

2018 INTEGRATED REPORT

IMAGINE WHAT WE CAN BUILD TOGETHER



EL GRAN MANGLAR VIADUCT

**We delivered more than 65,000 m³ of Argos concrete
to this environmentally friendly construction.**

Cover photo: Cartagena – Barranquilla Coastal Concession –
the largest viaduct in Colombia.



Work constructed with Argos: Movistar Arena (Bogotá, Colombia)

WHAT MAKES US DIFFERENT?

✓ We act as an ally and assist our customers in achieving their dreams, working on projects which help us both build a future and multiply growth opportunities together.

✓ We are a company with sustainable and innovative practices.

✓ Leveraged in our brand, we consolidate trustworthy relationships based on ethics and transparency.

✓ We have a diverse team, trained and committed to delivering extraordinary solutions to customers.

OUR CULTURE PILLARS

WE DELIVER OUTSTANDING CLIENT SOLUTIONS



- Our focus is the customers; we add value to them and we are their best choice.
- We are trustworthy and lead by example.
- We enjoy what we do and always give our best.



WE ARE A TEAM

- We are reliable; we trust others and add value to the team.
- We are agile; we learn and accept change as an opportunity.
- We break down barriers; we are innovative and believe in the power of diversity.

WE TAKE OWNERSHIP



- We are valuable; we take care of ourselves and others.
- We are efficient; we take care of resources and take charge of results.
- We are an example of respect and fair treatment.

WHO ARE WE?

We are a growing multinational company that consolidates its presence in high-potential markets, focusing on creating value from innovative solutions and products, logistical synergies and a business balance between emerging and developed economies. We are the number one cement and concrete company in Colombia today, the second concrete company and fourth cement company in the United States, and one of the most important companies in the sector in the Caribbean and Central America region.



Work built with Argos: Pier (Barranquilla, Colombia)



OUR PURPOSE

To help build the dreams that boost development and transform lives.

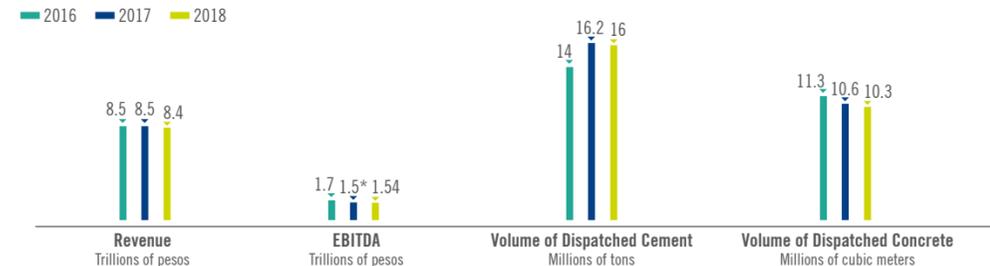


OUR STRATEGY

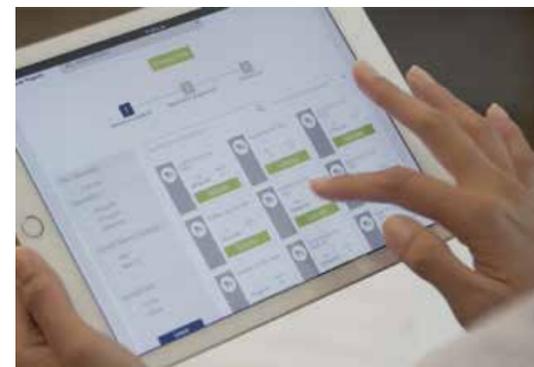
To increase revenues, with a ROCE (Return on Capital Employed) greater than the cost of capital, by providing construction materials (with emphasis on cement, concrete and aggregates) and services that create value with efficiency and high sustainability in the countries of the Americas.

RELEVANT FIGURES

ECONOMIC RESULTS GRI (102-2)



2018 OUTSTANDING ACHIEVEMENTS (A-RE2)



Argos ONE
59% of cement orders were made by Argos ONE in Colombia
67% in the Dominican Republic
40% of concrete orders were made by Argos ONE in the United States
31% in the United States

USD 787.6 M
 Net value added to the Company (VAS), 3.23 times the retained profit.

99% of revenue come from products that can be used for recognized credits in sustainable building design and construction certificates that have been externally developed.



30%+ of total revenue comes from innovation.

Dow Jones Sustainability Indexes

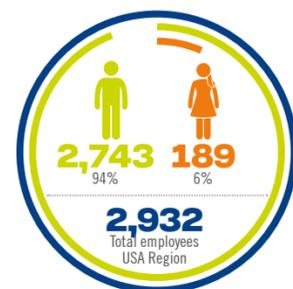
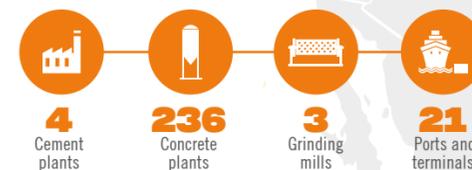
For the sixth consecutive year, we are reaffirmed in the Dow Jones Sustainability World Index as one of the most sustainable cement companies in the world.

* 2017: The adjusted EBITDA excludes compensations and anticipated nonrecurrent pensions associated to BEST. 2017 figures have been restated due to changes in accounting policies.

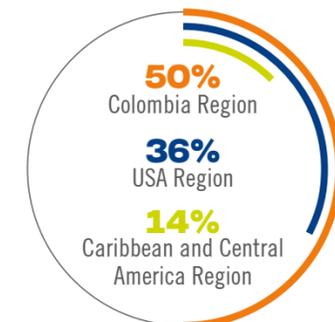
WHERE WE OPERATE

GRI (102-2) (102-4) (102-6) (102-7)

USA REGION

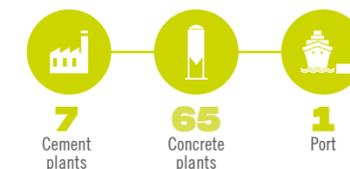


TALENT GRI (102-7) (102-8)

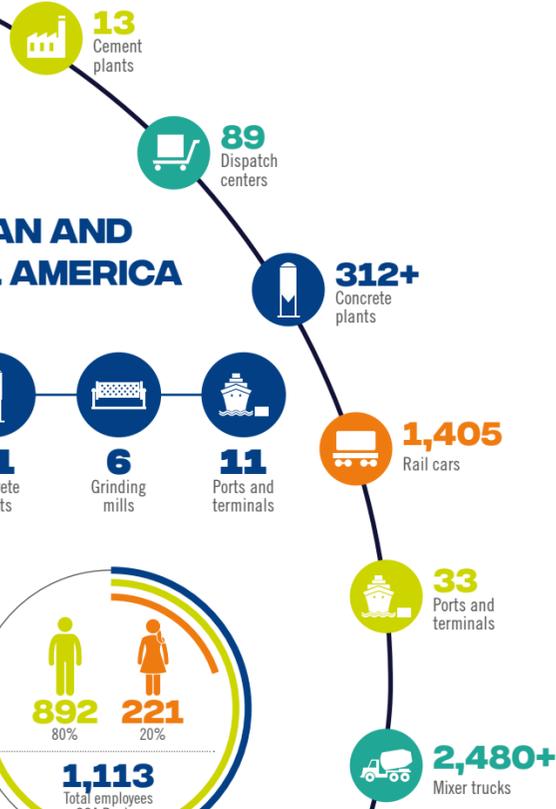


8,057
 EMPLOYEES

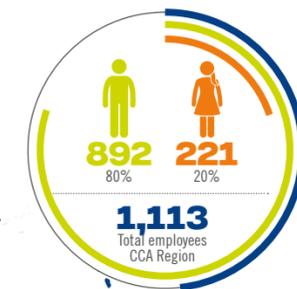
COLOMBIA REGION



CAPACITIES



CARIBBEAN AND CENTRAL AMERICA REGION



INSTALLED CAPACITY

23 MILLION tons of cement

17.3 MILLION cubic meters of concrete

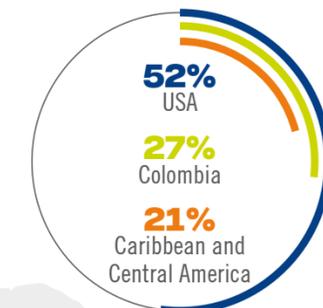
DIRECT PRESENCE

15 COUNTRIES and territories

WE EXPORT TO

34 DESTINATIONS

REVENUE BY REGION



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



2018 INTEGRATED REPORT

**IMAGINE WHAT
WE CAN BUILD
TOGETHER**

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LETTER FROM THE CHAIRMAN OF THE BOARD OF DIRECTORS

GRI (102-14) Dear shareholders:

Thanks to the trust you have placed in Argos, together we have built, a recognized brand that, today, has operations in 15 countries and reaches more than 34 destinations. After more than 80 years, our company has deep understanding of the different market dynamics, the geographical diversification that helps mitigate risks through the balance of economic cycles, the service vocation of its employees and the innovative solutions we offer to our customers that have allowed us to deliver satisfactory results. Despite the challenges of the industry, we have created sustainable Value that accompanies the progress of the territories and contributes to the building of dreams for housing, community development and a better infrastructure in the Americas.

We increased the net income and EBITDA and decreased management and sales expenses.

2018 was a year of transformational milestones for Argos, with important advances in customer orientation, the updating of strategic objectives that will mark the navigation route in the near future, the evolution of the pillars of corporate culture and the deployment of BEST, an efficiency program, in the United States and the Caribbean and Central America. Our commitment to innovation and sustainability also made it possible for the company to enter the Dow Jones Sustainability World Index for the sixth consecutive year and

to be highlighted as the most innovative company in Colombia, according to the measurement made by the National Business Association of Colombia (ANDI) and the magazine Dinero.

We are in a rapidly changing world and the construction industry is no exception. Today, the consumer experience has become highly important and digital transformation is a vehicle to enhance it. With the aim of being the best option for our customers, this organization is at the forefront developing Argos ONE, a comprehensive advancement that is a fundamental part of the value proposition seeking to provide a better experience and an extraordinary service. Argos ONE is not only changing the way that we do business, it is reinventing it by offering new and innovative features and benefits.

In financial terms, during the period we highlight the substantial increase in net income, the increase in EBITDA and the decrease in management and sales expenses. Likewise, we highlight the issuance of ordinary bonds in the Colombian market for COP \$500 billion, an operation that had demands for COP \$725,515 billion, representing an excess demand of 1.8 times the amount offered and reflecting confidence in the company and its strategy. It is also significant that Argos ended the year with an indicator of net debt over EBITDA plus dividends of 3.7 times, significantly improving the 4.6 reported at the end of 2017, as a result of CapEx optimization, compliance with the divestments plan and the positive release of working capital.

We reaffirm our commitment to corporate governance, the promotion and respect for human rights and the effective contribution to the Sustainable Development Goals. We continue to build our company for the long term, with a great focus on the creation of shared value for shareholders, customers and other stakeholders.

Your support, shareholders, motivates us to continue generating development and well-being in all the countries where we have a presence. Argos is an innovative, sustainable and, solvent company, with a solid financial position, a good present and a promising future.

JORGE MARIO VELÁSQUEZ
Chairman of the Board of Directors

ABOUT THIS REPORT

GRI (102-32) (102-49) (102-50) (102-51) (102-52) In response to our commitment to transparency and sustainability, we present the seventh Integrated Report, through which we inform our stakeholders about the management between January 1 and December 31, 2018. Unless otherwise indicated, all the data contained herein includes the activities of the companies whose figures are consolidated in the financial statements of the cement, concrete and aggregate businesses of the Colombia, USA, and Caribbean and Central America regions.

THE REPORT **GRI (102-46) (102-54) (102-55) (102-56)**

- It was prepared following the principles proposed by the International Integrated Reporting Council (IIRC) and by the Global Reporting Initiative (GRI) standard. See codes highlighted in green; example: **GRI (102-3)**.
- It refers to the commitment and contribution of the company for the fulfillment of the Sustainable Development Goals. See the SDG icons available throughout the report, as well as page 9.
- It follows a comprehensive approach, since it has the material issues indicated by our stakeholders in 2017 as a content framework.

The tables of the GRI and Cement Sustainability Initiative Charter (CSI) indicators are available in the annex section, which facilitates the consultation of the indicators reported, as well as the external verification letter that the firm Deloitte issues on the independent review it conducts based on the guidelines of the ISAE 3000 standard.

Commercial advisor
and customer of the
industrial business
(Cali, Colombia)



In response to our commitment to transparency and sustainability, we present the seventh Integrated Report.

GRI (102-48)

COMPARABILITY OF INFORMATION

The figures reported are expressed in Colombian pesos and/or United States dollars, in which case they are calculated based on the representative market exchange rate (year moving average) of COP 2,955.78, unless otherwise indicated in the specific section. Some figures for 2017 have been restated due to changes in accounting policies.

GRI (102-53) For more information about the content of this report or to share suggestions or opinions, contact María Isabel Echeverri, Sustainability Vice President, at mecheverri@argos.com.co.

MATERIAL ISSUES GRI (102-47)

The content framework of this report responds to the materiality identified during 2017. From this came the 19 issues that we have worked on in 2018 and will continue to work on in 2019.

The aforementioned materiality analysis took into account the strategic priorities of the Board of Directors and the opinions of our stakeholders, as well as the trends, news and dynamics of the sector, the principles and guidelines established in the Sustainability Strategy, the risks, the opportunities and our commitments to national and international initiatives, among other consultations that are

made both externally and internally. (To learn more about our stakeholders, see page 50.)

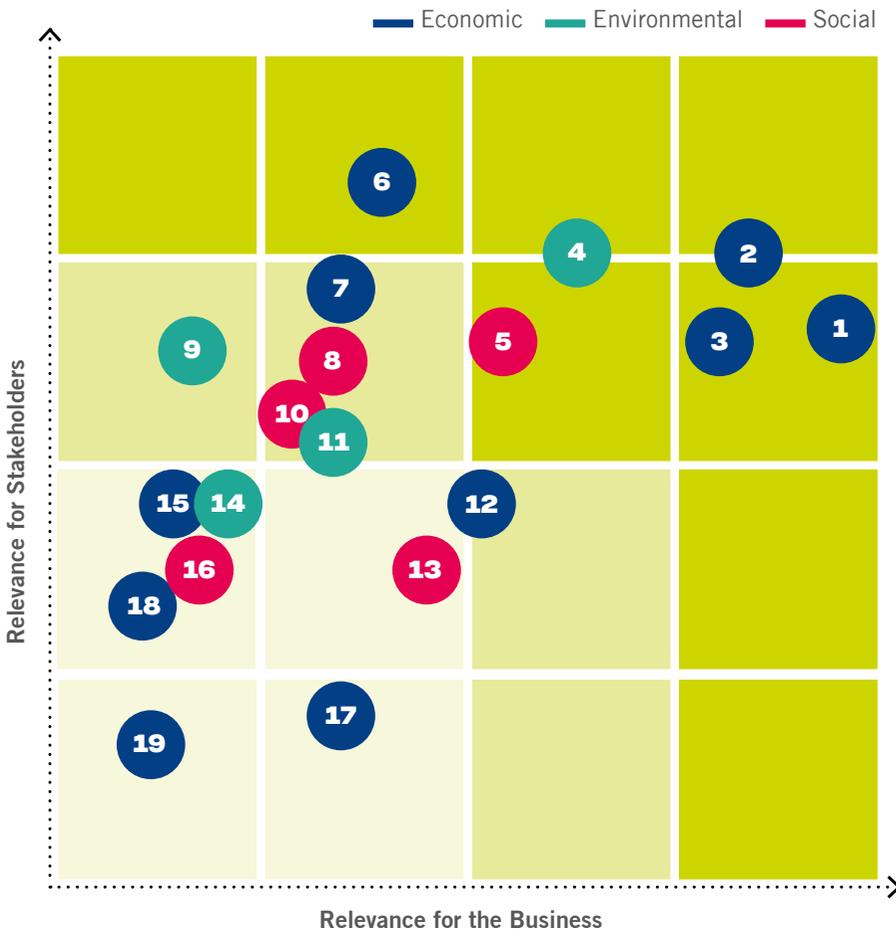
In 2018, thanks to the sustainability dialogues and communication about materiality, an update was made in the way of naming the material issues, so that they were more understandable for all the stakeholders.

Next, we present the matrix with the current materiality and, subsequently, the description of each of the issues that are included in this report, indicating the aforementioned denomination updates.



Piece of advanced concrete

Materiality Matrix



Priority Issues

1. Innovation in the business model
2. License from society to the industry
3. Efficiency and profitability
4. Climate change
5. Talent management
6. Ethics and fulfillment

Relevant Issues

7. Energy management model
8. Occupational health and safety
9. Water and biodiversity
10. Community engagement
11. Circular economy
12. Sustainable construction

Emergent or Maintenance

13. Work practices
14. Other emissions
15. New businesses
16. Human rights
17. Supplier management
18. Transportation and logistics
19. Brand management

pg.56

MORE EFFICIENCY, MORE COMPETITIVENESS

EFFICIENCY AND PROFITABILITY

Initiatives that allow maximizing the return on capital investment and increasing profits, as well as having a healthy capital structure and an adequate financial cycle that facilitates access to capital markets.

pg.59

INTEGRITY, OUR ESSENCE

ETHICS AND COMPLIANCE

Practices that ensure the ethical action of all the members of the organization, for the prevention of fraud, corruption, money laundering and bribery.

pg.62

OUR COMMITMENT TO HUMAN RIGHTS

HUMAN RIGHTS

Initiatives of the organization to ensure the protection and promotion of human rights in the value chain, including evaluation and due diligence processes that allow identifying possible risks and impacts.

pg.64

ALLIES IN BUILDING DREAMS

LICENSE FROM SOCIETY TO THE INDUSTRY

Efforts aimed at demonstrating the value created for society by the cement industry and its products, through connectivity, development, infrastructure and industrialization.

pg.68

RESPONSIBLE AND CUSTOMIZED SOLUTIONS

SUSTAINABLE CONSTRUCTION

Strategies aimed at expanding the products and services portfolio through the use of sustainability properties.

pg.72

EXTRAORDINARY SOLUTIONS FROM INNOVATION

INNOVATION IN THE BUSINESS MODEL

Capacity of the organization to innovate to be more productive and efficient, and to adapt to the disruptions of the industry and the market.

pg.77

ALLIES OF OUR CUSTOMERS

BRAND MANAGEMENT

Strategies to strengthen the Argos brand as the main element in the purchase decision of customers.

pg.80

WE MANAGE ENERGY IN A SMART WAY

ENERGY MANAGEMENT MODEL

Strategies to reduce risks and take advantage of opportunities derived from the availability of energy, its cost and its appropriate use, including the diversification of the energy portfolio.

pg.83

ALTERNATIVES TO BE SUSTAINABLE

CIRCULAR ECONOMY

Initiatives of reduction and management of inputs and raw materials into production processes and generation of waste through the closure of cycles, reincorporating materials, by-products and waste to the value chain of the organization or other industries.

pg.86

WE CONTRIBUTE TO CLIMATE ACTION

CLIMATE CHANGE

Strategies for prevention, reduction, mitigation and compensation of the impacts derived from CO₂ emissions associated with the operation (scope 1), derived from energy consumption (scope 2) and indirect emissions (scope 3).



Employees
(Dominican Republic)

pg.90 **COMMITTED TO EMISSIONS REDUCTION**

OTHER EMISSIONS

Strategy that allows preventing, reducing and mitigating the impacts generated by atmospheric emissions related to the business operation such as SOx, NOx, particulate matter and Hg.

pg.101 **COMMITTED TO SAFETY AND HEALTH**

OCCUPATIONAL HEALTH AND SAFETY

Identification, prevention and mitigation of risks associated with occupational health and safety, with special emphasis on road safety and the reduction of incidents along the value chain.

pg.92 **WATER, A RESOURCE WE VALUE**

WATER

Adequate identification and management of significant risks and impacts on the water resource in the influence areas.

pg.107 **EXCELLENCE IN OUR SUPPLY CHAIN**

SUPPLIER MANAGEMENT

Plan of the organization to develop a supply chain responsible in terms of work, the society and the environment, based on the inclusion of sustainability criteria in processes of preselection, selection, assessment and development of suppliers.

pg.94 **WE CARE FOR OUR NATURAL CAPITAL**

BIODIVERSITY

Adequate identification and management of significant risks and impacts on the biodiversity resource in the areas of influence.

pg.111 **RELATIONSHIPS OF TRUST THAT PROMOTE DEVELOPMENT**

COMMUNITY ENGAGEMENT

Actions aimed at promoting good relationships with neighboring communities and their development, through the prevention, mitigation or compensation of negative impacts and the maximization of positive impacts.

pg.98 **A TEAM FOR THE BUILDING OF DREAMS**

TALENT MANAGEMENT

Strategies aimed at attracting, developing and retaining talent.

SUSTAINABLE DEVELOPMENT GOALS (SDG)

As a company, we have addressed the 2030 United Nations agenda call related to the SDGs and we are committed to carry out forceful actions that help fulfill the universal purposes of ending poverty, protecting the quality of the planet and ensuring that all people have enough opportunities to have a dignified and peaceful life.

To do so, we have:



Identified and prioritized four SDGs as the way to be more effective in contributing to the global initiative.



Participated in workshops, forums and referencing sessions that have enabled us to understand the purpose of the global initiative and be up to date on local and international ideas that are intended to take the objectives and goals to concrete actions.



Provided different training exercises on the subject in the organization.



Reviewed different methodologies and taken as a framework of reference the Business Reporting on the SDG initiative of the Global Reporting Initiative and the Global Compact, to identify the goals, initiatives and indicators through which the company monitors its contribution to the SDGs.

The following chart shows the four prioritized SDGs and their relationship with the material issues. For their part, the goals defined by the UN that we have selected as a guide for our management and the indicators through which we measure our performance can be seen in the annex “Sustainability Program” on page 158.

8
DECENT WORK AND ECONOMIC GROWTH

- License from Society to the Industry
- Talent Management
- Circular Economy
- Human Rights
- Supplier Management
- Innovation in the Business Model
- Energy Management Model
- Water
- Other Emissions
- Occupational Health and Safety
- Ethics and Compliance
- Brand Management

9
INDUSTRY, INNOVATION AND INFRASTRUCTURE

- Community Engagement
- License from Society to the Industry

11
SUSTAINABLE CITIES AND COMMUNITIES

- Sustainable Construction
- Occupational Health and Safety
- Community Engagement
- Biodiversity

13
CLIMATE ACTION

- Climate Change
- Energy Management Model



MANAGEMENT REPORT





Work with LEED Certification

AUDI FIELD

More than 6,000 tons of Argos cement helped construct the new Major League Soccer stadium in Washington, D.C.

MANAGEMENT REPORT OF THE BOARD OF DIRECTORS AND THE CEO 2018



Juan Esteban Calle, CEO

Dear Shareholders:

(102-14) (102-10) Thank you for trusting us to continue building the history of Argos: a great company that has, from its purpose, an unwavering commitment to help build the dreams of housing and infrastructure that have an impact on the quality of life of millions of people. We are a growing multinational company that operates in 15 countries and reaches more than 34 destinations, which consolidates its presence in high potential markets, focused on creating value from solutions and innovative products, logistical synergies and a business balance between emerging and developed economies.

A company

that, based on its investment, is the current number one cement and concrete company in Colombia, the second largest concrete company and the fourth largest cement company in the United States and one of the most important in the sector in the Caribbean and Central American Region.

With a deep sense of pride, we have carried this company around the world, demonstrating our values and the integrity on which we were founded. Because of this, in 2018, we were able to face the challenges of a cyclical and highly competitive industry. It was a transition year, with a lot of challenges, learning and realizations that allowed us to present satisfactory results, taking into account the business circumstances, the volatility of the markets and the complexity of the environments in most of the geographies where we operate.

Thanks to our wonderful human talent, who worked to the best of their abilities

WE OPERATE IN

15 countries across the Americas

WE REACH

34+ destinations

CEMENT AND CONCRETE COMPANY

1st

in Colombia

2nd

largest concrete company in United States

4th

largest cement company in United States



and who wear the Argos name on their uniform with great pride, we are greatly pleased for the work done and to share with you these achievements that show, despite the challenges we faced, that we are a more competitive company, better prepared for future opportunities and with some pillars of the business, that are being evidently improved.

We significantly grew in EBITDA and in net profit; we re-confirmed our commitment to our customers, improved our cost structure, reduced debt and increased our financial flexibility with an excellent handling of the working capital and CapEx, which resulted in a very good result in cash flow, thus laying the foundation for 2019 to be an extraordinary year.



I have always had the support of Argos for its quality, compliance, attention and the support that the trademark represents at a national level.”

José Ortiz, Constructora Jaramillo Mora (Cali, Colombia)



It was a transition year, with a lot of challenges, learning and realizations that allowed us to present satisfactory results.”

A CUSTOMER-ORIENTED COMPANY

As you well know, in 2016, we began a transformation process aiming at becoming one of the most efficient and sustainable cement companies in the world. In order to adapt to the changing and challenging circumstances of the industry and strengthen our business indicators, the company initiated the implementation of BEST in the regions of United States and the Caribbean and Central America, where it is expected to replicate the optimization of costs and expenses that it has made in Colombia, and which has allowed us to reach more than USD \$100 million in savings related to operational transformation processes, capturing efficiency opportunities, energy substitution, administrative synergies and disinvestment of non-strategic assets, among others.

Thanks to that effort in efficiency that has concentrated the attention of the organization in recent years, we achieved the productivity levels that will allow us to capture all the opportunities we see in the future. Thus, we were able to focus 2018 on deepening the relationship with customers on strengthening our capacities in order to deliver the best value proposition in all geographies.

This is why we began working with the regions on the completion of the competitive strategies per market and the segmentation we serve in order to migrate to a service model that is closer, adds value, and enables the country to design agile, innovative and specific responses to each need of our customers.

New Breakwater (Barranquilla, Colombia)





Argos ONE user

In 2018, we focused on deepening the relationship with customers to deliver the best value proposition.

125

monthly orders in Panama are taken via WhatsApp, equivalent to more than 61,100 bags of cement per month.

HOW ARGOS ONE IS ADVANCING

59%

of cement orders in Colombia are through Argos ONE

40%

of concrete orders in Colombia are through Argos ONE

67%

the adoption level of customers in the Dominican Republic

31%

the adoption level of customers in the United States

A good example of this is our portable plant solutions, where we set up a temporary concrete plant on our customer's job site. By doing so, we can provide dedicated service to our customer's project, so they do not have to wait for the trucks due to scheduling conflicts or even external factors, like traffic. In addition, this generates cost savings by not having to transport the product across long distances.

Likewise, in 2018, we performed the update of our customer relationship management (CRM) platform by transitioning to a common platform for our three regions, which allows for more robust analytics of the information in order to comprehensively consolidate management around customer satisfaction.

We are also pleased about the great progress we have made in the digital transformation of our company through our Argos ONE platform, which continues to be systematically deployed in all our markets, helping us maintain our stronghold in the sector. With Argos ONE, the customers have online information to track the status of their orders, place orders, and view invoices and statements, all of which are translated into better

productivity for their projects. With the granularity of the data, we are going to be able to offer increasingly sophisticated proposals and internally work on simplifying the process and making it more efficient. At the closing of the year, 59 percent of cement orders and 40 percent of concrete orders in Colombia were made through Argos ONE. In other regions, the customer adoption level of 67 percent has been reached in the Dominican Republic and 31 percent in the United States.

In the last quarter of the year, we launched Sara, our virtual assistant, in Colombia. Sara uses artificial intelligence to simulate online chats that offer customer support and answer questions without the aid of a human being. We are the first company within our industry to offer this service to our customers. For its part, in the Caribbean and Central American Region we have been applying non-traditional delivery solutions supported on technology, highlighting the case in Panama, where we are taking around 125 monthly orders via WhatsApp, equivalent to more than 61,100 bags of cement per month, with the logistics and service that provide a better customer experience.

INNOVATIVE SOLUTIONS

The value of innovation within our business model serves as a fundamental axis for growth, profitability and sustainability, and also demonstrates our commitment to the development of new solutions to meet the needs of our dynamic markets.

In 2018, we continued working on the expansion of our Value-added Specialty Products. In Colombia, we launched a new line of dry mortars, and we developed around 250 new concrete mix designs within the already existing five product lines in the market: pervious, enhanced, decorative, low-permeability for increased durability and fiber-reinforced. In the United States, we expanded our coverage of specialty products, and in the Caribbean and Central America Region, we complemented the portfolio of Puerto Rico, began the export of pozzolanic cement and lime to markets in Eastern Caribbean and presented new cements in Honduras.

Calcined clays project (Rioclaro Plant, Colombia)



This has been a very exciting journey, and the results obtained are highly satisfactory. Currently, more than 30 percent of our revenue comes from innovation and, in 2018, we obtained savings of more than COP \$25.3 billion, derived from innovation initiatives that allow us to be increasingly efficient and competitive.

Following this same direction, we made significant progress in the calcined clays project in the Rioclaro Plant, with which we expect to gain, from the second semester of 2019, a partial replacement of the clinker required for cement grinding. This project will make us more efficient in terms of costs, as well as possibly reduce our carbon dioxide (CO₂) and improve our environmental impact. In addition, we are monitoring this closely, since we may be able to replicate this technology in our other operations.

In 2018, we also started up Caltek, a producing and commercializing company of quicklime and hydrated lime, created through a joint venture with Calidra from Mexico. The plant, located in Puerto Triunfo (Antioquia) and unique in Colombia, provides pulverized quicklime, has a capacity of 90,000 tons per year and requires an investment of around COP \$113 billion.

\$25.3+

billion pesos in savings derived from innovation initiatives

30%+

of total revenue comes from innovation

We highlight the progress of Agregados Argos, a business that, in its first year of operation, has been positioned as a benchmark for quality, sustainability and formalization in the aggregates sector. This business venture doubled the production capacity of our own plants by selling 6.8 million tons, generating a positive profitability and launching to the market the line of bagged aggregates under the Argos brand currently commercialized for large surfaces in Colombia.



Roy Simmons,
President of Rockingham Redi-Mix
(United States)



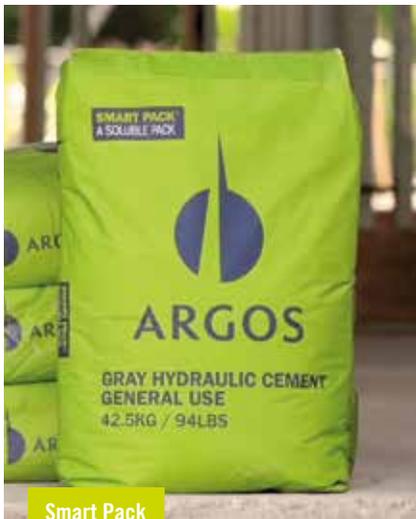
Argos goes beyond the understanding of our needs and provides us a consistent and top - quality product. We have always worked as partners.”

Likewise, we highlight the Greco operation, our company that focuses on the reutilization of construction and demolition waste into aggregates for concrete, bases and subbases, supplementing material extracted from quarries and avoiding the risk of contamination that the incorrect disposal of waste brings.

Finally, we present the Smart Pack Argos, a sack of cement that, without impacting quality, completely disintegrates into the concrete mix, even benefiting its application. In this way, the cycle of this product is closed because it leaves no waste, and has the benefit of eliminating disposal costs and creating a safer and more efficient job site for the construction workers. This solution has been launched in Guyana, as well as in St. Vincent and St. Lucia in the Eastern Caribbean, and research is being conducted to determine if this solution can be introduced into other markets.



**Viaduct Gran Manglar,
Coast Concession
Cartagena-Barranquilla,
(Colombia)**



Smart Pack

WORKS THAT BUILD DREAMS

We are proud to participate in many types of projects that materialize our higher purpose of helping build the dreams and transform the lives of thousands of communities in hundreds of cities across the 15 countries where we operate and in the 34 additional destinations to which we export.

Both in the most iconic projects, as well as the “everyday” projects, we have been allies of our customers through an extraordinary value proposition for the success of their projects, based on the knowledge, expertise, advice and great quality of our products and services.

This is why Argos is helping build the first Coca-Cola® production plant built in the United States in the last decade, in Houston, Texas; Facebook’s Data Center, in Covington, Georgia; Mercedes-Benz stadium, in Atlanta, Georgia; FedEx’s Distribution Center in

Cypress, Texas; the Houston Methodist Hospital in Houston, Texas; and Amazon’s Fulfillment Center, in Macon, Georgia, to name a few.

In Colombia, we are providers of the Cartagena-Barranquilla Coastal Concession, in the northern area of the country; the Girardot-Honda-Puerto Salgar Corridor, in the departments of Cundinamarca and Tolima; the Toyo Tunnel, in the municipalities of Giraldo and Cañasgordas, in Antioquia; the Ciudad Verde macro-project, in Soacha, Cundinamarca; the East Tunnel, which will connect Medellín and the Aburrá Valley with Eastern Antioquia; the Pacifico 1, 2 and 3 Highways, that will improve the mobility in the West of the country; the Autopista al Mar 1, in Antioquia; important shopping malls, which impact the quality of life and enhance the nearby communities; and housing projects in hundreds of municipalities, which bring thousands



Scan to watch the video of the new Smart Pack of Cementos Argos

of families who have dreamed of a place to call home.

In the Caribbean and Central America, our products are in the expansion of the Panama Canal, Line 2 of the Metro, the remodeling of Colón and the Rodman Port in Panama; the Ariane space station in French Guiana; the La Zurza waste water treatment plant in

the Dominican Republic; significant community development projects in Honduras; the reconstruction that occurred in Puerto Rico and the Antilles after the 2017 hurricanes; and residential plans like Juan Bosch city, in the Dominican Republic, which represent progress and well-being for millions of people in the region.

ECONOMIC GROWTH

In the midst of challenging dynamics in some of the regions where we operate, we shipped 16 million tons of cement, with a variation of -1 percent, and 10.3 million cubic meters of concrete, with a variation of -3 percent, which represented consolidated revenues of COP \$8.4 trillion, 1.4 percent less than in 2017.

We obtained very good results in EBITDA, consolidating a total of COP \$1.54 trillion, with an 8 percent growth and an EBITDA margin of 18.3 percent. Supported by our diversification, the increase of financial flexibility as key factor for the successful long-term execution of our strategy, we focused on our customers and the efforts of the entire organization to reduce costs, among which we highlight the important 5.7 percent decrease in management and sales expenses. All this brings optimism and reaffirms our reality as an increasingly flexible and efficient company.

In turn, net revenues closed at COP \$178.56 billion, growing substantially compared to the previous year.

The value of the assets amounted to COP \$19 trillion, with a 0.4 percent increase, and the assets were valued at COP \$10 trillion, 1.3 percent less than in 2017.



16

million tons of cement shipped during the year



10.3

million cubic meters of concrete sold



8.4

trillion pesos of consolidated revenue



1.54

trillion pesos of consolidated EBITDA



4G Project, Pacifico
2 Connection
(Antioquia, Colombia)

CAPITAL STRUCTURE

We ended 2018 with an index of net debt over EBITDA plus dividends of 3.7 times, with a significant improvement with respect to the 4.6 indicator presented at the end of 2017, as a result of CapEx optimization, the effort to release working capital and a successful execution of divestments.

Total debt closed at COP \$7.1 trillion, decreasing COP \$473 billion in the year. Forty-eight percent of the debt is in dollars, with an average rate of 4.35 percent in dollars and 7.42 percent in pesos.

State Farm
Building (Atlanta,
Georgia, United
States)



In the framework of the management and replacement of liabilities to optimize the structure of duration and financial cost of the debt, in June 2018, we placed ordinary bonds for COP \$500 billion with an average life of 9.5 years in an issuance that had an excess demand of 1.8 times the initial amount offered. In October, we also had a syndicated loan for USD \$600 million that significantly improved our debt profile by extending by five years the payments that were scheduled for 2019 and 2020.

Regarding performance of our shares, so far in 2018, Cemargos and PFCemargos had, respectively, a reduction in price of 39.5 percent and 42.6 percent in the Colombian Stock Exchange, associated to the confluence of external events that have impacted, in general, all the issuers of emerging markets, such as the increase in interest rates in the United States and specifically, the global actors of the construction material industry.

Despite the volatility of the markets, we are fully confident on our solvency and financial strength to consolidate our growth, as well as in the capacity of the company to generate revenues and increase even more the efficiency and profitability for our shareholders, based on the preference of our customers, the standards that characterize management, the power of our trademark and the good perspectives of the markets in which we are present.



ISSUANCE OF ORDINARY BONDS

500
billion pesos

9.5
average
years of life

1.8x
excess demand



Martinsburg Plant
(West Virginia,
United States)



BUSINESS PER REGIONS

United States

We maintained a consolidation path despite the impact on results due to weather conditions, particularly Hurricane Florence, that impacted our operations in North Carolina and South Carolina in September, and the high level of precipitation in the last two quarters, with two record-breaking months of the highest levels of rain in the last 120 years in Texas.

Although the economy in the U.S. continues to show soundness and healthy growth indicators, it was a challenging year for the construction industry. While the spend in the public sector was growing, the dynamics of the housing market slowed down during the year, due to the increases in the mortgage rates in addition to the fact that

the weather conditions widely affected the southern region of the country.

We reduced our total energy cost by 3 percent, mainly due to a lower use of low-specification fuels that was partially compensated by a greater use of natural gas and new negotiations of electricity rates in Harleyville and Newberry.

The cement dispatches reached 5.7 million tons with a variation of -2 percent and 7 million cubic meters of concrete, 2.5 percent less than 2017, generating USD \$1.5 billion in revenue, with variation of -3.4 percent; an EBITDA of USD \$239 million, similar to the previous year and an EBITDA margin of 16.1 percent.



We value the strategic partnership that Argos provides, since we work together to respond to the challenges of the residential and commercial markets that are constantly evolving.”

PJ Haberstock, Vice President of Specialized Products at Meridian Brick and Masonry Supply. (United States)



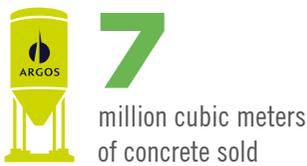
Bill Wagner, new Vice President of United States Region

We highlight the appointment of Bill Wagner as Vice President of the region, since July 2018, after four years in the organization leading the concrete business in the United States. With more than 35 years of experience in the industry, his participation in the board of directors of the National Ready Mixed Concrete Association, his leadership style, global vision of the business and great relationships, Bill will contribute to the consolidation of Argos in this important market, and position us as strategic suppliers of the large projects built in the country and that represent infinite opportunities.

In 2018, we appointed Bill Wagner as the new Vice President of the United States Region.

We are optimistic because the future remains in our favor. The expectation for growth of the American economy in 2019 is positive. The leading indicators show continuity in the expansive cycle of the economy and anticipate a greater demand of cement in the future, taking into account the imminent need to update the country's infrastructure, which is being prioritized and financed by state, using the consumption levels of cement and concrete in the years prior to the financial crisis as the reference.

In 2019, we expect to grow in volumes in both the public sector, which represents 40 percent of the total consumption in the United States, and the commercial segment, which shows positive signs due to healthy labor indicators, the positive trend in consumer's confidence and the greater disposable income of some families after the tax reform.



Employees, Charleston Plant (United States)

Colombia

The Colombian market had an extended cycle of lower velocity lasting around 30 months with an inconvenient uncertainty climate for investment. The economy began to energize after the electoral processes of Congress and the Presidency, based on the plans announced by the new government to reduce equity gaps.

The construction sector started to show signs of recovery from the second semester, with growth in the volume of both cement and concrete, for a greater demand in the retail segment, a better macro environment and an increase in the consumption of civil projects, particularly the 4G projects, where Argos provides around 70 percent of the functional units that have been awarded.

The shipments of the region were 5 million tons of cement, with variation

of -1.8 percent and 2.9 million cubic meters of concrete, with variation of -3.6 percent, which generated COP \$2.3 trillion in revenue, similar to those of 2017, and an EBITDA of COP \$433.9 billion with a growth of 16.7 percent and an EBITDA margin of 19.2 percent.

Several indicators generate optimism in connection with the recovery we began to see in the Colombian industry. The growth in concrete shipments to civil projects and the better dynamics in No VIS housing construction, which we expect will begin in the second semester of 2019, particularly encourage us. In addition, developments of great magnitude in Bogotá, such as the Subway and its ambitious macro projects of housing and infrastructure, will be relevant boosters of the sector in the coming years.



5

million tons of cement shipped during the year



2.9

million cubic meters of concrete sold



2.3

trillion pesos in revenue



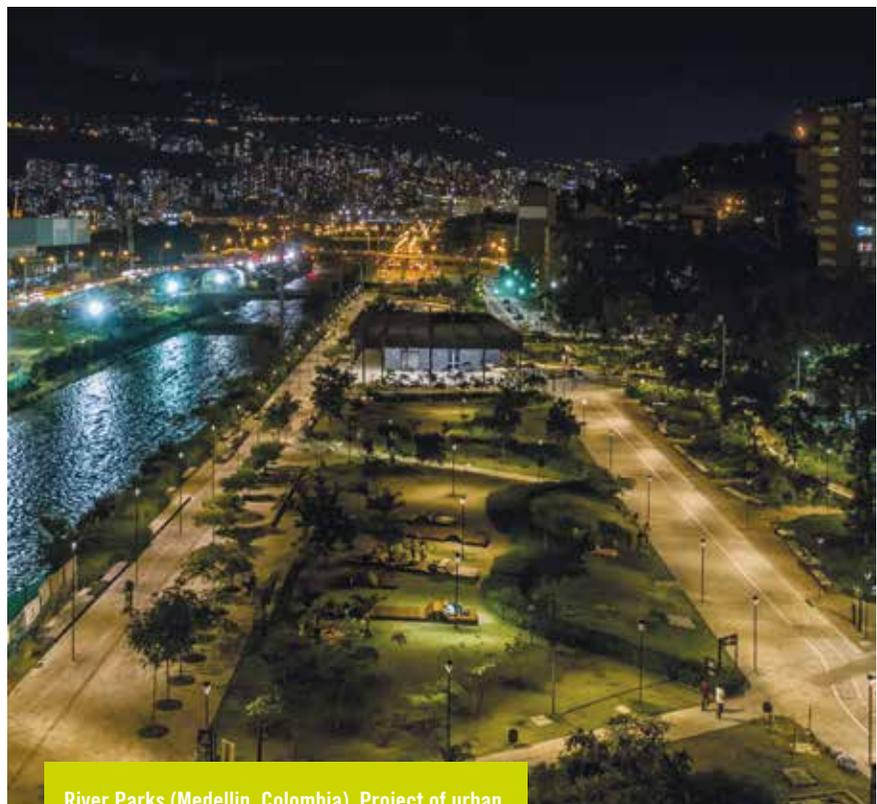
433.9

billion pesos of EBITDA



We love the excellent assistance we have from Argos and all its employees.”

Jaime Rueda Santoyo,
Ferretería Rueda (Barranquilla,
Colombia)



River Parks (Medellin, Colombia). Project of urban transformation for which we will ship around 160,000 m³ of concrete in total

Photo: Sebastián Saldarriaga



We are present in the expansion of Rodman Port (Panama)

performance of large-scale projects in which we expect to participate, such as the IV bridge above the Canal, the Beach Corridor, the expansion of the road from Panama to Arraijan and the Third Metro Line, provide a positive perspective for the performance of the coming years.

