



# RISK MANAGEMENT POLICY

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# RISK MANAGEMENT POLICY

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**APPROVED BY**  
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**VERSION**  
001

## 1. OBJECTIVE

*Describes the purpose of the policy, what it is and what looks for.*

Establish the elements and the overall action framework for integrated risk management, covering risks of any nature to which Argos Cement is exposed. This document is part of the Integrated Risk Management System, which is developed and complemented with specific risk policies that may be established in relation with certain businesses units.

## 2. SCOPE

*Defines the general framework for policy implementation.*

The risk management policy must be applied in Argos Cement, in all its regionals and countries in which operate, and in all the companies that act as subordinated<sup>1</sup>.

## 3. POLICY CONTENT

*Define the desired behavior of the organization to guide and clarify the decision-making.*

In general, risks are considered as those events, actions or omissions that may prevent Argos Cement to achieve its objectives and successfully execute its strategy.

Integrated risk management is a process developed throughout the organization to identify and manage potential events that can affect the achievement of the strategy, projects and processes execution. The cycle of integrated risk management includes risk identification, measurement, control, monitoring, communication and disclosure.

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<sup>1</sup> In accordance with Article 260 of the Commercial Code, "... a society is subordinated or controlled when its decision power is subjected to the will of another person or persons those are their holding or controller, either directly, in case which will be called affiliate or through the holding subordinates, in which case will be called subsidiary ".



## **The risks should be managed ensuring these elements:**

- i. The adoption of a risk management methodology.
- ii. The identification of relevant risks, considering their potential impact on strategic objectives, corporate governance, sustainability, and continuity of operations.
- iii. Risks analysis and their impacts on each of the businesses must be evaluated in the context of the whole organization. Particularly associated with new investments as an essential decision making element regarding the profitability and risk criteria.
- iv. Establishment of policies, guidelines and framework limits, as well as the corresponding approval and deployment mechanisms, which contribute effectively to grant that the integrated risk management is performed in accordance with the existing risk appetite of the company.
- v. The implementation and compliance control of policies, guidelines and limits, through appropriate procedures and systems, including the necessary contingency plans to mitigate the impact of risks materialization.
- vi. The risks measurement and monitoring, using generally accepted procedures that enable the consolidation of results and its subsequent monitoring.
- vii. The adoption of information and internal control systems, that allows performing a periodic and transparent evaluation and communication of the results of risk management monitoring.
- viii. Continuous assessment of the adequacy and efficiency of the system's deployment, based on risk management best practices and recommendations, for their eventual inclusion to the model.
- ix. The assignment of roles and responsibilities to each collaborator, aimed at managing the identified risks.
- x. The independence of the area responsible for managing the Integrated Risk Management System from the business and support areas that generate and manage the risks.
- xi. The assignment of risk administrators in each business and supporting areas, to be responsible for keeping an updated knowledge of the processes in charge, for constructing and updating risk and control maps, for providing support in the risk training required, and for reporting about the integrated risk management to the area's responsible and to the risk management area.

## **4. GLOSSARY**

*Defines the concepts or terms most used in the policy and that are essential to its understanding and application.*