

**CEMENTOS ARGOS S. A.
INTEGRATED REPORT 2012**





Integrated reporting
Web Version

<http://www.argos.com.co/cemargos>

Contents

GRI 3,12



Dallas, USA

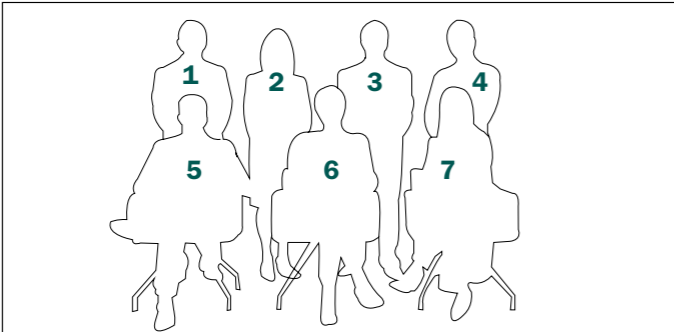
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Board of Directors



- 1. Esteban Piedrahíta
- 2. Claudia Betancourt
- 3. José Alberto Velez
- 4. León Teicher
- 5. Camilo José Abello
- 6. Carlos Gustavo Arrieta
- 7. Cecilia Rodríguez

Board of Directors



A letter from the Chairman

Jorge Mario Velásquez



“In the past decade, our company consolidated its strategy of becoming a multi-domestic player in the cement and concrete industry”.

Jorge Mario Velásquez

GRI 1.1

2012 brought a new business scenario for Argos significantly focuses us on the production and marketing of cement and concrete. Also, the separation of assets unrelated to these activities brings us challenges and opportunities. For this we have excellent, committed and vigorous human talent. Corporate values, the Good Governance Code, an unwavering respect for the environment and passion for innovation are part of our entrepreneurial spirit and constitute the main tool to build a present and a future in which we face challenges with responsibility and opportunities with enthusiasm.

In the past decade, our company consolidated its strategy of becoming a multi-domestic player in the cement and concrete industry. The location of resources, as well as investments and divestments have lead us to have a prominent position, which is recognized by the market and valued by the shareholders. We have developed a consistent strategy, that combines the expansion to complementary countries, an efficient supply logistic, a competitive approach based on the understanding of our customers and a balanced capital structure.

Based on a high impact marketing model, our presence in the Americas has reached six countries with our cement and concrete industrial operations, five others with cementitious terminals in the Caribbean Sea and exports of cement products to thirty-eight other destinations. These experiences have enriched us culturally and opened us to a world of plural ethnicities, beliefs and languages that as a unit promise to stimulate and project our destiny towards the path of dynamism and creativity.

The legacy we have received and a tradition of sixty-eight years in the cement industry build character. We work systematically to identify growth opportunities, to deepen day by day in the model of operational and administrative excellence we have set for ourselves and staying one step ahead to identify innovative building systems and new applications for our products. We are an organization committed to the future.

The future, however, is not at some price. At Argos, sustainability has become a personal stamp for each and every one of us who work in it. Our individual and collective behavior reflects in all three aspects, social, environmental and economic, our commitment to the principles we embraced through our participation as members of the World Business Council for Sustainable Development, and the Global Compact of the United Nations. We act in multiple public-private partnerships to achieve more inclusive societies that dignify life in the communities where we operate. We have set tangible goals to reduce our carbon footprint and for our ten year energy efficiency, while we remaining active in obtaining the economic results that guarantee the future. The compliance with the regulations, the right of association, the fostering of quality of life for our employees and their families, the development of customers and suppliers, the relevance of each of the shareholders, are a hallmark that distinguishes us and something that makes us proud.

Argos. Green Light.

Jorge Mario Velásquez J.
Chairman



Cartagena Plant, Colombia



1

ABOUT ARGOS

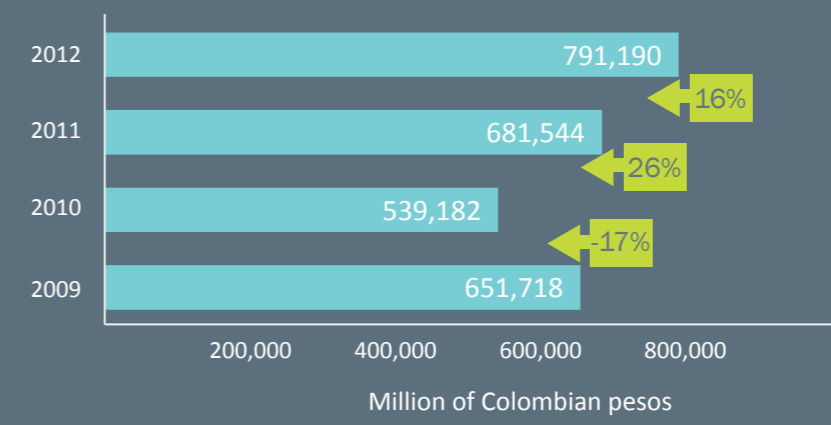
1.1 KEY FACTS AND FIGURES



Cartagena Plant, Colombia

"HISTORICAL FIGURE OF CONSOLIDATED EBITDA" COP **\$791,190** Million of Colombian pesos

Consolidated EBITDA



The consolidated EBITDA totaled COP \$ 791,190 million (USD \$ 440 million), representing an increase by 16% in pesos or 19% in dollars over the previous year. The EBITDA margin for 2012 stood at 18.1%.