In the Eastern Caribbean, particularly Puerto Rico, boosted by the reconstruction projects after the impacts of hurricanes Irma and Maria, showed a significant increase of close to 40 percent in the shipments of cement, demonstrating our capacity to attend to the increasing demand while working on the improvement of costs at Dorado Plant.

In the Dominican Republic, we highlight the two-figure growth in the construction industry and the improvement in the pricing dynamics, as well as a positive performance in the concrete business.

In Haiti, we achieved operating efficiencies in our grinding facilities that allowed increasing production by 30 percent, taking advantage of the recovery in the country's demand. 2018 was the best year in terms of manufacturing and sales in this country for our company.

In this context, the dispatches reached 5.1 million tons of cement, with a growth of 1 percent and 413,000 cubic meters of concrete, with a variation of -6.9 percent that represent revenues for USD \$593 million, 2.2 percent more than 2017, and an EBITDA of USD \$178 million, 3.4 percent greater than the previous year, with an EBITDA margin of 30.1 percent.

In the Caribbean and Central American Region, we project stable behavior for 2019, given the diversification we have and the amount of markets where we operate.

Caribbean and Central America

It was a challenging environment in the Caribbean and Central American Region during 2018, with the operations affected by imports of cement and complex political environments. Despite that, we were able to obtain stable results in volumes, revenue

and EBITDA, which shows our hard work to achieve more efficiency and become closer to customers, as well as the virtues of the wide diversification we have in the region, the flexibility of our network and good position and acceptance of the value proposition.

In Honduras, we maintained our leadership position with relevant market share, despite the impact of the large maintenance scheduled in the third quarter of the year. With the arrival of the industrial equipment to Choloma, we made progress toward the new grinding station project with which we will expand our capacity by 15 percent. For its strategic location, this new operation will allow us to interconnect the existing operations and continue generating synergies with the remaining assets in Central America and the Caribbean. In addition, we can highlight the engagement in the government initiative National Cement in Honduras, which aims at making the delivery of product for municipal infrastructure projects and social benefit more dynamic.

In Panama, the labor strike of construction workers that lasted more than one month, during the time that traditionally represents the greatest activity for the sector, slowed down the economy. However, a public budget for infrastructure greater than USD \$4 billion in 2019, as well as the



5.1

millions of tons of cement shipped during the year



413,000

million cubic meters of concrete sold



593

million dollars of revenue



178

million pesos of EBITDA



Newberry Plant
(United States)

ENVIRONMENTAL MANAGEMENT IN CONNECTION WITH PROFITABILITY

Due to the commitment and conviction we have to the planet's sustainability, as well as that of our industry and our company, in 2018, we kept our work focused around strategies and initiatives that address priority issues, like climate change, our responsible use and management of water and the use and conservation of energy resources, which also create competitive advantages for our company in terms of efficiency, performance and productivity.

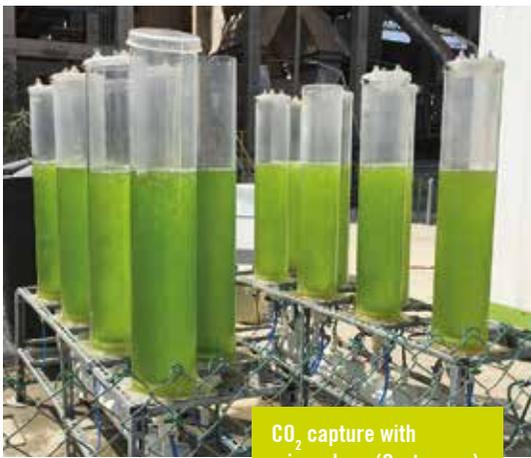
During the year, we made positive progress toward the environmental goals we set for 2025, and we strengthened the environmental management in all our operations by standardizing best practices and closing any gaps.

In the second semester, we began conducting field research, as part of a pilot program at our Cartagena Plant in Colombia, to analyze the process of capturing carbon dioxide (CO₂) through the use of microalgae, as well as their subsequent transformation into biocrude to obtain as renewable diesel.

We are still committed to co-processing as a bastion of the circular economy, and we continue with the sustained use of alternative fuels at Roberta, Harleyville and Newberry Plants in the United States; our Comayagua Plant in Honduras; and our Rioclaro Plant in Colombia, where, in 2018, we used more than 75,000 tons of waste as caloric replacement. In addition, we increased the co-processing capacity of Colombia Region by expanding the

alternative fuel system in our Cartagena Plant to use different types of wastes.

Finally, we became the first cement company to implement sustainable transport options for cargo vehicles in the construction industry in Colombia, with semi trucks that operate fully on natural gas, as well as mixer trucks with drums that are electrically driven. The former reduced particulate matter emissions by 98 percent and noise pollution by 15 percent. The mixer trucks reduced carbon dioxide (CO₂), carbon monoxide (CO) and particulate matter by 40 percent, in addition to creating less noise and reducing fuel consumption by 40 percent.



CO₂ capture with
microalgae (Cartagena)

75,000

tons of waste used as caloric replacement in 2018



Scan to watch video of biocrude generated from microalgae.

OUR PEOPLE'S POWER

Our employees are people who materialize our strategic objectives and competitive goals; thus, talent development, well-being, talent retention, management of good labor practices, and occupational health and safety are a priority and continuous way to work.

Taking into account the size of our organization and the risk factors inherent in our operating activities, we can report with great satisfaction that, in 2018, we had zero fatalities, which means that every employee at Argos was able to return home to their families. Also, as a company, we achieved the lowest lost time incident (LTI) frequency index in the last ten years and, for the first time in our history, a LTI value lower than one. In addition, we are achieving maturity levels in all regions that allow us to meet the world-class indicators of occupational health and safety.

We also initiated an evolution process in our organizational culture around three pillars: we take ownership, we are a team, and we deliver outstanding customer solutions. These pillars are the framework for our actions as we work toward achieving our strategy and transform into the even greater

company we know we can become.

Our performance management system, specifically our evaluation process, was utilized by 95 percent of our employees, across all organizational levels. More than 349,000 total hours of face-to-face and virtual training were submitted, with our “Committed” ethics and transparency program being one of the courses with the greatest reach and where 5,631 employees and 140 vendors participated in the training. In addition, as part of our retention and professional growth strategy, 11 percent of employees were able to transfer positions within Grupo Argos or one of its companies to help expand their experience and professional development.

We also highlight, as a milestone of our building trust and as an example of our working relationships of which we are proud, the Union Trade Meeting held in Tegucigalpa, Honduras, in September, with the participation of five union trade organizations of Colombia and the countries of the Caribbean and Central America Region. This demonstrates the depth of the commitment with our people and the interest in replicating the good practices in all places where we serve.



Joann Freeland,
Antigua Concrete
Services (Antigua,
Eastern Caribbean)

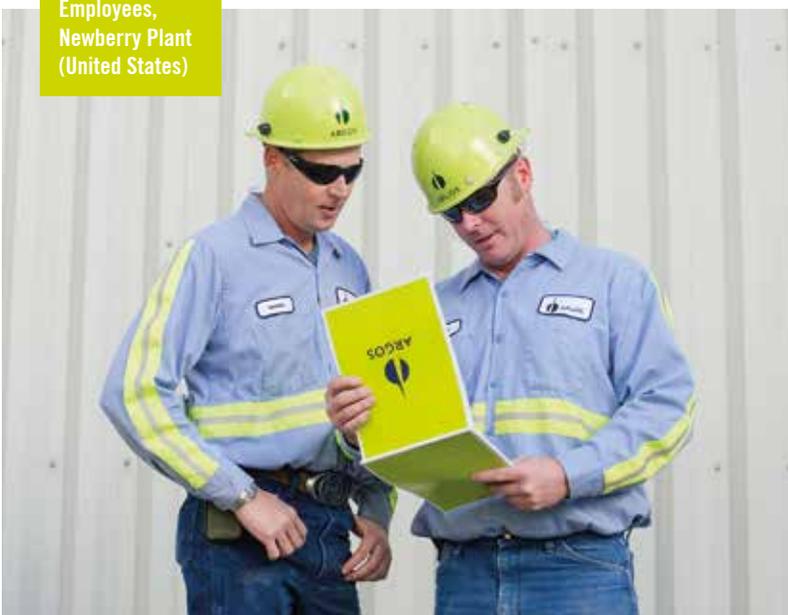


Argos provides us quality cement to be able to offer our customers better ready-mix concrete. Thanks to the construction sector, the local economy is growing.”

349,119

total hours of face-to-face and virtual training for employees.

**Employees,
Newberry Plant
(United States)**



WE SUPPORT SOCIAL DEVELOPMENT

Our external social management has been focused on strengthening capacities in communities in areas of influence, and on the contribution to educational and social infrastructure improvement so that value and opportunities for growth are shared.

In 2018, more than COP 18.13 billion were donated to the Argos Foundation projects such as the construction of Ciudadela MIA School and Child Development Center in Quibdo, Choco, and the Excellence Center of Pasacaballos, Bolivar, the first of its kind in Colombia and the recipient of the Architizer A+ Award for its innovative design.

In addition, we brought great satisfaction to the following: the tertiary road projects in different regions; the delivery of educational institutions such as Arroyohondo, Yumbo, La Danta, Cocorna; rural development initiatives in municipalities such as Turbana, Bolivar and Santa Rosa de Viterbo, Boyaca; the healthy environment program where 640 houses were improved for more than 2,500 people; and the improvement of roads and sidewalks in nine communities of influence benefiting 4,400 people.

In the United States, we supported numerous local organizations and schools, donated materials for improvements of different types of spaces and sponsored community sports teams, among others. In addition, through our corporate volunteer program, our employees helped build and reconstruct houses for local families in need, especially after natural disasters.

In the Caribbean and Central American Region, we highlight the participation in the programs Vida Mejor, Convivienda and Habitat para la Humanidad in Honduras, which aim toward giving equity opportunities to impoverished populations through progress in the community infrastructure and low-income housing alternatives. In Panama, we initiated Techos con Esperanza, which is a plan that offers preferential pricing for social investment government programs related to housing. Finally, in Haiti, we maintain our alliance with the community Source Matelas, through our training center for new construction technicians that ensures the strengthening of skills and the possibility for advancement for hundreds of families in that country.



We support local organizations and schools in the USA region



18.13+

billion pesos, approximately, in donations to the Argos Foundation in 2018

SUPPORT FOR OUR ACTIONS

For the sixth consecutive year, we were ratified in the Dow Jones Global Sustainability Index as one of the most sustainable cement companies in the world, and we were included with a Silver Class medal in the RobecoSam Sustainability Yearbook, which showcases the companies with the best management and performance in sustainability according to their corporate practices in economic, social and environmental terms.

We qualified to be part of reference indexes in responsible investments, such as the Sustainability Mila Pacific Alliance, the FTSE4Good and Vigeo Eiris, which have recognized the implementation of the Value Added Statement (VAS) as a tool for measuring externalities for strategic management and decision making, demonstrating that our objective contribution to society is much greater with respect to the benefit retained by the company.

In addition, we received the Gold EQUIPARES Seal and were elected as the most innovative company of Colombia in the ranking made by the National Industrial Association (ANDI) and Dinero magazine.

(A-LS2) We rank fifth among the companies with best reputation in Colombia according to the Merco index and, in addition, we received the Investor Relations (IR) recognition of the Colombia Stock Exchange for adopting the best practices in terms of information disclosure and relationships with investors.

We transform lives with the project of Healthy Floors



LOOKING FORWARD

The medium term involves new and demanding challenges in the geographies where we operate, due to factors such as cement and clinker imports coming from Asia and the Mediterranean basin, the current dynamics of the emerging economies and the behavior of their currencies, changes in the growing and consumption dynamics in the regions, and political instability conditions in some geographies.

Notwithstanding, we are confident that 2019 will positively contribute to the achievement of our long-term goals. In conjunction with our talented, passionate, creative, committed and responsible team, we will take advantage of the opportunities that operating in 15 countries and exporting to 34 destinations offers us.

We will continue focusing our efforts on innovating and serving our customers every day, strengthening our competitive position in the different markets, increasing EBITDA, optimizing costs and expenses, capturing synergies, divesting non-operating and non-strategic assets, responsibly managing working capital and CapEx reduction in order to potentiate the return on capital



Cindy Chen de Liu, Ferretería Supermateriales (Panamá)

employed and reaching greater financial flexibility that results in the generation of value for you, our shareholders.

We offer our recognition and deep gratitude for your support of management, and we wholeheartedly commit to continue working to capitalize your investment and ensure the success of Argos.

Thanks to our customers for preferring

us, our employees for your motivation to be the greatest team and reach our goals, our vendors for your quality and commitment, and the community in general for allowing us to accompany you as allies in your development.

We are excited to contribute to the countries where we are present, generating decent employment and helping people; through our products and solutions, make their dreams come true, while contributing to equity and the building of a better society.

Thank you for inspiring us to imagine what we can build together

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

Juan Esteban Calle
CEO



Ferretería Su Construcción (Antioquia, Colombia)



Commercial advisor and mass business customer (Cartagena, Colombia)

ANNEX – LEGAL AND CORPORATE GOVERNANCE ISSUES

Argos observed the applicable legislation in terms of intellectual property and copyrights, and the operations performed with administrators and shareholders were held in compliance with the provisions of the corresponding standards and in attendance of the market conditions. Those operations are detailed in notes 37 and 41 of the individual and consolidated financial statements, respectively. Likewise, the company did not hinder the free circulation of invoices issued by providers.

The aspects related to article 446 of the Code of Commerce are found in the financial statements, in the tax auditor’s report and herein. On its part, the Corporate Group Report referred to in Article 29 of Law 222/1995 is in the additional information delivered to the shareholders.

The performance of the disclosure and control systems of the financial information was verified through different activities performed by management, the tax auditor, the Internal Audit and the Board of Directors through the Audit, Finance and Risks Committee, which concluded that these are operating adequately. Within those activities,

we highlight the review of the financial statements by the tax auditor, the evaluation of the adequate design and operation of the Internal Control System by the Internal Audit, and the monitoring of the financial statements by the Audit, Finance and Risks Committee and the Board of Directors.

In 2018, we continued with the implementation of the Money Laundering and Terrorism Financing Risk Management System. As part of this program, trainings were provided to employees and vendors, and the controls associated to the different processes were reviewed.

The other legal issues of the company, including the judicial and administrative proceedings, are promptly attended by management and its legal advisors.

Finally, the Annual Corporate Governance Report shall be delivered to the shareholders and the recommendation implementation report of Country Code is contained on the website www.argos.co/ir.



CORPORATE GOVERNANCE



Board of Directors and Committees	31
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Serena del Mar

CORPORATE CENTER

This highly sustainable building was built using 68,000 m³ of specialty concrete mixes in Cartagena (Colombia).

CORPORATE GOVERNANCE

We are pleased to have a corporate governance model that has maturity and recognition among our stakeholders and that we continuously review in order to adjust it to the new demands of the environment and the challenges of the organization.

We have a self-regulatory framework that allows:



Ensuring the balance of the management of each governing body.

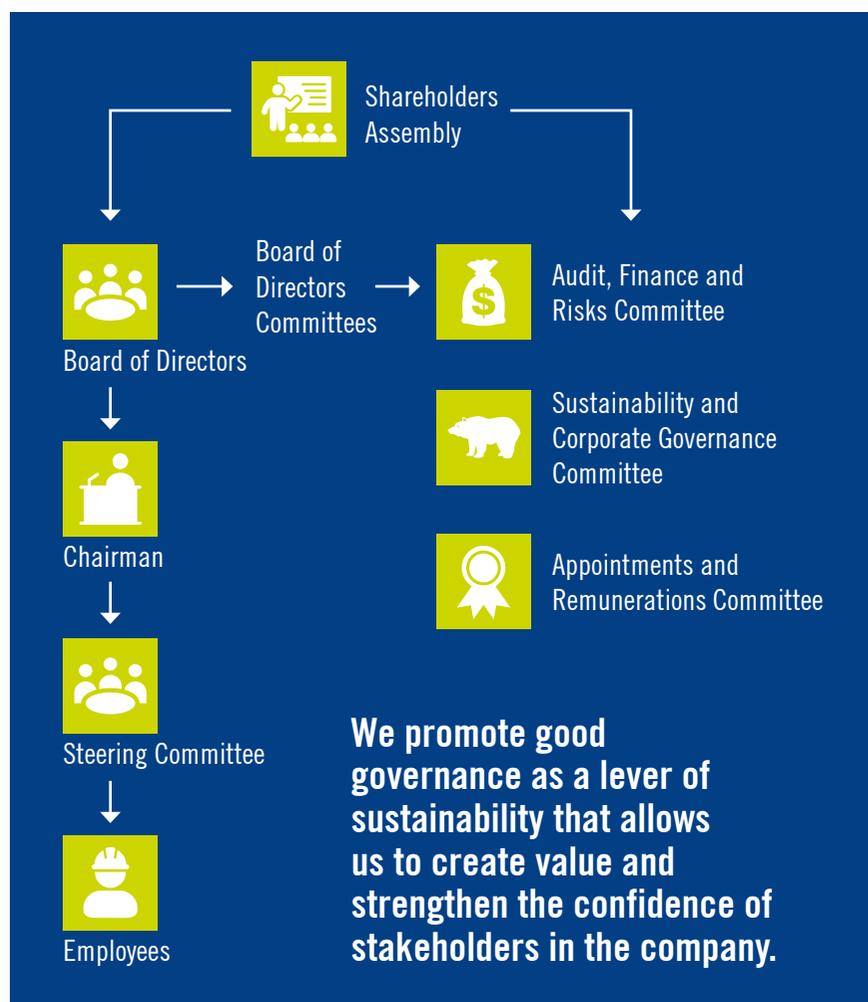


Improving the capacity for decision making.



Ensuring transparency and the strengthening of market confidence.

GRI (102-18) (102-22) Our good governance framework establishes a governing and management structure for the company which includes:



SHAREHOLDERS ASSEMBLY

GRI (102-19) It is the highest corporate body composed of all the company shareholders.

Among their rights are the following:

1. To know in a comprehensive and timely manner relevant information for decision making.
2. To participate in the decisions that may affect the shareholders.
3. To make observations to management and formulate proposals for the better performance of the company.
4. To receive fair and equal treatment.



BOARD OF DIRECTORS



Board of Directors

GRI (102-19) It is the body in which the Shareholders Assembly delegates the management of the company. **Among its functions are the following:**

GRI (102-26) (102-29) (102-30)

1. Guide and review the long-term strategy.
2. Follow-up on main projects, budgets and the business plan.
3. Adopt the company policies in economic, social and environmental matters.
4. Formulate proposals and actions, taking into account the best sustainability practices.
5. Keep track of strategic risks, associated impacts and the corresponding prevention and mitigation plans.
6. Monitor the functioning of internal control mechanisms and their effectiveness for risk management.

Among the main issues addressed by the Board of Directors are: corporate strategy, competitive strategy, performance of each region, financial results, legal affairs, risks, sustainability and innovation.

There were 12 meetings, with an average attendance of 96%, guaranteeing the active participation of the directors in the decision making and orientation of the company in economic, environmental and social matters.



JORGE MARIO VELÁSQUEZ

Chairman

Executive

Appointed in 2016

Appointments and Remunerations Committee

Grupo Argos CEO

Attendance at Board Meetings:  100%

Attendance at Committees:  100%

Participation in Board of Directors of other companies: Grupo Sura, Celsia and Odinsa

Competencies

- Strategy
- Corporate Finance
- Commercial Affairs
- Construction Materials Industry
- Crisis Management
- Sustainability
- Governance / Public Policy
- International



CAMILO JOSÉ ABELLO

Main Member

Executive

Appointed in 2012

Sustainability and Corporate Governance Committee

Grupo Argos Corporate Affairs Vice President

Attendance at Board Meetings:  100%

Attendance at Committees:  100%

Participation in Board of Directors of other companies: Odinsa

Competencies

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



ALEJANDRO PIEDRAHÍTA

Main Member

Executive

Appointed in 2018

Audit, Finance and Risks Committee

Grupo Argos Corporate Finance Vice President

Attendance at Board Meetings:  89%

Attendance at Committees:  100%

Participation in Board of Directors of other companies: Grupo Sura, Celsia, Odinsa, Pactia and Mapa (family company)

Competencies

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



CECILIA RODRÍGUEZ

Main Member

Independent

Appointed in 2012

Sustainability and Corporate Governance Committee / Audit, Finance and Risks Committee

Corporación Bioparque CEO

Attendance at Board Meetings:  100%

Attendance at Committees:  100%

Participation in Board of Directors of other companies: Bioparque Proyectos

Competencies

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



**LEÓN
TEICHER**

Main Member

Independent

Appointed in 2012

Sustainability and
Corporate Governance
Committee

Business Consultant

Attendance at
Board Meetings:
 92%

Attendance at
Committees:
 100%

**Participation in Board
of Directors of other
companies:** Continental
Gold

Competencies

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



**CARLOS GUSTAVO
ARRIETA**

Main Member

Independent

Appointed in 2012

Audit, Finance and Risks
Committee

**Partner of Arrieta, Mantilla
and Asociados**

Attendance at
Board Meetings:
 92%

Attendance at
Committees:
 75%

**Participation in Board
of Directors of other
companies:** Icommunicate,
Arrieta, Mantilla y
Asociados

Competencies

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



**ESTEBAN
PIEDRAHÍTA**

Main Member

Independent

Appointed in 2012

Appointments and
Remunerations Committee

Chamber of Commerce of Cali CEO

Attendance at
Board Meetings:
 100%

Attendance
at Committees:
 100%

**Participation in Board
of Directors of other
companies:** Valle del Pacífico
Convention Center and MGM
Sustainable Energy Fund

Competencies

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



Scan to consult
the résumés of the
Directors.



BRI (102-22)
Get to know the
support committees
and review their
functions here.



Consult the
main decisions
adopted by these
committees in
2018 on page 8.

Absences at the Board of Directors or
Committees were due to reasons of force
majeure indicated by the directors before
the meetings and they were always updated
on the topics dealt with therein.

STEERING COMMITTEE



Scan to consult the resúmenes of the Steering Committee.

GRI (102-19) (102-20) (102-23) The company strategy is guided by our CEO, Juan Esteban Calle, and our nine vice presidents. The 10 make up the Steering Committee and within its main functions 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.

1. **Juan Esteban Calle** | CEO
2. **María Isabel Echeverri** | Sustainability VP
3. **Jorge Ignacio Acevedo** | Talent and Organizational Architecture VP
4. **Tomás Restrepo** | Colombia Region VP
5. **Camilo Restrepo** | Caribbean and Central America Region VP
6. **Bill Wagner** | USA Region VP
7. **Rafael Olivella** | Legal and Institutional Affairs VP
8. **Carlos Horacio Yusty** | Finance VP
9. **Víctor Lizarralde** | Technical VP
10. **Lucas Moreno** | Innovation VP



Steering Committee

WE'VE MADE THE FOLLOWING ADVANCES IN MATTERS OF CORPORATE GOVERNANCE

- We evaluated changes to the Corporate Bylaws and the Code of Good Governance to adopt the best corporate governance practices.
- We increased the annual sessions of the support committees of the Board of Directors to achieve greater depth in the debates.
- We completed and transmitted to the market the Country Code survey, showing the adoption of the recommendations that add value to the company.
- Our corporate governance practices were audited by an independent third party that evidenced an adequate company performance.
- We documented the procedure for the disclosure of information relevant to the market.
- We achieved, for the fourth year in a row, the Investor Relations recognition of the Colombian Stock Exchange.
- We received the certification, for the fifth consecutive year, as a Known and Recurrent Issuer of the Financial Superintendence of Colombia.
- We obtained the following recognitions that include the voluntary implementation of good governance practices within the evaluated factors:



UPCOMING CHALLENGES

- Permanent analysis of the best practices in corporate governance and voluntary adoption of measures that improve business management and contribute to the sustainability and operation of the organization.
- Approval of the Policy for the Management of Operations with Related Companies.

Members of the Committee and the Board of Directors in a visit to customers in Panama



ORGANIZATIONAL STRUCTURE

Our organizational structure seeks to leverage the competitive strategy and respond to the challenges posed by the market dynamics, enabling, through its design, the capture of synergies, the integration of processes beyond borders, agility and efficiency in the way of working, and the development of knowledge to strengthen the way we design solutions that meet the needs of our customers.

With this perspective, a new organizational structure was designed in 2017 utilizing the principles of an efficient organization and focusing on Colombia, United States, and the Caribbean and Central America regions, empowering them to be responsible for their operations and results. This organizational structure evolution was supported and accompanied by a center that provides the design of strategic policies and guidelines and has expertise and resources.



See our Corporate Governance Report here.



Get to know part of our organizational structure and the way we manage the material issues in this QR Code.



STRATEGIC FRAMEWORK



This is How We Create Value	38
Risk Management	40
Value Added Statement to Society – VAS.....	42
Our Sustainability Strategy	50



Commemorative 9/11 Monument **TOWER OF VOICES**

Honors the 40 victims of Flight 93, in Shanksville,
Pennsylvania.

THIS IS HOW WE CREATE VALUE

TRENDS



The Market is Global

- Increase of clinker imports in the Americas
- Evolution of production technology
- Appearance of new and numerous competitors



Greater Environmental Awareness

- Climate change and global warming
- Water scarcity and increase of endangered species
- The need for a change in behavior and habits and greater environmental demands



Digital Transformation

- Increase in the speed of communications
- Transformation of customer transactions and behavior
- Increase of customer expectations for quality, service experience and perceived value

CAPITALS



Human Capital

8,057 employees and 7,600 suppliers and contractors that work as a team, are trustworthy and innovative.



Natural Capital

We use responsibly: 45.7 million GJ/year of energy, 6.8 million m³/year of water, 154.1 million t/year of used materials, among others.



Social and Relational Capital

We promote trust relationships with the eight stakeholders through sustainability dialogues and training days, among others.



Financial Capital

We use our economic resources efficiently.



Industrial Capital

Among others, we have: 13 cement plants, 312 concrete plants, 33 ports and terminals that enable our operation.



Intellectual Capital

12 patents and different digital solutions that support our value proposition.

HIGHER PURPOSE

We build dreams that boost development and transform lives.



Suppliers



Concrete Plant



Cements

Designed for the use of mixtures of concrete or mortar, plaster and finishes used in diverse structures and constructions.

STRATEGIC RISKS

R1 Loss of market share, drop in volumes or prices.

R2 Delay or inability to close competitive gaps in operating and administrative costs and expenses.

R3 Inability to adapt to changes in the value chain of construction and our customers' needs.

R4 Cost overruns in access to capital for compliance with the company's growth plan.

R5 New policies or changes in regulation that affect the performance of the businesses.

R6 Opposition of stakeholders to the operation or development of company projects.

STRATEGIC OBJECTIVES

(For more extensive information, please see page 48)



Creating sustainable value



Being the best option for our customers



Leading the markets through innovation



Being leaders in productivity



Developing the best talent



Quarries

KEY ACTIVITIES



Supply



Cement Plant



Aggregates Plant



Production



Concretes

Wide range of concretes with properties customized to each project.



Aggregates

Derivatives from the crushing of different rocks, gravel and sand, available according to the needs of the customer.



Commercialization and Distribution

IMPACTS

GENERAL

USD \$787.6 M

value delivered to society

USD \$244 M

value retained by the company

BY DIMENSION



Economic

USD \$870.6 million in net benefits to society derived from our economic externalities



Social

USD \$19.5 million in net benefits to society derived from our social externalities



Environmental

USD \$346.4 million in net cost benefits to society derived from our environmental externalities.

R7 Impossibility of achieving the strategy and its objectives due to the low appropriation of cultural behavior and the lack of clarity of the organizational relationship model and its application.

R8 Inability to achieve and maintain environmental standards (normative or voluntary) that ensure the management of environmental and social impacts of operations.

R9 Occurrence of natural events that affect the continuity of key operations.

R10 Adverse failures that significantly impact the financial results and the reputation of the company.

R11 Cyber attacks that affect information and cause disruptions in operations.

RISK MANAGEMENT

(GRI 102-15) Risk management is highly linked to our strategy and is an essential element in corporate governance and a facilitator to take advantage of opportunities. We not only work with uncertainty in the business environment, trying to mitigate risks, but we seek to capitalize on opportunities to achieve our strategic objectives.

Based on our culture pillars, we manage risks proactively and with the accompaniment of the Board of Directors, the Presidency and its committees.

INTEGRATED RISK MANAGEMENT SYSTEM (IRMS)

Our IRMS is based on the ISO 31000 and COSO Enterprise Risk Management standards. It is aligned with the Government, Risk and Compliance (GRC) model and, in addition, it is supported by the GRC Portal technological tool, which makes it possible to conduct risk analyses and control the creation, follow-up and monitoring of action plans.

This is how our IRMS operates:



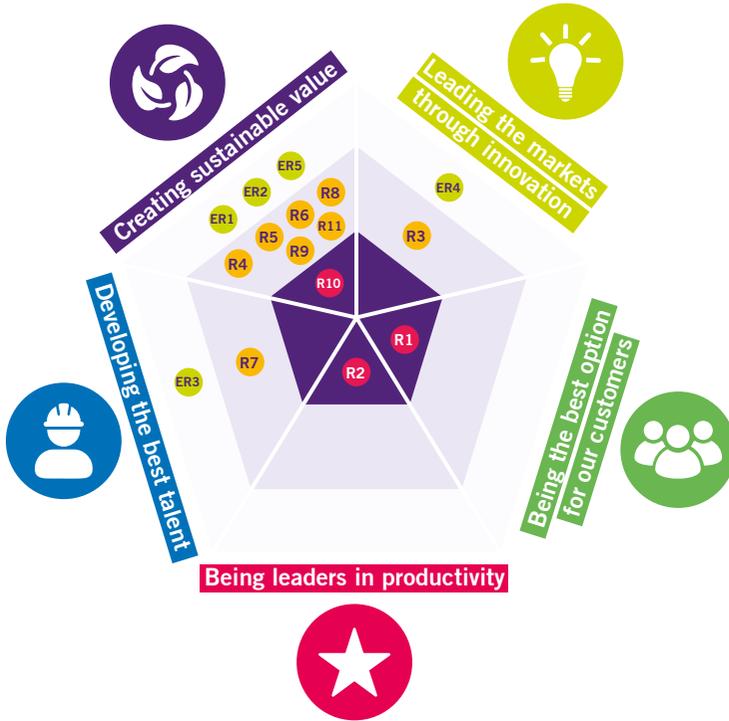
Customer of the massive business (Dominican Republic)

Actions to identify, analyze, treat and monitor are done through the following management models:



OUR STRATEGY AND RISK MANAGEMENT

(A-RI1) (A-RI2) Currently, we have identified and analyzed 11 strategic risks and five emerging ones that have allowed us to understand the events that may divert us from achieving the strategic objectives.



Scan to see the emerging risks.

To view our 11 strategic risks, see pages 38 and 39.

2018 PERFORMANCE

- We progressed in the adjustment to the corporate plan of retention and transfer of risks via insurances, structuring more adequate coverages according to the risk analysis carried out at the tactical and operational levels.
- We were able to complete different loss processes with the receipt of compensations by policies collected, which are reflected as reductions in premiums.
- We updated the strategic risks and their assessment through quantitative methods, which generated a greater understanding of their causes and impacts, for an adequate management thereof.

2018 GOAL TRACKING

● Achieved ● In progress ● Not achieved

- We will develop five quantification models for material risks.
- We will analyze and monitor risks in three strategic projects.
- We will work on the consolidation of the Government, Risk and Compliance model.
- We will review and adjust the risk retention and transfer corporate plan.
- We will work hand in hand with the strategic Project Management Office (PMO), developing the risk section in the adopted methodology.

UPCOMING CHALLENGES



Develop risk assessment models of greater scope and complexity to quantify the financial impact of possible deviations in compliance with the business plan. These models will also contribute to the quantification of factors inherent to the construction materials industry or the possible internalization of the externalities that we generate to our stakeholders.



Analyze and assess the strategic risk of cybernetic origin to structure controls that allow an adequate administration thereof.



Follow up and monitor the risks analyzed in the cement facilities of the Colombia and United States regions.



Support, from risk management, the international logistics chain, ensuring control in each of its processes and the continuity of the company's operations as part of the Authorized Economic Operator (AEO) certification.

VALUE ADDED STATEMENT TO SOCIETY

VAS

We are committed to the creation of value for all our stakeholders; their well-being and satisfaction is our priority.

That is why, since 2016, we have included the analysis of externalities in our reporting and accountability model.

Externalities are the costs and benefits that society receives involuntarily as a result of our operation. These costs and benefits are monetized to reflect the impact that our operation had on society in a given period.



Customer of the massive business (Colombia)

These impacts are quantified in our Value Added Statement to Society (VAS) report, which is a tool to:

Make more responsible and better informed decisions

- Offer extraordinary solutions to our customers.
- Respond more accurately to the interests and needs of the stakeholders.

Manage our risks in a more precise way

- Be more agile and adaptable in a changing world.
- Ensure our sustainability.

Promote accountability inside and outside the sector

- Contribute to transparency in the sector.
- Sensitize the stakeholders and society about the impacts of our business.

MODEL AND METHODOLOGY

The quantification of externalities was developed based on the True Value methodology and includes the costs and benefits generated to society in the economic, social and environmental dimensions. All areas of the organization participated in the initial construction of the model to have a holistic perspective.

Every year, we update the model, review its scope and input the figures from our management.



Scan for more details about the VAS.



We currently assess 11 externalities whose contributions, positive or negative, increase or reduce the value generated to our different stakeholders. This analysis includes information from all our regions (Colombia, United States, and the Caribbean and Central America) and all the business lines (cement, concrete and aggregates).

The result of the total sum of our externalities is the net value generated to society:



Delivery of aqueduct to the community in Boyacá (Colombia)



2018 PERFORMANCE

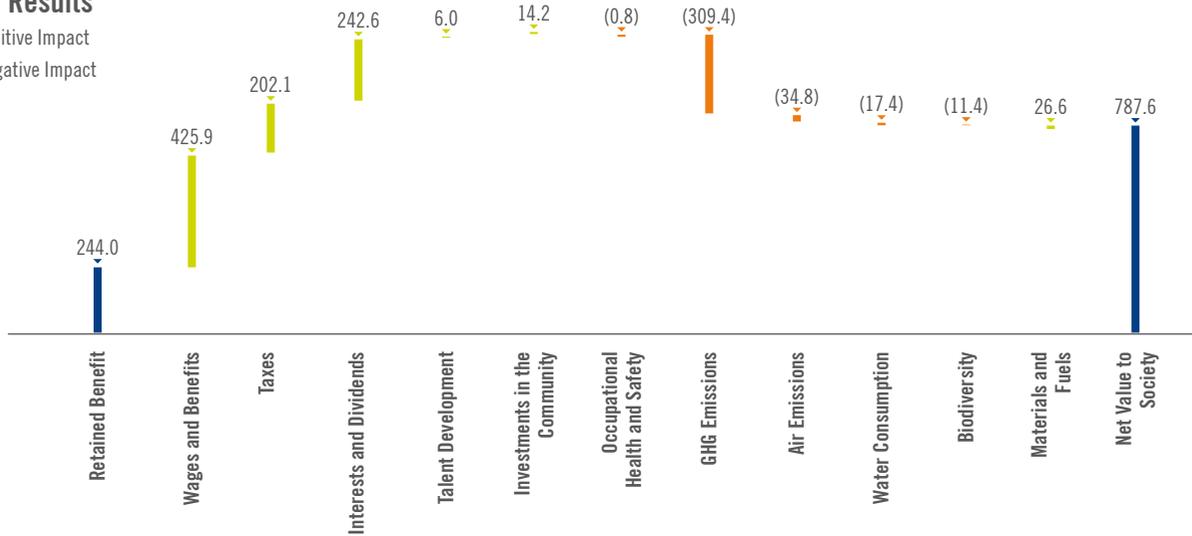
The results of our impact measurement exercise are presented in the following waterfall graph. The graph begins with the monetized value of the benefit we retained as an organization. The bars that follow present the (negative or positive) monetized values for each of the externalities. The final bar represents the net value added to society after all externalities have been recorded.

USD 787.6 M

Was the net value delivered to society during 2018, **3.23 times the benefit we retained** in the same period.

2018 Results

- Positive Impact
- Negative Impact



Net Value to Society

In 2018, the net value added to society was of USD \$787.6 million, 3.23 times the benefit we retained in the same period. This value is the result of the quantification of our positive and negative externalities and reflects our continuous commitment to sustainability and the well-being of our stakeholders.

Economic Externalities

The recognition of the skills and experience of our employees, through the payment of wages and benefits, our commitment to national and regional development, through the payment of taxes, and our compliance with our financial commitments and with the shareholders translates into value for society.

In 2018, the net benefits derived from our economic externalities were USD \$870.6 million. The impacts of our economic externalities decreased 5 percent with respect to the previous period. This was due to the competitive dynamics of the sector and the operational adjustments made to increase our efficiency.

Employee (Florida, United States)



Participation of economic externalities





Caring for ourselves and for others is an essential part of our culture

Social Externalities

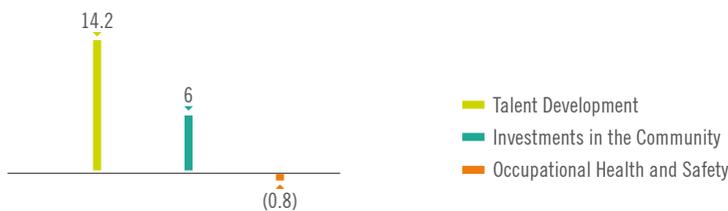
We generate impacts in the communities where our employees come from and where we operate. The recognition and monetization of social externalities reaffirms our commitment to individuals, the region and the country.

In 2018, we delivered net benefits derived from our social externalities of USD \$19.5 million, which represents an increase of 98.9 percent with respect to the immediately previous period. This increase is due to the fact that the talent and investment externalities in the communities increased 57.89 percent and 51.06 percent, respectively, compared to 2017.

Additionally, the cost that we generate to society due to occupational illnesses and fatalities decreased from USD \$3.3 million to USD \$0.8 million.

Participation of Social Externalities

(in millions of dollars)



98.9%

Increase of net benefits derived from our social externalities. In 2018, they respresented USD \$19.5 million.

57.89% AND 51.06%

Increase of value generated in talent and investments in communities, respectively.

24.2%

Decrease of costs generated to society due to occupational diseases and fatalities.

Environmental Externalities

The identification of our environmental externalities allows us to be more aware of the use we make of natural resources and our role as agents of change, which facilitates decision-making to be more efficient, better neighbors and better allies for our customers.

The impacts associated with our environmental externalities were USD \$346.4 million in 2018. Thanks to improvements and investments made in our operations, the net cost for water consumption fell by 33.6 percent and the cost for air emissions fell by 24.68 percent.

In 2018, the availability of alternative fuels was limited and it was not possible to continue with the substitution levels of the previous period. This is how the value of the externality fell by 23.1 percent compared to 2017. Our commitment, however, remains intact and we will continue to identify and build new ways to replace the use of materials and fuels with more sustainable inputs.

Retained Value

In 2018, the value retained was USD \$244 million, 43 percent more than in the immediately previous period. The increase in our retained value was the result of two factors:

- The total amount of income taxes paid in the period decreased, which is consistent with the business dynamics.
- We updated our accounting policy, which modified the way of calculating our EBITDA, and which, in turn, affected the retained value.

Thanks to improvements and investments made in our operations, the net cost for water consumption and air emissions fell, respectively, by 33.6 percent and 24.68 percent.

UPCOMING CHALLENGES

Our model continues to evolve and grow stronger. In 2019, we will advance in the analysis of new externalities that can be incorporated into the model in the medium term so that the analysis of impacts and benefits is even more comprehensive.

Also in 2019, we will use the data provided by the 2018 VAS to improve the exchange of information with our investors, as well as our accountability in economic, social and environmental issues.

The Ronda del Sinú Park, in Colombia, is an Argos construction



VAS HONDURAS - 2017



Employees
(Comayagua, Honduras)

In 2018, we conducted, for the first time, a quantification and assessment of impacts for a country. This exercise resulted in an analysis of externalities for 2017 and allowed us to identify, in monetary values, the positive and negative impacts that our operation had on the Honduran society. Thanks to this exercise we can make better informed decisions, as well as identify potential risks that can affect our operation in that country. The value created to society by our operations in Honduras in 2017 was of USD \$83 million, 2X the benefit we retained in the period.

The main results of this analysis were:

- In Honduras, our main contribution in the economic dimension is through the payment of taxes, followed by the payment of interests and dividends.
- Thanks to a strict and continuous management, we did not generate costs to society in said country due to occupational illnesses and accidents and fatalities.

In parallel to this exercise, we also measured the Socioeconomic Footprint (IHSE) in the municipality of Comayagua, which is the area of influence of our plant in Piedras Azules. The IHSE determines the impact of our presence at the local level and is complementary to the measurement of externalities, the scope of which is broader.

QUANTIFICATION OF RISK EXPOSURE DERIVED FROM THE USE OF WATER

Another implementation of our VAS was the use of externality data for water consumption, to determine our degree of risk exposure to water stress in the operations. During 2017, we built a model that estimates the financial effects of the internalization of this risk to 2030, that is, the possibility that the costs to society that we generate due to our water consumption will impact our financial results.

