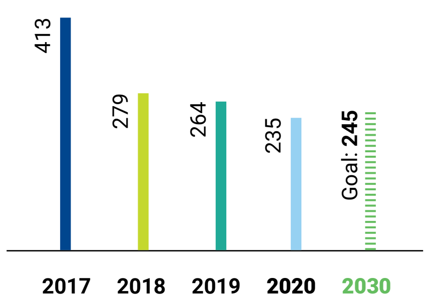


4. Biodiversity Management Plans (BMPs) for quarries adjacent to or located in High Biodiversity Value (HBV) areas.

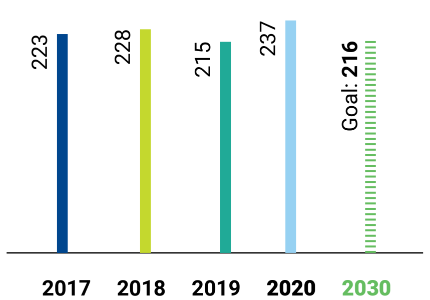
HOW DO WE EVALUATE MANAGEMENT? [103-3]

We have set goals that help us monitor the progress of our commitments:

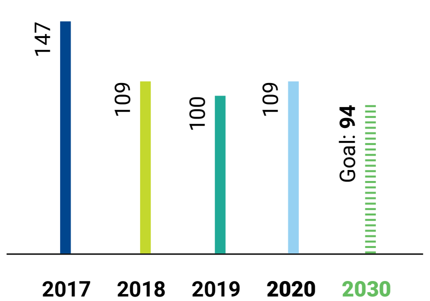
Reduction of water consumption in cement (L/t) [A-A1]



Reduction of water consumption in concrete (L/m³) [A-A1]



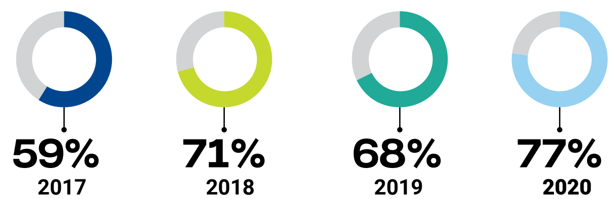
Reduction of water consumption in aggregates (L/t) [A-A1]



From our Grupo Argos Foundation, we protect water and biodiversity under an integrated model of basins, which we articulate with the communities. The Belmira Basin; Antioquia, Colombia.

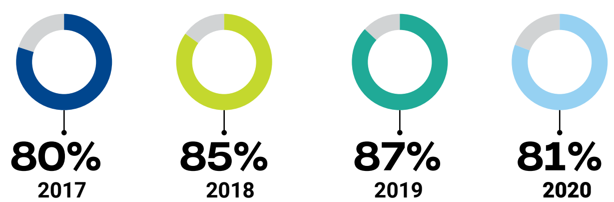
Quarries in high-value areas with a management plan (%) [A-BI1]

Goal 2030: 85



Rehabilitation of intervened areas (%) [A-BI2]

Goal 2030: 90



[303-3] [303-4] [303-5] [A-A2]
[304-1] [304-4] [A-BI3] [A-BI4]
Learn about other indicators in this topic

2020 PERFORMANCE

[103-2] [103-3]

WATER

SPECIFIC WATER CONSUMPTION

Last year, our efforts were focused on improving the quantification and reporting of water, the optimization of processes and the correction of deviations. This is how, in 2020, we invested more than USD 550.00 in issues related to the efficient use of water. This allowed us to reduce consumption in the cement business and to continue to improve and expand our measurement capacity in the concrete and aggregate businesses. Thus, we are making better-informed decisions and implementing actions increasingly more effective that lead us in the expected trend of reducing consumption.

RECIRCULATED WATER

We recirculated more than 11,000,000 m³ of water in our direct operations, thus reducing the pressure on this valuable resource. This amount is equivalent to the water consumption of approximately 60,000 average families per year.

WATER CATCHMENT IN AREAS OF WATER STRESS

Of the water we collect, 4% comes from areas of water stress. However, 100% of our operations have efficient water-use and measurement plans to minimize this risk.

THE AMOUNT OF WATER RECIRCULATED IN 2020 WAS EQUIVALENT TO THE CONSUMPTION OF APPROXIMATELY 60,000 AVERAGE FAMILIES PER YEAR.

THE *QUEBRANCHA* PLANT, PANAMA: A CASE OF SUCCESS IN THE REDUCTION OF WATER CONSUMPTION

Since the implementation of the Water Recirculation Project in this operation, we went from having specific consumptions of 729 L/t to less than 149 L/t in 2020, which represents a decrease of 80%. This has made it possible to reduce the pressure on the water resource and reduce the volume of water captured. Thus, we contribute to ensuring the availability of the resource, both for the Company, as well as for society and ecosystems.

***SALDAÑA* RIVER, BASIN OF LIFE**

Through this collective action that we have been carrying out together with National Natural Parks *(Parques Naturales Nacionales,* PNN) and WCS Colombia, we seek to conserve biodiversity and eco-systemic services associated with water resources that generate well-being for local populations in the *Amoyá, Alto Saldaña* and *Cucuana* sub-basins, belonging to the *Saldaña* River basin, Colombia. At the end of the year, it had 339 hectares of protected forests, 16 farms with 85 hectares in passive and active restoration, two community nurseries with 250 propagated seedlings, 659 hectares with sustainable-management practices, one solar panel installed, five natural reserves of the civil society registered with PNN, among many other achievements.

VOLUNTEER PROGRAM

Through forest-enrichment processes of nearly two hectares and training and environmental-education activities, we created a conservation program in the protection areas of the *El Laurel* and the *La Chicora* streams and the *Saldaña* River, Colombia) through the work of eight low-income families.

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

3.4%

compared to 2019.

(See VAS, page 72).

BIODIVERSITY

BIODIVERSITY REHABILITATION AND MANAGEMENT PLANS

Currently, we have 81% of the released areas in active and inactive quarries rehabilitated; this means a slight decrease compared to the previous year, as a consequence of the liberation of areas by mining areas, an increase of 31 hectares, compared to 2019. Likewise, the Biodiversity Management Plan (BMP) Indicator reached 77%. This achievement has been leveraged on the growing commitment to minimize the impact on the surrounding natural and social capital and to achieve a positive net impact, avoiding operational risks.

We take care of the foxes that arrive at our Sogomoso Plant. Colombia Region.

TEN WILDLIFE HABITAT COUNCIL CERTIFICATIONS WERE DELIVERED TO SEVERAL OF OUR PLANTS AND TERMINALS IN THE USA DEMONSTRATE OUR COMMITMENT TO THE BEST CORPORATE STANDARDS FOR SPECIES CONSERVATION.

PAVAS AND *NISPERAL* ENVIRONMENTAL AND MINING CLOSURE

In line with our objective of generating a positive net impact, through the process of closing the *Pavas* and *Nisperal* quarries in Colombia, we have fostered the establishment of an ecosystem that benefits different species of regional flora and fauna and increased the available ecosystem services for society. The sustainable closure focused on guaranteeing the recovery and environmental stabilization of the intervened area, the regeneration of the ecosystem, and the development of activities in accordance with the territorial planning of the municipalities, consolidating an area of great eco-systemic and economic value for the present and incorporating it into the future urban development of Barranquilla and Puerto Colombia, Atlántico, Colombia.

BAT NEST AND POLLINATOR GARDEN IN THE NEWBERRY AND ATLANTA PLANTS, USA

As part of our conservation efforts, the Atlanta cement plant implemented pollinator gardens targeting bees and butterflies, as well as shelter boxes for bluebirds. In addition, the Newberry Plant has a bat-refuge project to provide habitats for at least six local species.

GOALS [103-2]

Goals 2030

- We will have 85% of the quarries located in areas with high value for biodiversity with a Biodiversity Management Plan (BMPs).
- We will rehabilitate 90% of areas released in active and inactive quarries.
- We will reduce the specific water consumption in the cement business to 245 L/t of cement.
- We will reduce the specific water consumption in the concrete business to 216 L/m³.
- We will reduce the specific water consumption in the aggregate business to 94 L/t.

CHALLENGES [103-2]

- To generate actions to reduce the risk of scarcity and possible future conflicts over the resources with relevant actors and Stakeholders.
- To promote opportunities, such as collective actions at the basin scale, which contribute to the conservation of water resources and biodiversity.
- To close the gaps in the released areas of quarries and to generate Biodiversity Management Plans (BMP) for those facilities that are located in areas of high value for biodiversity and that still do not have a plan.

SDG	Impact on business	GRI [103-1]	Strategic Sustainability Pillars	On the Website
11 Ciudades y comunidades sostenibles	Costs Risks	Argos Society	Relationships of Trust · **Business Profitability** · Responsible Production · Shared Values	

ENVIRONMENTAL STRATEGY

ATMOSPHERIC EMISSIONS

We reduce the impact in air quality in the areas where we operate to generate relationships of truse with our Stakeholders.

We are committed to reducing our emissions through actions that achieve more efficient processes; this is how we contribute to good air quality in places where we operate. Our production processes for cement, concrete and aggregates generate specific and dispersed emissions of particulate matter (PM), as well as emissions of sulfur oxides (SO_2) and nitrogen oxides (NOx) in the clinkerization furnaces of the cement plants.

MANAGEMENT OBJECTIVES [103-1]

For the Company

To develop more efficient processes, which allow responsible production that meets and even exceeds local regulations in the countries where we are present and contribute to the profitability of the business.

For Society

To mitigate the impact on air quality in the areas where we operate, acting responsibly, and promoting relationships of trust with our Stakeholders.

The Martinsburg Plant
The United States Region.

HOW IS IT MANAGED? [103-2]

The “Emissions” pillar of our Environmental Strategy (see page 113) focuses on: Working on the adequate measurement, control and reduction of SO_2, NOx and particulate-material (PM) emissions generated by our production processes in the cement business and on the prevention and mitigation of our dispersed emissions of particulate material (dust), originated mainly by the activities of transportation, transfer, unloading and storage of materials in the cement, concrete and aggregate processes. The foregoing, through operational control, optimization and renewal of emission-control systems to achieve continuous improvement.

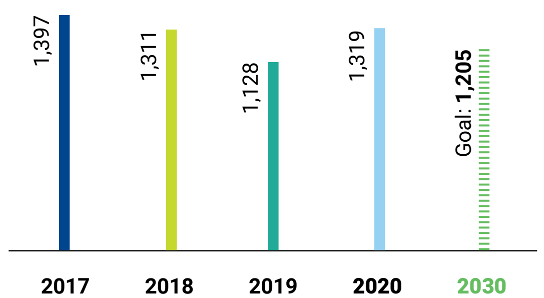
According to the VAS, the cost to society derived from atmospheric emissions in 2020 was **USD 31.07 million** (See VAS, page 72)

HOW DO WE EVALUATE MANAGEMENT? [103-3]

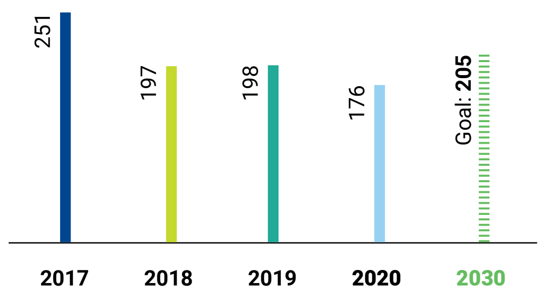
We use different performance indicators to monitor compliance with our Environmental Strategy, including:

[A-0E1] (g/t of clinker)

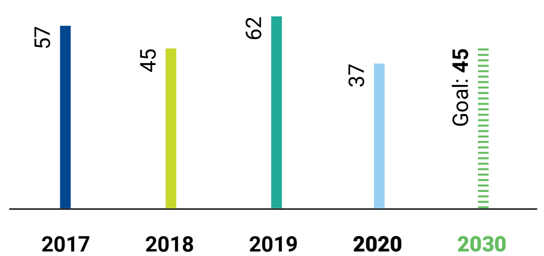
Specific NOx emissions



Specific SO_2 emissions



Specific PM emissions



Learn about our Environmental Indicators.

2020 PERFORMANCE [103-2] [103-3]

PERFORMANCE OF SPECIFIC PM, SO_2 AND NOX EMISSIONS

In 2020, we reduced our specific emissions of particulate matter (PM) and sulfur oxides (SO_2) by 40% and 11%, respectively, compared to 2019. As for the specific emissions of nitrogen oxides (NOx), we had an increase of 17%, which leads us to increase efforts in operational improvements.

EXECUTION OF THE CONTROL-SYSTEM MAINTENANCE PLAN OF THE TWO *RIOCLARO* FURNACES

We carried out the execution of the control-system Maintenance Plan of the two *Rioclaro* furnaces. This generated an investment of USD 356,413 and – most importantly – it allowed a 68% reduction in the specific emissions of particulate matter in the plant.

EXECUTION OF THE *CINA* PLANT EMISSIONS PLAN

We were able to execute 80% of the activities defined in the Dispersed Emissions Prevention and Control Plan for the *CINA* Plant in Haiti; with this, it was possible to evidence a reduction of dispersed material (dust) in different areas of the plant.

INVESTMENTS 2020

Amid the challenges of the pandemic, we made an investment of more than USD 6,000,000 to implement measures to monitor, control and reduce air emissions. These investments consisted of the optimization and technological renovation of the control systems, maintenance of the equipment already installed to guarantee its proper functioning, and the monitoring of fixed and dispersed sources.

INVENTARIO DE EMISIONES DE MERCURIO

We did this in 90% of our clinker kilns. We will continue working in the consolidation and updating of our emissions inventories, to determine future actions that result in a continuous improvement of our environmental performance.

GOALS [103-2]

Goals 2020

Met Ongoing Not Met

- We will inventory our mercury (Hg) emissions for 100% of the clinker production.

Goals 2030

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

CHALLENGES [103-2]

- To achieve stability in the Continuous Monitoring Systems (CEMs) installed in the Colombia Region, to reach the operational control standards of the industry.
- To continue minimizing dispersed emissions of particulate matter (dust) in our operations, through the implementation of new technologies and improvements in current processes.
- Operational improvements in production processes that contribute to reducing SO_2 and NOx emissions.

SDG	Impact on business	GRI [103-1]	Strategic Sustainability Pillars	On the Website
8 DECENT WORK AND ECONOMIC GROWTH	Costos Risks	Argos Society	Relationships of Trust · **Business Profitability** · Responsible Production · Shared Values	

TALENT MANAGEMENT

Medellín Distribution Center Employees;
Colombia Region.

At Argos, we seek to attract, retain and develop our employees through superior experience. We are aware that to achieve our goal of transforming society, we need the best team. We are committed to labor practices of the highest standards, such as inclusion, respect for diversity, the right to freedom of association, and the integral development of people. All of this is supported by a human team that – through the pillars of culture – seeks a balance between profitability, social development and environmental impact.

MANAGEMENT OBJECTIVES [103-1]

For the Company

To consolidate a great team, capable of assuming change as an opportunity and creating shared value in collaborative work-environments. We do this by attracting, developing and retaining the best talent to face current and future challenges.

For Society

To transform our society through the development of people who are aware of their environment, who transcend and create value with each of their actions.

HOW IS IT MANAGED? [103-2]

We want to provide the best experience to employees to achieve the fulfillment of our goals and our higher purpose. To do this, the Talent Management Strategy focuses its work on three lines:

1.

ATTRACTION, RETENTION AND DEVELOPMENT OF THE BEST TALENT
The goal is to have the right people in the right place. We are aware of the importance of identifying the Company's needs and employee interests. We structure and develop programs through which we identify and evaluate our talent, their priorities and goals.

2.

DEVELOPMENT, MAINTENANCE AND STRENGTHENING CRITICAL COMPETENCIES
We have training programs to develop, maintain and strengthen critical competencies at each stage of employee development. With these trainings, as with our Performance Management Program, we enhance their progress with the accompaniment of their leaders.

3.

PROMOTION OF HIGH STANDARDS IN WORK PRACTICE
The respect for and promotion of diversity and inclusion guarantee the construction of a multicultural, interdisciplinary Company, in which we all contribute in a unique manner. We are committed to guaranteeing the right to freedom of association, equal participation in processes, and respect for diversity.

***Toluviejo* Plant Employees**
Colombia Region.

HOW DO WE EVALUATE MANAGEMENT? [103-3]

We evaluate our management from four perspectives:

1.

REFERENCING
We study and compare our management with the best practices in the industry.

2.

ADHERENCES AND INITIATIVES
We participate in initiatives, certifications, voluntary evaluations and workshops related to human-capital issues.

3.

INTERNAL ASSESSMENTS
We carry out work environment measurements that allow us to identify strengths and opportunities to undertake action plans and strengthen the level of commitment and satisfaction of our employees.

4.

MANAGEMENT INDICATORS
We measure and control key indicators that allow the employee to develop throughout his cycle in the Company, which includes attraction, training, succession, retention, performance and separation.

[102-7] [102-8] [102-41] [202-2] [401-1] [402-1] [404-1] [404-3] [405-1] [405-2] [A-TM1] [A-TM2] [A-TM3]
Learn about our Management Indicators.

2020 PERFORMANCE [103-2] [103-3]

MANAGEMENT OF LABOR RELATIONS

We promote social dialogue and respect for the right of freedom of association and joint construction.

ACHIEVEMENTS:

- Transformation processes began in Puerto Rico, where labor relations were strengthened.
- In Colombia, 103 dialogue spaces were created that included all cement plants.
- In the United States, 12 formal meetings were held with all those plants with collective contracts.

Client and employee, Honduras,
Caribbean and Central America Region.

DIVERSITY AND INCLUSION

Diversity and inclusion is one of our focuses and a topic about which we are passionate. We understand that actively working on these issues and developing them as part of our culture is consistent with our fundamentals of respect and value for difference.

We are a benchmark for the industry due to our Equity Policy, which is supported by the certificates we have achieved in Colombia and the Caribbean and Central America.

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ACCORDING TO THE RANKING OF *SUMMA* MAGAZINE, WE ARE PART OF FIVE COMPANIES THAT OFFER THE BEST WORK CONDITIONS FOR WOMEN IN CENTRAL AMERICA.

ACHIEVEMENTS:

- Diversity Communities and Tables have been created in all Caribbean and Central American countries, as well as in Colombia.
- We received the *SiGénero* Gender Equality Seal, Gold Level, in Panama, awarded by the Ministry of Commerce and Industries, the National Institute for Women and the United Nations Development Programme (UNDP).
- We created Diversity Tables that seek to promote workspaces free from discrimination, with a focus on gender and sexual diversity. These Tables are made up of people from our three regions and began with training in unconscious biases and diversity, with around 100 participations and the generation of spaces to discuss these issues in our Company and with a view to relations with all our Stakeholders.

67
is our total of women drivers of mixer trucks

29%
of women in leadership positions

+150
women in positions that have traditionally been assumed by men

39%
of the executive and managerial level is of non-Colombian origin.

CASO DE ÉXITO

An employee working at home
Medellín, Colombia.

THE LIVE (*VIVE*) PROGRAM

The health of our employees is a value and, therefore, LIVE (*VIVE*) emerges as an alternative for people to go through the period of the pandemic in the best manner possible.

The program is based on four axes:

1. **Health status**
2. **Team management**
3. **Forms of work**
4. **Balance**

This was successfully implemented in Colombia and replicated in Panama, the Dominican Republic and Honduras.

ACHIEVEMENTS:

- Approximately 925 employees worked remotely for more than 75% of the year, to ensure comprehensive health and safety.
- The base of formal teleworkers increased and reached approximately 382 employees.
- Through LIVE, we had 40 events, with a total of 2,386 participants, in which 4,145 hours were invested.
- The program had an average rating of 4.5/5.

"I liked the LIVE Here and Now (*VIVE Aquí y Ahora*) Event, since it gave us tips that we can put into practice to keep ourselves in the present. Most of the time we are on automatic pilot, doing one thing and thinking about many others. I would participate in another of this LIVE program because it helps me improve my awareness of the here and now and, therefore, my quality."

—
Carmen Elisa Giraldo,
Project Management Office (PMO) R&D Professional

According to the VAS, the added value to society derived from the development of human capital was USD **1.9** million (See VAS, page 72)

TRANSPARENCY IN HUMAN MANAGEMENT INFORMATION

In order to advance in transparency and in the democratization of information in the Talent Area, a digital platform was built, where all kinds of information on human talent is found, to empower conscious decisions based on facts and data.

Now, the employee life cycle is actively managed through Talent Place. The active behavioral monitoring of indicators – such as the number of employee matters related to compensation, turnover, organizational movements, training hours and demographics, among others – allows us to adopt proactive positions in our talent initiatives.

TALENT PLANNING PROGRAM

This comprehensively assesses positions and succession charts related to key talent positions. Our succession success rate in the year was 50%.

PERFORMANCE MANAGEMENT PROGRAM

In our Company, Performance Management is a process in which the employee is the main person responsible. In 2020, we reached a performance evaluation coverage of 97%.

INTERNAL MOBILITY

In order to deal with the situation of the pandemic, adjustments in structure were moderated, and the rate of internal mobility reached during the year was 6.86%.

Employee, Antilles
The Caribbean and Central America Region.

GOALS [103-2] [103-3]

Goals 2020

Met · Ongoing · Not Met

Met:
- To maintain above-average retention of key talent and achieve a succession success rate of 40%.

Met:
- To strengthen the Performance-Management Program with the adoption of the Continuous-Performance Model and to maintain coverage levels of 96% in all the cycle, with evolution in quality.

Ongoing:
- To achieve an internal mobility rate of 10%.

Goals 2025

- We will increase the proportion of women in leadership positions from 29% to 35%.
- At the Executive and Managerial level, 50% will be of non-Colombian origin.

CHALLENGES [103-2]

- To review the new forms of work adopted since the pandemic.
- To generate and provide new tools that facilitate the management of human talent for Company leaders to achieve a timely follow-up in the new reality that has emerged after the context of COVID-19.
- To work on and promote the new working groups on sexual diversity.
- To strengthen the succession program and to evolve current performance, which is carried out through annual cycles, to continuous feedback and performance recognition.
- To increase the adoption of agile methodologies to respond in a timely, multidisciplinary manner to market changes.
- To increase data-driven decision making to seek ever-greater transparency and the development of analytical capabilities.

THIS IS HOW WE ADAPT TO COVID-19

CONTINUITY OF OPERATIONS IN THE FRAMEWORK OF COMPREHENSIVE HEALTH

For the continuity of operations, we implemented several strategies, observing the legal frameworks of the countries in the context of the pandemic.

ACHIEVEMENTS:
- Early collective vacations were negotiated with employees, in order to help the Company in times of crisis and, thus, protect employment and the sustainability of the operation.
- Compensable paid leave was agreed upon with the unions with a sustainable management of some compensation elements.
- Biosafety protocols were implemented in all operations. As a case of success, we highlight the stoppage of the furnace in Honduras, which was carried out without a record of infections.
- We had an Operations Continuity Index of 99.9%, which indicates that the plants remained in operation without contingencies caused by COVID-19 outbreaks.

ADAPTATION OF THE WORK MODEL

In recent years and prior to the pandemic, at Cementos Argos we advanced in a flexible-work model, which has allowed several employees of the Organization to opt for a teleworking modality.

With the arrival of the pandemic, the associated technology services, the risk-coverage model, health care and sales training for managers and employees, among other measures, allowed the Organization to adapt quickly and efficiently to employees working at home, always bearing in mind that, for Argos, health and safety care is a value that should not be negotiated.

In May, when most of our territories had restriction measures, 92% of our operations were active. By then, 77% were working in the operation and 23%, at home.

OCCUPATIONAL HEALTH AND SAFETY
STRATEGY

Safety and health in our lives are the main value to construct our dreams and those of those around us.

For this reason, the commitment of each one of us is: "I promise to take care of myself and encourage everyone so that we remain safe and healthy, thus achieving ZERO: zero incidents and zero occupational illnesses."

To achieve this, we focus on:

LEADERSHIP AND RESPONSIBILITY

WE WANT!
We share our vision on health and safety and make sure we all understand, take responsibility and empower ourselves to achieve and sustain Zero.

OUR GOAL IS

To eliminate serious injuries to our employees and contractors by 2025*

** According to the scope and definition established*

DEVELOPMENT OF COMPETENCIES IN RISK MANAGEMENT

WE KNOW AND WE CAN!
We work so that we all know the risks and apply the control measures that prevent occupational injuries and illnesses.

OUR GOALS ARE

Reduce total lesions by **50%*** ** Baseline 2019*

Decrease labor illnesses by **30%**

COMMUNICATION AND CULTURE

WE CHOOSE!
We inspire work teams to choose to work safely and healthy, applying, understanding and being aware of consequences of the fulfillment or not of adequate management.

OUR GOAL IS

A successful-impact project per Region each year*
** The impact of which is related to the improvement of the Total Injury Frequency Index (TIFI), absenteeism due to General Illness (GI), situations of high risk, and occupational illness.*

OPERATIONAL EXCELLENCE

IT'S OUR HABIT!
We continuously learn and improve, sharing our best practices and promoting health and safety as a habit and a value that permeates everyday actions and decisions.

OUR GOALS ARE

To improve the health conditions of our population by decreasing absenteeism due to general illness by **15%**

100% of high-risk situations intervened in a timely manner

SDG	Impact on business	GRI [103-1]	Strategic Sustainability Pillars	On the Website
8 DECENT WORK AND ECONOMIC GROWTH	Costs Risks	Suppliers Clients Argos Society	Relationships of Trust · **Business Profitability** · Responsible Production · Shared Values	

OCCUPATIONAL HEALTH AND SAFETY STRATEGY

OCCUPATIONAL HEALTH AND SAFETY

Comprehensive health and safety are the most important values in our operations. Every day we consistently advance towards the achievement of ZERO incidents and ZERO work-related illnesses, aware that our commitment goes beyond our facilities and materializes in the well-being of all those around us.

Employee at the *Rioclaro* Plant
Colombia Region.

MANAGEMENT OBJECTIVES
[103-1]

For the Company

To keep us safe and healthy. For this reason, we empower our employees and contractors so that – aware of the risks – they always adopt the measures and control actions necessary to prevent occupational injuries and illnesses.

For Society

To share our vision and experience on health and safety with Stakeholders, inspiring them to make self-care a habit that permeates their daily actions. We create value by caring for ourselves and those around us, positively impacting everyone's quality of life and strengthening our relationships of trust.

[403-4] [403-9] [403-10] [A-SI2]
Learn about other indicators here

HOW IS IT MANAGED? [403-1] [103-2]

We implement a health and safety strategy, which is focused on four key axes to achieve – through joint work – our goal of ZERO: zero incidents and zero occupational illnesses (see the previous page).

HOW DO WE EVALUATE MANAGEMENT? [103-3]

We monitor our management through performance indicators, such as the frequency, severity, and total injury rate.

In addition, we monitor preventive indicators, such as behavioral interventions and risk conditions, among others. Likewise, we carry out self-evaluations and audits that help us identify opportunities for improvement to advance towards excellence.

2020 PERFORMANCE [103-2] [103-3]

SENTINEL HOUSEHOLDS
[403-3] [403-4]

This is a program executed in Honduras, the purpose of which is to bring the biosafety culture to the homes of direct employees and contractors, thus creating a comprehensive network of health and safety promoters beyond work life.

The dynamics of this program consists of sharing bi-weekly, through a podcast, good biosafety practices for families, so that they can apply them in their daily activities and, thus, ensure better health for all and a reduction in the risk of contagion from COVID-19.

ACHIEVEMENT:

165

Households of direct employees and contractors have participated in four podcasts about good biosafety practices.

PUMP OPERATION MANUAL

During 2017, we identified that the pump operation contributed more than 60% of incapacitating events in Panama, which motivated the operation to draft the Pump Operation Manual, with which we managed to reduce incapacitating events to ZERO in pumping activities. The Manual has been elaborated comprehensively to educate users in the different areas where they interact. This provides them with recommendations for good operational and environmental practices and preventive measures in industrial safety and occupational health issues. It is important to note that the pumping work is highly specialized, critical and will only be performed by properly trained personnel. In addition, the possibility of extending the program to more geographies will continue to be reviewed.

TRAINING IN VIRTUAL REALITY

Every day, the application of technology in the management of occupational health and safety has more relevance and, in a special way, for those activities to develop skills in employees. One of the tools that is having significant impact is virtual-reality, which allows the worker to be placed in a scene as close to reality as possible. With this, he can live a harmonious experience with the tasks he will carry out and, thus, know its risks and how to control them when he must face them. Two examples of these technologies are the road simulator for the concrete operation in the USA Region and the virtual reality simulator for high-risk tasks in the Colombia Region.

ACHIEVEMENTS:

799

mixer truck drivers trained, using the road-incident prevention simulation in the United States Region

21

employees trained in the cyclone clearing simulator in the Colombia Region

Virtual reality simulator
The United States Region.

Safe Points
Colombia Region.

Management Highlights 2020 [103-2] [103-3]

ROAD SAFETY DISCUSSION

In June 2020, we held the first Road Safety Discussion, aimed at showing the Organization the good practices implemented to prevent incidents and help make our roads safer. In the event, six leaders from the three Regions participated; they shared their experience and some initiatives and projects implemented in recent years to prevent road incidents and save lives. More than 500 people from all Regions connected to this activity.

CONTROL POINT SAFE POINTS

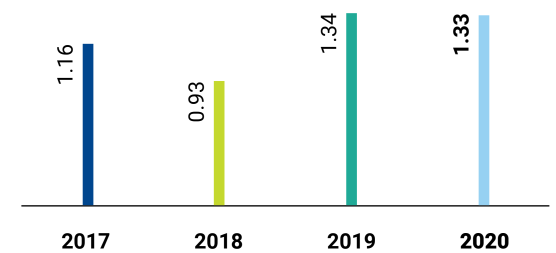
In synergy with local authorities and other guilds, we have carried out Safe Points, to accompany drivers in raising sensitization and awareness on the importance of self-care and taking care of others on the road, as well as verifying the basic factors of mobility in the driving activity, analyzing the driver's physical and emotional conditions, the technical-mechanical state of the vehicle, the characteristics of the infrastructure, and recommending road-safety actions to prevent incidents. In addition, we carry out activities to generate empathy among the different road users, who learn about the possible risks and other difficulties associated with exposure to road risks when one is a truck driver, motorcyclist, cyclist or pedestrian.

During the year, more than 1,000 road actors (cyclists, motorcyclists, cargo-transport drivers, public-service drivers, passengers, pedestrians) were impacted in the different sites suitable as Safe Points.

Outcome Indicators

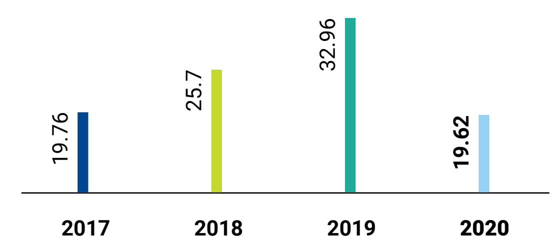
FREQUENCY INDEX

We reduced the number of disabling injuries from 2019 by 30%; however, our frequency rate for the year was above the goal proposed for 2020. Incident analysis, operational discipline and risk analysis remain a priority, especially in those activities outside of our facilities and where the risk has a high variability within the workday. This challenges us to strengthen the use of tools that facilitate ensuring that the level of consciousness of our employees is always alert.



Includes direct and indirect employees.

SEVERITY INDEX



INDEX OF TOTAL INJURIES

During 2020, we decreased Total Injuries by 19%, compared to the previous year. The calculation of this Index includes fatalities, incidents with loss of time, first aid and medical treatment.

475
2019

385
2020

[403-9] [403-10] [A-SI2]
Learn about other indicators here

The Georgia Hispanic Construction Association awarded us its Safety in Construction Award, which recognizes those companies that have demonstrated their commitment to excellence within the construction industry in the Areas of Safety and Sustainability, and which are role models for the Hispanic construction community..

DEVELOPMENT OF COMPETENCIES TO EXECUTE HIGH-RISK TASKS

Due to the pandemic, the training methodologies to develop competencies implied non-face-to-face training alternatives. This was a limitation for many operations; however, thanks to the strategies implemented, we managed to ensure that 89% of our employees who perform high-risk tasks developed the skills necessary to perform them safely.

We monitor our management through indicators, such as Frequency, Severity, and Total Injuries. Kiln Employee, the United States Region.

GOALS [103-2] [103-3]

Goals 2020

Met Ongoing Not Met

- We will achieve a decrease in the Frequency Index with a goal of 1.2
- We reduced Total Injuries by 10%, compared to 2019
- Ninety percent (90%) of our employees who perform high-risk tasks will develop the competencies necessary to safely execute them.

Goals 2025

- To improve the health conditions of employees, reducing absenteeism due to general illness by 15%, compared to 2019.
- To reduce total injuries by 50%, based on 2019.
- To eliminate serious injuries to our employees and contractors.
- To reduce occupational diseases by 30%.
- To intervene in a timely manner in 100% of high-risk situations.

CHALLENGES [103-2]

- Leadership and empowerment continue to be the most important challenges in achieving our strategy.
- To ensure that we all have clear expectations and our contribution to achieve and sustain ZERO.
- To choose to behave in a manner consistent with our values and objectives, focusing on risk analysis in a conscious, consistent manner with its variability.
- Feedback, recognition and management of consequences.

THIS IS HOW WE ADAPT TO COVID-19

[403-3] [403-4] Reactivation of operations during the pandemic

To face the pandemic and to preserve the health of employees, families, clients and communities, as well as to guarantee business continuity, work cells were created, which – throughout the year – allowed the following achievements:

- Synergies for the implementation of the best practices recommended by experts and local authorities and defined within the **Operations Guide during the Pandemic,** which has been permanently updated and has an annex of its application, according to the phase of the pandemic in which the country is.
- The definition of the **COVID-19 Case Management guideline** to be applied in all countries.
- The comprehensive approach to health through the **LIVE (*VIVE*)** Strategy, which was created in response to the need to support employee mental and emotional health.

The Business Group Technical Health Team

A Technical Health Team was formed together with the other companies of Grupo Argos to meet common needs. Thanks to the management of this team, we achieved:

- The development of the *Confianza* (Trust) app, which allows real-time reporting by employees on situations related to COVID-19, and which facilitates the timely initiation of health monitoring.
- An agreement to carry out tests on employees for early diagnosis.
- Acquisition of antigen tests to be used in operations.

COVID-19 Tool Kit

We made available to the Company a toolbox that has a wide variety of audiovisual and graphic material in different languages. This, to communicate with and train employees in the different operations. Some that stand out are **lessons learned in times of pandemic** and COVID-19 testimonies, through which our employees voluntarily shared their experiences and learnings.

Health Monitoring

All employees who were confirmed or probable cases underwent daily medical follow-up. The vulnerable population was identified early and strict control measures – such as preventive isolation, frequent medical monitoring and special measures within operations – were established with them.

COVID-19 Audits and Self-Assessments

To verify the correct implementation of biosafety measures and to minimize the probability of COVID-19 contagion within our facilities, 36 audits and more than 408 self-assessments were carried out. In them, we identified the main aspects for improvement. The low percentage of infections due to presumed work contacts within the facilities is an indicator of discipline and the commitment of leaders and employees with the implementation of the guidelines.

Finally, we adapted processes that would normally be developed in person and, making use of virtual media, we continued:

1. **Behavioral Observations in the Field (YPO):** These were made through video calls, achieving – through recognition – that safe habits, awareness and safe behaviors continue. In addition, employees were invited to self-reflect and modify unsafe behaviors.
2. **Safe Moments:** Steering Committee members discussed situations or behaviors that lead to reflection, knowledge and awareness of how to take care of ourselves in our day-to-day life. This mechanism allowed more than 50 Industrial Safety and Occupational Health Moments to be conducted in the different operations.
3. **Management System Audits:** These were carried out through virtual interviews and – with this – we guarantee the evaluation of the performance of all operations, the socialization of good practices within the Organization, and the formulation and implementation of action plans to address opportunities for improvement.

COMMUNITY ENGAGEMENT
STRATEGY

We create value contributing to the development of society through:

SDG 9.1
Contribution to the development of reliable, sustainable, resilient and quality infrastructure.

SDG 1.4.1
Contribution to the increase in the proportion of the population living in households with access to basic services.

ACT RESPONSIBLY

To act with responsibility in our operation, respecting and promoting Human Rights.

OUR GOALS ARE

0
materializations of risks to the community by 2030.

0%
of operations with high and critical risks to affect communities by 2030.

BUILD TRUST

To build relationships of trust through a fluid, transparent dialogue.

OUR GOALS ARE

0
repeated complaints by 2030.

70%
satisfaction in prioritized communities by 2030.

GENERATE OPPORTUNITIES

To generate development opportunities to boost the growth of territories.

OUR GOALS ARE

30%
leveraged resources by 2030.

630,000
people impacted by social Investment programs by 2030.

SDG	Impact on business	GRI [103-1]	Strategic Sustainability Pillars	On the Website
9, 11	Risks	Suppliers Clients Argos Society	Relationships of Trust Business Profitability Responsible Production Shared Values	

COMMUNITY ENGAGEMENT **STRATEGY**

COMMUNITY ENGAGEMENT

Our productive projects in Bolívar, Colombia, are an example of establishing relationships of trust and creating value.

We create value for society by contributing to its development through a transparent relationship with communities, promoting action framed in responsibility and in building relationships of trust that create opportunities for joint growth. Thus, we promote the progress of the regions where we are present, facing the challenges of society and transcending our role in the territory.

MANAGEMENT OBJECTIVES

[103-2]

For the Company

To guarantee the sustainability of the business and the continuity of operations by building relationships of trust and by acting responsibly.

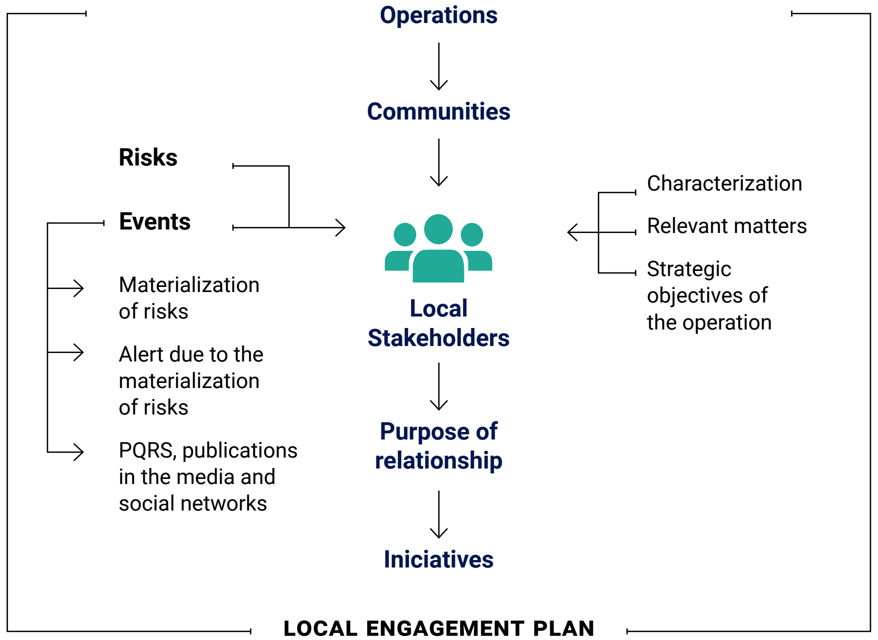
For Society

To build relationships of trust through mutual recognition, open and transparent dialogue, respect, and the promotion of Human-Rights and the generation of development opportunities to promote the growth of the territories.

[413-1] [413-2] [A-COM3] [A-COM4] [A-COM5]
Learn about other indicators here

HOW IS IT MANAGED? [103-2]

We contribute to the development of society, thanks to the relationships of trust we have built with those around us. We achieved this, thanks to our Local Engagement Plan (LEP), a tool that establishes strategic actions in each territory in the interest of common interests, collective goals and long-term development plans, both for operations and for the communities. That is how we make what is proposed in our Relationship with Communities Strategy come true. (See page 140).



HOW DO WE EVALUATE MANAGEMENT? [103-3]

In Cementos Argos, we believe that building a relationship based on continuous, genuine dialogue is the starting point to develop projects that address common problems and contribute to the growth of the territories. For this reason:

1. We provide spaces for conversation with all Stakeholders. For this, we have the support of the local Engagement with Communities leaders and the operation directors, who facilitate periodic meetings and formal encounters, such as – for example – the Sustainability Dialogues.

2. We enable anonymous reporting mechanisms through the Transparency Line and we render accounts to the communities and competent authorities in relation to the fulfillment of the social obligations acquired.

3. We measure our impact in the territories with the Socio-Economic Footprint Index and the Value Added Statement to Society (VAS) methodology, which allows us to identify the actions that generate the greatest social value and adjust those with the potential to generate it.

Through the execution of these mechanisms, we permanently evaluate our performance and guide our LEP to ensure the fulfillment of the Organization's objectives and the contribution to the growth of the territory.

According to the VAS, the benefits generated through social investments in communities in 2020 were

USD 2 million.

(See VAS, page 72)

THE GRUPO ARGOS FOUNDATION

The Grupo Argos Foundation is nourished with contributions from all the companies that are part of the Argos Business Group and with resources from alliances with different entities for the development of projects.

In 2020, more than COP 29 billion were executed and from Cementos Argos, with contributions that exceeded COP 7 billion, we promoted the social and cultural strengthening of communities, the development of community infrastructure, the execution of environmental-conservation and animal-protection programs, and, especially, to the attention to the emergency generated by COVID-19.

In this last line, the donations were framed in three key themes:

FOOD SAFETY

116,000
Families received food during the strictest months of confinement.

We destined

COP 1.6 billion
in donations to the campaigns led by the local administrations of Barranquilla, Bogotá, Cartagena, Medellín and Valle del Cauca to attend the most-vulnerable population.

ECONOMIC STABILITY

92 mypimes
(small and medium businesses) received accompaniment from our employees to face the most-relevant. challenges of the pandemic.

HEALTH ATTENTION AND PREVENTION

Contributions for

COP 10 billion to increase the availability of ICU beds in Antioquia by 25%.

Participant in the Food Safety Project in Cairo, Antioquia, Colombia.

OUTSTANDING PROJECTS [103-2] [103-3]

FOOD SAFETY PROJECT – HOME GARDENS, CAIRO

This began in February 2020 as the first stage of a productive project in the area of influence of the Cairo Plant, Colombia. When the pandemic began, it became a source of food for many families; even for some, it represented additional economic income. The objective of this program is to enhance the agricultural capacities of the area and meet economic needs by reducing the demand for the family basket. What's more, it promotes the culture of sustainable nutrition. The most cultivated products were tomatoes, lettuce, onions, *cilantro* (coriander) and zucchini.

ACHIEVEMENTS:
- COP 40,000 per month saved per family on average.
- At the end of the year, 71% of the beneficiaries were active.
- Food stability in the time of the pandemic.

168 families participated

4 harvest cycles during 2020

Learn more in this spectacular video.

With the Healthy Environments Program, we transform lives.
Beneficiary; *Pasacaballos*, Cartagena, Colombia.

HEALTHY ENVIRONMENTS

We continue to impact the habitat of our communities with the development of initiatives, such as healthy kitchens, bathrooms and floors; bio-healthy parks; home improvement; sports areas; and the use of concrete through furniture for the enjoyment of the entire community.

ACHIEVEMENTS:

4,500
beneficiaries reflected in 1,125 homes intervened in Colombia

45,000
mt² of floors Intervened

CONECTA VIRTUAL VOLUNTEERING

This year, due to the pandemic, we strongly implemented virtual volunteering. We reformulated the actions of the volunteers and how to bring their contribution to the community, even with mobility and social-contact restrictions. With these people and through 38 experiences focused on mentoring entrepreneurs, students and scholarship recipients, accompaniment of children who could not go to school, the elderly, delivery of food and food stamps, among others, we contributed to reducing the social and economic impact of COVID-19 in the most-vulnerable groups.

ACHIEVEMENTS:

1,934
working and non-working hours invested

1,134
employees volunteers participated

- An increase in the number of virtual-volunteering activities.
- A 150% increase – compared to 2019 – in volunteer donors of economic resources to be able to support the people who lost their jobs and the purchase of technological elements so that the children could continue in classes.

2020 PERFORMANCE [103-2] [103-3]

SOCIAL INNOVATION

Solving the social and environmental challenges in our communities has always been our commitment. Therefore, we design the general guidelines, focuses and indicators of the Social Innovation Program, which encourages the joint development of solutions to these challenges to maximize impact and ensure sustainable solutions.

[A-COM6] During 2020, we launched three innovative solutions:

1.
We developed Phase I of the *CO-PRO-Futuro* co-processing initiative, through which efficient waste management will be carried out and its use in the cement production process of the *Piedras Azules* Plant in Comayagua, Honduras. In addition to bringing environmental benefits, this project will be a source of economic income for the community.

2.
We began the execution of Phase I of the Concrete Returned Project in the Dominican Republic, to reuse it, reduce final disposal costs, and produce cobblestones and urban furniture that will improve community infrastructure.

3.
We formulated and executed the *Colinas Verdes* agro-ecotourism project in Turbana, in the Department of Bolívar, Colombia, which develops and strengthens the agro-ecological and productive tourism chain of the municipality, while taking advantage of its natural and cultural heritage to enhance it as a sustainable tourist hub of the Department and, thus, provide opportunities for the progress of its inhabitants.

Learn more about this project here.

***Colinas Verdes* is an agro-ecotourism project** and a tangible sample of the success of articulating efforts and the co-existence of two sustainable models: business and eco-tourism.
Bolívar, Colombia.

SOCIAL INVESTMENT

In order to respond in a timely, supportive manner to the crisis generated by the pandemic in the communities, we have enabled additional investment lines to those of our Investment Strategy: economic stability, food safety and health in care and prevention of the contagion. For this reason, 55% of our social investments in 2020 were focused on supporting pandemic management in our areas of influence in the three Regions where we operate.

[A-COM1]
USD **4.6**
million was the total of social investment

[203-1]
+700,000
people were positively impacted, thanks to the different social-investment programs.

Aware of the economic and social effects that COVID-19 has left, we joined the donation of medical supplies in the Dominican Republic.

UPDATE OF THE COMMUNITY ENGAGEMENT STRATEGY

During 2020, we updated this Strategy to evaluate the relevance of our actions in the current context of the territories, to continue to implement cutting-edge practices and to maintain high Corporate standards.

The methodology used for this purpose included an external documentary review that contained manuals and reports from associations, academic publications and references with companies in the industry. Additionally, we held consultation and feedback sessions with internal and external audiences. Finally, we had the validation with those responsible for the Steering Committee.

The new Community Engagement Strategy confirms our commitment to contribute to the development of society. (See page 140).

UPDATE OF THE RISK MODEL

In order to continue developing practices in Social-Risk Management, during 2020 we updated the Community-Risk Model with the accompaniment of the Risk Area. This will allow us to execute specific actions that will enhance our operation and reduce Social-Risk, upholding the promise of responsible, respectful action towards the community.

SOCIO-ECONOMIC FOOTPRINT INDEX

Given the situation generated by the pandemic, the application of the Index was postponed until 2021. However, it is important to highlight that it will be subject to an evaluation to see if it is relevant to develop this Index – due to the abrupt changes that the pandemic generated in the societies where we are present – or if it will continue to be postponed.

PROGRESS IN IMPLEMENTING THE LEP AND MANAGEMENT OF INTERACTION RISKS WITH COMMUNITIES

The percentage of implementation of the Local Engagement Plan (LEP) in prioritized operations, as well as risk management, remained at 69%, since – due to the social effects of the pandemic – we had to refocus our management and update the components of the Plan. This has helped us to have clear lines of support to the communities, which allow us to analyze in a timely manner the risks derived from the pandemic that could affect the normal functioning of the operation.

GOALS [103-2]

Goals 2020

Met Ongoing Not Met

- We will achieve 88% progress in the implementation of the LEP in prioritized operations. (Not Met)
- We will manage the risks of interaction with communities in 88% of the prioritized operations. (Not Met)
- We will develop an innovative solution that consolidates a business opportunity and/or responds to any need of society. (Met)
- We will increase the development of Corporate volunteering experiences or activities by 10% in relation to the initiatives carried out in 2019. (Not Met)
- We will apply the Socio-Economic Footprint Index in Panama, Honduras, the Dominican Republic and Puerto Rico, as well as in Cartagena and Yumbo, in Colombia. (Not Met)

Goals 2021

- To have 100% of our operations prioritized with LEPs.
- To update the risk evaluations in the prioritized operations of our three Regions.

**The other short- and medium-term goals are being reevaluated as a consequence of the updating of the Community Engagement Strategy.*

CHALLENGES [103-2]

- To continue strengthening the metrics associated with the new strategy to enhance the expected results for the operation and for the communities.
- To develop the Implementation Phase of the Human-Rights Due-Diligence Procedure in communities.
- To promote social innovation in order to contribute to the joint solution (Company – community) of social and environmental problems with local impact.
- To apply to international cooperation funds for projects that contribute to the development of sustainable, resilient and quality infrastructures.

THIS IS HOW WE ADAPT TO COVID-19

To respond in a timely manner and in solidarity with our communities – in relation to the impacts of the pandemic – we plan to develop initiatives coordinated with other actors in the territory to guarantee timely care during the emergency. Our path of action in all the geographies where we operate was framed on three fronts:

1. **Food Safety:** Actions aimed at acquiring food to feed the families affected in our communities, contractors, clients and other actors in the value chain.
2. **Health, Care and Prevention of the Contagion:** We support our Stakeholders with the delivery of personal-protection and hygiene elements, donations of antigen tests and we provide resources for the provision of health centers and hospitals to ensure timely care for those who are sick with the virus. In addition, we share good biosafety practices to prevent the spread of the disease with different actors in our value chain.
3. **Economic Stability:** We promoted actions to generate income in families that encourages local economic reactivation and created new sources of income that allowed the mitigation of the effect of job losses or business closures.

We also developed initiatives that helped children and adolescents to stay in the school system in different geographies and adapt to new forms of virtual learning.

+USD 2.3
million invested
in the three investment fronts defined by the pandemic

+135,000
beneficiaries
of the programs offered

SDG	Impact on business	GRI [103-1]	Strategic Sustainability Pillars	On the Website
8 Decent work and economic growth; 11 Sustainable cities and communities	Risks	Suppliers Clients Argos Society	Relationships of Trust Business Profitability Responsible Production **Shared Values**	

HUMAN RIGHTS

We are committed to respecting, protecting and promoting Human-Rights.
Cartagena Plant Employees; Colombia Region.

We are committed to respecting, protecting and promoting Human-Rights. For this reason, we have a policy approved by Top Management that guides the Company's management to monitor the potential risks resulting from our operations.

This policy has as key reference frameworks the International Bill of Human-Rights, the principles and fundamental rights established in the Declaration of the International Labour Organization, as well as the applicable laws in the countries and territories where we are present.

This is the main tool through which – supported by a due-diligence process and based on the Human-Rights Management System – we monitor the risks and impacts that the activities may cause on our Stakeholders; we manage those consequences when they occur and we maintain a clear, transparent communication with them.

MANAGEMENT OBJECTIVES

[103-1]

For the Company

To promote our pillars of culture, manage Human-Rights risks in operations and maintain relationships of trust with all Stakeholders.

For Society

To protect Stakeholders from actions that violate Human-Rights and that may endanger their integrity.

HOW IS IT MANAGED? [103-2]

In accordance with our express commitment in the Human-Rights Policy and knowing the reality of our operations and the challenges posed by the diversity of origins and cultures that our Organization has, we have a Risk-Management process that allows monitoring the behaviors of the Company or our suppliers that were identified as critical and that put people at risk who interact with the Company from any role. **This process has four main steps:**

1.
Identification of the level of risk of violation of relevant Human-Rights, as the case may be, in the Stakeholders that we have defined as priority.

- **Relevant risks in Human-Rights:**
  - Discrimination
  - Violation of due process
  - Not taking care of people
  - Denial of freedom of association and collective bargaining
  - Forced labor
  - Child labor
  - Workplace harassment

  These risks were those identified as the most relevant and with which we are most committed to protecting, which is why – within the framework of the Management System – a greater number of plans were identified that seek to protect them.

- **Prioritized Stakeholders**
  - Employees
  - Suppliers
  - Communities
  - Joint Ventures

  In these Stakeholders, we cover diverse audiences, including vulnerable groups, such as ethnic minorities, Indigenous people and the LGTBI population.

2.
Definition of action and remediation plans that reduce risks or close identified gaps.

Employee; Urabá Plant
Colombia Region.

Human-Rights Policy

3.
Definition of monitoring plans that allow validation of the execution of the action plans, monitor their impact and raise alerts in case any risk is increasing.

4.
Constant updating of risks, by connecting their identification with the information available in other Corporate Reporting Systems, such as the Transparency Line.

Employees
***Tocumen* Plant, Panama.**
The Caribbean and Central America Region.

HOW DO WE EVALUATE MANAGEMENT? [103-3]

The management of this material issue is evidenced in a consolidated matrix that shows the result of the evaluation, both of the probability and the impact that the prioritized risks would have if they materialize. The analysis is done at a work table led by the Sustainability Area, who are the moderators of the conversation; the Risk Area, who are the leaders of the evaluation methodology; and those who administer the tool; as well as with the leaders of the relationship with each of the Stakeholder groups evaluated, who are called upon to carry out the evaluations

This methodology is covered in the operations of the 16 countries where we are present, through surveys, self-evaluations and evaluations carried out by Argos and by third parties. The relevance of the existing controls, the residual risk and the Action Plans are discussed in the face of the gaps found, which primarily consist of the expansion of the coverage of our policies, training of key people in the relationship with Stakeholders, and the documentation of response processes to cases reported on the Transparency line.

0
is the materialization of risks in Human-Rights in the face of all our Stakeholders.

100%
of our joint ventures were included in the due-diligence process.

100%
of our operations were assessed in risks to Human-Rights focused on employees and communities.

2020 PERFORMANCE [103-2] [103-3]

UPDATING THE HUMAN-RIGHTS RISK-ASSESSMENT TOOL

Thanks to the dialogue with the leaders of interaction with the Stakeholders, we unified the Risk Matrix and we now have a unified control chart, indicators and action plans, which makes it easier to follow up on actions and findings of the Human-Rights Risk-Management System.

INCLUSION OF THE JOINT VENTURES

This year, we were able to carry out a first Human-Rights Risk analysis with our two joint ventures. With this exercise, in addition to extending our commitment to respect and promote Human-Rights, we obtained a diagnosis that produced relevant recommendations to close gaps, action plans and follow-up that has been carried out by people from the Argos team to guarantee their closure.

IMPROVEMENT IN THE HUMAN RIGHTS RISK-ASSESSMENT TOOL FOR SUPPLIERS

Aligned with the Supplier-Management Team, Human-Rights risks were included in the Sustainability Index that we carry out annually on our suppliers and which facilitates the creation of action plans and the closing of gaps. Thus, we have a single source of information for risk management of this Stakeholder.

ASSESSMENT OF OUR MANAGEMENT SYSTEM

The current status of our Human-Rights Risk-Management System was evaluation under international frameworks or standards. Based on this, we identified the need to document and public our due-diligence process for all our Stakeholders, reinforcing the communication of the commitment we have to promote and respect Human-Rights with allies external to the Company. In addition, we saw the need to implement communication and training plans that reinforce people's knowledge about the importance of working around these issues and how we are all an important part of this process.

UPDATING OF THE RISK TOOL IN COMMUNITIES

We began a process of updating this tool through workshops with the leaders of the operations in the different regions, in which we evaluate not only the exposure to risks, but also the need to adjust them according to the nature of our relationship with the communities.

GOALS [103-2]

Goals 2020

Met Ongoing Not Met

- We will implement a new tool focused on suppliers, which will help us expand coverage and manage the Human-Rights risks on this Stakeholder in a more agile manner.

Goals 2021

- To update the Human-Rights risks in the countries.
- To participate in at least one specific Human-Rights measurement or evaluation exercise to know the status of our system, compared to industry best practices.
- To finalize the process of updating the risk tool in communities.

CHALLENGES [103-2]

- To carry out a more in-depth analysis in the operations, seeking that the results are managed directly where the risk has a greater probability of appearance.
- To integrate the Risk-Management tool into other decision-making mechanisms.

We are more than 7,200 employees, in 16 countries and territories, where we work every day to contribute to the construction of dreams and the creation of social value. Panama Plant, Caribbean and Central America Region.

WE PROMOTE DEVELOPMENT

04. APPENDICES

CERTIFICATION OF THE COMPANY'S LEGAL REPRESENTATIVE

To the shareholders
of Cementos Argos S.A.
and to the general public:

In my role as legal representative,

I CERTIFY

that the annual consolidated financial statements completed as of December 31, 2020, do not contain defects, inaccuracies or material errors that prevent knowing the true property status or the operations carried out by Cementos Argos S.A.

The above is to comply with article 46 of Law 964 of 2005.

For the record, it is signed on February 24th, 2021.

Juan Esteban Calle Restrepo
Legal Representative

CERTIFICATION OF THE LEGAL REPRESENTATIVE AND THE CORPORATE ACCOUNTING MANAGER OF THE COMPANY

To the shareholders
of Cementos Argos S.A.
and to the general public:

The undersigned legal representative and corporate accounting manager of Cementos Argos S.A. certify in accordance with the Article 37 of Law 222 of 1995, that the annual consolidated financial statements completed as of December 31, 2020, have been faithfully taken from the accounting books and that before being placed at your disposal and that of third parties, we have verified the following statements contained in them:

1. All assets and liabilities exist, and all registered transactions have been made during said years.
2. All the economic facts made by the company have been recognized.
3. The assets represent probable future economic benefits (rights) and the liabilities represent probable future economic commitments (obligations), obtained or in charge of the company.
4. All elements have been recognized for their appropriate values in accordance with the applicable financial reporting regulations in Colombia.
5. All economic events that affect the company have been correctly classified, described and disclosed.

For the record, it is signed on February 24th, 2021.

Juan Esteban Calle Restrepo
Legal Representative

Óscar Rodrigo Rubio Cortés
Corporative Accounting Manager
T.P. 47208-T

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Calle 2 No. 20 – 50, Piso 7, Edificio Q Office
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AUDM&SMDE-EFI2021-9690-P-30568

STATUTORY AUDITOR'S REPORT

To the Shareholders
Cementos Argos S.A.:

Opinion

I have audited the consolidated financial statements of Cementos Argos S.A. and Subsidiaries (the Group), which comprise the consolidated statement of financial position as of December 31, 2020 and the consolidated statements of comprehensive income, of changes in equity and of cash flows for the year then ended, and their respective notes, that include the significant accounting policies and other explanatory notes.

In my opinion, the aforementioned consolidated financial statements and attached to this report, present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2020, the consolidated results of its operations, and its consolidated cash flows for the year then ended, in conformity with Accounting and Financial Reporting Standards accepted in Colombia, applied uniformly with the previous year.

Basis for opinion

I conducted my audit in accordance with International Standards on Auditing (ISAs) accepted in Colombia. My responsibilities under those standards are further described in the "Statutory Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" section of my report. I am independent of the Group, in accordance with the Code of Ethics for Professional Accountants Issued by the International Ethics Standards Board for Accountants (IESBA Code), included in the Information Assurance Standards accepted in Colombia together with the ethical requirements established in Colombia that are relevant for my audit of the consolidated financial statements, and I have fulfilled my ethical responsibilities in accordance with these requirements and the IESBA Code mentioned.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Key Audit Matters

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

Evaluation of the impairment of goodwill (See note 17 to the consolidated financial statements)	
Key Audit Matter	**How this was addressed in the audit**
The Group's consolidated statement of financial position includes a goodwill for $1.818.708 million, derived from acquisitions made in previous years, whereon an annually evaluation of impairment is required in accordance with IAS 36 - Impairment of Assets. This represents a key audit matter due to the material amount of the Goodwill, and because it involves complex and subjective judgments made by the Group's management in relation to long-term sales growth, costs and operating margins projected in the different regions where the Group operates, as well as in the determination of the discount rates used to discount future cash flows.	My audit procedures to evaluate goodwill impairment included, among others, the following: - Evaluation of consistency in the distribution of Goodwill in the different cash generating units (CGU) identified by the Group in relation to the allocation of the previous year. - Involvement of professionals with relevant knowledge and experience in the industry who assisted me in (1) evaluating the key assumptions used in the impairment tests performed by the Group, including the input data, (2) performing independent recalculations supported with information obtained from external sources on discount rates and the macroeconomic variables used, (3) comparing the result of the calculations obtained with those made by the Group and (4) performing a sensitivity analysis including a possible reasonable reduction in the key variables. - Comparison of the previous year's budget with the current data, to verify the degree of compliance and, consequently, the accuracy of the projections made by the Group's management. - Evaluation of whether the disclosures included in the notes to the financial statements are appropriate in accordance with IAS 36.

Evaluation of the recoverability of the deferred tax asset (See note 9 to the consolidated financial statements)	
Key Audit Matter	**How this was addressed in the audit**
As of December 31, 2020, the consolidated statement of financial position includes a deferred tax asset for $221,070 million, originated from tax losses and other tax credits from the parent company Cementos Argos S.A. This represents a key audit matter because evaluating the recoverability of said asset involves complex judgments related to the determination of estimates on the Company's projected tax profits, as well as in estimating the periods in which the asset is expected to be recovered.	My audit procedures to evaluate the recoverability of the deferred tax asset included, among others, the following: - With the involvement of professionals with experience and knowledge in valuation, a comparison of key assumptions used by the Company in determining projected pre-tax results, with independent recalculations and information obtained from external sources, when available. - With the involvement of professionals with experience and knowledge in taxes, an evaluation of the main assumptions on which the tax adjustments made to pre-tax income, determined based on the financial projections, were determined, as well as of the reversal period of temporary differences, the expiration of tax losses and other tax credits, and the tax strategies proposed by the Company.

Other matters

The consolidated financial statements as of and for the year ended December 31, 2019 are presented exclusively for comparison purposes, were audited by me and in my report dated February 22, 2020 I expressed an unmodified opinion thereon.

Other Information

Management is responsible for the other information. The other information includes the Integrated Report but does not include the consolidated financial statements nor my corresponding auditor's report. The information contained in the Integrated Report is expected to be made available to me after the date of this auditor's report.

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

In connection with my audit of the consolidated financial statements, my responsibility is to read the other information identified above when it becomes available and, in doing so, consider

whether the other information is materially inconsistent with the consolidated financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

Once read the content of the Integrated Report, if I conclude that there is a material misstatement in the other information, I am required to communicate this fact to those charged with governance and describe applicable actions.

Responsibility of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Accounting and Financial Reporting Standards accepted in Colombia. This responsibility includes designing, implementing and maintaining such internal control as management deems necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable under the circumstances.

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

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Statutory Auditor's responsibilities for the audit of the consolidated financial statements

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

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

- Identify and evaluate the risks of material misstatement in the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.

- Evaluate the appropriateness of the accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of the management's use of the going concern hypothesis and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my report to the related disclosure in the consolidated financial statements or, if this disclosure is inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my report. However, future events or conditions may cause the Group to cease operating as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events so that the consolidated financial statements are reasonably presented.

- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group´s audit. I remain solely responsible for my audit opinion.

I communicate to those charged with Group governance regarding, among other matters, the planned scope and timing of the audit, and significant audit findings, including any significant deficiency in internal control that I identify during my audit.

I also provide those charged with governance with a confirmation that I have complied with relevant ethical independence requirements, and that I have communicated to them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, the related safeguards.

From the matters communicated with those charged with governance, I determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. I describe these matters in my statutory auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

(Original version issued in Spanish and signed by)
Claudia María Montoya Arango
Statutory Auditor of Cementos Argos S.A.
Registration 77492 – T
Member of KPMG S.A.S.

February 24, 2021

Cementos Argos S. A. and subsidiaries

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at December 31st, 2020 and 2019 | Millions of Colombian pesos

	Notes	2020	2019
ASSETS			
Cash and cash equivalents	6	$ 612,014	$ 353,211
Derivative financial instruments	7	66	355
Trade receivables and other accounts receivable, net	9	921,175	1,028,622
Tax receivable	5, 10	179,226	300,338
Inventories	11	814,997	899,542
Other non-financial assets		64,883	76,282
Assets held for sale	19	70,240	31,944
Total current assets		**$ 2,662,601**	**$ 2,690,294**
Trade receivables and other accounts receivable, net	9	140,338	147,825
Investments in associates and joint ventures	13	26,955	47,415
Derivative financial instruments	7	-	3,675
Other financial assets	8	736,412	982,630
Other intangible assets, net	15	750,224	833,014
Assets by right of use of leases, net	21	701,804	964,860
Biological assets	12	20,404	20,638
Property, plant and equipment, net	16	11,214,205	11,135,945
Investment property	17	169,154	205,370
Goodwill, net	18	1,818,708	1,718,298
Deferred tax assets	5, 10	333,719	271,093
Total non-current assets		**$ 15,911,923**	**$ 16,330,763**
TOTAL ASSETS		**$ 18,574,524**	**$ 19,021,057**
LIABILITIES			
Financial liabilities	20	656,233	1,035,254
Leasing liability	21	125,598	148,753
Trade liabilities and accounts payable	22	1,017,385	1,220,127
Taxes, liens and duties	5, 10	191,685	191,974
Employee benefits	23	113,859	155,269
Provisions	24	153,625	83,886
Other financial liabilities	25	3,811	16,030
Derivative financial instruments	7	21,611	16,310
Outstanding bonds and preferred shares	26	294,511	30,937
Prepaid income and other liabilities	25	86,841	130,035
Total current liabilities		**$ 2,665,159**	**$ 3,028,575**
Financial liabilities	20	2,620,385	2,370,149
Leasing liability	21	602,539	805,354
Trade liabilities and accounts payable	22	33	1,159
Employee benefits	23	300,623	289,800
Derivative financial instruments	7	95,940	48,719
Provisions	24	181,716	167,365
Outstanding bonds and preferred shares	26	3,215,110	3,281,633
Other liabilities	25	1,443	1,634
Deferred tax liabilities	5, 10	179,619	174,222
Total non-current liabilities		**$ 7,197,408**	**$ 7,140,035**
TOTAL LIABILITIES		**$ 9,862,567**	**$ 10,168,610**
Issued capital	28	2,142,313	2,142,313
Treasury shares	28	(113,797)	(113,797)
Reserves	29	581,479	799,012
Retained earnings		1,817,515	1,848,885
Other comprehensive income	29	3,411,631	3,361,285
Equity attributable to the owners of the parent company		**$ 7,839,141**	**$ 8,037,698**
Non-controlling interest	31	872,816	814,749
EQUITY		**$ 8,711,957**	**$ 8,852,447**
TOTAL EQUITY AND LIABILITIES		**$ 18,574,524**	**$ 19,021,057**

Notes are an integral part of the consolidated financial statements.

Juan Esteban Calle Restrepo
Legal Representative
(See attached certification)

Óscar Rodrigo Rubio Cortés
Corporative Accounting Manager
T.P. 47208-T
(See attached certification)

Claudia María Montoya Arango
(Original version issued in Spanish and signed by)
Statutory Auditor of Cementos Argos S.A.
Registration No.77492-T
Member of KPMG S.A.S.
(See report of February 24, 2021)

Cementos Argos S. A. and subsidiaries

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the years ending on December 31st, 2020 and 2019 | Millions of Colombian pesos

	Notes	2020	2019
Continuing operations			
Income from operations	32, 33	$ 9,000,548	$ 9,375,076
Cost of sales	11	(7,367,975)	(7,754,408)
Gross profit		**$ 1,632,573**	**$ 1,620,668**
Administrative expenses	34	(618,948)	(696,497)
Selling expenses	34	(260,747)	(278,180)
Other (expenses) revenues from operations, net	35	(56,717)	195,067
Impairment of non-current assets	18	(1,120)	(2,326)
Operating profit		**$ 695,041**	**$ 838,732**
Financial incomes	38	42,318	41,120
Financial expenses	39	(498,563)	(532,708)
Foreign currency exchange (loss) gain, net	37	(11,351)	8,812
Share of net loss of associates and joint ventures	13	(5,630)	(13,133)
Profit before income tax		**$ 221,815**	**$ 342,823**
Income tax	10	(81,001)	(146,315)
Net income	**40**	**$ 140,814**	**$ 196,508**
Income for the period attributable to:			
Owners of the parent company	40	78,188	121,882
Non-controlling interest	31	62,626	74,626
Net income	**40**	**$ 140,814**	**$ 196,508**
OTHER COMPREHENSIVE INCOME, NET OF TAXES			
Items that will not be reclassified to profit or loss			
Loss on new measurements of defined benefits obligations	23	(23,247)	(12,138)
(Loss) gain from equity investments measured at fair value		(237,218)	50,954
Income tax on items that will not be reclassified to profit or loss	10	5,233	4,618
Total items that will not be reclassified to profit or loss		**$ (255,232)**	**$ 43,434**
Items that will be reclassified to profit or loss			
Net loss of cash-flow hedging instruments		(36,477)	(21,882)
Gain from foreign currency translation differences		395,807	28,782
Income tax on items that will be reclassified to profit or loss	10	9,026	9,684
Total items that will be reclassified to profit or loss		**$ 368,356**	**16,584**
Other comprehensive income, net of taxes		**$ 113,124**	**60,018**
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**$ 253,938**	**$ 256,526**
Other comprehensive income attributable to:			
Owners of the parent company		58,837	67,958
Non-controlling interest	31	54,287	(7,940)
Other comprehensive income		**$ 113,124**	**$ 60,018**
Total comprehensive income attributable to:			
Owners of the parent company		137,025	189,840
Non-controlling interest	31	116,913	66,686
Total comprehensive income		**$ 253,938**	**$ 256,526**
Basic and diluted earnings per share:			
Net income attributable to owners of the parent	41	67.89	105.83

Notes are an integral part of the consolidated financial statements.

Juan Esteban Calle Restrepo
Legal Representative
(See attached certification)

Óscar Rodrigo Rubio Cortés
Gerente corporativo de Contabilidad
T.P. 47208-T
(See attached certification)

Claudia María Montoya Arango
(Original version issued in Spanish and signed by)
Statutory Auditor of Cementos Argos S.A.
Registration No.77492-T
Member of KPMG S.A.S.
(See report of February 24, 2021)

Cementos Argos S. A. and subsidiaries

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the years ending on December 31st, 2020 and 2019 | Millions of Colombian pesos

	Note	Issued Capital	Treasury shares	Statutory reserve	Other reserves	Retained earnings	Other comprehensive income and other components	Equity attributable to the owners of the parent company	Non-controlling interest	Equity
Balance at January 1st, 2019		**$ 2,142,313**	**(113,797)**	**92,350**	**860,817**	**1,871,351**	**3,311,993**	**8,165,027**	**830,651**	**8,995,678**
Retrospective effect by the application of new accounting policies: Leases	3	-	-	-	-	11,373	-	11,373	136	11,509
Balance at January 1st, 2019		**2,142,313**	**(113,797)**	**92,350**	**860,817**	**1,882,724**	**3,311,993**	**8,176,400**	**830,787**	**9,007,187**
Net income for the period	40	-	-	-	-	121,882	-	121,882	74,626	196,508
Other comprehensive income, net of income tax		-	-	-	-	-	67,958	67,958	(7,940)	60,018
Comprehensive income for the period		**$ -**	**-**	**-**	**-**	**121,882**	**67,958**	**189,840**	**66,686**	**256,526**
Transfer to retained earnings	13, 27	-	-	-	-	18,587	(18,587)	-	-	-
Cash dividends on ordinary shares	30	-	-	-	-	(278,705)	-	(278,705)	(92,231)	(370,936)
Cash dividends on preferred shares	30	-	-	-	-	(48,373)	-	(48,373)	-	(48,373)
Appropriation of reserves		-	-	17,854	-	(17,854)	-	-	-	-
Release of reserves		-	-	(161)	(168,675)	168,836	-	-	-	-
Other movements		-	-	(3,173)	-	1,788	(79)	(1,464)	9,507	8,043
Balance at December 31st, 2019		**$ 2,142,313**	**(113,797)**	**106,870**	**692,142**	**1,848,885**	**3,361,285**	**8,037,698**	**814,749**	**8,852,447**
Balance at January 1st, 2020		**$ 2,142,313**	**(113,797)**	**106,870**	**692,142**	**1,848,885**	**3,361,285**	**8,037,698**	**814,749**	**8,852,447**
Net income for the period	40	-	-	-	-	78,188	-	78,188	62,626	140,814
Other comprehensive income, net of income tax		-	-	-	-	-	58,837	58,837	54,287	113,124
Comprehensive income for the period		**$ -**	**-**	**-**	**-**	**78,188**	**58,837**	**137,025**	**116,913**	**253,938**
Transfer to retained earnings	13, 27	-	-	-	-	8,091	(8,091)	-	-	-
Cash dividends on ordinary shares	30	-	-	-	-	(289,300)	-	(289,300)	(63,048)	(352,348)
Cash dividends on preferred shares	30	-	-	-	-	(50,241)	-	(50,241)	-	(50,241)
Appropriation of reserves		-	-	12,181	2,497	(14,678)	-	-	-	-
Release of reserves		-	-	-	(232,212)	232,212	-	-	-	-
Changes in ownership without loss of control		-	-	-	-	-	(401)	(401)	(2,111)	(2,512)
Other movements		-	-	-	1	4,358	1	4,360	6,313	10,673
Balance at December 31st, 2020		**$ 2,142,313**	**(113,797)**	**119,051**	**462,428**	**1,817,515**	**3,411,631**	**7,839,141**	**872,816**	**8,711,957**

Notes are an integral part of the consolidated financial statements.

Juan Esteban Calle Restrepo
Legal Representative
(See attached certification)

Óscar Rodrigo Rubio Cortés
Corporative Accounting Manager
T.P. 47208-T
(See attached certification)

Claudia María Montoya Arango
(Original version issued in Spanish and signed by)
Statutory Auditor of Cementos Argos S.A.
Registration No.77492-T
Member of KPMG S.A.S.
(See report of February 24, 2021)

Cementos Argos S. A. and subsidiaries

CONSOLIDATED STATEMENT OF CASH FLOWS

For the years ending on December 31st, 2020 and 2019 | Millions of Colombian pesos

	Notes	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES			
Net Income	40	$ 140,814	$ 196,508
Adjustments to reconcile profit:			
Depreciation and amortization	40	913,578	916,379
Income tax	10	81,001	146,315
Net financial expenses		450,357	480,300
Provisions, post-employment and long-term defined benefit plans		267,525	89,957
Net impairment in financial assets and inventories		27,204	40,088
(Gains) losses from exchange difference		(4,671)	1,165
Gains on fair value measurement of investment properties and other assets	12, 17	(1,307)	(36,512)
Share of net loss of associates and joint ventures	13	5,630	13,133
Losses (gains) on the disposal of non-current assets and business		41,608	(89,722)
Others, net		(35,204)	(23,339)
Changes in the working capital of:			
Decrease (increase) in inventory		97,350	(66,115)
Decrease (increase) in receivables and other accounts receivable		148,523	(60,329)
Decrease in liabilities and other accounts payable		(605,141)	(125,539)
Paid taxes		(91,021)	(190,840)
Total adjustments to reconcile profit		**1,295,432**	**1,094,941**
Net cash flows from operating activities		**$ 1,436,246**	**$ 1,291,449**
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment and investment properties		(317,669)	(546,133)
Proceeds from sale of financial assets		278,815	23,376
Purchase of financial assets		(177,280)	(12,201)
Proceeds from the sale of property, plant and equipment and investment properties		22,015	25,484
Dividends received		17,683	16,471
Interest received		12,083	11,676
Cash flows from sale of businesses	16	11,500	322,478
Purchase of intangible assets	15	(2,705)	(2,624)
Acquisition of investment in associates and joint ventures		(2,450)	(14,576)
Proceeds from the sale of participations in investees	13	-	62,681
Proceeds from the sale of intangible assets		-	214
Net cash flows used in investing activities		**$ (158,008)**	**$ (113,154)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from loans		(2,610,917)	(2,777,535)
Payments of loans and debt instruments		2,294,456	2,404,478
Interest paid		(419,444)	(452,069)
Dividends paid on ordinary shares	30	(319,300)	(367,816)
Proceeds from bond issue	26	249,382	-
Payments for lease liabilities		(141,576)	(173,035)
Payments from financial derivatives contracts		(114,287)	(25,327)
Collection from financial derivatives contracts		105,497	39,913
Dividends paid on preferred shares	30	(47,690)	(49,894)
Payment of outstanding bonds	26	(40,650)	(70,350)
Payment for changes in ownership without loss of control		(2,512)	-
Other cash inflows		9,091	9,968
Net cash flows used in financing activities		**$ (1,037,950)**	**$ (1,461,667)**
Increase (decrease) of cash and cash equivalent by operations		**240,288**	**(283,372)**
Net effect of foreign currency translation on cash and cash equivalents		18,515	(4,254)
Net increase (decrease) of cash and cash equivalent		**258,803**	**(287,626)**
Cash and cash equivalents at the beginning of the period		**$ 353,211**	**$ 640,837**
Cash and cash equivalents at end of the period		**$ 612,014**	**$ 353,211**

Notes are an integral part of the consolidated financial statements.

Juan Esteban Calle Restrepo
Legal Representative
(See attached certification)

Óscar Rodrigo Rubio Cortés
Gerente corporativo de Contabilidad
T.P. 47208-T
(See attached certification)

Claudia María Montoya Arango
(Original version issued in Spanish and signed by)
Statutory Auditor of Cementos Argos S.A.
Registration No.77492-T
Member of KPMG S.A.S.
(See report of February 24, 2021)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As of December 31st, 2020, and December 31st, 2019
(Millions of Colombian pesos, except where otherwise indicated)

NOTE 1: OVERVIEW

Cementos Argos S.A. (the Entity) is a commercial company set up anonymously according to Colombian legislation on August 14, 1944, with its headquarters in the city of Barranquilla, in the Department of Atlántico, Republic of Colombia. The company's corporate purpose is the exploitation of the cement industry, the production of concrete mixes and any other materials or items made of cement, lime or clay, the acquisition and exploitation of minerals or deposits of exploitable minerals in the cement industry and similar rights to explore and mine the aforementioned minerals, whether by concession, privilege, lease or other title. Its headquarters is in the city of Barranquilla and the term of duration of the company expires on August 14, 2060, with an extended duration. The headquarters address is Carrera 53 # 106 – 280 Centro Empresarial Buenavista, Barranquilla. No branches are established in Colombia or abroad.

Cementos Argos S.A. is part of Grupo Empresarial Argos whose parent company is called Argos Group S.A.

The Board authorized the issuance of the consolidated financial statements of the Group for the year ended December 31st, 2020 on February 24th, 2021.

NOTE 2: BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

2.1. Compliance status

The consolidated financial statements of Cementos Argos S.A. for the years ended December 31, 2020 and 2019 have been prepared in accordance with Accounting and Financial Information Standards accepted in Colombia (NCIF for their Spanish acronym), which are based on the International Financial Reporting Standards (IFRS) along with their interpretations, translated to Spanish and issued by the International Accounting Standards Board (IASB, for its acronym in English) as of the second half of 2018 and the modification to IFRS 16 Leases: COVID-19 related rent reductions issued in 2020. The NCIF were established in Law 1314 of 2009, regulated by the Single Regulatory Decree 2420 of 2015 by the Ministry of Finance and Public Credit and the Ministry of Commerce, Industry and Tourism of the Republic of Colombia, modified on December 23, 2015 by Regulatory Decree 2496, on December 22, 2016 by Regulatory Decree 2131, on December 22, 2017 by Regulatory Decree 2170, on December 28, 2018 by Regulatory Decree 2483, the December 13, 2019 by Regulatory Decree 2270 and November 5, 2020 by Decree 1432.

Additionally, the Company shall apply the following laws, decrees and existing regulations:

- External Circular No. 36 of 2014 of the Financial Superintendence of Colombia - The accounting treatment of the positive net differences generated in NCIF's first time application cannot be distributed to stem losses, carry out capitalization processes, distribute profits and/or dividends, or be recognized as reserves. Negative net differences will not be taken into account for technical equity, minimum capital to operate or other legal controls, for preparers of financial information and security issuers subject to control.
- Decree 2496 of December 23, 2015 - whereby it is determined that the parameters for accounting for post-employment benefits must correspond to Decree 2783 of 2001 as the best market approximation. In 2016, Decree 2131 of December 22, 2016, eliminated the obligation to apply these assumptions to measure post-employment benefits, allowing to apply the requirements of IAS 19 employee benefits, and these requirements are only applicable for financial information disclosure purposes. Decree 2131 of 2016 determined to reveal the calculation of pension liabilities in accordance with the parameters established in Decree 1625/2016 and in case of partial pension commutations in accordance with Decree 1833/2016 and the differences with the calculation made in accordance with IAS 19 - Employee Benefits.

2.2. Basis of preparation and accounting policies

2.2.1. BASIS OF PREPARATION

The consolidated financial statements include the financial statements of Cementos Argos S.A. and its subsidiaries (The Group) as of December 31st, 2020. These have been prepared on the basis of historical cost, except the measurement of certain financial assets and financial liabilities, derivative financial instruments, investment properties and biological assets that have been measured at fair value. The Group does not measure non-financial assets or liabilities at fair value on a recurring basis, except of investment property and biological assets. The consolidated financial statements are presented in Colombian pesos, which is the functional currency of the parent group, all values in Colombian pesos are rounded up to the closest million and dollar values to the closest unit of thousands, unless otherwise indicated.

The consolidated financial statements have been prepared on the accounting basis of accumulation or accrual, except the cash flow information. Usually, the historical cost is based on the fair value of the consideration granted in exchange for goods and services.

Fair value is the price that would be received when selling an asset or would be paid to transfer a liability in an orderly transaction between market participants at the date of measurement, regardless of whether that price is directly observable or estimated using another method of valuation. When estimating the fair value of an asset or a liability, the Group considers the characteristics of the asset or liability if market participants take into account these characteristics to value the asset or liability at the date of measurement. The fair value for purposes of measurement and/ or disclosure of these consolidated financial statements is determined on that basis, except for payment transactions based on actions within the scope of IFRS 2, leasing transactions within the scope of IFRS 16 and measurements that have some similarities fair value but are not fair value, such as the realizable value in IAS 2 or useful value in IAS 36.

Additionally, for financial information purposes, fair value measurements are categorized as Level 1, 2 or 3 based on the degree to which the entries to fair value measurements are observable and the importance of the entries to fair value measurements as a whole, which are described as follows:

- Level 1 entries are quoted prices (not adjusted) in active markets for identical assets and liabilities to which the company has access on the date of measurement;
- Level 2 entries are entries different from the quoted prices included in Level 1 that are observable for an asset or liability, either directly or indirectly, and
- Level 3 entries are unobservable entries for an asset or liability.

2.2.2. PRINCIPLES OF CONSOLIDATION AND ACCOUNTING POLICIES

PRINCIPLES OF CONSOLIDATION

Investments over which the Group has control are fully consolidated using the global consolidation method, under which the financial statements of the controlling company or matrix are added to the total assets, liabilities, equity, revenues, costs and expenses of the subsidiaries, after having been removed from the parent or matrix, as well as operations and existing reciprocal balances at the date of preparation of the consolidated financial statements.

The Group controls an investee when it has power over it, is exposed, or has a right to variable profits from its participation and it has the ability to influence these profits through its power over them. The Group re-evaluates whether it has control or not over an investee, if the facts and circumstances indicate that there have been changes to one or more of the three aforementioned control elements. During the control evaluation, the Group considers existing substantive voting rights, contracts signed between the company and third parties, and the rights and ability to appoint and remove key management members, among other activities.

When the Group has less than a majority of voting rights in an investee, it has power over this entity when the voting rights are sufficient to give it the practical ability of to direct the relevant activities of the investee in a unilateral manner. The Group considers all of the events and circumstances that may be relevant when evaluating whether the voting rights of the Group in an investee are sufficient or not to grant it power, including:

- The percentage of the Group's voting rights relative to the size and distribution of percentages of other votes;
- Potential voting rights held by the Group, other shareholders or other parties;
- Rights under contractual agreements, and,
- Any additional facts or circumstances that indicate that the Group has or does not have, the current ability to direct the relevant activities when decisions need to be made, including voting patterns in assemblies of previous shareholders.

The financial statements of subsidiaries are included in the consolidated financial statements starting on the date on which the Group takes control over the subsidiary, which may be different from the date of acquisition, up until the date when the Group loses financial control of the subsidiary. Specifically, the revenues and expenses of a subsidiary acquired or sold during the year are included in the consolidated profit and loss statement as well as other comprehensive results from the date when the Group gains control up until the date the Group ceases to control the subsidiary.

Changes in participation in the ownership of a controlling interest in a subsidiary that do not result in a loss of control are posted as equity transactions. The book value of the Group's participating shares and non - controlling interests are adjusted to reflect changes in their relative participation in the subsidiary. Any difference between the amount by which the non - controlling interests were adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to owners of the parent company.

When the group loses control of a subsidiary, profits or losses are recognized in the income statement, and they are calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of the retained participation, and (ii) the previous book value of the assets (including goodwill) and liabilities of the subsidiary and any non - controlling interests. Amounts previously recognized in other comprehensive income statements related to that subsidiary are recorded as if the Group had sold the relevant assets directly (i.e. reclassified them to profits or losses or transferred them to another category of equity as specified/allowed by applicable IFRS). The fair value of the retained investment in the former subsidiary, on the date in which control was relinquished, must be considered as the fair value for purposes of initial recognition of a financial asset in accordance with IFRS 9 or, where appropriate, the cost of initial recognition of an investment in an associate or joint venture.

Non-controlling interests in net assets of consolidated subsidiaries are identified separately from the Group's equity. The profits and losses of the period and other comprehensive income are also attributed to the controlling and to non-controlling interests. The total comprehensive income of subsidiaries is attributed to the owners of the Group and to non - controlling interests, even if the results in non-controlling interests have a negative balance.

The financial information of consolidated subsidiaries is prepared based on International Financial Reporting Standards (IFRS). However, some of the foreign subsidiaries prepare their financial statements for statutory purposes by applying the United States Generally Accepted Accounting Principles (US GAAP), which is why adjustments are included to standardize these principles with the NCIF applicable in Colombia.

