

C0. Introduction

C0.1

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

Cementos Argos, producer of construction materials, with emphasis on growth consolidation and value creation, is a growing multinational Company with presence in 16 countries and territories with emerging and developed economies and we export to 25 destinations. The Company has 6,937 employees, 53% in Colombia, 33% in United States and 14% in the Caribbean and Central America. The business model is focused on the customer and on creating added value for its stakeholders and the strategic priorities are:

1. Smart growth
2. Road to net zero
3. Customer centricity
4. People revolution
5. Social value creation

Argos is a cement, concrete, and aggregates producer with headquarters in Colombia and a network of operations across three regions: Colombia, the United States, and Central America & the Caribbean. At the end of 2022, the company has 11 cement plants, 6 in Colombia, 4 in the United States, and 1 in Central America; 9 grinding facilities located in the United States, Puerto Rico, Haiti, Panama, Dominican Republic, Honduras, French Guiana and Surinam; and 29 ports and terminals. The company also has 197 concrete (ready-mix) plants located across the three regions mentioned before. Its total installed capacity is 24 million tonne of cement and 14.7 million cubic meters of concrete per year.

At Argos, sustainability is creative value for society and for the company. This approach ensures long-term permanence and a competitive position in a market that is continuously becoming more dynamic, generating not only products and services that truly add value for the organization's stakeholders and society, but also establishing a proper manner of behaving and conducting operations in all regions the company operates.

Argos' Sustainability Strategy guides the organization through four principles of work. This strategy is possible through positive relationships with stakeholders and following principles:

1. **Trusting relationships:** Relationships with stakeholders are based on mutual transparency and support. They are nourished by constant dialogue and collective construction, which lead Company to achieve common goals.
2. **Responsible production:** Argos processes are based on good resource management practices, using resources responsibly, which means working every day to prevent, mitigate, correct, and compensate impacts on the value chain.
3. **Business profitability:** Decisions are focused on achieving excellence with that the Company do and directing the projects to providing innovative solutions, all of this to build sustainable urbanization and infrastructure.
4. **Common values (shared values with its stakeholders):** Transforming Argos future requires transforming Company present through individual actions. Argos contributes to empowering its stakeholders in their roles as agents of change.

At Argos climate change is a challenge, but also is a unique opportunity for the operations and value chain; therefore, Argos is committed to mitigating direct and indirect CO₂ emissions, generating the necessary capacities for adaptation and advancing in the research and development of carbon capture technologies, and emissions compensation.

The objective for society is to contribute to face the challenges derived from climate change through the development of initiatives to mitigate CO₂ emissions; in addition, to strengthen efforts to offer products, solutions, and services with sustainable and low-carbon characteristics that help leverage adaptation capacities to this phenomenon and promote sustainable construction, while promoting the creation of social value in all geographies.

Argos is aiming to deliver carbon-neutral concrete to all customers on a global level by 2050. As it is stated in the web page: <https://argos.co/en/climate-change/>, Argos has a path to decarbonize the operations. This path includes: an ambition, levers to reduce emissions, specific actions to reduce CO₂ emissions in the process and clear targets.

In 2022, Argos obtained the validation of the target to reduce the direct and indirect CO₂ emissions from electricity consumption by 2030, through the Science-Based Targets Initiative (SBTi).

Argos wants to be a relevant actor in the transition process of the construction sector towards a low-carbon economy, which is why it is relevant for the company to work on the following axes:

1. Green products and services.
2. The circular economy.
3. Decarbonization of our operations.
4. Applied innovation and alliances.
5. Promoting a green economy.

C0.2

(C0.2) State the start and end date of the year for which you are reporting data and indicate whether you will be providing emissions data for past reporting years.

Reporting year

Start date

January 1 2022

End date

December 31 2022

Indicate if you are providing emissions data for past reporting years

No

Select the number of past reporting years you will be providing Scope 1 emissions data for

<Not Applicable>

Select the number of past reporting years you will be providing Scope 2 emissions data for

<Not Applicable>

Select the number of past reporting years you will be providing Scope 3 emissions data for

<Not Applicable>

C0.3

(C0.3) Select the countries/areas in which you operate.

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

C0.4

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

COP

C0.5

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

Operational control

C-CE0.7

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

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

C0.8

(C0.8) Does your organization have an ISIN code or another unique identifier (e.g., Ticker, CUSIP, etc.)?

Indicate whether you are able to provide a unique identifier for your organization	Provide your unique identifier
Yes, a Ticker symbol	CEMARGOS and PFCEMARGOS

C1. Governance

C1.1

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

Yes

C1.1a

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

Position of individual or committee	Responsibilities for climate-related issues
Board-level committee	Our Board of Directors BoD permanently monitors climate-change, not only within the Company, but also associated events worldwide to adjust the strategy & guide & monitor the objectives. The BoD is responsible for the Company's absolute governance, which includes the Climate-Change Strategy. The highest level of direct responsibility for climate change issues is the Sustainability & Corporate Governance Committee, which belongs to the support committees of the BoD. Is made up of 3 members of the BoD: one of them is an expert in social & environmental topics & former Minister of Environment in Colombia; another is a lawyer specialized in commercial matters, was the Legal & Institutional Affairs Vice-president at Cementos Argos & now is the Talent & Corporate Affairs Vice-president at Grupo Argos; & the last one is an economist who is expert in finance Some of their functions are: 1. Ensure that Shareholders & the market in general have access in a complete, truthful, & timely manner to all information that must be disclosed 2. Support the management of the BoD & provide instructions to the Management regarding good governance, transparency, & sustainability 3. Guide the Management of adopting, following up on & improving practices regarding environmental, economic & social practices 4. Make sure that sustainability is part of the Company's long-term strategy 5. Frequently evaluate compliance with the Good Governance Code, the Code of Corporate Conduct, & the Sustainability Policy of the Organization, considering the commitments that were acquired regarding each of the Stakeholders & the strategy to be followed to improve sustainability & good governance practices 6. Ensure compliance with the Good Governance Code, and with the Code of Corporate Conduct, the regulations for the Assembly, BoD, & with the environmental and sustainability policies defined by the Company. 7. Present, to the BoD, an annual report of the Committee. 8. Definition, analysis & monitoring of the Sustainability Strategy, including monitoring of environmental indicators & sustainability issues related to the strategic risks. This committee held 5 meetings in 2022 and oversaw these activities: implementation of the Scope 1 roadmap for the cement business, formulation of the Scope 2 roadmap, systematization, and automation of the calculation of the CO2 emissions inventory and evaluation of the impact of materializing the risk of the carbon-price mechanism in Colombia.
Board-level committee	The Audit, Finance and Risk Committee, that also belongs to the Board of Directors, has among its functions the supervision of the effectiveness of the Integrated Risk Management System (IRMS). This Committee is made up of three members of the Board, together with the CEO, Financial Vice President, Corporate Affairs Vice President, Tax Controlling and Planning Manager, Audit Manager, Risk Manager, and a representative of the Fiscal Auditor. In this Committee, the Company's information and economic performance is reviewed, strategic risks are monitored, and the annual Audit Plan is followed up. These issues include the review and audit of Climate-Change Mitigation and Adaptation Plans, and the monitoring of climate-change risks of strategic scope for Argos. In this last point, Risk Management performs scenario analysis to demonstrate the potential impact on the Organization's financial results, due to the materialization of different risks associated with climate change. Additionally, the different low-impact exercises for the Company are presented in detailed short-, medium- and long-term scenarios based on the different shared socioeconomic pathways (SSP) in which the different levels of financial impact on the Company's businesses due to the manifestation of physical (acute or chronic) and transition risks are appreciated. During 2022, this Committee supported the future vision of the main risks and mitigation actions in relation to climate change, transition risks and the corresponding roadmap, where the need to evaluate the actions proposed by the Company to reduce emissions and mitigate the effect of the increasing price of coal to facilitate compliance with the climate change goals that have been proposed in different scenarios was mentioned. As a result, a report was obtained with the main opportunities that in Argos we must capitalize to ensure the percentages of abatement of defined emissions. Among these opportunities is the strengthening of the governance of the strategy, the interaction between roles and areas, and the execution of related initiatives.
Board-level committee	The Appointment and Remuneration Committee, that also belongs to the Board of Directors, is responsible for determining the policies and standards for the recruitment, compensation, and development of the members of the Board of Directors and the Top Management. It must constantly monitor the goals of the different compensation programs related to the performance of Employees. For its part, this Committee is in charge not only of reviewing the performance indicators of Argos' human talent and their development, but also of monitoring the Organization's performance on strategic issues to adjust and align the hiring policy, incentives and remuneration. On this last point, the Committee proposes to the Board the objectives for the long-term Incentive Plan, which include objectives associated with financial performance and the reduction of specific net-CO2 emissions, among others. Based on the proposal, the Board reviews the alignment with the strategy and approves the Incentive Plan.

C1.1b

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

Frequency with which climate-related issues are a scheduled agenda item	Governance mechanisms into which climate-related issues are integrated	Scope of board-level oversight	Please explain
Scheduled – all meetings	Reviewing and guiding annual budgets Overseeing major capital expenditures Overseeing acquisitions, mergers, and divestitures Reviewing innovation/R&D priorities Reviewing and guiding strategy Overseeing and guiding the development of a transition plan Monitoring the implementation of a transition plan Overseeing and guiding scenario analysis Overseeing the setting of corporate targets Monitoring progress towards corporate targets Reviewing and guiding the risk management process Other, please specify (Reviewing trends, benchmarks, & cutting-edge practices in the industry; Reviewing the results of the Value Added to Society (VAS); Internal and external culture and communication strategy)	<Not Applicable>	The objective of the Sustainability and Corporate Governance Committee is to recommend to the Board of Directors, systems for the adoption, tracking & improvement of sustainability ethics, business conduct & corporate governance practices in the Company & their responsibilities also include reviewing & monitoring all of Argos' programs, plans & goals related to climate action, to guide the Board in making decisions that allow both the mitigation of Greenhouse Gases (GHG) emissions to be achieved, as well as adaptation to impacts. All the mechanisms selected allow the committee to fulfill the functions mentioned above. This committee held 5 meetings in 2022 and oversaw the following activities: 1. Implementation of the Scope 1 roadmap for the cement business, where the status of execution of the projects aimed at achieving a technological transition and reducing emissions. 2. Formulation of the Scope 2 roadmap in which an analysis of the current situation of indirect emissions associated with the consumption of electrical energy was carried out, the potential alternatives to reduce them & the goal to which Argos can commit to 2030. Within the review of alternatives, the relevance between the amount of capital investments and/or operating expenses & the CO2 abatement potential was evaluated to advise the Board on the best path to follow. Among the results was the directing, to all business units, of the search for electricity suppliers whose energy matrices were as green as possible, the signing of power-purchase agreements (PPAs) & the review of potential non-conventional renewable-energy projects. 3. Systematization and automation of the calculation of the CO2 emissions inventory project with which we seek to systematize all the data related to direct & indirect production emissions, store and manage it, & make it available in terms of performance indicators to support decision making in a more agile, timely manner. 4. Evaluation of the impact of materializing the risk of the carbon-price mechanism in Colombia. The purpose of this analysis was to demonstrate the impacts and to define an action plan that would allow Argos to anticipate this future scenario.

C1.1d

(C1.1d) Does your organization have at least one board member with competence on climate-related issues?

	Board member(s) have competence on climate-related issues	Criteria used to assess competence of board member(s) on climate-related issues	Primary reason for no board-level competence on climate-related issues	Explain why your organization does not have at least one board member with competence on climate-related issues and any plans to address board-level competence in the future
Row 1	Yes	Cementos Argos has a Board of Directors in which approximately 70% of the members have expertise in sustainability and risk management. According to the Good Governance Code of Cementos Argos, the Board of Directors, as a collegiate body, and each of the directors individually, must be evaluated every year, alternating self-evaluations and external evaluations. The main results of the external and self-assessment, corresponding to the performance of the Board of Directors in 2021 and 2022, are published on the company's website. According to the 2022 self-assessment, the Board has a balanced composition and skills in terms of financial, economic, environmental, social and legal knowledge and experience. In addition, Argo's has an annual training program and an induction program for existing and new members of the Board of Directors, respectively. A member of the Audit, Finance and Risk Committee and the Sustainability and Corporate Governance Committee, has almost 20 years of experience in consulting on the environmental and social feasibility of projects in Colombia as a partner and founder of Bioparque Proyectos SAS and Corporación Bioparque, a non-profit organization dedicated to environmental studies and conflict resolution in the same field, including climate change. She has expertise in the following areas: corporate sustainability, perception exchange and conflict resolution, and environmental media. She holds a degree in Administration from the Universidad de Los Andes and is a certified trainer in negotiation and conflict resolution from Conflict Management Inc. in Cambridge, Mass. She also studied Innovation for Business Transformation in Berkeley, California. In addition, Cecilia was the Minister of Environment, Housing and Development of Colombia, giving her extensive knowledge of sustainability, the environment and community relations. She is the founder of the environmental magazine Catorce6 (https://www.catorce6.com/), which has won 8 journalism awards and recognition for its work in disseminating environmental information. She is also the founder of several ventures in the field of sustainability, with a focus on sustainability, integrity, entrepreneurship, social and economic inclusion, gender, innovation, and business disruption. Over the last 16 years, she has been a member of the jury for sustainability and corporate social responsibility awards from the guilds Andesco and Campetrol, Caracol TV and El Espectador.	<Not Applicable>	<Not Applicable>

C1.2

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

Position or committee

Other committee, please specify (Board-level committee: Sustainability & Corporate Governance Committee)

Climate-related responsibilities of this position

Managing annual budgets for climate mitigation activities

Managing major capital and/or operational expenditures related to low-carbon products or services (including R&D)

Managing climate-related acquisitions, mergers, and divestitures

Developing a climate transition plan
Implementing a climate transition plan
Integrating climate-related issues into the strategy
Setting climate-related corporate targets
Monitoring progress against climate-related corporate targets
Managing public policy engagement that may impact the climate
Managing value chain engagement on climate-related issues
Managing climate-related risks and opportunities
Other, please specify (Reviewing trends, benchmarks, & cutting-edge practices in the industry; Reviewing the results of the Value Added to Society (VAS); Internal and external culture and communication strategy)

Coverage of responsibilities

<Not Applicable>

Reporting line

Reports to the board directly

Frequency of reporting to the board on climate-related issues via this reporting line

Quarterly

Please explain

Our Board of Directors BoD permanently monitors climate-change, not only within the Company, but also associated events worldwide to adjust the strategy & guide & monitor the objectives. The BoD is responsible for the Company's absolute governance, which includes the Climate-Change Strategy.

Our Climate Strategy is supported by a governance structure & the actions of our Board of Directors – BoD. The BoD monitors programs & projects, demands results from the Steering Committee, & supervises the Risk Management System and the Climate actions and indicators, which are linked to the long-term compensation of the executive-level employees.

The highest level of direct responsibility for climate change issues is the Sustainability & Corporate Governance Committee, which belongs to the support committees of the BoD. Is made up of 3 members of the BoD: one of them is an expert in social & environmental topics & former Minister of Environment in Colombia; another is a lawyer specialized in commercial matters, was the Legal & Institutional Affairs Vice-president at Cementos Argos & now is the Talent & Corporate Affairs Vice-president at Grupo Argos; & the last one is an economist who is expert in finance.

Also, other members participate in it & contribute according to their experience in the respective topics. These include the CEO, the Vice President of Future & Strategy (Chief Future Strategy Officer, CFSO), the Vice President of Corporate Affairs (Chief Corporate Affairs Officer, CCAO), the Sustainability & ESG Corporate Directors. Eventually, the directors of the Occupational Health & Safety, Community & Environmental Strategies are invited.

Some of their functions are:

1. Ensure that Shareholders & the market in general have access in a complete, truthful, & timely manner to all information that must be disclosed
2. Support the management of the BoD & provide instructions to the Management regarding good governance, transparency, & sustainability
3. Guide the Management of adopting, following up on & improving practices regarding environmental, economic & social practices
4. Make sure that sustainability is part of the Company's long-term strategy
5. Frequently evaluate compliance with the Good Governance Code, the Code of Corporate Conduct, & the Sustainability Policy of the Organization, considering the commitments that were acquired regarding each of the Stakeholders & the strategy to be followed to improve sustainability & good governance practices
6. Ensure compliance with the Good Governance Code, and with the Code of Corporate Conduct, the regulations for the Assembly, BoD, & other company bodies, & with the environmental and sustainability policies de-fined by the Company.
7. Present, to the BoD, an annual report of the Committee.
8. Definition, analysis and monitoring of the Sustainability Strategy, including monitoring of environmental indicators & sustainability issues related to the strategic risks

Position or committee

Other committee, please specify (Board-level committee: Audit, Finance and Risk Committee)

Climate-related responsibilities of this position

Managing annual budgets for climate mitigation activities
Managing major capital and/or operational expenditures related to low-carbon products or services (including R&D)
Managing climate-related acquisitions, mergers, and divestitures
Developing a climate transition plan
Implementing a climate transition plan
Integrating climate-related issues into the strategy
Conducting climate-related scenario analysis
Setting climate-related corporate targets
Assessing climate-related risks and opportunities
Managing climate-related risks and opportunities

Coverage of responsibilities

<Not Applicable>

Reporting line

Reports to the board directly

Frequency of reporting to the board on climate-related issues via this reporting line

Quarterly

Please explain

Our Board of Directors BoD permanently monitors climate-change, not only within the Company, but also associated events worldwide to adjust the strategy & guide & monitor the objectives. The BoD is responsible for the Company's absolute governance, which includes the Climate-Change Strategy.

Our Climate Strategy is supported by a governance structure & the actions of our Board of Directors – BoD. The BoD monitors programs & projects, demands results from the Steering Committee, & supervises the Risk Management System and the Climate actions and indicators, which are linked to the long-term compensation of the executive-level employees.

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

These issues include the review and audit of Climate-Change Mitigation and Adaptation Plans, and the monitoring of climate-change risks of strategic scope for Argos. In this last point, Risk Management performs scenario analysis to demonstrate the potential impact on the Organization's financial results, due to the materialization of different risks associated with climate change. Additionally, the different low-impact exercises for the Company are presented in detailed short-, medium- and long-term scenarios based on the different shared socioeconomic pathways (SSP) in which the different levels of financial impact on the Company's businesses due to the manifestation of physical (acute or chronic) and transition risks are appreciated.

Position or committee

Other committee, please specify (Board-level committee: Appointment and Remuneration Committee)

Climate-related responsibilities of this position

Providing climate-related employee incentives

Coverage of responsibilities

<Not Applicable>

Reporting line

Reports to the board directly

Frequency of reporting to the board on climate-related issues via this reporting line

Quarterly

Please explain

Our Board of Directors BoD permanently monitors climate-change, not only within the Company, but also associated events worldwide to adjust the strategy & guide & monitor the objectives. The BoD is responsible for the Company's absolute governance, which includes the Climate-Change Strategy.

Our Climate Strategy is supported by a governance structure & the actions of our Board of Directors – BoD. The BoD monitors programs & projects, demands results from the Steering Committee, & supervises the Risk Management System and the Climate actions and indicators, which are linked to the long-term compensation of the executive-level employees.

For its part, this Committee is in charge not only of reviewing the performance indicators of Argos' human talent and their development, but also of monitoring the Organization's performance on strategic issues to adjust and align the hiring policy, incentives and remuneration. On this last point, the Committee proposes to the Board the objectives for the long-term Incentive Plan, which include objectives associated with financial performance and the reduction of specific net-CO2 emissions, among others. Based on the proposal, the Board reviews the alignment with the strategy and approves the Incentive Plan.

Position or committee

Other committee, please specify (Steering Committee)

Climate-related responsibilities of this position

Managing annual budgets for climate mitigation activities

Managing major capital and/or operational expenditures related to low-carbon products or services (including R&D)

Managing climate-related acquisitions, mergers, and divestitures

Providing climate-related employee incentives

Developing a climate transition plan

Implementing a climate transition plan

Integrating climate-related issues into the strategy

Setting climate-related corporate targets

Monitoring progress against climate-related corporate targets

Managing public policy engagement that may impact the climate

Managing value chain engagement on climate-related issues

Managing climate-related risks and opportunities

Coverage of responsibilities

<Not Applicable>

Reporting line

CEO reporting line

Frequency of reporting to the board on climate-related issues via this reporting line

More frequently than quarterly

Please explain

Its mission is to deliver the guidelines and validate the Company's management on economic, social, and environmental aspects. It is made up by the CEO and the seven Vice Presidents and Senior Directors that the company has. This Committee meets every month to analyse the performance of the Company, evaluate new projects and to follow up ongoing projects. The main functions of the Steering Committee (Executive Committee) are:

- Delivering the guidelines and validating the management of the company in relation to economic, social, and environmental aspects.
- Giving feedback and guiding employees for decision making.
- Aligning and transmitting the recommendations received from the Board of Directors.

The Executive Committee (ExCom) is responsible for the execution, monitoring and control of the Sustainability Strategy, and, more specifically, that of climate change. Likewise, ExCom constantly reviews global and local events to identify risks and opportunities arising from strategic issues. Based on these reviews, and hand in hand with the Corporate-Risks Area, action plans are defined in the event of a potential risk-materialization scenario, its transfer, and/or capitalizing on the opportunities derived from it. All matters related to climate change, which have a transversal impact, are managed jointly by the Vice President of Corporate Affairs (CCAO), the Vice President of Future and Strategy (CFSO), the Corporate Sustainability Manager and the ESG Director.

Position or committee

Chief Executive Officer (CEO)

Climate-related responsibilities of this position

Managing annual budgets for climate mitigation activities

Managing major capital and/or operational expenditures related to low-carbon products or services (including R&D)

Managing climate-related acquisitions, mergers, and divestitures

Providing climate-related employee incentives

Developing a climate transition plan

Implementing a climate transition plan

Integrating climate-related issues into the strategy

Setting climate-related corporate targets
Monitoring progress against climate-related corporate targets
Managing public policy engagement that may impact the climate
Managing value chain engagement on climate-related issues
Managing climate-related risks and opportunities

Coverage of responsibilities

<Not Applicable>

Reporting line

Reports to the board directly

Frequency of reporting to the board on climate-related issues via this reporting line

More frequently than quarterly

Please explain

The CEO defines the competitive strategy of the organization and its activities, to ensure the active, growing, and profitable participation of the business in alignment with the corporate mission and vision through suppliers, customers, consumers, and employees, creating value to shareholders.
He also represents the organization and its subsidiaries before the various public and private bodies, developing effective relationships that allow the positioning and sustainable development of the organization and the maintenance of its reputation

Two of the main responsibilities related with climate change are:

- Define the strategic guidelines of the organization, in accordance with the objectives of profitability, organizational consolidation and sustainability (including climate change), articulating its vision with the Board of Directors and the different governing bodies, framed in the corporate values and principles, guaranteeing the achievement of the goals through the adequate use of the available resources.
- Manage investments and businesses within the framework of the sustainability (including climate change), policy for the next 10 years, seeking sustainable growth as the basis for the responsible creation of shareholder value, while ensuring respect for the environment and the principles of good corporate governance.

The Executive Committee (ExCom) is responsible for the execution, monitoring and control of the Sustainability Strategy, and, more specifically, that of climate change. Likewise, ExCom constantly reviews global and local events to identify risks and opportunities arising from strategic issues. Based on these reviews, and hand in hand with the Corporate-Risks Area, action plans are defined in the event of a potential risk-materialization scenario, its transfer, and/or capitalizing on the opportunities derived from it. All matters related to climate change, which have a transversal impact, are managed jointly by the Vice President of Corporate Affairs (CCAO), the Vice President of Future and Strategy (CFSO), the Corporate Sustainability Manager and the ESG Director.

This Committee is made up by the CEO and the seven Vice Presidents and Senior Directors that the company has. This Committee meets every month to analyse the performance of the Company, evaluate new projects and to follow up ongoing projects.

Position or committee

Chief Sustainability Officer (CSO)

Climate-related responsibilities of this position

Managing annual budgets for climate mitigation activities
Managing major capital and/or operational expenditures related to low-carbon products or services (including R&D)
Managing climate-related acquisitions, mergers, and divestitures
Providing climate-related employee incentives
Developing a climate transition plan
Implementing a climate transition plan
Integrating climate-related issues into the strategy
Setting climate-related corporate targets
Monitoring progress against climate-related corporate targets
Managing public policy engagement that may impact the climate
Managing value chain engagement on climate-related issues
Managing climate-related risks and opportunities

Coverage of responsibilities

<Not Applicable>

Reporting line

CEO reporting line

Frequency of reporting to the board on climate-related issues via this reporting line

More frequently than quarterly

Please explain

Lastly, in 2022 a new Corporate Innovation and Development Center – FutureTech – was created, which plays an important role in consolidating Argos' Sustainability Strategy. This team is continually researching and developing materials, products, and solutions that enable more-sustainable construction, production processes that contribute to reducing net-specific emissions, and carbon-capture, storage, and use technologies that contribute to the decarbonization of operations.

The CSO is part of the Steering Committee (Executive Committee) and attends the Board's Sustainability & Corporate Governance and Nomination & Compensation Committees as a guest.

The CSO is responsible for establishing and leading the implementation of the company's carbon neutrality strategy, integrating the understanding of the company and the industry with a financial vision to structure the transition strategy and reduction of greenhouse gas emissions, recommend it to the Steering Committee for decision-making, and deploy it with the business units in order to focus resources and efforts on Argos.

Position or committee

Chief Financial Officer (CFO)

Climate-related responsibilities of this position

Managing annual budgets for climate mitigation activities
Managing major capital and/or operational expenditures related to low-carbon products or services (including R&D)
Managing climate-related acquisitions, mergers, and divestitures

Providing climate-related employee incentives
Developing a climate transition plan
Implementing a climate transition plan
Integrating climate-related issues into the strategy
Conducting climate-related scenario analysis
Setting climate-related corporate targets
Monitoring progress against climate-related corporate targets
Managing public policy engagement that may impact the climate
Managing value chain engagement on climate-related issues
Assessing climate-related risks and opportunities
Managing climate-related risks and opportunities
Other, please specify (Defining and implementing the sustainable financing strategy of the company)

Coverage of responsibilities

<Not Applicable>

Reporting line

CEO reporting line

Frequency of reporting to the board on climate-related issues via this reporting line

More frequently than quarterly

Please explain

The Chief Financial and Risk Officer (CFO and CRO), Risk Senior Director, and Risk Management (RM) corporate team prepare risk assessments and monitoring reports, which they present to the Audit, Finance and Risk Committee (AFRC) and the CEO.

The AFRC emphasizes the need for top management to focus on risks that could significantly impact strategic objectives, to make risk-based decisions, including climate risk and opportunities.

The Board of Directors (BOD) through the AFRC, is committed to RM and regularly monitors Argos' strategic, climate, politics, and social risks. These risks are presented to the AFRC, and they are presented publicly. Risks with high exposure levels are presented to the AFRC in accordance with the retention matrix's guidelines. Once the risks have been reviewed, the AFRC provides guidelines to implement action plans.

The Executive / Steering Committee approve the risk transfer strategy of the corporate insurance program.

The CFO is part of the Steering Committee (Executive Committee) and attends the Board's Audit, Finance and Risk Committee as a guest.

Position or committee

Other C-Suite Officer, please specify (Chief of Corporate Affairs)

Climate-related responsibilities of this position

Managing public policy engagement that may impact the climate

Managing value chain engagement on climate-related issues

Other, please specify (Reporting of ESG issues required by regulatory & external bodies ; Reporting of ESG issues voluntary adopted by the company; Monitoring & definition of the action plan for the implementation of normative & regulatory changes regarding ESG issues)

Coverage of responsibilities

<Not Applicable>

Reporting line

CEO reporting line

Frequency of reporting to the board on climate-related issues via this reporting line

More frequently than quarterly

Please explain

The Chief Corporate Affairs Officer:

1. Manages the strategies, policies, and execution of legal, compliance, institutional relations, audit, risk and insurance matters.
2. Ensures, from a legal point of view, that Argos complies with the reports and declarations required by regulatory and/or external bodies.
3. Ensures the compliance of legal, institutional, compliance, risk, insurance and audit matters with the Holding's policies.
4. Assists in the development of the strategic plan.
5. Defines the management and implementation of internal changes in the face of new regulations and standards.

Climate change is included in all of these responsibilities.

The Chief Corporate Affairs Officer is a member of the Steering Committee (Executive Committee) and attends as a guest all committees supporting the Board of Directors.

Position or committee

Chief Operating Officer (COO)

Climate-related responsibilities of this position

Managing annual budgets for climate mitigation activities

Managing major capital and/or operational expenditures related to low-carbon products or services (including R&D)

Managing climate-related acquisitions, mergers, and divestitures

Developing a climate transition plan

Implementing a climate transition plan

Integrating climate-related issues into the strategy

Conducting climate-related scenario analysis

Monitoring progress against climate-related corporate targets

Managing public policy engagement that may impact the climate

Managing climate-related risks and opportunities

Coverage of responsibilities

<Not Applicable>

Reporting line

CEO reporting line

Frequency of reporting to the board on climate-related issues via this reporting line

More frequently than quarterly

Please explain

Argos has four Chief Operating Officers who oversee the implementation of the strategies and action plans in each region. Each of these officers determines the actions required to carry out the implementation with a "local" Sustainability Team and, thus, meet the goals established by Argos.

Some of climate change related functions are:

1. Responsible for all activities and results of operations in the regions
2. Manages the region's budget.
3. Responsible for the design and implementation of strategic initiatives in the region, following the guidelines and policies developed by the Cementos Argos Corporate Center.
4. Liaise with the Cementos Argos Corporate Center areas and the other regions to leverage synergies and facilitate the sharing of best practices.

They are part of the Steering Committee (Executive Committee) and attend the supporting committees of the Board of Directors as guests when necessary or requested.

Position or committee

Other, please specify (Sustainability Sr. Director)

Climate-related responsibilities of this position

Managing climate-related acquisitions, mergers, and divestitures

Developing a climate transition plan

Implementing a climate transition plan

Integrating climate-related issues into the strategy

Conducting climate-related scenario analysis

Setting climate-related corporate targets

Monitoring progress against climate-related corporate targets

Managing public policy engagement that may impact the climate

Assessing climate-related risks and opportunities

Managing climate-related risks and opportunities

Other, please specify (Being an advisor to businesses in product development, footprint measurement, ACV, among others)

Coverage of responsibilities

<Not Applicable>

Reporting line

Corporate Sustainability/CSR reporting line

Frequency of reporting to the board on climate-related issues via this reporting line

More frequently than quarterly

Please explain

Corporate Sustainability Management is responsible, at corporate level, for developing, implementing, monitoring, and adjusting the company's strategy in the areas of health and safety, environment, community and climate change. This manager reports to the Vice President of Future and Strategy (CFSO and CSO), who is responsible for defining and managing the climate change roadmap.

This director has a team that also includes experts in circular economy, life cycle analysis and climate change, and works hand in hand with other areas such as production processes, commercial, market, finance and communications. By working together, they also have the responsibility to continually review emerging elements related to climate change and guide strategy adjustments to best address them.

Some of the functions of the Sustainability Sr. Director are:

- Defining and maintaining the environmental strategy, updated, and adapted to reality, while continuously monitoring its implementation.
- Advising and monitoring the organization's environmental work plan.
- Monitoring the implementation of the environmental process in the organization; and
- Leading and monitoring the environmental process to ensure compliance with the environmental strategy, applicable regulations, and improvement of environmental performance, promoting synergies between regions and other areas of the organization on issues related to the environmental strategy.

This director is a guest of the Board's Audit, Finance and Risk Committee and attends the Steering Committee (Executive Committee) as needed or requested.

Position or committee

Other, please specify (Risk Sr. Director)

Climate-related responsibilities of this position

Integrating climate-related issues into the strategy

Conducting climate-related scenario analysis

Assessing climate-related risks and opportunities

Managing climate-related risks and opportunities

Coverage of responsibilities

<Not Applicable>

Reporting line

Finance - CFO reporting line

Frequency of reporting to the board on climate-related issues via this reporting line

More frequently than quarterly

Please explain

Argos has an Integrated Risk Management System (IRMS) that is managed by the Risk Department (led by the Risk Senior Director) and supervised by the Audit,

Finance and Risk Committee. This system has an approach that focuses on identifying relevant risks from a strategic perspective, which then results in risks management for processes, projects and facilities across all of the Company's operations, as well as on the continuity of operations.

This position is under Finance Vice Presidency in the corporate structure. He leads the climate change risk analysis; his team updates company climate change risk matrix yearly under IRMS guidelines, which allows prioritizing resources and action plans to support climate change management.

This director is a guest of the Board's Audit, Finance and Risk Committee and attends the Steering Committee (Executive Committee) as needed or requested.

Position or committee

Other, please specify (ESG Director)

Climate-related responsibilities of this position

Integrating climate-related issues into the strategy

Other, please specify (Implementation of the company's sustainability policy; Reporting of ESG issues required by regulatory & external bodies; Leading external ESG performance measurement processes; Reviewing & promoting ESG industry trends, benchmarks & best practices)

Coverage of responsibilities

<Not Applicable>

Reporting line

Other, please specify (Chief of Corporate Affairs)

Frequency of reporting to the board on climate-related issues via this reporting line

More frequently than quarterly

Please explain

The ESG Director is responsible to formulate strategies, design and direct sustainability initiatives framed in the economic, social and environmental dimensions, coordinating the different areas of the organization, in order to develop the Company's Sustainability Policy.

This director is a permanent guest of the Board's Sustainability & Corporate Governance Committee and attends the Steering Committee (Executive Committee) as needed or requested.

Position or committee

Other, please specify (Director of the Carbon-Neutrality Strategy)

Climate-related responsibilities of this position

Managing annual budgets for climate mitigation activities

Managing major capital and/or operational expenditures related to low-carbon products or services (including R&D)

Managing climate-related acquisitions, mergers, and divestitures

Providing climate-related employee incentives

Developing a climate transition plan

Implementing a climate transition plan

Integrating climate-related issues into the strategy

Conducting climate-related scenario analysis

Setting climate-related corporate targets

Monitoring progress against climate-related corporate targets

Managing public policy engagement that may impact the climate

Managing value chain engagement on climate-related issues

Assessing climate-related risks and opportunities

Managing climate-related risks and opportunities

Other, please specify (Lead & guarantee the constant analysis of relevant information issued by entities & authorities to keep the strategic & corporate carbon neutrality policy framework updated; Lead the digital transformation of sustainability management.)

Coverage of responsibilities

<Not Applicable>

Reporting line

Other, please specify (Sustainability Senior Director)

Frequency of reporting to the board on climate-related issues via this reporting line

More frequently than quarterly

Please explain

In 2022, a new role was created in the structure, the Directorate of the Carbon-Neutrality Strategy, with which Argos seeks to give greater solidity & governance to the Climate Change Strategy, the structuring of decarbonization roadmaps for the operations & associated projects & consolidate the financial mechanisms to make the proposed strategy viable.

This Director leads the corporate carbon neutral strategic and policy framework, integrating business and industry understanding with a financial vision to structure the transition and GHG emissions reduction strategy, recommend it to the Vice President of Future and the Steering Committee for decision making, and deploy it with the corporate centers and business units to focus resources and efforts in Argos.

This director is a guest of the Board's Sustainability & Corporate Governance Committee as needed or requested.

Position or committee

Other, please specify (Environment, Health, Safety and Communities Senior Director)

Climate-related responsibilities of this position

Managing climate-related acquisitions, mergers, and divestitures

Developing a climate transition plan

Implementing a climate transition plan

Integrating climate-related issues into the strategy

Conducting climate-related scenario analysis

Setting climate-related corporate targets

Monitoring progress against climate-related corporate targets

Managing public policy engagement that may impact the climate
Assessing climate-related risks and opportunities
Managing climate-related risks and opportunities

Coverage of responsibilities

<Not Applicable>

Reporting line

Operations - COO reporting line

Frequency of reporting to the board on climate-related issues via this reporting line

More frequently than quarterly

Please explain

Environment, Health, Safety and Communities Senior Directors are responsible, at a local / regional level, for developing, implementing, monitoring, and adjusting the company's strategy in the areas of health and safety, environment, community and climate change. This director report to the Corporate Operations Officers (COO), who are responsible for the different activities and results of Cementos Argos operations in the region/country Colombia/ USA or Caribbean and Central America, defining and implementing policies to maximize the results of the operation.

These directors are part of the Steering Committee (Executive Committee) and are a guest of the Board's support committees as needed or requested.

C1.3

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

	Provide incentives for the management of climate-related issues	Comment
Row 1	Yes	Argos has integrated a sustainable objective into its organizational result-based bonus system (PRO by its Spanish acronym). As part of this system, 20% of the high management long-term bonus package is directly linked to the achievement of annual CO2 emissions reduction targets. The Nomination & Compensation Committee of the Board oversees the progress made. This variable remuneration system was designed to incentivize progress toward strategic targets, and thus, the sustainability objective, through its KPI, reinforces Argos' dedication to contributing to the mitigation of climate change. By integrating this KPI into the bonus system structure, the company provides a tangible incentive for high management to actively drive meaningful progress in reducing CO2 emissions. In addition, Argos employs non-monetary incentives to recognize & reward Business Units. The "Green Plant" program is an example, which evaluates business performance indicators (CO2 emission & water consumption).

C1.3a

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

Entitled to incentive

Corporate executive team

Type of incentive

Monetary reward

Incentive(s)

Bonus - % of salary
Shares

Performance indicator(s)

Progress towards a climate-related target
Company performance against a climate-related sustainability index (e.g., DJSI, CDP Climate Change score etc.)

Incentive plan(s) this incentive is linked to

Long-Term Incentive Plan

Further details of incentive(s)

Argos' variable remuneration system balances short and long-term goals. The long-term component incentivized meeting strategic objectives to ensure the company's sustainability, and thus meeting emissions reduction targets outlined in the decarbonization roadmap is one of them. Every year, the company measures the performance and defines the incentive amount.

Explain how this incentive contributes to the implementation of your organization's climate commitments and/or climate transition plan

The Executive team (including the CEO) and the High management compensation is designed to reinforce Argos' strategy and achieve real progress toward its goals. The structure of the bonus system balances short and long-term performance, combining financial and non-financial metrics in measuring performance, and delivers compensation through a mix of cash and company shares.

In recognition of Argos' commitment to its climate-related goals, the organizational result-based bonus system introduced a sustainability KPI to measure the progress towards those goals. This objective accounts for 20% of the total bonus and encompasses two relevant indicators:

- Remain listed in DJSI, which ensures the continuity of our sustainable practices.
- Successfully accomplish the annual CO2 emissions reduction goal.

The specific targets associated to the emissions reductions are aligned with the emissions trajectory defined in the decarbonization roadmap.

Entitled to incentive

Chief Executive Officer (CEO)

Type of incentive

Monetary reward

Incentive(s)

Bonus - % of salary
Shares

Performance indicator(s)

Progress towards a climate-related target
Company performance against a climate-related sustainability index (e.g., DJSI, CDP Climate Change score etc.)

Incentive plan(s) this incentive is linked to

Long-Term Incentive Plan

Further details of incentive(s)

Argos' variable remuneration system balances short and long-term goals. The long-term component incentivized meeting strategic objectives to ensure the company's sustainability, and thus meeting emissions reduction targets outlined in the decarbonization roadmap is one of them. Every year, the company measures the performance and defines the incentive amount.

Explain how this incentive contributes to the implementation of your organization's climate commitments and/or climate transition plan

The Executive team (including the CEO) and the High management compensation is designed to reinforce Argos' strategy and achieve real progress toward its goals. The structure of the bonus system balances short and long-term performance, combining financial and non-financial metrics in measuring performance, and delivers compensation through a mix of cash and company shares.

In recognition of Argos' commitment to its climate-related goals, the organizational result-based bonus system introduced a sustainability KPI to measure the progress towards those goals. This objective accounts for 20% of the total bonus and encompasses two relevant indicators:

- Remain listed in DJSI, which ensures the continuity of our sustainable practices.
- Successfully accomplish the annual CO2 emissions reduction goal.

The specific targets associated to the emissions reductions are aligned with the emissions trajectory defined in the decarbonization roadmap.

Entitled to incentive

Management group

Type of incentive

Monetary reward

Incentive(s)

Bonus - % of salary
Shares

Performance indicator(s)

Progress towards a climate-related target
Company performance against a climate-related sustainability index (e.g., DJSI, CDP Climate Change score etc.)

Incentive plan(s) this incentive is linked to

Long-Term Incentive Plan

Further details of incentive(s)

Argos' variable remuneration system balances short and long-term goals. The long-term component incentivized meeting strategic objectives to ensure the company's sustainability, and thus meeting emissions reduction targets outlined in the decarbonization roadmap is one of them. Every year, the company measures the performance and defines the incentive amount.

Explain how this incentive contributes to the implementation of your organization's climate commitments and/or climate transition plan

The Executive team (including the CEO) and the High management compensation is designed to reinforce Argos' strategy and achieve real progress toward its goals. The structure of the bonus system balances short and long-term performance, combining financial and non-financial metrics in measuring performance, and delivers compensation through a mix of cash and company shares.

In recognition of Argos' commitment to its climate-related goals, the organizational result-based bonus system introduced a sustainability KPI to measure the progress towards those goals. This objective accounts for 20% of the total bonus and encompasses two relevant indicators:

- Remain listed in DJSI, which ensures the continuity of our sustainable practices.
- Successfully accomplish the annual CO2 emissions reduction goal.

The specific targets associated to the emissions reductions are aligned with the emissions trajectory defined in the decarbonization roadmap.

Entitled to incentive

Business unit manager

Type of incentive

Monetary reward

Incentive(s)

Bonus - % of salary
Shares

Performance indicator(s)

Progress towards a climate-related target
Company performance against a climate-related sustainability index (e.g., DJSI, CDP Climate Change score etc.)

Incentive plan(s) this incentive is linked to

Long-Term Incentive Plan

Further details of incentive(s)

Argos' variable remuneration system balances short and long-term goals. The long-term component incentivized meeting strategic objectives to ensure the company's sustainability, and thus meeting emissions reduction targets outlined in the decarbonization roadmap is one of them. Every year, the company measures the performance and defines the incentive amount.

Explain how this incentive contributes to the implementation of your organization's climate commitments and/or climate transition plan

The Executive team (including the CEO) and the High management compensation is designed to reinforce Argos' strategy and achieve real progress toward its goals. The structure of the bonus system balances short and long-term performance, combining financial and non-financial metrics in measuring performance, and delivers compensation through a mix of cash and company shares.

In recognition of Argos' commitment to its climate-related goals, the organizational result-based bonus system introduced a sustainability KPI to measure the progress towards those goals. This objective accounts for 20% of the total bonus and encompasses two relevant indicators:

- Remain listed in DJSI, which ensures the continuity of our sustainable practices.
- Successfully accomplish the annual CO2 emissions reduction goal.

The specific targets associated to the emissions reductions are aligned with the emissions trajectory defined in the decarbonization roadmap.

Entitled to incentive

All employees

Type of incentive

Non-monetary reward

Incentive(s)

Internal company award
Public recognition

Performance indicator(s)

Reduction in emissions intensity
Other (please specify) (OH&S indicators (days without accidents and injury index); Water consumption; Number of communities complains; Operating profit in terms of EBITDA)

Incentive plan(s) this incentive is linked to

Not part of an existing incentive plan

Further details of incentive(s)

The "Green Plant" recognition is granted in a ceremony in which the high management and executive team congratulate the winning team and award an additional vacation day to the team members.

Explain how this incentive contributes to the implementation of your organization's climate commitments and/or climate transition plan

The "Green Plant" is a holistic program designed to reward exemplary teams of a particular facility that, throughout the year, consistently exhibit exceptional performance across a diverse range of operational indicators, actively fostering the company's long-term sustainability.

Entitled to incentive

All employees

Type of incentive

Monetary reward

Incentive(s)

Bonus - % of salary

Performance indicator(s)

Board approval of climate transition plan
Other (please specify) (Levers for climate change management)

Incentive plan(s) this incentive is linked to

Short-Term Incentive Plan

Further details of incentive(s)

Argos has a Variable Compensation System (monetary incentives) that promotes the achievement of the strategic targets. Through this system extra salary bonuses are paid to employees when the goals are achieved. Depending on the organizational level within the company, there are two types of incentives: short term & long-term incentives.

Explain how this incentive contributes to the implementation of your organization's climate commitments and/or climate transition plan

Employees of different levels (operational & specialists) have different indicators within their variable compensation program in the short term, related to levers for climate change mitigation, such as: energy efficiency; optimization of clinker / cement ratio; holding meetings with investors to disclose them Argos' climate change strategy; and development of a technical and financial CO2 roadmap for Colombia, Caribbean and Central America and USA regions, including annualized scope 2 targets by 2030 . This short-term (annual) monetary incentive establishes goals that are evaluated and reviewed at the end of the established periods.

Compliance of targets of key performance indicators related to the company's Climate Change Strategy, gave rise in 2022 to the payment of monetary incentives.

C2. Risks and opportunities

C2.1

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

Yes

C2.1a

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

	From (years)	To (years)	Comment
Short-term	1	8	In 2022 we were working in our strategy and climate change actions. So, we updated our impacts of climate risks and opportunities, for which we count on a short-term assessment backed up in a climate change risk matrix for annual impacts and a Climate Value-at Risk for 2030. The climate change risk matrix shows the likelihood and impact on an annual basis and the Climate VaR quantifies the net gains and losses derived from the potential materialization of climate change risk and opportunities under three scenarios that integrate expected climatic variations (RCP 2.6, 4.5 and 8.5) and transition narratives backed up in the IEA framework (IEA SDS, STEPS). We quantified short-term impacts under a Value-at-Risk approach, which estimates via stochastic models the expected impacts of risk materializations on an annual budgeted Ebitda. Risk materializations are modeled after defining risk scenarios, random variables, and key assumptions either by experts' criteria or by the analysis of historic and prospective patterns.
Medium-term	9	18	We set 2040 as a medium-term span for evaluating progress in climate change mitigation and for integrating major changes in the industry at process, project, and product levels, such as further integration of alternative sources of energy, significant reduction of the dependence on fossil fuels, successful integration of carbon capture technologies, among others. We quantified medium-term impacts under a Value-at-Risk approach, which estimates via stochastic models the expected impacts of risk materializations on an annual expected Ebitda by 2040 and under key assumptions regarding our potential business portfolio. We estimated the gains and losses under three scenarios that integrate expected climate variations (RCP 2.6, 4.5 and 8.5) and transition narratives backed up in the IEA framework (IEA SDS, STEPS).
Long-term	19	28	We are committed to offer a carbon-neutral concrete in 2050, aligned with the Global Cement and Concrete Association (GCCA) Roadmap for Net Zero Concrete. The Sustainability and Corporate Governance Committee of the Board of Directors has among its duties to monitor the climate-change strategy and the approval of the roadmap to reach our carbon-neutrality goal by 2050, through actions, such as: the increase in offering products with sustainable characteristics, the decrease of the cement clinker factor, the increase in the use of energy from renewable sources, the maximization of waste co-processing and the use of alternative fuels. We quantified long-term impacts under Climate VaR for 2050, which quantifies the net gains and losses in terms of Ebitda, derived from the potential materialization of climate change risk and opportunities under three scenarios that integrate expected climate variations (SSP 1, 2 and 5 consistent with RCP 2.6, 4.5 and 8.5) and transition narratives backed up in the IEA framework (IEA SDS and STEPS).

C2.1b

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

At Argos, all our actions are driven by our higher purpose, i.e., to make the construction of housing and infrastructure dreams possible, which enable a more sustainable, prosperous, and inclusive society. Our roadmap for this is the corporate strategy, which is centered in creating stakeholder value through becoming a company that continuously creates social value; unleashing our potential through the transformation of our culture and talent management; increasing our competitiveness through the delivery of a differentiated service to our clients; advancing the goal of becoming a carbon-neutral company by 2050 and growing sustainably, closing the gap between Argos' market value and its core value. In addition, we count on Sustainability, Environmental and Climate Change Strategies, the latter of which comprises emission reduction targets by year 2030.

The degree of achievement of the strategy and strategic objectives is measured through Objectives and Key Results (OKR), which are reviewed and adjusted quarterly, according to the constant changes in the environment and the medium and long-term challenges that may influence the industry and the company. One of our top-company objectives is to offer carbon-neutral concrete, aligned with the Net Zero ambition plan of the Global Cement and Concrete Association (GCCA) by 2050. We continuously assess the risk and opportunities derived from our company roadmaps through our Integrated Risk Management System (IRMS) as well as the guidelines provided by the corporate strategies.

Our IRMS provides the framework and methodology to identify, assess, quantify and monitor the risks that may affect the company's strategy and OKRs at the strategic, tactical and operational levels. The strategic risks' relevance is measured against the company's financial appetite and tolerance scales, which are set according to the potential deviation that a risk materialization may cause on OKRs related to financial performance, measured in Ebitda and net/ebitda ratio (currently range between USD 7 and over 45 millions). More specifically, we quantify the impact of strategic risks through the definition of risk scenarios under the Value-at-Risk approach, in which we evaluate losses in EBITDA and their effect on the company's net debt/EBITDA ratio (OKR for financial flexibility). The impact scale is then defined depending on whether the net debt/EBITDA ratio allows or not to achieve the company's budgeted targets, keep financial flexibility, credit ratings, and the overall investment outlook, according to the targets defined by the company.