Puente Aranda Plant, Colombia



Rioclaro Plant, Colombia

Our presence

11 Cement plants

2,137 Cement mixers

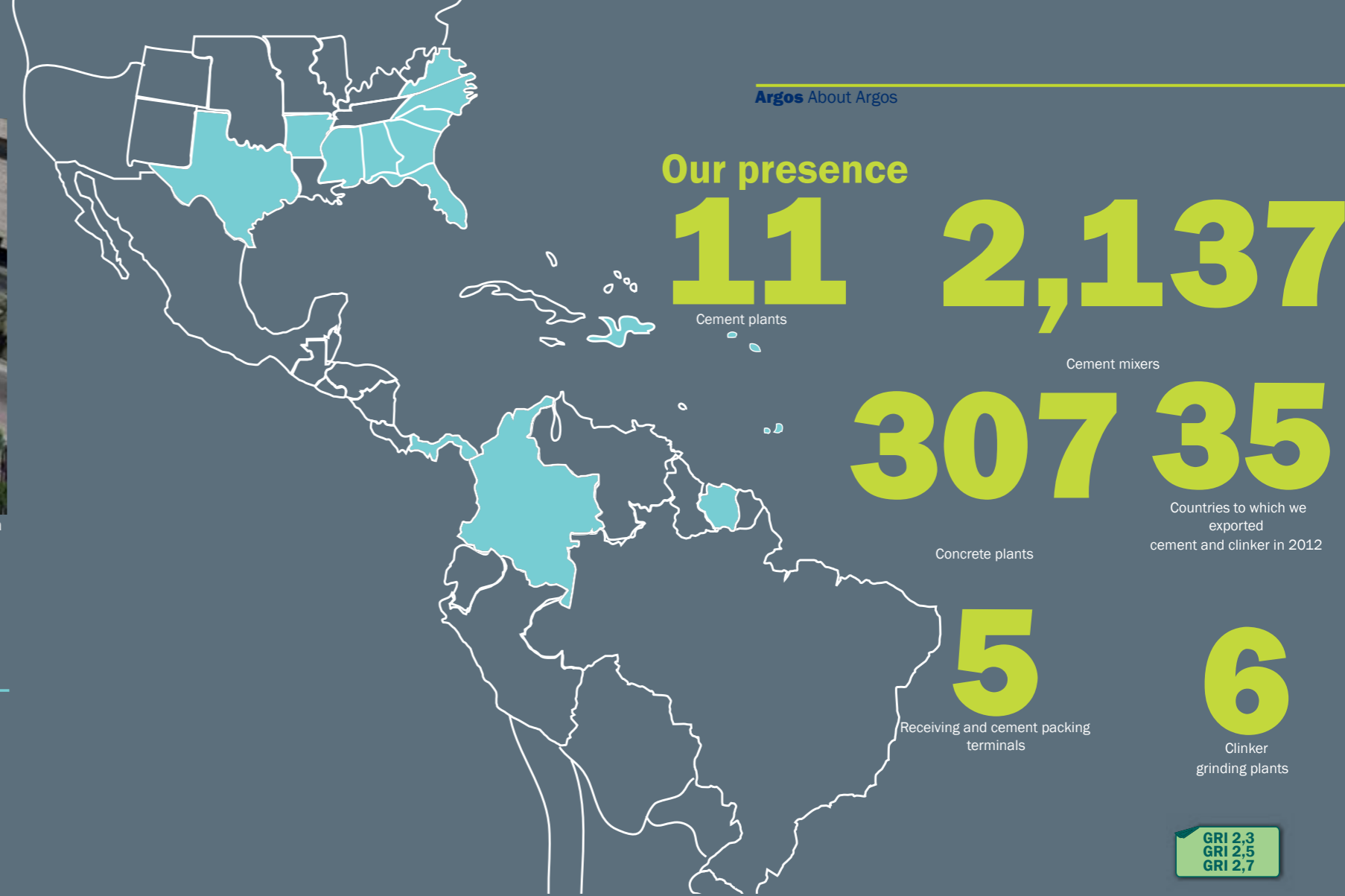
307 Concrete plants

35 Countries to which we exported cement and clinker in 2012

5 Receiving and cement packing terminals

6 Clinker grinding plants

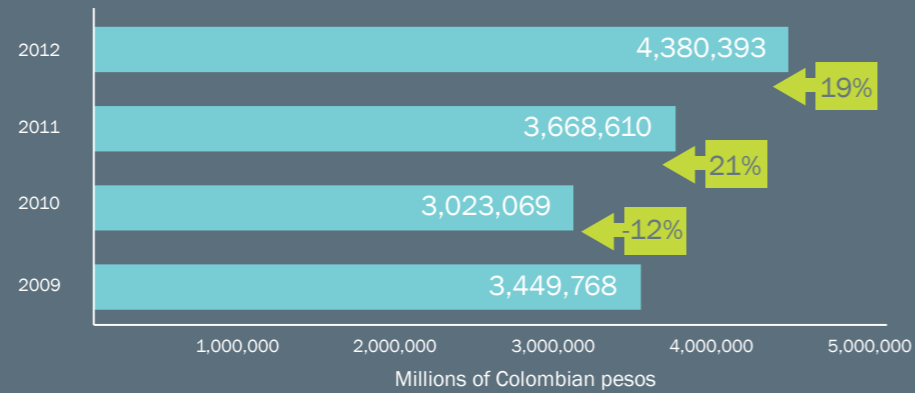
GRI 2,3
GRI 2,5
GRI 2,7



Consolidated operating income

\$4,380,393

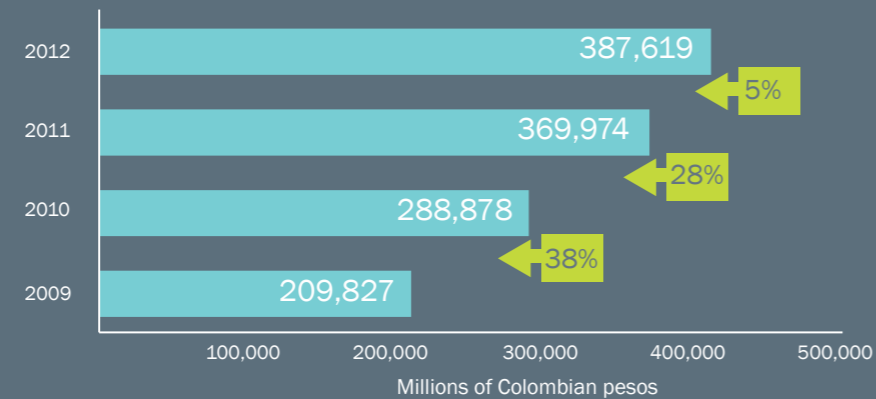
Millions of Colombian pesos



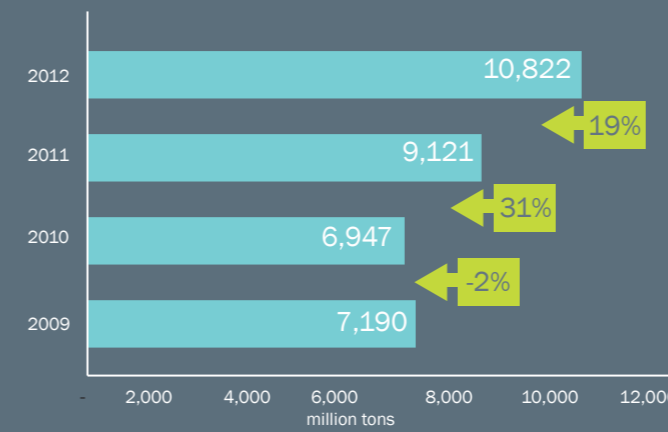
Net income

\$387,619

Millions of Colombian pesos

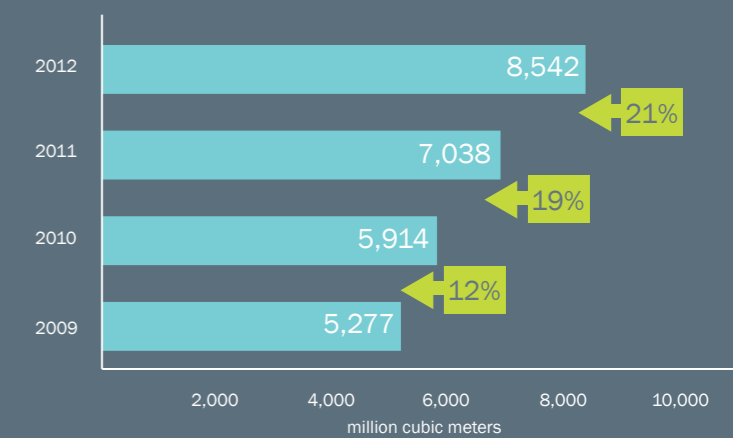


Cement sales 2012



10,8 million tons

Concrete Sales 2012



8,5 million cubic meters

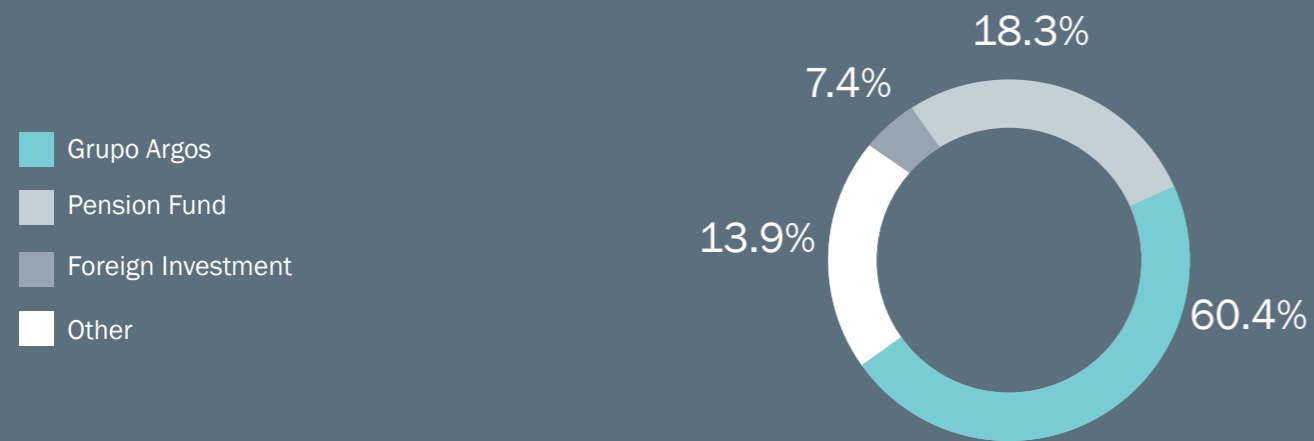
Shareholders and share performance

6,044

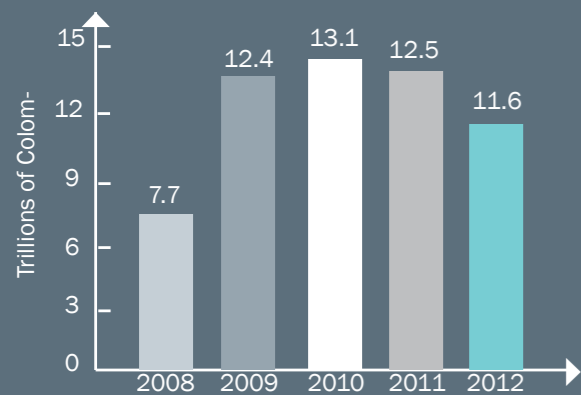
GRI EC1

Number of shareholders

Shareholding at end of 2012



Market Cap at December 31



The most remarkable fact in 2012 was the separation of non-cement assets in May, with which our company became a pure player in the cement and concrete industry.