The Administration should make estimates and assumptions that affect the numbers reported for assets and liabilities, revenues, costs and expenses, disclosures of assets and liabilities at the date of the consolidated financial statements. In Note 4, the critical accounting judgments and key sources of estimation made by the Administration are detailed.

SIGNIFICANT ACCOUNTING POLICIES

Below are the significant accounting policies that Cementos Argos S.A. and its subsidiaries apply to the preparation of their consolidated financial statements:

1. BUSINESS COMBINATION AND GOODWILL

Business combinations are accounted for using the acquisition method. The acquired identifiable assets, liabilities and contingent liabilities assumed from the acquirer are recognized at fair value at the date of acquisition, the costs of acquisition are recognized in the income statement of the period and the goodwill is recognized as an asset in the consolidated financial statements.

The transferred consideration is calculated as the sum of the fair value, at the date of acquisition, of the relinquished assets, the assumed liabilities and the equity instruments issued by Cementos Argos and its subsidiaries, including the fair value of any contingent consideration, in order to gain control of the acquire.

Acquired identifiable assets and assumed liabilities are recognized at fair value at the date of acquisition, except for:

- Deferred tax liabilities or assets and liabilities or assets related to employee benefit agreements are recognized and measured in accordance with IAS 12 Income Taxes and IAS 19 Employee Benefits, respectively;
- Liabilities or equity instruments related to payment agreements based on shares of the acquiree or payment arrangements based on shares of the Group carried out to substitute payment agreements based on shares of the acquiree are measured in accordance with IFRS 2 at the date of acquisition, and
- Assets (or group of assets for disposal) which are classified as held for sale pursuant to IFRS 5 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that standard.

Goodwill is calculated as the excess of the sum of the consideration transferred, the value of any non-controlling interests, and where applicable, the fair value of any previous equity interests held in the acquiree, divided by the net value of the acquired assets, assumed liabilities and contingent liabilities assumed on the date of acquisition. When the transferred consideration is less than the fair value of the net assets acquired, the corresponding profit is recognized in the income statement of the period, on the date of acquisition.

Non-controlling interests that represent ownership interests and that guarantee their holders a proportion of the net assets of the company in the event of liquidation can be initially calculated at fair value or as the proportional share of non - controlling interests of the recognized amounts of the identifiable net assets of the acquiree. The measurement basis is chosen on a transaction by transaction basis. Other types of non -controlling interests are calculated at fair value or, when applicable, on the basis specified by another IFRS.

When the consideration transferred by the Group in a business combination includes assets or liabilities that arise from a contingent consideration agreement, the contingent consideration is measured at the fair value at the date of acquisition and it is included as part of the consideration transferred in a business combination. Any changes in the fair value of the contingent consideration that qualify as adjustments to the measurement period are adjusted retrospectively with the corresponding adjustments against the goodwill. Adjustments to the measurement period are adjustments that arise from the additional information obtained during the "measurement period" (which cannot be more than one year after the date of acquisition) about facts and circumstances that existed on the date of acquisition. The subsequent record of changes to the fair value of the contingent consideration that do not qualify as adjustments of the measurement period depends on how the contingent consideration is classified. The contingent consideration that is classified as equity is not measured again at the subsequent reporting dates and its subsequent cancellation is recorded in equity.

A contingent consideration classified as an asset or liability is remeasured based on its reporting date in accordance with IAS 39 Financial Instruments or IAS 37 Provisions, Contingent Liabilities and Contingent Assets where appropriate, with the corresponding profit or loss recognized in profits or losses.

In the case of business combinations carried out in stages, the equity participation of the Group in the acquiree is recalculated at fair value on the date of acquisition (i.e., the date on which the Group gained control) and the resulting profit or loss, if any, is recognized in profit or losses. The amounts resulting from participation in the acquiree prior to the date of acquisition that had been previously recognized in other comprehensive income statement are reclassified as profits or losses, provided that such treatment is appropriate, in the event that said participation were to be sold.

If the initial accounting of a business combination is not finished by the end of the financial period in which the combination occurs, the Group reports provisional amounts for the items for which accounting is incomplete. During the measurement period the buyer recognizes adjustments to the provisional amounts or recognizes additional liabilities or assets necessary to reflect new information obtained about facts and circumstances that existed at the date of purchase and that, had they been known, would have affected the measurement of amounts recognized at that date.

Goodwill is not amortized; it is measured at cost minus any loss accumulated due to impairment. If the recoverable amount of the cash generating unit is less than the book value of the unit, the impairment loss is allocated first to reduce the goodwill book value assigned to the unit and then to the other unit assets, in a proportional manner, based on the book value of each asset in the unit. The cash - generating units to which the goodwill is assigned are subject to yearly impairment evaluations, or more frequently if there is an indication that the unit could be impaired. Impairment losses are recognized in the comprehensive income statement in the period results section. Goodwill impairment losses cannot be reversed in the following period. In the event of withdrawal of a cash-generating unit, the attributable amount of goodwill is included in the calculation of profit or loss due to withdrawal.

2. CASH AND CASH EQUIVALENT

Cash and cash equivalents in the statement of financial position and the statement of cash flows include cash and banks, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, with a maturity of three months or less from the date of acquisition.

3. FINANCIAL INSTRUMENTS

Financial assets and liabilities are initially recognized at fair value plus (minus) directly attributable transaction costs, except for those that are measured later at fair value with changes in the income statement. Cementos Argos and its subsidiaries subsequently measure financial assets and liabilities at an amortized cost or fair value, depending on the Group's business model for managing financial assets and the characteristics of the contractual cash flows of the instrument.

Financial Assets

Financial assets other than those at amortized cost are subsequently measured at fair value with recognized changes in the in-come statement. However, for investments in equity instruments that are not held for negotiation purposes, Cementos Argos and its subsidiaries can choose, during the initial recognition and irrevocably, to present the profits or losses from fair value measurements in another comprehensive statement. When disposing of investments at fair value in another comprehensive statement, the accumulated value of profits or losses is transferred directly to retained earnings and are not reclassified as income for the period. Cash dividends received from these investments are recognized in the other comprehensive income statement. Cementos Argos and its subsidiaries have chosen to measure some of their investments in equity instruments at fair value in another comprehensive income statement. A financial asset is subsequently measured at amortized cost using the effective interest rate if the asset is held within a business model whose objective is to hold them in order to obtain contractual cash flows and its contractual terms gran, on specific dates principal and interest on the value of the outstanding principal.

A financial asset or part of one is written off from the statement of financial position when it is sold, transferred, it matures or control is lost over the contractual rights or cash flows of the instrument. A financial liability or part of one is written off from the statement of financial position when the contractual obligation has been settled or has matured.

When an existing financial liability is replaced by another from the same counterparty on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a write-off of the original liability and the recognition of the new liability, and the difference in the respective book values, are recognized in the comprehensive income statement.

Impairment of Financial Assets

The impairment model in accordance with IFRS 9 reflects expected credit losses, as opposed to credit losses incurred under IAS 39. Within the scope of the impairment in IFRS 9, it is no longer necessary for a credit event to occur before the credit losses are recognized.

Cementos Argos and its subsidiaries record the expected credit losses on their debt securities; trade accounts receivables and leases at the end of the reporting period. In calculating the expected credit losses under IFRS 9, Cementos Argos and its subsidiaries apply a simplified approach, which allows them not to keep track of changes in credit risk, but recognize a provision for losses based on expected credit losses during the life of the asset at each reporting date; that is, to recognize the expected credit losses that result from possible events of default during the expected life of the financial instrument. In cases where there is objective evidence that a financial asset is impaired, the Group recognizes a provision for loss of individual impairment and excludes the departure of the collective evaluation under the expected loss model.

To determine the expected credit losses, Cementos Argos and its subsidiaries have used a matrix of provisions based on the number of days that a trade account receivable is in default; that is, grouping the portfolio by ranges of days of non-payment and applying to the current balance of the accounts receivable on the date of measurement for each range of days in default, a percentage of expected default. The percentage of default given and the days of non-compliance of the portfolio was determined using the transition matrices methodology according to Markov chain theory. The portfolio of each subsidiary is segmented into two homogeneous groups: industrial business and massive business.

The loss of impairment in value is recognized in the administration and sales expenses in the consolidated statement of income of the Group. When there is confirmation that the trade account receivable is considered uncollectible, the gross carrying amount of the account receivable is written off in accounts against the associated provision. Refer to Note 3, which indicates the impact of the application of the new impairment requirements.

Financial Liabilities

The initial recognition of financial liabilities is done at fair value and subsequently valued at the amortized cost using the effective interest method. Losses and profits are recognized in the income statement when liabilities are written off, as well as accrued interest using the effective interest method. The amortized cost is calculated taking into account any discount or premium on acquisition and installments or costs that are an integral part of the effective interest method.

The effective interest method is the method used to calculate the amortized cost of a financial asset or a financial liability and for the distribution and recognition of interest income or interest expense in the reporting period over the course of the corresponding period. The amortized cost of a financial asset or a financial liability is that which is measured on initial recognition, minus repayments of the principal, in addition to, more or less, accumulated amortization using the effective interest method of any difference between the initial amount and the amount at maturity and, for financial assets, adjusted for any value loss adjustments.

Financial Derivatives

IFRS 9 introduces the option to apply the hedges accounting guidelines of IFRS 9 or to continue applying the requirements of hedge accounting in IAS 39 and IFRIC 16 Hedges of a Net Investment in a Foreign Operation, provided that the policy is applied consistently to all your hedging relationships. Cementos Argos and its subsidiaries will continue to apply the hedge accounting requirements established by IAS 39, as permitted by IFRS 9.

Financial derivatives are recorded in the interim condensed consolidated statement of financial position for their fair values, taking into account the market curves in force on the valuation date. The accounting for changes in the fair value of derivatives depends on the use of the derivative and its designation as an accounting-hedging instrument. Some derivatives incorporated in other financial instrument like embedded derivatives are treated as separate derivatives when their risk and characteristics are not closely related to those of the main contract, and this is not recorded at fair value with its unrealized gains and losses included in results.

To mitigate the risk in operations in foreign currency and exposure to interest rates, Cementos Argos SA and its subsidiaries carry out natural hedge and financial hedge operations through the use of derivative financial instruments, mainly swap contracts and forward contracts, all current derivatives have been designated as accounting cash flow hedge instruments or fair value in accordance with the criteria of IAS 39 Financial Instruments. The Group does not use derivative instruments, nor any other financial instrument for speculative purposes.

Certain transactions with derivatives that do not qualify to be accounted for as derivatives for hedging, are treated and reported as derivatives for trading, even when they provide effective coverage for the management of risk positions. For derivatives that qualify to be accounted for as hedge accounting, at the beginning of the hedge relationship, the Group formally designates and documents the relationship, as well as the objective of risk management and the strategy to carry out the hedge.

Swap transactions correspond to financial transactions in which the Group, through a contractual agreement with a bank, exchanges monetary flows for reducing the risks of currency, rate, term or issuer, as well as the restructuring of assets or liabilities.

Forward transactions and currency swap transactions are used to hedge the exchange rate risk in foreign currency debt transactions, to hedge future cash flows with high probability of occurrence, such as the Group's monthly exports, and with the purpose of balancing the exchange exposure of the Group taking advantage of what, in the opinion of the Administration, is considered as favorable market conditions. The existence of this agreement has no repercussions on the valuation of the underlying debt.

The Group also uses interest rate swaps to manage its exposure to interest rates. In the case of interest rate swaps there is no exchange of capital, the Group is responsible for its debts with defined amounts and terms, its accounting record is independent of the swap. These swaps are aimed at converting financial instruments from a fixed either to a variable rate or a variable rate to a fixed rate.

The Administration documents the hedge accounting relationships from the moment of initial recognition. This documentation includes, but is not limited to, the following:

- Designation, which includes the identification of the hedging instrument, the hedged item or transaction, and the hedging relationship, objective of the hedge and risk management strategy;
- Designation and hedging relationship, objective of coverage and risk management strategy;
- Date of designation of accounting hedge; and
- Procedure for evaluating the effectiveness of the hedge and method to evaluate the effectiveness of prospective and retroactive coverage/hedging and its periodicity.

Such hedges are expected to be highly effective in offsetting the changes in fair value or cash flows and are being constantly evaluated to determine that this has been so throughout the information periods for which they were appointed. For hedge accounting purposes and for those applicable to the Group, hedges are classified and accounted for as follows, once the strict criteria for accounting are met:

- Fair value hedges, when they hedge exposure to changes in the fair value of recognized assets or liabilities or unrecognized firm commitments. The change in fair value of a derivative that is a hedging instrument is recognized in the interim condensed consolidated comprehensive income statement in the income statement section as financial income or cost. The change in fair value of the hedged item attributable to the hedged risk is recorded as part of the book value of the hedged item and is also recognized in the comprehensive income statement in the income statement section as financial income or cost.

- Cash flow hedges, when hedging exposure to variations in the cash flows attributed either to a particular risk associated with a recognized asset or liability or with a highly probable a foreseen transaction, or with the exchange rate risk related to an unrecognized firm commitment. Cash flow hedge accounting aims to recognize changes in the fair value of the hedging instrument in the other comprehensive results, to apply them to the income statements when and at the pace in which the hedged item affects them. The inefficiency of the derivative will only be recognized in the income statement as they occur.

In hedging relationships of highly probable transactions, changes in the fair value of the hedging instrument are recognized directly in the other comprehensive income for the effective portion of the hedge, the ineffective portion is presented in the statement of comprehensive income. The gains or losses recognized in equity are reclassified at the end of the hedge relationship to the same account of the hedged item.

The effective portion of the gain or loss from the measurement of the hedging instrument is recognized immediately in the other comprehensive income, while the ineffective portion is recognized immediately in the statement of comprehensive income in the income statement section as a financial cost.

The values recognized in other comprehensive income are reclassified to the statement of comprehensive income in the income statement section when the hedged transaction affects the result, as well as when the financial income or hedged financial expense is recognized, or when the anticipated transaction takes place. When the hedged item constitutes the cost of a non-financial asset or liability, the values recognized in the other comprehensive income are reclassified to the initial carrying amount of the non-financial asset or liability. If the expected transaction or firm commitment is no longer expected, the cumulative gain or loss previously recognized in other comprehensive income is reclassified to the statement of comprehensive income in the income statement section.

If the hedging instrument expires or is sold, resolved, or exercised without successive replacement or renewal of a hedging instrument by another hedging instrument, or if its designation as a hedge is revoked, any cumulative gain or loss previously recognized in the other comprehensive income remains in the other comprehensive result until the expected operation or firm commitment affects the result.

Derivatives that are not designated as hedges for accounting purposes under IAS 39 are measured at fair value.

4. PROVISIONS FOR DECOMMISSIONING, RESTORATION AND REHABILITATION

Cementos Argos and its subsidiaries recognize as part of the cost of ownership of an element, plant and equipment when there is a legal or implicit obligation to dismantle an asset or restore the site where it was built, the present value of the estimated future costs expected to be incurred for the dismantling or restoration.

The provision for decommissioning or restoration is recognized at the present value of estimated future disbursements to pay the obligation. Cash flows are discounted at a risk-free rate before taxes.

The estimated future cash flows for decommissioning or restoration are reviewed periodically. Changes in estimates, in the expected dates of disbursements or in the discount rate used to discount the flows are recognized as an increase or decrease of the decommissioning cost included in the ownership item, plant and equipment. The change in the value of the provision associated with the passage of time is recognized as a financial expense in the comprehensive income statement.

5. DISBURSEMENTS OF EXPLORATION AND EVALUATION

Cementos Argos and its subsidiaries recognize as an expense for the evaluation and exploration of mineral resources those disbursements incurred in prior to demonstrating the technical feasibility and commercial viability of an exploitation project, even if they are directly related to or associated with the activity of exploration and evaluation of mineral resources. If disbursements meet the conditions for recognition they are recorded as intangible assets. The expenses will be recognized at the disbursed value at the time they are incurred.

6. FAIR VALUE MEASUREMENTS

Fair value is the price that would be received when selling an asset or would be paid to transfer a liability in an orderly transaction between market participants on the date of measurement. The fair value of all financial assets and liabilities is determined at the date of filing of the consolidated financial statements ended at December 31st, 2019 to be recognized or disclosed in the notes to the financial statements. Judgments include data such as liquidity risk, credit and volatility risk. Changes to the hypotheses about these factors could affect the reported fair value of the financial instruments.

7. FOREIGN CURRENCY

Transactions in foreign currencies corresponding to those transactions in currencies other than the functional currency of the company are recorded initially at the exchange rate of the functional currency valid on the date of the transaction. Later, the monetary assets and liabilities in foreign currencies are converted at the exchange rate of the functional currency valid on the closing date of the period. Non - monetary items measured at their fair value are converted using the exchange rates of the date when their fair value is determined, and non -monetary items measured at historical cost are converted using the exchange rates determined to be applicable on the date of the original transaction, and have not been converted.

All exchange rate differences of monetary items are recognized in the income statement except for monetary items that provide an effective hedge for a net investment in a foreign business and those that come from investments in shares classified at fair value through equity. For the presentation of Cementos Argos' consolidated financial statements, the assets and liabilities of foreign operations have been converted into Colombian pesos at the exchange rate valid on the closing date of the reporting period. Revenues, costs and expenses, and cash flows are converted at the average exchange rates of the period, unless these fluctuate significantly during the period, in which case the exchange rates of the date of the transactions are used. Any differences that arise in the exchange rate are recognized in other comprehensive income and are accumulated in equity (attributed to non-controlling interests where appropriate).

When disposing of a foreign operation, including the disposal of the Group's total participation in a business abroad and a disposal involving the partial sale of a stake in a joint venture that includes a foreign business deal in which the retained participation becomes a financial asset, all exchange differences accumulated in equity relating to that operation attributable to owners of the Group are reclassified from equity to the consolidated results of the period.

Additionally, with regards to the partial disposal of a subsidiary (that includes a foreign operation), the company will attribute the proportionate share of accumulated exchange differences again to the non-controlling interests and will not be recognized in profits or losses. For any other partial disposals (i.e. the partial disposal of associations or joint agreements that do not involve the loss of significant influence and joint control by the Group), the company will reclassify to profits or losses only the proportional share of the cumulative amount of exchange differences.

The adjustments corresponding to goodwill and the fair value of identifiable acquired assets and liabilities generated in the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and are converted at the valid exchange rate for the end of each reporting period. Any exchange differences that may arise will be recognized in other comprehensive income.

8. IMPAIRMENT OF ASSET VALUE OF NON-FINANCIAL ASSETS
Cementos Argos and its subsidiaries evaluate the impairment of non-financial assets in IAS 36 scope when facts and circumstances suggest that the book value of cash-generating unit may exceed its recoverable amount or least at the end of each reporting period. When this happens, Cementos Argos and its subsidiaries measure, present and disclose any loss to the resulting value due to impairment in the interim condensed consolidated comprehensive income statement.

At the end of each period, Cementos Argos and its subsidiaries evaluate the existence of any indications that an asset's value may be impaired. The recoverable value of the asset or cash-generating unit is estimated; when it is not possible to estimate the recoverable amount of an individual asset, at the time when an indication of impairment is detected, or at least annually for intangible assets with an indefinite useful life and intangible assets not yet in use. When a reasonable and consistent basis of distribution is identified, common assets are also allocated to individual cash generating units or distributed to the smallest group of cash-generating units for which a reasonable and consistent distribution basis can be identified.

The recoverable value of an asset is the highest value between the fair value minus the sales costs, whether it's an asset or a cash-generating unit, and its value in use. When estimating the value in use, estimated future cash flows are discounted at the current value using a discount rate before taxes that reflects current market valuations of the temporary value of money and the specific risks to the asset for which the estimated future cash flows have not been estimated. When the book value of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and the value of its recoverable amount is reduced.

When an impairment loss is reversed later, the book value of the asset (or cash-generating unit) is increased to the revised estimated value of its recoverable amount, so that the increased book value does not exceed the book value that would have been measured had the asset's (or cash-generating unit's) impairment loss not been recognized in previous years. The reversal of an impairment loss is automatically recognized in profits or losses.

9. TAXES
The expense for income taxes represents the sum of the payable current income tax and the deferred tax.

Current income tax
Current assets and liabilities for the income tax period are measured by the values expected to be recovered or paid to the tax authority. The expense for income tax is recognized in the current tax according to the refinement of the income tax and the accounting gain or loss affected by the tax rate on income for the current year and pursuant to the provisions of the tax standards of each country. The tax rates and standards used to compute these values are those that have been approved or substantially approved by the end of the reporting period in the countries where Cementos Argos and its subsidiaries operate and generate taxable income.

Deferred tax
Deferred income tax is recognized using the liability method calculated on the temporary differences between the tax bases of the assets and liabilities and their book values. The deferred tax liability is recognized for temporary taxable differences and the deferred asset tax is recognized for temporary deductible differences and future offset of tax credits and unused tax losses, to the extent that the availability of future taxable income against which they can be allocated is likely. These assets and liabilities are not recognized if the temporary differences arise from the initial recognition (other than the business combination) of other assets and liabilities in an operation that does not affect taxable profit or the accounting profit. Additionally, deferred tax liabilities are not recognized if the temporary difference arises from the initial recognition of goodwill.

Tax liabilities deferred due to temporary taxable differences associated with investments in subsidiaries and associates and interests in joint ventures, except those in which the Group is able to control the reversal of the temporary difference and when there is the possibility that this cannot be reversed in the near future, must be recognized. Deferred tax assets that arise from deductible temporary differences associated with such investments and holdings are only recognized to the extent that it is likely that the company will have future taxable gains against which the temporary difference can be charged and when there is the possibility these can be reversed in the near future. The book value of a deferred tax asset should be subject to revision at the end of each reporting period and should be reduced to the extent it is likely that the company will not have sufficient tax gains in the future to allow all or part of the asset to be recovered. Deferred tax assets and liabilities should be calculated using the tax rates that are expected to be applicable during the period in which the asset is realized or the liability is settled based on the rates (and tax laws) that have been approved or practically approved by the end of the reporting period.

The measurement of deferred tax liabilities and deferred tax assets will reflect the tax consequences that would occur from the manner in which the company expects to recover or settle the book value of its assets and liabilities at the end of the reporting period. Deferred taxes are not discounted.

Deferred tax is recognized in the result of the period, except those related to items recognized outside the income; in this case they will be presented in another comprehensive income or directly in equity. In the case of a business combination, when the current tax or deferred tax arises from the initial accounting of the business combination, the tax effect is considered within the accounting of the business combination.

10. INTANGIBLE ASSETS
Intangible assets acquired separately are initially calculated at cost. The cost of intangible assets acquired in business combinations are recognized separately from goodwill at fair value at the date of acquisition (which is regarded as its cost). After the initial recognition, intangible assets are posted at cost minus any accumulated amortization and any accumulated impairment losses. Internally generated costs for intangible assets, except for development costs that meet recognition criteria, are not capitalized and when disbursed they are recognized in the comprehensive income statement at the time when they are incurred.

Disbursements arising from research activities are recognized as an expense in the period in which they are incurred. An internally generated intangible asset as a result of development activities (or of the development phase of an internal project) is recognized if, and only if, the following conditions are met:

- Technically, it is possible to complete the production of the intangible asset so that it can be made available for use or sale;
- Its ability to use or sell the intangible asset;
- The manner in which the intangible asset will generate probable economic benefits in the future;
- The availability of adequate resources, technical, financial or otherwise, to complete its development and to use or sell the intangible asset, and
- Its ability to measure reliably the disbursement attributable to the intangible asset during its development.

The amount initially recognized for an internally generated intangible asset will be the sum of the disbursements incurred from the time when the item meets the conditions for recognition set forth above. After the initial recognition, an internally generated intangible asset will be accounted at cost minus the accumulated amortization and accumulated amount of impairment losses on the same basis as intangible assets that are acquired separately.

The period of amortization and the amortization method for intangible assets with a finite useful life are reviewed at least at the end of each period. Changes in estimated useful life of the asset are recognized prospectively. The expense for amortization of in-tangible assets with finite useful lives is recognized in the comprehensive income statement. Intangible assets with indefinite useful lives are not amortized, but rather tested for impairment.

An intangible asset is written off at the time of disposal or when no future economic benefits from its use or disposal are expected. Profits or losses arising from the write-off of an intangible asset, calculated as the difference between the net income from the sale and the book value of the asset is recognized in the consolidated profits or losses at the time the asset is written off.

11. INVESTMENT IN ASSOCIATES AND JOINT VENTURES
An associate is a company over which the Group has significant influence. Significant influence is the power to participate in financial policy and operational decisions of the investee, but without having absolute or joint control of the investee.

A joint venture is a joint agreement whereby the parties that have joint control have rights to the net assets of the agreement. Joint control is shared control contractually agreed upon that only exists when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The results, assets and liabilities of the associate or joint venture are incorporated into the consolidated financial statements using the equity method, unless the investment or a portion thereof is classified as held for sale, in which case it is accounted pursuant to IFRS 5. Under this method, the investment is initially recorded at cost and adjusted with the changes in the participation of Cementos Argos and its subsidiaries and are later adjusted to account for the participation of the Group in profits or losses and in other comprehensive income statements of the associate or joint venture, minus any losses due to impairment of the investment.

When the participation of the Group in the losses of an associate or joint venture exceeds the participation of the Group in the associate or joint venture (including any long-term participation that is basically a part of the Group's net investment in the associate or joint venture), the Group ceases to recognize its participation in future losses. Additional losses are recognized as long as the Group has acquired a legal or implicit obligation or has made payments on behalf of the associate or joint venture.

When the equity method applies, the necessary adjustments are made to standardize the accounting policies of the associate or joint venture with those of Cementos Argos. The share belonging to Cementos Argos is included in the obtained profits or losses and unrealized losses from transactions between the Group and the associate or joint venture. The equity method is applied from the date on which the investee becomes an associate or joint venture. This is because, for example, it can occur in stages, and it is not the date of acquisition; until such time as significant influence or joint control over the entity is lost. In the acquisition of the investment in the associate or joint venture, any excess of the cost of the investment on the distribution of the net fair value of identifiable assets and liabilities of the investee is recognized as Goodwill Credit, which is included in the amount book value of the investment.

Any excess in the Group's distribution of the net fair value of identifiable assets and liabilities on the cost of investment, after having been revaluated, is posted immediately in profit or losses for the period in which the investment was acquired. The requirements of IFRS 9 are applied to determine whether it's necessary to post an impairment loss from the Group's investment in an associate or joint venture. The total book value of the investment (including goodwill) is tested for impairment in accordance with IAS 36 Impairment of Assets as an individual asset by comparing its recoverable amount (highest between the useful value and the fair value minus the cost of disposal) to its book value. Any recognized impairment loss is part of the book value of the investment. Any reversal of that impairment loss is recognized in accordance with IAS 36 until the recoverable amount of the investment increases later.

The Group stops using the equity method on the date when the investment ceases to be an associate or a joint venture, or when the investment is classified as held for sale. When the Group has a stake in a former associate or joint venture and the holding is a financial asset, the Group measures the holding at that date's fair value and at the fair value considered fair value during the initial recognition, pursuant to IFRS 9. The difference between the book value of the associate or joint venture on the date the equity method stopped being used and the fair value of any retained stake and any result from the sale of a part of the stake in the associate or joint venture is included in the determination of profit or losses from the sale of the associate or joint venture.

Additionally, the Group records all previously recognized amounts in other comprehensive income regarding that associate or joint venture on the same basis that would have been required if the associate or joint venture had sold the assets or liabilities directly. Therefore, if a profit or loss previously accounted in another comprehensive result by the associate or joint venture had been reclassified to profits or losses upon selling the related assets or liabilities, the Group would reclassify the profit or loss from equity to profits or losses (as a reclassification adjustment) at the time when they stop using the equity method.

The Group continues using the equity method when an investment in an associate becomes an investment in a joint venture, or an investment in a joint venture becomes an investment in an associate. No recalculation at fair value at the time of such changes in ownership interests. When the Group reduces its equity stake in an associate or a joint venture but continues to use the equity method, the Group reclassifies to profits or losses the share of the profit or loss that had been recognized previously in other comprehensive income in relation to that reduction in equity participation, if such a profit or loss were reclassified to profit or losses upon the sale of the corresponding assets or liabilities.

If a company within the Group engages in a transaction with an associate or joint venture of the Group, the profits and losses resulting from these transactions are recorded in the Group's consolidated financial statements only for the share of the stake in the associate or joint venture that is not related to the Group. The goodwill that arises from the acquisition of an associate or a joint venture is included in the book value of the investment and is not amortized or individually tested for impairment of its value.

12. INVESTMENT PROPERTIES

Investment properties are property (land or buildings considered in whole or in part, or both) that are held (by the Group or by a lessee under a financial lease) in order to earn income, capital gains or both, instead of a) using it for the production or supply of goods or services, or for administrative purposes, or b) selling it in the ordinary course of operations, including investment properties under construction for such purposes. These are measured initially at their acquisition price, plus all costs associated with the transaction and non -recoverable indirect taxes, after deducting financial or commercial discounts as well as the costs attributable directly of place the investment property under the necessary conditions for it to operate in the manner intended by the Administration. After the initial recognition, investment properties are measured at fair value, with reference to the price that would be received, on the measurement date, when disposing the asset in a market transaction. In the determination of fair value, the Group employs independent experts with recognized professional skills and experience in the valuation of real estate. Changes in the fair value of investment properties are recognized in the result of the period when they arise. Investment properties can be transferred to and from property, plant and equipment.

An investment property is derecognized at the time of its disposal or when the investment property is permanently withdrawn from use and it is not expected to receive future economic benefits from that sale. Any gain or loss arising from the property being written off (calculated as the difference between the net sales income and the carrying amount of the asset) is included in the results of the consolidated period in which the property was derecognized.

Refer to note 3.2 voluntary change in accounting policies, for more information on the restatement of financial statements due to the change in the accounting policy of subsequent measurement of investment properties.

13. NON-CURRENT ASSETS HELD FOR SALE OR AS HELD FOR DISTRIBUTION TO OWNERS AND DISCONTINUED OPERATIONS

Non-current assets and groups of assets for disposal are classified as held for sale if their book value can be recovered through a sales transaction rather than through their continued use; these assets or groups of assets are presented separately as assets and liabilities in the statement of financial position at either their book value or fair value minus sales costs, whichever one is lowest, and are not depreciated or amortized from the date of their classification.

This condition is considered to be met only when the sale is highly likely and the asset (or group of assets for disposal) is available for immediate sale in its present condition, subject only to the usual terms adapted for the sale of these assets (or group of assets for disposal). The Administration must be committed to making the sale, which should be recognized as a completed sale within the period of one year after the date of classification.

When the Group is committed to a sales plan involving loss of control of a subsidiary, all assets and liabilities of that subsidiary are classified as held for sale when they meet the criteria described above, regardless of whether the Group is going to keep a non-controlling interest in its former subsidiary after its sale.

When the Group is committed to a sales plan involving the sale of an investment, or a portion of an investment in an associate or joint venture, the investment or portion of the investment that will be sold is classified as held for sale when the criteria described above are met and the Group discontinues the use of the equity method the in relation with the portion that is classified as held for sale. Any portion retained in an investment in an associate or a joint venture that has not been classified as held for sale, will continue to be accounted under the equity method. The Group will discontinue the use of the equity method in relation with the portion that is classified as held for sale when the sale results in the Group losing significant influence over the associate or joint venture.

After the sale is made, the Group recognizes any interest retained in the associate or joint venture in accordance with IAS 39, un-less the interest retained is still an associate or a joint venture, in which case the Group uses the equity method (see accounting policy related to the influence over an associate or joint venture). In cases where the Group undertakes to distribute an asset (or group of assets for disposal) to the owners, said non-current asset (or group of assets for disposal) is classified as held for distribution to owners. For this to be the case, the assets must be available for immediate distribution in their present condition and the distribution must be highly likely, i.e. activities must be underway to complete the distribution and should be expected to be completed within a year from the date of classification. The Group has classified its subsidiaries in liquidation processes as groups of assets for distribution to owners.

Revenues, costs and expenses from a discontinued operation are presented separately from those from continuing operations -- in a single item after income taxes -- in the consolidated comprehensive income statement for the current period and for comparative the period of the previous year, even when the Group retains a non -controlling interest in the subsidiary after the sale.

The Group impairs a net investment in an associate or joint venture if, and only if, objective evidence indicates that one or more events, which occurred after initial recognition, have had an impact on the future cash flows of the net investment and that impact can be reliably estimated. The following events make it possible to establish whether there is objective evidence that these investments may be impaired:

- Significant financial difficulties of the associate or joint venture
- Violations of the contracts, such as breaches or delays in payment by the associate or joint venture
- The granting of concessions to associates and joint ventures that would not have been granted in other circumstances
- It becomes probable that the associate or joint venture will go into bankruptcy or other form of financial reorganization
- The disappearance of an active market for the net investment due to financial difficulties of the associate or joint venture
- Significant changes with adverse effect that have taken place in the environment, technological, market, economic or legal, in which the associate or joint business operates; or
- A significant and prolonged decrease in the fair value of an investment in an associate or joint venture that is an equity instrument below its cost

14. PROPERTY, PLANT AND EQUIPMENT

The property, plant and equipment includes the amount of land, buildings, furniture, vehicles, equipment, computing equipment and other facilities owned by the consolidated companies, and which are used for the companies' operations. Cementos Argos and its subsidiaries recognize an item of property, plant and equipment when it is likely that the asset will generate future economic benefits, it is expected to be used for a period longer than one year, or all the risks and benefits inherent to the asset have been received and its value can be measured reliably. Spare parts and permanent maintenance equipment are recognized as an item of property, plant and equipment as they meet the recognition criteria.

Fixed assets are measured at cost minus accumulated depreciation and accumulated impairment losses, if any. Trade discounts, rebates and other similar items are deducted from the cost of acquisition of fixed assets. Properties under construction for administrative, production or service supply purposes are recorded at cost minus any recognized impairment loss. The cost includes professional fees and, in the case of qualifying assets, capitalized loans costs in accordance with the accounting policy of the Group. These properties are classified in the appropriate property, plant and equipment categories at the time of their completion and when they are ready for their intended use. The depreciation of these assets, as in the case of other property assets, begins when assets are ready for use. The depreciation begins when the asset is available for use and is measured in a linear manner over the estimated useful technical life of the asset as follows:

Buildings and constructions	40 to 70 years
Aqueduct, plants, networks and communication channels	20 to 40 years
Machinery and equipment	10 to 30 years
Office equipment and furniture, computers and communications	3 to 10 years
Transportation Equipment	3 to 10 years
River fleet	3 to 45 years
Mines, quarries and deposits	2 To 38 years

Owned land is not depreciated.

An item of property, plant and equipment will be written off at the time of disposal or when economic future benefits are no longer expected from their continued use. The profit or loss arising from writing off an asset or property, plant and equipment is measured as the difference between sales revenue and the book value of the asset and it is recognized in profit or losses. The residual values, useful lives and depreciation methods of the assets are reviewed and adjusted prospectively at each year-end, if required.

15. LEASES

The Group applied IFRS 16 Leases as of January 1, 2019; the change in accounting policy was made using the modified retrospective approach, following the transitional provisions allowed in the standard. As of January 1, 2019, the cumulative effect of the transition from IAS 17 to IFRS 16 was accounted for directly on equity in retained earnings.

The Group recognizes leases, subleases, and contracts with similar characteristics and circumstances, taking into account if the entity acts as a lessor or lessee in the agreement, the underlying asset, and the term of the contract.

At the inception of the lease, the Group assesses whether a contract is, or contains a lease. A contract is, or contains, a lease if the contract transfers the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract transfers the right to control the use of the identified assets, the Group uses the definition of a lease in IFRS 16. This policy applies to lease contracts entered into on or after January 1, 2019.

The Group as lessee

As a lessee, at inception or in the modification of a contract that contains a lease component, the Group allocates the consideration in the agreement to each lease component based on the relative stand-alone price.

At the commencement date, the Group recognizes a right-of-use asset that represents the right to use the underlying asset of the contract and a lease liability that represents its obligation to make the payments agreed in the contract. Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted with new measurements of lease liabilities. The cost of right-of-use assets includes the value of recognized lease liabilities, initial direct costs incurred by the lessee, and lease payments made at or before the commencement date, less any lease incentives received. Unless the Group has a reasonable assurance of obtaining ownership of the underlying asset by the end of the lease term, the right-of-use assets are amortized in a straight line over the lease term. Right-of-use assets are subject to impairment requirements.

At the commencement date, the Group recognizes the lease liabilities at the present value of the lease payments that are not paid at that date. Lease payments include fixed payments (including in-substance fixed payments), less any lease incentives receivable, variable lease payments that depend on an index or rate, and amounts expected to be payable under residual value guarantees. Lease payments include the exercise price of a purchase option if the Group is reasonably certain to exercise that option and the payments of penalties for terminating the lease if the lease term reflects the Group exercising an option to terminate the lease. Variable lease payments that do not depend on an index or a rate are recognized as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate on the lease commencement date if the interest rate implicit in the lease cannot be readily determined. After the commencement date, the value of the lease liabilities is increased to reflect the accrual of interest and is reduced by the lease payments made. Besides, the carrying amount of lease liabilities is remeasured if there is a change, a change in the lease term, a change in-substance fixed lease payments, or a change in the valuation to acquire the underlying asset.

The Group recognizes the depreciation of the right-of-use assets and distributes the lease payments between the financial expense and the reduction of the lease obligations. Financial expense is charged directly to income unless it is directly attributable to eligible assets, in which case they are capitalized following the general policy of borrowing costs.

The payments of lease contracts with a lease term of 12 months or less and no purchase options and lease contracts with underlying low-value assets are recognized as a lease expense less related lease incentives, on a straight-line basis over the lease term, unless another systematic basis for distribution to more adequately reflect the temporal pattern of the benefits of the lease to the lessee.

The Group presents the right-of-use assets and the lease liabilities separately in the consolidated statement of financial position. Right-of-use assets that meet the definition of investment property are presented within the investment property line.

The Group presents interest expense on lease liability separately from the depreciation charge of right-of-use assets. Interest expense on lease liability is a component of financial costs, which are presented separately in the consolidated statement of comprehensive income.

The Group classifies in the consolidated statement of cash flows, cash payments for capital, and interest of lease payments as financing activities and the payments for short-term leases and leases of low-value assets as operating activities.

Short-term and low-value asset leases
The Group has decided not to recognize short-term leases, which are leases with a lease term of 12 months or less and no purchase option, and leases whose underlying asset is low value. An underlying asset is low when the new value of the asset is equal to or less than $ 5,000 for assets intended for operation and $ 3,500 for assets for administrative use), including IT equipment. The Group recognizes the lease payment associated with these leases as a linear lease expense during the lease term.

The Group as lessor
At the beginning or when modifying a contract that contains a lease component, the Group assigns the consideration in the contract to each lease component based on their relative independent prices.

The Group classifies leases as financial or operational at the beginning of the lease, based on the extent to which risks and rewards incidental to ownership of a leased asset lie with the Group. The Group classifies a lease as financial when all the risks and rewards incidental to ownership are transferred substantially, and operating when all the risks and rewards inherent to the property are not transferred substantially.

The Group recognizes the amounts owed by the lessees under financial leases as accounts receivable at the amount of the Group's net investment in the leases. Finance lease income is distributed over the accounting periods to reflect a regular rate of return constant on the Company's net pending investment to the leases.

Income from rentals under operating leases is recognized using the straight-line method during the term corresponding to the lease. Initial direct costs incurred in negotiating and agreeing to an operating lease are added to the carrying amount of the leased asset and recognized on a straight-line basis over the term of the lease.

16. BORROWING COSTS
The Group capitalizes borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset, if these costs could have been avoided if no disbursements had been made for the asset. Borrowing costs are capitalized as part of the cost of assets when they are likely to generate economic benefits and can be measured accurately. The capitalization of borrowing costs starts as part of the cost of a qualified asset on the date on which the following conditions are met: a. Disbursements are made in relation with the asset, b. Borrowing costs are incurred, and c. Necessary activities to prepare the asset for its intended use or sale are carried out.

The Group suspends capitalization of borrowing costs during the periods in which the activities of a qualifying asset are interrupted. However, the capitalization of borrowing costs is not interrupted by during a period if important technical or administrative actions are being carried out. Capitalization of borrowing costs will also not be suspended when a temporary delay is a necessary part of the preparation process of a qualified asset for its intended use or sale.

Capitalization of borrowing costs ends when all necessary activities to prepare a qualified asset for its intended use or sale have been substantially completed. If the asset has components and these components can be used separately while the construction continues, the capitalization of borrowing costs on these components should be stopped.

17. AGRICULTURE
The Group recognizes a biological asset or agricultural product when it controls the biological asset or agricultural product as a result of past events, it is likely it will generate future economic benefits and the cost of the biological asset or agricultural product can be measured reliably.

The Group measures biological assets both at the beginning and at the end of the period, at fair value minus selling costs.

The fair value of a biological asset is established by its quoted market price in an active market. In the event there are different asset markets for the same biological asset, the fair value of the asset will be determined by the price quoted in the most relevant asset market.

If there is no asset market, the Group uses the following information to determine the fair value, provided it is available, and select the most reliable: a) the price of the most recent market transaction, assuming there have been no significant changes in economic circumstances between the date of the transaction and the end of the reporting period, b) the market price of similar assets, adjusted to reflect existing differences, c) sector benchmarks such as the value of plantations expressed as a function of surfaces, units of capacity, weight or volume.

Profits or losses arising from the initial recognition of a biological asset or agricultural product at fair value minus selling costs and from changes in this value are included in the consolidated income statement of the period in which they occur.

18. PROVISIONS
Provisions are recognized when Cementos Argos and its subsidiaries have a current, legal or implicit obligation as a result of a past event, it is likely that the company will have to expend resources to settle the obligation, and the value of the obligation can be estimated reliably. In cases where Cementos Argos and its subsidiaries expect the provision to be partially or fully reimbursed, the reimbursement is recognized as a separate asset only when such a reimbursement is virtually certain and the amount of the account receivable can be measured reliably.

Provisions are measured with the Administration's best estimate of the future disbursements required to settle the present obligation and it is discounted using a risk-free rate. The expense related to the provisions is presented in the comprehensive income statement, net of all reimbursements. The increase in the provision due to the passage of time is recognized as a financial expense in the comprehensive income statement. The Group recognizes the present obligations, derived from an onerous contract, as provisions. An onerous contract is one in which the unavoidable costs of meeting the obligations it implies exceed the economic benefits expected to be received from it..

Contingent Liabilities
Possible obligations arising from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group, are not recognized in the Statement of Financial Position, but are disclosed as contingent liabilities.

Contingent liabilities acquired in a business combination are initially measured at their fair values at the date of acquisition. At the end of the subsequent reporting periods, such contingent liabilities are measured either the amount at which it would have been recognized under IAS 37 or the amount at which it was initially recognized minus the accumulated amortization recognized under IFRS 15 Revenue from Contracts with Customers whichever one is higher.

19. POST-EMPLOYMENT BENEFIT PLANS
The Group recognizes liabilities related to pensions, pension securities and bonds, retirement premiums and other post-employment benefits pursuant to the requirements of IAS 19 Employee Benefits.

On December 22, 2016, the Ministry of Commerce, Industry and Tourism issued Decree 2131, through which it is required to disclose the calculation of pension liabilities in accordance with the parameters established in Decree 1625 of 2016 and, in the case of partial pension commutation, in accordance with Decree 1833 of 2016, as well as the differences arising with the calculation carried out in accordance with IAS 19 – Employee benefits. This information is included in note 23 employee benefits.

The Group recognizes the benefit plans classified as contribution plans in the consolidated income statement as an administrative or sales expense, or cost of merchandise sold according to a presentation by function on the date on which it occurs. The Group recognizes benefit plans classified as benefit plans defined as an asset or liability in the Statement of Financial Position by the difference between the fair value of the plan assets and the present value of the obligation of said plan, using the projected unit credit method to determine the present value of the obligation related to the defined benefits and the cost of the current service and, where applicable, the cost of past services, at least once a year. Plan assets are calculated at fair value, which is based on market price information and, in the case of quoted securities, it constitutes the published purchase price.

The Projected Unit Credit treats each period of service as a generator of an additional unit of entitlement to benefits and measures each unit separately to build up the final obligation. The Group deducts the total value of post-employment benefits obligation even if part of it is to be paid within the twelve months following the reporting period. The estimate of the liability for post-employment benefits is performed by an independent actuary.

Actuarial gains or losses, the yield on plan assets and changes in the effect of the asset ceiling, excluding amounts included in the net interest on the liability (asset) of the defined net benefits are recognized in the other comprehensive income. Actuarial gains or losses include the effects of changes in actuarial assumptions, as well as experience adjustments. The net interest on the liability (asset) of the defined net benefits includes income from interest on plan assets, interest costs for the defined benefit obligation and interest on the effect of the asset ceiling.

The current service cost, the past service cost, any liquidation or reduction of the plan is recognized immediately in the comprehensive income statement in the statement section in the period in which they arise.

20. INVENTORIES

Assets acquired with the intention of selling them in the ordinary course of business or consumed in the process rendering services. The inventory of raw materials, products in process, merchandise manufactured for sale and finished products are measured at cost of acquisition. The Group recognizes a decrease in the value of inventories of finished goods, materials, spare parts and accessories if the cost exceeds the net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, minus the estimated costs of finalization and the estimated costs necessary to make the sale. Inventories include goods in existence that do not require transformation, materials such as minor parts and accessories for rendering of services, and goods in transit and held by third parties.

Inventories are valued using the weighted average method and its cost includes costs directly related to the acquisition and those incurred to give them their current condition and location.

21. REVENUE

IFRS 15 requires the recognition of ordinary income when the transfer of goods or services promised to customers is made, for the amounts that reflect the consideration that the entity expects to receive in exchange for said goods or services, through the application of a Five-step approach: Step 1: Identify the contract (s) with the customer; Step 2: Identify the performance obligations within the contract; Step 3: Determine the transaction price; Step 4: allocate the transaction price to the performance obligations in the contract; and Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation by transferring to the customer control over promised goods and services. Performance obligations can be met at a point in time or over a period of time.

Sale of goods

In the sale of goods, a single performance obligation is established. The Group recognizes income when the obligation is satisfied, that is, when the control of the goods or services underlying the performance obligation has been transferred to the customer, at a point in time. IFRS 15 did not have any impact on the income and losses or profits of the Group.

Rendering of services

The Group provides some services that are sold on their own in contracts with customers or grouped together with the sale of goods to a customer. In both scenarios, revenues from service contracts are paid at one point in time.

IFRS 15 excludes in its scope the requirements for recognition of income from dividends and interest and operating leases, so the Group continues to apply the same accounting treatment.

Income from Dividends and Interest

Income from dividends from investment is recognized once established the rights of shareholders to receive this payment have been established (as long as it is likely that the economic benefits will flow for the company and the revenue can be measured reliably).

Income from interest on a financial asset is recognized when it is likely that the Group will receive the benefits associated with the transaction and the amount of revenue can be measured reliably. Interest income is recorded on a time basis, in reference to the outstanding principal and the applicable effective rate of interest, which is the discount rate that equals the receivable or payable cash flows estimated along the expected life of the financial instrument with the net book value of the financial asset upon initial recognition.

Operating Leases Revenue

The policy of the Group for the recognition of revenue from operating leases is the recognition of payments received as revenue in the income statement in a linear manner throughout the useful life of the contract, unless another basis of distribution is deemed representative.

22. OPERATING SEGMENTS

An operating segment is a component of the Group that engages in business activities from which it can earn ordinary income and incur expenses, whose operating results are regularly reviewed by the Group's chief operating decision maker, to decide on the resources to be assigned to the segment, evaluate its performance, and for which discrete financial information is available.

Management has determined its operating segments based on the financial information provided to the Group's Steering Committee, which is used by its members in making operating decisions for the purpose of allocating resources and evaluating performance. The Steering Committee evaluates the performance of the operating segments based on the net sales, operating profit and EBITDA of each segment. For its part, the total assets and liabilities by operating segments are not internally evaluated for administrative purposes and therefore are not disclosed by the Group.

23. RELATED PARTIES

The Group considers as a related party the subsidiaries and direct associates and joint ventures and those of Grupo Argos S.A., the entities that exercise joint control or significant influence over Cementos Argos S.A., and the key management personnel. Key management personnel includes members of the Board, Nomination and Remuneration Committee, Audit and Finance Committee, Sustainability and Corporate Governance Committee, Directive Committee (made up of the President and Vice President), and of any other committee that depends directly on the Board of Directors of Cementos Argos and Grupo Argos, and Managers and their close relatives.

Transactions between related parties are considered all transfers of resources, services, and obligations between the Group and a related party and the outstanding balances between them at the date of preparation of the consolidated financial statements, including any commitment and guarantee granted or received between both.

The information of related parties is disclosed according to the categories established by IAS 24 Disclosure of Related Parties, which correspond to transactions with (a) the parent, (b) entities with joint control or significant influence over the entity, (c) subsidiaries, (d) associates, (e) joint ventures, (f) key management personnel and (g) other related parties. Likewise, items of similar nature are grouped for disclosure purposes.

The characteristics of transactions with related parties do not differ from those carried out with third parties, nor do they imply differences between market prices for similar operations.

24. MATERIALITY

The Group considers that information is material if omitting it or misstating it could influence decisions of users of consolidated financial statements.

25. GOING CONCERN

The consolidated financial statements have been prepared on the basis of a going concern and as of December 31st, 2020 there are no material uncertainties related to events or conditions that produce significant doubts about the ability of any company within the Group to continue operating. The Group has the liquidity and solvency required to continue operating the business for the foreseeable future. Refer to note 4 Critical accounting judgments and key sources of estimates and for information on COVID-19.

NOTE 3: ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

3.1. IFRS incorporated in colombia and adopted to the date of preparation of the consolidated financial statements

3.1.1. STANDARDS ISSUED BY THE IASB AND INCORPORATED IN COLOMBIA AS OF JANUARY 1, 2020

The following standards have been issued by the IASB, have been incorporated by Decree in Colombia and have been implemented since January 1st, 2020, Decree 2270 of December 2019 and Decree 1432 of November 2020:

- ***IFRIC 23 Uncertainties over Income Tax Treatments*** **– Accounting for uncertain tax treatments,** clarifies how to apply the recognition and measurement requirements of IAS 12 when there is uncertainty regarding the treatment of income tax. An uncertain tax treatment is any tax treatment applied by an entity where there is uncertainty about whether it will be accepted by the tax authority. In this circumstance, an entity recognizes and measures its asset or liability for deferred or current taxes by applying the requirements of IAS 12 on the basis of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates determined by applying this interpretation. The entity will manage uncertainties in accordance with a) The rationale available to support its position, b) The approach that the tax authority is expected to take in an audit of the matter.

- ***Amendment to IFRS 3 business combination*** **– Improvement in the definition of the concept of "business",** the modification:
  - Clarifies that, to be considered a business, an acquired set of activities and assets must include, as a minimum, a contribution and a substantive process where these contribute significantly to the ability to create products.
  - Restricts the definitions of a business and products by focusing on the goods and services provided to customers and eliminating the reference to the ability to reduce costs.
  - Add guidance and illustrative examples to help entities assess whether a substantive process has been acquired.
  - Eliminates the evaluation of whether market participants are able to replace any missing input or process and continue to produce products; and
  - Adds an optional concentration test that allows for a simplified assessment of whether an acquired set of activities and assets is not a business.

- ***Amendment to IAS 19 Employee Benefits*** **– Accounting for plan modifications, reductions and settlements.** The amendment requires entities to use updated assumptions to calculate the current cost of service and net interest for the rest of the period from the modification, reduction, or liquidation of a plan. Likewise, it requires entities to recognize any reduction in the surplus as part of the cost of the past service or the settlement gain or loss.

- ***Amendment to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors*** **- definition of materiality**. The information is material if the omission, deviation or concealment thereof may reasonably be expected to influence the decisions that the primary users of the general-purpose financial statements make about those financial statements, which provide financial information about a specific reporting entity.

- ***Conceptual framework 2018*** **– General amendment,** it contains definitions of concepts related to:
  - Measurement: including the factors considered when selecting measurement bases.
  - Presentation and disclosure: including when classifying an income or expense in other comprehensive income.
  - Non-recognition: includes guidance on when the assets or liabilities should be removed from the financial statements.
  - Additionally, it updates the definitions of assets and liabilities and the criteria to include them in the financial statements and clarifies the meaning of some concepts.

- ***Amendment to IFRS 16 Leases*** **– COVID-19 Related Rent Concessions Amendment.**
  This amendment incorporates a practical expedient for the accounting treatment of rent concessions granted to tenants occurring as a direct consequence of the covid-19 pandemic, which is that tenants can choose to account for rent concessions in the same way that they would if they were not lease modifications, only if all of the following conditions are met: a) the change in lease payments results in a revised consideration for the lease that is substantially equal to or less than the lease consideration that immediately precedes the change, b) any reduction in lease payments affects only payments due on or before June 30, 2021, and c) there is no material change to other terms and conditions of the lease.

  Those who apply this exemption must apply it consistently to all lease contracts with similar characteristics and circumstances, and disclose this fact, as well as the amount recognized in profit or loss arising from the rent concessions related to Covid-19. The voluntary application of this amendment in Colombia can be made in advance on the financial statements that begin as of January 1st, 2020. The lessees are not obliged to restate the figures of previous periods or to provide the disclosures required by paragraph 28 (f) of this standard. Permit your anticipate app. In August 2020, the IASB updates the taxonomy to include the amendments to IFRS 16 for rent reductions related to Covid-19.

  The group chose not to apply the amendment to IFRS 16 Leases in its consolidated financial statements this amendment.

  The aforementioned standards, modifications or interpretations have no impact on the financial statements reported.

3.1.2. STANDARDS ISSUED BY THE IASB AND INCORPORATED IN COLOMBIA AS OF JANUARY 1st, 2019

Norms, modifications or interpretations of the standards issued by the IASB and mandatory in Colombia for the periods beginning on January 1st, 2019 - Decree 2170 of 2017and Decree 2483 of 2018, as of January 1st, 2019 the following rules came into force in the regulatory technical framework that contain some amendments issued by the IASB made during 2017, allowing their early application.

- ***Amendment to IAS 40 Investment Property*** **– Investment property transfers,** A property is required to be transferred to (or from) investment property only when there is a change in its use. The amendment clarifies that a change in management's intentions for the use of a property does not, in isolation, provide evidence of a change in use.

- ***IFRS 2 Share-based Payment*** **– Classification and Measurement of Share-based Payment Transactions,** IFRS 2 Share-based Payment did not contain any guidance on how the conditions of profit consolidation affect the fair value of cash-settled share-based payment liabilities. The IASB has added a guide that introduces the accounting requirements for cash-settled share-based payments, which follow the same approach used for share-based payments.

- ***IFRS 4 Insurance Contracts*** **– Possibility of applying exceptions,** The amendment allows companies that issue insurance contracts two options for the application of the standard in relation to designated financial assets: a) Reclassify from profit or loss to other comprehensive income OCI some of the income and/or expenses of designated financial assets; b) The provisional application of IFRS 9 Financial Instruments until the effective date of IFRS 17 Insurance Contracts.

- ***Amendment to IAS 28 Investments in Associates and Joint Ventures*** **– Requirement for the treatment of long-term interests,** Clarifies that the requirements of IFRS 9 Financial Instruments are applicable to long-term interests in associates and joint ventures, including impairment requirements.

- ***Amendment to IFRS 9 Financial Instruments*** **– Modifies the requirements for the treatment of early contract cancellation rights,** allows the measurement at amortized cost (or at fair value through other comprehensive income OCI, depending on the business model) of rights for the early termination contracts or instruments even if they present negative compensation payments.

- ***Practice Paper No. 2*** **– Making Judgments of Materiality or Relative Importance,** the purpose of the document is to provide reporting entities with guidelines on making judgments of materiality or relative importance when preparing general purpose financial statements in compliance with International Financial Reporting Standards.

- ***IFRIC 22 Foreign Currency Transactions and Advance Consideration*** **– Specify the concept of transaction date,** The interpretation specifies that: a) The transaction date for determining the applicable exchange rate is that of initial recognition of the asset in the case of advance payments and of the liability in the case of deferred income. b) If there are multiple payments or receipts of income, the transaction date will be determined for each of them.

- ***Annual Improvements to the Standards Cycle 2014-2016*** **– Amendments adopted by the IASB:**
- IFRS 1 First-time Adoption of International Financial Reporting Standards: this amendment eliminates short-term exemptions in relation to comparative information of first-time adopters, information to be disclosed in transfers of financial assets, information to be disclosed on financial instruments, information to be disclosed on employee benefits, among others, and some short-term improvements of the 2012-2014 cycle, since in practice, they only applied in the year in which they became effective in the past.

- IFRS 12 Disclosures of Interests in Other Entities: this improvement clarifies the scope of interaction of this IFRS with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations in that it does not require the breakdown of summary financial information for interests in entities held for sale (or classified as discontinued operations).

- IAS 28 Investments in Associates and Joint Ventures: the amendment offers an extension to the option of recognizing at fair value investments in associates or joint ventures carried out by or through a venture capital entity by stating that this choice can be made separately for each associate or joint venture at initial recognition.

- ***Annual Improvements to the Standards Cycle 2015-2017*– Amendments adopted by the IASB:**
- IFRS 3 Business Combinations: clarifies that when an entity acquires control over a business that was previously recognized as a joint operation, it must consider the requirements of a business combination achieved in stages, including the remeasurement of the previous interest.

- IFRS 11 Joint Arrangements: states that if an entity obtains joint control over a joint operation in which it had an interest, but did not control it, the entity shall not remeasure its previous interest.

- IAS 12 Income Taxes: this improvement describes how an entity should account for the effects of tax payments on financial instruments classified as equity in the statement of income for the period.

- IAS 23 Borrowing Costs: the amendment clarifies that if an entity obtained a loan specifically to finance an asset and the loan remains outstanding when the qualifying asset is ready for use or sale, the outstanding amount becomes part of the funds the entity took as a generic loan and will be part of the amount for determining the capitalization rate.

The previous standards and amendments did not have a financial impact on the Group's consolidated financial statements in the reporting period.

- **IFRS 16 "Leases",** was issued in January of 2016 and is effective for reporting periods beginning on or after January 1st, 2019. Early adoption is permitted as long as IFRS 15 is also applied. IFRS 16 substitutes the existing standards in IAS 17 "Leases", IFRIC 4 "Determining Whether an Arrangement Contains a Lease", SIC 15 "Operating Leases – Incentives", and SIC 27 "Evaluating the Substance of Transactions in the Legal Form of a Lease". IFRS 16 establishes the principles for the recognition, measurement, presentation and disclosure of leases, and requires lessees to recognize all leases under a single model similar to the one used to account for finance leases under IAS 17. IFRS 16 includes two exceptions to the general recognition principle: short-term lease agreements (leases with a term of 12 months or less) and non-representative leases. At the start of the lease term, the lessee must recognize a financial liability that represents the contractual obligation to make lease payments and an asset that represents the right to use the underlying asset during the term of the lease. Lessees must recognize the financial expense of the financial liability and the depreciation for the right-of-use separately.

  Lessees will also be required to measure the financial liability again in the event of certain changes (such as a change to the term of the lease, or a change to future lease payments caused by a change to an index or rate used to determine said payments). Generally, lessees will recognize the value of the new measurement of the liability as an adjustment to the right-of-use asset.

  Accounting for lessors under IFRS 16 remains largely unchanged regarding current accounting standards under IAS 17. Lessors will continue to classify leases using the same principle in IAS 17 and to differentiate between two types of leases: operating or finance leases. IFRS 16 also requires lessees and lessors to make more extensive disclosures than those required under IAS 17.

  A lessee can choose to apply the standard by using a full or limited retrospective restatement. The transitory provisions of this standard allow certain reliefs.

ADOPTION OF IFRS 16 – LEASES

The Group applied IFRS 16 Leases from January 1, 2019. The Group applied the change in accounting policy using the modified retrospective approach, following the transitional provisions allowed in the standard, according to which the cumulative effect of the initial application of the standard is recognized directly in consolidated equity in consolidated accumulated earnings as of January 1, 2019. Consequently, the comparative information presented for 2018 was not restated and continues to be presented, as previously, according to IAS 17 and related interpretations. In addition, the general disclosure requirements in IFRS 16 have not been applied to comparative information. The choice of the option not to restate financial information available by the transitional provisions to implement IFRS 16, has no material effect on future periods. The detail of the change in accounting policy is disclosed below:

Definition of a lease

Previously, the Group determined at the beginning of the contract whether an agreement was or contained a lease following IFRIC 4 Determination of whether an agreement contains a lease. The Group now assesses whether a contract is or contains a lease based on the definition of a lease in IFRS 16.

In the transition to IFRS 16, the Group chose to apply the practical solution that allows not to reassess whether a contract is, or contains, a lease on the date of initial application. Instead, the standard enables IFRS 16 to be applied only to contracts previously identified as leases. Contracts that were not classified as leases under IAS 17 and IFRIC 4 were not re-evaluated to determine whether a lease exists under IFRS 16. Therefore, the definition of a lease under IFRSs applied only to contracts entered into or modified as of January 1, 2019.

The group as lessee

As a lessee, the Group leases a significant number of assets, including real estate, production equipment, machinery, vehicles, concrete mixer trucks and equipment, and the river fleet. The Group, following previous accounting policies, classified the leases into operating or financial leases based on the evaluation of whether the Group significantly transferred all the risks and benefits associated with ownership of the underlying asset. Under the new guidelines in IFRS 16, the Group recognizes assets for the right of use in leases and liabilities for leases for most of these leases.

At initial recognition, the Group recognized a lease liability equivalent to the present value of the minimum payments of the lease pending payment discounted at the lessee's incremental loan rate on the date of transition, January 1, 2019, and an asset for an amount equal to the lease liability adjusted for any prepaid expense or liability payable recognized in the consolidated statement of financial position under IAS 17.

Cementos Argos and its subsidiaries chose to apply the following practical solutions available in IFRS 16:

- Not apply the recognition requirements, on the start date, in contracts with a lease term equal to or less than 12 months and without purchase option or in contracts whose underlying asset is of low value (i.e. assets whose new value is equal to or less than 3,500 dollars for the assets destined for the operation and 5,000 dollars for the assets for administrative use).
- Exclude the initial direct costs of measuring the asset by right of use on the initial date.
- Use reasoning in retrospect, if the contract contains expansion or termination options.
- Do not evaluate again if a contract is, or contains, a lease, and use analysis carried out under IAS 17 and IFRS 14.

At the date of transition to IFRS 16, the Group held leases classified as finance leases under IAS 17. For these finance leases, the carrying amount of the right-of-use asset and the lease liability as of January 1st, 2019 were determined by the carrying amount of the lease asset and liability under IAS 17 immediately before that date.

The group as lessor

Except for subleases, the Group as a lessor is not required to adjust its lease contracts for IFRS 16 transition. As of the transition date and reporting period, the Group does not sublease any assets.

Impact of applying IFRS 16 leases

In the transition to IFRS 16 on January 1, 2019, the Group recognized additional assets for the right of use in leases, including investment properties and other lease liabilities in its consolidated financial statements, accounting for the difference in consolidated retained earnings. The impact on the transition is summarized below:

	2019
Assets by right of use as of December 31, 2018, property, plant and equipment	
Right-of-use assets under lease (5.03% increase in assets) (1)	999,584
Financial lease assets reclassified as an increase in the right-of-use asset	120,669
Less, onerous contracts reclassified as a reduction of the right-of-use asset	(69,053)
Improvements in properties reclassified as an increase in the right-of-use asset	57,931
Prepaid expenses reclassified as an increase in the right-of-use asset	274
Assets by right of use in lease, property, plant and equipment as of January 1, 2019	**1,109,405**
Lease liabilities as of December 31, 2018, property, plant and equipment	
Lease liabilities (9.19% increase in liabilities) (1)	999,584
Financial lease liabilities reclassified as an increase in the lease liability	93,008
Assets by right of use in lease, property, plant and equipment as of January 1, 2019	**1,092,592**
Deferred tax asset recognized as a decrease in accumulated earnings	(3,177)
Intangibles and liabilities for favorable and unfavorable lease contracts, net	2,020
Onerous contracts recognized as an increase in accumulated earnings	12,666
Effect of transition to IFRS 16 on retained earnings, net	**11,509**
Controlling interest	11,373
Noncontrolling interest	136

(1) Compared to the annual figures reported as of December 31, 2018.

The adoption of IFRS 16 increased the operating income and financial expense, because lease expenses do not affect the utility of the period under the new guidelines.

Given the choice of not to restate the Group's comparative information for the first-time adoption of IFRS 16, it should be considered that:

- The value of property, plant and equipment as of December 31st, 2018, includes amounts for financial leases recognized under IAS 17 of $120,669, and improvements in thirty-party property of $ 57,931, which for the year 2019 are presented as assets for right of use.
- The value of current and non-current financial obligations as of December 31st, 2018, includes amounts for financial lease liabilities recognized under IAS 17 of $ 27,964 and $ 65,044, respectively, which for the year 2019 are presented as lease liabilities.
- The value of current and non-current provisions as of December 31st, 2018, includes amounts of $ 5,454 and $ 76,264 for onerous lease contracts, which for the year 2019 are presented as a lower value of the assets for right of use.
- The consolidated income statement as of December 31st, 2018 presents lease expenses of $268,172, of which $248,762 were included as cost of sale and $19,410 as administration and sale expenses. In this period there are no expenses or costs for depreciation of assets for right of use, nor interest expenses associated with lease liabilities that under IAS 17 were classified as operating leases.
- The consolidated income statement as of December 31st, 2019 presents depreciation of assets for rights of use of $170,246 of which $154,203 were included as cost of sale and $16,043 as administrative and selling expenses. In addition, interest expenses associated with lease liabilities of $51,277are included.

When measuring lease liabilities that were classified as operating leases, the Group discounted the lease payments using its incremental interest rate as of January 1, 2019. The weighted average rate applied to lease liabilities is 4.3%, for contracts in dollars, and 6.9% for contracts in Colombian pesos.

	January 1, 2019
Operating lease commitments as of December 31, 2018, as disclosed in IAS 17 in the Group's consolidated financial statements.	1,006,857
Operating lease commitments as of December 31, 2018, not included in the disclosure under IAS 17 in the Group's consolidated financial statements	254,682
Total minimum lease payments on non-cancellable operating leases	**1,261,539**
Discount effect using the incremental interest rate as of January 1, 2019	(261,955)
(plus) financial lease liabilities reclassified as an increase in lease liability	93,008
Lease liabilities recognized as of January 1, 2019	**1,092,592**

The following table presents the cash flows of the lease liabilities with and without discount effect:

	Undiscounted cash flows from lease liabilities	Discounted cash flows from lease liabilities
One year or less	191,753	154,587
From 1 to 3 years	333,241	285,832
3 to 5 years	279,930	228,766
From 5 to 10 years	333,765	248,986
More than 10 years	122,850	81,413
Cash flows from lease liabilities for transition to IFRS 16	**1,261,539**	**999,584**
Plus, cash flows from financial lease liabilities as of December 31, 2018	113,816	93,008
Total lease liabilities	**1,375,355**	**1,092,592**
Current		260,691
Non-current		831,901
Total lease liabilities		**1,092,592**

3.2. Standards issued by the IASB not yet incorporated in the reported periods

The following standards have been issued by the IASB but have not yet been incorporated by decree in Colombia:

- **IFRS 17 Insurance Contracts and amendment to IFRS 7,** – establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts within the scope of the Standard. Its objective is to ensure that an entity provides relevant information that faithfully represents insurance contracts. This information provides a basis for users of financial statements to evaluate the effect that insurance contracts have on the financial position, financial performance and cash flows of the entity.

  They combine features of a financial instrument and a service contract. In addition, many insurance contracts generate cash flows with substantial variability over a long period. To provide useful information on these features, IFRS 17 Insurance Contracts:

  - Combines current measurement of future cash flows with recognition of benefits over the period in which the services are provided under the contract.
  - Presents the results of the insurance service (including the presentation of insurance income) separately from the income or expense of the insurance finance; and
  - Requires an entity to make an accounting policy choice to recognize all insurance finance income or expense through profit or loss, or to recognize part of that income or expense in other comprehensive income (OCI).

In June 2020, the International Accounting Standards Board (IASB) issued the amendment to IFRS 17 Insurance Contracts, which is intended to assist companies in implementing this standard and facilitating the explanation of their financial performance. The fundamental principles of the rule issued in May 2017 are not affected. The amendments, which respond to stakeholder comments, are designed to a) reduce costs by simplifying some requirements of the standard, b) make financial performance easier to explain, and c) ease the transition as the effective date until 2023 and provides additional relief by reducing the effort required for first time application. As of the amendment issued in June 2020, IFRS 17 Insurance Contracts is effective as of January 1, 2023, allowing its early application, provided that IFRS 9 also applies. If an entity applies IFRS 17 earlier, it shall disclose that fact.

- **Amendments to IFRS 9, IAS 39 and IFRS 7: Interest Rate Benchmark Reform.** The amendment is intended to provide relief from the possible effects of substituting existing benchmark interest rates, such as the Interbank Rate - (IBOR). The amendment modifies some requirements of hedge accounting. According to the IASB calendar, this amendment takes effect retroactively from January 1st, 2020. Earlier application is permitted, in which case this fact must be disclosed.

- **Reform of the benchmark interest rate, phase 2 - Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16.** For insurance companies that meet specific criteria established in IFRS 4 Insurance Contracts, this standard provides a temporary exemption that allows, but not required, the insurer to apply IAS 39 Financial Instruments: Recognition and Measurement instead of IFRS. 9 Financial Instruments for the periods beginning on January 1, 2023. This amendment extends the terms since before its issuance; the established date was 2021.

  In August 2020, the Board issued Interest Rate Benchmark Reform—Phase 2, which amends IFRS 9, Financial Instruments, IAS 39, Financial Instruments: Recognition and Measurement, IFRS 7, Financial Instruments: Disclosures, IFRS 4, Insurance Contracts and IFRS 16, Leases. These amendments address issues that might affect financial reporting during the reform of an interest rate benchmark, including the effects of changes to contractual cash flows or hedging relationships arising from the replacement of an interest rate benchmark with an alternative benchmark rate (replacement issues).

  The objectives of the Phase 2 amendments are to assist companies in applying IFRS Standards when changes are made to contractual cash flows or hedging relationships because of the interest rate benchmark reform; and providing useful information to users of financial statements

  The changes in the standards include changes in the basis for determining contractual cash flows of financial assets, financial liabilities and lease liabilities; hedge accounting; and disclosures. The Phase 2 amendments apply only to changes required by the interest rate benchmark reform to financial instruments and hedging relationships.

The amendments are effective for annual periods beginning on or after January 1, 2021 and are to be applied retrospectively. Early application is permitted. Restatement of prior periods is not required; however, an entity may restate prior periods if, and only if, it is possible without the use of hindsight.

- **Amendment to IAS 1: Classification of Liabilities as Current or Non-current:** This amendment seeks to clarify the existing requirements in IAS 1 Presentation of Financial Statements regarding the classification in the financial position statement as "current" and "non-current" of liabilities with an uncertain settlement date. The amendment includes clarifying the classification requirements for liabilities that the company could settle through the transfer of the entity's equity instruments. According to the IASB calendar, this amendment takes effect from January 1st, 2023, retroactively following IAS 8. Its early application is permitted, in which case this fact must be disclosed.

- **Amendment to IAS 16: Property, Plant and Equipment: Proceeds before Intended Use:** This amendment establishes that items may be produced while bringing an item of property, plant, and equipment to the location and condition necessary for it to be capable of operating in the manner intended by management. The proceeds from selling and the cost of those items shall be recognized in profit or loss. These amounts must be disclosed in the financial statements, indicating which item (or items) of the statement of comprehensive income are included. The Entity shall apply those amendments.

  According to the IASB calendar, this amendment takes effect retroactively for annual reporting periods beginning on or after 1st January 2022. Earlier application is permitted. If an entity applies those amendments for an earlier period, it shall disclose that fact.

- **Amendments to IAS 37: Onerous Contracts—Cost of Fulfilling a Contract.** This amendment clarifies the meaning of "costs to fulfill a contract," a term associated with the definition of unavoidable costs, which corresponds to the lower net cost of leaving the contract and the costs to fulfill the contract. It is explained that the direct cost of fulfilling a contract includes a) the incremental costs of fulfilling that contract, and b) an allocation of other costs that are directly related to the fulfillment of the arrangements. Furthermore, it is indicated that before establishing a separate provision for an onerous contract, an entity must recognize any existing impairment loss on assets used to fulfill the contract.

  The amendments will apply for annual periods from January 1st, 2022, to contracts for which you have not fulfilled all your obligations. No restatement of comparative information is required. Earlier application is permitted, in which case this fact must be disclosed.

- **Amendments to IFRS 3: Reference to the Conceptual Framework.** This amendment updates the references in IFRS 3 Business Combinations to the Conceptual Framework for Financial Reporting 2018 to determine an asset or a liability in a business combination. Before the amendment, IFRS 3 referred to the Conceptual Framework for Financial Reporting 2001. Additionally, the amendment added a new exception in IFRS 3 Business Combinations for liabilities and contingent liabilities, which specifies that, for some types of liabilities and contingent liabilities, an entity should refer to IAS 37 Provisions, Contingent Liabilities, and Contingent Assets, or IFRIC 21 Levies.

  The modifications apply to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1st January 2022. Earlier application is permitted if, at the same time or earlier, an entity also applies all the amendments made by Amendments to References to the Conceptual Framework in IFRS Standards, issued in March 2018.

- **Annual Improvements to IFRS Standards 2018–2020.** The amendments will apply as of January 1, 2022. Earlier application is permitted, in which case this fact must be disclosed.

  - *IFRS 9 Financial Instruments*: the amendment addresses what costs or fees should be included in the 10% test for derecognition of financial liability accounts. Costs or fees may be paid to third parties or to the lender. It establishes that the costs or fees paid to third parties will not be included in the 10% test.

  - *IFRS 16 Leases:* illustrative example 13 that accompanies this standard is modified to eliminate the illustration of lessor payments related to lease improvements. The purpose of the amendment is to remove any possible confusion about the treatment of lease incentives.

  - *IFRS 1 First-time adoption of international financial reporting standards:* this standard is amended to allow subsidiaries, associates and joint ventures that have taken the exemption from measuring their assets and liabilities at the carrying amounts included in the consolidated financial statements of its parent, based on the date of transition to the IFRS of the parent, also measure the cumulative translation differences using the amounts reported by the parent, based on the date of transition to the IFRS of the parent, if no adjustments were made for the consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary, associate or joint venture.

  - *IAS 41 Agriculture:* the requirement that entities exclude cash flows from taxes when measuring the fair value of biological assets or agricultural products is eliminated.

- **Amendments to IFRS 4: Extension of the Temporary Exemption from Applying IFRS 9.** For insurance companies that meet specific criteria established in IFRS 4 Insurance Contracts, this standard provides a temporary exemption that allows, but not required, the insurer to apply IAS 39 Financial Instruments: Recognition and Measurement instead of IFRS. 9 Financial Instruments for the periods beginning on January 1, 2023. This amendment extends the terms since before its issuance; the established date was 2021.

  The Group will quantify the impact on the consolidated financial statements promptly so that once the Decree incorporating this rule into the Colombian Technical Framework is issued, all the activities necessary for its implementation are carried out.

  As of December, 31st, 2020, the Group has not adopted standards or improvements to the standards in advance.

NOTE 4: CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

When applying the Group's accounting policies, which are described in note 2, the Administration has to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosures of contingent assets and liabilities at the date of the financial statements and the reported figures for revenues and expenses during the reporting period. The estimates and associated assumptions are based on historical experience and other factors considered relevant. Actual results could differ from those estimates.

The estimates and underlying assumptions are reviewed regularly by the Administration. Revisions to accounting estimates are recognized in the period in which they were reviewed if the revision only affects that period, or in future periods if the revision affects both the current and subsequent periods.

4.1. Critical judgments when applying accounting policies

Below are presented the essential judgments, apart from those involving estimates (see 4.2), made by the Administration during the process of applying the Group's accounting policies and which have a significant effect on the amounts recognized in the consolidated financial statements.

CONSOLIDATION OF ENTITIES

The Group's financial statements include the accounts of subsidiaries over which Cementos Argos S.A. has control. In the control evaluation, the Group evaluates the existence of power over the entity, the exposure, or rights, to variable returns from their involvement with the entity; and the ability to use their power over the entity to influence the yield of the Group. The Administration uses their judgment to determine when control over an entity exists. The judgment is applied to determine the relevant activities of each entity and the ability to make decisions about these activities. In order to do this, the Group evaluates the purpose and design of the entity, identifies the activities that most impact their performance and evaluates how decisions about the relevant activities are made. During the decision making evaluation, the Group considers the existing voting rights, potential voting rights, the contractual agreements between the entity and other parties, and the rights and ability to appoint and remove the key members of management, among other aspects. The judgment is also applied to the identification of variable returns and the Group's exposure to them. Variable returns include, but are not limited to, dividends and other distributions of economic profits from the company, compensation for managing the assets or liabilities of the entity, commissions and exposure to losses by providing credit support or liquidity.

CASH-GENERATING UNITS
When conducting impairment tests on non-current assets, assets that do not individually generate cash inflows that are largely independent from the cash flows generated by other assets or groups of assets, they should be grouped to the cash-generating unit to which the asset belongs, which is the smallest identifiable group of assets that generates cash inflows for the company that are largely independent from other assets or groups of assets. The Administration uses its judgment to determine the cash-generating units for purposes of impairment testing.

DETERMINATION OF THE AVERAGE EXCHANGE RATES FOR THE CONVERSION OF INTERIM FINANCIAL STATEMENTS
The revenues, costs and expenses of consolidated subsidiaries whose functional currency differs from the functional currency of the parent company are converted into the presentation currency using the average exchange rate for the reporting period. The Administration considers that the average exchange rates approach the rates in effect at the date of the transaction.

HEDGE ACCOUNTING
The Administration uses their judgment to determine whether a hedging relationship meets the requirements of IAS 39 Financial Instruments to be accounted for as hedge accounting and evaluates the effectiveness of the hedging and sources of ineffectiveness. The Group applies fair value and cash flow hedge accounting in its financial statements to hedge mainly the foreign currency risk and interest rate. The decision to apply hedge accounting has a significant impact on the financial statements of the Group. Refer to Note 2, presentation base and significant accounting policies, in financial instruments, for more information on the application of IAS 39 to financial derivatives.

4.2. Key sources of estimation uncertanties

The basic assumptions about the future and other key sources of estimation uncertainty at the end of a reporting period are presented below, which involve a significant risk of material adjustments in the book values of assets and liabilities during the upcoming financial period.

EVALUATION OF IMPAIRMENT ON GOODWILL
The Group tests goodwill for impairment at least once a year, or when market or business conditions present significant changes that could indicate impairment. The evaluation of impairment on goodwill requires an estimate of the useful value of the cash-generating unit or group of cash-generating units to which it has been assigned. The estimate of useful value requires the estimate of future cash flows of the cash-generating unit or groups of cash generating units, and the estimate of financial assumptions such as inflation rate, the discount rate and the growth rate in perpetuity. For information on the assumptions used in the impairment tests of goodwill refer to Note 18 Goodwill and impairment of assets).

In the process of measuring the expected future cash flows, the Administration estimates future operating results. Changes in valuation assumptions can cause adjustments to the Group's goodwill for the next few reporting periods.

ASSESSMENT OF IMPAIRMENT OF NON-FINANCIAL ASSETS NOT CLASSIFIED AS HELD FOR SALE
The Group evaluates the impairment on the value of assets when facts and circumstances suggest that the carrying amount of a cash-generating unit may exceed its recoverable amount, or at least at the end of each reporting period. The value indicators analysed by the Group are those established in IAS 36 impairment of assets, and, additionally, those indicated in IAS 27 separate financial statements for investments in associates and joint ventures. When this happens, Cementos Argos and its subsidiaries measure, submit and disclose any loss from the impairment of the resulting value in the comprehensive income statement. For information on the assumptions used in the impairment tests of non-financial assets refer to Note 18 Goodwill and impairment of assets). As of December 31, 2020, and 2019, for non-financial assets, the Group did not recognize material impairment of assets.

INCOME TAX
The Group recognizes significant amounts of current and deferred tax income in its consolidated financial statements due to the volume of its operations and the multiple countries in which it operates. The determination of current and deferred tax is based on the Administration's best interpretation of the existing and applicable laws and practices, and practical improvements of the jurisdictions in which it operates. The reasonableness of this estimate depends significantly on the ability of the Administration to integrate complex tax and accounting standards, to consider changes in applicable laws and to evaluate, for deferred tax asset recognition purposes, the existence of sufficient tax profits for realization. Refer to note 10 income tax for more information.

Uncertain tax treatment is a tax treatment for which there is uncertainty about whether the tax authority will accept the tax treatment under the tax law. The Group recognizes uncertain tax positions in accordance with the requirements of IFRIC 23. The probability analysis to recognize uncertain tax positions is based on expert opinions and the interpretation of the applicable jurisdiction's tax regulations.

RECOGNITION OF DEFERRED TAX ASSETS FROM LOSSES OR UNUSED TAX CREDITS
The Administration uses their judgment to determine the value and recognize a deferred tax asset from losses or unused tax credits, evaluating the existence of sufficient taxable profits in future periods to offset it, together with future tax strategies planning. Note 10 income tax presents the value of unused tax losses or credits and the associated deferred taxes.

DETERMINATION OF THE TERM OF THE LEASE OF CONTRACTS WITH RENEWAL OPTIONS AND LEASES WHOSE TERM IS AUTOMATICALLY EXTENDED AT THE END OF THE ORIGINAL TERM
Under some leases, it is possible to lease the assets for additional terms. The Group applies its judgment when evaluating whether it is reasonably certain to exercise the option to renew. That is, consider all the relevant factors that create an economic incentive for renewal to be exercised. After the start date, the Group reassesses the term of the lease if there is an event or significant change in the circumstances that are under its control and affect its ability to exercise (or not exercise) the option to renew. Additionally, the Group enters into lease agreements that are automatically renewed at the end of the original lease term for another term of the same duration, or month to month, without any action by the Group or the lessor.

The Group also enters into lease agreements whose term is automatically extended at the end of each year or on the original termination date for another full period. The Group estimates the term of the lease for these contracts based on the existence of economic incentives, past experience, the expectation of use of the asset and the intention to continue with the lease, without prejudice to the fact that the lessor may exercise his legal rights and end the lease. This judgment has a significant impact on the consolidated financial statements.

FAIR VALUE OF FINANCIAL DERIVATIVES AND FINANCIAL ASSETS
The fair value of financial derivatives is determined by using valuation techniques widely known in the market, when there is no observable market price. The Group uses its judgment to select the appropriate valuation method for an asset or liability and maximizes the use of observable variables. The assumptions are consistent with market conditions at the time of measurement and with information that market participants would consider when estimating the price of the instrument. The Administration believes that the selected valuation methods and assumptions used are appropriate for the determination of fair value of financial derivatives. Notwithstanding the foregoing, the inherent limitations of valuation models and parameters required by these models can result in the estimate of an asset or liability fair value does not exactly match the price at which the asset or liability could be exchanged or liquidated on the date of measurement. Additionally, changes in internal assumptions and forwards curves used for valuation can significantly affect the fair value of financial derivatives.

Additionally, the Administration measures at fair value the equity investments classified in the category of fair value through other comprehensive income with reference to their quoted price at the end of the measurement period in the stock market where they are traded.

FAIR VALUE OF INVESTMENT PROPERTY
Independent experts with recognized professional skills and experience in the valuation of real estate determine the fair value of investment properties. They use their judgment to select the appropriate valuation method for the asset being measured, considering the three approaches allowed by IFRS 13: market approach, cost approach and income approach, and maximize the use of observable variables. The assumptions are consistent with the market conditions on the measurement date and the information that the market participants would consider in estimating the price of the property.

The Administration considers that the valuation models selected, and the assumptions used are appropriate in determining the fair value of the real estate. However, the limitations of the valuation models and the parameters required by these models may result in the estimated fair value of an asset not exactly matching the price at which the asset or liability might be delivered or settled on its measurement date. For information on the book value of investment properties, as well as information on the estimation of their fair value, refer to Note 17 Investment Properties.

PROVISION FOR EXPECTED CREDIT LOSSES ON ACCOUNTS RECEIVABLE

To determine the expected credit losses, Cementos Argos and its subsidiaries use a provision matrix based on the number of days that a commercial account receivable is in default; that is, grouping the portfolio by ranges of days in default of payment and applying to the current balance of accounts receivable on the date of measurement for each range of days of non-compliance a percentage of expected default. The percentage of default, given the days in default of the portfolio, was determined using the transition matrices methodology according to the Markov chain theory. The limitations inherent to the statistical models, the parameters required by these models and the degree of uncertainty about future conditions, may result in the expected credit losses to differ from future credit losses incurred and significantly affect the figures in the consolidated financial statements. The Group monitors the collection of accounts receivable due to the contingency situation, of December 31st, 2020, the behavior collection of the accounts receivable in different regions remained stable without substantial affectations. Information on the group's expected credit losses and the value of accounts receivable exposed to default risk is reported in Note 9 trade debtors and other accounts receivable.

DECOMMISSIONING, REMOVAL OR RESTORATION LIABILITIES

The provision for decommissioning, removal or restoration is recognized by the present value of the expected costs to settle the obligation using estimated cash flows. In the process of measuring the present value of the obligation, the Administration makes estimates of future disbursements for the decommissioning, removal or rehabilitation, the estimated date(s) in which the disbursements will be made and financial assumptions such as inflation rate and the discount rate. Given the long-term horizon of decommissioning obligations, the estimates are subject to a significant degree of uncertainty and can significantly affect the amounts in the consolidated financial statements. For information on the book value of the liabilities for dismantling, retirement or rehabilitation refer to Note 24 provisions.