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

For climate change, a standalone analysis is performed in which specific risks are formulated as the potential materialization of a taxonomy of risks at the strategic, tactical and operational levels, with the same frameworks and methodologies mentioned above and including physical and transition scenarios up to 2050. According to the time horizon and scenarios analyzed, we have a.) A climate change risk matrix in which 13 risks are identified under the IRMS guidelines that allows us to prioritize, evaluate and follow-up risks materializing today (2022) and b.) Quantifications on different time horizons and climate scenarios to be aware on how the risk may evolve over time (2030, 2040, 2050).

C2.2

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

Value chain stage(s) covered
Direct operations

Risk management process

Integrated into multi-disciplinary company-wide risk management process

Frequency of assessment

More than once a year

Time horizon(s) covered

Short-term

Medium-term

Long-term

Description of process

Process for identifying, assessing & responding to climate-related risks:

Argos' Integrated Risk Management System (IRMS) identifies, analyzes, assesses, and manages the risks that may impact the fulfillment of our strategy, projects, processes, and operations. The IRMS enables Argos the successful execution of its strategy, through following steps: 1. The identification of risks regarding to materiality, global trends, and the company strategic framework; 2. The assessment of each risk's level of exposure; 3. the management through action plans including adaptation and continuity plans and the corporate insurance program; 4. the monitoring of effectiveness of action plans, plus the reporting to our stakeholders.

Risk management is a process of generating success of the organization to reduce the effect of uncertainty on strategic objectives. So, Argos manages their strategic risks (SR) and emerging risks (ER) reviewing and updating according to Argos' strategy and strategic objectives and materiality analysis, the Trends and Connections analysis (i.e., Argos methodology to identify global trends) and inputs from business experts. In addition, SR and ER are constantly reviewed by the Board of Directors through the Audit, Finance and Risk Committee (AFRC), which supports the decision-making of the Board of Directors.

In 2022 Argos defined a taxonomy of climate change risks (CR) and opportunities (CO) at the strategic (either current or emerging), tactical and operational levels. Climate change risks that affect the company's strategy are periodically reported to the AFRC. We report our climate change taxonomy, our climate risk matrix (2022) and our climate scenario analysis (2030-2050), depending on the time horizon of interest. According to our IRMS methodology, climate risks at Argos are managed by the following steps:

1. Identification: Argos' climate risk management is focused on minimizing climate change-related risks & maximizing opportunities to ensure sustainability of Company & its value chain). Our climate change risk taxonomy at the strategic level comprises 13 risks (CR) that are directly related to the company's top risks, strategic (SR) and emerging (ER), depending on the time horizon in which they would be materialized. The following risks affect direct operations: acute and chronic physical risks (CR 8 to 13), carbon pricing schemes (CR 1 and 2), increases in market-related insurance pricing (CR 5) and technology obsolescence (CR 6). These are directly related to our company risks regarding market (SR1), technology (SR2), regulations (SR4), climate commitments (SR6), and weather events (SR7).
2. Analysis: Argos assesses the quantification of impacts from a taxonomy of climate-related risks & opportunities in the short (2030), medium (2040) & long term (2050), considering scenarios to estimate risk variables & parameters and carry out calculations. There are three scenarios, "Sustainability" (consistent with SSP1/RCP 2.6 and IEA SDS), "Commitment" (consistent with SSP2/RCP 2.64.5 and IEA STEPS) and "Continuity" (consistent with SSP5/RCP 8.5 and business-as-usual assumptions). And based on that, business experts made high-level estimates of the expected & maximum losses for each risk & opportunity. At the end, Argos risk team quantify financial impacts of a potential risk materialization on strategic KPIs and KRIs such as EBITDA, FCF, net debt/EBITDA ratio and ROCE, measured as deviations of risk materializations from budgeted OKRs or long-term goals. For impact assessments in shorter time spans (i.e., 2022), the IRMS sets the impact and likelihood scales to determine risk exposure and the risk heat map. At the tactical and operational levels, the company identifies risks through risk workshops with process owners and environmental experts, and evaluates them through tools such as: risk matrices, end-to-end assessments to the environmental management processes, a physical assessment risk tool for measuring the facilities' exposure to weather events and potential losses associated to them; and self-assessment tools to evaluate the facilities' maturity on climate change adaptation, e.g., their preparedness to climate-related events and emergencies or the existence of a climate change adaptation plan.
3. Response: Argos has a technical and Financial Roadmap to reduce CO2 emissions by 2030, annualized and for each region through scenario analyses under a bottom-up approach, and detailing the technical strategies for mitigation and the required investment plan. From this plan, yearly goals were set that are consistent with our CO2 reduction target of 523 kg CO2/t cementitious product. In addition, at the tactical and operational levels, we set the guidelines, objectives and goals of our climate change adaptation plan and develop standard tools for risk assessments and monitoring in the facilities. Risk management team, support the facilities in evaluating their climate change risk exposure and in designing action plans to improve their resilience.

Process for opportunities:

Our climate change opportunities are closely related to our recently launched 'Green Solutions, Conscious innovation' portfolio, to the current & future actions to reduce our CO2 footprint and the implementation and use of new technology. Opportunities are assessed through an integration of top-down & bottom-up approaches. The company defines its strategic priorities, which are evaluated and monitored by the corporate Business Strategy and marketing teams. These priorities frame Argos' commercial and innovation initiatives (i.e., 'Smart Construction' and 'Road to Zero'). In 2022 we defined a taxonomy of climate change risks & opportunities at the strategic (either current or emerging), tactical and operational levels. In our strategic climate taxonomy, the opportunity associated with direct operations is operational efficiency (CO3). And the process for opportunities is based on the same framework mentioned above.

In addition, facilities identify opportunities that are submitted to IDEAXION, an organizational tool for the innovation management that allows the collection of innovative ideas from anyone anywhere in the Company. Likewise, facilities can be recognized by the program named Green Plant award, which is an annual recognition process that is delivered to the plant with the best initiatives implemented regarding operational efficiency, care of life, efficient use of water, reduction of CO2 emissions, & relationships of trust with communities.

Value chain stage(s) covered

Upstream

Risk management process

Integrated into multi-disciplinary company-wide risk management process

Frequency of assessment

More than once a year

Time horizon(s) covered

Short-term

Medium-term

Long-term

Description of process

Process for identifying, assessing & responding to climate-related risks:

The process for identifying and assessing our climate-related risks is the same for any segment of our value chain (see question C2.2: direct operations). The IRMS enables Argos the successful execution of its strategy at strategic, tactical and operational levels, through the following processes: 1. The identification of possible risk scenarios considering materiality, global trends and the company strategic framework; the assessment of the level of exposure to all risks; 2. The management (mitigation, retention and transfer) through action plans including adaptation and continuity plans and the corporate insurance program; 3. The monitoring of effectiveness of action plans, plus the reporting to our stakeholders. Moreover, for upstream risks, we also follow the regulations and standards that define our due diligence procedures, and the

market determinants that may have an indirect impact on our cost structure.

In 2022 Argos defined a taxonomy of climate change risks (CR) and opportunities (CO) at the strategic (either current or emerging), tactical and operational levels. Climate change risks that affect the company's strategy are periodically reported to the AFRC. We report our climate change taxonomy, our climate risk matrix (2022) and our climate scenario analysis (2030-2050), depending on the time horizon of interest. According to our IRMS methodology, climate risks at Argos are managed by the following steps:

1. Identification: Argos' climate risk management is focused on minimizing climate change-related risks & maximizing opportunities to ensure sustainability of Company & its value chain). Our climate change risk taxonomy at the strategic level comprises 13 risks (CR) that are directly related to the company's top risks, strategic (SR) and emerging (ER), depending on the time horizon in which they would be materialized. The following risks present upstream impacts: acute and chronic physical risks (CR 8 to 13), raw material costs (CR3), uncertainty in energy markets (CR4), and water stress (CR13). These are directly related to our company risks regarding market (SR1), weather events (SR7) and water stress (ER2).
2. Analysis: Argos assesses the quantification of impacts from a taxonomy of climate-related risks & opportunities in the short (2030), medium (2040) & long term (2050), considering scenarios to estimate risk variables & parameters and carry out calculations. There are three scenarios, "Sustainability" (consistent with SSP1/RCP 2.6 and IEA SDS), "Commitment" (consistent with SSP2/RCP 2.64.5 and IEA STEPS) and "Continuity" (consistent with SSP5/RCP 8.5 and business-as-usual assumptions). And based on that, business experts made high-level estimates of the expected & maximum losses for each risk & opportunity. At the end, Argos risk team quantify financial impacts of a potential risk materialization on strategic KPIs and KRIs such as EBITDA, FCF, net debt/EBITDA ratio and ROCE, measured as deviations of risk materializations from budgeted OKRs or long-term goals. For impact assessments in shorter time spans, the IRMS sets the impact and likelihood scales to determine risk exposure and the risk heat map. At the tactical and operational levels, the upstream risks are identified through workshops with process owners and environmental experts, and they are evaluated with the help of experts and tools. For instance, impacts from extreme weather events in property losses and business continuity are assessed together with the Supply Chain department and third-party modelling (RMS-AIR). For ER2, the risk management and environmental management teams designed a valuation tool for long-term shifts in water costs. For upstream risks, as part of our due diligence procedures we count on risk assessment tools to evaluate our suppliers' maturity on sustainability criteria. In facilities, risk assessments following the IRMS guidelines are performed to identify potential impacts and design action plans regarding cost overruns caused by scarcity in raw materials (focusing on fossil fuels), energy resources (e.g., gas and alternative fuels) and water (water risk calculator).
3. Response: for implementing action plans derived from risk assessments, we count on teams in the regional divisions and operations which support the implementation and management of them (e.g., working teams dedicated to increase alternative materials and fuels in plants). Also, Argos uses the information from risk assessments to prioritize and share good practices and strategies of water management with suppliers, such as Good practice guides for water management, water accounting, water risk assessment, among others with the aim of communicating experiences and creating collective actions around proper water management at operational and supply chain level. In addition, as part of our Roadmap for reducing scope 1 CO2 emissions, one of initiatives is the diversification of fuel portfolio promoting heat substitution with alternatives fuels. With this initiative, which takes 40% of the total investment (which amount to USD 52.9 million), it is intended to reduce the consumption of conventional fuels and therefore the reduction of CO2 emissions and the mitigation of transition risks (price, market, dependency, regulations, etc.) associated with these raw materials.

Process for opportunities:

Our climate change opportunities are closely related to our recently launched 'Green Solutions, Conscious innovation' portfolio, to the current & future actions to reduce our CO2 footprint and the implementation and use of new technology. Opportunities are assessed through an integration of top-down & bottom-up approaches. In our strategic climate taxonomy, co-processing (CO4) can be seized upstream. Impacts from strategic opportunities are identified under the same framework (impact scales and climate scenarios) mentioned above for the same time horizons (2022, 2030, 2040 and 2050).

Value chain stage(s) covered

Downstream

Risk management process

Integrated into multi-disciplinary company-wide risk management process

Frequency of assessment

Annually

Time horizon(s) covered

Short-term

Medium-term

Long-term

Description of process

Process for identifying, assessing & responding to climate-related risks:

The process for identifying and assessing our climate-related risks is the same for any segment of our value chain. The IRMS enables Argos the successful execution of its strategy at strategic, tactical and operational levels, through the following processes: 1. The identification of possible risk scenarios considering materiality, global trends and the company strategic framework; 2. The assessment of the level of exposure to all risks; the management through action plans including adaptation and continuity plans and the corporate insurance program; 3. The monitoring of effectiveness of action plans, plus the reporting to our stakeholders.

In 2022 Argos defined a taxonomy of climate change risks (CR) and opportunities (CO) at the strategic (either current or emerging), tactical and operational levels. Climate change risks that affect the company's strategy are periodically reported to the AFRC. We report our climate change taxonomy, our climate risk matrix (2022) and our climate scenario analysis (2030-2050), depending on the time horizon of interest. According to our IRMS methodology, climate risks at Argos are managed by the following steps:

1. Identification: Argos' climate risk management is focused on minimizing climate change-related risks & maximizing opportunities to ensure sustainability of Company & its value chain). In our strategic climate taxonomy, the following risks present downstream impacts: acute and chronic physical risks (CR 8 to 13) and the decrease in access to capital for being regarded as a sector intensive in CO2 emissions (CR7). These are directly related to our company risks regarding inability to match our customers' needs (SR3), climate change commitments (SR6), weather events (SR7) and the decrease in access to capital (ER1).
2. Analysis: Argos assesses the quantification of impacts from a taxonomy of climate-related risks & opportunities in the short (2030), medium (2040) & long term (2050), considering scenarios to estimate risk variables & parameters and carry out calculations. There are three scenarios, "Sustainability" (consistent with SSP1/RCP 2.6 and IEA SDS), "Commitment" (consistent with SSP2/RCP 2.64.5 and IEA STEPS) and "Continuity" (consistent with SSP5/RCP 8.5 and business-as-usual assumptions). And based on that, business experts made high-level estimates of the expected & maximum losses for each risk & opportunity. At the end, Argos risk team quantify financial impacts of a potential risk materialization on strategic KPIs and KRIs such as EBITDA, FCF, net debt/EBITDA ratio and ROCE, measured as deviations of risk materializations from budgeted OKRs or long-term goals. For impact assessments in shorter time spans (i.e., 2022), the IRMS sets the impact and likelihood scales to determine risk exposure and the risk heat map. At tactical and operational levels, climate-change risks and project-level risks are directly related. New projects and products count on matrices assessing risks such as lack of demand, unexpected changes in technology adoption, legal contingencies among others. Each count on impact valuations over the projected business case, assessing the degree in which the projected Ebitda, cash flow and payback may be affected, thus influencing decision-making.

3. Response: risk assessments are crucial input for investment decisions or changes during implementation of new projects or products. Projected business cases that consider potential risk materializations are presented to the top management thus influencing investments or suggesting changes to the project or business line under consideration.

Process for opportunities:

Climate change opportunities arise from the need for innovative solutions to address our strategic risks, especially regarding new challenges derived from changes in the value chain of construction and our customers' needs, commitments with our stakeholders and natural resource scarcity. Our climate change opportunities are closely related to our recently launched 'Green Solutions, Conscious innovation' portfolio, to the current & future actions to reduce our CO2 footprint and the implementation and use of new technology. Opportunities are assessed through an integration of top-down & bottom-up approaches. In our strategic climate taxonomy, the following opportunities (CO) can be seized downstream: low-carbon products (CO01) and access to new markets (CO02). Impacts from strategic opportunities are identified under the same framework (impact scales and climate scenarios) mentioned above for the same time horizons (2022, 2030, 2040 and 2050).

C2.2a

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

	Relevance & inclusion	Please explain
Current regulation	Relevant, always included	As a building materials industry operating in the Americas, we are already subject to carbon pricing schemes, more specifically carbon taxes in Colombia. Therefore, we consider that the strengthening of this mechanism is a risk related to current regulation that may have a significant impact on our businesses. Then, Argos developed a risk analysis addressing a potential widening of the tax base on Colombia's current carbon applicable to liquid fuels, coal, and gas consumption (see question C2.3, climate risk 2- CR2). The company performed sensitivity analyses for estimating the financial impacts of this risk in the yearly EBITDA at a rate of COP 52.215 (approximately thirteen dollars) and Our estimations conclude that this risk has a potential annual impact of around COP 69000 million, which represents a strong incentive to reassess our energy portfolio.
Emerging regulation	Relevant, always included	In 2022 we defined a taxonomy of climate change risks and opportunities at the strategic (either current or emerging), tactical and operational levels. As a building materials industry operating in the Americas, we may be subject to carbon pricing schemes in the countries we operate, such as Emissions Trading Systems (ETS), which may be the way to further developing climate regulations in emerging economies and in the US. Therefore, we consider that the strengthening of this mechanism is a risk related to emerging regulations that may have a significant impact on our businesses and we defined the risk "Implementation of carbon pricing schemes in the countries where the company operates" (see question C2.3, climate risk 1- CR1). ETS will most likely be implemented over the next few years in the locations where Argos operates. More specifically, Colombia and the US, due to they are the countries where most of our carbon-intensive activities take place, and agendas on ETS are being currently carried out. We estimate impacts from potential implementation of ETS, through the definition of climate scenarios, transition narratives, quantifying the impacts of their potential materialization on strategic OKRs and KRIs such as EBITDA, FCF, net debt/EBITDA ratio and ROCE, for 2022, 2030, 2040 and 2050. Our estimations show that this risk could have an impact between USD 13 and 25 million, which represents a significant impact on operation, so the results of these analyses are constantly reported to the top management to promote decision-making.
Technology	Relevant, always included	We are aware that, as we define as a top company objective to become industry leaders in climate change mitigation and adaptation, we must rely on a strong technological transformation in our business lines (cement, ready-mix and logistics). We have defined the risk "Depreciation or early replacement of existing assets due to technological obsolescence" (see question C2.3, climate risk 6- CR6) and assessed their potential impacts in different time horizons (2030, 2040 and 2050). Even though the quantified impact is lower than to USD 2 million, we are preparing to the moment when it increases as the industry finds further ways to achieve carbon neutrality and the need to incorporate new technological developments increases. From a strategic perspective, our CR6 and company goals are related to the strategic risks (SR) regarding the inability to comply with the company's CO2 emission reduction objectives due to the non-implementation of alternative fuels, technologies, and cementitious materials (SR6) and the delay or impossibility of closing competitiveness gaps in the incorporation of new technologies and in the adoption of the digital transformation strategy (SR2). Argos have been working in initiatives such as the implementation of calcined clays technologies in new facilities, carbon capture technology with microalgae and the implementation of alternative materials and fuels in facilities, to reduce CO2 emissions. And the use of new technologies is required to the success of these initiatives. Also, the company intends to spread this work to upstream and downstream supply chain using alternative, more efficient, and cleaner raw materials and fuels to offer value products such as our Green Solutions portfolio.
Legal	Relevant, always included	As a building materials industry operating, we are constantly exposing ourselves to legal actions and recognize the need to comply to information obligations and regulations in a timely manner. Despite Argos is currently not exposed to legal claims regarding climate change, the authorities in the US and Colombia counts on current and emerging regulation regarding climate change reporting. We count on legal risk matrices at the strategic, tactical and operational levels to identify non-monetary and monetary sanctions derived from potential non-compliances to environmental regulations. In addition, tools such as facility risk assessments and self-assessment tools evaluate the facilities' risk exposure of not complying with their emissions goals, which are in line with Argos' voluntary commitments regarding CO2 emissions and the company's environmental strategy. This is part of the analysis of our strategic risk of non-compliance with norms or standards of ethics and internal control by employees and administrators, or whoever acts on behalf of the company (SR8).
Market	Relevant, always included	Market risks are one of the main challenges to our strategy, either via market dynamics (Strategic Risk 1- SR1), breaches in technology adoption (SR2) or disruptive changes in the value chain (SR3). The company assesses climate-related market risks through the definition of scenarios and transition narratives, quantifying the impacts on strategic OKRs and KRIs for 2022, 2030, 2040 and 2050. We identify three market risks that may affect our strategy: • CR3 increasing cost of raw materials (see question C2.3, risk 3- CR3): Climate change commitments may influence the cost of raw materials, especially coal, petcoke and aggregates. In addition, the increasing attractiveness of alternative fuels mean challenges for fossil fuel substitution, as the scarcity of these resources increases their price and hence our operational costs. • CR4 the uncertainty in electricity markets (see question C2.3, risk 4- CR4): The availability of sources for energy generation, the integration of our self-generation facilities and the regulatory framework and pricing schemes available in different countries, may be affected by climate physical and transition risks and the must be managed. • CR5 the rise in risk-based pricing of risk transfer and retention mechanisms (see question C2.3, risk 5- CR5): Reduction in underwriting capacity for our businesses could increase risk transfer costs and hence insurance premiums in our industry due to the severity of natural catastrophe losses, or by global commitments acquired by insurers and reinsurers for contributing to climate change mitigation.
Reputation	Relevant, always included	Reputational risks are mainly materialized via our investors, representing an emerging potential inability to access to capital, as we belong to a CO2-intensive sector. More and more investors require the combination of market forces, government action, and corporate transparency to determine the optimal investment strategy. And financial products such as green credits require climate- change commitments to reduce interest-rate differentials. So, there would be a potential increase in the cost of borrowing and a potential reduce in the long-term value of the companies if the companies do not align with trends towards carbon neutrality and ESG commitments. According to our IRMS methodology, Argos have defined an impact scale where we evaluate the reputational impact of a risk, it means that we evaluate the effect of the climate change risks on stakeholders. The Corporate Sustainability, Communications and Investor Relations teams constantly perform reputational risk assessments. They monitor media trends, stakeholder perceptions, among other sources, to identify the climate-change issues that may affect the company's reputation and tackle them accordingly, either via communication plans or by creating internal awareness of the company's current challenges.

	Relevance & inclusion	Please explain
Acute physical	Relevant, always included	Argos' activities are exposed to extreme climatic events so the probability and impact of these events are evaluated and monitored at a strategic level. These events affect assets and business continuity, resulting in operating losses, asset damage, and increased insurance costs. In 2022 we defined a taxonomy of climate change risks and opportunities at the strategic, tactical and operational levels, among which we defined the main acute physical risks that may affect the overall achievement of our strategy. These are: Extreme rainfall (see question C2.3, climate risk 8- CR8) CR9- Hurricanes CR10- Landslides CR11- Tornadoes CR12- Wildfires We evaluate periodically the exposure of weather events of all facilities. Losses for all locations are estimated annually using the AIR and RMS models, as well as Probable Maximum Losses estimations (PMLs) and high-level quantifications. We also count on a tool that analyzes changes in physical variables for each relevant asset in climate scenarios and for different time horizons (2030, 2040, 2050), using databases and climatological models such as Copernicus and -to a lesser extent- Cordex, plus international portals using projections derived from the IPCC AR6 (e.g., CMIP6). This tool includes transportation and distribution centers. Climate scenarios selected for physical risk analyses are SSP1/RCP 2.6, SSP2/RCP 4.5 and SSP5/RCP 8.5. Financial impacts are projected for 2030, 2040 and 2050 based on variations in climate patterns from the tool and scenarios. Argos' Climate Change Adaptation Guidelines (CCAG) must be applied to all our existing and future facilities for adapting to physical risks. The CCAG comprises five steps, namely: 1. Identifying and assessing physical risks; 2. Identifying and prioritizing adaptation measures; 3. Planning and implementing selected measures; 4. Monitoring and evaluation; and 5. Lessons learned and best practices.
Chronic physical	Relevant, always included	The depletion of water resources for the continuity of the operation due to climate change and ecosystem degradation (see question C2.3, climate risk 13) is the main chronic risk in the company. Water stewardship is at the core of Argos' Environmental Strategy focusing on the continuous environmental performance improving with specific water consumption reduction targets of 245 l/t; 216 l/m3 & 94l/t for cement, concrete & aggregates businesses by 2030. At a strategic level, water related risks are directly linked with tree of Argos' strategic risks: R6 "Inability to comply with the company's CO2 emission reduction objectives" and R7: "Occurrence of natural events that significantly affect the operation and continuity of businesses". Likewise, water risks constitute the Emerging risk (ER) 2: Depletion of water resources for the continuity of operation due to climate change. Water-related risks count on disruption scenarios and quantified financial impacts, creating alerts about deviations that these might cause in the company's goals, prioritize mitigation plans, and suggest actions to reduce exposure. At a tactical level, the Environmental process risks are used to manage water related risks, by means of an iterative process composed of a series of steps executed in sequence, including risk quantification exercises at the country level and analysis and evaluation of risks in projects, to guarantee continuous improvement in decision-making and ensure the achievement of Argos' Environmental Strategy targets. At operational level, Argos by means of the Measurement and Efficient Water Use Plans, mitigate the water risk identified in previous steps in a local level. Likewise, The Company carries out a water risk assessment using WRI Aqueduct to obtain a total risk exposure by plant and by type of water risk (physical, regulatory and reputational). All chronic risks are monitored based on a tool that analyzes changes in physical variables for each relevant asset in climate scenarios and for different time horizons (2030, 2040, 2050), using databases and climatological models such as Copernicus and -to a lesser extent- Cordex, plus international portals using projections derived from the IPCC AR6 (e.g., CMIP6). Climate scenarios selected for physical risk analyses are SSP1/RCP 2.6, SSP2/RCP 4.5 and SSP5/RCP 8.5.

C2.3

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

Yes

C2.3a

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

Identifier

Risk 1

Where in the value chain does the risk driver occur?

Direct operations

Risk type & Primary climate-related risk driver

Emerging regulation	Carbon pricing mechanisms
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Primary potential financial impact

Increased direct costs

Climate risk type mapped to traditional financial services industry risk classification

<Not Applicable>

Company-specific description

CR1- Implementation of Emissions Trading Systems in the countries where the company operates:

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

Argos operates in regions where ETS have not been implemented to date. Currently we consider the ETS the most feasible carbon pricing scheme to be implemented towards the achievement of each Country's Nationally Determined Contribution (NDC), i.e., the targets each country set and committed for achieving the goals of Paris Agreement. In 2020, countries were requested to submit the next round of NDCs and every five years thereafter (e.g. by 2020, 2025, 2030), regardless of their respective implementation time frames. For instance, by year 2030 the USA committed to decreasing absolute emissions by 51%, while Colombia committed to decreasing them by 50% (previously 20%) under a Business-As-Usual (trend) scenario. Similarly, several countries in the Caribbean and Central America committed to reducing their CO2 emissions, such as Honduras, which set a 16% target under the BAU by 2030. Therefore, all countries comprising our geographical scope may keep increasing their NDCs in the future and hence their demands to carbon-intensive industries to reduce their emissions.

Time horizon

Short-term

Likelihood

Very likely

Magnitude of impact

High

Are you able to provide a potential financial impact figure?

Yes, an estimated range

Potential financial impact figure (currency)

<Not Applicable>

Potential financial impact figure – minimum (currency)

56127717159

Potential financial impact figure – maximum (currency)

110378927665

Explanation of financial impact figure

For 2022, the valuation of this risk estimates potential impacts of having an already existing ETS in the countries in which we operate, considering three likely schemes to be implemented: the RGGI, the California cap-and-trade, and the European Union ETS. We consider their characteristic prices and allowances and include each country's NDC among the assumptions regarding subsidies, considering the case that each country may guarantee free allocations to 100% minus the NDC it has established.

For impacts from 2030 to 2050 we assume ETS in all our geographies with assumptions given by the IEA narratives, as well as inputs from business experts. The expected and maximum gains or losses were modeled in a risk engine that provides the distribution of losses aggregated by geography, time horizon and climate scenario.

The reported figures are based on taxonomy of climate risks and opportunities which quantifies their current impacts (2022) plus impacts in the short (2030), medium (2040) and long term (2050), defining climate scenarios to estimate risk variables and parameters and carry out calculations. Each scenario includes both physical variables (chronic and acute) and transition narratives: "Sustainability" (consistent with SSP1/RCP 2.6 and IEA SDS), "Commitment" (consistent with SSP2/RCP 2.64.5 and IEA STEPS) and "Continuity" (consistent with SSP5/RCP 8.5 and business-as-usual assumptions). Transition narratives set assumptions on the evolution of the social, political, legal, technological, and market contexts, complementing the information with market variables forecasts.

Cost of response to risk

54701476500

Description of response and explanation of cost calculation

In 2022 Argos continued implementing initiatives related to the company's climate change strategy, specifically with the lines of action for mitigation of CO2 emissions. These actions involved investments & expenses around USD \$ 12,8 million (COP \$54701 million).

Some of these initiatives were:

- In 2022, the Science-Based Targets Initiative (SBTi) validated our CO2 emissions reduction target for 2030, aligned with its criteria on the temperature ambition trajectory well below 2°C. - During 2022, we set a Scope 2 target for our cement business unit.
- We continue to voluntarily align with the Financial Stability Board (FSB) recommendations on the Task Force on Climate-related Financial Disclosures (TCFD), which allow us to validate that the identification, assessment and effective management of climate-related risks and opportunities are integrated into our Risk Management process.
- We continue with our commitment to increase the substitution of conventional fuels (coal and Petcoke) by alternative fuels (tires, mixed industrial waste, RDF, used oils, biomass, etc.), reaching a rate of 5.7% at the company level.
- Regarding low-carbon products, the company dedicated 69% of the total budget of its R+D projects to the research and development of these products in 2022.
- Implementation of initiatives to reduce the consumption of electrical and thermal energy. - The U.S. Environmental Protection Agency (EPA) recognized our Harleyville, South Carolina, cement plant with ENERGY STAR® certification for the fourth consecutive year.
- During 2022, at Argos we continue to promote research and development in our cement and concrete products and modular solutions, which we validate through Life-Cycle Assessment (LCA) using the GCCA Tool, EPD
- Quantis, which complies with the Product Category Rules (PCR) for cement (NSF, 2020) and concrete (NSF, 2019).

Comment

With the framework of the Environmental Strategy, Argos monitors and implements actions to reduce CO2 emissions, such as: CO2 inventory (Scope 1, Scope 2 and Scope 3), CO2 reduction objectives and mitigation levers (energy efficiency, use of fuel alternatives, reduction of the clinker/cement ratio, as well as increasing the efficiency of the value chain, among others). Argos believes that through operational efficiency, the implementation of better and cleaner technologies, co-processing programs and new technologies (such as the use of Calcined Clay to reduce the clinker content in cement), it is possible to mitigate its direct CO2 emissions and therefore, its associated transition risks. The company monitors its transition risks through participation in several sector programs: Portland Cement Association (PCA), National Ready-Mixed Concrete Association (NRMCA), Inter-American Cement Federation (FICEM, in Spanish), the Colombian Chamber of Cement and Concrete (PROCEMCO), Global Cement and Concrete Association (GCCA) and the National Association of Entrepreneurs of Colombia (ANDI). In addition, the Risk Management and Environmental Management teams constantly monitor emerging changes in the countries where we operate, through platforms such as the International Carbon Action Partnership (ICAP) and the World Bank's carbon pricing dashboard.

Identifier

Risk 2

Where in the value chain does the risk driver occur?

Direct operations

Risk type & Primary climate-related risk driver

Current regulation

Carbon pricing mechanisms

Primary potential financial impact

Increased direct costs

Climate risk type mapped to traditional financial services industry risk classification

<Not Applicable>

Company-specific description

CR2- New or higher carbon taxes on emissions or fossil fuel consumption:

Among Argos' operations, Colombia is currently the only country where a carbon tax has been implemented. The Environmental, Energy Management, Risk Management, Production and Financial Planning teams developed a risk analysis addressing a potential widening of the tax base on Colombia's current carbon tax. Carbon taxes could be potentially increased soon due to the widening of the tax base to coal and gas consumption.

As it is an indirect tax, the producer of the fuel must collect it and the buyer is the one who must bear its value but can deduct it from the income. From the point of view of the tax management, this allows a reduced margin of maneuver due to its few exemptions or no subjection. The most important of these is to be credited as "carbon neutral". In other words, the Law allows that the carbon tax is not incurred for taxpayers who certify to be carbon neutral through CO2 mitigation initiatives certified by third parties (these are projects developed at the national level whose objective is the reduction or capture of GHG). One can also buy carbon credits, at a cost less than the value of the tax.

Time horizon

Medium-term

Likelihood

Virtually certain

Magnitude of impact

Medium-high

Are you able to provide a potential financial impact figure?

Yes, an estimated range

Potential financial impact figure (currency)

<Not Applicable>

Potential financial impact figure – minimum (currency)

65854244866.38

Potential financial impact figure – maximum (currency)

69512101687.16

Explanation of financial impact figure

The company monitors strategic risks through the definition of risk scenarios and their quantification via impacts of a potential risk materialization on strategic KPIs and KRIs such as EBITDA, FCF, net debt/EBITDA ratio and ROCE, measured as deviations of risk materializations from budgeted KPIs or targets. These scenarios are constantly reported to the top management to promote decision-making.

Given the latest updates on the upcoming tax reform in Colombia, we valued this risk addressing a potential widening of the tax base on Colombia's carbon tax. Under a Value-at-Risk approach, we performed Monte Carlo simulations for cost overruns derived from the tax increase. We took optimistic, likely and pessimistic references for carbon tax values per tonne of coal, gas and liquid fuels all given by new tax reform. These values are also adjusted by inflation figures until 2022, and inflation forecasts from 2023. Annual consumptions of coal and gas were based on our annual forecasts defined by the Technical and Financial Roadmap for reducing our CO2 emissions to 2030.

The company performed sensitivity analyses for estimating the financial impacts of this risk in the yearly EBITDA at a rate of COP 52,215 (approximately thirteen dollars) and Our estimations conclude that this risk has a potential annual impact of around COP 69 billion, which represents a strong incentive to reassess our energy portfolio.

Cost of response to risk

54701476500

Description of response and explanation of cost calculation

In 2022 Argos continued implementing initiatives related to the company's climate change strategy, specifically with the lines of action for mitigation of CO2 emissions. These actions involved investments & expenses around USD \$ 12,8 million (COP \$54701 million).

Some of these initiatives were:

- In 2022, the Science-Based Targets Initiative (SBTi) validated our CO2 emissions reduction target for 2030, aligned with its criteria on the temperature ambition trajectory well below 2°C. - During 202, we set a Scope 2 target for our cement business unit.
- We continue to voluntarily align with the Financial Stability Board (FSB) recommendations on the Task Force on Climate-related Financial Disclosures (TCFD), which allow us to validate that the identification, assessment and effective management of climate-related risks and opportunities are integrated into our Risk Management process.
- We continue with our commitment to increase the substitution of conventional fuels (coal and Petcoke) by alternative fuels (tires, mixed industrial waste, RDF, used oils, biomass, etc.), reaching a rate of 5.7% at the company level.
- Regarding low-carbon products, the company dedicated 69% of the total budget of its R+D projects to the research and development of these products in 2022.
- Implementation of initiatives to reduce the consumption of electrical and thermal energy. - The U.S. Environmental Protection Agency (EPA) recognized our Harleyville, South Carolina, cement plant with ENERGY STAR® certification for the fourth consecutive year.
- During 2022, at Argos we continue to promote research and development in our cement and concrete products and modular solutions, which we validate through Life-Cycle Assessment (LCA) using the GCCA Tool, EPD
- Quantis, which complies with the Product Category Rules (PCR) for cement (NSF, 2020) and concrete (NSF, 2019).

Comment

Whit the framework of the Environmental Strategy, Argos monitors and implements actions to reduce CO2 emissions, such as: CO2 inventory (Scope 1, Scope 2 and Scope 3), CO2 reduction objectives and mitigation levers (energy efficiency, use of fuel alternatives, reduction of the clinker/cement ratio, as well as increasing the efficiency of the value chain, among others). Argos believes that through operational efficiency, the implementation of better and cleaner technologies, co-processing programs and new technologies (such as the use of Calcined Clay to reduce the clinker content in cement), it is possible to mitigate its direct CO2 emissions and therefore, its associated transition risks. The company monitors its transition risks through participation in several sector programs: Portland Cement Association (PCA), National Ready-Mixed Concrete Association (NRMCA), Inter-American Cement Federation (FICEM, in Spanish), the Colombian Chamber of Cement and Concrete (PROCEMCO), Global Cement and Concrete Association (GCCA) and the National Association of Entrepreneurs of Colombia (ANDI). In addition, the Risk Management and Environmental Management teams constantly monitor emerging changes in the countries where we operate, through platforms such as the International Carbon Action Partnership (ICAP) and the World Bank's carbon pricing dashboard.

Identifier

Risk 3

Where in the value chain does the risk driver occur?

Upstream

Risk type & Primary climate-related risk driver

Market	Increased cost of raw materials
--------	---------------------------------

Primary potential financial impact

Increased direct costs

Climate risk type mapped to traditional financial services industry risk classification

<Not Applicable>

Company-specific description

CR3-Increased cost of raw materials:

Risk derived from the increase in the cost of raw materials (e.g. due to climatic events or new regulations) that may cause an increase in the sale price to consumers or affect the product's profitability. This may be one of the most important risk affecting cement production. Beyond the current situation affecting the global supply chain and the fossil fuel supply and market price, climate change commitments could influence market dynamics in the future. This is an urgent call to action for us to keep following our climate change strategy goals, but moreover, to keep seeking as industry deep transformations of our processes through R&D.

- Coal: in a business-as-usual scenario the price of coal is seasonal. However, there will be climate-related events influencing domestic coal supply. For instance, banks are not investing in new mining projects, which may increase coal scarcity. Therefore, it is expected that the price of coal will not fall as pre-pandemic levels once the current global shocks come to an end. In addition, coal regulations are expected to be implemented in the US, affecting especially our production in Martinsburg. Coal costs affect not only clinker production but also clinker imports, which may decrease the feasibility of our grinding centers (like in Panama, Haiti and the Dominican Republic).
- Natural gas: Reductions in coal supply might increase natural gas demand permanently, putting at risk its feasibility as coal substitute. For instance, Colombian regulations prioritize the availability of gas for domestic uses during scarcity periods, affecting gas supply for industrial uses and its costs.
- Petcoke: labor demand among coal and petcoke extraction activities cause indirect impacts on coal costs. Our operations in Honduras are vulnerable to increases in petcoke costs.
- Other raw materials: diesel, iron, steel and paper (for packaging) may be subject to supply shocks and environmental regulations. Aggregates are one raw materials affected by market dynamics, as potential water scarcity may strengthen river conservation actions.
- Alternative fuels: the potential scarcity of fossil fuels and their impact on clinker production may increase the demand in alternative fuels. It is important to strengthen the reliability and availability of these resources through a better development of supply chains.

Time horizon

Medium-term

Likelihood

Virtually certain

Magnitude of impact

Medium

Are you able to provide a potential financial impact figure?

Yes, an estimated range

Potential financial impact figure (currency)

<Not Applicable>

Potential financial impact figure – minimum (currency)

85708000000

Potential financial impact figure – maximum (currency)

152830608000

Explanation of financial impact figure

Impacts correspond to the Value-at-Risk from raw materials' cost increases in the annual budget, setting assumptions in key inputs, mainly coal. The expected and maximum gains or losses were modeled in a risk engine that provides the distribution of losses and potential gains aggregated by geography.

In 2022 Argos updated its taxonomy of climate-related risks and opportunities and quantified their impacts in the short (2030), medium (2040) and long term (2050), defining the climate scenarios to estimate risk variables and parameters and carry out calculations. Climate scenarios guarantee the variety of situations recommended by TCFD, including a scenario with a temperature increase of less than 2° C. Each scenario includes both physical variables (chronic and acute) and transition narratives: "Sustainability" (consistent with SSP1/RCP 2.6 and IEA SDS), "Commitment" (consistent with SSP2/RCP 2.64.5 and IEA STEPS) and "Continuity" (consistent with SSP5/RCP 8.5 and business-as-usual assumptions). Regarding transition risks, transition narratives derive from the IEA SDS and STEPS scenarios plus a business-as-usual narrative developed internally, which have been used as basis for the evolution of the social, political, legal, technological, and market contexts, complementing the information with market variables forecasts. Under the "Sustainability" scenario, impacts may decrease over time (2040, 2050) if an effective energy transition is achieved globally. However, if no effective energy transition is put in place and if we make no further reductions in our fossil fuel dependency beyond our Technical Roadmap in 2030, we foresee that increases in global demand of commodities and/or market supply shocks given, for instance, by geopolitical causes, can increase our annual operational costs by up to USD 20 million (under a "Commitment" scenario) and USD 36 million (under business-as-usual conditions).

Cost of response to risk

6062763474

Description of response and explanation of cost calculation

CCo-processing continues to be one of the main levers to reduce the intensity of net specific CO2 emissions and one of the fundamental factors for energy and cost efficiency in cement operations in the three Regionals. In 2022, Argos continued to implement initiatives related to the Company's Climate Change Strategy, specifically with the lines of action for the mitigation of CO2 emissions. These actions involved investments and expenditures of around USD 12.8 million (COP 54,701,476,500), of which USD 1.4 million (COP 6,062,763,474) were allocated to initiatives related to reducing heat consumption and increasing the rate of use of alternative fuels. Some of these initiatives, in terms of optimizing heat consumption and increasing alternative fuels, were: - We increased the substitution of conventional fuels (coal and PetCoke) for alternative fuels (tires, mixed industrial waste, refuse-derived fuel (RDF), used oils, biomass, etc.) reaching a rate of 6.7% at the company level. - Implementation of initiatives to reduce the consumption of electrical and thermal energy. - The U.S. Environmental Protection Agency (EPA) recognized our Harleyville, South Carolina, cement plant with ENERGY STAR® certification for the fourth consecutive year. In 2022 we implemented 12 of the 14 planned projects and initiatives, this corresponds to a budget execution of 12% compared to the 52.9 million dollars approved for 2030.

Comment

Monitoring and mitigating this risk are integrated into the Company's Risk Management System. Likewise, within the framework of the Environmental Strategy, Argos monitors and implements actions to reduce CO2 emissions, such as: CO2 inventory (Scope 1, Scope 2 and Scope 3), CO2 reduction objectives and mitigation levers (energy efficiency, use of fuel alternatives, reduction of the clinker/cement ratio, as well as increasing the efficiency of the value chain, among others). Argos believes that through operational efficiency, the implementation of better and cleaner technologies, co-processing programs and new technologies (such as the use of calcined clay to

reduce the clinker content in cement), it is possible to mitigate its direct CO2 emissions and therefore its associated transition risks. The company monitors its transition risks through participation in several sector programs: Portland Cement Association (PCA), National Ready-Mixed Concrete Association (NRMCA), Inter-American Cement Federation (FICEM, in Spanish), the Colombian Chamber of Cement and Concrete (PROCEMCO), Global Cement and Concrete Association (GCCA) and the National Association of Entrepreneurs of Colombia (ANDI).

Identifier

Risk 4

Where in the value chain does the risk driver occur?

Upstream

Risk type & Primary climate-related risk driver

Market	Uncertainty in market signals
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Primary potential financial impact

Increased indirect (operating) costs

Climate risk type mapped to traditional financial services industry risk classification

<Not Applicable>

Company-specific description

CR4- Uncertainty in energy markets: Risk derived from the uncertainty associated with climate change that may exist in both the demand and the supply of electricity. Therefore, we may be vulnerable to sudden and unexpected changes in the costs of electricity consumption. The availability of sources for energy generation (mainly hydro and thermal), the integration of our self-generation facilities, the regulatory framework and pricing schemes available in different countries, among others, are the complexities underlying the determination of our energy consumption costs. All these factors may be affected by climate physical and transition risks, as well as by the feasibility of integrating alternative sources to the grid. The following are some factors affecting each country's context:

Colombia: Due to climate commitments, liquefied natural gas moves to Europe and Asia, causing shortages in Central America. Domestic generators cut Central American imports, turning to Colombia's secondary market. Self-generation relies on this supply, raising secondary gas prices. Energy prices rise, long-term contract negotiations decline after 2030. Severe ENSOs impact hydroelectric generation. Colombian energy regulation penalizes excess electricity use during scarcity. Long-term contracts stabilize prices until 2025, but consumption beyond baseline faces high volatile market prices. Exposure increases with damage to self-generation facilities or gas supply issues

Caribbean and Central America: The energy matrices in the countries that make up the region are highly concentrated in oil-derived fuels, except for Panama, which has a large supply of hydraulic energy. Honduras and Puerto Rico have high exposure to thermal energy (coal and/or gas). Haiti's energy supply is based entirely on diesel. The other islands are also dependent on liquid fuels or the like.

United States: energy supply to our operations in the US rely on natural gas and coal.

In the case of electrical energy, renewable energies need to be backed by motors due to their low firmness. Therefore, these forms of energy are not sufficient backup yet to generate long-term contracting mechanisms. This energy must be supported by conventional sources in order to be contracted (additional weight to reliability, reactive energy that must be transported), which can translate into increased energy costs.

Time horizon

Medium-term

Likelihood

Virtually certain

Magnitude of impact

Low

Are you able to provide a potential financial impact figure?

Yes, an estimated range

Potential financial impact figure (currency)

<Not Applicable>

Potential financial impact figure – minimum (currency)

10767491863.48

Potential financial impact figure – maximum (currency)

13588863396.96

Explanation of financial impact figure

Impacts correspond to the Value-at-Risk from raw materials' cost increases (Energy) in the annual budget, setting assumptions for the immediate (2022), short (2030), medium (2040) and long-term (2050) variations of energy prices, and supported by the IEA SDS, IEA STEPS and business-as-usual assumptions and narratives.

Colombia: Estimated cost overruns derived under scarcity conditions with our current energy consumption levels. Energy market price assumptions (i.e., the ones traded outside long-term contracts) were defined by business experts considering the defined time horizons.

Caribbean and Central America: Estimated cost overruns in the Ebitda of Honduras (representative country) due to variations in the cost of kWh.

United States: Impacts quantified according to projections of kWh prices in the country and consumption for 2022.

The expected and maximum gains or losses were aggregated in a risk engine that provides the distribution of losses and potential gains aggregated by geography, type of risk, time horizon and climate scenario.

As a general guideline, reported figures correspond to financial impacts in the most immediate time horizon. Under the "Sustainability" scenario, impacts may decrease over time (2040, 2050) if an effective energy transition is achieved globally. However, if no effective energy transition is put in place, we foresee that the costs of energy consumption may increase by around 2,5 to 3,2 million in the immediate time horizon.

Cost of response to risk

8261571414

Description of response and explanation of cost calculation

We materialize our Corporate Strategy through actions aimed at the efficient use of resources, the improvement of our financial flexibility, and the maximization of income generation and business profitability. For those reasons, we focus in the application of efficient and safe production processes, the diversification of energy-management models and the efficient management of the supply chain.

Regarding electric efficiency, we are aware of the need to work on reducing energy consumption as one of the fundamental pillars in the climate-change mitigation process.

This goes hand in hand with our Corporate Strategies and Policies and with the commitment that our Managers have with sustainability.

The reported Risk Response Cost figure corresponds to investments for the reduction of energy consumption in 2022, such as:

- The increased use of Calcined Clays as a substitute for clinker in the cement grinding process has allowed to reduce the specific consumption of energy to cement in silos (in the Rioclaro Cement Plant)
- Heating gas generator in the Dominican Republic. This gas heater generator was implemented to increase the productivity of the plant. The increase in tons produced is 2,030.

In 2022, Argos will build the Roadmap to reduce CO2 emissions Scope 2 by 2030, with annualized goals for each Regional, detailing the technical mitigation strategies and the investment plan required. This Roadmap will consider two levers for the reduction of Scope 2 emissions: reducing the specific consumption of purchased electricity (kWh/t cement) and increasing the purchase of renewable electricity where possible.

Comment

The company is currently assessing the integrating photovoltaic sources for self-consumption in its plants in Honduras (Rioblanquito), Puerto Rico, Guyana, Curacao, and Antilles. We are making strategic alliances with partners such as Celsia in which we set Power Purchasing Agreements for long-term solar energy supply.

- Rio Blanco: A 1.17 MWp capacity solar farm was installed that will be able to supply between 20% and 40% of the plant's electricity demand. This project was developed together with Celsia under an energy sale scheme.
- Guayana: The negotiation is being closed to put on roof (cement warehouse roof and parking lot) 152 kWp to supply 5% of the electricity demand of the operation. The project will be developed in conjunction with HELEXIA under an energy sale scheme.
- Curaçao: The purchase of panels with ECOVOLT to mount 110 kWp on the roof that will supply 100% of the demand of the operation was closed. In this scheme both Argos and the partner are the owners of the equipment.
- Puerto Rico: The energy purchase scheme that best fits the current and future operation of the plant is being analyzed. No project has yet been developed.
- Antilles: We are reviewing local supply opportunities in schemes where a third party makes the investment and sells us the energy. No project has yet been developed.

Identifier

Risk 5

Where in the value chain does the risk driver occur?

Upstream

Risk type & Primary climate-related risk driver

Market	Other, please specify (Rise in risk-based pricing of insurance policies (beyond demand elasticity))
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Primary potential financial impact

Increased indirect (operating) costs

Climate risk type mapped to traditional financial services industry risk classification

<Not Applicable>

Company-specific description

CR5- Rise in risk-based pricing of risk transfer and retention mechanisms:

Risks derived from cost overruns in insurance programs due to increased exposure to physical and transition climate change risks. Climate events may increase the frequency and severity of natural catastrophe losses, fostering changes in commercial property insurance conditions. In addition, major reinsurance companies have acquired global commitments for contributing to climate change mitigation, such as the UN Principles for Sustainable Insurance, UN Net-Zero Insurance Alliance and the UN-convened Net-Zero Asset Owner Alliance, all of which promote goals in terms of emissions reporting, investments and businesses of their subscription (NZIA) and investment (NZAOA) portfolios. The NZAOA counts on guidelines about the reporting of emissions, goals, businesses (including cement) and mitigation activities, so we can expect that in the future additional specifications will be adapted for underwriting risks in our industry. Under these frameworks, reinsurers have adhered or will adhere to the "Thermal Coal Position", which establishes the following:

- Other than coal plants currently under active construction, no further thermal coal power plants should be financed, insured, built, developed or planned.
- There should be an immediate cancellation of all new thermal coal projects, including thermal coal plants, coal mines and related infrastructure (i.e. supplying products or services to thermal coal-based projects or business models) that are in pre-construction phase.
- There should be a phase-out of all unabated existing coal-fed electricity generation in accordance with 1.5°C pathways, as provided by the IPCC and referenced by the International Energy Agency and Powering Past Coal Alliance (PPCA). The most recent energy system models require an accelerated transition in developed economies including phase outs in most thermal coal assets by 2030 for industrialized countries and a full phase out globally by 2040.