Share behavior in 2012

+83%

Highlights

2012 was for Cementos Argos a year of relevant changes and several challenges:

- It's been a year after the acquisition of Lafarge cement and concrete assets in the U.S. in order to vertically integrate with our concrete plants in the South Central and Southeast areas and generate significant synergies. During 2012, Cementos Argos has enshrined as the fourth-largest in the United States, becoming the most important concrete marketer in some of the areas we serve.
- In the Caribbean Regional we strengthen our operations in Haiti and started concrete mix operations in the Dominican Republic and Suriname, reaching an installed capacity of concrete in this regional of 760,000 cubic meters per year.
- During the year, the Board approved significant investments to strengthen our leadership in the markets we participate and strengthen our competitive strategy. Among the main projects we highlight: the expansion of production capacity in the center of the country by 900 thousand tons per year, the design and construction of a distribution center in Cartagena, and the expansion of the Harleyville milling, in South Carolina, in the United States.
- In 2012, Cementos Argos reached historical records in cement and concrete by shipping 10.8 million tonnes of cement, and 8.5 million cubic meters of concrete, generating a growth of 6% and 9% in proforma terms respectively.
- In 2013 Argos will continue to actively participate in commercial and infrastructure projects in its three regionals; in Colombia, it worth noting, among others, the accesses and the diversion tunnel for Hidroitango, and the Wastewater Treatment plant of Bello (Antioquia); in U.S. we highlight the corporate facilities for Exxon-Mobil in Houston, Texas, and the Truman Parkway road in South Carolina. Also, in Panama, we will continue serving the Canal expansion project, as well as the capital city's subway.



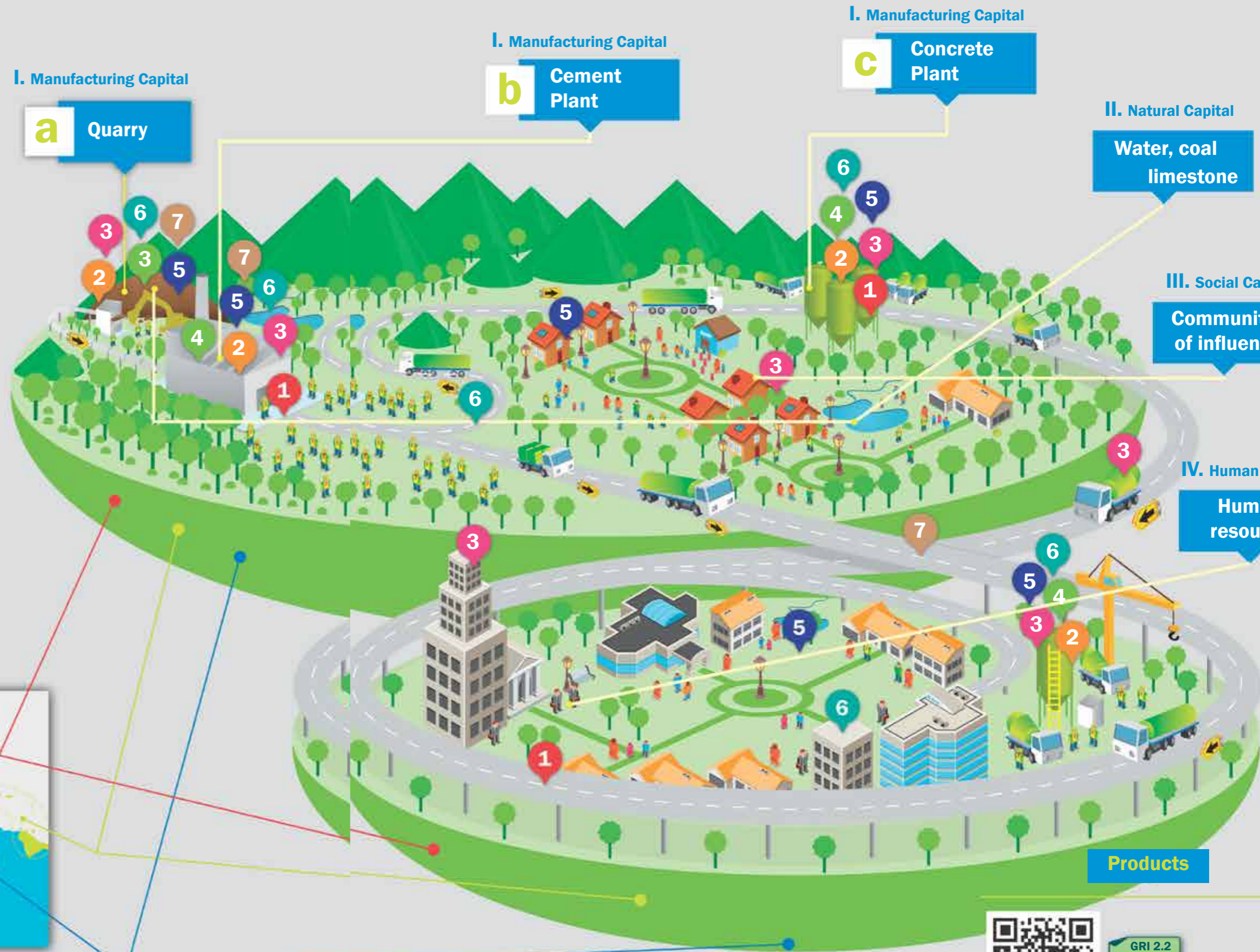
Staff member, Cartagena Plant, Colombia

1.2 Our business model

Risks

- 1 Capacity and production efficiency to attend demand
- 2 Managing licenses, permits, certifications or concessions required for operation
- 3 Safety of our employees
- 4 Risks associated with environmental conditions
- 5 Social risk derived from the interaction of the influenced communities
- 6 Risks associated with the securing of the supply chain
- 7 Risks associated with nature

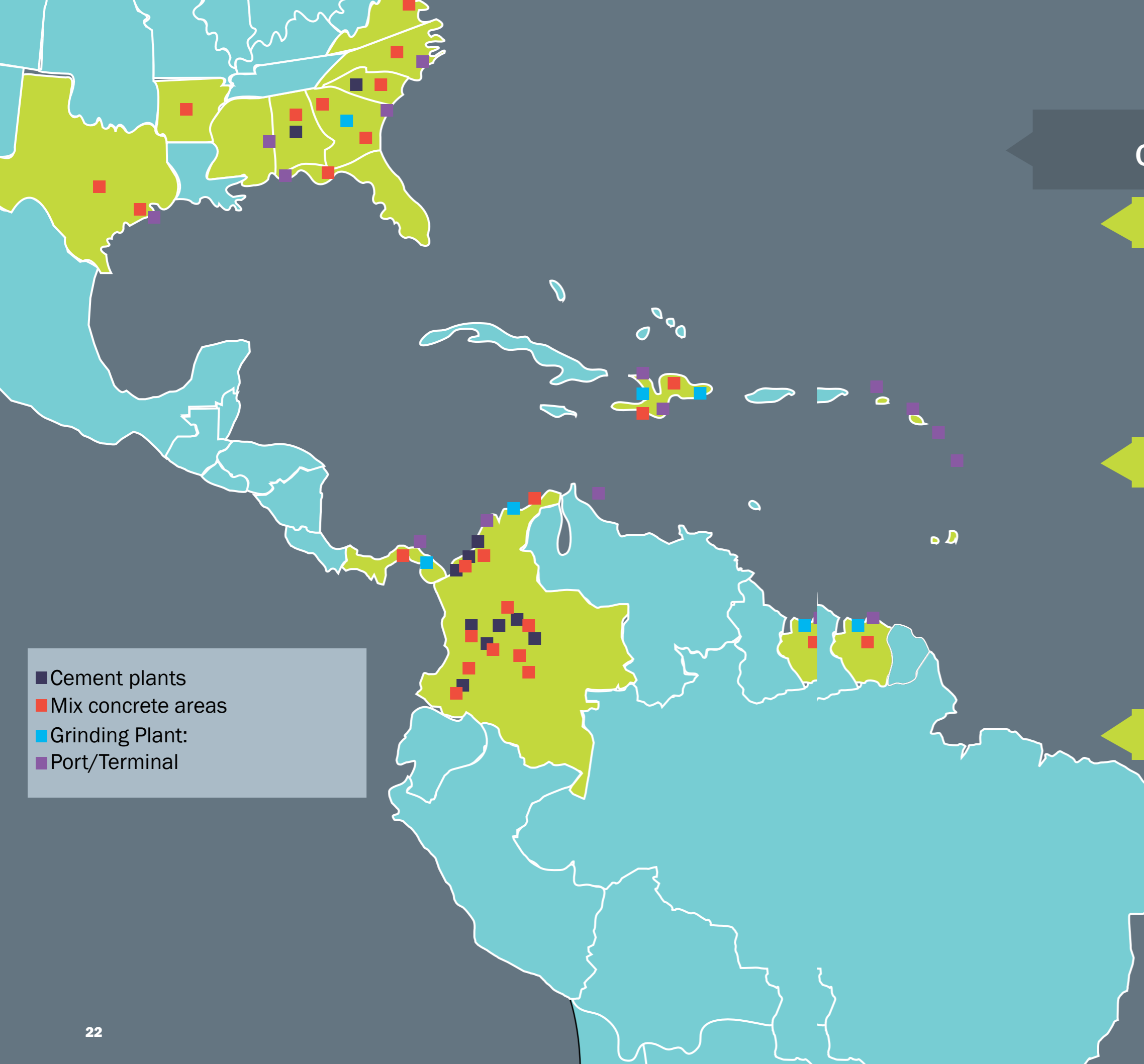
These are 7 of the 15 risks that the company has, the others can be found in Chapter Government and risks.