PROVISIONS FOR CONTINGENCIES, LITIGATION AND CLAIMS

Litigations and claims to which the Group is exposed are handled by the legal department, such processes are of labor, civil, criminal and administrative character. The Group considers that a past event has given rise to a present obligation if, taking into account all available evidence at the date on which it is reported, it is likely to be a present obligation, regardless of future events. In these cases, it is understood that the occurrence of an event is more likely than not when the probability of occurrence is greater than 50%. The Group recognizes a provision when it is probable that an outflow of future economic benefits will occur, it discloses information about the contingency when their occurrence is possible and does not record or disclose information when it concludes that the probability of occurrence is remote. The Group involves the professional judgment of internal and external attorneys to determine the possibility of occurrence of a present obligation. When estimating the provision for litigation and claims the Administration considers assumptions such as, but not limited to, inflation rate, lawyer fees, estimated duration of the litigation or lawsuit, economical information of processes with similar characteristics and the discount rate to be applied to cash flows to determine the value of the obligation, for those obligations expected to be settled within a period longer than twelve (12) months after the end of the period reported. For information on the book value of liabilities for contingencies, litigation and claims, refer to Note 24 provisions.

ESTIMATION OF USEFUL LIVES AND RESIDUAL VALUES OF PROPERTY, PLANT AND EQUIPMENT

As described in Note 2, the Group reviews the estimate of the useful lives and residual values of property, plant and equipment at least once a year. When there is evidence of changes in conditions or in the expected utilization of an item of property, plant and equipment or intangible assets, that imply a change in the consumption pattern of the future economic benefits incorporated in the asset, the Administration makes a new estimate of the useful life of the item.

The definition of the depreciation or amortization method and the estimate of the useful lives of property, plant and equipment and intangible assets is determined based on historical performance of the asset, expected use of the asset by the Administration and existing legal restrictions on its use. The definition of the depreciation or amortization method and the estimate of the useful lives requires a significant degree of judgment by the Administration. The estimated useful life is indicated in the accounting policy for property, plant and equipment and intangible assets. For information on the book value of property, plant and equipment and intangible assets refer to Note 16 property, plant and equipment and Note 15 other intangible assets, respectively.

PENSION PLANS AND OTHER DEFINED POST-EMPLOYMENT BENEFITS

The post-employment benefit liability is estimated using the projected unit credit method, which requires financial and demographic assumptions including but not limited to discount rate, inflation indexes, expectation of salary increase, life expectancy and turnover of employees. The estimate of the liability, as well as the determination of the values of the assumptions used in the valuation, is performed by an independent external actuary, considering the country in which the benefit plan operates and the existing market conditions on the measurement date. Because of the long-term horizon of these benefit plans, estimates are subject to a significant degree of uncertainty; any changes in actuarial assumptions directly impact the value of the obligation for pensions and other post-employment benefits. For information on the book value of the definitive benefit liabilities and the key assumptions used, refer to Note 22 employee benefits.

4.3. Uncertainty derive from the declaration of emergency due to the new covid-19 and corporate action plans

In late 2019, the World Health Organization reported Serious Acute Respiratory Infection (SARI) cases caused by a new coronavirus (COVID-19) in Wuhan, China. In March 2020, the World Health Organization declared the 2019 coronavirus outbreak (COVID-19) a pandemic. In January 2020, the first cases were confirmed in the United States, later in March 2020, the first in Colombia and the rest of the Caribbean and Central America regions where we operate. In the first semester of 2020, the governments of these countries have been taking essential government measures to confront the crisis arising from the coronavirus disease pandemic in the health, social and economic fields to prevent the spread of the virus, including the temporary closure of businesses, severe travel restrictions, and the mobility of people, and other material limitations in the operation of industries. In the second semester, businesses have been reopened, restrictions on mobility have been lifted, maintaining some selective restrictions, and economies are gradually recovering.

The Group analyzed the effects of COVID-19 and established flexible action plans to mitigate the risks. In the first quarter, to minimize these risks, the Group implemented a comprehensive action plan called RESET ("Re-start safe and healthy to boost the economy, bring hope and transform lives"), which encompasses the human, operational, financial, social, and regulatory aspects. From the second quarter to the reporting period, the Group continues with its implementation and monitoring. The plans' implementation focuses on protecting people, liquidity, the contraction of operations and recoverability of assets, and business continuity.

The measures adopted by the governments had a direct impact on the Group's operations in the second quarter of 2020. In this period, the Group operated partially, reactivating the suspended operations or with a provisional decrease at the end of the semester. Specifically, in the Caribbean and Central America, Panama suspended its operations in April and May 2020 by the government instruction to cease industrial activities; and reactivates its shipments and sales in June, increasing slightly more than half its usual performance. In April, Honduras, the Dominican Republic, and Puerto Rico operated partially; then, their operations continued to operate normally. French Guiana, Suriname, and the Antilles operated partly during April and May until their production, dispatch, and sales normalized in June. Production, shipments, and sales were customarily carried out in Haiti.

In Colombia, in April, the operation was minimal with partial and gradual reactivation, framed in the exceptions contemplated in the local regulation. The pandemic reduced the sales volume to 18% compared to the sales level that existed before the quarantine declaration, only operating the Rioclaro cement plants in Antioquia and Cartagena and a limited number of concrete plants, following all the defined protocols by the authorities. In May, sales levels began to recover, reaching 68% to the volumes dispatched before the quarantine. The plants restarted their operation, some in setup and maintenance and others dispatching the demanded volumes. Finally, in June, there is a recovery in demand of around 78% to the existing volumes before the quarantine declaration, which satisfactorily surpassed the Group's initial expectations regarding market performance. This recovery in volumes was accompanied by the restart of operations at the Cartagena, Rioclaro plants in Antioquia, Yumbo, Sogamoso, and Tolú.

In the United States, the region operated under strict biosafety protocols, with minor impacts in volumes mainly in the northeast of the country.

In the second half of 2020, the Group reactivated all operations that were suspended or with a provisional decrease, with a recovery in demand almost at the volume levels that existed before the declaration of quarantine. As of December 31, 2020, all operations are operating under strict biosafety protocols, with minor impacts on volumes.

At the date of preparation of the financial statements, there is still uncertainty about the pandemic's evolution, especially regarding the speed of recovery of the economies, the possibility of new outbreaks, and reactivation of isolation measures, and in the recovery of demand in the markets. The Group has had the opportunity to outline and implement the actions necessary to maintain continuity in operations, and safeguard employees' health, obtaining financial results that are higher than those estimated. The Group's operations have been and will be affected by COVID-19; however, based on the qualitative analyzes and the impairment tests carried out (refer to Note 18 Goodwill and impairment of assets), and the results obtained as of December 31st, 2020, the Group has a reasonable expectation that it has the adequate and necessary resources to continue operating in the foreseeable future, and considers that none of its operations will present difficulties that prevent it from continuing as a going concern.

The Group considers that most of the COVID-19's financial impacts have already been reflected in the consolidated financial statements as of the reporting date, through a lower EBITDA reported compared to the estimated pre-COVID-19 EBITDA, and the decrease in the value of the assets held by the Group, especially in its investments in financial instruments (refer to Note 27 financial instruments). For the year ended December 31, 2020, the Group recognized a controlling net income of $ 78,188. The Group's net current assets as of December 31, 2020, are $ 2,724,684. The Group has $ 612,014 of resources that include cash and cash equivalents, other highly liquid assets, and unused credit lines available as of these financial statements' authorization date. The Group has continuous availability of loans, and the financial commitments (covenants) that presented some risk of default due to COVID-19 have been reviewed and modified promptly to ensure compliance (refer to Note 20 financial obligations). Likewise, the Group has not failed to pay principal or interest on financial liabilities or loans payable.

Although the uncertainty about COVID-19's effects has decreased, there is still uncertainty about the possible outbreaks of the virus that may require isolation measures similar to those needed in the first half of the year and the recovery of economies.

The company closely monitors the markets' evolution and its employees' health situation, paying particular attention to the effects of the gradual reopening of the states in which the Group is present. The company is taking appropriate measures and actions to mitigate the COVID-19's effects, under the premise of protecting life, health, and well-being of its interest groups, with the countries governments and authorities' support accompaniment it has a presence. The Group focuses on maintaining its operations with the best biosafety practices to guarantee its employees' health and mitigate the risk of absenteeism in the Group workforce due to massive infections.

NOTE 5: RECLASSIFICATION OF ITEMS IN THE FINANCIAL STATEMENTS

The Group made changes in the presentation of items in the comparative statement of financial position to offset the assets and liabilities for current and deferred taxes for $ 24,018 and $ 149,275 from our operations in the United States that prepare and file an annual consolidated tax return and meet the compensation criteria indicated by IAS 12.

	2019, adjusted	Reclassification	2019
Tax receivable, current	300,338	(24,018)	324,356
Deferred tax assets, non-current	271,093	(149,275)	420,368
Total current and deferred tax assets	**$ 571,431**	**$ (173,293)**	**$ 744,724**
Taxes, liens and duties	191,974	(24,018)	215,992
Deferred tax liabilities	174,222	(149,275)	323,497
Total current and deferred tax liability	**$ 366,196**	**$ (173,293)**	**$ 539,489**

NOTE 6: CASH AND CASH EQUIVALENTS

For purposes of the consolidated cash flow statement, cash and cash equivalents include cash and banks. Cash and cash equivalents at the end of the period reported in the consolidated statement of cash flow and in the consolidated statement of financial position is:

	2020	2019
Cash and banks	612,014	353,211
Cash and cash equivalents restricted or not available for use value	1,193	1,619

As of December 31, 2020, and 2019, Zona Franca Argos S.A.S, a Group subsidiary constitutes a trust as cash and restricted cash equivalents. This operation has the purpose of administering the money destined to the contracting of the supervisor of the works for the investment that is carried out with a view to the expansion of the private port of the company in the city of Cartagena, this is given in compliance with the obligations of the contract of concession signed by the National Infrastructure Agency (ANI).

During the current year and in comparative periods, the Group carried out the following investment and financing activities that are not reflected in the consolidated cash flow statement:

- Dividends on ordinary and preferred shares issued by Cementos Argos S.A. declared not paid $113,950 (2019: $82,332), which correspond to ordinary shares $96,433 (2019: $69,676) and $17,517 (2019: $12,656) of preferred shares.
- On February 13, 2020, Cementos Argos S.A. and the Fundación Grupo Social legalize the constitution of the associate Soluciones de Crédito S.A.S. domiciled in Colombia, whose corporate purpose is the granting of consumer loans and microcredits to people for the improvement of housing. Cementos Argos S.A. participates in the capital stock with a 49% stake, equivalent to 1,920,800 shares, with a capital contribution of $ 1,920, which, and according to the partner's agreement, Argos canceled 50% of the capital contribution as of July 2020, the remaining value is pending disbursement as of the reporting date.
- In December 2020, Cementos Argos SA sold to Calidra Latam SAS, a subsidiary of Grupo Calidra SA de CV, the total stake in the joint venture Caltek S.A.S., equivalent to 21,857,974 shares owned and representing 50% of the stake in the investee. The agreed sale price was $ 4,984 and the book value of the investment was $ 19,465, generating a loss on disposal of investments of $ 14,482 presented in the line of other operating income and expenses. The consideration will be settled in January 2021 in a single installment.

NOTE 7: FINANCIAL DERIVATIVE INSTRUMENTS

	2020	2019
Current	66	355
Non-current	-	3,675
Derivative financial assets designated as financial instruments under cash flow hedges	**66**	**4,030**
Current	21,611	16,310
Non-current	95,940	48,719
Derivative financial liabilities designated as financial instruments under cash flow hedges	**117,551**	**65,029**
Net short position in financial derivatives	**(117,485)**	**(60,999)**

Financial derivatives in effect at December 31st, 2020 and 2019 are:

Swap and forward operations

					Underlying value | SWAP amount		Fair value	
Type of swap	Underlying	Underlying rate [1]	Rate	Maturity	2020	2019	2020	2019
Interest rate	Club Deal ITAU	Libor 3m + 1.85%	4.92%	Oct 24, 23	USD 300,000	USD 300,000	(74,132)	(48,719)
Interest rate	Davivienda loan	Libor 6m + 2.25%	3.79%	Aug 21, 26	USD 60,000	USD 60,000	(12,144)	3,675
Currency	Long term loan	Libor 3m + 1.35%	4.37%	Sep 16, 22	USD 30,000	-	(9,664)	-
Interest rate	Bilateral Loan ING	Libor 3m + 1.50%	4.13%	Mar 12, 20	USD 50,000	USD 50,000	-	(289)
Fair value of swap operations							**(95,940)**	**(45,333)**

Tipo de forward	Underlying	Underlying value (1)	Tasa forward	Maturity	2020	2019
Purchase	Financial obligation	USD 30,087	3,806	Sep 02, 21	(10,546)	-
Purchase	Financial obligation	USD 21,042	3,746	Mar 11, 21	(6,497)	-
Purchase	Financial obligation	USD 12,615	3,766	Mar 10, 21	(4,156)	-
Purchase	Financial obligation	USD 15,082	3,468	Jun 10, 21	(350)	-
Purchase	Financial obligation	USD 94	3,784	Jun 09, 21	(32)	-
Purchase	Financial obligation	USD 92	3,762	Mar 09, 21	(30)	-
Purchase	Financial obligation	USD 8,012	3,437	Jun 16, 21	66	-
Purchase	Financial obligation	USD 23	3,450	Mar 10, 21	-	-
Purchase	Financial obligation	USD 12	3,419	Mar 16, 21	-	-
Purchase	Financial obligation	USD 30,166	3,485	Feb 20, 20	-	(6,083)
Purchase	Financial obligation	USD 20,117	3,409	Jan 22, 20	-	(2,614)
Purchase	Financial obligation	USD 10,055	3,525	Feb 26, 20	-	(2,410)
Purchase	Financial obligation	USD 15,488	3,434	May 28, 20	-	(2,057)
Purchase	Financial obligation	USD 10,056	3,455	Feb 11, 20	-	(1,743)
Purchase	Financial obligation	USD 8,019	3,396	Jan 09, 20	-	(945)
Purchase	Financial obligation	USD 12,161	3,250	Jan 21, 20	-	355
Purchase	Financial obligation	USD 21,123	3,297	Mar 25, 20	-	(169)
Fair value of forward operations					**(21,545)**	**(15,666)**
Fair value of swap and forward operations					**(117,485)**	**(60,999)**

(1) The value of the underlying is rounded to the nearest unit of thousand.

NOTE 8: OTHER FINANCIAL ASSETS

	2020	2019
Financial assets measured at fair value with change in the results	4,472	6,137
Financial assets measured at fair value with change in other comprehensive results (Note 26)	731,940	976,493
	736,412	**982,630**
Current	-	-
Non-current	736,412	982,630
	736,412	**982,630**

The category of other financial assets at fair value with change in other comprehensive income includes investment held by the Group in Grupo de Inversiones Suramericana S.A. The current investment is measured at fair value on a monthly basis. Note 27.2.1 Financial assets measured at fair value through other comprehensive income, details the value of this investment for the reporting periods.

NOTE 9: TRADE RECEIVABLES AND OTHER ACCOUNTS RECEIVABLE

	2020	2019
Trade receivables	905,274	994,637
Other receivables	246,621	266,223
Provision for expected credit losses and provision for doubtful accounts	(90,382)	(84,413)
	1,061,513	**1,176,447**
Current	921,175	1,028,622
No-current	140,338	147,825
	1,061,513	**1,176,447**

The following is a detail of the movement of the provision for expected credit losses of commercial accounts receivable and other accounts receivable as of December 31st:

	2020	2019
Movements in the allowance for expected credit losses and for doubtful accounts receivables		
Starting balance	**(84,413)**	**(91,463)**
Impairment losses recognized for accounts receivable	(18,004)	(17,160)
Write-off for amounts considered irrecoverable (1)	13,189	31,121
Reversed impairment losses	2,524	3,982
Result of foreign currency conversions	(3,653)	(6,387)
Other changes	**(25)**	**(4,506)**
Year-end balance	**(90,382)**	**(84,413)**

(1) The contractual amounts of financial assets written off during the reporting period that are still subject to enforcement activities are $14,026 (2019: $11,024). During the reporting period, the movements of the financial assets written off for this concept is $3,001 (2019: $1.887). The contractual amounts of financial assets written off during the period that are subject to compliance enforcement activities are $ 6,284 (2019: $ 4,971).

For each range of days of payment default of the portfolio, the following table presents the value of trade accounts receivable and other accounts receivable subject to credit risk before recognizing any impairment loss; the values of the expected losses determined individually and collectively, the value of accounts receivable after considering the expected impairment, at the end of the reporting period, and the percentage of expected credit loss determined, using the transition matrix methodology according to the theory of Markov chains.

2020	Expected credit loss rate	Gross accounts receivable	Allowance for expected credit losses	Net accounts receivable
Explanation of the allowance for expected credit losses				
Non-expired	0.03%	668,113	(229)	667,884
Between 0 and 30 days	0.37%	139,686	(516)	139,170
Between 31 and 60 days	1.32%	53,520	(708)	52,812
Between 61 and 90 days	5.63%	18,188	(1,023)	17,165
Between 91 and 120 days	6.47%	10,031	(649)	9,382
Between 121 and 150 days	12.04%	5,707	(687)	5,020
Between 151 and 180 days	11.39%	3,858	(439)	3,419
Between 181 and 360 days	5.55%	91,715	(5,092)	86,623
More than a year	50.31%	161,077	(81,039)	80,038
Total allowance for expected credit losses		**1,151,895**	**(90,382)**	**1,061,513**

2019	Expected credit loss rate	Gross accounts receivable	Allowance for expected credit losses	Net accounts receivable
Explanation of the allowance for expected credit losses				
Non-expired	0.03%	685,037	(193)	684,844
Between 0 and 30 days	0.15%	160,902	(244)	160,658
Between 31 and 60 days	0.52%	55,779	(288)	55,491
Between 61 and 90 days	1.11%	20,865	(232)	20,633
Between 91 and 120 days	3.38%	16,222	(548)	15,674
Between 121 and 150 days	1.50%	29,608	(444)	29,164
Between 151 and 180 days	1.01%	16,991	(171)	16,820
Between 181 and 360 days	50.51%	53,924	(27,236)	26,688
More than a year	24.85%	221,532	(55,057)	166,475
Total allowance for expected credit losses		**1,260,860**	**(84,413)**	**1,176,447**

The average credit period on the sale of goods is 30 days. There is no interest surcharge on trade accounts receivable after the average credit period. The Group evaluates at the end of the reporting period, and with the same frequency as the interim financial information, if there is objective evidence to suggest that financial assets are impaired, and if this is the case, the Group recognizes an impairment in consolidated income statement. The Group recognizes a provision for individual customers when they are in a state of economic insolvency or when a financing or restructuring agreement is reached, for the account receivable, in addition, collectively grouping the portfolio by ranges of days in default and applying to these values the default percentages using the transition matrices methodology according to the Markov chain theory. When determining the recoverability of a trade receivable, the Group considers any change in the credit quality of the account from the date the credit was initially granted until the end of the reporting period. The concentration of credit risk is limited because the customer base is long and independent.

NOTE 10: INCOME TAX

Applicable tax provisions provide that the nominal income tax rates for 2020 and 2019, applicable to Cementos Argos and its subsidiaries located in Colombia and its subsidiaries located in Antigua, Curacao, Dominica, the United States, French Guiana, Guatemala, Haiti, Honduras, US Virgin Islands, Panama, the Dominican Republic, Saint Maarten, Saint Thomas, Suriname and Puerto Rico, are as follows:

Country	2020	2019	Country	2020	2019
Antigua	25%	25%	Honduras	30%	30%
Colombia(1)	32%	33%	British Virgin Islands	0%	0%
Colombia Free Trade Zone(2)	15%	15%	Panama	25%	25%
Curacao	27.50%	27.50%	Dominican Republic	27%	27%
Dominica	25%	25%	Saint Maarten	34.5%	34.5%
USA(3)	24.51%	24.35%	Saint Thomas	35%	35%
French Guiana	28%	31%	Surinam	36%	36%
Haiti	31%	31%	Puerto Rico	37.5%	37.5%
Guatemala	25%	NA			

(1) The applicable income tax rate in Colombia is 32% for 2020 and 33% for 2019.

(2) A special tax regime is presented for Free Zones whose benefits include an income tax rate of 15%.

(3) The United States federal tax rate for 2020 and 2019 is 21%. Also, in the United States, there is the state rate, which varies in a range between 3% and 7%, depending on the state. In the state of Texas, there is a single rate of 1%, called: "Texas Margin Tax".

Below are the major laws and issues applicable to Cementos Argos and its subsidiaries in the countries where the main activities are carried out:

COLOMBIA

On December 28, 2018, the National Government issued Law 1943, Financing Law, through which significant changes are introduced in the area of taxes effective as of January 1, 2019. However, the unconstitutionality of this Law, whose effects were set as of January 1st, 2020, giving rise to a new tax reform similar to the previous one, called the "Economic Growth Law", to replace the Financing Law.

The most significant changes for income and complementary tax purposes were the following:

- The general rate of income tax and the basis for liquidating presumptive income is progressively reduced as follows:

Year	General rate	Basis to settle presumptive income
2019	33%	1.5%
2020	32%	0.5%
2021	31%	0%
2022 onwards	30%	0%

- The deduction of all taxes, levies, and contributions, effectively paid during the year or taxable period that has a causal relationship with the economic activity is allowed. Likewise, as in 2019, 50% of the Industry and Commerce and the "avisos y tableros" taxes paid may be taken as a credit against income. The total value of the taxes mentioned above may be taken as a credit against income taxes, starting in 2022.
- The time limit of four (4) years is eliminated for the use of the tax discount for taxes paid abroad.
- Regarding taxes on dividends, the following modifications were introduced:
  - The tax withholding at source was increased to 10% on untaxed dividends, decreed for the benefit of foreign companies and entities, non-resident natural persons and permanent establishments.
  - The table applicable to non-taxed dividends decreed for the benefit of natural person residing in the country and illiquid successions of cause residents of the country was modified, providing a marginal rate of 10% for dividends that exceed 300 UVT.
  - It was established that the tax on taxable dividends will be determined: (i) applying the income rate corresponding to the year in which they are decreed (32% year 2020; 31% year 2021; and 30% year 2022 onwards) and (ii) on the remainder, the rate corresponding to the non-taxed dividend will be applied, depending on the beneficiary (if it is a resident natural person or an illiquid succession of resident deceased, the table will be applied and for other cases the rate of 7.5% will be applied).
  - The withholding regime at source on dividends decreed for the first time to national companies continues, which will be transferred to the final beneficiary, a resident natural person or resident investor abroad with the 7.5% rate.
  - Dividends decreed with a charge to earnings for 2016 and prior years will retain the current treatment for that time; and those corresponding to profits for the years 2017 and 2018 and 2019 that are decreed as of 2020 will be governed by the rates provided in Law 2010.
- The audit benefit is established for taxable years 2019 and 2020 for taxpayers that increase their net income tax with respect to the immediately previous year, as follows:

Tax Increase	Deadline subject to review
30%	6 months
20%	12 months

- The VAT paid on the acquisition, construction, formation and importation of real productive fixed assets, as well as the services to put the assets in use, is deductible from income tax in the year of payment, or in any subsequent taxable period, even if assets are acquired through leasing.
- The correction term for taxpayers who present corrections that increase the tax or reduce the balance in favor, is modified as the term that the taxpayer had to voluntarily correct their tax returns was two (2) years, with the Law of Growth, this term is modified and unified with the general term of the firmness of the statements, setting it at three (3) years.

UNITED STATES OF AMERICA

In the United States, the Federal Tax rate is 21%. Likewise, there is a state tax rate, which varies by state in a range of 3% to 7%. The state of Texas has a rate of 1%, called "Texas Margin Tax". The federal tax returns for the years 2016, 2017, 2018 and 2019 are subject to review and audit of the exemptions applied by the tax authorities. Additionally, statements with net operating losses are subject to review even if the rules have expired.

On December 22, 2017, the United States enacted the Tax Cuts and Jobs Act. This Act significantly revises the United States corporate income tax, among other things, by lowering federal income tax rates from an existing maximum rate of 35% to 21%, effective for fiscal years that include or begin on 1st January 2018.

The following are the main provisions of the Tax Reform:

- As of January 1, 2018, the taxable profits of US subsidiaries are taxed at a federal corporate rate of 21%, which reduces federal income tax rates from a maximum rate of 35% to 21%.
- Elimination of the alternative minimum corporate tax ("AMT") for tax years beginning January 1, 2018. It also establishes that existing AMT tax credits are refundable as of 2018. The Group has no AMT credits.
- Net Operating Losses (NOLs) generated after December 31, 2017 will be limited to 80% of taxable profits, but will have an unlimited period of use. Net operating losses generated before January 1, 2018 are still subject to the rules in place when generated, which are a two-year payback period and a 20-year compensation period. These net operating losses (NOLs) will not be subject to the 80% rule and may fully offset future taxable income until pre-2018 NOLs are used.
- Other provisions, such as limitations on the deductibility of interest expense for all national companies, disbursements for entertainment, amusement, membership fees or recreation expenses and certain executive compensation will no longer be deductible.

PANAMA

The applicable rate on income taxes is 25% (2019: 25%).

Law No. 8 of March 15, 2010 modifies the Alternate Calculation of Income Tax (CAIR, because of its acronym in Spanish) and obligates all legal entities who earn incomes over one million five hundred thousand balboas (USD 1,500,000) to set as the taxable base for said tax, the greater amount between: (a) the net taxable income calculated using the ordinary method set forth in Title I of Book Four of the Panamanian Tax Code and the net taxable income that results from applying four point sixty seven per cent (4.67%) to the total taxable income.

Legal entities that incur in losses due to the tax calculated under the presumed method or whose effective rate exceeds the tax rates applicable to the fiscal period in question because of the application of said presumed method, may request the General Directorate of Revenue to authorize the tax to be calculated with the ordinary calculation method.

According to regulations, the last three years of income tax returns of companies incorporated in the Republic of Panama are subject to review by fiscal authorities.

HONDURAS
Decree No. 25 of 20th December 1963, established the obligation of natural or legal persons engaged in civil or commercial activities to pay income taxes, and its article 22 determined the rate for legal persons as twenty five percent (25%) of total net taxable income. On the other hand, Decree 278 of December 2013 reformed the Tax Equity Act by establishing a surcharge on income called Solidarity Contribution equal to five percent (5%) applied to the excess of the net taxable income higher than one million lempiras (L1,000,000), which must be paid in four quarterly payments on the following dates; June, September, December and the last payment in April of each year.

Under the provisions of Decree No. 32, Argos Honduras availed itself of the amnesty benefit consisting of the tax and customs regularization of settlement or final stamp of the fiscal periods 2012, 2013, 2014, 2015, 2016, and 2017 (the prescribed years before 2012 are also regularized), making a single payment of 1.5% on the gross income presented in the income tax return. The declarations open to inspection are the 2018, 2019 and 2020 periods.

Firmness of statements:
The parent company and its subsidiaries have terms open to revision by the tax authorities of each country, which vary between the years 2010 and 2019. The managers of the companies consider that no additional significant obligations will occur as a result of any eventual revisions.

10.1. Income tax recognized in profit and loss

	2020	2019
Current tax		
Regarding the year in progress and previous year	145,359	141,181
Regarding the previous year	(17,658)	1,880
	127,701	**143,061**
Deferred tax		
Origin and reversal of temporary differences	1,666	5,148
Changes to tax laws and rates	(3,344)	(1,894)
For unrecognized tax credits that affect the deferred tax	(45,022)	-
	(46,700)	**3,254**
Total current and deferred tax expense	**81,001**	**146,315**

Below is the detailed conciliation of the effective rate applicable to Cementos Argos and its subsidiary companies:

	2020	2019
Profits before income taxes	**221,815**	**342,823**
Current tax expenses at the legal rates applicable	**60,925**	**113,131**
Dividends	54,355	57,142
Untaxed dividends	(52,538)	(41,035)
Regime of Controlled Entities Abroad "ECE Regime", net	23,103	13,915
Untaxed Income	(8,283)	(7,377)
Effect of changes in approved tax rates	(3,344)	(1,894)
Use of unrecognized tax losses or excess presumptive income previously	(216)	(9,331)
Non-deductible expenses and others, net	6,999	30,298
Untaxed Investment sale	-	(8,534)
Income tax expense at the effective tax rate	**81,001**	**146,315**
Effective income tax rate	**36.5%**	**42.7%**

Variations between statutory rates applicable to Cementos Argos and its subsidiaries, considered individually, and the effective rate generated in the consolidated financial statements are mainly due to:

- Deferred tax for indirect tax discounts for the distribution of dividends of USD $ 18.7 million from the subsidiary Argos SEM, LLC, Haiti Cement Holding USD $ 2.2 million and Argos Dominicana USD $ 5.6 million.
- Untaxed income accounted through the equity method posted in Cementos Argos separate financial statements as the controlling entity.
- Tax benefits associated with a greater participation of the subsidiary Zona Franca Argos S.A.S in operational activities.
- Benefits in the consolidated profits from recognizing deferred tax assets for unused tax losses.
- Untaxed dividends received by Cementos Argos S.A. from Colombian subsidiaries.
- Non-deductible expenses treated as non-temporary differences.
- In 2020, the income tax was settled by the presumptive income system by Cementos Argos S.A. The presumptive income system has base in the fiscal net assets of the previous year, but in 2019 the determination of the current income tax is prepared using the ordinary liquid income system. The variation of the deferred tax expense is originated mainly in the generation of the deferred tax asset, which corresponds to the excesses of presumptive income and the fiscal losses generated during 2017, 2018 and 2019 years. Taxes paid abroad originate a new deferred tax asset during 2020.

10.2. Income tax recognized directly in equity and other comprehensive income

	2020	2019
Cash flow hedging	8,114	9,925
New measurements for defined benefit plans	5,231	4,399
Foreign currency translation differences	912	(240)
Equity investments measured at fair value	2	218
Income tax recognized directly in other comprehensive income, global	**14,259**	**14,302**
Income tax recognized directly in other comprehensive income, owners of the parent company	**13,754**	**13,550**

10.3. Assets and liabilities of current tax and deferred tax balances

	2020	2019
Current tax asset	143,907	264,804
Current tax liability	(53,721)	(57,131)
Current tax asset, net	**90,186**	**207,673**
Deferred tax asset	333,719	271,093
Deferred tax liability	(179,619)	(174,222)
Deferred tax asset, net	**154,100**	**96,871**
Current tax asset	143,907	264,804
Other tax assets, different than current tax asset	35,319	35,534
Total tax asset and other tax assets	**179,226**	**300,338**
Current tax liability	53,721	57,131
Other tax liability, different than current tax liability	137,964	134,843
Total tax liability and other tax liability	**191,685**	**191,974**

The movements of the net deferred tax liability for Cementos Argos and its subsidiaries for the period ended December 31st, 2020 and 2019 is as follows:

		Recognized in:					
	Opening balance	Profit and loss	Other comprehensive income	Equity	Effect of Exchange Rate Differences	Reclassification	Closing balance
Deferred tax 2020							
Other Current Assets	18,384	5,818	-	-	731	(5,025)	19,908
Other Equity Investments	(11,992)	12,423	912	-	(182)	(7,705)	(6,544)
Property, Plant and Equipment	(692,851)	(57,913)	-	-	(19,883)	85,652	(684,995)
Intangible Assets	(150,612)	7,045	-	-	(7,658)	5,884	(145,341)
Other Non-Current Assets	119,631	(8,520)	-	-	4,632	(124,009)	(8,266)
Provisions	19,344	(6,101)	-	-	396	12,860	26,499
Employee Benefits	55,572	(9,301)	5,231	-	305	(32,128)	19,679
Financial Liabilities	53,070	(579)	-	-	1,012	(29,308)	24,195
Financial Instruments	-	(31,418)	8,116	-	(60)	37,423	14,061
Leases	3,335	12,404	-	-	1,065	2,229	19,033
Other Liabilities	(54,111)	5,399	-	-	233	60,634	12,155
Unused Tax Credits	155,833	28,059	-	-	815	14,862	199,569
Unused Tax Losses	507,503	76,710	-	-	14,812	(22,070)	576,955
Unused Presumptive Income Surpluses	73,765	12,674	-	-	52	701	87,192
Total deferred tax asset, net	**96,871**	**46,700**	**14,259**	**-**	**(3,730)**	**-**	**154,100**

		Recognized in:					
	Opening balance	Profit and loss	Other comprehensive income	Equity	Effect of Exchange Rate Differences	Reclassification	Closing balance
Deferred tax 2019							
Other Current Assets	12,779	5,503	-	-	102	-	18,384
Other Equity Investments	(11,025)	(942)	(21)	-	(4)	-	(11,992)
Property, Plant and Equipment	(660,120)	(29,195)	-	-	(3,536)	-	(692,851)
Intangible Assets	(174,553)	23,872	-	-	69	-	(150,612)
Other Non-Current Assets	16,997	98,840	9,862	(3,177)	(199)	(2,692)	119,631
Provisions	25,412	(6,229)	-	-	161	-	19,344
Employee Benefits	65,955	(14,887)	4,399	-	105	-	55,572
Financial Liabilities	(16,243)	69,172	62	-	79	-	53,070
Leases	3,186	116	-	-	33	-	3,335
Other Liabilities	31,388	(85,691)	-	-	192	-	(54,111)
Unused Tax Credits	101,461	54,403	-	-	(31)	-	155,833
Unused Tax Losses	607,167	(106,897)	-	-	4,541	2,692	507,503
Unused Presumptive Income Surpluses	85,084	(11,319)	-	-	-	-	73,765
Total deferred tax asset, net	**87,488**	**(3,254)**	**14,302**	**(3,177)**	**1,512**	**-**	**96,871**

The Group assesses the recoverability of its deferred tax assets from tax credits, reviewing the validity of the rights, the timing for compensation according to the regulations in each country, estimating their use before their expiration, and analysing the generation of sufficient future taxable income. When the analyses indicate that there is no high probability of fully utilizing the deferred tax asset, the asset is reduced to its recoverable amount. If a deferred tax asset cannot be used before its expiration, the asset is not recognized. Deferred tax asset decreases are recognized in income tax expense in the period in which it is concluded that there is no probability of their total or partial recovery.

To evaluate the probability that deferred income tax assets will be realized, all available evidence, both positive and negative, is considered, including, among other factors, industry analyzes, market conditions, expansion plans, tax strategies. , the tax structure and the expected changes in them, the projections of taxable income, the maturity of tax losses, and the future reversal of temporary differences. Likewise, in each period, the variations between the actual results are analyzed against the estimated ones, to determine if said variations affect the amounts of said assets and thus make the adjustments that are considered necessary, based on the relevant information available, which are recognized in the results of the period in which its determination is made.

The recognition of the Colombia segment's deferred tax asset was based on the analysis of financial projections calculated by the Group, applying technical criteria in the generation of operating profit, which captures the most probable market share and association of costs and expenses. In itself, these projections capture through simulation of cash flows, the variation of financial obligations and associated financial expenses, obtaining the profit before taxes, the basis of the tax analysis. Based on the current tax regulations in Colombia and its tax profile, the tax base is calculated with the main fiscal premises identified in the companies' financial projections: depreciation and amortization of assets, passive income ECE (controlled entity from abroad), and taxed dividends. As a result of the preceding, the Administration may conclude that sufficient taxable income is generated to use the tax credits before their expiration.

The recognition of the deferred tax asset of the United States segment was based on the following evidence: the most conservative scenarios allow evidence of the total recovery of accumulated tax losses in more than satisfactory periods. The Administration has technically and measured the probabilities and horizons of reversal of these losses. As a basis, the projections for the calculation of impairment of assets prepared by Cherry Baker were taken assuming that, for each test year, only the projections to date were known, in the most conservative scenario. In these projections, through a simulation of cash flows and financial obligations, financial expenses were calculated to finally reach the tax profit before taxes, confirming the prompt recoverability of the losses incurred. After adjusting, moderating, and even stabilizing growth in the medium term, the results of the projections show persistence and consumption of accumulated losses. In the last two years, the balances of tax losses have been offset.

10.4. Unrecognized deductible temporary differences, unused tax losses and unused tax credits

Deductible temporary differences, presumptive surplus income, unused tax losses and unused tax credits for which no deferred tax assets were recognized are attributable to the following:

	Unused tax credits and losses		Surplus presumptive income on ordinary liquid income		Total tax benefits with Deferred tax Asset non-recognized	
	2020	2019	2020	2019	2020	2019
More than one year and up to five years	34,059	48,212	1,751	4,103	35,811	52,315
More than five years	656	90,381	-	-	656	90,381
No time limit	145	508	-	145	145	653
Total unused tax benefits	**34,860**	**139,101**	**1,751**	**4,248**	**36,612**	**143,349**

10.5. Impact on income tax for proposed or declared dividends before the financial statements were authorized and impacto of payment of potential dividends to shareholders on income tax

There were no proposed dividends before the financial statements were authorized for issuance upon which could be expected to have an impact on the income tax. In fact, there were no proposed or declared dividends before the financial statements were authorized for issuance.

The Group has no potential consequences in the tax return in the event of paying of dividends to its shareholders.

10.6. Group tax risk management

Fiscal risks are a formal part of the board's oversight mandate. The Board's Risk Committee receives strategic risks evolution reports on a quarterly basis, including tax risks which are part of Argos' 16 strategic risks, and reviews and gives advice on possible impacts that could affect negatively the relationships with key stakeholders and the brand's reputation.

Argos and its subsidiaries' tax teams work with their business colleagues as an equal partner in providing clear, timely, relevant and business focused advice across all tax arising aspects, permanently recommending alternative strategies (if identified) to achieve the same commercial results with the most tax efficient approach in compliance with all relevant laws. The tax teams ensure that their business counterparts within Argos thoroughly understand the tax function and legal requirements including tax planning, policies and procedures. The tax function will therefore provide appropriate advice as part of the approval to business projects proposals to ensure a clear understanding of the tax strategy alternatives and associated financial and reputational consequences. Such business decisions and inputs include assessment, quantification and presentation of provisions with respect to taxes that shall be considered in the financial results.

According to reputational risk assessment and the risk tolerance, the Company will work to avoid any negative impact on shareholder value. Permanent tax management controls and periodic tax risk assessment are executed to assure the adequate tax risk monitoring, from the financial and business risks perspective.

Argos assesses tax related risks continuously despite the fact that its tax strategy is not an aggressive one. Argos believes that in order for this strategy to be efficient in the short-term, it doesn't necessarily have to embrace an aggressive approach. The risks that have been identified above have been assessed as part of the Company's main strategic financial risk, which means that they are all being addressed according to its corporate risk strategy.

As mentioned in the table above, Argos' understanding of the best tax strategy possible is one which results in more value added for all of its stakeholders (which in turn benefits the company) and not only its shareholders, through optimization strategies. Through this understanding, Argos ensures its tax strategy's paybacks in the middle and long term as well, as it brings the company benefits such as good relations with authorities, good reputation and the increase of resources available for local development through its contributions. In this sense, Argos considers its tax strategy itself to be its main risk-mitigation tool.

NOTE 11: INVENTORIES

	2020	2019
Raw materials and direct materials	256,215	275,763
Materials, spare parts and accessories	248,612	243,296
Finished products	124,324	144,117
Products in process	118,723	150,209
Inventory in transit	29,368	33,836
Goods not manufactured by the company	15,567	28,710
Others inventories	18,938	19,749
Advances for the acquisition of inventory	3,250	3,862
Inventories, net	**814,997**	**899,542**

The cost of inventories recognized as cost of merchandise sold during the period regarding continuing operations in the consol-idated income statement corresponds, including unabsorbed costs and distribution costs, to $7,367,975 (2019: $7,754,408). The value of the decreased inventories to the net realizable value net corresponds to $22,336 (2019: $22,078) with a reversal of the reduction in value of $10,555 (2019: $305). The reversal of the reduction in value of inventories corresponds to the company Argos USA LLC. The non-absorbed cost value of the inventories is $83,520 (2019: $63,667)

As of December 31st, 20 and comparative periods, the Group does not maintain inventories pledged as collateral liabilities. The Group expects to realize its inventories in less than 12 months.

NOTE 12: BIOLOGICAL ASSETS

	2020	2019
Biological assets, non-current		
Book value at January 1st	20,638	21,257
Losses arising from changes in fair value less costs to sell	(234)	(619)
Book value at December 31st	**20,404**	**20,638**

The Group carries out agricultural activities through Cementos Argos S.A., which engages in forestry projects. The Group's biological assets are measured at fair value minus estimated costs of sale at the point of harvest or collection, taking into account significant observable entry data, Level 3 for plantations. Changes in the fair value of biological assets are presented in the comprehensive income statement as income or valuation expense, as appropriate.

The discounted cash flow model was used for the valuation of plantations, taking into account that the future economic benefits associated with forestry are expected to perform 3 or 4 times over time, like so: when the plantation has been pruned 2 or 3 times, depending on the age and diameter of the plantation, and the last time when the clearcutting is carried out. In this regard, the fair value is determined by applying a discount rate to the net future cash flows and, for such purposes, we used the weight-ed average cost capital which was estimated at 8.78% in 2020 (2019: 8.65%). The price of sale and the quantity were determinate using the experience and forestry studies, and the estimation of the cost and expenses are observable entry data no significant in the measurement.

The Group's biological assets are made up of plantations, as follows:

	2020	2019
Plantations (hectares planted = ha)	1,172	1,172

As of December 31st, 2020, and its comparable, plantations include mainly teak, eucalyptus, pine, rubber, acacia and melina spread throughout the country in Boyaca, Riosucio (Caldas), Montebello (Antioquia), Rioclaro (Antioquia), Carta-gena (Bolivar), Victoria (Caldas) and Puerto Nare (Antioquia).

At the end of the reporting period and comparable ones, there were no restrictions on the ownership of the Group's biological assets, or contractual commitments for their development or acquisition, and they have not been pledged as collateral debts.

NOTE 13: INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

The details of the associates and joint ventures of the Group at the time of the reporting period are as follows:

Investee	Type	Location	Core business	Shareholding ratio and voting power 2020	2019
Caltek S.A.S. (1)	Joint Venture	Colombia	Lime exploitation	-	50.00
Trans Atlantic Shipmanagement Ltd.	Joint Venture	BritishVirgin Islands	Maritime cargo transport	50.00	50.00
MMC Cement Division C.V.	Joint Venture	Curacao	Cement commercialization	50.00	50.00
Soluciones de Crédito S.A.S (2)	Associate	Colombia	Granting of credits and microcredits	48.98	-
Granulados Reciclados de Colombia Greco S.A.S.	Joint Venture	Colombia	Sanitary services	41.91	41.91
Summa S.A.S.	Associate	Colombia	Business Services	25.00	25.00

(1) In December 2020, Cementos Argos S.A. sold to Calidra Latam S.A.S., a subsidiary of Grupo Calidra S.A. de C.V., the total stake in the joint venture Caltek S.A.S., equivalent to 21.857.974 shares owned and representing 50% of the stake in the investee. The transaction value was $ 4,984, and the book value of the investment was $ 19,465, generating a loss on disposal of investments of $ 14,482 presented in the lines of other operating income and expenses. The consideration will be settled in January 2021 in a single installment.

(2) On February 13, 2020, Cementos Argos S.A. and the Fundación Grupo Social legalize the constitution of the associate Soluciones de Crédito S.A.S. domiciled in Colombia, whose corporate purpose is the granting of consumer loans and microcredits to people for the improvement of housing. Cementos Argos S.A. participates in the capital stock with a 49% stake, equivalent to 1,920,800 shares, with a capital contribution of $ 1,920, which, and according to the partner's agreement, Argos canceled 50% of the capital contribution as of July 2020, the remaining value is pending disbursement as of the reporting date.

In compliance with the divestment plan for non-operating assets, in June 2019, the Group, through its subsidiaries Cementos Argos S.A., Concretos Argos S.A.S., and C.I del Mar Caribe S.A.S. sold to the company OMYA AG 6,345,445 shares worth $ 62,681, corresponding to all the shares owned in the joint venture OMYA Andina S.A. and equivalent to 50% participation. The carrying amount of the derecognized investment is $ 44,157, obtaining an income from the disposition of $ 18,523 and an increase in the current tax expense of $ 5,017, presented in other income, operational expenses, and income tax lines of the consolidated income statement. The Group made transfers from other comprehensive income to accumulated earnings of $ 4,652. The Group received the entire sale value in cash in the same period.

All associates and joint ventures are accounted using the equity method in the consolidated financial statements. None of the Group's investments in associates and joint ventures are listed in domestic or foreign stock markets; therefore, there is no quoted market price for the investment.

13.1. Investment in associates and joint ventures

The summarized financial information of each of the Group's material associates is presented below. The summary of financial information below represents amounts presented in the financial statements of the associate prepared under the IFRS:

	Financial information of the Group's associates and joint ventures					
	Trans Atlantic Shipmanagement Ltd.		MMC Cement Division C. V		Investments in associates and joint ventures not significant individually	
	2020	2019	2020	2019	2020	2019
Current assets	12,615	12,976	2,946	3,930	35,002	56,514
Non-current assets	104,073	105,988	9,159	9,592	27,836	145,431
Current liabilities	8,856	11,447	2,210	3,469	42,247	139,079
Non-current liabilities	71,520	70,603	-	-	15,750	14,720
Ordinary income	40,539	37,714	12,953	13,697	15,474	43,675
Continuing operations	(2,529)	(20,040)	(681)	565	(1,960)	(7,068)
Total comprehensive income	(2,529)	(20,040)	(681)	565	(1,960)	(7,068)

Financial information of significant associates and joint Ventures of the Group				
	Trans Atlantic Shipmanagement Ltd.		MMC Cement Division C. V	
	2020	2019	2020	2019
Cash and cash equivalents	4,792	2,748	342	1,210
Current financial liabilities	4,890	4,908	-	-
Non-current financial liabilities	71,520	70,603	-	-
Depreciation	8,014	9,913	955	849
Interest income	-	1	-	-
Interest costs	6,540	6,117	-	-

The conciliation of the summarized financial information with the books value of associates and joint ventures in the consolidated financial statements is as follows:

	Investments in associates and joint					
	Trans Atlantic Shipmanagement Ltd.		MMC Cement Division C. V		Ventures not significant individually	
	2020	2019	2020	2019	2020	2019
Net assets of the investee	36,312	36,914	9,895	10,052	4,841	48,146
Participation in the investee	50.00%	50.00%	50.00%	50.00%	25%-50%	25%-50%
Book value of investees	**18,156**	**18,457**	**4,948**	**5,026**	**3,851**	**23,932**
Total book value of investees					**26,955**	**47,415**

In the reported periods, investments in associates and joint ventures did not have unrecognized losses from the current or previous period, nor did they declare dividends.

There are no significant restrictions on the ability of associates or joint ventures to transfer funds to the Group in the form of cash dividends or to repay loans or advances made by the Group. The Group has no contingent liabilities related to its investments in associates and joint ventures.

NOTE 14: SUBSIDIARIAS

14.1. Group composition

The following are the companies included in the consolidated financial statements of Cementos Argos S.A.:

AMERICAN CEMENT TERMINALS, LLC
Incorporated under the laws of the State of Delaware (USA), on September 20th, 2007; its corporate purpose is the realization of investments and its term of duration is perpetual.

ARGOS DOMINICANA S. A.
Stock company incorporated under the laws of the Dominican Republic on February 12th, 1996. Its corporate purpose is the manufacture, commercialization, import and export of clinker and cement; the exploitation and commercialization of minerals used in and related to the cement industry. The company's headquarters are located in the city of Santo Domingo and its term of duration is indefinite. It is consolidated Concretos Argos Dominicanos, S.R.L.

ARGOS GUATEMALA S.A.
Incorporated on January 7th, 2020 with headquarters in the city of Guatemala; its corporate purpose is to manufacture, sale, import and export of cement, clinker, concrete, aggregates and its related products; as well as to import raw material, machinery, equipment and spare parts related to the manufacture, sale, import and export of cement, clinker, concrete, aggregates and its related products, all of the above with the advice of professionals in the field. It was established with an indefinite period. The company was acquired on June 9th, 2020.

ARGOS GUYANE S.A.S.
Incorporated on March 23rd, 1989 with headquarters in Cayenne, French Guiana; its corporate purpose is the manufacture of cement and all derivative products, as well as the import of the necessary raw materials and finished products for the elaboration, commercialization and export of cement and its related products. The duration of the company is 99 years from March 23rd, 1989, unless there is early dissolution or extension. This company was acquired in April 2014.

ARGOS HONDURAS S.A. DE C.V.
Incorporated under the laws of Honduras on July 10th, 1975, its headquarters are located in Tegucigalpa. Its corporate purpose is the exploitation of all kinds of cement, its derivatives and products manufactured with cement; obtaining of exploration permits and exploitation concessions for estates and mineral deposits whose substances are required for the manufacture of cement and its derivatives. Its duration is indefinite. In November 2019, Cementos del Sur S.A. and Concretos Argos Honduras, S.A., which were its consolidated by Argos Honduras S.A. de C.V. were absorbed by it.

ARGOS NORTH AMERICA CORP
Company incorporated under the laws of the State of Delaware (USA) on December 19th, 2006. Its headquarters are located in the city of Alpharetta (Georgia), its corporate purpose is to carry out legal investment activities in the sector of cement, concrete and related products. Its term of duration is perpetual. The Corporation is consolidated with Argos USA LLC, and Southern Star Leasing LLC.

ARGOS PANAMA S.A.
A public limited company incorporated under the laws of the Republic of Panama on June 25th, 1943; its corporate purpose is the manufacture, sale, import and export of cement and its derivatives, as well as the import of all kinds of raw materials, machinery, equipment, and spare parts for the manufacture and sale of cement. The headquarters of the company are located in Panama City, Republic of Panama, and its term of duration is perpetual. This Company is consolidated with Concreto S.A., and Terminal Granelera Bahia Las Minas S.A. In November 2019, the subsidiary Grava S.A.was absorbed by Argos Panamá S.A.

ARGOS PORTS (WILMINGTON) LLC.
Company incorporated under the laws of the State of Delaware (USA) on March 10th, 1998 and subsequently acquired by American Cement Terminals, LLC on December 31st, 2001; its corporate purpose is the commercialization of cement and its related products. Its term of duration is perpetual.

ARGOS PUERTO RICO CORP.
Acquired in Puerto Rico on February 8th, 2017. Argos San Juan, Corp., is a for-profit corporation, organized under the laws of the Commonwealth of Puerto Rico, to engage in the manufacture and sale of cement. The corporation is registered in the Registry of Corporations of the Department of State of Puerto Rico with an indefinite term. In february 2018, Argos Puerto Rico, LLC was absorbed by Argos San Juan Corp. (now Argos Puerto Rico Corp.); the first one, a maritime cement terminal, was been acquired on April 30th, 2015, and it was engaged in the receipt, storage, sale and distribution of cement. This company is consolidated with Argos Trading Puerto Rico LLC, whose activity is the export of cement and related products.

ARGOS SEM, LLC
Incorporated on March 21st, 2014 in Panama City (in December 2018, it changed its registered office from Panama to Delaware, United States), it aims to establish itself and operate as a Multinational Company Headquarters to provide any and all direction and/or management services for operations in the specific geographic or global area of a company in the business group, to engage in the manufacture and commercialization of all types of goods on an international level, as well as the commercialization of all types of services, as permitted by the laws of the respective state or jurisdiction. In May 2018, International Cement Company S.A. was absorbed by Argos SEM S.A. (now Argos SEM, LLC), the first one was incorporated under the laws of Panama on November 24th, 1997; its corporate purpose was to acquire, own, manage, encumber, lease, sell and dispose of any type of goods, either on its own behalf or on behalf of third parties.

CEMENT AND MINING ENGINEERING INC.
Incorporated under Panamanian laws on February 4th, 1997; its headquarters are located in Panama City; its corporate purpose is the construction, technical assistance, installation and assembly of equipment; the sale, purchase and

administration of real estate and personal property; the investment, financing and participation in companies; the purchase or acquisition of patents, trademarks, copyrights, licenses and formulas; operations with banks or other financial institutions. Also the purchase of shares, stocks or bonds, financing and participation in companies, mining and maritime businesses, and any other business permitted by the laws of the Republic of Panama. Its term of duration is perpetual.

CEMENTOS DE CALDAS S.A.
Incorporated according to Colombian legislation on July 17th, 2007; its headquarters are located in Villamaria, department of Caldas; its corporate purpose is the exploitation of the cement industry and the production of concrete mixtures and their derivatives. Its term of duration extends until July 22nd, 2054.

C.I. DEL MAR CARIBE (BVI) INC.
Incorporated under the laws of the British Virgin Islands on June 2nd, 2004; its headquarters are located in Tortola and its corporate purpose is the commercialization of cement, clinker and lime. Its term of duration is perpetual.

COLCARIBE HOLDINGS, S.A.
Incorporated according to Panamanian laws on June 25th, 1996; headquarters are located in Panama City; corporate purpose is to negotiate or dispose of securities, bonds, shares in other companies and rights of any kind either on its own or through third parties, as well as to open, operate, close accounts and deposits in financial institutions, pay or accept money loans and give warranties on behalf of third parties in any currency. Its term of duration is perpetual.

COMERCIAL ARVENCO, C.A.
Incorporated in Caracas, Venezuela on November 2nd, 2006; its duration is for 50 years from this date. Headquarters are located in the city of Barquisimeto, state of Lara, Venezuela. Its corporate purpose is the exploitation of businesses and activities related to the import, export, transport, purchase and sale of all manner of goods and products, metallic and non-metallic minerals, cement, clinker, coal, equipment, appliances, vehicles, machinery, tools, spare parts, and accessories; as well as any other act of legal trade.

CONCRETOS ARGOS S.A.S.
Public limited company incorporated under Colombian law on April 22nd, 1985; its corporate purpose is the exploration, exploitation, transport, benefit, full use, commercialization and sale of stony minerals such as sand, cement, gravel, premixed concrete and precast concrete, concrete blocks and any materials, elements and complementary accessories used in the construction industry. The company's headquarters are located in Bogota and term of duration is until September 8th, 2093.

CORPORACIONES E INVERSIONES DEL MAR CARIBE S.A.S.
Incorporated and domiciled in Panama City, Republic of Panama, on October 7th, 1997. Its core business is to acquire, purchase and invest in securities, bonds, stocks, shares in other companies, as well as any legal business permitted by the laws of the Republic of Panama. The duration of the company is perpetual. This company is consolidated with Cimenterie Nationale SEM (CINA).

HAITÍ CEMENT HOLDING, S.A.
Incorporated and domiciled in Panama City, Republic of Panama, on October 7th, 1997. Its core business is to acquire, purchase and invest in securities, bonds, stocks, shares in other companies, as well as any legal business permitted by the laws of the Republic of Panama. The duration of the company is perpetual. This company is consolidated with Cimenterie Nationale SEM (CINA).

LOGÍSTICA DE TRANSPORTE S.A.
Incorporated according to Colombian laws on April 16th, 1996; its headquarters are located in the city of Medellin; its corporate purpose is the transport of persons and all types of cargo inside or outside the country in all its forms, by land, air, river or sea, be it in vehicles, ships or aircraft owned by them or affiliated with third parties. The term of duration of the company expires on April 16th, 2026.

SURCOL HOUDSTERMAATSCHAPPIJ N.V.
Company incorporated under the laws of Suriname on March 1st, 2006 with an indefinite term of duration. Its corporate purpose is carrying out investments. The company's headquarters are located in Paramaribo, Suriname. This company is consolidated with Vensur N.V.

TRANSATLANTIC CEMENT CARRIERS, INC.
Incorporated under Panamanian laws on July 26th, 1974; its headquarters are located in Panama City and its duration is indefinite. Its corporate purpose is maritime transport, especially of cement and clinker, and the sale and purchase of these products. In June 2018, the merger of the subsidiaries Marítima de Graneles S.A. and Transatlantic Cement Carriers Inc. was perfected, with the first one being absorbed by the second. Marítima de Graneles S.A. was incorporated under Panamanian laws on December 29th, 1978; its corporate purpose was maritime transport, particularly that of cement and clinker, and buying and selling these same products, and chartering and provisioning ships.

VALLE CEMENT INVESTMENTS LTD.
Incorporated under the laws of the British Virgin Islands on November 18th, 1998; the company's headquarters are located in the British Virgin Islands and its corporate purpose is to carry out investments of all kinds. The term of the duration of the company is indefinite.

VENEZUELA PORTS COMPANY, S.A.
Incorporated in Panama City, Republic of Panama, on February 26th, 2002. Its headquarters are located in Panama City. Its core business is to invest in companies, firms or projects, and the negotiation, exploitation or participation in industrial, mining, commercial, real estate, or maritime companies or companies of any other kind, as well as any licit business permitted by the laws of the Republic of Panama. The duration of the company is in perpetual.

ZONA FRANCA ARGOS S.A.S.
Incorporated under Colombian laws on July 5th, 2007 with headquarters in the city of Cartagena and an indefinite term of duration. Its corporate purpose is the exploitation of the cement industry, the production of concrete mixes and any other materials or articles made of cement, lime or clay; the acquisition and transfer of minerals or deposits of minerals used in the cement industry and similar industries, and of rights to explore and mine the aforementioned minerals, whether by concession, privilege, lease or other title; to direct, manage, monitor, promote and develop a free trade zone, to carry out all the activities that are convenient, relevant or necessary in its condition as a user of a free trade zone; to carry out the following activities as a port operator: loading and unloading, storage in ports, import and export of goods and services, management of general cargo, and management of containerized cargo. It was declared a special permanent free trade zone in 2007.

The detail of the Group's subsidiaries at the date on which the period is reported as follows

Subsidiary	Type	Location	Core Business	2020	2019
Agregados Argos S.A.S.	A	Colombia	Extraction, production and commercialization of aggregates	-	52,00
American Cement Terminals LLC.	P	United States	Investments	100,00	100,00
American Cement Terminals Trust (BVI)	P	Virgin Islands	Investments	100,00	100,00
Argos (Dominica) Ltd.	A	Dominica	Cement distribution	100,00	100,00
Argos Dominicana S.A.	A	Dominican Republic	Production and commercialization of cement	79,18	79,18
Argos Guatemala	A	Guatemala	Production and commercialization of cement	100,00	-
Argos Guyane S.A.S.	A	French Guiana	Production and commercialization of cement	100,00	100,00
Argos Honduras S.A. de C.V.	A	Honduras	Production and commercialization of cement	53,29	53,29
Argos Panamá, S.A.	A	Panama	Industry and commercialization of cement and concrete	78,44	78,44
Argos North America Corp.	A	United States	Investments	99,08	99,08
Argos Ports (Wilmington) LLC.	P	United States	Distribution and sale of cement	100,00	100,00
Argos Puerto Rico, Corp	P	Puerto Rico	Distribution and sale of cement	60,00	60,00
Argos SEM, LLC	P	United States	Investments	100,00	100,00
Argos St. Maarten N.V.	A	St. Maarten	Cement distribution	100,00	100,00
Argos Trading Puerto Rico LLC	P	Puerto Rico	Export	60,00	60,00
Argos USA LLC.	P	United States	Distribution and sale of cement	99,08	99,08
Argos USVI Corp.	A	Virgin Islands	Cement distribution	100,00	100,00
Cement and Mining Engineering Inc.	A	Panama	Investments	100,00	100,00
Cementos Argos Company Limited	A	Antigua	Distribution of cement	100,00	100,00
Cementos de Caldas S.A.	A	Colombia	Production of cement	99,64	99,64
CI del Mar Caribe (BVI) Inc.	A	Virgin Islands	Commercialization	99,97	99,97
Cimenterie Nationale S.E.M. (CINA)	A	Haiti	Industry and commercialization of cement	65,00	65,00
Colcaribe Holdings, S.A.	A	Panama	Investments	100,00	100,00
Comercial Arvenco, C.A.	A	Venezuela	Commercialization	100,00	100,00
Concreto S.A.	A	Panama	Manufacture ready-mix concrete	78,44	78,44
Concretos Argos S.A.	A	Colombia	Production and commercialization of concrete	99,46	99,45
Concretos Argos Dominicanos, S. R. L.	A	Dominican Republic	Industry and commercialization of concrete	79,39	79,39
Corporaciones e Inversiones del Mar Caribe S.A.S.	A	Colombia	Investments	100,00	100,00
Haiti Cement Holding, S.A.	A	Panama	Investments	100,00	100,00
Inmuebles Miraflores S.A.	A	Panama	Property management	100,00	100,00
Logística de Transporte S.A.	A	Colombia	Transport	99,99	99,99
Supply Link LLC	P	United States	Operation of seaports	100,00	100,00
Southern Star Leasing, LLC	P	United States	Concrete industry	99,08	99,08
Surcol Houdstermaatschapij N.V.	A	Suriname	Investments	50,00	50,00
Terminal Granelera Bahía Las Minas S.A.	A	Panama	Operation of seaports	78,44	78,44
Transatlantic Cement Carriers, Inc.	A	Panama	Maritime transport	100,00	100,00
Valle Cement Investments Limited	A	Virgin Islands	Investments	91,81	91,81
Venezuela Ports Company, S.A.	A	Panama	Investments	100,00	100,00
Vensur N.V.	A	Suriname	Production and commercialization of cement	42,10	42,10
Wetvan Overseas Ltd.	A	Virgin Islands	Investments	-	60,00
Zona Franca Argos S.A.S.	A	Colombia	Cement industry	100,00	100,00

P = Participations; A = Shares.

	Colombia		Caribbean and Central America		USA	
	2020	2019	2020	2019	2020	2019
Number of wholly owned subsidiaries	2	2	14	13	4	4
Number of partially owned subsidiaries	3	4	13	14	3	3

Details of partially owned subsidiaries in which the Group has material non-controlling interests are disclosed in note 13.2.

In 2020 and 2019 the following movements were recorded for the subsidiary companies:

- In December 2020, Agregados Argos S.A.S. was merger into Concretos Argos S.A.S. With this transaction, the merged company's stockholder received shares of Concretos Argos S.A.S. for each share of Agregados S.A.S. held; therein, Concretos Argos S.A.S. issued 198.389 shares to comply with this merger. This operation changed the effective participation percentage in Concretos Argos S.A.S. from 99.45% to 99.46%, impacting the effective participation percentage in the companies that Concretos Argos S.A.S. has participation.
- On October 1st, the company Corporaciones e Inversiones del Mar Caribe S.A.S. buys 181 shares of the company Logística de Transportes S.A. for 3,349 COP per share with which it obtained the participation of 0.0077%. This transaction modifies the total stake of the Group in Logística de Transportes S.A., going from 99.998% to 99.999%.
- On September 14th, 2020, Cementos Argos S.A. purchased Odinsa S.A. and Construcciones El Condor S.A.'s shares in Agregados Argos S.A., equivalent to 48% of the entity equity. Cementos buys 3.024.000.000 shares at 83,07 cents (of Colombian pesos) per share, resulting in a total payment of $2.512. After this transaction, the participation in the entity increase to 100%. Cementos Argos recorded the excess value paid to the non-controlling interest for $401 directly in the consolidated equity.
- On September 10th, 2020, the subsidiary Wetvan Overseas Ltda. was liquidated; the Group maintained 60% of the shares of the entity. This transaction has no impact on the consolidated financial statements.
- On June 9th, 2020, Cementos Argos S.A., through its subsidiaries Argos SEM LLC y Colcaribe Holding S.A., purchased all the participation in Argos Guatemala S.A., equivalent to 2 shares, for COP 96.724 (200 quetzals), whose primary purpose is the manufacture, sale, import, and export of cement, clinker and concrete and its related products and derivatives. The Group paid the price in cash at the acquisition date. The purchased subsidiary is not a business under IFRS 3 requirements, accordingly no recognition of goodwill.
- In December 2019 Concretos Argos S.A.S. sold 1,206,058 shares of Logística de Transporte S.A. to Cementos Argos S.A., at a price per share of COP $2,402. With this transaction there was a change in ownership of 5.10357% in Logística de Transporte S.A. between the companies Concretos Argos S.A.S. and Cementos Argos S.A.
- In November 2019, Cementos del Sur S.A. and Concretos Argos Honduras, S.A. were merged into Argos Honduras S.A. de C.V. This transaction has no impact on the consolidated financial statements.
- In November 2019, Grava S.A. was merged into Argos Panama S.A. This transaction has no impact on the consolidated financial statements.
- In August 2019, Canteras de Colombia S.A.S. was merger into Concretos Argos S.A.S. With this transaction, the stockholders of the merged company received 4.75 shares of Concretos Argos S.A.S. for each share of Canteras de Colombia S.A.S. held; therein, Concretos Argos S.A.S. issued 156,488 shares in order to comply with this merger. This operation changed the effective participation percentage in Concretos Argos S.A.S. from 99.44% to 99.45%, impacting in turn, the effective participation percentage in the companies which Concretos Argos S.A.S. has participation.
- In January 2019, Central Aggregates LLC was disolved. In February 2019, it was liquidated and its account balances were transferred into Argos North America Corp., which had 100% participation in Central Aggregates LLC.
- In February 2019, the effective participation percentage in Concretos Argos S.A. was increased from 99.43703% to 99.43746%, due to the purchase by Cementos Argos S.A. of the inheritance rights that a minority interest shareholder held in Concretos Argos S.A. The transaction was agreed to in the amount of $ 80 million COP as consideration for the transfer of 40 shares, representing 0.00043% participation in Concretos Argos S.A.
- In January 2019, Argos Ports (Houston) LLC. and Argos Ports (Savannah) LLC were merged into Argos USA LLC. This transaction has no impact on the consolidated financial statements.

14.2. Details of partially owned subsidiaries with non-controlling material interests

The following table details the partially owned subsidiaries of the Group in which it has non-controlling materials interests:

Subsidiary	Place of Incorporation and Business Headquarters	Share interests and voting rights held by non-controlling participations		Gain (loss) assigned to non-controlling participations		Accumulated non-controlling participations	
		2020	2019	2020	2019	2020	2019
Argos Honduras S.A. de C.V. and subsidiaries	Honduras	46.7%	46.7%	38,898	52,603	600,642	563,194
Argos Panama, S. A. and subsidiaries	Panama	21.6%	21.6%	(486)	15,078	92,037	96,745
Argos Puerto Rico, Corp.	Puerto Rico	40.0%	40.0%	8,230	(8,965)	76,709	58,065
Argos Dominicana S.A. and subsidiaries	Rep. Dom.	20.8%	20.8%	7,865	4,917	16,253	15,645
Valle Cement Investments Limited	Virgin Islands	8.2%	8.2%	721	821	28,834	26,565
Argos USA LLC.	USA	0.9%	0.9%	2,816	2,662	67,329	61,590
				58,044	**67,116**	**881,804**	**821,804**
Immaterial subsidiaries individually with non-controlling interests				**4,582**	**7,510**	**(8,988)**	**(7,055)**
TOTAL ACCUMULATED NON-CONTROLLING INTERESTS				**62,626**	**74,626**	**872,816**	**814,749**

The summarized financial information of each of the Group's subsidiaries with material non-controlling interests are presented below. The financial information summarized below represents amounts prior to eliminations among groups:

2020	Current assets	Non-current assets	Current liabilities	Non-current liabilities	Ordinary Revenue	Net profits	Other Comprehensive Income	Total Comprehensive Income
Argos Dominicana S.A. and subsidiaries	107,404	51,219	77,249	3,316	217,189	37,773	(5,340)	32,434
Argos Honduras S. A. de C.V.	883,270	581,822	55,543	123,826	419,591	83,274	88,232	171,506
Argos Panamá, S.A. and subsidiaries	151,923	542,570	240,922	5,247	233,143	(2,254)	28,197	25,943
Argos Puerto Rico Corp.	102,690	240,489	115,681	26,811	198,656	24,168	3,306	27,474
Argos USA LLC.	2,878,403	7,603,637	1,422,354	1,875,820	5,384,332	211,540	289,993	501,533
Valle Cement Investments Limited	463,146	1,573,538	1,241,461	-	-	23,515	31,408	54,923

2019	Current assets	Non-current assets	Current liabilities	Non-current liabilities	Ordinary Revenue	Net profits	Other Comprehensive Income	Total Comprehensive Income
Argos Dominicana S.A. and subsidiaries	83,701	60,203	59,683	9,085	203,947	23,615	(3,163)	20,453
Argos Honduras S. A. de C.V.	800,452	589,241	85,505	98,503	422,622	112,613	(12,578)	100,035
Argos Panamá, S.A. and subsidiaries	188,390	546,051	250,674	13,605	419,218	69,936	(2,330)	67,605
Argos Puerto Rico Corp.	93,310	173,848	69,656	47,017	178,204	(18,358)	2,522	(15,837)
Argos USA LLC.	2,487,701	7,547,300	2,483,239	899,293	5,287,635	195,589	56,591	252,180
Valle Cement Investments Limited	1,474,683	486,795	1,218,802	-	-	22,031	4,395	26,426

14.3. Change in the group's ownership interest in a subsidiary

- In December 2020, Agregados Argos S.A.S. was merger into Concretos Argos S.A.S. With this transaction, the merged company's stockholder received shares of Concretos Argos S.A.S. for each share of Agregados S.A.S. held; therein, Concretos Argos S.A.S. issued 198.389 shares to comply with this merger. This operation changed the effective participation percentage in Concretos Argos S.A.S. from 99.45% to 99.46%, impacting the effective participation percentage in the companies that Concretos Argos S.A.S. has participation.

- On September 14th, 2020, Cementos Argos S.A. purchased Odinsa S.A. and Construcciones El Condor S.A.'s shares in Agregados Argos S.A.S., equivalent to 48% of the entity equity. Cementos buys 3.024.000.000 shares at 83,07 cents (of Colombian pesos) per share, resulting in a total payment of $2.512. After this transaction, the participation in the entity increase to 100%. Cementos Argos recorded the excess value paid to the non-controlling interest for $401 directly in the consolidated equity.

- In August 2019, Canteras de Colombia S.A.S. was merger into Concretos Argos S.A.S. With this transaction, the stockholders of the merged company received 4.75 shares of Concretos Argos S.A.S. for each share of Canteras de Colombia S.A.S. held; therein, Concretos Argos S.A.S. issued 156,488 shares in order to comply with this merger. This operation changed the effective participation percentage in Concretos Argos S.A.S. from 99.44% to 99.45%, impacting in turn, the effective participation percentage in the companies which Concretos Argos S.A.S. has participation.

There is not value recognized in equity from sales of non-controlling interests without loss of control during 2019.

14.4. Significant restrictions and financial support

The Group does not have subsidiaries with significant restrictions to transfer and/or receive assets from other Group companies, nor are there protective rights to non-controlling interests that can significantly restrict the Group's ability to access or use the assets and settle the liabilities the subsidiaries; nor are there guarantees or other requirements that may restrict dividends and other distributions of capital to be paid within the Group.

As of December 31st, 2020, and 2019 the Group has not provided financial support without having the contractual obligation to so for any investee, nor has it helped obtain financial support.

NOTE 15: OTHER INTANGIBLE ASSETS

15.1. Conciliation at cost, accumulated depreciation and impairment of intangible assets

	Opening Balance	Additions	Amortization	Effect of Exchange Rate Differences	Loss on sales and retirement of assets	Other changes	Closing Balance
2020							
Brands with indefinite useful lives	115,389	-	-	-	-	-	115,389
Brands, client lists and related items	1,051,667	-	-	66,229	(7,112)	-	1,110,784
Concessions, franchises and rights	453,151	-	-	7,454	-	285	460,890
Patents, licenses and software	233,019	1,830	-	1,618	(42)	699	237,124
Intangible assets in progress	1,870	875	-	-	-	(1,869)	876
Other intangible assets	26,405	-	-	-	-	-	26,405
Historical cost	**1,881,501**	**2,705**	**-**	**75,301**	**(7,154)**	**(885)**	**1,951,468**
Brands, client lists and related items	626,430	-	71,691	32,458	(7,112)	-	723,467
Concessions, franchises and rights	232,302	-	24,761	2,753	-	-	259,816
Patents, licenses and software	183,364	-	21,367	1,234	(42)	496	206,419
Other intangible assets	6,391	-	5,151	-	-	-	11,542
Depreciation and impairment	**1,048,487**	**-**	**122,970**	**36,445**	**(7,154)**	**496**	**1,201,244**
Net intangible Assets	**833,014**	**2,705**	**(122,970)**	**38,856**	**-**	**(1,381)**	**750,224**
2019							
Brands with indefinite useful lives	115,389	-	-	-	-	-	115,389
Brands, client lists and related items	1,050,206	-	-	2,033	-	(572)	1,051,667
Concessions, franchises and rights	462,751	-	-	737	-	(10,337)	453,151
Patents, licenses and software	249,736	620	-	382	(20,789)	3,070	233,019
Intangible assets in progress	22,001	2,004	-	-	-	(22,135)	1,870
Other intangible assets	-	-	-	-	-	26,405	26,405
Historical cost	**1,900,083**	**2,624**	**-**	**3,152**	**(20,789)**	**(3,569)**	**1,881,501**
Brands, client lists and related items	559,677	-	44,005	(1,224)	-	23,972	626,430
Concessions, franchises and rights	211,968	-	22,976	295	-	(2,937)	232,302
Patents, licenses and software	173,597	-	29,903	307	(20,434)	(9)	183,364
Other intangible assets	-	-	24,107	3,310	-	(21,026)	6,391
Depreciation and impairment	**945,242**	**-**	**120,991**	**2,688**	**(20,434)**	**-**	**1,048,487**
Net intangible Assets	**954,841**	**2,624**	**(120,991)**	**464**	**(355)**	**(3,569)**	**833,014**

As of December 31st, 2020, and 2019, intangible assets do not include current capitalization of borrowing costs. The useful lives of other intangible assets are:

Intangible	Useful Life Range in Years	Depreciation Method
Argos Brand	Indefinite	
Other brands	Finite: Between 2 and 20	Lineal
List of clients and intangibles related to clients	Finite: Between 5 and 15	Lineal
Rights	Finite: Between 4 and 35	Lineal
Concessions, franchises and licenses	Finite: Between 4 and 75	Lineal
Licenses, patents and software	Finite: Between 2 and 10	Lineal
Other intangibles assets	Finite: Between 4 y 16	Lineal

The amortization of intangibles is recognized as an expense in the consolidated income statement in the line of the sales costs, administration expenses and sales expenses, and impairment losses are recognized as expenses in the income statement in the line of impairment of goodwill and other assets.

Disbursements for research and development projects are recognized as expenses in the consolidated income statement during this period are $0 (2019: $4,226). As of December 31st, 2020, and 2019 there are no restrictions on the sale of intangible assets because none has been affected as collateral for the fulfillment of obligations, nor does the Group have contractual obligations to acquire or develop intangible assets.

The net book value and the remaining period of amortization for other significant intangible assets is:

Intangible	Remaining Amortization Period	2020	2019
Client list	8 years	259,117	272,429
Argos brand	Indefinite	115,389	115,389
Software license generated internally	None	-	22,090

The Administration determined that the Argos Brand, bought and paid for in cash to Grupo Argos S.A. in December 2005 for $115,389 is an intangible asset with an indefinite useful life given that Cementos Argos S.A., because of the legal rights it acquired at the time of purchase from Grupo Argos, has the ability to control the future economic benefits of the brand and it is expected to generate economic benefits indefinitely.

NOTE 16: PROPERTY, PLANT AND EQUIPMENT

16.1. Conciliation of cost, accumulated depreciation and impairment of property, plant and equipment

2020	Opening Balance	Additions and depreciation	Impairment Losses	Classified as Held for Sale	Effect of Exchange Rate Differences	Property, Plant and Equipment Sales and Write-Offs	Other Changes [1]	Closing Balance
Land	1,339,367	950	-	-	24,661	(4,207)	(226)	1,360,545
Constructions in progress, equipment in assembly and in transit [2]	802,761	300,205	-	-	11,300	-	(320,712)	793,554
Construction and buildings	2,077,006	10,118	-	-	63,534	(27,757)	180,081	2,302,982
Production equipment and machinery	7,624,301	9,212	-	628	273,374	(109,446)	(57,867)	7,740,202
Furniture, computers and communications equipment	226,445	1,289	-	69	8,565	(5,475)	12,731	243,624
Mines, quarries and deposits	2,228,153	4,313	-	-	99,596	(17,477)	19,989	2,334,574
Land transport equipment	1,028,382	925	-	-	37,839	(88,766)	118,195	1,096,575
River fleet	1,966	-	-	-	(3,152)	(301)	45,557	44,070
Aqueduct, plants, networks and communication channels	299,416	-	-	-	4,836	(3,750)	50,159	350,661
Other assets	1,803	2,319	-	-	56	-	(2,959)	1,219
Historical cost	**15,629,600**	**329,331**	**-**	**697**	**520,609**	**(257,179)**	**44,948**	**16,268,006**
Construction and buildings	797,767	79,330	-	-	28,841	(19,392)	33,899	920,445
Production equipment and machinery	2,658,084	395,421	-	392	79,327	(83,621)	(59,034)	2,990,569
Furniture, computers and communications equipment	160,858	14,990	-	-	6,042	(4,091)	5,078	182,877
Mines, quarries and deposits	172,562	34,905	-	-	2,366	(13,218)	(1,687)	194,928
Land transport equipment	593,771	69,028	-	-	23,330	(83,564)	16,311	618,876
River fleet	549	1,212	-	-	(672)	(27)	8,541	9,603
Aqueduct, plants, networks and communication channels	110,064	13,350	1,120	-	1,470	(3,395)	13,894	136,503
Other assets	-	874	-	-	-	-	(874)	-
Depreciation and impairment	**4,493,655**	**609,110**	**1,120**	**392**	**140,704**	**(207,308)**	**16,128**	**5,053,801**
Net Property, Plant and Equipment	**11,135,945**	**(279,779)**	**(1,120)**	**305**	**379,905**	**(49,871)**	**28,820**	**11,214,205**

(1) As of December 31st of 2020, includes transfers from (to) investment properties for ($226) in the category lands.

(2) Includes the project's assets called "Helios" in Cementos Argos S.A. for $ 568,223 (2019: 584,826) to construct and update one of the cement plants of the current integrated network in Colombia. As of December 31st, 2020, the project is temporarily halted, and its estimated start of operation is under analysis given the macroeconomic situation.

2019	Opening Balance	Additions and depreciation	Impairment Losses	Effect of Exchange Rate Differences	Property, Plant and Equipment Sales and Write-Offs	Loss of Control of business	Other Changes [1][2]	Closing Balance
Land	1,367,898	190	-	4,240	(3,335)	(28,113)	(1,513)	1,339,367
Constructions in progress, equipment in assembly and in transit	856,864	511,992	-	(522)	(206)	-	(565,367)	802,761
Construction and buildings	2,119,611	1,547	-	9,260	(17,337)	(46,828)	10,753	2,077,006
Production equipment and machinery	7,391,144	36,350	-	26,116	(50,271)	(58,028)	278,990	7,624,301
Furniture, computers and communications equipment	235,080	1,206	-	118	(15,191)	(659)	5,891	226,445
Mines, quarries and deposits	2,195.164	11,463	-	17,103	-	-	4,423	2,228,153
Land transport equipment	1,097,005	4,090	(19,137)	7,026	(94,549)	(85,218)	119,165	1,028,382
River fleet	1,964	-	-	2	-	-	-	1,966
Aqueduct, plants, networks and communication channels	306,709	-	-	996	(8,909)	(4,543)	5,163	299,416
Other assets	62,850	-	-	(69)	(2,094)	-	(60,687)	-
Advances given to third parties	29,412	6,187	-	29	-	-	(33,825)	1,803
Historical cost	**15,663,701**	**573,025**	**(19,137)**	**64,299**	**(191,892)**	**(223,389)**	**(237,007)**	**15,629,600**
Construction and buildings	753,346	85,608	-	2,637	(8,215)	(33,189)	(2,420)	797,767
Production equipment and machinery	2,378,879	386,895	-	2,564	(35,104)	(35,212)	(39,938)	2,658,084
Furniture, computers and communications equipment	154,961	21,585	-	(170)	(15,024)	(470)	(24)	160,858
Mines, quarries and deposits	141,813	35,745	-	353	-	-	(5,349)	172,562
Land transport equipment	682,721	76,385	(16,811)	4,328	(87,980)	(60,307)	(4,565)	593,771
River fleet	377	172	-	-	-	-	-	549
Aqueduct, plants, networks and communication channels	101,322	18,962	-	270	(8,374)	(2,097)	(19)	110,064
Other assets	12,190	1,628	-	(43)	(2,094)	-	(11,681)	-
Depreciation and impairment	**4,225,609**	**626,980**	**(16,811)**	**9,939**	**(156,791)**	**(131,275)**	**(63,996)**	**4,493,655**
Net Property, Plant and Equipment	**11,438,092**	**(53,955)**	**(2,326)**	**54,360**	**(35,101)**	**(92,114)**	**(173,011)**	**11,135,945**

(1) It includes the reclassification at January 1st, 2019 of the assets received in financial leasing from property, plant, and equipment to assets by right of use in a lease for adopting IFRS 16 Leases.

(2) As of December 31st, 2019 includes transfers from (to) investment properties for ($6,134), in the category lands ($6,249) and constructions and buildings ($115); and transfers from assets as held for sale for $411 in the category machinery and production equipment.

Construction in progress includes capitalization of borrowing costs for a value of $1,185 (2019: $13,977). The average rate used to determine the value of borrowing costs was 5.7% (2019: 7.66%) which is the effective interest rate specific to generic loans. As of December 31st, 2020, and 2019, they have not been affected as collateral for the fulfillment of property, plant, and equipment obligations.

At the end of the reporting period reported and comparable ones, there were no restrictions on the sale of property, plant and equipment, or contractual commitments for the acquisition of property, plant and equipment. The Group did not obtain compensation from third parties for impaired, lost or abandoned property, plant and equipment.

At the beginning of the reporting period, Cementos Argos S.A. evaluated the intention to use the assets of its plants located in Cartagena, Nare, Rio Claro, Sogamoso, Toluviejo, and Yumbo, and increased their useful lives. The change in estimates implied a decrease in depreciation of property, plant, and equipment by $4,670 (2019: 6,947) in the current period and by $ 13,227 for the next twelve months.

16.2. Sale of concrete plants in Arkanas, Alabama, Georgia and Florida

In December 2019, Argos USA LLC, a subsidiary of Cementos Argos S.A., sold 28 ready-mix concrete production plants and one retail location in Arkansas, Virginia, Carolina del Sur y Georgia, including equipment, buildings, land and inventory to Smyrna Ready Mix Concrete, LLC. for USD 95 million. The sale price of the assets, less the carrying values of the assets sold, generated an accounting profit for disposition of $ 76,603 (USD 23,33 million), an increase on the current tax of $27,742 (USD8,4 million) and deferred tax of $13,380 (USD4,07 million), recognized in the consolidated statement of income. The divested plants were part of several acquisitions, including RMCC in 2006, Lafarge in 2011, and Vulcan Material Company in 2014. The disposed assets comply with the business definition established in IFRS 3.

NOTE 17: INVESTMENT PROPERTY

	2020	2019
Fair value of investment properties at January 1st	**205,370**	**191,903**
Transfers from investment properties	(39,883)	(23,104)
Effect of exchange rate differences	2,801	515
Net gains for fair value adjustments	1,541	37,131
Disposals and Write-Offs	(675)	(725)
Other changes	-	(350)
Fair value of investment properties at December 31st	**169,154**	**205,370**

The fair value of investment properties is determined by the appraisal company Activos e Inventarios Ltda. The appraisal company used the comparative market and/or residual approach methodology to estimate the fair value. Refer to note 3 adoption of new and revised International Financial Reporting Standards (IFRS) and changes in voluntary accounting policies, for information on the change in accounting policy for subsequent measurement of investment properties.

Rental income from investment properties during the period amounted to $1,065 (2019: $932). Direct expenses related to investment properties that did not generate rental income are $1,757 (2019: $1,545) and related to properties that generated rental income are $ 106 (2019: $0). As of December 31st, 2020 and 2019, the Group has no contractual obligations to purchase, construct or develop investment properties, nor are there any restrictions on property investment.

NOTE 18: IMPAIRMENT OF TRADE AND CREDIT ASSETS

18.1. Goodwill movement by operating segment

	2020			2019		
	Caribbean and Central America	United States	Total	Caribbean and Central América	United States	Total
Gross value	791,278	1,438,477	2,229,755	792,564	1,543,100	2,335,664
Accumulated impairment		(511,457)	(511,457)	-	(507,183)	(507,183)
Goodwill at January 1st	**791,278**	**927,020**	**1,718,298**	**792,564**	**1,035,917**	**1,828,481**
Disposal of business (1)	-	-	-	-	(117,847)	(117,847)
Effect of Exchange rate differences	56,462	43,948	100,410	(1,286)	8,950	7,664
Goodwill at December 31st	**847,740**	**970,968**	**1,818,708**	**791,278**	**927,020**	**1,718,298**
Gross value	847,740	1,506,671	2,354,411	791,278	1,438,477	2,229,755
Accumulated impairment	-	(535,703)	(535,703)	-	(511,457)	(511,457)
Goodwill at 31 de December	**847,740**	**970,968**	**1,818,708**	**791,278**	**927,020**	**1,718,298**
Intangible assets other than goodwill with indefinite useful lives 2020 y 2019						115,389

(1) In December 2019, Argos USA LLC, a subsidiary of Cementos Argos S.A., sold 28 ready-mix concrete production plants and one retail location in Arkansas, Virginia, Carolina del Sur y Georgia, including equipment, buildings, land and inventory to Smyrna Ready Mix Concrete, LLC. for USD 95 million. The sale price of the assets, less the carrying values of the assets sold, generated an accounting profit for disposition of $ 76,603 (USD 23,33 million), an increase on the current tax of $27,742 (USD 8,4 million) and deferred tax of $13,380 (USD 4,07 million), recognized in the consolidated statement of income. The divested plants were part of several acquisitions, including RMCC in 2006, Lafarge in 2011, and Vulcan Material Company in 2014.

The goodwill has been allocated to operating segments in accordance with what is permitted by IAS 36 - Impairment of Assets, since the Administration controls it at this level, both for financial reporting purposes and for purposes of testing for impairment.

Impairment losses are recognized as expenses in the income statement in the line of impairment of goodwill and other assets. During the period, no impairment losses were recognized in the consolidated comprehensive income statement for the “Argos Brand”, an intangible asset with an indefinite useful life, or for any other intangible assets with a finite useful life.