Reduction in underwriting capacity for our cement and self-generation businesses could increase risk transfer costs and hence insurance premiums in our industry. Therefore, Climate change and ESG management may become a determinant in the allocation of insurance and reinsurance investment and underwriting portfolios. We must move forward to meet the ambitions set by reinsurers in terms of reporting, goals and processes, for maintaining our current risk financing capacity.

Time horizon

Medium-term

Likelihood

Very likely

Magnitude of impact

Medium-low

Are you able to provide a potential financial impact figure?

Yes, an estimated range

Potential financial impact figure (currency)

<Not Applicable>

Potential financial impact figure – minimum (currency)

31928400000

Potential financial impact figure – maximum (currency)

53214000000

Explanation of financial impact figure

In 2022 Argos quantified the business impacts from a taxonomy of climate-related risks and opportunities in the short (2030), medium (2040) and long term (2050), defining the climate scenarios to estimate risk variables and parameters and carry out calculations. Climate scenarios guarantee the variety of situations recommended by TCFD, including a scenario with a temperature increase of less than 2° C. Each scenario includes both physical variables (chronic and acute) and transition narratives: "Sustainability" (consistent with SSP1/RCP 2.6 and IEA SDS), "Commitment" (consistent with SSP2/RCP 2.64.5 and IEA STEPS) and "Continuity" (consistent with SSP5/RCP 8.5 and business-as-usual assumptions). Regarding transition risks, transition narratives derive from the IEA SDS and STEPS scenarios plus a business-as-usual narrative developed internally, which have been used as basis for the evolution of the social, political, legal, technological, and market contexts, complementing the information with market variables forecasts.

Based on all the defined information, the business areas made high-level estimates of the expected and maximum losses for each risk and opportunity. These estimates combined elements such as: real-case analyses, actuarial estimates, assumptions about the behavior of the business and the industry, among others. The results collect both the qualitative and quantitative vision of what can be seen today, being aware that these may change as the uncertainty about the future panorama is reduced. In parallel, correlations between risks, opportunities and the different geographies were defined. IEA SDS, IEA STEPS and business-as-usual transition scenarios were matched with SSP/RCP 2.6, 4.5 and 8.5 scenarios respectively, for aggregating transition and physical risk valuations and provide company-wide results. Finally, the expected and maximum gains or losses were modeled in a risk engine that provides the distribution of losses and potential gains aggregated by geography, type of risk, time horizon and climate scenario.

As a general guideline, reported figures correspond to financial impacts in the most immediate time horizon. We foresee this risk to be materialized in 2030 and/or beyond, and we report figures of cost increases under the "Sustainability" scenario. The company considers that the climate change agenda could multiply reported impacts by three in 2050.

Cost of response to risk

4746688800

Description of response and explanation of cost calculation

Our Corporate Insurance Program aims to transfer insurable risks under statistical models recognized in the reinsurance market, taking advantage of our competitive advantages such as our geographical presence, our maturity in risk management and the information available for risk-based decision making. Through reinsurance, we seek an adequate and optimal transfer of risks, to avoid significant deviations from our objectives in case of possible materializations and we pursue an adequate compensation of possible losses our Insurance Strategy is defined annually, in which we define the most efficient traditional and alternative mechanisms and structures to guarantee an adequate transfer of risks. We also maintain fluid communication with our reinsurers, either directly or through our insurance and reinsurance brokers, showing our progress in achieving our Climate Strategy, our Climate Change Risk Management and the most relevant updates in Environmental, Social and Governance Management. The Reported Response Cost corresponds to the additional risk premium for the retention of our recently funded captive company BMR Ltd – Building Materials Reinsurance Ltd – which was created from maturity in risk management and a strong commitment of the Board of Directors to operational excellence. It will operate as a separate company, with sufficient capacity to retain and control losses due to frequent events associated with material damage and loss of profits. Initially, BMR will participate with a withholding in excess of deductibles, a scheme that is based on actuarial models of losses, which seeks to reduce the frequency of these and their transfer to the market. It responds to compliance with liquidity, solvency and capital requirements by the regulator. This model will undergo continuous review to generate financial traction, allowing greater risk participation in the medium term. BMR's creation sends a message to the reinsurance market, emphasizing our commitment to operational excellence and sustainable management. It strengthens the link between risk transfer and best practices in risk management. Alternative risk mechanisms, like captive risks, mitigate potential risks from reduced underwriting capacity due to demands to reduce fossil fuel dependence and climate change-related property and liability claims. Change physical and transition risks.

Comment

Our Corporate Insurance Strategy (Ownership, Liability and Profits) includes the definition of the optimal risk transfer structure through, among others, the following mechanisms: direct and constant communication with our reinsurers through roadshows, meetings and reports, annual review of limits and deductibles, implementation of valuation methodologies to ensure accurate updating of insurable values, Analysis of traditional and non-traditional risk transfer mechanisms that can guarantee an adequate transfer of risks in our company and widely communicate our efforts in the management of our climate change and sustainability risks.

Identifier

Risk 6

Where in the value chain does the risk driver occur?

Direct operations

Risk type & Primary climate-related risk driver

Technology	Transitioning to lower emissions technology
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Primary potential financial impact

Increased capital expenditures

Climate risk type mapped to traditional financial services industry risk classification

<Not Applicable>

Company-specific description

CR6- Depreciation or early replacement of existing assets due to technological obsolescence:

Risk derived from the delay in renewing technological equipment. Consequently, an earlier obsolescence can reduce the assets' value. Given the increasing need to transform our production processes, our businesses face the following challenges:

- Cement: Wet lines in Colombia are the most likely to become obsolete either from climate change regulations and standards, increasing operational costs, or decreasing limestone reserves in quarries. Closing wet processes imply changes in the business model in the Colombian Southwest zone or changes in the product portfolio. Other wet processes, such as the Cartagena wet line, will be closed before 2030. Regarding dry plants, there is a growing need to implement new technologies in addition to the existing ones (e.g., carbon capture and alternative fuels). Cement plants in the US do not need to make a rapid technological conversion, as company goals can be met and 10-15% more demanding regulation can be faced with investments up to 9 million USD. Currently, the Piedras Azules plant in Honduras has state-of-the-art technology for the incorporation of supplementary cementitious materials. The stage we are in could turn this into an opportunity in this market, as it can be a mechanism that local producers can use to increase their competitiveness against importers.
- Concrete and logistics: these business lines face the challenging need to renew the fleet so that it complies with emission standards. Although a large part of the fleet meets these conditions, further substantial changes require conversion to feasible gas and electric options. This nowadays is considered a challenge rather than an opportunity. For instance, for the transition to a fleet of electric vehicles, the countries in which we operate need to have adequate infrastructure (e.g., multiple charging points) that supports a change of fleet to cleaner technologies. The gradual transition to migrate to those technologies would take 5 to 10 years. In addition, for electric or gas-led fleets to work, it would be necessary to reduce the trucks' load, which in turn reduces the cost-efficiency of the equipment and increases loading times. Moreover, as Argos is not the direct owner of its vehicles in some segments, and regulation is heavily influenced by the transporting sector, we cannot have a direct influence on the

implementation of these changes.

Time horizon

Medium-term

Likelihood

More likely than not

Magnitude of impact

Low

Are you able to provide a potential financial impact figure?

Yes, an estimated range

Potential financial impact figure (currency)

<Not Applicable>

Potential financial impact figure – minimum (currency)

6385680000

Potential financial impact figure – maximum (currency)

8514240000

Explanation of financial impact figure

For the technology risk, we currently count on potential additional investments needed in the cement business in the US for complying with additional emissions regulations. We do not consider CAPEX for changing wet processes (to be made between 2023 and 2030), as we regard them as investments to take all our operations to an equal technological development status (see 'Cost of response to risk' and 'Description of response'). and the feasibility of changing our fleet is yet to be determined. For the last calculation phase, the expected and maximum gains or losses were modeled in a risk engine that provides the distribution of losses and potential gains aggregated by geography, type of risk, time horizon and climate scenario. In the quantification of this impact we combined elements such as: real-case analyses, actuarial estimates, assumptions about the behavior of the business and the industry, among others

Cost of response to risk

452777000000

Description of response and explanation of cost calculation

According to the European Cement Research Academy (ECRA) and Cement Sustainability Initiative (CSI) in its publication "Development of state-of-the-art techniques" generation in cement manufacturing: trying to look to the future, 2017 revision" (Available from: http://docs.wbcsd.org/2017/06/CSI_ECRA_Technology_Papers_2017.pdf, page 36) is would be the investment that may be required for the installation of a new line production of dry type clinker, which is much more efficient in comparison with a wet type and therefore generates less CO2 emissions per ton of clinker produced. We take this information as a general estimate to start designing the business case of the Activities we need to carry out until 2030 to increase efficiency and reduce our carbon footprint.

Comment

According to our Technical and Financial Roadmap for reduce Scope 1 CO2 emissions and achieve the proposed target by 2030. We have defined the levers to reduce emissions from CO2:

- The evaluation of the operational continuity of those processes with lower performance in terms of CO2 emissions, due to the nature of your technology (e.g. progressive closure of ovens wet as they are more inefficient clinker production technologies).
- Optimization of heat consumption depending on settings operational and infrastructure.
- The diversification of the fuel portfolio, promoting the Substitution of heat by alternative fuels.
- The optimization of the clinker/cement factor through the diversification and expansion of the Company's portfolio with Low carbon products In 2022, we implemented 12 of the 14 planned projects and initiatives; This corresponds to a budget execution of 12% compared to to the USD 52.9 million approved for 2030.

Identifier

Risk 7

Where in the value chain does the risk driver occur?

Downstream

Risk type & Primary climate-related risk driver

Reputation	Stigmatization of sector
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Primary potential financial impact

Decreased access to capital

Climate risk type mapped to traditional financial services industry risk classification

<Not Applicable>

Company-specific description

CR7- Restrictions on access to capital, credits and the like, as it is a production process that is intensive in CO2 emissions:

As we belong to a CO2-intensive sector More and more investors require the combination of market forces, government action, and corporate transparency to determine the optimal investment strategy. And financial products such as green credits require climate- change commitments to reduce interest-rate differentials. So, there would be a potential increase in the cost of borrowing and a potential reduce in the long-term value of the companies if the companies do not align with trends towards carbon neutrality and ESG commitments. This may begin to materialize strongly in the Americas, which may follow emerging trends in other regions. The impacts would be the following:

Credit: impacts are manifested through the differentials in interest rates of the green credits acquired. Penalties for non-compliance with commitments are manifested quickly and are subject to credit conditions.

Investment: this is considered to carry the greatest potential impact. At this time, the effects of an investor withdrawal is difficult to estimate, since the company is undertaking strategic projects to match its real value with share prices. The impacts of investor movements will largely depend on the success of these projects. However, it should be noted that since 2021 we have been responding to deeper concerns regarding our commitments to reduce emissions in the short term (2030). It should be noted that investors not only refer to the disclosure of information, but also compare our indicators and goals with those of industry peers, and this could become a criterion for allocating capital to the sector in the future.

The impacts derived from this risk are, among others:

Changes in credit ratings motivated by ESG criteria (environmental, social and governance) that impact investment opportunities.

Cost overruns of credit placed by financial institutions.

Impossibility of acquiring credit instruments that allow the financing of projects that contribute to climate change mitigation.
Lack of access to credit lines with competitive rates attached to ESG performance
Withdrawal of capital and advocacy from investors who are seeking to change their portfolios to sectors with a lower carbon footprint, carbon neutral or whose actions are aimed at mitigating the impacts of climate change.

Time horizon

Medium-term

Likelihood

Very likely

Magnitude of impact

Low

Are you able to provide a potential financial impact figure?

Yes, an estimated range

Potential financial impact figure (currency)

<Not Applicable>

Potential financial impact figure – minimum (currency)

675000000

Potential financial impact figure – maximum (currency)

2025000000

Explanation of financial impact figure

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

We have three credit lines linked to sustainability indicators. The first loan is a long-term financing agreement between BBVA and Argos for COP 160 billion (equal to approximately 37 million euros), with an interest rate linked to the company's performance on environmental, social and governance best practices aspects.

The second was through the Concretos Argos subsidiary, which signed with Bancolombia for COP 135 billion with a reduced interest rate linked to specific net CO2 emissions, water consumption in the cement business and the evaluation of sustainability criteria of suppliers, as part of the company's interest in developing an increasingly sustainable value chain.

And the third one was the first ESG loan with international banks worth USD 300 million to prepay an existing syndicated loan signed with BNP Paribas Securities Corp., Natixis, New York Branch., Sumitomo Mitsui Banking Corporation and The Bank of Nova Scotia. The interest rate is linked to CO2 emission reduction indicators and the percentage of women in leadership positions. It was signed by the Argos North America Corp subsidiary and included Cementos Argos S.A. and Argos USA LLC as guarantors of the operation.

Cost of response to risk

54701476500

Description of response and explanation of cost calculation

In 2022, Argos continued to implement initiatives related to the Company's Climate Change Strategy, specifically with the lines of action that promote the mitigation of CO2 emissions. These actions involved investments and expenses of approximately USD 12.8 million (COP 54,701 million). Some of these initiatives were: - During 2021, we built the Technical and Financial Roadmap to reduce CO2 emissions and achieve the goal set for 2030. - In 2022, the Science-Based Targets Initiative (SBTi) validated our CO2 emissions reduction target for 2030, aligned with its criteria on the temperature ambition trajectory well below 2°C. - During 2022, we set a Scope 2 target for our cement business unit. - We continue to voluntarily align with the Financial Stability Board (FSB) recommendations on the Task Force on Climate-related Financial Disclosures (TCFD), which allow us to validate that the identification, assessment and effective management of climate-related risks and opportunities are integrated into our risk management process. - We continue with our commitment to increase the substitution of conventional fuels (coal and Petcoke) by alternative fuels (tires, mixed industrial waste, RDF, used oils, biomass, etc.), reaching a rate of 5.7% at the company level. - Regarding low-carbon products, the company dedicated 69% of the total budget of its R+D projects to the research and development of these products in 2022. - Implementation of initiatives to reduce the consumption of electrical and thermal energy. - The U.S. Environmental Protection Agency (EPA) recognized our Harleyville, South Carolina, cement plant with ENERGY STAR® certification for the fourth consecutive year. - During 2022, more than 370 Life-Cycle Assessments (LCA) of our cement and concrete products were conducted in the three regions through the implementation of the GCCA tool, EPD Tool – Quantis, which complies with Product Category Rules (PCR) for cement (NSF, 2020) and concrete (NSF, 2019). This work has allowed us to identify low-carbon products in our geographies

Comment

Monitoring and mitigation of this risk are integrated into the company's risk management system. Likewise, within the framework of the Environmental Strategy, Argos monitors and implements actions to reduce CO2 emissions, such as: CO2 inventory (scope 1, scope 2 and scope 3), CO2 reduction objectives, and mitigation levers (energy efficiency, use of alternative fuels, reduction of the clinker/cement ratio, as well as the increase in the efficiency of the value chain, among others). Argos considers that through the operational efficiency, the implementation of better and cleaner technologies, co-processing programs and new technologies such as (as the usage of calcined clay to reduce clinker content in cement), is possible to mitigate its CO2 direct emissions and therefore its transition risks associated.

The company monitors its transitions risks through the participation in several sectorial programs: Portland Cement Association (PCA), National Ready-Mix Association (NRMCA), FICEM (American Federation of Cement), PROCEMCO (Colombian Chamber of Cement and Concrete), GCCA (Global Cement and Concrete Association) and ANDI (National Business Association of Colombia).

Identifier

Risk 8

Where in the value chain does the risk driver occur?

Direct operations

Risk type & Primary climate-related risk driver

Acute physical	Heavy precipitation (rain, hail, snow/ice)
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Primary potential financial impact

Decreased revenues due to reduced production capacity

Climate risk type mapped to traditional financial services industry risk classification

<Not Applicable>

Company-specific description

CR8- Extreme rainfall:

In 2022 we defined a taxonomy of climate change risks and opportunities at the strategic (either current or emerging), tactical and operational levels. Periods of extreme rainfall occur when a large amount of rain falls in a short time. They are one of

the most material threat affecting the ready-mix business in the United States. For every degree Fahrenheit the world warms, extreme rainfall at higher elevation increases by 8.3% (15% for every degree Celsius). So, we must increase our awareness of the budget effects from the increase in the frequency and severity from this phenomenon since these substantially affect the fulfillment of the agreed goals.

- In the United States, 20 percent of the country can expect a 1-in-100-year storm to happen every 25 years. Heavy rains may affect the cement business from the increase in flood risks in zones of open-pit exploitation. In addition to flooding the pit, the presence of surrounding clayey areas can affect production, as pumping may be required to stop contingencies. Facilities in Harleyville and Roberta are the most vulnerable to these events.

- In Colombia, rainy seasons cause floods in coal mines affecting exploitation and hence fuel supply for the cement kilns. In addition, rainy seasons can affect the energy supply, since the sedimentation levels of the rivers rise, impacting hydroelectric generation. We have a reference case in Colombia in which excess rainfall caused a limestone mine to lose a year of exploitation, causing significant cost overruns from the lack of the required aggregates for ready-mix production. Moreover, extreme rainfalls cause stoppages in construction projects, affecting the ready-mix logistics planning.

Time horizon

Short-term

Likelihood

Virtually certain

Magnitude of impact

Medium-high

Are you able to provide a potential financial impact figure?

Yes, an estimated range

Potential financial impact figure (currency)

<Not Applicable>

Potential financial impact figure – minimum (currency)

63856800000

Potential financial impact figure – maximum (currency)

106428000000

Explanation of financial impact figure

In 2022 Argos finished the quantification of impacts from a taxonomy of climate-related risks & opportunities in the short (2030), medium (2040) & long term (2050), considering scenarios to estimate risk variables & parameters and carry out calculations. Climate scenarios ensure the variety of situations recommended by TCFD, including a scenario with a temperature increase of less than 2° C. Each scenario includes both physical variables & transition narratives: "Sustainability" (consistent with SSP1/RCP 2.6 & IEA SDS), "Commitment" (SSP2/RCP 2.64.5 and IEA STEPS) and "Continuity" (SSP5/RCP 8.5 and business-as-usual assumptions). Transition narratives were based on the IEA SDS & STEPS scenarios plus a business-as-usual narrative developed internally, which were used as basis for the evolution of the social, political, legal, technological, & market contexts, complementing the information with market variables forecasts. For physical risks, Argos has a tool that analyzes changes in the physical variables for each relevant asset in each scenario & time horizon, using databases & climatological models such as the Copernicus databases and -to a lesser extent- Cordex, international portals using projections derived from the IPCC AR6 (e.g., CMIP6)

As a general guideline, reported figures correspond to financial impacts in the most immediate time horizon (2022) and the most vulnerable business line (RMX in the US). According to the estimations under climate scenarios, climate change could increase these impacts by 1 to 53% under a SSP1/RCP 2.6 scenario, 4 to 55% under a SSP2/RCP 4.5 scenario and 3 to 67% under a SSP5/RCP 8.5 in the timeframe analyzed (2030-2050).

Cost of response to risk

62575394108.64

Description of response and explanation of cost calculation

Reported management costs comprise the global corporate property and business interruption policy premium for 2022-2023. The policy covers global losses from property damage and business interruption for natural events included and covers all our facilities. Moreover, the potential impacts enable Argos implementing early actions aimed at optimizing the logistics chain to reduce the magnitude of potential impacts as well as to reduce our exposure to increased insurance premium costs.

In addition, all facilities are currently designing climate change adaptation plans, according to Argos' Climate Change Adaptation Guidelines (CCAG), which must be applied to all our existing facilities and new operations acquired by the company in the future. Argos' CCAG comprises five steps, namely:

1. Identifying & assessing physical risks

For assessing these threats in each facility, we rely on our Physical Risk Assessment Tool released in 2021, which displays the intensity of natural hazards in each location, combined with vulnerability assessments to obtain a facility score of physical risk exposure. Results of the physical risk assessment combined with quantitative modelling provide inputs for designing climate change adaptation measures in each facility.

2. Identifying and prioritizing adaptation measures

Identifying measures aimed at reducing the effects of climate variability & change. Prioritizing these measures implies identifying which ones are most appropriate and effective.

3. Planning & implementing selected measures

Planning the prioritized measures implies considering aspects such as scope, timeframe, cost-benefit analyses and funding sources, which must be defined for each facility.

4. Monitoring & evaluation

The measures adopted must be monitored & evaluated to guarantee continuous improvement. Argos counts on a self-assessment tool (SSA) for evaluating the environmental management system's maturity which allows grading & following-up the implementation of control measures to mitigate risk exposure.

5. Lessons learned & best practices

This stage aims to determine whether the implemented measures increased climate resilience.

Comment

N/A

Identifier

Risk 9

Where in the value chain does the risk driver occur?

Direct operations

Risk type & Primary climate-related risk driver

Acute physical	Cyclone, hurricane, typhoon
----------------	-----------------------------

Primary potential financial impact

Decreased revenues due to reduced production capacity

Climate risk type mapped to traditional financial services industry risk classification

<Not Applicable>

Company-specific description

CR9- Hurricanes:

In 2022 we defined a taxonomy of climate change risks and opportunities at the strategic (either current or emerging), tactical and operational levels. According to the company's climate risk assessment carried out in 2022, hurricanes are one of the most significant physical risks affecting our business strategy in general. Hurricanes are big, swirling storms that form over warm ocean waters. They gather energy as warm, moist air rises from the ocean's surface. Climate change is worsening hurricane impacts in the United States by increasing the intensity and decreasing the speed at which they travel.

Warmer sea temperatures cause wetter hurricanes, with 10-15 percent more precipitation from storms projected and an increase in Category 4 and 5 hurricanes. These risks foster the need to frequently monitor potential impacts from extreme weather events on our operations and supply chain, and design mitigation and adaptation strategies for all our facilities depending on their specific degree of vulnerability.

Time horizon

Short-term

Likelihood

Likely

Magnitude of impact

Medium-low

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact figure (currency)

60298362791.52

Potential financial impact figure – minimum (currency)

<Not Applicable>

Potential financial impact figure – maximum (currency)

<Not Applicable>

Explanation of financial impact figure

In 2022 Argos finished the quantification of impacts from a taxonomy of climate-related risks & opportunities in the short (2030), medium (2040) & long term (2050), considering scenarios to estimate risk variables & parameters and carry out calculations. Climate scenarios ensure the variety of situations recommended by TCFD, including a scenario with a temperature increase of less than 2° C. Each scenario includes both physical variables & transition narratives: "Sustainability" (consistent with SSP1/RCP 2.6 & IEA SDS), "Commitment" (SSP2/RCP 2.64.5 and IEA STEPS) and "Continuity" (SSP5/RCP 8.5 and business-as-usual assumptions). Transition narratives were based on the IEA SDS & STEPS scenarios plus a business-as-usual narrative developed internally, which were used as basis for the evolution of the social, political, legal, technological, & market contexts, complementing the information with market variables forecasts. For physical risks, Argos has a tool that analyzes changes in the physical variables for each relevant asset in each scenario & time horizon, using databases & climatological models such as the Copernicus databases and -to a lesser extent- Cordex, international portals using projections derived from the IPCC AR6 (e.g., CMIP6)

As a general guideline, reported figures correspond to financial impacts in the most immediate time horizon (2022) according to the updated RMS modelling applied to our footprint. According to the estimations under climate scenarios, climate change could increase these impacts by 6 to 26% under a SSP1/RCP 2.6 scenario, 6 to 32% under a SSP2/RCP 4.5 scenario and 5 to 43% under a SSP5/RCP 8.5 in the timeframe analyzed (2030-2050).

Cost of response to risk

62575394108.64

Description of response and explanation of cost calculation

Reported management costs comprise the global corporate property and business interruption policy premium for 2022-2023. The policy covers global losses from property damage and business interruption for natural events included and covers all our facilities. Moreover, the potential impacts enable Argos implementing early actions aimed at optimizing the logistics chain to reduce the magnitude of potential impacts as well as to reduce our exposure to increased insurance premium costs.

In addition, all facilities are currently designing climate change adaptation plans, according to Argos' Climate Change Adaptation Guidelines (CCAG), which must be applied to all our existing facilities and new operations acquired by the company in the future. Argos' CCAG comprises five steps, namely:

1. Identifying & assessing physical risks

For assessing these threats in each facility, we rely on our Physical Risk Assessment Tool released in 2021, which displays the intensity of natural hazards in each location, combined with vulnerability assessments to obtain a facility score of physical risk exposure. Results of the physical risk assessment combined with quantitative modelling provide inputs for designing climate change adaptation measures in each facility.

2. Identifying and prioritizing adaptation measures

Identifying measures aimed at reducing the effects of climate variability & change. Prioritizing these measures implies identifying which ones are most appropriate and effective.

3. Planning & implementing selected measures

Planning the prioritized measures implies considering aspects such as scope, timeframe, cost-benefit analyses and funding sources, which must be defined for each facility.

4. Monitoring & evaluation

The measures adopted must be monitored & evaluated to guarantee continuous improvement. Argos counts on a self-assessment tool (SSA) for evaluating the environmental management system's maturity which allows grading & following-up the implementation of control measures to mitigate risk exposure.

5. Lessons learned & best practices

This stage aims to determine whether the implemented measures increased climate resilience.

Comment

N/A

Identifier

Risk 10

Where in the value chain does the risk driver occur?

Direct operations

Risk type & Primary climate-related risk driver

Acute physical	Landslide
----------------	-----------

Primary potential financial impact

Decreased revenues due to reduced production capacity

Climate risk type mapped to traditional financial services industry risk classification

<Not Applicable>

Company-specific description

CR10- Landslides derived from extreme weather events:

In 2022 we defined a taxonomy of climate change risks and opportunities at the strategic (either current or emerging), tactical and operational levels. Landslides is one of the most significant physical risks affecting our businesses, more specifically in Colombia, where the geographic features and relief surrounding our facilities and value chain, plus the current vulnerability of roads may cause severe blockages affecting the supply chain, product delivery and business continuity. The most material and vulnerable plants are Río Claro, Nare, and Cartagena. A worst-case scenario may create disruptions of at least 30 days for Cartagena (an additional band would have to be enabled). For Rioclaro, the main impact would be generated by dispatch issues. The company foresees that the country's road infrastructure will improve in the future by developing better conditions and building alternative routes that reduce the infrastructure's vulnerability.

Time horizon

Short-term

Likelihood

Virtually certain

Magnitude of impact

Low

Are you able to provide a potential financial impact figure?

Yes, an estimated range

Potential financial impact figure (currency)

<Not Applicable>

Potential financial impact figure – minimum (currency)

1064280000

Potential financial impact figure – maximum (currency)

21285600000

Explanation of financial impact figure

In 2022 Argos finished the quantification of impacts from a taxonomy of climate-related risks & opportunities in the short (2030), medium (2040) & long term (2050), considering scenarios to estimate risk variables & parameters and carry out calculations. Climate scenarios ensure the variety of situations recommended by TCFD, including a scenario with a temperature increase of less than 2° C. Each scenario includes both physical variables & transition narratives: "Sustainability" (consistent with SSP1/RCP 2.6 & IEA SDS), "Commitment" (SSP2/RCP 2.64.5 and IEA STEPS) and "Continuity" (SSP5/RCP 8.5 and business-as-usual assumptions). Transition narratives were based on the IEA SDS & STEPS scenarios plus a business-as-usual narrative developed internally, which were used as basis for the evolution of the social, political, legal, technological, & market contexts, complementing the information with market variables forecasts. For physical risks, Argos has a tool that analyzes changes in the physical variables for each relevant asset in each scenario & time horizon, using databases & climatological models such as the Copernicus databases and -to a lesser extent- Cordex, international portals using projections derived from the IPCC AR6 (e.g., CMIP6)

As a general guideline, reported figures correspond to annualized financial impacts in the most immediate time horizon (2022) and the most vulnerable business line, i.e., cement and concrete in Colombia. According to the estimations under climate scenarios, climate change could increase these impacts by 1 to 36% under a SSP1/RCP 2.6 scenario, 1,5 to 38% under a SSP2/RCP 4.5 scenario and 1,8 to 46% under a SSP5/RCP 8.5 in the timeframe analyzed (2030-2050).

Cost of response to risk

62575394108

Description of response and explanation of cost calculation

Reported management costs comprise the global corporate property and business interruption policy premium for 2022-2023. The policy covers global losses from property damage and business interruption for natural events included and covers all our facilities. Moreover, the potential impacts enable Argos implementing early actions aimed at optimizing the logistics chain to reduce the magnitude of potential impacts as well as to reduce our exposure to increased insurance premium costs.

In addition, all facilities are currently designing climate change adaptation plans, according to Argos' Climate Change Adaptation Guidelines (CCAG), which must be applied to all our existing facilities and new operations acquired by the company in the future. Argos' CCAG comprises five steps, namely:

1. Identifying & assessing physical risks

For assessing these threats in each facility, we rely on our Physical Risk Assessment Tool released in 2021, which displays the intensity of natural hazards in each location, combined with vulnerability assessments to obtain a facility score of physical risk exposure. Results of the physical risk assessment combined with quantitative modelling provide inputs for designing climate change adaptation measures in each facility.

2. Identifying and prioritizing adaptation measures

Identifying measures aimed at reducing the effects of climate variability & change. Prioritizing these measures implies identifying which ones are most appropriate and effective.

3. Planning & implementing selected measures

Planning the prioritized measures implies considering aspects such as scope, timeframe, cost-benefit analyses and funding sources, which must be defined for each facility.

4. Monitoring & evaluation

The measures adopted must be monitored & evaluated to guarantee continuous improvement. Argos counts on a self-assessment tool (SSA) for evaluating the environmental management system's maturity which allows grading & following-up the implementation of control measures to mitigate risk exposure.

5. Lessons learned & best practices

This stage aims to determine whether the implemented measures increased climate resilience.

Comment

N/A

Identifier

Risk 11

Where in the value chain does the risk driver occur?

Risk type & Primary climate-related risk driver

Acute physical	Tornado
----------------	---------

Primary potential financial impact

Decreased revenues due to reduced production capacity

Climate risk type mapped to traditional financial services industry risk classification

<Not Applicable>

Company-specific description

CR11- Tornadoes:

In 2022 we defined a taxonomy of climate change risks and opportunities at the strategic (either current or emerging), tactical and operational levels. According to the company's climate risk assessment carried out in 2022, tornadoes are one of the most significant physical risks affecting not only our footprint but our business strategy in general, more specifically in the United States and the Caribbean and Central America regional divisions. By 2100, the average annual number of massive, rotating storms known for producing the most severe tornadoes that hit the eastern United States will increase by 6.6 percent. Tornado season may be longer and move farther east. Increasingly mild U.S. winters mean the atmospheric instability necessary for tornadic storms may be present more often in early spring and late fall.

Time horizon

Short-term

Likelihood

Likely

Magnitude of impact

Low

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact figure (currency)

11464104876

Potential financial impact figure – minimum (currency)

<Not Applicable>

Potential financial impact figure – maximum (currency)

<Not Applicable>

Explanation of financial impact figure

In 2022 Argos finished the quantification of impacts from a taxonomy of climate-related risks & opportunities in the short (2030), medium (2040) & long term (2050), considering scenarios to estimate risk variables & parameters and carry out calculations. Climate scenarios ensure the variety of situations recommended by TCFD, including a scenario with a temperature increase of less than 2° C. Each scenario includes both physical variables & transition narratives: "Sustainability" (consistent with SSP1/RCP 2.6 & IEA SDS), "Commitment" (SSP2/RCP 2.64.5 and IEA STEPS) and "Continuity" (SSP5/RCP 8.5 and business-as-usual assumptions). Transition narratives were based on the IEA SDS & STEPS scenarios plus a business-as-usual narrative developed internally, which were used as basis for the evolution of the social, political, legal, technological, & market contexts, complementing the information with market variables forecasts. For physical risks, Argos has a tool that analyzes changes in the physical variables for each relevant asset in each scenario & time horizon, using databases & climatological models such as the Copernicus databases and -to a lesser extent- Cordex, international portals using projections derived from the IPCC AR6 (e.g., CMIP6)

As a general guideline, reported figures correspond to financial impacts in the most immediate time horizon. According to the estimations under climate scenarios, climate change could increase these impacts by 4 to 14% under a SSP1/RCP 2.6 scenario, 3 to 17% under a SSP2/RCP 4.5 scenario and 3 to 23% under a SSP5/RCP 8.5 in the timeframe analyzed (2030-2050).

Cost of response to risk

62575394108.64

Description of response and explanation of cost calculation

Reported management costs comprise the global corporate property and business interruption policy premium for 2022-2023. The policy covers global losses from property damage and business interruption for natural events included and covers all our facilities. Moreover, the potential impacts enable Argos implementing early actions aimed at optimizing the logistics chain to reduce the magnitude of potential impacts as well as to reduce our exposure to increased insurance premium costs.

In addition, all facilities are currently designing climate change adaptation plans, according to Argos' Climate Change Adaptation Guidelines (CCAG), which must be applied to all our existing facilities and new operations acquired by the company in the future. Argos' CCAG comprises five steps, namely:

1. Identifying & assessing physical risks

For assessing these threats in each facility, we rely on our Physical Risk Assessment Tool released in 2021, which displays the intensity of natural hazards in each location, combined with vulnerability assessments to obtain a facility score of physical risk exposure. Results of the physical risk assessment combined with quantitative modelling provide inputs for designing climate change adaptation measures in each facility.

2. Identifying and prioritizing adaptation measures

Identifying measures aimed at reducing the effects of climate variability & change. Prioritizing these measures implies identifying which ones are most appropriate and effective.

3. Planning & implementing selected measures

Planning the prioritized measures implies considering aspects such as scope, timeframe, cost-benefit analyses and funding sources, which must be defined for each facility.

4. Monitoring & evaluation

The measures adopted must be monitored & evaluated to guarantee continuous improvement. Argos counts on a self-assessment tool (SSA) for evaluating the environmental management system's maturity which allows grading & following-up the implementation of control measures to mitigate risk exposure.

5. Lessons learned & best practices

This stage aims to determine whether the implemented measures increased climate resilience.

Comment

N/A

Identifier

Risk 12

Where in the value chain does the risk driver occur?

Direct operations

Risk type & Primary climate-related risk driver

Acute physical	Wildfire
----------------	----------

Primary potential financial impact

Decreased revenues due to reduced production capacity

Climate risk type mapped to traditional financial services industry risk classification

<Not Applicable>

Company-specific description

CR12- Wildfires.

Our climate forecasts predict that in 2050 the frequency and intensity of wildfires in our footprint could increase by up to 76% under business-as-usual conditions (SSP5/RCP 8.5 climate scenario). This may affect our facilities to a major extent, as this natural hazard could cause significant asset damage, regardless of controls and adaptation measures implemented. Up to date, our current exposure in each country can be summarized as follows:

- Colombia: Higher temperatures may increase the probability of fire outbreaks in the most vulnerable regions (Cartagena), hence additional controls must be implemented. In the ready-mix business, the most significant impacts may derive from damages of interruptions of construction works.
- United States: The most exposed cement plant is Harleyville, and although wildfires may not cause major impacts on the equipment, smoke and wind could temporarily stop the operation for a couple of days due to the evacuation of the personnel. Newberry is surrounded by dry forests. Roberta is in a very arid area and Martinsburg is surrounded by housing developments. Overall, the ready-mix facilities operate in arid areas. In general, the plants are surrounded by rural areas and could have a certain degree of vulnerability, but an event of great magnitude would have to occur. If climate change impacts accentuate the frequency and severity of these events up to the points predicted by our forecasts, the impacts would be greater for the entire region.

Time horizon

Short-term

Likelihood

More likely than not

Magnitude of impact

Low

Are you able to provide a potential financial impact figure?

Yes, an estimated range

Potential financial impact figure (currency)

<Not Applicable>

Potential financial impact figure – minimum (currency)

212856000

Potential financial impact figure – maximum (currency)

1702848000

Explanation of financial impact figure

In 2022 Argos finished the quantification of impacts from a taxonomy of climate-related risks & opportunities in the short (2030), medium (2040) & long term (2050), considering scenarios to estimate risk variables & parameters and carry out calculations. Climate scenarios ensure the variety of situations recommended by TCFD, including a scenario with a temperature increase of less than 2° C. Each scenario includes both physical variables & transition narratives: "Sustainability" (consistent with SSP1/RCP 2.6 & IEA SDS), "Commitment" (SSP2/RCP 2.64.5 and IEA STEPS) and "Continuity" (SSP5/RCP 8.5 and business-as-usual assumptions). Transition narratives were based on the IEA SDS & STEPS scenarios plus a business-as-usual narrative developed internally, which were used as basis for the evolution of the social, political, legal, technological, & market contexts, complementing the information with market variables forecasts. For physical risks, Argos has a tool that analyzes changes in the physical variables for each relevant asset in each scenario & time horizon, using databases & climatological models such as the Copernicus databases and -to a lesser extent- Cordex, international portals using projections derived from the IPCC AR6 (e.g., CMIP6)

As a general guideline, reported figures correspond to financial impacts in the most immediate time horizon (2022). According to the estimations under climate scenarios, climate change could increase these impacts by 8 to 16% under a SSP1/RCP 2.6 scenario, 10 to 20% under a SSP2/RCP 4.5 scenario and 13 to 26% under a SSP5/RCP 8.5 in the timeframe analyzed (2030-2050).

Cost of response to risk

62575394108.64

Description of response and explanation of cost calculation

Reported management costs comprise the global corporate property and business interruption policy premium for 2022-2023. The policy covers global losses from property damage and business interruption for natural events included and covers all our facilities. Moreover, the potential impacts enable Argos implementing early actions aimed at optimizing the logistics chain to reduce the magnitude of potential impacts as well as to reduce our exposure to increased insurance premium costs.

In addition, all facilities are currently designing climate change adaptation plans, according to Argos' Climate Change Adaptation Guidelines (CCAG), which must be applied to all our existing facilities and new operations acquired by the company in the future. Argos' CCAG comprises five steps, namely:

1. Identifying & assessing physical risks

For assessing these threats in each facility, we rely on our Physical Risk Assessment Tool released in 2021, which displays the intensity of natural hazards in each location, combined with vulnerability assessments to obtain a facility score of physical risk exposure. Results of the physical risk assessment combined with quantitative modelling provide inputs for designing climate change adaptation measures in each facility.

2. Identifying and prioritizing adaptation measures

Identifying measures aimed at reducing the effects of climate variability & change. Prioritizing these measures implies identifying which ones are most appropriate and effective.

3. Planning & implementing selected measures

Planning the prioritized measures implies considering aspects such as scope, timeframe, cost-benefit analyses and funding sources, which must be defined for each facility.

4. Monitoring & evaluation

The measures adopted must be monitored & evaluated to guarantee continuous improvement. Argos counts on a self-assessment tool (SSA) for evaluating the environmental management system's maturity which allows grading & following-up the implementation of control measures to mitigate risk exposure.

5. Lessons learned & best practices

This stage aims to determine whether the implemented measures increased climate resilience.

Comment

Identifier

Risk 13

Where in the value chain does the risk driver occur?

Upstream

Risk type & Primary climate-related risk driver

Chronic physical	Water scarcity
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Primary potential financial impact

Increased indirect (operating) costs

Climate risk type mapped to traditional financial services industry risk classification

<Not Applicable>

Company-specific description

CR13- Depletion of water resources for the continuity of the operation due to climate change and ecosystem degradation (emerging risk ER2): Because of climate change, exposure to changes in water availability (droughts or floods) and quality (contamination) increases, which restricts water access for both the community and the company. The potential impacts derived from this risk's materialization are: business interruptions, opposition to operations and projects by communities in the areas of influence, increased operational costs, denials of permits for new operations and facilities, reduced investment attractiveness due to non-compliance to environmental commitments, among others.

Our most vulnerable facilities regarding water stress are located in Toluviejo and Haiti, regions in which the average temperature increase in 2050 will be around 3.2°C under business-as-usual conditions (SSP5/RCP8.5 climate scenario), increasing our need to implement adaptation measures that guarantee business continuity in the future.

Time horizon

Long-term

Likelihood

About as likely as not

Magnitude of impact

Low

Are you able to provide a potential financial impact figure?

Yes, an estimated range

Potential financial impact figure (currency)

<Not Applicable>

Potential financial impact figure – minimum (currency)

4247547860

Potential financial impact figure – maximum (currency)

4852599396.96

Explanation of financial impact figure

Risk exposure to chronic physical risk is assessed through the WRI's Aqueduct and the Water Risk Filter (WRF), which enable to prioritize and implement water management plans and targets defined by the Environmental Strategy. We developed a water risk assessment tool for forecasting annual costs associated to water consumption, considering the facilities' current stress levels (Aqueduct), potential variations of water stress (WRF), and future social costs of water consumption according to the Value Added Statement, i.e., Argos' model for monetizing externalities.

Reported financial impact corresponds to the difference between the annual water consumption costs under a business-as-usual scenario and the one resulting when projected increases in water stress are considered. Random variables for this scenario are: water consumption levels, water costs per cubic meter and water stress levels for locations that may present significant water stress levels increases in a 10-year span. Aggregated cost overruns for all cement plants amount between USD 1,0 (percentile 5) and 1,1 million USD (percentile 95).

Cost of response to risk

7787607993

Description of response and explanation of cost calculation

The Company has implemented the following responses to the materialization of this risk:

- Environmental Strategy with emphasis on Water Risk Management, which includes prospective analysis through tools such as Aqueduct and Water Risk Filter, as a basis for future investments.
- Technological renovation to reduce water consumption.
- Operational efficiency projects.
- Quantification of water flows to operations.
- Plans for measurement and efficient use of water in all facilities.

Comment

In 2022 Argos continued to conduct water risk assessment at all its active facilities using WRI Aqueduct 3.0 on a basin and sub-basin scale, in which water stress levels are defined by total annual water withdrawals (municipal, industrial and agricultural) expressed as a percentage (%) of the total annual available flow known as reference water stress. The full results are as follows: •35% (77 facilities) in basins with low water stress (water stress baseline 80%) In addition, Argos uses stress and water supply projections for 2030 and 2040; in climate scenarios "Business as usual" and "Optimistic"; as well as two future socio-economic paths (Increasing Water Demand) provided by WRI Aqueduct (Business as Business and Pessimistic). This important information allows the Company to be aware of water demand and possible changes in water supply, water availability at the local level and develop strategies, such as Water Measurement and Efficient Use Plans to prevent potential conflicts between stakeholders that could affect its direct operations, supply chain, increased costs, penalties and potential loss of social license to operate.

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

Yes

C2.4a

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

Identifier

Opp1

Where in the value chain does the opportunity occur?

Direct operations

Opportunity type

Resource efficiency

Primary climate-related opportunity driver

Use of more efficient production and distribution processes

Primary potential financial impact

Reduced direct costs

Company-specific description

CO01 - Access to new markets through climate change adaptation solutions. Circular economy and co-processing. It is possible to have a positive impact on results through operational efficiency aimed at reducing scope 1 CO2 emissions. This can be achieved through the development of projects complying to Argos' climate strategy drivers, e.g., Use of alternative fuels (co-processing), the substitution of conventional fossil fuels for alternative fuels from municipal waste and / or other industries. And circular economy initiatives like use of construction and demolition waste.

Regarding use of alternative fuels, in Colombia, cement operations obtained a 2.75% substitution, corresponding to the consumption of 6,678 tons of waste at the Cartagena and Rioclaro Plants. The waste used included tires; hydrocarbon-impregnated materials; refuse-derived fuel (RDF) and biomass. In United States, cement operations achieved 9.31% substitution, representing a consumption of about 50,371 tons of waste at the Roberta, Harleyville, Newberry and Martinsburg Plants. And in Honduras, a thermal substitution of 5.7% was achieved in cement operations, which meant a consumption of 3,374 tons of waste at the Piedras Azules Plant. For the replacement of Petcoke, they used tires, expired medicines, used oils, paper and cardboard.

Therefore, during 2022 we were working with recycled aggregates. These are materials that are derived from the treatment of construction and demolition waste, or other materials that have been previously used in construction, and which are then crushed or processed to create a new product. These aggregates can be used in a wide range of construction applications, including road construction, building foundations, and drainage systems. They also can be a sustainable and cost-effective alternative to traditional virgin aggregates and reduce the amount of construction and demolition waste going to landfills, which can have a positive impact on the environment.

Time horizon

Short-term

Likelihood

Virtually certain

Magnitude of impact

High

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact figure (currency)

848318899

Potential financial impact figure – minimum (currency)

<Not Applicable>

Potential financial impact figure – maximum (currency)

<Not Applicable>

Explanation of financial impact figure

The impact recorded corresponds to the annual savings obtained in 2022 by the implementation of initiatives related to the use of alternative fuels in cement kilns, annual savings for replacement of virgin aggregates to produce concrete in the Plant in Colombia and the income received by Argos from the company GRECO, of which it is a partner through a Joint Venture. And by the co-processing of waste services revenues and savings from the use of alternative fuels.

In 2022 Argos finished the quantification of impacts from a taxonomy of climate-related risks & opportunities in the short (2030), medium (2040) & long term (2050), considering scenarios to estimate risk variables & parameters and carry out calculations. Climate scenarios ensure the variety of situations recommended by TCFD, including a scenario with a temperature increase of less than 2° C. Each scenario includes both physical variables & transition narratives: "Sustainability" (consistent with SSP1/RCP 2.6 & IEA SDS), "Commitment" (SSP2/RCP 2.6.4.5 and IEA STEPS) and "Continuity" (SSP5/RCP 8.5 and business-as-usual assumptions). Transition narratives were based on the IEA SDS & STEPS scenarios plus a business-as-usual narrative developed internally, which were used as basis for the evolution of the social, political, legal, technological, & market contexts, complementing the information with market variables forecasts. We quantify the impact on EBITDA expected for 2040 and 2050, based on the annual savings obtained by complying with our Technical and Financial Roadmap in 2030 via co-processing. We are supposed to maintain the same replacement rates achieved in 2030, without further disruption, as our Roadmap comprises the most ambitious actions available to date. These savings are expected to increase by up to USD 14 million in 2040 and 15 million in 2050 from savings from improved caloric consumption, under a scenario consistent with the IEA SDS.

Cost to realize opportunity

21785051106.06

Strategy to realize opportunity and explanation of cost calculation

Initiatives implemented by Argos during 2022 related to the Company's Climate Change Strategy, specifically with the line of action that promotes the mitigation of CO2 emissions through the substitution of heat with alternative fuels. These actions involved investments and expenses of approximately USD 4,695,078 (COP 19,987 million). - Capital injection to GRECO Bogotá through the Joint Venture; investments during 2022 were USD 412, 846 COP 1,757 million)

Adaptation of crushing equipment for recycled aggregates in our Bello Aggregates Plant in Colombia; investments USD 9,396 (COP 40 million), Argos' Climate Change Strategy is focused on minimizing risks related to climate change and maximizing opportunities through innovation in processes and products to ensure the sustainability of the Company and its value chain. It defines the Company's actions to mitigate climate change through different CO2 reduction levers such as the use of alternative fuels to replace conventional fuels used in clinkerization furnaces.

Through the Circular Economy pillar of our Environmental Strategy, we contribute to the closure of the life cycles of resources by taking advantage of waste or by-products from other industries, such as raw materials or alternative fuels, giving a sustainable solution to the problem of their disposal. We also focus on the prevention, reduction, reuse and recycling of our waste. To do this, we establish collaborative links with authorities, companies and communities.

Comment

Our Corporate Strategy requires actions aimed at the efficient use of resources, improving our flexibility and maximizing revenue generation and business profitability. To manage the efficiency and productivity of our businesses, we define key objectives and goals that seek agility, flexibility and profitability through the following lines: Circular Economy, Operational Excellence, Energy Efficiency and Logistics and Transport. Regarding the Circular Economy line of action of the Argos Efficiency Strategy, 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. Likewise, we establish collaborative relationships with authorities, companies and communities to provide a sustainable solution to the problem of inadequate waste disposal in our areas of influence.

Identifier

Opp2

Where in the value chain does the opportunity occur?

Downstream

Opportunity type

Products and services

Primary climate-related opportunity driver

Development and/or expansion of low emission goods and services

Primary potential financial impact

Increased revenues resulting from increased demand for products and services

Company-specific description

CO2 - Development and/or expansion of low emission products. It is possible to have a positive impact on results through operational efficiency aimed at reducing scope 1 CO2 emissions. This can be achieved through the development of projects complying to Argos' climate strategy drivers, e.g., Use of AF - alternative fuels (co-processing), the substitution of conventional fossil fuels for alternative fuels from municipal waste and / or other industries. And circular economy initiatives like use of construction and demolition waste.

Regarding use of AF, Colombia obtained a 2.75% substitution, corresponding to the consumption of 6,678 tons of waste at the Cartagena and Rioclaro Plants. The waste used included tires; hydrocarbon-impregnated materials; refuse-derived fuel (RDF) and biomass. In United States, cement operations achieved 9.31% substitution, representing a consumption of about 50,371 tons of waste at the Roberta, Harleyville, Newberry and Martinsburg Plants. And in Honduras, a thermal substitution of 5.7% was achieved in cement operations, which meant a consumption of 3,374 tons of waste at the Piedras Azules Plant. For the replacement of Petcoke, they used tires, expired medicines, used oils, paper and cardboard.

Therefore, during 2022 we were working with recycled aggregates. Derived from treated construction and demolition waste or recycled materials, these aggregates are crushed or processed to create new products. Used in various construction applications .