GRI 2.2

Products

<http://www.argos.co/site/Default.aspx?tabid=84>



Our operations

Colombia

Cement

49% of market share
 Installed Capacity 9.88 mm TPA
 Plants: 9
 Grinding Plants: 1
 Ports: 1

Mix cement

Installed Capacity 3.5 mm m³
 Plants: 54
 Mixers: 540

USA

Cement

Second largest producer in Southeast
 Installed Capacity 3.2 mm TPA
 Plants: 2
 Grinding Plants: 1
 Ports: 4

Mix cement

Third largest U.S. producer
 Installed Capacity 9.88 mm m³
 Plants: 239
 Mixers: 1,454

Caribbean

Operations in Panama, Haiti, Dominican Republic, Suriname, St. Maarten, St. Thomas, Dominican Antigua and Curacao

Cement

One of the two leading producers of cement in Panama and the Caribbean in terms of volumes sold in 2011
 Installed Capacity 2.53 mm TPA
 Grinding Plants: 4
 Ports: 9

Mix cement

Installed Capacity 0.76 mm m³
 Plants: 14
 Mixers: 143

■ Cement plants
■ Mix concrete areas
■ Grinding Plant:
■ Port/Terminal



2

WE BUILD FUTURE

Argos, pure cement and concrete player



Rioclaro Plant, Colombia



Houston Plant, Texas, USA

We build future

GRI 2,1
GRI 2,8
GRI 2,9
GRI 4,12
GRI 4,13

Respected shareholders

In 2012 Cementos Argos obtained again satisfactory results in its operation, achieving once again historical shipment volumes of cement and concrete. The company took a major step in its structure by perfecting the process of division by absorption of non cement assets by transferring them to its parent company, Grupo Argos. Thus, and as of mid-2012, Argos became a pure player in the cement and concrete industry.

In the year that just ended we had remarkable advances thanks to the dynamic markets where Argos operates, and to the acceptance of its value proposition by customers in different nations. In Colombia, where both private and public housing and infrastructure projects, boost our industry and contribute to an increased demand, we approved a major investment to expand our production capacity in the middle of the country; this enables the Company to remain as a leader in the Colombian market, posing an interesting growth potential for the coming years, and promoting the improvement of our operational efficiency.

In USA we closed our first year with a vertically integrated operation in some of the markets we serve after the purchasing the cement and concrete assets from Lafarge in late 2011. In the Caribbean, we continue to grow our products portfolio as well as our installed capacity for those markets where the industry foresees interesting dynamics for the coming years.

Refining the division by absorption process

On May 31, 2012, Cementos Argos perfected the process of division by absorption of assets unrelated to the cement industry, thus ushering in a new phase for the company: a financially and operationally restructured pure player in the cement and concrete business.

The assets from the port, coal, real estate businesses and most of the investment portfolio were absorbed by Grupo Argos S.A., which, in turn, is consolidated as an infrastructure parent company. This presents several advantages for the Company. First, in addition to having a solid and balance sheet, the division allows for the



Cartagena Plant, Colombia

current organization to show a more consistent structure with the rest of the industry, while our shareholders and the financial market can understand and appreciate more easily the Company.

It is worth noting that even after the excision, Argos maintains an investment portfolio which strengthens its financial position, as a support for its indebtedness as well as leverage for future growth. Our investment portfolio, at December 31, consisted of the following:

- 6.0% of outstanding common shares of Grupo Sura
- 4.0% of outstanding common shares of Bancolombia
- 2.1% of outstanding common shares of Cartón de Colombia

At years end, our portfolio's value reached COP \$ 1,698,625 million (USD 961 million).

Corporate results

In 2012, Argos sold **10.8** million tonnes of cement, and **8.5** million cubic meters of concrete.

During the year, Argos shipped, on a consolidated basis, 10.8 million tons of cement and 8.5 million cubic meters of concrete, an equivalent in proforma terms to an increase in units of 6% and 9% respectively, compared to 2011 (an equivalent to 18% and 21% in real terms).

The Company also achieved revenues for COP\$4,380,393 million (USD 2,437 million), a 23% increase in pesos or 27% in dollars.

The consolidated EBITDA for 2012 was COP\$791,190 million (USD 440 million), the highest one in the history of the Organization, representing a markup of 18% and an increase of 25% compared with the same period last year in proforma terms. Operating income was COP\$414,566 million (USD 231 million), a 82% increase in proforma terms. It should be noted that no impairment charges were applied during this period. Also, the Company's net income reached COP\$ 387,619 million (USD 218 million), a 12% increase in proforma terms when compared with the same figure in the previous period.

Assets ended 2012 at COP\$10,266,716 million (USD 5,806 million) showing a negative change of 39% compared to December 2011, this is largely explained by the separation of non-cement industry assets implemented during the division process. During this same period, liabilities decreased by 12% in

pesos, for a total of COP\$4,470,376 million (USD 2,528 million), thus the equity totaled COP\$5,713,485 million (USD 3.231 million).

Asset structure

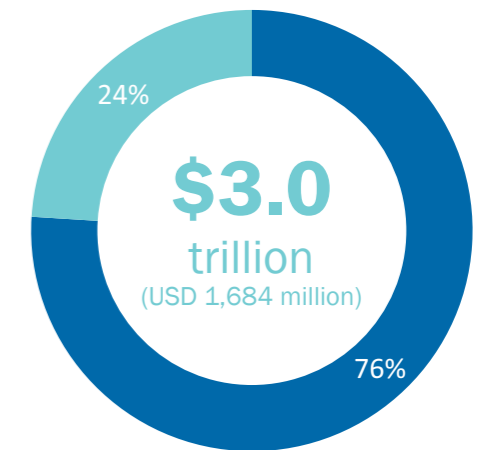
Besides the already mentioned change in equity due to the excision, it is worth noting the successful bond issuance held during the first half of the year for one trillion pesos, with a demand reaching 2.7 times the amount offered allowing a favorably adjustment for the cost of the debt. The proceeds from the bond issue were used to repay the financial debt and commercial papers, dramatically improving Argos financial profile.

At the 2012 closing, the Company had consolidated 76% of the long-term debt with maturities spread between 2014 and 2027, this mean there is no substantial risk of refinancing due to this dispersion in time.

The total consolidated debt came down by 11% compared to 2011, as a result of cash generation and portfolio divestments made in order to pay the debt incurred into for the purchase of Lafarge's assets. As a result of this and along with the increase in EBITDA, the Net Debt/EBITDA + dividends showed an improvement going from 4.15 times to 3.48 times.

We recorded the highest consolidated EBITDA in the Company's history: **COP\$ 791** billion (USD 440 million).

2012



■ Largo plazo ■ Corto plazo

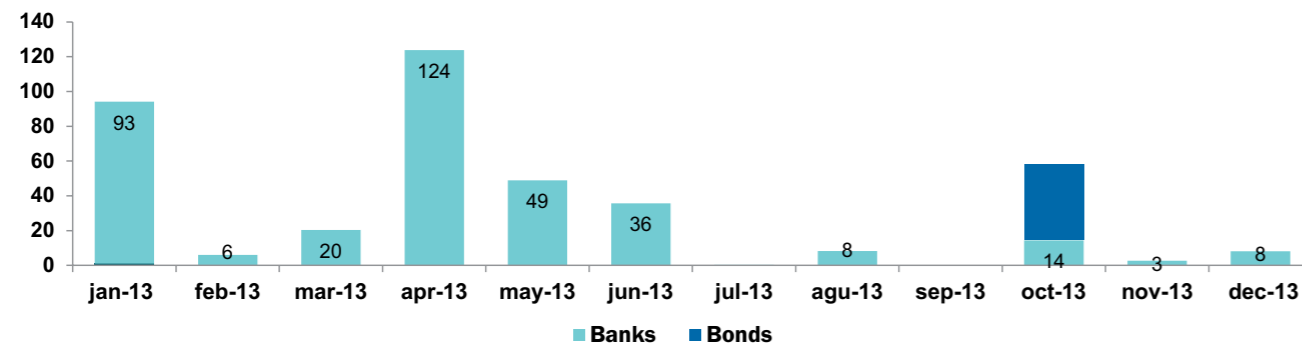
Debt decreased by 11% compared with the previous year. In 2012, 53% of the debt is from bonds, and the remaining 47%, is from bank loans.