18.2. Impairment of goodwill

Goodwill and intangible assets with indefinite useful lives are not subject to amortization, the Group reviews the existence of impairment annually. No impairment losses for goodwill were recognized at the end of the reporting period and comparable ones.

The Group tested for impairment based on the useful value of its segments of operation. The key assumptions used by the Group in the determination of useful value are:

Key Assumption	Description
Projection of cash flows	The Group projects revenues based on the inflation in each country plus the points associated with the expectation of growth of the market. For their part, costs are projected based on the inflation in each country
Period for the projection of cash flows	The period defined by Management for the projection of flows is 10 years in perpetuity, because capital investments made by the Group in the operating segments require long recovery periods.
Discount rate applied to cash flow projectionso	In order to determine the discount rate, the Group uses the financial asset valuation model known as the Capital Asset Pricing Model (CAMP), which employs as its main variables: - Risk-free rate: return on a portfolio that has no risk of default. It references the profitability of US Treasury bonds with long maturity. - Beta: risk measurement that associates the volatility of stocks with the volatility of the market. - Market Premium: spread between risk-free rate and the market return. - Country risk Premium: the spread over US Treasury bonds demanded by investors in international markets. The sources used to determine these variables were: Damodaran and SBBI (stocks, bonds, bills and inflation) year book Las fuentes utilizadas para determinar estas variables fueron: Damodaran y SBBI (stocks, Bonds, Bills and inflation) year book.
Growth rate	Perpetuity is the value of the company at the end of the explicit period. The growth rate is defined taking care not to exceed: - Growth Expectations in the country of operation and business segment. - The average growth of the explicit period flows of the past few years

The values of the key assumptions used by the Group to determine the value in use of the operating segments are presented below:

	Discount Rate (Before Taxes)		Perpetuity Growth Rate	
	2020	2019	2020	2019
Caribbean and Central America	7.7% - 11.93%	7.71% - 10.57%	2.5%	2.5%
United States	10.5%	11%	2.5%	2.5%

18.3. Impairment of other assets

IAS 36 – Impairment of Assets requires that at the end of the reporting period the existence of indicators of impairment of non-current assets be evaluated based on external and internal information available. The Group reviews the book value of non-current assets for impairment whenever events or circumstances indicate that the book value may not be recoverable. If the total discounted future cash flow is less than the book value, the book value of non-current assets is not recoverable, and an impairment loss is recognized in the consolidated income statement.

The Administration determined that the Argos Brand, bought and paid for in cash from Grupo Argos S.A. in December 2005 for $115,389, is an intangible asset with an indefinite useful life since Cementos Argos S.A., because of the legal rights it acquired at the time of purchase from Grupo Argos, has the ability to control the future economic benefits of the brand and hopes that it generates future economic benefits indefinitely.

Considering that the intangible Argos Brand is an intangible asset with an indefinite useful life and that it contributes to the generation of future financial benefits for the operation segments, and that its assigned book value is not significant for each individual segment, the Group carried out a value impairment test on Cementos Argos S.A. consolidated as a whole. The Group did not recognize impairment losses from this test for the period ended on December 31st, 2020 and 2019.

In 2020, Argos Dominicana S.A., a Group subsidiary entity, evaluated asset impairment indicators, and considering that the carrying amount on two inactive HFO fuel generating units would not be recoverable, its recoverable amount was measured, using the fair value minus the disposal costs, int the Level 2 Fair Value hierarchy. The Group recorded an impairment loss of non-current assets of $ 1,120 in the Caribbean segment in the property, plant, and equipment item.

In 2019, Argos USA LLC, a subsidiary of the Group, evaluated indicators of impairment of assets and identified 64 inactive mixer trucks, with no possibility of recovering their carrying amount. The Group reduced the value of these mixers to zero, recording an impairment loss of assets of $ 2,326 in the consolidated financial statements, in the line of impairment of non-current assets, in the USA segment. This loss was fully allocated to property, plant, and equipment.

NOTE 19: NON-CURRENT ASSETS HELD FOR SALE

The Group has assets expected to be realized through a sale transaction instead of being maintained for continued use and for which a sale plan has been initiated. These assets have been classified as held for sale in accordance with IFRS 5. Assets are available for immediate sale and their sale is highly probable.

As of December 31st, 2020, y 2019, the Group has no discontinued operations classified as non-current assets held for sale or disposed of during the period. At December 31st, 2019 and 2018, the non-current assets held for sale comprised the following assets:

	2020	2019
Investment properties and other real estate [(1)]	70,025	31,590
Property, plant and equipment	215	346
Equity investments in financial instruments [(2)]	-	8
Total non-current assets held for sale	**70,240**	**31,944**

[(1)] In 2019, a plan for the disposal of non-operating real estate for the amount of $ 29,238, was started. The assets are available for immediate sale. And in 2020 it is authorized a plan for the disposal for the land called La Gabriela for a value of $39,866 To date, some of these assets have already been disposed of.

[(2)] In 2020 were sold sell 3,503 shares of Compañía Colombiana de Empaques S.A. for a value of $ 7,914, 1,112,158 shares of Papeles y Cartones S.A. for $ 34 and 4,500 shares of Occidental de Empaques S.A. for $152, the first one classified as held for sale on December 31, 2019 and the other two classified as held for sale on January, 2020. These operations generated an impact on the current tax of 803 and did not generate impact on the deferred tax. For these sales transactions the Group made transfers from other comprehensive income to retained earnings of $8,091.

NOTE 20: FINANCIAL OBLIGATIONS

	2020	2019
Bank overdrafts	6,554	6,716
Promissory notes in foreign and national currency	3,269,258	3,378,460
Other obligations [(1)]	806	20,227
	3,276,618	**3,405,403**
Current	656,233	1,035,254
Non-current	2,620,385	2,370,149
	3,276,618	**3,405,403**

[(1)] In 2019, it mainly included the availability of a credit line between our subsidiary Argos Honduras S.A. of C.V, and Atlántida bank, to pay taxes; having a 60-day term with a 0% interest rate.

20.1. Summary of loan agreements

The financial obligations in national and foreign currencies include short and long-term credits taken by companies that are part of the Group. Please refer to Table 27.7 in Note 27 for information on average interest rates of financial liabilities. The Group's credits are rounded to the nearest million unit when expressed in Colombian pesos and the nearest thousand unit when expressed in dollars or euros.

				Nominal value		Book value	
Bank	Entity	Concept	Maturity	2020	2019	2020	2019
Foreign	Varios [(1)]	Replace of financial liabilities	2,023	USD 530,000	USD 600,000	1,810,817	1,964,991
Foreign	Scotiabank	Working capital	2,021	USD 107,000	-	367,554	-
Foreign	Davivienda Intern.	Working capital	2,029	USD 80,000	USD 80,000	276,751	265,611
National	BBVA	Working capital	2,023	COP 160,000	-	160,783	-
Foreign	Banco de Bogota NY	Working capital	2,022	USD 40,000	-	137,504	-
National	Davivienda	Working capital	2,023	COP 135,265	-	136,315	-
Foreign	BCP	Working capital	2,021	USD 30,000	-	103,048	-
Foreign	Banco de Bogotá Miami	Working capital	2,022	USD 30,000	-	103,043	-
National	Scotiabank - Colpatria	Working capital	2,021	USD 21,000	-	72,106	-
National	Bancolombia	Working capital	2,021	COP 50,000	COP 150,000	50,096	151,957
Foreign	Banco de Bogotá Miami	Working capital	2,021	USD 8,000	-	27,464	-
Foreign	Scotiabank	Working capital	2,021	USD 5,000	-	17,194	-
National	Banque Populaire	Working capital	2,021	EUR 1,500	-	6,260	-
Foreign	GFCM Comercial Mexico	Working capital	2,021	COP 323	-	323	-
Foreign	Scotia	Working capital	2,020	-	USD 67,000	-	220,405
National	Colpatria	Working capital	2,020	-	USD 66,000	-	216,759
Foreign	Banco de Bogotá Miami	Working capital	2,020	-	USD 52,000	-	171,192
Foreign	ING [(2)]	Replace of financial liabilities	2,020	-	USD 50,000	-	163,793
Foreign	Banco de Bogota NY	Working capital	2,020	-	USD 30,000	-	98,420
Foreign	Sumitomo	Working capital	2,020	-	USD 17,000	-	56,055
Foreign	BCI Miami Branch	Working capital	2,020	-	USD 13,000	-	43,026
Foreign	BCP	Working capital	2,020	-	USD 8,000	-	26,251
						3,269,258	**3,378,460**

[(1)] A loan where a syndicate of banks participates, whose administrative agent is Itaú Corpbanca, and Argos North America Corp. as debtor, guaranteed by Cementos Argos S.A., Argos USA LLC, and other subsidiaries of the Group. The leading structuring agents were BNP Paribas, Itaú Corpbanca, JPMorgan and Bank of America. The initial amount of the loan was USD 600 million, with a total 5-year term. The use of the resources was the payment of the existing indebtedness of Argos North America Corp. This contract has the following financial commitments:

a. Net Debt / Ebitda indicator less than 6.75 times for December 2020. Then it progressively decreases to 4.0 times in December 2021 (December 2019 indicator: 4.5 times)

b. Ebitda indicator / Financial expenses greater than 2.25 for December 2020, times. From March 2021 and until the maturity of the facility, 2.5 times (December 2019 indicator: 2.5 times)

(2) As of December 2019, there were two structured credit operations between Argos USA LLC and the bank's ING Bank NV and Citibank NA for USD 100 million each. These two loans had financial obligations to maintain indicators equal to those of the syndicated loan in 2019. The Group paid these loans in 2020.

The net debt and EBITDA used to calculate the afore mentioned indicators is subject to the terms of the credit agreement with the financial entity and may differ from the accounting results.

20.2. Breach of loan agreement

During the reported periods, the company did not default on principal or interest payments for financial liabilities or loans payable, nor in the covenants of their loan agreements.

NOTE 21 RIGHT-OF-USE ASSET AND LEASE LIABILITY

21.1. The group as lessee

21.1.1. LEASE AGREEMENTS

In the ordinary course of business, the Group enters into leases for land, buildings, machinery, vehicles, including concrete mixer trucks and equipment, which are accounted for as lease-right assets in the consolidated financial statements, except for those leases whose lease term is less than twelve months or the underlying asset of the new contract is less than $ 3,500 for administrative assets and $ 5,000 for operating assets.

On the other hand, no significant lease agreements are stipulating significant restrictions related to dividend distribution, additional indebtedness, or new lease agreements, nor are there substantial contingent installments, renewal options, or staggering clauses.

As of December 31th, 2020, most recognized real estate leases are linked to the consumer price index of each jurisdiction in which they were signed. Few lease contracts are referenced to reference rates or payments that vary to reflect changes in market rental prices.

21.1.2. RIGHT-OF-USE ASSET AND LEASE LIABILITY

The amounts of right-of-use assets and lease liability include:

2020	Right-of-use assets						
	Opening Balance	Additions	Depreciation	Transfers	Other changes (1)	Final amounts	Final amounts of lease liabilities
Land	72,145	3,141	(10,085)	1,245	(10,060)	56,386	126,227
Construction and buildings	173,325	9,156	(19,048)	2,203	(94)	165,542	156,580
Production equipment and machinery	215,087	91,645	(38,316)	(22,847)	(16,086)	229,483	180,196
Office and communication equipment	-	-	(47)	-	82	35	36
Mines, quarries and deposits	-	637	(399)	-	928	1,166	-
Land transport equipment	381,936	6,173	(75,604)	(13,145)	(96,199)	203,161	218,172
River fleet	122,367	-	(7,828)	-	(68,508)	46,031	46,926
Lease assets and liabilities, net	**964,860**	**110,752**	**(151,327)**	**(32,544)**	**(189,937)**	**701,804**	**728,137**

(1) Includes the variation due to changes in the valuation of leases recorded in assets for ($ 122,320), withdrawals of assets for right of use for $ 103,100 and the effect of foreign currency exchange differences.

2019	Right-of-use assets						
	IFRS 16 adoption impact	Transfer for IFRS 16 adoption	Additions	Depreciation	Other changes	Final	Final amounts of lease liabilities
Land	146,481	(68,374)	4,650	(9,635)	(977)	72,145	140,691
Construction and buildings	99,347	73,687	20,337	(18,406)	(1,640)	173,325	172,212
Production equipment and machinery	158,073	93,964	19,404	(44,112)	(12,242)	215,087	135,215
Land transport equipment	460,952	10,902	8,740	(89,306)	(9,352)	381,936	381,780
River fleet	134,731	-	-	(13,526)	1,162	122,367	124,209
Lease assets and liabilities, net	**999,584**	**110,179**	**53,131**	**(174,985)**	**(23,049)**	**964,860**	**954,107**

The contractual cash flows of lease liabilities classified by maturity as of December 31st are:

	2020	2019
1 year or less	157,650	197,789
Between 1 and 3 years	251,627	351,615
Between 3 and 5 years	173,645	239,222
Between 5 and 10 years	212,514	295,908
More than 10 years	136,689	92,111
Total contractual cash flows of lease liabilities	**932,125**	**1,176,645**
Minus: future finance charges	(203,988)	(222,538)
Total lease liabilities	**728,137**	**954,107**
Current	125,598	148,753
Non-current	602,539	805,354
Total lease liabilities	**728,137**	**954,107**

21.1.3. RECOGNIZED LEASE AMOUNTS IN THE INCOME STATEMENT AND CASH FLOWS

	2020	2019
Interest expense on lease liabilities	45,367	51,277
Expenses relating to short-term leases and variable lease payments	49,133	17,714
Expenses relating to leases of low-value assets	1,308	1,283
Cash outflow for leases	186,943	224,355

21.1.4. OPTIONS TO EXTEND THE LEASE

Most of the Group's leases contain renewal options that the Group can exercise to extend the lease term from one year to 20 years, and that can be exercised up to one year before the end of the non-cancellable period of the contract. Generally, Grupo exercises these renewal options due to the financial and operational facilities they provide. The renewal options are only exercisable by the Group and not by the lessor. The Group evaluates on the lease start date, whether it is reasonably certain to exercise the renewal options and considers them in determining the lease term. The Group reevaluates whether it is reasonably certain to exercise the options if there is an event or significant change in circumstances under its control.

21.2. The group as lessor

21.2.1. FINANCIAL LEASES

The company does not have financial leasing agreements in which it acts as lessor.

21.2.2. OPERATING LEASES

The Group signs leases as lessor of commercial premises, warehouses, apartments and houses, and leasing of machinery and operating equipment, fleet and transport equipment. All leases are classified as operating leases from the lessor's perspective. The minimum future lease rights of non-cancellable operating leases by year ranges and in total are as follows:

	2020	2019
1 year or less	1,633	2,907
Between 1 and 2 years	717	2,799
Between 2 and 3 years	659	2,792
Between 3 and 4 years	659	2,835
Between 4 and 5 years	659	2,651
5 years or more	-	2,776
Non-cancellable operating lease rights	**4,327**	**16,760**

The rental income recognized by the Group during 2020 was $ 8,875 (2019: $ 5,632).

NOTE 22: COMMERCIAL LIABILITIES AND OTHER ACCOUNTS PAYABLE

	2020	2019
National suppliers	571,182	740,002
Costs and expenses payable	184,525	254,484
Dividends payable	147,609	112,104
Foreign suppliers	49,886	39,406
Current commercial accounts	10,202	5,210
Accounts payable to contractors	5,916	5,615
Miscellaneous creditors	4,863	4,700
Other accounts payable	43,235	59,765
	1,017,418	**1,221,286**
Current	1,017,385	1,220,127
Non–current	33	1,159
	1,017,418	**1,221,286**

The average credit period for the Group's purchases ranges between 8 and 60 days. No interest is paid to suppliers for 60-day payments.

NOTE 23: EMPLOYEE BENEFITS LIABILITIES

	2020	2019
Post-employment employee benefits - Defined benefit plans	314,045	303,586
Post-employment employee benefits - Defined contribution plans	17,636	17,048
Short-term benefits	62,861	98,718
Employee benefits for termination	15,152	23,602
Share based payments	2,488	2,115
Long-term benefits	2,300	-
	414,482	**445,069**
Current	113,859	155,269
Non–current	300,623	289,800
	414,482	**445,069**

23.1. Post-employment benefits plans – defined benefit plans

Benefit plans for employees of the Group vary according to the legal requirements of each country and the obligations acquired by the subsidiaries with the current labor agreements. The actuarial valuation of plan's assets and the present value of the defined benefit obligation are calculated annually by independent actuarial consultants. The present value of the defined benefit obligations and the related current and past service costs were calculated using the projected unit credit method.

On December 22nd, 2016, the Ministry of Commerce, Industry and Tourism issued Decree 2131, through which it is required to disclose the calculation of pension liabilities in accordance with the parameters established in Decree 1625 of 2016 and, in the case of partial pension commutation, in accordance with Decree 1833 of 2016, as well as the differences arising with the calculation carried out in accordance with IAS 19 – Employee benefits.

The amount included in the consolidated statement of financial position derived from the entity's obligation regarding the defined benefit plans, movements in the present value of the defined benefit obligations of the year in progress, and changes in the fair value of the plan assets in the current period, are presented below:

2020	Pension Plan	Pension Bonds and Titles	Seniority Bonus and Similar	Retirement Bonus	Other Defined Benefit Plans	Total Defined Benefit Plans
Present value of the obligations at January 1st, 2020	**226,993**	**31,154**	**9,762**	**15,227**	**34,361**	**317,497**
Current service cost	-	-	766	787	2,866	4,419
Interest cost for the defined benefits obligation	14,308	513	233	657	2,466	18,177
New measurements of the defined benefits plan						
actuarial (gain) loss for changes in:	18,545	2,159	(443)	1,377	2,901	24,539
Experience	9,899	1,183	(1,055)	182	(1,229)	8,980
Financial assumptions	(9)	-	(6)	-	(15)	(30)
Demographic assumptions	8,655	976	618	1,195	4,145	15,589
Difference in exchange rate	838	-	417	115	1,719	3,089
Benefits paid directly by the company	(20,089)	(2,228)	(345)	(169)	(2,805)	(25,636)
Payments from the plan	-	-	(738)	(5,015)	-	(5,753)
Other changes	796	-	(2,317)	7	(249)	(1,763)
Present value of the obligations at December 31st, 2020	**241,391**	**31,598**	**7,335**	**12,986**	**41,259**	**334,569**
Fair value of the asset plans at January 1st, 2020	**-**	**-**	**7,144**	**-**	**6,767**	**13,911**
Income from "risk-free" interest	482	-	219	-	531	1,232
Yield of asset plans, excluding interest	573	-	458	-	261	1,292
Contributions made by the company	-	-	742	-	565	1,307
Payments from the plan	-	-	(1,351)	-	(2,280)	(3,631)
Gains (losses) arising from settlements	368	-	356	-	-	724
Difference in exchange rate	5,689	-	-	-	-	5,689
Fair value of the asset plans at December 31st, 2020	**7,112**	**-**	**7,568**	**-**	**5,844**	**20,524**
Net Present value of the obligations at December 31st, 2020	**234,279**	**31,598**	**(233)**	**12,986**	**35,415**	**314,045**

2019	Pension Plan	Pension Bonds and Titles	Seniority Bonus and Similar	Retirement Bonus	Other Defined Benefit Plans	Total Defined Benefit Plans
Present value of the obligations at January 1st, 2019	**226,732**	**35,777**	**8,611**	**16,754**	**31,256**	**319,130**
Current service cost	-	-	812	872	2,149	3,833
Interest cost for the defined benefits obligation	14,998	1,494	502	769	2,089	19,852
New measurements of the defined benefits plan						
actuarial (gain) loss for changes in:						
Experience	(1,445)	(245)	594	84	3,098	2,086
Financial assumptions	6,769	656	882	2,272	566	11,145
Demographic assumptions	7	-	-	(26)	(455)	(474)
Difference in exchange rate	14	-	4	(8)	(26)	(16)
Benefits paid directly by the company	(19,960)	(6,528)	(350)	(172)	(4,519)	(31,529)
Payments from the plan	-	-	(1,075)	(5,594)	-	(6,669)
Other changes	(122)	-	(218)	276	203	139
Present value of the obligations at December 31st, 2019	**226,993**	**31,154**	**9,762**	**15,227**	**34,361**	**317,497**
Fair value of the asset plans at January 1st, 2019	**-**	**-**	**7,308**	**-**	**8,546**	**15,854**
Income from "risk-free" interest	-	-	287	-	637	924
Yield of asset plans, excluding interest	-	-	(224)	-	718	494
Contributions made by the company	-	-	778	-	3,871	4,649
Payments from the plan	-	-	(1,075)	-	-	(1,075)
Gains (losses) arising from settlements	-	-	-	-	(7,005)	(7,005)
Difference in exchange rate	-	-	70	-	-	70
Fair value of the asset plans at December 31st, 2019	**-**	**-**	**7,144**	**-**	**6,767**	**13,911**
Net Present value of the obligations at December 31st, 2019	**226,993**	**31,154**	**2,618**	**15,227**	**27,594**	**303,586**

The fair value of the plan's assets is made up as follows:

	2020	2019
Cash and cash equivalent	3,861	3,660
Investment funds	16,663	10,251
Fair value of the plan assets	**20,524**	**13,911**

23.1.1. COMPARATIVE LIABILITY FOR DEFINED BENEFIT PENSION PLANS, SECURITIES AND PENSION BONDS

On December 22nd, 2016, the Ministry of Commerce, Industry, and Tourism issued Decree 2131 by which it is required to disclose the calculation of pension liabilities following the parameters established in Decree 1625 of 2016 and the partial pension commutations under Decree 1833 of 2016, including the differences with the calculation prepared by IAS 19 - Employee Benefits. Below is the comparison between the liabilities of the benefits plans established for pension plans, securities and bonds calculated in accordance with Decree 1625 of 2016 and, in the case of partial pension swaps, in accordance with Decree 1833 of 2016 and with the calculation pursuant to IAS 19 - Employee Benefits, as of December 31st, 2020 and 2019:

	Calculation made in accordance with IAS 19 - Employee Benefits	Calculation made in accordance with Decree 1625 of 2016	Comparison between the liability calculated in accordance with IAS 19 and Decree 1625
Present value of the obligations at			
December 31st, 2020	264,012	224,229	39,783
December 31st, 2019	250,563	220,325	30,238

The main actuarial assumptions used to determine the obligations for the defined benefits plans are the following:

	2020	2019
Colombia		
Inflation rate (%)	2.1%	3.4%
Discount rate (%)	6.3%	6.3%
Salary increase (%)	4.1%	3.9%
Minimum wage increase (%)	4.0%	4.8%
Mortality table	Valid Renters 2008	Valid Renters 2008
Turnover table	50% SOA Pension turnover	50% SOA Pension turnover
Panama		
Inflation rate (%)	2.0%	2.0%
Discount rate (%)	3.3%	3.3%
Salary increase (%)	5.5%	5.5%
Mortality table	Urban population of Panama with 30% adjustment	Urban population of Panama with 30% adjustment
Turnover table	2003 SOA Pensión Plan Turnover Study with an adjustment factor of 150%	2003 SOA Pensión Plan Turnover Study with an adjustment factor of 150%
Honduras		
Inflation rate (%)	4.5%	4.5%
Discount rate (%)	10.5%	10.5%
Salary increase (%)	6.0%	6.0%
Minimum wage increase (%)	6.0%	6.0%
Mortality table	2008 Valid Renters adjusted to 110%	2008 Valid Renters adjusted to 110%
Turnover table	2003 SOA Pension PlanTurnover Study with an adjustment factor of 75%	2003 SOA Pension PlanTurnover Study with an adjustment factor of 75%

The total expense recognized in the period's income statement that represents contributions to defined benefits is $66,171 (2019: $65,413). The Group expects to make contributions of $63,647 (2019: $60,427) for the next annual period.

23.2. Pension plans, securities and pension bonds

PENSION PLANS AND SOCIAL SECURITY CONTRIBUTIONS, COLOMBIA

According to the Colombian Labor Code, the pension benefits granted to employees under the new social security regime (Law 100 of 1993) are accounted for as defined contribution plans, the company covers its obligation to pensions through the payment of contributions to the Social Security Institute (ISS for its Spanish acronym), and/or to the private pension funds under the terms and conditions contemplated by the law.

The pension benefits granted to employees not covered under the new social security regime (Law 100 of 1993), which essentially correspond to senior staff, are accounted as unfunded defined benefit plans. The company must pay retirement pensions or issue pension bonds to their employees or beneficiaries who meet certain requirements regarding age and length of service.

The benefit gives employees the right to a lifetime monthly retirement pension or an old age pension, equivalent to seventy-five percent (75%) of the average wages earned in the last year of service, subject to a minimum payment of a monthly minimum wage and a maximum wage equal to 25 monthly minimum wages. Moreover, two additional payments are made, one in June and one in December.

When the participant expects to receive benefits from the Social Security Institute (ISS), these benefits are deducted from the benefits payable by the company's and therefore reduce the company's obligation. Pension payments increase according to inflation. When a pensioner receives a pension equal to the minimum wage, the pension increases when the minimum wage increases. On the other hand, the death benefit takes place in the event of death after retirement, in which the beneficiary receives 100% of the pension for a period that will depend on each beneficiary. Payments for social security pensions to Pension Administration Funds are the responsibility of the company as employers. For workers who have retired from the company with a conventional or anticipated pension, which in any case is shared, the company continues to make contributions to the pension system until such time the pensioner meets the old-age requirements of the ISS (Colpensiones). Thus, the company is in charge of 100% of pension contributions until those requirements are met. The contribution is calculated based on the value of the pension. Additionally, in terms of healthcare Cementos Argos S.A. partially assumes a percentage of the pensioner's contribution. Additionally, the defined benefit obligation for retirement pensions includes employees of Compañia Industrial Hullera S.A., currently in liquidation, as a result of the normalization process of pension liabilities in which Cementos Argos assumed in a definitive manner the proportion of the obligation that corresponds to it according to the Official Communication of October 9th, 2012, issued by the Ministry of Labor.

PENSION PLAN FOR ROBERTA PLANT, ALABAMA, UNITED STATES

For all our employees in the United States, we fund a retirement savings 401(k) plan which is accounted for as a defined contribution plan. For a group of Roberta plant employees who are compensated hourly and who meet a specific starting date and are represented by the United Steelworkers International Union #9-537, there is a retirement plan attached to the collective work convention.

The benefit of regular retirement is applicable to people who have reached 65 years of age at the time of retirement, valid since May 21st, 2011, in the form of a lifetime monthly annuity (or other optional forms to be chosen before retirement). The normal and special benefit of early retirement is applicable for employees whose age is equal to or over 55 and less than 65 and can certify at least five years of service but less than 30 years of service or can demonstrate 30 years or more of continuous service regardless of age. Some restrictions and reductions in the value of the pension apply to the latter.

Additionally, the following benefits are granted to employees under the plan: severance pay, disability death benefits as long as certain years of service are met.

BENEFIT PENSION GAP AT THE TIME OF RETIREMENT

The benefit of this feature is the provision of a single premium at the time of disassociation with the entity to enjoy the old-age pension, whose value corresponds to the monies needed to close the pension gap with the executive.

23.3. Retirement bonus

Employees covered by any of the collective labor agreements receive a bonus equivalent to eight legal minimum wages when their contract is terminated due to retirement, disability or old age.

23.4. Pension bonds and securities plan, colombia

According to the Colombian Labor Code, employers must pay retirement pensions or issue pension bonds to their employees who meet certain requirements regarding age and length of service. The Group has issued pension securities to them, Pension Bonus Type A Mode 2 and Pension Bond Type A Mode 1. This obligation applies to some areas where the ISS did not have pension cove-rage prior to 1994.

The benefit is conferred upon retirement from the company until such time the participant retires through the Colombian Social Security system. During this period, the company makes contributions to the pension system on behalf of the employee. Pension bonds and titles are resources to contribute to the conformation of the capital needed to finance the pensions of members of the Colombian General Pension System.

23.5. Other defined benefit plans

DENTAL, EDUCATION, DEATH, AND OTHERS, COLOMBIA

Retired employees in Colombia receive a death benefit that increases according to the Consumer Price Index (CPI), equivalent to 5 five legal minimum wages (SMLV for its Spanish acronym). Retired employees of the Valle plant in Colombia receive an education benefit until their death, as well as the children of retirees up to 25 years of age. Beneficiaries receive the amount regardless of the survival of the worker.

Every year the benefit increases according to Consumer Price Index (CPI), as does as the dental benefit until the death of the employee as long as the service is formally requested, with annual increases according to Consumer Price Index (CPI).

RETROACTIVE SEVERANCE PLAN, COLOMBIA

According to Colombian labor law, employees hired before the effect of Law 50 of 1990 are entitled to receive at the end of the employment contract one month's salary for each year of service, and proportionally for each fraction of a year, as a severance benefit for any reason that terminates the employment, including: retirement, disability, death, etc. The benefit is paid at the time of the employee's retirement based on the last salary earned. There may be distributions before the date of retirement at the request of the worker, which are not compulsory. The retroactive severance benefit of workers who signed employment contracts before the entry into force of Law 50 of 1990 are accounted for as unfunded defined plans.

With the entry into force of Law 50 of 1990, the Colombian Government enabled companies to transfer their severance benefit obligation to private pension funds, subject to the approval of their employees.

The severance benefit of all workers hired after the entry into force of Law 50 of 1990 and senior employees who benefited from this system are accounted for as a defined contribution plan.

SENIORITY BONUS AND SEVERANCE PLAN, PANAMA

According to the labor laws of the Republic of Panama, every indefinite employee, who retires from the company for any reason regardless of their age or years of service at the date of retirement, receives an amount of money equal to the average weekly wage in the last five years of service, or of the entire period of service if it is less than five years, for every year or fraction of year of service accumulated by the employee upon retirement.

Moreover, based on Law 44 of 1995 the Labor Code introduced the obligation of the employer to establish a trust through a pension fund administrator to ensure payment to employees of seniority bonuses and damages for unjustified termination. This is known as the Severance Fund which is considered, for commitment valuation purposes, as the asset that supports the payment of the seniority bonus.

SEVERANCE RELIEF PLAN, HONDURAS

According to the provisions of the Honduras Labor Code, compensation accumulated in favor of employees may be paid in the event of unjustified dismissal or death, at a rate of one monthly salary for each year of uninterrupted services with a maximum of 25 years. However, the company's policy is to pay its employees that amount even if they have resigned.

Payment for unionized staff is 100% of benefits (severance and notice). Staff who retires voluntarily receive from 40% of the benefits after one year up to 110% of the benefits after five years of service, the amount is determined based on years of service.

As of December 31st, 2020, and 2019, the Group has no reimbursement rights related to defined benefit plans obligations. The average duration of the defined benefit obligation is as follows:

	Pension plan	Pension Bonds and Titles	Seniority Bonus and Similar	Retirement Bonus	Other defined Benefit Plans	Total average duration
2020 average duration	9.3	3.9	9.7	8.8	9.8	8.8
2019 average duration	9.2	4.3	9.7	9.0	8.6	8.7

	2020		2019	
	Decreases	Increases	Decreases	Increases
Discount rate 100 basis points higher (lower)	343,500	294,007	334,774	289,003
Expected salary growth increases (decreases) by 1%	315,143	318,250	309,142	311,130
Life expectancy increases (decreases) by one year	324,760	307,960	325,977	310,919

The significant actuarial assumptions for the determination of the defined obligation are discount rate, expected salary increases and mortality. The following sensitivity analyses are based on potential reasonable changes in the respective presumptions that occur at the end of the reporting period, while all other assumptions remain constant.

The value reported in the above table is the value of the liabilities for defined benefit plans given the isolated change in the significant estimates defined by the Administration. However, the sensitivity analysis presented above may not be representative of real change in the defined benefit obligation, since assumptions are not likely to change in isolation from one another, given that some of the assumptions may be correlated. Additionally, in the above sensitivity analysis the present value of the defined benefit obligation was calculated using the projected unit credit method at the end of the reporting period, which is the same that was applied when calculating the liabilities of the defined benefit obligation recognized in the statement of financial position.

NOTE 24: PROVISIONS

2020	Litigation, Lawsuits and other contingencies (i)	Decommissioning (ii)	Environmental (iii)	Other Provisions (iv)	Total
Book value at January 1st, 2020	**55,081**	**106,217**	**15,352**	**74,601**	**251,251**
Realized provisions	237,315	113,614	914	43,963	395,806
Utilization of provisions	(154,811)	(1,903)	(934)	(41,861)	(199,509)
Realized reversals	(1,395)	(2,123)	(591)	-	(4,109)
Discount rate adjustment	(4,519)	(108,315)	(3)	-	(112,837)
Conversion effect	(3,465)	2,526	242	3,389	2,692
Other changes	(94)	1,555	586	-	2,047
Book value at December 31st, 2020	**128,112**	**111,571**	**15,566**	**80,092**	**335,341**
Current	127,517	6,854	6,829	12,425	153,625
Non-current	595	104,717	8,737	67,667	181,716
Book value at December 31st, 2020	**128,112**	**111,571**	**15,566**	**80,092**	**335,341**

(i) Cementos Argos S.A. and its subsidiaries are party to judicial proceedings of different natures, both as plaintiffs and defendants, which are being addressed diligently by qualified attorneys hired by the company. Conflicts are of civil, administrative, criminal and tax character. This type of litigation arises in the ordinary course of business of any company the size of Argos, and the company expects a probable outflow of resources. The appropriate reserves have been estimated for these processes based on criteria such as the nature of the process, the evidence contained, economic factors, the possible sentence projected, etc., which will cover the possible unfavorable sentences or decisions that may occur. We believe that the estimated time of resolution for these processes ranges between three (3) and eight (8) years approximately.

The subsidiaries located in the United States self-insures for workers' compensation claims up to $500 per incident, general liability claims up to $350 per incident and automotive claims up to $500 per incident and carries insurance for amounts in excess of these amounts. As of December 31st, 2020, there were a number of claims that remained open. The amount charged to expense for such claims are based upon actual occurrences and management's estimate of the resultant liabilities for each claim. While the ultimate outcome of these claims cannot presently be determined, management believes the amounts of $49,439 and $43,527 provided for such claims in the consolidated financial statements as of December 31st, 2019 and December 31st,2018, respectively, are adequate.

In July 2017, two of the Company's Competitors (Southest Ready Mix, LLC, and Mayson Concrete Inc) filed a lawsuit against them alleging competition law violations, before the United States District Court, for the District of North Georgia, which began to be investigated by the United States Department of Justice (DOJ). As part of the investigations carried out on the subject by the DOJ, Argos USA LLC has been cooperating with the provision of information required by this entity and responding to its different requests.

On January 4, 2021, the Company reached an agreement (Defer Prosecution Agreement - DPA) with the United States Department of Justice, after a long process in which it was accused of participating in anti-competitive practices for the sale of concrete in the Southern District of Georgia. By this agreement, the Company must pay USD 20 million to the United States Treasury. The signing of this agreement represents the closure of contingencies related to the competition practices of former Argos USA employees, who were inherited in the acquisition of a concrete asset in Pooler, Georgia, as part of a large package of assets purchased by Argos USA to another company in 2011. These assets were later sold and no longer belong to Argos USA. As of December 31, 2020, a provision was recognized for the agreed amount of payment.

(ii) Cementos Argos S.A. and its subsidiaries in Colombia are obligated to incur in future costs related to compliance with mining laws regarding the exploitation of mineral resources, the decommissioning of assets and restoration of the environment where these assets were built. This is carried out when a mining operation is completed or when the mining rights expire, whichever happens first.

The maximum execution date of decommissioning obligations is the expiration date of the concession of the mining title, so the economic disbursement is estimated for a five-year period prior to the legal requirement. However, in some cases where the operation is completed in an area covered by a title that is still effective for more than five years, the disbursements are estimated to be made within five years after completion of the operations. In order to determine the best estimate to be used to settle, the administration considers the areas affected by mining exploitation, the mining exploitation schedule and the costs incurred during past dismantling operations.

(iii) Cementos Argos S.A. and its subsidiaries in Colombia are obligated to incur in environmental costs related to forestry compensation for exploitation of quarries and forestry, costs of removal and subsequent disposal of hazardous waste, specifically previously stored PCBs (polychlorinated biphenyls).

For forestry compensations, Cementos Argos S.A. and its subsidiaries in Colombia have pledged to settle their environmental obligations within a maximum period of five years or as indicated by resolution for each identified environmental liability. In order to determine the best estimate to be used, the Administration mainly considers financial variables and planting, maintenance and isolation costs for a four-year period.

(iv) Argos USA LLC, an indirect subsidiary of Cementos Argos SA, may extract limestone ("Chemical Grade Stone," CGS) from a quarry owned by Vulcan Construction Materials LP ("Vulcan") that is adjacent to our plant in Alabama. Under the terms of a reserve exchange agreement with Vulcan, we have the right to extract limestone from the Vulcan quarry. In return, we supply Vulcan with aggregate-grade stone that is unsuitable for cement manufacturing. The reserve exchange agreement gives us the right to mine limestone on Vulcan's property and effectively increases our available reserves. The agreement with Vulcan expires on December 31, 2035, with an option to extend it until December 2045. As of December 31, 2020, and 2019, the estimated amounts of obligations for future extraction of minerals from the mines owned by the Group are $ 67,667 and $ 58,819, respectively.

NOTE 25: PREPAID INCOME AND OTHER LIABILITIES

	2020	2019
Advances received	83,116	126,186
Income received in advance	3,004	3,491
Other liabilities	2,164	1,992
Other non-financial liabilities	**88,284**	**131,669**
Current	86,841	130,035
No-current	1,443	1,634
Other non-financial liabilities	**88,284**	**131,669**

	2020	2019
Liability for resources collected in factoring operation	3,811	16,030
Other current financial liabilities	**3,811**	**16,030**

NOTE 26: OUTSTANDING BONDS AND PREFERRED SHARES

	2020	2019
Outstanding bonds	3,450,811	3,254,101
Preferred shares classified as compound financial instruments	58,810	58,469
Outstanding bonds and preferred shares	**3,509,621**	**3,312,570**
Current	294,511	30,937
No-current	3,215,110	3,281,633
Outstanding bonds and preferred shares	**3,509,621**	**3,312,570**

26.1. Outstanding bonds

Outstanding bonds issued by Cementos Argos S.A., comprise the following as of December 31st, 2020 and 2019.

Issuance	Placement Date	Term	Effective Rate	Interest Payment Method	2020	2019
Issuance 2009	April 28, 2009	15 years	IPC + 7.19%	Quarterly in arrears	229,530	229,530
Issuance 2012	May 16, 2012	10 years	IPC + 4.24%	Quarterly in arrears	299,896	299,896
Issuance 2012	May 16, 2012	15 years	IPC + 4.50%	Quarterly in arrears	303,082	303,082
Issuance 2014	November 27, 2014	10 years	IPC + 3.80	Quarterly in arrears	190,675	190,675
Issuance 2014	November 27, 2014	15 years	IPC + 4.21	Quarterly in arrears	311,707	311,707
Issuance 2016	April 13, 2016	5 years (1)	IPC + 3.74	Quarterly in arrears	73,568	94,768
Issuance 2016	April 13, 2016	10 years (1)	IPC + 4.19	Quarterly in arrears	121,075	121,075
Issuance 2016	April 13, 2016	15 years (1)	IPC + 4.47	Quarterly in arrears	184,157	184,157
Issuance 2017	May 24, 2017	6 years (2)	6.65%	Quarterly in arrears	211,355	211,355
Issuance 2017	May 24, 2017	13 years (2)	IPC + 3.64%	Quarterly in arrears	388,145	388,145
Issuance 2017	May 24, 2017	25 years (2)	IPC + 3.99%	Quarterly in arrears	400,500	400,500
Issuance 2018	June 27, 2018	3 years (3)	IPC + 2.88%	Quarterly in arrears	196,150	215,600
Issuance 2018	June 27, 2018	10 years (3)	IPC + 3.75%	Quarterly in arrears	158,550	158,550
Issuance 2018	June 27, 2018	20 years (3)	IPC + 4.04%	Quarterly in arrears	125,850	125,850
Issuance 2020	November 25, 2020	4,25 years (4)	IPC + 2.24%	Quarterly in arrears	250,000	-
					3,444,240	**3,234,890**

(1) The issue is part of the issue and placement program for ordinary bonds and commercial papers charged to a global quota of $1,000,000, approved through Resolution No. 0422 of the Financial Superintendency of Colombia on March 23rd, 2012.

(2) The issue is part of the issue and placement program for ordinary bonds and commercial papers charged to a global quota of $1,000,000, approved through Resolution No. 0518 of the Financial Superintendency of Colombia on April 3rd, 2017, which also approved the increase of the global quota of the issue and placement program previously approved through Resolution 0422 of 2012.

(3) The issue is part of the issue and placement program for ordinary bonds and commercial papers charged to a global quota of $1,000,000, approved through Resolution No. 0585 of the Financial Superintendency of Colombia on May 10th, 2018.

(4) The issue is the second branch of the issue and placement program for ordinary bonds and commercial papers charged to a global quota of $1,000,000, approved through Resolution No. 0585 of the Financial Superintendency of Colombia on May 10th, 2018.

All issues are rated AA with a stable outlook by the rating agency Fitch Ratings Colombia S.A., and they are nominative securities issued to order and traded on the secondary market through the Colombian Stock Exchange. During 2020 financial expenses for interest were recorded in the amount of $225,064 (2019: $229,840) for the ordinary bonds and $2,443 (2019: $5,527) for the preferred shares.

26.2. Preferred shares

Per the approval of the General Shareholder's Meeting of March 15th, 2013, Cementos Argos carried out the issuance and placement of shares with preferential dividends and no voting rights (hereinafter, preferred shares) in May of 2013 for $1,610,824, allocating 209,197,850 preferred shares with a subscription price of $7,700 per preferential share, as determined by the Board of Directors of the Company.

The issuance of preferred shares is a compound financial instrument. The issuer, for its subsequent recognition and measurement, identified the debt and equity components by assessing the contractual terms of the instrument as well as the issuer's obligations. Given the contractual obligation of the issuer to pay the minimum annual dividend to shareholders if the company generates profits, the issuance incorporates a component of financial liability. Once this liability has been measured, the difference between the value received and the value of the obligation constitutes an equity component. The part corresponding to the financial liability should be measured at least during each interim period and have their impact on the result of the period recognized; the equity element is not subject to further measurement.

Cementos Argos determined the liability component by discounting the cash flows of the minimum preferential dividend, which were calculated in perpetuity based on the provisions of section 11.1.1 of the issue's prospectus. The discount rate applied corresponded to the market rate on the date of issuance of similar instruments that did not incorporate an equity component. Considering the difficulty of identifying a financial instrument on the market with the same characteristics as the issuance, the financial liability discount rate was determined by referencing the current yield of longer-term bonds issued by Cementos Argos in Colombian pesos. For this purpose, the valuation rate of Cementos Argos' 2024 bonds issuance, issued in May 2012 at long-term (15 years) is indexed to the CPI.

Preferred shares had a minimum yearly dividend of 3% on the subscription price that was paid during the first 12 quarters starting from the date of placement. In April 2016, the latter minimum dividend corresponding to 3% per annum on the subscription price was paid and after the thirteenth quarter the annual dividend will be $10 per share, which will increase with the annual CPI of the previous year. The prospectus of the issuance does not contain options to buy or sell the preferred shares.

Shareholders with preferential dividends and no voting rights are entitled to receive a minimum dividend in a preferential manner compared to the one corresponding to ordinary shares, provided they generated distributable profits during the immediately preceding fiscal year. Under no circumstances will the dividends received by holders of ordinary shares exceed the ones decreed in favor of preferred shares, the preferential reimbursement of their contributions – once the external liabilities have been paid – in the event of the dissolution and liquidation of the issuer, and other rights provided for in the bylaws of the issuer for holders of ordinary shares, except (i) to subscribe ordinary shares preferentially, and (ii) to vote on the proposals in the General Shareholder's Meeting of the issuer. By way of exception, preferred shares will grant their holders the right to vote in the events described in the placement and issuance prospectus.

The liability recognized by the issuance of preferred shares is composed of the valuation of the debt component and the reduction of direct issuance costs allocated to the liability component, according to the percentage of participation of each component in the amount of issuance. Issuance costs in the amount of $7,157 were included in the financial liability at the time of initial recognition. The debt component is measured at amortized cost using the effective interest rate. The effective interest rate for the subsequent measurement of the debt component at amortized cost was determined by matching cash flows receivable or payable estimated over the expected life of the financial instrument to the net book value of the liability component at the time of initial recognition. The financial liability increases with the recognition of interest at the effective interest rate and decreases as the dividends for preferred shareholders are accounted for.

NOTE 27: FINANCIAL INSTRUMENTS

27.1. Capital risk management

The Group manages its capital from a long-term perspective, seeking to maintain a balanced, efficient and flexible capital structure to safely accompany and support the growth process of the organization. The Group considers equity shares, both ordinary and preferential, short and long-term financial obligations, and ordinary bonds as capital. The Group is not subject to externally imposed capital requirements.

The Group uses the Net debt/EBITDA + dividends indicator to monitor the capital structure. The net debt consists of financial obligations minus cash and temporary investments. This indicator allows us to establish the Group's level of leverage with regard to its generation of cash. Additionally, this indicator is included in the company's long-term loan agreements. Other indicators such as the debt's short-term and long-term relation, average life, and free cash flow, also are taken into account to analyze the capital structure. In line with the above, a correct balance between debt and equity is maintained.

The Group periodically monitors that the Net debt/EBITDA + dividends leverage indicator stays within a specific range that enables a sustainable growth and the achievement of the goals set by the Administration. In addition to the generation of EBITDA, the Group may issue capital or divest its share portfolio, which at the end of 2020 was valued at $714,123 (2019: $959,383 million).

In order to manage other indicators such as the average life of the debt, and the short and long-term distribution of it, there are available credit lines at national and international banks as well as the possibility to access the capital market through the issuance of ordinary bonds and/or commercial papers on the local market.

The level of indebtedness of the Group maintains an appropriate balance between foreign currencies, naturally hedging assets and liabilities in the same currency. The relationship between the debt in dollars and the EBITDA generated by operations in the US and Central American and Caribbean countries, which generate most of their flows in dollars, provides a natural hedge for the debt in dollars.

In 2020, and the comparative period, there have been no significant changes to the objectives, policies, or capital management processes of the Group.

27.2. Categories of financial instruments

	2020	2019
Cash and cash equivalents (Note 6)	612,014	353,211
Fair value with changes in the income (Note 8)	4,472	6,137
Instruments derived from hedging relationships (Note 7)	66	4,030
Financial assets measured at amortized cost (Note 9)	1,061,513	1,176,447
Financial assets measured at fair value with changes in other comprehensive income (Note 8)	731,940	976,493
Financial assets	**2,410,005**	**2,516,318**
Instruments derived from hedging relationships (Note 7)	117,551	65,029
Financial liabilities measured at amortized cost	7,807,469	7,955,289
Financial liabilities	**7,925,020**	**8,020,318**
Net Financial liabilities	**5,515,015**	**5,504,000**

27.2.1. FINANCIAL ASSETS MEASURED AT FAIR VALUE WITH CHANGES IN OTHER COMPREHENSIVE INCOME

	2020	2019
Grupo de Inversiones Suramericana S. A.	712,473	958,231
Carvajal Pulpa y Papel S. A.	619	619
Cemex S. A.	1,650	1,152
Other investments	17,198	16,491
	731,940	**976,493**
Dividends recognized during the period related with Investments remain at the end of the period	17,914	15,776
Dividends recognized during the period related with Investments sold during the period	-	857

Equity investments indicated in the table above are not held for negotiation purposes, they are held for strategic purposes in the medium and long term. The Administration believes that this classification for these strategic investments provides more reliable financial information, rather than reflecting changes to their fair value immediately in the results of the period.

As of January 2020, the Group made transfers from other comprehensive income to retained earnings for $ 8,090 due to the sale of the investments on Colombiana de Empaques S.A. and Papeles y Cartones S.A to the company Smurfit Kappa Centroamérica.

As of December 31, 2020, the Group made transfers from the other comprehensive income to accumulated earnings of $ 13,934, due to the disposition of 2,308,930 shares of Cartones de Colombia S.A. measured at fair value with changes through other comprehensive income. The value of the investment derecognized during the period is $ 15,077, and the value obtained in the sale is $ 7,620.

27.2.2. RECLASSIFICACION OF FINANCIAL ASSETS

During the current and previous period, the Group has not made changes to the business model for the management and administration of financial assets, therefore it has not reclassified financial assets from the category of fair value to amortized cost, or vice versa.

27.3. OBJETIVES OF FINANCIAL RISK MANAGEMENT

The Group's financial policies are defined by the Corporate Finance committee and managed by the Corporate Finance Management, and they seek to ensure a solid financial structure and maintain the Group's exposure to market, liquidity and credit risks at tolerable levels according to the nature of the operations and in accordance with the defined policies and limits of exposure and attribution. The Group is exposed to exchange rate, interest rate, credit and liquidity risks. The risk is eliminated or mitigated to tolerable levels of exposure by using natural hedging or financial derivatives, to the extent permitted by the market. The use of financial derivatives for speculative purposes is not allowed.

Special operations such as acquisitions and issues of shares or bonds may temporarily exceed the limit established by the Administration, a situation that is controlled by permanently monitoring the volatility and the execution of investment plans associated with the specific transaction that was carried out.

27.3.1. EXCHANGE RATE RISK

The Group is exposed to exchange rate risk as a result of the investments held in subsidiaries with functional currencies other than the Colombian peso and of transactions in currencies other than its functional currency. The fluctuations in exchange rates have a direct impact on the cash and on the consolidated financial statements. The Group monitors the risk of exchange rate by analyzing the exposure in the balance sheet and the cash flow.

The analysis of exposure to exchange rate risk is performed on the subsidiaries whose functional currency is not the dollar, and that floats freely without exchange controls, subsidiaries located in countries with currency exchange controls have low volatility in the fluctuations of exchange rates. The exposure of the consolidated statement of financial position is determined by calculating the net position in dollars, which is made up of the liabilities and assets in dollars of those companies and aims to minimize the volatility of the exchange difference item in the consolidated income statement. The exposure of cash flows is monitored by analyzing the offset of income and expenses in foreign currency, while seeking to generate equivalent income and expenses during the period in order to minimize the sale and purchase of dollars on the spot market. When the occurrence of a short or long cash flow is certain, it is hedged using financial derivatives. A significant portion of our net assets is denominated in dollars by the Group's subsidiaries in the United States, there is also a high exposure to the Colombian peso-dollar exchange in Colombian subsidiaries. In the subsidiaries in the Colombian geographic segment, the net position at the end of 2020 was 12.5 million dollars short (2019: 4.9 million dollars short).

The concentration of exchange rate risk is measured against the limit of the net position of +/- USD 30 million. As the net position of the Group moves away from that figure, the concentration of exchange rate risk is considered to increase.

The carrying amounts of assets and liabilities denominated in foreign currencies at the end of the reporting period are as follows:

	Monetary Assets		Monetary Liabilities		Net exposure	
	2020	2019	2020	2019	2020	2019
United States dollar, expressed in millions of pesos	1,418,133	1,379,515	748,244	730,854	669,889	648,661
United States dollar, expressed in thousands of pesos	413,149	420,951	217,988	223,016	195,161	197,935
Euro, expressed in millions of pesos	211	73	2,679	1,987	(2,468)	(1,914)
Euro, expressed in thousands of pesos	50	20	638	540	(588)	(520)

27.3.2. INTEREST RATE AND INFLATION RISK MANAGEMENT

The interest rate risk arises mainly from loans paid at a fixed rate or variable rate. The Group measures interest rate risk through the exposure to floating rates and fixed rates of the Group's consolidated debt. In the case of variable rates, a deterioration of the rates at which the financial instruments are indexed could have a negative impact on the consolidated financial expenses or income. In the case of fixed rates, overexposure would put the Group at a disadvantage to as market conditions improve, as long as the financial instruments are held to maturity.

The concentration of interest rate risk appears when a very high exposure to a particular indexer is detected in the portfolio of financial debt. The Group considers that an exposure of between 20% and 30% of the fixed rate of its total consolidated debt is optimal.

A very different ratio than this would indicate a concentration of any of the references. The company's debt profile is reported monthly, indicating the FR vs. VR levels of concentration, distribution by term (short term vs. long term) and distribution by currency (COP vs. USD vs. other currencies). With these results, decisions are made to manage the debt portfolio, such as payment of obligations, structuring financial derivatives to balance the position in interest rates and/or currencies, etc. As of December 31st, 2020, 23% of the consolidated debt was agreed at a fixed interest rate (2019: 27%).

The reference interest rates of the Colombian financial market that generate exposure for the Group are the CPI, DTF and IBR, and the international reference rate Libor for loans in dollars. The Group has not considered exposure to other local or international rates.

27.3.3. CREDIT RISK MANAGEMENT

The credit risk derived from financial assets that implies the risk of the counterparty defaulting is reduced by evaluating and assessing clients with exposure or who require credit beyond the established limits and actual collateral.

The credit risk derived from the investments made by the Group in the financial system is monitored through the use of an issuer quota model, which stipulates the maximum amount that the company may have invested in an American, European, Honduran, or Colombian bank, where most of the Group's cash is concentrated. The policy restricts the amount of investment in banks to the limit calculated by the model quotas, without the authorization of the Financial Vice President. The models incorporate variables such as national and international rating, leverage indicators, and bank liquidity indicators. When the amounts invested in a bank exceed the values calculated by the quotas model, the risk is considered to be highly concentrated in a single issuer. The company balances that concentration, when the market permits, by divesting the issuer that has exceeded the amount stipulated by the model and recomposing the investments with different alternatives, according to the calculated quotas. For banks that are not part of the model, the company does not measure the issuer quota risk. In turn, banks that are not part of that model are entities in which there are no significant investments at the time of this report.

27.3.4. LIQUIDITY RISK MANAGEMENT

The Group has financial obligations with counterparties in the banking system and in the capital market. To mitigate the liquidity risk in the possible renewals of these credits, the Group plans the concentration of maturities monthly in order to avoid accumulating very high maturities in any given month of the year. Additionally, it has a broad portfolio of liquidity providers in different currencies, types of indexers and terms, including national banks, international banks, commercial financing companies, stockbrokers and issuance of bonds and trade papers in the capital market as a recurring issuer. The balance of the debt distribution by term is another clear objective of management, with the goal of not concentrating more than 30% of financial liability maturities in the short term. The duration in years of financial liabilities is monitored every month, and the goal is to not fall below the 3.5 year average life. These debt duration objectives may be affected at specific times by acquisitions, divestments, etc., involving bridging or short-term financing while adjusting the capital structure to the objectives set. Therefore, the Group has uncommitted credit quotas in national and international banks in a sufficient amount to cover any eventuality. The Group is also exposed to liquidity risk for breach of their financial commitments (covenants), which would trigger cross-compliance clauses in other contracts. To mitigate this risk, monthly financial covenants are tracked and reported to management.

27.4. Foreign currency sensitivity analysis

The Group is primarily exposed to the US Dollar. The following table lists the Group's sensitivity to an increase and decrease of 20% of the Colombian peso against the relevant foreign currencies after considering the effect of hedge accounting. Twenty percent represents the sensitivity rate used when reporting exchange rate risk internally to key management personnel and represents the management's evaluation of possible reasonable changes in exchange rates. The sensitivity analysis only includes outstanding monetary items denominated in foreign currencies and adjusts their conversion at the end of the period with a change of 20% in exchange rates. The sensitivity analysis includes external loans as well as loans to foreign operations within the Group where the denomination of the loan is in a currency other than the one used by the lender and the borrower. A positive number indicates an increase in the results where the Colombian peso is strengthened by 20% against the relevant currency. If the Colombian peso is weakened by 20% against the reference currency, this would have a comparable impact on the results and the following balances would be negative.

During the period, there have been changes in the methods and hypotheses used for the sensitivity analysis, going from 25% to 20% as a standard for the policies established by the Group.

	2020	2019
20% increase in the US dollar with respect to the functional currency		
Profits before taxes, expressed in millions of pesos	128,269	129,732
Equity	(16,521)	(8,733)

FOREIGN CURRENCY SENSITIVITY ANALYSIS IN THE CONSOLIDATED FINANCIAL STATEMENTS

The sensitivity analysis uses a 20% increase or decrease on the closing and moving average exchange rate, which represents management's assessment of the possible reasonable change in exchange rates.

	2020	2019
20% increase in the US dollar with respect to the functional currency		
Profits before taxes, expressed in millions of pesos	90,596	103,936
Other Comprehensive Income, expressed in millions of pesos	1,557,042	1,541,356

A 20% drop in the Colombian peso against the US dollar would have produced the opposite effect. All other variables are assumed to be constant for the analysis.

27.5. Interest rates and inflation indexes sensitivy analysis

The following sensitivity analysis has been determined based on the exposure to interest rates and inflation indexes for both derivative and non-derivative instruments at the end of the reporting period. For liabilities at variable rates, an analysis is prepared assuming the amount of outstanding liabilities at the end of the reporting period have been the same outstanding liabilities for the entire year. Upon internally informing key management personnel of the interest rate risk an increase or decrease of 100PB on the rate of the indexer, which represents the management's evaluation of the possible reasonable change in the interest rates.

During the period, there have been changes in the methods and hypotheses used for the sensitivity analysis, going from 25% to 100PB as a standard for the policies established by the Group.

	IPC		Libor		IBR	
	2020	2019	2020	2019	2020	2019
Increase of 100PB on the indexer's sport rate						
Profits before taxes, expressed in millions of pesos	32,329	30,235	16,030	14,649	3,453	1,500
Other comprehensive income	-	-	(36,143)	(45,943)	-	-

27.6. Derivatives contracts from interest rate and inflation indexes

The following table details the foreign currency derivative contracts and the notional principal amounts and remaining terms of interest rate swap contracts outstanding under hedge accounting at the end of the reporting period:

	Average derivative contract rate		Notional Value of the Underlyingin Colombian Pesos [1]		Fair Value of Assets (Liabilities)	
	2020	2019	2020	2019	2020	2019
U.S. dollar						
Purchase Forward, 1 year or less	3,693	3,408	298,830	416,806	(21,545)	(15,666)
Purchase swap, 1 year to five years	3,704	-	102,975	-	(9,664)	-
Total foreign currency derivative contracts			**401,805**	**416,806**	**(31,209)**	**(15,666)**
Interest rate swap, cash flow hedging						
1 year or less			-	163,857	-	(289)
From 1 to 5 years			1,029,750	983,142	(74,132)	(48,719)
5 years or more			205,950	196,628	(12,144)	3,675
Total interest rate derivative contracts			**1,235,700**	**1,343,627**	**(86,276)**	**(45,333)**
Total foreign currency derivatives and interest rates			**1,585,741**	**1,760,433**	**(117,485)**	**(60,999)**

[1] The notional value of the underlying includes values in American dollars. For disclosure purposes these amounts have been converted into Colombian pesos using the closing exchange rate in effect for each reporting date.

27.7. Interest and liquidity risk tables

The following tables detail the remaining contractual maturity of the Group's non-derivative financial liabilities with agreed-upon reimbursement periods. The tables have been designed based on the undiscounted cash flows of financial liabilities based on the date on which the Group must make payments. The tables include both cash flows of interest and principal. When the interest is at the variable rates, the undiscounted amount is derived from the interest rate curves at the end of the reporting period. The contractual maturity is based on the minimum date on which the Group must make the payment.

	Weighted Average Effective Interest Rate	1 year or less	From 1 to 5 years	5 years or more	Total contractual cash flows	Book Value
December 31st, 2020						
Non-interest bearing liabilities		1,017,385	33	-	1,017,418	1,017,418
Instruments with variable interest rates	4,65%	1,130,228	4,004,461	3,010,471	8,145,160	6,484,133
Instruments with fixed interest rates	4,98%	45,097	231,875	-	276,972	243,296
Other liabilities	Libor+1,60	6,163	10,013	197,512	213,688	62,621
		2,198,873	**4,246,382**	**3,207,983**	**9,653,238**	**7,807,468**
December 31st, 2019						
Non-interest bearing liabilities		1,220,127	1,159	-	1,221,286	1,221,286
Instruments with variable interest rates	6.57%	1,331,630	4,202,017	3,486,568	9,020,215	6,394,120
Instruments with fixed interest rates	4.86%	40,149	245,592	-	285,741	265,383
Other liabilities	Libor+1,60	2,295	9,769	200,108	212,172	74,500
		2,594,201	**4,458,537**	**3,686,676**	**10,739,414**	**7,955,289**

The following table details the Group's liquidity analysis for its derivative financial instruments. The table has been designed based on the discounted contractual net cash flows that are paid on a net basis, and the discounted gross cash flow of the derivatives that require gross payment. When the amount payable or receivable is not fixed, the amount disclosed has been determined by referencing projected interest rates as illustrated by the yield curves at the end of the reporting period. As of December 31st, 2020, and 2019, the Group does not have any derivative contracts that are settled based on their gross amount.

	December 31st, 2020				December 31st, 2019			
	1 year or less	From 1 to 5 years	5 years or more	Total	1 year or less	From 1 to 5 years	5 years or more	Total
Net settlement amount:								
Forward	(21,545)	-	-	(21,545)	(15,666)	-	-	(15,666)
Swaps	-	(83,796)	(12,144)	(95,940)	(289)	(48,719)	3,675	(45,333)
	(21,545)	**(83,796)**	**(12,144)**	**(117,485)**	**(15,955)**	**(48,719)**	**3,675**	**(60,999)**

27.8. Collateral

At the end of 2020, the Group has no financial assets pledged as collateral for financial liabilities or contingent liabilities.

In 2019, the financial assets pledged as collateral are as follows:

- The Group had pledged 5,200,000 shares of the issuer Grupo de Inversiones Suramericana S.A. to the financial institution Bancolombia as collateral for financial liabilities. These shares were not pledged to a specific obligation, and their purpose was to support the Group's overall line of credit. The book value of the financial assets the Group has pledged as collateral for financial liabilities is $0 (2019: $176,800).

- In 2015, the Group pledged all the shares it holds in the subsidiary Argos Puerto Rico LLC to the Banco Popular Dominicano as collateral for financial liabilities. In 2020 the payment of the obligation was made, thereby releasing the guarantee. The value of the net assets of the subsidiary subject as collateral for financial liabilities at December 31st, 2020 is $0 (2019: $148,657). The Group has not received financial or non-financial assets as collateral as of December 31st, 2020 and 2019 that it is allowed to sell or pledge without a default by the collateral's owner.

27.9. Fair value of financial assets and liabilites

The Group determines the fair value of all its financial assets and liabilities in the reporting period for measurement or disclosure in the financial statements.

The following table shows, for each of the levels of fair value hierarchy, the Group's assets and liabilities measured at fair value at December 31st, 2020 and 2019:

	December 31st, 2020			December 31st, 2019		
	Level 1	Level 2	Total Fair Value	Level 1	Level 2	Total Fair Value
Financial derivatives	-	117,551	117,551	-	65,029	65,029
Liabilities Measured at Fair Value	**-**	**117,551**	**117,551**	**-**	**65,029**	**65,029**
Financial Assets at fair value:						
In profit or loss	4,472	-	4,472	6,137	-	6,137
In other comprehensive income	714,742	17,198	731,940	960,002	16,491	976,493
Financial derivatives	-	66	66	-	4,030	4,030
Assets Measured at Fair Value	**719,214**	**17,264**	**736,478**	**966,139**	**20,521**	**986,660**
Net Assets (Liabilities) Measured at Fair Value	**719,214**	**(100,287)**	**618,927**	**966,139**	**(44,508)**	**921,631**

The book value and the estimated fair value of the Group's assets and liabilities not recognized at fair value in the consolidated financial position statement, but which require disclosure at book value as of December 31st, 2020 are as follows:

	December 31st, 2020		December 31st, 2019	
	Book Value	Fair Value, Level 2	Book Value	Fair Value, Level 2
Non-interest-bearing liabilities	1,017,418	1,017,418	1,221,286	1,221,286
Instruments with variable interest rates	6,484,133	6,344,996	6,394,120	6,671,586
Instruments with fixed interest rates	243,296	252,776	265,383	269,466
Other liabilities	62,621	59,354	74,500	72,809
Liabilities Measured at Fair Value	**7,807,468**	**7,674,544**	**7,955,289**	**8,235,147**
Cash and cash equivalents	612,014	612,014	353,211	353,211
Accounts receivable	1,061,513	1,061,816	1,176,447	1,176,431
Assets Measured at Fair Value	**1,673,527**	**1,673,830**	**1,529,658**	**1,529,642**
Net Liabilities Measured at Fair Value	**(6,133,941)**	**(6,000,714)**	**(6,425,631)**	**(6,705,505)**

As of December 31st, 2020, and 2019, there were no transfers between fair value hierarchy levels, or changes to the assets and liabilities measured at fair value on a recurrent basis using unobservable variables classified as Level 3 fair value hierarchy.

27.10. Reconciliation between changes in liabilities and cash flows arising from financing activities

2020	Financial obligations and other financial liabilities	Lease liability	Dividend liability	Derivative liabilities, net	Bonds and compound financial instruments	Total liabilities with impact on financing cash flows	Noncon-trolling interest	Total liabilities and non-controlling interest
Balance at January 1, 2020	**3,421,433**	**954,107**	**112,104**	**60,999**	**3,312,570**	**7,861,213**	**814,749**	**8,675,962**
Payments of loans and debt instruments	(2,610,917)	-	-	-	-	(2,610,917)	-	(2,610,917)
Proceeds from loans	2,294,456	-	-	-	-	2,294,456	-	2,294,456
Interest paid	(136,991)	(45,367)	-	-	(237,086)	(419,444)	-	(419,444)
Dividends paid on ordinary shares	-	-	(319,300)	-	-	(319,300)	-	(319,300)
Bond issue	-	-	-	-	249,382	249,382	-	249,382
Payments for lease liabilities	-	(141,576)	-	-	-	(141,576)	-	(141,576)
Payments from financial derivatives contracts	-	-	-	(114,287)	-	(114,287)	-	(114,287)
Collection from financial derivatives contracts	-	-	-	105,497	-	105,497	-	105,497
Dividends paid on preferred shares	-	-	(45,587)	-	(2,103)	(47,690)	-	(47,690)
Payment of outstanding bonds	-	-	-	-	(40,650)	(40,650)	-	(40,650)
Purchases from non-controlling interests	-	-	-	-	-	-	(2,512)	(2,512)
Other cash inflows	-	-	-	-	-	-	9,091	9,091
Change in cash flows used in financing activities	**(453,452)**	**(186,943)**	**(364,887)**	**(8,790)**	**(30,457)**	**(1,044,529)**	**6,579**	**(1,037,950)**
Interest recorded	125,470	45,367	-	46,667	226,323	443,827	-	443,827
Declared cash dividends in equity	-	-	402,589	-	-	402,589	-	402,589
Foreign currency conversion	163,267	39,119	(1,326)	1,198	-	202,258	-	202,258
New leases, net of derecognition	-	(46,122)	-	-	-	(46,122)	-	(46,122)
Fair value measurement of derivatives	-	-	-	36,477	-	36,477	-	36,477
Unrealized exchange rate	24,397	(2,051)	-	(19,066)	-	3,280	-	3,280
Capitalization of borrowing costs	-	-	-	-	1,185	1,185	-	1,185
Transfer of lease liabilities	(686)	686	-	-	-	-	-	-
Other changes	-	(76,026)	(871)	-	-	(76,897)	51,488	(25,409)
Changes other than cash flows	**312,448**	**(39,027)**	**400,392**	**65,276**	**227,508**	**966,597**	**51,488**	**1,018,085**
Balance at December 31, 2020	**3,280,429**	**728,137**	**147,609**	**117,485**	**3,509,621**	**7,783,281**	**872,816**	**8,656,097**

2019	Financial obligations and other financial liabilities	Lease liability	Dividend liability	Derivative liabilities, net	Bonds and compound financial instruments	Total liabilities with impact on financing cash flows	Noncon-trolling interest	Total liabilities and non-controlling interest
Balance at January 1, 2019	**3,846,650**	**-**	**104,080**	**21,104**	**3,379,202**	**7,351,036**	**830,651**	**8,181,687**
Payments of loans and debt instruments	(2,777,535)	-	-	-	-	(2,777,535)	-	(2,777,535)
Proceeds from loans	2,404,478	-	-	-	-	2,404,478	-	2,404,478
Interest paid	(157,361)	(51,320)	-	-	(243,388)	(452,069)	-	(452,069)
Dividends paid on ordinary shares	-	-	(367,816)	-	-	(367,816)	-	(367,816)
Payments for lease liabilities	-	(173,035)	-	-	-	(173,035)	-	(173,035)
Payment of outstanding bonds	-	-	-	-	(70,350)	(70,350)	-	(70,350)
Dividends paid on preferred shares	-	-	(47,655)	-	(2,239)	(49,894)	-	(49,894)
Collection from financial derivatives contracts	-	-	-	39,913	-	39,913	-	39,913
Payments from financial derivatives contracts	-	-	-	(25,327)	-	(25,327)	-	(25,327)
Other cash inflows	-	-	-	-	-	-	9,968	9,968
Change in cash flows used in financing activities	**(530,418)**	**(224,355)**	**(415,471)**	**14,586**	**(315,977)**	**(1,471,635)**	**9,968**	**(1,461,667)**
New leases, net of derecognition	-	1,040,404	-	-	-	1,040,404	-	1,040,404
Interest recorded	159,780	51,277	-	15,473	235,367	461,897	-	461,897
Declared cash dividends in equity	-	-	419,309	-	-	419,309	-	419,309
Foreign currency conversion	27,790	(1,952)	4,090	567	-	30,495	-	30,495
Fair value measurement of derivatives	-	-	-	21,883	-	21,883	-	21,883
Capitalization of borrowing costs	-	-	-	-	13,977	13,977	-	13,977
Loss of control of a business	-	(6,254)	-	-	-	(6,254)	-	(6,254)
Unrealized exchange rate	10,638	1,885	-	(12,614)	-	(91)	-	(91)
Transfer of lease liabilities	(93,008)	93,008	-	-	-	-	-	-
Other changes	1	94	96	-	1	192	(25,870)	(25,678)
Changes other than cash flows	**105,201**	**1,178,462**	**423,495**	**25,309**	**249,345**	**1,981,812**	**(25,870)**	**1,955,942**
Balance at December 31, 2019	**3,421,433**	**954,107**	**112,104**	**60,999**	**3,312,570**	**7,861,213**	**814,749**	**8,675,962**

NOTE 28: ISSUED CAPITAL

The authorized capital consists of 1,500,000,000 shares with a nominal value of $416 each. The subscribed and paid-in capital is made up of 1,215,247,885 made up of ordinary shares and 209,197,850 preferred shares. The treasury stock is made up of 63,575,575 shares. At December 31st, 2020 and 2019 the number of shares in circulation was 1,360,870,160.

	2020	2019
Authorized capital		
1.500.000.000 ordinary shares with a nominal value of $416	624,000	624,000
Subscribed and paid capital		
1.215.247.885 ordinary shares with a nominal value of $416	505,543	505,543
209.197.850 preferred shares with a nominal value of $416	87,027	87,027
	592,570	**592,570**

Investments in Group associates and joint ventures do not hold common or preferred shares of Cementos Argos S.A. or any of its subsidiaries at the reporting date and comparative periods.

The Group has not received ordinary or preferred shares for option contracts or contracts for the sale of shares.

Cementos Argos S.A. may only acquire its own shares by decision of the General Shareholders' Meeting with a favorable vote of the number of shares subscribed determined by law, with funds taken from the net profits and provided that such shares are fully paid.

28.1 Reconciliation of paid ordinary shared and preferred shares

		Number of Shares	Social Capital	Share Placement Premium	Total
Balance at December 31, 2020 and 2019	Paid Ordinary Shares	1,215,247,885	505,543	175,675	681,218
Balance at December 31, 2020 and 2019	Preferred Shares	209,197,850	87,027	1,374,068	1,461,095
			592,570	**1,549,743**	**2,142,313**

Each ordinary share gives its owner the right to participate in the decisions of the General Shareholders' Meeting and vote in it, trade the shares freely, inspect the books and social papers freely during the fifteen (15) business days prior to the General Meeting in which the year-end financial statements are examined, and receive a proportionate share of the social assets at the time of settlement and once the company's external liabilities have been paid, among others included in the bylaws.

During all new issues of ordinary shares, the holders of ordinary shares have the right to subscribe preferentially a proportional amount to those they already hold on the date in which the competent social agency approves the subscription regulations.

Holders of shares with preferential dividends and no voting rights are entitled to receive a minimum dividend preferentially compared to the one corresponding to ordinary shares, as long as distributable profits were generated in the financial year immediately preceding. Under no circumstances will the dividends received by holders of ordinary shares exceed the ones decreed in favor of preferred shares, the preferential reimbursement of their contributions – once the external liabilities have been paid – in the event of the dissolution and liquidation of the issuer, and other rights provided for in the bylaws of the issuer for holders of ordinary shares, except (i) to subscribe ordinary shares preferentially, and (ii) to vote on the proposals in the General Shareholder's Meeting of the issuer. By way of exception, preferred shares will grant their holders the right to vote in the events described in the placement and issuance prospectus.

The issuance of preferred shares qualifies as a compound financial instrument. The Group, for its subsequent recognition and measurement, identified the debt and equity components by assessing the contractual terms of the instrument as well as the issuer's obligations. Given the contractual obligation of the issuer to issue cash or other financial assets to shareholders, the issuance incorporates a component of financial liability. Once this liability has been measured, the difference between the value received and the value of the obligation constitutes an equity component. The part corresponding to the financial liability should be measured at least during each interim period and have their impact on the result of the period recognized, the equity element is not subject to further measurement

NOTE 29: RESERVES AND OTHER COMPREHENSIVE INCOME

29.1. Reserves

The Group's consolidated reserves include the value of the reserves of Cementos Argos S.A., and its participation in changes of the reserves of subsidiaries, associates and joint ventures accounted for using the equity method, these last two categories in the percentage held by the Group after the date of first adoption of the IFRS. The following table shows separately the legal reserve and other reserves of Cementos Argos S.A., the controlling entity and those corresponding to subsidiaries, associates and joint ventures.

	Legal Reserve	Reserve for treasury stock	Other reserves	Total Reserve
December 31st, 2020				
Cementos Argos S. A., controlling entity	115,241	113,797	213,671	442,709
Subsidiaries, associates and joint ventures	3,810	-	134,960	138,770
Total Cementos Argos S.A. and investee	**119,051**	**113,797**	**348,631**	**581,479**
December 31st, 2019				
Cementos Argos S. A., controlling entity	103,060	113,797	445,882	662,739
Subsidiaries, associates and joint ventures	3,810	-	132,463	136,273
Total Cementos Argos S.A. and investee	**106,870**	**113,797**	**578,345**	**799,012**

LEGAL RESERVE

Domestic companies are required to appropriate as reserves 10% of its annual net profits until the balance of this reserve is equivalent to 50% of the subscribed capital. As of December 31st, 2020 and 2019, the value of the legal reserve amounts to $119,051 y $106,870 respectively. For both years the reserve was above the legally established amount.

The reserve is not distributable before the liquidation of the company, but it should be used to absorb or reduce annual net losses. Appropriations in excess of the aforementioned 50% are freely available to the General Shareholders' Meeting.

RESERVE FOR TREASURY STOCK

The reserve for treasury stock, per the provisions of the Code of Commerce, is only distributable to shareholders when the shares are sold again. While the shares belong to the company the rights attached thereto shall remain suspended.

RESERVE FOR TAX PROVISIONS

It is a mandatory reserve that originates from a requirement of the Colombian Tax Statutes to appropriate the equivalent of 70% of the highest value requested by tax depreciation. According to legal provisions, this reserve can be liberated as the depreciations that are accounted for later exceed those requested annually for tax purposes, or when the assets that generated the greatest deducted value are sold.

OCCASIONAL RESERVES AVAILABLE TO THE HIGHEST CORPORATE BODY AND OTHER RESERVES

In addition to the reserves established by law or the bylaws, the General Shareholders' Meeting may constitute freely available reserves for specific purposes. On March 20, 2020, the General Shareholder Meeting authorized the release of $232,212 from the non-taxable reserve for extensions and investments, in order to distribute dividends to the shareholders.

29.2. Other comprehensive income net of taxes, attributable to the parent company

During 2020, The Group undertake transfers from other comprehensive income to accumulated earnings $8,091 (2019: $18,587).

These correspond to the commitment to sell the shares of Colombiana de Empaques S.A. and Papeles y Cartones SA to the company Smurfit Kappa Centroamérica, where it was agreed to deliver the shares for 2020 and the disposal of the shares of Cartón de Colombia SA, included in the category of other financial assets at fair value with exchange rate in other Integral result.

During 2020 and 2019 the value reclassified from other comprehensive income to the income of the period in the item for financial expenses and exchange rate differences for cash flow hedging was $4,791 (2019: $728) y $8,141 (2019: $0) respectively.

As of December 31st, 2020 and 2019, the Group has not designated any financial instruments to hedge the cash flow of forecast transactions. For this reason, no value from the other comprehensive income was reclassified to the income of the period for this item.

29.3. Impact of first-time ncif implementation

The impact of implementing NCIF to unrealized assets and liabilities and retroactive adjustments due to the change in the policy on investment properties are not distributable to shareholders.

NOTE 30: DIVIDENDS

The General Shareholders' Meeting held on March 20th, 2020 declared cash dividends on ordinary and preferential shares in the amount of $251.20 per year per share, payable in three installments of $ 113,950 per share starting in August 2020, for a total value of $341,851.

During the period, Cementos Argos S.A. decreed and made the following dividend payments:

		2020		2019	
Dividends decreed	**Shares**	**Annual $ per Share**	**Total**	**Annual $ per Share**	**Total**
Cementos Argos S.A.					
Ordinary dividend	1,151,672,310	251.20 annuals	289,300	242.00 annuals	278,705
Preferential dividend	209,197,850	251.20 annuals	52,551	242.00 annuals	50,626
			341,851		**329,331**
Non-controlling interest			63,048		92,231
			404,899		**421,562**
Dividends decreed, equity			402,589		419,309
Dividends decreed, liabilities			2,310		2,253

		January 1 to December 31, 2020		January 1 to December 31, 2019	
Dividends paid	**Shares**	**Quarterly $ per Share**	**Total**	**Quarterly $ per Share**	**Total**
Cementos Argos S.A.					
Ordinary dividend	1,151,672,310	60.50 – 83.73	262,543	57.00 – 60.50	274,674
Preferential dividend	209,197,850	60.50 – 83.73	47,690	57.00 – 60.50	49,894
			310,233		**324,568**
Non-controlling interests			56,757		93,142
			366,990		**417,710**

NOTE 31: NON-CONTROLLING INTERESTS

	2020	2019
Opening balance	**814,749**	**830,651**
Share of the year's profits	62,626	74,626
Ordinary dividends distributed in cash	(63,048)	(92,231)
Non-controlling interest generated by other comprehensive income	54,287	(7,940)
Changes in the ownership of subsidiaries without loss of control	(2,111)	-
Participation by other patrimonial movements	6,313	9,643
Closing balance	**872,816**	**814,749**

NOTE 32: INCOME FROM ORDINARY ACTIVITIES

Below is an analysis of the Group's revenue for the period for continuing operations (excluding revenues from investments – see Note 35) :

	2020	2019
Revenue from the sale of goods	8,948,499	9,322,443
Revenue from services rendered	52,049	52,633
	9,000,548	**9,375,076**

The Group has no commitments that are estimated to generate losses.

The consolidated operating income of Cementos Argos is generated mainly through the sale of cement and ready-mix concrete. Our concrete businesses are the main customer of our cement production. Sales across our geographic segments or operating segments are executed at market prices comparable to sales to third parties.

Our sales of cement and ready-mix concrete are highly dependent on the performance of the construction industry, including residential, commercial and infrastructure projects, in each of the countries where we operate or sell our products. Fluctuations in the behavior of the construction industry significantly affect the volumes of cement and ready-mix concrete we can sell, as well as the sales prices we can receive for our products.

NOTE 33: SEGMENT INFORMATION

33.1. Operating segments, and products and services the generate revenues from the segments

The Administration has determined its segments of operation based on the financial information provided to the Directive Committee of Cementos Argos S.A., whose members periodically monitor business results to make decisions about resources to be allocated and to evaluate its performance. The cement, ready-mix concrete and aggregates business is organized and managed along the three main geographic regions where the Group is present: Colombia, Caribbean and Central America, and the United States, which the Group operates through subsidiary companies.

The Group has a fourth segment known as "Others", which contains the profits and losses of complementary businesses as well as general corporate expenses not assigned to any particular operational segment. This segment is managed independently given the different nature of its operations and the risks and benefits associated with it.

All three geographic segments generate their revenues from the cement and ready-mix businesses in the following way:

Cement, which comprises the activities related to the production, marketing, transport and distribution of cement in all its forms and types, raw materials and semi-finished cement products. This also includes clinker commercialization operations. Cement plants produce a wide range of products, including clinker, general purpose cement, structural cement, Portland cement, type I, II, I/II and III cements, white cement, masonry cement and oil-well cement.

Ready-mix concrete, which comprises activities related to the production and marketing of ready-mix concrete in all its forms and types. The product portfolio of ready-mix concrete includes different types of ready-mix concrete for use in infrastructure projects architectural projects, ornamental projects, and for public spaces, among other uses.

Aggregates are materials of natural origins (usually sand or hard rocks) or byproducts of other industries that, because of their size or composition, enable the feature of strength in concrete. They are generally subdivided into coarse and fine aggregates. The main rocks used as aggregates are limestone, conglomerates, sandstones and basalts.

The Directive Committee evaluates performance and allocates resources based on segmentation by geographical area. Segmentation by product and/or service is not monitored or reviewed regularly at this level.

The Directive Committee evaluates the performance of the operating segments based on net sales and the operating income of each operating segment. These measurements exclude the effects of income and expenses and income taxes, which are not allocated to operating segments and are managed at company level. The accounting policies applied to the preparation of the segment information are the same as described in Note 2.2 Accounting Policies. The Group has not made asymmetrical allocations to their operating segments.

33.2. FINANCIAL INFORMATION BY OPERATING SEGMENT

2020	Colombia	Caribbean and Central America	United States	Corporate and Others	Total
Operating income	2,333,156	2,444,344	5,514,396	1,601	10,293,497
Minus: inter-segment	(346,000)	(795,999)	(149,035)	(1,915)	(1,292,949)
Consolidated income	**1,987,156**	**1,648,345**	**5,365,361**	**(314)**	**9,000,548**
Cost of sales	(1,418,048)	(1,084,860)	(4,075,235)	(6,831)	(6,584,974)
Depreciations and amortization	(228,363)	(104,440)	(450,253)	55	(783,001)
Gross profits (loss)	**340,745**	**459,045**	**839,873**	**(7,090)**	**1,632,573**
Other depreciations and amortizations	(10,652)	(54,419)	(41,759)	(23,747)	(130,577)
Administration and sales	(193,187)	(141,389)	(342,430)	(72,112)	(749,118)
Other net income	25,085	8,214	(71,796)	(18,220)	(56,717)
Impairment of non-current assets	-	(1,120)	-	-	(1,120)
Operating profit (loss)	**161,991**	**270,331**	**383,888**	**(121,169)**	**695,041**
Financial incomes					42,318
Financial expenses					(498,563)
Net earnings for exchange rate differences					(11,351)
Net participation in results of associates and joint ventures					(5,630)
Profit before taxes					**221,815**
Income tax					(81,001)
Profit from continuing operations					**140,814**

2019	Colombia	Caribbean and Central America	United States	Corporate and Others	Total
Operating income	2,829,546	2,367,355	5,328,061	9,392	10,534,354
Minus: inter-segment	(483,492)	(609,736)	(57,961)	(8,089)	(1,159,278)
Consolidated income	**2,346,054**	**1,757,619**	**5,270,100**	**1,303**	**9,375,076**
Cost of sales	(1,665,730)	(1,129,801)	(4,169,542)	(9,630)	(6,974,703)
Depreciations and amortization	(246,133)	(98,739)	(427,895)	(6,938)	(779,705)
Gross profits (loss)	**434,191**	**529,079**	**672,663**	**(15,265)**	**1,620,668**
Other depreciations and amortizations	(13,246)	(49,140)	(43,023)	(31,265)	(136,674)
Administration and sales	(205,126)	(155,125)	(350,652)	(127,100)	(838,003)
Other net income	46,625	9,943	129,570	8,929	195,067
Impairment of non-current assets	-	-	(2,326)	-	(2,326)
Operating profit (loss)	**262,444**	**334,757**	**406,232**	**(164,701)**	**838,732**
Financial incomes					41,120
Financial expenses					(532,708)
Net earnings for exchange rate differences					8,812
Net participation in results of associates and joint ventures					(13,133)
Profit before taxes					**342,823**
Income tax					(146,315)
Profit from continuing operations					**196,508**

33.3. Information by geographic area and significant customers

	Revenue from External Customers		Non-Current Assets	
	2020	2019	2020	2019
Colombia	2,007,943	2,411,750	4,629,013	4,813,632
USA	5,364,795	5,267,608	7,775,676	7,803,127
Panamá	234,071	419,664	1,323,881	1,351,772
Honduras	417,669	422,622	567,456	575,215
Haiti	240,147	191,246	32,367	22,939
Dominican Republic	217,189	203,947	50,248	59,433
Surinam	30,288	34,456	18,670	19,501
Caribbean Islands	485,362	423,783	303,787	279,921
Guatemala	3,084		356	
Total	**9,000,548**	**9,375,076**	**14,701,454**	**14,925,540**

For these purposes, the basis used to allocate revenue from external customers to countries is the location of the company and non-current assets include property, plant and equipment, intangible assets, investment properties, investments in associates and joint ventures, goodwill, assets by right of use of leases and biological assets. As of December 31st, 2020, and 2019, the Group does not have any customer that represents 10% or more of its consolidated income.