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Time horizon

Short-term

Likelihood

Virtually certain

Magnitude of impact

High

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact figure (currency)

6678433612231

Potential financial impact figure – minimum (currency)

<Not Applicable>

Potential financial impact figure – maximum (currency)

<Not Applicable>

Explanation of financial impact figure

The financial implications derived from a greater demand for products and services are related to the sales revenues of products that contribute to the mitigation and adaptation to climate change:

1. Low Carbon Products: Cements and concretes with lower embedded carbon content and lower energy consumption in their production stage, according to life cycle analysis. For Argos a Low Carbon Product must have a Life Cycle Assessment (LCA) and its Global Warming Potential (GWP) result must be lower than the industry average and/or 20% substitution of raw materials.
2. Products and Services that Promote Conscious Construction: These products and services have the following benefits: promoting adaptation to climate change and the circular economy; reduce the use of non-renewable resources at the manufacturing stage and/or at the construction stage; increase the useful life of the infrastructure; enable the management of water as a resource; and contribute to well-being, comfort, and health.
3. Green Sacks Program: With the implementation of the program, more than 2.5 million bags were recovered in 2022, which is equivalent to avoiding the felling of 3,684 trees for the manufacture of pulp and paper fiber, thanks to the participation of 324 customers linked to the program and the support of six paper management and processing companies, Argos received during 2022 more than USD 38,076 (COP 162 million) for paper recovery sales.
4. Modular Solutions: With the modular system in particular, productivity in the construction of living spaces increases exponentially, construction time is saved by ensuring the safety and quality of structures and contributes to mitigating climate change by being more efficient and reducing waste. Argos received revenues of USD 15,580 (COP 67 million).

Cost to realize opportunity

905833638

Strategy to realize opportunity and explanation of cost calculation

The Reported Annual Costs correspond to:

- Research and Development Projects (R+D) for the development of products with sustainability characteristics, such as: low carbon products, adaptation, and circular economy. Our R+D team develops innovative and low-carbon processes, products and solutions that reduce CO2 emissions at various stages of our value chain. As for low-carbon products, the company dedicated 69% of its total budget of R+D projects to the research and development of these products in 2022.

- Operating Costs of the Green Exchanges Program: USD 44,825 (COP 190 million) - CapEx and OpEx of Modular Solutions: USD 4,103 (COP 17 million) Argos works to create sustainable value, effectively responding to new market dynamics and positioning itself as an industry leader through innovation. Thus, the portfolio of products and customized solutions is the value proposition that Argos offers its customers and that differentiates it in the market (cement, concrete, aggregates, as well as differential services such as technical assistance, integral logistics and design of customized solutions). In addition, under the "Sustainable Construction" pillar of the Environmental Strategy, the Company leverages life cycle management and develops products focused on solving construction challenges with extraordinary solutions through innovation.

Comment

As a result of Argos' commitment to sustainability, the Company makes available to its customers the Green Solutions Portfolio, a set of products, solutions and services aimed at strengthening the value chain and responding to the current challenges of achieving sustainable and resilient territories, through continuous improvement and innovation of our business model and production processes (see the Green Solutions website, Conscious Innovation <https://bit.ly/3yxixxt>).

In 2020, the Green Solutions Cell (a company-wide working group) was created. This group seeks to promote products, solutions, and services with sustainability characteristics, innovating proposals that allow us to be active agents in the construction of a future. We want to deliver low carbon products, as well as products, solutions and services focused on conscious construction such as soluble packaging, recycling programs, hybrid fleet, among other initiatives.

During 2022, at Argos we continue to promote research and development in our cement and concrete products and modular solutions, which we validate through Life-Cycle Assessments (LCA) using the GCCA, EPD Tool - Quantis, which complies with the Product Category Rules (PCR) for cement (NSF, 2020) and concrete (NSF, 2019).

Identifier

Opp3

Where in the value chain does the opportunity occur?

Direct operations

Opportunity type

Resource efficiency

Primary climate-related opportunity driver

Use of more efficient production and distribution processes

Primary potential financial impact

Reduced direct costs

Company-specific description

CO03- Use of more efficient production and distribution processes

It is possible to positively impact the results through operational efficiency aimed at reducing Scope 1 and Scope 2 CO2 emissions. This can be achieved through the development of projects that comply to make Argos efficient in its operations and development of new technologies for carbon capture and exploitation projects. We highlight some relevant projects implemented during 2022 to contribute to the mitigation of climate change:

1. Digital Twins: These are virtual replicas of physical assets, processes, systems or even people that are created using real-time data and advanced analytics. A Digital Twin uses sensors and other data sources to create a virtual model that can be used to simulate and monitor the behavior of the process or physical asset. This technology allows Argos to optimize the mix of raw materials and energy consumption in the cement manufacturing process.

2. Hydrogen injection in the clinker process: In 2022, Argos implemented a hydrogen injection system in the clinker furnace of the Piedras Azules plant in Honduras. The main objective of the system was to reduce CO2 emissions and thus have a much more sustainable and efficient operation. The hydrogen injection is intended to reduce the use of traditional fossil fuels, CO2 emission levels and energy consumption, which is an innovation applied in the production process that not only saves costs, but also contributes to our commitment to climate change mitigation.

3. CCUS (Carbon Capture, Use and Storage): Since 2008, Argos has been working on a carbon capture project through microalgae. With the support of EAFIT University, Ruta N and the University of Antioquia, the system has allowed different microalgae to absorb CO2 (they do it 50 times more than plants or trees), capture solar energy and generate biomass, which has great potential as a biofuel.

Time horizon

Short-term

Likelihood

Virtually certain

Magnitude of impact

High

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact figure (currency)

33608700164

Potential financial impact figure – minimum (currency)

<Not Applicable>

Potential financial impact figure – maximum (currency)

<Not Applicable>

Explanation of financial impact figure

The reported figure corresponds to the estimated annual monetary savings of the CO2 emission reduction initiatives that were implemented by Argos within the 2022 reporting year. These initiatives are related to the injection of hydrogen and savings in the production cost of the cement process, derived from the implementation of Digital

Twins.

The industrial H2 injection test is implemented in the Piedras Azules furnace with the following results:

- Increased productivity of clinker (3%)
- Reduction of Petcoke consumption and, therefore, reduction of caloric consumption (2% -20 Kcal/kg KK).
- Increase in % replacement of whole tyres (21%)

Total savings during 2022 by reducing fuel consumption by USD 56,957 (COP 242 million)

Digital Twins: This technology allows Argos to optimize the mix of raw materials and energy consumption in the cement manufacturing process; savings during 2022 were more than USD 7,837,746 (COP 33,366 million)

Cost to realize opportunity

Strategy to realize opportunity and explanation of cost calculation

The reported cost corresponds to initiatives implemented by Argos during 2022 related to efficiency and innovation projects, specifically with the lines of action that promote the mitigation of CO2 emissions:

- Digital Twins USD 26,060 (COP 110 million)
- Hydrogen injection in Honduras furnace USD 963,821 (COP 4.1 billion)
- CCUS USD 27 development project, .470 (COP 1,189 million)

Argos' Climate Change Strategy is focused on minimizing risks related to climate change and maximizing opportunities through innovation in processes and products to ensure the sustainability of the Company and its value chain. It defines the Company's actions to mitigate and adapt to climate change through initiatives such as increasing operational efficiency, reducing the clinker content in cement, and developing new products and services with sustainability characteristics along the value chain.

Likewise, lower operating costs could be achieved through the implementation of the Operational Excellence program, which seeks to optimize resource consumption and maximize benefits to achieve organizational excellence and competitiveness, focus on operational efficiency especially in energy efficiency, production optimization, optimization of logistics and transport processes, and the application of circular economy models.

Comment

Our Corporate Strategy is materialized through actions aimed at the efficient use of resources, improving our flexibility, and maximizing revenue generation and business profitability. To manage the efficiency and productivity of our businesses, we define key objectives and goals that seek agility, flexibility, and profitability through the following lines:

- Operational Excellence: We adapt production processes to new market challenges and move towards digital transformation. To this end, we focus on operational efficiency, optimization of production and logistics and transport processes, as well as the implementation of circular economy models.
- Energy Efficiency: We permanently seek electrical and caloric efficiency in production processes, ensuring the proper use of resources and contributing to the reduction of CO2 emissions, through the adoption of the guidelines of Corporate Strategies.
- Logistics and Transport: Considering the logistics context of each region, taking advantage of our resources and geographical location to improve delivery times and reduce costs.

C3. Business Strategy

C3.1

(C3.1) Does your organization's strategy include a climate transition plan that aligns with a 1.5°C world?

Row 1

Climate transition plan

No, but our strategy has been influenced by climate-related risks and opportunities, and we are developing a climate transition plan within two years

Publicly available climate transition plan

<Not Applicable>

Mechanism by which feedback is collected from shareholders on your climate transition plan

<Not Applicable>

Description of feedback mechanism

<Not Applicable>

Frequency of feedback collection

<Not Applicable>

Attach any relevant documents which detail your climate transition plan (optional)

<Not Applicable>

Explain why your organization does not have a climate transition plan that aligns with a 1.5°C world and any plans to develop one in the future

Argos' Climate Change Strategy is focused on minimizing climate change-related risks & maximizing opportunities through innovation, to ensure sustainability of Company and its value chain. For that reason, Argos set a public commitment to achieve carbon neutrality in its Concrete business by 2050 aligned with the Net Zero ambition plan of the Global Cement and Concrete Association (GCCA) initiative. To achieve this ambition, Argos has established decarbonization intermediate targets, which can vary according to the businesses and the scopes they cover. In this sense, the target presented and validated by SBTi in 2022 aims to reduce company-wide Scope 1 and 2 emissions by 21% by 2030, aligned with the trajectory of the temperature ambition Well Below 2°C. The other two goals are related to the cement business, and they depict the Argos cement unit's commitment to reducing its Scope 1 emissions by 29% and Scope 2 emissions by 23% by 2030. It is important to highlight that Argos aligned with the Well Below 2°C trajectory because the resources that enable the adoption of 1.5°C-aligned emission reduction targets in the cement industry had not been already available at the time that Argos sent to validation its targets. In fact, The Cement Science Based Target Setting Guidance, which has the resources (tools and methodologies) to set targets in line with 1.5°C trajectory, was launched in September 2022 by SBTi. Here is important to note that Argos participated in the Expert Advisory Group (EAG) that developed this guide. Argos plans to implement in the coming years this guide.

In order to meet its targets by 2030, in 2021 Argos' transition plan (i.e. its Technical & Financial Roadmap for scope 1 CO2 emissions reduction by 2030) was formulated and approved by the Board of Directors, which includes annual targets for each plant & a defined investment plan, which amount to USD 129 million. Likewise, in 2022 Argos defined the targets and the roadmap to reduce Scope 2 CO2 emissions in the cement business.

In 2023 Argos presented to all its stakeholders, in the Integrated Report 2022 and in other internal and external company news media, its Scope 1 and 2 reduction targets validated by SBTi. As happens each year, the Integrated Report was delivered and socialized at the "Annual General Meetings (AGM)" which is the Company's top governing body and is made up by its Shareholders.

Explain why climate-related risks and opportunities have not influenced your strategy

<Not Applicable>

C3.2

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

	Use of climate-related scenario analysis to inform strategy	Primary reason why your organization does not use climate-related scenario analysis to inform its strategy	Explain why your organization does not use climate-related scenario analysis to inform its strategy and any plans to use it in the future
Row 1	Yes, qualitative and quantitative	<Not Applicable>	<Not Applicable>

C3.2a

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

Climate-related scenario	Scenario analysis coverage	Temperature alignment of scenario	Parameters, assumptions, analytical choices
Transition scenarios IEA SDS	Company-wide	<Not Applicable>	In 2022 Argos finished the quantification of impacts from a taxonomy of climate-related risks and opportunities in the short (2030), medium (2040) & long term (2050), considering the climate taxonomy and scenarios to estimate risk variables and parameters and carry out calculations. Each scenario includes both physical variables (chronic and acute) and transition narratives: "Sustainability" (consistent with SSP1/RCP 2.6 and IEA SDS), "Commitment" (SSP2/RCP 2.64.5 and IEA STEPS) and "Continuity" (SSP5/RCP 8.5 and business-as-usual assumptions). Transition narratives were based on the IEA SDS & STEPS scenarios plus a BAU narrative developed internally, which were used as basis for the evolution of the social, political, legal, technological, & market contexts, complementing the information with market variables forecasts. Based on these definitions, business experts made high-level estimates of the expected & maximum losses for each risk & opportunity. The results collect both the qualitative & quantitative vision of what can be seen today. IEA SDS, IEA STEPS and BAU transition scenarios were matched with SSP/RCP 2.6, 4.5 & 8.5 scenarios respectively, for aggregating transition and physical risk valuations & provide company-wide results. Expected & maximum gains or losses were modeled in a risk engine that provides their aggregated distribution by geography, type of risk, time horizon & climate scenario. Scenario 1 "Sustainability": (SDS - IEA), SSP1 - 2.6 (IPCC) Economic and social growth with the increase in jobs related to sustainability, in turn, presents a more resilient and clean energy system, achieved through policies, initiatives and broad regulatory frameworks. There is full international cooperation for sustainable development, with reduced spending on fossil fuels and very high investment in renewable energy, power grids, clean transportation, energy efficiency and innovation. As a result, the prices of fuels and renewable generation are reduced, while CO2 becomes more expensive. The Paris Agreement is fulfilled; advanced economies reach net zero emissions in 2050, with the rest of the countries as a maximum year in 2070. There is a temperature increase between 1.3° C and 2.4° C. We set assumptions for our risks & opportunities based on this narrative (see C2).

Climate-related scenario		Scenario analysis coverage	Temperature alignment of scenario	Parameters, assumptions, analytical choices
Transition scenarios	IEA STEPS (previously IEA NPS)	Company-wide	<Not Applicable>	In 2022 Argos finished the quantification of impacts from a taxonomy of climate-related risks and opportunities in the short (2030), medium (2040) & long term (2050), considering the climate taxonomy and scenarios to estimate risk variables and parameters and carry out calculations. Each scenario includes both physical variables (chronic and acute) and transition narratives: "Sustainability" (consistent with SSP1/RCP 2.6 and IEA SDS), "Commitment" (SSP2/RCP 2.64.5 and IEA STEPS) and "Continuity" (SSP5/RCP 8.5 and business-as-usual assumptions). Transition narratives were based on the IEA SDS & STEPS scenarios plus a BAU narrative developed internally, which were used as basis for the evolution of the social, political, legal, technological, & market contexts, complementing the information with market variables forecasts. Based on these definitions, business experts made high-level estimates of the expected & maximum losses for each risk & opportunity. The results collect both the qualitative & quantitative vision of what can be seen today. IEA SDS, IEA STEPS and BAU transition scenarios were matched with SSP/RCP 2.6, 4.5 & 8.5 scenarios respectively, for aggregating transition and physical risk valuations & provide company-wide results. Expected & maximum gains or losses were modeled in a risk engine that provides their aggregated distribution by geography, type of risk, time horizon & climate scenario. Scenario 2 "Commitment": (STEPS - IEA), SSP2 - 4.5 (IPCC). This provides a more conservative scenario for the future because it does not assume that governments will achieve all announced targets. Policies are adopted to reduce the use of fossil fuels, but demand remains high, leading to higher fuel prices and lower costs for renewable energy, with moderately priced CO2. The market is characterized by oil-security risk and rapid changes in gas markets, with increased competition. It includes Nationally Determined Contributions (NDCs) that were established in the Paris Agreement and a disaggregation of policies by sectors. It entails a temperature increase between 2.1° C and 3.5° C. We set assumptions for our risks & opportunities based on this narrative (see C2).
	Bespoke transition scenario			In 2022 Argos finished the quantification of impacts from a taxonomy of climate-related risks and opportunities in the short (2030), medium (2040) & long term (2050), considering the climate taxonomy and scenarios to estimate risk variables and parameters and carry out calculations. Each scenario includes both physical variables (chronic and acute) and transition narratives: "Sustainability" (consistent with SSP1/RCP 2.6 and IEA SDS), "Commitment" (SSP2/RCP 2.64.5 and IEA STEPS) and "Continuity" (SSP5/RCP 8.5 and business-as-usual assumptions). Transition narratives were based on the IEA SDS & STEPS scenarios plus a BAU narrative developed internally, which were used as basis for the evolution of the social, political, legal, technological, & market contexts, complementing the information with market variables forecasts. Based on these definitions, business experts made high-level estimates of the expected & maximum losses for each risk & opportunity. The results collect both the qualitative & quantitative vision of what can be seen today. IEA SDS, IEA STEPS and BAU transition scenarios were matched with SSP/RCP 2.6, 4.5 & 8.5 scenarios respectively, for aggregating transition and physical risk valuations & provide company-wide results. Expected & maximum gains or losses were modeled in a risk engine that provides their aggregated distribution by geography, type of risk, time horizon & climate scenario. Scenario 3 "Continuity": SSP5 - 8.5 IPCC, business-as-usual assumptions: This scenario has high demographic transition in developed countries motivated by improvements in education, health, and economic conditions. There is rapid economic growth in industrialized countries and convergence in income level among countries. In the absence of climate- change policies, the energy supply is mainly supplied by fossil fuels and there is a high dependence on energy production and conversion technologies, with a constant increase in energy demand, compared to other scenarios. The temperature will increase between 3.3° C and 5.7° C. We set assumptions for our risks & opportunities based on this narrative (see C2).
Transition scenarios	IEA APS	Company-wide	<Not Applicable>	In 2022 Argos finished the quantification of impacts from a taxonomy of climate-related risks and opportunities in the short (2030), medium (2040) & long term (2050), considering the climate taxonomy and scenarios to estimate risk variables and parameters and carry out calculations. Each scenario includes both physical variables (chronic and acute) and transition narratives: "Sustainability" (consistent with SSP1/RCP 2.6 and IEA SDS), "Commitment" (SSP2/RCP 2.64.5 and IEA STEPS) and "Continuity" (SSP5/RCP 8.5 and business-as-usual assumptions). Transition narratives were based on the IEA SDS & STEPS scenarios plus a BAU narrative developed internally, which were used as basis for the evolution of the social, political, legal, technological, & market contexts, complementing the information with market variables forecasts. Based on these definitions, business experts made high-level estimates of the expected & maximum losses for each risk & opportunity. The results collect both the qualitative & quantitative vision of what can be seen today. IEA SDS, IEA STEPS and BAU transition scenarios were matched with SSP/RCP 2.6, 4.5 & 8.5 scenarios respectively, for aggregating transition and physical risk valuations & provide company-wide results. Expected & maximum gains or losses were modeled in a risk engine that provides their aggregated distribution by geography, type of risk, time horizon & climate scenario. Scenario 3 "Continuity": SSP5 - 8.5 IPCC, business-as-usual assumptions: This scenario has high demographic transition in developed countries motivated by improvements in education, health, and economic conditions. There is rapid economic growth in industrialized countries and convergence in income level among countries. In the absence of climate- change policies, the energy supply is mainly supplied by fossil fuels and there is a high dependence on energy production and conversion technologies, with a constant increase in energy demand, compared to other scenarios. The temperature will increase between 3.3° C and 5.7° C. We set assumptions for our risks & opportunities based on this narrative (see C2).
	IEA B2DS			In 2022 a bottom-up scenario analysis was carried out to formulate the CO2 roadmap of reducing scope 1 specific net CO2 emissions by 2030 aligned with the Company's business model and with sustainability agendas established by several initiatives worldwide, such as Science Based Targets initiative, Sustainable Development Goals, FICEM CO2 roadmaps, GCCA 2050 Roadmap for Net Zero Concrete, etc. This roadmap that was calculated using scenario analysis, enabled Argos an understanding of how the Company can mitigate its transition climate risks through its performs in terms of CO2 emissions under different operating conditions and market processes, and how can contribute to the fulfillment of Paris Agreement, through its CO2 targets aligned with SBT initiative. These scenarios were built for each of the cement plants and were consolidated in a final scenario to obtain the projection of CO2 emissions at Regional and Company level. CO2 emissions scope 1 were modeled under the methodology of Cement CO2 Protocol (WBCSD,2011). Results obtained from the climate change scenario were compared with CO2 emissions modeled by technical studies of recognized entities in climate issues such as ETP B2DS (Beyond two degree scenario as defined in IEA "Energy Technology Perspectives", 2017) which was incorporated in SBT Tool (SBTi Tool V1.2.2) and that applies the Sectoral Decarbonization Approach (SDA) scenario. Argos modeled a scenario in this tool of its scope 1 emissions under a Fixed market share (as projected output measure) and the result by 2030 was 550 kg CO2/t cementitious product. As conclusion, Argos confirmed that its CO2 reduction target of Company's climate change strategy (523 kg CO2/t cementitious product) and its CO2 roadmap are ambitious and responds to the global challenge of effectively contributing to a low carbon economy and move to obtain carbon neutral concrete by 2030. Likewise, in 2022 Argos targets were validated by SBTi under the Well- below 2°C criteria, which evaluates the targets under the ETP B2DS climate scenario. The targets validated wereto reduce Scope 1 and 2 Greenhouse Gases emissions by 21% per ton of cementitious material by 2030 with regard to the baseline year 2021 (* The target boundary includes the emissions and absorptions related to the bioenergy raw materials since 2021).

Climate-related scenario		Scenario analysis coverage	Temperature alignment of scenario	Parameters, assumptions, analytical choices
Physical climate scenarios	RCP 2.6	Company-wide	<Not Applicable>	In 2022 Argos finished the quantification of impacts from a taxonomy of climate-related risks and opportunities in the short (2030), medium (2040) & long term (2050), considering the climate taxonomy and scenarios to estimate risk variables and parameters and carry out calculations. Each scenario includes both physical variables (chronic and acute) and transition narrative. For physical risks, Argos has a tool that analyzes changes in the physical variables for each relevant asset in each scenario & time horizon, using databases & climatological models such as the Copernicus databases and -to a lesser extent- Cordex, international portals using projections derived from the IPCC AR6 (e.g., CMIP6). Based on these definitions, business experts made high-level estimates of the expected & maximum losses for each risk & opportunity. The results collect both the qualitative & quantitative vision of what can be seen today. IEA SDS, IEA STEPS and BAU transition scenarios were matched with SSP/RCP 2.6, 4.5 & 8.5 scenarios respectively, for aggregating transition and physical risk valuations & provide company-wide results. Expected & maximum gains or losses were modeled in a risk engine that provides their aggregated distribution by geography, type of risk, time horizon & climate scenario. For our physical risks, the impacts were modeled and projected according to the trajectories of climatic variables given by the aforementioned tool, assumed in accordance with the variations in temperature established by the Shared Socioeconomic Pathways (SSP) scenarios 2.6, 4.5 & 8.5. In the "Sustainability" scenario (SSP1 - 2.6 IPCC) the temperature will increase between 1.3°C and 2.4°C, which could occur if the conditions supposed in SDS-IEA transition scenario are met. For enabling climate change adaptation plans in the facilities, the Company developed the Physical Risk Assessment Tool, which combines hazard exposure levels from the Geosura platform for each facility's location, & the vulnerability assessment that each environmental analyst made according to their context specific. Geosura's natural hazard analyses contemplate four GHG scenarios: RCP 2.6; 4.5; 6.0 & 8.5. Currently, RCP 2.6 & 8.5 are being used as optimistic & pessimistic scenarios, respectively, and facilities can know the variation (in °C) of the average temperature of each location for the next 30 years.
	RCP 4.5	Company-wide	<Not Applicable>	In 2022 Argos finished the quantification of impacts from a taxonomy of climate-related risks and opportunities in the short (2030), medium (2040) & long term (2050), considering the climate taxonomy and scenarios to estimate risk variables and parameters and carry out calculations. Each scenario includes both physical variables (chronic and acute) and transition narrative. For physical risks, Argos has a tool that analyzes changes in the physical variables for each relevant asset in each scenario & time horizon, using databases & climatological models such as the Copernicus databases and -to a lesser extent- Cordex, international portals using projections derived from the IPCC AR6 (e.g., CMIP6). Based on these definitions, business experts made high-level estimates of the expected & maximum losses for each risk & opportunity. The results collect both the qualitative & quantitative vision of what can be seen today. IEA SDS, IEA STEPS and BAU transition scenarios were matched with SSP/RCP 2.6, 4.5 & 8.5 scenarios respectively, for aggregating transition and physical risk valuations & provide company-wide results. Expected & maximum gains or losses were modeled in a risk engine that provides their aggregated distribution by geography, type of risk, time horizon & climate scenario. For our physical risks, the impacts were modeled and projected according to the trajectories of climatic variables given by the aforementioned tool, assumed in accordance with the variations in temperature established by the Shared Socioeconomic Pathways (SSP) scenarios 2.6, 4.5 & 8.5. In "Commitment" scenario (SSP2 - 4.5 IPCC) the temperature will increase between 2.1°C and 3.5°C, which could occur if the conditions supposed in STEPS-IEA transition scenario are met. For enabling climate change adaptation plans in the facilities, the Company developed the Physical Risk Assessment Tool, which combines hazard exposure levels from the Geosura platform for each facility's location, & the vulnerability assessment that each environmental analyst made according to their context specific. Geosura's natural hazard analyses contemplate four GHG scenarios: RCP 2.6; 4.5; 6.0 & 8.5. Currently, RCP 2.6 & 8.5 are being used as optimistic & pessimistic scenarios, respectively, and facilities can know the variation (in °C) of the average temperature of each location for the next 30 years.
	RCP 8.5	Company-wide	<Not Applicable>	In 2022 Argos finished the quantification of impacts from a taxonomy of climate-related risks and opportunities in the short (2030), medium (2040) & long term (2050), considering the climate taxonomy and scenarios to estimate risk variables and parameters and carry out calculations. Each scenario includes both physical variables (chronic and acute) and transition narrative. For physical risks, Argos has a tool that analyzes changes in the physical variables for each relevant asset in each scenario & time horizon, using databases & climatological models such as the Copernicus databases and -to a lesser extent- Cordex, international portals using projections derived from the IPCC AR6 (e.g., CMIP6). Based on these definitions, business experts made high-level estimates of the expected & maximum losses for each risk & opportunity. The results collect both the qualitative & quantitative vision of what can be seen today. IEA SDS, IEA STEPS and BAU transition scenarios were matched with SSP/RCP 2.6, 4.5 & 8.5 scenarios respectively, for aggregating transition and physical risk valuations & provide company-wide results. Expected & maximum gains or losses were modeled in a risk engine that provides their aggregated distribution by geography, type of risk, time horizon & climate scenario. For our physical risks, the impacts were modeled and projected according to the trajectories of climatic variables given by the aforementioned tool, assumed in accordance with the variations in temperature established by the Shared Socioeconomic Pathways (SSP) scenarios 2.6, 4.5 & 8.5. In "Continuity" scenario (SSP5 - 8.5 IPCC) the temperature will increase between 3.3°C and 5.7°C, which could occur if Business As Usual transition scenario are met. For enabling climate change adaptation plans in the facilities, the Company developed the Physical Risk Assessment Tool, which combines hazard exposure levels from the Geosura platform for each facility's location, & the vulnerability assessment that each environmental analyst made according to their context specific. Geosura's natural hazard analyses contemplate four GHG scenarios: RCP 2.6; 4.5; 6.0 & 8.5. Currently, RCP 2.6 & 8.5 are being used as optimistic & pessimistic scenarios, respectively, and facilities can know the variation (in °C) of the average temperature of each location for the next 30 years.

C3.2b

(C3.2b) Provide details of the focal questions your organization seeks to address by using climate-related scenario analysis, and summarize the results with respect to these questions.

Row 1

Focal questions

In 2022 Argos finished the quantification of impacts from a taxonomy of climate-related risks and opportunities in the short (2030), medium (2040) & long term (2050), considering the climate taxonomy and scenarios to estimate risk variables and parameters and carry out calculations. Climate scenarios guarantee the variety of situations recommended by TCFD, including a scenario with a temperature increase of less than 2° C. Each scenario includes both physical variables (chronic and acute) and transition narratives.

Regarding risks quantification the focal questions that the company sought to respond to through scenario analysis were the following:

- How will the global context be influenced by climate change from now to 2050?
- Facing climate change, how will the future look like for Argos up until 2050, if our geographic footprint remains constant?
- Will traditional building materials (cement concrete and aggregates) present the same market dynamics that we see today until 2050? If not, how will climate change affect these paths?
- How will the global climate change agenda influence our businesses until 2050? What are the most significant impacts that the global transition will have on our financial results?
- Quantification of transition risks and opportunities related to climate change, that the company will have in the evaluated time periods (2030, 2040, 2050).

Regarding physical risks quantification the focal questions that the company sought to respond to through scenario analysis were the following:

- How much will the global average temperature increase in the periods of time evaluated, under the transition context defined in each of the selected scenarios?
- Are rising temperatures an important threat to the value of our assets or our business continuity in the future? If so, how will Argos adapt to these challenges?
- What will be the climatic events that will have the greatest impact due to their severity and which will be the most affected regions?
- What are the physical risks related to climate change that the company will have in the time periods evaluated (2030, 2040, 2050)?
- What will be the main financial impacts?

Results of the climate-related scenario analysis with respect to the focal questions

The assumptions & narratives for the scenario analysis were presented in question C3.2a.

The results collect the vision of what can be seen today, being aware that these may change as the uncertainty about the future panorama is reduced. Correlations between risks, opportunities & the different geographies were defined. IEA SDS, IEA STEPS and BAU transition scenarios were matched with SSP/RCP 2.6, 4.5 and 8.5 scenarios respectively, for aggregating transition and physical risk valuations and provide company-wide results. The expected and maximum physical & transition losses and gains were modelled in a risk engine that provides their aggregated distribution by geography, type of risk, time horizon & climate scenario.

Results of the climate scenario analysis regarding focal questions were:

- 5 acute & 1 chronic risks will have a significant impact on our business strategy. Results of these scenario analyses show that, between 2030 & 2050 the most relevant impacts from physical risks would come from extreme rainfall, hurricanes, landslides, tornadoes, wildfires and water stress. Knowing our exposure to physical risks has allowed us to adapt our property and business continuity coverages to more demanding contexts, as well as to start implementing climate change adaptation plans in which each facility will define their context-specific adaptation measures, which will be prioritized and carried out according to their efficacy in reducing vulnerability
- 7 transition risks will have a significant impact on our business strategy. Regulatory risks, i.e., the increase in GHG emission prices stand out due to their high monetary impact. Market is another important driver, via the cost of our raw materials, the uncertainty in electricity markets & the cost of insurance pricing. Technology & reputation play a major role, via the earlier obsolescence of our assets and the rising cost of capital, respectively. All these drivers under proactive transition scenarios could put at risk the feasibility of our company, which leads us not only to be strict in accomplishing the business plans set by our CO2 Roadmap for 2030, but also to be proactive in finding new ways to keep reducing our dependency on conventional fuels and increasing the efficiency in our processes from now & beyond 2030.
- 3 opportunities will have a significant impact on our business strategy. The solutions comprising our 'Green Solutions, Conscious Innovation' portfolio represent the most important business opportunities, via low-carbon products & products and services that promote conscious construction. Operational efficiencies & circular economy are high-potential opportunities, albeit robust waste supply chains and environmental regulations need to be established in Colombia, USA, & Honduras. And finally, innovation in processes contribute to the mitigation of climate change (e.g., Digital Twins, Hydrogen injection in the clinkering process, CCUS).

C3.3

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

	Have climate-related risks and opportunities influenced your strategy in this area?	Description of influence
Products and services	Yes	At Argos, we recognize climate change as the most pressing challenge humanity is facing. For this reason, we have developed a comprehensive strategy aimed at mitigating its effects and promoting sustainable construction for our customers. Our commitment to this cause is reflected in our "Green Solutions" portfolio. As part of the construction industry, we have seen the growing demand for low-carbon products due to the increasing awareness of climate change among customers. This trend, added to our commitment to contribute to mitigating the climate-related effects, has influenced our product-related strategy, and is reflected in the "Green Solutions" portfolio, with which Argos intends to capture value from this opportunity. The "Green Solutions" portfolio encompasses a wide range of construction products with low carbon emissions and innovative construction solutions that enable sustainable features to the projects where are used. More specifically, the portfolio offers: • Low carbon products: several cement types and concrete mixes with low carbon embodied. These products undergo thorough Life Cycle Assessments to verify their characteristics. • Conscious construction solutions: construction products and solutions designed to reduce the consumption of nonrenewable resources, extend the lifespan of infrastructure projects, and minimize water usage. Customers can access super-high-strength concrete mixes, modular construction systems, environmentally friendly cement bags (which can be recycled), and other products that facilitate sustainable construction practices. In 2022, incomes obtained from products and solutions with sustainable characteristics represented almost 60% of total incomes. Argos' strategy intends to consolidate and expand this portfolio to other geographies where it has a presence. To achieve it, Argos has strengthened its R&D and sales capabilities to continue developing low-carbon products and sustainable construction solutions that enable better construction practices for our customers and improve their competitiveness.
Supply chain and/or value chain	Yes	In recent years, extreme weather events have impacted the continuity of our supply chain. Operations in the Caribbean have suffered the impacts of an increasingly severe hurricane season, while operations on the east coast of the US have suffered intense rainy periods and flooding. As a result, Argos' strategy incorporates actions to mitigate the impact of such weather events and build a more resilient supply chain. Programs such as an advanced supply chain network planning, that includes weather events, in the Caribbean or advanced analytics models that incorporate rain forecasts to streamline the ready-mix deliveries are some of the actions put in place to reduce potential delays, lost sales, extra costs, and decreasing margins in the businesses. In Colombia, the rainy season typically produces landslides and flooding that close some of the main highways. During 2022, the country suffered a nonstop rainy season almost all year long. To deal with these events, the supply chain department prepared a thorough response plan that involved a change in product sourcing from Argos' plant network, additional inventory capacity at distribution centers, and the use of alternative raw materials to reduce the impact. Since 2021, Argos periodically evaluates the weather events exposure of its facilities. Through climate-related scenarios, Argos identifies its exposure to potential physical and transition risks, and the output of such analyses is used to decide whether to adjust insurance coverage or what actions should be taken.
Investment in R&D	Yes	The growing demand for low-carbon products and sustainable solutions has influenced our strategy and thus, the amount invested in R&D to capitalize on the opportunity. In Argos, there is an R&D department called FutureTech, wherein different teams develop new low-carbon products and construction solutions to meet the growing demand for sustainable products. Moreover, Argos dedicates a relevant amount of capital to fund other kinds of research programs that intend to reduce the energy intensity of the cement production processes, capture CO2 emissions and find new alternative raw materials to finally reduce the impact of our products while maintaining the quality and mechanical properties. An example is the microalgae project, which intends to capture the CO2 from the flue gas and transform it into biofuels. This project started at the Argos Innovation Center in Medellin, COL, and is now in the pilot stage at Argos' Cartagena cement plant in Colombia. 3D printing is one of the projects on which FutureTech has been working for a couple of years. This team developed a new ink, and the next step is to start using the technology and ink in some construction projects in Colombia. This construction method will be added to others developed by this team, which are part of the "Green Solutions" portfolio and are increasing the company revenues.
Operations	Yes	Argos has made public its commitment to actively contribute to mitigating climate change, and its stakeholders have emphasized the need to reduce the CO2 emissions associated with its operations. Adding to the pressure, carbon pricing mechanisms have been or will be implemented in the geographies where Argos operates. These mechanisms are expected to increase operational costs, negatively affecting the company's profit margins. Consequently, climate change has played a crucial role in shaping Argos' strategy and has driven the company to develop and establish a comprehensive decarbonization roadmap. The decarbonization strategy adopted by Argos focuses on the cement business, which accounts for approximately 95% of Argos' emissions. Argos has identified four key actionable levers to drive its efforts. These levers include increasing the use of alternative fuels, optimizing caloric and electrical consumption, minimizing the amount of clinker in cement, and expanding the use of low-carbon fuels. These levers have formed the foundation for several initiatives and technological transformation projects that aim to enhance operational efficiencies, lower CO2 emissions, and reduce Argos' exposure to climate-related risks. The successful implementation of these initiatives requires substantial investments, which directly impact Argos' capital expenditure strategy. To accomplish its decarbonization targets, the Board of Directors approved approximately USD 130 million in 2022. This funding is earmarked for rolling out decarbonization projects across all operations between 2022 and 2030 and thus achieving operational efficiencies that will not only enable Argos to reduce its emissions intensity to 523 kgCO2/t cementitious material, but also positively impact the cost structure of cement production, and thus, its competitiveness in the market. In 2022, Argos implemented several emission reduction initiatives. In the US Regional, the company accelerated the substitution of Type I/II cement with Type 1L, resulting in a 9% reduction in the clinker to cement factor. Meanwhile, in Honduras, Argos successfully introduced Hydrogen injection into the clinker kiln, reducing fossil fuel consumption by 2% and boosting production by 3%. Looking ahead, Argos has a pipeline of upcoming projects to further advance in its decarbonization commitments and streamline its operations.

C3.4

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

	Financial planning elements that have been influenced	Description of influence
Row 1	Revenues Direct costs Capital expenditures Capital allocation Acquisitions and divestments Access to capital	At Argos, we have witnessed a significant rise in the demand for low-carbon products and an increasing awareness of climate change among our customers, which has shaped our product strategy and thus our revenues. As a result, we have prioritized the consolidation of our "Green Solutions" portfolio, influencing our financial planning strategy. This includes allocating additional capital to enable the production of these products and meet this demand and projecting additional revenues from increased sales in line with this growing trend. Direct Costs In Colombia, Argos' operations are subject to the National Carbon Tax, a government-imposed levy on fossil fuels' burn at consumption sources. While this tax currently applies to liquid fossil fuel, it has resulted in increased direct costs for Argos. To mitigate this impact, we have incurred expenses in purchasing carbon credits to reduce the overall carbon tax amount. Moreover, the implicit rise in fossil fuel prices has affected the cost structure of products, particularly in the concrete delivery process. The recent tax reform introduced the inclusion of coal in the National Carbon Tax, and an Emission Trading Scheme (ETS) is set to be implemented in the near future. Consequently, we are planning a significant increase in direct costs for the cement business starting in 2025. This anticipation has influenced our financial planning, leading us to allocate higher capital expenses for the implementation of additional emissions reduction initiatives to mitigate the financial impact. To actively contribute to achieving our scope 2 emissions mitigation goal, at Argos, we have made the strategic decision to purchase renewable electricity along with its certificates. While this has resulted in a slight impact on the cost of electricity consumed at certain operations, we have allocated funds to drive energy efficiency optimizations, aiming to reduce the overall impact and enhance cost-effectiveness. Capital expenses and allocation Anticipating the significant impact of climate-related effects and regulations on the company's competitiveness and profitability, Argos implemented an internal carbon price to influence its capital allocation strategy. The objective is to enhance the financial viability of emissions reduction projects and facilitate their successful implementation. In 2022, Argos unveiled its comprehensive decarbonization roadmap, outlining its commitment to invest over USD 130 million in a wide range of low-carbon initiatives across its operations. These initiatives prioritize thermal and electricity efficiency, increasing alternative fuels, minimizing the clinker to cement factor, and embracing low-carbon fuel solutions. Access to capital The growing awareness of climate change and the commitment of financial institutions to spark a low-carbon transition among their clients have created opportunities for companies seeking funding to mitigate climate change and enhance their sustainable practices. At Argos, a significant portion of our debt (31%) is now linked to sustainable indicators, including emissions reduction targets. This practice not only improves our financial cost structure by lowering the interest rate if emissions commitments are met but also reinforces our commitment to implementing emissions reduction initiatives outlined in our decarbonization roadmap.

C3.5

(C3.5) In your organization's financial accounting, do you identify spending/revenue that is aligned with your organization's climate transition?

	Identification of spending/revenue that is aligned with your organization's climate transition	Indicate the level at which you identify the alignment of your spending/revenue with a sustainable finance taxonomy
Row 1	Yes, we identify alignment with a sustainable finance taxonomy	At the company level only

C3.5a

(C3.5a) Quantify the percentage share of your spending/revenue that is aligned with your organization's climate transition.

Financial Metric

CAPEX

Type of alignment being reported for this financial metric

Alignment with a sustainable finance taxonomy

Taxonomy under which information is being reported

Other, please specify (Figure reported is in line with GRI G4 Sustainability Reporting Guidelines, G4-EN31)

Objective under which alignment is being reported

Total across all objectives

Amount of selected financial metric that is aligned in the reporting year (unit currency as selected in C0.4)

23362743042

Percentage share of selected financial metric aligned in the reporting year (%)

3

Percentage share of selected financial metric planned to align in 2025 (%)

3

Percentage share of selected financial metric planned to align in 2030 (%)

3

Describe the methodology used to identify spending/revenue that is aligned

The figure reported in the column "Amount of selected financial metric that is aligned in the reporting year" corresponds to CAPEX in 2022 for mitigation of CO2 emissions in operations and for the development of low-carbon products by the R&D department. The methodology used to identify this CAPEX is aligned with the criteria defined by the indicator GRI G4 Sustainability Reporting Guidelines G4-EN31 which states: "All expenditures on environmental protection by the organization, or on its behalf, to prevent, reduce, control, and document environmental aspects, impacts, and hazards. These expenditures also include expenditures on disposal, treatment, sanitation, and clean-up."

Financial Metric

OPEX

Type of alignment being reported for this financial metric

Alignment with a sustainable finance taxonomy

Taxonomy under which information is being reported

Other, please specify (Figure reported is in line with GRI G4 Sustainability Reporting Guidelines, G4-EN31,)

Objective under which alignment is being reported

Total across all objectives

Amount of selected financial metric that is aligned in the reporting year (unit currency as selected in C0.4)

18520203035.99

Percentage share of selected financial metric aligned in the reporting year (%)

0.2

Percentage share of selected financial metric planned to align in 2025 (%)

0.2

Percentage share of selected financial metric planned to align in 2030 (%)

0.2

Describe the methodology used to identify spending/revenue that is aligned

The figure reported in the column "Amount of selected financial metric that is aligned in the reporting year" corresponds to OPEX in 2022 for mitigation of CO2 emissions in operations and for the development of low-carbon products by the R&D department. The methodology used to identify this OPEX is aligned with the criteria defined by the indicator GRI G4 Sustainability Reporting Guidelines G4-EN31 which states: "All expenditures on environmental protection by the organization, or on its behalf, to prevent, reduce, control, and document environmental aspects, impacts, and hazards. These expenditures also include expenditures on disposal, treatment, sanitation, and clean-up."

Financial Metric

Revenue/Turnover

Type of alignment being reported for this financial metric

Alignment with a sustainable finance taxonomy

Taxonomy under which information is being reported

Other, please specify (Figure reported is in line with GRI 201-1 Direct economic value generated and distributed.)

Objective under which alignment is being reported

Total across all objectives

Amount of selected financial metric that is aligned in the reporting year (unit currency as selected in C0.4)

6678204337423.42

Percentage share of selected financial metric aligned in the reporting year (%)

57

Percentage share of selected financial metric planned to align in 2025 (%)

57

Percentage share of selected financial metric planned to align in 2030 (%)

57

Describe the methodology used to identify spending/revenue that is aligned

The figure reported in the column "Amount of selected financial metric that is aligned in the reporting year" corresponds to the revenues obtained in 2022 from sales of products, solutions, and services with sustainability characteristics. The methodology used to identify these revenues is aligned with the criteria defined to report the indicators GRI 201-1 "Direct economic value generated and distributed" and GRI 201-2 "Financial implications and other risks and opportunities due to climate change". The value obtained corresponds to the sum of the income obtained from the sale of products classified as "Low Carbon Products" or as "Products and services that promote conscious construction". This classification of products and services with sustainability characteristics is typical of Argos and is aligned with the company's commitment to be actors in a profound transformation of the construction industry which will allow the company to offer its clients a portfolio of carbon neutral solutions by 2050 at the latest.

For Argos the increased market opportunities via the Green Solutions portfolio "Green solutions, conscious innovation" is one of its climate-related opportunities (see question C2.4a).

This portfolio includes the following products and services:

1. Low Carbon Products: cement and concrete with lower carbon content embedded and lower energy consumption in its production stage, according to life cycle analyses.
2. Products and services that promote conscious construction: These products and services have the following benefits: adaptation promote to climate change and the circular economy; reduce the use of non-renewable resources in the manufacturing stage and/or in the construction stage; increase the useful life of the infrastructure; allow the management of water as a resource; and contribute to well-being, comfort and health.

C3.5c

(C3.5c) Provide any additional contextual and/or verification/assurance information relevant to your organization's taxonomy alignment.

In question 3.5a the revenues obtained in 2022 from sales of products, solutions, and services with sustainability characteristics were reported. This figure is the same reported in question C2.4a (opportunity 2 "Increased market opportunities via the Green Solutions portfolio "Green solutions, conscious innovation"), which is part of the GRI indicator 201-2 Financial implications and other risks and opportunities due to climate change. This indicator was reported in the Integrated Report 2022 (see page 15 of PDF on: <https://argos.co/wp-content/uploads/2023/01/Climate-change-metrics.pdf>) and was audited by the BDO firm through limited assurance (see page 347 of PDF on: <https://argos.co/wp-content/uploads/2023/03/integrated-report-2022.pdf>).

The other figures reported in question 3.5a (Capex and Opex) were not audited by a third party. Argos plans to include these indicators in the assurance process by a third party of the Integrated Report for the year 2023.