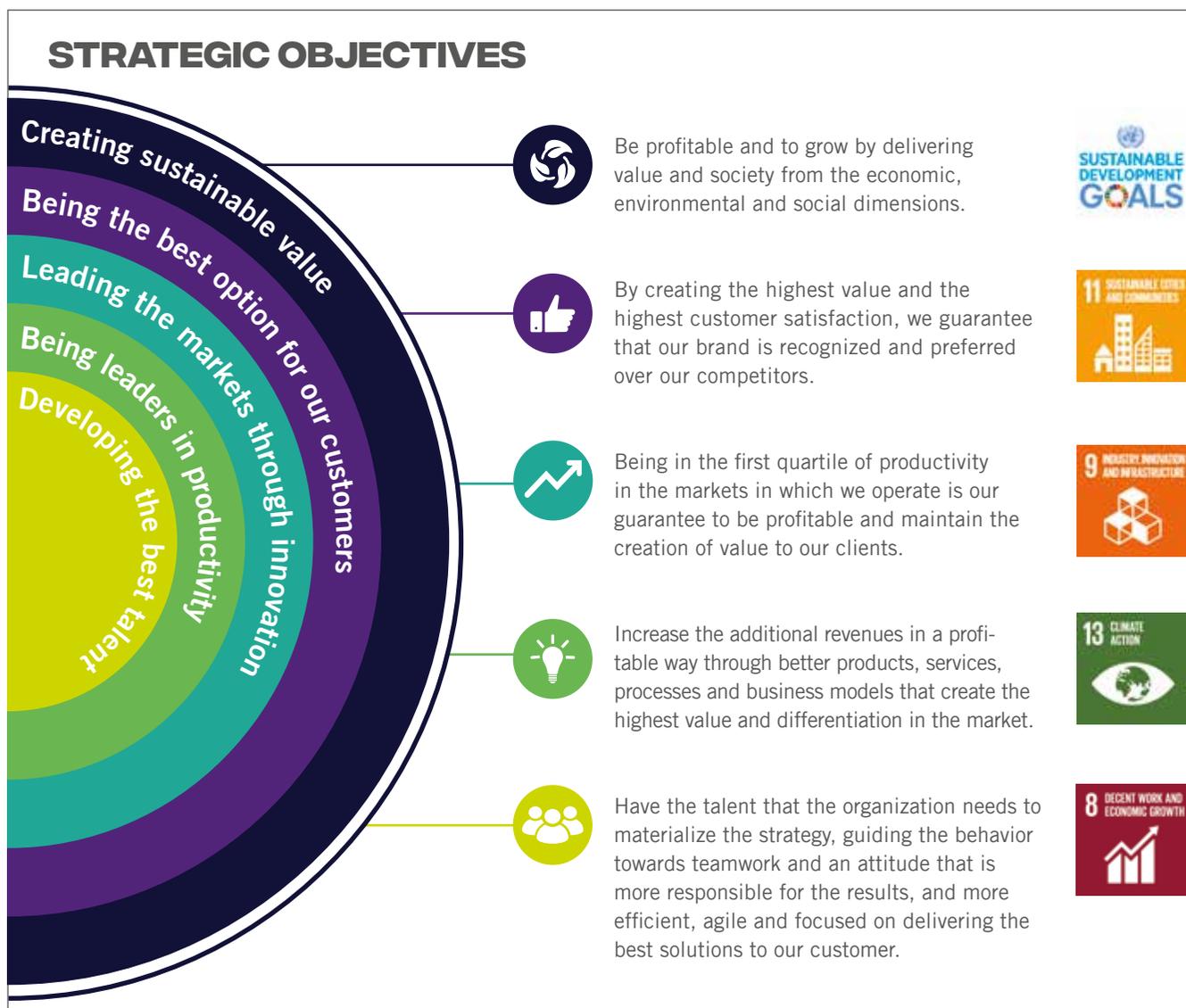
In 2018, we piloted this model at our plants in Cartagena, Colombia, and Tampa, Florida (United States). We are currently adjusting the model according to the results obtained from the pilot. We are also defining in which plants we will implement the improved model in 2019.



Cartagena Plant
(Colombia)

COMPANY STRATEGY

We are inspired to knowing that we build dreams that boost development and transform lives through our products and services. Our corporate strategy comes from this higher purpose, which marks the route we will follow and the five strategic objectives that we will focus our efforts on to reach the desired position.





in the countries of the Americas with high projection of development of construction and infrastructure



supported in an agile, efficient and innovative management



with high sustainability standards



under a recognized brand.

RELATION WITH MATERIAL ISSUES

- Efficiency and Profitability
- Human Rights
- License from Society to the Industry
- Sustainable Construction

- License from Society to the Industry
- Sustainable Construction
- Innovation
- Brand Management

- Energy Management Model
- Circular Economy
- Climate Change
- Emissions
- Water
- Biodiversity

- Brand Management
- Innovation

- Talent Management
- Occupational Health and Safety
- Community Engagement
- Supplier Management

Our strategy guided the prioritization process of material issues, being an essential input for the pre-selection of general issues and the weight determination of main issues.

Thanks to this integrative exercise, we can say that we are coherent in our actions and, therefore, we guarantee that, in addition to being focused on obtaining excellent financial returns, we are also aiming at improving and preserving the social and environmental capital.



Customer and advisor of the massive business (Barranquilla, Colombia)

OUR SUSTAINABILITY STRATEGY

All our actions are aimed at creating value for society and the company, making it possible to build dreams that boost development and transform lives. To guide the achievement of this objective, we operate under a Sustainability Strategy that guides the entire organization through four lines of work: relationships of trust, responsible production, business profitability, and shared values. This results in three other strategies that seek to materialize the value we want to create from the environmental perspective, community engagement, and occupational safety and health. These strategies can be reviewed on pages 52 and 53.

For Argos, sustainability is creating value for society and the company.

Our Stakeholders **GRI (102-40) (102-43) (102-44)**

The identification and prioritization of stakeholders is the first step towards building trust relationships. Closely knowing the groups of people with whom we interact is the key to designing work plans that will lead us to reach common goals and achievements.

That is why we develop this process in two big stages:

- The first one is the identification and update of stakeholders at the macro level. We carry out this process through consultations with the current stakeholders, interviews with the members of the Board and Steering Committee, and the evaluation of megatrends and relevant information.
- The second is the detailed identification of the stakeholders and other key people at the level of our activities. Our main objective is to understand the needs of each of them, as well as identify the strengths and possible alliances that will lead us to develop joint projects.



Customers

Marketing, Commercial and Innovation



Employees

Talent and Organizational Structure



Communities

Sustainability and Community Engagement Areas



Investors and Shareholders

Investor Relations



Authorities

Legal and Institutional Affairs and Regional Areas



Suppliers

Supply Chain Areas



Media

Communications and Marketing Areas



Associations and Partnerships

Legal and Institutional Affairs and Regional Areas

Relationship Mechanisms **GRI (102-21) (102-43)**

Following the definition of the strategy and objectives, we emphasize the importance of favoring open, direct, transparent and mutually supportive relationships. Likewise, by listening to our environment, we have a broader picture from which to make decisions.

We have multiple relationship mechanisms that allow us to timely and clearly approach each stakeholder in a conscious,

specialized and targeted manner. In addition, we ensure that our representatives are those who naturally interact with each of these groups of people, thus consolidating relationships of trust. Development programs, training sessions, forums and congresses, among others, have allowed us to have an open and transparent dialogue with those around us, generating an exchange of ideas and knowledge.



We support local community entrepreneurs from Arroyohondo in Bolívar (Colombia)

In our three regions, we developed a new dialogue methodology that allowed us to deploy customized issues to each of the people or groups with whom we interact.

For the foregoing, we had the participation of multiple representatives, who, according to their expertise, selected the material issue to discuss and delved into the most relevant issue for them. This is how, in more than 50 operations, we had the opportunity to talk about water, climate change, innovation, efficiency and profitability, and ethics and compliance with groups composed of customers, communities, suppliers and employees. We also listened to more than 2,500 people and established action plans with most of them to resolve concerns, explore opportunities and work on innovative solutions.

Likewise, we shared with them the new corporate strategy and the updating of the sustainability and environmental strategies. All so that they could identify, in a practical manner, how they participate from their roles in the fulfillment of our goals.

GRI (102-42) We identify our stakeholders based on the following five criteria proposed by the AA1000SES standard:

Dependence

Those who depend on our activities, products or services or on whom we depend to continue with the operation.

Responsibility

Those with whom we have a commercial, legal, operational or ethical responsibility.

Proximity

Those who require our immediate attention in financial, economical, social or environmental matters.

Influence

Those who could generate an impact on the strategy or decision-making.

Different Perspectives

Those who bring new perspectives to specific situations or help identify opportunities that would not be noticed or recognized otherwise.

MEMBERSHIPS AND INITIATIVES

GRI (102-12) (102-13)



World Business Council for Sustainable Development
Cement Sustainability Initiative



GRI (102-13)
Scan to see the complete list of memberships.



Dow Jones Sustainability Indexes



The CEO Water Mandate



GRI (102-21)
Scan to consult the complete list of relationship mechanisms.

STRATEGIES

We create value for our communities through the commitment to be good neighbors and development allies through:



100% of the operations prioritized with the Local Engagement Plan (LEP)

Relationship Construction

We establish relationships based on our mutual recognition as territory actors.



100% of the risk management and interaction with communities in prioritized operations

Responsible Management

We anticipate and manage our social risks and impacts for the sustainability of our business.



One innovative solution developed per region.

Social Innovation

We develop innovative solutions that consolidate business opportunities and respond to the needs of society.



We reinforce the role of visible leadership aimed at the prevention of incidents, while defining our essential principles and rules.

Leadership and Responsibility



We empower employees and contractors in the identification and reporting of risks, while establishing guidelines for the design of emergency plans.

Comprehensive Risk Management



We are committed to excellence and respect for health and safety, which is why caring for ourselves and others is an essential part of our culture and is reflected in all aspects of the business. We are convinced that the only acceptable number is ZERO: zero incidents and zero occupational illnesses.

Audits and Monitoring

We verify the progress of the implementation of the system in a periodic and documented manner.



SISO



Incident Reporting and Investigation

We report, investigate and communicate lessons learned in order to generate prevention practices.

GRI (102-11) We improved our environmental performance utilizing a management system that allows the prevention, mitigation, correction and compensation of environmental impacts, with emphasis on:



Climate Change

Reduce net specific CO₂ emissions
544 kg CO₂/t of cementitious material

Emissions

Reduce particulate matter emissions:
60 g PM/t of clinker

Reduce sulphur oxide emissions:
205 g SO₂/t of clinker

Reduce nitrogen oxide emissions:
1,205 g NO_x/t of clinker

Make the 2020 mercury emissions inventory: **100%**

Water and Biodiversity

Intervene in rehabilitation areas: **85%**

Total percentage of quarries in areas of high value with biodiversity management plan: **85%**

Reduce water consumption in cement: **256 L/t**

Reduce water consumption in concrete: **216 L/m³**

Circular Economy

Replace raw materials with alternatives in cement: **15%**

Use supplementary cementitious materials in concrete: **15%**

Use alternative fuels: **18%**

Increase the use of recycled aggregates in concrete: **216,000 tons**



Sustainable Construction

Generate revenues from products with sustainability properties
USD \$400 million

STRATEGY



Effective Communication

We prioritize communication as a fundamental tool for the promotion and adoption of safe practices and behaviors.



Competence Development

We train our employees to develop the skills and capabilities required to prevent and control risks associated to their work.



Comprehensive Health Model

We developed a model to understand the human being from all aspects (physical, mental, social, emotional.)

4

ACTION FOCUSES



Efficiency and Profitability.....	56	Innovation in the Business Model	72	Water	92
Ethics and Compliance.....	59	Brand Management.....	77	Biodiversity	94
Human Rights.....	62	Energy Management Model.....	80	Talent Management.....	98
License from Society to the Industry.....	64	Circular Economy	83	Occupational Health and Safety	101
Sustainable Construction.....	68	Climate Change	86	Supplier Management	107
		Other Emissions	90	Community Engagement.....	111



Terminal 2

TOCUMEN AIRPORT

This highly important air terminal in Latin America (Panama) was built using 126,000 m³ of Argos concrete.

SDG



GRI (103-1)

- Suppliers
- Customers
- Argos
- Society

Strategic Sustainability Pillars



Relationships of Trust



Responsible Production



Business Profitability



Shared Values

On the Web



Scan to know more.

MORE EFFICIENCY, MORE COMPETITIVENESS

EFFICIENCY AND PROFITABILITY

Being efficient allows us to be more competitive and strengthen our value proposition to continue being the best ally of our customers. That is why we focus our efforts on maximizing the return on investments, achieving an efficient cost and capital structure, and having a healthy financial cycle.

VALUE ADDED

To Society

GRI (103-1) We contribute to the development of the economies and technologies of the countries where we operate and generate quality, stable and well-paid jobs.

The value created to society, calculated through the measurement of our externalities (see page 42), was of USD

\$787.6 million, that is, 3.23 times the profit we retained in the same period.

To the Company

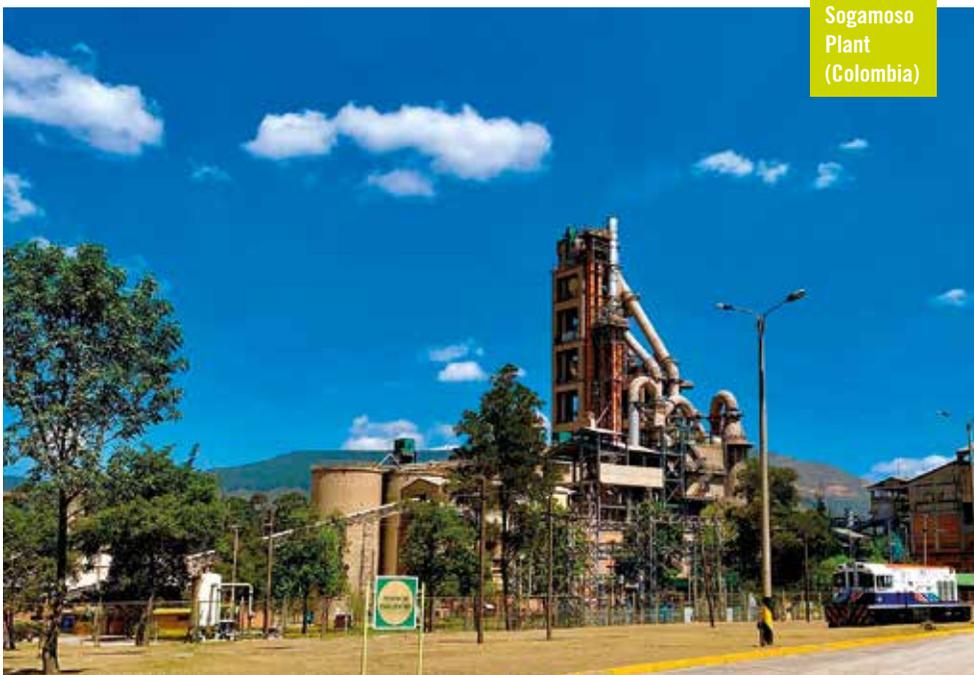
GRI (103-1) We contribute to the ability to adapt and reinvent. By being lighter and more agile, we proactively face the challenges of the industry, continue to be a profitable organization and become a key player in building the dreams of our customers and allies.

HOW IS IT MANAGED?

GRI (103-2) We manage efficiency through the BEST program, which has been running since 2016 and aims to focus the company on the customer and keep it at the forefront of the cement, concrete and aggregates businesses.

GRI (102-10) This program focuses on the following six lines:

- **Go to Market:** We review the customer support and segmentation strategy in detail, looking to offer solutions adjusted to the needs of each market.
- **Productive Transformation:** We optimize our network of assets to concentrate production in the most efficient plants.
- **Implementation of New Technologies:** We expand our production capacity through a better clinker/cement ratio to optimize the cost per ton.
- **Administrative Synergies:** We generate economies of scale to integrate and standardize processes that contribute to the efficiency of the use of resources.



Sogamoso Plant (Colombia)

- **Use of Alternative Fuels:** We reduce the consumption of fossil materials and contribute to the global reduction of carbon emissions, as well as improve the energy cost per ton.
- **Optimization of Assets:** We concentrate the use of capital in the generation of cash flow for the business focus.

2018 PERFORMANCE

GRI (102-2) (102-3)

Go to Market

- We fine-tuned the competitive strategies by market to migrate towards a closer service model that enables countries to design agile, innovative responses designed in accordance to the needs of each customer. One of the best examples of this approach is the On Site Plant.
- We validated a client relationship management platform (CRM) for the three regions. This allows for a greater analysis of information in order to integrally consolidate the management around the customer (see page 14).
- Through Argos ONE we digitalized our relationship with the customer, a solution that puts us at the forefront of the sector (see page 75).
- We launched the chatbot Sara, in Colombia, the virtual assistant of Argos that uses artificial intelligence to improve the interaction with customers (see page 14).
- We activated the option of orders by WhatsApp in Panama and sold more than 61,100 bags of cement per month with a delivery and service logistics that incorporates the best satisfaction standards of our customers.
- We launched the Argos Smart Pack, a bag of cement that completely disintegrates in the concrete mix, providing benefits in its application and reducing the waste generated on site (see pages 16 and 74).

We fine-tuned the competitive strategies by market to have a closer, innovative service model in accordance with the needs of each customer.



On Site Plant
(Medellín, Colombia)



Argos ONE user
(Panama)

Productive Transformation

- We started Caltek, a quicklime and hydrated lime production and trading company, created in an alliance with the Mexican group, Calidra. The plant, located in Puerto Triunfo (Antioquia) and unique in Colombia, supplies pulverized lime, has a capacity of 90,000 tons per year and required an investment of almost 113 billion pesos.
- We positioned Argos Aggregates as a reference of quality, sustainability and formalization in the sector. This venture doubled the production capacity of our plants, generated profitability and launched the line of bagged aggregates with the Argos seal on the market.

Implementation of New Technologies

- We started the construction and assembly phase of the first line of thermal activation of clays in the Rioclara Plant, which will start operations in the second half of 2019. It will allow us to obtain a supplementary cementitious material to partially replace the clinker required in cement grinding. This opens the doors to a process that will help reduce specific CO₂ emissions and the demand for electrical and thermal energy (see page 89).
- In Honduras, we developed and implemented cement manufacturing processes with new raw materials. This has reduced the use of clinker, electricity consumption and the heat required in the furnace (see page 82).

- We simplified processes and avoided redundant energy consumption in our operations. We highlight the management of the fuel inventory at the Cartagena Plant, which allowed us to save up to 33 percent, compared to market prices.

Administrative Synergies

- One of the objectives of this program is to maximize the use of available resources and ensure the focus of the business on mission processes. For this reason, we focused on the optimization of certain activities and the continuous search for administrative synergies that facilitate management. During 2017, the Shared Services Center was created, through which we have achieved significant efficiencies in finance, human management, technology and supply.

Use of Alternative Fuels

- We managed to use more than 75,000 tons of waste, for a thermal substitution of 5.1 percent.
- We commissioned the alternative fuels system at the Cartagena Plant. This enabled us to use different types of waste, increasing the coprocessing capacity of the Colombia Region by 200 percent.

Optimization of Assets

- We concentrated the use of capital in the generation of cash flow that allows us to strengthen the operations belonging to the core of the business (cement, concrete and aggregates production and distribution). For this reason, we undertook the sale of the assets of three self-generation plants in Colombia. Additionally, income was generated by the divestment in some concrete operations in the United States, all this after a rigorous analysis of profitability, capacity and location.

Main Indicators



2018 GOAL TRACKING (GRI 103-3)

- Achieved ● In progress
- Not achieved

- We will generate a positive operating free cash flow.
- We will obtain a net debt / (EBITDA + dividends) between 3 and 3.5 times.

UPCOMING CHALLENGES (GRI 103-2)

- Strengthen the competitive position in the different markets.
- Grow in EBITDA.
- Optimize costs and expenses.
- Divest non-operating and non-strategic assets.
- Responsibly manage the working capital and the CapEx reduction.
- Improve the return on capital employed.
- Reach a greater financial flexibility that leads to the creation of value for our shareholders.

SDG



GRI (103-1)

- Suppliers
- Customers
- Argos
- Society

Strategic Sustainability Pillars



Relationships of Trust



Responsible Production



Business Profitability



Shared Values

On the Web



- (205-1) (205-2)
- (205-3) (206-1) (307-1)
- (419-1) (415-1)
- (A-ETH1) (A-ETH2)
- (A-TAX1)

INTEGRITY, OUR ESSENCE

ETHICS AND COMPLIANCE

We firmly believe that ethics and transparency are fundamental and non-negotiable and, therefore, we guide our business activity in accordance with our inspiring principle: integrity.

VALUE ADDED

To Society

GRI (103-1) Through our ethical and transparent actions, we positively impact society and the business environments where we operate.

To the Company

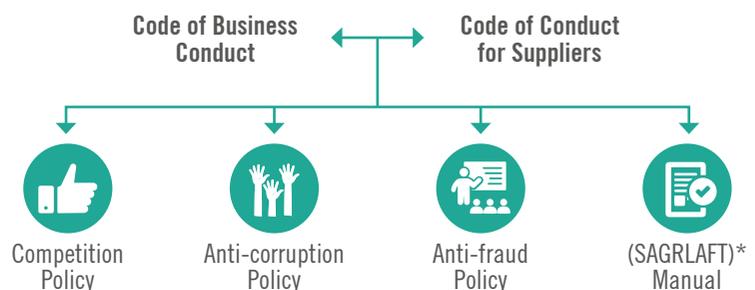
GRI (103-1) Through our business ethics program, we seek to prevent, detect and mitigate the risks related to improper actions. This allows us to safeguard our good reputation, avoid the imposition of fines or sanctions and continue to consolidate ourselves as a competitive company in the capital markets and as a reliable company for investors and other stakeholders.



Employee taking the Committed course (Colombia)

HOW IS IT MANAGED?

GRI (103-2) (102-16) (205-2) We have a self-regulation framework that incorporates principles of mandatory compliance in matters of ethics and conduct and establishes specific guidelines for the prevention of risks of fraud, corruption, money laundering and terrorism financing. Likewise, it seeks to comply with competition rules. Our regulatory framework includes:

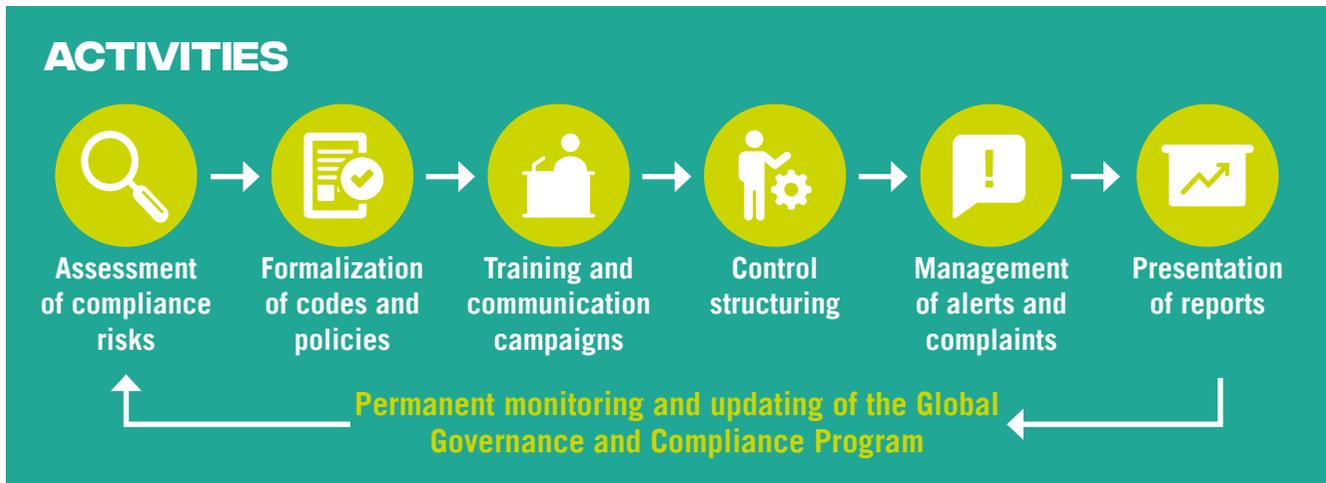


* AML/CFT Risk Management and Self-Monitoring

GRI (103-3) For the proper implementation and application of these guidelines, and seeking to strengthen the ethical culture, in 2016 the Board of Directors approved the Global Governance and Compliance Program. This systematically groups the activities carried out to promote integrity in the actions of the company, its employees and the value chain; activities that include:



Consult the policies and manuals.



TRANSPARENCY HOTLINE

Email
lintransparencia@argos.com.co

Conduct Officer Email
oficialdeconduc@argos.com.co

National Line and Fax:

- United States:** 1 (888) 567 66 29
- Colombia:** 01 8000 522 021
- Dominican Republic:** 18001 485 009
- Panama:** 01 1008001571 011
- Honduras:** 800 2791 9378

GRI (102-17) Complaints are received by an independent third party that guarantees the protection of the identity of the complainant. An investigation is carried out by investigation officers assigned to each category in the different regions and according to the Transparency Hotline Investigation Protocol.

The Transparency Hotline is the channel for stakeholders to report behaviors that are contrary to the Code of Business Conduct and other corporate policies.

2018 PERFORMANCE

Transparency Hotline **GRI (205-3)**

- We adjusted the Transparency Hotline Investigation Protocol, incorporating guidelines to guarantee the right of defense and due process.
- During 2018, 159 complaints were handled, 62 pertained to communities, 50 to labor relations and 47 to private corruption. From the investigation of these complaints, four private corruption cases against the company were identified and the commercial or labor relations with those reported were terminated.

The complaints addressed did not represent significant risks for the company and, as a result, improvements were made in internal procedures to strengthen the internal control system.



Your commitment to **integrity and transparency** strengthens the business ethics and **compliance** culture in our company.



We invite you to take the **Comprometidos virtual course**, available in **EDUCA**, to deepen your knowledge of the **Code of Business Conduct**.



Global Governance and Compliance Program

We continue to implement this program in the three regions and strengthen the culture of ethics and transparency among our employees and contractors. In 2018:

- We updated the Code of Business Conduct as a guide for action of the Argos Business Group.
- We developed the Anti-corruption Policy and made progress in the construction of a protocol on relations with authorities.
- We created the Supplier Code of Conduct as a guide for sustainable action for the members of our value chain.
- We built the Manual of the Global Governance and Compliance Program.
- An independent third party audited the Global Governance and Compliance Program, identifying important advances in its implementation.
- We implemented the Comprometidos campaign to strengthen the culture of ethics and transparency through communication tactics, pieces and actions.
- We developed the Counterparty Due Diligence Procedure and are progressing in the automation of the associated controls.

GRI (205-2)

We strengthened the ethical culture through the program Committed, in which we trained 5,631 employees and 140 suppliers.

GRI (103-2)

MAIN CHALLENGES

Short Term

- Continue implementing the Comprometidos campaign.
- Strengthen the controls for the prevention of money laundering and terrorism financing.
- Document guidelines for the relationship with the public sector.
- Update the SAGRLAFT Manual.

Medium Term

- Update the compliance risk matrices in all operations.
- Train the teams with the greatest exposure to risks of corruption, money laundering and terrorism financing.
- Strengthen controls for the prevention of risks of fraud and anti-competitive practices.
- Consolidate the Transparency Hotline in the three regions.

Long Term

- Continue advancing in the automation of the controls for the prevision of risks of fraud, money laundering and terrorism financing.
- Create the indicators for the Global Governance and Compliance Program.

SDG



GRI (103-1)

- Suppliers
- Customers
- Argos
- Society

Strategic Sustainability Pillars



Relationships of Trust



Responsible Production



Business Profitability



Shared Values

On the Web



Scan to know more.

OUR COMMITMENT TO HUMAN RIGHTS

HUMAN RIGHTS

At Argos we are committed to the respect and promotion of human rights, encouraging the coherence between business actions and the spirit of the International Bill of Human Rights, the principles and fundamental rights established in the International Labor Organization Declaration and in accordance with the applicable laws in the countries and territories where we have a presence.



Beneficiary of social projects (Honduras)

VALUE ADDED

To Society

GRI (103-1) By implementing due diligence processes in human rights, we identify and mitigate risk situations that can affect our stakeholders.

To the Company

GRI (103-1) The correct management of human rights risks with regard to stakeholders helps our company to act in a trustworthy manner and create sustainable value.

HOW IS IT MANAGED?

GRI (103-2) The Human Rights Policy provides the guidelines to manage this issue.

We act through a process that includes the training of our employees, giving them the essential tools for the identification and management of risks associated to human rights. We complement the above with a human rights risk assessment model, which

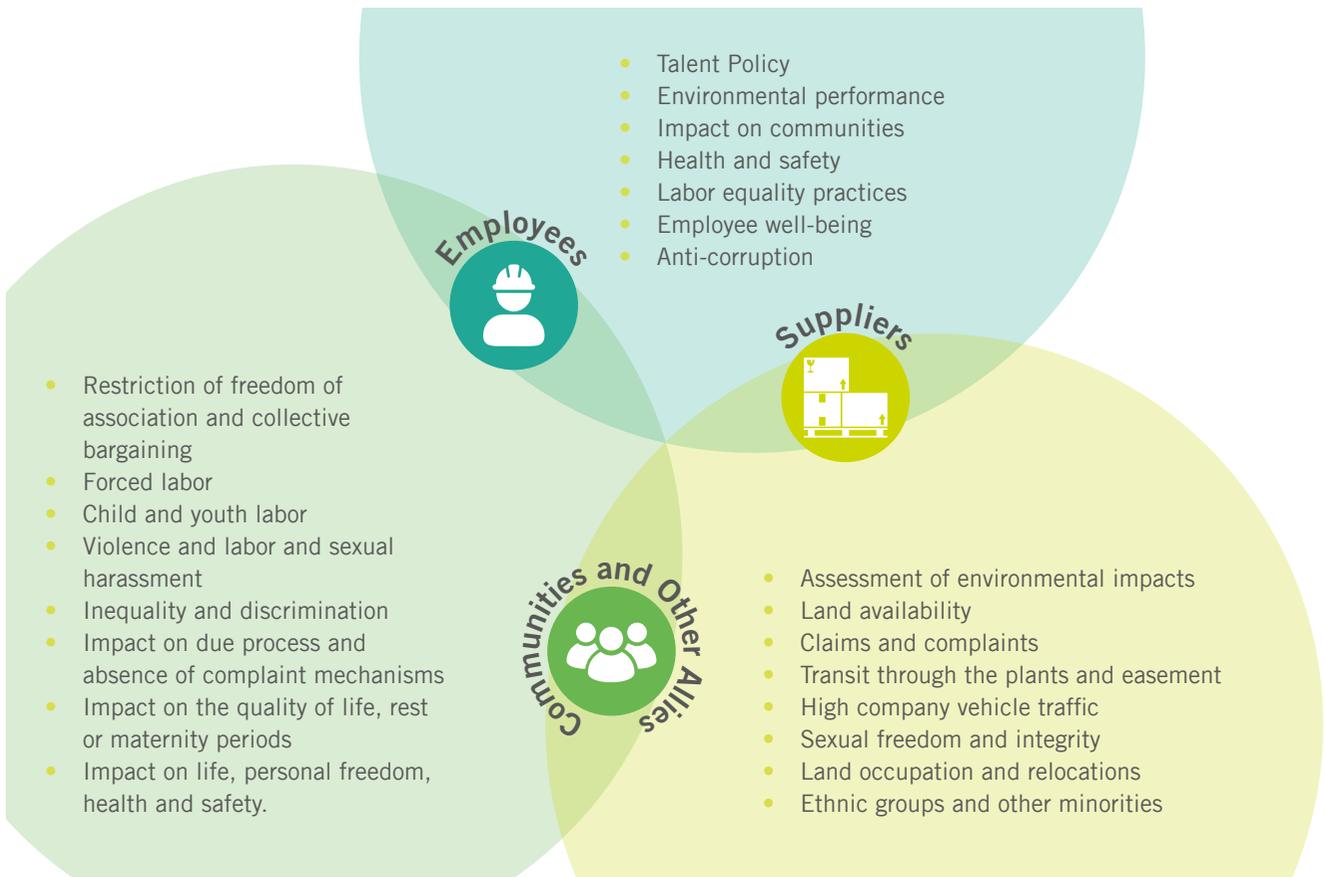
measures the level of risk to which the stakeholders are exposed.

We also have a due diligence process, where we identify and monitor the possible risks associated with child and forced labor. This tool also helps us follow up on the Sustainable Development Goal 8, which is related to decent work.

We identify and mitigate risk situations that can affect our stakeholders.

COMMITMENT TO HUMAN RIGHTS

Through the risk-based assessment model, we seek to know the level of vulnerable human rights to which each of the following stakeholders are exposed.



2018 PERFORMANCE GRI (103-1) (103-2)

In line with our commitment and the search to improve our working mechanisms around human rights, we advanced the design and updating of tools that allow us to address the issue from different fronts, understanding the training of our stakeholders as the starting point towards the creation of culture, going through the identification of risks as a control and prevention method, and strengthening our Transparency Hotline as a measure of response and communication therewith.

Training

We launched the human rights virtual course, completed by 2,926 employees and of mandatory compliance in the induction process. We also updated the conduct virtual course where this topic is also addressed. It was completed by 5,631 employees.

Risk Identification

Based on the risks identified in our assessment model, strategies were designed to mitigate and repair them. That is why we have programs that we have been consolidating for some years, such as I Promise, which promotes the creation of a culture around occupational safety and health.

Transparency Hotline

The use of this Hotline was strengthened (see page 60) and 268 cases were received during the period reported, with a 59 percent response rate.

SDG



GRI (103-1)

- ✓ Suppliers
- ✓ Customers
- ✓ Argos
- ✓ Society

Strategic Sustainability Pillars



On the Web



ALLIES IN THE BUILDING OF DREAMS

LICENSE FROM SOCIETY TO THE INDUSTRY

At Argos, we are convinced that cement and concrete are strategic materials for sustainable development, since they contribute to the construction of cities that respond to environmental challenges, infrastructure that contributes to the revitalization of the economy and projects that strengthen the industrialization and interconnection of the regions.

That is why, as a company, we continually challenge ourselves to better understand the markets in which we operate and the needs of our customers, in order to design innovative and efficient solutions. We work to continue being the best ally of society through the adoption of best practices, the constant innovation of our products and processes, and transparency in acting.

We are convinced that cement and concrete are strategic materials for sustainable development.

VALUE ADDED

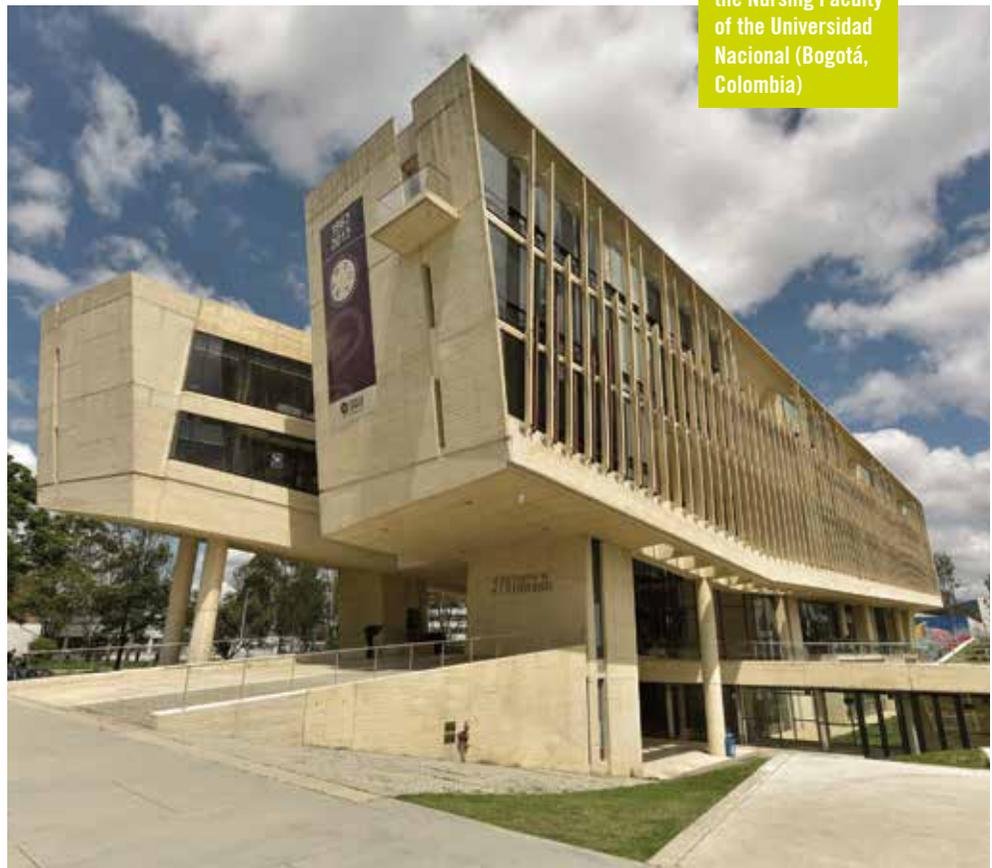
To Society

GRI (103-1) We respond in a sustainable way to the growing demand for urbanization and infrastructure, improving the quality of life for people, opening new markets, interconnecting regions and participating in industrialization and modernization processes.

To the Company

GRI (103-1) We build relationships of trust based on the generation of value propositions that respond to the needs of our markets and customers, in order to position ourselves as a strategic ally and a solid and competitive player in the construction industry.

Ochre concrete in the Nursing Faculty of the Universidad Nacional (Bogotá, Colombia)



HOW IS IT MANAGED? GRI (103-2)

Together with our customers of cement and concrete, we contribute to:

111

megaprojects in which we participated during 2018



WE ARE ALLIES IN THE CONSTRUCTION OF CITIES



For everyone



Interconnected



Smart

THAT BOOST DEVELOPMENT AND TRANSFORM LIVES



Prefabricated concrete beams were used for the construction of the underground stations in order to accelerate the construction of the station caissons

METRO DE PANAMÁ
LINE 1

15.8 KM

Total length of the work

14

stations, 8 underground and 6 above ground.

Interconnected Cities

GRI (103-2) (103-3) (203-1) (A-LS3) We create innovative solutions that respond to the needs of the modern world. These challenges that allow us to interconnect the regions, boost the productivity of rural areas and open borders to facilitate logistics and trade. During 2018, we participated in 111 megaprojects, including transport networks, public services, social facilities for the community, hospitals, mobility systems and road corridors, among others.

We work around the world together with other companies in the industry through initiatives such as the Global Cement and Concrete Association (GCCA), whose objective is to represent a consolidated sector that works under ethical principles and with the commitment of contributing to the construction of a sustainable future.

Smart Cities

We are aware that accelerated urbanization anticipates great needs around the assurance of adequate infrastructure so that the urbanization is environmentally responsible and capable of reducing the risks associated with natural disasters. In response to this, we work to present easily accessible solutions to the market, with a low impact on their production and a high opportunity for efficiency in their use.

Additionally, we reinvented and modernized our production processes, in order to mitigate environmental impacts. During 2018, we achieved the substitution of 9.8 percent of our raw materials in cement, 16.3 percent in concrete and 5.1 percent in alternative fuels.

In terms of CO₂ emissions, we continue to work with the LCTPi (Low Carbon Technology Partnership initiative) to reduce our impact and to emit a

maximum of 544kg of CO₂ per ton of cementitious material by 2025.*

In 2018, 92 percent of the company's revenues came from products that can be used for recognized credits in sustainable building design and construction certificates that have been externally developed; we delivered 511,734 m³ of concrete and 708,482 tons of cement from these sustainable products.**

Likewise, we work to offer our customers a product of high durability, capable of withstanding extreme weather conditions such as hurricanes, earthquakes, fires and floods, among others. We are aware of the imminent increase in natural disasters whose impacts are increasingly devastating; therefore, we focus on offering a strategic solution for the reconstruction of affected areas and housing improvement plans for areas of high vulnerability.



Argos has always supported us in all the advances of my company."

Nancy Piñeros,
customer of the massive business,
La Esmeralda Hardware Store
(Cali, Colombia)

* For more information about our management for the mitigation of climate change, see page 86.

** For more information about our sustainable construction strategy, see page 68.

Cities for All

We know that the transformation of the present arises from the work and opportunities that we can benefit from together. For this reason, we actively contribute to the generation of employment, the development of local markets and the access to education, health and decent housing.

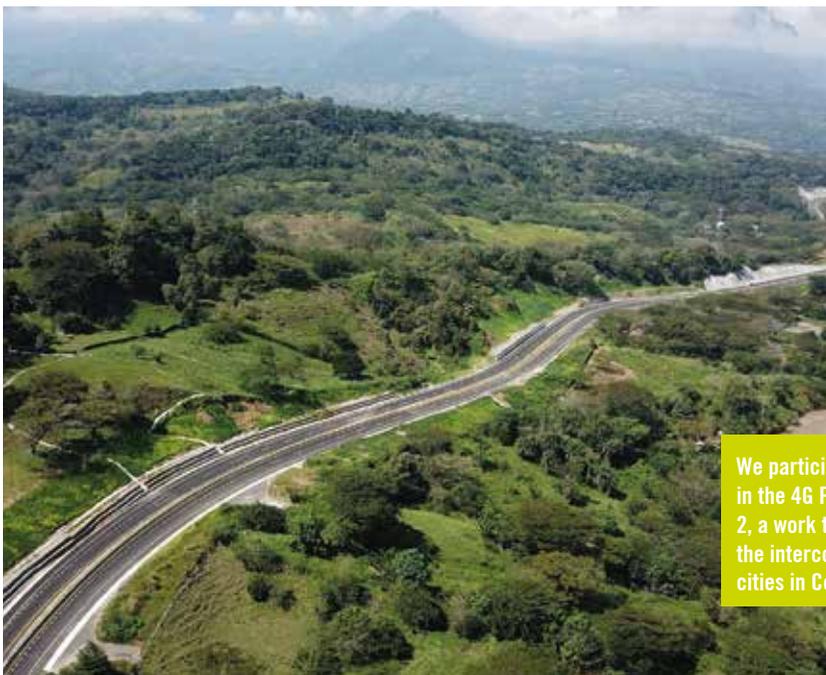
Through the processes of production, transport, logistics and commercialization, we contribute to the generation of employment and the strengthening of local suppliers, which opens up new development opportunities for the regions. Our commitment to ensuring decent employment conditions, fair wages and empowerment of the value chain generates a multiplier effect that energizes the markets. **GRI (204-1)** During 2018, we acquired 90 percent of products and services from local suppliers.*

Likewise, we are committed to finding alternatives that make viable the offer of low-cost, high-quality housing and respond to the needs and

expectations of individuals, consequently contributing to the construction of communities. Therefore, we work on the research of the specific needs of this market, from the perspective of users, builders and experts, in order to understand how we can strategically and efficiently respond to the challenges posed by housing and habitat construction.

Likewise, we promote the construction of infrastructure and programs of access to housing, aimed at improving the quality of life of the communities in the areas where we operate.

(A-LS1) Finally, with the objective of measuring the progress toward our goal of creating value, we developed a tool in 2016 to actively assess and manage the externalities related to our operation. During 2018, this exercise allowed us to identify that the net value we delivered to society was of USD \$787.6 million, that is, 3.23 times the value retained.



We participated as suppliers in the 4G Project, Pacifico 2, a work that contributes to the interconnection of the cities in Colombia

2018 GOAL TRACKING **GRI (103-3)**

● Achieved ● In progress ● Not achieved

- We updated our Value Added Statement to Society to have a clear and current picture of what we take from and deliver to the environment.
- We conducted implementation exercises for our impact assessment. Specifically, we finished the quantification of risks related to water.

UPCOMING CHALLENGES



Raise awareness of the importance of our products as basic inputs in the construction of durable infrastructure and housing.



Sensitize the stakeholders and society about the impacts associated with the production of construction materials and the actions of the industry to guarantee a responsible production.



Aim toward the transparency of the industry through the disclosure, quantification and assessment of impacts before all the stakeholders.



Increase the scope of the exercises of quantification and assessment of externalities, identifying opportunities for the creation of value for society in the supply chain and in our products.



Actively participate in discussions on emerging sustainability issues at the industry level, promoting the adoption of best practices and the acquisition of commitments.

* For more information about our talent and supplier management, see pages 98 and 107.

SDG



GRI (103-1)

- Suppliers
- Customers
- Argos
- Society

Strategic Sustainability Pillars



Relationships of Trust



Responsible Production



Business Profitability



Shared Values

On the Web



Scan to consult the details of this issue.