33.4 INFORMATION BY PRODUCT AND SERVICE

	2020	2019
Cement	5,090,831	4,693,752
Concrete	3,851,410	4,212,055
Other products and services	58,307	469,269
Total	**9,000,548**	**9,375,076**

Cementos Argos consolidated operational income is generated mainly by the sale of cement and ready-mix concrete. Our concrete businesses are the main customers of our cement production. The sales of our products between geographic segments or operating segments are made at market prices comparable to those made with third parties.

Our cement and ready-mix concrete sales are highly dependent on the performance of the construction industry, including residential, commercial, and infrastructure projects in each of the countries where we operate or sell our products. The fluctuations in the behavior of the construction industry significantly affects the volume of cement and ready-mixed concrete that we are able to sell, as well as the sales prices that we are able to receive for our products.

NOTE 34: ADMINISTRATIVE AND SALES EXPENSES

Administrative expenses as of December 31st comprised the following:

	Administrative expenses		Sales expenses		Administrative and sales expenses	
	2020	2019	2020	2019	2020	2019
Staff expenses	261,319	295,926	128,522	128,831	389,841	424,757
Services	91,315	105,931	27,721	39,447	119,036	145,378
Amortization of intangible assets	56,593	60,565	38,801	34,587	95,394	95,152
Fees	82,090	95,950	1,805	2,758	83,895	98,708
Taxes	8,062	5,497	23,401	26,405	31,463	31,902
Maintenance and repairs	29,238	23,377	1,300	1,899	30,538	25,276
Depreciation of property, plant and equipment	20,185	24,164	37	1,315	20,222	25,479
Insurance	15,408	13,105	3,629	2,514	19,037	15,619
Impairment of trade receivables	5,576	7,094	12,428	10,066	18,004	17,160
Depreciation of assets by right of use of leases	12,911	13,325	2,048	2,717	14,959	16,042
Contributions and affiliations	5,554	5,244	8,401	8,774	13,955	14,018
Leases	5,016	4,163	2,181	1,296	7,197	5,459
Travel expenses	3,750	15,287	2,452	7,166	6,202	22,453
Supplies and stationery	2,704	2,244	1,417	2,028	4,121	4,272
Fuel and lubricant	705	1,135	1,552	1,580	2,257	2,715
Adaptation and installation	1,432	2,223	719	122	2,151	2,345
Cafeteria and restaurant	916	1,326	416	711	1,332	2,037
Legal expenses	845	1,175	252	339	1,097	1,514
Transportation	526	850	77	189	603	1,039
Representation and public relations expenses	259	585	37	85	296	670
Sundry	14,544	17,331	3,551	5,351	18,095	22,682
	618,948	**696,497**	**260,747**	**278,180**	**879,695**	**974,677**

NOTE 35: OTHER OPERATING INCOME, NET

	2020	2019
Expenses for legal proceedings [1]	(77,018)	(11,982)
Loss from the sale of fixed assets and other assets	(42,978)	(35,399)
Gain from insurance recoveries and other recoveries	58,117	112,529
Loss from assumed four per thousand tax and other assumed taxes	(16,615)	(18,865)
Grain from cancellation of liabilities with non-financial assets	15,830	-
Loss from the sale of investments in joint ventures [2]	(14,482)	-
Loss from donations	(10,832)	(12,966)
Gain from the sale of fixed assets and other assets	9,496	18,175
Gain from government grants (Note 36)	4,289	-
Gain from compensation	3,561	2,763
Gain from exploitation	1,756	1,834
Gain on valuation of investment properties, net (Note 17)	1,541	37,132
(Loss) gains on valuation of biological assets, net (Note 12)	(234)	(619)
Gain on sale of financial investments and joint ventures (Note 13 y 27)	119	26,147
Gain from claims	37	24
Gain on the sale of subsidiaries and other businesses [3]	-	76,603
Loss from termination benefits	-	(8,721)
Gain from other income and other expenses, net	10,696	8,412
	(56,717)	**195,067**

[1] On January 4, 2021, an indirect subsidiary of the company entered into a Deferred Prosecution Agreement (DPA) with the Antitrust Division of the U.S. Department of Justice (DOJ) pursuant to which the subsidiary agreed to pay a penalty in the amount of US$20 million with respect to violations of competition law by certain former employees in a local sales office for the Savannah, Georgia ready-mix concrete market. The sales office and related concrete plants involved in the conduct were acquired by the subsidiary in 2011, as part of a larger acquisition, and sold in 2019. Subject to compliance with the terms of the DPA, the DOJ has agreed to defer prosecution of any charges against the subsidiary for such violations for three years and to dismiss any charges at the conclusion of the three-year period. As of December 31, 2020, a provision was recorded for the agreed amount of the penalty. Refer to note 24 Provisions.

[2] In December 2020, Cementos Argos SA sold to Calidra Latam SAS, a subsidiary of Grupo Calidra SA de CV, the total stake in the joint venture Caltek S.A.S., equivalent to 21,857,974 shares owned and representing 50% of the stake in the investee. The agreed sale price was $ 4,984 and the book value of the investment was $ 19,465, generating a loss on disposal of investments of $ 14,482 presented in the line of other operating income and expenses. The consideration will be settled in January 2021 in a single installment.

[3] On December 6, 2019, Argos USA LLC – a subsidiary of Cementos Argos S.A. – sold twenty-eight ready mix plants and one retail location including equipment, buildings, land and inventory to Smyrna Ready Mix Concrete, LLC – for USD 95 million. The sale price, minus the book value of the assets generated an accounting gain due to business disposal of de $76,603 (USD 23.33 million), and an increase in the current tax expense of $27,742 (USD 8.4 millions) and deferred tax of $13,380 (USD 4.07 millions), presented in the lines of other income and operating expenses and income tax of the consolidated income statement. The divested plants were part of several acquisitions including RMCC, Lafarge and Vulcan Material Company in 2006, 2011 and 2014, respectively. The disposed assets comply with the definition of business established in IFRS 3.

NOTE 36: GOVERNMENT GRANTS

The Colombian National Government created the Formal Employment Support Program (PAEF) through which seeks to protect formal employment in Colombia during the health emergency caused by COVID-19. The PAEF is a social program that gives Colombian employers monthly monetary support and up to four times, to subsidize payroll payments. The Government support PAEF is a government subsidy related to income in the scope of IAS 20 Government Grants, due to the support is subject to compliance with the requirements established by the National Government and the approval of the Special Administrative Unit of Pension and Payroll Tax Management of Social Protection ("UGPP").

As of December 31, 2020, Cementos Argos S.A. and its subsidiaries in Colombia recognized income and received cash resources for government grants for $ 4,166. As of December 31, 2020, Cementos Argos S.A. and its subsidiaries in Colombia recognized income and received cash resources for government grants for $ 4,166. The amount paid for government grants for April, May, June, July, September, and October 2020 is $ 1,336, $ 1,221, $ 772, $ 66, $ 750, and $ 20.

In July 2020, Argos Guyane S.A., a subsidiary of Cementos Argos, obtained a loan for 1.5 million Euros with Banque Populaire, with a maturity term of 12 months and an interest of 0.25% BRED Bank, a loan guaranteed by the French Government. The government granted the loan to support companies financially for COVID-19. The difference between the market interest rate for an equivalent loan at initial recognition and the interest rate granted by the government was recognized as a government grant following IAS 20. The government grant for loans at rates lower than the market by $ 123 is presented in results on other operating income lines. The loan is measured following the requirements of IFRS 9.

NOTE 37: FOREIGN CURRENCY TRANSLATION DIFFERENCES

	2020	2019
Gains from foreign currency translation differences	277,319	164,971
Losses from foreign currency translation differences	(288,670)	(156,159)
Gains (losses) from foreign currency translation differences	**(11,351)**	**8,812**

NOTE 38: FINANCIAL INCOME

	2020	2019
Interest income	24,404	23,363
Dividends from equity investments	17,914	16,633
Others interest income	-	1,124
Total financial income	**42,318**	**41,120**

NOTE 39: FINANCIAL EXPENSES

	2020	2019
Interest on overdrafts and loans	147,251	186,418
Interest on leases obligations (Note 20)	45,367	51,277
Interest on bonds and preferred shares (Note 25 and 26)	227,508	249,344
Interest on financial derivatives (Note 26)	46,667	15,473
Other financial expenses	32,955	44,173
Total interest expense of financial liabilities	**499,748**	**546,685**
Minus: amounts included in the cost of qualified assets	1,185	13,977
Total interest expense of financial liabilities recorded in the results	**498,563**	**532,708**
Discount effect on provisions, employee benefits and factoring	28,853	36,162
Financial income (Note 37)	42,318	41,120
Financial expenses	498,563	532,708
Total financial expenses, net	**456,245**	**491,588**

As of December 31, 2020, and 2019 the annual weighted average capitalization rate on funds due is 5.7% and 7.66% for Cementos Argos S.A.

NOTE 40: NET INCOME FROM CONTINUING OPERATIONS

Gains from continuing operations are attributed to:

	2020	2019
Company controllers	78,188	121,882
Non-controlling interests	62,626	74,626
	140,814	**196,508**

40.1. Losses from impairment on financial assets

	2020	2019
Loss from impairment on trade receivables	18,004	17,160
Reversal of losses from impairment on trade receivables	2,524	3,982

40.2. Depreciation and amortization expenses

	2020	2019
Depreciation on property, plant and equipment	639,032	625,142
Depreciation on assets by right of use of leases	151,576	170,246
Amortization of intangible assets	122,970	120,991
Depreciation and amortization expenses	**913,578**	**916,379**

40.3. Employee benefit expenses

	2020	2019
Cost	1,041,369	1,077,890
Administrative expenses	261,319	295,926
Sales expenses	128,522	128,831
Total employee benefit expenses	**1,431,210**	**1,502,647**

NOTE 41: EARNINGS PER SHARE

Total basic earnings per share and earnings and the weighted average number of common shares used in the calculation of basic earnings per share are as follows:

	2020	2019
Basic earnings per share	67.89	105.83
Earnings for the year attributable to the company's controllers	78,188	121,882
Average weighted number of ordinary shares for purposes of basic earnings per share	1,151,672,310	1,151,672,310

The Group does not hold any financial instruments or other type of contract that grants it the right to receive potential ordinary shares, so that diluted earnings per share are equal to the basic earnings per share.

NOTE 42: INFORMATION ABOUT RELATED PARTIES

The immediate parent company of Cementos Argos S.A. is Grupo Argos S.A., which is headquartered in Medellin, Colombia, and holds a stake in the company of 58.07%.

42.1. Qualitative information on relations between related parties

42.1.1. RELATIONSHIPS THAT TAKE PLACE BETWEEN CEMENTOS ARGOS S.A. WITH OUR SUBSIDIARIES OR AMONG OUR SUBSIDIARIES

- Purchase and sale of clinker between ourselves and our subsidiaries, and our subsidiaries among themselves regardless of the region where they are located. The transaction involves the companies that produce clinker selling clinker to the companies that produce cement, and the latter using it as a raw material to produce cement.

- Purchase and sale of cement between ourselves and our subsidiaries and among our subsidiaries themselves, regardless of the region where they are located. The transaction involves the companies that produce cement selling cement to the companies that produce concrete, and the latter using it as a raw material to produce concrete. In the case of purchases and sales among cement companies, cement is transferred with the purpose of being commercialized.

- Purchase and sale of aggregates between ourselves and our subsidiaries and among our subsidiaries themselves, regardless of the region where they are located. The transaction involves the companies that produce aggregates selling aggregates to the companies that produce cement or concrete, and they use it as a raw material for their products.

- Provision of transport services between Logitrans S.A. and Cementos Argos S.A. Concretos Argos S. A. and Zona Franca S.A.S. The transaction involves Logitrans S.A., as a cargo transport intermediary, outsourcing the transportation of the products or raw materials of Cementos Argos S.A., Concretos Argos S.A. and Zona Franca S.A.S to third parties.

- Purchase and sale of back-office services between Cementos Argos S.A. and Zona Franca Argos S.A.S. The transaction involves Cementos Argos S.A. providing back-office services to Zona Franca Argos S.A.S in exchange for a consideration from them. The services provided are basically financial, administrative and technological support.

- Management support contracts between Cementos Argos, S.A. and Argos S.A. Honduras, Argos Dominicana S.A., Cimenterie Nationale S.E.M, Vensur NV, Argos Puerto Rico LLC and Argos Panamá. Argos North America Corp. has a support contract with Argos Guyane S.A.S. The transaction involves Cementos Argos, S.A. providing management support services to the subsidiaries listed in exchange for a consideration. The services provided are basically administrative management services.

- Lease contracts between us and our subsidiaries and between our subsidiaries, the transaction consists of the lessor delivering the right to use real estate and fluvial transport fleet for the development of his activities.

- Provision of Maritime transport service between Transatlantic Cement Carriers Inc. and Cementos Argos S.A. The transaction consists in that Trans Atlantic Shipmanagement Ltd. (among other suppliers) provides the service of sea freight and ship leasing to Transatlantic Cement Carriers Inc. for the transport of raw materials and finished products for Cementos Argos SA and / or its subsidiaries.

These transactions have been eliminated in the consolidated financial statements.

42.1.2. RELATIONSHIPS THAT TAKE PLACE BETWEEN GRUPO ARGOS S.A. AND CEMENTOS ARGOS S.A. AND ITS SUBSIDIARIES

- Lease of real estate between Grupo Argos S.A. and/or its subsidiaries and Cementos Argos S.A. and/or its subsidiaries. The transaction involves Grupo Argos S.A. and/or its subsidiaries leasing space (offices, warehouses and/or lots) to Cementos Argos S.A. and or its subsidiaries in order for the latter to develop their activities, whether productive or administrative.

42.1.3. RELATIONSHIPS THAT TAKE PLACE BETWEEN ENTITIES WICH EXERCISE SIGNIFICANT INFLUENCE OVER THE PARENT COMPANY AND THE GROUP

- Cementos Argos and its subsidiaries take out insurance for real damages, property and personal damages, mainly through life and general insurers that are part of the Suramericana Investment Group. This operation is carried out to cover capital losses in all the regionals, using the risk retention and distribution schemes negotiated jointly with these insurers, all in accordance with the regulations that apply in accordance with the corresponding jurisdiction.

42.1.4. RELATIONSHIPS THAT TAKE PLACE BETWEEN CONSOLIDATED CEMENTOS ARGOS AND ARGOS GROUP´S SUBSIDIARIES

- Purchase and sale of energy between Celsia S.A. and Zona Franca Argos S.A.S., the transaction consists of Zona Franca Argos S.A.S. providing energy to Celsia S.A. for marketing purposes.

42.1.5. RELATIONSHIPS THAT TAKE PLACE BETWEEN THE GROUP AND INVESTMENTS IN ASSOCIATES

- Provision of business services. The transaction consists of SUMMA Servicios Corporativos Integrales S.A.S. providing specialized business services and administrative support services to Cementos Argos S.A. through the execution of an operating mandate agreement without representation, in exchange for a consideration by them. Among the services provided the following are offered: financial, administrative, legal assistance, procurement, human management, risks and insurance, communications and information technology, among others. In the exercise of the mandate agreement, SUMMA Servicios Corporativos Integrales S.A.S. will pay all necessary expenses to carry out its operations and at the end of each period will request the reimbursement of such expenses from Cementos Argos S.A.

- Air transport service between Internacional Ejecutiva de Aviación S.A.S. and Cementos Argos S.A. This deal consists of Internacional Ejecutiva de Aviación S.A.S. providing air transport service to senior executives of Cementos Argos S.A.

42.1.6. RELATIONSHIPS THAT TAKE PLACE BETWEEN THE GROUP AND INVESTMENTS IN JOINT BUSINESSES

- Sale of cement and concrete to joint ventures of Odinsa S.A. subsidiary of Grupo Argos S.A .; The transaction consists in the selling of cement and concrete to the consortiums of Odinsa S.A. for the elaboration of infrastructure works in different regions of the Country.

- Provision of Maritime transport service between Transatlantic Cement Carriers Inc. and Trans Atlantic Shipmanagement Ltd. The transaction consists in that Trans Atlantic Shipmanagement Ltd. (among other suppliers) provides the service of sea freight and ship leasing to Transatlantic Cement Carriers Inc. for the transport of raw materials and finished products for Cementos Argos SA and / or its subsidiaries.

42.2. Transactions with related parties

The following table presents the transactions carried out during the period with the subsidiaries of our immediate parent Grupo Argos S.A. The transactions between Cementos Argos S.A. and its subsidiaries have been eliminated in the preparation of the consolidated financial statements.

	Parent company	Entities with significant influence in the Group	Subsidiaries of the parent Grupo Argos	Associates of the Group and its parent	Joint Ventures of the Group and its parent (2)	Key Management personnel	Total Related parties
2019							
Sale of Goods and Other Income	248	15,504	12,987	714	15,258	-	**44,711**
Purchase of Goods and Other Expenses	3,065	32,334	10,510	17,475	41,702	101,958	**207,044**
Amounts Receivable	1,717	3,940	6,090	1,681	3,017	-	**16,445**
Amounts Payable	40,685	4,490	30	8,623	1,227	-	**55,055**
Assets by right of use of leases (1)	3,236	-	-	27,746	50,301	-	**81,283**
Lease liabilities (1)	3,370	-	-	28,699	50,787	-	**82,856**
2020							
Sale of Goods and Other Income	325	18,000	16,232	510	38,103	-	**73,170**
Purchase of Goods and Other Expenses	2,159	38,992	13,630	16,914	52,605	86,173	**210,473**
Amounts Receivable	1,646	5,467	2,408	735	3,712	-	**13,968**
Amounts Payable	56,012	6,574	755	3,797	40	-	**67,178**
Assets by right of use of leases	1,313	-	-	23,521	46,031	-	**70,865**
Lease liabilities	1,511	-	-	25,166	46,926	-	**73,603**

(1) As of January 1st, 2019, the Group applied the new guidelines of IFRS 16 – Leases -, using the modified retrospective approach. Under this approach, comparative information is not restated, and the cumulative effect of its initial application is recognized in retained earnings as of the date of its initial application.

(2) In December 2020, Cementos Argos SA sold to Calidra Latam SAS, a subsidiary of Grupo Calidra SA de CV, the total stake in the joint venture Caltek S.A.S., equivalent to 21,857,974 shares owned and representing 50% of the stake in the investee. The agreed sale price was $ 4,984 and the book value of the investment was $ 19,465, generating a loss on disposal of investments of $ 14,482 presented in the line of other operating income and expenses. The consideration will be settled in January 2021 in a single installment.

As of December 31st, 2020 and 2019the Group has not recognized impairment or impairment expense for the values receivable from related parties. The Group has not received or offered guarantees on balances receivable or payable to related parties.

Transactions between the reporting company and its related parties are carried out on terms equivalent to those in arm's-length transactions. The average term of accounts receivable from related parties regarding the sale of goods is 30 days, accounts payable between related parties have an average term of 30 days. The average term for loans for 2020 is one year, agreed to a rate of 4.54% in Colombian pesos. (2019: 4.54%).

42.3. Compensation of the board of directors and key management personnel

The compensation of key management personnel during the year was as follows:

	2020	2019
Wages and other short-term employee benefits	79,403	90,795
Pension and other post-employment benefits	5,755	3,815
Severance benefits	315	5,508
Share-based payments	700	1,840
Total compensation of key management personnel	**86,173**	**101.958**

Key management personnel include members of the Board, Nomination and Remuneration Committee, Audit and Finance Committee, Sustainability and Corporate Governance Committee, Directive Committee (made up of the President and Vice President), and of any other committee that depends directly on the Board of Directors of Cementos Argos and Grupo Argos, and Managers and their close relatives.

NOTE 43: BASIS OF CONVERSION

Transactions and balances in a foreign currency are converted at the exchange rate representative of the market certified by the Banco de la Republica, In preparation of the consolidated financial statements, assets and liabilities, as well as income, costs and expenses in a foreign currency have been converted into Colombian pesos at the exchange rates observed at the date of each closing and average as follows:

	December, 2020		December, 2019	
	Close exchange rate	Average exchange rate	Close exchange rate	Average exchange rate
Colombian peso	3,432,50	3,691,27	3,277,14	3,283,21
Dominican peso	58,22	56,52	52,93	51,25
Euro	0,817	0,877	0,891	0,893
Honduran Lempira	24,20	24,67	24,72	24,59
Haitian Gourde	72,16	93,39	91,98	88,59
East Caribbean Dollar	2,7	2,7	2,7	2,7
Guatemalan Quetzal	7,79	7,72	n/a	n/a

NOTE 44: CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Certain contingent conditions may exist at the date when the financial statements are issued, which may result in a loss for the Group. These contingencies will be resolved in the future when one or more events occur or when the probability that they may occur varies. Such contingencies are estimated by the Administration and its legal counsel. Taking into account the variability of the processes, it is possible that the probability of occurrence will vary in the future.

The estimate of loss contingencies necessarily involves an exercise of professional judgment and is a matter of opinion. In the estimate of loss contingencies in legal proceedings that are pending against the Group, legal advisors evaluate, among other things, the merit of the claims, the courts' jurisprudence and the current status of each case. The Group considers that these issues will be resolved without any significant effect on our operations, financial position or operating results.

44.1. Contingent liabilities

At the date of preparation of the notes to the financial statements, we report that Argos is party to legal proceedings of different natures, acting both as plaintiff and defendant, which are being addressed diligently by qualified attorneys hired by the company. The conflicts are of civil, administrative, criminal and tax character. This type of litigation arises in the ordinary course of business of any company the size of Cementos Argos S.A. and its subsidiaries.
We believe that the estimated time of resolution for these processes ranges between three (3) and eight (8) years approximately.

LITIGATION RELATED TO TRANSMILENIO
Due to structural defects in the pavement of the North Highway Project in Bogotá D.C. developed by Transmilenio S.A. (hereinafter "Project"), a popular action is under way against the Mayor's Office of Bogotá, the Instituto de Desarrollo Urbano, Concretos Argos S.A. and certain public officials and suppliers of the Project. The popular action indicates that Concretos Argos S.A., together with other suppliers, supplied construction materials without complying with the required technical specifications, and as a consequence, structural defects were generated in the pavement of the Project.

In a judgment of first instance Concretos Argos S.A. was ordered to make publications associated with the breach of the rights of consumers and asking for excuses. The aforementioned popular action is pending for a second instance ruling after the appeal filed by the Company.

VALORIZATION OF PUERTO NARE
In December 2018, Cementos Argos S.A. filed a claim for nullity and re-establishment of the right against a resolution of the valuation contribution for the rectification and paving of the road "Puerto Nare - Puerto Triunfo" in the department of Antioquia for COP 18 billion. The claim was admitted, and in its reply, the Antioquia department called in guarantee the firm that carried out the valuation study. The company presented a brief ruling on the answer to the demand and again requested the suspension of the administrative act that contains the assessment contribution. We have not recorded any accounting provision considering that we have sufficient arguments to detract from any obligation that may be attributed to the company.

COURT OF ARBITRAMENT ZONA FRANCA ARGOS S.A.S. – ZONA FRANCA ARGOS VS NATIONAL INFRASTRUCTURE AGENCY - ANI
In July 2018, Zona Franca Argos S.A.S. filed an arbitration claim with the Chamber of Commerce of Bogotá to review the concession agreement of the private port of the company in Cartagena, especially the formula for updating the investment. In March 2020, the Arbitration Court although declared the facts alleged by Zona Franca Argos partially proven, it abstained from reviewing the port concession contract. Derived from this, the contractual obligations are preserved in the same agreed terms and there are currently no ongoing processes associated with the Contract

SAN LUIS ACCIDENT
Direct reparation action initiated by the relatives of the victims of the traffic accident of a vehicle hired by Cementos Argos S.A., and INMA S.A. for the transport of its workers from the Rioclaro plant to their places of destination in 2005. The claim seeks compensation and payment of damages estimated at 12,000 million suffered by the death of passengers. In August 2020, a favorable ruling was obtained for Argos, absolving him of his responsibility and condemning INCO and DEVIMED. The process is currently on appeal filed by another of the defendants. The probability of a cash outflow changed from possible to remote.

R&B CONTRACTING COMPANY INC. VS. ARGOS READY MIX, LLC.
On October 15, 2015, a putative class action was filed before the United States District Court for the Northern District of Florida. The claim argues that the environmental and fuel charges in the sale of concrete in the State of Florida do not conform to the corresponding contract. On February 5, 2021, the company entered into an agreement with the named plaintiff to settle this lawsuit and a related lawsuit in the State of Alabama.

SOUTHEAST READY MIX, LLC ET AL. VS. ARGOS NORTH AMERICA CORP. ET AL.
This is a lawsuit filed by two competitors in July 2017 before the U.S. District Court for the Northern District of Georgia. The lawsuit alleges violation of competition law in the Savannah, Georgia ready-mix concrete market by two indirect subsidiaries of the company and other defendants. Considering the preliminary stage at which the process is, it is not possible to determine a contingency at this moment.

PREMIER CONCRETE LLC ET AL. VS. ARGOS NORTH AMERICA CORP. ET AL.
This is a lawsuit filed by a competitor in January 2020 before the U.S. District Court for the Northern District of Georgia. The lawsuit alleges violations of competition law in the Savannah, Georgia ready-mix concrete markets by two indirect subsidiaries of the company and others. Considering the preliminary stage at which the process is, it is not possible to determine a contingency at this moment.

PRO SLAB, INC. ET AL. VS. ARGOS USA LLC. ET. AL.
This is a putative class action lawsuit initially filed in November 2017 before the U.S. District Court for the District of South Carolina. The lawsuit alleges violations of competition law in the Savannah, Georgia and Charleston, South Carolina ready-mix concrete market by an indirect subsidiary of the company and other defendants. Considering the preliminary stage at which the process is, it is not possible to determine a contingency at this moment.

KELLY V.S. ARGOS USA LLC.
This is a putative class action lawsuit filed in the United States District Court for the District of South Carolina in June 2020. The lawsuit alleges that the concrete manufactured and distributed by Argos in the State of South Carolina was defective due to the use of excessive amounts of fly ash in the mix design. Considering the preliminary stage at which the process is, it is not possible to determine a contingency at this moment.

ARGOS NORTH AMERICA CORP. VS. TEXAS FRANCHISE TAX AUDITS (2008 AND 2009)
In June 2016, the Tax Authority of the State of Texas conducted an audit of the company's state tax returns of the years 2008 and 2009. The Authority ignored part of the declared costs and, as a result, corrected the tax to pay, increasing it by USD 638 thousand dollars in 2008 and USD 822 thousand dollars in 2009, plus interest. The following fiscal years are not yet firm and are subject to audit by the authority. A redetermination hearing of the tax requested by the company is pending. As of December 31, 2019 and 2020, an uncertain tax position has been recorded due to this contingency.

44.2. Contingent assets

At the date of preparation of the notes to the financial statements, Cementos Argos S.A. and its subsidiaries were not party to any legal proceedings, as a plaintiff, where the income or recovery of contingent assets were expected to exceed five billion pesos ($5,000) individually. Additionally, there are executive processes initiated by Cementos Argos S.A. and its subsidiaries against third parties for the recovery of the portfolio through legal proceedings. We consider that the estimated time of completion of these processes ranges from three (3) to eight (8) years approximately.

NOTE 45: EVENTS OCCURRED AFTER THE REPORTING PERIOD

Between December 31, 2020 and the date of issue of the consolidated financial statements of the Group, the following subsequent events, which are considered significant and subject to adjustment, have taken place:

- SOUTHEST READY MIX, LLC AND MAYSON CONCRETE INC. VS ARGOS NORTH AMERICA CORP., ET AL.
  On January 4, 2021, an indirect subsidiary of the company entered into a Deferred Prosecution Agreement (DPA) with the Antitrust Division of the U.S. Department of Justice (DOJ) pursuant to which the subsidiary agreed to pay a penalty in the amount of US$20 million with respect to violations of competition law by certain former employees in a local sales office for the Savannah, Georgia ready-mix concrete market. The sales office and related concrete plants involved in the conduct were acquired by the subsidiary in 2011, as part of a larger acquisition, and sold in 2019. Subject to compliance with the terms of the DPA, the DOJ has agreed to defer prosecution of any charges against the subsidiary for such violations for three years and to dismiss any charges at the conclusion of the three-year period. As of December 31, 2020, a provision was recorded for the agreed amount of the penalty. Refer to note 24 Provisions.

The following subsequent events, which are considered significant and not subject to adjustment, have taken place:

- On February 10, 2021, with prior authorization from its Board of Directors, Cementos Argos S.A., together with Argos USA LLC as joint co-debtors, entered into a credit agreement with Banco de Santander, S.A. (Madrid) for an amount of USD 100 million and with a duration of 5 years. In order to optimize the interest rate of this loan, Cementos Argos S.A. will maintain as collateral a pledge over a number of shares of Grupo de Inversiones Suramericana S.A. equivalent to a Loan/Value ratio of 70%. The loan resources will be exclusively used to prepay existing loans, thus improving the financial cost and the maturity profile of the debt.

CERTIFICATION OF THE COMPANY'S LEGAL REPRESENTATIVE

To the shareholders
of Cementos Argos S.A.
and to the general public:

In my role as legal representative,

I CERTIFY

that the annual separate financial statements completed as of December 31, 2020, do not contain defects, inaccuracies or material errors that prevent knowing the true property status or the operations carried out by Cementos Argos S.A.

The above is to comply with article 46 of Law 964 of 2005.

For the record, it is signed on February 24th, 2021.

Juan Esteban Calle Restrepo
Legal Representative

CERTIFICATION OF THE LEGAL REPRESENTATIVE AND THE CORPORATE ACCOUNTING MANAGER OF THE COMPANY

To the shareholders
of Cementos Argos S.A.
and to the general public:

The undersigned legal representative and corporate accounting manager of Cementos Argos S.A. certify in accordance with the Article 37 of Law 222 of 1995, that the annual consolidated financial statements completed as of December 31, 2020, have been faithfully taken from the accounting books and that before being placed at your disposal and that of third parties, we have verified the following statements contained in them:

1. All assets and liabilities exist, and all registered transactions have been made during said years.
2. All the economic facts made by the company have been recognized.
3. The assets represent probable future economic benefits (rights) and the liabilities represent probable future economic commitments (obligations), obtained or in charge of the company.
4. All elements have been recognized for their appropriate values in accordance with the applicable financial reporting regulations in Colombia.
5. All economic events that affect the company have been correctly classified, described and disclosed.

For the record, it is signed on February 24th, 2021.

Juan Esteban Calle Restrepo
Legal Representative

Óscar Rodrigo Rubio Cortés
Corporative Accounting Manager
T.P. 47208-T

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AUDM&SMDE-EFI2021-15478-P-30735

STATUTORY AUDITOR'S REPORT

To the Shareholders
Cementos Argos S.A.:

Report on the audit of the financial statements

Opinion

I have audited the separate financial statements of Cementos Argos S.A. (the Company), which comprise the separate statement of financial position as of December 31, 2020 and the separate statements of comprehensive income, of changes in equity and of cash flows for the year then ended and their respective notes that include the significant accounting policies and other explanatory notes.

In my opinion, the aforementioned separate financial statements prepared in accordance with information taken faithfully from the books and attached to this report, present fairly, in all material respects, the separate financial position of the Company as of December 31, 2020, the separate results of its operations and its separate cash flows for the year then ended, in accordance with Accounting and Financial Reporting Standards accepted in Colombia, applied uniformly with the previous year.

Basis for opinion

I conducted my audit in accordance with International Standards on Auditing (ISAs) accepted in Colombia. My responsibilities under those standards are further described in the "Statutory Auditor's responsibilities for the audit of the financial statements" section of my report. I am independent of the Company, in accordance with the Code of Ethics for Professional Accountants Issued by the International Ethics Standards Board for Accountants (IESBA Code), included in the Information Assurance Standards accepted in Colombia together with the ethical requirements established in Colombia that are relevant to my audit of the separate financial statements and I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA Code mentioned.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Key Audit Matters

Key audit matters are those matters that, in my professional judgment, were of most significance in my audit of the separate financial statements of the current period. These matters were

addressed in the context of my audit of the separate financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

Assessment of the recoverability of deferred tax assets (See note 9 to the separate financial statements)	
Key Audit Matter	**How this was addressed in the audit**
The Company has recognized in the separate statement of financial position a by significant deferred tax asset of $ 221,070 million, originated from tax losses and other tax credits. This represents a key audit matter because assessing the recoverability of said asset involves complex judgments related to the determination of estimates on the Company's projected taxable profits, as well as in estimating the periods over which the asset is expected to be recovered.	My audit procedures to assess the recoverability of the deferred tax asset included, but were not limited to, the following: - With the involvement of professionals with experience and knowledge in valuation, comparison of key assumptions used by the Company in determining projected pre-tax results, with independent recalculations and information obtained from external sources, when available. - With the involvement of professionals with experience and knowledge in taxes, evaluation of the main assumptions on which the tax adjustments made to pre-tax income was determined based on the financial projections, as well as the reversal period of temporary differences, the expiration of tax losses and other tax credits, and the tax strategies proposed by the Company.

Other matters

The separate financial statements as of and for the year ended December 31, 2019 are presented solely for comparative purposes, were audited by me and in my report dated February 22, 2020 I expressed an unmodified opinion on those financial statements.

Other information

The responsibility for the other information rests with Management. The other information comprises the Integrated Report, but does not include the separate financial statements and my corresponding audit report, nor the management report on which I pronounce myself in the section on Other legal and regulatory requirements, in accordance with the provisions of Article 38 of Law 222 of 1995. The information contained in the Integrated Report is expected to be available to me after the date of this audit report.

My opinion on the separate financial statements does not cover the other information and I do not express any assurance conclusion on it.
Regarding my audit of the separate financial statements, my responsibility is to read the other information identified previously when it is available and, in doing so, to consider whether there is a material inconsistency between that information and the separate financial statements or my knowledge obtained in the audit, or whether in any way, it appears that there is a material misstatement.

When I read the content of the Integrated Report, if I conclude that there is a material misstatement in this other information, I am required to report this fact to those charged with governance.

Responsibility of Management and those charged with the Company's governance for the separate financial statements

Management is responsible for the fair preparation and presentation of these separate financial statements in accordance with Accounting and Financial Reporting Standards accepted in Colombia. This responsibility includes: designing, implementing and maintaining the internal control that management considers necessary for the preparation of separate financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

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

Those charged with corporate governance are responsible for overseeing the Company's financial reporting process.

Statutory Auditor's responsibilities for the audit of the separate financial statements

My objectives are to obtain reasonable assurance about whether the separate financial statements, considered as a whole, are free from material misstatement, whether due to fraud or error, and to issue an audit report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement, when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the users' economic decisions taken based on these separate financial statements.
As part of an audit conducted in accordance with ISAs, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement in the separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks,

and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant for the audit in order to design audit procedures that are appropriate in the circumstances.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriate use of the going concern hypothesis by management and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my report to the disclosure that described this situation in the separate financial statements or, if such disclosure is inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the separate financial statements, including the disclosures, and whether the separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the separate financial statements. I am responsible for the direction, supervision and performance of the audit. I remain solely responsible for my audit opinion.

I communicate to those charged with the Company's governance, among other matters, the planned scope and timing for the audit, as well as significant audit findings, including any significant deficiency in internal control that I identify during my audit.

I also provide those charged with governance with a confirmation that I have complied with relevant ethical requirements regarding independence and that I have communicated to them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, I determine those matters that were of most significance in the audit of the separate financial statements of the current period and therefore are the key audit matters. I describe these matters in my statutory auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report about other legal and regulatory requirements

Based on the result of my tests, I believe during 2020:

a) The Company's bookkeeping has been performed in conformity with legal rules and accounting pronouncements.

b) The operations recorded in the books are in conformity with the bylaws and decisions of the General Shareholders' Meeting.

c) The correspondence, the vouchers of accounts and the books of minutes and record of shares have been properly maintained.

d) The management report prepared by management agrees with the accompanying financial statements, which includes evidence from management about the free circulation of invoices issued by sellers or suppliers.

e) The information contained in the contribution returns submitted to the Comprehensive Social Security System, specifically the information on affiliates and their salary base for determining contributions, has been prepared from the accounting records and supporting documentation. The Company is up to date in payment of contributions to the Comprehensive Social Security System.

In compliance with the requirements of articles 1.2.1.2. and 1.2.1.5. of Single Regulatory Decree 2420 of 2015, in development of the Statutory Auditor's responsibilities contained in numerals 1°) and 3°) of Article 209 of the Commercial Code, related to the evaluation of whether the Society's management performance is in accordance with the bylaws and the orders or instructions of the General Shareholders' Meeting and if there are measures of internal control, preservation and custody of the Society's assets or third parties' assets in its possession, and whether these measured are adequate, I issued a separate report dated February 24, 2021.

(Original version issued in Spanish and signed by)
Claudia María Montoya Arango
Statutory Auditor of Cementos Argos S.A.
Registration 77492 - T
Member of KPMG S.A.S.

February 24, 2021

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AUDM&SMDE-EFI2021-15478-P-30735

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

To the Shareholders
Cementos Argos S.A.

Main matter description

As part of my duties as Statutory Auditor and in compliance with Articles 1.2.1.2 and 1.2.1.5 of Single Regulatory Decree 2420 of 2015, amended by Articles 4 and 5 of Decree 2496 of 2015, respectively, I must report on compliance with numerals 1) and 3) of Article 209 of the Code of Commerce, detailed as follows, by Cementos Argos S.A. hereinafter "the Society" as of December 31, 2020, as a conclusion of independent reasonable assurance, that the management performance has complied with the statutory and the General Shareholders' Meeting provisions and that there are adequate internal control measures, in all material aspects, in accordance with the criteria indicated in the paragraph called Criteria of this report:

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

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

Responsibility of Management

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

Statutory Auditor's responsibility

My responsibility is to examine whether the Society's management performance conforms to the bylaws and the General Shareholders' Meeting's decisions and if there are and are adequate the internal control, maintenance and custody measures of the Society's assets or third parties' assets in its possession and report thereon expressing an independent reasonable security conclusion based on the evidence obtained. I performed my procedures in accordance with the International Standard on Assurance Engagements 3000 accepted in Colombia (ISAE 3000, which was translated into Spanish and issued in April 2009 by the International Auditing and Assurance

Standards Board (IAASB). Such standard requires that I plan and perform the procedures necessary to obtain reasonable assurance about compliance with the bylaws and the General Shareholders' Meeting decisions and whether there are and are adequate the measures of internal control, maintenance and custody of the Society’s assets and third parties’ assets that are in its possession, in accordance with the requirements of the internal control system implemented by management, in all material aspects.

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

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

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

This reasonable assurance engagement includes obtaining evidence for the year ending December 31, 2020. Procedures include:

- Obtaining a written representation from Management about whether the management performance conforms to the bylaws and the General Shareholders’ Meeting’s decisions and if there are adequate measures of internal control, maintenance and custody of the Society’s assets and third parties’ assets in its possession, in accordance with the requirements of the internal control system implemented by management.

- Reading and verifying compliance with the Society’s bylaws.

- Obtaining a management certification on the meetings of the General Shareholders' Meeting, documented in the minutes

- Reading the General Shareholders' Meeting’s minutes and the bylaws and verification of whether the management performance conforms to them.

- Inquiries with Management about changes or modification projects to the Society’s bylaws during the period covered and validation of its implementation.

- Evaluation of whether there are and are adequate the measures of internal control, maintenance and custody of the Society’s assets and third parties’ assets that are in its possession, in accordance with the requirements of the internal control system implemented by management, which includes:

  – Design, implementation and operating effectiveness tests on the relevant controls of the internal control components on the financial report and the elements established by the Society, such as: control environment, risk assessment process by the entity, the information systems, control activities and monitoring to controls.

  – Evaluation of the design, implementation and operating effectiveness of relevant, manual and automatic controls of the key business processes related to the significant accounts of the financial statements.

Inherent limitations

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

Criteria

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

Conclusion

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

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In my opinion, the management performance conforms to the bylaws and the General Shareholders' Meeting's decisions and the measures of internal control, maintenance and custody of the Society's assets or third parties' assets in its possession are adequate, in all material aspects, in accordance with the requirements of the internal control system implemented by management.

(Original version issued in Spanish and signed by)
Claudia María Montoya Arango
Statutory Auditor of Cementos Argos S.A.
Registration 77492 - T
Member of KPMG S.A.S.

February 24, 2021

Cementos Argos S.A.

SEPARATE STATEMENT OF FINANCIAL POSITION

As at December 31st, 2020 and 2019 | Millions of Colombian pesos

	Notes		2020		2019
ASSETS					
Cash and Cash Equivalents	5	$	236,227	$	42,678
Derivative financial instruments	6		66		355
Trade receivables and other accounts receivable, net	8		403,303		525,514
Tax receivable	9		89,651		190,254
Inventories	10		150,257		164,887
Other non-financial assets			15,187		27,539
Assets held for sale	17		30,199		31,626
Total current assets		**$**	**924,890**	**$**	**982,853**
Trade receivables and other accounts receivable, net	8		124,114		130,174
Investments in subsidiaries	13		8,988,703		8,606,865
Investments in associates and joint ventures	12		1,854		22,749
Other financial assets	7		720,402		967,959
Other intangible assets, net	14		249,516		286,184
Assets by right of use of leases, net	19		240,419		294,570
Biological assets	11		20,404		20,638
Property, plant and equipment, net	15		2,320,561		2,349,104
Investment property	16		97,938		95,775
Deferred tax asset	9		221,070		145,749
Total non-current assets		**$**	**12,984,981**	**$**	**12,919,767**
TOTAL ASSETS		**$**	**13,909,871**	**$**	**13,902,620**
LIABILITIES					
Financial Liabilities	18		669,798		767,084
Leasing liability	19		27,056		41,900
Trade liabilities and accounts payable	20		486,905		541,175
Taxes, liens and duties	9		52,864		72,142
Employee benefits	21		63,286		79,001
Provisions	22		20,777		18,719
Derivative financial instruments	6		21,611		16,021
Outstanding bonds and preferred shares	24		294,511		30,937
Prepaid income and other liabilities	23		43,366		68,858
Total current liabilities		**$**	**1,680,174**	**$**	**1,635,837**
Financial Liabilities	18		400,141		151,957
Leasing liability	19		175,802		199,100
Trade liabilities and accounts payable	20		4		1,137
Employee benefits	21		258,002		248,182
Derivative financial instruments	6		9,664		-
Provisions	22		37,298		36,524
Outstanding bonds and preferred shares	24		3,215,110		3,281,633
Prepaid income and other liabilities	23		1,443		17,464
Total non-current liabilities		**$**	**4,097,464**	**$**	**3,935,997**
TOTAL LIABILITIES		**$**	**5,777,638**	**$**	**5,571,834**
Issued capital	26		2,142,313		2,142,313
Treasury shares	27		(113,797)		(113,797)
Reserves	27		599,377		816,910
Retained earnings	28		2,228,944		2,260,710
Other comprehensive income	27		3,275,396		3,224,650
EQUITY		**$**	**8,132,233**	**$**	**8,330,786**
TOTAL EQUITY AND LIABILITIES		**$**	**13,909,871**	**$**	**13,902,620**

Notes are an integral part of these separate financial statements.

Juan Esteban Calle Restrepo
Legal Representative
(See attached certification)

Óscar Rodrigo Rubio Cortés
Gerente corporativo de Contabilidad
T.P. 47208-T
(See attached certification)

Claudia María Montoya Arango
(Original version issued in Spanish and signed by)
Statutory Auditor of Cementos Argos S.A.
Registration No.77492-T
Member of KPMG S.A.S.
(See report of February 24, 2021)

Cementos Argos S.A.

SEPARATE STATEMENT OF COMPREHENSIVE INCOME

For the years ending on December 31st, 2020 and 2019 | Millions of Colombian pesos

	Notes	2020	2019
Continuing operations			
Income from operations	29	$ 1,345,395	$ 1,522,364
Costs of goods sold	10	1,077,849	1,184,827
Gross profit		**$ 267,546**	**$ 337,537**
Administrative expenses	30	227,352	273,052
Selling expenses	31	65,187	75,347
Other (expenses) revenues from operations, net	32	4,822	(34)
Operating profit		**$ (20,171)**	**$ (10,896)**
Financial income, net	33	37,358	33,683
Financial expenses	34	326,097	326,336
Foreign exchange difference gain, net	39	4,376	9,972
Share of net loss of associates and joint ventures		347,188	374,371
Profit before income tax		**$ 42,654**	**$ 80,794**
Income tax	9	(35,478)	(41,027)
Net income	**35**	**$ 78,132**	**$ 121,821**
OTHER COMPREHENSIVE, INCOME NET OF TAX			
Items that will not be reclassified to profit or loss:			
Loss on new measurements of defined benefits obligations		(21,980)	(10,258)
(Loss) gain from equity investments measured at fair value		237,247	(52,004)
Income tax on items that will not be reclassified to profit or loss		4,799	3,955
Total items that will not be reclassified to profit or loss		**$ (254,428)**	**$ 45,701**
Items that will be reclassified to profit or loss:			
Net loss of cash-flow hedging instruments		(36,153)	(21,682)
Gain from foreign currency translation differences		340,463	34,346
Income tax on items that will be reclassified to profit or loss		8,955	9,593
Total items that will be reclassified to profit or loss		**$ 313,265**	**$ 22,257**
Other comprehensive income, net of tax		**$ 58,837**	**$ 67,958**
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**$ 136,969**	**$ 189,779**

Notes are an integral part of these separate financial statements.

Juan Esteban Calle Restrepo
Legal Representative
(See attached certification)

Óscar Rodrigo Rubio Cortés
Corporative Accounting Manager
T.P. 47208-T
(See attached certification)

Claudia María Montoya Arango
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Registration No.77492-T
Member of KPMG S.A.S.
(See report of February 24, 2021)

Cementos Argos S.A.

SEPARATE STATEMENT OF CHANGES IN EQUITY

For the years ending on December 31st, 2020 and 2019 | Millions of Colombian pesos

	Note	Issued Capital	Treasury shares	Statutory reserve	Other reserves	Retained earnings	Other comprehensive income and other components	Cementos Argos S.A. Equity without investees	Reserves in investees	Accumulated income in investees	Other comprehensive income in investees	Equity
Balance at January 1st, 2019		**2,142,313**	**(113,797)**	**85,209**	**728,354**	**775,308**	**841,604**	**4,458,991**	**154,329**	**1,514,793**	**2,330,026**	**8,458,139**
Net income for the period	35	-	-	-	-	(252,550)	-	(252,550)	-	374,371	-	121,821
Other comprehensive income, net of income tax		-	-	-	-	-	49,099	49,099	-	-	18,859	67,958
Comprehensive income for the period		**-**	**-**	**-**	**-**	**(252,550)**	**49,099**	**(203,451)**	**-**	**374,371**	**18,859**	**189,779**
Transfer to retained earnings		-	-	-	-	13,934	(13,934)	-	-	1,004	(1,004)	-
Cash dividends on ordinary shares	28	-	-	-	-	38,821	-	38,821	-	(317,522)	-	(278,701)
Cash dividends on preferred shares	28	-	-	-	-	9,305	-	9,305	-	(57,679)	-	(48,374)
Appropriation of reserves	27	-	-	17,851	-	3,937	-	21,788	-	(21,788)	-	-
Release of reserves	27	-	-	-	(168,675)	168,675	-	-	-	-	-	-
Other movements	27	-	-	-	-	-	-	-	(158)	10,101	-	9,943
Balance at December 31st, 2019		**$ 2,142,313**	**(113,797)**	**103,060**	**559,679**	**757,430**	**876,769**	**4,325,454**	**154,171**	**1,503,280**	**2,347,881**	**8,330,786**
Balance at January 1st, 2020		**$ 2,142,313**	**(113,797)**	**103,060**	**559,679**	**757,430**	**876,769**	**4,325,454**	**154,171**	**1,503,280**	**2,347,881**	**8,330,786**
Net income for the period	35	-	-	-	-	(269,055)	-	(269,055)	-	347,187	-	78,132
Other comprehensive income, net of income tax		-	-	-	-	-	(254,810)	(254,810)	-	-	313,647	58,837
Comprehensive income for the period		**-**	**-**	**-**	**-**	**(269,055)**	**(254,810)**	**(523,865)**	**-**	**347,187**	**313,647**	**136,969**
Transfer to retained earnings		-	-	-	-	8,091	(8,091)	-	-	-	-	-
Cash dividends on ordinary shares	28	-	-	-	-	16,620	-	16,620	-	(305,920)	-	(289,300)
Cash dividends on preferred shares	28	-	-	-	-	5,328	-	5,328	-	(55,569)	-	(50,241)
Appropriation of reserves	27	-	-	12,182	-	700	-	12,882	-	(12,882)	-	-
Release of reserves	27	-	-	-	(232,212)	232,212	-	-	-	-	-	-
Other movements	27	-	-	-	-	-	-	-	2,497	1,522	-	4,019
Balance at December 31st, 2020		**$ 2,142,313**	**(113,797)**	**115,242**	**327,467**	**751,326**	**613,868**	**3,836,419**	**156,668**	**1,477,618**	**2,661,528**	**8,132,233**

Notes are an integral part of these separate financial statements.

Juan Esteban Calle Restrepo
Legal Representative
(See attached certification)

Óscar Rodrigo Rubio Cortés
Corporative Accounting Manager
T.P. 47208-T
(See attached certification)

Claudia María Montoya Arango
(Original version issued in Spanish and signed by)
Statutory Auditor of Cementos Argos S.A.
Registration No.77492-T
Member of KPMG S.A.S.
(See report of February 24, 2021)

Cementos Argos S.A.

SEPARATE STATEMENT OF CASH FLOWS

For the years ending on December 31st, 2020 and 2019 | Millions of Colombian pesos

	Notes		2020		2019
CASH FLOW FROM OPERATING ACTIVITIES					
Net Income	35	$	78,132	$	121,821
Adjustments to reconcile profit:					
Depreciation and Amortization	35		165,175		185,116
Income tax	9		(35,478)		(41,027)
Financial income	33		(37,358)		(33,683)
Net financial expenses	34		326,097		326,336
Provisions, post-employment and long-term defined benefit plans			2,465		3,978
Net impairment in financial assets and inventories			4,236		4,332
(Gains) losses from exchange difference			21,802		(7,799)
Gains on fair value measurement of investment properties and other assets			(2,962)		1,849
Net gain of subsidiaries, associates and joint ventures share	12,13		(347,188)		(374,371)
Losses (gains) on the disposal of non-current assets and business			14,477		(26,190)
Others, net			1,173		(12,862)
Changes in working capital of:					
Decrease (increase) in inventory	10		23,557		(36,266)
Decrease (increase) in receivables and other accounts receivable	8		127,250		119,061
Decreased (increased) in other non-financial assets			12,387		(4,018)
Paid taxes			(42)		-
Decrease in liabilities and other accounts payable			(195,884)		(129,960)
Total adjustments to reconcile profit and changes in working capital			**79,707**		**(25,504)**
Net cash flows from operating activities		**$**	**157,839**	**$**	**96,317**
CASH FLOW FROM INVESTING ACTIVITIES					
Amounts used to capitalize associates or joint ventures			(1,920)		(7,500)
Acquisition of investments financial instruments			(45,162)		(132)
Proceeds from the sale of participations in investees			4,984		62,681
Proceeds from sale of financial assets			135,814		23,372
Purchase of property, plant and equipment and investment properties			(56,745)		(185,999)
Dividends received			271,967		486,447
Proceeds from the sale of property, plant and equipment and investment properties			4,397		3,211
Purchase of intangible assets			-		(255)
Net cash flows used in investing activities		**$**	**313,335**	**$**	**381,825**
CASH FLOWS FROM FINANCING ACTIVITIES					
Cash flows from disposal (capitalization) of subsidiaries without loss of control			452		(2,897)
Proceeds from loans	18		1,216,145		1,400,975
Payment of loans and debt instruments			(1,088,502)		(1,201,172)
Amounts from bond issue	24		249,382		-
Proceeds from bond issue	24		(40,650)		(70,350)
Interest paid			(300,919)		(291,275)
Dividends paid on ordinary shares	28		(262,543)		(274,674)
Dividends paid on preferred shares	28		(47,690)		(49,894)
Payments of lease liabilities			(34,740)		(36,988)
Collection from financial derivatives contracts			31,440		27,614
Net cash flows used in financing activities		**$**	**(277,625)**	**$**	**(498,661)**
Increase (decrease) of cash and cash equivalent by operations			**193,549**		**(20,519)**
Cash and cash equivalents at the beginning of the period	**5**	**$**	**42,678**	**$**	**63,197**
Cash and cash equivalents at end of the period	**5**	**$**	**236,227**	**$**	**42,678**

Notes are an integral part of these separate financial statements.

Juan Esteban Calle Restrepo
Legal Representative
(See attached certification)

Óscar Rodrigo Rubio Cortés
Corporative Accounting Manager
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(See report of February 24, 2021)

NOTES TO SEPARATE FINANCIAL STATEMENTS

As of December 31, 2020 and 2019
(Million Colombian Pesos and Thousand American Dollars, unless otherwise specified)

NOTE 1: GENERAL INFORMATION

Cementos Argos S.A. (the Company) is a business corporation, incorporated in accordance with the Colombian laws on August 14, 1944, headquartered in the city of Barranquilla, in the department of Atlántico, Republic of Colombia. The company's business purpose is the exploitation of the cement industry, the production of concrete mixes and any other materials or items made of cement, lime or clay, the acquisition and exploitation of minerals or deposits of exploitable minerals in the cement industry and similar rights to explore and mine the aforementioned minerals, whether by concession, privilege, lease or other title. The term of duration of the Company expires on August 14, 2060, with an extended duration. The headquarters address is Carrera 53 No 106–280 Centro Empresarial Buenavista Piso 17, Barranquilla. No branches are established in Colombia or abroad.

Cementos Argos S.A. is part of Grupo Empresarial Argos whose parent company is called Grupo Argos S.A.

The Board authorized the issuance of the consolidated financial statements of the Company for the year ended December 31, 2020 on February 24, 2021.

NOTE 2: BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

2.1. Compliance Status

The separate financial statements of Cementos Argos S.A. for the years ended December 31, 2020 and 2019 have been prepared in accordance with Accounting and Financial Information Standards accepted in Colombia (NCIF, by their Spanish acronym), which are based on the International Financial Reporting Standards (IFRS) along with their interpretations, translated into Spanish and issued by the International Accounting Standards Board (IASB) as of the second half of 2018 and the amendment to IFRS 16 Leases: rent reductions related to COVID-19 issued in 2020. The NCIF were established in Act 1314/2009, regulated by the Unique Regulatory Decree 2420/2015, issued by the Ministry of Finance and Public Credit and the Ministry of Commerce, Industry and Tourism of the Republic of Colombia, amended on December 23, 2015 by Regulatory Decree 2496, on December 22, 2016 by Regulatory Decree 2131, on December 22, 2017 by Regulatory Decree 2170, on December 28, 2018 by Regulatory Decree 2483, on December 13, 2019 by Regulatory Decree 2270 and on November 5, 2020 by Decree 1432.

Additionally, the Company, in compliance with laws, decrees and other regulations in force, applies the following accounting criteria issued specifically for Colombia by regulatory entities:

- External Circular No. 36/2014 of the Financial Superintendency of Colombia – The accounting treatment of the positive net differences generated in NCIF's first time application may not be distributed to stem losses, carry out capitalization processes, distribute profits and/or dividends, or be recognized as reserves. Negative net differences will not be taken into account for technical equity, minimum capital to operate, or other legal controls, for preparers of financial information and security issuers subject to control.
- Decree 2496 of December 23, 2015 – Determining that parameters for accounting the post-employment benefits must correspond to Decree 2783/2001 as the best market approximation. For the year 2016, Decree 2131 of December 22, 2016, eliminated the obligation to apply these assumptions for the measurement of post-employment benefits, allowing the application of the requirements of IAS 19 employee benefits, and these requirements being applicable only for financial information disclosure purposes. Decree 1625/2016 determines that the calculation of pension liabilities

must be disclosed in accordance with the parameters established in said standard and in the case of partial pension commutation in accordance with Decree 1833/2016, as well as the differences arising from the calculation carried out in accordance with IAS 19 – Employee Benefits.

2.2. Basis of Preparation and Accounting Policies

2.2.1. BASIS OF PREPARATION

The separate financial statements include Company's financial statements as of December 31, 2019. These have been prepared on the basis of historical cost, except the measurement of certain financial assets and liabilities, derivative financial instruments, investment properties that have been measured at fair value. The Company does not measure non-financial assets or liabilities at fair value on a recurring basis, except investment property and biological assets. Financial statements are presented in Colombian pesos, which is the functional currency of the Company, and all values in Colombian pesos are rounded up to the closest million, unless otherwise indicated, and values in dollars are rounded up to the closest thousand, unless otherwise indicated.

The separate financial statements have been prepared on the accounting basis of accumulation or accrual, except the cash flow information. Usually, the historical cost is based on the fair value of the consideration granted in exchange for goods and services.

Fair value is the price that would be received when selling an asset or would be paid to transfer a liability in an orderly transaction between market participants at the date of measurement, regardless of whether that price is directly observable or estimated using another method of valuation. When estimating the fair value of an asset or a liability, the Company considers the characteristics of the asset or liability if market participants take into account these characteristics to value the asset or liability at the date of measurement. The fair value for purposes of measurement and/or disclosure of these financial statements is determined on that basis, except for payment transactions based on actions within the scope of IFRS 2, leasing transactions within the scope of IAS 16 and measurements that have some similarities in fair value but are not fair value, such as the realizable value in IAS 2 or value in use in IAS 36.

Additionally, for financial information purposes, fair value measurements are categorized as Level 1, 2 or 3 based on the degree to which the entries to fair value measurements are observable and the importance of the entries to fair value measurements as a whole, which are described as follows:

- Level 1 entries are quoted prices (not adjusted) in active markets for identical assets and liabilities to which the company has access on the date of measurement;
- Level 2 entries are entries different from the quoted prices included in Level 1 that are observable for an asset or liability, either directly or indirectly; and
- Level 3 entries are unobservable entries for an asset or liability.

2.2.2. ACCOUNTING POLICIES

SIGNIFICANT ACCOUNTING POLICIES

Below are the significant accounting policies that applied by Cementos Argos S.A. in the preparation of its separate financial statements.

1. CASH AND CASH EQUIVALENT

Cash and cash equivalents in the statement of financial position and in the cash flow statement include money in cash and in banks, highly liquid investments that are easily convertible into a certain amount of cash and subject to an insignificant risk of changes in value, with a maturity of three months or less from the date of acquisition.

2. FINANCIAL INSTRUMENTS

Financial assets and liabilities are initially recognized at fair value plus (minus) directly attributable transaction costs, except for those that are measured later at fair value with changes in the income statement. The Company subsequently measures financial assets and liabilities at an amortized cost or fair value, depending on the Company's business model for managing financial assets and the characteristics of the contractual cash flows of the instrument.

Financial Assets

Financial assets other than those at amortized cost are subsequently measured at fair value with recognized changes in the income statement. However, for investments in equity instruments that are not held for negotiation purposes, the Company may choose, during the initial recognition and irrevocably, to present the profits or losses from fair value measurements in other comprehensive income. When disposing of investments at fair value in other comprehensive income, the accumulated value of profits or losses is transferred directly to retained earnings and are not reclassified as income for the period. Cash dividends received from these investments are recognized in the income statement. The Company has chosen to measure some of its investments in equity instruments at fair value in other comprehensive income. A financial asset is subsequently measured at amortized cost, using the effective interest rate, if the asset is held within a business model whose objective is to hold them in order to obtain contractual cash flows, and its contractual terms grant, on specific dates, cash flows which are only principal and interest on the value of the outstanding principal.

A financial asset or part of one is written off from the statement of financial position when it is sold, transferred, it matures or control is lost over the contractual rights or cash flows of the instrument or when the financial asset is transferred and transfer meets with requirements for derecognition. A financial liability or part of one is written off from the separate statement of financial position when the contractual obligation has been settled or has matured. When derecognizing a financial asset or part of one, difference between its book value and the sum of the consideration received is recognized in profit or loss (including any new asset obtained less any liability assumed).

When an existing financial liability is replaced by another from the same counterparty on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a write-off of the original liability and the recognition of the new liability, and the difference in the respective book values, are recognized in the income statement.

Impairment of Financial Assets

The impairment model according to IFRS 9 shows the expected credit losses, in opposition to the incurred credit losses according to IAS 39. In the impairment scope of IFRS 9, it is no longer necessary for a credit event to occur before recognizing credit losses.

The Company records expected credit losses from debt securities, trade accounts receivable, and leases at the end of the reporting period. In the calculation of expected credit losses under IFRS 9, the Company applies a simplified approach, which allows to not track changes in the credit risk, but to recognize a provision for losses based on expected credit losses during the asset's lifetime on each reporting date, that is, to recognize the expected credit losses resulting from possible breach events during the expected lifetime of the financial instrument. In cases where there is objective evidence that a financial asset is impaired, the Company recognizes an individual impairment loss provision, excluding the collective impairment evaluation under the expected loss model.

To determine the expected credit losses, the Company has used a provision matrix based on the number of days that a trade account receivable is in default, i.e. by grouping the portfolio by ranges of overdue days and applying to the balances of accounts receivable an expected default percentage on the day of measurement for each range of overdue days. The default percentage according to overdue days in portfolio is determined using the transition matrix methodology, according to Markov chain theory. The Company's portfolio is segmented into two homogeneous groups, industrial business and mass business.

Loss from impairment is recognized in the overhead expense and costs of sale in the Company's separate income statement. When there is confirmation that the trade account receivable will be uncollectible, the gross book value of the account receivable is then written of in accounts against the associated provision.

Financial Liabilities

The initial recognition of financial liabilities is done at fair value and subsequently valued at the amortized cost using the effective interest method. Losses and profits are recognized in the income statement when liabilities are written off, as well as accrued interest using the effective interest method. The amortized cost is calculated taking into account any discount or premium on acquisition and installments or costs that are an integral part of the effective interest method.

The effective interest method is the method used to calculate the amortized cost of a financial asset or a financial liability and for the distribution and recognition of interest income or interest expense in the income for the period throughout the corresponding period. The amortized cost of a financial asset or a financial liability is that which is measured on initial recognition, minus repayments of the principal, in addition to, more or less, accumulated amortization using the effective interest method of any difference between the initial amount and the amount at maturity, and for financial assets, adjusted for any value loss adjustments.

Financial Derivatives
IFRS 9 introduces the option to apply the guidelines of accounting hedges from IFRS 9 or to continue to apply the accounting requirements for hedges from IAS 39 and IFRIC 16 Hedges of Net Investment in a Foreign Operation, provided that the policy is applied consistently to all hedge relations. Cementos Argos S.A. will continue to apply the accounting requirements for hedges established by IAS 39, as permitted by IFRS 9.

Financial derivatives are recorded in the separate statement of financial position at their fair values, taking into account the market curves in force at the valuation date. The accounting for changes in the fair value of derivatives depends on the use of the derivative and its designation as an accounting hedging instrument. Certain derivatives embedded in other financial instruments (implicit derivatives) are treated as separate derivatives when their risk and characteristics are not closely related to the host contract and it is not recorded at fair value with its unrealized profits and losses included in the income statement.

To mitigate risks in foreign currency transactions and exposure to interest rates, the Company undertakes natural hedging and financial hedging operations by using derivative financial instruments, mainly derivative swap contracts and forward contracts. All derivatives in force have been designated as accounting hedging instruments for cash flow or fair value in accordance with the criteria of IAS 39 Financial Instruments. The Company does not use derivative instruments, or any other public financial instruments for speculative purposes.

Certain derivative transactions that do not qualify to be accounted for as derivatives for hedging are treated and reported as derivatives for negotiation, even though they provide effective hedging for the management of risk positions. The Company formally appoints and documents the relationship with derivatives that qualify to be accounted for as hedge accounting at the beginning of the hedging relationship, and also documents the goals of the risk management and the strategy for the hedge.

Swap operations relate to financial transactions in which the Company, through a contractual agreement with a bank, exchanges cash flows with the purpose of reducing the risks related to currency, rate, term or issuer, and also relate to the restructuring of assets or liabilities.

Forward transactions and currency swap transactions are used to hedge the exchange rate risk in operations of foreign currency debt, to hedge future cash flows with high probability of occurrence, such as the Company's monthly exports, and with the purpose of balancing the Company's currency exposure by taking advantage of what, in the Administration's opinion, are considered favorable market conditions. The existence of this agreement has no impact on the underlying debt valuation.

The Company also uses interest rate swaps to manage its exposure to interest rates. In the case of interest rate Swaps there is no exchange of capital, and the Company is responsible for its debts with defined amounts and terms, the accounting record is independent from the swap. These exchanges aim to convert financial instruments either from fixed to variable or from variable to fixed.

Management documents the hedging relationship from the time of initial recognition. This documentation includes, but is not limited to, the following:

- Designation, including identification of the hedging instrument, hedged item or transaction, or hedging relationship, hedging objective and risk management strategy;
- Designation and hedging relationship, hedging objective and risk management strategy
- Designation date of the accounting hedge; and
- Procedure to assess the effectiveness of the hedging and method to assess the effectiveness of the prospective and retroactive hedging and its periodicity.

Such hedges are expected to be highly effective in offsetting the changes in fair value or cash flows and are being constantly evaluated to determine that this has been so throughout the reporting periods for which they were designated. For hedge accounting purposes and for those applicable to the Group, hedges are classified and accounted for as follows, once the strict criteria for accounting are met:

- **Fair value hedges,** when they hedge exposure to changes in the fair value of recognized assets or liabilities or unrecognized firm commitments. In fair value hedging relationships, changes in the fair value of the hedged item and the hedging instrument are recognized and offset in the separate income statement for the period, presented as financial cost or income. The change in fair value of the hedged item attributable to the hedged risk is recorded as part of the book value of the hedged item, and is also recognized in the statement of comprehensive income under the income statement section as a financial income or cost.

- **Cash flow hedges,** when hedging exposure to variations in the cash flows attributed either to a particular risk associated with a recognized asset or liability or to a highly probable foreseen transaction, or to the exchange rate risk related to an unrecognized firm commitment. In cash flow hedging relationships, changes in the fair value of the hedging instrument are recognized directly in the other comprehensive income, separated by the effective portion of hedging. Then, the ineffective portion is recognized in the separate financial income or expenses. The profits or losses recognized in equity are reclassified later to the separate income statement when the hedged item affects the Company's separated income.

In highly probable transactions hedging relationships, changes in the fair value of the hedging instrument are recognized directly in the other comprehensive income, separated by the effective portion of hedging. Then, the ineffective portion is recognized in the separate financial income or expenses. Profits or losses recognized in equity are reclassified at the end of the hedging relationship to the same account of the hedged item.

The effective portion of the profit or loss from measuring the hedging instrument is immediately recognized in the other comprehensive statement, whereas the ineffective portion is recognized immediately in the statement of comprehensive income under the income statement section as a financial cost.

The values recognized in the other comprehensive income are reclassified to the statement of comprehensive income under the income statement section when the hedged transaction affects the income, just as the hedged financial income or financial expense is recognized, or when the foreseen transaction takes place. When the hedged item constitutes the cost of a non-financial asset or liability, the values recognized in the other comprehensive income are reclassified to the initial book value of the non-financial asset or liability. If the foreseen transaction or firm commitment is no longer expected to take place, the cumulative gain or loss previously recognized in the other comprehensive income is reclassified to the statement of comprehensive income under the income statement section.

If the hedging instrument matures or is sold, resolved, or exercised without a replacement or successive renewal of a hedging instrument for another hedging instrument, or if its designation as hedge is revoked, any cumulative profit or loss recognized previously in other comprehensive income remains in the other comprehensive income until the foreseen operation or firm commitment affects the result.

Derivatives that are not designated as hedges for accounting purposes under IAS 39 are measured at fair value.

2. PROVISIONS FOR DECOMMISSIONING, RESTORATION AND REHABILITATION
The Company recognizes as part of the cost of an item of property, plant and equipment when there is a legal or implicit obligation to dismantle an asset or restore the site where it was built, the present value of the estimated future costs expected to be incurred for the dismantling or restoration.

The provision for decommissioning or restoration are recognized at the present value of estimated future disbursements to pay the obligation. Cash flows adjusted to reflect liability risks are discounted at a risk-free rate before taxes.

The estimated future cash flows for decommissioning or restoration are reviewed periodically. Changes in estimates, in the expected dates of disbursements or in the discount rate used to discount the flows are recognized as an increase or decrease of the decommissioning cost included in the item of property, plant and equipment. The change in the value of the provision associated with the passage of time is recognized as a financial expense in the statement of comprehensive income.

3. DISBURSEMENT OF EXPLORATION AND EVALUATION
The Company recognizes as an expense for the evaluation and exploration of mineral resources those disbursements incurred in prior to demonstrating the technical feasibility and commercial viability of an exploitation project, even if they are directly related to or associated with the activity of exploration and evaluation of mineral resources. If disbursements meet the conditions for recognition, then they are recorded as intangible assets. These expenses will be recognized at the disbursed value at the time they are incurred.

4. FAIR VALUE MEASUREMENTS
Fair value is the price that would be received when selling an asset or would be paid to transfer a liability in an orderly transaction between market participants on the date of measurement. The fair value of all financial assets and liabilities is determined as of the financial statements presentation date, for recognition or disclosure in the notes to the separate financial statements. Judgments include data such as liquidity risk, credit risk, and volatility. Changes to the hypotheses about these factors might affect the reported fair value of the financial instruments.

5. FOREIGN CURRENCY
Las transacciones en moneda extranjera, que corresponden a aquellas transacciones en moneda distinta a la moneda Transactions in foreign currencies corresponding to those transactions in currencies other than the functional currency of the Company are recorded initially at the exchange rate of the functional currency valid on the date of the transaction. Later, the monetary assets and liabilities in foreign currencies are converted at the exchange rate of the functional currency valid on the closing date of the period. Non-monetary items measured at their fair value are converted using the exchange rates of the date when their fair value is determined, and non-monetary items measured at historical cost are converted using the exchange rates determined to be applicable on the date of the original transaction, and have not been re-converted.

All exchange rate differences of monetary items are recognized in the income statement except for monetary items that provide an effective hedge for a net investment in a foreign business and those that come from investments in shares classified at fair value through equity. For the presentation of Company separate financial statements, the assets and liabilities of foreign operations have been converted into Colombian pesos at the exchange rate valid on the closing date of the reporting period. Revenues, costs and expenses, and cash flows are converted at the average exchange rates of the period, unless these fluctuate significantly during the period, in which case the exchange rates of the date of the transactions are used. Any exchange rate differences that arise, as the case may be, are recognized in other comprehensive income and are accumulated in equity (attributed to non-controlling interests when appropriate).

When disposing of a foreign operation, including the disposal of the Company's total participation in a foreign operation and a disposal involving the partial sale of a stake in a joint venture or associate that includes a foreign operation in which the retained participation becomes a financial asset, all exchange differences accumulated in equity relating to that operation attributable to the owners of the Company are reclassified from equity to income for the separate period.

Additionally, with regards to the partial disposal of a subsidiary (including a foreign operation), the Company will attribute the proportionate share of accumulated exchange differences again to the non-controlling interests and will not be recognized in profits or losses. For any other partial disposals (i.e. the partial disposal of associations or joint agreements that do not involve the loss of significant influence and joint control by the Company), the company will reclassify to profits or losses only the proportional share of the cumulative amount of exchange differences.

Adjustments corresponding to goodwill and the fair value of identifiable acquired assets and liabilities generated in the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and are converted at the valid exchange rate at the end of each reporting period. Any exchange differences that may arise will be recognized in other comprehensive income.

6. IMPAIRMENT OF ASSET VALUE
At the end of each period, the Company evaluates the existence of any indications that an asset's value may be impaired. If there are indications of impairment or at least annually for goodwill, intangible assets with an indefinite useful life and intangible assets that are not yet in use, the recoverable value of the asset or the cash-generating unit(s) is estimated, the latter level when it is not possible to estimate the recoverable amount of the individual asset. When a reasonable and consistent basis of distribution is identified, common assets are also allocated to the cash-generating units or distributed to the smallest group of cash-generating units for which a reasonable and consistent distribution basis may be identified.

The recoverable value of an asset is the highest value between the fair value minus the costs of sales, whether it is an asset or a cash-generating unit, and its value in use. When estimating the value in use, estimated future cash flows are discounted from the current value using a discount rate before taxes that reflects current market valuations of the temporary value of money and the specific risks for the asset for which the estimated future cash flows have not been adjusted.

When the book value of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and the value is reduced to its recoverable amount.

When an impairment loss is reversed later, the book value of the asset (or cash-generating unit) is increased to the revised estimated value of its recoverable amount, so that the increased book value does not exceed the book value that would have been measured if the asset's (or cash-generating unit's) impairment loss had not been recognized in previous years. The reversal of an impairment loss is recognized in income. Goodwill impairment losses cannot be reversed.

7. IMPAIRMENT OF NON-FINANCIAL ASSETS
At the end of each period, Cementos Argos S.A. evaluates the existence of any indications that an asset's value may be impaired. The recoverable value of the asset or cash-generating unit is estimated, at the time when an indication of impairment is detected, or at least annually for intangible assets with an indefinite useful life and intangible assets not yet in use. When a reasonable and consistent basis of distribution is identified, common assets are also allocated to individual cash-generating units or distributed to the smallest group of cash-generating units for which a reasonable and consistent distribution basis may be identified.

The recoverable value of an asset is the highest value between the fair value minus the costs of sales, whether it is an asset or a cash-generating unit, and its value in use. When estimating the value in use, estimated future cash flows are discounted from the current value using a discount rate before taxes that reflects current market valuations of the temporary value of money and the specific risks for which the estimated future cash flows have not been adjusted. When the book value of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and the value is reduced to its recoverable amount.

When an impairment loss is reversed later, the book value of the asset (or cash-generating unit) is increased to the revised estimated value of its recoverable amount, so that the increased book value does not exceed the book value that would have been measured if the asset's (or cash-generating unit's) impairment loss had not been recognized in previous years. The reversal of an impairment loss is automatically recognized in the income statement.

8. TAXES
The expense for income tax represents the sum of the payable current income tax and the deferred tax.

Current income tax
Current assets and liabilities for the income tax of the period are measured by the values expected to be recovered or paid to the tax authority. The expense for income tax is recognized in the current tax according to the refinement made between the income tax and the accounting profit or loss affected by the income tax rate for the current year and pursuant to the provisions of the tax standards of each country. The tax rates and regulations used to compute these values are those that have been approved or substantially approved by the end of the reporting period, in the countries in which the Company operates and generates taxable profits.

Deferred tax
Deferred income tax is recognized using the liability method calculated on the temporary differences between the tax bases of the assets and liabilities and their book values. The deferred tax liability is recognized for temporary taxable differences and the deferred asset tax is recognized for temporary deductible differences and future offset of tax credits and unused tax losses, to the extent that the availability of future taxable income against which they may be allocated is likely. These assets and liabilities are not recognized if the temporary differences arise from the initial recognition (other than the business combination) of other assets and liabilities in an operation that does not affect the tax profit or the accounting profit. Furthermore, deferred tax liabilities are not recognized if the temporary difference arises from the initial recognition of goodwill.

Liabilities deferred due to temporary taxable differences associated with investments in subsidiaries and associates and interests in joint ventures, except those where the Company is able to control the reversal of the temporary difference, and when there is the possibility that this may not be reversed in the near future, must be recognized. Deferred tax assets that arise from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is likely that the company will have future taxable profit against which the temporary differences may be charged and when there is the possibility that these may be reversed in the near future.

The book value of a deferred tax asset should be subject to revision at the end of each reporting period and should be reduced to the extent it is likely that the Company will not have sufficient tax profits in the future, in order to allow the asset to be recovered, either in total or in part. Deferred tax assets and liabilities should be calculated using the tax rates that are expected to be applicable during the period in which the asset is realized or the liability is settled based on the rates (and tax laws) that have been approved or practically approved by the end of the reporting period, after the approval process has been completed. The measurement of deferred tax liabilities and deferred tax assets will reflect the tax consequences that would occur from the manner in which the company expects to recover or settle the book value of its assets and liabilities at the end of the reporting period. Deferred taxes are not discounted.

Deferred tax is recognized in the period income, except those related to items recognized outside the income; in this case they will be presented in other comprehensive income or directly in equity. In the case of a business combination when current or deferred tax arises from the initial accounting for the business combination, the tax effect is considered within the accounting for the business combination.

9. INTANGIBLE ASSETS

Intangible assets acquired separately are initially calculated at cost. The cost of intangible assets acquired in business combinations are recognized separately from goodwill at fair value at the date of acquisition (which is regarded as its cost). After the initial recognition, intangible assets are posted at cost minus any accumulated amortization and any accumulated impairment losses. Internally generated costs for intangible assets, except for development costs that meet recognition criteria, are not capitalized and when disbursed they are recognized in the comprehensive income statement at the time when they are incurred.

Disbursements arising from research activities are recognized as an expense in the period in which they are incurred. An internally generated intangible asset as a result of development activities (or of the development phase of an internal project) is recognized if, and only if, the following conditions are met:

- Technically, it is possible to complete the production of the intangible asset so that it may be made available for use or sale;
- Its ability to complete the intangible asset in question, either to use it or to sell it;
- Its ability to use or sell the intangible asset;
- The manner how the intangible asset will generate probable economic benefits in the future;
- The availability of adequate technical, financial or other kind of resources, to complete its development and to use or sell the intangible asset; and
- Its ability to measure reliably the disbursement attributable to the intangible asset during its development.

The amount initially recognized for an internally generated intangible asset will be the sum of the disbursements incurred from the time when the item meets the conditions for recognition set forth above. After the initial recognition, an internally generated intangible asset will be accounted at cost minus the accumulated amortization and accumulated amount of impairment losses on the same basis as intangible assets that are acquired separately.

The period of amortization and the amortization method for intangible assets with a finite useful life are reviewed at least at the end of each period. Changes in estimated useful life of the asset are recognized prospectively. The expense for amortization of intangible assets with finite useful lives is recognized in the comprehensive income statement. Intangible assets with indefinite useful lives are not amortized, but rather tested for impairment.

An intangible asset is written off at the time of disposal or when no future economic benefits from its use or disposal are expected. Profits or losses arising from the write-off of an intangible asset, calculated as the difference between the net income from the sale and the book value of the asset is recognized in the consolidated profits or losses at the time the asset is written off.

10. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

An associate is an entity over which the Company has significant influence. Significant influence is the power to participate in financial policy and operational decisions of the investee, but without having absolute or joint control of the investee.

A joint venture is a joint agreement whereby the parties that have joint control have rights to the net assets of the agreement. Joint control is shared control contractually agreed upon that only exists when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The results, assets and liabilities of the associate or joint venture are incorporated into the consolidated financial statements using the equity method, unless the investment or a portion thereof is classified as held for sale, in which case it is accounted pursuant to IFRS 5. Under this method, the investment is initially recorded at cost and adjusted with the changes in the participation of the Company and are subsequently adjusted to account for the Company's participation in profits or losses and in other comprehensive income statements of the associate or joint venture, minus any losses due to impairment of the investment.

When the participation of the Company in the losses of an associate or joint venture exceeds the participation of the Company in the associate or joint venture (including any long-term participation that is basically a part of the Group's net investment in the associate or joint venture), Cementos Argos S.A. ceases to recognize its participation in future losses. Additional losses are recognized as long as Company has acquired a legal or implicit obligation or has made payments on behalf of the associate or joint venture.

When the equity method applies, the necessary adjustments are made to standardize the accounting policies of the associate or joint venture with those of the Company. The share belonging to the Company is included in the obtained profits or losses and unrealized losses from transactions between Company and the associate or joint venture. The equity method is applied from the date where the investee becomes an associate or joint venture. This is because, for example, it can occur in stages, and it is not the date of acquisition; until significant influence or joint control over the entity is lost. In the acquisition of the investment in the associate or joint venture, any excess of the cost of the investment on the distribution of the net fair value of identifiable assets and liabilities of the investee is recognized as Goodwill Credit, which is included in the amount book value of the investment.

Any excess in the Company's distribution of the net fair value of identifiable assets and liabilities on the cost of investment, after having been revaluated, is posted immediately in profit or losses for the period where the investment was acquired. The requirements of IFRS 9 are applied to determine whether it is necessary to post an impairment loss from the Company's investment in an associate or joint venture. The total book value of the investment (including goodwill) is tested for impairment in accordance with IAS 36 Impairment of Assets as an individual asset by comparing its recoverable amount (highest between the useful value and the fair value minus the cost of disposal) to its book value. Any recognized impairment loss is part of the book value of the investment. Any reversal of that impairment loss is recognized in accordance with IAS 36 until the recoverable amount of the investment increases later.

The Company stops using the equity method on the date where the investment ceases to be an associate or a joint venture, or when the investment is classified as held for sale. When the Company has a stake in a former associate or joint venture and the holding is a financial asset, the Company measures the holding at fair value on that date, and at the fair value considered as fair value during the initial recognition, pursuant to IFRS 9. The difference between the book value of the associate or joint venture on the date the equity method stopped being used and the fair value of any retained stake and any result from the sale of a part of the stake in the associate or joint venture is included in the determination of profit or losses from the sale of the associate or joint venture.

Additionally, the Company records all previously recognized amounts in other comprehensive income regarding that associate or joint venture on the same basis that would have been required if the associate or joint venture had sold the assets or liabilities directly. Therefore, if a profit or loss previously accounted in other comprehensive income by the associate or joint venture had been reclassified to profits or losses upon selling the related assets or liabilities, the Company would reclassify the profit or loss from equity to profits or losses (as a reclassification adjustment) at the time when they stop using the equity method.

The Company continues using the equity method when an investment in an associate becomes an investment in a joint venture, or an investment in a joint venture becomes an investment in an associate. No recalculation at fair value at the time of such changes in ownership interests. When the Company reduces its equity stake in an associate or a joint venture but continues to use the equity method, the Company reclassifies to profits or losses the share of the profit or loss that had been recognized previously in other comprehensive income in relation to that reduction in equity participation, if such a profit or loss were reclassified to profit or losses upon the sale of the corresponding assets or liabilities.

If a Company entity enters into a transaction with an associate or joint venture of the Company, the profits and losses resulting from such transactions are accounted for in the separate financial statements of the Company solely for the portion of participation in the associate or joint venture that is not related with the Company. Goodwill arising from the acquisition of an associate or a joint venture is included in the carrying amount of the investment, and is not individually amortized or subjected to impairment tests.

11. INVESTMENT PROPERTY

Investment properties are property (land or buildings considered, either in whole or in part, or both) that are held (by the Company or by a lessee under a financial lease) in order to earn income, capital gains or both, instead of a) using it for the production or supply of goods or services, or for administrative purposes, or b) selling it in the ordinary course of operations, including investment properties under construction for such purposes; these are measured initially at their acquisition price, plus all costs associated with the transaction and non-recoverable indirect taxes, after deducting financial or commercial discounts as well as the costs attributable directly to placing the investment property under the necessary conditions for it to operate in the manner intended by the Administration. After the initial recognition, investment properties are measured at fair value, with reference to the price that would be received on the measurement date, when disposing the asset in a market transaction. In the determination of the reasonable value, the Company hires independent experts with recognized professional capability and experience in property appraisal. Changes in fair value of investment property are recognized in the period income as they arise. Investment property may be transferred from and to property, plant and equipment.

An investment property is written off when it is disposed of or when the investment property is permanently withdrawn from use and no future economic benefits are expected to be received from its sale. Any profit or loss arising from writing off the property (measured as the difference between the net income from the sale and the book value of the asset) is included in the consolidated income for the separate period where the property was written off.

12. NON-CURRENT ASSETS HELD FOR SALE AND DISTRIBUTION TO OWNERS AND DISCONTINUED OPERATIONS

Non-current assets and groups of assets for disposal are classified as held for sale if their book value may be recovered through a sales transaction rather than through their continued use. These assets or groups of assets are presented separately as assets and liabilities in the statement of financial position at either their book value or fair value minus sales costs, whichever is lower, and are not depreciated or amortized from the date of their classification.

This condition is considered to be met only when the sale is highly likely and the asset (or group of assets for disposal) is available for immediate sale in its present condition, subject only to the usual terms adapted for the sale of these assets (or group of assets for disposal). The Administration must be committed to making the sale, which should be recognized as a completed sale within the period of one year after the date of classification.

When the Company is committed to a sales plan involving loss of control of a subsidiary, all assets and liabilities of that subsidiary are classified as held for sale when they meet the criteria described above, regardless of whether the Company is going to keep a non-controlling interest in its former subsidiary after its sale.

When the Company is committed to a sales plan involving the sale of an investment, or a portion of an investment in an associate or joint venture, the investment or portion of the investment that will be sold is classified as held for sale when the criteria described above are met and the Company discontinues the use of the equity method the in relation with the portion that is classified as held for sale. Any portion retained in an investment in an associate or a joint venture that has not been classified as held for sale, will continue to be accounted under the equity method. The Company discontinues the use of the equity method in relation with the portion that is classified as held for sale when the sale results in the Company losing significant influence over the associate or joint venture.

After the sale is made, the Company recognizes any interest retained in the associate or joint venture in accordance with IFRS 9, unless the interest retained is still an associate or a joint venture, in which case the Company uses the equity method (see the accounting policy related to the influence over an associate or joint venture). In cases where the Company undertakes to distribute an asset (or group of assets for disposal) to the owners, said non-current asset (or group of assets for disposal) is classified as held for distribution to owners. For this to be the case, the assets must be available for immediate distribution in their current conditions, and the distribution must be highly likely, i.e. activities must be underway to complete the distribution and should be expected to be completed within a year from the date of classification. The Company has classified its subsidiaries in liquidation processes as groups of assets to distribute to the owners.

Revenues, costs and expenses from a discontinued operation are presented separately from those from continuing operations–in a single item after income taxes–in the separate comprehensive income statement for the current period and for comparative the period of the previous year, even though the Company retains a non-controlling interest in the subsidiary after the sale.