C4. Targets and performance

C4.1

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

C4.1b

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

Target reference number
Int 1

Is this a science-based target?
Yes, and this target has been approved by the Science Based Targets initiative

Target ambition
Well-below 2°C aligned

Year target was set
2022

Target coverage
Company-wide

Scope(s)
Scope 1
Scope 2

Scope 2 accounting method
Market-based

Scope 3 category(ies)
<Not Applicable>

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

Base year
2021

Intensity figure in base year for Scope 1 (metric tons CO2e per unit of activity)
0.684

Intensity figure in base year for Scope 2 (metric tons CO2e per unit of activity)
0.031

Intensity figure in base year for Scope 3, Category 1: Purchased goods and services (metric tons CO2e per unit of activity)
<Not Applicable>

Intensity figure in base year for Scope 3, Category 2: Capital goods (metric tons CO2e per unit of activity)
<Not Applicable>

Intensity figure in base year for Scope 3, Category 3: Fuel-and-energy-related activities (not included in Scopes 1 or 2) (metric tons CO2e per unit of activity)
<Not Applicable>

Intensity figure in base year for Scope 3, Category 4: Upstream transportation and distribution (metric tons CO2e per unit of activity)
<Not Applicable>

Intensity figure in base year for Scope 3, Category 5: Waste generated in operations (metric tons CO2e per unit of activity)
<Not Applicable>

Intensity figure in base year for Scope 3, Category 6: Business travel (metric tons CO2e per unit of activity)
<Not Applicable>

Intensity figure in base year for Scope 3, Category 7: Employee commuting (metric tons CO2e per unit of activity)
<Not Applicable>

Intensity figure in base year for Scope 3, Category 8: Upstream leased assets (metric tons CO2e per unit of activity)
<Not Applicable>

Intensity figure in base year for Scope 3, Category 9: Downstream transportation and distribution (metric tons CO2e per unit of activity)
<Not Applicable>

Intensity figure in base year for Scope 3, Category 10: Processing of sold products (metric tons CO2e per unit of activity)
<Not Applicable>

Intensity figure in base year for Scope 3, Category 11: Use of sold products (metric tons CO2e per unit of activity)
<Not Applicable>

Intensity figure in base year for Scope 3, Category 12: End-of-life treatment of sold products (metric tons CO2e per unit of activity)
<Not Applicable>

Intensity figure in base year for Scope 3, Category 13: Downstream leased assets (metric tons CO2e per unit of activity)

<Not Applicable>

Intensity figure in base year for Scope 3, Category 14: Franchises (metric tons CO2e per unit of activity)

<Not Applicable>

Intensity figure in base year for Scope 3, Category 15: Investments (metric tons CO2e per unit of activity)

<Not Applicable>

Intensity figure in base year for Scope 3, Other (upstream) (metric tons CO2e per unit of activity)

<Not Applicable>

Intensity figure in base year for Scope 3, Other (downstream) (metric tons CO2e per unit of activity)

<Not Applicable>

Intensity figure in base year for total Scope 3 (metric tons CO2e per unit of activity)

<Not Applicable>

Intensity figure in base year for all selected Scopes (metric tons CO2e per unit of activity)

0.715

% of total base year emissions in Scope 1 covered by this Scope 1 intensity figure

100

% of total base year emissions in Scope 2 covered by this Scope 2 intensity figure

100

% of total base year emissions in Scope 3, Category 1: Purchased goods and services covered by this Scope 3, Category 1: Purchased goods and services intensity figure

<Not Applicable>

% of total base year emissions in Scope 3, Category 2: Capital goods covered by this Scope 3, Category 2: Capital goods intensity figure

<Not Applicable>

% of total base year emissions in Scope 3, Category 3: Fuel-and-energy-related activities (not included in Scopes 1 or 2) covered by this Scope 3, Category 3: Fuel-and-energy-related activities (not included in Scopes 1 or 2) intensity figure

<Not Applicable>

% of total base year emissions in Scope 3, Category 4: Upstream transportation and distribution covered by this Scope 3, Category 4: Upstream transportation and distribution intensity figure

<Not Applicable>

% of total base year emissions in Scope 3, Category 5: Waste generated in operations covered by this Scope 3, Category 5: Waste generated in operations intensity figure

<Not Applicable>

% of total base year emissions in Scope 3, Category 6: Business travel covered by this Scope 3, Category 6: Business travel intensity figure

<Not Applicable>

% of total base year emissions in Scope 3, Category 7: Employee commuting covered by this Scope 3, Category 7: Employee commuting intensity figure

<Not Applicable>

% of total base year emissions in Scope 3, Category 8: Upstream leased assets covered by this Scope 3, Category 8: Upstream leased assets intensity figure

<Not Applicable>

% of total base year emissions in Scope 3, Category 9: Downstream transportation and distribution covered by this Scope 3, Category 9: Downstream transportation and distribution intensity figure

<Not Applicable>

% of total base year emissions in Scope 3, Category 10: Processing of sold products covered by this Scope 3, Category 10: Processing of sold products intensity figure

<Not Applicable>

% of total base year emissions in Scope 3, Category 11: Use of sold products covered by this Scope 3, Category 11: Use of sold products intensity figure

<Not Applicable>

% of total base year emissions in Scope 3, Category 12: End-of-life treatment of sold products covered by this Scope 3, Category 12: End-of-life treatment of sold products intensity figure

<Not Applicable>

% of total base year emissions in Scope 3, Category 13: Downstream leased assets covered by this Scope 3, Category 13: Downstream leased assets intensity figure

<Not Applicable>

% of total base year emissions in Scope 3, Category 14: Franchises covered by this Scope 3, Category 14: Franchises intensity figure

<Not Applicable>

% of total base year emissions in Scope 3, Category 15: Investments covered by this Scope 3, Category 15: Investments intensity figure

<Not Applicable>

% of total base year emissions in Scope 3, Other (upstream) covered by this Scope 3, Other (upstream) intensity figure

<Not Applicable>

% of total base year emissions in Scope 3, Other (downstream) covered by this Scope 3, Other (downstream) intensity figure

<Not Applicable>

% of total base year emissions in Scope 3 (in all Scope 3 categories) covered by this total Scope 3 intensity figure

<Not Applicable>

% of total base year emissions in all selected Scopes covered by this intensity figure

100

Target year

2030

Targeted reduction from base year (%)

21

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

0.56485

% change anticipated in absolute Scope 1+2 emissions

-17.34

% change anticipated in absolute Scope 3 emissions

0

Intensity figure in reporting year for Scope 1 (metric tons CO2e per unit of activity)

0.689

Intensity figure in reporting year for Scope 2 (metric tons CO2e per unit of activity)

0.03

Intensity figure in reporting year for Scope 3, Category 1: Purchased goods and services (metric tons CO2e per unit of activity)

<Not Applicable>

Intensity figure in reporting year for Scope 3, Category 2: Capital goods (metric tons CO2e per unit of activity)

<Not Applicable>

Intensity figure in reporting year for Scope 3, Category 3: Fuel-and-energy-related activities (not included in Scopes 1 or 2) (metric tons CO2e per unit of activity)

<Not Applicable>

Intensity figure in reporting year for Scope 3, Category 4: Upstream transportation and distribution (metric tons CO2e per unit of activity)

<Not Applicable>

Intensity figure in reporting year for Scope 3, Category 5: Waste generated in operations (metric tons CO2e per unit of activity)

<Not Applicable>

Intensity figure in reporting year for Scope 3, Category 6: Business travel (metric tons CO2e per unit of activity)

<Not Applicable>

Intensity figure in reporting year for Scope 3, Category 7: Employee commuting (metric tons CO2e per unit of activity)

<Not Applicable>

Intensity figure in reporting year for Scope 3, Category 8: Upstream leased assets (metric tons CO2e per unit of activity)

<Not Applicable>

Intensity figure in reporting year for Scope 3, Category 9: Downstream transportation and distribution (metric tons CO2e per unit of activity)

<Not Applicable>

Intensity figure in reporting year for Scope 3, Category 10: Processing of sold products (metric tons CO2e per unit of activity)

<Not Applicable>

Intensity figure in reporting year for Scope 3, Category 11: Use of sold products (metric tons CO2e per unit of activity)

<Not Applicable>

Intensity figure in reporting year for Scope 3, Category 12: End-of-life treatment of sold products (metric tons CO2e per unit of activity)

<Not Applicable>

Intensity figure in reporting year for Scope 3, Category 13: Downstream leased assets (metric tons CO2e per unit of activity)

<Not Applicable>

Intensity figure in reporting year for Scope 3, Category 14: Franchises (metric tons CO2e per unit of activity)

<Not Applicable>

Intensity figure in reporting year for Scope 3, Category 15: Investments (metric tons CO2e per unit of activity)

<Not Applicable>

Intensity figure in reporting year for Scope 3, Other (upstream) (metric tons CO2e per unit of activity)

<Not Applicable>

Intensity figure in reporting year for Scope 3, Other (downstream) (metric tons CO2e per unit of activity)

<Not Applicable>

Intensity figure in reporting year for total Scope 3 (metric tons CO2e per unit of activity)

<Not Applicable>

Intensity figure in reporting year for all selected Scopes (metric tons CO2e per unit of activity)

0.719

Does this target cover any land-related emissions?

No, it does not cover any land-related emissions (e.g. non-FLAG SBT)

% of target achieved relative to base year [auto-calculated]

-2.66400266400267

Target status in reporting year

New

Please explain target coverage and identify any exclusions

The target covers all of our operations as per reporting boundary disclosed in C0.5: cement (including self-generation of energy), concrete and aggregates.

Argos GHG emissions reduction target by 2030, which was validated by SBTi in 2022, is: CEMENTOS ARGOS commits to reduce scope 1 and 2 GHG emissions 21% per

tonne of cementitious product by 2030 from 2021 base year. Our base year emissions, for year 2021, is 0.715 t CO₂/ t cementitious products. It is important to highlight that Argos has different decarbonization targets described in the attached documents. These targets vary according to the businesses and the scopes they cover. In this sense, the target presented and validated by SBTi aims to reduce company-wide Scope 1 and 2 emissions by 21% by 2030. The other two goals are related to the cement business, and they depict the Argos cement unit's commitment to reducing its Scope 1 emissions by 29% and Scope 2 emissions by 23% by 2030. On the other hand, there is a public commitment to achieve carbon neutrality in our Concrete business by 2050.

The scope 3 emissions are calculated and monitored by Argos; however, the Company has not targets for reduction of these emissions yet. Argos is focusing on improving the accounting of scope 3 emissions and expanding the measurement coverage of scope 3 categories.

Plan for achieving target, and progress made to the end of the reporting year

Argos has a Roadmap to reduce scope 1 CO₂ emissions. It was approved by the Board of Directors and the Steering Committee. We defined in this roadmap the levers to reduce CO₂ emissions:

- The evaluation of operational continuity of those processes with a lower performance in terms of CO₂ emissions, due to the nature of their technology.
 - The optimization of heat consumption that depends on the operational and infrastructure adjustments.
 - The diversification of the fuel portfolio, promoting heat substitution with alternatives fuels.
 - The optimization of the clinker/cement factor through the diversification and expansion of the company's portfolio with low-carbon products.
- The investments approved in this roadmap was USD 52.9 million, and will be distributed thus: 44% in initiatives that optimize heat consumption; 40% in co-processing projects; 9% in projects that improve the fuel portfolio to achieve emission reductions; and 7% in initiatives to leverage the reduction of the clinker/cement factor.
- In 2022 we defined a Roadmap to reduce scope 2 emissions and we established three drivers to reduce the emissions: 1) Electricity efficiency (Technological transformation that permits decreasing electric energy consumption), 2) PPAs (Power Purchase Agreements: The signing of Agreements to purchase energy from suppliers with renewable sources certified by international entities), 3) Renewable energy projects (The implementation of renewable energy generating assets that are commercially viable and necessary).
- In 2022 Argos implemented initiatives related to the company's climate change strategy,. These actions involved investments and expenses of approx. USD \$ 12,8 million (54701 million COP). Some of these initiatives were:
- In 2022 SBTi validated our CO₂ 2030 reduction emission target, aligned with its criteria Well below 2°C.
 - We continued using alternative fuels achieving a 5,7% rate at company level.
 - Regarding low carbon products, the company dedicated 37% of its total R&D projects' budget, for researching & developing of these products..
 - Implementation of initiatives to reduce the consumption of electrical & thermal energy. The EPA recognized our Harleyville cement plant with ENERGY STAR® certification for fourth consecutive year.
 - Argos obtained 94,733 IRECs which represented 94,733 MWh of electricity generated from renewable sources.

List the emissions reduction initiatives which contributed most to achieving this target

<Not Applicable>

C4.2

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

No other climate-related targets

C4.3

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

Yes

C4.3a

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

	Number of initiatives	Total estimated annual CO ₂ e savings in metric tonnes CO ₂ e (only for rows marked *)
Under investigation	12	0
To be implemented*	4	250122.23
Implementation commenced*	0	0
Implemented*	4	305690.47
Not to be implemented	0	0

C4.3b

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

Initiative category & Initiative type

Energy efficiency in production processes	Fuel switch
---	-------------

Estimated annual CO₂e savings (metric tonnes CO₂e)

83321

Scope(s) or Scope 3 category(ies) where emissions savings occur

Scope 1

Voluntary/Mandatory

Voluntary

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

14889532963

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

19987513106

Payback period

1-3 years

Estimated lifetime of the initiative

Ongoing

Comment

Argos has the target to substitute 33% of conventional fossil fuel heat consumption with alternative fuels by 2030. In 2022 Argos achieved a 5,77% rate of use in alternative fuels in replacement of conventional fuels with the use of more than 108300 tonnes of waste. The plants that used alternative fuels as part of the fuel mix for their clinker kiln were the following: Roberta, Harleyville, Newberry (USA), Piedras Azules (Honduras), Rioclaro and Cartagena (Colombia). Also, Argos is making progress in strengthening the alternative fuel supply chain in the three regional operations.

Initiative category & Initiative type

Non-energy industrial process emissions reductions	Process material substitution
--	-------------------------------

Estimated annual CO2e savings (metric tonnes CO2e)

196922

Scope(s) or Scope 3 category(ies) where emissions savings occur

Scope 1

Voluntary/Mandatory

Voluntary

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

51739916895

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

2759976038

Payback period

<1 year

Estimated lifetime of the initiative

Ongoing

Comment

In several cement plants of Colombia and USA Regions, a reduction of the clinker cement ratio was achieved in 2022 in comparison with 2021, which was possible by replacing clinker with slags, fly ashes, CKD, artificial pozzolans (calcined clays), limestone, and others.

Argos has in Colombia one of the most-significant advances in terms of innovation and sustainability: the artificial pozzolana line with which the Company created Green Cement. These pozzolans reduce the use of clinker and make possible to obtain a more environmentally friendly product. In 2022 green cements were produced in our Cartagena and Sogamoso Plants, in Colombia; Piedras Azules, in Honduras; and Quebrancha, in Panama. In Low-carbon cements the clinker is replaced by other alternative materials, such as slag, ash and pozzolans, allowing us to achieve CO2 reductions between 34% and 48% in general use cement and from 13% in concrete.. Fourteen of our cements present CO2 reductions, compared to average industry benchmarks.

Likewise, in 2022 the Roberta, Harleyville and Newberry cement Plants in USA were fully converted to PLC (Portland Limestone Cement IL), which is a cement with a lower percentage of clinker than Type I in that market, which offers performance comparable to regular Portlands, while providing a smaller carbon footprint.

Initiative category & Initiative type

Energy efficiency in production processes	Process optimization
---	----------------------

Estimated annual CO2e savings (metric tonnes CO2e)

1358

Scope(s) or Scope 3 category(ies) where emissions savings occur

Scope 1

Voluntary/Mandatory

Voluntary

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

245474053

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

4556957476

Payback period

16-20 years

Estimated lifetime of the initiative

Ongoing

Comment

In 2022 Argos continued implementing projects and initiatives related improvements in thermal efficiency. Some of these initiatives were:

- Reduction of specific heat consumption in clinker production through Hydrogen injection in (Piedras Azules cement Plant (Honduras). At the beginning of 2022, our Piedras Azules Plant, in Honduras, was the protagonist of a successful hydrogen injection test in the kiln. This technology presents great opportunities to reduce greenhouse gases (GHG) in cement production, since - with the injection of small amounts of hydrogen - a 2% reduction in the consumption of fossil fuel and greater efficiency in combustion was achieved, which allowed increasing the use of tires as alternative fuel. Additionally, clinker production increased by 3%.
- Use of ash in thermally activated clays process at Rioclaro cement plant (Colombia).
- The United States Environmental Protection Agency (EPA) recognized our Harleyville cement plant, South Carolina, with ENERGY STAR® certification for fourth consecutive year.
- There was a reduction of specific heat consumption in clinker production at Cartagena cement plants(Colombia).

Initiative category & Initiative type

Energy efficiency in production processes	Fuel switch
---	-------------

Estimated annual CO2e savings (metric tonnes CO2e)

24090

Scope(s) or Scope 3 category(ies) where emissions savings occur

Scope 1

Voluntary/Mandatory

Voluntary

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

0

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

0

Payback period

<1 year

Estimated lifetime of the initiative

Ongoing

Comment

Another of the relevant levers in our process of reducing emissions is the transition to fuels with a lower carbon intensity and are, therefore, cleaner. It is important to remember that 35% of the total CO2 emissions from the cement-production process come from the burning of fossil fuels, and that is why managing to replace traditional fuels with more-efficient ones with a lower carbon intensity is a priority. In this sense, we are committed to achieving a transition that makes the maximum reduction of CO2 emissions from the production process possible, reducing the use of coal, or derivatives, and increasing the use of natural gas.

In terms of energy, the current global situation has led the price of coal to rise exorbitantly in recent months, especially in producing countries such as Colombia. The transition to other fuels that not only make it possible to reduce CO2 emissions from the production process, but also improve the cost structure of the production process is one of the opportunities that we are seeking to capitalize on in this area and that, undoubtedly, will allow us to increase natural gas in the energy matrix.

C4.3c

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

Method	Comment
Dedicated budget for energy efficiency	Thermal and electrical energy are critical inputs for Argos's production processes. Managing them efficiently enables to the Company to reduce the use of natural resources and minimize costs and net CO2 emissions. Argos has a Technical and Financial Roadmap to reduce scope 1 CO2 emissions and achieve its target proposed by 2030 (emitting a maximum of 523 kg CO2/t of cementitious material). Argos has defined the levers to reduce CO2 emissions, among them: the optimization of heat consumption that depends on the operational and infrastructure adjustments. Likewise, in 2022 Argos defined a Roadmap to reduce scope 2 emissions and, thus, contribute to meeting the organization's objectives by 2030 (emitting a maximum of 23 kg CO2/t of cementitious material) The investments approved in this roadmap to reduce our direct Scope 1 emissions, which amount to USD 52.9 million, will be distributed thus: 44% in initiatives that optimize heat consumption; 40% in co-processing projects; 9% in projects that improve the fuel portfolio to achieve emission reductions; and 7% in initiatives to leverage the reduction of the clinker/cement factor. In 2022 Argos continued implementing initiatives related improvements in energy efficiency: - Reduction of specific heat consumption in clinker production through Hydrogen injection in (Piedras Azules cement Plant (Honduras). This technology presents great opportunities to reduce CO2 in cement production, since (with the injection of small amounts of hydrogen) a 2% reduction in the consumption of fossil fuel and greater efficiency in combustion was achieved, which allowed increasing the use of tires as alternative fuel. Additionally, clinker production increased by 3%. - Use of ash in thermally activated clays process at Rioclaro cement plant (Colombia). - The United States Environmental Protection Agency (EPA) recognized our Harleyville cement plant, South Carolina, with ENERGY STAR® certification for fourth consecutive year. - There was a reduction of specific heat consumption in clinker production at Cartagena cement plants(Colombia). - Continuous operation of the Digital Twin system to increase productivity. - The greater use of calcined clays as substitute for clinker in cement milling process has made it possible to reduce the specific power consumption until cement in silos (at Rioclaro cement plant).

Method	Comment
Dedicated budget for low-carbon product R&D	In the Environmental Strategy of Argos, sustainable construction is one of its pillars. The focus of this pillar is to satisfy the growing market demand for sustainable products, increasing the relevance of products with sustainable characteristics in the Company's portfolio, and guiding the clients in the selection for sustainable building materials. Argos Research and Development (R&D) team develops projects to reduce CO2 emissions at various points in the value chain. Initiatives range from identifying new raw materials to launching new products, specifically with sustainability characteristics (i.e. low carbon products). Team work across a variety of company areas is essential for scaling the laboratory's developments. Argos has a sustainable portfolio named Green Solutions, which is a set of products, solutions and services that allow reducing the negative environmental impacts of construction throughout its life cycle. These Green Solutions are segmented in the following categories: 1. Low Carbon Products: Cements and concretes that have a lower content of embedded carbon and lower energy consumption in its production stage, according to the life-cycle analysis. In 2022 regarding this category, the company dedicated 69% of its total R&D budget for researching and developing of these products. 2. Products and services that promote conscious construction: These products and services have the following benefits: adaptation promote to climate change and the circular economy; reduce the use of non-renewable resources in the manufacturing stage and/or in the construction stage; increase the useful life of the infrastructure; allow the management of water as a resource; and contribute to well-being, comfort and health. In addition, we aim to keep accessing market opportunities via products with resilience characteristics. With the increasing likelihood of more intense extreme weather events that may cause natural disasters, Argos sees the importance in developing products that help to build infrastructures that better adapt to the changing conditions. For example, Argos offers a special concrete with higher solar reflectance, which minimizes heat absorption. In addition, the company offers products that allow greater infiltration rate, so it reduces the intensity of damage caused by floods.
Dedicated budget for other emissions reduction activities	Environmental strategy of the company includes the following activities that leverage CO2 emissions reduction: reduce energy intensity (heat & electricity consumption), optimize clinker/cement ratio, use alternative fuels in the clinkerization process and use cleaner types of fuels (such as natural gas). To implement these activities, Argos has dedicated budget by regions and operations. Argos has a Technical and Financial Roadmap to reduce scope 1 CO2 emissions and achieve the target proposed for 2030. We have defined the levers to reduce CO2 emissions: - The evaluation of operational continuity of those processes with a lower performance in terms of CO2 emissions, due to the nature of their technology. - The optimization of heat consumption that depends on the operational and infrastructure adjustments. - The diversification of the fuel portfolio, promoting heat substitution with alternatives fuels. - The optimization of the clinker/cement factor through the diversification and expansion of the company's portfolio with low-carbon products. The investments approved in this roadmap to reduce our direct Scope 1 emissions, which amount to USD 52.9 million, will be distributed thus: 44% in initiatives that optimize heat consumption; 40% in co-processing projects; 9% in projects that improve the fuel portfolio to achieve emission reductions; and 7% in initiatives to leverage the reduction of the clinker/cement factor. In 2022 Argos continued implementing initiatives related to the company's climate change strategy, specifically with the lines of action that promote the mitigation of CO2 emissions. These actions involved investments and expenses of approximately USD \$ 12.8 million (54701 million COP). Some of these initiatives were: - We achieved validation of our Scope 1 and 2 Reduction Targets by SBTi, aligned with its criteria in the temperature ambition trajectory well below 2°C. - Reduce clinker content in all types of cement. - Increase the substitution of conventional fuels with alternative fuels. - Increase the use of alternative raw material in cement and concrete businesses. - Process optimization through thermal and electrical efficiency projects. - Continuation of production management system focused on finding the best operating practices, which has allowed efficiency improvements of processes and reduced energy consumption.
Internal price on carbon	Argos has an Internal Carbon Price to assess financial risks in CAPEX projects (e.g. use of alternative fuels, energy efficiency projects and production capacity increase). The evaluation includes all those projects that generate a reduction or an increase of Scope 1 and 2 CO2 absolute emissions. For doing so, an interdisciplinary team was formed within the company and the best price was defined for the current situation of the company after analysing different options including projections from climate-related regulation, benchmarking against peers, social price of carbon, and technical analysis. For determining the price, Argos considered as a main reference the carbon tax that since 2016 has been applied in Colombia for liquid fuels usage, and because is in Colombia where most CO2 direct emissions are produced. This method helps towards investment decisions and is used as a risk management tool within the organization Climate Strategy. The process for applying it within the company is the following: - Identify within the results for the CAPEX allocation system of the company those new projects in line with adding profitability to the company. - Calculate the contribution of those new projects to increase or reduce CO2 absolute emissions, which will represent the cost that the company would assume. - Determine the level of risk identified for the company, making projections for different years. Also, the hypothetical scenarios are analysed for the geographies where the company is located. - Calculation of cost or savings of the final net value to society. - Calculation of financial impact of each project under the assumption of a possible CO2 tax and finally a sensitivity analysis is conducted to determine to which level of extent any KPI's, such as the Internal Rate of Return (IRR), is affected by the internal carbon price applied.
Internal incentives/recognition programs	Argos has a Variable Compensation System (monetary incentives) that promotes the achievement of the strategic targets. Through this system, extra salary bonuses are paid to employees when the goals are achieved. Depending on the organizational level within the company, there are two types of incentives that could apply: short term incentives and long-term incentives. The short-term monetary incentive (annual) establishes targets which are evaluated and reviewed at the end of the established periods. The long-term monetary establishes follow-up, measurement and compliance with the goals for periods of 3 years; however, the planning, measurement and tracking of these indicators are carried out every year and the next three- year period is planned. In 2022 Argos continued with its recognition program named Green Plant award as a system of non-monetary incentive, which is an annual recognition process that is delivered to the best integrated plant, grinding plant, and division or zone of concrete, with the best practices in operational efficiency, care of life, environmental sustainability (focused on efficient use of water and reduction of CO2 emissions) and building relationships of trust with communities. The winning plants were chosen based on the evaluation of four indicators related to climate change management, including the reduction of net CO2 emissions and energy efficiency. In 2022, employees of the Toluviejo Cement Plant in Colombia, the Atlanta Cement, and the Florida Concrete Division in the United States received recognition for the comprehensive, responsible, and sustainable management of their facilities. In addition, Argos has a system of non-monetary incentives to promote the generation of innovative ideas, which is named IDEAXION, an organizational tool for the innovation management that allows the collection of innovative ideas from anyone anywhere in the Company, and, it has a system of points assigned to reward authors and mentors of those innovative ideas. This program, which celebrated 11 years of existence in 2022, was consolidated as the platform that brought Innovation closer to each Company employee, at all levels and geographies, allowing them to enhance their creativity and present innovative ideas that generate sustainable value for the Company.
Other (Value Added to Society (VAS))	Since 2016 Argos has included the analysis of externalities in its reporting and accountability model. These impacts are quantified in the Value Added to Society (VAS) report, which was developed based on the True Value methodology and includes the costs and benefits generated to society in the economic, social and environmental dimensions. These costs and benefits are monetized to reflect the impact that Argos operation had on society in a given period. In terms of GHG economic impact to society, Argos based its carbon price on the social cost of carbon (SCC), which reflects the cost of the damage for society generated by GHG emissions over the lifetime. In 2022 Argos used the Environmental Protection Agency (EPA) SCC estimates (EPA, 2016), which amounts to USD 31.66 after adjusting for inflation and the 4% discount rate applied according to the options provided by the study. Annual estimates vary based on the discount rate applied, which determines the present value of future damages derived from climate change.
Other (BEST program (Building Efficiency and Sustainability for Tomorrow))	BEST program (Building Efficiency and Sustainability for Tomorrow) is an efficiency accelerator that Argos had deployed to become closer to its customers, enrich the value proposition of all segments, and compete in the market with the highest added value in terms its portfolio, performance, and quality of products and solutions. The excellent operational and financial results achieved in 2022 result from the profitability of our operations in the three regions. These results are leveraged by a strategy focused on satisfying our clients' needs and a business philosophy of creating social value for all stakeholders. As well as the successful execution of our BEST efficiency plans and RESET and the favorable market dynamics in most of our geographies.
Other (Synergies between University, Companies and State)	Our climate-change strategy guides our actions in mitigation, adaptation to impacts and the research and development of technologies, which allows us to minimize the risks and enhance the opportunities associated with climate change. In 2022 Argos established a collaboration between Academia and Business for the Development of Technologies for the Use of CO2: The company launched a program for the creation of technologies for the use of CO2, in partnership with the National University of Colombia, the actions of which in 2023 will be focused on the identification of groups of research, the formation of a bank of initiatives and the selection of two projects focused on the development of technologies to enable the use of CO2.

Method	Comment
Other (Technical and financial roadmap to reduce CO2 emissions)	In 2022 we achieved validation of our Scope 1 and 2 reduction targets by SBTi, aligned with its criteria in the temperature ambition trajectory well below 2°C. To respond to this commitment, Argos built its Technical and Financial Roadmap to reduce scope 1 CO2 emissions and achieve the target proposed for 2030. This roadmap was validated by the Board of Directors' Sustainability and Corporate Governance Committee. We defined the levers to reduce CO2 emissions: - The evaluation of operational continuity of those processes with a lower performance in terms of CO2 emissions, due to the nature of their technology. - The optimization of heat consumption that depends on the operational and infrastructure adjustments. - The diversification of the fuel portfolio, promoting heat substitution with alternatives fuels. - The optimization of the clinker/cement factor through the diversification and expansion of the company's portfolio with low-carbon products. The investments approved in this roadmap to reduce our direct Scope 1 emissions, which amount to USD 52.9 million, will be distributed thus: 44% in initiatives that optimize heat consumption; 40% in co-processing projects; 9% in projects that improve the fuel portfolio to achieve emission reductions; and 7% in initiatives to leverage the reduction of the clinker/cement factor. In 2022 we defined a Roadmap to reduce scope 2 emissions and, thus, contribute to meeting the organization's objectives by 2030 (emit a maximum of 23 kgCO2/t cementitious material). To meet the goal, three drivers have been defined that must make it possible to reduce not only electricity consumption, but also the emissions associated with the increase in the purchase of energy from suppliers whose energy matrix contains, in a greater proportion, renewable sources: - Electricity Efficiency: Technological transformation that permits decreasing electric energy consumption. - Power Purchase Agreements (PPAs): The signing of Agreements to purchase energy from suppliers with renewable sources certified by international entities. - Renewable Energy Projects: The implementation of renewable energy generating assets that are commercially viable and necessary.

C4.5

(C4.5) Do you classify any of your existing goods and/or services as low-carbon products?

Yes

C4.5a

(C4.5a) Provide details of your products and/or services that you classify as low-carbon products.

Level of aggregation

Group of products or services

Taxonomy used to classify product(s) or service(s) as low-carbon

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

Type of product(s) or service(s)

Cement and concrete	Other, please specify (Low-carbon products)
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Description of product(s) or service(s)

Argos is continuously innovating and developing products to achieve its goals of net zero carbon. For Argos a low carbon product must have a life cycle analysis (LCA) and its Global Warming Potential (GWP) result must be lower than the industry averages established by the PCA & NRMCA.

Low Carbon:

Cements: Cemento Gris Uso General, Cemento ECO, Estructural Max Eco Strong , PLC type IL Cement

Concretes:

Colombia Region

- Centre zone (84 Mix)

- North Zone (58 Mixes) (<https://bit.ly/3PjKBZa>)

US Region

- Glenwood: (64 Mixes)

- Smyrna: (24 Mixes)

- Houston: (6 Mixes)

- Doraville: (43 Mixes)

- Atlanta Portable (19 Mixes)

- Armour Drive (95 Mixes)

EPD concrete mixes – ASTM International, [https:// bit.ly/3PjKBZa](https://bit.ly/3PjKBZa)

EPD concrete mixes – NFS Certification, [https:// bit.ly/3L7LUqL](https://bit.ly/3L7LUqL)

(see Web page: Green Solutions, conscious Innovation <https://bit.ly/3yxixqt>)

Have you estimated the avoided emissions of this low-carbon product(s) or service(s)

Yes

Methodology used to calculate avoided emissions

Estimating and Reporting the Comparative Emissions Impacts of Products (WRI)

Life cycle stage(s) covered for the low-carbon product(s) or services(s)

Cradle-to-gate

Functional unit used

For cement is 1 tonne of cement, and for concrete is 1 m3 of concrete.

Reference product/service or baseline scenario used

Cement:

Average EPD developed by PCA-2021:

a. Type I defined by ASTM C219 & specified in ASTM C150 & ASTM C1157: 922 kg CO2eq/t cement

b. 1L (ASTM C219 & specified in ASTM C595): 846 kg CO2eq/t cement

c. Blended Cement (ASTM C219 & specified in ASTM C1157): 742 kg CO2eq/t cement

d. Mansory Cement (ASTM C219 & specified in ASTM C91): 589 kg CO2eq/t cement

Concrete:
NRMCA-2019 industry average EPD for concrete mixes with strengths between 2500 PSI & 8000 PSI, made with 100% Type I cement (ASTM C150)

Life cycle stage(s) covered for the reference product/service or baseline scenario

Cradle-to-gate

Estimated avoided emissions (metric tons CO2e per functional unit) compared to reference product/service or baseline scenario

16840015

Explain your calculation of avoided emissions, including any assumptions

To estimate the avoided emissions of our low-carbon products, we follow an attributional estimation approach, which measures the difference in total life-cycle GHG emissions between the low-carbon product(s) and a reference product that provides an equivalent function.

Our process for estimating the avoided emissions is as follows:

1. We identify if the product is a Low Carbon Product: products and solutions with a lower embedded-CO2 content. They have product statements (like Environmental Product Declarations) and Self-declared Environmental claims. If the product does not have an EPD or environmental self-declarations, then a Life Cycle Assessment (LCA) (from cradle to gate) must be carried out based on the PCR (Product Category Rules) for ASTM cement, or based on the PCR (Product Category Rules) for concrete of NSF International. The "Global Warming Potential" indicator must be extracted from this LCA.
Argos uses the "GCCA EPD Tool" as software to carry out the LCA of its products. This tool, which was developed by the GCCA (Global Cement and Concrete Association) & Quantis, complies with the PCR for cement and concrete.

2. The referents with which the avoided emissions are calculated are selected. Argos has selected the following:

For cement:

a. Average EPD developed by the PCA (Portland Cement Association) in 2021 of a Portland Cement as defined by ASTM C219 & specified in ASTM C150 & ASTM C1157 produced in North America (NA).
Type I: 922 kg CO2eq/t cement

b. Average EPD developed by PCA of a Portland Limestone Cement (PLC) as defined by ASTM C219 and specified in ASTM C595 produced in NA.
Type IL: 846 kg CO2eq/t cement

c. Average EPD developed by PCA of a Blended Cement as defined by ASTM C219 and specified in ASTM C1157 produced in NA.
Blended cement: 742 kg CO2eq/t cement

d. Average EPD developed by the PCA (Portland Cement Association) of a Mansory Cement as defined by ASTM C219 and specified in ASTM C91 produced in NA:
Mansory cement: 589 kg CO2eq/t cement

For concrete: NRMCA (2019) industry average EPD for concrete mixes with strengths between 2,500 psi and 8,000 psi, made with 100% Type I cement (ASTM C150).

3. The subtraction is made between the GHG emissions of the reference & the emissions of each Argos product.

4. All avoided emissions are added up at company level. For 2022, the total emissions avoided by the Low carbon products were 16.840.015 tonne CO2 eq.

Revenue generated from low-carbon product(s) or service(s) as % of total revenue in the reporting year

17

C-CE4.9

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

	Total production capacity coverage (%)
4+ cyclone preheating	23.41
Pre-calcliner	63.93

C5. Emissions methodology

C5.1

(C5.1) Is this your first year of reporting emissions data to CDP?

No

C5.1a

(C5.1a) Has your organization undergone any structural changes in the reporting year, or are any previous structural changes being accounted for in this disclosure of emissions data?

Row 1

Has there been a structural change?
No

Name of organization(s) acquired, divested from, or merged with
<Not Applicable>

Details of structural change(s), including completion dates
<Not Applicable>

C5.1b

(C5.1b) Has your emissions accounting methodology, boundary, and/or reporting year definition changed in the reporting year?

	Change(s) in methodology, boundary, and/or reporting year definition?	Details of methodology, boundary, and/or reporting year definition change(s)
Row 1	No	<Not Applicable>

C5.2

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

Scope 1

Base year start
January 1 2006

Base year end
December 31 2006

Base year emissions (metric tons CO2e)
9808866.708

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

Scope 2 (location-based)

Base year start
January 1 2017

Base year end
December 31 2017

Base year emissions (metric tons CO2e)
436634

Comment
2017 is the base year for Argos greenhouse gas inventory, specifically for Scope 2 (location-based). Argos has selected the year 2017 as the base year for its scope 2 (location method) because is the oldest year for which the company has available emissions information that is verified and assured by a third party.

Scope 2 (market-based)

Base year start
January 1 2021

Base year end
December 31 2021

Base year emissions (metric tons CO2e)
397955

Comment
2021 is the base year for Argos greenhouse gas inventory, specifically for Scope 2 (market-based). Argos has selected the year 2021 as the base year for its scope 2 (market-based) because is the oldest year for which the company has available emissions information that is verified and assured by a third party.
In 2021 Argos began CO2 Scope 2 measurements through the Market Based method, in accordance with the recommendations given by the GHG Protocol Scope 2 Guidance (2015) to define the baseline. Under this method, the measurement yields values that are lower than the Location Based calculation, since the calculation considers the emission factors of the suppliers who provide us renewable energy.
In 2022 Argos defined the targets and the roadmap to reduce Scope 2 CO2 emissions (market-based) in the cement business. The base year for this target was 2021 too.

Scope 3 category 1: Purchased goods and services

Base year start

January 1 2022

Base year end

December 31 2022

Base year emissions (metric tons CO2e)

2827250.847

Comment

2022 is the base year for Argos greenhouse gas inventory, specifically for Scope 3.

In 2022 Argos expanded the quantification coverage of Scope 3 emission categories, going from quantifying 5 to 10 categories, out of the 15 that exist in total. Therefore, given that the year 2022 has a greater coverage of quantified categories, this year was selected as the base year for Scope 3 emissions. Likewise, the year 2022 is the most recent year for which information is available and verified by a third party, and it is also a year that reflects the typical operating conditions of the company's value chain (upstream and downstream).

Scope 3 category 2: Capital goods

Base year start

January 1 2022

Base year end

December 31 2022

Base year emissions (metric tons CO2e)

55107.982

Comment

2022 is the base year for Argos greenhouse gas inventory, specifically for Scope 3.

In 2022 Argos expanded the quantification coverage of Scope 3 emission categories, going from quantifying 5 to 10 categories, out of the 15 that exist in total. Therefore, given that the year 2022 has a greater coverage of quantified categories, this year was selected as the base year for Scope 3 emissions. Likewise, the year 2022 is the most recent year for which information is available and verified by a third party, and it is also a year that reflects the typical operating conditions of the company's value chain (upstream and downstream).

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

Base year start

January 1 2022

Base year end

December 31 2022

Base year emissions (metric tons CO2e)

514883.006

Comment

2022 is the base year for Argos greenhouse gas inventory, specifically for Scope 3.

In 2022 Argos expanded the quantification coverage of Scope 3 emission categories, going from quantifying 5 to 10 categories, out of the 15 that exist in total. Therefore, given that the year 2022 has a greater coverage of quantified categories, this year was selected as the base year for Scope 3 emissions. Likewise, the year 2022 is the most recent year for which information is available and verified by a third party, and it is also a year that reflects the typical operating conditions of the company's value chain (upstream and downstream).

Scope 3 category 4: Upstream transportation and distribution

Base year start

January 1 2022

Base year end

December 31 2022

Base year emissions (metric tons CO2e)

666883.523

Comment

2022 is the base year for Argos greenhouse gas inventory, specifically for Scope 3.

In 2022 Argos expanded the quantification coverage of Scope 3 emission categories, going from quantifying 5 to 10 categories, out of the 15 that exist in total. Therefore, given that the year 2022 has a greater coverage of quantified categories, this year was selected as the base year for Scope 3 emissions. Likewise, the year 2022 is the most recent year for which information is available and verified by a third party, and it is also a year that reflects the typical operating conditions of the company's value chain (upstream and downstream).

Scope 3 category 5: Waste generated in operations

Base year start

January 1 2022

Base year end

December 31 2022

Base year emissions (metric tons CO2e)

22790.858

Comment

2022 is the base year for Argos greenhouse gas inventory, specifically for Scope 3.

In 2022 Argos expanded the quantification coverage of Scope 3 emission categories, going from quantifying 5 to 10 categories, out of the 15 that exist in total. Therefore, given that the year 2022 has a greater coverage of quantified categories, this year was selected as the base year for Scope 3 emissions. Likewise, the year 2022 is the most recent year for which information is available and verified by a third party, and it is also a year that reflects the typical operating conditions of the company's value chain (upstream and downstream).

Scope 3 category 6: Business travel

Base year start

January 1 2022

Base year end

December 31 2022

Base year emissions (metric tons CO2e)

715.478

Comment

2022 is the base year for Argos greenhouse gas inventory, specifically for Scope 3.

In 2022 Argos expanded the quantification coverage of Scope 3 emission categories, going from quantifying 5 to 10 categories, out of the 15 that exist in total. Therefore, given that the year 2022 has a greater coverage of quantified categories, this year was selected as the base year for Scope 3 emissions. Likewise, the year 2022 is the most recent year for which information is available and verified by a third party, and it is also a year that reflects the typical operating conditions of the company's value chain (upstream and downstream).

Scope 3 category 7: Employee commuting

Base year start

January 1 2022

Base year end

December 31 2022

Base year emissions (metric tons CO2e)

30806.716

Comment

2022 is the base year for Argos greenhouse gas inventory, specifically for Scope 3.

In 2022 Argos expanded the quantification coverage of Scope 3 emission categories, going from quantifying 5 to 10 categories, out of the 15 that exist in total. Therefore, given that the year 2022 has a greater coverage of quantified categories, this year was selected as the base year for Scope 3 emissions. Likewise, the year 2022 is the most recent year for which information is available and verified by a third party, and it is also a year that reflects the typical operating conditions of the company's value chain (upstream and downstream).

Scope 3 category 8: Upstream leased assets

Base year start

January 1 2022

Base year end

December 31 2022

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

This category is not relevant to cement companies according to what is established in the "Cement Sector Scope 3 GHG Accounting and Reporting Guidance" developed by WBCSD (2016).

Scope 3 category 9: Downstream transportation and distribution

Base year start

January 1 2022

Base year end

December 31 2022

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

Since 2022, the emissions in this category were included in category 4 since it was identified that Argos hires a supplier (through outsourcing) to carry the product sold to its customers. Therefore, the emissions of Category 9 are 0 tonne as of 2022.

Scope 3 category 10: Processing of sold products

Base year start

January 1 2022

Base year end

December 31 2022

Base year emissions (metric tons CO2e)

400283.231

Comment

2022 is the base year for Argos greenhouse gas inventory, specifically for Scope 3.

In 2022 Argos expanded the quantification coverage of Scope 3 emission categories, going from quantifying 5 to 10 categories, out of the 15 that exist in total. Therefore, given that the year 2022 has a greater coverage of quantified categories, this year was selected as the base year for Scope 3 emissions. Likewise, the year 2022 is the most recent year for which information is available and verified by a third party, and it is also a year that reflects the typical operating conditions of the company's value chain (upstream and downstream).

Scope 3 category 11: Use of sold products

Base year start

January 1 2022

Base year end

December 31 2022

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

This category is not relevant to cement companies according to the prioritization process developed by Quantis for Argos in 2013 entitled "Calculation of Cementos Argos' GHG Emissions from priority Sources of Scope 3 Emissions", in addition to the guidelines provided by the "Cement Sector Scope 3 GHG Accounting and Reporting Guidance", developed by the WBCSD - CSI (2016).

Scope 3 category 12: End of life treatment of sold products

Base year start

January 1 2022

Base year end

December 31 2022

Base year emissions (metric tons CO2e)

269336.126

Comment

2022 is the base year for Argos greenhouse gas inventory, specifically for Scope 3. In 2022 Argos expanded the quantification coverage of Scope 3 emission categories, going from quantifying 5 to 10 categories, out of the 15 that exist in total. Therefore, given that the year 2022 has a greater coverage of quantified categories, this year was selected as the base year for Scope 3 emissions. Likewise, the year 2022 is the most recent year for which information is available and verified by a third party, and it is also a year that reflects the typical operating conditions of the company's value chain (upstream and downstream).

Scope 3 category 13: Downstream leased assets

Base year start

January 1 2022

Base year end

December 31 2022

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

This category is not relevant to cement companies according to what is established in the "Cement Sector Scope 3 GHG Accounting and Reporting Guidance" developed by WBCSD (2016).

Scope 3 category 14: Franchises

Base year start

January 1 2022

Base year end

December 31 2022

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

This category is not relevant to cement companies according to what is established in the "Cement Sector Scope 3 GHG Accounting and Reporting Guidance" developed by WBCSD (2016).

Scope 3 category 15: Investments

Base year start

January 1 2022

Base year end

December 31 2022

Base year emissions (metric tons CO2e)

24732.913

Comment

2022 is the base year for Argos greenhouse gas inventory, specifically for Scope 3. In 2022 Argos expanded the quantification coverage of Scope 3 emission categories, going from quantifying 5 to 10 categories, out of the 15 that exist in total. Therefore, given that the year 2022 has a greater coverage of quantified categories, this year was selected as the base year for Scope 3 emissions. Likewise, the year 2022 is the most recent year for which information is available and verified by a third party, and it is also a year that reflects the typical operating conditions of the company's value chain (upstream and downstream).

Scope 3: Other (upstream)

Base year start

January 1 2022

Base year end

December 31 2022

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

Scope 3: Other (downstream)

Base year start
January 1 2022

Base year end
December 31 2022

Base year emissions (metric tons CO2e)

Comment

C5.3

(C5.3) Select the name of the standard, protocol, or methodology you have used to collect activity data and calculate emissions.

- The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (Revised Edition)
- The Greenhouse Gas Protocol: Scope 2 Guidance
- The Greenhouse Gas Protocol: Corporate Value Chain (Scope 3) Standard
- WBCSD: The Cement CO2 and Energy Protocol

C6. Emissions data

C6.1

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

Reporting year

Gross global Scope 1 emissions (metric tons CO2e)
8812826.788

Start date
<Not Applicable>

End date
<Not Applicable>

Comment
Direct CO2 emissions in Argos are the sum of those generated by cement (including energy production), concrete, and aggregates operations, and the total in 2022 was 8.812.826,788 tonnes. Cement operations contributed 99,09% (including energy production's 5,15%), concrete 0,85%, and aggregates 0.06%. The distribution of scope 1 emissions by region was 53,2% for Colombia, 41,4% for USA, and 5,3% for Caribbean and Central America.

C6.2

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

Row 1

Scope 2, location-based

We are reporting a Scope 2, location-based figure

Scope 2, market-based

We are reporting a Scope 2, market-based figure

Comment

In 2021 we began CO2 Scope 2 measurements through the Market Based method, in accordance with the recommendations given by the GHG Protocol Scope 2 Guidance (2015) to define the baseline.

Source of CO2 emission factors:

• Source of CO2 emission factors in each country:

- Colombia: Resolution 320 of August 5, 2022 of the Energy Mining Planning Unit - UPME (for its acronym in Spanish), updated the emission factor of the National Interconnected System for the year 2021 for inventories of emissions of greenhouse gases (GHG) and GHG mitigation projects. Available at:

<https://www1.upme.gov.co/siame/Paginas/calculo-factor-de-emision-de-Co2-del-SIN.aspx>

- Dominican Republic: United Nations - Clean Development Mechanism (2020). Standardized baseline: Grid Emission Factor for the Dominican Republic, Version 1.0.

Available at: <https://bit.ly/3kelawx>

- Guyana: International Renewable Energy Agency (Irena) (2022). Statistical Profiles - Energy Profile. Available at: <https://www.irena.org/Data/Energy-Profiles> ; <https://bit.ly/41g7uTj>

- Panamá: National Secretary of Energy of Panama quoted by ENSA (2017). Inventory of Greenhouse Gas Emissions 2017. Available at: <https://bit.ly/3JOghE>

- Suriname: International Renewable Energy Agency (Irena) (2022). Statistical Profiles - Energy Profile. Available at: <https://www.irena.org/Data/Energy-Profiles> ; <https://bit.ly/3IWvPxm>

- United States: EPA (Environmental Protection Agency) (2021). Emissions & Generation Resource Integrated Database (eGRID). Available at: <https://www.epa.gov/egrid/summary-data>

- Honduras, Haiti and Puerto Rico: International Energy Agency (IEA) (2013). CO2 emissions from fuel combustion - Highlights. Available at: <https://bit.ly/3ZbcyGM>

• Source of CO2 emission factors for scope 2 (market based method): for Rioclaro cement plant (Colombia) the CO2 emission factor was supplied by Empresas Públicas de Medellín (EPM) ESP in its I-REC 2022 certificate. EPM is one of power supplier for this plant, specifically of hydro energy. For Piedras Azules cement plant (Honduras) the CO2 emission factor was supplied by Celsia Honduras, which is one power supplier for this plant. Celsia Honduras supplies energy to Piedras Azules cement plant from its solar farm.

C6.3

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

Reporting year

Scope 2, location-based

402764.93

Scope 2, market-based (if applicable)

385000.859

Start date

<Not Applicable>

End date

<Not Applicable>

Comment

Argos Scope 2 CO2 emissions in 2022 (in location-based) were 402.764,93 tonnes, which represents indirect CO2 emissions derived by the sum of electricity purchased across its cement, concrete, and aggregates operations. Cement operations contributed 97,48%, concrete 2,38%, and aggregates 0,14%. The regional contribution had USA in the lead with 75,0%, Caribbean and Central America with 15,4%, and finally Colombia with 9,6%. The USA region had the greatest contribution since 100% of the electric energy consumed there is purchased.

In 2021 we began CO2 Scope 2 measurements through the Market Based method, in accordance with the recommendations given by the GHG Protocol Scope 2 Guidance (2015). Under this method, the measurement yields values that are 4,4% lower than the Location Based calculation, since the calculation considers the emission factors of the suppliers who provide us renewable energy.

C6.4

(C6.4) Are there any sources (e.g. facilities, specific GHGs, activities, geographies, etc.) of Scope 1, Scope 2 or Scope 3 emissions that are within your selected reporting boundary which are not included in your disclosure?

No

C6.5

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

Purchased goods and services

Evaluation status

Relevant, calculated

Emissions in reporting year (metric tons CO2e)

2827250.847

Emissions calculation methodology

Average data method

Other, please specify ("Accounting and Reporting Standard for the Corporate Value Chain (Scope 3)" (WBCSD-WRI,2011) and the "Cement Sector Scope 3 GHG Accounting and Reporting Guidance" (WBCSD,2016))

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

0

Please explain

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

Coverage: Cement, concrete and aggregates operations of the Colombia, Caribbean and Central America and USA regions.

Argos prioritized 5 categories as "Relevant" of the 15 categories that comprise the Scope 3. The prioritization process was based on the results of the study developed by Quantis for Argos, entitled "Calculation of Cementos Argos' GHG Emissions from priority Sources of Scope 3 Emissions", in addition to the guidelines provided by the "Cement Sector Scope 3 GHG Accounting and Reporting Guidance", developed by the WBCSD - CSI (2016). Category 1, Purchased Goods and Services, was one of the 5 relevant categories. In 2022 this category represented 59% of the company's total scope 3 CO2 emissions.

Capital goods

Evaluation status

Not relevant, calculated

Emissions in reporting year (metric tons CO2e)

55107.982

Emissions calculation methodology

Average data method

Other, please specify ("Accounting and Reporting Standard for the Corporate Value Chain (Scope 3)" (WBCSD-WRI,2011) and the "Cement Sector Scope 3 GHG Accounting and Reporting Guidance" (WBCSD,2016))

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

0

Please explain

This category was calculated using the Scope 3 Evaluator Tool, which is a free scope 3 screening tool developed by the GHG Protocol teamed up with Quantis, in alignment with the Accounting and Reporting Standard for the Corporate Value Chain (Scope 3)" (WBCSD and WRI, 2011). This tool is available at <https://quantis-suite.com/Scope-3-Evaluator/>

As input information for the calculation of this category, the Company's 2022 Capex information was used. The Capex classifications that were considered in the calculation were the following:

- Mining and Quarrying
- Machinery (not elsewhere classified)
- Electrical and Optical Equipment
- Transport Equipment
- Construction
- Sale, Maintenance and Repair of Motor Vehicles and Motorcycles; Retail Sale of Fuel

The GHG emissions of this category were calculated with the CO2e emission factors contained in the Scope 3 Evaluator Tool.

Coverage: Cement, concrete and aggregates operations of the Colombia, Caribbean and Central America and USA regions.

In 2022 this category represented 1.1% of the company's total scope 3 CO2 emissions.

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

Evaluation status

Relevant, calculated

Emissions in reporting year (metric tons CO2e)

514883.006

Emissions calculation methodology

Average data method

Other, please specify ("Accounting and Reporting Standard for the Corporate Value Chain (Scope 3)" (WBCSD-WRI,2011) and the "Cement Sector Scope 3 GHG Accounting and Reporting Guidance" (WBCSD,2016).)

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

0

Please explain

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

Coverage: Cement, concrete and aggregates operations of the Colombia, Caribbean and Central America and USA regions.

The company prioritized 5 categories as "Relevant" of the 15 categories that comprise the Scope 3. The prioritization process was based on the results of the study developed by Quantis for Argos, entitled "Calculation of Cementos Argos' GHG Emissions from Priority Sources of Scope 3 Emissions", in addition to the guidelines provided by the "Cement Sector Scope 3 GHG Accounting and Reporting Guidance", developed by the WBCSD - CSI (2016). Category 3, Fuel and Energy-Related Activities, was one of the 5 relevant categories. In 2022 this category represented 11% of the company's total scope 3 CO2 emissions.