RESPONSIBLE AND CUSTOMIZED SOLUTIONS

SUSTAINABLE CONSTRUCTION

Motivated by our higher purpose, we contribute to sustainable construction every day. This is the smart practice of building cities and infrastructure that are durable, resilient and have a low environmental impact, thus contributing to the improvement of the quality of life of their inhabitants.



For the Facebook Data Center, we developed a special concrete mixture with an addition of glass pozzolan to contribute to its great environmental and sustainable interest

VALUE ADDED

To Society

GRI (103-1) Each of the products we develop in Argos contributes to the strengthening of sustainable construction, allowing for better places for people.

To the Company

GRI (103-1) Through our active participation in relevant areas of the industry, we know first-hand what happens in the world and we take advantage of this knowledge in favor of our customers. Through research and the development of better solutions, we manage to stay current over time.

HOW IS IT MANAGED?

GRI (103-2) Through the Sustainable Construction work line of our Environmental Strategy, we leverage life-cycle thinking and work to be agents of change and to influence other stakeholders so that this movement grows.

Through innovation, we develop specialized cements and concretes to solve constructive challenges with extraordinary solutions. Through the technical advisory team, we work with customers to bring our best proposal to each of their projects and accompany the appropriate solution to solve their needs.



The Gabriel García Márquez Educational Institution, in Yumbo, Colombia, received the LEED® Gold certification and became the first public school in Colombia to obtain it

According to the Global Cement and Concrete Association, sustainable construction is a strategic reality faced by the construction sector. In 2018, more than 5,600 projects were certified under the LEED® system in the markets where we have a presence.

2018 PERFORMANCE GRI (103-2) (103-3) (A-CS1)

- We obtained revenues of more than USD \$147 million for products with sustainability properties.
- We delivered these products to multiple projects, of which we highlight: the Gabriel García Márquez Educational Institution (Yumbo, Colombia) and the Facebook Data Center (United States), where we were chosen to deliver more than 250,000 cubic yards in phase 1 of the project seeking LEED® certification.
- We developed the guide to perform life cycle analyses of our cements and concretes. The implementation of the guide will allow delivering information about the environmental impacts thereof through environmental claims and self-declared claims of the product.
- We became members of the Colombia Green Building Council through Grupo Argos and we continue to be members of the USGBC of the Panama Green Building Council.

CEMENTS AND CONCRETES WITH SUSTAINABILITY PROPERTIES

Microcement that uses injections in the construction of tunnels to avoid the loss of natural water from mountains.

High performance and ultra high performance concretes that allow creating more durable civil projects and reducing construction costs.

Our products with sustainability properties create better places for people.

Cement for masonry use

Dry mortar

USD **147M+**

were our revenues in 2018 for products with sustainability properties.

We design customized solutions. Through technical advisory teams, we work with our customers to bring the best proposal to each of their projects and accompany the appropriate solution to solve their needs.



Permeable concrete that allows the passage of water, recreating its natural cycle and facilitating its storage and subsequent reuse.

Cement for soil stabilization that allows re-covering tertiary roads using soil cement technology.

Paving concrete that helps guarantee the best conditions for vehicular and pedestrian traffic.

Durable low permeability concrete that resists aggressive environments.

2018 GOAL TRACKING GRI (103-3)

● Achieved ● In progress ● Not achieved

● We trained technical advisors and the commercial team in matters of sustainable construction and how our products contribute thereto.

2025 GOAL GRI (103-2)

We will obtain revenues of USD \$400 million for our products with sustainability properties.

UPCOMING CHALLENGE GRI (103-2)

Identify and design solutions focused on the generation of decent housing for low-income people.

SDG



GRI (103-1)

- ✓ Suppliers
- ✓ Customers
- ✓ Argos
- ✓ Society

Strategic Sustainability Pillars



Relationships of Trust



Responsible Production



Business Profitability



Shared Values

On the Web



Scan to consult the details of this issue.

EXTRAORDINARY SOLUTIONS FROM INNOVATION

INNOVATION IN THE BUSINESS MODEL

With our focus on innovation, we not only create value for and delight our stakeholders, but also make the corporate strategy and the higher purpose a reality through the profitability of new business models, products and services and the sustainability that an innovative portfolio provides.

VALUE ADDED

To Society

GRI (103-1) We promote the development of high standards and the use of innovative products in the construction industry, maximizing the value delivered to society, satisfying its needs and increasing the productivity of the industry.

Likewise, we boost the innovation ecosystem of the regions where we operate, making alliances with other companies and guilds, promoting innovation in our customers and creating capacities in our suppliers so they can develop innovation systems in their own companies.

To the Company

GRI (103-1) Innovation is the principle with which we maintain our competitive advantage and strengthen the value perceived by customers, shareholders and employees. This permeates all the regions and operations, allowing the processes to achieve leadership in costs, new business models and a more sustainable value proposal. In addition, as an organizational capacity, it fosters the pillars of the company's culture.



Pigments for the development of colored concrete

HOW IS IT MANAGED?

GRI (103-2) In order to make innovation a reality, generate results and develop all the capabilities necessary in the company, we address innovation from five action mechanisms. Additionally, to focus and align innovation to the strategy, we have defined four axes as a guiding framework for the generation of new ideas, projects and innovative solutions.

Strategic Axes



Delight our customers.



Expand the frontiers of our business model.



Respect our world.



Efficiency of our business.

Finally, we encourage and permeate innovation throughout the entire company with the Ideaxion innovation system, which enables the generation, validation and implementation of ideas from any person, anywhere in the organization, generating value for Argos and its customers.

Action Mechanisms



Investigation and Development

Innovation from applied technology and research.



New Businesses

Corporate entrepreneurship and new sources of income.



Innovation Management

Promoting innovation as an organizational competence.



Go to Market

Innovative commercial and marketing strategies.



Alternative Resources

Novel approach to sources of raw materials and fuels.



“Argos ONE is a very simple tool to use; it is very manageable, contains the information that one requires with regard to orders, and it makes the work requirements on site much easier.”

Guillermo Espinosa,
Chilibre Project (Panama)

2018 PERFORMANCE GRI (103-2) (103-3)

We faced great challenges around innovation last year, yet still achieved incredible results and recognitions within this framework. One of them was being highlighted by the ANDI and Dinero magazine as the most innovative company in Colombia, outranking 329 other companies.

This recognition is due to the conditions provided, the capacities developed and the results achieved. Some of the distinguished practices are:

12

patents obtained

115

new product references launched to the Colombian market

6%

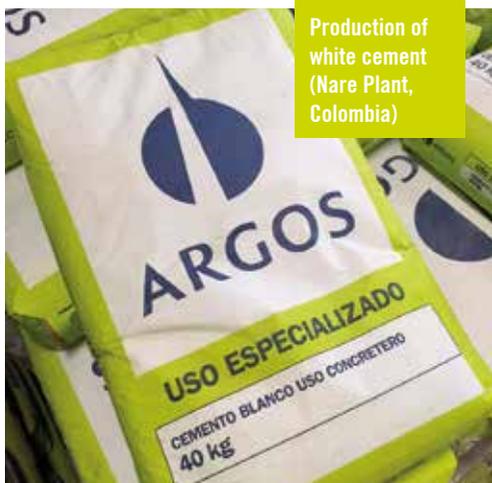
is the approximate in investment in science, technology and innovation activities

4

intrapreneurships that are generating new revenues

30%+

of company revenues are the result of innovation



Production of white cement (Nare Plant, Colombia)

Some of the Innovative Initiatives

NEW BUSINESSES, EXPANSION OF OUR FRONTIERS

We have developed ventures from outside and inside the company. In 2018, sales were achieved through these new sources of income for USD \$71 million and are expected to grow 31 percent by 2019.

- **Argos White:** Production and commercialization of white cement and other value-added products. In 2018, this business model was consolidated and two new specialized products were developed.

- **Greco:** Commercialization of recycled aggregates from the use of construction and demolition waste. In 2018, Greco began its commercial operation and was able to avoid the disposal in dumps of close to 100,000 tons of waste, which is equal to the mining exploitation of 70,000 tons of construction materials.



Greco Plant
(Colombia)



Caltek Plant
(Colombia)

- **Caltek:** Production and commercialization of high purity lime in Colombia. In 2018, the sale of pulverized quicklime began, hydrated lime for general use was developed and launched, and lime for soil stabilization continued its growth path in sales.



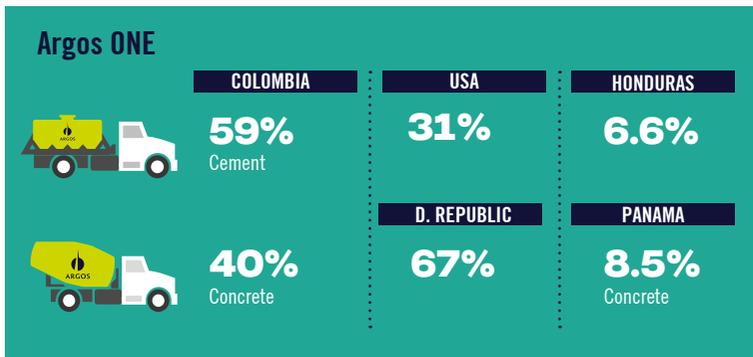
We introduced
recycled aggregates to
the Colombian market

- **Argos Aggregates:** With a focus on the formalization of the aggregates sector, we began the commercialization of bagged aggregates. This initiative allows us to assure stakeholders that we are counting on a more sustainable construction by using quality materials that come from a productive chain and that respect every detail of the mining cycles, thus taking care of the environment and the communities surrounding the operation.

INNOVATIONS FOR THE PRODUCTIVITY OF THE INDUSTRY

- To date, our customers in Colombia can choose between 10 different types of cement and 13 types of concrete, including valuable and high-technology products, from which we achieved an increase in sales of 13 percent.
- We introduced a new bag of cement to the markets of San Vicente, Santa Lucía and British Guyana, which makes its disposal easier for our customers. Smart Pack is a bag that disintegrates during the concrete mixing process and prevents the generation of waste.
- We launched to the Colombian market the line of dry mortars ready for use and with strictly controlled formulations, offering gains in productivity and quality to our customers.
- At the Universidad Nacional of Manizales, Colombia, we achieved the materialization of a new prefabricated bridge in advanced concrete. With this project, the university achieved a saving of 20 percent compared to the initial budget, among other reasons, due to the short duration of just one week for the assembly.
- We continued our optimization process of concrete designs through the incorporation of new raw materials and formulation methodologies. In 2018, the savings totaled 6.56 billion pesos.
- We extended the On Site Plant model to seven industrial customers in Colombia. Under this model, we produce the concrete that the project requires, guaranteeing sustainability, quality and timeliness in the delivery.
- We obtained an increase in sales of 36 percent in the portfolio of valuable products in the United States, for both the cement and concrete businesses.

- We consolidated Argos ONE as the digital platform for the relationship with our customers. This allows them to make, consult and pay for their orders from any place and at any time, in an easy, quick and safe manner, as well as schedule dispatches, schedule deliveries according to their needs, track them in real time, access information of critical variables, like the quality of the concrete, and check account statements and invoices. Additionally, we enabled the online creation of new customers to facilitate access to our products and digital channels.



ARGOS VENTURES TO EXPAND THE VISION OF OUR INDUSTRY

Argos ONE is a program that was deployed together with Grupo Argos to detect and invest in transformational options for the business, which will allow us to:

- Develop or adopt new business models that directly impact the construction industry.
- Develop new capacities and criteria to create growth opportunities.
- Extend the vision of our industry.

In 2018, a first portfolio investment was made in a technology company that provides solutions to increase the productivity of different processes of the value chain of the construction industry.

INNOVATIONS THAT CREATE SUSTAINABLE VALUE

- In 2018, we made progress in the construction of the plant for the capture of CO₂ with microalgae at the Cartagena Plant. We developed this project together with the Chilean company Clean Energy, the Universidad de Antioquia, Universidad Eafit and the support of RutaN.
- In a year full of challenges from the logistics chains, we achieved a total thermal substitution of 5.1 percent in all our operations, which means that more than 75,000 tons of waste were used and their disposal in landfills was avoided. Additionally, with the entry of the alternative fuels management system in Cartagena, we tripled our capacity to co-process materials in the Colombia Region.



Capture of CO₂ with microalgae (Colombia)

UPCOMING CHALLENGES GRI (103-2)

- Replicate the Argos White business model for specialized products in the United States.
- Stimulate the market of recycled materials for construction through the expansion of the participation and coverage of Greco in Bogotá and other cities.
- Advance the development of technology that allows transforming CO₂ into fuels, in order to transform this environmental liability into a business opportunity.
- Develop and incorporate the innovation culture in all the territories where we have a presence.
- Strengthen the portfolio and increase the sales of specialized and high-technology products.

ARGOS CONNECT KEEPS US TOGETHER

In our operations in the United States, mixer truck drivers represent close to 50 percent of all employees and are a key part of the concrete business in this country. The particularities of job independence, added to the variability of the working hours characteristic of this type of work, have caused the turnover of this personnel group to be high, which represents the great challenge of prolonging their permanence and making our drivers feel more connected to the company, its culture and their co-workers.

Taking this scenario into account, the Human Resources team of the USA Region, together with the Corporate Talent Management, presented, through the Ideaxion internal innovation platform, Argos Connect, a mobile application as an alternative means of communication that offers them the opportunity to access valuable information about the company, their benefits, promotion and monitoring of their bonuses, as well as the opportunity to share their ideas with the rest of the organization. The project was launched as a pilot test in October 2018 in Georgia, and is expected to be taken to the other states of this region during the first semester of 2019.

IN SUMMARY

The application allows mixer truck drivers to access updated information about the company, check their benefits, the performance of their bonuses and share their ideas through the Ideaxion platform.



Wayne Cooper,
concrete delivery professional
(Georgia, United States)



I like to see news about Argos and what is happening in the market in Georgia, as well as stories from other areas where we operate. I also really like that it is easy to access all the information I need, like my benefits and payroll information in one place. This is a great tool for our team!"

BONUSES

HERE'S WHAT YOU'LL SCORE BY REFERRING OTHER DRIVERS.
Download the Argos CONNECT app today, so you can get in the game!

60 DAYS REFERRAL = \$500	1 YEAR REFERRAL = \$500
--------------------------	-------------------------

* Referral bonuses for referring employees.

On Android: [Google play](https://play.google.com/store/apps/details?id=com.argosconnect)

On iOS: [Follow the QR code or download on https://connect.argos-us.com/download](https://connect.argos-us.com/download)

SDG



GRI (103-1)

- Suppliers
- Customers
- Argos
- Society

Strategic Sustainability Pillars



Relationships of Trust



Responsible Production



Business Profitability



Shared Values

On the Web



(A-1M2) (A-1M3)
Scan to consult the details of this issue.

ALLIES OF OUR CUSTOMERS

BRAND MANAGEMENT



Commercial advisor and Luis Carlos Vergel, customer of the industrial business (Cali, Colombia)

For some years, the cement industry has experienced a greater competitive intensity, which represents new and challenging market conditions for the established players. In this context, responding to the requirements of our customers, strengthening their loyalty and boosting financial results puts our ability to innovate to the test, since it requires a business model that delivers an exceptional value proposition, always guaranteeing a commitment to sustainability in the entire life cycle of the product offered.

Given the above, our brand must evolve to effectively communicate the value proposition and to continue being relevant to our customers. The path we have chosen for this new positioning stage involves being the best ally to our customers and supporting them by our expertise in building their dreams. This is not only something that is already recognized today, but also a differentiated space in the category from the point of view of positioning.

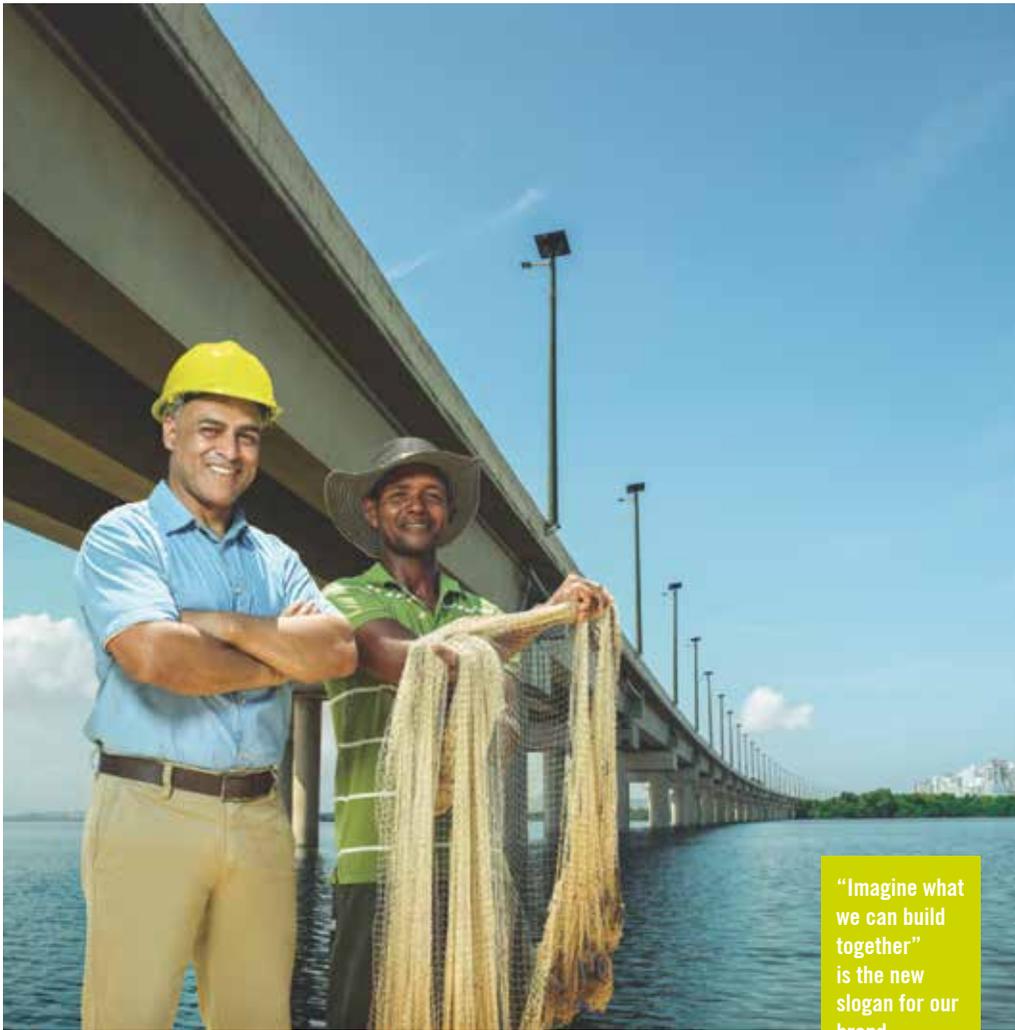
VALUE ADDED

To Society

GRI (103-1) By delivering extraordinary solutions that strengthen the productivity of customers, we contribute to mobilize the economy, build safer environments and positively impact the development of the communities in which we operate. This is how we fulfill our higher purpose.

To the Company

GRI (103-1) Our business model aims at being profitable to continue growing and creating value in the economic, environmental and social aspects. Sustaining long-lasting relationships with our customers requires us to be at the forefront and transform the models to be more efficient and assertive in the delivery of our value proposition.



“Imagine what we can build together” is the new slogan for our brand



Argos has been a great ally of St. Maarten Concrete through the years. Thanks to its support, we have had very good results and are ready to continue participating in more projects together.”

Franklin David,
St. Maarten Concrete CEO
(Saint Martin, Eastern Caribbean)

“We deliver extraordinary solutions to our customers” has consolidated as one of the pillars of the corporate culture.

HOW IS IT MANAGED?

GRI (103-2) Our presence in 15 countries and territories requires us to position ourselves in the market and build long-term relationships. This is why we have laid the foundations for the evolution of our brand through new guidelines for its implementation in a coherent and impacting way. Under the slogan “Imagine what we can build together,” we seek to implement a new visual system that revitalizes the brand both in the eyes of customers and our stakeholders.

The digital transformation as a vehicle to enhance customer experience and as a catalyst for the efficiency of internal processes requires us to be continuously evolving and demands new ways of working, high standards of quality, service and customer orientation. For this reason, we have developed integrated, simple, fast and customized solutions, in order to strengthen the current digital channel and offer greater comfort, ease and productivity to our users.

2018 PERFORMANCE **GRI (103-2) (103-3)**

- We implemented Argos ONE (see page 75).
- We began tests with Sara, our virtual assistant, with which customers can interact 24 hours a day and ask everything they need about our product and service portfolio. This makes us the first cement company to offer this service in Colombia.
- We defined new guidelines for the updating of the web portals of each of the countries where we have presence.

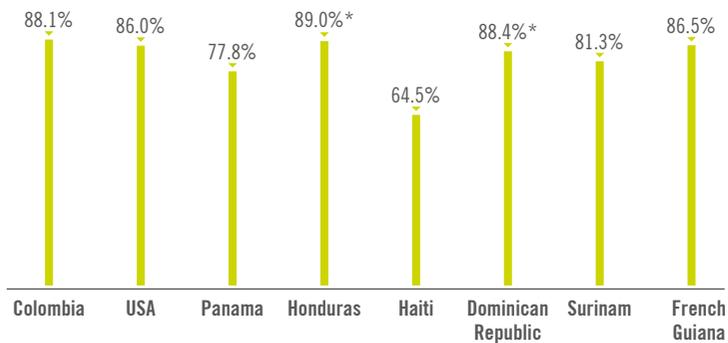
We want these to become the main gateway to establish close relationships with our customers, based on the offer of relevant information, and the access to transactional and customer service platforms.

- We expanded the frontiers of the customer relationship management (CRM) tool, deploying it in the three regions, with the support of Salesforce, a cloud-based solution that allows our sales force to have a 360° view

of the customer, its management and the business. It also allows the mass communication with customers from desktop or mobile devices, tracking through social networks, and the follow-up and proper classification of projects.

- We formalized the habit of field visits, where the directors of the Design and Service areas, with the support of the Commercial area, seek to be in permanent contact with customers, capturing perceptions that allow us to understand their needs and deliver proposals that contribute to their productivity and the success of their business.
- We reviewed our customer segmentation and value proposition in each of the countries; likewise, we are in the process of closing the gaps in systems that allow us to deliver in a more consistent and powerful way.

Customer Satisfaction Index (A-IM1)



86.0%*

Consolidated Satisfaction Index



Scan to know the WAR (Wallet Allocation Rule) and Equity indicators.



Argos ONE

*Corrected data regarding the first version

2018 GOAL TRACKING (GRI 103-3)

● Achieved ● In progress ● Not achieved

- We will implement new marketing metrics and establish future baselines and goals.
- We will strengthen our existing digital channels and create new ones in the countries that require them.

2019 GOALS (GRI 103-2)

We will deploy new positioning and brand management guidelines in the 15 countries where we operate.

2020 GOALS (GRI 103-2)

We will turn data analytics into a primary tool for the making of marketing decisions.

We will materialize our technical support capacity for clients in the main geographies through digital platforms.

UPCOMING CHALLENGES (GRI 103-2)

- 
 Deploy the brand refresh in terms of positioning and visual system in the different countries.
- 
 Enhance the efficiency and effectiveness of our marketing activities to ensure that we leverage the local strategy under the global guidelines.
- 
 Replicate the competencies in technical advisory through digital tools to expand this capacity.
- 
 Exploit the potential of data analytics to optimize the different aspects of our customer experience management.

SDG



GRI (103-1)

- Suppliers
- Customers
- Argos
- Society

Strategic Sustainability Pillars



On the Web



GRI (302-1) (302-4)

WE MANAGE ENERGY IN A SMART WAY

ENERGY MANAGEMENT MODEL

For Argos, it is fundamental to manage the risks arising from our energy needs, as well as to understand the responsibility and the meaning of appropriately capitalizing on the opportunities to supply it in the most innovative, sustainable and competitive way possible. These characteristics are key to comply with an Energy Policy that seeks to minimize energy consumption and implement an optimal fuels and renewable energies portfolio.

VALUE ADDED

To Society

GRI (103-1) At Argos, we offer low energy intensity solutions, allowing customers to reduce the environmental impacts in their projects. In the same way, we contribute to social and economic growth by promoting the use of renewable sources that respond to changes in the global energy matrix.

To the Company

GRI (103-1) Based on optimization models and the development of strategic tables with innovative supply schemes, we managed to reduce the costs of our energy sources and face the impacts generated by the volatility of the energy markets. In addition, we have transformed this into an opportunity to develop knowledge in our human capital and transmit this vision to our customers.

Use of solar energy in the Yumbo Plant (Colombia)



HOW IS IT MANAGED?

GRI (103-2) We have an Energy Policy that provides the guidelines to respond to the needs of our operations in terms of electricity and fuels. Through this we commit to: **minimizing the energy intensity of our operations, with emphasis on the stability of costs, quality and supply at a reasonable risk, supporting our production demands in a sustainable and innovative way, being consistent with the commitments made to our stakeholders and maximizing the value for our shareholders.**

The previous statement establishes four main approaches for its development: **efficiency, assurance, sustainability and knowledge.**

GRI (302-1) Learn about the indicators associated to this issue on page 150.



Solar farm rendering in the Comayagua Plant (Honduras)

The Comayagua solar farm will have a 10 MW capacity to supply up to 22 percent of the operation.

2018 PERFORMANCE GRI (103-2) (103-3)

- We optimized processes and avoided redundant energy consumption in our operations, thanks to the implementation of optimization strategies under the BEST model. We highlight the fuel inventory management at the Cartagena Plant, which allowed us to save up to 33 percent, compared to market prices.
- We developed and implemented cement manufacturing processes with new raw materials, such as mineralization and the increase of pozzolanic activity material. In Honduras, this has allowed the reduction of energy consumption by up to 10 percent (see success case on page 82).
- We completed the construction of a new line of thermal activation of clays in the Colombia Region that will allow the development of new types of cement with low energy consumption and an expected savings in heat consumption of up to 12 percent in the manufacture of clinker (see calcined clays on page 89).
- Thanks to the teamwork with the energy company Celsia, we obtained all the authorizations for the implementation of the solar farm in Comayagua, which will have a 10 MW capacity, to supply up to 22 percent of the electricity demand of the cement operation.
- In the cement business, we achieved an 8 percent advance in our heat consumption goal of 2025. This was favored by the integration of more efficient operations, as in the case of the Martinsburg Plant in West Virginia.

Heat Consumption

Heat consumption had a variation mainly associated to the deviations in the efficiency of the operations of the Caribbean and Central America Region, and the difficulties of fuel supply in the Colombia Region, a result of the turbulence in the local markets that were coupled to the international demand. These situations are being analyzed with the purpose of modifying the trend.

2013 Base	2015	2016	2017	2018
941	925	901	852	868

Electricity Consumption

Electricity consumption decreased thanks to the results of management from the specialized tables of addition in the cement grinding of the Colombia Region and to the implementation of excellency models in quality control in the operations of the USA Region. We continue to make progress in this regard.

2013 Base	2015	2016	2017	2018
116	111	113	126	125

2018 GOAL TRACKING GRI (103-3)

● Achieved ● In progress ● Not achieved

- We will decrease the heat consumption by 3 percent with respect to 2017.
- We will decrease the electricity consumption by 3 percent with respect to 2017.
- We will implement the solar farm in Honduras.

UPCOMING CHALLENGES GRI (103-2)



Reach the maximum level in efficiency and energy costs in our operations.



Increase electricity consumption from renewable energy sources, green energy and alternative energies.



Minimize the impacts of volatilities and the limited availability of fuel markets, derived from geopolitical dynamics, maintaining the competitiveness of our products.

2025 GOALS GRI (103-2)

We will decrease heat consumption by 10 percent and electricity consumption by 15 percent.

MINERALIZATION HONDURAS

The mineralization process in cement production has been studied for more than four decades as an environmental solution that allows reducing up to 7 percent of the associated CO₂ emissions, as well as reducing NO_x emissions. It also allows having a better use of the raw materials available, a lower heat load and an increase in the production of ovens and mills.

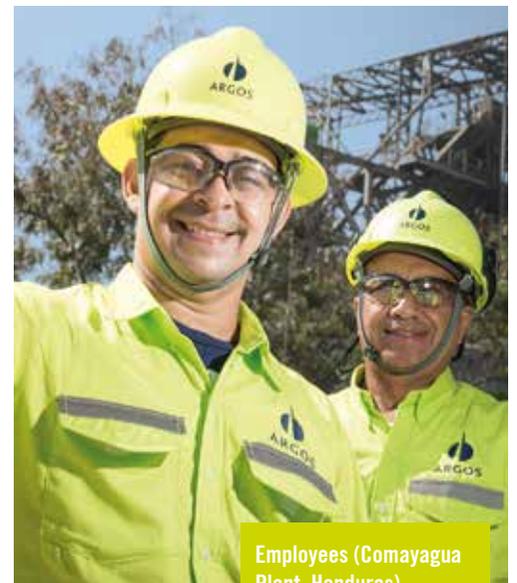
What is Mineralization?

It is the use of the so-called “mineralizing” or “fluxing” compounds, such as fluorite, in the clinkerization process; an example is the Portland cement production.

An Ally of the Environment

Additionally, it allows reducing heat and electricity consumption, as a result of the formation of phases or compounds, at a lower temperature and with a better grindability index. On the other hand, it increases the reactivity of said phases, which allows reducing the clinker/cement ratio. We implemented this initiative in Honduras in January 2018 and have obtained these important results:

- 4 percent decrease in clinker use in cement.
- Decrease of up to 10 percent in heat consumption in clinker production.
- Decrease of up to 12 percent in heat consumption in cement grinding.
- Increase in the aptitude of the clinkerization process for the consumption of low-quality fuels.



Employees (Comayagua Plant, Honduras)

FOR THE FUTURE

Analyze and implement this technique in other operations of the Colombia and United States regions.

SDG



GRI (103-1)

- Suppliers
- Customers
- Argos
- Society

Strategic Sustainability Pillars



On the Web



Scan to consult the details of this issue.

SUSTAINABLE ALTERNATIVES

CIRCULAR ECONOMY

Aware that our production processes are intensive in the use of raw materials and fossil fuels, we strive to efficiently use these materials and, in this way, contribute to the circular economy, thus reducing the exploitation of non-renewable natural resources and decreasing net CO₂ emissions. In addition, we focus on minimizing the final disposal of waste in landfills, through prevention, reduction, reuse or recycling.

9.8%

is the use of alternative raw materials, such as slag and fly ashes, in the cement production.

VALUE ADDED

To Society

GRI (103-1) Through the use of waste in our production processes, we contribute to the circular economy and we manage to reduce the environmental impacts generated by the exploitation of non-renewable natural resources, avoiding the disposal of this waste and reducing net CO₂ emissions.

Additionally, we establish collaborative links with authorities, companies and communities, providing a sustainable solution to the problem of inadequate waste disposal in our areas of influence, which generates a mutual benefit.

According to our VAS (page 42), the cost derived from the CO₂ emissions avoided through the substitution of fossil fuels and raw materials was estimated at USD \$26.6 million.

Use of soluble bag or Smart Pack (Guyana)



GRI (301-1) (306-2) (A-EC2) (A-EC3) (A-EC4) (A-ENE1)

Get to know the indicators associated to this issue in page 150.

To the Company

GRI (103-1) Through the material and energy recovery of industrial and residential waste, we managed to expand our raw materials and fuels portfolio, reducing the dependence on non-renewable natural resources and increasing the useful life of quarries. Additionally, by taking advantage of waste in our production processes, we contribute to achieving the goal of reducing specific net CO₂ emissions that we set for 2025.

HOW IS IT MANAGED?

GRI (103-2) Through the circular economy work line of our Environmental Strategy, we energetically recover waste such as tires, used oils and fuels derived from waste. We recover the mineral contents of alternative materials, such as slag and fly ashes, in the cement and concrete production and we seek the proper management of our waste through prevention, reduction, reuse or recycling.

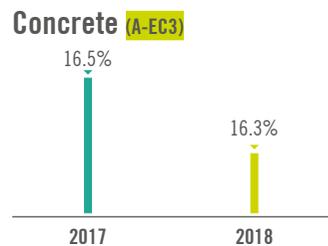
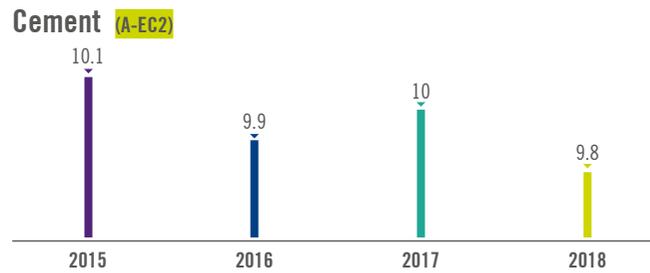
2018 PERFORMANCE

- **GRI (103-2) (103-3)** We continued with the sustained use of alternative fuels in the plants of Roberta, Harleyville, Newberry (United States), Comayagua (Honduras) and Rioclaro (Colombia).
- **[A-ENE1]** We managed to use more than 75,000 tons of waste for a heat substitution of 5.1 percent. Additionally, the alternative fuel system was commissioned at the Cartagena Plant, which is enabled to use different types of waste. With the above, the co-processing capacity of the Colombia Region was increased by 200 percent.
- **[A-EC2/ A-EC 3]** We achieved 9.8 percent in the use of alternative raw materials, such as slag and fly ashes in the cement production, and we advanced in the replacement of additional cementitious material in the concrete business, achieving 16.3 percent. In addition, we consumed 12,720 tons of recycled aggregates.
- We used 51 percent of the hazardous waste generated in 2018, through recovery, reuse and recycling, seeking to integrate these materials into new production cycles. Currently, we are working on reducing the percentage of waste disposal in landfills and have reduced 67 percent of non-hazardous waste disposed in sanitary landfills in 2017 to 54 percent in 2018.



Co-processing in the Cartagena Plant (Colombia)

Alternative Raw Matter Percentage



12,720

tons of recycled and consumed aggregates **[A-EC4]**

Substitution of Heat Consumption of Fossil Fuels with Alternative Fuels (%) - Cement **[A-ENE1]**



- We have concrete recycling systems in several of our concrete plants that allow us to recover and incorporate in our processes the stone material generated by returns or residues of concrete.
- In line with the above, in three concrete plants in the United States, thanks to the application of a product into the returned concrete, we can take advantage of this waste and turn it into a new alternative, to use it as a base for roads. Thus, we incorporate one more product to our offer without using additional resources.



“ Sacos Verdes has brought benefits such as better order and cleanliness practices, reduction of disease risks, reduction of environmental impacts by the disposal of waste in sanitary landfills and decrease in the cleaning rate.”

Marcela Arango,
Bienes & Bienes
(Medellín, Colombia)

- In the Colombia Region, through the Green Bags program, in which our cement bags are collected and recycled to be used as raw material in other industries such as fiber cement or cardboard, we have managed to recycle more than 4 million bags as of 2018, which amounts to saving 6,362 trees and saving 50,892 m3 of water (equal to 20 Olympic swimming pools).
- In three countries of the Caribbean and Central America Region, we launched

Smart Pack (see page 74), a cement bag that, without affecting the quality of the product, disintegrates completely in the concrete mixture, contributing some benefits in its application and avoiding the generation of waste to close, on site, the cycle of this product.

2018 GOAL TRACKING GRI (103-3)

● Achieved ● In progress ● Not achieved

- We completed the construction of the system for the co-processing of 60,000 tons per year of tires in the Cartagena Plant.
- We started using alternative fuels in the Cartagena Plant, Colombia.
- We will increase the use of alternative fuels in kiln two of the Rioclaro and Cartagena Plants.
- We will increase the use of alternative fuels in the company by 5 percent with respect to 2017.

2025 GOALS GRI (103-2)

We will achieve an 18 percent replacement of heat consumption from the use of alternative fuels.

We will achieve 15 percent in the use of alternative raw matter in the cement operations.

We will obtain 15 percent in the use of supplementary cementitious material.

In an accumulated manner, we will use 216,000 tons of recycled aggregates in the concrete operations.

UPCOMING CHALLENGES GRI (103-2)



Continue increasing the use of alternative fuels.



Access supply sources of waste and by-products, taking into account the limitations on regulatory issues in the countries where we operate.

SDG



GRI (103-1)

- Suppliers
- Customers
- Argos
- Society

Strategic Sustainability Pillars



Relationships of Trust



Responsible Production



Business Profitability



Shared Values

On the Web



GRI (201-2) (305-1) (305-2) (305-3) (305-4) (305-5)
Scan to consult the details of this issue.

WE CONTRIBUTE TO CLIMATE ACTION

CLIMATE CHANGE

We are aware of our responsibility to climate action from the productive sector, and, therefore, we assume this phenomenon as a challenge and an opportunity that promotes the competitiveness, growth and development of the organization. This reality has led us to take innovative and timely actions, aligned with the global climate ambition, which contribute to the sustainable and resilient growth of the company and society.

VALUE ADDED

To Society

GRI (103-1) Our initiatives to reduce CO₂ emissions, focused on the use of alternative fuels, the optimization of the clinker/cement factor and energy efficiency, as well as the efforts to generate innovative solutions and applications for the development of low carbon products, have allowed us to contribute to the challenges derived from climate change.

According to our VAS (see page 42), the cost derived from CO₂ emissions for society in 2018 was of USD \$309.4 million.

To the Company

GRI (103-1) Our strategy allows us to reduce the risks related to climate change, develop more efficient processes and generate new business opportunities through innovation in processes, products and solutions, ensuring competitiveness and permanence over time.



Harleyville Plant (United States)

HOW IS IT MANAGED?

GRI (103-2) The climate change line of work of our Environmental Strategy focuses on the **measurement of direct (scope 1) and indirect (scope 2 and 3) emissions of greenhouse gases (GHG), in the identification and development of mitigation measures for these emissions and in the definition of actions to adapt to the impacts of climate change.**

(305-1) (305-2) (305-3) (305-4) (A-EC1) Learn about the indicators associated to this issue in page 150.



Cement pipe that operates 100% on gas

2018 PERFORMANCE GRI (103-2) (102-3)

We continued developing initiatives for the mitigation of and adaptation to climate change. We also made progress in the implementation of measures that leverage the mitigation of CO₂ emissions: optimization of the clinker/cement factor; use of alternative fuels to replace conventional fuels (see page 83); improvements in the heat and electrical efficiency of the operations (see page 80); and continuation in the search for innovative low-carbon solutions (see page 72).

Some of the most important milestones are:

- We started the assembly of the first line of thermal activation of clays in the Rioclaro cement plant in, Colombia. Through this technology, it will be possible to obtain a material that will allow the reduction of CO₂ emissions through its use as a substitute for clinker in cement, to achieve replacements of more than 35 percent. (See success case on page 89).
- We have advanced in the sustainable mobility of the delivery of our cement and concrete products. We acquired hybrid mixer trucks in Bogotá, Colombia, and tractors that operate 100 percent on gas on the routes from Cartagena to Barranquilla and from Cajicá to Bogotá. The hybrid mixers have allowed a reduction of up to 52 percent in fuel consumption and, therefore, an emission of 53 tons of CO₂ has been avoided. The tractors have allowed an approximate reduction of 22 tons of CO₂.
- We implemented cement transport by train on the route from Sogamoso to Bogotá, transporting an average of 2,400 tons per month. For the adaptation of the railroad found within the operation, we invested \$250 million pesos. The load the train transports is equivalent to that of seven trucks with a capacity of 34 tons in a single trip. Thanks to this activity, an approximate reduction of 66 tons of CO₂ was achieved, corresponding to 984 trips.
- In the Caribbean and Central America Region, we formulated plans to reduce CO₂ emissions for the Piedras Azules (Honduras) and San Juan (Puerto Rico) cement plants.
- In the cement plants of the USA Region, we began the implementation of the plans for the reduction of CO₂ emissions. These plans include annual reduction goals and a set of projects that allow the achievement of the reduction objectives.

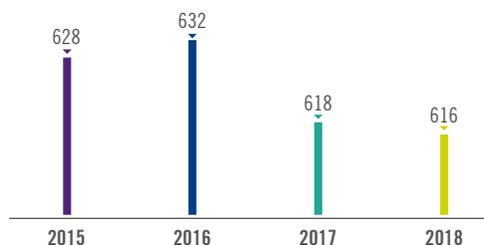
We are committed to contributing to the global climate ambition, and that is why we have set the goal of achieving a level of emission of 544 kgCO₂ per ton of cementitious material by 2025.



We have a sustainable mobility system for employees

Net Specific CO₂ Emissions (A-EC1)

Kg CO₂/t of Cementitious Material



- There was a 16 percent reduction in the net specific CO₂ emissions per ton of cementitious material with respect to the 2006 base year.
- We compensated 38,654 tons of CO₂ generated by diesel consumption in our cement and concrete operations in Colombia, thanks to the purchase of carbon credits from conservation and reforestation projects in Colombian territories.
- We formulated the theoretical guidelines for the construction of plans for climate change adaptation.
- We promoted practices to facilitate sustainable mobility, such as sharing vehicles, walking more and using cleaner means of transport like the electric bicycles provided by the company, which to date have been able to avoid more than 2,800 kilograms of CO₂.

2018 GOAL TRACKING GRI (103-3)

● Achieved ● In progress ● Not achieved

- We built the plant for the implementation of the methodology established by the Cement Sustainability Initiative (CSI) in the Guide of Quantification and Reporting of Greenhouse Gases, Scope 3.
- We initiated the implementation of the CO₂ Emissions Reduction Plan, Scope 1, of the USA Region.
- We will initiate the implementation of the plan to quantify emissions, Scope 3, under the CSI methodology.

2025 GOAL GRI (103-2)

We will issue 544 kg CO₂/ton of cementitious material, which is equivalent a reducing of 25 percent with respect to the updated 2006 base line (735 kg CO₂/ton of cementitious material)

UPCOMING CHALLENGES GRI (103-2)



Initiate the implementation of the CO₂ Emissions Reduction Plan, Scope 1, of the Piedras Azules (Honduras) and San Juan (Puerto Rico) cement plants.



Disclose the guidelines for the construction of the plans for climate change adaptation in our operations.



Implement the guidelines for climate change adaptation.

USE OF CALCINED CLAYS IN COLOMBIA



Assembly of line of thermal activation of clays, Rioclaro Plant (Colombia)

Aligned with our environmental strategy that allows us to prevent, mitigate, correct and compensate for environmental impacts, in 2018, we started the construction and assembly phase of the first line of thermal activation of clays in the Rioclaro Plant, which will start operations in the second half of 2019.

By means of this technology, we will obtain a supplementary cementitious material that will allow us to partially replace the clinker required in cement grinding. This opens the doors to a process that will help reduce both specific CO₂ emissions and the demand for electrical and thermal energy.

This project has a transformative character, because it not only introduces a production line of pozzolan as a new cementitious material, but also modifies the process of cement grinding to separate grinding, gaining efficiency and flexibility in the operation. Finally, it introduces a process of mixing stations for the production of different cement types, with which a great versatility is achieved for the fulfillment and satisfaction of the requirements of our customers.

This is how we promote the sustainability of the industry and contribute to global and national actions and initiatives associated with adapting to climate change and reducing greenhouse gases (GHGs).

2019 GOALS

We will initiate the operation of the project.

We will introduce to the market the products with the addition of this new cementitious material.