The Company impairs a net investment in an associate or joint venture if, and only if, objective evidence indicates that one or more events, which occurred after initial recognition, have had an impact on the future cash flows of the net investment and that impact can be reliably estimated. The following events make it possible to establish whether there is objective evidence that these investments may show impairment:

- Significant financial difficulties of the associate or joint venture.
- Violations of the contract, such as defaults or delays in payment by the associate or joint venture.
- The granting of concessions to associates and joint ventures that would not have been granted in other circumstances.
- It becomes probable that the associate or joint venture will go into bankruptcy or some other form of financial reorganization.
- The disappearance of an active market for net investment due to financial difficulties of the associate or joint venture.
- Significant changes with adverse effect that have taken place in the environment, technological, market, economic or legal, in which the associate or joint venture operates; or
- A significant and prolonged decrease in the fair value of an investment in an associate or joint venture that is an equity instrument below its cost.

13. PROPERTY, PLANT AND EQUIPMENT

The property, plant and equipment includes the amount of land, buildings, furniture, vehicles, equipment, computing equipment and other facilities owned by the consolidated entities, and which are used for the entity's operations. The Company recognizes an item of property, plant and equipment when it is likely that the asset will generate future economic benefits, it is expected to be used for a period longer than one year, or all the risks and benefits inherent to the asset have been received and its value may be measured reliably. Spare parts and permanent maintenance equipment are recognized as an item of property, plant and equipment as they meet the recognition criteria.

The fixed assets are measured at cost minus accumulated depreciation and accumulated impairment losses, if any. Trade discounts, rebates and other similar items are deducted from the cost of acquisition of fixed asset. Properties under construction for administrative, production or service supply purposes are recorded at cost minus any recognized impairment loss. The cost includes professional fees, direct costs of decommissioning and removal, and in the case of qualifying assets, capitalized loans costs in accordance with the accounting policy of the Company. These properties are classified in the appropriate property, plant and equipment categories at the time of their completion and when they are ready for their intended use. The depreciation of these assets, as in the case of other property assets, begins when assets are ready for use. The depreciation begins when the asset is available for use and is measured in a linear manner over the estimated useful technical life of the asset, as follows:

Buildings and constructions	40 to 70 years
Aqueduct, networks and means of communications	20 to 40 years
Machinery and production equipment	10 to 30 years
Furniture and office, computer and communication equipment	3 to 10 years
Overland transport equipment	3 to 10 years
River transport fleet	3 to 45 years
Mines, quarries and mineral deposits	2 to 38 years

Property land is not depreciated.

An item of property, plant and equipment will be written off at the time of disposal or when economic future benefits are no longer expected from their continued use. The profit or loss arising from writing off an asset of property, plant and equipment is measured as the difference between sales revenue and the book value of the asset and it is recognized in profit or losses. The residual values, useful lives and depreciation methods of the assets are reviewed and adjusted prospectively at each year-end, if required.

14. LEASES
Cementos Argos S.A. applied IFRS 16 Leases as of January 1, 2019. The change in the accounting policy was carried out using the modified retrospective approach, in accordance with the transitional provisions allowed in the standard, as of January 1, 2019 it was recognized the cumulative effect of the transition from IAS 17 to IFRS 16 directly on equity in retained earnings.

The Company recognizes leases, subleases and contracts with similar characteristics and circumstances taking into account the capacity of lessor or lessee, the underlying asset, and the term of the contract.

At the start of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract transfers the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract transfers the right to control the use of the identified assets, the Company uses the definition of lease in IFRS 16. This policy applies to contracts entered into as of January 1, 2019.

The Company as a Lessee.
As a lessee, at the beginning or in the modification of a contract that contains a lease component, the Company assigns consideration in the contract to each lease component based on their relative independent prices.

The Company initially recognizes on the lease start date a right-of-use asset that represents the right to use the underlying asset of the contract and a lease liability that represents its obligation to make the payments agreed upon in the contract. Right-of-use assets are measured at cost, minus any accumulated depreciation and impairment losses, and are adjusted with new measurements of lease liabilities. The cost of right-of-use assets includes the value of recognized lease liabilities, initial direct costs incurred, and lease payments made before the contract start date minus any lease incentives received. Unless the Company has reasonable assurance of obtaining ownership of the leased asset at the end of the lease term, the assets recognized by the right-of-use are amortized in a straight line over the term of the lease. Right-of-use assets are subject to impairment.

On the lease start date, the Company recognizes the lease liabilities at the present value of the lease payments to be made during the lease term. Lease payments include fixed payments (including essentially fixed payments) minus lease incentives receivable, variable lease payments depending on an index or rate, and amounts expected to be paid based on value guarantees residual. Lease payments include the year's price of a purchase option when the Company has reasonable assurance that it will be exercised and the penalties for canceling the lease, if the lease term reflects that the Company will exercise an option to terminate the lease. Variable lease payments that do not depend on an index or a rate are recognized as an expense in the period where the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses the incremental borrowing rate on the lease commencement date if the interest rate implicit in the lease may not be readily determined. After the start date, the value of the lease liabilities is increased to reflect the accrual of interest and is reduced by the lease payments made. In addition, the book value of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in essentially fixed lease payments, or a change in the valuation to acquire the underlying asset.

The Company recognizes the depreciation of right-of-use assets and distributes the lease payments between the financial expense and the reduction of the lease obligations. Financial expense is charged directly to income, unless it is directly attributable to eligible assets, in which case they are capitalized in accordance with the general policy of borrowing costs.

The Company recognizes payments for leases of contracts with a lease term of 12 months or less and no purchase option or contracts whose underlying asset is of low value (i.e. assets whose new value is equal to or less than 3,500 dollars for assets intended for operation, and 5,000 dollars for assets of administrative use), as a lease expense minus lease incentives related, in a linear manner during the term corresponding to the lease, unless another systematic basis of distribution is more representative to more adequately reflect the temporal pattern of the benefits of the lease to the lessee.

The Company presents the right-of-use assets in lease and the lease liabilities separately in the separate statement of financial position. Right-of-use assets that meet the definition of investment property are presented within the investment property item.

The Company presents interest expense on the lease liability separately from the depreciation charge of the asset for the lease right-of-use. Interest expense on the lease liability is a component of financial costs, which are presented separately in the separate statement of comprehensive income.

The Company classifies in the separate cash flow statement, cash payments for principal and interest from lease payments as financing activities and payments for short-term leases and payments for leases of low-value assets as activities of operation.

Short-term leases and low-value asset leases.
The Company has decided not to recognize the lease right-of-use assets and the lease liabilities for leases with a lease term of 12 months or less and no purchase option (short-term leases), and leases whose underlying asset is of low value (i.e. assets whose new value is equal to or less than 3,500 dollars for assets intended for operation and 5,000 dollars for assets for administrative use), including IT equipment. The Company recognizes the lease payment associated with these leases as a linear lease expense over the term of the lease.

The Company as a Lessor.
At the beginning or when modifying a contract that contains a lease component, the Company assigns the consideration in the contract to each lease component based on their relative independent prices.

As a lessor, the Company classifies the leases as financial or operating at the beginning of the lease, evaluating the extent to which the risks and benefits derived from the ownership of the asset affect it. The Company classifies a lease as financial when all the risks and benefits inherent to the property are substantially transferred, and operating when all the risks and benefits inherent to the property are not substantially transferred.

The Company recognizes amounts owed by lessees under finance leases as accounts receivable at the amount of the Company's net investment in the leases. Finance lease income is distributed over the accounting periods in order to reflect a regular rate of return constant on the Company's net pending investment with respect to the leases.

Revenue stemming from operating leases is recorded using the straight-line method over the same period as the term of the lease. Initial direct costs incurred upon negotiating and agreeing upon an operating lease are added to the leased asset's book value and recorded in a linear manner over the term of the lease.

15. BORROWING COSTS
The Group capitalizes borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset, if these costs could have been avoided if no disbursements had been made for the asset. Borrowing costs are capitalized as part of the cost of assets when they are likely to generate future economic benefits and may be measured reliably. The capitalization of borrowing costs starts as part of the cost of a qualified asset on the date on which the following conditions are met: a. Disbursements are made in relation with the asset, b. Borrowing costs are incurred, and c. Necessary activities to prepare the asset for its intended use or sale are carried out.

The Company suspends capitalization of borrowing costs during the periods where the activities of a qualifying asset are interrupted. However, the capitalization of borrowing costs is not interrupted by leases during a period if important technical or administrative actions are being carried out. Capitalization of borrowing costs will not be suspended either when a temporary delay is necessary as part of the preparation process of a qualified asset for its intended use or sale.

Capitalization of borrowing costs ends when all necessary activities to prepare a qualified asset for its intended use or sale have been substantially completed. If the asset has components and these components may be used separately while the construction continues, the capitalization of borrowing costs on these components should be stopped.

16. BIOLOGICAL ASSETS
The Group recognizes a biological asset or agricultural product when it controls the biological asset or agricultural product as a result of past events, it is likely it will generate future economic benefits and the cost of the biological asset or agricultural product may be measured reliably.

The Group measures biological assets both at the beginning and at the end of the period, at fair value minus selling costs. The fair value of a biological asset is established by its quoted market price in an active market. In the event there are different active markets for the same biological asset, the fair value of the asset will be determined by the price quoted in the most relevant asset market.

If there is no asset market, the Group uses the following information to determine the fair value, provided it is available, and select the most reliable: a) the price of the most recent market transaction, assuming there have been no significant changes in economic circumstances between the date of the transaction and the end of the reporting period, b) the market price of similar assets, adjusted to reflect existing differences, c) sector benchmarks such as the value of plantations expressed as a function of surfaces, units of capacity, weight or volume.

Profits or losses arising from the initial recognition of a biological asset or agricultural product at fair value minus selling costs and from changes in this value are included in the income statement of the separate period when they occur.

17. PROVISIONS

Provisions are recognized when the Company has a current, legal or implicit obligation as a result of a past event, it is likely that the Company will have to dispose of resources to settle the obligation, and the value of the obligation may be estimated reliably. In cases where the Company expects the provision to be partially or fully reimbursed, the reimbursement is recognized as a separate asset, only when such a reimbursement is virtually certain and the amount of the account receivable may be measured reliably.

Provisions are measured with the Administration's best estimate of the future disbursements required to settle the present obligation and it is discounted using a risk-free rate. The expense related to the provisions is presented in the income statement, net of any reimbursement. The increase in the provision due to the passage of time is recognized as a financial expense in the income statement. The Company recognizes the present obligations, derived from an onerous contract, as provisions. An onerous contract is one in which the unavoidable costs of meeting the obligations it implies exceed the economic benefits expected to be received from it.

Contingent Liabilities

Possible obligations arising from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly under the control, are not recognized in the separate statement of financial position, but are disclosed as contingent liabilities.

Contingent liabilities acquired in a business combination are initially measured at their fair values on the date of acquisition. At the end of the subsequent reporting periods, such contingent liabilities are measured either the amount at which it would have been recognized under IAS 37 or the amount at which it was initially recognized minus the accumulated amortization recognized under IAS 15 Revenue from ordinary activities.

18. POST-EMPLOYMENT BENEFIT PLANS

The Company recognizes liabilities related to pensions, pension securities and bonds, retirement premiums and other post-employment benefits pursuant to the requirements of IAS 19 Employee Benefits.

On December 22, 2016, the Ministry of Commerce, Industry and Tourism issued Decree 2131, whereby it is required to disclose the calculation of pension liabilities in accordance with the parameters established in Decree 1625/2016 and, in the case of partial pension commutation, in accordance with Decree 1833/2016, as well as the differences arising from the calculation carried out in accordance with IAS 19 – Employee Benefits. This information is included in Note 22 employee benefits.

The Company recognizes the benefit plans classified as contribution plans in the separate income statement as overhead or sales expense, or cost of merchandise sold according to a submission by function on the date where it occurs. The Group recognizes benefit plans classified as benefit plans defined as an asset or liability in the Statement of Financial Position by the difference between the fair value of the plan assets and the present value of the obligation of said plan, using the projected unit credit method to determine the present value of the obligation related to the defined benefits and the cost of the current service and, where applicable, the cost of past services, at least once a year. Plan assets are measured at fair value, which is based on market price information and, in the case of quoted securities, it constitutes the published purchase price.

The Projected Unit Credit treats each period of service as a generator of an additional unit of entitlement to benefits and measures each unit separately to build up the final obligation. The Company deducts the total value of post-employment benefits obligation, even if part of it is to be paid within the twelve months following the reporting period. The estimate of the liability for post-employment benefits is performed by an independent actuary.

Actuarial profits or losses, the yield on plan assets, and changes in the effect of the asset ceiling, excluding amounts included in the net interest on the liability (asset) of the defined net benefits are recognized in the other comprehensive income. Actuarial profits or losses include the effects of changes in actuarial assumptions, as well as experience adjustments. The net interest on the liability (asset) of defined net benefits includes income from interest on plan assets, interest costs for the defined benefit obligation and interest on the effect of the asset ceiling.

The current service cost, the past service cost, any liquidation or reduction of the plan are recognized immediately in the comprehensive income statement in the statement section in the period where they arise.

19. INVENTORIES

Assets acquired with the intention of selling them in the ordinary course of business or consumed in the process rendering services are classified as inventories. The inventory of raw materials, products in process, merchandise manufactured for sale and finished products are measured at cost of acquisition. The Company recognizes a decrease in the value of inventories of finished goods, materials, spare parts and accessories if the cost exceeds the net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, minus the estimated costs of finalization and the estimated costs necessary to make the sale. Inventories include goods in existence that do not require transformation, materials such as minor parts and accessories for rendering of services, and goods in transit and held by third parties.

Inventories are valued using the weighted average method and its cost includes costs directly related to the acquisition and those incurred to give them their current condition and location.

20. REVENUE

IFRS 15 requires the recognition of ordinary income when the promised goods or services are transferred to customers, for the amounts that reflect the consideration that the entity expects to receive in exchange for said goods or services, through the application of a five-step approach: Step 1: Identify the contract(s) with the customer; Step 2: Identify performance obligations within the contract; Step 3: Determine the price of the transaction; Step 4: Assign the transaction price to each performance obligation based on the individual relative sale price of each good or service; and Step 5: Recognize ordinary income when (or to the extent that) the entity meets performance obligations by transferring control of promised goods and services to the customer. Performance obligations may be fulfilled at one-time point or over a period of time.

Sale of Goods

In the sale of goods, a single performance obligation is established. The Company recognizes income when the obligation is fulfilled, i.e. when control of the underlying goods or services of the performance obligation has been transferred to the customer, at one-time point.

Rendering of Services

The Company renders some services that are sold on their own in contracts with customers or grouped together with the sale of goods to a customer. In both scenarios, income from service contracts is realized at one-time point.

IFRS 15 excludes from its scope the recognition requirements for dividend and interest income and operating leases, for which the Company continues to apply the same accounting treatment.

Income from Dividends and Interest

Income from dividends from investment is recognized once the rights of shareholders to receive this payment have been established (as long as it is likely that the economic benefits will flow for the company and revenue may be measured reliably).

Income from interest on a financial asset is recognized when it is likely that the Company will receive the economic benefits associated with the transaction and the amount of revenue may be measured reliably. Interest income is recorded on a time basis, in reference to the outstanding principal and the applicable effective interest rate, which is the discount rate that equals the receivable or payable cash flows estimated along the expected life of the financial instrument with the net book value of the financial asset upon initial recognition.

Operating leases Revenue
The policy of the Company for the recognition of revenue from operating leases is the recognition of payments received as revenue in the income statement in a linear manner throughout the useful life of the contract, unless another basis of distribution is deemed representative.

21. RELATED PARTIES
The Company considers as a related party the subsidiaries and associates and direct joint ventures, the entities that exercise joint control or significant influence over Cementos Argos S.A., and the key management personnel, which includes the members of the Board, Nomination and Remuneration Committee, Audit and Finance Committee, Sustainability and Corporate Governance Committee, Directive Committee (made up of the President and Vice President), and of any other committee that depends directly on the Board of Directors of Cementos Argos S.A., and the Managers who have the ability to direct, plan and control activities and their close relatives.

Transactions between related parties are considered as any transfer of resources, services and obligations between the Company and a related party, as well as the outstanding balances between them at the date of preparation of the separate financial statements, including any commitment and guarantee granted or received between both sides.

The information that is disclosed with related parties is provided according to the categories established by IAS 24 Related Party Disclosures, which correspond to transactions with: (a) the parent, (b) entities with joint control or significant influence over the entity, (c) subsidiaries, (d) associates, (e) joint ventures, (f) key management personnel and (g) other related parties. Likewise, items of a similar nature are grouped together for disclosure purposes.

The characteristics of transactions with related parties do not differ from those carried out with third parties nor do they imply differences between market prices for similar operations.

22. MATERIALITY
The Company considers that information is material if omitting it or misstating it could influence decisions of users of the separate financial statements.

23. GOING CONCERN
Separate financial statements have been prepared on the basis of a going concern and as of December 31, 2020, there are no material uncertainties related to events or conditions that produce significant doubts about the ability of any firm within the Company to continue operating. The Company has the liquidity and solvency required to continue operating the business for the foreseeable future. Refer to Note 4 Critical accounting judgments and key estimate sources, for information on COVID-19.

NOTE 3: ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

3.1. IFRS incorporated in colombia and adopted at the preparation date of the separate financial statements

3.1.1. STANDARDS ISSUED BY THE IASB AND INCORPORATED IN COLOMBIA AS OF JANUARY 1, 2020

The following standards have been issued by IASB and have been implemented by Decree in Colombia since January 1, 2020, - Decree 2270 of December 2019 and Decree 1432 of November 2020:

- **IFRIC 23 – Uncertainties over income tax treatments.** This interpretation clarifies how to apply the recognition and measurement requirements of IAS 12 Income Tax when there is uncertainty over income tax treatments. An uncertain tax treatment is any tax treatment applied by an entity where there is uncertainty about whether said approach will be accepted by the tax authority. In this circumstance, an entity recognizes and measures its current or deferred tax asset or liability applying the requirements of IAS 12 on the basis of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates determined applying this interpretation. The entity will manage uncertainties in accordance with: a) The rationale available to support its position, b) The approach that the tax authority is expected to take in an audit on the matter.

- **Amendment to IFRS 3 Business combinations – improvement in the definition of the concept of "business",** the modification:
  - Clarifies that, to be considered a business, an acquired set of activities and assets must include, at a minimum, a contribution and a substantive process where these contribute significantly to the ability to create products.
  - Narrows the definitions of a business and products by focusing on the goods and services provided to customers and by removing the reference to the ability to reduce costs.
  - Agrega orientación y ejemplos ilustrativos para ayudar a las entidades a evaluar si se ha adquirido un proceso sustantivo.
  - Eliminates the assessment of whether market participants are capable of replacing any missing inputs or processes and continue to produce products; and
  - Adds an optional concentration test that allows a simplified assessment of whether an acquired set of activities and assets is not a business.

- **Amendment to IAS 19 Employee benefits – Accounting for plan modifications, reductions and settlements.** The amendment requires entities to use updated assumptions to calculate current service cost and net interest for the remainder of the period from a plan modification, reduction, or liquidation. Likewise, it requires entities to recognize any reduction of the surplus as part of the cost of the past service or of the gain or loss in liquidation.

- **Amendment to IAS 1 Presentation of financial statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors – Definition of materiality.** The information is material if the omission, deviation or concealment of it can reasonably be expected to influence the decisions that the primary users of general purpose financial statements make about those financial statements, which provide financial information about a specific reporting entity.

- **Conceptual framework 2018 – General amendment,** contains concepts definitions related to:
  - Measurement: including the factors considered when measuring bases are selected.
  - Presentation and disclosure: including when to classify an income or expense in the other comprehensive income.
  - Non-recognition: includes guidance on when assets or liabilities should be removed from the financial statements.

Additionally, it updates assets and liabilities definitions and the criteria to include them in the financial statements and clarifies the meaning of some concepts.

- **Amendment to IFRS 16 Leases – Rent reductions related to Covid-19.** This amendment incorporates a practical solution for the accounting treatment of rent reductions granted to tenants as a result of the Covid-19 pandemic, which is that tenants can choose to account for rent reductions in the same way that they would do if they were not lease modifications, provided the following conditions are met: a) the change in lease payments results in a revised consideration for the lease that is substantially equal to or less than the lease consideration immediately preceding the change, b) any reduction in lease payments affects only payments due on or before June 30, 2021, and c) there is no substantial change to other terms and conditions of the lease.

  Those who apply this exemption must apply it consistently to all lease contracts with similar characteristics and circumstances, and disclose this fact, as well as the amount recognized in profit or loss arising from the rent reductions related to Covid-19. The voluntary application of this amendment in Colombia can be made in advance on the financial statements that begin as of January 1, 2020. The lessees are not obliged to restate the figures of previous periods or to provide the disclosures required by paragraph 28 (f) of this standard. Their early application is allowed. In August 2020, the IASB updates the taxonomy to include the amendments to IFRS 16 for rent reductions related to Covid-19.

  The Company chose not to apply the amendment to IFRS 16 Leases, in its separate financial statements.

  These standards and amendments had no financial impact on the Company's separate financial statements in the reporting period.

3.1.2. STANDARDS ISSUED BY THE IASB AND INCORPORATED IN COLOMBIA AS OF JANUARY 1, 2019

Standards, modifications or interpretations to those issued by the IASB, which are mandatory in Colombia for periods beginning as of January 1, 2019 – Decree 2170/2017 and Decree 2483/2018 as of January 1, 2019 entered to govern the following standards in the regulatory technical framework that contains some amendments issued by the IASB made during 2017, allowing their early application.

- **Amendment to IAS 40 Investment Property – transfers of investment property,** a property is required to be transferred to (or from) investment property only when there is a change in its use. The amendment clarifies that a change in management's intentions for the use of a property does not provide, in isolation, evidence of a change in its use.

- **IFRS 2 Share-Based Payment – Classification and Measurement of Share-Based Payment Operations,** IFRS 2 Share-Based Payment did not contain any guidance on how benefit consolidation conditions affect the fair value of payment-based liabilities in cash settled shares. The IASB added guidance introducing the accounting requirements for cash-settled share-based payments, which follow the same approach used for share-settled share-based payments.

- **IFRS 4 Insurance Contracts –** Possibility of applying exceptions, the amendment allows companies issuing insurance contracts two options concerning to the application of the standard in relation to designated financial assets: a) Reclassify from results to other comprehensive income ORI some of the income and / or expenses of designated financial assets; and b) The temporary application of IFRS 9 Financial Instruments until the effective date of IFRS 17 Insurance contracts.

- **Amendment to IAS 28 Investments in Associates and Joint Ventures – Requirement for the treatment of long-term interests,** clarifies that the requirements of IFRS 9 Financial Instruments are applicable to long-term interests in associates and joint ventures, including impairment requirements.

- **Amendment to IFRS 9 Financial Instruments – Modifies the requirements for the treatment of the rights of early cancellation of contracts,** allows the measurement at amortized cost (or at fair value with changes in other comprehensive income, according to the business model) of the rights of early cancellation of contracts or instruments even if they present negative compensation payments.

- **Practice Document N ° 2 - Making Judgments of Materiality or Relative Importance,** the objective of the document is to provide the entities obliged to report information, guidelines on making judgments of materiality or relative importance at the time of preparing the financial statements of general purpose in compliance with International Financial Reporting Standards.

- **IFRIC 22 Foreign Currency Transactions and Advance – Specify the concept of transaction date,** the precise interpretation that: a) The transaction date to determine the applicable exchange rate is that of the initial recognition of the asset in the case of advances, and of the liability in the case of deferred income, and b) If there are multiple payments or receipts of income, the transaction date will be determined for each of them.

Annual Improvements to the Standards Cycle 2014-2016 - Amendments approved by the IASB:

- **IFRS 1 First-time Adoption of International Financial Reporting Standards,** this amendment eliminates short-term exemptions in relation to comparative information of first-time adopters, information to be disclosed in transfers of financial assets, information to disclosure of financial instruments, information to be disclosed on employee benefits, among others, and some short-term improvements for the 2012-2014 cycle, since in practice, they only applied in the year in which they came into effect in the past.

- **IFRS 12 Disclosure of Interests in Other Entities,** this improvement clarifies the scope of the interaction of this IFRS with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations in the sense that is not required the disclosure of the summary financial information of the interests in entities held for sale (or classified as discontinued operations).
- **IAS 28 Investments in Associates and Joint Ventures,** the amendment expands the option of recognizing at fair value investments in associates or joint ventures carried out by or through a venture capital entity, stating that this choice can be made separately for each associate or joint venture on initial recognition.

Annual Improvements to the Standards Cycle 2015-2017 - Amendments approved by the IASB:

- **IFRS 3 Business Combinations,** clarifies that when an entity acquires control over a business that it had previously recognized as a joint operation, it must take into account the requirements of a business combination carried out in stages, including the new measurement of the previous participation.

- **IFRS 11 Joint Ventures,** indicates that, if an entity obtains joint control over a joint operation in which it participated, but without controlling it, the entity will not measure its previous participation again.

- **IAS 12 Income Tax,** this improvement describes that the way in which an entity must account for the effects of tax payments for financial instruments classified as equity is with effect on results for the period.

- **IAS 23 Borrowing Costs,** the amendment clarifies that if an entity obtained a loan specifically to finance an asset and the loan continues in force when the eligible asset is ready for use or sale, the outstanding amount becomes part of the funds that the entity took as generic loans and will make part of the amount to determine the capitalization rate.

  The above standards and amendments had no financial impact on the Company's separate financial statements in the reporting period.

- IFRS 16 "Leases", issued in January 2016 and effective for periods beginning on or after January 1, 2019, with early adoption permitted provided that IFRS 15 is applied. IFRS 16 replaces existing IAS 17 standards "Leases", IFRIC 4 "Determining whether an agreement contains a lease", SIC 15 "Operating leases -Incentives" and SIC 27 "Evaluating the substance of transactions involving the legal form of a lease". IFRS 16 establishes the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognize all leases under a single model like that used to account for financial leases under IAS 17. IFRS 16 includes two exceptions to the General recognition principle, short-term lease contracts (leases whose term is twelve months or less) and with low value. At the beginning of the lease term, the lessee must recognize a financial liability that represents the contractual obligation to make lease payments and an asset that represents the right-of-use the underlying asset during the lease term. Tenants must separately recognize the financial expense of the financial liability and the depreciation expense for the right of use.

  Tenants will also need to measure the financial liability again under the occurrence of certain events (for example, a change in the lease term, a change in the future leases payments caused by a change in an index or a rate used to determine such payments). Generally, the lessee will recognize the value of the new measurement for the financial liability as an adjustment for the right of use asset.

  The lessor's accounting under IFRS 16 remains substantially unchanged against the current accounting under IAS 17. Tenants will continue to classify leases using the same classification principle as IAS 17 and distinguish between two types of leases: operating and financial leases. IFRS 16 also requires lessees and lessors to make more extensive disclosures than those required in IAS 17.

  A lessee may choose to apply the standard using full retroactive application or a modified retroactive approach. The transitional provisions for the standard allow some relief.

ADOPTION OF IFRS 16 – LEASES

The Company applied IFRS 16 Leases as of January 1, 2019. The Company applied the change in the accounting policy using the modified retrospective approach, in accordance with the transitory provisions allowed in the standard, according to which the cumulative effect of standard initial application is directly recognized in equity in separate accumulated earnings as of January 1, 2019. Consequently, the comparative information presented for 2018 was not restated, and continues to be presented, as presented above, according to IAS 17 and related interpretations. In addition, IFRS 16 general disclosure requirements have not been applied to comparative information. The option choice of not restating financial information available by the transitional provisions to implement IFRS 16, has no material effects on future periods. The detail of the accounting policy change is revealed below:

Lease definition

Previously, the Company determined at the beginning of the contract if an agreement was or contained a lease according to IFRIC 4 Determining whether an agreement contains a lease. Now, the Company assess whether a contract is or contains a lease based on the IFRS 16 lease definition.

In the transition to IFRS 16, the Company chose to apply the practical solution that allows not to reassess whether a contract is, or contains, a lease on the initial application date. Instead, the standard allows IFRS 16 to be applied only to contracts previously identified as leases. Contracts that were not identified as leases under IAS 17 and IFRIC 4 were not reassessed to determine whether a lease exists under IFRS 16. Therefore, the lease definition under IFRS was applied only to contracts entered into or modified as of January 1, 2019.

The Company as a Lessee

As a lessee, Cementos Argos S.A. leases a significant number of assets, including real estate, production equipment, yellow machinery, vehicles, concrete mixer trucks and equipment, and river transport fleet. In accordance with the previous accounting policies, it classified the leases into operating or financial leases based on the assessment of whether the company significantly transferred all the risks and rewards associated with the ownership of the underlying asset. Under the new IFRS 16 guidelines, it recognizes right-of-use assets in leasing and liabilities for leasing for most of these leases.

On the initial recognition, the Company recognized a lease liability equivalent to the present value of the minimum lease payments that are pending of payment and discounted at the lessee's incremental loan rate on the transition date, January 1, 2019, as well as an asset valued equally to the lease liability adjusted for any expenses paid in advance or payable liabilities recognized in the separate financial position statement under IAS 17.

The Company chose to apply the following practical solutions available in IFRS 16:

- Do not apply the recognition requirements, on the starting date, in contracts with a lease term equal to or less than 12 months and without a purchase option or in contracts whose underlying asset is of low value (that is, assets whose value as new is equal to or less than US$3,500 for operation-destined assets and US$5,000 for administrative use assets).
- Exclude the initial direct costs of measuring the right-of-use asset on the starting date.
- Use the reasoning in retrospect, if the contract contains extension or termination options.
- Do not reassess if a contract is, or contains a lease, and use the analyzes carried out under IAS 17 and IFRIC 14.

At the transition date to IFRS 16, the company maintained leases classified as financial leases under IAS 17.

For these financial leases, the carrying amount of the right-of-use asset and the lease liability as of January 1, 2019 were determined by the carrying amount of the lease asset and liability according to IAS 17, immediately before that date.

The company as a lessor

The Company is not required to carry out any adjustments in the IFRS 16 transition for leases in which it acts as lessor, except for a sublease. As of the transition date and reporting period, there are no subleases of any assets.

3.3. IFRS issued by IASB and which have not been incorporated in the reporting periods

The following standards have been issued by IASB, but have not yet been incorporated by decree in Colombia:

- **IFRS 17 Insurance Contracts and amendment to IFRS 17,** establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts within the scope of the Standard. Its objective is to ensure that an entity provides relevant information that faithfully represents insurance contracts. This information provides a basis for users of financial statements to evaluate the effect that insurance contracts have on the entity's financial position, financial performance and cash flows.

  Insurance contracts combine characteristics of a financial instrument and a service contract. Also, many insurance contracts generate cash flows with substantial variability over a long period. To provide useful information on these characteristics, IFRS 17 Insurance Contracts:

- Combines the current measurement of future cash flows with the recognition of benefits during the period in which the services are provided under the contract;
- Presents insurance service results (including presentation of insurance income) separately from income or expenses of insurance finances; and
- Requires an entity to make an accounting policy choice to recognize all insurance financial income or expenses in results or to recognize part of those income or expenses in other comprehensive income.

In June 2020, the International Accounting Standards Board (IASB) issued the amendment to IFRS 17 Insurance Contracts that aims to assist companies in the implementation of this standard and facilitate the explanation of your financial performance. The fundamental principles of the standard issued in May 2017 are not affected. The amendments, which respond to stakeholder feedback, are designed to: a) reduce costs by simplifying some requirements of the standard, b) make financial performance easier to explain, and c) facilitate the transition as soon as the effective date to 2023 and provides additional relief by reducing the effort required for first-time application. As of the amendment issued in June 2020, IFRS 17 Insurance Contracts come into force as of January 1, 2023, allowing its early application, provided that IFRS 9 is also applied. If it is applied early this fact must be disclosed.

- **Amendment to IFRS 9 Financial Instruments, IAS 39 Financial Instruments: Recognition and Measurement and IFRS 7 Financial Instruments: Disclosures – Benchmark Interest Rate Reform.** The amendment is intended to provide relief from the possible effects of substituting existing benchmark interest rates, such as the interbank rate – (IBOR). The amendment modifies some hedge accounting requirements. According to the IASB calendar, this amendment is effective as of January 1, 2020 retroactively. Their early application is allowed, in which case this fact must be disclosed.

- **Interest Rate Benchmark Reform, Phase II – Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16.** In August 2020, the Board issued the Interest Rate Benchmark Reform, Phase II, which amends IFRS 9 - Financial Instruments, IAS 39 - Financial Instruments: Recognition and Measurement, IFRS 7 - Financial Instruments: Disclosures, IFRS 4 - Insurance Contracts, and IFRS 16 - Leases, supplementing those made in 2019. These amendments address issues that could affect financial reporting during interest rate benchmark reform, including the effects of changes in contractual cash flows or hedging relationships that arise from replacing a benchmark interest rate with an alternative benchmark rate. The objectives of these amendments are to help companies apply IFRS Standards when changes are made to contractual cash flows or hedging relationships due to the interest rate benchmark reform, and provide useful information to users of financial statements. The changes to the indicated standards are related to changes in the basis for determining the contractual cash flows of financial assets, financial liabilities and lease liabilities, hedge accounting and disclosures.

  These amendments apply only to changes required by the interest rate benchmark reform for financial instruments and hedging relationships. The amendments are effective for annual periods beginning as of January 1, 2021 and will be applied retrospectively. Their early application is allowed. The restatement of previous periods is not required; however, an entity may restate prior periods if, and only if, it is possible without the use of retrospective.

- **Amendment to IAS 1 Presentation of Financial Statements – Classification of Liabilities as Current or Non-current:** This amendment seeks to clarify the existing requirements in IAS 1 Presentation of Financial Statements on the classification in the statement of financial position as "current" and "no current", of liabilities with an uncertain settlement date. The amendment includes the clarification of the requirements for classifying the liabilities that the company could settle through the transfer of the entity's own equity instruments. This amendment becomes effective as of January 1, 2023 retroactively in accordance with IAS 8. Their early application is allowed, in which case this fact must be disclosed.

- **Amendment to IAS 16 Property, Plant and Equipment – Proceeds before Intended Use:** This amendment establishes that the resources derived from the sale and the costs related to it, of items produced while carrying an item of property, plant and equipment to the place and conditions necessary for it to be able to operate in the manner envisaged by management, can no longer be deducted from the cost of an item of property, plant and equipment, but they must be recognized in profit or loss, according to with the applicable standards. These amounts must be disclosed in the financial statements, indicating in which item (or items) of the statement of comprehensive income they are included.

This amendment enters into force as of January 1, 2022 retroactively, but only to items of property, plant and equipment that are brought to the place and conditions necessary for them to operate in the manner intended by management from the beginning of the first period presented in the financial statements in which the entity applies the amendments for the first time. Their early application is allowed, in which case this fact must be disclosed.

- **Amendment to IAS 37 Provisions, Contingent Liabilities and Contingent Assets – Onerous Contracts:** Cost of Fulfilling a Contract. This amendment clarifies the meaning of "costs to fulfill a contract", a term associated with the definition of unavoidable costs, which corresponds to the lower of the net cost of exiting the contract and the costs to fulfill the contract. It is explained that the direct cost of fulfilling a contract includes: a) the incremental costs of fulfilling that contract, and b) an allocation of other costs that are directly related to the fulfillment of the contracts. Likewise, it is indicated that before establishing a separate provision for an onerous contract, an entity must recognize any existing impairment loss on assets used to fulfill the contract.

The modifications will be applied for the annual periods from January 1, 2022 to contracts for which it has not yet fulfilled all its obligations. Restatement of comparative information is not required. Their early application is allowed, in which case this fact must be disclosed.

- **Amendment to IFRS 3 Business Combinations – Reference to the Conceptual Framework.** This amendment updates the references of IFRS 3 Business Combinations to the Conceptual Framework for Financial Reporting 2018, to determine what constitutes an asset or a liability in a business combination. Before the amendment, IFRS 3 referred to the 2001 Conceptual Framework for Financial Reporting. Additionally, the amendment added a new exception in IFRS 3 Business Combinations for contingent liabilities and liabilities, which specifies that, for some types of liabilities and contingent liabilities, an entity applying IFRS 3 Business Combinations should refer to IAS 37 Provisions, Contingent Liabilities and Contingent Assets, or IFRIC 21 Levies instead of the 2018 Conceptual Framework.

  The modifications will be applied prospectively to business combinations as of January 1, 2022. Their early application is allowed if at the same time or before, all the modifications made by "Amendments to References to the Conceptual Framework in IFRS Standards" issued in March 2018, in which case this fact must be disclosed.

- **Annual Improvements to IFRS Standards 2018-2020 Cycle – Amendments approved by the IASB.** The amendments will be applied as of January 1, 2022. Their early application is allowed, in which case this fact must be disclosed.

- **IFRS 9 Financial Instruments:** The amendment addresses what costs or fees should be included in the 10% test for derecognition of financial liabilities. Costs or fees could be paid to third parties or to the lender. It states that costs or fees paid to third parties will not be included in the 10% test.

- **IFRS 16 Leases:** Illustrative example 13 accompanying this standard is amended to eliminate the illustration of lessor payments in relation to lease improvements. The purpose of the amendment is to eliminate any possible confusion about the treatment of rental incentives.

- **IFRS 1 First-time Adoption of International Financial Reporting Standards:** This standard is amended to allow subsidiaries, associates and joint ventures that have taken the exemption from measuring their assets and liabilities at the carrying amounts that were included in the consolidated financial statements of its parent, based on the date of transition to IFRS of the parent, also measure the accumulated translation differences using the amounts reported by the parent, based on the date of transition to IFRS of the parent, if no adjustments were made for the consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary, associate or joint venture.

- **IAS 41 Agriculture:** The requirement for entities to exclude cash flows from taxes when measuring the fair value of biological assets or agricultural products is eliminated.

- **Amendment to IFRS 4 Insurance Contracts – Extension of the temporary exemption from the application of IFRS 9 Financial Instruments.** For insurance companies that meet certain criteria established in IFRS 4 Insurance Contracts, this standard provides a temporary exemption that allows, but does not require, the insurer to apply IAS 39 Financial Instruments: Recognition and Measurement instead of IFRS 9 Financial Instruments for the periods as of January 1, 2023. This amendment extends the terms since before its issuance the established date was 2021.
  The Company will quantify the impact on the separate financial statements in a timely manner, so that once the Decree that incorporates this standard in the Colombian Technical Regulatory Framework is issued, all the necessary activities for its implementation are being carried out.

As of December 31, 2020, the Company has not adopted standards or improvements to standards in advance.

NOTE 4: CRITICAL ACCOUNTING JUDGMENTS AND KEY ESTIMATE SOURCES

For the application of the Company's accounting policies, which are described in note 2, the Administration must make estimates and assumptions that affect the reported assets and liabilities figures, disclosures of contingent assets and liabilities up to the date of the financial statements and reported figures of income and expenses during the reporting period. The associated estimates and assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from such estimates.

The underlying estimates and assumptions are regularly reviewed by the Administration. Reviews to accounting estimates are recognized in the review period if it only affects that period, or in future periods if the review affects both the current period and subsequent periods.

4.1. Essential Judgments when applying Accounting Policies

The essential judgments are presented below, apart from those that involve the estimates (see 4.2) carried out by the Administration during the process of applying the Company's accounting policies and that have a significant effect on the recognized amounts in the separate financial statements.

CASH GENERATING UNITS
When carrying out value impairment tests of non-current assets, assets that do not individually generate cash inflows that are widely independent of the flows generated by the other assets or groups of assets, these should be grouped into the cash generator unit to which the asset belongs, which is the smallest identifiable group of assets that generates cash inflows in favor of the company, which are largely independent of the cash flows derived from other assets or groups of assets. The Administration uses its judgment in the determination of the cash generating units for the purposes of the value impairment tests.

DETERMINATION OF THE LEASE TERM FOR LEASE CONTRACTS WHOSE TERM IS AUTOMATICALLY EXTENDED AT THE END OF THE ORIGINAL TERM
The Company enters into lease agreements that are automatically renewed at the end of the original lease term for another term of the same duration, or month by month, without any action by the Company or the lessor. The Company also signs leases contracts whose term is automatically extended at the end of each year or on the original termination date for another full period. The Company, for these contracts, estimates the lease term based on the existence of economic incentives, past experience, the expectation of use of the asset and the intention to continue with the lease, notwithstanding that the lessor may at any time exercise its legal rights and end the lease. This judgment has a significant impact on the separate financial statements.

HEDGE ACCOUNTING
The Administration applies its judgment to establish whether a hedging relationship meets the requirements of IAS 39 Financial Instruments in order to be accounted for as hedge accounting, as well as the assessment of the coverage effectiveness and ineffectiveness sources. The Company applies fair value hedge accounting and cash flow accounting in its financial statements to mainly cover foreign currency risk and interest rate. The decision to apply hedge accounting has a significant impact on Cementos Argos S.A. financial statement, refer to Note 2 presentation basis and significant accounting policies, in financial instruments, for more information on the IAS 39 application to financial derivatives.

4.2. Key Sources of Uncertainties in the Estimates

The basic assumptions regarding the future and other key sources of uncertainty in the estimates are discussed below, at the end of the period over which they are reported, which imply a significant risk of material adjustments in the carrying amounts of assets and liabilities during the next financial period.

ASSESSMENT OF IMPAIRMENT OF NON-FINANCIAL ASSETS NOT CLASSIFIED AS HELD FOR SALE
The Company evaluates signs of impairment of non-financial assets when facts and circumstances suggest that the book value of a cash-generating unit may exceed its recoverable amount or at least at the end of each reporting period. The value indicators analyzed by the Company are those established in IAS 36 impairment of assets, and, additionally, those indicated in IAS 27 separate financial statements for investments in associates and joint ventures. When this happens, Cementos Argos and its subsidiaries measure, present and disclose any resulting impairment loss in the income state-

ment. For information on the assumptions used in the impairment tests of non-financial assets refer to Note 17 (Goodwill and impairment of assets). As of December 31, 2020 and 2019, for non-financial assets, the Company did not recognize impairment of assets.

IINCOME TAX

The Company recognizes significant amounts of current and deferred income tax in its separate financial statements given the volume of its operations, the determination of current and deferred tax is based on the Administration's best interpretation of current and applicable laws and the best practices from the jurisdictions in which it operates. The reasonableness of this estimate depends significantly on the Administration's ability to integrate complex tax and accounting standards, to consider changes in applicable laws, and the assessment, for purposes of recognizing deferred tax assets, from the existent tax profits which are sufficient for its conduction. Refer to note 9 income tax for more information.

An uncertain tax treatment is a tax treatment for which there is uncertainty as to whether the tax authority will accept the tax treatment under tax law. The Company recognizes uncertain tax positions in accordance with the requirements of IFRIC 23. The probability analysis to recognize uncertain tax positions is based on expert opinions and the interpretation of the tax regulations in force in the applicable jurisdiction.

RECOGNITION OF DEFERRED TAX ASSETS FROM LOSSES OR UNUSED TAX CREDITS

The Administration applies its judgment to determine the value and recognize a deferred tax asset from losses or unused tax credits, evaluating whether it is probable the existence of enough tax profits from subsequent periods for compensation and/or recovery, together with the strategies of future tax planning. Note 9 income tax presents the value of unused tax losses or credits and associated deferred taxes.

DETERMINATION OF THE LEASE TERM FOR LEASE CONTRACTS WITH RENEWAL OPTIONS WHOSE TERM IS AUTOMATICALLY EXTENDED AT THE END OF THE ORIGINAL TERM

There is the option, under some leases, to lease assets for additional terms. The Company applies its judgment in evaluating whether it is reasonably safe to exercise the option to renew. That is, it considers all the relevant factors that create an economic incentive for renewal to take place. After the commencement date, the Company reassesses the lease term if there is a significant event or change in circumstances that are under its control and affect its ability to exercise (or not exercise) the option to renew. Additionally, the Company enters into lease agreements that are automatically renewed at the end of the original lease term for another term of the same duration, or month by month, without any action by the Company or the lessor. The Company also signs leases contracts whose term is automatically extended at the end of each year or on the original termination date for another full period. The Company, for these contracts, estimates the lease term based on the existence of economic incentives, past experience, the expectation of use of the asset and the intention to continue with the lease, notwithstanding that the lessor may at any time exercise its legal rights and end the lease. This judgment has a significant impact on the separate financial statements.

FAIR VALUE OF FINANCIAL DERIVATIVES AND FINANCIAL ASSETS

The fair value of financial derivatives is determined using widely known valuation techniques in the market, when there is no observable market price. The Company uses its judgment to select the appropriate valuation method for the asset or liability under measurement and maximizes the use of observable variables. The assumptions are consistent with the market conditions at the measurement date and the information that market participants would consider in estimating the instrument price. The Administration considers that the valuation models selected, and the assumptions used are appropriate in determining the fair value of the financial derivatives. Notwithstanding the foregoing, the limitations of the valuation models themselves and the parameters required by these models may result in the estimated fair value of an asset or liability not exactly matching the price at which the asset or liability could be delivered or settled on its measurement date. Additionally, changes in internal assumptions and forward curves used in the valuation can significantly affect the fair value of financial derivatives. For information on the book value of financial derivatives assets and liabilities refer to Note 6 (derivative financial instruments).

In addition, the Administration measures at fair value the equity investments that it classifies under the fair value category through another comprehensive income with reference to its quotation price at the end of the measurement period in the Stock Market where they are traded. For information on the book value of equity investments refer to Note 26.9 Fair value of financial assets and liabilities.

FAIR VALUE OF INVESTMENT PROPERTIES

The fair value of investment properties is determined by independent experts with recognized professional ability and experience in real estate valuation. Independent experts use their judgment to select the appropriate valuation method for the asset under measurement, considering the three approaches allowed by IFRS 13: market approach, cost approach and income approach, and maximize the use of observable variables. The assumptions are consistent with the market conditions at the measurement date and the information that market participants would consider in estimating the property price.

The Administration considers that the valuation models selected, and the assumptions used are appropriate in determining the real estate fair value. Notwithstanding the foregoing, the limitations of the valuation models themselves and the parameters required by these models may result in the estimated fair value of an asset not exactly matching the price at which the asset or liability could be delivered or settled on its measurement date. For information on the book value of investment properties, as well as information on the estimation of their fair value, refer to Note 16 investment properties.

PROVISION FOR EXPECTED CREDIT LOSSES FROM ACCOUNTS RECEIVABLE

To determine the expected credit losses, Cementos Argos S.A. uses a provision matrix based on the number of days that a trade account receivable is in default, this procedure consists of grouping the portfolio by ranges of overdue days and applying to the balances of accounts receivable an expected default percentage on the day of measurement for each range of overdue days. The default percentage according to overdue days in portfolio is determined using the transition matrix methodology, according to Markov chain theory. The limitations of the statistical models themselves, the parameters required by these models and the uncertainty degree about future conditions may result in expected credit losses differing from future credit losses incurred and therefore, can significantly affect the figures of the separate financial statements. The Company monitors the collection of the portfolio given the contingency situation. As of December 31, 2020, the collection behavior of the portfolio in the different regions has remained stable, without substantial effects. Information on the Company's expected credit losses and the value of accounts receivable exposed to the risk of default is reported in Note 8 trade debtors and other accounts receivable.

LIABILITIES BY DECOMMISSIONING, WITHDRAWAL OR REHABILITATION

The provision for decommissioning, withdrawal or rehabilitation is recognized by the present value of the expected costs to settle the obligation using estimated cash flows. In the process of measuring the present obligation value, the Administration makes estimates on future disbursements for decommissioning, retirement or rehabilitation activities, the estimated date(s) on which the disbursements will be carried out and estimate financial assumptions such as the inflation and the discount rate. Given the long-term horizon of decommissioning obligations, estimates are subject to a significant uncertainty degree and can significantly affect the figures in the separate financial statements. For information on the book value of the liabilities for decommissioning, withdrawal or rehabilitation refer to Note 23 provisions.

PROVISIONS FOR CONTINGENCIES, LITIGATION AND LAWSUITS

Litigation and lawsuits to which the Company is exposed are administered by the legal area, the administered processes are related to labor, civil, criminal and administrative. The Company considers that a past event has given rise to a present obligation if, considering all the available evidence as of the reporting date, there is likely to be a present obligation, independent of future events. In these cases, it is understood that an event occurrence is more likely than unlikely when the occurrence probability is greater than 50%. The Company recognizes a provision when an outflow of future economic benefits is probable, discloses contingency information when its occurrence is possible, and does not record or disclose information when it concludes that the occurrence probability of the event is remote. The Company involves the professional judgment of internal and external specialist lawyers to determine the occurrence possibility of a present obligation. In estimating the provision for litigation and lawsuits, the Administration considers assumptions such as, without being limited to, inflation rate, appraisal of lawyers, estimated duration of litigation or demand, statistical information of processes with similar characteristics and the discount rate to be applied to the cash flows in order to determine the present obligation value, for those obligations that are expected to be settled within a period of more than twelve (12) months at the end of the reporting period. For information on the book value of the liabilities for contingencies, litigation and lawsuits refer to Note 23 provisions.

USEFUL LIFETIME ESTIMATION AND RESIDUAL VALUES FOR PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

As described in note 2, the Company reviews at least annually the useful lifetimes estimate, the depreciation method and residual values for property, plant and equipment and intangible assets. When there is evidence of changes in the conditions or expected use of a property, plant and equipment or the intangible assets, which imply a change in the pattern of consumption of the future economic benefits incorporated in the asset, Management performs an assessment of the relevance of the depreciation or amortization method used and a new estimate of the useful life of the item.

The definition of the depreciation or amortization method and the useful lifetimes estimate of the property, plant and equipment and intangible assets is determined based on the historical performance of the asset, expectation of use of the asset by the Administration and the existing legal restrictions for its use. The selection of the depreciation method and the useful lifetimes estimate requires a significant degree of judgment from Management. The accounting policy for property, plant and equipment and intangible assets indicates the useful lifetime estimate. For information on the book value of property, plant and equipment and intangible assets, refer to Note 15 property, plant and equipment and Note 14 other intangible assets, respectively.

PENSION PLANS AND OTHER DEFINED POST-EMPLOYMENT BENEFITS

The post-employment benefit liability is estimated using the actuarial technique of the projected credit unit, which requires the use of financial and demographic assumptions, among them and not limited to, discount rate, inflation rates, expected salary increase, expectation of lifetime and employee turnover rate. The liability estimation, as well as the values determination from the assumptions used in the valuation, is carried out by an independent external actuary, considering the country in which the benefits plan operates and the market conditions existing at the measurement date. Given the long-term horizon of these benefit plans, estimates are subject to a significant uncertainty degree, any change in actuarial assumptions directly impacts the obligation value by pension and other post-employment benefits. For information on the book value of the definitive benefit liabilities and the key assumptions used, refer to Note 22 employee benefits.

4.3. Uncertainty associated with the pandemic caused by a new coronavirus (covid-19) and corporate action plans.

In late 2019, the World Health Organization reported the occurrence of cases of Serious Acute Respiratory Infection (SARI) caused by a new coronavirus (COVID-19) in Wuhan, China. In March 2020, the World Health Organization declared the COVID-19 disease outbreak a pandemic. In January 2020, the first cases were confirmed in the United States, later in March 2020, the first in Colombia and in the rest of the countries of the Caribbean and Central American region where we operate. In the first half of 2020, the governments of these countries took important governmental measures to face the crisis derived from the coronavirus disease pandemic in the health, social and economic spheres to prevent the spread of the virus, including the temporary closure of businesses, severe restrictions on travel and mobility of people, and other material limitations on the operation of industries. In the second half of the year, businesses were reopened, permanent restrictions on mobility were lifted, maintaining some selective restrictions, and economies began to gradually recover.

The Company analyzed the effects of COVID-19 and established flexible action plans to mitigate the risks. In the first quarter, in order to mitigate these risks, the Company implemented the comprehensive action plan RESET ("Re-start safe and healthy to boost the economy, bring hope and transform lives"), which covers the human, operational, financial, social and regulatory edges. From the second quarter to the reporting period, the Company continues with its implementation and monitoring, focusing on aspects such as personal protection, liquidity, the contraction of operations and recoverability of assets, and business continuity.

These measures adopted by the Governments directly impacted the Company's operations in the second quarter of 2020. In this period, the Company operated partially, reactivating at the end of the semester some of the operations that were suspended or with a provisional decrease. Specifically, in the Caribbean and Central America, Panama suspended its operations in April and May 2020 by government order to cease industrial activities and reactivated its dispatches and sales in June, increasing slightly more than half of its usual performance. In April, Honduras, the Dominican Republic and Puerto Rico partially operated, then their operations continued to operate normally. French Guiana, Suriname and the Antilles partially operated during April and May until their production, dispatch and sales normalized in June. Production, dispatches and sales took place normally in Haiti.

In Colombia, in April, the operation continued minimal with partial and gradual reactivation, framed in the contemplated exceptions in the local regulation. The sales volume was reduced to 18% compared to the sales level that existed before the quarantine, only operating the Rioclaro cement plants in Antioquia and Cartagena, and a limited number of concrete plants, following all the defined protocols by the authorities. In May, sales levels began to recover, reaching 68% in relation to the volumes dispatched before the quarantine. The plants restarted their operation, some in isolation and maintenance and others dispatching the volumes demanded. Finally, in June, there is a recovery in demand of around 78% with respect to the existing volumes before the declaration of quarantine, which satisfactorily surpassed the Company's initial expectations regarding the market performance. This recovery in volumes was accompanied by the restart of operations at the Cartagena, Rioclaro in Antioquia, Yumbo, Sogamoso and Tolú plants.

In the United States, the regional one operated normally under strict biosafety protocols, with minor impacts on volumes mainly in the northeast of the country.

In the second half of 2020, the Company reactivated all operations that were suspended or with a provisional decrease, with a recovery in demand almost at the levels of volumes existing before the declaration of quarantine.

As of December 31, 2020, all operations are operating normally under strict biosafety protocols, with minor impacts on volumes.

At the date of preparation of the financial statements, there is still uncertainty about the evolution of the pandemic, especially with regard to the speed of recovery of the economies, the possibility of new outbreaks and the need to reactivate isolation measures, as well as the recovery of demand in the markets. The Company has had the opportunity to outline and implement the necessary actions to maintain continuity in operations and safeguard the health of employees, obtaining financial results that are higher than those estimated. The Company's operations have been and will be affected by COVID-19, however, based on the qualitative analyzes carried out, the impairment tests carried out in the second quarter of the year and the results obtained as of December 31 of 2020, the Company has a reasonable expectation that it has adequate and necessary resources to continue in operation in the foreseeable future, and considers that none of its operations will present difficulties that prevent it from continuing as a going concern.

The Company considers that most of the financial impacts of COVID-19 have already been reflected in the separate financial statements as of the reporting date, through a lower EBITDA reported compared to the EBITDA estimated in the pre COVID-19 scenario and in the decrease in the value of the assets held by the Company, especially in its investments in financial instruments (refer to Note 26 financial instruments). For the year ended December 31, 2020, the Company recognized a net profit for the year of $ 78,132. The net current assets of the Company as of December 31, 2020 are $ 924,890. The Company has $ 236,227 of resources that comprise cash and cash equivalents, other highly liquid assets and unused credit lines available as of the authorization date of these financial statements. The Company has continuous availability of loans and the financial commitments (covenants) that presented some risk of default due to COVID-19 have been reviewed and modified in a timely manner to ensure compliance (refer to Note 18 financial liabilities). Likewise, the Company has not presented a default on the payment of principal or interest on financial liabilities and/or loans payable.

Although the uncertainty about the effects of COVID-19 has decreased, there is still uncertainty about the possible outbreaks of the virus that may require isolation measures similar to those required in the first half of 2020, and the recovery of economies. The Company continues to closely monitor the evolution of the markets and the health situation of its employees, paying special attention to the impacts of the gradual reopening of the countries in which the Company is present and taking all pertinent measures and actions to mitigate the effects of the disruption caused by the pandemic associated with COVID-19, having as a guiding premise of action the protection of life, health and well-being of all its stakeholders and the support and accompaniment of the provisions of governments and the authorities of each of the countries where it is present, focusing on maintaining its operations with the best biosafety practices to guarantee the health of its collaborators and mitigate the risk of absenteeism in the Company's workforce due to massive infections.

NOTE 5: CASH AND CASH EQUIVALENTS

For purposes of the separate cash flow statement, cash and cash equivalents include cash and banks. Cash and cash equivalents at the end of the reported period in the separate cash flow statement and in the separate financial statement are:

	2020	2019
Cash and banks	236,227	42,678

The variation in the cash balance corresponds to bank loans that the Company took to strengthen its cash position in a scenario of possible operational and financial volatility as a result of the situation generated by the escalation of Covid-19 in the different markets where the Company operates.

During the current year and comparative periods, the following investment and financing activities carried out by Cementos Argos S.A. are not reflected in the separate cash flow statement:

- Dividends decreed as not yet paid by Cementos Argos S.A. for $ 113,950 (2019, $ 82,332), which correspond to ordinary shares for $ 96,433 (2019, $ 69,676) and $ 17,517 (2019, $ 12,656) of preferred shares.
- On February 13, 2020, Cementos Argos S.A. and the Fundación Grupo Social legalize the constitution of the associated company Soluciones de Crédito S.A.S. whose corporate purpose is the granting of consumer loans and microcredits to people for the improvement of housing, and its domicile is in the city of Bogotá D.C. Cementos Argos S.A. participates in the capital stock with a participation percentage of 48.98%, equivalent to 1,920,000 shares, for a total capital contribution of $ 1,920, which, by agreement of the partners, are pending disbursement as of the reporting date.

NOTE 6: DERIVATIVE FINANCIAL INSTRUMENTS

	2020	2019
Derivative financial assets designated as cash flow hedging instruments recorded at fair value	66	355
Derivatives financial assets	**66**	**355**
Current	66	355
Derivatives financial assets	**66**	**355**

	2020	2019
Derivative financial liabilities designated as cash flow hedging instruments recorded at fair value	31,275	16,021
Derivatives financial liabilities	**31,275**	**16,021**
Current	21,611	16,021
Non-current	9,664	-
Derivatives financial liabilities	31,275	16,021
Short net position in financial derivatives	**(31,209)**	**(15,666)**

Operations related to the Company financial derivatives as of December 2020 and 2019 are related below.

Swap operations:

					Underlying value | SWAP Amount		Fair value	
Swap type	**Underlying**	**Underlying rate**	**SWAP**	**Expiration**	**2020**	**2019**	**2020**	**2019**
Currency	Long-term credit	Libor 3m+1,35%	4,37% NSV	09/16/2022	USD 30.000	-	(9,664)	-
	Fair value of swap operation						**(9,664)**	**-**

Forward operations:

					Fair value	
Forward type	**Underlying**	**Underlying value (1)**	**Forward rate**	**Expiration**	**2020**	**2019**
Shopping	Short Term Credit	USD 30,087	3,805.75	02/09/2021	(10,546)	-
Shopping	Short Term Credit	USD 92	3,762.26	09/03/2021	(30)	-
Shopping	Short Term Credit	USD 94	3,783.85	09/06/2021	(31)	-
Shopping	Short Term Credit	USD 21,042	3,745.58	11/03/2021	(6,497)	-
Shopping	Short Term Credit	USD 12,615	3,766.20	10/03/2021	(4,156)	-
Shopping	Short Term Credit	USD 15,082	3,468.24	10/06/2021	(350)	-
Shopping	Short Term Credit	USD 8,012	3,437.11	16/06/2021	65	-
Shopping	Short Term Credit	USD 15,489	3,433.78	28/05/2020	-	(2,057)
Shopping	Short Term Credit	USD 12,161	3,249.79	21/01/2020	-	355
Shopping	Short Term Credit	USD 20,117	3,409.41	22/01/2020	-	(2,614)
Shopping	Short Term Credit	USD 10,056	3,455.30	11/02/2020	-	(1,743)
Shopping	Short Term Credit	USD 30,166	3,485.39	20/02/2020	-	(6,083)
Shopping	Short Term Credit	USD 10,055	3,525.04	26/02/2020	-	(2,410)
Shopping	Short Term Credit	USD 8,019	3,395.68	09/01/2020	-	(945)
Shopping	Short Term Credit	USD 21,123	3,297.22	25/03/2020	-	(169)
Fair value of forward operations					**(21,546)**	**(15,666)**
Fair value of swap and forward operations					**(31,209)**	**(15,666)**

(1) The underlying value is rounded to the nearest million units when expressed in Colombian pesos and to the nearest thousand units when expressed in dollars.

NOTE 7: OTHER FINANCIAL ASSETS

	2020	2019
Financial assets measured at fair value with changes in other comprehensive income (See note 25)	720,402	967,959
Other financial assets	**720,402**	**967,959**
Non-current	720,402	967,959
Other financial assets	**720,402**	**967,959**

As of December 31, 2020, none of these assets are expired or impaired.

In note 25.2.1. Financial assets measured at fair value with changes in other comprehensive income, this investment value is detailed for the periods reported. During 2020, investments that the Company owned in Occidental de Empaques S.A., Colombiana de Empaques Bates S.A. y PAPELSA were classified as assets held for sale, this operation is detailed in note 17.

NOTE 8: TRADE RECEIVABLES AND OTHER ACCOUNTS RECEIVABLE

	2020	2019
Trade accounts receivable	167,800	215,671
Other accounts receivable	362,610	442,792
Deterioration for expected credit losses and provision for doubtful accounts	(2,993)	(2,775)
	527,417	**655,688**
Current	403,303	525,514
Non-current	124,114	130,174
Trade debtors and other accounts receivable	**527,417**	**655,688**
Average age (days)	**7**	**5**

Next, the impairment movement for expected credit losses of trade accounts receivable and other accounts receivable as of December 31 is detailed as follows:

	2020	2019
Provision movement for expected credit losses and doubtful accounts		
Opening balance	(2,775)	(3,912)
Cumulative effect of the transition to the IFRS 9 expected credit loss model	-	-
Value impairment losses recognized on accounts receivable (1)	(2,892)	(2,366)
Punishment of amounts considered uncollectible (2)	2,166	2,213
Reversed impairment losses	**508**	**1,290**
Closing balance	**(2,993)**	**(2,775)**

(1) Cementos Argos S.A. adopted the simplified approach for measuring the value losses of commercial accounts receivable, contract assets and accounts receivable for leases, retroactively with the option not to restate comparative information. For presentation purposes, the provision movement of expected credit losses for the year 2020 and 2019 is presented in accordance with the new guidelines of IFRS 9 Financial Instruments.

(2) The contractual amounts of financial assets written off during the reporting period that are still subject to compliance requirements activities are $ 2,166 (2019, $ 2,213).

For each day range of non-payment of the portfolio, the following table presents the value of trade accounts receivable and other accounts receivable subject to credit risk before recognizing any loss due to value impairment, the values of expected losses determined individually and collectively, the value of accounts receivable after considering the expected impairment, at the end of the reporting period, and the percentage of expected credit loss determined using the transition matrix methodology according to the Markov chains theory.

2020	Expected Credit Loss Rate	Gross accounts receivable	Impairment of expected credit loss	Net accounts receivable receivable
Explanation of the impairment for expected credit losses				
Not expired	0.10%	181,894	(36)	181,856
Between 0 and 30 days	0.13%	73,555	(22)	73,577
Between 31-60 days	0.43%	40,865	(13)	40,878
Between 61-90 days	0.92%	11,978	(5)	11,983
Between 91-120 days	1.79%	3,808	(8)	3,816
Between 121-150 days	2.40%	2,024	(5)	2,029
Between 151-180 days	3.44%	2,380	(2)	2,382
Between 181-360 days	16.75%	82,577	(94)	82,671
More than a year	11.89%	125,417	(2,808)	128,225
Total		**524,498**	**(2,993)**	**527,417**

2019	Expected Credit Loss Rate	Gross accounts receivable	Impairment of expected credit loss	Net accounts receivable receivable
Explanation of the impairment for expected credit losses				
Not expired	0,05%	281,489	(18)	281,471
Between 0 and 30 days	0,05%	90,200	(9)	90,191
Between 31-60 days	0,23%	53,239	(17)	53,222
Between 61-90 days	0,63%	40,162	(9)	40,153
Between 91-120 days	1,11%	10,662	(11)	10,651
Between 121-150 days	2,09%	4,966	(14)	4,952
Between 151-180 days	3,61%	6,967	(12)	6,955
Between 181-360 days	13,16%	22,519	(192)	22,327
More than a year	14,55%	148,259	(2,493)	145,766
Total		**658,463**	**(2,775)**	**655,688**

The average credit period over goods sale is 30 days. No interest surcharge is carried out on trade accounts receivable after the average credit period. Cementos Argos S.A. assess at the end of the period on which it is reported and with the same periodicity of financial information. If there is objective evidence that financial assets are impaired, and if this is the case, it recognizes a loss in the income statement due to a value deterioration. Cementos Argos S.A. recognizes a provision on individual clients when they are in a state of economic insolvency or when a financing or restructuring agreement of the account receivable is agreed upon and collectively grouping the portfolio by default days ranges and applying to these values the percentages of non-compliance using the transition matrix methodology according to the Markov chain theory. In determining the recoverability of a trade account receivable, Cementos Argos S.A. considers any change in the credit quality of the account from the date the credit was initially granted until the end of the reporting period. The concentration of credit risk is limited because the customer database is long and independent.

Cementos Argos S.A. as of December 31, 2019 carried out sale of trade debtors and other debtors to Bancolombia, BBV and Bancóldex for $ 45,247 (2019, $ 23,577), influencing the result of $ 4,045 (2019, $ 2,633).

NOTE 9: TAX RECEIVABLE

Tax provisions applicable and in force in Colombia, establish the following:

- The income tax in Colombia is settled at a rate of 32% for 2020 (33% for 2019).
- Occasional earnings are taxed at a rate of 10%.
- For 2020, the basis for determining income tax cannot be less than 0.5% of the liquid equity on the last day of exercise of the immediately preceding taxable year (1.5% for 2019).
- Companies may compensate losses with ordinary liquid income obtained in the following twelve periods, notwithstanding the presumptive income for the year.
- Excess presumptive income over ordinary income generated from 2003, can only be compensated with ordinary liquid income, within the following five years.
- As of 2004, taxpayers of income tax who carry out transactions with economic related parties or related parties abroad, are required to determine the transfer pricing study for purposes of income tax and complementary; as of the date of financial position statement, the Company has not completed the study with 2020 operations; however, considering that the operations carried out with related parties abroad during 2020 had a similar behavior to those carried out in 2019, the Administration considers that it will not generate an impact on the income statement for the period.
- Income statements for taxable years 2019, 2018 and 2017 are subject to review and acceptance by the tax authorities.

Tax reform
The following summarizes some modifications to the Colombian tax regime for 2019 and following years introduced by the tax reforms established by the National Government:

a) Changes introduced by the Law 2010 of 2019 and Law 1943 of 2018
Given the non-eligibility of Law 1943 as of January 1, 2020, the National Government issued Law 2010 or Economic Growth Law on December 27, 2019, through which it contains the provisions in favor contained in the Law 1943 of 2018 and which were considered essential for economic growth and competitiveness in the country; likewise, also introduces some changes. The most relevant aspects are stated as follows:

- For the taxable year 2020, the applicable income tax rate is 32%. Tax rates determined in Law 1943 of 2018 for 2021 are maintained, rate of 31%, and for year 2022, rate of 30%.
- The Economic Growth Law continues to gradually decommission the 0.5% rate for the year 2020 for the purpose of calculating the income tax under the presumptive income system, and 0% from the year 2021 and following.
- 100% of the taxes, fees and contributions actually paid in the taxable year, which are causally related to income generation (except income tax), continue as a deductible; 50% of the financial movements tax (GMF, per its acronym in Spanish) will be deductible, regardless of whether or not it has a causal relationship with the income generating activity.
- 50% of the industry and commerce tax may be treated as a tax discount on the income tax for the taxable year in which it is actually paid and to the extent that it is causally related to its economic activity. For 2022, it can be discounted 100%.
- The following items continue as tax discounts (i) VAT paid on the importation, training, construction or acquisition of real productive fixed assets, including the services necessary for their construction and commissioning; this discount can only be used by those responsible for sales tax. (ii) The industry and commerce tax in the terms indicated in the previous paragraph.
- Regarding the tax on dividends, the following modifications were introduced:

1. The withholding fee on non-taxed dividends, decreed for the benefit of foreign companies and entities, non-resident natural persons and permanent establishments was increased to 10%.

2. The applicable table to untaxed dividends decreed for the benefit of natural persons who reside in the country and illiquid successions of causative residents of the country was modified, providing a marginal rate of 10% for dividends exceeding 300 UVT.

3. It was established that the tax on taxed dividends shall be determined: (i) applying the income rate corresponding to the year in which they are decreed (32% year 2020; 31% year 2021; and 30% year 2022 onwards) and (ii) on the remainder, the rate corresponding to the untaxed dividend will be applied, depending on the beneficiary (if it is a natural resident person or illicit succession of a resident causer, the table will be applied and for the other cases the rate of 7.5% will apply).

4. The withholding regime at the source on dividends decreed for the first time to national companies continues, which will be transferable to the final beneficiary natural person resident or investor resident abroad with the rate of 7.5%.

5. Dividends decreed with a charge to profits of 2016 and prior years will retain the treatment in force for that time; and those corresponding to profits of the years 2017 and 2018 and 2019 that are decreed from 2020 will be governed by the rates set forth in the Law 2010.

- Along with the Economic Growth Law, it is specified that taxpayers may opt for the tax works mechanism, as a way of extinguishing tax obligation, provided for in article 238 of Law 1819/2016 or through the mechanism of the direct investment agreement established in article 800-1 from the Tax Statute.
- The Growth Law establishes that the term of firmness for taxpayer income tax declarations that determine or compensate tax losses or that are subject to the transfer pricing regime, will be five (5) years from the income statement.
- The correction term for taxpayers who present corrections that increase the tax or decrease the balance in favor, is modified as the term that the taxpayer had to voluntarily correct their tax returns was two (2) years. With the Law of Growth, this term is modified, and it is unified with the general term of declarations firmness, fixing it in three (3) years.
- The 4-year time limit for the use of the tax discount for taxes paid abroad is eliminated.
- The audit benefit is extended for income tax declarations corresponding to the taxable years 2020 and 2021 for which the increase in net income tax is required compared to the previous year, in order for the declaration to be final in six months (30%) or in twelve months (20%), as provided for by Law 1943 of 2018 for declarations of the taxable years 2019 and 2020. It is required that the provisions enshrined in Law 1943 of 2018, regarding the benefit of audit, will have the effects provided there for taxpayers who have benefited from the audit benefit for the taxable year 2019.
- As of 2017, the referrals contained in the tax rules to the accounting standards will be subject to the International Financial Reporting Standards applicable in Colombia with the debugging established by the National Government.

9.1. Income Tax Recognized in Profit or Loss

	Current Tax	
	2020	2019
Regarding the current year	(46,841)	(17,266)
Regarding the previous year	12,413	-
	(34,428)	**(17,266)**
Deferred tax		
Origin and reversal of temporary differences	65,814	58,293
Changes in laws and tax rates	4,092	-
	69,906	**58,293**
Total tax expense related to continuous operations	**35,478**	**41,027**

(1) The variation in the current tax expense is generated mainly by the change in the tax base of the tax, in which for the year 2019 the income tax for ordinary liquid income was settled, using tax discounts up to the maximum limit established by the Law and in 2020 it was settled by the presumptive income system, base is the fiscal assets of the previous year.

(2) The variation in deferred tax expense was mainly due to the generation of deferred tax assets, which corresponds to the excess of presumptive income and the fiscal losses generated during 2020. Taxes paid abroad gave rise to new deferred tax assets during 2020.

Reconciliation of the effective rate:

	2020		2019	
	Value	%	Value	%
Profit (loss) before income tax	**42,654**		**80,794**	
Notional tax	**(13,650)**	**(32.0%)**	**(26,662)**	**(33.0%)**
Equity method	111,100	260.5%	119,799	147.2%
Dividends, net	(26,800)	(62.8%)	(118,352)	(145.4%)
ECE Regimen	(23,072)	(54.1%)	(13,911)	(17.1%)
Indirect Tax Discounts	31,182	73.1%	95,421	117.2%
Non-deductible Expenses	(14,713)	(34.5%)	(9,080)	(11.2%)
Non-deductible Donations	(2,358)	(5.5%)	(2,558)	(3.1%)
Previous exercises taxes	(23,838)	(55.9%)	(691)	(0.8%)
Difference in rate	4,092	9.6%	-	(0.0%)
Other tax effects	(6,465)	(15.2%)	(2,939)	(3.6%)
Total current and deferred income tax expense	**35,478**	**83.2%**	**41,027**	**50.2%**

The effective tax rate of the Company is 83.5% for 2020, it is 115.2 percentage points below the notional tax rate, generated mainly by the equity method, indirect tax discounts.

The tax calculation varied out by the presumptive income system is as follows:

	2020	2019
Presumptive Income	15,492	154,510
Presumptive Income Rate	0.5%	1.5%
Current Income Tax	(4,957)	(56,079)
Discounts Applied	-	38,813
Income from previous years	12,413	-
Foreign expenses not proceeding in Colombia	(41,884)	-
Deferred tax	69,906	(58,293)
Total tax expense related to continuous operations	**35,478**	**41,027**

9.2. Income Tax Recognized directly in Equity

	Deferred tax	
	2020	2019
Generated by income and expenses recognized in other comprehensive income:		
Difference in foreign investment instead	(911)	241
New measurements of defined benefit plans	(4,088)	(2,760)
Cash flow hedges	(416)	(63)
Total income tax recognized in comprehensive income	**(5,415)**	**(2,582)**

9.3. Current Tax Assets and Liabilities and Deferred Tax Balances

	Current tax	
	2020	2019
Income tax	80,465	175,933
Sales tax	147	-
Assets for other taxes	9,039	14,321
Net current tax asset	**89,651**	**190,254**

9.4. Tax Deferred Behavior

The following is an analysis of the liability presented in the statement of financial position for December 2020 and comparative periods:

2020	Opening balance	Other changes	Recognized in other comprehensive income	Recognized in results	Closing balance
Other current assets	(7,003)	9,685	(208)	-	2,474
Associates and joint ventures	(9,529)	(4,489)	8,711	911	(4,396)
Property, plant and equipment	(258,114)	103,353	(37,546)	-	(192,307)
Intangible Assets	(15,172)	(14,559)	2,979	-	(26,752)
Other non-current assets	(3,325)	(7,175)	9,870	-	(630)
Provisions	11,831	7,183	(2,111)	-	16,903
Employee benefits	34,425	(17,308)	(7,226)	4,088	13,979
Financial Liabilities	50,597	(48,085)	(2,339)	-	173
Convertible instruments	-	5,717	1,263	416	7,396
Finance leases	-	(12,877)	16,154	-	3,277
Other liabilities	23,060	(21,444)	(1,616)	-	-
Unused tax credits	102,841	48,350	29,238	-	180,429
Unused tax losses	135,736	(37,902)	39,897	-	137,731
Unused presumptive income excesses	80,402	(10,449)	12,839	-	82,792
Total Deferred Tax Assets	**145,749**	**-**	**69,905**	**5,415**	**221,069**

2019	Opening balance	Other changes	Recognized in other comprehensive income	Recognized in results	Closing balance
Other current assets	(2,429)	-	-	(4,574)	(7,003)
Associates and joint ventures	(8,089)	-	(240)	(1,199)	(9,529)
Property, plant and equipment	(196,479)	-	-	(61,635)	(258,114)
Intangible Assets	(21,486)	-	-	6,314	(15,172)
Other non-current assets	322	-	-	(3,647)	(3,325)
Provisions	11,831	-	-	-	11,831
Employee benefits	37,271	-	2,760	(5,605)	34,425
Financial Liabilities	(22,094)	-	63	72,627	50,597
Other liabilities	23,060	-	-	-	23,060
Unused tax credits	47,915	-	-	54,926	102,841
Unused tax losses	135,736	-	-	-	135,736
Unused presumptive income excesses	79,316	-	-	1,085	80,402
Total Deferred Tax Assets	**84,874**	**-**	**2,583**	**58,292**	**145,749**

The Company recognizes deferred tax assets which will be offset by the reversal of the current taxable temporary differences; however, if the deferred tax asset depends on future earnings, due to the periodicity of the reversal of taxable differences, the Company supports the deferred tax asset in the projection of future taxable income generation.

When in the development of the analyzes it is determined that there is a high probability of rejection of the tax asset by the tax authorities or that it will not be possible to use the deferred tax asset before its expiration, said asset is not recognized. Both situations affect the income tax expense in the period in which it is determined.

In compliance with IAS 12, the Company did not record deferred tax liabilities related to temporary differences of investments in subsidiaries, mainly for concepts corresponding to undistributed profits and tax readjustments on investments. This is due to the fact that: i) The Company has control of the subsidiaries and, consequently, it can decide on the reversal of such temporary differences; and ii) the Company does not plan to carry it out in the medium term; therefore, it is probable that such temporary differences will not be reversed in the foreseeable future.

Investments in subsidiaries	2020	2019
Investments in associates and joint ventures	3,732,782	3,357,906
Inversiones en asociadas y negocios conjuntos	(191)	(16,714)

9.4. Unrecognized Deductible Temporary Differences, unused Tax Losses and unused Tax Credits

At the end of 2020 the Company does not have tax credits without recognition of deferred tax assets.

9.5. Impact on Income Tax for the potential Dividends Payment to its Shareholders

The Company does not show potential consequences for the income statement in the event of dividends payment to its shareholders.

The Company does not present proposed or declared dividends before the financial statements have been authorized for issuance, on which an impact on income tax could be anticipated.

NOTE 10: INVENTORIES

	2020	2019
Finished product	19,431	18,695
Product in process	49,305	50,450
Raw materials and direct materials	31,058	43,441
Materials, spare parts and accessories	44,971	38,042
Inventory in transit	3,576	11,126
Others	1,528	1,251
Inventory of goods not manufactured by the company	365	1,873
Advances for inventory acquisition	23	9
Total inventories	**150,257**	**164,887**

Cementos Argos S.A., measures its inventory by the lowest between cost and net realizable value.

The cost of inventories recognized as the cost of goods sold during the period, with respect to operations in the statement of separate comprehensive income, corresponds to $ 1,077,849 (2019, $ 1,184,827) of which $ 39,306 correspond to unabsorbed costs (2019, $ 37,481), distribution costs $ 243,319 (2019, $ 267,022).

The value of the decrease in inventories to net realizable value corresponds to $ 2,080 (2019, $ 1,766).

During the year and comparable ones there was no reversal in the value of inventories.

As of December 31, 2020 and December 2019, Cementos Argos S.A. does not keep compromised inventories as a guarantee of liabilities.

Cementos Argos S.A., expects to make its inventories in less than 12 months.

NOTE 11: BIOLOGICAL ASSETS

	2020	2019
Opening balance	20,638	21,257
Changes in fair value less costs to sell	(234)	(619)
Closing balance	**20,404**	**20,638**
Non-current	20,404	20,638
Biological assets	**20,404**	**20,638**

Cementos Argos carries out agricultural activities through forestry projects. The biological assets of the Company are measured at fair value less the estimated costs of sale at the point of harvest or collection, considering significant observable input data of Level 3. Changes in the fair value of the biological assets are presented in the statement of comprehensive income such as income or valuation expense as appropriate.

For the valuation of the plantations, the discounted cash flow model was used, taking into account that the future economic benefits associated with the forest cover are expected to be carried out 3 or 4 times over time, like this: at the time when the 2 or 3 culled, which depend on the age and the diameter of the plantation, and at a last moment when the clear cutting is carried out.

In this sense, fair value is determined by applying a discount rate to future net cash flows, for which purpose Weighted Average Cost of Capital (WACC) was used, which was estimated at 8.78% for 2020 (2019, 8.65%).

The sale price, volume, determined based on forestry experience and studies, and the estimation of costs and expenses are significant unobservable input data in the measurement.

Losses were recognized as a result of the valuation which amounts to $234 (2019, $619 loss). For the valuation, market prices were taken as the basis, which remain constant and the costs increase with the CPI throughout the projection. For the year 2020 there were no significant changes that would affect the valuation, nor purchases, sales, issues or settlements that would affect the fair value.

The biological assets of Cementos Argos S.A. are composed of plantations, like this:

	2020	2019
Plantations (Hectares planted = Ha)	1,172	1,172

As of December 31, 2020 and its comparable, the plantations mainly include teak, eucalyptus, pine, rubber, acacia and melina, distributed in the national territory in Boyacá, Riosucio (Caldas), Montebello (Antioquia), Rioclaro (Antioquia), Cartagena (Bolívar), Victoria (Caldas), Puerto Nare (Antioquia).

At the end of the reporting period reported and comparable ones, there are no restrictions on the ownership of the biological assets of Cementos Argos S.A., nor contractual commitments for their development or acquisition and have not been pledged as collateral for debt compliance.

NOTE 12: INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

12.1. Investments in Associates and Joint Ventures

The summarized financial information with respect to each of the associates of Cementos Argos S.A. presented below. This information represents amounts presented in the associate's financial statements prepared in accordance with IFRS:

Financial information of associates and joint ventures	SUMMA –Servicios Corporativos Integrales S.A.S.		CO82 - Soluciones de Crédito S.A.S.		Caltek S.A.S.	
	2020	2019	2020	2019	2020	2019
Current assets	28,070	42,278	3,538	-	-	11,364
Non-current assets	16,623	16,203	10	-	-	116,829
Current liabilities	28,431	43,297	24	-	-	82,927
Non-current liabilities	15,750	14,720	-	-	-	-
Ordinary income	10,410	10,449	1	-	-	27,280
Net income	49	69	396	-	-	5,688
Total comprehensive income	**49**	**69**	**396**	**-**	**-**	**5,688**

The reconciliation of the summarized financial information with the book value of the associates and joint ventures in the separate financial statements is:

Reconciliation of investments in associates and joint ventures with their financial information	SUMMA –Servicios Corporativos Integrales S.A.S.		CO82 - Soluciones de Crédito S.A.S. (2)		Caltek S.A.S. (1)		Total investees	
	2020	2019	2020	2019	2020	2019	2020	2019
Net assets of the investee	512	464	3.524	-	-	45,266	4,036	45,730
Participation in the investee	25%	25%	49%	-	-	50,00%	25%-49%	25%-50%
Book value of the investee	**128**	**116**	**1.726**	**-**	**-**	**22,633**	**1,854**	**22,749**

(1) In December 2020, Cementos Argos S.A. entered into a sale contract for the entire shareholding in Caltek S.A.S. for a value of $ 4,984. The sale transaction generated a loss on the sale of shares of $ 14,482. The impact of the transaction on current tax and deferred tax is $ 0. In 2019 Cementos Argos capitalized Caltek for $ 7,500.

(2) Soluciones De Crédito S.A.S. is a company incorporated on February 5, 2020 in association with Cementos Argos S.A., this company has the corporate purpose of granting microcredits or consumer loans to people for the improvement of homes of small owners or that serve as working capital for construction professionals.

All associates and joint ventures are accounted for using the equity participation method in the separate financial statements. None of the investments in associates and joint ventures maintained by Cementos Argos S.A., is listed in a national or foreign stock market, therefore, there is no quoted market price for the investment.

In the reported periods, investments in associates and joint ventures do not have unrecognized losses of the current period or prior nor did they declare dividends.

12.2. Significant Restrictions

As of December 31, 2019 and comparable periods there are no significant restrictions on the ability of associates or joint ventures to transfer funds to Cementos Argos S.A., in the form of cash dividends, or for the loans repayment or advances made by the Company. The Company does not hold contingent liabilities related to their investments in associates and joint ventures.

NOTE 13: SUBSIDIARIES

13.1. General Information on Investments in Subsidiaries

AGREGADOS ARGOS S.A.S.

Incorporated in accordance with Colombian laws on June 16, 2017.; its principal domicile is in the city of Medellín and the term of duration is indefinite. Its corporate purpose is the exploration, exploitation, transformation, transport, benefit, integral use, commercialization and sale of stony minerals exploited in mines and quarries tales such as sand, gravels and any own materials and elements, accessories and complementary used in the industry of the building; and in general, the realization of similar activities, connections or complementary, or that facilitate or develop the commerce or industry of the Company. As of December 31, 2020, this Company merged with Concretos Argos S.A.S.

ARGOS PANAMÁ S.A.

Stock corporation incorporated in accordance with the laws of the Republic of Panama on June 25, 1943. Its main purpose is the manufacture, sale, import and export of cement and its derivatives; as well as the importation of all types of raw material, machinery, equipment, spare parts for the manufacture and sale of cement. The main domicile of the company is located in Panama City, Republic of Panama, and the term is in perpetuity. This Company consolidates with Concreto S.A., and Terminal Granelera Bahía Las Minas S.A.

ARGOS SEM, LLC.

Established on March 21, 2014 in Panama City, (and relocated in December 2018 to Delaware, United States, at which time the transformation of the name Argos SEM SA by Argos SEM, LLC). This is intended establish and operate as a Multinational Company Headquarters to provide all and any of the management and/or administration services for operations in a specific or global geographical area of a company of the business group; also to dedicate internationally to the manufacture and marketing of goods of all kinds, as well as to the commercialization of services of all kinds, as allowed in the law of the respective state or jurisdiction. In May 2018, it absorbed the International Cement Company S.A., an entity incorporated in Panama on November 24, 1997, with the purpose of acquiring, owning, administering, taxing, leasing and disposing in any way all kinds of goods, whether on their own or third parties.

CEMENTOS DE CALDAS S.A.

Incorporated in accordance with Colombian laws on July 17, 2007; its main domicile is in Villamaría, department of Caldas. Its corporate purpose is the exploitation of the cement industry and the production of concrete mixtures and their derivatives. Its term of duration extends until July 22, 2054.

C.I. DEL MAR CARIBE (BVI) INC.

Incorporated in accordance with the laws of the British Virgin Islands on June 2, 2004; its main domicile is in Tortola and its corporate purpose is the commercialization of cement, clinker and lime. Its term is in perpetuity.

COLCARIBE HOLDINGS, S.A.

Incorporated in accordance with Panamanian laws on June 25, 1996.; its principal domicile is in Panama City. Its corporate purpose is to negotiate or dispose of securities, bonds, participations in other Companies and rights of any kind either on its own or third parties, as well as open, operate, close accounts and deposits in financial institutions, lend or accept money in loans and give guarantees in favor of third parties in any currency of the world. Its term is in perpetuity.

CONCRETOS ARGOS S.A.S.