Upstream transportation and distribution

Evaluation status

Relevant, calculated

Emissions in reporting year (metric tons CO2e)

666883.523

Emissions calculation methodology

Hybrid method

Average data method

Fuel-based method

Distance-based method

Other, please specify ("Accounting and Reporting Standard for the Corporate Value Chain (Scope 3)" (WBCSD-WRI,2011) and the "Cement Sector Scope 3 GHG Accounting and Reporting Guidance" (WBCSD,2016).)

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

21

Please explain

This category includes the following stages of the life cycle: transportation of raw materials from the quarries to the production plants, transportation of raw materials and supplies (purchased from third parties) to the production plants, transportation of cement (finished product) to Argos own concrete plants, transportation of clinker and cement (finished product) to Argos distribution centers, to other Argos plants located both in the same country and in other countries, and to customers (here it is important to highlight that since 2022, the emissions of Category 9 "Downstream transportation and distribution" were included in this category 4 since it was identified that Argos hires suppliers (through outsourcing) to carry the product sold to its customers).

The carbon footprint for Colombia region was gathered from these companies: Logitrans, Transportempo, Imbocar, Teca, Vigia, and T.N.G, which correspond to land transport suppliers of raw materials, products in process and finish products (packed in bulk and in bags). Also, this category includes the carbon footprint calculated by Geodis which is an important supplier of cargo transportation by sea and air.

For calculation of the emissions from the other two regions (USA and Caribbean and Central America) the tool developed for Argos by Quantis was used, which works under the GHG Protocol methodology "Accounting and Reporting Standard for the Corporate Value Chain (Scope 3)" (World Business Council for Sustainable Development (WBCSD) and World Resources Institute (WRI), 2011), and under the "Cement Sector Scope 3 GHG Accounting and Reporting Guidance" developed by WBCSD (2016).

Coverage: Cement, concrete and aggregates operations of Colombia, Caribbean and Central America and USA regions.

Argos prioritized 5 categories as "Relevant" of the 15 categories that comprise the Scope 3. The prioritization process was based on the results of the study developed by Quantis for Argos, entitled "Calculation of Cementos Argos' GHG Emissions from Priority Sources of Scope 3 Emissions", in addition to the guidelines provided by the "Cement Sector Scope 3 GHG Accounting and Reporting Guidance", developed by the WBCSD - CSI (2016). Category 4 (upstream transportation and distribution) is among the 5 relevant categories. In 2022 this category represented 14% of the company's total scope 3 CO2 emissions.

Waste generated in operations

Evaluation status

Not relevant, calculated

Emissions in reporting year (metric tons CO2e)

22790.858

Emissions calculation methodology

Average data method

Other, please specify ("Accounting and Reporting Standard for the Corporate Value Chain (Scope 3)" (WBCSD-WRI,2011) and the "Cement Sector Scope 3 GHG Accounting and Reporting Guidance" (WBCSD,2016).)

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

0

Please explain

To calculate this category, a free tool developed by the Brazilian GHG Protocol Program was used (version 2022.1.0). This tool was developed under the guidelines of the GHG Protocol methodology "Accounting and Reporting Standard for the Corporate Value Chain (Scope 3)" (World Business Council for Sustainable Development (WBCSD) and World Resources Institute (WRI), 2011). The input data for the calculation in this tool are the waste generated by Argos in the year 2022 and that was taken to sanitary landfills.

Coverage: Cement, concrete and aggregates operations of Colombia, Caribbean and Central America and USA regions

In 2022 this category represented 0.5% of the company's total scope 3 CO2 emissions.

Business travel

Evaluation status

Relevant, calculated

Emissions in reporting year (metric tons CO2e)

715.478

Emissions calculation methodology

Hybrid method

Average data method

Fuel-based method

Distance-based method

Other, please specify ("Accounting and Reporting Standard for the Corporate Value Chain (Scope 3)" (WBCSD-WRI,2011) and the "Cement Sector Scope 3 GHG Accounting and Reporting Guidance" (WBCSD,2016).)

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

84

Please explain

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

Coverage: Cement, concrete and aggregates operations of COL, CCA and USA regions.

Argos prioritized 5 categories as "Relevant" of the 15 categories that comprise the Scope 3. The prioritization process was based on the results of the study developed by Quantis for Argos, entitled "Calculation of Cementos Argos' GHG Emissions from Priority Sources of Scope 3 Emissions", in addition to the guidelines provided by the "Cement Sector Scope 3 GHG Accounting and Reporting Guidance", developed by the WBCSD - CSI (2016). Category 6, Business Travel, was one of the 5 relevant categories. In 2022 this category represented 0.01% of the company's total scope 3 CO2 emissions.

Employee commuting

Evaluation status

Not relevant, calculated

Emissions in reporting year (metric tons CO2e)

30806.716

Emissions calculation methodology

Average data method

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

0

Please explain

This category was calculated using the Scope 3 Evaluator Tool, which is a free scope 3 screening tool developed by the GHG Protocol teamed up with Quantis, in alignment with the Accounting and Reporting Standard for the Corporate Value Chain (Scope 3)" (WBCSD and WRI, 2011). This tool is available at <https://quantis-suite.com/Scope-3-Evaluator/>

The calculation was made considering the following variables: the number of employees in each regional, average distance between residence and work, and number of working days in the year. It was assumed that all employees travel by their own car (to make a conservative calculation). The emissions of this category are then the result of multiplying the input information with the CO2e emission factor for the passenger car (this factor is from Ecoinvent 3.8, which is the database included in the Scope 3 Evaluator Tool - Quantis GHG Protocol).

Coverage: Cement, concrete and aggregates operations of the Colombia, Caribbean and Central America and USA regions.

In 2022 this category represented 0.64% of the company's total scope 3 CO2 emissions.

Upstream leased assets

Evaluation status

Not relevant, explanation provided

Emissions in reporting year (metric tons CO2e)

<Not Applicable>

Emissions calculation methodology

<Not Applicable>

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

<Not Applicable>

Please explain

This category is not relevant to cement companies according to what is established in the "Cement Sector Scope 3 GHG Accounting and Reporting Guidance" developed by WBCSD (2016).

Downstream transportation and distribution

Evaluation status

Not relevant, explanation provided

Emissions in reporting year (metric tons CO2e)

<Not Applicable>

Emissions calculation methodology

<Not Applicable>

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

<Not Applicable>

Please explain

Since 2022, the emissions in this category were included in category 4 since it was identified that Argos hires a supplier (through outsourcing) to carry the product sold to its customers. Therefore, the emissions of Category 9 are 0 tonne as of 2022.

Coverage: Cement, concrete and aggregates operations of COL, CCA and USA regions.

Processing of sold products

Evaluation status

Not relevant, calculated

Emissions in reporting year (metric tons CO2e)

400283.231

Emissions calculation methodology

Average data method

Other, please specify ("Accounting and Reporting Standard for the Corporate Value Chain (Scope 3)" (WBCSD-WRI,2011) and the "Cement Sector Scope 3 GHG Accounting and Reporting Guidance" (WBCSD,2016).)

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

0

Please explain

This category is calculated considering the emissions generated in third-party concrete plants that use Argos cement to produce concrete.

It is assumed that:

1. Cement sold to third parties is equal to that produced minus the cement used in Argos concrete plants of the Colombia region and the USA region.
2. The concrete produced by third parties with Argos cement is calculated with the average mix of Argos concretes (tonne cement/m3 concrete).
3. The CO2 emission intensity indicator (kgCO2/m3) from Argos concrete operations in 2022 was used as an emission factor for concrete production.

Coverage: Cement and concrete operations of COL, CCA and USA regions.

In 2022 this category represented 8,3% of the company's total scope 3 CO2 emissions.

Use of sold products

Evaluation status

Not relevant, explanation provided

Emissions in reporting year (metric tons CO2e)

<Not Applicable>

Emissions calculation methodology

<Not Applicable>

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

<Not Applicable>

Please explain

This category is not relevant to cement companies according to the prioritization process developed by Quantis for Argos in 2013 entitled "Calculation of Cementos Argos' GHG Emissions from priority Sources of Scope 3 Emissions", in addition to the guidelines provided by the "Cement Sector Scope 3 GHG Accounting and Reporting Guidance", developed by the WBCSD - CSI (2016).

End of life treatment of sold products

Evaluation status

Not relevant, calculated

Emissions in reporting year (metric tons CO2e)

269336.126

Emissions calculation methodology

Average data method

Other, please specify ("Accounting and Reporting Standard for the Corporate Value Chain (Scope 3)" (WBCSD-WRI,2011) and the "Cement Sector Scope 3 GHG Accounting and Reporting Guidance" (WBCSD,2016).)

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

0

Please explain

To calculate this category, a free tool developed by the Brazilian GHG Protocol Program was used (version 2022.1.0). This tool was developed under the guidelines of the GHG Protocol methodology "Accounting and Reporting Standard for the Corporate Value Chain (Scope 3)" (World Business Council for Sustainable Development (WBCSD) and World Resources Institute (WRI), 2011).

Emissions in this category correspond to the sum of the following activities:

1. Emissions from sending the bags of cement that were sold in 2022 to the landfill. The bags of cement that were recovered by Green Bags program are discounted from this amount. Green Bags program is a reverse logistics program that we offer our customers in a free way, to pickup the bags used in the construction work and give them a correct disposal.
2. Emissions from transporting the sold product when it is taken to a landfill. The product sold was calculated as follows: tons of cement sold plus tons of concrete sold (considering a concrete density of 2.4 g/cm³).

In 2022 this category represented 5,6% of the company's total scope 3 CO2 emissions.

Downstream leased assets

Evaluation status

Not relevant, explanation provided

Emissions in reporting year (metric tons CO2e)

<Not Applicable>

Emissions calculation methodology

<Not Applicable>

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

<Not Applicable>

Please explain

This category is not relevant to cement companies according to what is established in the "Cement Sector Scope 3 GHG Accounting and Reporting Guidance" developed by WBCSD (2016).

Franchises

Evaluation status

Not relevant, explanation provided

Emissions in reporting year (metric tons CO2e)

<Not Applicable>

Emissions calculation methodology

<Not Applicable>

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

<Not Applicable>

Please explain

This category is not relevant to cement companies according to what is established in the "Cement Sector Scope 3 GHG Accounting and Reporting Guidance" developed by WBCSD (2016).

Investments

Evaluation status

Not relevant, calculated

Emissions in reporting year (metric tons CO2e)

24732.913

Emissions calculation methodology

Average data method

Investment-specific method

Other, please specify ("Accounting and Reporting Standard for the Corporate Value Chain (Scope 3)" (WBCSD-WRI,2011) and the "Cement Sector Scope 3 GHG Accounting and Reporting Guidance" (WBCSD,2016).)

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

0

Please explain

This category was calculated using the Scope 3 Evaluator Tool, which is a free scope 3 screening tool developed by the GHG Protocol teamed up with Quantis, in alignment with the Accounting and Reporting Standard for the Corporate Value Chain (Scope 3)" (WBCSD and WRI, 2011). This tool is available at <https://quantis-suite.com/Scope-3-Evaluator/>

This category was calculated by multiplying the investments made by Argos in other companies and the CO2e emission factor of the type of activity of each of them. The CO2e emission factors are included in the Scope 3 Evaluator Tool - Quantis GHG Protocol.

Coverage: Cement, concrete and aggregates operations of the Colombia, Caribbean and Central America and USA regions.

In 2022 this category represented 0,51% of the company's total scope 3 CO2 emissions.

Other (upstream)

Evaluation status

Not relevant, explanation provided

Emissions in reporting year (metric tons CO2e)

<Not Applicable>

Emissions calculation methodology

<Not Applicable>

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

<Not Applicable>

Please explain

Argos worked with Quantis to prioritize the most relevant of the fifteen categories that make up Scope 3. This prioritization process was based on the guidelines in the "Cement Sector Scope 3 GHG Accounting and Reporting Guidance" developed by WBCSD - CSI (2016) and no other upstream sources of scope 3 emissions were identified as relevant for Argos' operations.

Other (downstream)

Evaluation status

Not relevant, explanation provided

Emissions in reporting year (metric tons CO2e)

<Not Applicable>

Emissions calculation methodology

<Not Applicable>

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

<Not Applicable>

Please explain

Argos worked with Quantis to prioritize the most relevant of the fifteen categories that make up Scope 3. This prioritization process was based on the guidelines in the "Cement Sector Scope 3 GHG Accounting and Reporting Guidance" developed by WBCSD - CSI (2016), and no other downstream sources of scope 3 were identified emissions as relevant for Argos' operations.

C6.7

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

No

C6.10

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

Intensity figure

7.984e-7

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

9215591.71

Metric denominator

unit total revenue

Metric denominator: Unit total

11684055000000

Scope 2 figure used

Location-based

% change from previous year

16.66

Direction of change

Decreased

Reason(s) for change

Other, please specify (Operating efficiency)

Please explain

This intensity figure was calculated as follow: $9215592 \text{ tCO}_2 / (11684055000000 \text{ COP} * 98,78\%) = 0,0000007984$

In 2022 compared to 2021, there was a decrease of 16,66 % in the CO2e emissions per unit of revenue (scope 1+2 divided total revenues according to coverage of the indicator by revenues, which was 98,78%). This intensity indicator decreased significantly in 2022 due to operational efficiencies, that is, total scope 1 and 2 emissions remained almost constant (only increased by 0.07%) while revenues increased significantly (19.01%).

Regarding the numerator, there was a stability the total scope 1+2 emissions of the company compared to the previous year, mainly due to the results in scope 1 and 2 of CO2 emissions from cement operations, which contributed with the 94% in the total company's scope 1 and 2 emissions. The direct CO2 emissions from cement operations decreased specially because the clinker-cement factor reduced in the USA region. This was mainly because the Roberta, Harleyville and Newberry cement Plants were fully converted to PLC. PLC is a high-quality blended hydraulic cement that is more environmentally friendly than traditional Portland cements. One of the key points of the PLC is that it increases the number of additions and, consequently, reduces the clinker/cement factor, this being one of the critical points in the cement production process (due to its CO2 emissions and its cost). By substituting one of the most expensive raw materials in cement for others with a lower price, we increase sales margins. Also, the scope 2 CO2 emissions from cement operations reduced moved specially by the reduction of scope 2 emissions in the operations in Colombia, since the CO2 emission factor of the national electricity grid of this country went from 203 kg CO2/MWh in 2021 to 126 kg CO2/MWh in 2022.

Likewise, the good operating results in revenues (denominator) were possible thanks to the successful implementation of four initiatives that sought to adjust the company to the challenging conditions of cost inflation and supply chain disruptions faced in 2022: 1) maximize production & shipments, 2) Optimization of energy sources & raw materials, 3) leverage capacity in logistics network, 4) An effective strategy of price increases in the three regions, framed in a commercial management of excellence, to offset cost inflation.

Intensity figure

0.637

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

8154918

Metric denominator

Other, please specify (Metric tonnes of cementitious product)

Metric denominator: Unit total

12793871

Scope 2 figure used

Location-based

% change from previous year

0.3

Direction of change

Increased

Reason(s) for change

Other, please specify (Change in the operating condition of the cement production process)

Please explain

This indicator is calculated according to the methodology determined by the Cement Sustainability Initiative (CSI) of the World Business Council for Sustainable Development (WBCSD): "The Cement CO2 and Energy Protocol - CO2 and Energy Accounting and Reporting Standard for the Cement Industry" (2011). This indicator corresponds to the variable 74 calculated by the methodology described.

- Numerator: Net direct CO2 emissions (Total CO2 emissions, excluding CO2 emissions from in situ power generation and CO2 emissions generated by the consumption of alternative fuels). It corresponds to the variable 71 of the calculation of the "CO2 and Energy Accounting and Reporting Standard for the Cement Industry - Cement CO2 and Energy Protocol."

- Denominator: Cementitious material production. It corresponds to variable 21a of the calculation of the "CO2 and Energy Accounting and Reporting Standard for the Cement Industry - Cement CO2 and Energy Protocol."

Net specific CO2 emissions per tonne of cementitious material increased slightly by 0,3% regarding 2021. The absolute net CO2 emissions and cementitious material production remained stable, in other words, CO2 emissions decreased in the same proportion as the production of cementitious material decreased.

The slight increase of 0.3% in net specific CO2 emissions per tonne of cementitious material was mainly due to the increase in specific heat consumption in clinker production. This very small increase in net specific CO2 emissions allows us to say that they remained stable, which reflects a similar performance in the levers for reducing direct CO2 emissions from cement operations, associated with the cement clinker factor, which decreased, and the decreased in the use of alternative fuels. Such marginal changes in these CO2 reduction levers fell short of driving a decrease in emissions intensity.

Coverage: Cement operations of the Colombia, Caribbean and Central America and United States regions.

Intensity figure

0.678

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

8671233

Metric denominator

Other, please specify (Metric tonnes of cementitious product)

Metric denominator: Unit total

12793871

Scope 2 figure used

Location-based

% change from previous year

0.15

Direction of change

Increased

Reason(s) for change

Other, please specify (Little inefficiency in cement operations)

Please explain

In 2022 compared to 2021, there was a slight increase of 0,15% in the gross combined Scope 1 and 2 emissions in metric tonnes CO2e per tonne of cementitious material. The change in this intensity indicator is increase given that the decrease in CO2 gross emissions (scopes 1 and 2) was slightly less than the decrease in production of cementitious material, which indicates that there was a little inefficiency in the performance of cement operations.

Regarding the numerator, there was a small reduction in gross combined Scope 1 & 2 emissions from cement operations specially due to following reasons:

- The scope 1 CO2 emissions reduced mainly because the clinker-cement factor decreased in the USA region, and it was because the Roberta, Harleyville and Newberry cement Plants were fully converted to PLC, which has more additions and consequently has less clinker content.
- The scope 2 CO2 emissions reduced specially because there was a reduction of scope 2 emissions in Colombia operations since the CO2 emission factor of the national electricity grid of this country went from 203 kg CO2/MWh in 2021 to 126 in 2022.

Regarding the denominator, there was a slight reduction in cementitious products production since the production of clinker in the USA was reduced (the clinker produced in our own facilities is one of the main components of the cementitious material produced). This reduction in clinker production occurred mainly in the USA cement operations due to conversion to PLC cement, which has a lower clinker content in its composition.

This indicator is calculated according to the methodology determined by the Cement Sustainability Initiative (CSI) of the World Business Council for Sustainable Development (WBCSD) : "The Cement CO2 and Energy Protocol - CO2 and Energy Accounting and Reporting Standard for the Cement Industry" (2011).

- Numerator: absolute gross scope 1 CO2 emissions (excluding CO2 emissions from on-site power generation) plus scope 2 CO2 emissions from external power generation, i.e. numerator corresponds to the sum of variables 59c and 49a.
- Denominator: Cementitious material production. It corresponds to variable 21a .

Coverage: Cement operations of the Colombia, Caribbean and Central America and United States regions.

Intensity figure

0.0108

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

84461

Metric denominator

Other, please specify (Cubic meter of concrete)

Metric denominator: Unit total

7819629

Scope 2 figure used

Location-based

% change from previous year

6.04

Direction of change

Decreased

Reason(s) for change

Divestment

Please explain

There was a decrease of 6,04% in the CO2 emissions intensity by m3 of concrete in the concrete business because its total CO2 emissions (scope 1+2) decreased by 4,4%, while its concrete production increased 1,8%.

The decrease of scope 1+2 emissions in concrete production was moved by the performance of USA region operations (which contributes 63% of total concrete production in the company). As part of the execution of the business profitability strategy and optimization of the company's asset base, within the framework of the divestment plan for assets located in suburban markets or not integrated into its own logistics and production chain, Argos USA signed an agreement with Smyrna Ready Mix Concrete to sell it 23 ready-mix plants (18 in eastern North Carolina and five in southwestern Florida). Due to these divestments in the US, the scope 1 and scope 2 CO2 emissions of the concrete business were reduced in 2022.

On the other hand, although there was a reduction in the production of concrete in the US region due to the divestments made, there was an increase in the production of concrete in the Colombia and Caribbean and Central America regions, leveraged by the good performance of the market in these regions.

Intensity figure

0.0028

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

5764

Metric denominator

Other, please specify (tonne of aggregates)

Metric denominator: Unit total

2042493

Scope 2 figure used

Location-based

% change from previous year

8.83

Direction of change

Decreased

Reason(s) for change

Other, please specify (Efficiency in operations of Aggregates)

Please explain

There was an decrease of 8,83% in the CO2 emissions intensity by metric tonne of aggregate due to the fact that its total CO2 emissions (scope 1+2) increased by 15% while production rose by 26%. The reduction in this intensity indicator was moved by the performance of Colombia region, since the aggregates production of this region represents 89% of the total production of this material in the company. In this region, aggregates production increased in a greater proportion than the generation of CO2 emissions scope 1 and scope 2, therefore, this means that these operations were more efficient in the consumption of fuels and electrical energy to produce each tonne of aggregate. The increase in the production of aggregates in the Colombian region was mainly leveraged by the construction of formal housing and the good dynamics of infrastructure projects.

Intensity figure

0.719

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

9197827

Metric denominator

Other, please specify (Metric tonnes of cementitious product)

Metric denominator: Unit total

12793871

Scope 2 figure used

Market-based

% change from previous year

0.61

Direction of change

Increased

Reason(s) for change

Other, please specify (Change in the operating condition of the self-generation of energy process)

Please explain

This indicator corresponds to the one that was presented and validated by SBTi to meet the goal of reducing scope 1 and 2 CO2 emissions by 2030 under the Well Below 2°C trajectory.

In 2022 compared to 2021, there was a slight increase of 0,61% in total Scope 1 and 2 emissions in metric tonnes CO2e per tonne of cementitious material, especially due to a slight increase in the numerator of this indicator. The numerator of this indicator corresponds to the total scope 1 and scope 2 emissions of the company, generated by cement operations (including self-generation of energy), concrete and aggregates. In 2022, the self-generation operations of electrical energy had an increase in CO2 emissions due to some changes in the quality of the coal used in the generation of thermoelectric energy, which led to the increase in the consumption of this fuel. Although then the other businesses of the company with the greatest representation in total emissions (the cement business contributed 94% and the concrete business 1%) reduced their total scope 1 and scope 2 CO2 emissions, the increase in emissions from self-generation operations (which contributed 5% of total emissions) consequently caused the company's total emissions to increase slightly.

Regarding the denominator, there was a slight reduction in cementitious products production since the production of clinker in the USA was reduced (the clinker produced in our own facilities is one of the main components of the cementitious material produced). This reduction in clinker production occurred mainly in the USA cement operations due to conversion to PLC cement, which has a lower clinker content in its composition.

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

	Gross Scope 1 emissions intensity, metric tons CO2e per metric ton	Net Scope 1 emissions intensity, metric tons CO2e per metric ton	Scope 2, location-based emissions intensity, metric tons CO2e per metric ton
Clinker	0.898	0.885	0.043
Cement equivalent	0.691	0.681	0.033
Cementitious products	0.647	0.637	0.031
Low-CO2 materials			

C7. Emissions breakdowns

C7.1

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

No

C7.2

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

Country/area/region	Scope 1 emissions (metric tons CO2e)
Colombia	4691672
United States of America	3650563
Panama	4438
Honduras	453936
Dominican Republic	1942
Suriname	485
Haiti	9638
Puerto Rico	105
Guyana	48

C7.3

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

By business division

By activity

C7.3a

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

Business division	Scope 1 emissions (metric ton CO2e)
Colombia regional	4691672
Caribbean and Central America regional	470591
USA regional	3650563

C7.3c

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

Activity	Scope 1 emissions (metric tons CO2e)
Cement	8278602
Concrete	74882
Own-energy production for processes supply	454134
Aggregates	5209

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

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

	Gross Scope 1 emissions, metric tons CO2e	Net Scope 1 emissions, metric tons CO2e	Comment
Cement production activities	8278602	8154918	- Gross Scope 1 emissions: Direct CO2 gross emissions (corresponding to GRI 305-1) for cement operations. Also, this indicator corresponds to KPI number 59c of the methodology established by the Cement Sustainability Initiative (CSI) of the World Business Council for Sustainable Development (WBCSD) (now changed to "Global Cement and Concrete Association") in the "CO2 and Energy Accounting and Reporting Standard for the Cement Industry - Cement CO2 and Energy Protocol" (WBCSD - CSI, 2011). The definition of this indicator is: Total direct emissions from raw materials, kiln fuels and non-kiln fuels; excluding CO2 from on-site power generation. Coverage by Argos: Cement operations in Colombia, Caribbean & Central America, and United States regions. - Net Scope 1 emissions: Direct CO2 net emissions for cement operations. This indicator corresponds to KPI number 71 of the methodology established by the Cement Sustainability Initiative (CSI) of the World Business Council for Sustainable Development (WBCSD) (now changed to "Global Cement and Concrete Association") in the "CO2 and Energy Accounting and Reporting Standard for the Cement Industry - Cement CO2 and Energy Protocol" (WBCSD - CSI, 2011). The definition of this indicator is: Total direct emissions from raw materials, kiln fuels and non-kiln fuels, excluding CO2 from on-site power generation, minus alternative fossil fuels. Coverage by Argos: Cement operations in Colombia, Caribbean & Central America, and United States regions.
Chemicals production activities	<Not Applicable>	<Not Applicable>	<Not Applicable>
Coal production activities	<Not Applicable>	<Not Applicable>	<Not Applicable>
Electric utility activities	<Not Applicable>	<Not Applicable>	<Not Applicable>
Metals and mining production activities	<Not Applicable>	<Not Applicable>	<Not Applicable>
Oil and gas production activities (upstream)	<Not Applicable>	<Not Applicable>	<Not Applicable>
Oil and gas production activities (midstream)	<Not Applicable>	<Not Applicable>	<Not Applicable>
Oil and gas production activities (downstream)	<Not Applicable>	<Not Applicable>	<Not Applicable>
Steel production activities	<Not Applicable>	<Not Applicable>	<Not Applicable>
Transport OEM activities	<Not Applicable>	<Not Applicable>	<Not Applicable>
Transport services activities	<Not Applicable>	<Not Applicable>	<Not Applicable>

C7.5

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

Country/area/region	Scope 2, location-based (metric tons CO2e)	Scope 2, market-based (metric tons CO2e)
Colombia	38483	26552
United States of America	302144	302144
Panama	8936	8936
Honduras	36145	30313
Dominican Republic	13550	13550
Suriname	1309	1309
Haiti	0	0
Puerto Rico	397	397
Guyana	1801	1801

C7.6

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

- By business division
- By activity

C7.6a

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

Business division	Scope 2, location-based (metric tons CO2e)	Scope 2, market-based (metric tons CO2e)
Colombia regional	38483	26552
Caribbean and Central America regional	62138	56305
USA regional	302144	302144

C7.6c

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

Activity	Scope 2, location-based (metric tons CO2e)	Scope 2, market-based (metric tons CO2e)
Cement	392631	374867
Concrete	9579	9579
Aggregates	555	555
Own-energy production for processes supply	0	0

C7.7

(C7.7) Is your organization able to break down your emissions data for any of the subsidiaries included in your CDP response?

Not relevant as we do not have any subsidiaries

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

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

	Scope 2, location-based, metric tons CO2e	Scope 2, market-based (if applicable), metric tons CO2e	Comment
Cement production activities	392631	374867	- Location-based: This indicator corresponds to indirect (scope 2) GHG emissions (corresponding to GRI 305-2) for cement business activity. Also, this indicator corresponds to KPI number 49a of the methodology established by the Cement Sustainability Initiative (CSI) of the World Business Council for Sustainable Development (WBCSD) (now changed to "Global Cement and Concrete Association") in the "CO2 and Energy Accounting and Reporting Standard for the Cement Industry - Cement CO2 and Energy Protocol" (WBCSD - CSI, 2011). The definition of this indicator is: CO2 from external power generation. Coverage by Argos: Cement operations in the Colombia, Caribbean & Central America, and United States regions. - Market-based: For Rioclaro cement plant (Colombia) the CO2 emission factor was supplied by Empresas Públicas de Medellín (EPM) ESP in its I-REC 2022 certificate. EPM is one of power supplier for this plant, specifically of hydro energy. For Piedras Azules cement plant (Honduras) the CO2 emission factor was supplied by Celsia Honduras, which is one power supplier for this plant. Celsia Honduras supplies energy to Piedras Azules cement plant from its solar farm.
Chemicals production activities	<Not Applicable>	<Not Applicable>	<Not Applicable>
Coal production activities	<Not Applicable>	<Not Applicable>	<Not Applicable>
Metals and mining production activities	<Not Applicable>	<Not Applicable>	<Not Applicable>
Oil and gas production activities (upstream)	<Not Applicable>	<Not Applicable>	<Not Applicable>
Oil and gas production activities (midstream)	<Not Applicable>	<Not Applicable>	<Not Applicable>
Oil and gas production activities (downstream)	<Not Applicable>	<Not Applicable>	<Not Applicable>
Steel production activities	<Not Applicable>	<Not Applicable>	<Not Applicable>
Transport OEM activities	<Not Applicable>	<Not Applicable>	<Not Applicable>
Transport services activities	<Not Applicable>	<Not Applicable>	<Not Applicable>

C7.9

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

C7.9a

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

	Change in emissions (metric tons CO2e)	Direction of change in emissions	Emissions value (percentage)	Please explain calculation
Change in renewable energy consumption	11646	Decreased	0.1	Last year CO2 emissions decreased 11646 tCO2e compared to 2021 due to change in renewable energy consumption. Although there was an increase in the consumption of purchased electrical energy proportional to the increase in the production of cement, there was a reduction in scope 2 CO2 emissions by the market method in cement operations. This reduction in scope 2 CO2 emissions by the market-based method occurred thanks to an 18% increase in the purchase of I-RECs. The total Scope 1 and Scope 2 emissions in 2021 were 9187040 tCO2, therefore, the emissions decreased 0,1% due to change in renewable energy consumption $(-11646 / 9187040 * 100 = -0,1\%)$.
Other emissions reduction activities	13272	Decreased	0.1	In 2022 there was a decrease of 13272 tCO2 compared to 2021, due to the direct CO2 emissions from cement operations decreased. The main reason was because the clinker-cement factor reduced in the USA region. This was mainly because the Roberta, Harleyville and Newberry cement Plants were fully converted to PLC. PLC is a high-quality blended hydraulic cement that is more environmentally friendly than traditional Portland cements. One of the key points of the PLC is that it increases the number of additions and, consequently, reduces the clinker/cement factor, this being one of the critical points in the cement production process (due to its CO2 emissions and its cost). By substituting one of the most expensive raw materials in cement for others with a lower price, we increase sales margins Therefore, last year CO2 emissions decreased 13272 tCO2e compared to 2021 due to other emissions reduction activities. The total Scope 1 and Scope 2 emissions in 2021 were 9187040 tCO2, then, the emissions decreased 0,1% due to other emissions reduction activities $(-13272 / 9187040 * 100 = -0,1\%)$.
Divestment	3870	Decreased	0.04	In 2022 there was a decrease of 3870 tCO2 compared to 2021 due to mainly a decrease of scope 1+2 CO2 emissions from USA concrete operations, which contributes 63% of total concrete production in the company. As part of the execution of the business profitability strategy and optimization of the company's asset base, within the framework of the divestment plan for assets located in suburban markets or not integrated into its own logistics and production chain, Argos USA signed an agreement with Smyrna Ready Mix Concrete to sell it 23 ready-mix plants (18 in eastern North Carolina and five in southwestern Florida). Due to these divestments in the US, the scope 1 and scope 2 CO2 emissions of the concrete business were reduced in 2022. Therefore, last year CO2 emissions decreased 3870 tCO2e compared to 2021 due to divestments. The total Scope 1 and Scope 2 emissions in 2021 were 9187040 tCO2, then, the emissions decreased 0,04% due to divestments $(-3870 / 9187040 * 100 = -0,04\%)$.
Acquisitions		<Not Applicable >		
Mergers		<Not Applicable >		
Change in output	742	Increased	0.01	In 2022 there was an increase of 742 tCO2 compared to 2021 due to mainly to an increase in production in the Aggregates business. This increase in aggregates production was moved by the performance of Colombia region, since the aggregates production of this region represents 89% of the total production of this material in the company. The increase in production of aggregates in Colombia was mainly leveraged by the construction of formal housing and the good dynamics of infrastructure projects. Therefore, last year CO2 emissions increased 742 tCO2e compared to 2021 due to change in results (increased production). The total Scope 1 and Scope 2 emissions in 2021 were 9187040 tCO2, then, the emissions increased 0,01% due to change in results $(742 / 9187040 * 100 = 0,01\%)$.
Change in methodology		<Not Applicable >		
Change in boundary		<Not Applicable >		
Change in physical operating conditions		<Not Applicable >		
Unidentified		<Not Applicable >		
Other	38834	Increased	0.4	Last year there was an increase of 38,834 tCO2 compared to 2021 due to inefficiencies in the self-generation power plants located in Colombia. In 2022, these plants had an increase in CO2 emissions due to some changes in the quality of the coal used in the generation of thermoelectric energy, which led to the increase in the consumption of this fuel. This changes in the coal quality was attributed to the global energy crisis, which caused high variability in the quality of coal available on the market. Therefore, last year CO2 emissions increased 38834 tCO2e compared to 2021 due to inefficiencies in the self-generation power plants. The total Scope 1 and Scope 2 emissions in 2021 were 9187040 tCO2, then, the emissions increased 0,4% due to inefficiencies in the self-generation power plants $(38834 / 9187040 * 100 = 0,4\%)$.

C7.9b

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

Market-based

C8. Energy

C8.1

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

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

C8.2

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

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

C8.2a

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

	Heating value	MWh from renewable sources	MWh from non-renewable sources	Total (renewable and non-renewable) MWh
Consumption of fuel (excluding feedstock)	LHV (lower heating value)	599014	12022310	12621324
Consumption of purchased or acquired electricity	<Not Applicable>	110594	1116035	1226629
Consumption of purchased or acquired heat	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Consumption of purchased or acquired steam	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Consumption of purchased or acquired cooling	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Consumption of self-generated non-fuel renewable energy	<Not Applicable>	0	<Not Applicable>	0
Total energy consumption	<Not Applicable>	709608	13138344	13847953

C-CE8.2a

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

	Heating value	Total MWh
Consumption of fuel (excluding feedstocks)	LHV (lower heating value)	12321087
Consumption of purchased or acquired electricity	<Not Applicable>	1193408
Consumption of other purchased or acquired energy (heat, steam and/or cooling)	<Not Applicable>	<Not Applicable>
Total energy consumption	<Not Applicable>	13514495

C8.2b

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

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

C8.2c

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

Sustainable biomass

Heating value

LHV

Total fuel MWh consumed by the organization

12621324

MWh fuel consumed for self-generation of electricity

1584287

MWh fuel consumed for self-generation of heat

11037037

MWh fuel consumed for self-generation of steam

<Not Applicable>

MWh fuel consumed for self-generation of cooling

<Not Applicable>

MWh fuel consumed for self- cogeneration or self-trigeneration

<Not Applicable>

Comment

Other biomass

Heating value

LHV

Total fuel MWh consumed by the organization

174959

MWh fuel consumed for self-generation of electricity

0

MWh fuel consumed for self-generation of heat

174959

MWh fuel consumed for self-generation of steam

<Not Applicable>

MWh fuel consumed for self-generation of cooling

<Not Applicable>

MWh fuel consumed for self- cogeneration or self-trigeneration

<Not Applicable>

Comment

Biomass

Other renewable fuels (e.g. renewable hydrogen)

Heating value

LHV

Total fuel MWh consumed by the organization

424055

MWh fuel consumed for self-generation of electricity

0

MWh fuel consumed for self-generation of heat

424055

MWh fuel consumed for self-generation of steam

<Not Applicable>

MWh fuel consumed for self-generation of cooling

<Not Applicable>

MWh fuel consumed for self- cogeneration or self-trigeneration

<Not Applicable>

Comment

Include tires, solid biomass waste, RDF, mixed industrial waste

Coal

Heating value

LHV

Total fuel MWh consumed by the organization

8835262

MWh fuel consumed for self-generation of electricity

936938

MWh fuel consumed for self-generation of heat

7898324

MWh fuel consumed for self-generation of steam

<Not Applicable>

MWh fuel consumed for self-generation of cooling

<Not Applicable>

MWh fuel consumed for self- cogeneration or self-trigeneration

<Not Applicable>

Comment

Include pretroleum coke

Oil

Heating value

LHV

Total fuel MWh consumed by the organization

559567

MWh fuel consumed for self-generation of electricity

33541

MWh fuel consumed for self-generation of heat

526027

MWh fuel consumed for self-generation of steam

<Not Applicable>

MWh fuel consumed for self-generation of cooling

<Not Applicable>

MWh fuel consumed for self- cogeneration or self-trigeneration

<Not Applicable>

Comment

Include Diesel, motor gasoline, Fuel Oil.

Gas

Heating value

LHV

Total fuel MWh consumed by the organization

2627480

MWh fuel consumed for self-generation of electricity

613808

MWh fuel consumed for self-generation of heat

2013672

MWh fuel consumed for self-generation of steam

<Not Applicable>

MWh fuel consumed for self-generation of cooling

<Not Applicable>

MWh fuel consumed for self- cogeneration or self-trigeneration

<Not Applicable>

Comment

Include Gas natural and propane

Other non-renewable fuels (e.g. non-renewable hydrogen)

Heating value	LHV
Total fuel MWh consumed by the organization	0
MWh fuel consumed for self-generation of electricity	0
MWh fuel consumed for self-generation of heat	0
MWh fuel consumed for self-generation of steam	<Not Applicable>
MWh fuel consumed for self-generation of cooling	<Not Applicable>
MWh fuel consumed for self- cogeneration or self-trigeneration	<Not Applicable>
Comment	not consumed

Total fuel	
Heating value	
Total fuel MWh consumed by the organization	12621324
MWh fuel consumed for self-generation of electricity	1584287
MWh fuel consumed for self-generation of heat	11037037
MWh fuel consumed for self-generation of steam	<Not Applicable>
MWh fuel consumed for self-generation of cooling	<Not Applicable>
MWh fuel consumed for self- cogeneration or self-trigeneration	<Not Applicable>
Comment	

C-CE8.2c

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

Sustainable biomass	
Heating value	LHV
Total MWh fuel consumed for cement production activities	0
MWh fuel consumed at the kiln	0
MWh fuel consumed for the generation of heat that is not used in the kiln	0
MWh fuel consumed for the self-generation of electricity	0
MWh fuel consumed for self-cogeneration or self-trigeneration	<Not Applicable>
Comment	

Other biomass**Heating value**

LHV

Total MWh fuel consumed for cement production activities

174959

MWh fuel consumed at the kiln

174959

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

0

MWh fuel consumed for the self-generation of electricity

0

MWh fuel consumed for self-cogeneration or self-trigeneration

<Not Applicable>

Comment**Other renewable fuels (e.g. renewable hydrogen)****Heating value**

LHV

Total MWh fuel consumed for cement production activities

424055

MWh fuel consumed at the kiln

424055

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

0

MWh fuel consumed for the self-generation of electricity

0

MWh fuel consumed for self-cogeneration or self-trigeneration

<Not Applicable>

Comment**Coal****Heating value**

LHV

Total MWh fuel consumed for cement production activities

8835262

MWh fuel consumed at the kiln

7898324

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

0

MWh fuel consumed for the self-generation of electricity

936938

MWh fuel consumed for self-cogeneration or self-trigeneration

<Not Applicable>

Comment**Oil****Heating value**

LHV

Total MWh fuel consumed for cement production activities

259331

MWh fuel consumed at the kiln

225790

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

0

MWh fuel consumed for the self-generation of electricity

33541

MWh fuel consumed for self-cogeneration or self-trigeneration

<Not Applicable>

Comment

Gas

Heating value
LHV

Total MWh fuel consumed for cement production activities
2627480

MWh fuel consumed at the kiln
2013672

MWh fuel consumed for the generation of heat that is not used in the kiln
0

MWh fuel consumed for the self-generation of electricity
613808

MWh fuel consumed for self-cogeneration or self-trigeneration
<Not Applicable>

Comment

Other non-renewable fuels (e.g. non-renewable hydrogen)

Heating value
LHV

Total MWh fuel consumed for cement production activities
0

MWh fuel consumed at the kiln
0

MWh fuel consumed for the generation of heat that is not used in the kiln
0

MWh fuel consumed for the self-generation of electricity
0

MWh fuel consumed for self-cogeneration or self-trigeneration
<Not Applicable>

Comment

Total fuel

Heating value
LHV

Total MWh fuel consumed for cement production activities
12321087

MWh fuel consumed at the kiln
10736801

MWh fuel consumed for the generation of heat that is not used in the kiln
0

MWh fuel consumed for the self-generation of electricity
1584287

MWh fuel consumed for self-cogeneration or self-trigeneration
<Not Applicable>

Comment

C8.2d

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

	Total Gross generation (MWh)	Generation that is consumed by the organization (MWh)	Gross generation from renewable sources (MWh)	Generation from renewable sources that is consumed by the organization (MWh)
Electricity	446629	439958	0	0
Heat	0	0	0	0
Steam	0	0	0	0
Cooling	0	0	0	0

C-CE8.2d

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

	Total gross generation (MWh) inside the cement sector boundary	Generation that is consumed (MWh) inside the cement sector boundary
Electricity	446629	439958
Heat	0	0
Steam	0	0

C8.2e

(C8.2e) Provide details on the electricity, heat, steam, and/or cooling amounts that were accounted for at a zero or near-zero emission factor in the market-based Scope 2 figure reported in C6.3.

Country/area of low-carbon energy consumption

Honduras

Sourcing method

Direct line to an off-site generator owned by a third party with no grid transfers (direct line PPA)

Energy carrier

Electricity

Low-carbon technology type

Solar

Low-carbon energy consumed via selected sourcing method in the reporting year (MWh)

15861

Tracking instrument used

Contract

Country/area of origin (generation) of the low-carbon energy or energy attribute

Honduras

Are you able to report the commissioning or re-powering year of the energy generation facility?

Yes

Commissioning year of the energy generation facility (e.g. date of first commercial operation or repowering)

2020

Comment

Country/area of low-carbon energy consumption

Colombia

Sourcing method

Retail supply contract with an electricity supplier (retail green electricity)

Energy carrier

Electricity

Low-carbon technology type

Hydropower (capacity unknown)

Low-carbon energy consumed via selected sourcing method in the reporting year (MWh)

94733

Tracking instrument used

I-REC

Country/area of origin (generation) of the low-carbon energy or energy attribute

Colombia

Are you able to report the commissioning or re-powering year of the energy generation facility?

Yes

Commissioning year of the energy generation facility (e.g. date of first commercial operation or repowering)

2021

Comment

C8.2g

(C8.2g) Provide a breakdown by country/area of your non-fuel energy consumption in the reporting year.

Country/area

Colombia

Consumption of purchased electricity (MWh)

305422

Consumption of self-generated electricity (MWh)

439958

Is this electricity consumption excluded from your RE100 commitment?

<Not Applicable>

Consumption of purchased heat, steam, and cooling (MWh)

0

Consumption of self-generated heat, steam, and cooling (MWh)

0

Total non-fuel energy consumption (MWh) [Auto-calculated]

745380

Country/area

Honduras

Consumption of purchased electricity (MWh)

97426

Consumption of self-generated electricity (MWh)

0

Is this electricity consumption excluded from your RE100 commitment?

<Not Applicable>

Consumption of purchased heat, steam, and cooling (MWh)

0

Consumption of self-generated heat, steam, and cooling (MWh)

0

Total non-fuel energy consumption (MWh) [Auto-calculated]

97426

Country/area

United States of America

Consumption of purchased electricity (MWh)

765455

Consumption of self-generated electricity (MWh)

0

Is this electricity consumption excluded from your RE100 commitment?

<Not Applicable>

Consumption of purchased heat, steam, and cooling (MWh)

0

Consumption of self-generated heat, steam, and cooling (MWh)

0

Total non-fuel energy consumption (MWh) [Auto-calculated]

765455

Country/area

Panama

Consumption of purchased electricity (MWh)

26571

Consumption of self-generated electricity (MWh)

0

Is this electricity consumption excluded from your RE100 commitment?

<Not Applicable>

Consumption of purchased heat, steam, and cooling (MWh)

0

Consumption of self-generated heat, steam, and cooling (MWh)

0

Total non-fuel energy consumption (MWh) [Auto-calculated]

26571

Country/area

Dominican Republic

Consumption of purchased electricity (MWh)

21508

Consumption of self-generated electricity (MWh)

0

Is this electricity consumption excluded from your RE100 commitment?

<Not Applicable>

Consumption of purchased heat, steam, and cooling (MWh)

0

Consumption of self-generated heat, steam, and cooling (MWh)
0

Total non-fuel energy consumption (MWh) [Auto-calculated]
21508

Country/area
Suriname

Consumption of purchased electricity (MWh)
3655

Consumption of self-generated electricity (MWh)
0

Is this electricity consumption excluded from your RE100 commitment?
<Not Applicable>

Consumption of purchased heat, steam, and cooling (MWh)
0

Consumption of self-generated heat, steam, and cooling (MWh)
0

Total non-fuel energy consumption (MWh) [Auto-calculated]
3655

Country/area
Guyana

Consumption of purchased electricity (MWh)
4355

Consumption of self-generated electricity (MWh)
0

Is this electricity consumption excluded from your RE100 commitment?
<Not Applicable>

Consumption of purchased heat, steam, and cooling (MWh)
0

Consumption of self-generated heat, steam, and cooling (MWh)
0

Total non-fuel energy consumption (MWh) [Auto-calculated]
4355

Country/area
Puerto Rico

Consumption of purchased electricity (MWh)
2237

Consumption of self-generated electricity (MWh)
0

Is this electricity consumption excluded from your RE100 commitment?
<Not Applicable>

Consumption of purchased heat, steam, and cooling (MWh)
0

Consumption of self-generated heat, steam, and cooling (MWh)
0

Total non-fuel energy consumption (MWh) [Auto-calculated]
2237

C9. Additional metrics

C9.1

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

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

Metric value
8278602

Metric numerator

Metric tonne CO2 (Scope 1 Absolute gross CO2)

Metric denominator (intensity metric only)

year (time unit)

% change from previous year

0.2

Direction of change

Decreased

Please explain

This indicator is calculated according to the methodology determined by Cement Sustainability Initiative (CSI) of the World Business Council for Sustainable Development (WBCSD), now GCCA (Global Cement and Concrete Association): "The Cement CO2 and Energy Protocol - CO2 and Energy Accounting and Reporting Standard for the Cement Industry" (WBCSD-CSI, 2011). This indicator, that corresponds to the variable 59c calculated by the methodology described, is defined as follows: "Total direct emissions from raw materials, kiln fuels and non-kiln fuels; excluding CO2 from on-site power generation".

Coverage: Cement operations of the Colombia, Caribbean and Central America and United States regions.

In 2022, regarding 2021, there was a proportional decrease of this indicator (which was 0,2 %) with the reduction of cementitious material production in the same period. There was a slight reduction in cementitious products production since the production of clinker in the USA was reduced (the clinker produced in our own facilities is one of the main components of the cementitious material produced). This reduction in clinker production occurred mainly in the USA cement operations due to conversion to PLC cement, which has a lower clinker content in its composition.

Description

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

Metric value

8154918

Metric numerator

Metric tonne CO2 (Scope 1 Absolute net CO2)

Metric denominator (intensity metric only)

year (time unit)

% change from previous year

0.1

Direction of change

Decreased

Please explain

This indicator is calculated according to the methodology "The Cement CO2 and Energy Protocol - CO2 and Energy Accounting and Reporting Standard for the Cement Industry" (WBCSD-CSI, 2011). This indicator, that corresponds to the variable 71 calculated by the methodology described, is defined as follows: "Total direct emissions from raw materials, kiln fuels and non-kiln fuels, excluding CO2 from on-site power generation, minus alternative fossil fuels".

Coverage: Cement operations of the Colombia, Caribbean and Central America and United States regions.

In 2022, regarding 2021, there was a proportional decrease of this indicator (which was 0,1 %) with the reduction of cementitious material production in the same period. There was a slight reduction in cementitious products production since the production of clinker in the USA was reduced (the clinker produced in our own facilities is one of the main components of the cementitious material produced). This reduction in clinker production occurred mainly in the USA cement operations due to conversion to PLC cement, which has a lower clinker content in its composition.

Description

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

Metric value

4061

Metric numerator

MJ (megajoule)

Metric denominator (intensity metric only)

Metric tonne of clinker (t clinker)

% change from previous year

6.2

Direction of change

Increased

Please explain

This indicator is calculated according to the methodology "The Cement CO2 and Energy Protocol - CO2 and Energy Accounting and Reporting Standard for the Cement Industry" (WBCSD-CSI, 2011). This indicator, that corresponds to the variable 93 calculated by the methodology described, is defined as follows: "Specific heat consumption of clinker production: Total heat consumption of kilns divided by the clinker production".

Coverage: Cement operations of the Colombia, Caribbean and Central America and United States regions.

In 2022, compared to 2021, specific heat consumption increased 6,2%. This increase is attributed to the global energy crisis, which caused high variability in the quality of coal available on the market, and therefore, the consumption of this fuel had to be increased to obtain the necessary heating value.

In 2022 Argos continued implementing projects and initiatives related improvements in thermal efficiency. Some of these initiatives were:

- We implemented hydrogen injection permanently in the kiln from Piedras Azules cement plant (Honduras). This technology presents great opportunities to reduce greenhouse gases (GHG) in cement production, since (with the injection of small amounts of hydrogen) a 2% reduction in the consumption of fossil fuel and greater efficiency in combustion was achieved, which allowed increasing the use of tires as alternative fuel. Additionally, clinker production increased by 3%.
- The United States Environmental Protection Agency (EPA) recognized our Harleyville cement plant, South Carolina, with ENERGY STAR® certification for fourth

consecutive year.