We will assess the feasibility of the implementation in other operations.

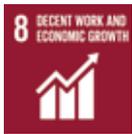
We will assess the cementitious materials of Honduras and Panama to optimize the clinker/cement factor.

We will analyze the feasibility of creating a dispatch center in Colombia that, thanks to its strategic location, allows optimizing the distribution of these products.

BENEFITS

- No CO₂ emissions associated with the decarbonation of raw materials are generated, since limestone is not used.
- CO₂ emissions are reduced due to a lower fuel consumption, compared to the ones required in the clinker production process.
- The thermal demand is reduced, since the necessary temperatures are lower than those in clinker production.
- Pressure on natural resources is decreased, due to less use of thermal energy.

SDG



GRI (103-1)

- Suppliers
- Customers
- Argos
- Society

Strategic Sustainability Pillars



Relationships of Trust



Responsible Production



Business Profitability



Shared Values

On the Web



Scan to consult the details of this issue.

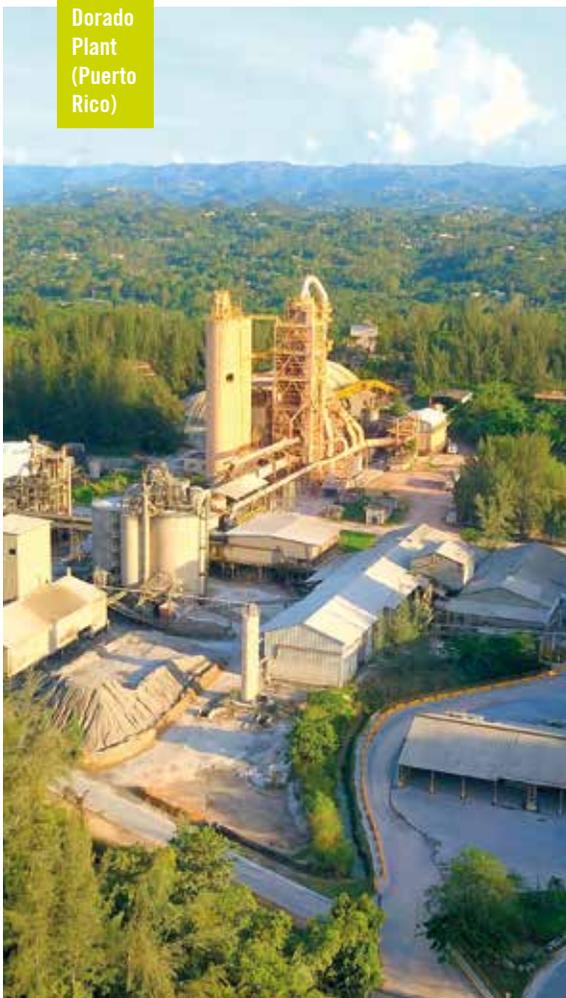
COMMITTED TO EMISSION REDUCTION

OTHER EMISSIONS

In addition to the efforts to mitigate our CO₂ emissions, we also focus on monitoring and reducing other air emissions in our production processes, such as particulate matter (PM) emissions, both from point sources and dispersed, originating in cement, concrete and aggregate production processes, as well as sulfur oxide (SO₂), nitrogen oxide (NO_x) and mercury (Hg) emissions, that are generated in the clinkering processes in the kilns of cement plants.

68%

was the **particulate matter reduction in the USA Region**, as a result of the technological optimization and renovation of the control systems of said emissions.



Dorado Plant (Puerto Rico)

VALUE ADDED

To Society

GRI (103-1) We strive to be more efficient and reduce our air emissions, contributing to the improvement of air quality and decreasing the risks that affect the health of our employees and neighboring communities. According to our Value Added Statement to Society (VAS) (see page 42), the cost derived from air emissions to society in 2018 was of USD \$34.8 million.

To the Company

GRI (103-1) With the monitoring of air emissions in our productive processes and the implementation of measures to reduce them, we are able to comply with local regulations in the countries where we operate and, in some cases, go beyond compliance with these regulations to face future challenges.

HOW IS IT MANAGED?

GRI (103-2) Through the emissions work line of our Environmental Strategy, we focus on the measurement and reduction of PM, SO₂, NO_x and Hg emissions coming from our point sources, and in the prevention and mitigation of dispersed emissions of particulate material generated by our operations.

Specific Emissions

(A-OE1) (g/t of clinker)

	SO _x	NO _x	Particulate Matter
2018	197	1,311	45
2017	251	1,397	57
2016	229	1,576	85
2015	306	1,399	173

GRI (305-7) (A-OE1) Learn about the indicators associated to this issue in page 150.



Installation of screens to minimize wind erosion in the Toluvejo Plant (Colombia)

2018 PERFORMANCE GRI (103-2) (103-3)

- Compared to 2017, we obtained a reduction of 21 percent in our specific PM emissions, 22 percent in SO₂ and 6 percent in NO_x. Likewise, we were able to obtain a coverage of 82 percent of our clinker production with Hg emissions inventory. The above was done thanks to the investment of USD \$3.1 million in the implementation of measures that allowed us to prevent and mitigate the impacts generated by our air emissions.
- To reduce dispersed PM emissions in cement plants, we implemented initiatives such as the installation of fog cannons in our coal and raw material storage yards, automatic unloaders in clinker halls and the installation of screens to minimize wind erosion on the clinker piles and thus reduce wind action, control the disturbance on the material and reduce the amount of PM in roads and yards.
- We prepared plans for the prevention and control of dispersed emissions for the concrete plants of the Colombia Region and the cement, concrete and aggregates plants of the Caribbean and Central America Region.
- In the USA Region, we achieved a reduction in particulate matter emissions with respect to the previous year, as a result of the technological optimization and renovation of the control systems of these emissions, as is the case of the Harleyville Plant, where we completely replaced the existing system with a new technology sleeve filter.
- We continued implementing techniques to reduce Hg emissions in the USA and the Caribbean and Central America regions. The techniques implemented included the injection of activated carbon and the extraction of dust and its subsequent introduction in the grinding of cement (dust shuttling), in accordance with the guidelines established in the Best Available Techniques and Best Environmental Practices (BATBEP), developed by the United Nations group of experts under the Minamata Convention.

2018 GOAL TRACKING GRI (103-3)

● Achieved ● In progress ● Not achieved

- We implemented the CSI Guide on reduction and control of emissions of mercury components.
- We increased the Hg measure coverage, to advance in the construction of the inventory and comply with the new Environmental Strategy goal.
- We will conduct a diagnosis of dispersed particulate matter emissions of our operations and an action plan where necessary.
- We will implement new guidelines for the measure and control of emissions coming from the cement production.

2025 GOALS GRI (103-2)

We will reduce our particulate matter emissions to 60 g/ton of clinker.

We will reduce our SO₂ emissions to 205 g/ton of clinker.

We will reduce our NO_x emissions to 1,205 g/ton of clinker.

We will make the inventory of our Hg emissions for 100 percent of the clinker production by 2020.

UPCOMING CHALLENGES GRI (103-2)

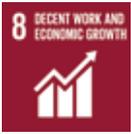


Continue with the implementation of measures of reduction of PM, SO₂ and NO_x emissions that allow achieving the goals established in the Environmental Strategy.



Achieve stability in the operation of the continuous monitoring systems (CEMS) installed in the Colombia Region, to meet the operational control standards of the industry.

SDG



GRI (103-1)

- Suppliers
- Customers
- Argos
- Society

Strategic Sustainability Pillars



Relationships of Trust



Responsible Production



Business Profitability



Shared Values

On the Web



GRI (303-3) (303-4) (303-5) (A-A1) (A-A2)
Scan to consult the details of this issue.

WATER, A RESOURCE WE VALUE

WATER

Water is a vital resource for the development of all human activities and the functioning of ecosystems. Currently, this resource is subject to great pressure due to the effects of population growth, energy, industrial and agricultural demand and climate change. For this reason, at Argos we strive to carry out an appropriate water resource management, which allows its availability for the company and its stakeholders.

Water saving in 2018 corresponds to the water consumed by **13,000 families per year.**

VALUE ADDED

To Society

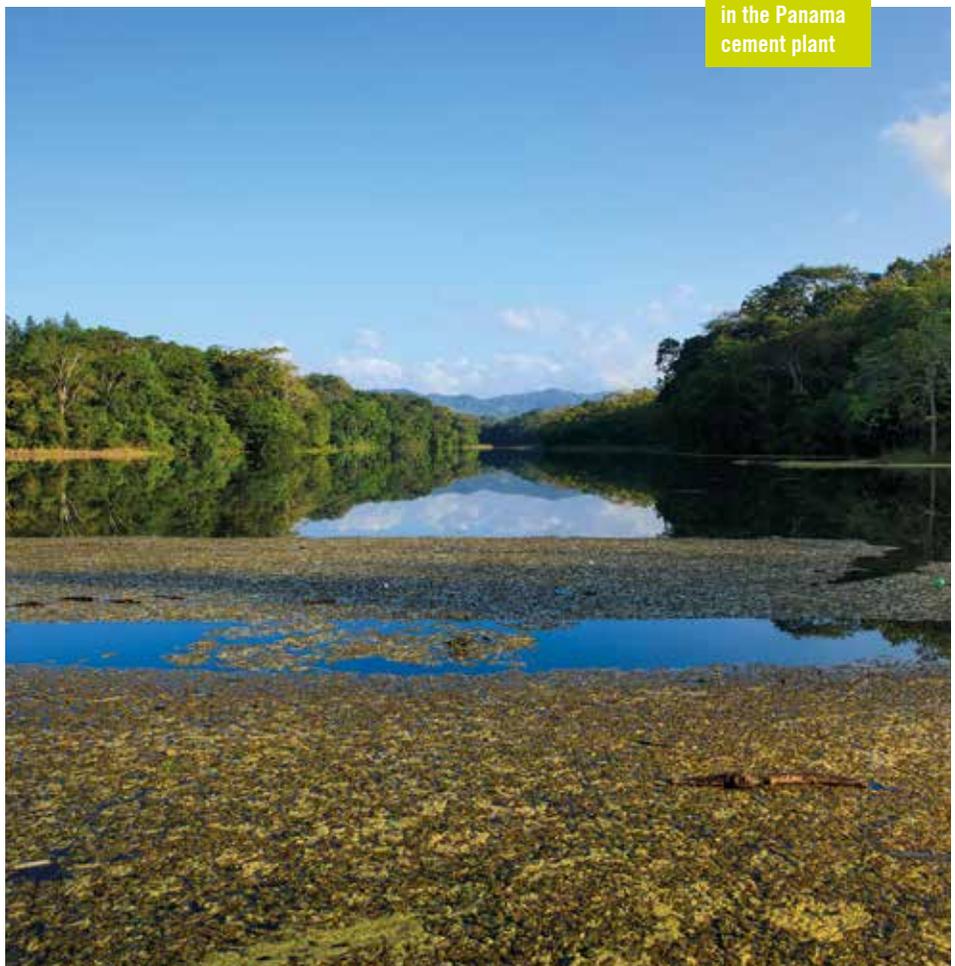
GRI (103-1) Through our efforts toward the efficient use of water and the identification and management of water risks in direct operations and in the supply chain, we contributed to the availability of the resource for our stakeholders. In 2018, the cost to society, derived from water consumption, was USD 17.4, a reduction of 33.6 percent with respect to 2017 (see page 42).

To the Company

GRI (103-1) Corporate water management allows us to move toward a greater operational efficiency, an adequate management of risks and the reduction of impacts on ecosystems and communities. With this, we reduce costs and obtain the regulatory and social license to operate.

GRI (303-3) (303-4) (303-5) (A-A1) (A-A2) Learn about the indicators associated to this issue in page 150.

Protected pond in the Panama cement plant



HOW IS IT MANAGED?

GRI (103-2) Through the water and biodiversity work line of our Environmental Strategy, we focus our management in two big programs:

- **Efficient water use:** the means of a reliable quantification of the use of this resource in our installations, allowing for correct and better informed decisions, and the implementation of strategies for its reduction.
- **Water risk management:** the identification, evaluation and management of the risks associated to water in our facilities and supply chains.

2018 PERFORMANCE **GRI (103-2) (103-3)**

- We progressed in the update and implementation of the plans for the measurement and efficient use of water (2017-2020), focused on consumption reduction and the quantification and reporting of water in our operations.
- **(A-A1)** We had a specific consumption of 259 L/t and 228 L/m³ for the cement and concrete businesses, respectively, and achieved a reduction of 38 percent with respect to 2017 for the cement business.
- Thanks to the measurement and reporting efforts in the aggregates business, we started having a water consumption base line, which will allow us to set reduction goals in the near future.

Some initiatives carried out:

 **Risk Assessment Guide**
For the purpose of providing important information to the operations about how to assess and identify the strengths and weaknesses faced with respect to water risks.

 **Valuation of the Cost of Water**
For the Toluviejo and Cartagena plants, in Colombia, and the Tampa plant, in the United States, in order to promote an efficient use and preservation of water.

 **Model Plant in Water Consumption**
With world class performances, the Newberry Plant, in the USA Region, continues to consolidate as a reference in the efficient use of water; it only uses 67 liters to produce a ton of cement.

 **Water Recirculation**
The cement business recirculates more than the totality of water it captures, thus decreasing the pressure on this resource. In 2018, we reached a 126 percent recirculation.

2018 GOAL TRACKING **GRI (103-3)**

● Achieved ● In progress ● Not achieved

- We built the Manual for the management of water risks.
- We will disclose the guide of good practices for water management.

2019 GOALS **GRI (103-2)**

We will build the calculator for the quantification of water risks.

We will complete the Suizagua project.

2025 GOAL **GRI (103-2)**

We will reduce the specific consumption of water in cement to up to 256 L/t and in concrete to up to 216 L/m³.

UPCOMING CHALLENGES **GRI (103-2)**



Improve efficiency in water use, aiming at the achievement of the goals of our Environmental Strategy.

 **Water Footprint Board**
This tool collects information about consumption, discharge and production of the cement plants of the Colombia Region.

 **Water Table**
We identify good practices such as: pressure washers with timer, sensors for the humidification of aggregates and “pico y placa” for spraying, which allowed for the reduction in the catchment and consumption of water in the Colombia Region.

 **Suizagua III**
We continue participating in this project, whose objectives are the measurement and reduction of the water footprint, and the water management of a critical supplier to the plants of Toluviejo and Cartagena (Colombia), as well as Haiti.

 **Water Risks in the Supply Chain**
We discuss the result of the water risk assessment with the critical suppliers, and share good practices with them.

SDG



GRI (103-1)

- Suppliers
- Customers
- Argos
- Society

Strategic Sustainability Pillars



Relationships of Trust



Responsible Production



Business Profitability



Shared Values

On the Web



Scan to consult the details of this issue.

WE CARE FOR OUR NATURAL CAPITAL

BIODIVERSITY

We understand biodiversity as a natural capital; hence, we have committed to generate actions aimed at the responsible management of ecosystems and their associated services such as water, minerals, food and other biological resources.

Additionally, the understanding and motivation that our stakeholders have for issues related to biodiversity are increasing, which has made their expectations regarding their management higher.

This is how, based on the mitigation hierarchy, we focus our efforts on the formulation and implementation of Rehabilitation Plans (RP) for all our quarries and, additionally, of Biodiversity Management Plans (BMP) for those quarries that are adjacent to or contain attributes of High Value Biodiversity areas (HVBAs). We are committed not to operate in protected areas or areas declared as heritage because of their importance for biodiversity.

VALUE ADDED

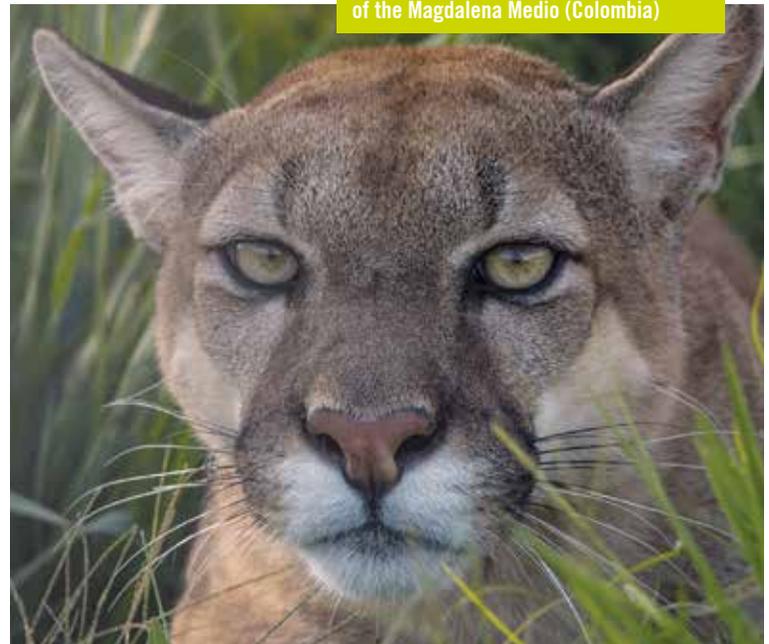
To Society

GRI (103-1) In line with the expectations expressed by our stakeholders on issues related to biodiversity and our commitment to their management, we prevent, mitigate, correct and compensate for the impacts we generate, which implies maintaining the availability of the services of ecosystems in terms of biodiversity.

We understand that the possibilities of adaptation, due to the variations of the environment, are possible thanks to biodiversity, and we recognize our responsibility in the management of a shared resource and in the assurance of the access and availability of this resource in the long term.

GRI (304-1) (304-4) (A-B11) (A-B12) (A-B13) (A-B14) Learn about the indicators associated to this issue in page 150.

Huella Viva seeks to protect the big cats of the Magdalena Medio (Colombia)



According to our VAS, the cost to society, derived from the effects on biodiversity, was of USD \$11.4 million in 2018, 3.6 percent more than in 2017 (see page 42).

To the Company

GRI (103-1) The responsible management of our impacts on ecosystems, biodiversity and their functionality leads to the continuous flow of ecosystem goods and services required in our production processes, as well as obtaining the regulatory and social license to operate, thus contributing to business sustainability in the long term.

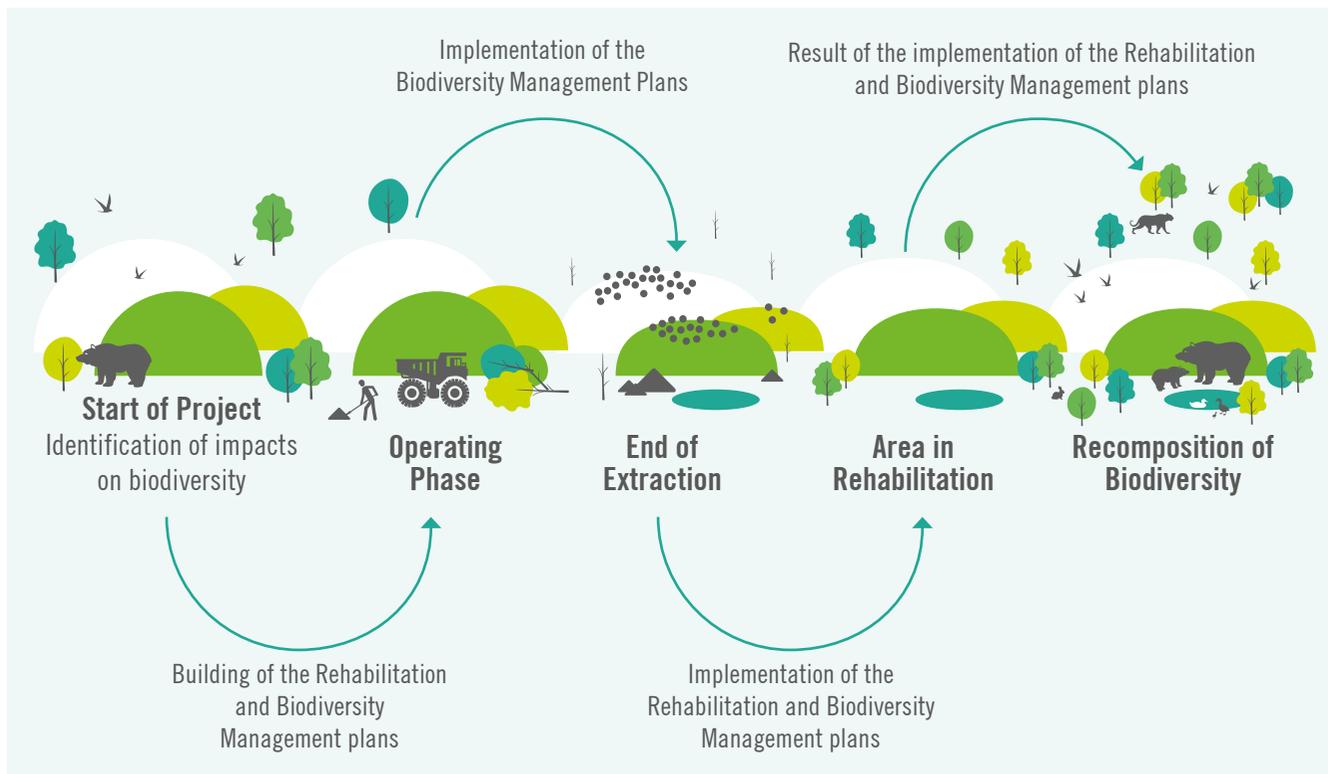
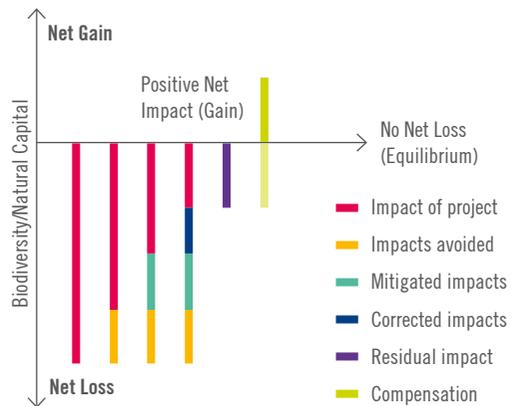
HOW IS IT MANAGED?

GRI (103-2) Through the Water and Biodiversity line of the Environmental Strategy, we direct our actions toward the achievement of a positive net impact on biodiversity, prioritizing work in two lines of action:

- Formulation and implementation of rehabilitation plans for intervened areas for all our quarries.
- Biodiversity Management Plans (BMP) for the quarries located in High Value Biodiversity Areas (HVBAs).

Both are built based on the mitigation hierarchy, a conceptual framework that guides the development of more appropriate management actions based on prevention, mitigation, correction and, ultimately, compensation for our impacts on biodiversity.

Mitigation Hierarchy



2018 PERFORMANCE **GRI (103-2) (103-3)**

Biodiversity Management Plans

We advanced in the construction and updating of the BMPs for quarries located in HVBAs in Colombia. This is how we complemented the activities of the BMPs of the San Antonio, Belencito and Monjas mines, located in Boyacá, Colombia, where special attributes of these ecosystems are found, but are difficult to find

outside the area of influence of the mines due to the transformation of the territory.

In the United States, specifically in the Martinsburg Plant and its adjacent mine, we established management measures for the control of the black vulture or gallinazo, a common bird

in Central America and southeastern United States. This bird has been moving beyond the mid-Atlantic and is considered migratory with a protection status in said region, but due to its habits, it can generate accidents and economic losses for the activities that take place in the area of influence of the facility.



Huella Viva seeks to protect the big cats of the Magdalena Medio (Colombia)

With the help of the Wildlife Services Division of the Animal and Plant Health Inspection Service of the United States Department of Agriculture (USDA-APHIS) and the Wildlife Habitat Council (WHC), the company proposed a bird tagging program to obtain information from vultures regarding their migratory patterns and thus be able to design more efficient management strategies.

Likewise, in the United States we maintained the certifications granted by the WHC for 18 plants. This certification recognizes important wildlife habitat management programs, education for preservation and community outreach initiatives. The programs are aimed at protecting mammals and creating spaces for different pollinators, such as insects, birds and bats, an ecological service that guarantees food security, among others.

On the other hand, in the first year of Huella Viva, an initiative oriented toward the protection of big cats in the Magdalena Medio region of Colombia, in which we participated with strategic

allies such as Cornare, the Grupo Argos Foundation, the Porvenir II Project of Celsia and the Amazonas Foundation, pilot projects were established in five farms in order to monitor big cats and define conservation strategies, measures that will radiate in the territory over the next four years.

85%

is the total of **liberated areas** that have been rehabilitated with closure as of 2018.



Bird tagging program in the Martinsburg Plant (United States)

Rehabilitation Plans – Closure

- We updated six rehabilitation plans in mines of Colombia, the Caribbean and Central America.
- We presented the success case of the rehabilitation of the San Antonio mine in the FICEM congress carried out in Panama, where we were able to generate a positive net impact with the participation of the community, a valuation obtained with the application of the methodology for the assessment of the net impact of biodiversity, developed by the Cement Sustainability Initiative (CSI).
- The rehabilitation plans of our (active and inactive) quarries, whether by construction or updating, are increasingly approaching the goal of 100 percent, thanks to the coordinated work between the mining and environmental areas. **(A-B14)** We reached 89 percent in this indicator, a reflection of the construction and updating of new plans, especially in the Caribbean and Central America Region.



Scan to learn more about our management.



Rehabilitation of the San Antonio mine (Boyacá, Colombia)

Rehabilitation of Liberated Areas in Quarries

- **(A-B12)** We reached an 85 percent growth in the indicator of the liberated areas rehabilitated in active and inactive quarries, a 34 hectares increase with respect to 2017 due to continuous efforts in Colombia and the United States.

Biodiversity Management Plans (BMPs)

- **(A-B11)** The new BMPs raised the indicator to 71 percent, a growth that has been leveraged by the development of a guide for the construction of these plans, as well as the growing commitment for a responsible management.

2018 GOAL TRACKING **GRI (103-3)**

● Achieved ● In progress ● Not achieved

- We advanced in the selection of strategic allies that will allow us to design and implement conservation measures in a HVBA in the region of the Magdalena Medio in Colombia.
- We prepared the rehabilitation plan for the Ñaju mine in Panama.
- We will advance technical works to formulate the Rehabilitation Plan (RP) in Haiti.

2019 GOAL **GRI (103-2)**

We will update the mining plan of the Haiti mine, main input for the preparation of the rehabilitation plan.

2025 GOALS **GRI (103-2)**

We will have 100 percent of our quarries with an established rehabilitation plan.

We will rehabilitate 85 percent of the liberated areas in active and inactive quarries.

We will have 85 percent of quarries located in HVBAs with BMPs.

UPCOMING CHALLENGES **GRI (103-2)**



Continue with the rehabilitation process of liberated areas in the Santa Ana mine, in Cartagena, Colombia.



Begin the update of the rehabilitation plans for the mines in the USA Region.



Obtain new certifications from the Wildlife Habitat Council (WHC) in the USA Region.



Continue with the preservation and improvement actions of the jaguar and puma corridors in the Magdalena Medio of Colombia, within the Huella Viva initiative.



Apply the methodology for the assessment of the net impact on biodiversity in other quarries.

SDG



GRI (103-1)

- Suppliers
- Customers
- Argos
- Society

Strategic Sustainability Pillars



Relationships of Trust



Responsible Production



Business Profitability



Shared Values

On the Web



GRI (202-2) (401-1)
 (401-2) (402-1)
 (102-41) (404-1)
 (404-2) (404-3)
 (405-1) (405-2)

A TEAM FOR THE BUILDING OF DREAMS

TALENT MANAGEMENT

We encourage the development of talent based on solid pillars of culture that allow the achievement of objectives to attain higher goals. That is why we seek to attract and retain the best human capital, considering the present and future challenges and promoting conditions of equity and decent jobs. We are allies of the professional and personal growth of all our employees.

8,057

employees; 13 percent being women and 87 being men



Promoting work and equity. Employees (Colombia)

HOW IS IT MANAGED?

GRI (103-2) Based on our higher purpose and following the path marked by our strategic objectives, we develop the best talent to materialize the strategy. The culture pillars are premises in our actions and they are observed in the implementation of programs and plans that encourage the attraction, retention, planning and development of talent, as well as the execution of harmonious working practices; all under the reference framework of our Talent Management Policy.

Culture Pillars:

- We behave like owners
- We make a team
- We deliver extraordinary solutions to our customer

(See leaflet at the beginning of the Integrated Report)



Scan to see the Talent Management Policy.

VALUE ADDED

To Society

GRI (103-1) We empower our talent, training and preparing it to take on challenges that mobilize and transform the environment. We enable behaviors that transcend our operations and generate well-being and positive impacts on society. The value added to society, derived from the development of human capital, was of USD \$6 million. See page 42.

To the Company

GRI (103-1) We manage the best talent through processes that generate strategic value for the company, guiding our actions toward the transformation of lives that raise the level of development of our employees through dignified, decent and equitable working conditions for all.

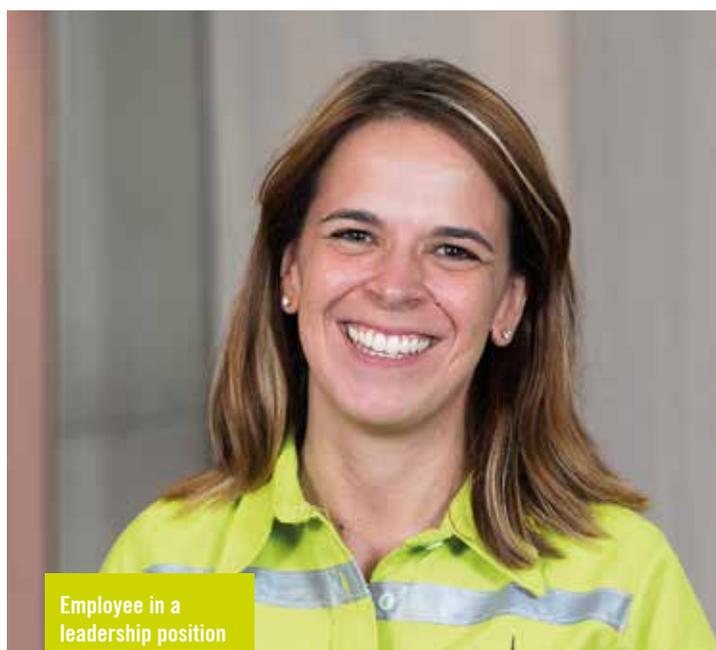
2018 PERFORMANCE GRI (103-2)

- We enhanced management processes to enable the materialization of the strategy and culture, training 76 leaders of talent areas as catalysts of success.
- (A-TM1) We generated development and mobility opportunities for 11 percent of the human capital.
- In Colombia, we were recognized by Merco Talento as the ninth company with the best capacities to attract and retain talent.
- We defined a joint diversity and inclusion policy with the Argos Business Group.
- We conducted more than 50 training workshops in strategy and culture, impacting around 2,500 employees.
- Through the creation of a single recruitment platform, we strengthened our employer brand to attract the best talent and promote its visibility and mobility in the Argos Business Group.
- GRI (404-3) We consolidated our performance management model as a continuous process, in which leaders and employees identify to what extent they contribute to the achievement of results, obtaining an evaluation coverage of 95 percent* and training 1,762 employees under the same tool.
- We supported the professional and personal training and growth processes of our employees through academic sponsorships, with an approximate investment in the last years of \$10,238 billion pesos.
- We strengthened relationships with union organizations from different countries.
- In Colombia, we promoted teleworking as an initiative that contributes to the consolidation of the work environment, generates life quality work conditions and enables sustainable innovation, productivity and mobility.
- We reinforced our talent management capacity and added more value to our processes through the shared services center, a fundamental ally for the development of common transactional processes of companies of the Argos Business Group.



Being an ambassador of the culture pillars and taking them to another country is an opportunity like no other. Leading a new multicultural working group helps us to be more sensitive and have a broader vision, not only of the business, but of the people that comprise it.”

Ricardo Hollander,
Argos general manager
in Surinam



Employee in a leadership position (Medellín, Colombia)

(A-TM2)

29.47%

of leadership positions are held by women.

*Corrected data regarding the printed version

2018 GOAL TRACKING GRI (103-3)

● Achieved ● In progress ● Not achieved

- We generated opportunities of internal mobility among the companies of the Business Group for at least 6 percent of employees.
- We trained 100 percent of our employees at a specialist level or higher in corporate governance.

2019 GOAL GRI (103-2)

We will generate opportunities of internal mobility among the companies of the Argos Business Groups for at least 7 percent of employees.

2025 GOALS GRI (103-2)

We will increase the proportion of women in leadership positions from 29 percent to 35 percent.

50 percent of the executive and managerial level will originate from countries outside of Colombia.

UPCOMING CHALLENGES



Recognize leaders together with their work team as a way to thank and praise superior performance.



Strengthen the platforms that support human management processes to offer services of greater strategic value to our internal customers.



Strengthen gender diversity and equity in leadership positions of the company.



Promote origin diversity beyond the business areas, both in leadership and specialist positions.

FIRST UNIONS MEETING IN LATIN AMERICA AND THE CARIBBEAN

We believe in the importance of building relationships with our stakeholders, where dialogue, transparency and the collective construction of common goals and achievements lead us to a better future.

This was demonstrated at the meeting with the union organizations of our company, achieving a social dialogue organized by the Honduran employees and attended by unions from Panama, Puerto Rico and Colombia. All were united in their concern for decent jobs, the companies that generate them, and safe and healthy work conditions.

This meeting was a milestone since it marked the **first time that our union organizations got together for the same cause**. Participants included leaders of the Building and Wood Worker's International (BWI), members of

the Argos management team and some authorities of the Honduran Council of Private Enterprise, the 20/20 Program and the Ministry of Labor.



Argos unions meeting (Honduras)

SDG



GRI (103-1)

- Suppliers
- Customers
- Argos
- Society

Strategic Sustainability Pillars



Relationships of Trust



Responsible Production



Business Profitability



Shared Values

On the Web



GRI (403-1) (403-2)
(403-3) (A-S11) (A-S12)

COMMITTED TO SAFETY AND HEALTH

OCCUPATIONAL HEALTH AND SAFETY

We are committed to excellence and respect for health and safety, so taking care of ourselves and others is an essential part of our culture and it is reflected in all aspects of the business. We are convinced that the only acceptable number is ZERO: zero incidents and zero occupational illnesses.

VALUE ADDED

To Society

GRI (103-1) We believe that respect for health and safety transcends our facilities, involving our families and communities, thus supporting the building of a safer and healthier world. We are proud to be at the forefront of health and safety in the countries where we operate.

To the Company

GRI (103-1) We contribute to the increase in the productivity of our operations by reducing the number of incidents and illnesses, convinced that safe and healthy operations are more efficient.



I PROMISE
MORE GREEN DAYS

Employee in cement plant in Panama

We obtained the **lowest frequency index of the last 10 years, which closed at 0.93 incidents per million man hours worked.**

HOW IS IT MANAGED?

GRI (103-2) The I Promise Management System unifies our structure, work and initiatives under the same strategy. It has seven lines of work:

1

Leadership and Responsibility

We reinforce the role of visible leadership toward the prevention of incidents, while defining our essential principles and rules.

2

Risk Management

We empower employees and contractors in the identification and reporting of risks, and we also establish guidelines for the design of emergency plans.

3

Incident Reporting and Investigation

We report, investigate and communicate the lessons learned from incidents in order to generate preventive practices.

4

Comprehensive Health Model

We developed a model to understand the human being from all its aspects (physical, mental, social and emotional).



Employee (Honduras)

5

Development of Competencies

We train our employees to develop the skills and aptitudes required to prevent and control risks associated with their work.

6

Effective Communication

We prioritize communication as a fundamental tool for the promotion and adoption of safe practices and behaviors.

7

Audits and Monitoring

We verify, in a periodical and documented manner, the progress in the implementation of the system.

We adopted four work focuses to be developed in 2018 and 2019, which were the result of the analysis of the information and the characterization of the main causes of incidents in recent years, in order to achieve our objective: zero disabling incidents and zero occupational illnesses.

2018 PERFORMANCE GRI (103-2)

Below are some of the most relevant initiatives with respect to the work focuses defined for 2018 and 2019. They are evidence of the progress towards the achievement of the objectives outlined in the seven aforementioned lines of work.



Training in road safety

Focus 1

Safety in Daily Tasks

- **Caribbean and Central America Region:** We developed skills in our employees and contractors in the use of three points of support when raising or lowering mobile equipment, in the wheel locking procedure and in risk perception issues. Likewise, there was a 20 percent decrease in incidents with hand injuries.
- **Colombia Region:** Through programs of effective communication, we promoted safe behaviors related to the prevention of hand injuries (by

means of which we achieved a 20 percent decrease during the year), the reconversion of technology in the charging process in the Nare Plant and the implementation of the semiautomatized system to charge grinding materials in the horizontal mills of the Cairo Plant.

- **USA Region:** We identified good practices through audits and monitoring in industrial safety and promoted their implementation in plants in the region.



Employees (Rioclaro, Colombia)

Focus 2

Safety in High-Risk Tasks – TAR

We complied with 100 percent of the skills development program in TAR for employees and contractors of the three regions. There were 2,330 people trained in total.

Focus 3

Comprehensive Hygiene and Health

- We achieved success in the reincorporation of employees with medical restrictions in the Colombia Region, which has led to an increase in their productivity and job satisfaction.
- We developed programs for the management of cardiovascular risks in the regions, with results that have shown improvement in the quality of life of employees and also in labor risks of specific activities.

- We defined our own methodology for the identification of biomechanical risks and applied it in a high percentage of our facilities. Some of the projects we have developed based on the findings obtained are:

Automatic tents for cement trucks (bagging) in Colombia and Panama:

Benefits:

- Decrease of musculoskeletal hand injuries and falling risks.
- Control of exposure to lifting hazards and particulate matter.

Tire loading in Panama

Benefits:

- Elimination of biomechanical risks.
- Increase in productivity by resource optimization.
- Reduction in delivery times.



Certification in the operation of mining equipment in Rioclaro (Colombia)



Employees (Dominican Republic)

We have decreased by 20 percent the incidents with injuries of our employees and contractors.

Focus 4 Road Safety

We have strengthened the reporting and investigation of incidents and had a total of 428 cases related to road safety, a figure that invites and challenges us to continue with the plans and programs to reduce these.

Outstanding Activities

Infrastructure

- To date, we have a road safety network that is mobilized through 31 leaders in seven countries, in the different businesses and support areas.
- We developed work sessions on the road safety model with the sustainability leaders of the USA Region.

- We participated in the self-diagnosis of road safety risks for utility vehicles.
- In Colombia, Panama and the Dominican Republic, we implemented the training program for mixer truck drivers.

Drivers

- We developed the road safety skills of 316 mixer truck drivers in Colombia and the Caribbean and Central America.
- We trained, accompanied and evaluated 34 instructors, in order to ensure the transfer of knowledge.
- We certified the working skills of mixer truck drivers and mining equipment operators in Colombia, in alliance with the SENA.
- We certified 68 employees in the industry standard - improving premixed concrete and safety regulations.
- We involved administrative drivers in training processes; that is why, in the USA Region, a road safety good practices guide was developed specifically for this group of drivers.



Work sessions on the road safety model (United States)



National driving competition led by the National Readymix Concrete Association in the United States

We promote road safety in alliance with stakeholders, with 6,000 vehicles transporting our products daily.

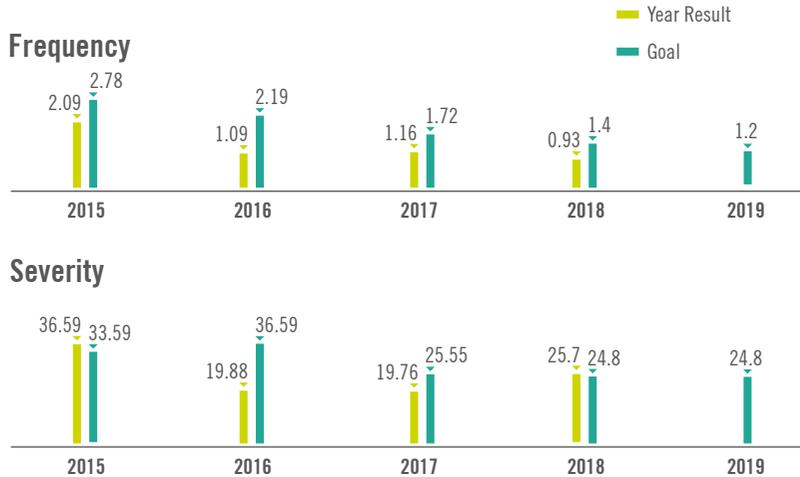
Trip Management

- Every day, there are nearly 6,000 vehicles that make the delivery of our products possible in the countries where we have a presence; that is why we seek to create alliances with our stakeholders, promoting safe mobility.
- During the month of road safety, the Haiti team carried out teaching activities with transport contractors.
- Five mixer drivers successfully participated in the national driving competition, led by the National Readymix Concrete Association (NRMCA), where they demonstrated their abilities in an operation and theoretical test based on regulations established by the United States Department of Transportation.

The frequency index decreased by 20 percent with respect to 2017. The severity index closed at 25.7, which is higher than 24.8, the goal set. All the plans and initiatives for 2019 and in the long term are focused on achieving a significant improvement in this indicator.

Main Indicators **GRI [103-3]**

(A-S11) Frequency and severity index of incidents with time loss - consolidated by company



2018 GOAL TRACKING **GRI (103-3)**

● Achieved ● In progress ● Not achieved

- We developed the road safety skill in 70 percent of mixer truck drivers.
- We will obtain a consolidated frequency index (employees + contractors) of less than 1.4 for every million man-hours worked, and a severity index of less than 24.8.
- We will have an internal circulation plan in 70 percent of the facilities.

2019 GOALS **GRI (103-2)**

We will obtain a consolidated frequency index (employees + contractors) of less than 1.2 for every million man-hours worked, and a severity index of less than 24.8.

2025 GOALS **GRI (103-2)**

We will reduce the use of specific personal protection elements to 50 percent, based on the control of risks from the sources that generate them.

We will obtain a frequency index of 0.8 for every million man-hours worked.

UPCOMING CHALLENGES



Pass on our learning in health and safety to our customers, the families of employees and the communities where we operate.



Define a set of indicators, including some leadership ones, that help us prevent health and safety risks as an organization.



Ensure that the I Promise management system continues to be a value within the culture of the company.



Establish a methodology to assess the impacts of I Promise on society.



Continue positioning road safety in the company.



Implement the mixer truck drivers training program in the Caribbean and Central America and Colombia regions.

SDG



GRI (103-1)

- Suppliers
- Customers
- Argos
- Society

Strategic Sustainability Pillars



Relationships of Trust



Responsible Production



Business Profitability



Shared Values

On the Web



GRI (102-9)
(204-1) (308-2)
(414-2)

EXCELLENCE IN OUR SUPPLY CHAIN

SUPPLIER MANAGEMENT

In our company, we understand that the success of the business is closely linked to the performance of the supply chain. Therefore, aligned with our strategy and oriented towards the development of a supply chain that is responsible in terms of work, the society and the environment, the Supply Chain Center of Excellence (CECA) was created. It designs, advises and encourages the implementation of the best relevant practices, processes and metrics that allow increasing the competencies of the Argos supply chain, contributing to operational efficiency and sustainability in each of its regions and geographies and understanding the particularities that a multinational faces, such as the level of development, culture, language, local politics, government, etc.