Debt profile to December 2012

At the end of 2012, Argos emerged as one of the major corporate issuers in the Colombian capital market, having a total of COP \$2 trillion in outstanding ordinary bonds.

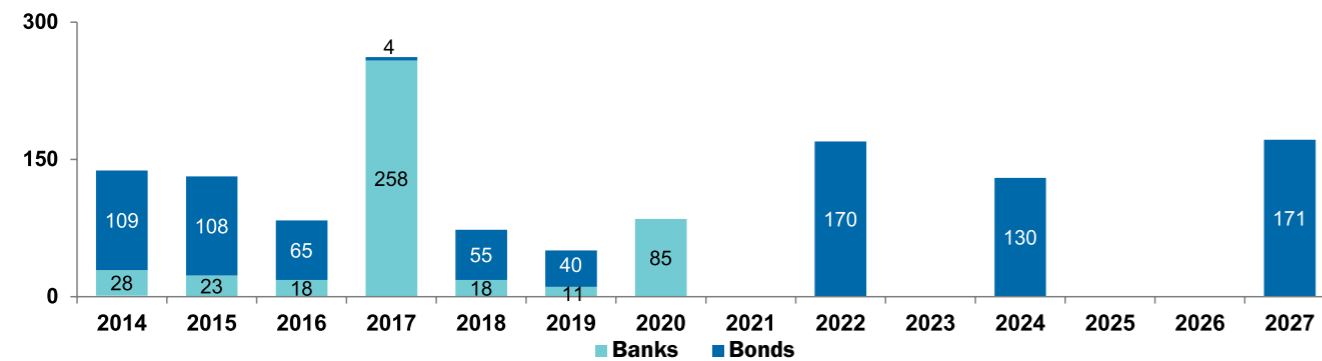
Short-term

USD 405 million



Long-term

USD 1,292 million



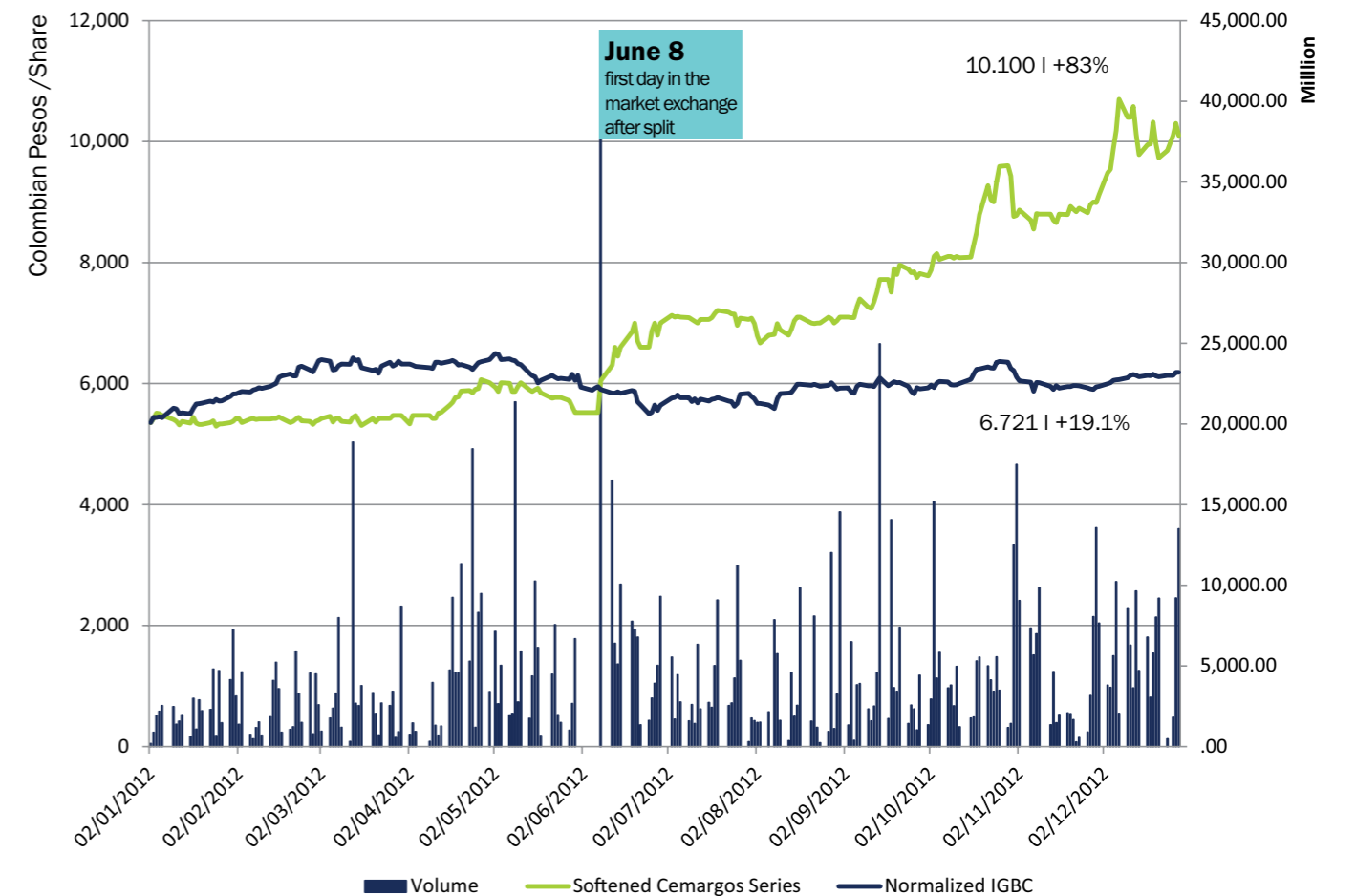
76% of Argos' debt is long term. 53% of the debt is for bonds, and the remaining 47% is from bank loans.

Our share

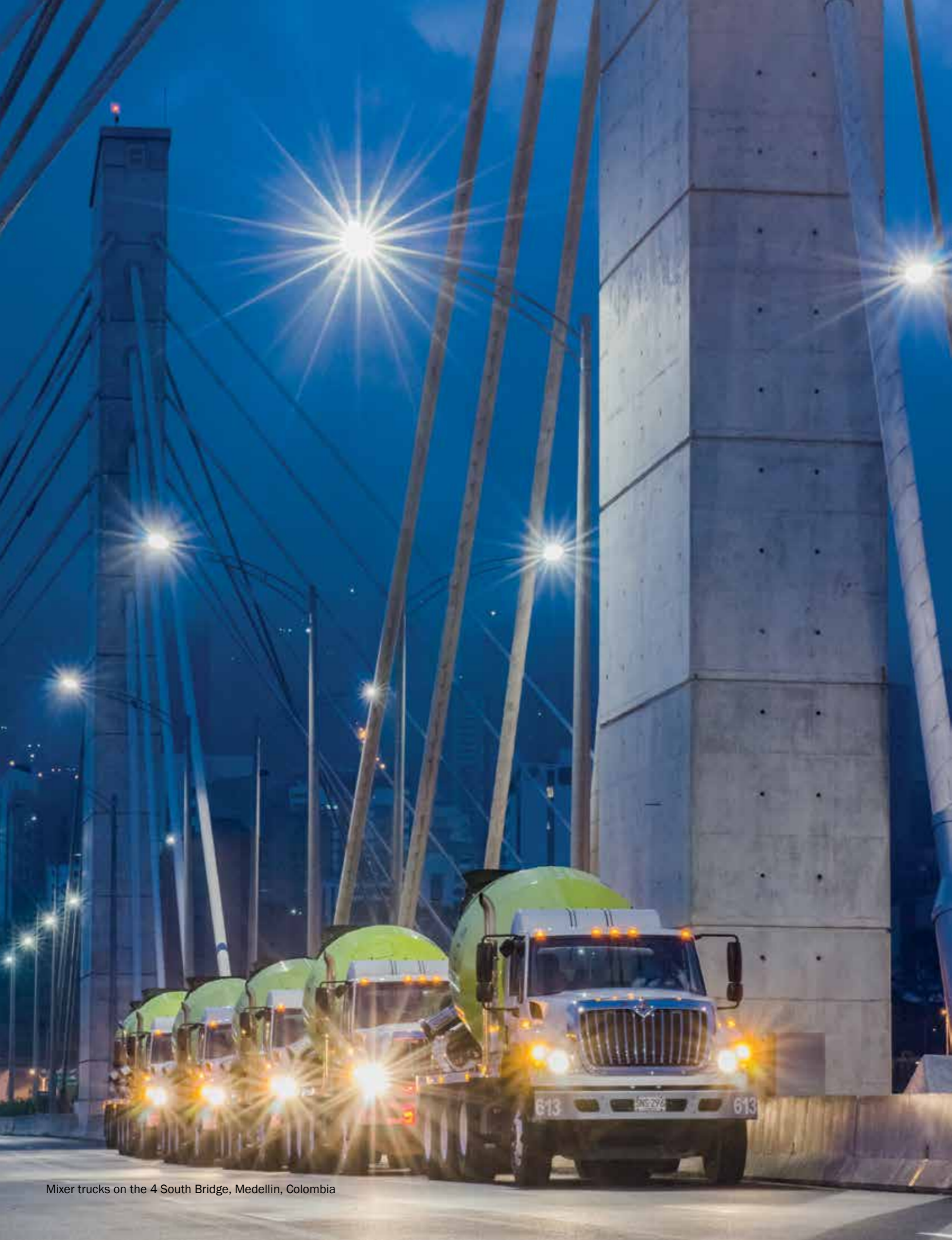
Argos' shares had a satisfactory performance, growing by 83% regarding the value of COP\$5,522 per share on June 7 2012, which is the share's intrinsic value after the division process, becoming the most valued share of the year in the Colombian Securities Exchange. This graph shows the behavior of our securities and their comparison with the IGBC's (Colombian Stock Market General Index) variation.