Description

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

Metric value

5.77

Metric numerator

Percentage

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

0.6

Direction of change

Decreased

Please explain

This indicator is calculated according to the methodology "The Cement CO2 and Energy Protocol - CO2 and Energy Accounting and Reporting Standard for the Cement Industry" (WBCSD-CSI, 2011). This indicator corresponds to the sum of Alternative fuel rate (that corresponds to variable 95 of methodology mentioned) plus Biomass fuel rate (that corresponds to variable 96). "Alternative fuel rate" indicator is defined by the methodology described, as follows: "Consumption of alternative fossil fuels divided by the total heat consumption of kilns". Likewise, "Biomass fuel rate" indicator is defined by the methodology described, as follows: "Consumption of biomass fuels divided by the total heat consumption of kilns".

Coverage: Cement operations of the Colombia, Caribbean and Central America and United States regions.

In 2022, compared to 2021, we had a slight decrease in substitution of conventional fuels (coal and petcoke) with alternative fuels (tires, mixed industrial waste, RDF, used oils, biomass, etc.). We achieved a 5,77% rate at company level. There was a slightly decrease (0,6 percentage points) at company level due to difficulties to access to supply sources of waste and by-products, especially in cement plants from USA region. However Argos is making progress in strengthening the alternative fuel supply chain in the three regional operations.

- Cement operations in Colombia region obtained a 2,75% of heat substitution, corresponding to the consumption of 24590 tonnes of waste in the Cartagena and Rioclaro Plants.
- A heat substitution of 5,70% was achieved in the cement operations of the Caribbean & Central America Regional which meant a consumption of 3368 tonnes of waste in the Piedras Azules Plant, in Honduras.
- Cement operations in the USA obtained an 9,37% substitution, representing a consumption of 80421 tonnes of waste.

Description

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

Metric value

74.03

Metric numerator

Percentage

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

2.68

Direction of change

Decreased

Please explain

This indicator is calculated according to the methodology "The Cement CO2 and Energy Protocol - CO2 and Energy Accounting and Reporting Standard for the Cement Industry" (WBCSD-CSI, 2011). This indicator, that corresponds to the variable 92a calculated by the methodology described, is defined as follows: "Clinker/cement (eq.) factor: Total clinker consumed divided by the total of Portland + Blended cements".

Coverage of indicator: Cement operations of the Colombia, Caribbean and Central America and United States regions.

In 2022, compared to 2021, Clinker/cement (eq.) factor decreased in 2,68 percentage points. In the markets of the three regionals (Colombia, Caribbean and Central America, and USA) there has been for some years an increase in demand for the cement and concrete portfolio for infrastructure (with highest content of clinker), which has influenced for that company's cement clinker factor remain at values around 75%. However, Argos is modifying the traditional cement production process and through using thermally activated clays as raw material, is decreasing the consumption of clinker in cement production.

In 2022 Argos generated important advances in its production processes, primarily in Colombia, Honduras and Panama, which has allowed it to offer its green cements, which have a low embedded- carbon content in its production stage. Green cements have high content of supplementary cementitious materials (such as slag, ash and pozzolans) replacing clinker in product, achieving CO2 reductions of more than 35% in the case of the general-purpose cement and 15% in structural cement.

Likewise, in 2022 the Roberta, Harleyville and Newberry cement plants were fully converted to PLC. This project continues to make significant progress and has been instrumental in achieving volume growth in a depleted market and an improvement in the sales margin. PLC is a high-quality blended hydraulic cement that is more environmentally friendly than traditional Portland cements. PLC increases the number of additions and, consequently, reduces the clinker/cement factor, this being one of the critical points in the cement production process (due to its CO2 emissions and its cost).

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

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

	Investment in low-carbon R&D	Comment
Row 1	Yes	Argos works to create sustainable value, effectively responding to new market dynamics and positioning itself as industry leader through innovation. Under the "Sustainable construction" pillar of the Environmental Strategy, Company leverages life cycle management and develops products focused on solving constructive challenges with extraordinary solutions. Argos R&D team develops projects to reduce CO2 emissions at various points in the value chain. Initiatives range from identifying new raw materials to launching new products. Teamwork across a variety of company areas is essential for scaling the laboratory's developments. The research lines or programs of the R&D team for the development of low-carbon products and solutions are: - Alternative raw materials for cement production - Clinker reactivity - Supplementary cementitious materials for the production of cement - Alternative cements - Innovations in concrete production Since 2021 Argos offers a portfolio of products and solutions with sustainable characteristics, named "Green Solutions, Conscious Innovation" as a result of its commitment with sustainability through innovation. The lines of work of this new portfolio are the following: - Concrete and cements with sustainability characteristics: low carbon products (Cements and concretes that have a lower content of embedded carbon and lower energy consumption in its production stage, according to the life-cycle analysis), products that contribute to adaptability & circular economy, products that promote well-being and products that incorporate Innovative technologies in a carbon-neutral industry. - Industrialized solutions: generate a sustainable solution for the public sector, focused on the construction needs of local infrastructure, such as tertiary roads. - Packaging solutions: solutions for handling the packaging of the Company's products, which allows clients to reduce their waste on site. - Digital solutions: Through a digital platform, we provide clients with services that allow them to access information on certifications and benefits of sustainable construction. Other highlights results in 2022 are: - Argos dedicated 69% of its total R&D budget for researching & developing of low carbon products. - The revenues generated from low-carbon products was 17% of total revenues in 2022 (see question C 4.5a).

C-CE9.6a

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

Technology area

Low clinker cement

Stage of development in the reporting year

Large scale commercial deployment

Average % of total R&D investment over the last 3 years

8

R&D investment figure in the reporting year (unit currency as selected in C0.4) (optional)

24811395

Average % of total R&D investment planned over the next 5 years

8

Explain how your R&D investment in this technology area is aligned with your climate commitments and/or climate transition plan

Argos considers innovation as the foundation for business sustainability and the main medium through which company maintain its competitive advantage. For that reason, the company invests in research and development (R&D) of low-carbon products and services related to its cement sector as method to mitigate climate transitions risks. One of the levers for reducing CO2 emissions considered in the company's Scope 1 CO2 roadmap is the reduction of the clinker cement factor. For this reason, in R&D the importance of this Scope 1 Co2 emission mitigation lever in our industry is recognized and a budget has been allocated to advance research and development of projects related to this area of technology.

Therefore, one of the components of the innovation strategy aimed at this goal is the expansion of the portfolio of products and services with sustainability characteristics, like the low carbon products due to its lower content of clinker. These cements respond to our proposed roadmap to reduce CO2 emissions and achieve the 2050 goal of offering carbon neutral concrete.

Argos manufactures and distributes Green Cement (Low-Carbon Cement), which is produced in our Cartagena, Rioclaro and Sogamoso Plants, in Colombia; Piedras Azules, in Honduras; Quebrancha, in Panama; Newberry, Martinsburg, Harleyville and Roberta, in the United States. This cement substitutes part of the clinker that is replaced by other alternative materials, such as slag, ash and pozzolans, allowing us to achieve CO2 reductions between 34% and 48% in general use cement and from 13% in concrete.

In 2022, the Roberta, Harleyville and Newberry Plants were fully converted to PLC. This type of cement is a high-quality blended hydraulic cement that is more environmentally friendly than traditional Portland cements. It is engineered with a higher limestone content and - when used in concrete-mix designs- it contributes to reducing the carbon footprint; all this while maintaining the aspects of resistance and durability. One of the key points of the PLC is that it increases the number of additions and, consequently, reduces the clinker/cement factor, this being one of the critical points in the cement production process (due to its CO2 emissions and its cost).

Likewise, in 2022 we continue to work on cement formulations with a low clinker content to promote the use of other alternative materials, such as fly ash, and achieve reductions of more than five percentage points.

Technology area

Alternative low-CO2 cements/binders

Stage of development in the reporting year

Applied research and development

Average % of total R&D investment over the last 3 years

21

R&D investment figure in the reporting year (unit currency as selected in C0.4) (optional)

613066331

Average % of total R&D investment planned over the next 5 years

21

Explain how your R&D investment in this technology area is aligned with your climate commitments and/or climate transition plan

The company invests in research and development (R&D) of low-carbon products and services related to cement sector as method to mitigate climate transitions risks. Other of components of the innovation strategy is the expansion of the portfolio of products and services with sustainability characteristics, like the alternative low CO₂ cements. These cements respond to our proposed roadmap to reduce CO₂ emissions and achieve the 2050 goal of offering carbon neutral concrete.

In 2022 the company continued executing actions so that its facilities have the best technologies available in the industry and continued concentrating efforts on conducting the cement operations to achieve their best performance through various actions, such as the industrial implementation of alkaline-activated hybrid-cement production. This technology allows the reduction of clinker in cement and increases the use of by-products such as fly ash, slags and raw materials such as natural pozzolans.

Technology area

Carbon capture, utilization, and storage (CCUS)

Stage of development in the reporting year

Pilot demonstration

Average % of total R&D investment over the last 3 years

56

R&D investment figure in the reporting year (unit currency as selected in C0.4) (optional)

1189749281

Average % of total R&D investment planned over the next 5 years

56

Explain how your R&D investment in this technology area is aligned with your climate commitments and/or climate transition plan

In 2022 we continued working on initiatives that allow us to achieve better performance in terms of energy efficiency, the clinker/ cement factor and development of carbon capture, storage and use (CCSU) technologies, which is a fundamental step for medium- and long-term climate change mitigation. Argos has implemented some research and development projects on this topic for some years to provide a viable solution to emissions from the cement production process. These researchs respond to our proposed roadmap to reduce CO₂ emissions and achieve the 2050 goal of offering carbon neutral concrete.

Regarding CCUS technologies investments, Argos continued during 2022 with the CO₂-capture technology project with microalgae and its conversion into biofuels:

1. Life Cycle Transformation of CO₂ into Fuels from Microalgae: Sustainability Science, experts in CO₂-capture technologies with microalgae, carried out a life cycle analysis of the technology we are developing, which considers the conversion of biomass into fuels, primarily biodiesel. The results show that for a well-to-wheel range and under probable scenarios, it is possible to achieve an emission reduction below the US Department of Energy goal for a biodiesel.
2. The Hydrothermal Liquefaction (HTL) Award: As part of the CO₂ Capture Program with Microalgae, the research entitled "Technical economic scenario for obtaining renewable fuels from hydrothermal liquefaction of microalgae with high CO₂ capture," which we developed together with the Industrial Chemical Processes research group at the University of Antioquia, Colombia, was awarded the Alejandro Ángel Escobar national award, in the environment and sustainable development category. This recognition is considered the highest scientific award given in Colombia. The work focused on establishing conditions that make the production of a diesel-type fuel technically and economically viable from the thermal transformation of wet microalgae biomass, which is produced in the CO₂-capture process. In addition, it focused on reducing the GHG emissions from the cement process and offering a renewable fuel as an alternative to fossil fuels.
3. Collaboration between Academia and Business for the Development of Technologies for the Use of CO₂: we launched a program for the creation of technologies for the use of CO₂, in partnership with the National University of Colombia.

Technology area

Other, please specify (Concrete solutions)

Stage of development in the reporting year

Applied research and development

Average % of total R&D investment over the last 3 years

11

R&D investment figure in the reporting year (unit currency as selected in C0.4) (optional)

59665930

Average % of total R&D investment planned over the next 5 years

11

Explain how your R&D investment in this technology area is aligned with your climate commitments and/or climate transition plan

Argos has implemented some research and development projects for some years to provide a viable solution to emissions from the cement and concrete production process. These researchs respond to our proposed roadmap to reduce CO₂ emissions and achieve the 2050 goal of offering carbon neutral concrete.

Some of the projects developed in 2022 related to this area of technology are:

- The evaluation of mechanisms to reduce the amount of cementing agent in the concrete
- Development of a digital consultation tool to check the quality parameters and make decisions about the formulation.

Technology area

Other, please specify (Reduction of heat consumption)

Stage of development in the reporting year

Applied research and development

Average % of total R&D investment over the last 3 years

4

R&D investment figure in the reporting year (unit currency as selected in C0.4) (optional)

0

Average % of total R&D investment planned over the next 5 years

4

Explain how your R&D investment in this technology area is aligned with your climate commitments and/or climate transition plan

From the area of R&D in 2021 we executed actions so that our facilities have the best technologies available in the industry. We concentrated efforts on conducting the

cement operations to achieve their best performance, as for example in terms of energy efficiency. One of the projects to achieve this was WTE Ash (Waste to Energy Ash) which was implemented in the United States. That project was focused on incorporating ash from waste incineration as a raw material in clinker production. In 2021, we carried out a final industrial test before its implementation.

C10. Verification

C10.1

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

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

C10.1a

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

Verification or assurance cycle in place

Annual process

Status in the current reporting year

Complete

Type of verification or assurance

Limited assurance

Attach the statement

Independent Assurance Report 2022 BDO.pdf

Page/ section reference

- Page 5. GRI 305-1 (2016): Direct (Scope 1) GHG emissions
- Page 7. SASB Indicator - EM-CM-110a.1; EM-CM-110.a.2: Greenhouse Gas (GHG) emissions.
- Page 7. Global Cement and Concrete Association (GCCA) Indicators: Total CO2 emissions - gross. Total CO2 emissions - net.
- Page 8. Value-Added to Society (VAS) Indicators: Direct GHG emissions (Scope 1).

Relevant standard

ISAE3000

Proportion of reported emissions verified (%)

100

C10.1b

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

Scope 2 approach

Scope 2 location-based

Verification or assurance cycle in place

Annual process

Status in the current reporting year

Complete

Type of verification or assurance

Limited assurance

Attach the statement

Independent Assurance Report 2022 BDO.pdf

Page/ section reference

- Page 5. GRI 305-2 (2016): Energy indirect (Scope 2) GHG emissions.
By the Location Method
- Page 8. Value-Added to Society (VAS) Indicators: Indirect GHG emissions when generating energy (Scope 2).

Relevant standard

ISAE3000

Proportion of reported emissions verified (%)

100

Scope 2 approach

Scope 2 market-based

Verification or assurance cycle in place

Annual process

Status in the current reporting year

Complete

Type of verification or assurance

Limited assurance

Attach the statement

Independent Assurance Report 2022 BDO.pdf

Page/ section reference

- Page 5. GRI 305-2 (2016): Energy indirect (Scope 2) GHG emissions.
By the Market Method.

Relevant standard

ISAE3000

Proportion of reported emissions verified (%)

100

C10.1c

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

Scope 3 category

Scope 3: Purchased goods and services
Scope 3: Capital goods
Scope 3: Fuel and energy-related activities (not included in Scopes 1 or 2)
Scope 3: Upstream transportation and distribution
Scope 3: Business travel
Scope 3: Employee commuting
Scope 3: Investments
Scope 3: Downstream transportation and distribution
Scope 3: Processing of sold products
Scope 3: End-of-life treatment of sold products

Verification or assurance cycle in place

Annual process

Status in the current reporting year

Complete

Type of verification or assurance

Limited assurance

Attach the statement

Independent Assurance Report 2022 BDO.pdf

Page/section reference

Page 5. GRI 305-3 (2016): Other indirect (Scope 3) GHG emissions.

Relevant standard

ISAE3000

Proportion of reported emissions verified (%)

100

C10.2

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

Yes

C10.2a

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

Disclosure module verification relates to	Data verified	Verification standard	Please explain
C2. Risks and opportunities	Other, please specify (Financial implications & other risks & opportunities due to climate change (GRI 201- 2))	- Verification standard: ISAE3000. - Type of verification: limited assurance. - Page reference: Page 5 GRI 201-2 (2016) Financial implications & other risks & opportunities due to climate change.	Every year, an independent third party carries out an audit of the indicators that are part of Argos' Integrated Report. This audit is conducted in accordance to the International Standard ISAE 3000 – International Standard on Assurance Engagements Other than Audits or Reviews of Historical Financial Information, and the scope is a review of the adaptation of the contents of the Integrated Report to the Guide for the Preparation of Sustainability Reports of the Global Reporting Initiative (GRI Standards). Likewise, BDO, as part of the verification process of the environmental indicators, conducts interviews with Argos' operations to ensure the accuracy of the climate change data, based on the GCCA Sustainability Guidelines for the monitoring and reporting of CO2 emissions from cement manufacturing (October 2019). Among the climate change indicators verified by BDO in 2022 is: Financial implications & other risks & opportunities due to climate change (GRI 201-2).
C4. Targets and performance	Progress against emissions reduction target	- Verification standard: ISAE3000. - Type of verification: limited assurance. - Page reference: Page 6 A-EC1 Net specific CO2 emissions (kg CO2/t cementitious material).	Every year, an independent third party carries out an audit of the indicators that are part of Argos' Integrated Report. This audit is conducted in accordance to the International Standard ISAE 3000 – International Standard on Assurance Engagements Other than Audits or Reviews of Historical Financial Information, and the scope is a review of the adaptation of the contents of the Integrated Report to the Guide for the Preparation of Sustainability Reports of the Global Reporting Initiative (GRI Standards). Likewise, BDO, as part of the verification process of the environmental indicators, conducts interviews with Argos' operations to ensure the accuracy of the climate change data, based on the GCCA Sustainability Guidelines for the monitoring and reporting of CO2 emissions from cement manufacturing (October 2019). Among the climate change indicators verified by BDO in 2022 is: CO2 net specific emissions (A-EC1), which corresponds to the indicator to which Argos has assigned a reduction CO2 target to year 2030. Independent Assurance Report 2022 BDO.pdf
C4. Targets and performance	Emissions reduction activities	- Verification standard: ISAE3000. - Type of verification: limited assurance. - Page reference: Page 5 GRI 305-5 (2016) Reduction of GHG emissions.	Every year, an independent third party carries out an audit of the indicators that are part of Argos' Integrated Report. This audit is conducted in accordance to the International Standard ISAE 3000 - International Standard on Assurance Engagements Other than Audits or Reviews of Historical Financial Information, and the scope is a review of the adaptation of the contents of the Integrated Report to the Guide for the Preparation of Sustainability Reports of the Global Reporting Initiative (GRI Standards). Likewise, BDO, as part of the verification process of the environmental indicators, conducts interviews with Argos' operations to ensure the accuracy of the climate change data, based on the GCCA Sustainability Guidelines for the monitoring and reporting of CO2 emissions from cement manufacturing (October 2019). Among the climate change indicators verified by BDO in 2022 is: Reduction of GHG emissions (GRI 305-5). Independent Assurance Report 2022 BDO.pdf

Disclosure module verification relates to	Data verified	Verification standard	Please explain
C6. Emissions data	Other, please specify (Year on year change in emissions (Scope 1, Scope 2, Scope 3) and intensity figures.)	- Verification standard: ISAE3000. - Type of verification: limited assurance. - Page reference: Page 5, 6 and 7 - GRI 305-1 (2016): Direct (Scope 1) GHG emissions - GRI 305-2 (2016): Energy indirect (Scope 2) GHG emissions. By the Location Method, and By the Market Method. - GRI 305-3 (2016): Other indirect (Scope 3) GHG emissions. - GRI 305-4 (2016): GHG emissions intensity A-EC1 Net specific CO2 emissions (kg CO2/t cementitious material). - A-EC3 Reduction of Scope 1 and Scope 2 GHG emissions	Every year, an independent third party carries out an audit of the indicators that are part of Argos' Integrated Report. This audit is conducted in accordance to the International Standard ISAE 3000 - International Standard on Assurance Engagements Other than Audits or Reviews of Historical Financial Information, and the scope is a review of the adaptation of the contents of the Integrated Report to the Guide for the Preparation of Sustainability Reports of the Global Reporting Initiative (GRI Standards). Likewise, BDO, as part of the verification process of the environmental indicators, conducts interviews with Argos' operations to ensure the accuracy of the climate change data, based on the GCCA Sustainability Guidelines for the monitoring and reporting of CO2 emissions from cement manufacturing (October 2019). Among the climate change indicators verified by BDO in 2022 are: - Direct (Scope 1) GHG emissions (GRI 305-1) - Energy indirect (Scope 2) GHG emissions (GRI 305-2) - Other indirect (Scope 3) GHG emissions (GRI 305-3) - GHG emissions intensity (GRI 305-4) - CO2 net specific emissions (A-EC1) - A-EC1 Net specific CO2 emissions (kg CO2/t cementitious material). - A-EC3 Reduction of Scope 1 and Scope 2 GHG emissions Independent Assurance Report 2022 BDO.pdf
C6. Emissions data	Product footprint verification	- Verification standard: Product Category Rules (PCR) for cement: Product Category Rules for Portland, Blended Hydraulic, Masonry, Mortar and Plastic (Stucco) Cements (NSF, 2020); and concrete: Product Category Rules for Concrete (NSF, 2019). published by NSF (https://www.nsf.org/testing/sustainability) - Type of verification: External Verification. Industrial Ecology Consultants http://industrial-ecology.com/	Argos has published on the ASTM International website 251 EPD's of different products from 6 concrete divisions: Glenwood: (64Mixes) Smyrna: (24 Mixes) Houston: (6 Mixes) Doraville: (43 Mixes) Atlanta Portable (19 Mixes) Armour Drive (95 Mixes) Likewise, Argos has published on the NFS website 6 EPD's of different products from 1 concrete division (Houston) in the US Region. ASTM International and NFS has been the program operators who supports the verification processes of these EPD's. EPD concrete mixes – ASTM International: https://www.astm.org/products-services/certification/environmental-product-declarations/epd-pcr/epd-argos.html EPD concrete mixes – NFS Certification: https://info.nsf.org/Certified/Sustain/Listings.asp?Company=C0588207&Standard=EPD
C7. Emissions breakdown	Other, please specify (Year on year change in emissions (Scope 1, Scope 2), and intensity figures)	- Verification standard: ISAE3000. - Type of verification: limited assurance. - Page reference: Page 5 and 6. - GRI 305-1 (2016) Direct (Scope 1) GHG emissions - GRI 305-2 (2016) Energy indirect (Scope 2) GHG emissions. By the Location Method; and By the Market Method. - GRI 305-4 (2016) GHG emissions intensity A-EC1 Net specific CO2 emissions (kg CO2/t cementitious material).	Every year, an independent third party carries out an audit of the indicators that are part of Argos' Integrated Report. This audit is conducted in accordance to the International Standard ISAE 3000 - International Standard on Assurance Engagements Other than Audits or Reviews of Historical Financial Information, and the scope is a review of the adaptation of the contents of the Integrated Report to the Guide for the Preparation of Sustainability Reports of the Global Reporting Initiative (GRI Standards). Likewise, BDO, as part of the verification process of the environmental indicators, conducts interviews with Argos' operations to ensure the accuracy of the climate change data, based on the GCCA Sustainability Guidelines for the monitoring and reporting of CO2 emissions from cement manufacturing (October 2019). Among the climate change indicators verified by BDO in 2022 are: - Direct (Scope 1) GHG emissions (GRI 305-1) - Energy indirect (Scope 2) GHG emissions (GRI 305-2) - GHG emissions intensity (GRI 305-4) - Net specific CO2 emissions (kg CO2/t cementitious material) (A-EC1) Independent Assurance Report 2022 BDO.pdf
C8. Energy	Other, please specify (Energy Management Model: - GRI 302-1 Energy consumption within the organization. - GRI 302- 4 Reduction of energy consumption)	- Verification standard: ISAE3000. - Type of verification: limited assurance. - Page reference: Page 5. - GRI 302-1 (2016) Energy consumption within the Organization. - Renewable-energy consumption. - Non-renewable-energy consumption. - GRI 302-4 (2016) Reduction of energy consumption.	Every year, an independent third party carries out an audit of the indicators that are part of Argos' Integrated Report. This audit is conducted in accordance to the International Standard ISAE 3000 - International Standard on Assurance Engagements Other than Audits or Reviews of Historical Financial Information, and the scope is a review of the adaptation of the contents of the Integrated Report to the Guide for the Preparation of Sustainability Reports of the Global Reporting Initiative (GRI Standards). Likewise, BDO, as part of the verification process of the environmental indicators, conducts interviews with Argos' operations to ensure the accuracy of the climate change data, based on the GCCA Sustainability Guidelines for the monitoring and reporting of CO2 emissions from cement manufacturing (October 2019). Among the climate change indicators verified by BDO in 2022 are: - GRI 302-1 (2016) Energy consumption within the organization - GRI 302-4 (2016) Reduction of energy consumption Independent Assurance Report 2022 BDO.pdf

Disclosure module verification relates to	Data verified	Verification standard	Please explain
C9. Additional metrics	Other, please specify (GCCA Indicators (Climate Change): CO2 emissions gross and net, Specific CO2 emissions gross and net, Use of alternative fuels, Specific heat consumption, Use of biomass fuel, Clinker/Cement Ratio)	- Verification standard: ISAE3000. - Type of verification: limited assurance. - Page reference: Page 7 Indicators: Total CO2 emissions gross Total CO2 emissions net Specific CO2 emissions gross Specific CO2 emissions net Alternative fuel rate Biomass rate as fuel. Specific caloric consumption of Clinker production. Clinker/cement factor.	Every year, an independent third party carries out an audit of the indicators that are part of Argos' Integrated Report. This audit is conducted in accordance to the International Standard ISAE 3000 - International Standard on Assurance Engagements Other than Audits or Reviews of Historical Financial Information, and the scope is a review of the adaptation of the contents of the Integrated Report to the Guide for the Preparation of Sustainability Reports of the Global Reporting Initiative (GRI Standards). Likewise, BDO, as part of the verification process of the environmental indicators, conducts interviews with Argos' operations to ensure the accuracy of the climate change data, based on the GCCA Sustainability Guidelines for the monitoring and reporting of CO2 emissions from cement manufacturing (October 2019). Among the climate change indicators verified by BDO in 2022 are: - Total CO2 emissions gross - Total CO2 emissions net - Specific CO2 emissions gross - Specific CO2 emissions net - Alternative fuel rate - Biomass rate as fuel. - Specific caloric consumption of Clinker production. - Clinker/cement factor. Independent Assurance Report 2022 BDO.pdf

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C11. Carbon pricing

C11.1

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

Yes

C11.1a

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

Colombia carbon tax

C11.1c

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

Colombia carbon tax

Period start date

January 1 2022

Period end date

December 31 2022

% of total Scope 1 emissions covered by tax

0.73

Total cost of tax paid

1051168565

Comment

Carbon tax in Colombia was created through Law 1819 of 2016 (Structural Tax Reform). It is a tax over the carbon content of all fossil fuels, including all petroleum derivatives and all types of fossil gas that are used for combustion. The fuels that are taxed by this tax are: Gasoline, Kerosene, Jet Fuel, Diesel and Fuel Oil. Natural gas is also taxed but only for use in the hydrocarbon refining and petrochemical industry, and liquefied petroleum gas (LPG) only for sale to industrial users.

The National Carbon Tax is paid in Colombia since January 1, 2017. All users of taxed fuels pay the tax to their fuel supplier on the product invoice, according to the commercial agreements established in the fuel distribution chain. In the case of Argos, carbon tax has been paid on the consumption of the following fuels: Diesel, Gasoline and Fuel oil.

In June 2017, Decree 926 of 2017 was issued in which consumers of fuels subject to the carbon tax are allowed to certify that they are "carbon neutral" in the CO2 emissions generated by the consumption of those fuels. For this certification, the purchase of carbon credits in the national market is allowed. In 2022, under the framework of this law, Argos compensated 27298 tonnes of CO2 generated by the diesel combustion in its cement and concrete operations in Colombia, through the acquisition of emission reduction certificates from hydroelectric power generation projects and reforestation.

C11.1d

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

During last years Argos has carried out a risk identification from a strategic level on processes, projects, and in all its operations. As a result, Argos has identified 13 strategic risks with a potential impact on the Company's strategic objectives. According to the classification of inherent risks to climate change made by Argos, it has been possible to recognize CO2 market schemes as likely be implemented over the next few years in the locations where Argos operates, more specifically, USA and Colombia regions, which represent most of the company's cement operations. Therefore these regions have been identified as the main exposed regions to this risk.

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

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

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

At Argos, climate change risk management is a top-down and bottom-up integrated team effort in different teams work together. Decisions are implemented through measures such as risk transfer and retention, revision of strategic projects or definition and tracking of our top-company OKRs. More specifically, to manage these transition risks related to carbon pricing, Argos set a CO2 reduction target (523 kg CO2/t cementitious product). To achieve this target, in 2021 Argos formulated a roadmap to reduce CO2 emissions by 2030, annualized and for each region through scenario analyses under a bottom-up approach, and detailing the technical strategies for mitigation and the required investment plan. In 2022 we defined a roadmap to reduce CO2 scope 2 emissions and, thus contribute to meeting the organization's objectives.

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

C11.2

(C11.2) Has your organization canceled any project-based carbon credits within the reporting year?

Yes

C11.2a

(C11.2a) Provide details of the project-based carbon credits canceled by your organization in the reporting year.

Project type

Hydro

Type of mitigation activity

Emissions reduction

Project description

The Cucuana hydroelectric plant is a power generation plant with a capacity of 55MW, which is located in Colombia, in the central mountain range in the municipality of Roncesvalles in the department of Tolima on the Cucuana river basin, between 1500 and 2200 meters above sea level.

The project leads to the reduction of greenhouse gases since it produces electricity without using fossil fuels. By not depending on non-renewable sources, the project promotes a more sustainable approach in the generation of electrical energy, contributing to the reduction of CO2 emissions.

Credits canceled by your organization from this project in the reporting year (metric tons CO2e)

16305

Purpose of cancellation

Compliance with a carbon pricing system

Are you able to report the vintage of the credits at cancellation?

Yes

Vintage of credits at cancellation

2018

Were these credits issued to or purchased by your organization?

Purchased

Credits issued by which carbon-crediting program

CDM (Clean Development Mechanism)

Method(s) the program uses to assess additionality for this project

Not assessed

Approach(es) by which the selected program requires this project to address reversal risk

No risk of reversal

Potential sources of leakage the selected program requires this project to have assessed

Upstream/downstream emissions

Provide details of other issues the selected program requires projects to address

The Cucuana Hydroelectric Power Plant CDM project follows the guidelines of the baseline and monitoring methodology ACM0002: Grid-connected electricity generation from renewable sources, version 13.00/UN1/.

Under this methodology, monitoring consists mainly of measuring energy generation to calculate emission factors and reduction of emissions. The correct operation, maintenance and calibration of the monitoring equipment must comply with the Colombian Electrical Regulatory Framework.

Comment

C11.3

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

Yes

C11.3a

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

Type of internal carbon price

Shadow price

How the price is determined

Alignment with the price of a carbon tax

Objective(s) for implementing this internal carbon price

Change internal behavior
Drive energy efficiency
Drive low-carbon investment
Identify and seize low-carbon opportunities
Navigate GHG regulations
Stakeholder expectations
Stress test investments

Scope(s) covered

Scope 1
Scope 2

Pricing approach used – spatial variance

Uniform

Pricing approach used – temporal variance

Static

Indicate how you expect the price to change over time

<Not Applicable>

Actual price(s) used – minimum (currency as specified in C0.4 per metric ton CO2e)

21285.6

Actual price(s) used – maximum (currency as specified in C0.4 per metric ton CO2e)

21285.6

Business decision-making processes this internal carbon price is applied to

Capital expenditure
Risk management
Opportunity management

Mandatory enforcement of this internal carbon price within these business decision-making processes

Yes, for some decision-making processes, please specify (capital allocation, projects' financial feasibility assessment, and due diligence processes)

Explain how this internal carbon price has contributed to the implementation of your organization's climate commitments and/or climate transition plan

Through the implementation of an internal carbon price, Argos has achieved a remarkable milestone in unveiling the real cost and benefits associated with a wide range of initiatives that were previously deemed economically unattractive. This decision to establish and effectively utilize a carbon price has not only enabled the company to identify and grasp the inherent business opportunities arising from the transition towards a low-carbon economy but also to ensure an equitable assessment framework between climate-related projects and traditional business initiatives during the capital allocation process. Consequently, climate-related projects have now emerged as value generators, enhancing Argos' competitive edge while mitigating its exposure to climate-related risks.

Moreover, the adoption of an internal carbon price has raised awareness about the utmost significance of climate change and the risk of the underlying regulatory landscape, particularly within a hard-to-abate sector in which Argos operates. This consciousness propelled the company to devise a comprehensive decarbonization plan and secure the resources for its implementation. By taking these steps, Argos now has a clearer path toward its climate commitments and a better comprehension of the elements shaping the future.

C12. Engagement

C12.1

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

Yes, our suppliers
Yes, our customers/clients
Yes, other partners in the value chain

C12.1a

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

Type of engagement

Information collection (understanding supplier behavior)

Details of engagement

Other, please specify (Collect climate change and carbon information at least annually from suppliers)

% of suppliers by number

7.18

% total procurement spend (direct and indirect)

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

18.24

Rationale for the coverage of your engagement

Aligned with the Argos' Sustainability Strategy and seeking to evaluate performance in the three sustainability dimensions, suppliers identified with a potential risk in sustainability are evaluated with the Supplier's Sustainability Index, a self-assessment tool which was jointly developed with the Massachusetts Institute of Technology (MIT). The index allows us to identify main gaps and opportunities of our suppliers, and to agree on action plans.

The transport process is a priority in our company Supply Chain Strategy, due to its importance for our business model and the high sustainability risk it represents. Therefore, we work closely with our transport suppliers to ensure the strengthening of their processes.

Impact of engagement, including measures of success

During 2022, 1692 suppliers were evaluated in terms of quality, service levels, social, environmental, and economic performance ensuring constant feedback and identifying key factors for development.

Based on best practices that Argos seeks in its suppliers and with the aim of knowing the status of sustainability specific-related issues of our suppliers, in 2022 we applied the Suppliers' Sustainability Index (SSI) to 486 suppliers in the three regions; based on the results, we promote lines of action that lead to a supply chain that is socially and environmentally responsible.

To make our supply chain strategy possible, we work together with our transport suppliers in continuing to generate economic, social, and environmentally responsible processes. Therefore, we have gradually been requesting information related to the carbon footprint from some of our main transport suppliers, specifically those from the Colombia region. These suppliers represent 16% of that regional supplier SPEND.

Comment**Type of engagement**

Engagement & incentivization (changing supplier behavior)

Details of engagement

Run an engagement campaign to educate suppliers about climate change

% of suppliers by number

0.87

% total procurement spend (direct and indirect)

6.39

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

5.47

Rationale for the coverage of your engagement

We implement different methods of engagement with our stakeholders and suppliers due to our continue compromise with responsible practices. We carry out the following mechanisms: "Sustainability Dialogues", the Integrated Report, "Sustainability week", the suppliers' newsletter, web page and webinars, which are spaces that promote the sustainable culture and best practices and help us close gaps identified in our suppliers' assessments.

Likewise, we build skills through collaborative business strengthening schemes with government organizations and training with internal and external experts that contribute to improve their management capacity and the industrial and social fabric of the country.

Impact of engagement, including measures of success

We held three virtual spaces with more than 60 suppliers from Colombia and the Central America and the Caribbean region, to close the gaps identified in our sustainability assessments. In these spaces we talked about risk management with an emphasis in climate change risks and water risk.

Additionally, with our transport suppliers we monitored the action plans established in 2021 and continued with a training process of virtual modules on safety and health at work, job responsibilities, road safety and environmental management. Also, we had a total of 18,400 accumulated participations per year in our trainings, 75% in the virtual modality and 25% face-to-face in more than 35 topics, among them: rollover prevention, attention to road incidents and spills and good environmental practices such as carbon footprint calculation, efficient driving, etc.

Comment**Type of engagement**

Innovation & collaboration (changing markets)

Details of engagement

Run a campaign to encourage innovation to reduce climate impacts on products and services

% of suppliers by number

0.12

% total procurement spend (direct and indirect)

1.52

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

1.3

Rationale for the coverage of your engagement

Being aware of the importance of suppliers and considering the challenges generated by the pandemic, among the companies of Grupo Argos we joined our capacities to generate a greater transformation in this interest group.

Through the "Creating social value" initiative, worked on 3 lines of action, one of which is mentoring: Our collaborators participated by contributing their time and ideas at the service of our supplier's companies, to boost their business and find solutions that allow us to build the future with optimism.

This initiative aims to provide support on various topics, such as: innovation, environmental management, circular economic, finances, etc; topics that are of interest to our suppliers and that contribute to the sustainability of their company.

Specifically, we work together with our transport providers to integrate initiatives and good practices that allow both them and us to have a more efficient and sustainable

operation, and with which we have been able to gradually reduce our emissions through the years.

Impact of engagement, including measures of success

Aligned with our road safety company priority and our Climate Change Strategy, transport suppliers are closely developed and monitored. H&SE audits, training programs, driver certifications, driving simulators, partnerships with local authorities and communities, are some of the strategies we use to develop these suppliers and reduce their inherent risk.

During 2022, we continue to promote the use of clean and sustainable means of transport. We have developed an alternative fuel booklet, which aims to invite transportation providers to learn about the economic, environmental and social results of the implementation of these alternatives in their operations, thus helping our supplier's decision-making process in terms of acquiring less polluting vehicles.

We are encouraging our suppliers to reduce their emission by implementing various initiatives as training drivers in eco-driving technics, training in carbon footprint measurement, support in the calculation of their total emissions and establishment of work plans to reduce them, either from behavior, maintenance of vehicles, compensation bonuses or implementation of alternative fuels. Also, by expanding our complementary supply network seeking to take 100% advantage of vehicle trips, transporting our products and those of third parties.

Also, information such as carbon footprint measurement, climate change strategies and purchase of bonds to offset emissions is suggested as best practice both in the pre-selection stage and during our commercial relationship with them.

Comment

C12.1b

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

Type of engagement & Details of engagement

Education/information sharing	Run an engagement campaign to educate customers about the climate change impacts of (using) your products, goods, and/or services
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% of customers by number

17.3

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

2.41

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

We are committed to continue being strategic allies of our clients in the construction of housing & sustainable infrastructure.

This group of clients reported (17,30% of the company's total) includes clients from Colombia & Caribbean & Central America Regions, from Cement & Concrete businesses. This 17,30% is a weighted estimate based on the percentage of clients involved in each region & the contribution of each region's revenue to the company's total revenue.

In Colombia, around 70% of its customers are included in this engagement activity, and were selected according to the following criteria: customers that consume:

- General Use Cement from Rioclaro, Sogamoso, & Cartagena Plants.
- Max Structural Cement from Rioclaro & Cartagena Plants.
- Concrete with sustainability characteristics throughout the country.

In USA region, 2% of customers received product information through an EPD (Environmental Product Declaration) which allow the Company share to their clients with transparency, and validated by a third party, all environmental performance (including GHG emissions) of the product in the different stages of its life cycle.

At CCA, around 1.3% of customers are involved in this engagement activity & were selected for being customers who buy products with sustainability characteristics.

This engagement activity entails following strategies:

- Portfolio of products with sustainability characteristics named "Green Solutions Conscious Innovation", which is a portfolio of products and solutions aimed at strengthening our value chain and mitigating the impact of our operation from the production process to the final disposal of our products.
- We communicate the sustainable characteristics of our products in our data sheets. These sustainability characteristics are established on the Product Self-Declaration, which is based on the Life Cycle Analysis methodology. With this strategy we want to communicate in a more efficiently way our value proposition of being the best ally in the design and construct sustainable projects.
- We have a platform that has many visitors interested in deepening technical knowledge in the construction industry called: 360 degrees in concrete.
- Argos has presence in media and uses different channels such as Instagram, Facebook, Twitter, Youtube, web page and conferences to run sustainability engagement campaigns.

Impact of engagement, including measures of success

Proactively managing the relationship with its customers as well as the desired experience we want to provide them, is critical for the economic sustainability of Argos. To do that, the starting point is a clear understanding of each market and the segments it comprises, creating compelling Value Propositions tailored for each. The Argos brand acts as a shared vehicle to communicate these offerings, being recognized across its footprint for some core values but conveying specific attributes that may vary by country and market segment.

Using products with sustainable characteristics allows our clients to develop projects that are more respectful with the environment. Among the advantages offered by these products are the following: they have lower embedded-CO2 content, need less energy consumption in production process, facilitate optimization and reuse of valuable resources and non-renewable materials in different phases of the project, and provide health and comfort for people who use them. By developing projects with sustainable products, our clients can obtain points to achieve sustainable construction certification systems (LEED, BREEAM, and Casa Colombia), financial benefits for the projects and take advantage of the available resources they have.

During 2022, we had income for more than USD 1565 million in sales of products with sustainability characteristics, exceeding our goal of USD 800 million to 2030, a figure that represents 44% of our income. This is due to the refinement in the classification of the Green Solutions portfolio, which has allowed us to highlight the sustainability characteristics of our products and services, based on the principles and practices of environmentally responsible construction.

Type of engagement & Details of engagement

Collaboration & innovation	Run a campaign to encourage innovation to reduce climate change impacts
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% of customers by number

2.3

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

0.32

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

This engagement activity entails following strategy:

"Sacos Verdes":

This program works through a reverse logistics system, at no cost to the builder as an added value to our customers, in which the vehicle that transports the bags of cement to the site returns them back to the company empty. Our objective is to promote and generate an awareness of recycling and the correct use of the bags of cement used in construction works.

Our builders allies receive many benefits:

1. Costs are reduced by disposal of construction materials.
2. They increase their positive perception and reputation with their clients, the community and government authorities thanks to their sustainable management.
3. His management is exalted through means of Argos and allies.
4. Training on sustainability issues: handling and management of waste on site.

This group of clients reported (2,3% of the company's total) includes clients only from Colombia region. The CCA and USA regions do not include yet this activity within its engagement strategies with clients on climate change issues. This 2,5% is a weighted estimate based on the percentage of clients involved in each region & the contribution of each region's revenue to the company's total revenue.

In Colombia, around 10% of its customers are included in this engagement activity, and were selected according to the following criteria: customers of the Industrial Business with consumption of bags of cement and who are located in the cities where there is the possibility of collection.

Impact of engagement, including measures of success

Every day we generate greater environmental awareness among our clients in the industrial segment (which is our central focus of the Green Sacks program). Our success is expressed in their willingness to join and make proper use of the cement bags they use in their works.

In 2022 we collected a total of 362 tonne of paper, which were used to become raw material for other industries. This represented an increase in paper collection of 56% compared to 2021

362 tonnes of paper is equivalent to:

- Stop felling 3619 trees
- Stop consuming 28955 m3 of water for the production of new materials (this amount of water supplies 170325 people in one day).

The Green Sacks Program was born in 2013 in Colombia and, by the end of 2022, it has allowed the collection of more than 11 million sacks, equivalent to a use of more than 1500 tons of paper, which has prevented the felling of approximately 15,000 trees for the manufacture of paper or fiber pulp.

Type of engagement & Details of engagement

Education/information sharing	Run an engagement campaign to education customers about your climate change performance and strategy
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% of customers by number

9.2

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

1.28

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

This engagement activity entails following strategy:

- Sustainability Web Series: a commitment through knowledge to build sustainable futures:

At Argos, we are committed to providing training solutions and valuable content to our allies, clients and public in the construction sector to achieve a future with more sustainable constructions. Through virtual web series in our knowledge community www.360enconcreto.com, people from the construction sector participated in expert conferences, guests, success stories and live forums with some of our clients.

We shared experiences that can be put into practice, with key concepts to act and move towards an increasingly sustainable design and construction.

In 2022 we developed these web series:

1. How to build sustainable projects? (3,4 hours of virtual training).
2. How to finance sustainable projects? (2,1 hours of virtual training).
3. How to sell sustainable projects? (3,2 hours of virtual training).

This group of clients reported (9,2% of the company's total) includes clients only from Colombia region. The CCA and USA regions do not include yet this activity within its engagement strategies with clients on climate change issues. This 9,2% is a weighted estimate based on the percentage of clients involved in each region & the contribution of each region's revenue to the company's total revenue.

In Colombia, around 40% of its customers are included in this engagement activity and were selected according to the following criteria: the promotion of the web series was made to all our customers in the industrial segment via email and through our sales team.

Impact of engagement, including measures of success

At Argos we develop training strategies to enhance capabilities of our clients and stakeholders in technical issues, products, trends, innovation, sustainability, environmental awareness and climate change, that help them solve their needs in an optimal and particular way. Additionally, we provide broad criteria for the selection and proper use of our products and technical knowledge around them.

Through these web series we shared 8,7 hours of virtual training and managed to train around 806 people; however, this figure is dynamic and can increase since this content is constantly promoted among our clients (it is stored on our knowledge platform www.360enconcreto.com for consumption according to needs and interest).

Type of engagement & Details of engagement

Collaboration & innovation	Other, please specify (Encourage the use of sustainable packaging "Soluble Smart pack")
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% of customers by number
3.08

% of customer - related Scope 3 emissions as reported in C6.5
0.43

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

"Smart pack" or soluble packaging, is a product that is pack in a different sack that don't generate waste as the constructor can use it in the mixer to generate the concrete. This program is currently available at St Vincent.

This group of clients reported (3,08% of the company's total) includes clients only from CCA region. The Colombia and USA regions do not include yet this activity within its engagement strategies with clients on climate change issues. This 3,08% is a weighted estimate based on the percentage of clients involved in each region & the contribution of each region's revenue to the company's total revenue.

In CCA, around 15,4% of its customers are included in this engagement activity and were selected according to the following criteria: customers that consume bags of cement and who are located in the geographies where this packing program is available.

Impact of engagement, including measures of success

Smart pack is smart with the planet and smart with the projects. When preparing mortar or concrete in the projects paper waste is generate and part of the product stays on the bag, with the soluble "smart pack" our customers use 100% of the bags and all content dissolve itself in the mix without compromising the product performance. Also, with the soluble smart pack the constructor avoid processes in the construction site such as collecting, transporting and disposable residues of the sack, that are translate into money and time savings.

C12.1d

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

Every day we face greater challenges to respond in an agile, timely manner to those who are directly or indirectly related to our company. Argos has a stakeholder's policy that applies to all our operations: <https://acortar.link/71JjeE>

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

To meet the relationship needs with our stakeholders, we have defined different official communication channels & meeting spaces to exchange information & build links that facilitate interaction. Argos implements different methods of engagement with its stakeholders, carrying out annually the following mechanisms: "Sustainability Dialogues", Integrated Report, & "Sustainability week", which are spaces where sustainable culture is promoted. In the same way, we have other spaces that arise naturally during the year, such as conferences, follow-up meetings, audits, & scheduled visits. Relevant environmental information is shared including climate change strategy as well as GHG emissions reduction targets. Also, as direct communication channels, we have designated leaders who maintain constant contact with stakeholders. Likewise, we have the Transparency Line, through which any person can communicate to report complaints & concerns about the processes & our conduct & express their opinions freely.

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

Argos identifies & prioritizes engagements with stakeholders following the five criteria proposed by the AA1000SES standard: dependence, responsibility, proximity, influence & different perspectives. As a result of this process, we currently have eight stakeholders prioritized.

A case to highlight with other partners in the value chain is the work we do with associations & groupings. At Argos lobbying activities are carried out through trade & industry associations that represent & promote key issues for our company, including climate change & activities aligned with the Paris Agreement. We play an active role in meetings with these entities offering relevant information, views, & policy recommendations on new proposals, among others. Some key activities conducted in 2022 were:

Association: GCCA - Global Cement & Concrete Association

Main activities: Argos is a Full Work Group – WG Member in 6 GCCA cells. In the working groups, ideas for the sector are discussed, proposals are reviewed, recommendations are issued, & common work methodologies are defined. There are 4 WG strictly linked to climate change: Policy & thought Leadership, Communications & outreach, Net Zero Delivery & Innovation in cement & concrete.

Association: FICEM - Federación Interamericana de Cemento

Main activities: Through the committees, the specific activities to be implemented are defined to achieve the goals defined in the climate change - CC roadmap. The committees related to the management of the CC plan are: sustainability, housing & urbanism, technical & academic, communications, pavements & infrastructure. For Argos, it is essential to participate in FICEM activities in which the association seeks to lead the efforts of the regional cement industry in terms of adaptation to climate change & mitigation of GHG emissions & its contribution to a circular economy, aligned with the commitments set at the international scene & the Sustainable Development Goals (SDGs).

Association: ANDI - Asociación Nacional de Industriales in Colombia

Main activities: We participate actively in the following committees: Mining Energy, Expanded Environmental & Decarbonization & Green Growth. Some of the projects, related to climate change, in which we participated during 2022, were: project to regulate the conditions, criteria & requirements for validation & verification processes in greenhouse gas mitigation initiatives, draft decree to regulate the implementation of Carbon Capture, Utilization & Storage (CCUS) technologies in the mining-energy sector and tax reform bill in which coal & natural gas were included in the taxable base of the national carbon tax that applies to consumers of fuels.

More info: <https://acortar.link/zMpRlj>

C12.2

(C12.2) Do your suppliers have to meet climate-related requirements as part of your organization's purchasing process?

Yes, suppliers have to meet climate-related requirements, but they are not included in our supplier contracts

C12.2a

(C12.2a) Provide details of the climate-related requirements that suppliers have to meet as part of your organization's purchasing process and the compliance mechanisms in place.

Climate-related requirement

Complying with regulatory requirements

Description of this climate related requirement

Argos has adopted the Suppliers' Code of Conduct, which contains the responsible business practices and values that Argos expects all its suppliers to adopt in contractual negotiations and relationships.