VALUE ADDED

To Society

GRI (103-1) We add value to society through the creation of direct and indirect jobs. In addition, we promote the development of skills by increasing the level of professionalism and education of suppliers, formalizing different sectors, such as that of transport, through tools that build skills, support the local economy and the transfer of knowledge and good practices, generating long-term business alliances based on ethics and transparency.

GRI (204-1)

90%

of products and services were purchased locally.

To the Company

GRI (103-1) Our integrated management in the supply chain strategically incorporates objectives, initiatives and corporate policies, adding value from the design and planning stage to the development of solid relationships with suppliers.

This has allowed us to consolidate synergies, implement new strategies to negotiate and give visibility along the chain, while reducing associated risks, guaranteeing transparency and building skills focused on performance and optimization.

Local transport suppliers (Boyacá, Colombia)



HOW IS IT MANAGED?

GRI (103-2) The Supply Chain Center of Excellence takes control of the exchange of good practices among the subsidiaries of the Argos Business Group. It measures the level of maturity of the management at the local level and defines work plans for

the reduction of gaps, specifically in matters of supply chain planning, transportation, distribution and supply. The latter is framed within the creation of value, through the identification of global purchasing opportunities, opportunities in the development of

the local offer, and the selection and correct management of suppliers with these processes - preselection, segmentation, assessment, audits, development and recognition.



We do business with suppliers that share our principles and values: sustainability, innovation, respect for human rights and compliance with labor and environmental laws.

2018 PERFORMANCE **GRI (103-2) (103-3)**

- Our efforts to select and assess suppliers based on sustainability criteria have positioned us as the best in the sector under the Supply Chain Management criteria of the Dow Jones Sustainability Index.
- We achieved savings of USD \$16.8 million as a result of the collaborative work between the different areas, users and business owners.
- The supply area centralized its processes with the purpose of materializing synergies, unifying recruitment policies and managing purchases by categories, and strengthening the specialization of skills. Additionally, a figure of global purchases was implemented that provides cross-sectional negotiation services to the regions.

Caribbean and Central America

In order to provide solutions to the logistics operation of Honduras and reduce our environmental impact generated by CO₂ emissions, an initiative was developed to optimize the movements of cement deliveries from the plant to the distribution center, and of solid fuel from the supplier to the plant. These movements were made with two transport suppliers and both of them had return trips without cargo. The geographical loading and unloading points coincided in such a way that it was possible to eliminate the number of trips without cargo, making adjustments to the vehicles and linking the Siso staff to ensure an adequate unloading procedure in both destinations. In this way, the number of trips was reduced by 50 percent and savings of 78,000 dollars were achieved in four months.

United States

The opportunity to optimize the supply networks in the Dallas-Fort Worth area was identified, and an initiative was created to define the correct geographic distribution of concrete plants, maintaining the market requirements and the operational flexibility required in the business.

The main objective of the initiative is to maximize the profitability of the concrete business in the Dallas area, contributing to the sustainability strategy in both the economic and environmental aspects.

The initiative is still in development and the deliverable will be a network configuration that will show significant savings in fixed costs in plants, variable production costs and an adequate balance in terms of investment/disinvestment.

Colombia

In order to contribute to a greener and more sustainable supply chain, an initiative of automatic confirmation of deliveries was developed, which consists of eliminating invoices, credit notes and other paperwork related to delivery and doing everything digitally, with real-time order tracking. The benefits translate into transparency by being able to verify the real amount of cement received. Additionally, 995,000 invoices per year are prevented from being printed, equivalent to 4.5 tons of CO₂/year or 76 felled trees. With this initiative, we are providing extraordinary solutions to our



Octavio García
SKF Latin Trade CEO
(Bogotá, Colombia)

“Our relationship with Argos has been built on trust because they are aligned with what we are as a company and what we believe in. In SKF, as in Argos, we go beyond the product and work in harmony with our environment, creating long-term value.”

customers by having a digital control of the orders, with connection to the portal for the payment of invoices and portfolio reconciliation.

Supplier management

Convinced that ethics and integrity are fundamental and non-negotiable, we have adopted the Supplier Code of Conduct as a guide for the behavior we expect from contractors and suppliers.

As a risk management mechanism, and with the aim of knowing the status of sustainability issues of our suppliers, in 2018 we applied the Internal Sustainability Index (SDI) to 83 suppliers for the three regions; based on the results, we promote lines of action that lead to a supply chain that is more friendly to the planet and socially responsible.

Likewise, we build skills through collaborative business strengthening schemes with government organizations, and training with internal and external experts that contribute to improving management capacity and the industrial and social fabric of the country. In 2018, 102 suppliers participated in our programs; of these, 21 were in strengthening processes, 71 participated in the Argos University for Suppliers and 10 in training to report under the GRI methodology.

2019 GOALS GRI (103-2)

We will conduct the second version of the supplier recognition program.

We will launch the virtual training program for suppliers in the CCA Region.

We will implement Control Tower in Honduras (a technological solution for the optimization of the logistics process).

We will implement automation in dispatches for Haiti.

2021 GOAL GRI (103-2)

Close the gaps for 50 percent of the critical suppliers assessed in the 2019 sustainability index, by means of the contents offered through the University for Suppliers.

UPCOMING CHALLENGES GRI (103-2)



Implement the supplier development program in the Caribbean and Central America Region.



Establish business cases with estimated potential savings between USD \$1.5 and USD \$3 million.



Work with the USA Region in the optimization of the footprint (configuration of plants and terminals) and improve the forecast of demand and efficiency of the supply chain within the framework of the Competitive Business Plan.



Identify, through segmentation, potential suppliers with whom collaborative relationship schemes can be developed.



Increase the coverage of supplier assessments in each of the regions, both in terms of performance and sustainability.

UNIVERSITY FOR SUPPLIERS

To promote the growth of our suppliers, we designed the Argos University (Universidad Argos), a virtual training space that provides continuity to the building of skills as a tool for learning and closing gaps in sustainability issues. Seeking to share the internal knowledge with our suppliers, the content was developed with experts from the company in each of the areas. This university has 39 school subjects, which we share with 71 enrolled students. Prior to the launch, an outreach plan was carried out, seeking the appropriate selection of potential suppliers who would be invited to participate in this initiative.



SOME OF THE SCHOOLS ARE:



Sustainability School



Corporate School



Leadership and Management School



Cement School



Concrete



Supply Chain School

SDG



GRI (103-1)

- ✓ Suppliers
- ✓ Customers
- ✓ Argos
- ✓ Society

Strategic Sustainability Pillars



On the Web



GRI (203-1) (413-1)
(413-2) (A-COM1)
(A-COM2) (A-COM3)

RELATIONSHIPS OF TRUST THAT PROMOTE DEVELOPMENT

COMMUNITY ENGAGEMENT

We are committed to being good neighbors and allies of development through the construction of relationships of trust, responsible management and social innovation. In this way, we obtain the social license to operate and open the doors to the development of new business opportunities.

VALUE ADDED

To Society

GRI (103-1) We relate to our neighbors based on an understanding of the local context and our mutual recognition as actors of the territory, having as a premise the work among peers to achieve the objectives of development of the regions.

We are committed to responsibly managing and monitoring the positive and negative impacts derived from our operations, providing timely and clear information and also considering the observations and expectations of the stakeholders in the decision-making exercise.

By understanding of our neighbors, we allow ourselves to design extraordinary solutions that respond to the needs of society.

To the Company

GRI (103-1) The relationship of mutual support with communities keeps the door open to implement different projects or alternatives that allow the company to adapt to new market challenges, find new business opportunities and, at the same time, close development gaps in the regions.

Additionally, the knowledge of the sensitive issues of the communities allows us to accompany the development with innovative business ideas, thus adding to the initiatives that seek to be the best options for our customers.

GRI (203-1)

486,000+
people positively impacted
thanks to the different social investment programs.

USD 10.9 M
was the total in social investment in 2018

Beneficiary of social projects
(Boyacá, Colombia)



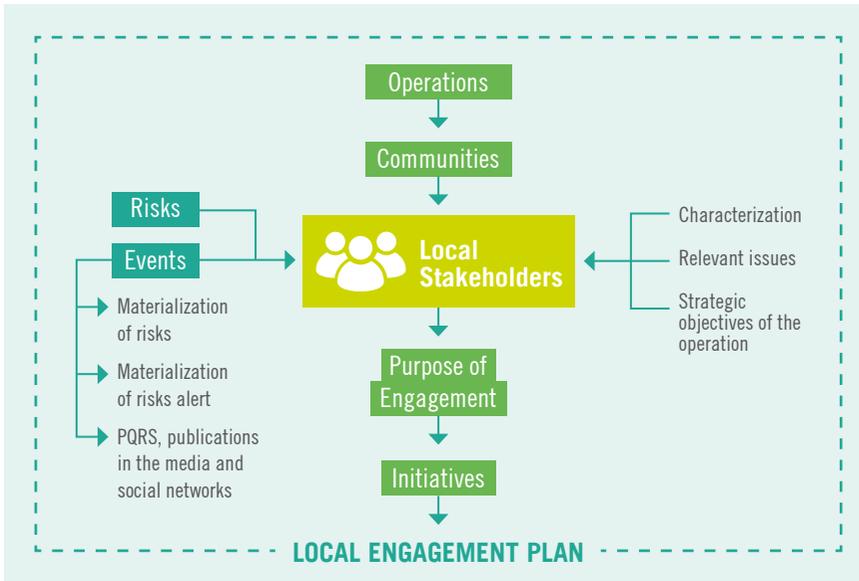
HOW IS IT MANAGED? GRI (103-2)

We have developed our community engagement strategy (see page 52), which allows us to guide the management, align it with the company's higher purpose and consider the particularities of the different countries and territories where we have presence.

For the development of this strategy, in its lines of work one and two, we have been implementing the Local Engagement Plan (LEP), which is our navigation chart for management with communities and for the measurement of externalities derived from social investments through the VAS (see page 42).



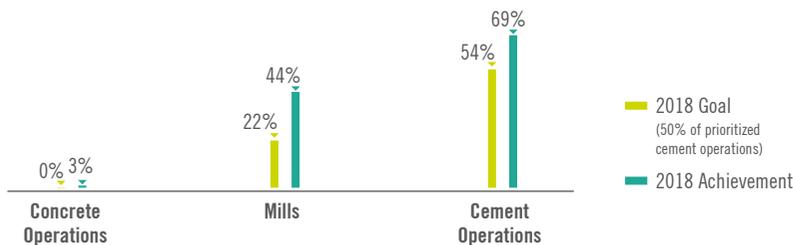
William José Jurado,
Cairo Plant Manager,
Colombia



The Local Engagement Plan (LEP) allowed us to clearly identify which communities and stakeholders we were really impacting with our operation and which needed to be prioritized in our sustainability plan.”

RELATIONSHIP BUILDING

During 2018, we promoted the implementation of the LEP as a community engagement management methodology, obtaining the following results: we managed to cover 3 percent of the concrete operations, 44 percent of the clinker grinding mills and 69 percent of the cement operations.



This tool has allowed the management of stakeholders not only in consolidated operations, but also for the expansion of the business.

These actions are achieved thanks to the creation of local stakeholders management teams, which are led by the manager or person responsible for the operation, supported by the community leader and the participation of the

leader of the Environmental area. This has allowed us to consolidate a multidisciplinary team with diverse perspectives that enrich the design of possible initiatives in the territory.

Acceptance of the methodology has been increasing, since the local teams see in the LEP the methodology to align the initiatives of the local context with the strategic priorities of the company, and other cement and concrete operations have been added to the implementation.

RESPONSIBLE MANAGEMENT

(A-COM1) Through the different social investment programs, we have reached 486,778 community participants and, in this way, positively impacted their lives and that of their communities. Thus, our management makes us visible as a catalyst for local economies, generating positive impacts in the territories.



Support for a productive project in Bolívar (Cartagena)

Social Investment

Data in millions of dollars



SOCIAL INNOVATION

In this axis of the strategy, we have set the challenge of developing one innovative solution per region by 2021.

Our purpose is to continue strengthening the synergies and opportunities to team up with different areas of the company and the community. We understand that our products can solve problems in the environment and, therefore, we play an articulating role that facilitates the achievement of extraordinary solutions to collective benefit.

The challenges that we find in this strategic line are not only limited to strengthening social innovation projects from each region, but also to making corporate volunteering a vehicle of connection, in which collaborative work mediates between the problem of a community and the solution provided by our products.

2018 GOAL

TRACKING **GRI (103-3)**

- Achieved
- In progress
- Not achieved

● We made the company's contribution to the socio-economic dynamics of the territories visible in the communities.

● We implemented the LEP in 50 percent of the cement operations.

2021 GOALS **GRI (103-2)**

We will have 100 percent of our operations prioritized with LEPs.

We will achieve 100 percent risk management and interaction with communities in prioritized operations.

We will have at least one innovative solution developed per region.

UPCOMING CHALLENGES



Give continuity to the LEP methodology in the operations that started its implementation.



Continue strengthening social innovation projects.



Finalize the adaptation of the LEP process in the United States Region and start the implementation in prioritized operations.



Create lines of work to permeate the commercial work from social initiatives.



Review the projects that want to apply for LEED certification and show how social innovation initiatives can add to the certification.



Implement LEPs in prioritized concrete operations.



Establish a formal committee to have a continuous, open dialogue for all operations with neighboring communities.



ARGOS FOUNDATION





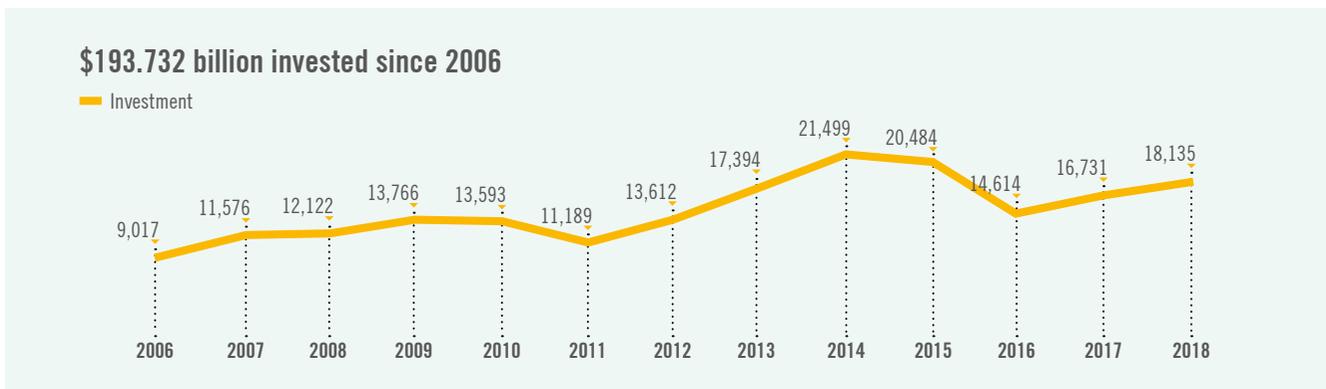
Argos contributed to the construction of the
PASACABALLOS
CENTER OF EXCELLENCE

First work of its kind in Latin America (Bolívar, Colombia)

ARGOS FOUNDATION

During the last 12 years, the Argos Foundation has contributed to the construction of the present as well as the future that we want for our communities of influence and the public interest. By joining forces with the public and private sectors, we have been able to contribute to the progress of communities, counting on ideas that allow sustainable growth.

Since our founding in 2006, we have made an investment of \$193,732 billion pesos, as shown in the following table, which had its highest points in 2014 and 2015, at which time agreements were executed and performed with the Ministry of National Education.



In order to continue and increase this impact, we decided to have a single means for voluntary corporate social responsibility in the companies that are part of the Argos Business Group. This is why the Argos and Celsia Foundations merged in January 2019 to unite their equity and management capabilities with the Argos Foundation.

Going forward, we will be able to:

- Increase the management capabilities of projects, adding to the capacities held in each of the foundations.
- Increase working capital, both from our own resources and those received through third parties.

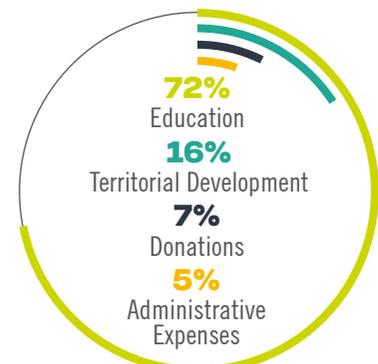
- Reach more communities in the Colombian territory.
- Address related topics together.
- Join the efforts of all the companies in the Argos Business Group to execute high impact projects.
- Manage alliances more efficiently, including issues of international cooperation.

2018 PERFORMANCE

For this year, investment of our own resources exceeded \$18,135 billion pesos and were distributed as follows:

Investments

- 13,133,352,396
- 2,803,633,622
- 1,212,858,446
- 985,167,887



COP \$18,135 BILLION
invested by the Foundation during 2018



The foregoing was mainly executed through the following projects that sought to improve learning environments and provide students with a decent place to carry out their school activities:

Construction of the MIA Citadel School and Child Development Center (CDC)



Location:
Quibdó, Chocó

Investment:
\$17,838 billion pesos

Estimated Completion Date:
January 2019

Beneficiaries:
1,130

Allies: Ministry of Housing and Findeter

The MIA Citadel is one of the housing megaprojects developed by the National Government in Quibdó, Chocó. The Foundation is one of the allies for the construction of educational facilities associated with the citadel.

Pasacaballos Center of Excellence



Location:
Township of Pasacaballos in Cartagena, Bolívar

Investment:
\$6.5 billion pesos

Estimated Completion Date:
March 2019

Beneficiaries: 300 children between the ages of 0 and 5

Allies: Mamonal Foundation, Dividendo por Colombia Foundation and Vashisht Foundation

The Pasacaballos Center of Excellence was conceived as an innovation initiative in education and professional development dedicated to increasing the comprehensive care of children. As a demonstration center, it will allow modeling pedagogical practices through its professional development programs, sharing experiences with families, educators and service administrators.

Additionally, the Center of Excellence will work in coordination with different actors to raise the quality standards of initial education and comprehensive care for children; this in order to support the social transformation of the environment in which it develops in a sustainable and lasting manner.

To achieve the above, an alliance has been made with the Ministry of National Education with our establishment as the first innovation laboratory for initial education, which is expected to be strengthened with Colciencias at a later stage.

The pillars of the Center of Excellence are:

Educate

- Provide the initial education service.
- Generate skills in teachers and families.
- Provide resources and tools.

Demonstrate

- Be a demonstrative reference for improvement.
- Research to transform and appropriate.

- Provide infrastructure for observation.

Mobilize

- Empower families and communities.
- Generate networks of public and private actors.
- Strengthen the local public policy.

La Danta Rural Educational Institution Construction



Location:
La Danta township, municipality of Sonsón, Antioquia

Investment:
\$6.8 billion pesos

Beneficiaries:
642 students

Allies:
Fraternidad Medellín Foundation and Municipality of Sonsón

La Danta Rural Educational Institution was reconstructed, since the level of deterioration of its facilities did not allow a remodeling option. With this new educational facility, about 600 students and 30 more people benefit, including teachers and administrative staff.

Improvement of the Roberto Botero Morales Educational Institution



Location:
Arroyohondo,
Bolívar

Investment:
\$642 million
pesos

**Completion
Date:**
August 2018

Beneficiaries:
337 students

Improvement of the Heriberto García Educational Institution, Santa Rosa de Lima site



Location:
Tolúviejo, Sucre

Investment:
\$552 million
pesos

**Date of
Completion:**
August 2018

Beneficiaries:
316 primary
school students

These two projects represented both improvement of infrastructure and social transformation, benefiting more than 650 students.



Beneficiaries of the delivery of La Danta Rural Educational Institution (Antioquia, Colombia)

Argos Scholarships for Regional Development

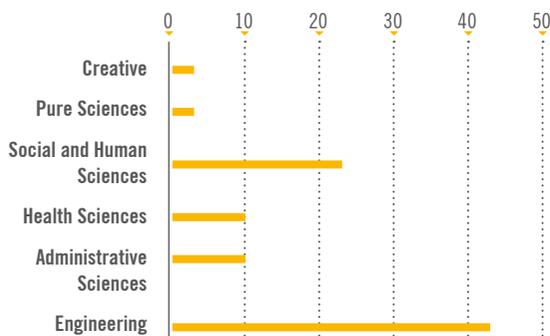
The Argos Scholarship for Regional Development program seeks to contribute to the progress of our communities by granting scholarships in higher education to young leaders who are part of our areas of influence, allowing them access and permanence in undergraduate programs.

The program began in 2015, when 24 young people benefited from a professional scholarship. Today, four years later, we have 144 scholarship holders studying careers and technologies in the areas of engineering, social and human sciences, administrative and artistic sciences. Another 45 students were added to this figure in 2018, starting their academic activities in 2019, leaving us with a total of 189 current beneficiaries.

Scholarship Holders



Distribution of Scholarship Holders by Professional Programs



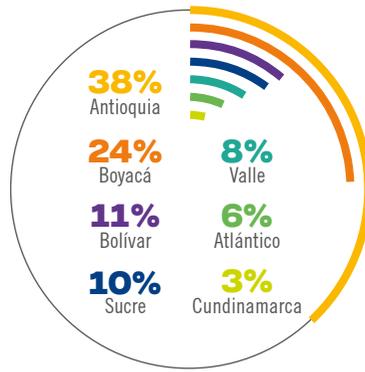
Distribution of Scholarship by Technological programs



Level of Professionalization of Scholarships



Student Origin



Investment Behavior over the Years



Scholarship Holders 2019



Allies

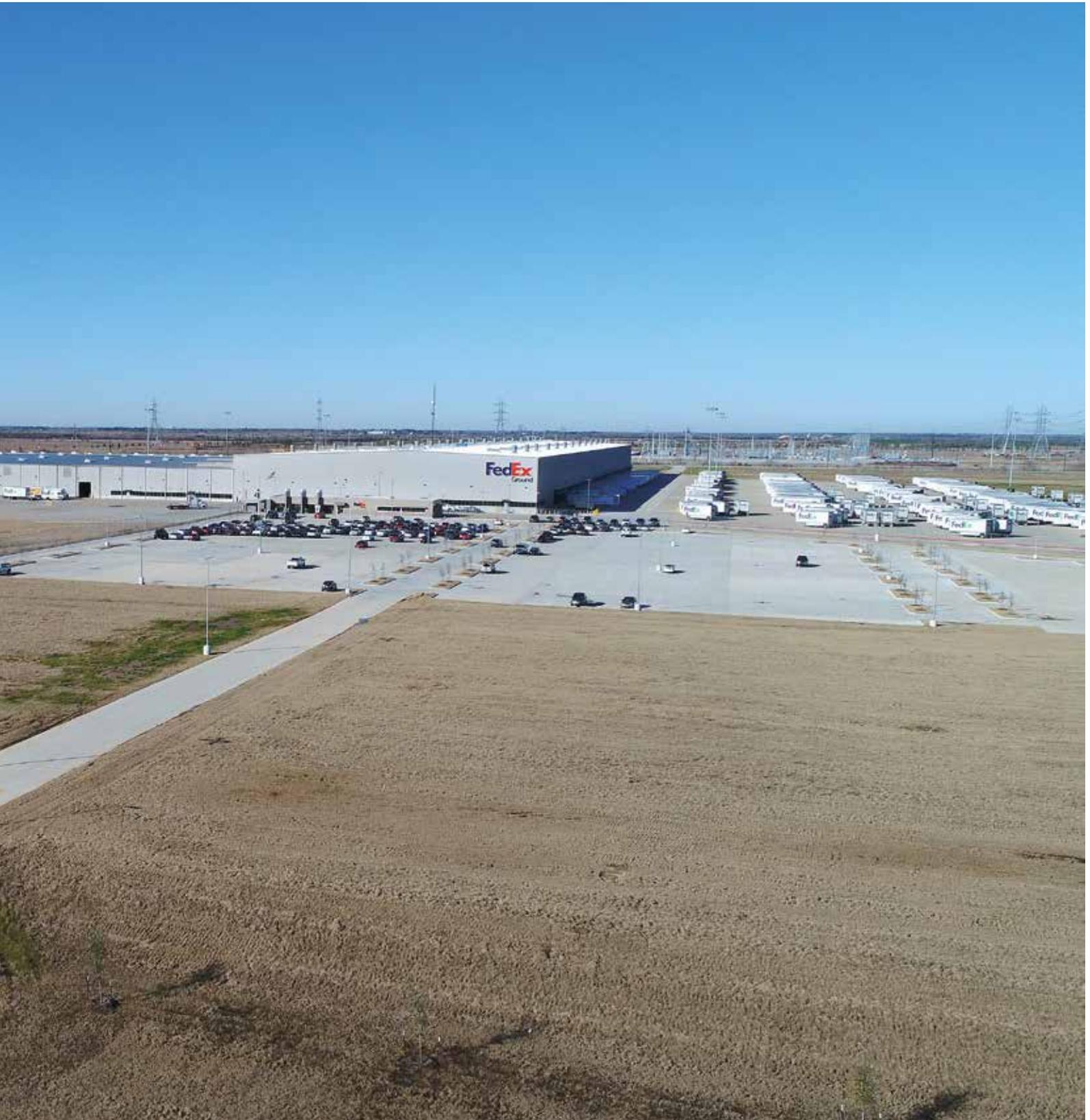
Dividendo por Colombia, Mamonal, Yamaha, Universidad de Antioquia, Eafit, Bancolombia Foundation, Universidad Católica de Oriente, Cotrafa, Semana Educación, Grupo Argos, Empresarios por la Educación, Secretos para Contar, Universidad Nacional de Colombia, Las Golondrinas Foundation, Colombia Green Building Council, Fraternidad Medellín Foundation, Celsia Foundation, Berta Martínez de Jaramillo Foundation, Corbanacol, Municipality of Yumbo, Ministry of Housing, Ministry of Education, Findeter, Municipality of Sonsón, Zero to Always Strategy, Municipality of Marinilla, Municipality of Toluviéjo, Municipality of Yumbo, Chamber of Commerce of Barranquilla.

6

ANNEX



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Cypress (Texas, USA)
**FEDEX'S CENTER
DISTRIBUTION**

CERTIFICATION OF THE COMPANY'S LEGAL REPRESENTATIVE

To the shareholders of Cementos Argos S.A. and to the general public:

In my role as legal representative, I certify that the annual consolidated financial statements completed as of December 31, 2017 and 2018, do not contain defects, inaccuracies or material errors that prevent knowing the true property status or the operations carried out by Cementos Argos S.A.

The above is to comply with article 46 of Law 964 of 2005.

For the record, it is signed on February 19, 2019.



Juan Esteban Calle
Legal representative

CERTIFICATION OF THE LEGAL REPRESENTATIVE AND THE CORPORATE ACCOUNTING MANAGER OF THE COMPANY

To the shareholders of Cementos Argos S.A. and to the general public:

The undersigned legal representative and corporate accounting manager of Cementos Argos S.A. certify in accordance with the Article 37 of Law 222 of 1995, that the annual consolidated financial statements completed as of December 31, 2017 and 2018, have been faithfully taken from the accounting books and that before being placed at your disposal and that of third parties, we have verified the following statements contained in them:

1. All assets and liabilities exist and all registered transactions have been made during said years.
2. All the economic facts made by the company have been recognized.
3. The assets represent probable future economic benefits (rights) and the liabilities represent probable future economic commitments (obligations), obtained or in charge of the company.
4. All elements have been recognized for their appropriate values in accordance with the applicable financial reporting regulations in Colombia.
5. All economic events that affect the company have been correctly classified, described and disclosed.

For the record, it is signed on February 19, 2019.



Juan Esteban Calle
Legal Representative



Óscar Rodrigo Rubio C.
Corporate Accounting Manager
T.P. 47208-T



STATUTORY AUDITOR'S REPORT

To the shareholders of
CEMENTOS ARGOS S.A.:

REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

I have audited the accompanying CEMENTOS ARGOS S.A. financial statements, which include the statement of financial position as of December 31, 2018, the income statement and other comprehensive income, changes in net equity and cash flows for the year ended on that date, and a summary of significant accounting policies, as well as other explanatory notes.

Management's Responsibility over Financial Statements

Management is responsible for the preparation and correct presentation of these financial statements in accordance with the accounting and financial reporting standards accepted in Colombia, and for the internal control that management considers relevant for the preparation and correct presentation of the financial statements free of significant errors, either by fraud or error; selecting and applying the appropriate accounting policies; as well as making the accounting estimates that are reasonable in the circumstances.

Statutory Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I performed the audit in accordance with international auditing standards accepted in Colombia. These standards require that I comply with ethical requirements and that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit consists of developing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the professional judgment of the auditor, including the assessment of the risks of significant errors in the financial statements. In the risk assessment, the auditor considers the internal control of the company that is relevant to the preparation and fair presentation of the financial statements, in order to design audit procedures that are appropriate according to the circumstances. An audit also includes evaluating the accounting policies used and the significant accounting estimates made by management, as well as evaluating the general presentation of the financial statements I believe that the audit evidence obtained provides us with a reasonable basis to express my opinion.

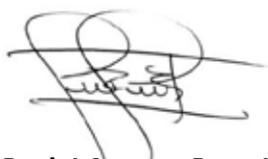
Opinion

In my opinion, the accompanying financial statements, taken from the accounting books, reasonably present, in all significant respects, the financial situation of CEMENTOS ARGOS S.A. as of December 31, 2018, the result of its operations and cash flows for the year ended on that date, in accordance with the Accounting and Financial Information Standards accepted in Colombia.

Other issues

The financial statements as of December 31, 2018, which were audited by us and reported on February 12, 2018 with an unmodified opinion, are included for comparative purposes only.

These financial statements and notes to the financial statements were translated into English, from statements originally issued in Spanish, for the convenience of readers.



Daniel Augusto Bernal Jaramillo
Statutory Auditor T.P. 94411-T
Designated by Deloitte & Touche Ltda.

February 19th 2019.

Cementos Argos S.A. and subsidiaries

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at December 31st | Million of Colombian pesos

	Notes	2018	Adjusted 2017	Adjusted January 1, 2017
ASSETS				
Current assets				
Cash and cash equivalents	5	\$ 640,837	\$ 523,749	\$ 531,666
Derivative financial instruments	6	1,528	102	1,420
Other financial assets	7	3,210	31,680	2,301
Trade receivables and other accounts receivable, net	8	989,716	1,401,470	1,318,499
Tax receivable	9	310,534	293,636	269,904
Inventories	10	851,417	732,458	839,247
Prepaid expenses		75,332	69,222	78,992
Assets held for sale or for distribution to owners	18	15,787	8,188	8,373
Total current assets		\$ 2,888,361	\$ 3,060,505	\$ 3,050,402
Non-current assets				
Trade receivables and other accounts receivable, net	8	166,742	113,189	111,920
Investments in associates and joint ventures	12	89,626	81,461	79,529
Derivative financial instruments	6	618	2,533	650
Other financial assets	7	934,323	1,172,274	1,389,944
Other intangible assets, net	14	954,841	1,036,963	1,117,529
Biological assets	11	21,257	21,199	20,870
Property, plant and equipment, net	15	11,438,092	11,105,753	11,078,093
Investment property	16	191,903	126,832	164,565
Goodwill	17	1,828,481	1,707,028	1,753,268
Deferred tax assets	9	355,775	367,049	396,172
Prepaid expenses and other assets		-	102	4,490
Total non-current assets		\$ 15,981,658	\$ 15,734,383	\$ 16,117,030
TOTAL ASSETS		\$ 18,870,019	\$ 18,794,888	\$ 19,167,432
LIABILITIES				
Current liabilities				
Financial liabilities	19	1,173,727	1,834,604	2,485,743
Trade liabilities and accounts payable	22	1,176,817	1,080,181	1,118,894
Taxes, liens and duties	9	268,207	235,767	238,443
Employee benefits	23	160,802	138,691	146,716
Provisions	24	81,863	92,434	88,947
Derivative financial instruments	6	277	3,622	102,555
Outstanding bonds and preferred shares	26	100,172	130,312	475,621
Prepaid income and other liabilities	25	129,706	158,971	181,198
Liabilities associated with assets held for sale or for distribution to owners	18	-	824	824
Total current liabilities		\$ 3,091,571	\$ 3,675,406	\$ 4,838,941
Non-current liabilities				
Financial liabilities	19	2,672,923	2,561,665	2,402,996
Trade liabilities and accounts payable	22	1,832	3,798	9,497
Employee benefits	23	298,401	340,349	287,129
Derivative financial instruments	6	22,973	-	8,901
Provisions	24	211,710	199,645	180,670
Outstanding bonds and preferred shares	26	3,279,030	2,851,563	1,948,877
Other liabilities	25	27,614	24,143	43,063
Deferred tax liabilities	9	268,287	348,148	364,130
Total non-current liabilities		\$ 6,782,770	\$ 6,329,311	\$ 5,245,263
TOTAL LIABILITIES		\$ 9,874,341	\$ 10,004,717	\$ 10,084,204
EQUITY (SEE ATTACHED STATEMENT)		\$ 8,995,678	\$ 8,790,171	\$ 9,083,228
TOTAL EQUITY AND LIABILITIES		\$ 18,870,019	\$ 18,794,888	\$ 19,167,432

Notes are an integral part of the consolidated financial statements.

 **Juan Esteban Calle**
Legal Representative
(See attached certification)

 **Oscar Rodrigo Rubio C.**
Corporate Accounting Manager
T.P. 47208-T
(See attached certification)

 **Daniel Augusto Bernal J.**
Auditor T.P.94.411-T
Designated by Deloitte & Touche LTD.
(See attached certification)

Cementos Argos S.A. and subsidiaries

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

As at December 31st | Million of Colombian pesos

	Notes	2018	Adjusted 2017
Continuing operations			
Income from operations	32	\$ 8,417,604	\$ 8,532,913
Cost of sales	10	6,852,288	6,970,156
Gross profit		\$ 1,565,316	\$ 1,562,757
Administrative expenses	34	625,529	683,835
Selling expenses	35	260,317	254,229
Other income from operations, net	36	149,981	71,588
Impairment of goodwill and assets	17	4,340	2,032
Operating profit		\$ 825,111	\$ 694,249
Financial expenses, net	38	414,638	406,094
Foreign currency exchange gains, net		16,193	8,285
Share of net loss of associates and joint ventures	12	(12,203)	(4,901)
Profit before income tax		\$ 414,463	\$ 291,539
Income tax	9	123,029	213,125
Net income for the year	39	\$ 291,434	\$ 78,414
Income for the period attributable to:			
Owners of the parent company		178,563	(11,365)
Non-controlling interest	31	112,871	89,779
Net income for the year		\$ 291,434	\$ 78,414
OTHER COMPREHENSIVE INCOME, NET OF TAXES			
items that will not be reclassified to profit or loss:			
Loss on new measurements of defined benefits obligations		(4,160)	(19,652)
(Loss) gains from equity investments measured at fair value		(227,084)	59,769
Income tax on items that will not be reclassified to profit or loss		2,657	848
Total items that will not be reclassified to profit or loss		\$ (228,587)	\$ 40,965
items that will be reclassified to profit or loss:			
(Loss) gains net profit of cash-flow hedging instruments		(24,745)	1,530
Gains from foreign currency translation differences		542,028	5,980
Income tax on items that will be reclassified to profit or loss		8,231	(3,770)
Total items that will be reclassified to profit or loss		\$ 525,514	\$ 3,740
Other comprehensive income, net of taxes		\$ 296,927	\$ 44,705
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		\$ 588,361	\$ 123,119
Other comprehensive income attributable to:			
Owners of the parent company		249,260	55,901
Non-controlling interest		47,667	(11,196)
Other comprehensive income		\$ 296,927	\$ 44,705
Total comprehensive income attributable to:			
Owners of the parent company		427,823	44,536
Non-controlling interest	31	160,538	78,583
Total comprehensive income		\$ 588,361	\$ 123,119
Basic net (loss) income per share:			
Net income (loss) from continuing operations attributable to owners of the parent	40	155.05	(9.87)

The notes are an integral part of the consolidated financial statements.

 **Juan Esteban Calle**
Legal Representative
(See attached certification)

 **Oscar Rodrigo Rubio C.**
Corporate Accounting Manager
T.P. 47208-T
(See attached certification)

 **Daniel Augusto Bernal J.**
Auditor T.P.94.411-T
Designated by Deloitte & Touche LTD.
(See attached certification)

Cementos Argos S.A. and subsidiaries

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

As at December 31 | million of Colombian pesos

Note	Issued Capital	Treasury shares	Statutory reserve	Other reserves	Retained earnings	Other comprehensive income and other components	Equity attributable to the owners of the parent company	Non-controlling interest	Equity
Balance at January 1, 2017	2,142,313	(113,797)	20,927	814,816	2,203,515	3,274,647	8,342,421	731,158	9,073,579
Retrospective application for changes in investment property accounting policy	-	-	-	-	9,486	129	9,615	34	9,649
Balance at January 1, 2017, adjusted	2,142,313	(113,797)	20,927	814,816	2,213,001	3,274,776	8,352,036	731,192	9,083,228
Net income for the period	-	-	-	-	(11,365)	-	(11,365)	89,779	78,414
Other comprehensive income for the period, net of income tax	-	-	-	-	-	55,901	55,901	(11,196)	44,705
Comprehensive income for the period	-	-	-	-	(11,365)	55,901	44,536	78,583	123,119
Transfer to retained earnings	-	-	-	-	272,869	(272,869)	-	-	-
Cash dividends on ordinary shares	-	-	-	-	(251,065)	-	(251,065)	(85,937)	(337,002)
Cash dividends on preferred shares	-	-	-	-	(43,461)	-	(43,461)	-	(43,461)
Extraordinary cash dividends on ordinary and preferred shares	-	-	-	-	(29,939)	-	(29,939)	-	(29,939)
Appropriation of reserves	-	-	71,364	374,065	(445,429)	-	-	-	-
Release of reserves	-	-	-	(1,039)	1,039	-	-	(5)	(5)
Business combinations	-	-	-	-	-	-	-	8,180	8,180
Wealth tax	-	-	-	(18,738)	(130)	-	(18,868)	(3)	(18,871)
Other movements	-	-	-	(8,366)	-	-	(8,366)	13,288	4,921
Balance at 31 December, 2017, adjusted	2,142,313	(113,797)	92,291	1,169,104	1,697,154	3,057,808	8,044,873	745,298	8,790,171
Balance at January 1, 2018, adjusted	2,142,313	(113,797)	92,291	1,169,104	1,697,154	3,057,808	8,044,873	745,298	8,790,171
Retrospective application for the application of the expected credit loss model	-	-	-	-	(5,343)	9	(5,334)	(40)	(5,374)
Balance at January 1, 2018	2,142,313	(113,797)	92,291	1,169,104	1,691,811	3,057,817	8,039,539	745,258	8,784,797
Net income for the period	-	-	-	-	178,563	-	178,563	112,871	291,434
Other comprehensive income for the period, net of income tax	-	-	-	-	-	249,260	249,260	47,667	296,927
Comprehensive income for the period	-	-	-	-	178,563	249,260	427,823	160,538	588,361
Cash dividends on ordinary shares	-	-	-	-	(262,581)	-	(262,581)	(76,411)	(338,992)
Cash dividends on preferred shares	-	-	-	-	(45,499)	-	(45,499)	-	(45,499)
Appropriation of reserves	-	-	59	1,991	(2,050)	-	-	-	-
Release of reserves	-	-	-	(310,278)	310,278	-	-	-	-
Transactions with non-controlling interests	-	-	-	-	-	4,916	4,916	(4,916)	-
Other movements	-	-	-	-	829	-	829	6,182	7,011
Balance at 31 December, 2018	2,142,313	(113,797)	92,350	860,817	1,871,351	3,311,993	8,165,027	830,651	8,995,678

The notes are an integral part of the consolidated financial statements.

Juan Esteban Calle
Legal Representative
(See attached certification)

Óscar Rodrigo Rubio C.
Corporate Accounting Manager
T.P. 47208-T
(See attached certification)

Daniel Augusto Bernal J.
Auditor T.P.94.411-T
Designated by Deloitte & Touche LTD.
(See attached certification)

Cementos Argos S.A. and subsidiaries

CONSOLIDATED STATEMENT OF CASH FLOWS

CONSOLIDATED STATEMENT OF CASH FLOWS

As at December 31 | million of Colombian pesos

	Notes	2018	Adjusted 2017
CASH FLOWS FROM OPERATING ACTIVITIES			
Net Income	39	\$ 291,434	\$ 78,414
Adjustments to reconcile profit:			
Depreciation and amortization	39	707,639	726,768
Income tax	9	123,029	213,125
Net financial expenses		416,964	403,792
Provisions, post-employment and long-term defined benefit plans		140,213	49,327
Inventory, receivables and intangible assets impairment losses		12,724	65,485
Gains from exchange difference		(12,263)	(1,162)
Gains on fair value measurement of investment properties and other assets		(57,226)	(1,944)
Share of net loss of associates and joint ventures		12,203	4,901
Gains on the disposal of non-current assets		(104,492)	(84,156)
Others, net		(35,808)	(23,605)
Changes in the working capital of:			
(Increase) decrease in inventory		(77,366)	35,925
Decrease (increase) in receivables and other accounts receivable		591,259	(146,235)
(Decrease) increase in liabilities and other accounts payable		(528,220)	117,820
Paid taxes		(160,370)	(249,052)
Total adjustments to reconcile profit		1,028,286	1,110,989
Net cash flows from operating activities		\$ 1,319,720	\$ 1,189,403
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment and investment properties		(486,862)	(712,895)
Proceeds from the loss of control of subsidiaries and businesses		245,145	-
Proceeds from the sale of property, plant and equipment and investment properties		184,283	90,545
Proceeds from sale of financial assets	27	36,008	294,813
Purchase of intangible assets		(17,328)	(30,853)
Acquisition of investment in associates and joint ventures		(15,041)	(7,064)
Dividends received		12,975	6,331
Interest received		9,152	8,690
Acquisition of financial assets		(4,648)	(28,285)
Proceeds from sale of intangible assets		3,922	-
Payments from financial derivatives contracts		(1,628)	-
Cash flows used to obtain control of subsidiaries or other businesses	42	-	(14,680)
Net cash flows used in investing activities		\$ (34,022)	\$ (393,398)
CASH FLOWS FROM FINANCING ACTIVITIES			
Payments of loans and debt instruments		(4,804,300)	(4,476,653)
Proceeds from loans		4,014,811	4,016,876
Proceeds from bond issue	26	498,747	998,071
Interest paid		(385,791)	(384,594)
Dividends paid on ordinary shares	30	(334,822)	(355,819)
Payment of outstanding bonds	26	(97,022)	(440,000)
Payments for finance lease liabilities		(89,369)	(33,282)
Dividends paid on preferred shares	30	(47,174)	(49,266)
Collection from financial derivatives contracts		35,581	35,475
Payments from financial derivatives contracts		(23,133)	(117,089)
Others, net		27,252	3,024
Net cash flows used in financing activities		\$ (1,205,220)	\$ (803,257)
INCREASE (DECREASE) OF CASH AND CASH EQUIVALENT BY OPERATIONS		\$ 80,478	\$ (7,252)
Net effect of foreign currency translation on cash and cash equivalents		\$ 30,103	\$ (665)
Net increase (decrease) of cash and cash equivalent		\$ 110,581	\$ (7,917)
Cash and cash equivalents at the beginning of the period	5	\$ 530,256	\$ 538,173
Cash and cash equivalents at end of the period	5	\$ 640,837	\$ 530,256

The notes are an integral part of the consolidated financial statements.