Simplified joint stock company incorporated in accordance with Colombian laws on April 22, 1985. Its main purpose is the exploration, exploitation, transport, benefit, integral use, commercialization and sale of stony minerals such as: Sand, cement, gravels, pre-mixed concrete and precast concrete elements, concrete blocks and any materials and own elements, accessories and complementary used in the construction industry. The main domicile of the company is in Bogotá and the term of duration is until September 8, 2093.

CORPORACIONES E INVERSIONES DEL MAR CARIBE S.A.S.

Incorporated in accordance with Colombian laws on December 14, 1982. Its principal domicile is in the city of Medellín and the term of duration is indefinite. The Company's corporate purpose is to carry out any lawful economic activity both in Colombia and abroad. Currently this is dedicated to investment in shares or interest rates. This Company consolidates with Argos USVI Corp., Argos (Dominica) Ltd., Argos Saint Maarten N.V. and Cementos Argos Company Limited.

HAITÍ CEMENT HOLDING, S.A.

Incorporated and domiciled in Panama City, Republic of Panama on October 7, 1997. Its main activity is to acquire, buy, invest in securities, bonds, shares, participations in other Companies, as well as any lawful business permitted by the laws of the Republic of Panama. The duration of the company is in perpetuity. This company consolidates with Cimenterie Nationale S.E.M. (CINA).

LOGÍSTICA DE TRANSPORTE S.A.

Incorporated in accordance with Colombian laws on April 16, 1996; its principal domicile is in the city of Medellín. Its corporate purpose is the transport of people and all types of cargo inside or outside the country in any of its modalities, land, air, river and sea, whether in vehicles, ships or aircraft owned or owned by third parties affiliated with it. The term of the company expires on April 16, 2026.

TRANSATLANTIC CEMENT CARRIERS, INC.

Incorporated in accordance with Panamanian laws on July 26, 1974; with principal domicile in Panama City and the term of duration is indefinite. Its corporate purpose is maritime transport, especially cement, clinker and the sale of these same products. In June 2018, through merger, it absorbed Compañía Marítima de Graneles S.A., which had been established in accordance with Panamanian laws on December 29, 1978 and which was dedicated to maritime transport, especially cement and clinker and the purchase and sale of these same products, chartering of ships and especially the provisioning of them.

VALLE CEMENT INVESTMENTS LIMITED.

Incorporated in accordance with the laws of the British Virgin Islands on November 18, 1998; its main domicile is in the British Virgin Islands and its corporate purpose is to make investments of any kind. The term of the duration of the company is indefinite.

ZONA FRANCA ARGOS S.A.S.

Incorporated in accordance with Colombian laws on July 5, 2007, its principal domicile is in the city of Cartagena and its term of duration is indefinite. Its corporate purpose is the exploitation of the cement industry, the production of mixtures of concrete and any other materials or articles based on cement, lime or clay, the acquisition and disposal of minerals or ore deposits that can be used in the industry of cement and its similar, rights to explore and exploit minerals indicated, either by concession, privilege, lease or any other title, direct, manage, supervise, promote and develop a free zone, perform all activities that in its condition of a single user of a special free zone, whether convenient, relevant or necessary, perform the following activities as a port operator: loading and unloading, storage in ports, import and export of goods and services, general cargo handling, containerized cargo handling. It was declared in 2007 as a permanent special free zone.

			Percentage of shareholding		Carrying amount	
Subsidiary name	**Main activity**	**Place of incorporation and operations**	**2020**	**2019**	**2020**	**2019**
ARGOS SEM, LLC.	Investments	United States	100.00%	100.00%	5,220,280	4,902,209
Zona Franca Argos S.A.S.	Cement industry	Colombia	100.00%	100.00%	1,541,923	1,523,263
Valle Cement Investments Limitada	Investments	Virgin Islands	91.81%	91.81%	730,127	681,881
Colcaribe Holding S.A.	Investments	Panama	100.00%	100.00%	572,505	543,250
Argos Panamá S.A.	Cement and concrete industry	Panama	78.44%	78.44%	358,097	375,228
Concretos Argos S.A.S.	Stony mineral extraction	Colombia	93.13%	92.97%	202,208	238,360
C.I. del Mar Caribe BVI	Commercialization	Virgin Islands	93.88%	93.88%	116,328	117,899
Corporaciones e Inversiones del Mar Caribe S.A.S.	Investments	Colombia	100.00%	100.00%	110,654	108,690
Transatlantic Cement Carriers, INC	Maritime transport	Panama	100.00%	100.00%	64,796	49,795
Logística de Transporte S.A.	Transport	Colombia	100.00%	99.99%	51,700	45,308
Haití Cement Holding S.A.	Investments	Panama	50.00%	50.00%	16,235	10,779
Agregados Argos S.A.S.	Manufacturing industry	Colombia	0.00%	52.00%	-	6,381
Cementos de Caldas S.A.	Cement production	Colombia	40.07%	40.07%	3,850	3,822
					8,988,703	**8,606,865**

13.3. Information on Indirect Participation in Investments in Subsidiaries

Subsidiary name	Main activity	Place of incorporation and operations	Percentage of shareholding 2020	Percentage of shareholding 2019
Agregados Argos S.A.S.	Stony mineral extraction	Colombia	-	52.00%
American Cement Terminals LLC.	Investments	United States	100.00%	100.00%
American Cement Terminals Trust (BVI)	Investments	Virgin Islands	100.00%	100.00%
Argos (Dominica) Ltd.	Cement distribution	Dominica	100.00%	100.00%
Argos Dominicana S.A.	Clinker and cement exploitation	Dominican Rep.	79.18%	79.18%
Concretos Argos Dominicanos, S.R.L	Concrete manufacturing and commercialization	Dominican Rep.	79.39%	79.39%
Argos Honduras S.A. de C.V.	Cement and derivatives exploitation	Honduras	53.29%	53.29%
Argos North América Corp.	Investments	United States	99.08%	99.08%
Argos Panamá, S.A.	Cement and concrete industry	Panama	78.44%	78.44%
Concreto S.A.	Ready-mix concrete manufacturing	Panama	78.44%	78.44%
Terminal Granelera Bahía Las Minas S.A.	Sea ports operation	Panama	78.44%	78.44%
Argos Puerto Rico Corp.	Cement distribution and sale	Puerto Rico	60.00%	60.00%
Argos Trading Puerto Rico LLC	Export from Puerto Rico	Puerto Rico	60.00%	60.00%
Argos SEM, LLC	Investments	United States	100.00%	100.00%
Argos St. Maarten N.V.	Cement distribution	St. Maarten	100.00%	100.00%
Argos USA LLC. (antes Argos Cement LLC.)	Cement and concrete industry	United States	99.08%	99.08%
Argos USVI Corp.	Cement distribution	Virgin Islands	100.00%	100.00%
Cementos Argos Company Limited	Cement distribution	Antigua	100.00%	100.00%
Cement and Mining Engineering Inc.	Investments	Panama	100.00%	100.00%
Cementos de Caldas S.A.	Cement production	Colombia	99.64%	99.64%
CI del Mar Caribe (BVI) Inc.	Commercialization	Virgin Islands	99.97%	99.97%
Cimenterie Nationale S.E.M. (CINA)	Cement industry	Haití	65.00%	65.00%
Argos Guyane S.A.S.	Cement exploitation	French Guiana	100.00%	100.00%
Colcaribe Holdings S.A.	Investments	Panama	100.00%	100.00%
Inmueble Miraflores S.A.	Property management	Panama	100.00%	100.00%
Comercial Arvenco C.A.	Commercialization	Venezuela	100.00%	100.00%
Concretos Argos S.A.S.	Stony mineral extraction	Colombia	99.44%	99.44%
Corp e Inversiones del Mar Caribe S.A.S.	Investments	Colombia	100.00%	100.00%
Haití Cement Holding S.A.	Investments	Panama	100.00%	100.00%
Logística de Transporte S.A.	Transport	Colombia	99.99%	99.99%
Port Royal Cement Company LLC	Cement distribution and sale	United States	100.00%	100.00%
Southern Star Leasing, LLC	Concrete industry	United States	99.08%	99.08%
Surcol Houdstermaatschapij N.V.	Investments	Surinam	50.00%	50.00%
Transatlantic Cement Carriers Inc.	Maritime transport	Panama	100.00%	100.00%
Valle Cement Investments Limited	Investments	Virgin Islands	91.81%	91.81%
Venezuela Ports Company S.A.	Investments	Panama	100.00%	100.00%
Vensur N.V.	Cement production	Surinam	42.10%	42.12%
Wetvan Overseas Ltd.	Investments	Virgin Islands	-	60.00%
Argos Guatemala S.A.	Commercialization	Guatemala	100.00%	-
Zona Franca Argos S.A.S.	Cement industry	Colombia	100.00%	100.00%

Subsidiary	Colombia 2020	Colombia 2019	Caribbean and Central America 2020	Caribbean and Central America 2019	United States 2020	United States 2019
Number of fully owned subsidiaries	2	2	14	13	3	3
Number of partially owned subsidiaries	3	4	14	14	3	3

In 2020 and 2019 the following movements were registered in the subsidiary Companies and business acquisition:

- On December 31, 2019 Concretos Argos S.A. recorded the sale of 1,206,058 shares held by Logística de Transportes S.A. These shares were acquired by Cementos Argos S.A. for a value of $2,896 million that will be paid in Colombian pesos, by bank transfer, on January 2, 2020, according to the conditions of the offer presented.
- At the General Assembly of Shareholders last March 2019, the merger commitment was approved through which Concretos Argos S.A.S. it would absorb Canteras de Colombia S.A.S., increasing its subscribed and paid capital to COP 9,405,364,000 (9,405,364 shares to 1,000 COP each). In this transaction, an exchange relationship is generated through which the shareholders of Canteras de Colombia S. A.S. received 4.75 ordinary shares of Concretos Argos S. A. S. for each ordinary share of Canteras de Colombia S.A.S., for which the shares required to comply with the exchange relationship are issued. That is, the issued shares were delivered to the shareholders of Canteras de Colombia S. A.S. while the shareholders of Concretos Argos S.A.S continue with the same number of shares of Concretos Argos S.A.S., unless they are shareholders of Canteras de Colombia S.A.S. and therefore, receive shares of those issued.
- On April 2, the transformation of a corporation (S.A.) into a company for simplified shares (S.A.S.) of Compañía Concretos Argos S.A.S. was presented.
- On February 6, 2019 Cementos Argos S.A., formalized the deeds of the purchase of the inheritance rights of the shareholder Napoleón Cárdenas for $80.
- On June 9, 2020, the company Argos Guatemala S.A. is acquired through Argos SEM, which will be considered the holding company with a 99% stake, this company has 2 shares at a nominal value of 100 Quetzalez each (Authorized Capital 200). All shares are common, of equal value and grant the owners the same right.
- On September 10, the company Wetvan Overseas LTD was liquidated. Established in the Virgin Islands, therefore, it can be seen that it has a 0% stake in it compared to December 31, 2019 when it owned 60%.
- On September 14, the company purchased 3,024,000,000 shares of Agregados Argos S.A.S. of which 1,512,000,000 belonged to ODINSA S.A. and 1,512,000,000 to El Cóndor S.A. at a value of 83.07 cents per share for a total operation worth 2,512,036,800 COP, in this way, the company obtains a 100% stake in Agregados Argos S.A.S.
- In December 2020, the merger of the subsidiaries Agregados Argos S.A.S. and Concretos Argos S.A.S. being the first absorbed by the second. The effective participation of Cementos Argos S.A. about Concretos Argos S.A.S. increased from 92.97% to 93.12% due to the issuance of 198,388 shares that were delivered to Cementos Argos S.A.

13.4. Summary Financial Information of Subsidiaries

The summarized financial information with respect to each of the subsidiaries to which Cementos Argos S.A. applies the equity method of accounting is presented below. The financial information summarized below represents amounts before eliminations between group companies, and includes business combination adjustments, when applicable:

2020	Current assets	Non-current assets	Current liabilities	Non-current liabilities	Ordinary income	Net income	Other comprehensive income	Total comprehensive income
ARGOS SEM, LLC.	33,953	4,991,487	4	-	-	158,713	201,247	359,960
Valle Cement Investments Limited	463,146	1,573,538	1,241,461	-	-	23,515	31,408	54,924
Argos Panamá, S.A. and subsidiaries	151,923	542,570	240,922	5,247	233,143	(2,254)	28,197	25,943
Colcaribe Holdings S.A.	551,920	48,982	28,465	-	-	4,033	25,341	29,375
Zona Franca Argos S.A.S.	473,929	1,234,339	115,575	50,769	528,360	127,672	-	127,672
CI del Mar Caribe (BVI) Inc.	211,155	-	87,241	-	631,888	20,606	6,289	26,896
Corporaciones e Inversiones del Mar Caribe S.A.S.	30,147	102,046	21,569	-	-	21,410	-	21,410
Transatlantic Cement Carriers Inc.	50,068	64,187	8,926	40,532	185,166	13,593	1,408	15,001
Concretos Argos S.A.S.	187,987	469,950	437,557	43,178	676,240	(30,081)	-	(30,081)
Haiti Cement Holding S.A.	3,242	29,228	-	-	-	11,759	1,934	13,693
Logística de Transporte S.A.	56,549	1,126	5,735	310	11,459	7,034	-	7,034
Cementos de Caldas S.A.	7,009	3,356	147	462	47	28	-	28

2019	Current assets	Non-current assets	Current liabilities	Non-current liabilities	Ordinary income	Net income	Other comprehensive income	Total comprehensive income
ARGOS SEM, LLC.	39,531	4,681,559	37	-	-	116,071	29,491	145,562
Argos Panamá, S.A. and subsidiaries	188,390	546,051	250,674	13,605	419,218	69,936	(3,749)	66,187
Valle Cement Investments Limited	1,474,683	486,795	1,218,802	-	-	22,031	3,671	25,702
Colcaribe Holdings S.A.	531,120	49,444	37,382	-	-	21,292	4,282	25,574
Zona Franca Argos S.A.S.	495,337	1,191,902	108,527	55,449	560,687	109,012	-	109,012
Corporaciones e Inversiones del Mar Caribe S.A.S.	25,100	101,039	17,329	-	-	20,670	(2,841)	17,829
CI del Mar Caribe (BVI) Inc.	175,107	-	49,519	-	426,243	10,897	938	11,835
Concretos Argos S.A.S.	230,738	536,470	437,255	72,996	848,278	17,064	57	17,121
Haiti Cement Holding S.A.	4,145	17,416	4	-	-	10,253	(1,707)	8,546
Transatlantic Cement Carriers Inc.	35,587	140,822	7,521	119,093	132,337	(3,408)	451	(2,957)
Logística de Transporte S.A.	52,303	1,433	8,775	370	14,726	6,954	-	6,954
Cementos de Caldas S.A.	7,042	3,326	163	521	47	1,479	(3)	1,476
Agregados Argos S.A.S.	33,484	19,463	36,757	3,919	109,650	621	-	621

13.5. Significant Restrictions

Cementos Argos S.A. does not have subsidiaries with significant restrictions to transfer and/or receive assets from other Group Companies, nor are there protective rights to non-controlling interests that can significantly restrict the company's ability to access or use the assets and settle the liabilities the subsidiaries; there are also no guarantees or other requirements that may restrict dividends and other distributions of capital to be paid within the Group.

As of December 31, 2020 and its comparable, Cementos Argos S.A., has not provided financial support without any contractual obligation to perform it to any investee, nor has it helped to obtain financial support.

13.6. Analysis of Impairment Signs

At the end of each period, the signs of impairment associated with each investment are reviewed, based on available external and internal information. In the case of investments that presented at least one indication of impairment, an impairment test was performed.

Cementos Argos S.A. reviews the book value of impairment investments each time events or circumstances indicate that the carrying amount may not be recoverable. If the total discounted future cash flows are less than the book value, the book value of the investment is not recoverable, and an impairment loss is recognized in the statement of separate income.

At the end of the reporting period and comparable ones, no investment in subsidiaries presented indicators of impairment, nor were losses due to impairment recognized.

NOTE 14: OTHER INTANGIBLE ASSETS, NET

14.1. Conciliation of Cost, Accumulated Depreciation and Impairment of Intangible Assets

2020	Opening balance	Additions	Amortization	Other changes	Closing balance
Intangible assets with indefinite useful life	115,389	-	-	-	115,389
Concessions, franchises and rights	255,347	-	-	-	255,347
Patents, licenses and software	193,252	-	-	-	193,252
Intangible assets in progress	26,512	-	-	(106)	26,406
Total historical cost	**590,500**	-	-	**(106)**	**590,394**
Concessions, franchises and rights	(152,418)	-	(19,194)	-	(171,612)
Patents, licenses and software	(151,898)	-	(17,367)	-	(169,265)
Total depreciation and impairment	**(304,316)**	-	**(36,562)**	-	**(340,878)**
Intangible assets, net	**286,184**				**249,516**

2019	Opening balance	Additions	Amortization	Other changes	Closing balance
Intangible assets with indefinite useful life					
Concessions, franchises and rights	265,696	-	-	(10,349)	255,347
Patents, licenses and software	190,502	10	-	2,740	193,252
Intangible assets in progress	21,747	245	-	4,520	26,512
Total historical cost	**593,334**	**255**	-	**(3,089)**	**590,500**
Concessions, franchises and rights	(135,808)	-	(16,610)	-	(152,418)
Patents, licenses and software	(127,233)	-	(24,665)	-	(151,898)
Total depreciation and impairment	**(263,041)**	-	**(41,275)**	-	**(304,316)**
Intangible assets, net	**330,293**				**286,184**

As of December 31, 2020 and 2019, intangible assets do not include current capitalization of borrowing costs. The useful lives of other intangible assets are:

	Useful life ranges in years	Depreciation method
Argos brand	Undefined	
Rights	Finite: 16-28 Years	Linear
Concessions, franchises and licenses	Finite: 2-40 Years	Linear
Licenses, patents and software	Finite: 3-12 Years	Linear

The amortization of intangibles is recognized under the straight-line method as an expense in the statement of comprehensive income, in the line of the sales cost, administrative expenses and selling expenses, and losses of impairment are recognized as expenses in the statement of comprehensive income in the line of impairment of assets.

Disbursements for research and development projects are recognized as expenses in the statement comprehensive income during the period amounted to $ 0 (2019, $ 4,226). As of December 31, there are no restrictions on the realization of intangible assets, Cementos Argos S.A., has no contractual obligations to acquire or develop intangible assets.

The book value at December 31, 2020 and 2019, and the remaining amortization time for significant assets is:

	Remaining amortization period	2020	2019
Intangible asset with indefinite useful life	Undefine useful life	115,389	115,389
ERP Development	6 years	120,912	108,595

The administration determined that the Argos brand, acquired from Grupo Argos S.A. in December 2005 for $ 115,389 is an intangible asset with an indefinite useful life since it is not possible to estimate a foreseeable time limit over which it is expected to generate future economic benefits for the Company.

The Argos brand does not present an event or circumstance that constitutes an indicator of impairment, however, because it is an intangible asset with an indefinite useful life, an impairment test was carried out to verify its value, allowing to conclude that by 2020 the brand does not present decreases of value for impairment. The recoverable amount was determined using the value in use; the projection of cash flows was carried out at a consolidated level for a period of 10 years, considering the expected business conditions for each Regional.

The discount rate applied to cash flow projections was a pre-tax WACC of 8.78%. It was calculated using the CAPM methodology, including risk-free rate, average country risk considering the geographies where Argos has a presence, stock market premium, sector beta, implicit devaluations, average tax rate, D/E ratio, debt cost from Cementos Argos S.A., and perpetual growth rate: 2.5%.

NOTE 15: PROPERTY, PLANT AND EQUIPMENT

15.1. Conciliation of Cost, Accumulated Depreciation and Impairment of Property, Plant and Equipment

2020	Opening balance	Additions and depreciation	Sales and withdrawals	Other changes	Closing balance
Land	344,952	200	(84)	-	345,068
Assets in progress, assembly and transit	652,060	50,485	-	(65,643)	636,902
Buildings and constructions	264,557	2,063	-	6,922	273,542
Machinery and production equipment	1,705,070	4,793	(3,490)	66,123	1,772,496
Furniture and office, computer and communication equipment	52,527	311	(738)	1,604	53,704
Mines, quarries and mineral deposits	127,302	-	-	15,239	142,541
Overland transport equipment	17,829	-	-	3,035	20,864
River transport fleet	1,699	-	-	114	1,813
Aqueduct, networks and means of communications	53,868	-	-	1,062	54,930
Other assets	21,761	-	-	105	21,866
Advances given to third parties	-	79	-	-	79
Total historical cost	**3,241,625**	**57,931**	**(4,312)**	**28,561**	**3,323,805**
Buildings and constructions	(98,136)	(7,971)	-	188	(105,919)
Machinery and production equipment	(635,748)	(79,225)	1,582	(10,386)	(723,777)
Furniture and office, computer and communication equipment	(36,365)	(4,935)	737	-	(40,563)
Mines, quarries and mineral deposits	(88,822)	(5,870)	-	1,767	(92,925)
Overland transport equipment	(7,562)	(3,030)	-	(606)	(11,198)
River transport fleet	(532)	(131)	-	-	(663)
Aqueduct, networks and means of communications	(22,976)	(2,107)	-	-	(25,083)
Other assets	(2,380)	(736)	-	-	(3,116)
Total depreciation and impairment	**(892,521)**	**(104,005)**	**2,319**	**(9,037)**	**(1,003,244)**
Net property, plant and equipment	**2,349,104**				**2,320,561**

2019	Opening balance	Additions and depreciation	Sales and withdrawals	Other changes	Closing balance
Land	346,890	190	(2,389)	261	344,952
Assets in progress, assembly and transit	734,023	180,518	-	(262,481)	652,060
Buildings and constructions	291,493	-	(48)	(26,888)	264,557
Machinery and production equipment	1,534,800	18,867	(2,535)	153,938	1,705,070
Furniture and office, computer and communication equipment	62,655	392	(12,587)	2,067	52,527
Mines, quarries and mineral deposits	125,329	-	-	1,973	127,302
Overland transport equipment	17,078	9	(145)	887	17,829
River transport fleet	1,699	-	-	-	1,699
Aqueduct, networks and means of communications	52,866	-	-	1,002	53,868
Other assets	45,189	-	(205)	(23,223)	21,761
Advances given to third parties	18,067	-	-	(18,067)	-
Total historical cost	**3,230,089**	**199,976**	**(17,909)**	**(170,531)**	**3,241,625**
Buildings and constructions	(92,740)	(8,719)	48	3,275	(98,136)
Machinery and production equipment	(590,933)	(82,376)	1,704	35,857	(635,748)
Furniture and office, computer and communication equipment	(42,835)	(6,109)	12,579	-	(36,365)
Mines, quarries and mineral deposits	(84,699)	(8,219)	-	4,096	(88,822)
Overland transport equipment	(6,946)	(1,210)	79	515	(7,562)
River transport fleet	(360)	(163)	-	(9)	(532)
Aqueduct, networks and means of communications	(15,368)	(7,608)	-	-	(22,976)
Other assets	(5,306)	(752)	207	3,471	(2,380)
Total depreciation and impairment	**(839,187)**	**(115,156)**	**14,617**	**47,205**	**(892,521)**
Net property, plant and equipment	**2,390,902**				**2,349,104**

Construction in progress includes capitalization of borrowing costs for a value of $ 1,184 (2019, $ 6,186), the average rate used to determine the amount of borrowing costs was 5.7% (2019, 7.66%), which is the effective interest rate specific to generic loans.

Under construction in progress, equipment in assembly and transit, assets worth $ 568,223 and $ 584,826 and millions of pesos for the years 2020 and 2019 respectively are included; corresponding to the construction and updating project of one of the cement plants, which is part of the existing integrated network for Colombia and its start in operation is estimated for the year 2025.

As of December 31, 2020 and 2019, no affected assets are presented as a collateral for the fulfillment of property, plant and equipment obligations.

At the end of the reporting period reported and comparable ones, there are no restrictions on the realization of property, plant and equipment, nor contractual commitments for the acquisition of property, plant and equipment. Cementos Argos S.A. did not obtain compensation from third parties for property, plant and equipment impaired, lost or abandoned.

In the first quarter of 2019, fixed assets that were owned in property, plant and equipment were reclassified to the accounts corresponding to rights of use for each of the concepts which had a net value of ($ 149,095).

15.2. Change in estimates

For the year 2019, Cementos Argos S.A. evaluated the intention to use the assets of its plants located in Cartagena, Nare, Rio Claro and Yumbo, and increased their useful lives. The change in estimates implied a decrease in the depreciation of property, plant and equipment by $ 6,947 in the current period and $ 15,997 for the next twelve months.

NOTE 16: INVESTMENT PROPERTY

16.1. Conciliation of Investment Properties

	2020	2019
Opening balance	**95,775**	**126,772**
Net profits from fair value adjustments	3,070	(879)
Transfers from plant and equipment property	148	167
Transfers to non-current assets held for sale	(391)	(29,208)
Provisions	(664)	(725)
Other changes	-	(352)
Total investment properties	**97,938**	**95,775**

The fair value of investment properties for disclosure purposes is determined by the appraisal independent Company Activos e Inventario Ltda. The appraisal companies used the comparative market and/or residual approach methodology to estimate the fair value.

The input data for the modification of the fair value are classified as level 2 input data within the fair value hierarchy, a hierarchy that also corresponds to the complete one, since it corresponds to offer prices, appraisals or controls of similar properties that are observable, either directly or indirectly, in the market, and that have been adjusted or homogenized by factors such as the area, access roads, immediate neighborhood, finishes, improvements, conservation status, among others.

Rental income from investment properties during the period amounted to $ 491 (2019, $ 704). Direct expenses related to investment properties were $ 1.752 (2019, $ 1.325).

As of December 31, 2020 and 2019, the Company has no contractual obligations to purchase, construct or develop investment properties, nor are there any restrictions on property investment.

NOTE 17: ASSETS HELD FOR SALE

Cementos Argos S.A. has assets that are expected to be realized through a sale transaction instead of being maintained for continued use and for which a sales plan has been initiated, these assets have been classified as held for sale in accordance with IFRS 5. The assets are available for immediate sale and their sale is highly probable.

As of December 31, 2020 and 2019 Cementos Argos S.A. has no discontinued operations classified as non-current assets held for sale or disposed of during the period. For these periods, the balance of non-current assets held for sale is:

The items mentioned above are detailed below:

	Opening balance	Additions	Sales	Other changes	Closing balance
Investments (I)	8	152	-	(160)	-
Property, plant and equipment (II)	29,208	-	(83)	(148)	28,977
Other assets	2,410	392	(1,657)	77	1,222
Historical cost 2020	**31,626**	**544**	**(1,740)**	**(231)**	**30,199**

	Opening balance	Additions	Sales	Closing balance
Investments	15,039	46	(15,077)	8
Property, plant and equipment	-	29,208	-	29,208
Other assets	-	3,139	(729)	2,410
Historical cost 2019	**15,039**	**32,393**	**(15,806)**	**31,626**

I. On June 06, 2019, the sale of Compañía Cartón de Colombia S.A. through a public acquisition offer (OPA) made by the wholesale partner for the total number of shares (2,309) which is accepted by Cementos Argos S.A. The sale transaction for the amount of $ 22,743 generated an untaxed utility from the disposal of assets of $ 7,620

On December 19, 2019, a contract for the sale of shares between Cementos Argos and Smurfit Kappa Centroamérica was signed; in which Cementos Argos S.A., sold 3,503 shares of Compañía Colombiana de Empaques S.A. for a value of $ 7,914 and 1,112,158 shares of Papeles y Cartones S.A. for $ 34, the first classified as held for sale in 2018. On January 14, 2020 the sale of shares is completed, the transaction generated an impact on the occasional income tax of $ 3 for the shares of Papeles y Cartones S.A. and $ 786 for the shares of Compañía Colombiana de Empaques S.A., both without associated deferred tax.

II. On December 31, 2019, a sales plan was authorized for 6 assets classified as investment properties worth $ 29,208; assets that are available for immediate delivery.

On October 24, 2019, a sales plan was authorized for 13 assets worth $3,139 of which 4 assets were sold on December 6, 2019 worth $ 729 which generated a loss of $ 55 without impact on income tax and no associated deferred tax.

On January 30, March 11 and May 20, 2020, 3 assets were sold for $ 1,164, generating a loss of $ 171. On September 16 and October 13, 2020, 2 assets worth $ 427 were sold, generating a profit of $ 22, with no impact on income tax and without associated deferred tax.

NOTE 18: FINANCIAL LIABILITIES

	2020	2019
Promissory notes in national currency	347,194	151,957
Promissory notes in foreign currency	305,661	414,202
Other obligations	417,084	352,882
	1,069,939	**919,041**
Current	669,798	767,084
Non-current	400,141	151,957
	1,069,939	**919,041**

i. They correspond to financial liabilities with Companies of the same economic Group. (See note 26)

18.1. Summary of Loan Agreements

The financial liabilities in national and foreign currencies include short and long-term credits

Among the most significant are the following credits:

18.1.1. FINANCIAL LIABILITIES 2020

Category	Entity	Concept	Expiration	Currency	Contractual Value (COP)
					2020
					50,000
National bank	Davivienda	Working capital loan	2023	COP	135,265
National bank	BBVA	Working capital loan	2023	COP	160,000

Category	Entity	Concept	Expiration	Currency	Contractual Value (COP)
					2020
					8,000
Foreign bank	Banco de Bogotá Miami	Working capital loan	2022	Dollar	30,000
Foreign bank	Scotiabank - Colpatria	Working capital loan	2021	Dollar	21,000
Foreign bank	BCP	Working capital loan	2021	Dollar	30,000

18.1.2. FINANCIAL LIABILITIES 2019

Category	Entity	Concept	Expiration	Currency	Contractual Value (COP)
					2019
National bank	Bancolombia	Working capital loan	2021	COP	150,000

Category	Entity	Concept	Expiration	Currency	Contractual Value (COP)
					2019
Foreign bank	Banco de Bogotá Miami	Working capital loan	2020	Dollar	52,000
Foreign bank	Colpatria	Working capital loan	2020	Dollar	66,000
Foreign bank	BCP	Working capital loan	2020	Dollar	8,000

18.2. Breach of Loan Agreement

During the reported periods, the Company did not default on payments of principal or interest for financial liabilities and/or for loans payable. In turn, during 2019 there was no material modification to the credit agreements that already existed.

18.3. Reconciliation between the Beginning and Ending Balances of Liabilities arising from Financing Activities:

	Financial Liabilities	Related obligations	Obligations Rights of use	Bonds	Coverage	Other liabilities	Total
Balance as of January 1, 2020	**566,160**	**548,418**	**240,999**	**3,254,101**	**16,021**	**147,091**	**4,772,790**
Changes in cash flow from financing							
Amounts from loans	1,151,942	64,203	-	-	-	-	1,216,145
Payment of loans and debt instruments	(1,088,502)	-	-	-	-	-	(1,088,502)
Amounts from bond issue	-	-	-	249,382	-	-	249,382
Payment of outstanding bonds	-	-	-	(40,650)	-	-	(40,650)
Paid dividend on ordinary shares	-	-	-	-	-	(262,543)	(262,543)
Paid dividend on preferred shares	-	-	-	-	-	(47,690)	(47,690)
Paid interest	(34,681)	-	(13,226)	(237,085)	(15,927)	-	(300,919)
Payment of lease liabilities	-	-	(34,740)	-	-	-	(34,740)
Collections of financial derivatives	**-**	**-**	**-**	**-**	**31,440**	**-**	**31,440**
Total changes in cash flow from financing	**28,759**	**64,203**	**(47,966)**	**(28,353)**	**15,513**	**(310,233)**	**(278,077)**
Other Changes in other EFE lines	**57,936**	**(50,279)**	**9,825**	**225,064**	**(259)**	**342,573**	**584,860**
Balance as of December 31, 2020	**652,855**	**562,342**	**202,858**	**3,450,812**	**31,275**	**179,431**	**5,079,573**

	Financial Liabilities	Related obligations	Obligations Rights of use	Bonds	Coverage	Other liabilities	Total
Balance as of January 1, 2019	**514,947**	**387,280**	**76,963**	**3,324,021**	**277**	**138,550**	**4,442,038**
Changes in cash flow from financing							
Amounts from loans	1,240,160	160,815	-	-	-	-	1,400,975
Payment of loans and debt instruments	(1,201,172)	-	-	-	-	-	(1,201,172)
Payment of outstanding bonds	-	-	-	(70,350)	-	-	(70,350)
Paid dividend on ordinary shares	-	-	-	-	-	(274,674)	(274,674)
Paid dividend on preferred shares	-	-	-	-	-	(49,894)	(49,894)
Paid interest	(25,159)	-	(16,695)	(243,387)	(6,034)	-	(291,275)
Payment of lease liabilities	-	-	(36,988)	-	-	-	(36,988)
Collections of financial derivatives	-	-	-	-	27,614	-	27,614
Total changes in cash flow from financing	**13,829**	**160,815**	**(53,683)**	**(313,737)**	**21,580**	**(324,568)**	**(495,764)**
Other Changes in other EFE lines	**37,384**	**323**	**217,719**	**243,817**	**(5,836)**	**333,109**	**826,516**
Balance as of December 31, 2019	**566,160**	**548,418**	**240,999**	**3,254,101**	**16,021**	**147,091**	**4,772,790**

Cementos Argos S.A. reports overdrafts under IAS 7, overdrafts enforceable at any time by the bank are an integral part of the company's cash management, in such circumstances, overdrafts are included as components of cash and cash equivalents.

NOTE 19: ASSETS BY RIGHT OF USE OF LEASES

19.1. Leases as Lessee

19.1.1. LEASE AGREEMENTS

In the ordinary course of business, Cementos Argos S.A. subscribes contracts for the lease of land, buildings, yellow machinery, vehicles, including concrete mixer trucks and equipment, which are accounted for as assets for a lease's right-of-use in the separate financial statements, except for those leases whose lease term is less than twelve months or the underlying asset of the new contract is less than $3,000 for administrative assets and $5,000 for operating assets.

On the other hand, there are no significant lease agreements that provide significant restrictions related with the distribution of dividends, additional debt and new leases, nor are there significant contingent fees, renewal options or escalator clauses.

As of December 31, 2020, most of the real estate lease contracts recognized are linked to the consumer price index of each jurisdiction in which they were subscribed. Few lease contracts are referenced at reference rates or payments that vary to reflect changes in market rental prices.

19.1.2. RIGHT-OF-USE ASSETS AND LIABILITIES IN LEASE

Balance of right-of-use assets and liabilities in lease includes:

	Right-of-use assets in lease						
2020	**Opening balance**	**Transfers by adoption of IFRS 16**	**Additions**	**Depreciation**	**Other changes**	**Closing balance**	**Lease liability closing balance**
Land	1,606	30	balance	(921)	(376)	305	370
Buildings and constructions	87,364	2,458	2,564	(9,825)	(2,505)	80,056	90,735
Machinery and production equipment	137,965	(14,801)	(249)	(14,297)	(337)	108,281	56,519
Overland transport equipment	67,635	(3,332)	(351)	(10,573)	(1,602)	51,777	55,234
Lease assets and liabilities, net	**294,570**	**(15,645)**	**1,930**	**(35,616)**	**(4,820)**	**240,419**	**202,858**

	Right-of-use assets in lease						
2019	**Impact of adoption IFRS 16**	**Transfers by adoption of IFRS 16**	**Additions**	**Depreciation**	**Other changes**	**Closing balance**	**Lease liability closing balance**
Land	2,404	81	39	(918)	-	1,606	1,576
Buildings and constructions	43,939	47,463	7,127	(9,243)	(1,922)	87,364	107,847
Machinery and production equipment	72,415	83,716	(233)	(17,578)	(355)	137,965	62,901
Overland transport equipment	76,828	1,079	2,855	(11,182)	(1,945)	67,635	68,676
Lease assets and liabilities, net	**195,586**	**132,339**	**9,788**	**(38,921)**	**(4,222)**	**294,570**	**241,000**

The contractual cash flows of lease liabilities classified by maturity as of December 31 are:

	2020	2019
One year or less	34,295	53,419
Between 1 and 3 years	92,063	102,531
Between 3 and 5 years	65,010	63,651
Between 5 and 10 years	47,023	75,446
More than 10 years	776	2,067
Total contractual cash flows from lease liabilities	**239,167**	**297,114**
Effect of discount of lease liabilities	(36,309)	(56,114)
Total lease liabilities	**202,858**	**241,000**
Current	27,056	41,900
Non-current	175,802	199,100
Total lease liabilities	**202,858**	**241,000**

19.1.3. ITEMS RECOGNIZED IN THE INCOME STATEMENT AND CASH FLOWS FROM LEASES

	2020	2019
December 2020, leases under IFRS 16		
Interest expense from lease liabilities	13,340	16,654
Expenses related to short-term leases and variable leases	5,373	4,953
Expenses related to leases of low value assets	1,195	464

19.1.4. RENEWAL OPTIONS

Most of the company's leases contain renewal options that can be exercised to extend the lease term from one year to 20 years, and that can be exercised up to one year before the end of the non-cancellable period of the contract. Generally, the Company exercises these renewal options for the financial and operational facilities they provide. The renewal options are only exercisable by Cementos Argos S.A. and not by the lessor. The Company evaluates on the start date of the lease if it is reasonably safe to exercise the renewal options and considers them in the determination of the lease term. It also reassesses whether it is reasonably safe to exercise the options if there is an event or significant changes in the circumstances under its control.

19.2. Renewal Options

19.2.1. FINANCIAL LEASES

The company has no financial lease agreements in which it acts as lessor.

19.2.2. OPERATING LEASES

Cementos Argos S.A. signs lease contracts as lessors of commercial premises, warehouses, apartments and houses, and leasing of machinery and operating equipment, fleet and transport equipment. All leases are classified as operating leases from the perspective of the lessor. The minimum future rights of the lease of non-cancellable operating leases for ranges of years and in total, consisted of the following:

	2020	2019
Leases under IFRS 16		
1 year or less	438	79
Between 1 and 2 years	58	79
Between 2 and 3 years	-	56
Non-cancellable operating lease rights	**496**	**214**

Rental income recognized by the Company during 2020 was $ 573 (2019, $ 830).

NOTE 20: TRADE LIABILITIES AND OTHER ACCOUNTS PAYABLE

	2020	2019
Current commercial accounts	145,257	195,538
National suppliers	134,563	127,707
Dividends payable	120,621	88,621
Miscellaneous creditors	32,750	46,227
Other accounts payable	29,587	46,247
Costs and expenses payable	16,235	18,254
Foreign suppliers	5,877	18,086
Accounts payable to contractors	2,019	1,632
Trade liabilities and other accounts payable	**486,909**	**542,312**
Current	486,905	541,175
Non-current	4	1,137
Trade liabilities and other accounts payable	**486,909**	**542,312**

The average credit period for the Company's purchases ranges between 8 and 60 days. No interest is paid to suppliers for 60-day payments.

NOTE 21: EMPLOYEE BENEFITS

	2020	2019
Short-term employee benefits	31,823	41,893
Post-employment employee benefits - Defined benefit plans	273,363	261,791
Post-employment employee benefits without actuarial calculation	2,334	2,015
Employee benefits for termination	13,768	21,484
Employee benefits	**321,288**	**327,183**
Current	63,286	79,001
Non-current	258,002	248,182
Employee benefits	**321,288**	**327,183**

21.1. Post-Employment Benefit Plans - Defined Benefit Plans

Pension liabilities, pension bonds and titles, retirement premiums and other post-employment benefits are accounted for in accordance with the requirements of IAS 19.

The actuarial valuation of plan's assets and the present value of the defined benefit obligation are calculated annually by independent actuarial consultants. The present value of the defined benefit obligations and the related current and past service costs were calculated using the projected unit credit method.

On December 22, 2016, the Ministry of Commerce, Industry and Tourism issued Decree 2131, whereby it is required to disclose the calculation of pension liabilities in accordance with the parameters established in Decree 1625/2016 and, in the case of partial pension commutation, in accordance with Decree 1833/2016, as well as the differences arising from the calculation carried out in accordance with IAS 19 – Employee Benefits.

For the year 2020, the amount included in the consolidated statement of financial position derived from the entity's obligation regarding the defined benefit plans, movements in the present value of the defined benefit obligations of the current year is presented below:

	Pension plan	Pension securities and bonds	Seniority bonus and similar	Retirement bonus	Other defined benefit plans	Total
Present value of the obligations at January 1, 2020	**219,411**	**31,153**	**12,190**	**2,739**	**3,066**	**268,559**
Current service cost	-	-	634	125	-	759
Interest cost for the defined benefits obligation	14,028	513	518	164	210	15,433
(Gain)/Actuarial loss for changes in:						
Experience	9,932	1,183	-	111	(501)	10,725
Demographic assumptions	8,317	976	943	227	244	10,707
Financial assumptions	(20,070)	(2,228)	(5,015)	(327)	(48)	(27,688)
Benefits paid directly by the company	796	-	-	(83)	-	713
Other changes	**232,414**	**31,597**	**9,270**	**2,956**	**2,971**	**279,208**
Present value of the obligations at December 31, 2020	-	-	6,768	-	-	6,768
Present value of the plan assets at January 1, 2020	-	-	531	-	-	531
"Risk Free" Interest Income	-	-	261	-	-	261
Return on plan assets, excluding interest	-	-	(1,715)	-	-	(1,715)
Present value of the plan assets at December 31, 2020	**-**	**-**	**5,845**	**-**	**-**	**5,845**
Net present value of the obligations at December 31, 2020	**232,414**	**31,597**	**3,425**	**2,956**	**2,971**	**273,363**

	Pension plan	Pension securities and bonds	Seniority bonus and similar	Retirement bonus	Other defined benefit plans	Total
Present value of the obligations at January 1, 2019	**220,498**	**35,776**	**14,299**	**2,461**	**2,824**	**275,858**
Current service cost	-	-	749	103	-	852
Interest cost for the defined benefits obligation	14,737	2,062	642	150	197	17,788
(Gain)/Actuarial loss for changes in:						
Experience	(1,431)	(245)	-	176	77	(1,423)
Demographic assumptions	-	-	-	-	(5)	(5)
Financial assumptions	5,545	656	2,094	107	62	8,464
Benefits paid directly by the company	(19,938)	(7,096)	(5,594)	(536)	(89)	(33,253)
Other changes	-	-	-	278	-	278
Present value of the obligations at December 31, 2019	**219,411**	**31,153**	**12,190**	**2,739**	**3,066**	**268,559**
Present value of the plan assets at January 1, 2019	-	-	8,546	-	-	8,546
"Risk Free" Interest Income	-	-	637	-	-	637
Return on plan assets, excluding interest	-	-	718	-	-	718
Contributions made by the company	-	-	4,332	-	-	4,332
Gains or (losses) from liquidations	-	-	(7,465)	-	-	(7,465)
Present value of the plan assets at December 31, 2019	**-**	**-**	**6,768**	**-**	**-**	**6,768**
Net present value of the obligations at December 31, 2019	**219,411**	**31,153**	**5,422**	**2,739**	**3,066**	**261,791**

The fair value of plan assets is composed as follows:

	2020	2019
Investment funds	5,845	6,768
Fair value of the plan assets	**5,845**	**6,768**

21.1.1. COMPARISON OF LIABILITIES FOR DEFINED BENEFIT PENSION PLANS, SECURITIES AND PENSION BONDS

On December 22, 2016, the Ministry of Commerce, Industry and Tourism issued Decree 2131, whereby it is required to disclose the calculation of pension liabilities in accordance with the parameters established in Decree 1625/2016 and, in the case of partial pension commutation, in accordance with Decree 1833/2016, as well as the differences arising from the calculation carried out in accordance with IAS 19 – Employee Benefits. The following is the comparison between the liabilities of the benefits plans established for pension plans, securities and bonds calculated in accordance with Decree 1625 of 2016 and, in the case of partial pension swaps, in accordance with Decree 1833 of 2016 and with the calculation pursuant to IAS 19 - Employee Benefits, as of December 31, 2020 and 2019:

	Calculation made in accordance with IAS 19 - Employee Benefits	Calculation made in accordance with Decree 1625 of 2016	Comparison between the liability calculated in accordance with IAS 19 and Decree 1625
Present value of the obligations at:			
December 31, 2020	264,012	224,229	39,783
December 31, 2019	250,563	220,326	30,238

The main actuarial assumptions used to determine the obligations for the defined benefits plans are the following:

	2020	2019
Inflation rate (%)	2.10%	3.49%
Discount rate (%)	6.33%	6.41%
Salary increase (%)	4.13%	3.99%
Minimum wage increase (%)	4.00%	4.00%
Mortality table	Valid rentiers 2008	Valid rentiers 2008
Turnover table	150% SOA Pension turnover	150% SOA Pension turnover

The total expense recognized in the period's income statement that represents contributions to defined benefits is 2020: $ 27,620 (2019, $ 19,241). The Company expects to make contributions of 2020: $ 24,476 for the next annual period.

21.2. Pension Plans, Securities and Pension Bonds

According to the Colombian Labor Code, the pension benefits granted to employees under the new social security regime (Law 100 of 1993) are accounted for as defined contribution plans, the Company covers its obligation to pensions through the payment of contributions to the Social Security Institute (ISS, by its Spanish acronym), and/or to the private pension funds under the terms and conditions contemplated by the law.

The pension benefits granted to employees not covered under the new social security regime (Law 100 of 1993), which essentially correspond to senior staff, are accounted as unfunded defined benefit plans. The company must pay retirement pensions or issue pension bonds to their employees or beneficiaries who meet certain requirements regarding age and length of service.

The benefit gives employees the right to a lifetime monthly retirement pension or an old age pension, equivalent to seventy-five percent (75%) of the average wages earned in the last year of service, subject to a minimum payment of a monthly minimum wage and a maximum wage equal to 25 monthly minimum wages.

Moreover, two additional payments are made, one in June and one in December.

When the participant expects to receive benefits from the Social Security Institute (ISS), these benefits are deducted from the benefits payable by the Company's and therefore reduce the Company's obligation. Pension payments increase according to inflation. When a pensioner receives a pension equal to the minimum wage, the pension increases in accordance with the minimum wage increases.

On the other hand, the death benefit takes place in the event of death after retirement, in which the beneficiary receives 100% of the pension for a period that will depend on each beneficiary. Payments for social security pensions to Pension Administration Funds are the responsibility of the Company as employer.

For workers who have retired from the company with a conventional or anticipated pension, which in any case is shared, the company continues to make contributions to the pension system until such time the pensioner meets the old-age requirements of the ISS (Colpensiones). Thus, the company is in charge of 100% of pension contributions until those requirements are met. The contribution is calculated based on the value of the pension. Additionally, in terms of health, Cementos Argos S.A. partially assumes a percentage of the pensioner's contribution.

Additionally, the defined benefit obligation for retirement pensions includes employees of Compañia Industrial Hullera S.A., in liquidation, as a result of the normalization process of pension liabilities in which Cementos Argos S.A., assumed in a definitive manner the proportion of the obligation that corresponds to it according to the Official Communication of October 9, 2012, issued by the Ministry of Labor.

21.3. Retirement Bonus

For employees covered by any of the collective bargaining agreements, when the contract of a worker for the recognition of retirement, disability or old age pension is terminated; a bonus equivalent to 5 current legal minimum wages is granted.

21.4. Pension Bonds and Securities Plan

According to the Colombian Labor Code, employers must pay retirement pensions or issue pension bonds to their employees who meet certain requirements regarding age and length of service. The Company has issued pension securities to them, Pension Bonus Type A Mode 2 and Pension Bond Type A Mode 1. This obligation applies to some areas where the ISS did not have pension coverage prior to 1994.

The benefit is conferred upon retirement from the Company until such time the participant retires through the Colombian Social Security system. During this period, the Company makes contributions to the pension system on behalf of the employee. Pension bonds and titles are resources to contribute to the conformation of the capital needed to finance the pensions of members of the Colombian General Pension System.

21.5. Other Defined Benefit Plans

Dental, education, death, and other assistance plan

Retired employees in Colombia receive a death benefit that increases according to the Consumer Price Index (CPI), equivalent to 5 five legal minimum wages (SMLV, by its Spanish acronym). Retired employees of the Valle plant in Colombia receive an education benefit until their death, as well as the children of retirees up to 25 years of age. Beneficiaries receive the amount regardless of the survival of the worker. Every year the benefit increases according to Consumer Price Index (CPI), as does as the dental benefit until the death of the employee as long as the service is formally requested, with annual increases according to Consumer Price Index (CPI).

Benefit for pension gap at retirement

The benefit of this provision consists in the granting of a single premium at the time of disengagement with the entity to enjoy the old age pension, the value of which corresponds to the money needed to close the executive's pension gap. This benefit currently has contributions in private pension funds that will be used only at the time of compliance with the requirements to obtain the benefit.

Retroactive severance plan
According to Colombian labor law, employees hired before the effect of Law 50 of 1990 are entitled to receive at the end of the employment contract one month's salary for each year of service, and proportionally for each fraction of a year, as a severance benefit for any reason that terminates the employment, including: retirement, disability, death, etc. The benefit is paid at the time of the employee's retirement based on the last salary earned.

As of December 31, 2020 and 2019, the Company has no reimbursement rights related to obligations under defined benefit plans.

The average duration in years of the defined benefit obligation is as follows:

	Pension plan	Pension securities and bonds	Retirement bonus	Other defined benefit plans	Total average duration
Average duration 2020	9,3	3,9	7	7,6	7
Average duration 2019	9,2	4,3	7	7,3	7,4

The significant actuarial assumptions for the determination of the defined obligation are discount rate, expected salary increases and mortality. The following sensitivity analyses are based on potential reasonable changes in the respective presumptions that occur at the end of the reporting period, while all other assumptions remain constant.

	2020		2019	
	Decreases	Increases	Decreases	Increases
Discount rate 100 basis points higher (lower)	293,540	249,675	278,589	237,262
Expected salary growth increases (decreases) by 1%	2,710	3,231	2,496	3,010
Life expectancy increases (decreases) by one year	241,288	224,440	227,350	212,253

The sensitivity analysis presented above may not be representative of real change in the defined benefit obligation, since assumptions are not likely to change in isolation from one another, given that some of the assumptions may be correlated.

Additionally, in the above sensitivity analysis the present value of the defined benefit obligation was calculated using the projected unit credit method at the end of the reporting period, which is the same that was applied when calculating the liability of the defined benefit obligation recognized in the statement of financial position.

NOTE 22: PROVISIONS

	Litigation, lawsuits and other contingencies (i)	Decommissioning (ii)	Environmental (iii)	Other provisions	Total
Book value at January 1, 2020	**9,496**	**36,454**	**9,078**	**215**	**55,243**
Realized provisions	1,918	78	1,005	14,038	17,039
Utilization of provisions	1,164	832	(1,118)	-	878
Realized reversals	(741)	-	-	(10,414)	(11,155)
Discount rate adjustment	(4,529)	413	186	-	(3,930)
Book value at December 31, 2020	**7,308**	**37,777**	**9,151**	**3,839**	**58,075**
Current	6,713	3,773	6,452	3,839	20,777
Non-current	595	34,004	2,699	-	37,298
Book value at December 31, 2020	**7,308**	**37,777**	**9,151**	**3,839**	**58,075**

(i) Cementos Argos S.A. is party to judicial proceedings of different natures, both as plaintiff and defendant, which are being addressed diligently by qualified attorneys hired by the Company. Conflicts are of labor, civil, administrative, criminal and tax character. This type of litigation arises in the ordinary course of business of any company the size of Cementos Argos S.A., and the Company expects a probable outflow of resources.

The appropriate reserves have been estimated for these processes based on criteria such as the nature of the process, the evidence contained, economic factors, the possible sentence projected, etc., which will cover the possible unfavorable sentences or decisions that may occur. We believe that the estimated time of resolution for these processes ranges between three (3) and eight (8) years approximately.

(ii) Cementos Argos S.A. is obligated to incur in future costs related to compliance with mining laws regarding the exploitation of mineral resources, the decommissioning of assets and restoration of the environment where these assets were built, which is carried out when a mining operation is completed or when the mining rights expire, whichever is less.

The maximum execution date of decommissioning obligations is the expiration date of the concession of the mining title, so the disbursement of economic resources is estimated for a five-year period prior to the legal requirement. However, in some cases where the operation is completed in an area covered by a title that is still effective for more than five years, the disbursements are estimated to be made within five years after completion of the operations. In order to determine the best estimate to be used to settle, the Administration considers the areas affected by mining exploitation, the mining exploitation schedule and the costs incurred during past decommissioning operations.

(iii) Cementos Argos S.A. is obligated to incur in environmental costs related to forestry compensation for exploitation of quarries and forestry, costs of removal and subsequent disposal of hazardous waste, specifically previously stored PCBs (polychlorinated biphenyls). For forestry compensations, Cementos Argos S.A. has pledged to settle its environmental obligations within a maximum period of five years or as indicated by Resolution to each identified environmental liability. In order to determine the best estimate to be used to settle; the Administration mainly considers financial variables and planting, maintenance and isolation costs for a four years' period. In the estimation of the disposition of the PCBs, the disbursements of packaging, transportation and disposal are mainly considered.

NOTE 23: PREPAID INCOME AND OTHER LIABILITIES

	2020	2019
Customer advances (i)	37,650	62,766
Advances received on contracts	-	15,830
Others	7,159	7,726
	44,809	**86,322**
Current	43,366	68,858
Non-current	1,443	17,464
	44,809	**86,322**

i. The balance contains advances from national clients for $ 37,650 (2019, $ 62,430) and foreign clients for $ 0 (2019, $ 336).

NOTE 24: OUTSTANDING BONDS AND PREFERRED SHARES

	2020	2019
Outstanding bonds	3,450,811	3,254,101
Preferred shares classified as compound financial instruments	58,810	58,469
	3,509,621	**3,312,570**
Current	294,511	30,937
Non-current	3,215,110	3,281,633
Present value of the obligations at December 31, 2020	**3,509,621**	**3,312,570**

24.1. Outstanding Bonds

Outstanding bonds issued by Cementos Argos S.A., comprise the following as of December 31, 2020 and 2019.

Issuance	Placement date	Term	Effective rate	Interest payment method	Securities issued 2020	Securities issued 2019
Issuance 2009	Apr 28, 2009	15 years	CPI + 7.19%	Quarterly in arrears	229,530	229,530
Issuance 2012	May 16, 2012	10 years	CPI + 4.24%	Quarterly in arrears	299,896	299,896
Issuance 2012	May 16, 2012	15 years	CPI + 4.50%	Quarterly in arrears	303,082	303,082
Issuance 2014	Nov 27, 2014	10 years	CPI + 3.80%	Quarterly in arrears	190,675	190,675
Issuance 2014	Nov 27, 2014	15 years	CPI + 4.21%	Quarterly in arrears	311,707	311,707
Issuance 2016	Apr 13, 2016	5 years (1)	CPI + 3.74%	Quarterly in arrears	73,568	94,768
Issuance 2016	Apr 13, 2016	10 years (1)	CPI + 4.19%	Quarterly in arrears	121,075	121,075
Issuance 2016	Apr 13, 2016	15 years (1)	CPI + 4.47%	Quarterly in arrears	184,157	184,157
Issuance 2017	May 24, 2017	6 years (2)	TF + 6.65%	Quarterly in arrears	211,355	211,355
Issuance 2017	May 24, 2017	13 years (2)	CPI + 3.64%	Quarterly in arrears	388,145	388,145
Issuance 2017	May 24, 2017	25 years (2)	CPI + 3.99%	Quarterly in arrears	400,500	400,500
Issuance 2018	Jun 27, 2018	3 years (3)	CPI + 2.88%	Quarterly in arrears	196,150	215,600
Issuance 2018	Jun 27, 2018	10 years (3)	CPI + 3.75%	Quarterly in arrears	158,550	158,550
Issuance 2018	Jun 27, 2018	20 years (3)	CPI + 4.04%	Quarterly in arrears	125,850	125,850
Issuance 2020	Nov 25, 2020	5 years (4)	IPC + 2.24%	Quarterly in arrears	250,000	-
					3,444,240	**3,234,890**

(1) The issue is part of the issue and placement program for ordinary bonds and commercial papers charged to a global quota of $1,000,000, approved through Resolution No. 0422 of the Financial Superintendence of Colombia on March 23, 2012.

(2) The issue is part of the issue and placement program for ordinary bonds and commercial papers charged to a global quota of $1,000,000, approved through Resolution No. 0518 of the Financial Superintendence of Colombia on April 03, 2017. Previously, the increase in said quota had been approved by resolution 0422 of 2012.

(3) The issue is part of the issue and placement program for ordinary bonds and commercial papers charged to a global quota of $1 billion approved through Resolution No. 0585 of the Financial Superintendence of Colombia ("SFC") on May 10, 2018.

(4) The issue is part of the issue and placement program for ordinary bonds and commercial papers charged to a global quota of $1 billion approved through Resolution No. 0585 of the Financial Superintendence of Colombia ("SFC") on May 10, 2018.

All issues are rated AA+ with a stable outlook by the rating agency Fitch Ratings Colombia S.A., and they are nominative securities issued to order and traded on the secondary market through the Colombian Stock Exchange. During 2017 financial expenses for interest were recorded in the amount of $ 227,508 (2019, $ 249,344) for the ordinary bonds and $ 2,443 (2019, $ 5,528) for the preferred shares.

24.2. Preferred Shares

Per the approval of the General Shareholder's Meeting of March 15, 2013; Cementos Argos S.A., carried out the issuance and placement of shares with preferential dividends and no voting rights (hereinafter, preferred shares) in May of 2013 for $ 1,610,824, allocating 209,197,850 preferred shares with a subscription price of $ 7,700 per preferential share, as determined by the Board of Directors of the Company.

The issuance of preferred shares is a compound financial instrument. The issuer, for its subsequent recognition and measurement, identified the debt and equity components by assessing the contractual terms of the instrument as well as the issuer's obligations. Given the contractual obligation of the issuer to pay the minimum annual dividend to shareholders if the Company generates profits, the issuance incorporates a component of financial liability. Once this liability has been measured, the difference between the value received and the value of the obligation constitutes an equity component. The part corresponding to the financial liability should be measured at least during each interim period and recognize their impact on the result of the period; the equity element is not subject to further measurement.

Cementos Argos determined the liability component by discounting the cash flows of the minimum preferential dividend, which were calculated in perpetuity; the discount rate applied corresponded to the market rate at the date of issuance of similar instruments that did not incorporate an equity component. Considering the difficulty of identifying a financial instrument on the market with the same characteristics as the issuance, the financial liability discount rate was determined by referencing the current yield of longer-term bonds issued by Cementos Argos S.A. in Colombian pesos. For this purpose, the valuation rate of Cementos Argos S.A.' 2024 bonds issuance, issued in May 2012 at long-term (15 years) is indexed to the CPI.

Preferred shares had a minimum yearly dividend of 3% on the subscription price that was paid during the first 12 quarters starting from the date of placement. In April 2016, the latter minimum dividend corresponding to 3% per annum on the subscription price was paid and after the thirteenth quarter the annual dividend will be $ 10 per share, which will increase with the annual CPI of the previous year. The prospectus of the issuance does not contain options to buy or sell the preferred shares.

The holders of shares with preferential dividends and no voting rights are entitled to receive a minimum dividend in a preferential manner compared to the one corresponding to ordinary shares, provided they generated distributable profits during the immediately preceding accounting year. Under no circumstances will the dividends received by holders of ordinary shares exceed the ones decreed in favor of preferred shares, the preferential reimbursement of their contributions-once the external liabilities have been paid-in the event of the dissolution and liquidation of the issuer, and other rights provided for in the bylaws of the issuer for holders of ordinary shares, except (i) to subscribe ordinary shares preferentially, and (ii) to vote on the proposals in the General Shareholder's Meeting of the issuer. By way of exception, preferred shares will grant their holders the right to vote in the events described in the placement and issuance prospectus.

The liability recognized by the issuance of preferred shares is composed of the valuation of the debt component and the reduction of direct issuance costs allocated to the liability component, according to the percentage of participation of each component in the amount of issuance. The debt component is measured at amortized cost using the effective interest rate. The effective interest rate for the subsequent measurement of the debt component at amortized cost was determined by matching cash flows receivable or payable estimated over the expected life of the financial instrument to the net book value of the liability component at the time of initial recognition. The financial liability increases with the recognition of interest applying the effective interest rate and decreases to the extent that the minimum dividends are accounted for to the preferred shareholders.

NOTE 25: FINANCIAL INSTRUMENTS

25.1. Capital Risk Management

Cementos Argos S.A. manages its capital from a long-term perspective, seeking to maintain a balanced, efficient and flexible capital structure to safely accompany and support the growth process of the organization. The Company considers equity shares, both ordinary and preferential, short and long-term financial obligations, and ordinary bonds as capital. Cementos Argos S.A. is not subject to externally imposed capital requirements.

The Company uses the Net debt / EBITDA + dividends indicator to monitor the capital structure. The net debt consists of financial obligations minus cash and temporary investments. This indicator allows to establish the Company's level of leverage with regard to its generation of cash. Additionally, this indicator is included in the long-term loan agreements that Company has. Other indicators such as the debt's short-term and long-term relation, average life, and free cash flow, also are taken into account to analyze the capital structure.

The Company periodically monitors that the Net debt / EBITDA + dividends leverage indicator stays within a specific range that enables a sustainable growth and the achievement of the goals set by the Administration.

In addition to generating EBITDA, the Company may issue capital or divest from its share portfolio listed on the stock market, which as of December 31, 2020 is valued at $ 712,472 (2019, $ 958,849).

In order to manage other indicators such as the average life of the debt, and the short and long-term distribution of it, there are available credit lines at national and international banks as well as the possibility to access the capital market through the issuance of ordinary bonds and/or commercial papers on the local market.

The level of indebtedness of the Company maintains an appropriate balance between foreign currencies, naturally hedging assets and liabilities in the same currency. The relationship between dollar-denominated indebtedness and the EBITDA generated in the operations of the United States and the Central American and Caribbean countries, which mainly generate their flows in dollars, provides a natural hedge for servicing debt in dollars.

In 2020 and comparative period, there have been no significant changes to the objectives, policies, or capital management processes of the Company.

During the reported periods, the indicators applicable to the Company's capital management are as follows:

	2020	2019
Net financial debt(i) / Ebitda(i) + dividends(i) (ii)	4,6	4,11

(i) The data on net financial debt and EBITDA used to calculate the indicator is subject to the terms of the credit agreement with the financial entity and may differ from the accounting results.

(ii) The leverage indicator is adjusted by restating the operations' EBITDA whose operating currency is USD or quasi-USD currencies at the COP/USD exchange rate (RMR) at the period-end closing.

25.2. Categories of Financial Instruments

	Financial Assets	
	2020	2019
Cash and Banks (See note 5)	236,227	42,678
Instruments derived from hedging relationships (See note 6)	66	355
Financial assets measured at amortized cost (See note 8)	527,417	655,688
Financial assets measured at fair value with changes in other comprehensive income (See note 7)	720,402	967,959
Financial Assets	**1,484,112**	**1,666,690**

	Financial Liabilities	
	2020	2019
Instruments derived from hedging relationships (See note 6)	31,275	16,021
Financial liabilities measured at amortized cost	5,066,467	4,773,923
Financial Liabilities	**5,097,742**	**4,789,944**
Financial liabilities, net	**(3,613,630)**	**(3,123,254)**

25.2.1. FINANCIAL ASSETS MEASURED AT FAIR VALUE WITH CHANGES IN OTHER COMPREHENSIVE INCOME

	2020	2019
Grupo de Inversiones Suramericana S.A.	712,473	958,231
Carvajal Pulpa y Papel S.A.	619	737
	713,092	**958,968**
Dividends recognized during the period related to investments that:		
Remain recognized at the end of the period	17,868	16,594
Total of dividends recognized during the period related to investments that:	**17,868**	**16,594**

Equity investments indicated in the table above are not held for negotiation purposes, they are held for strategic purposes in the medium and long term. The Company's Administration believes that this classification for these strategic investments provides more reliable financial information, rather than reflecting changes to their fair value immediately in the results of the period.

The Company made transfers from other comprehensive income to accumulated income for $ 13.934 for the disposal of shares of Compañía Cartón de Colombia S.A. The sale transaction for $ 22,743, generated an untaxed profit for disposal of assets for $ 7,620.

25.2.2. RECLASSIFICATION OF FINANCIAL ASSETS

During the current period, the Company made changes in the business intention of the investments in Papeles y Cartones S.A., for 2019 the investment mentioned above was reclassified as non-current assets held for sale, maintaining its measurement at fair value. For the other financial assets, no changes have been made in the business model of management and administration of financial assets, therefore, it has not reclassified financial assets from the category of fair value to amortized cost, or vice versa.

25.3. Objectives of Financial Risk Management

The financial policies of Cementos Argos S.A. are defined by the Corporate Finance committee and managed by the Corporate Finance Management, and they seek to ensure a solid financial structure and maintain the Company's exposure to market risk, liquidity and credit at optimal levels, according to the nature of the operations. The Company is exposed to exchange rate risks, interest rate, credit and liquidity risk, among others. The risk is eliminated or mitigated to tolerable levels of exposure by using natural hedging or financial derivatives, to the extent permitted by the market. The use of financial derivatives for speculative purposes is not allowed.

Special operations such as acquisitions and issues of shares or bonds may temporarily exceed the limit established by the Administration, a situation that is controlled by permanently monitoring the volatility and the execution of investment plans associated with the specific transaction that was carried out.

25.3.1. FOREIGN EXCHANGE RISK MANAGEMENT

The Company is exposed to exchange rate risk as a result of the investments held in subsidiaries with functional currencies other than the Colombian peso and of transactions in currencies other than its functional currency. The fluctuations in exchange rates have a direct impact on the cash and on the consolidated financial statements.

The analysis of exposure to exchange rate risk is performed on the subsidiaries whose functional currency is not the dollar, and that floats freely without exchange controls, subsidiaries located in countries with currency exchange controls have low volatility in the fluctuations of exchange rates. The exposure of the consolidated statement of financial position is determined by calculating the net position in dollars, which is made up of the liabilities and assets in dollars of those companies, and aims to minimize the volatility of the exchange difference item in the consolidated income statement. The exposure of cash flows is monitored by analyzing the off set of income and expenses in foreign currency, while seeking to generate equivalent income and expenses during the period in order to minimize the sale and purchase of dollars on the spot market. When the occurrence of a short or long cash flow in foreign currency is certain, it is hedged using financial derivatives if an imbalance is found with the natural position.

In the subsidiaries of the geographic segment Colombia, the net position at the end of 2020 is 12.5 million dollars short (2019, 4.9 million dollars short).

The concentration of exchange rate risk is measured against the limit of the net position of +/- USD 30 million. As the net position of the Company moves away from that figure, the concentration of exchange rate risk is considered to increase.

The carrying amounts of monetary assets and liabilities denominated in foreign currency at the end of the reporting period are as follows:

	Monetary assets		Monetary liabilities		Net exposure	
	2020	2019	2020	2019	2020	2019
US dollar, expressed in millions of pesos	561,886	638,030	648,355	654,778	(86,469)	(16,747)
US dollar, expressed in thousands of dollars	163,696	67,451	188,887	146,881	(25,191)	(79,430)
Euro, expressed in millions of pesos	211	73	2,655	1,897	(2,444)	(1,824)
Euro, expressed in thousands of euros	50	20	632	516	(582)	(496)

25.3.2. RISK MANAGEMENT OF INTEREST RATES AND INFLATION INDEXES

Interest rate risk arises mainly from loans remunerated at a fixed or variable rate. The Company measures interest rate risk through exposure to floating rates and fixed rates on the Company's debt. In the case of the variable rate, a decrease in the rates at which the financial instruments are indexed could have a negative impact on financial expenses or income. In the case of the fixed rate, an overexposure would put the Company at a disadvantage to the extent that market conditions will change favorably, as long as the financial instruments held to maturity.

The concentration of interest rate risk appears when a very high exposure to a particular indexer is detected in the financial debt portfolio. The Company considers that an exposure between 15% and 30% at a fixed rate of its total consolidated debt is optimal. The Company has maintained an average relation between fixed rate (TF) and variable rate (TV) of 25% TF vs. 75% TV. A very different relationship to this would be indicating concentration in one of the references. The Company's debt profile is reported monthly to management, indicating the concentration levels of TF vs. TV, term distribution (short-term vs. long-term) and distribution by currency (COP vs. USD vs. other currencies). With the results presented, decisions are made to manage the debt portfolio, such as the advance payment of obligations, the structuring of financial derivatives to balance the position in interest rates and / or currencies, etc. As of December 31, 2020, 23% of the consolidated debt was agreed at a fixed interest rate (2019, 27%).

The reference interest rates of the Colombian financial market that generate exposure to the Company are the CPI, DTF and IBR, and the international reference rate LIBOR for loans in dollars. Cementos Argos S.A. has not considered exposure to other local or international rates.

25.3.3. CREDIT RISK MANAGEMENT

The credit risk derived from financial assets that implies the risk of the counterparty defaulting is reduced by evaluating and assessing clients with exposure or who require credit beyond the established limits and actual collaterals.

The credit risk derived from the investments made by the Company in the financial system is monitored through the use of an issuer quota model, which stipulates the maximum amount that the company may have invested in an American, European, Honduran, or Colombian bank, where most of the Company's cash is concentrated. The policy restricts the amount of investment in banks to the limit calculated by the model quotas, without the authorization of the Financial Vice President. The models incorporate variables such as national and international rating, leverage indicators, and liquidity indicators of the banking entities. When the amounts invested in a bank exceed the values calculated by the quotas model, the risk is considered to be highly concentrated in a single issuer. The Company balances that concentration, when the market permits, by divesting the issuer that has exceeded the amount stipulated by the model and recomposing the investments with different alternatives, according to the calculated quotas. For banks that are not part of the model, the Company does not measure the issuer quota risk. In turn, banks that are not part of that model are entities in which there are no significant investments at the time of this report.

25.3.4. LIQUIDITY RISK MANAGEMENT

The Company has financial obligations with counterparties in the banking system and in the capital market. To mitigate the liquidity risk in the possible renewals of these credits, the Company plans the concentration of maturities monthly in order to avoid accumulating very high maturities in any given month of the year. Additionally, it has a broad portfolio of liquidity providers in different currencies, types of indexers and terms, including national banks, international banks, commercial financing companies, stockbrokers and issuance of bonds and trade papers in the capital market as a recurring issuer. The balance of the debt distribution by term is another clear objective of management, with the goal of not concentrating more than 30% of financial liability maturities in the short-term. The duration in years of financial liabilities is monitored every month, and the goal is to not fall below the 3.5-year average life. The Company has uncommitted credit quotas in national and international banks in a sufficient amount to cover any eventuality. The Company is also exposed to liquidity risk for breach of their financial commitments, which would trigger cross compliance clauses in other contracts. To mitigate this risk, the financial obligations in the credit agreements are monitored monthly and reported to management.

25.4. Foreign Currency Sensitive Analysis

The Company is primarily exposed to the US dollar. The following table details the sensitivity of Cementos Argos S.A. to an increase and decrease of 20% of the Colombian peso against the relevant foreign currencies after considering the effect of hedge accounting. The 20% represents the sensitivity rate used when reporting exchange rate risk internally to key management personnel, and represents the management's assessment of possible reasonable changes in exchange rates.

The sensitivity analysis only includes outstanding monetary items denominated in foreign currencies and adjusts their conversion at the end of the period with a change of 20% in exchange rates. The sensitivity analysis includes external loans, as well as loans for foreign operations within the Company where the denomination of the loan is in a currency other than the currency of the lender and the borrower. A positive figure later on indicates an increase in results where the Colombian peso strengthens by 20% against the relevant currency. If there were a 20% weakening in the functional currency relative to the reference currency, then there would be a comparable impact on results.

During the period there have been changes in the methods and assumptions used for the sensitivity analysis, going from 25% to 20% as homologation to the policies established by the Company.

	2020	2019
Increase of 20% in the US dollar with respect to the functional currency		
Profit before taxes, expressed in millions of pesos	(17,294)	(3,349)
Equity	(481)	-

25.5. Interest Rates and Inflation Indexes Sensitivity Analysis

The following sensitivity analysis has been determined based on the exposure to interest rates and inflation indexes for both derivative and non-derivative instruments at the end of the reporting period. For liabilities at variable rates, an analysis is prepared assuming the amount of outstanding liabilities at the end of the reporting period have been the same outstanding liabilities for the entire year. Upon internally informing key management personnel of the interest rate risk an increase or decrease of 100 basis points is used on the spot rate of the indicator, which represents the management's assessment of the possible reasonable change in the interest rates.

During the period, there have been changes in the methods and hypotheses used for the sensitivity analysis, going from 25% to 100BP on the indexer's sport rate as homologation to the policies established by the Company.

	IPC		Libor		IBR	
	2020	2019	2020	2019	2020	2019
Increase of 100PB over the indexer spot rate						
Profit before taxes, expressed in millions of pesos	32,329	30,235	-	-	3,453	1,500
Other comprehensive income	-	-	(1,567)	-	-	-

25.6. Derivative Contracts in Foreign Currency

The following table lists derivative contracts in foreign currency under hedge accounting, outstanding at the end of the reporting period:

	Average rate of derivative contrac		Notional value of the underlying in Colombian pesos [1]		Fair value of assets (liabilities)	
	2020	2019	2020	2019	2020	2019
US dollar						
1 year or less, purchase forward	3,693	-	298,837	-	(21,545)	-
1 to 5 years, buy swap	3,704	-	102,975	-	(9,664)	-
Total foreign currency derivative contracts			401,812		(31,209)	

(1) The notional value of the underlying includes values in American dollars. For disclosure purposes these amounts have been converted into Colombian pesos using the closing exchange rate in effect for each reporting date.

The following tables detail the notional principal amounts and remaining terms of forward and exchange rate swap contracts outstanding at the end of the reporting period.

25.7. Interest and Liquidity Risk Tables

The following tables detail the remaining contractual maturity of Cementos Argos S.A. for its non-derivative financial liabilities with agreed-upon reimbursement periods. The tables have been designed based on the undiscounted cash flows of financial liabilities based on the date on which the Company must make payments. The tables include both cash flows of interest and principal. When the interest is at the variable rates, the undiscounted amount is derived from the interest rate curves at the end of the reporting period. The contractual maturity is based on the minimum date on which the Company must make the payment.

	Weighted average effective rate	1 year or less	From 1 to 5 years	5 years or more	Total contractual cash flows	Book value
December 31, 2020						
Non-interest bearing liabilities		486,908	-	-	486,908	486,908
Instruments with variable interest rates	5,73%	713,415	1,952,840	2,707,931	5,374,187	3,891,507
Instruments with fixed interest rates	4,92%	13,718	231,875	-	245,592	212,158
Other liabilities		2,352	10,013	197,512	209,877	58,810
		1,216,394	**2,194,728**	**2,905,443**	**6,316,564**	**4,649,383**
December 31, 2019						
Non-interest bearing liabilities		539,918	-	-	539,918	539,918
Instruments with variable interest rates	8,16%	640,254	2,001,749	3,168,928	5,810,931	3,641,285
Instruments with fixed interest rates	5,29%	40,024	245,592	-	285,616	178,975
Other liabilities		2,295	9,769	200,108	212,172	58,469
		1,222,491	**2,257,110**	**3,369,036**	**6,848,637**	**4,418,647**

The following table details the Company's liquidity analysis for its derivative financial instruments. The table has been designed based on the discounted contractual net cash flows that are paid on a net basis, and the discounted gross cash flow of the derivatives that require gross payment. When the amount payable or receivable is not fixed, the amount disclosed has been determined by referencing projected interest rates as illustrated by the yield curves at the end of the reporting period. As of December 31, 2020 the Company does not have any derivative contracts that are settled based on their gross amount.

	December 31, 2020				December 31, 2019			
	1 year or less	From 1 to 5 years	5 years or more	Total	1 year or less	From 1 to 5 years	5 years or more	Total
Net settled amount:								
Forward	(21,545)	-	-	(21,545)	(15,666)	-	-	(15,666)
Swaps	-	(9,664)	-	(9,664)	-	-	-	-
	(21,545)	**(9,664)**	**-**	**(31,209)**	**(15,666)**	**-**	**-**	**(15,666)**

25.8. Collateral Guarantee

At the end of 2020, the Company has no financial assets pledged as collateral for financial liabilities or contingent liabilities.

In 2019, the financial assets pledged as collateral are as follows:

- 5,200,000 shares of the issuer Grupo de Inversiones Suramericana S.A. to the financial entity Bancolombia, these shares were not pledged to a particular obligation and were intended to support the Company's global quota with the bank. In December 2020, the guarantee was lifted. The book value of the Company's financial assets pledged as collateral for financial liabilities is $ 0 (2019, $ 176,800).

25.9. Fair Value of Financial Assets and Liabilities

The Company determines the fair value of all its financial assets and liabilities in the reporting period for measurement or disclosure in the financial statements.

The following table shows, for each of the levels of fair value hierarchy, the Company's assets and liabilities measured at fair value at December 31, 2020 and 2019:

	December 31, 2020			December 31, 2019		
	Level 1	Level 2	Total Fair Value	Level 1	Level 2	Total Fair Value
Financial Derivatives	-	31,275	31,275	-	16,021	16,021
Financial assets at fair value	**-**	**31,275**	**31,275**	**-**	**16,021**	**16,021**
Financial assets at fair value:						
In the results						
In other comprehensive income	713,092	-	713,092	958,850	-	958,850
Financial Derivatives	-	66	66	-	355	355
Financial assets at fair value	**713,092**	**66**	**713,158**	**958,850**	**355**	**959,205**
Net assets (liabilities) at fair value	**713,092**	**66**	**713,158**	**958,850**	**(15,666)**	**943,184**

The book value and estimated fair value of the assets and liabilities of Cementos Argos S.A. that are not recognized at fair value in the separate statement of financial position, but require disclosure at fair value as of December 31, 2020 are:

	December 31, 2020		December 31, 2019	
	Book value	Fair value, Level 2	Book value	Fair value, Level 2
Non-interest bearing liabilities	486,908	486,908	539,918	539,918
Instruments with variable interest rates	3,891,507	3,786,730	3,641,285	3,787,832
Instruments with fixed interest rates	212,158	221,582	178,975	242,523
Other liabilities	58,810	55,543	58,469	56,779
Financial liabilities measured at fair value	**4,649,383**	**4,550,764**	**4,418,647**	**4,627,052**
Cash and cash equivalents	236,227	236,227	42,678	42,678
Net accounts receivable	527,417	527,417	787,262	797,026
Financial assets measured at fair value	**763,644**	**763,644**	**829,940**	**839,704**
Net financial liabilities measured at fair value	**(3,885,739)**	**(3,888,059)**	**(3,588,707)**	**(3,787,348)**

As of December 31, 2020 and 2019, there were no transfers between fair value hierarchy levels, or changes to the assets and liabilities measured at fair value on a recurrent basis using unobservable variables classified at level 3 of the fair value hierarchy.

NOTE 26: ISSUED CAPITAL

The authorized capital consists of 1,500,000,000 shares with a nominal value of $ 416 (2019, $ 416) each. The subscribed and paid-in capital is made up of 1,215,247,885 made up of ordinary shares and 209,197,850 preferred shares. The reacquired treasury shares are 63,575,575. As of December 31, 2020 and 2019, the number of shares in circulation are 1,360,870,160.

	2020	2019
AUTHORIZED CAPITAL		
1,500,000,000 ordinary shares with a nominal value of $ 416 (2019, $ 416)	624,000	624,000
SUBSCRIBED AND PAID CAPITAL		
1,215,247,885 ordinary shares with a nominal value of $ 416 (2019, $ 416)	505,543	505,543
209,197,850 ordinary shares with a nominal value of $ 416 (2019, $ 416)	87,026	87,026
	592,569	**592,569**

The separate statement of changes in equity includes a premium on placement of shares for the years 2020 and 2019 of $ 1,549,744.

Investments in Company associates and joint ventures do not hold common or preferred shares of Cementos Argos S.A. or any of its subsidiaries at the reporting date and comparative periods.

The Company has not received ordinary or preferred shares for option contracts or contracts for the sale of shares.

Cementos Argos S.A. may only acquire its own shares by decision of the General Shareholders' Meeting with a favorable vote of the number of shares subscribed determined by law, with funds taken from liquid profits and provided that such shares are fully released.

26.1. Reconciliation of Paid Ordinary Shares

		Number of shares	Social capital	Share placement premium
Balance at December 31, 2020 and 2019	Paid ordinary shares	1,215,247,885	505,543	175,675
Balance at December 31, 2020 and 2019	Preferred shares	209,197,850	87,027	1,374,068

Each ordinary share gives its owner the right to participate in the decisions of the General Shareholders' Meeting and vote in it, trade the shares freely, inspect the books and social papers freely during the fifteen (15) business days prior to the General Meeting in which the year-end financial statements are examined, and receive a proportionate share of the social assets at the time of settlement and once the company's external liabilities have been paid, among others included in the bylaws.

The shareholders holding ordinary shares shall have the right to subscribe preferentially in all new issuance of ordinary shares, an amount proportional to those held on the date on which the competent social agency approves the subscription regulations.

The holders of shares with preferential dividends and no voting rights are entitled to receive a minimum dividend in a preferential manner compared to the one corresponding to ordinary shares, provided they generated distributable profits during the immediately preceding accounting year. Under no circumstances will the dividends received by holders of ordinary shares exceed the ones decreed in favor of preferred shares, the preferential reimbursement of their contributions-once the external liabilities have been paid-in the event of the dissolution and liquidation of the issuer, and other rights provided for in the bylaws of the issuer for holders of ordinary shares, except (i) to subscribe ordinary shares preferentially, and (ii) to vote on the proposals in the General Shareholder's Meeting of the issuer. By way of exception, preferred shares will grant their holders the right to vote in the events described in the placement and issuance prospectus.

The issuance of preferred shares qualifies as a compound financial instrument. The Company, for its subsequent recognition and measurement, identified the debt and equity components by assessing the contractual terms of the instrument as well as the Issuer's obligations. Given the contractual obligation of the Issuer to issue cash or other financial assets to shareholders, the issuance incorporates a component of financial liability. Once this liability has been measured, the difference between the value received and the value of the obligation constitutes an equity component. The part corresponding to the financial liability should be measured at least during each interim period and recognize their impact on the result of the period; the equity element is not subject to further measurement.

NOTE 27: TREASURY SHARES

27.1. Reserves

LEGAL RESERVE

The Company is required to appropriate as legal reserve 10% of its annual net profits until the balance of this reserve is equivalent to 50% of the subscribed capital. As of December 31, 2020 and 2019, the value of the legal reserve amounts to $ 125,050 and $ 112,868 respectively. It increases from period to period due to the considerations described in the 2019 distribution of profit plan. The value of the legal reserve not including other equity adjustments such as the equity method of changes in equity of subsidiaries, amounts to $ 115,241 for the year 2020 (2019, $ 103,060).

The reserve is not distributable before the liquidation of the Company, but it should be used to absorb or reduce annual net losses. Appropriations in excess of the mentioned above 50% are freely available to the General Shareholders' Meeting.

RESERVE FOR REPURCHASE OF SHARES

This reserve, on the reacquired own shares, in accordance with the provisions of the Commercial Code, is only distributable to the shareholders until the shares are sold again. As long as the shares belong to the Company, the rights inherent to them will be suspended.

	2020	2019
Reserve for repurchase of shares	113,797	113,797
Repurchase of shares	(113,797)	(113,797)

RESERVES FOR HERITAGE STRENGTHENING

In addition to the reserves established by law or the bylaws, the General Shareholders' Meeting may constitute freely available reserves for specific purposes.

OTHER COMPREHENSIVE INCOME NET OF TAX

During 2020, Cementos Argos S.A. made a transfer from other comprehensive income to retained earnings for $ 8,091 (2019, $ 13,934). In 2019, the transferred values correspond to the disposal of shares of Cartón de Colombia S.A. included in the category of other financial assets at fair value with change in other comprehensive income.

The reclassified value of other comprehensive income for cash flow hedges to the item of financial expense and exchange difference during the period is $ 134 (2019, $ 5) and $ 8,141 (2019, $ 0), respectively.

NOTE 28: RETAINED EARNINGS AND DIVIDENDS

28.1. Retained Earnings

	2020	2019
Opening balance	**2,260,710**	**2,290,101**
Profit (loss) attributable to the owners of the Company	(269,055)	(252,550)
Transfers from other comprehensive income to retained earnings	8,091	13,934
Ordinary and preferred dividends distributed in cash	21,948	48,126
Provisioning	700	3,937
Release of provisions	232,212	168,675
Participation in the equity variations of subsidiaries	(25,662)	(11,513)
Closing balance	**2,228,944**	**2,260,710**

28.2. Declared Dividends

The General Shareholders' Meeting held on March 20, 2020 declared cash dividends on ordinary and preferred shares of $ 251,20 per share, payable in four (3) quarterly installments of $ 83,73 per share as of August 2020 for a total value of $ 341,850 corresponding to $ 289,300 and $ 52,550 of ordinary and preferred shares, respectively.

During the period, Cementos Argos S.A. made the following dividend payment:

Declared dividends	Shares	$ Annual per share	2020	$ Annual per share	2019
Dividend on ordinary shares					
Ordinary dividend	1,151,672,310	251,20	262,543	242,00	278,701
Dividend on preferred shares					
Preferred dividend	209,197,850	251,20	47,690	242,00	50,626
			310,233		**329,327**

NOTE 29: INCOME OF ORDINARY ACTIVITIES

Below is an analysis of the income for the period of Cementos Argos S.A. for continuing operations (excluding financial income - see note 33).

	2020	2019
Income from the sale of goods	1,312,127	1,474,021
Income from the provision of services	33,268	48,343
	1,345,395	**1,522,364**

Cementos Argos S.A. has no commitments that are estimated to generate losses.

The consolidated operating income of Cementos Argos S.A., is generated mainly through the sale of cement. Sales are highly dependent on the performance of the construction industry, including residential, commercial and infrastructure projects, in each of the countries where Cementos Argos S.A. operates or the products are sold. Fluctuations in the behavior of the construction industry significantly affect the volumes of cement that the Company is able to sell, as well as the sales prices that the Company is able to receive for its products.