Cementos Argos (COP\$)
IGBC (COP\$, indexed)

In 2012 Argos' share was the most valued in the Colombia Stock Exchange.



Series adjusted from January 1st 2012 to June 7th 2012 in order to reflect the share price before the split. The opening price on June 8, 2012 was COP\$5,522, equivalent to 49% of the final price before suspension. The adjustment percentage was the result of the intrinsic value of the action after doing the proforma financial statements of the split.



Mixer trucks on the 4 South Bridge, Medellin, Colombia

Business performance by region

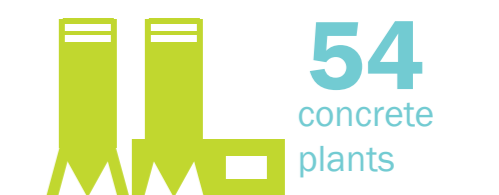
Argos' competitive strategy is focused on its three regions of cement and concrete operations. This areas extend from northern South America, through Central America and the Caribbean reaching the Central South and Southeastern United States. Each of these markets shows the following dynamics and peculiarities.



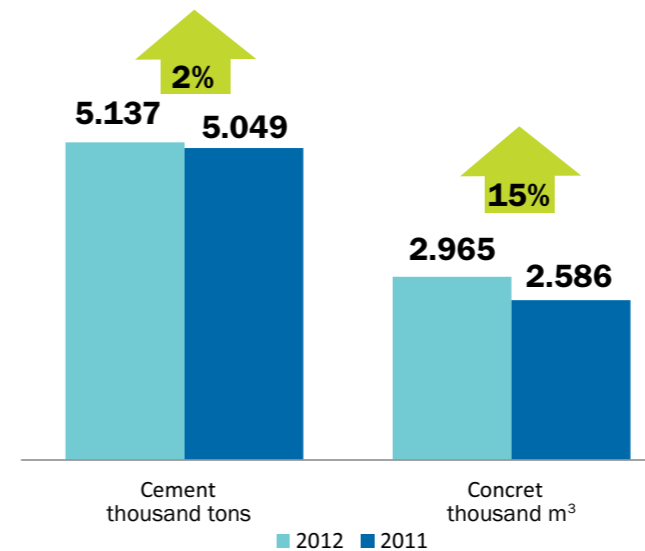
Tomas Restrepo, Colombia Regional Vice President.

Colombia regional

The Colombian market continued to show a positive growth trend. Major infrastructure projects, housing and commercial buildings continue to boost the development of the sector. In 2012, the GDP of the construction industry in Colombia grew 3%, having a dynamic characterized by the positive impact of infrastructure projects.¹ Official figures on the gray cement market, according to DANE -National Administrative Department of Statistics, show a 1% increase in domestic cement production and 3% in shipments, reaching a volume of 10.5 million tonnes, which is the highest historical record. As for us, the shipped cement volumes increased by 2% over the previous year, in line with the market variations. Specific concrete volumes show a positive 15% change, reflecting the expansion of the industrial segment we developed some time ago.



Sold Volumes



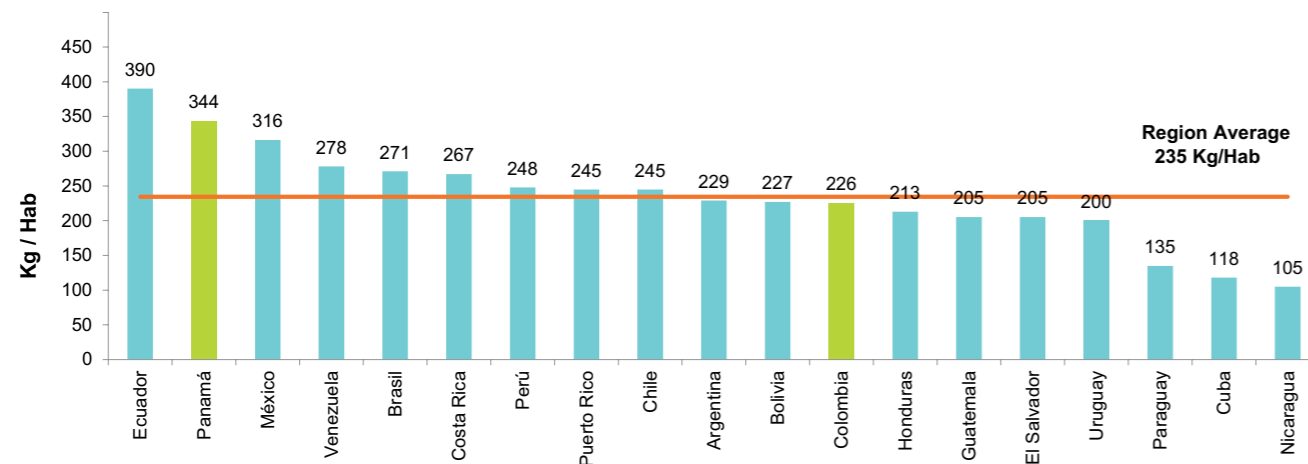
1. The final data will be released by DANE in March 2013

Concrete volumes show a positive change of **15%**.

The annual per capita consumption of gray cement was 226 kg per capita, although it is advancing in the right direction, still shows a level below the Latin American average, which is a very good growth opportunity for Argos to the extent that our infrastructure modernization initiatives become real and the housing deficit in the country is relieved. In this regard, in 2012 the building of 100,000 homes began. These will be delivered free of charge by the Colombian Government to low-income families. In December, Argos had closed deals for a good portion of the projects already awarded. Similarly, the first public-private initiatives became real, which is a scheme that is making way for new business opportunities for the country's infrastructure development.

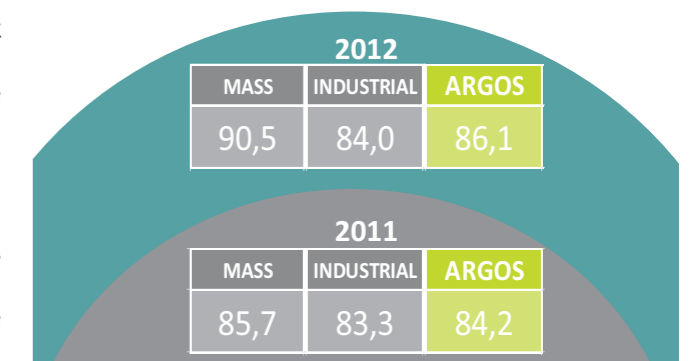


Puente Aranda Plant, Colombia



On the trade front, we deepened our competitive strategy, which focuses on a value proposition tailored to each segment. In 2012, we served more than 4,000 direct customers through the expansion of our distribution network, which currently has 27 delivery centers and more than 1,200 vehicles dedicated to this market, supported by modern technological tools for planning and tracking. The satisfaction survey conducted by Ipsos, reflected high levels of perceived service, giving us 86.1 points in the level of satisfaction, which, according to Ipsos' standard, places the company in the high range of customer satisfaction, and classifies them as clients who are content with the service.

Customer satisfaction





Certification for foremen, Colombia

We held the Certification in Construction Project Management program, which involved 400 engineers, most of them who are construction managers for building companies which are Argos' customers, as well as the Certification on Business Strengthening, offered to depots and hardware store owners, graduating 470 customers. Also, we conducted more than 1,500 trainings in construction techniques, for workers of the industry, and 212 certifications for foremen. All of them are important allies of Argos and we are proud to have their support and loyalty.