 **Juan Esteban Calle**
Legal Representative
(See attached certification)

 **Oscar Rodrigo Rubio C.**
Corporate Accounting Manager
T.P. 47208-T
(See attached certification)

 **Daniel Augusto Bernal J.**
Auditor T.P.94.411-T
Designated by Deloitte & Touche LTD.
(See attached certification)

CERTIFICATION OF THE COMPANY'S LEGAL REPRESENTATIVE

To the shareholders of Cementos Argos S.A. and to the general public:

In my role as legal representative, I certify that the annual separate financial statements completed as of December 31, 2017 and 2018, do not contain defects, inaccuracies or material errors that prevent knowing the true property status or the operations carried out by Cementos Argos S.A.

The above is to comply with article 46 of Law 964 of 2005.

For the record, it is signed on February 19, 2019.



Juan Esteban Calle
Legal representative

CERTIFICATION OF THE LEGAL REPRESENTATIVE AND CORPORATE ACCOUNTING MANAGER OF THE COMPANY

To the shareholders of Cementos Argos S.A. and to the general public:

The undersigned Legal Representative and Corporate Accounting Manager of Cementos Argos S.A., certify, in accordance with the Article 37 of Law 222 of 1995, the Separate Financial Statements, ended December 31, 2017 and 2018, have been faithfully taken from the accounting books and that before being placed at your disposal and that of third parties, we have verified the following affirmations contained in them:

1. All assets and liabilities exist and all registered transactions have been realized during said years.
2. All economic acts realized by the Company have been recognized.
3. The assets represent probable future economic benefits (rights) and the liabilities represent probable future economic commitments (obligations), obtained or charged to the company.
4. All elements have been recognized for their appropriate values, in accordance with the applicable financial reporting regulations, in Colombia.
5. All economic events that affect the Company have been correctly classified described and disclosed.

For the record, it is signed on February 19, 2019.



Juan Esteban Calle
Legal Representative



Óscar Rodrigo Rubio C.
Corporate Accounting Manager
T.P. 47208-T



STATUTORY AUDITOR'S REPORT

To the shareholders of
CEMENTOS ARGOS S.A.:

REPORT ON SEPARATE FINANCIAL STATEMENTS

I have audited the accompanying CEMENTOS ARGOS S.A. financial statements, which includes the statement of financial position as of December 31, 2018, the income statement and other comprehensive income, changes in net equity and cash flows for the year ended on that date, and a summary of significant accounting policies, as well as other explanatory notes.

Management's Responsibility over Financial Statements

Management is responsible for the preparation and correct presentation of these financial statements in accordance with the accounting and financial reporting standards accepted in Colombia, and for the internal control that management considers relevant for the preparation and correct presentation of the financial statements free of significant errors, either by fraud or error; selecting and applying the appropriate accounting policies; as well as making the accounting estimates that are reasonable in the circumstances.

Statutory Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I performed the audit in accordance with international auditing standards accepted in Colombia. These standards require that I comply with ethical requirements and that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit consists of developing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the professional judgment of the auditor, including the assessment of the risks of significant errors in the financial statements. In the risk assessment, the auditor considers the internal control of the company that is relevant to the preparation and fair presentation of the financial statements, in order to design audit procedures that are appropriate according to the circumstances. An audit also includes evaluating the accounting policies used and the significant accounting estimates made by management, as well as evaluating the general presentation of the financial statements.

Deloitte se refiere a una o más de las firmas miembro de Deloitte Touche Tohmatsu Limited ("DTTL"), una compañía privada del Reino Unido limitada por garantía ("DTTL"), su red de firmas miembro, y a sus entidades relacionadas. DTTL y cada una de sus firmas miembro son entidades legalmente separadas e independientes. DTTL (también denominada "Deloitte Global") no presta servicios a clientes. Una descripción detallada de la estructura legal de Deloitte Touche Tohmatsu Limited y sus firmas miembro puede verse en el sitio web www.deloitte.com/about.

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I consider that the audit evidence obtained provides me with a reasonable basis to express my opinion.

Opinion

In my opinion, the accompanying financial statements, taken from the accounting books, reasonably presents, in all significant matters, the financial situation of CEMENTOS ARGOS S.A. as of December 31, 2018, the result of its operations and cash flows for the year ended on that date, in accordance with the Accounting and Financial Information Standards accepted in Colombia.

Other issues

The financial statements as of December 31, 2017, which were audited by me and reported on February 12, 2018 with an unmodified opinion, are included for comparative purposes only.

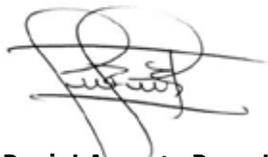
REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Based on the scope of my audit, I report that the Company's accounting records have been kept according to legal regulations and the accounting techniques; the transactions recorded in the accounting books, the mail, accounting records and the minutes of meetings and shareholder book are duly kept and preserved; the management's report agrees with the basic financial statements, and it includes a manifestation from the management on not having hindered the free circulation of the invoices issued by the vendors or suppliers; and the information included in the statements of contributions to the Integral Social Security System, in particular, the related to the affiliates and their contribution base income, has been taken from accounting books and supports. As of December 31, 2018, the Company is not in default with the payment to the Integral Social Security System, and the mechanisms for money laundering prevention and have been implemented the controls in accordance with the instructions given from the Colombian Financial Superintendence.

In accordance with the article 1.2.1.4 of Decree 2420 of 2015, the auditor will apply the ISAE standards, in the development of the responsibilities included in the article 209 of the Commercial Laws, related to the compliance assessment of the statutory arrangements and the Shareholders' Meeting and with the evaluation of the internal control. In addition, in accordance with the article 1.2.1.5 of this Decree, for the application effects of the article 1.2.1.4, it would not be necessary for the statutory auditor to prepare separate reports, but to express an opinion or concept on each of the topics contained in the article 1.2.1.4. The Colombian Accounting Technical Council will issue the necessary technical guidance for these purposes.

Based on the evidence obtained performing my statutory audit, during 2018, in my opinion, nothing has caught my attention that makes me think that: a) the acts of the Company's Directors do not conform to the bylaws and/or to the decisions of the Shareholders' Meeting and b) the company does not have or are not properly defined the actions of internal accounting control, of conservation and custody of the assets of the Company or of third parties in its possession.

These financial statements and notes to the financial statements were translated into English, from statements originally issued in Spanish, for the convenience of readers.



Daniel Augusto Bernal Jaramillo
Statutory Auditor T.P. 94411-T
Designated by Deloitte & Touche Ltda.

February 19th 2019.

Cementos Argos S.A.

SEPERATE STATEMENT OF FINANCIAL POSITION

As at December 31st | Millions of Colombian Pesos

	Notes	2018	Re-expressed 2017	Re-expressed January 1, 2017 2017
ASSETS				
Current assets				
Cash and cash equivalents	5	\$ 63,197	\$ 49,725	\$ 117,587
Derivative financial instruments	6	1,528	102	-
Trade debts and other accounts receivable, net	8	480,603	709,315	835,952
Balances in favor of taxes	9	187,046	124,885	123,581
Inventories	10	120,153	114,021	139,250
Prepaid expenses		22,857	19,685	15,818
Non-current assets held for sale	17	15,039	-	-
Total current assets		\$ 890,423	\$ 1,017,733	\$ 1,232,188
Non-current assets				
Trade debts and other accounts receivable, net	8	306,660	310,900	789,885
Investments in subsidiaries	13	8,669,108	8,031,751	7,082,018
Investments in associates and joint ventures	12	61,829	55,804	53,933
Derivative financial instruments	6	-	151	650
Other financial assets	7	917,091	1,157,061	1,371,388
Other intangible assets, net	14	330,293	363,237	379,227
Biological assets	11	21,257	21,199	20,870
Property, plant and equipment, net	15	2,390,902	2,297,208	2,073,908
Investment properties, net	16	126,772	118,839	105,763
Deferred tax assets	9	84,874	-	-
Total non-current assets		\$ 12,908,786	\$ 12,356,150	\$ 11,877,642
TOTAL ASSETS		\$ 13,799,209	\$ 13,373,883	\$ 13,109,830
LIABILITIES				
Current Liabilities				
Financial Obligations	18	720,899	826,822	472,596
Trade liabilities and accounts payable	21	589,518	543,234	570,199
Taxes, charges, and fees	9	106,230	61,319	65,343
Liabilities from employee benefits	22	84,096	66,355	72,669
Provisions	23	14,312	7,959	28,728
Derivative financial instruments	6	277	3,622	101,135
Bonds in circulation and preference share	25	100,172	130,312	475,621
Income received in advance and other liabilities	24	63,759	67,975	72,428
Total current liabilities		\$ 1,679,263	\$ 1,707,598	\$ 1,858,719
Non-current liabilities				
Financial obligations	18	63,077	121,233	240,858
Trade liabilities and accounts payable	21	1,746	3,739	5,766
Liabilities from employee benefits	22	261,750	293,126	271,125
Derivative financial instruments	6	-	-	3,239
Provisions	23	38,549	35,900	31,848
Outstanding bonds and preference shares	25	3,279,030	2,851,563	1,948,877
Other liabilities	24	15,830	15,830	15,830
Liabilities held in advance and other PG liabilities	19	1,825	-	-
Net liabilities for deferred tax	9	-	7,646	84,389
Total non-current liabilities		\$ 3,661,807	\$ 3,329,037	\$ 2,601,932
TOTAL LIABILITIES		\$ 5,341,070	\$ 5,036,635	\$ 4,460,651
EQUITY (See attached Statement)		\$ 8,458,139	\$ 8,337,248	\$ 8,649,179
TOTAL LIABILITIES AND EQUITY		\$ 13,799,209	\$ 13,373,883	\$ 13,109,830

The Notes are an integral part of the Separate Financial Statements.

 **Juan Esteban Calle**
Legal Representative
(See attached certification)

 **Oscar Rodrigo Rubio C.**
Corporate Accounting Manager
T.P. 47208-T
(See attached certification)

 **Daniel Augusto Bernal J.**
Auditor T.P.94.411-T
Designated by Deloitte & Touche LTD.
(See attached certification)

Cementos Argos S.A.

SEPERATE STATEMENT OF COMPREHENSIVE INCOME

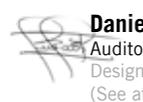
As at December 31st | Millions of Colombian Pesos

	Notes	2018	Re-expressed 2017
Continuing operations			
Operating income	30	\$ 1,458,071	\$ 1,411,396
Cost of merchandise sold	10	1,102,860	1,092,971
Gross profit		\$ 355,211	\$ 318,425
Administration expenses	31	292,880	278,789
Sales expenses	32	70,185	76,636
Other (expenses) operating income, net	33	15,608	(33,022)
Impairment of the value of assets		4,340	-
(Loss) Operating profit		\$ 3,414	\$ (70,022)
Financial expenses, net	34,35	263,821	238,631
Gains from exchange differences, net		2,741	7,771
Net shares in the results of subsidiaries, associates, and joint ventures	12,13	396,992	265,641
Profit (Loss) before income tax		\$ 139,326	\$ (35,241)
Income tax	9	(39,180)	(24,434)
Net profit (Loss) for the year	36	\$ 178,506	\$ (10,807)
OTHER COMPREHENSIVE INCOME, NET OF TAXES			
Items that will not be reclassified after the results of the period:			
Losses due to new measurements of obligations for defined benefits		(2,600)	(19,141)
(Loss) Gains from equity investments measured at fair value		(227,552)	60,274
Income tax on components that will not be reclassified		1,934	568
Total items that will not be reclassified, after the results of the period		\$ (228,218)	\$ 41,701
Items that will be reclassified, after the result of the period:			
Net gains of instruments in cash flow hedges		(24,516)	1,467
(Loss) Gains from exchange differences, for business translations abroad		493,930	33,234
Income tax of the components that will be reclassified		8,196	(4,014)
Total items that will be reclassified, after the results of the period		\$ 477,610	\$ 30,687
Other comprehensive income, net of taxes		\$ 249,392	\$ 72,388
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		\$ 427,898	\$ 61,581

The Notes are an integral part of the Separate Financial Statements.

 **Juan Esteban Calle**
Legal Representative
(See attached certification)

 **Oscar Rodrigo Rubio C.**
Corporate Accounting Manager
T.P. 47208-T
(See attached certification)

 **Daniel Augusto Bernal J.**
Auditor T.P.94.411-T
Designated by Deloitte & Touche LTD.
(See attached certification)

Cementos Argos S.A.

SEPARATE STATEMENT OF CHANGES IN EQUITY

As at December 31st | Millions of Colombian Pesos

Note	Issued capital	Reacquired owned shares	Legal reserves	Other reserves	Accumulated income	Other comprehensive income - accumulated	Cementos Argos S.A. equity, without participation	Reserves of participation	Accumulated income of participation	Other comprehensive income of participation	Total equity
Balance at January 1, 2017	2,142,313	(113,797)	13,845	736,887	1,706,635	1,298,366	5,784,249	95,052	947,540	1,824,354	8,651,195
Retroactive application from changes in accounting policies	3	-	-	-	471	-	471	-	(2,487)	-	(2,016)
Balance at January 1, 2017 re-expressed	2,142,313	(113,797)	13,845	736,887	1,707,106	1,298,366	5,784,720	95,052	945,053	1,824,354	8,649,179
Profit for the Period	-	-	-	-	(276,448)	-	(276,448)	-	265,641	-	(10,807)
Other comprehensive income for the period, net of income tax	-	-	-	-	-	35,115	35,115	-	-	37,273	72,388
Comprehensive income for the period	-	-	-	-	(276,448)	35,115	(241,333)	-	265,641	37,273	61,581
Transfers from other comprehensive income	-	-	-	-	272,870	(272,870)	-	-	-	-	-
Ordinary dividends declared in cash	-	-	-	-	(251,065)	-	(251,065)	-	-	-	(251,065)
Preference dividends declared in cash	-	-	-	-	(43,461)	-	(43,461)	-	-	-	(43,461)
Extraordinary dividends on ordinary and preference shares declared in cash	-	-	-	-	(29,939)	-	(29,939)	-	-	-	(29,939)
Constitution of reserves	-	-	71,364	315,663	-	-	387,027	61,906	(61,906)	-	387,027
Release of reserves	-	-	-	-	(387,027)	-	(387,027)	(10,42)	1,042	-	(387,027)
Wealth tax	-	-	-	(13,918)	-	-	(13,918)	(16,039)	-	-	(29,957)
Other variations	-	-	-	-	-	-	-	12,403	(31,493)	-	(19,090)
Balance at December 31, 2017 re-expressed	2,142,313	(113,797)	85,209	1,038,632	992,036	1,060,611	5,205,004	152,280	1,118,337	1,861,627	8,337,248
Balance at January 1, 2018 re-expressed	2,142,313	(113,797)	85,209	1,038,632	992,036	1,060,611	5,205,004	152,280	1,118,337	1,861,627	8,337,248
Retroactive effect due to the application of the expected credit loss model	3	-	-	-	(440)	-	(440)	-	-	-	(440)
Balance at January 1, 2018	2,142,313	(113,797)	85,209	1,038,632	991,596	1,060,611	5,204,564	152,280	1,118,337	1,861,627	8,336,808
Profit for the Period	-	-	-	-	(218,486)	-	(218,486)	-	396,992	-	178,506
Other comprehensive income for the period, net of income tax	-	-	-	-	-	(219,007)	(219,007)	-	-	468,399	249,392
Comprehensive income for the period	-	-	-	-	(218,486)	(219,007)	(437,493)	-	396,992	468,399	427,898
Ordinary cash dividends	-	-	-	(262,581)	-	-	(262,581)	-	-	-	(262,581)
Preferred cash dividends	-	-	-	(47,697)	2,198	-	(45,499)	-	-	-	(45,499)
Constitution of reserves	-	-	-	-	-	-	-	2,044	(2,044)	-	-
Other variations	-	-	-	-	-	-	-	5	1,508	-	1,513
Balance at December 31, 2018	2,142,313	(113,797)	85,209	728,354	775,308	841,604	4,458,991	154,329	1,514,793	2,330,026	8,458,139

The Notes are an integral part of the Separate Financial Statements.


Juan Esteban Calle
 Legal Representative
 (See attached certification)


Óscar Rodrigo Rubio C.
 Corporate Accounting Manager
 T.P. 47208-T
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 Auditor T.P.94.411-T
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 (See attached certification)

Cementos Argos S.A.

SEPERATE CASH FLOWS STATEMENT

As at December 31st | Millions of Colombian Pesos

	Notes	2018	Re-expressed 2017
CASH FLOWS OF OPERATING ACTIVITIES			
(Loss) Profit	36	\$ 178,506	\$ (10,807)
Adjustments to reconcile the (loss) profit:			
Depreciation and amortization	36	142,046	131,280
Income tax	9	(39,180)	(24,596)
Financial expenses, net	34,35	263,821	238,631
Increase provisions, defined post-employment benefit plans		86,915	20,350
(Reversals) impairment of value property, plant and equipment, inventories, and debtors		11,683	(3,491)
Gain on difference in exchange		28,287	(7,771)
Loss for measurement at fair value and amortized cost		1,826	5,318
Net participation in the profit of subsidiaries, associates, and joint ventures	12,13	(396,992)	(265,641)
Loss due to disposal of non-current assets		(104,261)	34
Other non-cash income and expenses		(374)	(38,871)
Change in working capital of :			
(Increases) decrease in inventories		(907)	24,315
Increase in debtors and other accounts receivable		(10,058)	485,419
Decrease in other assets		(3,173)	(3,867)
Increase in creditors, other accounts payable and other liabilities		(10,305)	(104,076)
Total adjustment to reconcile the profit (loss)		(30,672)	457,034
Net cash flows from operating activities		\$ 147,834	\$ 446,227
CASH FLOWS FROM INVESTMENT ACTIVITIES			
Cash flows used to capitalize subsidiaries		(80)	(876,163)
Provision of subsidiaries with loss of control		16,339	-
Purchase of participations in associates and joint ventures		(9,980)	(5,000)
Amounts of the sale of property, plant and equipment, and investment properties		162,901	3,715
Purchases of property, plant and equipment, and investment properties		(251,410)	(332,084)
Amounts from the purchase of financial instruments		(3,171)	-
Amounts from the sale of financial instruments		-	292,046
Purchases of intangible assets		(15,676)	(15,608)
Dividends received		382,192	216,081
Other cash flows from investment activities		-	(1,262)
Net cash flows (used) from investment activities		\$ 281,115	\$ (718,275)
CASH FLOWS FROM FINANCING ACTIVITIES			
Amounts from loans		1,262,140	1,876,838
Payments of loans and debt instruments		(1,441,038)	(1,623,922)
Payments of liabilities for financial leasing		(69,094)	(22,144)
Amounts from issuance of bonds	25	498,747	998,071
Payment of outstanding bonds	25	(97,022)	(440,000)
Interest paid		(262,334)	(264,248)
Dividends paid on ordinary shares	29	(259,702)	(271,143)
Dividends paid on preference shares	29	(47,174)	(49,266)
Net cash flows (used) from financing activities		\$ (415,477)	\$ 204,186
Net, increase (decrease) of cash and cash equivalents		\$ 13,472	\$ (67,862)
Cash and cash equivalents at the beginning of the period	5	\$ 49,725	\$ 117,587
Cash and cash equivalents at the end of the period	5	\$ 63,197	\$ 49,725

The Notes are an integral part of the Separate Financial Statements.

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A SELF-ASSESSMENT OF THE APPLICATION OF PRINCIPLES AND CONTENT OF THE INTEGRATED REPORT

We have prepared our 2018 Integrated Report following the principles and elements of the International Integrated Report Council (IIRC), in order to adequately communicate to our stakeholders the material aspects that influence the ability of the organization to create value, as well as articulate its strategy and its business model, taking into account the different risks and opportunities.

We highlight the following aspects of this 2018 Integrated Report:

Information connectivity

The structure of the report seeks to show the interconnection of the issues and how the information presented effects the relationship with our stakeholders.

Strategic approach and future orientation

The report provides information about the organization's strategy and how it relates to its ability to create value in the short, medium and long term.

Materiality

The report focuses on presenting information on the topics identified as organizational materials, that is, those which have the capacity to create value over time for the company and its stakeholders.

Relationships with interest groups

The report includes information on the nature of the organization's relationships with its stakeholders, including how and to what extent it understands, takes into account and responds to their legitimate needs and interests.

Quality Principle	Integrated Report 2018
Precision	We communicated more clearly and concisely the material issues of the organization, as well as the process that was developed to prioritize them.
Balance	We made a more balanced and clear exposition of the positive and negative impacts of our organization, and how these are considered in the creation of value for the stakeholders.
Quality	We included more detail in the follow-up of short, medium and long term goals and challenges. We improved the way we present our business model, the way we create value and how our operations connect with our stakeholders.
Comparability	We were rigorous in the collection of the information presented in the report to assure the reader of its reliability, quality and comparability, both with the performance of previous years and with other organizations in the sector. This comparability is supported, in addition, by the fact that we built the report in the framework of the Global Reporting Initiative (GRI) in its standard GRI version, in accordance with the essential option.
Reliability	The reliability of the report is reflected in the verification of indicators carried out by the independent firm Deloitte & Touche.
Punctuality	This Integrated Report presents the information for the period between January 1st and December 31st, 2018, to be consistent with the financial statements and, thus, ensure the timeliness of the information presented.

Next, we present the framework elements of the Integrated Report, which have been applied to its construction:

Content elements	Included aspects	Section
 Organizational Vision and Operational Context	Products, services, markets where it operates, size of the operation	Management Report
	Business model and value creation	Strategic Framework: This is how we create value
 Governance	Government model	Corporate governance: Board of Directors Executive Committee
	Guidelines and directives for ethics, transparency and good governance. Good governance practices: Selection, appointment, remuneration, training and evaluation of the Board of Directors	
 Business model	Business model and creation of value	Management Report
		Strategic Framework: This is how we create value
 Risks and Opportunities	Strategic and emerging risks and mitigation actions	Strategic Framework: Risk Management
		Action Focuses
 Strategy and Resources	Business model and creation of value	Action Focuses
	Sustainability Strategy	Strategic Framework: Sustainability Strategy: This is how we create value
 Performance and Results	Relevant performance figures	Management Report
	Main results of the reporting period	Action Focuses
	Monitoring of short, medium and long term goals in material issues	
 Future Projection	Challenges of short, medium and long term	Action Focuses
 Preparation and Presentation Bases	Process of identification and prioritization of material issues	Strategic Frameworks: Material Issues
	Mechanisms for evaluation and monitoring of material issues	Action Focuses

GRI CONTENT INDEX

#	Indicator	Location in the IR	Verification
101	Foundation		
1. ORGANIZATIONAL PROFILE			
102-1	Name of the organization	Cementos Argos S.A.	X
102-2	Activities, brands, products and services	Introduction, relevant numbers	X
102-3	Location of headquarters	St 7D #43A-99 (Medellín - Colombia) Via 40, Las Flores (Barranquilla - Colombia)	X
102-4	Location of operations	Introducción, where we operate	X
102-5	Ownership and legal form	Corporation	X
102-6	Markets served	Introduction, where we operate	X
102-7	Scale of the organization	Introduction, where we operate	X
102-8	Information on employees and other workers	Introduction, where we operate and https://sostenibilidad.argos.co/Portals/16/Doc/2018/eng/Talent%20management.pdf	X
102-9	Supply chain	Supplier Management, pag. 107 and https://sostenibilidad.argos.co/Portals/16/Doc/2018/eng/Supplier%20management.pdf	X
102-10	Significant changes to the organization and its supply chain	Management report, pag. 12, Efficiency and Profitability, pag. 56	X
102-11	Precautionary principle or approach	Sustainability Strategy, pag. 53	X
102-12	External initiatives	Sustainability Strategy, pag. 51	X
102-13	Memberships of associations	Sustainability Strategy, pag. 51	X
2. STRATEGY AND RISK MANAGEMENT			
102-14	Statement from senior decision maker	Letter from the Chairman of the Board, pag. 4; Management report, pag. 12	X
102-15	Key impacts, risks and opportunities	Risk management, pag. 40	X
A-R11	Strategic risks	Risk management, pag. 38, 39, 41 and https://sostenibilidad.argos.co/en/Downloads	
A-R12	Emerging risks	Risk management, pag. 41 and https://sostenibilidad.argos.co/en/Downloads	
3. GOVERNANCE			
102-18	Governance structure	Corporate governance, pag. 30	X
102-19	Delegating authority	Corporate governance, pag. 30, 31, 34, and https://sostenibilidad.argos.co/en/Downloads	X
102-20	Executive level responsibility for environmental, social and economic topics	Corporate governance, Pag. 34 and https://sostenibilidad.argos.co/en/Downloads	X
102-21	Consulting stakeholders on environmental, social and economic topics	Sustainability Strategy, pag. 51 and https://sostenibilidad.argos.co/Nuestros-Grupos-de-Interés	X
102-22	Composition of highest governance body and its committees	Corporate governance, pag. 30 and 32 and https://sostenibilidad.argos.co/en/Downloads	X
102-23	Chair of the highest governance body	Corporate governance, pag. 32, 34	X
102-24	Nomination and selection of highest governance body	https://sostenibilidad.argos.co/en/Downloads	X
102-25	Conflicts of interests	https://sostenibilidad.argos.co/en/Downloads	X
102-26	Role of the highest governance body in setting purpose, values and strategy	Corporate governance, pag. 31	X
102-27	Collective knowledge of highest governance body	https://sostenibilidad.argos.co/en/Downloads	X
102-28	Evaluating the highest governance body's performance	https://sostenibilidad.argos.co/en/Downloads	X
102-29	Identifying and managing economic, social and environmental impacts	Corporate governance, pag. 31	X
102-30	Effectiveness of risk management processes	Corporate governance, pag. 31	X
102-31	Review of economic, social and environmental topics	https://sostenibilidad.argos.co/en/Downloads	X
102-32	Highest governance body's role in sustainability reporting	About this report, pag. 5	X
102-33	Communicating critical concerns	https://sostenibilidad.argos.co/en/Downloads	X
102-34	Nature and total number of critical concerns	https://sostenibilidad.argos.co/en/Downloads	X
102-35	Remuneration policies	https://sostenibilidad.argos.co/en/Downloads	X
102-36	Process for determining remuneration	https://sostenibilidad.argos.co/en/Downloads	X
102-37	Stakeholder's involvement in remuneration	https://sostenibilidad.argos.co/en/Downloads	X

#	Indicator	Location in the IR	Verification
4. STAKEHOLDER ENGAGEMENT			
102-40	List of stakeholder groups	Sustainability Strategy, pag. 50	X
102-41	Collective bargaining agreements	Sustainability Strategy, pag. 51	X
102-42	Identifying and selecting stakeholders	Sustainability Strategy, pag. 50	X
102-43	Approach to stakeholder engagement	Sustainability Strategy, pag. 50	X
102-44	Key topics and concerns raised	Integrated report	X
5. REPORTING PRACTICE			
102-45	Entities included in the consolidated financial statements	*Notes to the financial statements	X
102-46	Defining report content and topic boundaries	About this report, pag. 5	X
102-47	List of material topics	Material topics, pag. 6	X
102-48	Restatements of information	About this report, pag. 5	X
102-49	Changes in reporting	About this report, pag. 5	X
102-50	Reporting period	About this report, pag. 5	X
102-51	Date of most recent report	About this report, pag. 5	X
102-52	Reporting cycle	About this report, pag. 5	X
102-53	Contact point for questions regarding the report	About this report, pag. 5	X
102-54	Claims of reporting in accordance to GRI standards	About this report, pag. 5	X
102-55	GRI Content Index	About this report, pag. 5	X
102-56	External Assurance	About this report, pag. 5 and 160	

#	Indicator	Location in the IR	Verification	Omissions
Specific content				
MATERIAL TOPIC: EFFICIENCY AND PROFITABILITY				
103	Management approach	Efficiency and Profitability, pag. 56		
103-1	Explanation of the material topic and its boundary	Efficiency and Profitability, pag. 56		
103-2	The management approach and its components	Efficiency and Profitability, pag. 56		
103-3	Evaluation of the management approach	Efficiency and Profitability, pag. 57, 58		
A-RE1	Net debt/(EBITDA+dividends)	Efficiency and Profitability, pag. 58	X	
A-RE2	EBITDA	Introduction, Relevant figures	X	
A-RE3	EBITDA margin	Efficiency and Profitability, pag. 58	X	
A-RE4	Total shareholder return(TSR)	Efficiency and Profitability, pag. 58	X	
A-BE2	Total disinvestments in the reporting period	Ethics and Compliance, pag. 59	X	
MATERIAL TOPIC: ETHICS AND COMPLIANCE				
103	Management approach	Ethics and Compliance, pag. 59		
103-1	Explanation of the material topic and its boundary	Ethics and Compliance, pag. 59		
103-2	The management approach and its components	Ethics and Compliance, pag. 59		
103-3	Evaluation of the management approach	Ethics and Compliance, pag. 60		
102-16	Values, principles, standards and norms of behavior	Ethics and Compliance, pag. 59	X	
102-17	Mechanisms for advice and concerns about ethics	Ethics and Compliance, pag. 60	X	
205-1	Number and percentage of operations assessed in terms of corruption and significant risks identified	https://sostenibilidad.argos.co/Portals/16/Doc/2018/eng/Ethics%20and%20compliance.pdf	X	
205-2	Communication and training about anti-corruption policies and procedures	Ethics and Compliance, pag. 61 and https://sostenibilidad.argos.co/Portals/16/Doc/2018/eng/Ethics%20and%20compliance.pdf	X	The data broken down by employee levels is not reported.

#	Indicator	Specific content		
		Location in the IR	Verification	Omissions
205-3	Confirmed incidents of corruption and actions taken	Ethics and Compliance, pag. 60 and https://bit.ly/2K65fwg	X	
206-1	Legal actions for anti competitive behavior, anti trust and monopoly practices	https://sostenibilidad.argos.co/Portals/16/Doc/2018/eng/Ethics%20and%20compliance.pdf	X	
307-1	Non compliance with environmental laws and regulations	https://sostenibilidad.argos.co/Portals/16/Doc/2018/eng/Ethics%20and%20compliance.pdf	X	
415-1	Political contributions	https://sostenibilidad.argos.co/Portals/16/Doc/2018/eng/Ethics%20and%20compliance.pdf	X	
419-1	Non compliance with social and economic regulations	https://sostenibilidad.argos.co/Portals/16/Doc/2018/eng/Ethics%20and%20compliance.pdf	X	
A-ETH1	Environmental, social and human rights complaints received	https://sostenibilidad.argos.co/Portals/16/Doc/2018/eng/Ethics%20and%20compliance.pdf	X	
A-TAX1	Taxes paid by country	https://sostenibilidad.argos.co/Portals/16/Doc/2018/eng/Ethics%20and%20compliance.pdf	X	
A-ETH2	Largest contributions and expenditures	https://sostenibilidad.argos.co/Portals/16/Doc/2018/eng/Ethics%20and%20compliance.pdf	X	
MATERIAL TOPIC: HUMAN RIGHTS				
103	Management approach	Human rights, pag. 62		
103-1	Explanation of the material topic and its boundary	Human rights, pag. 62		
103-2	The management approach and its components	Human rights, pag. 62		
103-3	Evaluation of the management approach	Human rights, pag. 63		
MATERIAL TOPIC: LICENSE FROM SOCIETY TO THE INDUSTRY				
103	Management approach	License from Society to the Industry, pag. 64		
103-1	Explanation of the material topic and its boundary	License from Society to the Industry, pag. 64		
103-2	The management approach and its components	License from Society to the Industry, pag. 65		
103-3	Evaluation of the management approach	License from Society to the Industry, pag. 66		
A-LS1	VAS	License from Society to the Industry, pag. 67	X	
A-LS2	Reputation Index	Management report, pag. 25	X	
A-LS3	Megaprojects	License from Society to the Industry, pag. 66	X	
MATERIAL TOPIC: SUSTAINABLE CONSTRUCTION				
103	Management approach	Sustainable construction, pag. 68		
103-1	Explanation of the material topic and its boundary	Sustainable construction, pag. 68		
103-2	The management approach and its components	Sustainable construction, pag. 68		
103-3	Evaluation of the management approach	Sustainable construction, pag. 69		
A-CS1	Revenues obtained from products with sustainability properties	Sustainable construction, pag. 70 and environmental indicators, pag 157	X	
MATERIAL TOPIC: INNOVATION IN THE BUSINESS MODEL				
103	Management approach	Innovation, pag. 72		
103-1	Explanation of the material topic and its boundary	Innovation, pag. 72		
103-2	The management approach and its components	Innovation, pag. 72		
103-3	Evaluation of the management approach	Innovation, pag. 73		
A-IN1	Total amount of innovation investment	https://sostenibilidad.argos.co/Portals/16/Doc/2018/eng/Innovation.pdf		

#	Indicator	Specific content		Verification	Omissions
		Location in the IR			
A-IN2	Number of innovative ideas		https://sostenibilidad.argos.co/Portals/16/Doc/2018/eng/Innovation.pdf		
A-IN3	Revenues from innovation		https://sostenibilidad.argos.co/Portals/16/Doc/2018/eng/Innovation.pdf		
A-IN4	Savings derived from the implementation of innovation initiatives		https://sostenibilidad.argos.co/Portals/16/Doc/2018/eng/Innovation.pdf		
MATERIAL TOPIC: BRAND MANAGEMENT					
103	Management approach		Brand management, Pag. 77		
103-1	Explanation of the material topic and its boundary		Brand management, Pag. 77		
103-2	The management approach and its components		Brand management, Pag. 78		
103-3	Evaluation of the management approach		Brand management, Pag. 78		
A-IM1	Customer satisfaction index per country		Brand management, Pag. 79	X	
A-IM2	Wallet Allocation Rule (WAR)		https://bit.ly/2EAJfXh		
A-IM3	Equity Efectivo		https://bit.ly/2EAJfXh		
MATERIAL TOPIC: ENERGY MANAGEMENT MODEL					
103	Management approach		Energy Management Model, pag. 80		
103-1	Explanation of the material topic and its boundary		Energy Management Model, pag. 80		
103-2	The management approach and its components		Energy Management Model, pag. 80		
103-3	Evaluation of the management approach		Energy Management Model, pag. 81		
302-1	"Energy consumption within the organization (GJ)"		Environmental indicators, pag. 150, and https://sostenibilidad.argos.co/Portals/16/Doc/2018/eng/Energy%20management%20model.pdf	X	
302-4	Reduction of energy consumption (MJ)		https://sostenibilidad.argos.co/Portals/16/Doc/2018/eng/Energy%20management%20model.pdf	X	
MATERIAL TOPIC: CIRCULAR ECONOMY					
103	Management approach		Circular economy, pag. 83		
103-1	Explanation of the material topic and its boundary		Circular economy, pag. 83		
103-2	The management approach and its components		Circular economy, pag. 84		
103-3	Evaluation of the management approach		Circular economy, pag. 84		
301-1	Materials used by weight or volume		Environmental indicators, pag. 151	X	
306-2	Waste by type and disposal method		Environmental indicators, pag. 151	X	The manner in which the disposal method for waste is established is not disclosed.
A-ENE1	Substitution of fossil caloric consumption with alternative fuels		Environmental indicators, pag. 151	X	
A-EC2	Alternative raw materials rate (%) (Cement)		Environmental indicators, pag. 151	X	
A-EC3	Percentage of supplementary Cementitious Materials (concrete)		Environmental indicators, pag. 151	X	
A-EC4	Volume of used or recycled aggregates		Environmental indicators, pag. 151	X	
MATERIAL TOPIC: CLIMATE CHANGE					
103	Management approach		Climate change, pag. 86		
103-1	Explanation of the material topic and its boundary		Climate change, pag. 86		
103-2	The management approach and its components		Climate change, pag. 86		
103-3	Evaluation of the management approach		Climate change, pag. 87		
201-2	"Financial implications and other risks and opportunities due to climate change"		https://bit.ly/2Yx7gpl	X	
305-1	Direct (Scope 1) GHG emissions		https://bit.ly/2Yx7gpl	X	

#	Indicator	Specific content		
		Location in the IR	Verification	Omissions
305-2	Energy indirect (Scope 2) GHG emissions	https://sostenibilidad.argos.co/Portals/16/Doc/2018/eng/Climate%20change.pdf , pag. 150	X	
305-3	Other indirect (Scope 3) GHG emissions (tCO ₂)	https://sostenibilidad.argos.co/Portals/16/Doc/2018/eng/Climate%20change.pdf , pag. 151	X	
305-4	GHG emissions intensity	https://sostenibilidad.argos.co/Portals/16/Doc/2018/eng/Climate%20change.pdf , pag. 150	X	
305-5	Reduction of GHG emissions (t CO ₂)	https://sostenibilidad.argos.co/Portals/16/Doc/2018/eng/Climate%20change.pdf	X	
A-EC1	Specific CO ₂ emissions - net (kg/t cementitious product)	Climate change, pag. 88, https://sostenibilidad.argos.co/Portals/16/Doc/2018/eng/Climate%20change.pdf , pag 150	X	
MATERIAL TOPIC: OTHER EMISSIONS				
103	Management approach	Other emissions, pag. 90		
103-1	Explanation of the material topic and its boundary	Other emissions, pag. 90		
103-2	The management approach an its components	Other emissions, pag. 90		
103-3	Evaluation of the management approach	Other emissions, pag. 91		
305-7	Nitrogen oxides (NOx), sulfur oxides (Sox) and other significant air emissions	Environmental indicators, pag. 150	X	
A-OE1	Specific Emissions	Other emissions, pag. 90 and environmental indicators, pag. 152		
MATERIAL TOPIC: WATER				
103	Management approach	Water, pag. 92		
103-1	Explanation of the material topic and its boundary	Water, pag. 92		
103-2	The management approach and its components	Water, pag. 93		
103-3	Evaluation of the management approach	Water, pag. 93		
303-3	Water withdrawal by source (m ³)	https://sostenibilidad.argos.co/Portals/16/Doc/2018/eng/Water.pdf , pag 155	X	
A-A2	Water recycled and reused	https://sostenibilidad.argos.co/Portals/16/Doc/2018/eng/Water.pdf , pag 156	X	
303-4	Water discharge destination	https://sostenibilidad.argos.co/Portals/16/Doc/2018/eng/Water.pdf , pag 156	X	
A-A1	Specific water consumption (L/ton or L/m ³)	https://sostenibilidad.argos.co/Portals/16/Doc/2018/eng/Water.pdf , pag 156	X	
303-5	Water consumption	https://sostenibilidad.argos.co/Portals/16/Doc/2018/eng/Water.pdf , pag 156	X	
MATERIAL TOPIC: BIODIVERSITY				
103	Management approach	Biodiversity, pag 94		
103-1	Explanation of the material topic and its boundary	Biodiversity, pag 94		
103-2	The management approach and its components	Biodiversity, pag 95		
103-3	"Evaluation of the management approach"	Biodiversity, pag 95		
304-1	Number of facilities with high biodiversity value	Environmental indicators, pag. 157	X	Detailed information related to the company owned, leased or managed or adjacent sites to protected areas and areas of high value for biodiversity outside protected areas is not disclosed due to confidentiality restrictions.