That's why our suppliers agree to comply with our Suppliers' Code of Conduct when signing a contract with the company or accepting a purchase order. In the environment aspect of this Code, the suppliers agree to comply with the environmental laws and regulations that may be applicable to carry on their business, to have all the required permits and licenses in the country where they operate and are expected to properly control and manage waste and reduce the emissions resulting from its operations.

Also, the control and mitigation of our supply chain sustainability risk is extended throughout the supplier management cycle, starting with the pre-selection stage, where certain ESG aspects established as the minimum standard for contracting are analyzed.

According to each purchase category and its associated risk, third-party certifications are requested before contracting, thereby guaranteeing proper management in the framework of national regulation and company policies. These certifications include environmental and mining licenses and permits.

% suppliers by procurement spend that have to comply with this climate-related requirement

60

% suppliers by procurement spend in compliance with this climate-related requirement

60

Mechanisms for monitoring compliance with this climate-related requirement

Supplier self-assessment

First-party verification

On-site third-party verification

Grievance mechanism/Whistleblowing hotline

Response to supplier non-compliance with this climate-related requirement

Retain and engage

Climate-related requirement

Implementation of emissions reduction initiatives

Description of this climate related requirement

In the Colombia region, additional specific environmental requirements have been identified, which, depending on the type of procurement category of the service or product to be procured, need to be considered in the terms of reference or in the screening of bidders in the pre-selection process.

Services such as transport/logistics have climate-related requirements in aspects such as a modern fleet with efficient engines, use of alternative fuels, lightweight vehicles, tire optimization, carbon footprint measurement; it is even possible, depending on the service required, to require a certain percentage of the fleet to be made up of alternative fuel vehicles.

These additional environmental requirements will begin to be requested and verified in procurement processes from the end of 2021 and would only apply to new contracts, so there are not yet many suppliers that have to meet these requirements by contract.

% suppliers by procurement spend that have to comply with this climate-related requirement

0.16

% suppliers by procurement spend in compliance with this climate-related requirement

0.16

Mechanisms for monitoring compliance with this climate-related requirement

Supplier self-assessment

First-party verification

Response to supplier non-compliance with this climate-related requirement

Retain and engage

C12.3

(C12.3) Does your organization engage in activities that could either directly or indirectly influence policy, law, or regulation that may impact the climate?

Row 1

External engagement activities that could directly or indirectly influence policy, law, or regulation that may impact the climate

Yes, we engage directly with policy makers

Yes, our membership of/engagement with trade associations could influence policy, law, or regulation that may impact the climate

Does your organization have a public commitment or position statement to conduct your engagement activities in line with the goals of the Paris Agreement?

Yes

Attach commitment or position statement(s)

As a company, we identify and understand the climate change-related risks. We have deployed our greatest efforts on different fronts to fight against our impacts. In order to take action and accomplish the Paris Agreement accords, we emphasize that our Contributions & Other Spending must be intended to organizations whose one of their main work focuses is climate alignment. To ensure that, we play an active role in meetings with these entities. See our Lobbying and trade Associations Climate Alignment <https://argos.co/wp-content/uploads/2023/06/Lobbying-and-Trade-Associations-Climate-Alignment.pdf>

Our objective for society is to contribute to face the challenges derived from climate change through the development of initiatives to mitigate CO2 emissions; in addition, to strengthen efforts to offer products, solutions, and services with sustainable and low-carbon characteristics that help leverage adaptation capacities to this phenomenon and promote sustainable construction, while promoting the creation of social value in the geographies where we are present. We are aiming to deliver carbon-neutral concrete to all our customers on a global level by 2050 and across all our we have presence. As it is stated in our web page: <https://argos.co/en/climate-change/>, we have a path to decarbonize the operations. This path includes: an ambition, levers to reduce emissions, specific actions to reduce CO2 emissions in the process and clear targets. In 2022, we obtained validation of our target to reduce the direct and indirect CO2 emissions from electricity consumption by 2030, through the Science-Based Targets Initiative (SBTi). The company commits establish the reduction of scope 1 and 2 GHG emissions 21% per tonne of cementitious product by 2030 from 2021 base year with the ambition of maintaining the temperature Well Below 2°C (WB2°C), visit the official SBTi website at <https://sciencebasedtargets.org/companies-taking-action#dashboard> and the Page 15 of TCFD report to review the argos climate actions and commitments <https://argos.co/wp-content/uploads/2023/01/TCFDRReport-2022.pdf>

Argos, as a GCCA member, is committed to climate action today to drive sustainability in the cement and concrete sector: <https://gccassociation.org/concretetfuture/case-studies-overview/> and review Pag. 17 of our TCFD report: <https://argos.co/wp-content/uploads/2023/01/TCFDRReport-2022.pdf>

Certificate of participation in the National Carbon Neutrality Program of Colombia that recognizes that Argos actively participates in this program under the country's climate commitments of the Paris Agreement (see attached certificate and IR p. 100 <https://argos.co/wp-content/uploads/2023/03/Reporte-integrado-2022.pdf>).

CEMENTOS ARGOS Certificate.pdf

TCFDRReport-2022.pdf

integrated-report-2022.pdf

Describe the process(es) your organization has in place to ensure that your external engagement activities are consistent with your climate commitments and/or climate transition plan

In 2022, Argos received the letter establishing the validation of the science-based emission reduction targets by Science Based Targets Initiative (SBTi). This validation establishes the company's public commitment to reduce GHG Scope 1 and 2 emissions by 21% per ton of cementitious product by 2030, under the trajectory of the temperature ambition well below 2°C

Argos, as a GCCA member, is committed to climate action today to drive sustainability in the cement and concrete sector: <https://gccassociation.org/concretetfuture/case-studies-overview/> and review Pag. 17 of our TCFD report: <https://argos.co/wp-content/uploads/2023/01/TCFDRReport-2022.pdf>

At the end of 2022, the Colombian Ministry of Environment and Sustainable Development granted Argos a certificate as active participants in the National Carbon Neutrality Program, under the country's climate commitments within the framework of the Paris Agreement. Argos joined this initiative in August 2021, together with more than 650 public and private organizations. Also, during 2022 Argos participated directly and through trade associations such as the National Association of Industrialists (ANDI) and the Colombian Mining Association (ACM) in the revision and comments of the following law and regulation projects regarding climate change:

- Resolution regulating the conditions, criteria and requirements for validation and verification processes in greenhouse gas mitigation initiatives and other provisions.
 - Decree adopting provisions aimed at implementing the technologies of Carbon Capture, Utilization and Storage (CCUS) in the energy and mining sector.
 - Law of tax reform in which coal and natural gas were included in the taxable base of the national carbon tax that is charged for the consumption of fuels.
- Furthermore, the Colombian Chamber of Cement and Concrete (PROCEMCO), in which Argos actively participates, has been leading the relationship with the Ministry of Environment and Sustainable Development and the Ministry of Housing to try to promote the co-processing of waste as one of the best waste management alternatives that contributes to the circular economy and the mitigation of climate change.

Primary reason for not engaging in activities that could directly or indirectly influence policy, law, or regulation that may impact the climate

<Not Applicable>

Explain why your organization does not engage in activities that could directly or indirectly influence policy, law, or regulation that may impact the climate

<Not Applicable>

C12.3a

(C12.3a) On what policy, law, or regulation that may impact the climate has your organization been engaging directly with policy makers in the reporting year?

Specify the policy, law, or regulation on which your organization is engaging with policy makers

Resolution regulating the conditions, criteria and requirements for validation and verification processes in greenhouse gas mitigation initiatives and other provisions.

Category of policy, law, or regulation that may impact the climate

Climate change mitigation

Focus area of policy, law, or regulation that may impact the climate

Verification and audits

Policy, law, or regulation geographic coverage

National

Country/area/region the policy, law, or regulation applies to

Colombia

Your organization's position on the policy, law, or regulation

Support with minor exceptions

Description of engagement with policy makers

Responding to consultations made by the Ministry of Environment and Sustainable Development through the National Association of Industrialists (ANDI, for its acronym in Spanish).

Details of exceptions (if applicable) and your organization's proposed alternative approach to the policy, law or regulation

Adjustments in definitions and term extension for implementation.

Have you evaluated whether your organization's engagement on this policy, law, or regulation is aligned with the goals of the Paris Agreement?

Yes, we have evaluated, and it is aligned

Please explain whether this policy, law or regulation is central to the achievement of your climate transition plan and, if so, how?

<Not Applicable>

Specify the policy, law, or regulation on which your organization is engaging with policy makers

Decree adopting provisions aimed at implementing the technologies of Carbon Capture, Utilization and Storage (CCUS) in the energy and mining sector

Category of policy, law, or regulation that may impact the climate

Climate change mitigation

Focus area of policy, law, or regulation that may impact the climate

Climate transition plans

Other, please specify (Carbon capture, utilization and storage CCUS)

Policy, law, or regulation geographic coverage

National

Country/area/region the policy, law, or regulation applies to

Colombia

Your organization's position on the policy, law, or regulation

Support with minor exceptions

Description of engagement with policy makers

Responding directly to consultations made by the Ministry of Mines and Energy.

Details of exceptions (if applicable) and your organization's proposed alternative approach to the policy, law or regulation

Inclusion of other sectors in the scope of the regulation, not only mines and energy.

Have you evaluated whether your organization's engagement on this policy, law, or regulation is aligned with the goals of the Paris Agreement?

Yes, we have evaluated, and it is aligned

Please explain whether this policy, law or regulation is central to the achievement of your climate transition plan and, if so, how?

<Not Applicable>

Specify the policy, law, or regulation on which your organization is engaging with policy makers

Law of tax reform in which coal and natural gas were included in the taxable base of the national carbon tax that is charged for the consumption of fuels.

Category of policy, law, or regulation that may impact the climate

Carbon pricing, taxes, and subsidies

Focus area of policy, law, or regulation that may impact the climate

Carbon taxes

Policy, law, or regulation geographic coverage

National

Country/area/region the policy, law, or regulation applies to

Colombia

Your organization's position on the policy, law, or regulation

Support with minor exceptions

Description of engagement with policy makers

- Meetings with the trade associations such as the Colombian Mining Association (ACM, for its acronym in Spanish) to establish the sector position.
- Meetings directly with the policy makers.

Details of exceptions (if applicable) and your organization's proposed alternative approach to the policy, law or regulation

Term extension for implementation and elimination of carbon tax once the Colombian Emissions Trading System (ETS) is in place to avoid double taxation.

Have you evaluated whether your organization's engagement on this policy, law, or regulation is aligned with the goals of the Paris Agreement?

Yes, we have evaluated, and it is aligned

Please explain whether this policy, law or regulation is central to the achievement of your climate transition plan and, if so, how?

<Not Applicable>

Specify the policy, law, or regulation on which your organization is engaging with policy makers

Inflation Reduction Act - IRA

Category of policy, law, or regulation that may impact the climate

Low-carbon products and services

Focus area of policy, law, or regulation that may impact the climate

Low-carbon innovation and R&D

Policy, law, or regulation geographic coverage

National

Country/area/region the policy, law, or regulation applies to

United States of America

Your organization's position on the policy, law, or regulation

Support with minor exceptions

Description of engagement with policy makers

As members of the Portland Cement Association, Argos participate in meetings with members of Congress to discuss successes and challenges to various aspects of the IRA. Argos also provides comments on various Low Carbon product standards as proposed within the Inflation Reduction Act - IRA.

Details of exceptions (if applicable) and your organization's proposed alternative approach to the policy, law or regulation

One of the elements of the Inflation Reduction Act is the promotion of the use of low carbon embodied products. That said, Environmental Product Declarations EPDs are encouraged to outline the products carbon footprint. Currently, EPDs are limited to a cradle-to-gate analysis. The preferred analysis is cradle-to-cradle analysis to take into account the carbon footprint of the end use of the structure built from cement and concrete.

Have you evaluated whether your organization's engagement on this policy, law, or regulation is aligned with the goals of the Paris Agreement?

Yes, we have evaluated, and it is aligned

Please explain whether this policy, law or regulation is central to the achievement of your climate transition plan and, if so, how?

<Not Applicable>

C12.3b

(C12.3b) Provide details of the trade associations your organization is a member of, or engages with, which are likely to take a position on any policy, law or regulation that may impact the climate.

Trade association

Other, please specify (National Association of Industrialists (ANDI, for its acronym in Spanish))

Is your organization's position on climate change policy consistent with theirs?

Consistent

Has your organization attempted to influence their position in the reporting year?

No, we did not attempt to influence their position

Describe how your organization's position is consistent with or differs from the trade association's position, and any actions taken to influence their position

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

During the last years Argos representatives have generated inputs to trade associations in many Colombian climate-related policies, laws, and regulations.

Funding figure your organization provided to this trade association in the reporting year (currency as selected in C0.4)

343431000

Describe the aim of your organization's funding

Promote the work developed by the trade association.

Have you evaluated whether your organization's engagement with this trade association is aligned with the goals of the Paris Agreement?

Yes, we have evaluated, and it is aligned

Trade association

Other, please specify (Colombian Chamber of Cement and Concrete (PROCEMCO, for its acronym in Spanish),)

Is your organization's position on climate change policy consistent with theirs?

Consistent

Has your organization attempted to influence their position in the reporting year?

No, we did not attempt to influence their position

Describe how your organization's position is consistent with or differs from the trade association's position, and any actions taken to influence their position

PROCEMCO represents the cement and concrete companies located in Colombia. It supports the efforts of Colombian government towards the reduction of GHG emissions and guarantee the inclusion of cement and concrete industry concern in the discussion of any climate change related legislation to preserve the competitiveness of the country.

During the last years Argos representatives have generated inputs to trade associations in many Colombian climate-related policies, laws and regulations.

Funding figure your organization provided to this trade association in the reporting year (currency as selected in C0.4)

287002244

Describe the aim of your organization's funding

Promote the work developed by the trade association.

Have you evaluated whether your organization's engagement with this trade association is aligned with the goals of the Paris Agreement?

Yes, we have evaluated, and it is aligned

Trade association

Other, please specify (Colombian Mining Association (ACM, for its acronym in Spanish))

Is your organization's position on climate change policy consistent with theirs?

Consistent

Has your organization attempted to influence their position in the reporting year?

No, we did not attempt to influence their position

Describe how your organization's position is consistent with or differs from the trade association's position, and any actions taken to influence their position

Support the efforts of the Colombian government towards the reduction of GHG emissions and guarantee the inclusion of the mining sector concern in the discussion of any climate change related legislation to preserve the competitiveness of the country.

During the last years Argos representatives have generated inputs to trade associations in many Colombian climate-related policies, laws, and regulations.

Funding figure your organization provided to this trade association in the reporting year (currency as selected in C0.4)

Describe the aim of your organization's funding

Promote the work developed by the trade association.

Have you evaluated whether your organization's engagement with this trade association is aligned with the goals of the Paris Agreement?

Yes, we have evaluated, and it is aligned

Trade association

Portland Cement Association

Is your organization's position on climate change policy consistent with theirs?

Consistent

Has your organization attempted to influence their position in the reporting year?

No, we did not attempt to influence their position

Describe how your organization's position is consistent with or differs from the trade association's position, and any actions taken to influence their position

PCA represents the Portland cement companies located in the United States of America. To date, PCA is engaged with various committees in Congress to understand their position on Climate Change. Additionally, PCA favors those policies that promote domestic production of cement. During 2022, PCA advocated for manufacturers' flexibility to use innovative (alternative) fuels before the Senate Environment and Public Works Subcommittee on Chemical Safety, Waste Management, Environmental Justice, and Regulatory Oversight. On November 4, 2022, PCA provided the Internal Revenue Service (IRS) comments on the advanced energy project tax credit (48C) as part of a request for information (RFI) from the agency. PCA stressed that the tax credit should be made available to manufacturers for the purchase of equipment for utilizing alternative fuels. PCA, as part of the Carbon Capture Coalition, joined comments to the Internal Revenue Service (IRS) following a request for information (RFI) on how direct pay from the carbon sequestration tax credit (45Q) should function.

Funding figure your organization provided to this trade association in the reporting year (currency as selected in C0.4)

4502986091

Describe the aim of your organization's funding

Promote the work developed by the trade association.

Have you evaluated whether your organization's engagement with this trade association is aligned with the goals of the Paris Agreement?

Yes, we have evaluated, and it is aligned

Trade association

Other, please specify (National Ready Mix Concrete Association)

Is your organization's position on climate change policy consistent with theirs?

Consistent

Has your organization attempted to influence their position in the reporting year?

No, we did not attempt to influence their position

Describe how your organization's position is consistent with or differs from the trade association's position, and any actions taken to influence their position

Argos Climate Change Road map is reliant on the acceptance of "Green" or "Low-embodied carbon products in the market. NRMCA advocates for such products with Federal and State legislators..

Funding figure your organization provided to this trade association in the reporting year (currency as selected in C0.4)

1531927356

Describe the aim of your organization's funding

Promote the work developed by the trade association

Have you evaluated whether your organization's engagement with this trade association is aligned with the goals of the Paris Agreement?

Yes, we have evaluated, and it is aligned

Trade association

Other, please specify (Slag Cement Association)

Is your organization's position on climate change policy consistent with theirs?

Consistent

Has your organization attempted to influence their position in the reporting year?

No, we did not attempt to influence their position

Describe how your organization's position is consistent with or differs from the trade association's position, and any actions taken to influence their position

Argos Climate Change Road map is reliant on the acceptance of "Green" or "Low-embodied carbon products in the market. NRMCA advocates for such products with Federal and State legislators..

Funding figure your organization provided to this trade association in the reporting year (currency as selected in C0.4)

96636624

Describe the aim of your organization's funding

Promote the work developed by the trade association

Have you evaluated whether your organization's engagement with this trade association is aligned with the goals of the Paris Agreement?

Yes, we have evaluated, and it is aligned

Trade association

Other, please specify (Inter-American Cement Federation (FICEM, for its acronym in Spanish))

Is your organization's position on climate change policy consistent with theirs?

Consistent

Has your organization attempted to influence their position in the reporting year?

No, we did not attempt to influence their position

Describe how your organization's position is consistent with or differs from the trade association's position, and any actions taken to influence their position

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

Funding figure your organization provided to this trade association in the reporting year (currency as selected in C0.4)

197710850.72

Describe the aim of your organization's funding

Promote the work developed by the trade association

Have you evaluated whether your organization's engagement with this trade association is aligned with the goals of the Paris Agreement?

Yes, we have evaluated, and it is aligned

Trade association

Other, please specify (Dominican association of Portland Cement Producers (ADOCEM for its acronym in Spanish))

Is your organization's position on climate change policy consistent with theirs?

Consistent

Has your organization attempted to influence their position in the reporting year?

No, we did not attempt to influence their position

Describe how your organization's position is consistent with or differs from the trade association's position, and any actions taken to influence their position

Cement Producers (ADOCEM for its acronym in Spanish), represents the cement and concrete companies located in Dominican Republic. It supports the efforts of the government towards the reduction of GHG emissions and guarantee the inclusion of industry concern in the discussion of any climate change related legislation to preserve the competitiveness of the country.

Funding figure your organization provided to this trade association in the reporting year (currency as selected in C0.4)

278647831

Describe the aim of your organization's funding

Promote the work developed by the trade association

Have you evaluated whether your organization's engagement with this trade association is aligned with the goals of the Paris Agreement?

Yes, we have evaluated, and it is aligned

Trade association

Other, please specify (Global Cement and Concrete Association – GCCA)

Is your organization's position on climate change policy consistent with theirs?

Consistent

Has your organization attempted to influence their position in the reporting year?

No, we did not attempt to influence their position

Describe how your organization's position is consistent with or differs from the trade association's position, and any actions taken to influence their position

During 2022, Argos participated in the different working groups established in the association, related to sector communications, guidelines and policies, review of the greenhouse gas protocol for the cement sector, low carbon procurement, innovation, CCUS, among others.

Funding figure your organization provided to this trade association in the reporting year (currency as selected in C0.4)

286206696

Describe the aim of your organization's funding

Promote the work developed by the trade association

Have you evaluated whether your organization's engagement with this trade association is aligned with the goals of the Paris Agreement?

Yes, we have evaluated, and it is aligned

C12.4

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

Publication

In mainstream reports

Status

Complete

Attach the document

Argos Integrated Report 2022.pdf

Climate-change-metrics 2022.pdf

Environmental-management-metrics.pdf

Independent Assurance Report 2022 BDO.pdf

Page/Section reference

- ArgosIntegratedReport2022: pages on Pdf from 92 to 102 for Argos climate change strategy
- Independent Assurance Report 2022 BDO: all pages for BDO independent review report.
- Climate-change-metrics 2022: all pages for GRI and company specific indicators (Climate Change Strategy)
- Environmental-management-metrics: page 6 for Biodiversity indicators , page 9 for Circular Economy indicators.

Content elements

Governance
Strategy
Risks & opportunities
Emissions figures
Emission targets
Other metrics
Other, please specify (Argos Corporate Sustainability Reports)

Comment

- File "Argos Integrated Report 2022" can be downloaded from the link: <https://argos.co/wp-content/uploads/2023/03/integrated-report-2022.pdf>
- File "Independent Assurance Report 2022 BDO" is also in the Integrated Report 2022 at pages 343 to 350

Publication

In mainstream reports

Status

Complete

Attach the document

Confirmation received by S&P_ Argos 2023 CSA submitted.pdf
SPGlobal_Sustainability_Yearbook_2023.pdf

Page/Section reference

- File "Confirmation received by S&P_ Argos 2023 CSA submitted": see all pages
- File "SPGlobal_Sustainability_Yearbook_2023": see page 37 (Construction Materials - Industry Distinctions 2023)

Content elements

Governance
Strategy
Risks & opportunities
Emissions figures
Emission targets
Other metrics

Comment

- File "Confirmation received by S&P_ Argos 2023 CSA submitted": we attach email showing that Argos submitted the Corporate Sustainability Assessment to S&P Global in 2023 for the reporting year 2022.
- File "SPGlobal_Sustainability_Yearbook_2023": We were recognized in Top 5% S&P Global ESG Score in the 2023 Sustainability Yearbook by S&P firm.

Publication

In mainstream reports

Status

Complete

Attach the document

Confirmation_Upload GNR GCCA_20.12.2022.pdf

Page/Section reference

See whole page

Content elements

Emissions figures
Other metrics

Comment

We are attaching the conformation receiveb by email from the PWC - GCCA platform (PWC manages the GNR - Getting the Numbers Right -, that is an independently managed database of CO2 and energy performance information on the global cement industry). This file shows that in 2022 the reports of Cementos Argos to the GNR were uploaded to that platform.

Publication

In mainstream reports, incorporating the TCFD recommendations

Status

Complete

Attach the document

TCFDRreport-2022.pdf

Page/Section reference

See all pages

Content elements

Governance
Strategy
Risks & opportunities
Emissions figures
Emission targets
Other metrics

Comment

This file can be downloaded from the link: <https://argos.co/wp-content/uploads/2023/01/TCFDRreport-2022.pdf>
Also at link: <https://argos.co/en/integrated-report/>

C12.5

(C12.5) Indicate the collaborative frameworks, initiatives and/or commitments related to environmental issues for which you are a signatory/member.

	Environmental collaborative framework, initiative and/or commitment	Describe your organization's role within each framework, initiative and/or commitment
Row 1	Global Reporting Initiative (GRI) Community Member Task Force on Climate-related Financial Disclosures (TCFD) UN Global Compact Other, please specify (Science Based Targets initiative (SBTi))	● UN Global Compact: Cementos Argos has been committed to the UN Global Compact Principles and was a signatory of the initiative since 2007, but didn't agree with the changes in the local network that required to pay a fee with not a clear explanation of its use, so the company decided in 2018 to continue committed to the UN Global Compact principles, but not participating in the network. ● Global Reporting Initiative (GRI) Community Member: Cementos Argos reports its annual financial and non-financial results according to the GRI's general basic contents. ● Task Force on Climate-related Financial Disclosures: Cementos Argos uses the TCFD framework to disclose its climate-related risks and opportunities. ● Others: GCCA: Cementos Argos follows the GCCA guides to report its environmental performance. Science Based Targets initiative (SBTi): CEMENTOS ARGOS has set science-based targets. It commits to reduce scope 1 and 2 GHG emissions 21% per tonne of cementitious product by 2030 from 2021 base year. * *The target boundary includes land-related emissions and removals from bioenergy feedstocks

C15. Biodiversity

C15.1

(C15.1) Is there board-level oversight and/or executive management-level responsibility for biodiversity-related issues within your organization?

	Board-level oversight and/or executive management-level responsibility for biodiversity-related issues	Description of oversight and objectives relating to biodiversity	Scope of board-level oversight
Row 1	Yes, both board-level oversight and executive management-level responsibility	The highest level of direct responsibility for biodiversity and water within Argos is the Sustainability & Corporate Governance Committee of the Board of Directors. Functions and objectives of this Committee, that meets quarterly, include: * The guidance, monitoring & tracking of best practices in sustainability issues therefore, the approval and decision-making in relation to the Sustainability and Environmental strategies and their lines of work such as biodiversity and water * Ensuring compliance with the strategies set * Promote the identification and management of risks including issues associated with Biodiversity and water * Ensure the proper functioning of environmental legal compliance Noteworthy Activities 2022 include: -Monitoring the Sustainability Strategy, including water and biodiversity (review of environmental metrics), review of the CO2 roadmap and the executed Capex and Opex of approved projects, analysis of relevant issues discussed in the GCCA work groups, such as the impacts on biodiversity of forest plantation products, discussion and trend analysis of international sustainability and Corporate Governance, monitor the Ethics and Compliance Program, among others.	<Not Applicable>

C15.2

(C15.2) Has your organization made a public commitment and/or endorsed any initiatives related to biodiversity?

	Indicate whether your organization made a public commitment or endorsed any initiatives related to biodiversity	Biodiversity-related public commitments	Initiatives endorsed
Row 1	Yes, we have made public commitments and publicly endorsed initiatives related to biodiversity	Commitment to Net Positive Gain Commitment to No Net Loss Adoption of the mitigation hierarchy approach Commitment to not explore or develop in legally designated protected areas Commitment to respect legally designated protected areas Commitment to no conversion of High Conservation Value areas Commitment to secure Free, Prior and Informed Consent (FPIC) of Indigenous Peoples Other, please specify	SDG Other, please specify (Biodiversity Conference COP 15 Business For Nature Wildlife Habitat Council Wildlife Conservation Society National Natural Parks Smithsonian Tropical Research Institute Alexander von Humboldt Institute and Natura Foundation Environmental Authorities)

C15.3

(C15.3) Does your organization assess the impacts and dependencies of its value chain on biodiversity?

Impacts on biodiversity

Indicate whether your organization undertakes this type of assessment

Yes

Value chain stage(s) covered

Direct operations
Upstream

Portfolio activity

<Not Applicable>

Tools and methods to assess impacts and/or dependencies on biodiversity

IBAT – Integrated Biodiversity Assessment Tool
Natural Capital Protocol
TNFD – Taskforce on Nature-related Financial Disclosures
Other, please specify (BRF - Biodiversity Risk Filter)

Please explain how the tools and methods are implemented and provide an indication of the associated outcome(s)

Argos has a Comprehensive Risk Management System (CRMS), which is based on the best international practices. This system allows the company to assess risks in accordance with the Value-at-Risk (VaR) approach, through a multi-disciplinary team.

Argos has a nature risk assessment based on the framework of the CRMS, which allows the estimation of risk variables and parameters and the quantification of financial impacts. Also, Argos consider the LEAP approach (locate, evaluate, assess, and prepare) which is part of disclosure recommendations from the Taskforce on Nature-related Financial Disclosures (TNFD); and Biodiversity Risk Filter (BRF) approach, which allows understanding and assessing biodiversity-related risks and preparing an appropriate response plan. Argos use spatial data to provide specific assessments of the risks in the locations where it has presence. Both approaches assess the biodiversity-related dependencies and impacts.

Assessing biodiversity-related risks is a process where it is necessary to evaluate the dependence-impact relationship of the company with nature, covering aspects of nature that can become material risks from a financial, environmental, and social perspective, therefore is important to identify the exposure in their specific locations.

For the analysis of nature risks, the scope is defined considering Own operations, upstream activities and adjacent areas to own operations. In the case of own operation

Argos use the BRF tool to assess the risk exposure and then use a business interruption model to quantify the impact in the company. For upstream activities Argos ask for information about their locations and estimate the risk exposure through BRF tool. Additionally, Argos carries out an analysis of HBVA in all its active facilities using IBAT (Integrated Biodiversity Assessment Tool) to find the areas of importance for biodiversity since it is committed not to operate in protected or declared areas of high value for biodiversity.

Dependencies on biodiversity

Indicate whether your organization undertakes this type of assessment

Yes

Value chain stage(s) covered

Direct operations
Upstream

Portfolio activity

<Not Applicable>

Tools and methods to assess impacts and/or dependencies on biodiversity

IBAT – Integrated Biodiversity Assessment Tool
Natural Capital Protocol
TNFD – Taskforce on Nature-related Financial Disclosures
Other, please specify (BRF - Biodiversity Risk Filter)

Please explain how the tools and methods are implemented and provide an indication of the associated outcome(s)

The company has a Comprehensive Risk Management System (CRMS), which is based on the best international practices. This system allows the company to assess risks in accordance with the Value-at-Risk (VaR) approach, through a multi-disciplinary team.

Argos has a nature risk assessment based on the framework of the CRMS, which allows the estimation of risk variables and parameters and the quantification of financial impacts. Also, Argos consider the LEAP approach (locate, evaluate, assess, and prepare) which is part of disclosure recommendations from the Taskforce on Nature-related Financial Disclosures (TNFD); and Biodiversity Risk Filter (BRF) approach, which allows understanding and assessing biodiversity-related risks and preparing an appropriate response plan. Argos use spatial data to provide specific assessments of the risks in the locations where it has presence. Both approaches assess the biodiversity-related dependencies and impacts.

Assessing biodiversity-related risks is a process where it is necessary to evaluate the dependence-impact relationship of the company with nature, covering aspects of nature that can become material risks from a financial, environmental, and social perspective, therefore is important to identify the exposure in their specific locations.

For the analysis of nature risks, the scope is defined considering Own operations, upstream activities and adjacent areas to own operations. In the case of own operation

Argos use the BRF tool to assess the risk exposure and then use a business interruption model to quantify the impact in the company. For upstream activities Argos ask for information about their locations and estimate the risk exposure through BRF tool. Additionally, Argos carries out an analysis of HBVA in all its active facilities using IBAT (Integrated Biodiversity Assessment Tool) to find the areas of importance for biodiversity since it is committed not to operate in protected or declared areas of high value for biodiversity.

C15.4

(C15.4) Does your organization have activities located in or near to biodiversity- sensitive areas in the reporting year?

Yes

C15.4a

(C15.4a) Provide details of your organization's activities in the reporting year located in or near to biodiversity -sensitive areas.

Classification of biodiversity -sensitive area

Key Biodiversity Area (KBAs)

Country/area

Colombia

Name of the biodiversity-sensitive area

Refugio Río Claro

Serranía De La Coraza Y Montes De María

Parque Natural Regional Metropolitano Cerro El Volador

Humedales de la Sabana de Bogotá

Proximity

Adjacent

Briefly describe your organization's activities in the reporting year located in or near to the selected area

The activities located in or near areas sensitive to biodiversity correspond to mining, concrete and cement plant.

Indicate whether any of your organization's activities located in or near to the selected area could negatively affect biodiversity

Yes, but mitigation measures have been implemented

Mitigation measures implemented within the selected area

Site selection

Project design

Scheduling

Physical controls

Operational controls

Abatement controls

Restoration

Biodiversity offsets

Other, please specify (Environmental and Social Impact Assessment)

Explain how your organization's activities located in or near to the selected area could negatively affect biodiversity, how this was assessed, and describe any mitigation measures implemented

Cementos Argos, in all its mining titles, has environmental management and control instruments that allow evaluating environmental impacts and establishing measures based on the mitigation hierarchy (avoid, minimize, restore, compensate). Additionally, the company conducts a Hazard Vulnerability Biodiversity Analysis (HVBA) at all its active facilities using IBAT (Integrated Biodiversity Assessment Tool). Accordingly, Environmental and Social Impact Assessments (ESIA) conducted at the local level also provide relevant and more detailed information on the impacts generated and their effects on biodiversity. This information is used by Argos to prioritize efforts towards adequate biodiversity management focused on attributes of high biodiversity value, establish management strategies in biodiversity management plans (BMPs) aligned with mining and closure plans. When Argos finds a mining title with a notable biodiversity value, a decision process is initiated to decide whether to relinquish mining to preserve the value.

Furthermore, Argos has a document called "Terms of reference for the formulation of quarry rehabilitation plans", this document is a local adaptation to the sustainability guidelines for quarry rehabilitation issued by GCCA, in 2020, our terms of reference are a guide for mine planning teams to make the best decisions for progressive and final rehabilitations and closures. It also contains guidelines for monitoring the progress of rehabilitation areas and instructions for assessing baseline conditions to identify impacts and measure changes that may occur as a result of mining activity.

Argos, through legal aspects, market trends, stakeholder relations, voluntary actions and transparency, all relevant issues, recognizes its dependence on natural capital and promotes autonomous actions aimed at the conservation of biodiversity or natural capital.

Classification of biodiversity -sensitive area

Key Biodiversity Area (KBAs)

Country/area

Puerto Rico

Name of the biodiversity-sensitive area

Bosque Estatal De Vega

Karso del Norte

Proximity

Adjacent

Briefly describe your organization's activities in the reporting year located in or near to the selected area

The activities located in or near areas sensitive to biodiversity correspond to mining and and cement plant.

Indicate whether any of your organization's activities located in or near to the selected area could negatively affect biodiversity

Yes, but mitigation measures have been implemented

Mitigation measures implemented within the selected area

Site selection

Project design

Scheduling

Physical controls

Operational controls

Abatement controls

Restoration

Biodiversity offsets

Other, please specify (Environmental and Social Impact Assessment)

Explain how your organization's activities located in or near to the selected area could negatively affect biodiversity, how this was assessed, and describe any mitigation measures implemented

Cementos Argos, in all its mining titles, has environmental management and control instruments that allow evaluating environmental impacts and establishing measures based on the mitigation hierarchy (avoid, minimize, restore, compensate). Additionally, the company conducts a Hazard Vulnerability Biodiversity Analysis (HVBA) at all its active facilities using IBAT (Integrated Biodiversity Assessment Tool). Accordingly, Environmental and Social Impact Assessments (ESIA) conducted at the local level also provide relevant and more detailed information on the impacts generated and their effects on biodiversity. This information is used by Argos to prioritize efforts towards adequate biodiversity management focused on attributes of high biodiversity value, establish management strategies in biodiversity management plans (BMPs) aligned with mining and closure plans. When Argos finds a mining title with a notable biodiversity value, a decision process is initiated to decide whether to relinquish mining to preserve the value.

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Argos, through legal aspects, market trends, stakeholder relations, voluntary actions and transparency, all relevant issues, recognizes its dependence on natural capital and promotes autonomous actions aimed at the conservation of biodiversity or natural capital.

Classification of biodiversity -sensitive area

Key Biodiversity Area (KBAs)

Country/area

Guyana

Name of the biodiversity-sensitive area

Rive Droite du Mahury

Guyane

Marais De Kaw

Plaine Kaw et Pointe Béhague

Le Mont Mahury

Proximity

Adjacent

Briefly describe your organization's activities in the reporting year located in or near to the selected area

The activities located in or near areas sensitive to biodiversity correspond to cement plant.

Indicate whether any of your organization's activities located in or near to the selected area could negatively affect biodiversity

Yes, but mitigation measures have been implemented

Mitigation measures implemented within the selected area

Site selection

Project design

Scheduling

Physical controls

Operational controls

Abatement controls

Restoration

Biodiversity offsets

Other, please specify (Environmental and Social Impact Assessment)

Explain how your organization's activities located in or near to the selected area could negatively affect biodiversity, how this was assessed, and describe any mitigation measures implemented

Cementos Argos, in all its mining titles, has environmental management and control instruments that allow evaluating environmental impacts and establishing measures based on the mitigation hierarchy (avoid, minimize, restore, compensate). Additionally, the company conducts a Hazard Vulnerability Biodiversity Analysis (HVBA) at all its active facilities using IBAT (Integrated Biodiversity Assessment Tool). Accordingly, Environmental and Social Impact Assessments (ESIA) conducted at the local level also provide relevant and more detailed information on the impacts generated and their effects on biodiversity. This information is used by Argos to prioritize efforts towards adequate biodiversity management focused on attributes of high biodiversity value, establish management strategies in biodiversity management plans (BMPs) aligned with mining and closure plans. When Argos finds a mining title with a notable biodiversity value, a decision process is initiated to decide whether to relinquish mining to preserve the value.

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Argos, through legal aspects, market trends, stakeholder relations, voluntary actions and transparency, all relevant issues, recognizes its dependence on natural capital and promotes autonomous actions aimed at the conservation of biodiversity or natural capital.

Classification of biodiversity -sensitive area

Key Biodiversity Area (KBAs)

Country/area

United States of America

Name of the biodiversity-sensitive area

Saarinen

Brosnan Forest

Proximity

Adjacent

Briefly describe your organization's activities in the reporting year located in or near to the selected area

The activities located in or near areas sensitive to biodiversity correspond to mining.

Indicate whether any of your organization's activities located in or near to the selected area could negatively affect biodiversity

Yes, but mitigation measures have been implemented

Mitigation measures implemented within the selected area

Site selection

Project design

Scheduling

Physical controls

Operational controls

Abatement controls

Restoration

Biodiversity offsets
Other, please specify (Environmental and Social Impact Assessment)

Explain how your organization's activities located in or near to the selected area could negatively affect biodiversity, how this was assessed, and describe any mitigation measures implemented

Cementos Argos, in all its mining titles, has environmental management and control instruments that allow evaluating environmental impacts and establishing measures based on the mitigation hierarchy (avoid, minimize, restore, compensate). Additionally, the company conducts a Hazard Vulnerability Biodiversity Analysis (HVBA) at all its active facilities using IBAT (Integrated Biodiversity Assessment Tool). Accordingly, Environmental and Social Impact Assessments (ESIA) conducted at the local level also provide relevant and more detailed information on the impacts generated and their effects on biodiversity. This information is used by Argos to prioritize efforts towards adequate biodiversity management focused on attributes of high biodiversity value, establish management strategies in biodiversity management plans (BMPs) aligned with mining and closure plans. When Argos finds a mining title with a notable biodiversity value, a decision process is initiated to decide whether to relinquish mining to preserve the value.

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Argos, through legal aspects, market trends, stakeholder relations, voluntary actions and transparency, all relevant issues, recognizes its dependence on natural capital and promotes autonomous actions aimed at the conservation of biodiversity or natural capital.

C15.5

(C15.5) What actions has your organization taken in the reporting year to progress your biodiversity-related commitments?

	Have you taken any actions in the reporting period to progress your biodiversity-related commitments?	Type of action taken to progress biodiversity- related commitments
Row 1	Yes, we are taking actions to progress our biodiversity-related commitments	Land/water protection Education & awareness Other, please specify (Argos uses IBAT to carry out a global screen biodiversity risks analysis for 100% facilities. This tool combined with the ESIA's information enable to identify High Biodiversity Value Areas as well as to assess potential impacts of direct operations)

C15.6

(C15.6) Does your organization use biodiversity indicators to monitor performance across its activities?

	Does your organization use indicators to monitor biodiversity performance?	Indicators used to monitor biodiversity performance
Row 1	Yes, we use indicators	Response indicators

C15.7

(C15.7) Have you published information about your organization's response to biodiversity-related issues for this reporting year in places other than in your CDP response? If so, please attach the publication(s).

Report type	Content elements	Attach the document and indicate where in the document the relevant biodiversity information is located
In voluntary sustainability report or other voluntary communications	Content of biodiversity-related policies or commitments Impacts on biodiversity Details on biodiversity indicators Risks and opportunities Biodiversity strategy	Statement For Nature Pages: all Argos Integrated Report. Page 147-150 Environmental management metrics. Page 1-6 Biodiversity Risk Assessment. Page all Mitigation Hierarchy Actions Page all Argos-Statement-for-Nature.pdf Mitigation Hierarchy Actions (002).pdf Biodiversity Risk Assessment (005) VF.pdf integrated-report-2022.pdf Environmental-management-metrics-.pdf
Please select	<Not Applicable>	<Not Applicable>
Please select	<Not Applicable>	<Not Applicable>

C16. Signoff

C-FI

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

C16.1

(C16.1) Provide details for the person that has signed off (approved) your CDP climate change response.

	Job title	Corresponding job category
Row 1	Sustainability Senior Director	Chief Sustainability Officer (CSO)

SC. Supply chain module

SC0.0

(SC0.0) If you would like to do so, please provide a separate introduction to this module.

Cementos Argos, producer of construction materials, with emphasis on growth consolidation and value creation, is a growing multinational Company with presence in 16 countries and territories with emerging and developed economies and we export to 25 destinations. The Company has 6,937 employees, 53% in Colombia, 33% in United States and 14% in the Caribbean and Central America. The business model is focused on the customer and on creating added value for its stakeholders and the strategic priorities are:

1. Smart growth
2. Road to net zero
3. Customer centricity
4. People revolution
5. Social value creation

Argos is a cement, concrete, and aggregates producer with headquarters in Colombia and a network of operations across three regions: Colombia, the United States, and Central America & the Caribbean. At the end of 2022, the company has 11 cement plants, 6 in Colombia, 4 in the United States, and 1 in Central America; 9 grinding facilities located in the United States, Puerto Rico, Haiti, Panama, Dominican Republic, Honduras, French Guiana and Surinam; and 29 ports and terminals. The company also has 197 concrete (ready-mix) plants located across the three regions mentioned before. Its total installed capacity is 24 million tonne of cement and 14.7 million cubic meters of concrete per year.

At Argos, sustainability is creative value for society and for the company. This approach ensures long-term permanence and a competitive position in a market that is continuously becoming more dynamic, generating not only products and services that truly add value for the organization's stakeholders and society, but also establishing a proper manner of behaving and conducting operations in all regions the company operates.

Argos' Sustainability Strategy guides the organization through four principles of work. This strategy is possible through positive relationships with stakeholders and following principles:

1. **Trusting relationships:** Relationships with stakeholders are based on mutual transparency and support. They are nourished by constant dialogue and collective construction, which lead Company to achieve common goals.
2. **Responsible production:** Argos processes are based on good resource management practices, using resources responsibly, which means working every day to prevent, mitigate, correct, and compensate impacts on the value chain.
3. **Business profitability:** Decisions are focused on achieving excellence with that the Company do and directing the projects to providing innovative solutions, all of this to build sustainable urbanization and infrastructure.
4. **Common values (shared values with its stakeholders):** Transforming Argos future requires transforming Company present through individual actions. Argos contributes to empowering its stakeholders in their roles as agents of change.

At Argos climate change is a challenge, but also is a unique opportunity for the operations and value chain; therefore, Argos is committed to mitigating direct and indirect CO₂ emissions, generating the necessary capacities for adaptation and advancing in the research and development of carbon capture technologies, and emissions compensation.

The objective for society is to contribute to face the challenges derived from climate change through the development of initiatives to mitigate CO₂ emissions; in addition, to strengthen efforts to offer products, solutions, and services with sustainable and low-carbon characteristics that help leverage adaptation capacities to this phenomenon and promote sustainable construction, while promoting the creation of social value in all geographies.

Argos is aiming to deliver carbon-neutral concrete to all customers on a global level by 2050. As it is stated in the web page: <https://argos.co/en/climate-change/>, Argos has a path to decarbonize the operations. This path includes: an ambition, levers to reduce emissions, specific actions to reduce CO₂ emissions in the process and clear targets.

In 2022, Argos obtained the validation of the target to reduce the direct and indirect CO₂ emissions from electricity consumption by 2030, through the Science-Based Targets Initiative (SBTi).

Argos wants to be a relevant actor in the transition process of the construction sector towards a low-carbon economy, which is why it is relevant for the company to work on the following axes:

1. Green products and services.
2. The circular economy.
3. Decarbonization of our operations.
4. Applied innovation and alliances.
5. Promoting a green economy.

SC0.1

(SC0.1) What is your company's annual revenue for the stated reporting period?

	Annual Revenue
Row 1	11684055000000

SC1.1

(SC1.1) Allocate your emissions to your customers listed below according to the goods or services you have sold them in this reporting period.

Requesting member

Schlumberger Limited

Scope of emissions

Scope 1

Scope 2 accounting method

<Not Applicable>

Scope 3 category(ies)

<Not Applicable>

Allocation level

Facility

Allocation level detail

We are allocating CO2 emissions, from our Nare cement plant (located in Colombia) to our customer SLB.

Emissions in metric tonnes of CO2e

3330

Uncertainty (±%)

3

Major sources of emissions

Direct emissions (scope 1): are those that come from sources that are owned or controlled by the reporting entity. In cement plants, direct CO2 emissions are generated by the following sources: 1. Calcination of carbonates and combustion of organic carbon contained in raw materials; 2. Consumption of fuels in the clinkerization kiln; 3. Consumption of fuels in equipment other than the clinkerization kiln.

Verified

No

Allocation method

Allocation based on mass of products purchased

Market value or quantity of goods/services supplied to the requesting member

2978

Unit for market value or quantity of goods/services supplied

Metric tons

Please explain how you have identified the GHG source, including major limitations to this process and assumptions made

- Greenhouse gases included in the calculation: this indicator includes only CO2 emissions, since emissions of other greenhouse gases are not significant in the cement production process. In addition, the CO2 and Energy Accounting and Reporting Standard for the Cement Industry is limited only to the CO2 inventory (see: "The Cement CO2 and Energy Protocol - CO2 and Energy Accounting and Reporting Standard for the Cement Industry. World Business Council for Sustainable Development (WBCSD) - Cement Sustainability Initiative (CSI), 2011. Available at: <https://www.cement-co2-protocol.org/en/index.htm>).
- Approach for the consolidation of emissions: an operational control approach was considered to calculate these emissions.
- Standards, methodologies and assumptions used for the calculation:
 - The methodology used to calculate direct (scope 1) and indirect (scope 2 by location based method) emissions is the one developed by the Cement Sustainability Initiative (CSI) of the World Business Council for Sustainable Development (WBCSD) and European Cement Research Academy (ECRA): "The Cement CO2 and Energy Protocol - CO2 and Energy Accounting and Reporting Standard for the Cement Industry" (2011).
 - The methodology used to calculate indirect emissions (scope 2 by market based method) is the one determined by the World Resources Institute (WRI): "GHG Protocol Scope 2 Guidance" (2015). Available at: https://ghgprotocol.org/scope_2_guidance
- Direct emissions (scope 1): are those that come from sources that are owned or controlled by the reporting entity. In cement plants, direct CO2 emissions are generated by the following sources: 1. Calcination of carbonates and combustion of organic carbon contained in raw materials; 2. Consumption of fuels in the clinkerization kiln; 3. Consumption of fuels in equipment other than the clinkerization kiln;

Biogenic CO2 emissions are excluded (those of biomass combustion) since they are considered neutral.

- Source of CO2 emission factors for each fuel: "CO2 and Energy Accounting and Reporting Standard for the Cement Industry - The Cement CO2 and Energy Protocol". WBCSD - CSI (2011). Available at: <https://www.cement-co2-protocol.org/en/index.htm>

SC1.2

(SC1.2) Where published information has been used in completing SC1.1, please provide a reference(s).

To allocate CO2 emissions to our customer SLB we have used our own (primary) data in answering question SC1.1

SC1.3

(SC1.3) What are the challenges in allocating emissions to different customers, and what would help you to overcome these challenges?

Allocation challenges	Please explain what would help you overcome these challenges
Customer base is too large and diverse to accurately track emissions to the customer level	One possible way to overcome this challenge is to coordinate work spaces with the client to identify needs, expectations and thus be able to offer tailored solutions. A possible way to make a more accurate allocation of emissions to the customer is through a Life Cycle Assessment (LCA) of the product(s) sold. The development of this Life Cycle Analysis of the product sold would be at the client's request and would be carried out under the current methodologies and applicable to the cement sector. Likewise, if the client requires a level of information more precious than the ACV and verified, the development of an EPD can be offered and the costs of its development would be part into the commercial negotiation with the client.

SC1.4

(SC1.4) Do you plan to develop your capabilities to allocate emissions to your customers in the future?

Yes

SC1.4a

(SC1.4a) Describe how you plan to develop your capabilities.

Argos currently has a work cell dedicated to the development of Life Cycle Analysis. This has allowed decision-making to improve production processes and product designs, and thus reduce the environmental impacts that occur in the different stages of the life cycle of our products. Similarly, Argos is currently developing tools to automate the Life Cycle Analysis process, which will allow us to timely meet the requirements of our customers. Therefore, Argos will continue to strengthen this work cell, including the development of skills and knowledge in the commercial, technical and marketing teams.

SC2.1

(SC2.1) Please propose any mutually beneficial climate-related projects you could collaborate on with specific CDP Supply Chain members.

SC2.2

(SC2.2) Have requests or initiatives by CDP Supply Chain members prompted your organization to take organizational-level emissions reduction initiatives?

No

SC4.1

(SC4.1) Are you providing product level data for your organization's goods or services?

No, I am not providing data

Submit your response

In which language are you submitting your response?

English

Please confirm how your response should be handled by CDP

	I understand that my response will be shared with all requesting stakeholders	Response permission
Please select your submission options	Yes	Public

Please confirm below

I have read and accept the applicable Terms