NOTE 30: ADMINISTRATIVE EXPENSES

Administrative expenses as of December 31 comprised the following:

	2020	2019
Staff expenses	111,998	129,175
Services	36,578	44,092
Amortization of intangible assets	22,391	29,788
Fees	13,523	18,132
Depreciation of property, plant and equipment	12,309	14,196
Maintenance and repairs	11,583	8,479
Insurances	7,239	7,622
Leases	2,947	2,842
Taxes	2,266	1,552
Contributions and affiliations	1,969	2,080
Travel expenses	1,689	8,939
Casino and restaurant	666	937
Transportation	386	600
Adaptation and installation	326	1,460
Impairment of debtors	265	-
Supplies and stationery	188	130
Legal expenses	149	256
Representation and public relations expenses	3	17
Commissions	-	1
Sundry	877	2,754
	227,352	**273,052**

NOTE 31: SELLING EXPENSES

Selling expenses as of December 31 comprised the following:

	2020	2019
Staff expenses	31,058	27,960
Services	13,946	22,329
Taxes	9,447	13,604
Impairment of debtors	2,626	2,366
Contributions and affiliations	1,299	879
Travel expenses	1,182	3,107
Insurances	960	864
Depreciation of property, plant and equipment	942	936
Transportation	798	919
Maintenance and repairs	411	8
Casino and restaurant	349	507
Fees	243	598
Supplies and stationery	192	298
Amortization of intangible assets	70	70
Legal expenses	45	27
Adaptation and installation	29	-
Representation and public relations expenses	27	78
Leases	5	105
Sundry	1,559	692
	65,187	**75,347**

NOTE 32: OTHER NET OPERATING INCOME (EXPENSES)

Other net operating income as of December 31 comprised the following:

	2020	2019
Gain on recoveries	19,300	25,272
Gain in compensation	2,900	611
Gain on grants	2,853	-
Gain (loss) on sale of fixed assets and other assets	2,516	(500)
Gain on sale of investments (3)	2,248	25,264
Gain in exploitations	1,360	1,354
Caltek Sale (4)	1,349	-
Termination benefits expense	-	(8,501)
Loss on sale and valuation of biological assets	(234)	(619)
Loss for other taxes assumed	(554)	(815)
Loss on portfolio withdrawal	(898)	(1,660)
Loss in litigation (2)	(1,785)	(7,934)
Loss of other income and expenses (1)	(3,706)	(9,694)
Loss on donations	(7,369)	(7,994)
Loss for assumed four per thousand tax	(13,188)	(14,818)
	4,822	**(34)**

(1) The loss of other income and expenses is due to the inclusion of the financial expense for lease liabilities.

(2) The loss in litigation decreases compared to the previous year due to the SIC sanction.

(3) Increase due to the sale of the shares held in OMYA.

(4) In December 2020, Cementos Argos S.A. entered into a sale contract for the entire shareholding in Caltek S.A.S. for a value of $ 4,984. The sale transaction generated a loss on the sale of shares of $ 14,482. The impact of the transaction on current tax and deferred tax is $ 0. In 2019 Cementos Argos capitalized Caltek for $ 7,500.

NOTE 33: FINANCIAL INCOME

	2020	2019
Interest income	19,185	16,763
Dividends from equity investments	17,868	16,594
Others financial income	305	326
Total financial income	**37,358**	**33,683**

NOTE 34: FINANCIAL EXPENSES

	2020	2019
Interest on bonds and preferred shares	227.508	249.344
Interest on financial derivatives	17.707	(195)
Interest on overdrafts and bank loans	35.076	36.121
Interest on related party loans	12.158	13.001
Other financial expenses	3.448	4.628
Total interest expense on financial liabilities	**295.897**	**302.899**
Less amounts included in the cost of qualified assets	1.184	13.977
Total interest expense of financial liabilities recorded in the results	**294.713**	**288.922**
Interest expense on lease liabilities (See note 19)	13.340	16.654
Discount effect of provisions and employee benefits	18.044	20.760
Total financial expenses	**326.097**	**326.336**

As of December 31, 2020 and 2019 the annual weighted average capitalization rate on funds due is 5.7% and 7.66% for Cementos Argos S. A.

NOTE 35: INCOME OF THE YEAR FROM CONTINUING OPERATIONS

The profit for the year from continuing operations is attributed to:

	2020	2019
Company controllers	78,132	121,821

The profit for the year from continuing operations amounted to the amounts previously expressed, after the following charges (credits):

35.1. Losses from Impairment on Financial Assets

	2020	2019
Impairment loss on trade accounts receivable	2,626	2,366
Reversal of impairment losses on trade accounts receivable	508	1,290

35.2. Depreciation and Amortization Expenses

	2020	2019
Depreciation of property, plant and equipment	93,743	105,841
Amortization of intangible assets	36,562	41,275
Depreciation on right-of-use assets	35,616	38,000
Total depreciation and amortization expense	**182,901**	**185,116**

35.3. Employee Benefit Expenses

	2020	2019
Cost	113,243	118,628
Overhead expense	105,064	124,935
Selling expenses	29,106	27,535
Other expenses	909	11,030
Employee benefit expenses	**248,323**	**282,128**

NOTE 36: INFMATION FROM RELATED PARTIES

The immediate parent company of Cementos Argos S.A. is Grupo Argos S.A., which is headquartered in Medellin, Colombia, and holds a stake in the Company of 57.98% (2019, 57.98%).

36.1. Qualitative Information on Transactions between Related Parties

36.1.1. TRANSACTIONS BETWEEN CEMENTOS ARGOS S.A. WITH THE SUBSIDIARIES OR BETWEEN SUBSIDIARIES THEMSELVES

- Purchase and sale of clinker between Cementos Argos S.A. and our subsidiaries, and our subsidiaries among themselves regardless of the region where they are located. The transaction involves the companies that produce clinker selling clinker to the companies that produce cement, and the latter using it as a raw material to produce cement.
- Purchase and sale of cement between Cementos Argos S.A. and its subsidiaries, and our subsidiaries among themselves regardless of the region where they are located. The transaction involves the companies that produce cement selling cement to the companies that produce concrete, and the latter using it as a raw material to produce concrete. In the case of purchases and sales among cement companies, cement is transferred with the purpose of being commercialized.
- Purchase and sale of aggregates between Cementos Argos S.A. and its subsidiaries, and our subsidiaries among themselves regardless of the region where they are located. The transaction involves the companies that produce aggregates selling aggregates to the companies that produce cement or concrete, and they use it as a raw material for their products.
- Provision of transport services between Logitrans S. A. and Cementos Argos S.A., Concretos Argos S. A. and Zona Franca S.A.S. The transaction involves Logitrans S. A., as a cargo transport intermediary, outsourcing the transportation of the products or raw materials of Cementos Argos S.A.
- Purchase and sale of back-office services between Argos North America Corp. and its subsidiaries. The transaction involves Argos North America Corp. providing back-office services to its subsidiaries in exchange for a consideration from them. The services provided are basically financial, administrative and technological support.
- Management support contracts between Cementos Argos S.A., Argos Honduras S. A., Argos Dominicana S. A., Cimenterie Nationale S.E.M, Vensur NV, Argos Puerto Rico LLC, Argos Panamá and Ciments Guyanais. The transaction involves Cementos Argos S.A. providing management support services to the subsidiaries listed in exchange for a consideration from them. The services provided are basically administrative management services.
- Leasing contracts between Cementos Argos S.A. and its subsidiaries and among our subsidiaries themselves, the transaction consists in that the lessor gives as lessee the right-to-use real estate and river transport fleet for the development of its activities.
- Provision of maritime transport services between Transatlantic Cement Carriers Inc. and Cementos Argos S.A. and/or its subsidiaries. The transaction consists in that Transatlantic Cement Carriers Inc., acts as an intermediary of maritime transport, outsourcing the transportation of the products or raw materials of Cementos Argos S.A. and/or its subsidiaries.

36.1.2. TRANSACTIONS BETWEEN GRUPO ARGOS S.A. WITH CEMENTOS ARGOS S.A. AND/OR ITS SUBSIDIARIES
Lease of real estate between Grupo Argos S. A. A. and/or its subsidiaries and Cementos Argos S.A. and/or its subsidiaries. The transaction involves Grupo Argos S. A. and/or its subsidiaries leasing space (offices, warehouses and/or lots) to Cementos Argos S.A. and/or its subsidiaries in order for the latter to develop their activities, whether productive or administrative.

36.1.3. TRANSACTIONS BETWEEN ENTITIES THAT HAVE A SIGNIFICANT INFLUENCE ON THE PARENT COMPANY AND THE GROUP.
- Cementos Argos S.A. and its subsidiaries contract real, property and personal damage insurance, mainly through the life and general insurers that are part of the Grupo de Inversiones Suramericana. This operation is carried out to cover capital losses in all the regional ones, using the risk retention and distribution schemes negotiated jointly with said insurers, all in accordance with the regulations that apply in accordance with the corresponding jurisdiction.

36.1.4. TRANSACTIONS BETWEEN CEMENTOS ARGOS S.A. AND THE GRUPO ARGOS' SUBSIDIARIES.
- Purchase and sale of energy between Celsia S.A. and Zona Franca Argos S.A.S., the transaction consists of Zona Franca Argos S.A.S. providing energy to Celsia S.A. for marketing purposes.

36.1.5. TRANSACTIONS BETWEEN THE GROUP AND INVESTMENTS IN ASSOCIATES
- Provision of business services. The transaction consists of SUMMA Servicios Corporativos Integrales S.A.S. providing specialized business services and administrative support services to Cementos Argos S.A. through the execution of an operating mandate agreement without representation, in exchange for a consideration by them. Among the services provided are basically financial, administrative, legal assistance, procurement, human management, risk sand insurance, communications and information technology, among others. In the exercise of the mandate agreement, SUMMA Servicios Corporativos Integrales S.A.S. will pay all necessary expenses to carry out its operations and at the end of each period will request the reimbursement of such expenses from Cementos Argos S.A.
- Air transport service between Internacional Ejecutiva de Aviación S.A.S. and Cementos Argos S.A. This deal consists of Internacional Ejecutiva de Aviación S.A.S. providing air transport service to senior executives of Cementos Argos S.A.

36.1.6. TRANSACTIONS BETWEEN THE GROUP AND INVESTMENTS IN JOINT VENTURES
- Sale of cement and concrete to joint ventures of Odinsa S.A. subsidiary of Grupo Argos S.A. The transaction consists of the sale of cement and concrete to Odinsa S.A. consortiums for the elaboration of infrastructure works in different regions of the country.
- Provision of maritime transport services between Transatlantic Cement Carriers Inc. and Trans Atlantic Shipmanagement Ltd. The transaction consists of Trans-Atlantic Shipmanagement Ltd. (among other providers) providing the ocean freight service and leasing ship to Transatlantic Cement Carriers Inc. for the transportation of raw materials and finished products for Cementos Argos S.A. and/or its subsidiaries.

36.2. Transactions between Related Parties

	Parent company	Entities with significant influence in the Group	Subsidiaries	Associated	Joint ventures	Key Management personnel	Total related parties
2020							
Sale of goods and other income	17	-	291,798	134	3,656	-	**295,605**
Purchase of goods and other expenses	661	24,798	290,887	8,944	2,195	33,888	**361,373**
Amounts receivable	1,646	4,127	200,595	2,213	2,358	-	**210,939**
Amounts payable	56,012	5,576	603,425	3,696	-	-	**668,709**
Lease assets	208	-	52	22,850	-	-	**23,110**
Lease liabilities	268	-	42	24,466	-	-	**24,776**
2019							
Sale of goods and other income	20	-	363,410	491	3,353	-	**367,274**
Purchase of goods and other expenses	857	23,021	324,936	9,986	1,908	44,167	**404,875**
Amounts receivable	1,717	3,875	265,567	1,681	2,482	-	**275,322**
Amounts payable	40,403	4,384	571,286	6,643	434	-	**623,150**
Lease assets	817	-	13	26,857	-	-	**27,687**
Lease liabilities	899	-	14	27,804	-	-	**28,717**

As of December 31, 2020 and 2019 Cementos Argos S.A. has not recognized impairment or impairment expense for the values receivable from related parties. Cementos Argos S.A. has not received or offered guarantees on balances receivable or payable to related parties. Transactions between the reporting Company and its related parties are carried out on terms equivalent to those that exist in transactions between independent parties.

The average term of accounts receivable from related parties regarding the sale of goods is 30 days, accounts payable between related parties have an average term of 30 days. The average term for loans for 2020 is 12 months, agreed to a rate of 4.48% in pesos.

36.3. Compensation of the Board of Directors and Key Management Personnel

	2020	2019
Wages and other short-term employee benefits	30,743	41,395
Pension and other post-employment benefits	3,145	2,133
Termination benefits	-	639
Total compensation of key management personnel for the period	**33,888**	**44,167**

Key management personnel include members of the Board, Nomination and Remuneration Committee, Audit and Finance Committee, Sustainability and Corporate Governance Committee, Directive Committee (made up of the President and Vice President), and of any other committee that depends directly on the Board of Directors of Cementos Argos and Grupo Argos, and Managers and their close relatives.

NOTE 37: GOVERNMENT GRANTS

The National Government of Colombia created the Formal Employment Support Program (PAEF, by its Spanish acronym) to support and protect the country's formal employment during the health emergency situation due to the COVID-19 coronavirus. The PAEF is a social program that grants Colombian companies a monthly monetary contribution of a state nature. PAEF government support is a government grant related to income within the scope of IAS 20 Government Grants, since the support is subject to compliance with requirements established by the National Government and the approval of the Special Administrative Unit for Pension Management and Parafiscal Contributions of Social Protection - (UGPP, by its Spanish acronym).

As of the reporting date, cash resources have been received for $ 2,853. Government grants are presented on the line of other net operating income in the separate income statement.

It is important to note that the requested form does not include values, only the PILA numbers and it is the UGPP who decides on the number of employees to pay the subsidy. In the note we refer to the payment of the support.

NOTE 38: EXCHANGE DIFFERENCE

	2020	2019
Exchange difference income	227,424	129,576
Exchange difference expense	223,048	119,603
Exchange gain (loss), net	**4,376**	**9,973**

NOTE 39: CONTINGENT ASSETS AND LIABILITIES

As of the date the financial statements are issued, there are certain contingent conditions that may result in a loss for Cementos Argos S.A. These contingencies are estimated by the Administration and its legal advisors based on their professional judgment. Taking into account the variability of the processes, it is possible that the probability of occurrence will vary in the future.

In estimating contingencies, legal advisors evaluate, among other aspects, the merits of the claims, the related jurisprudence and the status of each of the processes to date. These matters are considered to be resolved without any significant effect on our operations, financial position or results of operations.

39.1. Contingent Assets

At the date of preparation of the notes to the financial statements, Cementos Argos S.A. is not party to any legal proceedings, as a plaintiff, where the income or recovery of contingent assets are expected to exceed $5,000 (million pesos) individually. In any case, there are executive processes initiated by Cementos Argos S.A. against third parties for the recovery of the portfolio through legal proceedings. We believe that the estimated time of resolution for these processes ranges between three (3) and eight (8) years approximately.

39.2. Contingent Liabilities

At the date of preparation of the notes to the financial statements, Cementos Argos S.A. is party to legal proceedings of different natures, acting both as plaintiff and defendant, which are being addressed diligently by qualified attorneys hired by the Company. The conflicts here revealed and that have a superior materiality are of civil, administrative, criminal and fiscal character. This type of litigation arises in the ordinary course of business of any company the operations size of Cementos Argos S.A. We believe that the estimated time of resolution for these processes ranges between three (3) and eight (8) years approximately.

TRANSFER PRICING WITH THE NATIONAL TAX AND CUSTOMS DEPARTMENT (DIAN, BY ITS SPANISH ACRONYM)
Lawsuit filed by the company against the Official Liquidation Revision due to differences in appreciation between the DIAN and the company regarding the classification of a credit operation with related parties abroad and the application of article 35 of the Tax Code. The company maintains that the presumptive interest (DTF) cannot be applied to operations carried out with economic parties abroad because it is a domestic rate that cannot serve as a basis for the determination of an international financial operation, contrary to what is claimed by the DIAN.

The proceeding is currently on its second instance after an appeal was filed against the ruling of the first instance which was unfavorable to the Company's interests. The financial impact of an adverse resolution is valued at COP 16,500 million. We have not recorded any accounting provision considering that we have enough arguments to refute any liability that is attributed to the Company.

LITIGATION PUERTO NARE
In December 2018 Cementos Argos S.A. filed an action for nullity and restoration of rights against a resolution of recovery contribution for the rectification and paving of the road "Puerto Nare - Puerto Triunfo" in the department of Antioquia for COP 18,000 million. The lawsuit was admitted and in its reply, the department of Antioquia called in guarantee the firm that carried out the appraisal study. The Company presented a brief ruling on the answer to the lawsuit and again requested the suspension of the administrative act that contains the recovery contribution. We have not recorded any accounting provision considering that we have sufficient arguments to distort the payment obligation attributed to the Company.

SAN LUIS ACCIDENT
Direct repair action initiated by the relatives of the victims of the traffic accident of a vehicle hired by Cementos Argos S.A., and INMA S.A. for the transportation of its workers from the Rioclaro plant to their destinations in 2005. The lawsuit requests compensation and payment of damages estimated at COP 12,000 million suffered due to the death of the passengers.

In August 2020, a favorable ruling was obtained against Argos, absolving him of his responsibility and condemning INCO and DEVIMED. Currently the process is on appeal filed by another of the defendants. By virtue of the above, its rating was changed from possible to remote.

NOTE 40: EVENTS OCCURRED AFTER THE REPORTING PERIOD

The Company evaluated subsequent events from December 31, 2020 to February 24, 2021, the date on which the separate financial statements were approved by the Board of Directors. The Company concluded to disclose the following significant event in the separate financial statements:

SOUTHEST READY MIX, LLC AND MAYSON CONCRETE INC. VS ARGOS NORTH AMERICA CORP., ET AL.

- On January 4, 2021, the subsidiary Argos North America Corp. reached an agreement (Defer Prosecution Agreement - DPA) with the United States Department of Justice, after a lengthy process in which it was accused of participating in anticompetitive practices to selling concrete in the Southern District of Georgia. By virtue of this agreement, the subsidiary will have to pay USD $ 20 million to the United States treasury. As of December 31, 2020, the subsidiary recorded a provision for the agreed payment amount. This provision is reflected in the equity method recorded in the separate financial statements of Cementos Argos S.A.

SELF-ASSESSMENT OF THE APPLICATION OF PRINCIPLES AND CONTENT OF THE INTEGRATED REPORT

We have prepared our Integrated Report following the principles and elements of the International Integrated Report Council (IIRC), in order to adequately communicate to our stakeholders the material aspects that influence the ability of the organization to create value, as well as articulate its strategy and its business model, taking into account the different risks and opportunities.

The seven guiding principles followed for the preparation and presentation of this Integrated Report are the following:

Quality Principle	Integrated Report
1. STRATEGIC FOCUS AND FUTURE ORIENTATION	The report provides information about the organization's strategy and how it relates to its ability to create value in the short, medium and long term.
2. CONNECTIVITY OF INFORMATION	The structure of the report seeks to show the interconnection of the issues and how the information presented effects the relationship with our stakeholders.
3. STAKEHOLDER RELATIONSHIPS	The report includes information on the nature of the organization's relationships with its stakeholders, including how and to what extent it understands, takes into account and responds to their legitimate needs and interests.
4. MATERIALITY	The report focuses on presenting information on the topics identified as organizational materials, that is, those which have the capacity to create value over time for the company and its stakeholders.
5. CONCISENESS	We communicated more clearly and concisely the material issues of the organization, as well as the process that was developed to prioritize them.
6. RELIABILITY AND COMPLETENESS	The reliability of the report is reflected in the verification of indicators carried out by the independent firm Deloitte & Touche.
7. CONSISTENCY AND COMPARABILITY	This Integrated Report presents the information for the period between January 1st and December 31st, 2020. We were rigorous in collecting the information presented in the report and, therefore, we ensure comparability, both with respect to the performance of previous years, as with other sector organizations. This comparability is also supported by the fact that we built the report within the framework of the Global Reporting Initiative (GRI), the sustainability guidelines and the benchmark indicators for the industry of the Global Concrete and Cement Association (GCCA) and SASB standards for the construction industry.

Next, we present the elements of the Integrated Reporting framework that have been applied in its construction.

Content elements Included	Aspects	Section
ORGANIZATIONAL VISION AND OPERATIONAL CONTEXT	▪ Products, services, markets where it operates, size of the operation ▪ Business model and value creation	▪ Gatefold ▪ Management Report ▪ Strategic Framework
GOVERNANCE	▪ Government model Guidelines and directives for ethics, transparency and good governance ▪ Good governance practices: Selection, appointment, remuneration, training and evaluation of the Board of Directors	▪ Corporate governance
BUSINESS MODEL	▪ Business model ▪ Creation of value	▪ Management Report ▪ Strategic Framework
RISKS AND OPPORTUNITIES	▪ Strategic and emerging risks and mitigation actions	▪ Strategic Framework ▪ Action Focuses
STRATEGY AND RESOURCES	▪ Business model and creation of value ▪ Sustainability Strategy	▪ Strategic Framework ▪ Action Focuses
PERFORMANCE AND RESULTS	▪ Relevant performance figures ▪ Main results of the reporting period ▪ Monitoring of short, medium and long term goals in material issues	▪ Management Report ▪ Action Focuses
FUTURE PROJECTION	▪ Challenges of short, medium and long term	▪ Action Focuses
PREPARATION AND PRESENTATION BASES	▪ Process of identification and prioritization of material issues ▪ Mechanisms for evaluation and monitoring of material issues	▪ Strategic Framework ▪ Action Focuses

GRI TABLE

#	Indicator	Location in the IR
FOUNDATION		
101	Foundation	
1. ORGANIZATIONAL PROFILE		
102-1	Name of the organization	Cementos Argos S.A.
102-2	Activities, brands, products and services	Introduction, relevant numbers
102-3	Location of headquarters	Career 43A St 1A south 143 (Medellín - Colombia) Vía 40, Las Flores (Barranquilla - Colombia)
102-4	Location of operations	Introduction, where we operate
102-5	Ownership and legal form	Corporation
102-6	Markets served	Introduction, where we operate
102-7	Scale of the organization	Introduction, where we operate
102-8	Information on employees and other workers	Introduction, where we operate and https://sostenibilidad.argos.co/Anexos
102-9	Supply chain	Supplier Management, pag. 106 and https://sostenibilidad.argos.co/Supplier-management-indicators
102-10	Significant changes to the organization and its supply chain	Management report, pag. 22-51
102-11	Precautionary principle or approach	Sustainability Strategy, pag. 54-55
102-12	External initatives	Industry positioning, pag. 101-105
102-13	Memberships of associations	Industry positioning, pag. 101-105
2. STRATEGY AND RISK MANAGEMENT		
102-14	Statement from senior decision maker	Letter from the Chairman of the Board, pag. 9; Management report, pag. 22
102-15	Key impacts, risks and opportunities	Risk management, pag. 64 and https://sostenibilidad.argos.co/Emergent-and-strategic-risks
A-RI1	Strategic risks	Risk management, pag. 67 and https://sostenibilidad.argos.co/Emergent-and-strategic-risks
A-RI2	Emerging risks	https://sostenibilidad.argos.co/Emergent-and-strategic-risks
3. GOVERNANCE		
102-18	Governance structure	Corporate governance, pag. 12
102-19	Delegating authority	Corporate governance, pag. 12
102-20	Executive level responsibility for environmental, social and economic topics	Corporate governance, Pag. 12
102-21	Consulting stakeholders on environmental, social and economic topics	Stakeholders, pag. 59
102-22	Composition of highest governance body and its committees	Corporate governance, pag. 14
102-23	Chair of the highest governance body	Corporate governance, pag. 13-17
102-24	Nomination and selection of highest governance body	Corporate governance, pag. 13-17
102-25	Conflicts of interests	Corporate governance, pag. 13-17
102-26	Role of the highest governance body in setting purpose, values and strategy	Corporate governance, pag. 13-17
102-27	Collective knowledge of highest governance body	Corporate governance, pag. 13-17
102-28	Evaluating the highest governance body's performance	Corporate governance, pag. 13-17
102-29	Identifying and managing economic, social and environmental impacts	Corporate governance, pag. 13-17
102-30	Effectiveness of risk management processes	Corporate governance, pag. 13-17
102-31	Review of economic, social and environmental topics	Corporate governance, pag. 10
102-32	Highest governance body's role in sustainability reporting	About this report, pag. 4-5
102-33	Communicating critical concerns	Corporate governance, pag. 13-17
102-34	Nature and total number of critical concerns	Corporate governance, pag. 13-17
102-35	Remuneration policies	Corporate governance, pag. 13-17
102-36	Process for determining remuneration	Corporate governance, pag. 13-17
102-37	Stakeholder's involvement in remuneration	Corporate governance, pag. 13-17
4. STAKEHOLDER ENGAGEMENT		
102-40	List of stakeholder groups	Stakeholders, pag. 59
102-42	Collective bargaining agreements	Stakeholders, pag. 59
102-41	Identifying and selecting stakeholders	https://sostenibilidad.argos.co/Relationship-mechanisms
102-43	Approach to stakeholder engagement	Stakeholders, pag. 60 -61
102-44	Key topics and concerns raised	Stakeholders, pag. 60 -61

#	Indicator	Location in the IR
5. REPORTING PRACTICE		
102-45	Entities included in the consolidated financial statements	*Notes to the financial statements
102-46	Defining report content and topic boundaries	About this report, pag. 4 -5
102-47	List of material topics	Material topics, pag. 56-58
102-48	Restatements of information	About this report, pag. 4 -5
102-49	Changes in reporting	About this report, pag. 4 -5
102-50	Reporting period	About this report, pag. 4 -5
102-51	Date of most recent report	About this report, pag. 4 -5
102-52	Reporting cycle	About this report, pag. 4 -5
102-53	Contact point for questions regarding the report	About this report, pag. 4 -5
102-54	Claims of reporting in accordance to GRI standards	About this report, pag. 4 -5
102-55	GRI Content Index	About this report, pag. 4 -5
102-56	External Assurance	About this report, pag. 4 -5

Specific content

#	Indicator	Location in the IR	Verification	Omissions
MATERIAL TOPIC: EFICIENCY AND PRODUCTIVITY				
103	Management approach	Efficiency and Productivity, pag. 78		
103-1	Explanation of the material topic and its boundary	Efficiency and Productivity, pag. 78		
103-2	The management approach an its components	Efficiency and Productivity, pag. 78-89		
103-3	Evaluation of the management approach	Efficiency and Productivity, pag. 78-89		
A-RE1	Net debt/(EBITDA+dividends)	Efficiency and Productivity, pag. 86	X	
A-RE2	EBITDA	Introduction, Relevant figures	X	
A-RE3	EBITDA margin	Management report, pag. 29	X	
A-BE2	Total deinvestments in the reporting period	Efficiency and Productivity, pag. 86	X	
302-1	Energy consumption within the organization (GJ)	http://sostenibilidad.argos.co/Energy-indicators	X	
302-4	Reduction of energy consumption (MJ)	http://sostenibilidad.argos.co/Energy-indicators	X	
301-1	Materials used by weight or volume	https://sostenibilidad.argos.co/Environmental-indicators	X	
306-2	Waste by type and disposal method	https://sostenibilidad.argos.co/Environmental-indicators	X	The way in which the disposal of waste method is established is not disclosed.
A-EC2	Alternative raw materials rate (%) (Cement)	Efficiency and Productivity, pag. 84 and https://sostenibilidad.argos.co/Environmental-indicators	X	
A-EC3	Percentage of supplementary Cementitious Materials (concrete)	Efficiency and Productivity, pag. 84 and https://sostenibilidad.argos.co/Environmental-indicators	X	
A-EC4	Volume of used recycled aggregates	https://sostenibilidad.argos.co/Environmental-indicators	X	
MATERIAL TOPIC: ADAPTATION TO MARKET DYNAMICS				
103	Management approach	Adaptation to market dynamics, pag. 88-89		
103-1	Explanation of the material topic and its boundary	Adaptation to market dynamics, pag. 88-89		
103-2	The management approach an its components	Adaptation to market dynamics, pag. 88-89		
103-3	Evaluation of the management approach	Adaptation to market dynamics, pag. 88-89		
A-IN1	Total amount of innovation investment	http://sostenibilidad.argos.co/Innovation-Indicators	X	
A-IN3	Revenues from innovation	Adaptation to market dynamics, pag. 89 and http://sostenibilidad.argos.co/Innovation-Indicators	X	
A-IN4	Savings derived from the implementation of innovation initiatives	http://sostenibilidad.argos.co/Innovation-Indicators	X	
A-CS1	Revenues obtained from products with sustainability characteristics	Adaptation to market dynamics, pag. 89 and http://sostenibilidad.argos.co/Innovation-Indicators	X	
A-IM1	Customer satisfaction index per country	http://sostenibilidad.argos.co/Innovation-Indicators	X	
MATERIAL TOPIC: TALENT MANAGEMENT				
103	Management approach	Talent Management, pag. 128-133		
103-1	Explanation of the material topic and its boundary	Talent Management, pag. 128-133		
103-2	The management approach an its components	Talent Management, pag. 128-133		
103-3	Evaluation of the management approach	Talent Management, pag. 128-133		
202-2	Proportion of senior management hired from the local community	https://sostenibilidad.argos.co/Talent-management-indicators	X	
401-1	Total number and rates of new employee hires and employee turnover by age group, gender and region	https://sostenibilidad.argos.co/Talent-management-indicators	X	
402-1	Minimum notice periods regarding operational changes, including whether these are specified in collective agreements	https://sostenibilidad.argos.co/Talent-management-indicators	X	

Specific content

#	Indicator	Location in the IR	Verification	Omissions
404-1	Average hours of training per year per employee by gender, and by employee category	https://sostenibilidad.argos.co/Talent-management-indicators	X	
404-3	Percentage of employees receiving regular performance and career development reviews, by gender and by employee category	https://sostenibilidad.argos.co/Talent-management-indicators	X	
405-1	Board of Directors broken down by age and gender	https://sostenibilidad.argos.co/Talent-management-indicators	X	
405-2	Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation	https://sostenibilidad.argos.co/Talent-management-indicators	X	
A-TM1	Mobility rate	Talent Management, pág. 132 and https://sostenibilidad.argos.co/Talent-management-indicators	X	
A-TM2	Percentage of women in leadership position	Talent Management, pág. 132 and https://sostenibilidad.argos.co/Talent-management-indicators	X	
A-TM3	Succession success rate	Talent Management, pág. 132 and https://sostenibilidad.argos.co/Talent-management-indicators	X	
MATERIAL TOPIC: CLIMATE CHANGE				
103	Management approach	Climate change, pag. 114-119		
103-1	Explanation of the material topic and its boundary	Climate change, pag. 114-119		
103-2	The management approach an its components	Climate change, pag. 114-119		
103-3	Evaluation of the management approach	Climate change, pag. 114-119		
201-2	Financial implications and other risks and opportunities due to climate change	https://sostenibilidad.argos.co/Environmental-indicators	X	
305-1	Direct (Scope 1) GHG emissions	https://sostenibilidad.argos.co/Environmental-indicators	X	
305-2	Energy indirect (Scope 2) GHG emissions	https://sostenibilidad.argos.co/Environmental-indicators	X	
305-3	Other indirect (Scope 3) GHG emissions (tCO2)	https://sostenibilidad.argos.co/Climate-change-indicators	X	
305-4	GHG emissions intensity	https://sostenibilidad.argos.co/Environmental-indicators	X	
305-5	Reduction of GHG emissions (t CO2)	https://sostenibilidad.argos.co/Environmental-indicators	X	
A-ENE1	Substitution of fossil caloric consumption with alternative fuels	Climate change, pag. 114-119 and https://sostenibilidad.argos.co/Environmental-indicators	X	
A-EC1	Specific CO2 emissions - net (kg/t cementitious product)	Climate change, pag. 114-119 and https://sostenibilidad.argos.co/Environmental-indicators	X	
MATERIAL TOPIC: ETHICS AND COMPLIANCE				
103	Management approach	Ethics and Compliance, pag. 96-100		
103-1	Explanation of the material topic and its boundary	Ethics and Compliance, pag. 96-100		
103-2	The management approach an its components	Ethics and Compliance, pag. 96-100		
103-3	Evaluation of the management approach	Ethics and Compliance, pag. 96-100		
102-16	Values, principles, standards and norms of behavior	Ethics and Compliance, pag. 96-100		
102-17	Mechanisms for advice and concerns about ethics	Ethics and Compliance, pag. 96-100		
205-1	Number and percentage of operations assessed in terms of corruption and significant risks identified	http://sostenibilidad.argos.co/Ethics-Indicators	X	
205-2	Communication and training about anti-corruption policies and procedures	Ethics and Compliance, pag. 96-100	X	
205-3	Confirmed incidents of corruption and actions taken	Ethics and Compliance, pag. 96-100	X	
206-1	Legal actions for anti competitive behavior, anti trust and monoply practices	http://sostenibilidad.argos.co/Ethics-Indicators	X	
307-1	Non compliance with environmental laws and regulations	http://sostenibilidad.argos.co/Ethics-Indicators	X	
419-1	Non compliance with social and economic regulations	http://sostenibilidad.argos.co/Ethics-Indicators	X	
A-ETH1	Environmental, social and human rights complaints received	http://sostenibilidad.argos.co/Ethics-Indicators	X	
MATERIAL TOPIC: ECOSYSTEMS				
103	Management approach	Ecosystems, pag. 120-124		
103-1	Explanation of the material topic and its boundary	Ecosystems, pag. 120-124		
103-2	The management approach and its components	Ecosystems, pag. 120-124		
103-3	Evaluation of the management approach	Ecosystems, pag. 120-124		
303-3	Water withdrawal by source (m^3)	https://sostenibilidad.argos.co/Water-indicators & https://sostenibilidad.argos.co/Environmental-indicators	X	
303-4	Water discharge destination	https://sostenibilidad.argos.co/Water-indicators & https://sostenibilidad.argos.co/Environmental-indicators	X	
303-5	Specific water consumption (L/ton or L/m^3)	https://sostenibilidad.argos.co/Water-indicators & https://sostenibilidad.argos.co/Environmental-indicators	X	

Specific content

#	Indicator	Location in the IR	Verification	Omissions
A-A1	Water consumption	Ecosystems, pag. 122, https://sostenibilidad.argos.co/Water-indicators & https://sostenibilidad.argos.co/Environmental-indicators	X	
A-A2	Reused and recicled water	https://sostenibilidad.argos.co/Environmental-indicators, https://sostenibilidad.argos.co/Water-indicators	X	
A-BI1	Number and percentage of active and inactive quarries with high biodiversity value where biodiversity management plans are actively implemented	Ecosystems, pag. 122 and https://sostenibilidad.argos.co/Environmental-indicators	X	
A-BI2	Number and percentage of disturbed areas rehabilitated at active and inactive quarries	Ecosystems, pag. 122 and https://sostenibilidad.argos.co/Environmental-indicators	X	
304-1	Percentage of active facilities with high biodiversity value where biodiversity management plans are actively implemented	https://sostenibilidad.argos.co/Environmental-indicators	X	Detailed information related to the company owned, leased or managed or adjacent sites to protected areas and areas of high value for biodiversity outside protected areas is not disclosed due to confidentiality restrictions.
304-4	Percentage of active and inactive quarries that have a closure plan established	https://sostenibilidad.argos.co/Environmental-indicators	X	
A-BI3	Number of facilities with high biodiversity value	https://sostenibilidad.argos.co/Environmental-indicators	X	
A-BI4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	https://sostenibilidad.argos.co/Environmental-indicators	X	
MATERIAL TOPIC: INDUSTRY POSITIONING				
103	Management approach	Industry positioning, pag. 101-105		
103-1	Explanation of the material topic and its boundary	Industry positioning, pag. 101-105		
103-2	The management approach an its components	Industry positioning, pag. 101-105		
103-3	Evaluation of the management approach	Industry positioning, pag. 101-105		
A-LS1	VAS	Value added to society, pag. 68 and https://sostenibilidad.argos.co/Value-Added-Statement	X	
A-LS2	Reputation Index	Industry positioning, pag. 103	X	
A-TAX1	Taxes paid by country	http://sostenibilidad.argos.co/Ethics-Indicators	X	
415-1	Largest contributions and expenditures	http://sostenibilidad.argos.co/Ethics-Indicators	X	
A-ETH2	Major contributions	http://sostenibilidad.argos.co/Ethics-Indicators	X	
MATERIAL TOPIC: OCCUPATIONAL HEALTH AND SAFETY				
103	Management approach	Occupational Health and Safety, pag.134-139		
103-1	Explanation of the material topic and its boundary	Occupational Health and Safety, pag.134-139		
103-2	The management approach an its components	Occupational Health and Safety, pag.134-139		
103-3	Evaluation of the management approach	Occupational Health and Safety, pag.134-139		
403-1	Percentage of total workforce represented in formal joint management–worker health and safety committees that help monitor and advise on occupational health and safety programs	Occupational Health and Safety, pag.135	X	
403-2	Hazard identification, risk assessment, and incident investigation	Through our Yo Prometo management system with its programs and committees, we focus on comprehensive risk management. We strengthen the corporate culture in a way that makes it easier for us to achieve and sustain the zero objective, so that we all know the risks and apply the control measures that prevent occupational injuries and illnesses.		
403-3	Occupational health services	Occupational Health and Safety, pag.136		
403-4	Occupational health and safety management system	Occupational Health and Safety, pag.136	X	
403-5	Worker training on occupational health and safety	https://sostenibilidad.argos.co/indicadores-seguridad-y-salud-en-el-trabajo		
403-6	Promotion of worker health	The Sustainability and Corporate Governance Committee of the Board of Directors closely monitors compliance and progress of the Health and Safety indicators, so that the strategy is present at all organizational levels. Through our pillar of OPERATIONAL EXCELLENCE, we continuously learn and improve, sharing our best practices, we promote safety and health as a habit that is present in daily actions and decisions.		

Specific content				
#	**Indicator**	**Location in the IR**	**Verification**	**Omissions**
403-9	Type of injury & rates of injury, occupational diseases, lost days, & absen- teeism, & total number of work-related fatalities, by region & by gender	https://sostenibilidad.argos.co/Health-and-safety-Indicators	X	
403-10	Work-related ill health	https://sostenibilidad.argos.co/indicadores-seguridad-y-salud-en-el-trabajo	X	
A-SI1	Lost-Time Injuries Frequency Rate (LTIFR) - Contractors and employees	Occupational Health and Safety, pag.137, https://sostenibilidad.argos.co/Health-and-safety-Indicators	X	
A-SI2	Occupational Illness Frequency Rate (OIFR) - Employees	https://sostenibilidad.argos.co/Health-and-safety-Indicators	X	
MATERIAL TOPIC: ATMOSPHERIC EMISSIONS				
103	Management approach	Atmospheric emissions, pag. 125-127		
103-1	Explanation of the material topic and its boundary	Atmospheric emissions, pag. 125-127		
103-2	The management approach an its components	Atmospheric emissions, pag. 125-127		
103-3	Evaluation of the management approach	Atmospheric emissions, pag. 125-127		
305-7	Nitrogen oxides (NOx), sulfur oxides (Sox) and other significant air emissions	https://sostenibilidad.argos.co/Environmental-indicators	X	
A-OE1	Specific Emissions	Atmospheric emissions, pag. 126 and https://sostenibilidad.argos.co/Environmental-indicators	X	
MATERIAL TOPIC: SUPPLY CHAIN MANAGEMENT				
103	Management approach	Supplier Management, pag.106-111		
103-1	Explanation of the material topic and its boundary	Supplier Management, pag.106-111		
103-2	The management approach an its components	Supplier Management, pag.106-111		
103-3	Evaluation of the management approach	Supplier Management, pag.106-111		
204-1	Proportion of spending on local suppliers	https://sostenibilidad.argos.co/Supplier-management-indicators	X	
308-2	Negative environmental impacts in the supply chain and actions taken	https://sostenibilidad.argos.co/Supplier-management-indicators	X	
414-2	Negative social impacts in the supply chain and actions taken	https://sostenibilidad.argos.co/Supplier-management-indicators	X	
MATERIAL TOPIC: COMMUNITY ENGAGEMENT				
103	Management approach	Community Engagement, pag.140-147		
103-1	Explanation of the material topic and its boundary	Community Engagement, pag.140-147		
103-2	The management approach an its components	Community Engagement, pag.140-147		
103-3	Evaluation of the management approach	Community Engagement, pag.140-147		
203-1	Development and impact of infrastructure investments and services supported	Community Engagement, pag.140-147	X	
413-1	Percentage of facilities where development, impact evaluation and local community participation programs have been implemented	https://sostenibilidad.argos.co/Community-engagement-indicators	X	
413-2	Operations with significant actual and potential negative impacts on local communities	https://sostenibilidad.argos.co/Community-engagement-indicators	X	
A-COM1	Social Investment	Community Engagement, pag. 146 and https://sostenibilidad.argos.co/Community-engagement-indicators	X	
A-COM2	Revenue associated with social impact commercial initiatives	https://sostenibilidad.argos.co/Community-engagement-indicators	X	
A-COM3	Type of Philanthropic Activities	https://sostenibilidad.argos.co/Community-engagement-indicators	X	
A-COM4	Argos prioritized operations with local engagement plans	https://sostenibilidad.argos.co/Community-engagement-indicators	X	
A-COM5	Prioritized operations with interaction and risk management	https://sostenibilidad.argos.co/Community-engagement-indicators	X	
A-COM6	Innovative solutions	Sustainability program	X	
MATERIAL TOPIC: HUMAN RIGHTS				
103	Management approach	Human rights, pag. 148-151		
103-1	Explanation of the material topic and its boundary	Human rights, pag. 148-151		
103-2	The management approach an its components	Human rights, pag. 148-151		
103-3	Evaluation of the management approach	Human rights, pag. 148-151		

ENVIRONMENTAL INDICATORS

	Argos	GCCA	GRI	SASB	DJSI	2017	2018	2019	2020	Goal 2030	Comments
CO_2 EMISSIONS											
Cement											
Direct (Scope 1) GHG emissions (t CO_2)			305-1		2.3.1	7,475,544	7,794,246	8,186,930	7,281,478		
Indirect (Scope 2) GHG emissions (t CO_2)			305-2		2.3.2	417,858	436,090	432,834	399,728		
Total CO_2 emissions - gross (t CO_2)		GCCA				7,475,544	7,794,246	8,186,930	7,281,478		
Total CO_2 emissions - net (tCO_2)		GCCA				7,362,087	7,661,340	8,057,886	7,176,891		
Specific CO_2 emissions - gross (kg CO_2/t cementitious material)		GCCA	305-4			627	627	638	643		
Specific CO_2 emissions - net (kg CO_2/t cementitious material)	A-EC1	GCCA		EM-CM-110a.2		618	616	628	634	523	
Concrete											
Direct (Scope 1) GHG emissions (t CO_2)			305-1			135,921	114,944	126,796	72,026		
Indirect (Scope 2) GHG emissions (t CO_2)			305-2			17,900	14,968	12,737	14,041		
GHG emissions intensity (kg CO_2/m^3 concrete)			305-4			13	12	14	9		
Agreggates											
Direct (Scope 1) GHG emissions (t CO_2)			305-1			3,143	4,899	4,009	2,806		
Indirect (Scope 2) GHG emissions (t CO_2)			305-2			877	1,109	752	656		
GHG emissions intensity (kgCO_2/t product)			305-4			1	2	2	2		
Electricity generation											
Direct (Scope 1) GHG emissions (t CO_2)			305-1			553,278	384,307	395,896	416,468		
Indirect (Scope 2) GHG emissions (t CO_2)			305-2			N/A	N/A	N/A	N/A		
GHG emissions intensity (kg CO_2/MWh)			305-4			781	865	865	910		
Company											
Direct (Scope 1) GHG emissions tCO_2			305-1	EM-CM-110a.1	2.3.1	8,167,887	8,298,395	8,713,631	7,772,778		
Indirect (Scope 2) GHG emissions tCO_2			305-2		2.3.2	436,634	452,167	446,322	414,425		
Total direct and indirect GHG emissions tCO_2						8,604,521	8,750,562	9,159,953	8,187,203		
Other indirect (Scope 3) GHG emissions tCO_2e			305-3		2.6.10	3,571,690	3,580,053	4,328,311	4,153,714		
ENERGY AND FUELS											
Energy consumption within the organization - cement (GJ)			302-1			38,479,780	40,616,758	42,279,469	37,058,870		
Energy consumption within the organization - concrete (GJ)			302-1			1,995,513	1,696,758	1,836,511	1,102,264		
Energy consumption within the organization - aggregates (GJ)			302-1			64,683	92,730	71,786	50,535		
Energy consumption within the organization - energy generation (GJ)			302-1			6,531,242	4,619,321	5,014,380	4,614,307		
Energy sold to the grid (GJ)			302-1	EM-CM-130a.1		N/A	N/A	161,688	211,309		
Total energy consumption within the organization (GJ)			302-1			45,368,302	45,742,995	47,685,450	41,253,086		
Total non-renewable energy consumption within the organization (MWh)					2.3.3	12,112,395	12,004,281	12,368,809	10,579,857		

	Argos	GCCA	GRI	SASB	DJSI	2017	2018	2019	2020	Goal 2030	Comments
Specific caloric consumption of clinker production (MJ/t clinker)		GCCA				3,709	3,730	3,759	3,684		
Substitution of caloric consumption of fossil fuels with alternative fuels (%)	A-ENE1				2.5.1	5.4%	5.1%	5.6%	6.3%	33.0%	
Rate of alternative fuels (%)		GCCA				4.4%	4.9%	4.5%	4.2%		
Biomass rate as fuel (%)		GCCA				1.0%	0.2%	1.0%	2.0%		
MATERIALS											
Cement											
Raw materials						17,859,358	17,284,870	17,838,357	15,327,796		
Auxiliary materials			301-1			10,925,284	8,759,543	10,840,546	8,317,068		
Semi-finished						11,972,923	3,245,333	3,506,215	3,652,037		
Packing						20,101	19,738	17,080	22,906		
Concrete											
Raw materials						20,738,461	19,172,674	17,294,278	16,007,268		
Auxiliary materials			301-1			985,654	825,498	1,320,506	673,430		
Semi-finished						3,688,970	4,724,211	4,169,891	3,925,733		
Aggregates											
Raw materials						2,807,962	2,769,282	2,302,807	1,657,764		
Auxiliary materials			301-1			999	1,269	1,271	52,645		
Semi-finished						-	-				
Electricity generation											
Raw materials			301-1			-	-		-		
Auxiliary materials						442,190,662	97,337,958	862,234	742,312		
Company											
Raw materials						41,405,781	39,226,827	37,435,442	32,992,829		
Auxiliary materials			301-1			454,102,598	106,924,269	13,024,558	9,785,455		
Semi-finished						23,137,437	15,763,790	7,676,107	7,577,771		
Packing						20,101	19,738	17,080	22,906		
Total consumption of materials (t)						518,665,917	161,934,623	58,153,187	50,378,961		
Alternative Raw Materials (cement) (%)	A-EC2	GCCA			2.5.1	10.2 %	10.2 %	10.7 %	12.0 %	15.0 %	
Supplementary Cementitious Material (concrete) (%)	A-EC3					16.5 %	16.3 %	16.8 %	17.8 %	18.0 %	
Volume of recycled aggregates used (t accumulated)	A-EC4					5,328	12,720	15,277	17,034		
Ratio Clinker/Cement		GCCA			2.5.1	77 %	76 %	77 %	78 %		
WASTE											
Total waste						326,489	212,226	265,068	143,816		
Hazardous waste (t)						789	1,585	847	418		
Reuse / Recycling / Recovery, including recovery of waste / Other post consumption programs						369	801	335	144		
Coprocessing						-	18	12	2		
Incineration						238	282	181	149		
Secure Landfill			306-2	EM-CM-150a.1		183	484	320	123		
Non hazardous waste (t)						325,699	210,641	264,220	143,398		
Reuse / Recycling / Recovery / Composting						51,213	94,180	106,492	84,491		
Coprocessing						13	2,677	58	88		
Incineration						8	335	2	2		
Secure Landfill						5,277	13,142	13,709	5,256		
Authorized site for disposal of concrete debris						213,224	100,307	143,960	53,562		
On-site storage						55,965	N/A	N/A	-		

	Argos	GCCA	GRI	SASB	DJSI	2017	2018	2019	2020	Goal 2030	Comments
Recovery, recycling and reused						107,560	97,675	106,896	84,725		
Hazardous waste						369	819	346	146		
Non hazardous waste						107,191	96,856	106,550	84,579		
Waste disposed through landfill or incineration					2.3.5	218,929	114,551	158,172	59,091		
Hazardous waste						421	766	501	272		
Non hazardous waste						218,508	113,785	157,671	58,819		
OTHER EMISSIONS											
Cement											
Dust											
Absolute dust emissions (t)			305-7	EM-CM-120a.1		1,695	831	863	617		[102-48] Includes emissions from the calcined clay process (8.9 tonnes of dust emissions)
Absolute dust emissions (t) Only kiln		GCCA-KPI 3				484	406	589	315		
Specific dust emissions (g MP/t clinker)	A-OE1	GCCA - KPI 3				57	45	62	37	45	
Coverage with dust monitoring (percentage of clinker produced in kilns covered with monitoring systems for dust) (%)		GCCA - KPI 4				100 %	100 %	100 %	99 %		
NOx											
Absolute NOx emissions (t NOx)		GCCA - KPI 3	305-7	EM-CM-120a.1		12,183	11,838	10,726	11,106		[102-48] Includes emissions from the calcined clay process (4.98 tonnes of dust emissions)
Specific NOx emissions (g NOx/t clinker)	A-OE1	GCCA - KPI 3				1,397	1,311	1,128	1,319	1,205	
Coverage with NOx monitoring (percentage of clinker produced in kilns covered with monitoring systems for SO_2) (%)		GCCA - KPI 4				100%	100%	100%	99%		
SOX											
Absolute SO_2 emissions (t SO_2)		GCCA - KPI 3	305-7	EM-CM-120a.1		2,191	1,780	1,880	1,579		[102-48] Includes emissions from the calcined clay process (96,62 tonnes of dust emissions)
Specific SO_2 emissions (g SO_2/t clinker)	A-OE1	GCCA - KPI 3				251	197	198	176	205	
Coverage with SO_2 monitoring (percentage of clinker produced in kilns covered with monitoring systems for SO_2) %		GCCA - KPI 4				100 %	100 %	100 %	99 %		
Total coverage (percentage of clinker produced in kilns covered with monitoring systems, continuous or discontinuous, for dust, NOx, SO_2, VOC/THC, heavy metals) %		GCCA - KPI 1				57.3 %	55.5 %	82.6 %	60.8 %		
Coverage with continuous monitoring of emissions (percentage of clinker produced in kilns covered with continuous monitoring systems for dust, NOx, SO_2)		GCCA - KPI 2				93.9 %	92.0 %	88.1 %	91.2 %		

	Argos	GCCA	GRI	SASB	DJSI	2017	2018	2019	2020	Goal 2030	Comments
Absolute VOC/THC emissions (t VOC/THC)		GCCA - KPI 3			2.3.10	325	275	355	214		
Specific VOC/THC emissions (g VOC/THC/ t clinker)		GCCA - KPI 3		EM-CM-120a.1		65	37	45	47		
Coverage VOC/THC (%)		GCCA - KPI 4				57.3 %	81.7 %	82.6 %	54.5 %		
Absolute PCDD/F emissions (mg PCDD)		GCCA - KPI 3				76	71	149	55		
Specific PCDD/F emissions (mg PCDD/ t clinker)		GCCA - KPI 3				18	10	19	8		
Coverage PCDD/F (%)		GCCA - KPI 4				63.4 %	72.1 %	82.6 %	79.8 %		
Absolute Hg emissions (kg Hg)		GCCA - KPI 3			2.3.8	243	226	283	226		
Specific Hg emissions (mg Hg/t clinker)		GCCA - KPI 3				34	31	34	30		
Coverage Hg (%)		GCCA - KPI 4				80.9 %	81.7 %	87.7 %	90.1 %		
Absolute HM1 (Cd + Tl) emissions (kg HM1)		GCCA - KPI 3				45	36	31	18		
Specific HM1 (Cd + Tl) emissions (mg HM1/t clinker)		GCCA - KPI 3				5	5	4	3		
Coverage HM1 (Cd + Tl) (%)		GCCA - KPI 4				80.9 %	75.2 %	82.6 %	79.8 %		
Absolute HM2 emissions (Sum of Sb, As, Pb, Cr, Co, Cu, Mn, Ni, V) (kg HM2)		GCCA - KPI 3				3,684	1,312	1,204	2,907		
Specific HM2 emissions (Sum of Sb, As, Pb, Cr, Co, Cu, Mn, Ni, V) (mg HM2/ t clinker)		GCCA - KPI 3				454	178	153	433		
Coverage HM2 (Sum of Sb, As, Pb, Cr, Co, Cu, Mn, Ni, V) (%)		GCCA - KPI 4				80.9 %	75.2 %	82.6 %	79.8 %		
Concrete											
Absolute dust emissions (t)			305-7			142	129	117	97		
Electricity generation											
Absolute dust emissions (t)						60	21	11	37		
Absolute NOx emissions (t NO)			305-7			640	375	464	466		
Absolute SO_2 emissions (t SO_2/año)						3,003	1,844	2,120	1,740		
Company											
Absolute dust emissions (t)					2.3.9	1,897	980	991	751		
Absolute NOx emissions (t NOx/año)			305-7		2.3.6	12,823	12,213	11,190	11,572		
Absolute SO_2 emissions (t SO_2/año)					2.3.7	5,194	3,624	4,000	3,319		

	Argos	GCCA	GRI	SASB	DJSI	2017	2018	2019	2020	Goal 2030	Comments
WATER											
Water Withdrawal (m³)											
Cement											
Water withdrawn - surface source						3,390,866	3,171,553	3,661,583	2,709,839		
Water withdrawn - Groundwater						5,686,243	4,047,012	5,277,888	4,205,991		
Water withdrawn - rainwater						52,580	38,389	141,756	74,064		
Municipal water supply or from other water companies						707,704	444,501	514,633	492,301		
Concreto											
Water withdrawn - surface source						52,459	62,043	81,869	79,267		
Captación de aguas subterráneas						849,967	787,565	827,106	814,159		
Captación de aguas lluvias						45,021	50,814	32,857	24,738		
Suministro de agua municipal o de otras compañías de agua						1,481,603	1,360,737	1,163,293	996,012		
Aggregates											
Water withdrawn - surface source						373,311	299,885	230,402	202,216		
Water withdrawn - Groundwater						451	249	399	375		
Water withdrawn - rainwater			303-3	EM-CM-140a.1		3,293	5,572	15	15		
Municipal water supply or from other water companies						1,643	1,170	1,125	464		
Electricity generation											
Water withdrawn - surface source						441,968,405	97,165,248	679,010	556,982		
Water withdrawn - Groundwater						197	-		757		
Water withdrawn - rainwater						-	-		-		
Municipal water supply or from other water companies						-	-		-		
Company											
Water withdrawn - surface source						445,785,042	100,698,728	4,652,865	3,548,304		
Water withdrawn - Groundwater						6,536,859	4,834,826	6,105,393	5,021,282		
Water withdrawn - rainwater						100,894	94,774	174,627	98,817		
Municipal water supply or from other water companies						2,190,950	1,806,408	1,679,051	1,488,777		
Total withdrawal (m³)		GCCA				13,736,062	11,076,761	12,437,309	10,058,363		
Water discharge (m³)											
Cement											
Discharge to surface sources						4,254,480	4,021,544	5,731,298	4,419,705		
Discharge to groundwater sources						188,232	181,956	235,768	198,613		
Discharge to the sea						-	-	-	-		
Discharge to sewerage system			303-4			18,814	36,149	50,683	32,885		
Concrete											
Discharge to surface sources						104,214	75,487	34,284	1,485		
Discharge to groundwater sources						1,973	6,072	5,179	2,857		
Discharge to the sea							-	-	-		
Discharge to sewerage system						10,104	14,562	34,809	30,237		

	Argos	GCCA	GRI	SASB	DJSI	2017	2018	2019	2020	Goal 2030	Comments
Aggregates											
Discharge to surface sources						38,525	26,111	232	189		
Discharge to groundwater sources						-	123	114	57		
Discharge to the sea						-	-	-	-		
Discharge to sewerage system						262	-	-	-		
Electricity generation											
Discharge to surface sources						21,234	4,202	-	-		
Discharge to groundwater sources			303-4			2,901	-	-	-		
Discharge to the sea						-	-	-	-		
Discharge to sewerage system						-	-	-	-		
Company											
Discharge to surface sources						4,418,453	4,127,344	5,765,814	4,421,379		
Discharge to groundwater sources						193,107	188,151	241,061	201,527		
Discharge to the sea						-	-	-	-		
Discharge to sewerage system						29,180	50,712	85,492	63,122		
Total water discharge		GCCA				4,640,740	4,366,207	6,092,367	4,686,028		
% of reused and/ or recycled water for cement						95.8 %	126.0 %	120 %	144 %		
% of reused and/ or recycled water for concrete						16.9 %	16.1 %	19 %	19 %		
% of reused and/ or recycled water for Aggregates	A-A2			EM-CM-140a.1		91.3 %	116.2 %	270 %	6 %		
% of reused and/ or recycled water for Electricity generation						5.8 %	23.0 %	4281 %	5269 %		
% of reused and/ or recycled water for Company						74%	94%	99 %	110 %		
Water consumption (m^3)											
Water consumption Cement						5,375,868	3,461,806	3,578,111	2,830,992		
Water consumption Concrete						2,312,759	2,165,037	2,030,853	1,879,596		
Water consumption Aggregates		GCCA	303-5			339,911	280,641	231,595	202,824		
Water consumption Electricity generation						1,167,679	897,844	679,010	557,739		
Water consumption Company					2.3.4	9,196,217	6,805,329	6,519,570	5,471,151		
Specific water consumption											
Cement (L/t cement)						413	259	264	235	245	
Concrete (L/m^3 Concrete)	A-A1					223	228	215	237	216	
Aggregates (L/t Aggregates)						147	109	100	109		

BIODIVERSITY

	Argos	GCCA	GRI	SASB	DJSI	2017	2018	2019	2020	Goal 2030	Comments
% of active and inactive quarries within, adjacent to, or containing protected areas or areas of high biodiversity value with biodiversity management plan in place	A-BI1			EM-CM-160a.2		59.0 %	71.0 %	68 %	77 %	85 %	
% Released areas rehabilitated at active and inactive quarries	A-BI2					80.2 %	84.8 %	87 %	81 %	90 %	
% of active Facilities within, adjacent to, or containing protected areas or areas of high biodiversity value	A-BI3				2.4.2	63.0 %	67.0 %	66 %	68 %		

	Argos	GCCA	GRI	SASB	DJSI	2017	2018	2019	2020	Goal 2030	Comments
# of active Facilities within, adjacent to, or containing protected areas or areas of high biodiversity value			304-1		2.4.2	30	30	29	22		
% of active and inactive quarries that have an established closure plan		A-BI4				75.0 %	89.0 %	78 %	88 %		
% of active quarries that have an established closure plan		GCCA				88.4 %	90.9 %	93 %	95 %		
% of active quarries within, adjacent to, or containing protected areas or areas of high biodiversity value		GCCA				44.2 %	45.5 %	41 %	33 %		
% of active quarries within, adjacent to, or containing protected areas or areas of high biodiversity value with biodiversity management plan in place		GCCA				73.7 %	80.0 %	78 %	85 %		
Species on the IUCN Red List and species on the National Conservation List that inhabit areas affected by operations											
Total of species						72	77	160	170		
In critical danger			304-4			5	5	15	15		
In danger						9	10	21	20		
Vulnerable						25	26	55	60		
Nearly threatened						6	6	11	12		
Minor concern						27	30	58	63		

SUSTAINABLE CONSTRUCTION

	Argos	GCCA	GRI	SASB	DJSI	2017	2018	2019	2020	Goal 2030	Comments
Revenues obtained from products with sustainability characteristics. (USD)	A-CS1					124,360,820	177,739,329	268,213,269	283,751,623	800,000,000	[102-48] The figures for the years 2017, 2018 and 2019 were restated because of the new definition of the green solutions portfolio established by the company.

ENVIRONMENTAL INVESTMENTS (COP)

	Argos	GCCA	GRI	SASB	DJSI	2017	2018	2019	2020	Goal 2030	Comments
Capital investments						84,091,140,058	148,044,654,844	110,091,804,288	27,474,410,160		
Operating expenses						19,023,904,573	20,591,934,453	26,651,481,969	26,513,324,526		
Total expenses (capital investments + operating expenses)					2.2.3	103,115,044,631	168,636,589,297	136,743,286,257	53,987,734,686		
Savings, avoided costs, income, tax incentives						14,355,352,241	6,975,675,702	10,253,198,055	17,325,102,725		

SUSTAINABILITY PROGRAM AND SDG DASHBOARD

Material Topic	SDG	Goal	KPI	Unit	Baseline year	Goal year	Baseline value	Target value	2020 result	Trend
Efficiency and productivity	**SDG 8 y 13** Goal 8,4 Goal 13,2	Reduce the heat consumption by 10% with respect to 2013 consumption levels.	Heat consumption	KCal/k clínker	2013	2025	941	846	869	↓
		Reduce electricity consumption by 15% with respect to 2013 consumption levels	GRI [302-1] Heat consumption	Kwh/t cem	2013	2025	116	99	120	↑
		Reach an 33% substitution rate in heat consumption from the use of alternative fuels	[A-EN1] % replacement of heat consumption from the use of alternative fuels	%	N/A	2030	N/A	33	6.2	↑
	SDG 8 Goal 8,2 Goal 8,4	Reach a 15% of alternative raw materials in cement operations	[A-EC2] % Alternative raw materials in our cement operations	%	N/A	2030	N/A	15	12	↑
		Reach 18% of alternative raw materials in concrete operations	[A-EC3] % alternative raw materials in our concrete operations	%	N/A	2030	N/A	18	17.8	↑
Adapting to market dynamics	**SDG 9** Goal 9 y 9,5	Obtain revenues of USD $ 800 million for our products with sustainability properties (PSP)	[A-CS1] Total of revenues from PSP	$	2015	2030	USD 136 millions	USD 800 millions	USD 284 millions	↑
Talent management	**SDG 8** Goal 8,5 y 8,6	Generating opportunities for internal mobility and between Group companies for at least 10% of its employees	[A-TM1] % of employees that have opportunities of internal mobility across the companies of the Argos Business Groups	%	N/A	2020	N/A	10	6.9	⚑
		Maintain key talent retention above average and Reach a 40% success rate in succession planning	[A-TM5] Succession success rate	%	N/A	2020	N/A	40	50	⚑
		Maintain at least 96% coverage of the Performance Management assessment throughout the cycle	Coverage of the Performance Management evaluation	%	2019	2020	96	96	97	⚑
		Increase the proportion of women in leadership positions from 29% to 35%	[A-TM2] % of women in leadership positions	%	2017	2025	29	35	29	=
		50% of executive and managerial level employees will be of non-Colombian origin	[A-TM-3] % of executives and managerial level from countries outside of Colombia	%	N/A	2025	N/A	>50 %	38	=
Climate change	**SDG 13** Goal 13,2	523 kg CO_2/ton of cementing materia	[A-EC1] Specific emissions of CO_2	kgCO_2/t material cem	2006	2030	735	523	634	↑

Material Topic	SDG	Goal	KPI	Unit	Baseline year	Goal year	Baseline value	Target value	2020 result	Trend
Ecosystems	**SDG 11** Goal 11,4	85% of the quarries located in areas of high biodiversity value will have Biodiversity Management Plan (BMP)	[A-BI1] % quarries located in HCVA with BMP	%	2017	2030	59	85	77	↑
		Rehabilitate 90% of areas released in active and in inactive quarries	[A-BI2] % active and inactive quarries rehabilitated	%	2017	2030	80	90	81	↓
	SDG 8 Goal 8,4	Reduce the specific water consumption in cement	[A-A1] Specific water consumption in cement	L/t Cement	2015	2030	350	245	235	↓
		Reduce the specific water consumption in concrete	[A-A1] Specific water consumption in concrete	L/m³ concrete	2015	2030	249	216	237	↑
		Reduce the specific water consumption in aggregates	[A-A1] Specific water consumption in aggregates	L/t aggregates	2020	2030	109	94	109	=
Health and safety in the workplace	**SDG 8** Goal 8,8	Reduce total injuries by 10% compared to 2019	Number of injuries per million man hours worked	N.°	2019	2020	475	427.5	385	⚑
		90% of our employees who carry out high-risk tasks (HRT) will develop the necessary skills to execute them safely	% Employees who execute HRT with developed competencies	%	2019	2020	100	90	89	⚑
		Reduce the frequency index	[A-SI1] Frequency index	N.°	2018	2020	0,93	1.2	1.33	⚑
						2025		0,8		↑
Atmospheric emissions	**SDG 8** Goal 8,4	Reduce our particulate matter emissions	GRI [305-7] Particulate matter emissions	g/t de clínker	N/A	2030	N/A	45	37	↓
		Reduce NOx emissions	GRI [305-7] NOx emissions	g/t de clínker	N/A	2030	N/A	1,205	1,319	↑
		Reduce SOx emissions	GRI [305-7] SOx emissions	g/t de clínker	N/A	2030	N/A	205	176	↓
Supplier Management	**SDG 8** Goal 8,3	Migrate from local hiring manuals to a corporate manual	Manuals implementation Status	#	2019	2020	0	1	1	⚑
		Implement a technology platform for managing the hiring, negotiation and performance evaluation processes for the USA Region	Platform implementation Status	#	2019	2020	0	1	1	⚑
		Achieve savings of over $12 million dollars in negotiation processes	Savings achieved	USD	N/A	2020	N/A	>USD 12 millions	USD 27,6 millions	⚑
		To publish a specific web page for suppliers	Status of the supplier website	#	N/A	2021	N/A	1	-	
		Obtain import substitution for a value of USD 1 million	Import substitution value	USD	N/A	2021	N/A	USD 1 million	-	
		Carry out performance evaluations at 85% from our critical suppliers	Critical providers evaluated	%	N/A	2021	N/A	85	-	
		Close gaps for 50% of critical suppliers evaluated in the 2019 Sustainability Index	# critical suppliers that have closed their gaps.	N.°	2019	2021	8	199	-	

Material Topic	SDG	Goal	KPI	Unit	Baseline year	Goal year	Baseline value	Target value	2020 result	Trend
Community Engagement	SDG 9 y 11 Goals 9,1 y 11,2	Have 100% of Argos prioritized operations with Local Engagement Plans (LEP)	[A-COM4] % of prioritized operations with LEP	N.º	2018	2021	9	11	-	
		Achieve 100% risk management and community interactions in prioritized operations.	[A-COM5] % of prioritized operations with risk management and community interactions	N.º	2018	2021	9	11	-	
		Develop solutions that consolidates a business opportunity and/or responds to a society need	[A-COM6] Nº of innovative solutions	N.º	2018	2020	0	1	3	
		Increase the development of corporate volunteering activities by 10% in relation to the initiatives carried out in 2019	# of corporate volunteering activities	%	2019	2020	80	88	29	
		Apply the Socioeconomic Footprint Index to at least six operations	# of sites where the Socioeconomic Footprint Index is applied	N.º	N/A	2020	N/A	6	0	
Human rights		Implement a new supplier-focused human rights risk management tool	Status of the tool implementation	%	2019	2020	0	100	100	

SUSTAINABILITY ACOUNTING STANDAR BOARD – SASB

Check on the website

SASB is an independent non-profit organization that sets standards to guide the disclosure of financially material sustainability information by companies to their investors.

This is the first time that Cementos Argos reports using SASB guidelines, nevertheless, most of the metrics included in this document have been reported by the organization for several years under the GRI standard, the GCCA guidelines or through own internal KPIs that are considered in the verification process done by the external verifier that this year has been Deloitte organization.

The following table lists the subset of environmental, social and governance (ESG) issues that are most relevant to the financial performance of construction materials companies:

Topics	Code	Accounting metric	2017	2018	2019	2020	GRI/GCCA/ or own KPi metric associated
Greenhouse gas emissions	EM-CM-110a.1	Gross global Scope 1 emissions tCO_2 * Greenhouse gases included in the calculation: This indicator includes only CO_2 emissions, since emissions of other greenhouse gases are not significant in the cement production process. In addition, the CO_2 and Energy Accounting and Reporting Standard for the Cement Industry is limited only to the CO_2 inventory (see: "The Cement CO_2 and Energy Protocol - CO_2 and Energy Accounting and Reporting Standard for the Cement Industry. World Business Council for Sustainable Development (WBCSD) - Cement Sustainability Initiative (CSI), 2011. Available at: http://www.cement-co2-protocol.org/v3/).	8,167,887	8,298,395	8,713,631	7,772,778	305-1
		Percentage covered under emissions-limiting regulations (%)	1.30	1.34	1.35	Currently the data is on calculating process	N.A.
	EM-CM-110a.2	Discussion of long-term and short-term strategy Analysis of performance against those targets	Integrated Report, Climate change p. 114 - 117; TCFD Table: https://bit.ly/3qN0fij				**103-1; 103-2; 103-3; 201-2; 305-5**
Air quality	EM-CM-120a.1 These emissions were quantified with continuous monitoring systems (CMS) and isokinetic sampling	Absolute NOx emissions (t NOx)	12,823	12,213	11,190	11,572	305-7
		Absolute SO_2 emissions (t SO_2)	5,194	3,624	4,000	3,319	305-7
		Absolute Particulate matter emissions (t) The data refers to particulate material emissions under the EPA #5 method "Particulate matter emissions determination in stationary sources"	1,897	980	991	751	305-7
		PCDD/F (mg PCDD/y) Absolute emissions	76	71	149	55	GCCA - KPI 3
		VOC/THC absolute emissions (t VOC/THC)	325	275	355	214	GCCA - KPI 3
		HG (kg Hg/y) absolute emissions	243	226	283	226	GCCA - KPI 3
		HM1 (Cd + Tl) absolute emissions (kg HM1)	45	36	31	18	GCCA - KPI 3
		HM2 absolute emissions (Sum of Sb, As, Pb, Cr, Co, Cu, Mn, Ni, V) (kg HM2)	3,684	1,312	1,204	3,684	GCCA - KPI 3
Energy management	EM-CM-130a.1 * Values calculated with lower heating value (LHV)	Total energy consumption within the organization (GJ)	45,368,302	45,742,995	47,685,450	41,253,086	302-1
		Percentage alternative (%)	3.8 %	3.8 %	4.2 %	4.7 %	
		Percentage grid electricity (%)	5.36	8.15	7.06	6.50	
		Percentage renewable (%)	Currently, we do not have purchase agreements (PPA) that explicitly include renewable energy certificates (RECs) or Guarantees of Origin (GOs), a Green-e Energy Certified utility or supplier program, or other green power products that explicitly include RECs or GOs, or for which Green-e Energy Certified REC are paired with grid electricity, therefore we are not able to report the metric according to the standard guideline.				N/A

Topics	Code	Accounting metric	2017	2018	2019	2020	GRI/GCCA/ or own KPi metric associated
Water management	EM-CM-140a.1	Total fresh water withdrawn (m^3/y)	13,736,062	11,458,117	12,437,309	10,058,363	303-3
		Total fresh water withdrawn (1.000 m^3/y)	13,736	11,458	12,437	10,058	
		Percentage recycled (%)	74	94	99	110	A-A2
		Total withdrawal Areas of Water Stress (m^3/año)	-	643,993	451,674	407,310	303-3
		% Water withdrawal in Areas of Water Stress	5.87	5.62	3.63	4.05	303-3
		Total water consumption in All Areas (m^3/year)	9,196,217	7,072,756	6,519,570	5,471,151	303-5
		Percentage of water consumption in Areas of Water Stress	8.78	9.30	6.79	7.09	303-5
Waste management	EM-CM-150a.1	Amount of waste generated (t/y)	326,489	212,226	265,068	143,816	306-2
	These metrics are aligned with the GRI 306-2 indicator. Reported percentages are aligned according DJSI rational.	Hazardous waste (t/y)	789	1,585	847	418	306-2
		Reuse / Recycling / Recovery waste (t/y)	107,560	97,675	106,896	84,725	306-2
		Percentage hazardous (%)	0.2	0.7	0.3	0.3	306-2
		Percentage recycled (%)	33	46	40	59	306-2
Biodiversity impacts	EM-CM-160a.1	Description of environmental management policies and practices for active sites	Integrated report: Ecosystems p. 120 – 124 Successful case: shorturl.at/kHP59				103-1; 103-2; 103-3
	EM-CM-160a.2	Percentage of impacted area restored	80.2	84.8	87	81	A-BI1
Workforce health & safety	EM-CM-320a.1	Lost-Time Injury Frequency Rate (LTIFR)	1.16	0.93	1.34	1.33	403-9 A-SI1
		Lost-Time Injury Frequency Rate (LTIFR) - Employees	1.51	1.21	1.57	1.35	
		Lost-Time Injury Frequency Rate (LTIFR) - Contractors	0.71	0.63	1.04	1.34	
	EM-CM-320a.2	Number of reported cases of silicosis	0	0	0	0	N. A
Pricing integrity & transparency	EM-CM-520a.1	Total amount of monetary losses as a result of legal proceedings associated with cartelization activities, price fixing, and anti-trust activities (COP - Colombian Peso)	0	74,694,700,000	0	0	N. A
Product Innovation	EM-CM-410a.1	Percentage of products that qualify for credits in sustainable building design and construction certifications	We are currently carrying out an update of our product portfolio. We will report this metrics as soon as this process is completed				N. A
	EM-CM-410a.2	Total addressable market and share of market for products that reduce energy, water, and/or material impacts during usage and/or production	We are currently carrying out an analysis on how to integrate the new LEED standard (version 4.1) to estimate the revenues for products that reduce environmental impacts and that apply for credits in sustainable building design and construction certifications. The metric will be updated as soon as this process is complete.				N. A

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Memorandum of independent review

Independent Review of the Integrated Report 2020 - Cementos Argos

Responsibilities of the Management of Cementos Argos and Deloitte

The preparation of the 2020 Annual Management Report of Cementos Argos, between January 1st and December 31 of 2020, and its content are the responsibility of the organization which is also responsible for defining, adapting and maintaining management systems and internal control which information is obtained.

Our responsibility is to issue an independent report based on the procedures applied and previously agreed upon for our review.

This Report has been prepared exclusively in the interest of the organization in accordance with the terms of our proposed services. We do not assume any liability to third parties other than the Management of the Company.
We have performed our work in accordance with the Independence regulations required by the ethics code of the International Federation of Accountants (IFAC).

Scope of our work

The scope of a limited review is substantially less than an audit. Therefore, we do not provide an audit about the Annual Management Report. We have carried out the review of the content adaptation of Cementos Argos Integrated Report 2020, to the Guide for the preparation of Sustainability Reports of the Global Reporting Initiative (GRI Standards).
In the case of the environmental indicators, compliance with the guidelines of the Global Cement and Concrete Association (GCCA), previously known, as Cement Sustainability Initiative (CSI) for the operation of cement, was reviewed in the three regional operations (See Annex 1). In addition, we carried out the review of the variables that are part of the calculation of the Added Value model to society (See Annex 2).

Standards and review processes

We have carried out our work in accordance with ISAE 3000 - International Standard on Assurance Engagements Other than Audits or Reviews of Historical Financial Information issued by the International Auditing and Assurance Standard Board (IAASB) of the International Federation of Accounts (IFAC).

Our review work consisted in the formulation of questions to the Administration, as well as to the different areas and operations of Cementos Argos that have participated in the elaboration of the Integrated Report 2020, in the application of analytical procedures and tests of revision by sampling that is described below:

- Interviews with Cementos Argos employees to know about the principles, management approaches and data consolidation systems applied to prepare the Report.
- Analysis of how the content, structure and indicators were defined, based on the materiality exercise according to the GRI Standards
- Analysis of the processes to collect and validate the data presented in the report.
- Checking, by sample, testing and review of quantitative and qualitative evidence corresponding to the GRI, GCCA contents and Cementos Argos internal indicators included in the 2020 Annual Management Report, and proper compilation from the data supplied by Cementos Argos the sources of information.

Confirmation that the 2020 Integrated Report of Cementos Argos has been prepared in accordance with GRI Standards: Core option "in accordance".

General contents:
It was confirmed that the report conforms to the requirements of the core option "in accordance" with the GRI Standards regarding the general basic contents.

Specific contents:
We review the management approach, the GRI, GCCA and internal contents of its material issues:

Material	GRI content and / or own indicator of Cementos Argos
Efficiency and productivity	302-1, 302-4, 301-1, 306-2, A-EC2, A-EC3, A-EC4
Adaptation to market dynamics	A-IN1, A-IN3, A-IN4, A-CS1, A-IM1
Talent management	202-2, 401-1, 402-1, 404-1, 404-3, 405-1, 405-2, A-TM1, A-TM2, A-TM3
Ethics and Compliance	205-1, 205-2, 205-3, 206-1, 307-1, 419-1, A-ETH1
Climate change	201-2, 305-1, 305-2, 305-3, 305-4, 305-5, A-ENE1, A-EC1
Ecosystems	303-3, 303-4, 303-5, A-A1, A-A2, A-BI1, A-BI2, 304-1, 304-4, A-BI3, A-BI4
Industry Positioning	A-LS1, A-LS2, A-TAX1, 415-1, A-ETH2
Health and Safety at Work	403-1, 403-2, 403-3, 403-4, 403-5,403-6, 403-7, 403-9, 403-10, A-SI1, A-SI2
Atmospheric emissions	305-7, A-OE1
Supplier Management	204-1, 308-2, 414-2
Trust relationships	203-1, 413-1, 413-2, A-COM1, A-COM2, A-COM3, A-COM4, A-COM5, A-COM6,

Conclusions

Based on the work carried out described in this report, the procedures carried out and the evidence obtained, no matter has come to our knowledge that leads us to think that the indicators within the scope of the review and included in the 2020 Integrated Report of Cementos Argos for the period between January 1 and December 31, 2020, have not met all the requirements for the preparation of reports, in accordance with the essential option of the Global Reporting Initiative (GRI) Standards. For those indicators of the GRI Standards where Cementos Argos did not report quantitatively (figures), only the qualitative information that included procedures, policies, evidence of activities carried out, among others, was reviewed.

Has not reached our knowledge that the GCCA guidelines for the reporting of CO2 emissions, in the material: climate change, other atmospheric emissions (NOx, SOx, and particulate material), circular economy, sustainable construction and ecosystems water and are not applied properly. Has not reached our knowledge that the internal reporting system and information consolidation procedures for CO2 emissions, energy, other atmospheric emissions (NOx, SOx and particulate matter), circular economy, sustainable construction, ecosystems and occupational health, and safety are not working or does not provide appropriate information for disclosure.

Alternative lines of actions

Deloitte has provided Cementos Argos with a report with the most significant alternatives of action for the future preparation of Reports, which do not modify the conclusions expressed in this report, also a few observations that will strengthen the consolidation, management, measurement and communication processes of the organization's sustainability performance.

Declaration of Independence

We confirm our independence from Cementos Argos. All of our employees carry out annual updates to the Ethics Policy where we promptly declare that we have no conflicts of interest with Cementos Argos, its subsidiaries and its stakeholders.

ANNEX 1 GCCA (CSI)

As part of the review process of environmental indicators, we conducted interviews with those in charge of Argos operations. The selection took into account quantitative and qualitative variables such as production and the periodicity in which they are audited; this allows having a coverage of 43% (compared to the total percentage of CO2 emissions) of selected plants which are representative for the entire cement operation:

- Planta Cartagena (Colombia)
- Planta Rioclaro (Colombia)

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- Planta Yumbo (Colombia)
- Planta PIA (Caribe)
- Planta Guayana Francesa (CCA)
- Planta Tampa (USA)
- Planta Harleyville (USA)
- Planta San Marcos (Colombia)
- Cantera Najayo (CCA)
- Planta Barranquilla (Colombia)
- Planta Puente Aranda (Colombia)
- Planta Surinam (CCA)
- Planta Caimito (CCA)
- Jersey Village (SCZ – USA)
- Atlanta Glenwood (SEZ – USA)

In the virtual meetings made, personnel responsible for the internal report and the collection of information were interviewed, validating the consolidation process and sending this information to the corporate level.

Criteria

For our review, we took into account the following CSI and GCCA guidelines:

GCCA:
GCCA Sustainability Framework Guidelines
GCCA Sustainability Guidelines for the monitoring and reporting of CO2 emissions from cement manufacturing
GCCA Sustainability Guidelines for the monitoring and reporting of emissions from cement manufacturing
GCCA Sustainability Guidelines for the monitoring and reporting of safety in cement manufacturing
GCCA Sustainability Guidelines for the monitoring and reporting of water in cement manufacturing
GCCA Sustainability Guidelines for co-processing fuels and raw materials in cement manufacturing
GCCA Sustainability Guidelines for quarry rehabilitation and biodiversity management
GCCA Guidance for Sustainable Supply Chain Management
Health Management Handbook
Road Safety Handbook

CSI:
Recommended good practices for contractor safety
Guidelines for Environmental and Social Impact Assessment (ESIA)
Guidance for reducing and controlling emissions of mercury compounds in the cement industry

Evaluation of indicators and information consolidation process

We perform tests based on samples to demonstrate the calculations that allow us to measure the following indicators in 2020:

Indicator
ECOSYSTEMS
Total water withdrawal according to the source
Total water discharge, according to its quality and destination
Total water consumption
Specific Water Consumption
Recycled and / or reused water
Number and percentage of active and inactive quarries with great value for biodiversity that have a biodiversity management plan

Indicator
Number and percentage of released areas rehabilitated in active and inactive quarries
Number of facilities with high value for biodiversity
Species on the IUCN red list and species on national conservation lists that inhabit areas affected by operations
Percentage of active facilities located in areas of high value for biodiversity that have biodiversity management plans
Percentage of active and inactive quarries that have an established closure plan
CLIMATE CHANGE
Total CO2 emissions - gross
Total CO2 emissions - net
Direct GHG emissions (scope 1)
Indirect GHG emissions (scope 2)
Other GHG emissions (Scope 3)
Intensity of GHG emissions
Reduction of GHG emissions
Financial implications and other risks and opportunities arising from climate change
Specific CO2 emissions - gross
Specific emissions of CO2 - net
CIRCULAR ECONOMY
Substitution of caloric consumption of fossil fuels with alternative fuels
Rate of alternative fuels
Biomass rate as fuel
Clinker Factor / Cement
Materials used by weight or volume
Alternative Raw Materials (Cement)
Supplemental Cementing Material (Concrete)
Volume of recycled aggregates used
Waste by type and disposal method
OTHER EMISSIONS
Total coverage (percentage of clinker produced in kilns covered with monitoring systems, continuous or discontinuous, for particulate material, NOx , SO2, VOC / THC, heavy metals)
Coverage with continuous monitoring of emissions (percentage of clinker produced in kilns covered with continuous monitoring systems for particulate matter, NOx , SO2)
Absolute emissions of particulate material
Specific emissions of particulate material

Indicator
Absolute emissions of NOx
Specific NOx emissions
Absolute emissions of SO2
Specific emissions of SO2
Coverage with monitoring for particulate material (percentage of clinker produced in kilns covered with monitoring systems for particulate material)
Coverage with monitoring for NOx (percentage of clinker produced in kilns covered with monitoring systems for NOx)
Coverage with monitoring for SO2 (percentage of clinker produced in kilns covered with monitoring systems for SO2)
VOC / THC - Absolute emissions in tons per year
VOC / THC - Specific emissions in grams per ton
VOC / THC - Coverage rate
PCDD / F - Absolute emissions in tons per year
PCDD / F - Specific emissions in grams per ton
PCDD / F - Coverage rate
Hg - Absolute emissions in tons per year
Hg - Specific emissions in grams per ton
Hg - Coverage rate
HM1 (Cd + Tl) - Absolute emissions in tons per year
HM1 (Cd + Tl) - Specific emissions in grams per ton
HM1 (Cd + Tl) - Coverage rate
HM2 (Sum of Sb, As, Pb, Cr, Co, Cu, Mn, Ni, V) - Absolute emissions in tons per year
HM2 (Sum of Sb, As, Pb, Cr, Co, Cu, Mn, Ni, V) - Specific emissions in grams per ton
HM2 clinker (Sum of Sb, As, Pb, Cr, Co, Cu, Mn, Ni, V) - Coverage rate
SUSTAINABLE CONSTRUCTION
Income obtained from products with sustainability characteristics
OCUPATIONAL HEALTH AND SAFETY
Fatalities - direct employees
Fatalities – contractors
Fatalities - third parties
LTI frequency index, direct employees
LTI contractors frequency index
LTI Direct employees severity index
LTI contractor severity index

ANNEX 2 – VALUE ADDED STATEMENT EXERCISE

Scope of our work
To review the included indicators for the construction of the Value Added Statement model.

Review processes

Our review work has consisted of:

- Interviews with Cementos Argos staff to learn about the principles, systems and approaches used for the preparation of the Value Added Statement exercise.
- Analysis and identification of indicators used to prepare the Value Added Statement that are part of the review process under (GRI Standard, DJSI and/or GCCA).
- Review, through review tests of quantitative and qualitative information corresponding to additional indicators that are not part of the review process under (GRI Standard, DJSI and / or GCCA), below, we relate them:

VAS indicators
Number of injuries due to lost time: short absence
Number of injuries due to lost time: long absence
Average salary (men and women)
Average retirement age in the region (men)
Average retirement age in the region (women)
Average age of departure (men)
Average age of departure (women)
Electricity provided to local communities
Extreme areas of water scarcity
Areas of scarcity
Areas of water stress
Sufficient water reserves
Abundant water areas
Impacts on biodiversity by type of ecosystem (improved areas, restored areas, compensated areas)
Direct GHG emissions (scope 1)
Indirect GHG emissions when generating energy (scope 2)
Nitrogen oxides (NOx), sulfur oxides (SOx) and other significant air emissions
Total amounts of materials, alternative fuels used, and the avoided use of traditional materials and fuels.

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