#	Indicator	Specific content		
		Location in the IR	Verification	Omissions
304-4	"IUCN Red List species and national conservation list species with habitats in areas affected by operations"	Environmental indicators, pag. 157	X	
A-B11	Number and percentage of active and inactive quarries with high biodiversity value where biodiversity management plans are actively implemented	Biodiversity, pág.97 and environmental indicators, pag. 156	X	
A-B12	Number and percentage of disturbed areas rehabilitated at active and inactive quarries	Biodiversity, pág.97 and environmental indicators, pag. 157	X	
A-B13	Percentage of active facilities with high biodiversity value where biodiversity management plans are actively implemented	Environmental indicators, pag. 157	X	
A-B14	Percentage of active and inactive quarries that have a closure plan established	Biodiversity pág. 97 and 157	X	
MATERIAL TOPIC: TALENT MANAGEMENT				
103	Management approach	Talent Management, pag. 98		
103-1	Explanation of the material topic and its boundary	Talent Management, pag. 98		
103-2	The management approach and its components	Talent Management, pag. 98		
103-3	Evaluation of the management approach	Talent Management, pag. 100		
102-41	Collective bargaining agreements	https://sostenibilidad.argos.co/Portals/16/Doc/2018/eng/Talent%20management.pdf	X	
202-2	Collective bargaining agreements	https://sostenibilidad.argos.co/Portals/16/Doc/2018/eng/Talent%20management.pdf	X	
401-1	Proportion of senior management hired from the local community	https://sostenibilidad.argos.co/Portals/16/Doc/2018/eng/Talent%20management.pdf	X	
401-2	Total number and rates of new employee hires and employee turnover by age group, gender and region	https://sostenibilidad.argos.co/Portals/16/Doc/2018/eng/Talent%20management.pdf	X	
402-1	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant locations of operation	https://sostenibilidad.argos.co/Portals/16/Doc/2018/eng/Talent%20management.pdf	X	
404-1	"Minimum notice per SDG regarding operational changes, including whether these are specified in collective agreements"	https://sostenibilidad.argos.co/Portals/16/Doc/2018/eng/Talent%20management.pdf	X	
404-2	Average hours of training per year per employee by gender, and by employee category	https://sostenibilidad.argos.co/Portals/16/Doc/2018/eng/Talent%20management.pdf	X	
404-3	Programs for skills management and lifelong learning that support the continued employability of employees, assisting them in managing their careers	Talent Management, pág. 99 and https://sostenibilidad.argos.co/Portals/16/Doc/2018/eng/Talent%20management.pdf	X	
405-1	Board of Directors broken down by age and gender	https://sostenibilidad.argos.co/Portals/16/Doc/2018/eng/Talent%20management.pdf	X	
405-2	Ratio of basic salary and remuneration of women to men by employee category, and by significant locations of operation	https://sostenibilidad.argos.co/Portals/16/Doc/2018/eng/Talent%20management.pdf	X	
A-TM1	Mobility rate	Talent Management, pág. 99 and https://sostenibilidad.argos.co/Portals/16/Doc/2018/eng/Talent%20management.pdf	X	
A-TM2	% of women in a lead position	Talent Management, pág. 99 and https://sostenibilidad.argos.co/Portals/16/Doc/2018/eng/Talent%20management.pdf		

#	Indicator	Specific content		Verification	Omissions
		Location in the IR			
A-TM3	% of executive level employee from other countries different of Colombia	https://sostenibilidad.argos.co/Portals/16/Doc/2018/eng/Talent%20management.pdf			
MATERIAL TOPIC: OCCUPATIONAL HEALTH AND SAFETY					
103	Management approach	Occupational Health and Safety, pag.101			
103-1	Explanation of the material topic and its boundary	Occupational Health and Safety, pag.101			
103-2	The management approach and its components	Occupational Health and Safety, pag.102			
103-3	Evaluation of the management approach	Occupational Health and Safety, pag.106			
403-1	Percentage of total workforce represented in formal joint management; worker health and safety committees that help monitor and advise on occupational health and safety programs	https://sostenibilidad.argos.co/Portals/16/Doc/2018/eng/Occupational%20health%20and%20safety%20.pdf		X	
403-2	Type of injury and rates of injury, occupational illnesses, lost days, and absenteeism, and total number of work-related fatalities, by region and by gender.	https://sostenibilidad.argos.co/Portals/16/Doc/2018/eng/Occupational%20health%20and%20safety%20.pdf		X	This data is not disaggregated by gender; the total is represented in years
403-3	Description of the occupational health services' functions that contribute to the identification and elimination of hazards and minimization of risks, and an explanation of how the organization ensures the quality of these services and facilitates workers' access to them.	https://sostenibilidad.argos.co/Portals/16/Doc/2018/eng/Occupational%20health%20and%20safety%20.pdf		X	
A-S11	Lost-Time Injuries Frequency Rate (LTIFR) - Contractors and employees	Occupational Health and Safety, pag.106 and https://sostenibilidad.argos.co/Portals/16/Doc/2018/eng/Occupational%20health%20and%20safety%20.pdf		X	
A-S12	Occupational Illness Frequency Rate (OIFR) - Employees	https://sostenibilidad.argos.co/Portals/16/Doc/2018/eng/Occupational%20health%20and%20safety%20.pdf		X	
MATERIAL TOPIC: SUPPLY CHAIN MANAGEMENT					
103	Management approach	Supplier Management, pag.107			
103-1	Explanation of the material topic and its boundary	Supplier Management, pag.107			
103-2	The management approach and its components	Supplier Management, pag.108			
103-3	Evaluation of the management approach	Supplier Management, pag.108			
204-1	Proportion of spending on local suppliers	License from Society to the Industry, pag 67 and https://sostenibilidad.argos.co/Portals/16/Doc/2018/eng/Supplier%20management.pdf		X	
308-2	Negative environmental impacts in the supply chain and actions taken	https://sostenibilidad.argos.co/Portals/16/Doc/2018/eng/Supplier%20management.pdf		X	
414-2	Negative social impacts in the supply chain and actions taken	https://sostenibilidad.argos.co/Portals/16/Doc/2018/eng/Supplier%20management.pdf		X	
MATERIAL TOPIC: COMMUNITY ENGAGEMENT					
103	Management approach	Community Engagement, pag. 111			
103-1	Explanation of the material topic and its boundary	Community Engagement, pag. 111			
103-2	The management approach an its components	Community Engagement, pag. 112			
103-3	Evaluation of the management approach	Community Engagement, pag. 113			

#	Indicator	Specific content		
		Location in the IR	Verification	Omissions
203-1	Development and impact of infrastructure investments and services supported	Community Engagement, pag. 111 and https://sostenibilidad.argos.co/Portals/16/Doc/2018/eng/Community%20Engagement.pdf	X	
413-1	Percentage of facilities where development, impact evaluation and local community participation programs have been implemented	https://sostenibilidad.argos.co/Portals/16/Doc/2018/eng/Community%20Engagement.pdf	X	
413-2	Operations with significant actual and potential negative impacts on local communities	https://sostenibilidad.argos.co/Portals/16/Doc/2018/eng/Community%20Engagement.pdf	X	
A-COM1	Social Investment	Community Engagement, pag. 113 and https://sostenibilidad.argos.co/Portals/16/Doc/2018/eng/Community%20Engagement.pdf	X	
A-COM2	Revenue associated with social impact commercial initiatives	https://sostenibilidad.argos.co/Portals/16/Doc/2018/eng/Community%20Engagement.pdf	X	
A-COM3	Type of Philanthropic Activities	https://sostenibilidad.argos.co/Portals/16/Doc/2018/eng/Community%20Engagement.pdf		

CSI INDICATORS

Performance Indicators - CSI	Unit	2014	2015	2016	2017	2018
EMPLOYEE HEALTH AND SAFETY						
Number of fatalities (direct employees)		1	1	1	0	0
Number of fatalities per 10,000 direct employees		1.11	1.08	1.01	0	0
Number of fatalities (indirect employees)		2	0	0	1	0
Number of fatalities (third parties)		0	6	4	4	2
Number of lost time injuries of direct employees		111	62	34	36	27
Lost time injuries for every 1m of hours worked (direct employees)		4.35	2.5	1.39	1.51	1.23
Number of lost time injuries (indirect employees - contractors and subcontractors)		75	42	19	13	12
Lost time injuries for each 1m of hours worked (indirect employees)		3.49	1.67	0.78	0.71	0.62
Total number of lost time injuries		186	104	53	44	39
LOCAL IMPACTS						
"% of operations with community engagement plans"	%	N/A	55%	70%	88%	88%

Review the environmental indicators that are reported under this initiative on page 150

ENVIRONMENTAL INDICATORS

	Argos	CSI	GRI	DJSI	2015	2016	2017	2018	2025 Target	Comments
CO₂ EMISSIONS										
Cement										
Direct (Scope 1) GHG emissions (tCO ₂ /year)			305-1	2.3.1	8,355,001	7,610,118	7,475,544	7,794,246		
Indirect (Scope 2) GHG emissions (tCO ₂ /year)			305-2	2.3.2	315,721	320,246	417,858	436,090		
Total CO ₂ emissions - gross (tCO ₂ /year)		CSI			8,355,001	7,610,118	7,475,544	7,794,246		
Total CO ₂ emissions - net (tCO ₂ /year)		CSI			8,206,171	7,462,888	7,362,087	7,661,340		
Specific CO ₂ emissions - gross (kg CO ₂ /t cementitious material)		CSI	305-4		640	644	627	627		Numerator: Direct CO ₂ emissions – gross (305-1) Denominator: Production of cementitious product Coverage: Cement operations of the regions of Colombia, the Caribbean and Central America add comma and the US
Specific CO ₂ emissions - net (kg CO ₂ /t cementitious material)	A-EC1	CSI			628	632	618	616	544	Base Year: 2006 Emissions in the base year 735 kg CO ₂ /t cementitious product kg CO ₂ /t cementitious product: 16%
Concrete										
Direct (Scope 1) GHG emissions (t CO ₂)			305-1		147,946	68,130	135,921	114,944		
Indirect (Scope 2) GHG emissions (t CO ₂)			305-2		19,794	20,610	17,900	14,968		
GHG emissions intensity (kg CO ₂ /m ³ concrete)			305-4		13	6	13	12		
Aggregates										
Direct (Scope 1) GHG emissions (t CO ₂)			305-1		1,548	2,554	3,143	4,899		
Indirect (Scope 2) GHG emissions (t CO ₂)			305-2		966	1,414	877	1,109		
GHG emissions intensity (kgCO ₂ /t product)			305-4		0,7	1,1	1,4	1,9		
Electricity generation										
Direct (Scope 1) GHG emissions (t CO ₂)			305-1		568,532	505,562	553,278	384,307		
GHG emissions intensity (kg CO ₂ /MWh)			305-4		940	850	781	865		
Company										
Total direct (Scope 1) GHG emissions tCO ₂			305-1	2.3.1	9,073,027	8,186,365	8,167,887	8,298,395		
Total indirect (Scope 2) GHG emissions tCO ₂			305-2	2.3.2	336,482	342,271	436,634	452,167		
Total direct and indirect GHG emissions tCO ₂					9,409,509	8,528,636	8,604,521	8,750,562		

	Argos	CSI	GRI	DJSI	2015	2016	2017	2018	2025 Target	Comments
Other indirect (Scope 3) GHG emissions tCO ₂ e			305-3	2.6.10	4,045,877	3,743,850	3,571,690	3,580,053		
ENERGY AND FUELS										
Energy consumption within the organization - cement (GJ)			302-1		37,193,093	33,503,411	38,479,780	40,616,758		
Energy consumption within the organization - concrete (GJ)			302-1		2,159,599	1,082,684	1,995,513	1,696,758		
Energy consumption within the organization - aggregates (GJ)			302-1		40,457	55,440	64,683	92,730		
Energy consumption within the organization - energy generation (GJ)			302-1		6,635,100	6,068,353	6,531,242	4,619,321		
Total energy consumption within the organization (GJ)			302-1		44,331,468	39,205,325	45,368,302	45,742,995		
Total non-renewable energy consumption within the organization (GJ) (MWh)				2.3.3	11,963,745	10,558,480	12,112,395	12,004,281		
Specific caloric consumption of clinker production (MJ/t clinker)		CSI			3,790	3,790	3,709	3,730		
Substitution of caloric consumption of fossil fuels with alternative fuels (%)	A-ENE1			2.5.1	5.3%	5.9%	5.4%	5.1%	18.0%	
Rate of alternative fuels		CSI			5.1%	5.6%	4.4%	4.9%		
Biomass rate as fuel		CSI			0.2%	0.3%	1.0%	0.2%		
MATERIALS										
Cement										
Raw materials					16,735,096	14,863,571	17,859,358	17,284,870		
Auxiliary materials			301-1		6,227,064	10,179,406	10,925,284	8,759,543		
Semi-finished					3,498,071	3,195,141	11,972,923	3,245,333		
Packing					21,477	45,488	20,101	19,738		
Concrete										
Raw materials					22,755,245	21,645,967	20,738,461	19,172,674		
Auxiliary materials			301-1		1,113,043	1,427,504	985,654	825,498		
Semi-finished					4,171,256	3,975,095	3,688,970	4,724,211		
Aggregates										
Raw materials			301-1		2,393,957	2,879,260	2,807,962	2,769,282		
Auxiliary materials					187,840	820	999	1,269		
Electricity generation										
Auxiliary materials			301-1		384,891,695	393,477,110	442,190,662	97,337,958		
Company										
Raw materials					41,884,298	39,388,798	41,405,781	39,226,827		
Auxiliary materials			301-1		392,419,643	405,084,839	454,102,598	106,924,269		
Semi-finished					7,669,326	7,170,236	15,661,893	7,969,544		
Packing					21,477	45,488	20,101	19,738		
Total consumption of materials (t/year)					441,994,744	451,689,362	511,190,373	154,140,377		
Percentage of alternative raw materials (cement)	A-EC2	CSI		2.5.1	10.1%	9.9%	10.0%	9.8%	15.0%	(102-48) It was done as an adjustment in the value of the years 2015, 2016 and 2017 as consequence of a correction in the calculation of the indicator

	Argos	CSI	GRI	DJSI	2015	2016	2017	2018	2025 Target	Comments
Percentage of supplementary cementitious material (concrete)	A-EC3				N/A	N/A	16.5 %	16.3%	15.0%	
Volume of recycled aggregates used (t/year)	A-EC4				N/A	N/A	5,328	12,720	216,000	
Clinker/cement factor		CSI		2.5.1	76%	76%	77%	76%		
WASTE										
Total waste					435.012	545.810	326.489	212.226		(102-48) In 2018, the waste management and calculation methodology was updated, so in situ storage does not apply as of this year
Hazardous waste (t/year)					2,115	1,246	789	1,585		
Waste by type and disposal method			306-2		1,613	840	369	801		
Co-processing					-	-	-	18		
Incineration					365	171	238	282		
Secure Landfill			306-2		138	235	183	484		
On-site storage					-	0.04	-	NA		
Non hazardous waste (t/year)					432,897	544,564	325,699	210,641		
Reused / Recycling / Recovery / Composting					90,193	181,931	51,213	94,180		
Co-processing					53	20	13	2,677		
Incineration					-	-	8	335		
Landfill					40,668	107,984	5,277	13,142		
Rubble					210,669	196,352	213,224	100,307		
On-site storage					91,313	58,277	55,965	NA		
Recovery, recycling and reused					183,172	241,069	107,560	97,675		
Hazardous waste					1,613	840	369	819		
Non hazardous waste				2.3.5	181,560	240,229	107,191	96,856		
Waste disposed through landfill or incineration					251,840	363,018	218,929	114,551		
Hazardous waste					503	406	421	766		
Non hazardous waste				2.3.5	251,337	362,612	218,508	113,785		
OTHER EMISSIONS										
Cement										
Particulate matter										
Absolute particulate matter emissions (t/year)			305-7		1,703	1,719	1,695	831		(102-48) The data reported in 2016 and 2017 are adjusted due to changes in the scope of the calculation
Absolute particulate matter emissions (t/year) only kilns		CSI - KPI 3			1,399	641	484	406		(102-48) The data reported in 2015 and 2016 are adjusted due to changes in the scope of the calculation
specific particulate matter emissions (g MP/t clinker)	A-OE1	CSI - KPI 3			173	85	57	45	60	(102-48) The data reported in 2017 is adjusted due to changes in the scope of the calculation

	Argos	CSI	GRI	DJSI	2015	2016	2017	2018	2025 Target	Comments
Coverage with particulate material monitoring (percentage of clinker produced in kilns covered with monitoring systems for particulate material)		CSI - KPI 4			100%	100%	100%	100%		
NO_x										
NO _x absolute emissions (t NO _x /year)		CSI - KPI 3	305-7		11,300	11,854	12,183	11,838		
NO _x Specific emissions (g NO _x /t clinker)	A-OE1	CSI - KPI 3			1,399	1,576	1,397	1,311	1,205	
Coverage with monitoring for NO _x (percentage of clinker produced in kilns covered with monitoring systems for NO _x)		CSI - KPI 4			100%	100%	100%	100%		
SO_x										
SO ₂ absolute emissions (t SO ₂ /year)		CSI - KPI 3	305-7		2,474	1,723	2,191	1,780		
SO ₂ Specific emissions (g SO ₂ /t clinker)	A-OE1	CSI - KPI 3			306	229	251	197	205	
Coverage with SO ₂ monitoring (percentage of clinker produced in kilns covered with monitoring systems for SO ₂)		CSI - KPI 4			100%	100%	100%	100%		
Total coverage (percentage of clinker produced in kilns covered with monitoring systems, continuous or discontinuous, for particulate matter, NO _x , SO ₂ , VOC/THC)		CSI - KPI 1			16.0%	61.0%	57.3%	55.5%		
Coverage with continuous monitoring of emissions (percentage of clinker produced in kilns covered with continuous monitoring systems for particulate matter, NO _x , SO ₂)		CSI - KPI 2			87.0%	91.0%	93.9%	92.0%		
VOC/THC - absolute emissions (t VOC/year)		CSI - KPI 3	2.3.10		91	252	325	275		
VOC/THC - Specific emissions (g VOC/t clinker)		CSI - KPI 3			26	50	65	37		
VOC/THC - Coverage rate (%)		CSI - KPI 4			43.0%	66.5%	57.3%	81.7%		(102-48) The data reported in 2017 is adjusted due to changes in the scope of the calculation
PCDD/F - Absolute emissions (mg PCDD/year)		CSI - KPI 3			54	24	76	71		
PCDD/F - Specific emissions (mg PCDD/t clinker)		CSI - KPI 3			20	4	18	10		
PCDD/F - Coverage rate (%)		CSI - KPI 4			34.0%	76.9%	63.4%	72.1%		

	Argos	CSI	GRI	DJSI	2015	2016	2017	2018	2025 Target	Comments
Hg - Absolute emissions (kg Hg/year)		CSI - KPI 3		2.3.8	166	224	243	226		(102-48) The data reported in 2017 is adjusted due to changes in the scope of the calculation
Hg - Specific emissions (mg Hg/t clinker)		CSI - KPI 3			41	36	34	31		(102-48) The data reported in 2017 is adjusted due to changes in the scope of the calculation
Hg - Coverage rate (%)		CSI - KPI 4			51.0%	82.3%	80.9%	81.7%	100%	
HM1 (Cd + Tl) - Absolute emissions (kg HM1/year)		CSI - KPI 3			172	26	45	36		
HM1 (Cd + Tl) - Specific emissions (mg HM1/t clinker)		CSI - KPI 3			34	5	5	5		(102-48) The data reported in 2017 is adjusted due to changes in the scope of the calculation
HM1 (Cd + Tl) - Coverage rate (%)		CSI - KPI 4			63.0%	82.0%	80.9%	75.2%		
HM2 (Sum of Sb, As, Pb, Cr, Co, Cu, Mn, Ni, V) - Absolute Emissions (kg HM2/year)		CSI - KPI 3			514	2,678	3,684	1,312		
HM2 (Sum of Sb, As, Pb, Cr, Co, Cu, Mn, Ni, V) - Specific emissions (mg HM2/t clinker)		CSI - KPI 3			100	432	454	178		(102-48) The data reported in 2017 is adjusted due to changes in the scope of the calculation
HM2 (Sum of Sb, As, Pb, Cr, Co, Cu, Mn, Ni, V) - Coverage rate (%)		CSI - KPI 4			63.0%	82.3%	80.9%	75.2%		
Concrete										
Absolute particulate matter emissions (t/year)			305-7		145	142	142	129		
Electricity generation										
Absolute particulate matter emissions (t/year)					34	28	60	21		
NO _x absolute emissions (t NO _x /year)			305-7		379	462	640	375		
SO ₂ absolute emissions (t SO ₂ /year)					2,540	2,587	3,003	1,844		
Company										
Absolute particulate matter emissions (t/year)				2.3.9	1,883	1,889	1,897	980		
NO _x absolute emissions (t NO _x /year)			305-7	2.3.6	11,679	12,316	12,823	12,213		
SO ₂ absolute emissions (t SO ₂ /year)			305-7	2.3.7	5,014	4,310	5,194	3,624		
WATER										
Water Withdrawal (m³/year)										
Cement										
Water withdrawn - surface source					4,545,294	4,412,842	3,390,866	3,171,553		
Water withdrawn - Groundwater			303-3		658,086	4,239,504	5,686,243	4,047,012		
Water withdrawn - rainwater					23,404	20,074	52,580	38,389		

	Argos	CSI	GRI	DJSI	2015	2016	2017	2018	2025 Target	Comments
Municipal water supply or from other water companies			303-3		862,000	651,191	707,704	444,501		
Concrete										
Water withdrawn - surface source					89,976	106,525	52,459	62,043		
Water withdrawn - Groundwater					1,016,538	973,815	849,967	787,565		
Water withdrawn - rainwater			303-3		47,252	47,818	45,021	50,814		
Municipal water supply or from other water companies					1,676,075	1,552,733	1,481,603	1,360,737		
Aggregates										
Water withdrawn - surface source					174,690	311,465	373,311	299,885		
Water withdrawn - Groundwater					12	496	451	249		
Water withdrawn - rainwater			303-3		-	-	3,293	5,572		
Municipal water supply or from other water companies					12,640	3,447	1,643	1,170		
Electricity generation										
Water withdrawn - surface source			303-3		384,665,419	393,269,867	441,968,405	97,165,248		
Water withdrawn - Groundwater					-	-	197	-		
Company										
Water withdrawn - surface source					389,475,380	398,100,699	445,785,042	100,698,728		
Water withdrawn - Groundwater					1,674,636	5,213,816	6,536,859	4,834,826		
Water withdrawn - rainwater			303-3		70,656	67,892	100,894	94,774		
Municipal water supply or from other water companies					2,550,715	2,207,371	2,190,950	1,806,408		
Total withdrawal (m ³ /year)		CSI	303-3		10,536,174	13,339,251	13,736,062	11,076,761		The total value reported does not include the water used and discharged by production of electricity (Cairo and Nare Plants). These values do not allow comparison between companies in the same industry. It also does not include the withdrawal and used for rainwater by the new GRI standard
WATER DISCHARGE (m³/year)										
Cement										
Discharge to surface sources					2,216,854	4,289,811	4,254,480	4,021,544		
Discharge to groundwater sources			303-4		189,553	195,960	188,232	181,956		
Discharge to the sea					-	-	-	-		
Discharge to sewerage system					80	213,834	18,814	36,149		
Concrete										
Discharge to surface sources					-	42,390	104,214	75,487		
Discharge to ground water sources			303-4		332	1,844	1,973	6,072		
Discharge to the sea					-	-	-	-		
Discharge to sewerage system					7,577	10,344	10,104	14,562		

Argos	CSI	GRI	DJSI	2015	2016	2017	2018	2025 Target	Comments
Aggregates									
Discharge to surface sources				47,382	50,853	38,525	26,111		
Discharge to ground water sources				-	-	-	123		
Discharge to sewerage system				-	1,441	262	-		
Electricity generation									
Discharge to surface sources				70,659	17,084	21,234	4,202		
Discharge to groundwater sources				63	-	2,901	-		
Company									
Discharge to surface sources				2,334,895	4,400,139	4,418,453	4,127,344		
Discharge to ground water sources				189,948	197,804	193,107	188,151		
Discharge to sewerage system				7,658	225,620	29,180	50,712		
Total water discharge		CSI		2.532.501	4.823.563	4.640.740	4.366.207		
% of reused and/or recycled water for cement				40.7%	84.9%	95.8%	126.0%		
% of reused and/or recycled water for concrete				19.8%	30.0%	16.9%	16.1%		
% of reused and/or recycled water for aggregates				159.3%	85.5%	91.3%	116.2%		
% of reused and/or recycled water for electricity generation				6.7%	5.0%	5.8%	23.0%		
% of reused and/or recycled water for the company				31.5%	67.2%	73.7%	93.5%		
% of plants with recirculation system				72.0%	72.0%	70.0%	70.0%		
Consumption of water (m³/year)									
Consumption of water - cement				3,682,297	4,624,005	5,375,868	3,461,806		
Consumption of water - concrete				2,821,932	2,626,313	2,312,759	2,165,037		
Consumption of water - aggregates				139,960	263,113	339,911	280,641		
Consumption of water - electricity generation				1,430,140	1,070,148	1,167,679	897,844		
Consumption of water - Company				8,074,329	8,583,580	9,196,217	6,805,329		
Specific water consumption									
Cement (l/t cement)				350	408	413	259	256	
Concrete (l/m ³ concrete)				249	236	223	228	216	
Aggregates (l/t aggregates)				64	117	147	109		
BIODIVERSITY									
Percentage of active and inactive quarries within, adjacent to, or containing protected areas or areas of high biodiversity value with biodiversity management plan in place				N/A	N/A	59.0%	71.0%	85.0%	

	Argos	CSI	GRI	DJSI	2015	2016	2017	2018	2025 Target	Comments
Percentage of liberated areas rehabilitated at active and inactive quarries	A-BI2				N/A	N/A	80.2%	84.8%	85.0%	
% of active Facilities within, adjacent to, or containing protected areas or areas of high biodiversity value	A-BI3		2.4.2		N/A	58.1%	63.0%	67.0%		
# of active Facilities within, adjacent to, or containing protected areas or areas of high biodiversity value			304-1	2.4.2	34	31	30	30		
% of active and inactive quarries that have a plan close established	A-BI4				NA	NA	75.0%	89.0%	100%	
% of active quarries that have a plan close established	CSI				74.0%	77.5%	88.4%	90.9%	100%	
% of active quarries within, adjacent to, or containing protected areas or areas of high biodiversity value	CSI				53.5%	47.5%	44.2%	45.5%		
% of active quarries within, adjacent to, or containing protected areas or areas of high biodiversity value with biodiversity management plan in place	CSI				56.5%	63.2%	73.7%	80.0%		
Total of species					61	62	72	77		
In critical danger					4	5	5	5		
In danger					8	9	9	10		
Vulnerable					19	24	25	26		102-48. The data for 2017 is adjusted, the real value is 25
Nearly threatened					5	5	6	6		
Minor concern					25	19	27	30		102-48. The data for 2017 is adjusted, the real value is 27
SUSTAINABLE CONSTRUCTION										
Revenues obtained from products with sustainability properties (USD)					136,875,109	104,516,898	124,567,000	147,520,677	400,000,000	
ENVIRONMENTAL INVESTMENTS (COP)										
Capital investments					89,716,381,236	118,509,068,733	84,091,140,058	148,044,654,844		
Operating expenses					17,896,182,196	19,932,746,878	19,023,904,573	20,591,934,453		
Total expenses (capital investments + operating expenses)					107,612,563,432	138,441,815,611	103,115,044,631	168,636,589,297		
Savings, avoided costs, income, tax incentives					10,382,839,500	23,959,732,395	14,355,352,241	6,975,675,702		

SUSTAINABILITY PROGRAM AND SDG DASHBOARD

Material topic	P.	SDG	Goal	Indicator	Unit	Baseline year	Goal year	Baseline value	Target value	2018 result	Trend
Sustainable construction		SDG 9	Obtain revenues of USD \$ 400 million for our products with sustainability properties (PSC)	(A-CS1) Total of revenues from PSC	\$	2015	2025	USD\$136 millions	USD\$400 millions	USD\$147 millions	↑
		Goals 9 ^a y 9.5									
Energy Management Model		SDG 8	Reduce the heat consumption by 10%	Heat consumption	KCal/k clinker	2013	2025	941	846	868	↓
		Goal 8.4	Reduce the electricity consumption by 15%.	(GRI (302-1)) Electricity consumption	KWh/t cem	2013	2025	116	99	125	↑
Circular economy			Achieve an 18% replacement of heat consumption from the use of alternative fuels.	(A-EN1) % replacement of heat consumption from the use of alternative fuels	%	N/A	2025	N/A	18	5.1	■
		SDG 8	Reach 15% in the use of alternative raw materials in cement operations.	(A-EC2) % alternative raw materials in cement operations	%	N/A	2025	N/A	15	9.8	■
		Goal 8.2	Reach 15% of alternative raw materials in our concrete operations.	(A-EC3) % alternative raw materials in our concrete operations	%	N/A	2025	N/A	15	16.3	↑
		Goal 8.4	Accumulatively use 216,000 tons of recycled aggregates.	(A-EC4) Tonnes of recycled aggregates used	t	2017	2025	0	216,000	12,720	↑
Climate change		SDG 13	Emit 544 kg CO ₂ /ton of cementing material.	(A-EC1) Specific emissions of CO ₂	kgCO ₂ /t material cem	2006	2025	735* Baseline	544	616	↓
		Goal 13.2									
Emissions			Carry out the inventory of our Hg emissions for 100% of the clinker production.	% inventory of our Hg emissions	%	N/A	2020	N/A	100%	82%	↑
		SDG 8	Reduce our particulate matter emissions to 60g/ tons of clinker.	(GRI (305-7)) Particulate matter emissions	g/t de clinker	2015	2025	173	60	45	↓
		Goal 8.4	Reduce NO _x emissions to 1,205 g/tons of clinker.	(GRI (305-7)) NO _x emissions	g/t de clinker	2015	2025	1,399	1,205	1,311	↓
			Reduce our SO _x emissions to 205g/tons of clinker.	(GRI (305-7)) SO _x emissions	g/t de clinker	2015	2025	306	205	197	↓
Water		SDG 8	Reduce the specific water consumption in cement to 256 L/t	(A-A1) Specific water consumption in cement	L/t cement	2015	2025	350	256	259	↓
		Goal 8.4	Reduce the specific water consumption in concrete to 216 L/m ³ .	(A-A1) Specific water consumption in concrete	L/m ³ Concrete	2015	2025	249	216	228	↓
Biodiversity			To have 100% of our quarries with an established rehabilitation plan (RP).	(A-B14) % quarries with RP	%	2014	2025	50%	100	89	↑
		SDG 11	To have 85% of quarries located in High Conservation Value Areas (HCVA) with Biodiversity Management Plans (BMP).	(A-B11) % quarries located in HCVA with BMP	%	2017	2025	59%	85%	71	↑
		Goal 11.4	Rehabilitate 85% of areas released in active and inactive quarries.	(A-B12) % active and inactive quarries rehabilitated.	%	2017	2025	80%	85%	85	↑

Material topic	P.	SDG	Goal	Indicator	Unit	Baseline year	Goal year	Baseline value	Target value	2018 result	Trend
Talent management		SDG 8	Generate opportunities of internal mobility across the companies of the Argos Business Groups for at least 7% of employees.	(A-TM1) % of employees that have opportunities of internal mobility across the companies of the Argos Business Groups.	%	N/A	2019	N/A	7%	11%	
		Goal 8.5 and 8.6	Increase the proportion of women in leadership positions from 29% to 35%.	(A-TM2) % of women in leadership positions	%	2017	2025	29	35	29%	■
			50% of the executive and managerial level will be originated from countries outside of Colombia.	(A-TM-3) % of executives and managerial level from countries outside of Colombia.	%	N/A	2025	N/A	>50%	43%	■
Occupational health and safety		SDG 8	Reduce the frequency index	Frequency index	N°	2018	2019		1.2	0.93	↓
		Goal 8.8	Reduce the frequency index	(A-S11) Frequency index	N°	2018	2025		0.8	0.93	↓
			Reduce the severity index	Severity index	N°	2018	2019		24.8	25.7	↓
Supplier management			Conduct the second version of the supplier recognition program	Status of the supplier recognition program	N/A	2019	2019	0	1		
			Launch the virtual training program for suppliers in the CCA Region.	Status of the virtual training program for suppliers in the CCA Region.	N/A	2019	2019	0	1		
		SDG 8	Implement across the Control Tower in Honduras (technological solution for the optimization of the logistic process)	Implementation status of the control tower	N/A	2019	2019	0	1		
		Goal 8.3	Implement automation in dispatches for Haiti	Status of the automation process	N/A	2019	2019	0	1		
			Close the gaps for 50% of the critical suppliers assessed in the 2019 sustainability index, by means of the contents offered through the Argo's University for suppliers.	% of suppliers assessed that Closed the gaps	N°	2019	2021		50%		
Community engagement			To have 100% of our operations prioritized with Local Engagement Plans (LEP).	(A-COM4) N° of operations prioritized with LEP.	N°	2018	2021	9	11	9	
		SDG 9 and 11	Achieve 100% risk management and interaction with communities in prioritized operations.	(A-COM5) N° of operations prioritized with risk management and interaction with communities.	N°	2018	2021	9	11	9	
		Goals 9.1 and 11.2	To have at least one innovative solution developed per region.	(A-COM6) N° of innovative solutions developed per region.	N°	2018	2021	0	>=3	0	

Memorandum of independent review

On the 2018 Annual Management Report of Cementos Argos issued by the external assurer

Scope of our work

We have carried out the review of the adaptation of the contents of the Integrated Report 2018 of Cementos Argos to the Guide for the preparation of Sustainability Reports of the Global Reporting Initiative (GRI Standards).

Likewise, in the case of environmental indicators, compliance with the guidelines of the Cement Sustainability Initiative (CSI) for the operation of cements in the three regions was reviewed (See Annex 2) and the variables that are part of the calculation of the Added Value model to society (See Annex 3).

Standards and verification processes

We have carried out our work in accordance with ISAE 3000 - International Standard on Assurance Engagements Other than Audits or Reviews of Historical Financial Information issued by the International Auditing and Assurance Standard Board (IAASB) of the International Federation of Accounts (IFAC).

Our review work consisted in the formulation of questions to the Administration, as well as to the different areas and operations of Cementos Argos that have participated in the elaboration of the Integrated Report 2018 and in the application of analytical procedures and tests of revision by sampling that They described below:

- Interviews with Cementos Argos employees to know about the principles, management approaches and data consolidation systems applied to prepare the Report.
- Analysis of how the content, structure and indicators were defined, based on the materiality exercise according to the GRI Standards
- Analysis of the processes to collect and validate the data presented in the report.
- Checking, by sample, testing and review of quantitative and qualitative evidence corresponding to the GRI contents and Cementos Argos internal indicators included in the 2018 Annual Management Report, and proper compilation from the data supplied by Cementos Argos the sources of information.

Confirmation that the 2018 Annual Management Report of Cementos Argos has been prepared in accordance with GRI Standards: Core option "in accordance".

Responsibilities of the Management of Cementos Argos and Deloitte

- The preparation of the 2018 Annual Management Report of Cementos Argos and its content are the responsibility of the organization which is also responsible for defining, adapting and maintaining management systems and internal control which information is obtained.
- Our responsibility is to issue an independent report based on our review procedures applied.
- This Report has been prepared exclusively in the interest of the organization in accordance with the terms of our proposed services. We do not assume any liability to third parties other than the Management of the Company.
- We have performed our work in accordance with the Independence regulations required by the etic code of the *International Federation of Accountants (IFAC)*.
- The scope of a limited review is substantially less than an audit. Therefore, we do not provide an audit about the Annual Management Report.



Deloitte & Touche Ltda.
Jorge Enrique Múnera D.
Partner

Medellin, March 2019

Memorandum of independent review

General contents:

It was confirmed that the report conforms to the requirements of the core option "in accordance" with the GRI Standards regarding the general basic contents.

Specific contents:

We review the management approach, the GRI contents of its material issues, the DJSI indicators and the guidelines of the Cement Sustainability Initiative (CSI). <http://www.wbcscement.org>

Material Issue

Material Issue	GRI content and / or own indicator of Cementos Argos
Ethics and compliance	205-1, 205-2, 205-3, 206-1, 307-1, 415-1, 419-1, A-ETH1, A-TAX1, A-ETH2.
Company license to industry	A-LS1, A-LS2, A-LS3
Sustainable construction	A-CS1
Innovation in the business model	A-IN1; A-IN2; A-IN3; A-IN4
Brand management	A-IM1
Energy management model	302-1, 302-4
Circular economy	301-1, 306-2, A-ENE1, A-EC2, A-EC3, A-EC4
Climate change	201-2, 305-1, 305-2, 305-3, 305-4, 305-5, A-EC1
Other emissions	305-7, A-OE1
Water	303-3, 303-4, 303-5, A-A1, A-A2
Biodiversity	304-1, 304-4, A-B11, A-B12, A-B13, A-BI4
Talent management	202-2, 401-1, 402-1, 401-2, 404-1, 404-2, 404-3, 405-1, 405-2, A-TM1
Health and Safety at Work	403-1, 403-2, A-SI1, A-SI2
Management of the supply chain	204-1, 308-2, 414-2
Relations with communities	203-1, 413-1, 413-2, A-COM1, A-COM2, A-COM3

Memorandum of independent review

Conclusions

As a result of our review, no aspect has been revealed that leads us to believe that the Integrated Report 2018 of Cementos Argos contains significant errors or has not been prepared in accordance with the GRI Standards for the preparation of Sustainability Reports, at its option Core "in accordance".

Recommendations and / or comments against GRI Principle ¹

Context of sustainability / Materiality

General remarks

It highlights the appropriation and integration of sustainability issues as a strategic part of the company's management, which demonstrates the development and analysis of material issues and their measurement mechanisms.

Commitment and goals

General remarks

It is highlighted that Cementos Argos has identified the challenges it faces around its material issues and communicates the most important milestones reached during the year of the report; they establish goals in the medium and long term around the management for all their material issues and communicate the progress of these goals in such a way that it allows to measure the performance and progress of the organization.

Additionally, we have presented to Cementos Argos our recommendations regarding improvement opportunities to consolidate the processes, programs and systems related to sustainability management. The most relevant recommendations refer to:

Continue strengthening the process of standardization of reporting, completion and communication protocols in the different regions where the company operates.

ANNEX 1 Declaration of Independence

Deloitte is one of the largest companies in the provision of professional services in auditing, tax, consulting and financial advice and sustainability to public and private organizations in various industries. With a global network of member firms in more than 150 countries, Deloitte provides its world-class capabilities and high-quality service to its clients. Approximately 286,000 professionals commit themselves to be the standard of excellence.

We confirm our independence from Cementos Argos. All of our employees carry out annual updates to the Ethics Policy where we promptly declare that we have no conflicts of interest with Cementos Argos, its subsidiaries and its stakeholders.

ANNEX 2 CSI

As part of the verification process of environmental indicators, we conducted interviews with those in charge of Argos operations. The selection took into account quantitative and qualitative variables such as production and the periodicity in which they are audited; this allows having a coverage of 52% (compared to the total percentage of CO2 emissions) of selected plants which are representative for the entire cement operation:

¹ GRI principles of quality and content: Inclusion of stakeholders, sustainability context, materiality, completeness, precision, balance, clarity, comparability, reliability and punctuality.

Memorandum of independent review

- Planta Cartagena (Colombia)
- Planta Yumbo (Colombia)
- Planta Dominicana (Caribe)
- Planta Piedras Azules (Caribe)
- Planta Martinsburg (USA)
- Planta Newberry (USA)
- Planta Barranquilla (Colombia)
- Planta Cajica (Colombia)
- Planta Guayabal (Colombia)
- Planta Miraflores (Caribe)
- Planta Zona Golfo SCZ (USA)
- Planta Saldaña (Colombia)
- Planta Ñaju (Caribe)

In the calls made, personnel responsible for the internal report and the collection of information were interviewed, validating the consolidation process and sending this information to the corporate level.

Criteria

For our review, we took into account the following CSI guidelines:

- WBCSD's CO2 and Energy Accounting and Reporting Standard for the Cement Industry: The cement CO2 and Energy Protocol
- WBCSD 's Guidelines for Emissions Monitoring and Reporting in the Cement Industry: Emissions Monitoring and Reporting
- WBCSD 's Guidelines for Co-Processing Fuels and Raw Materials in Cement Manufacturing
- CSI Guidance on Good Practices for Water Accounting
- WBCSD CSI Environmental and Social Impact Assessment (ESIA)
- WBCSD Guidelines on Quarry Rehabilitation

Evaluation of indicators and information consolidation process

We perform tests on the basis of samples to demonstrate the calculations that allow us to measure the following indicators:

Indicator	Scope
WATER AND BIODIVERSITY	
Total water withdrawal according to the source	2018
Total water discharge, according to its quality and destination	2018
Total water consumption	2018
Specific Water Consumption	2018
% of water recycled and / or reused	2018
% of plants with recirculation system	2018

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Indicator	Scope
% of active quarries located within, adjacent to or containing protected areas or areas of great biodiversity value that have a biodiversity management plan	2018
% of released areas rehabilitated in active and inactive quarries	2018
% of active installations located within, adjacent or containing protected areas or of great value for biodiversity	2018
# of facilities located within, adjacent to or containing protected areas or of great value for biodiversity	2018
% of active and inactive quarries that have a closure plan established	2018
% of active quarries that have a closure plan	2018
% of active quarries located within, adjacent or containing protected areas or of great value for biodiversity	2018
% of active quarries located within, adjacent to or containing protected areas or areas of great biodiversity value that have a biodiversity management plan	2018
Species of the IUCN Red List and species of national conservation lists that live in areas affected by operations	2018
CLIMATE CHANGE	
Total CO2 emissions - gross	2018
Total CO2 emissions - net	2018
Direct GHG emissions (scope 1)	2018
Indirect GHG emissions (scope 2)	2018
Other GHG emissions (Scope 3)	2018
Intensity of GHG emissions	2018
Reduction of GHG emissions	2018
Financial implications and other risks and opportunities arising from climate change	2018
Specific CO2 emissions - gross	2018
Specific emissions of CO2- net	2018
CIRCULAR ECONOMY	
Substitution of caloric consumption of fossil fuels with alternative fuels	2018
Specific energy consumption of clinker production	2018
Internal energy consumption	2018

Memorandum of independent review

Indicator	Scope
Rate of alternative fuels	2018
Biomass rate as fuel	2018
Clinker Factor / Cement	2018
Materials used by weight or volume	2018
Alternative Raw Materials (Cement)	2018
Supplementary Cement Material (Concrete)	2018
Volume of recycled aggregates used	2018
Waste by type and disposal method	2018
OTHER EMISSIONS	2018
Total coverage (percentage of clinker produced in kilns covered with monitoring systems, continuous or discontinuous, for particulate material, NOx , SO2, VOC / THC, heavy metals)	2018
Coverage with continuous monitoring of emissions (percentage of clinker produced in kilns covered with continuous monitoring systems for particulate matter, NOx , SO2)	2018
Absolute emissions of particulate material	2018
Specific emissions of particulate material	2018
Absolute emissions of NOx	2018
Specific NOx emissions	2018
Absolute emissions of SO2	2018
Specific emissions of SO2	2018
Coverage with monitoring for particulate material (percentage of clinker produced in kilns covered with monitoring systems for particulate material)	2018
Coverage with monitoring for NOx (percentage of clinker produced in kilns covered with monitoring systems for NOx)	2018
Coverage with monitoring for SO2 (percentage of clinker produced in kilns covered with monitoring systems for SO2)	2018
VOC / THC - Absolute emissions in tons per year	2018
VOC / THC - Specific emissions in grams per ton	2018
VOC / THC - Coverage rate	2018
PCDD / F - Absolute emissions in tons per year	2018

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Indicator	Scope
PCDD / F - Specific emissions in grams per ton	2018
PCDD / F - Coverage rate	2018
Hg - Absolute emissions in tons per year	2018
Hg - Specific emissions in grams per ton	2018
Hg - Coverage rate	2018
HM1 (Cd + Tl) - Absolute emissions in tons per year	2018
HM1 (Cd + Tl) - Specific emissions in grams per ton	2018
HM1 (Cd + Tl) - Coverage rate	2018
HM2 (Sum of Sb, As, Pb, Cr, Co, Cu, Mn, Ni, V) - Absolute emissions in tons per year	2018
HM2 (Sum of Sb, As, Pb, Cr, Co, Cu, Mn, Ni, V) - Specific emissions in grams per ton	2018
HM2 clinker (Sum of Sb, As, Pb, Cr, Co, Cu, Mn, Ni, V) - Coverage rate	2018

SUSTAINABLE CONSTRUCTION

Income obtained from products with sustainability characteristics	2018
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Conclusion

The WBCSD CSI guidelines for the reporting of CO₂ emissions, energy, emissions (NO_x, SO_x, and particulate material), water and biodiversity are applied properly.

The internal reporting system and the information consolidation procedures for CO₂ emissions, energy, emissions (NO_x, SO_x, and particulate material), water and biodiversity are functioning and provide an information that is appropriate for disclosure.

ANNEX 4 – VALUE ADDED STATEMENT EXERCISE

Scope of our work

To review the included indicators for the construction of the Value Added Statement model.

Verification processes

Our review work has consisted of:

- Interviews with Cementos Argos staff to learn about the principles, systems and approaches used for the preparation of the Value Added Statement exercise.

Memorandum of independent review

- Analysis and identification of indicators used to prepare the Value Added Statement that are part of the verification process under (GRI Standard, DJSI and/or CSI).
- Verification, through review tests of quantitative and qualitative information corresponding to additional indicators that are not part of the verification process under (GRI Standard, DJSI and / or CSI), below, we relate them:

VAS indicators

Number of injuries due to lost time: short absence

Number of injuries due to lost time: long absence

Average salary (men and women)

Average retirement age in the region (men)

Average retirement age in the region (women)

Average age of departure (men)

Average age of departure (women)

Electricity provided to local communities

Extreme areas of water scarcity

Areas of scarcity

Areas of water stress

Sufficient water reserves

Abundant water areas

Impacts on biodiversity by type of ecosystem (improved areas, restored areas, compensated areas)

Direct GHG emissions (scope 1)

Indirect GHG emissions when generating energy (scope 2)

Nitrogen oxides (NOX), sulfur oxides (SOX) and other significant air emissions

Total amounts of materials and alternative fuels used and the avoided use of traditional materials and fuels.

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