These and other initiatives led to having a 66% *Top of Mind* among builders and of 56% among the general public, remaining first place in the category. As ranked by Dinero Magazine, Argos is today one of the 10 most remembered brands in Colombia.

Moreover, we continue to promote Contruyá, an initiative through which, until now, we have provided a total disbursement of COP \$30,000 million, benefiting over 1,500 families with loans that to build or remodel their homes. Additionally, in order to support initiatives for social and priority housing building, Argos sold products on preferential prices for these projects, which include the 100,000 homes free of charge from the National Government.

All these initiatives allowed a significant growth in our revenues, due to a product portfolio of best value and a greater proportion of direct sales to end users, among other reasons. As a result of this as well as the growth in both the mass segment as the industry, revenues had a positive development of 19% in proforma terms.

Throughout the year, six new concrete plants began operations in Montería (Cordoba), Ituango (Antioquia), Ruta del Sol (Cundinamarca), Roca Fuerte-Valledupar (Cesar) and Tunjitas (Boyacá). Two new cement distribution centers were opened in Funsá (Cundinamarca) and Tulua (Valle del Cauca). Also, 99 new mixers and 7 pumps were acquired for the concrete business in Colombia. All this has enabled us to serve more than 41 infrastructure projects under development and close important deals for projects to build in 2013.

Towards the future

In Colombia we are optimistic and we see a growing consumption, driven by the infrastructure projects announced by the Government. Their goal is to deliver, in 2013, 300 km of major highways, advance with the procurement of the fourth generation of concessions and continue to execute the 16 roads for prosperity as well as do the maintenance for the existent ones. On our side, we will further strengthen the brand positioning in all segments, consolidating the Internet strategy and strengthening its proximity to customers, both in the mass and the industrial markets.

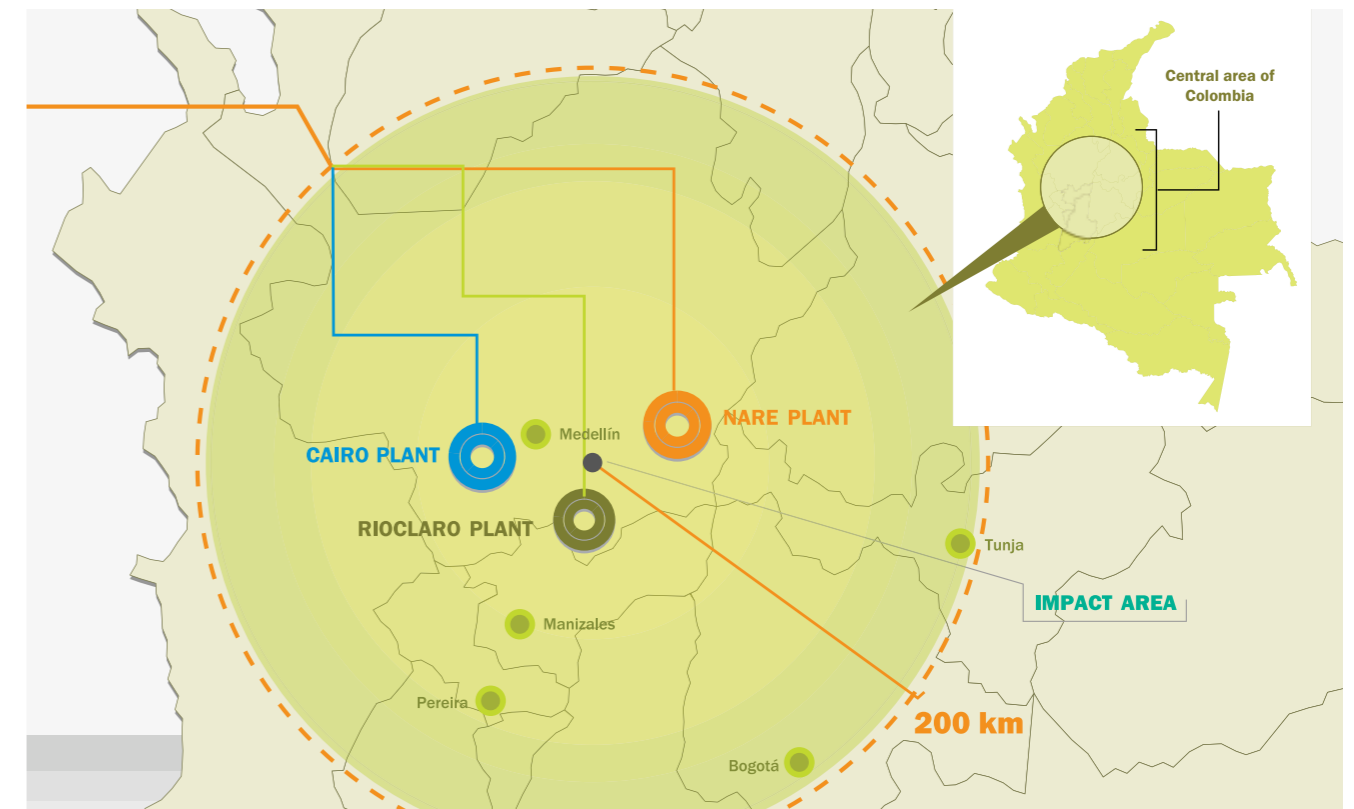
Argos is today one of the **10 most** remembered brands in Colombia.

Similarly, in the past year, we began expanding the capacity for our Rioclaro, Nare and Cairo plants, located in the middle of the country, which, with an investment of USD 93 million, will increase by 900,000 tons of cement our capacity in this region of Colombia. These projects, which will start operations in 2014, will provide our plants with energy-efficient and environmental friendly equipment, within which a new vertical mill for the Rioclaro plant stands out.

To meet the growth of the industrial segment we will continue to actively develop the strategy of locating mobile concrete plants in infrastructure projects throughout the country and strengthen our presence in intermediate cities with high growth potential.



Rioclaro Plant, Colombia



Project to expand the cement production capacity in the middle of the country



Mixer trucks on the Corredor Sur overpass, Panama City, Panama.

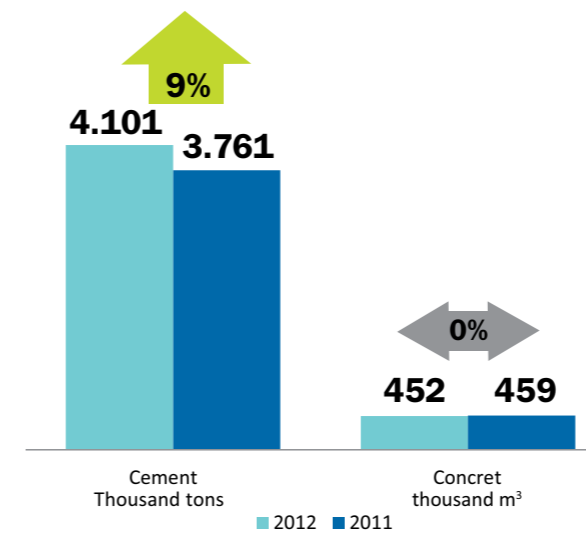
Caribbean Regional

The Caribbean continued to show positive trends and growth rates in most of the countries where we operate, and the prospects, both in its macroeconomic environment, and the construction industry dynamics, remain encouraging. This Regional noted an increase of 9% in the volume reached in 2011, including 1,872 million tons of cement and clinker for international commercialization, of which 1,260 million are exports shipped from plants located on the northern coast of Colombia and 612,000 are of pure trading. Currently our exports go to 35 countries. Argos is a major player with a presence in most of the Caribbean islands, serving markets as far away as the Ivory Coast, West Africa.



Mauricio Ossa, Caribbean Regional Vice-president

Sold volumes



Consolidated revenues for the Caribbean Regional grew by 13% in dollars compared to 2011 in proforma terms. Below we highlight the most significant facts of our main markets:

In Panama, the economy showed a positive dynamic growth of 10.5%. It is estimated that the construction sector will rise by 22% compared to 2011, including the Canal expansion. Cemento Panama participated in major projects such as the Canal expansion, the Metro in the capital city, the bay rehabilitation, the expansion of the Maden-Colón highway, and the expansion of airports and hydroelectric plants, among others.

In Haiti, the cumulative shipment of gray cement increased by 3% compared with 2011. This moderate growth is due mainly to the delay in the start of works associated with the process of rebuilding the country, but Haiti maintains good activity levels. In 2012 the new concrete business stabilized. The team formation along with the importing of new mixer trucks gave us the availability and flexibility required to respond to works that were started. Also, as part of our business strategy, two distribution centers were opened, one in Port au Prince and another one in Cap Haitien and we implemented various initiatives to strengthen our competitive position.

In the same Regional, the Dominican Republic market experienced a contraction of 9% over the previous year, due to a slower building industry dynamics and lower government investment in infrastructure, having produced 2.5 million tonnes. It is worth noting that the Dominican Republic is still a country with an important economic size and market value despite the slowdown experienced in 2012. According to our long-term competitive strategy, a concrete plant and their distribution equipment were acquired to begin the operation of this business. This acquisition will allow us to implement the integration strategy in cement, concrete and aggregates with a unified value promise.

Also, we initiated concrete operations in Suriname in December, increasing our concrete production capacity in the Caribbean to 760,000 cubic meters, supported by 143 mixer trucks, 14 concrete plants, and 16 pumping and quick-mix equipments.

In order to ensure an adequate supply of aggregates and the development of alternative cementitious materials, we acquired 117 hectares of land in Panama, with basaltic reserves estimated at 150 million tons and the mining concession rights on 800 hectares in the Dominican Republic, with estimated reservations of 15 million tons of pozzolan.

Towards the future

We are optimistic about the growth of the Caribbean Region, which holds a population of about 22.7 million² people, and growth dynamics in most of the countries of the region. In the short and medium term we will continue to implement the business model that incorporates the differentiating elements we have successfully developed in other markets, transferring best practices and taking advantage of the logistics capacity of the company to interconnect these markets.

We began concrete operations in Dominican Republic, Haiti and Suriname, which will allow us to continue with our strategy of vertical integration and an unified value promise.



Barco Seleina, Haiti



Panama Canal



Dominican Republic Plant

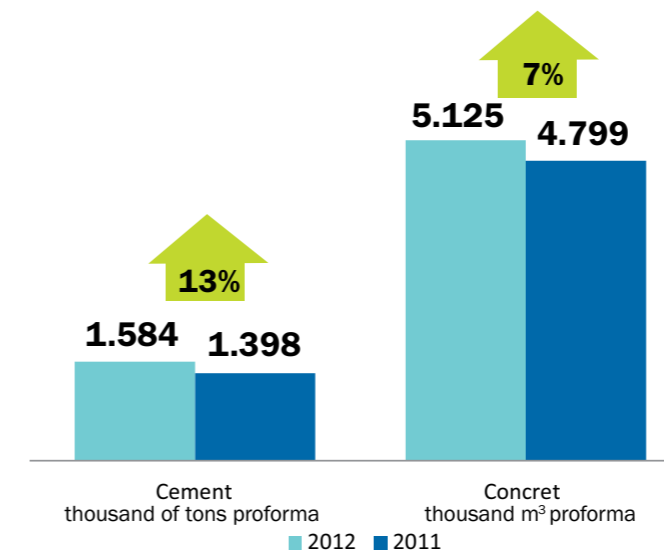


Dallas, Texas, USA

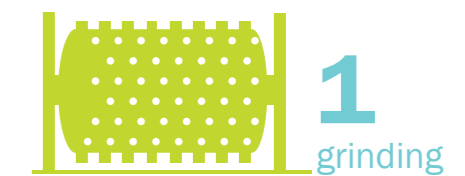
USA Regional

The U.S. market continues to show positive growth trends and stabilization trends of consumption and prices levels. According to the Portland Cement Association (PCA), during 2012, the cement consumption in the U.S. grew by 9% compared to 2011, reaching 76.6 million tonnes, still far from the 128 million tons shipped in 2005. Regionally, the growth observed in the markets we serve are all positive: 20.9% in Texas, 5.6% in Georgia, 10.1% in South Carolina and 6.1% in North Carolina, among others.²

Sold volumes



Eric Flesch, USA Regional vice-president



The most significant fact in this Regional constitutes the operation for the first full year of cement and concrete assets bought from Lafarge in late 2011. As it may be recalled, the following assets were acquired with that transaction: two integrated plants, a cement grinding with the capacity for 3.2 million tons per year, 79 concrete plants located in the states of Georgia, Florida, South Carolina and Alabama, 347 mixer trucks and six cement sea and rail terminals.

Our operations in the two areas where we operate, South Central and Southeastern, report different levels in the volumes improvement and the price stabilization process. In 2012, in the USA Regional, Argos sold 1.6 million tonnes of cement, a proforma increase of 13% over that reported by Lafarge in relation to those same assets in the previous year, and 5.1 million cubic meters of concrete, showing a proforma increase of 7%. We expect that the

² Annual growth estimated by the PCA based on consumption up to 2012.



Harleyville Plant, USA

During **2012**, Argos' cement shipments in the U.S. rose by **13%** in proforma terms.

volume recovery we started to watch is accompanied by a better price dynamic, allowing us to offset the cost increases the industry has faced.

It is important to note that to date these assets have been successfully integrated to our company, having a top quality staff who have assimilated Argos' culture as well as provided knowledge. Today we have an integrated cement and concrete business in the Southeastern states of the United States. In that sense, it is gratifying to report that in November we went live with the new information and processes platform based on SAP, which is part of the standardization project for all core business processes in the three regionals, which hopefully will be finished by 2014.

Operation and efficiency

During 2012 we approved the expansion project for the Harleyville milling plant in South Carolina. This project will conclude and adjust the plant's milling capacity to maximize its production, improve the manufacturing efficiency and meet the expected market growth in the Southeastern United States.

As for the logistics and distribution field, we performed an optimization analysis for the cement transport system by train, refining and adjusting the fleet of trains to the new distribution network in response to the demand. We also established the convenience of adapting the marine terminal in Wilmington to additionally receive cement by train, generating a greater flexibility and efficiency in the delivery of the product.

Towards the future

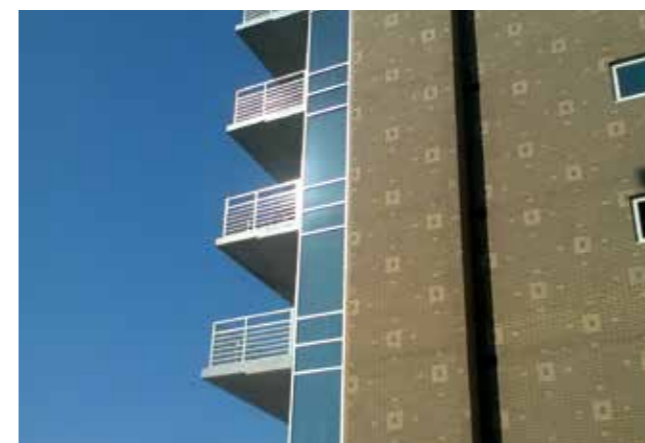
We will continue to work on the optimization and efficiency of our operations, as well as in the development of strategies to better capture revenue and value, which will be important as the growth in the markets becomes real as a result of the recovery of the construction industry in that country. Among these initiatives, we highlight the integration of Value Added and Specialty Products, VASP. These high performance products allow us to offer more sophisticated solutions with better margins.

In addition, in 2013 we will begin a pilot program to replace existing concrete mixing trucks, with new ones that operate on compressed natural gas, which will allow us to significantly reduce the logistics costs of this operation.

Following the agreement between the Colombian government and the U.S. Congress to prevent "Fiscal Precipice", expectations of growth of the construction activity and the cement consumption are more encouraging: The PCA estimates that the GDP will grow by 2.5% in 2013, that nearly two million new jobs will be generated and, in general, positive signs of recovery

and growth for the American economy are emerging. In this new scenario, the PCA contemplates an 8% increase in the cement consumption compared to 2012.

We provide more sophisticated solutions by integrating Value Added and Specialty Products, **VASP.**



Applications of Value Added and Specialty Products - VASP

Innovation

We understand that businesses' sustainability is mainly supported on their ability to reinvent and adapt to a world that changes technologically and socially. In the year that just ended, we invested on strengthening our Organization innovation abilities, which made it possible to obtain positive results in new revenues and operational improvements.

- The most outstanding fact in innovation management, was the successful launch and implementation of our Ideaxion innovation system, through which 254 ideas were generated throughout the year, investing COP\$484 million (USD 248,000) in the validation and implementation of those ideas that were considered more viable to develop. Our system was winner in the Ruta N convocation, which is a program of the Mayor of Medellin, and we were invited to present it at the *Back End of Innovation* (BEI) conference, in Boston, Massachusetts, United States, along with world-class companies such as Exxon Mobil, 3M and GE Energy.
- As for research and development, we carried out studies on the use of recycled aggregates in concrete, emissions reduction by mineralization and projects that seek to generate renewable and neutral fuels from the use of biomass. Additionally, we strengthened our current research laboratory at the Eafit University in Medellin, by commissioning twenty new state of the art technology equipments for applied research in cement and concrete.
- In new businesses, we injected an additional USD 7.5 million to Ceratech, a company that produces and sells cement from fly ash without carbon footprint. Also, we advanced in structuring the alternative fuel project, which will be a great contribution for the future of the Company.

254 ideas were generated through our **Ideaxion** innovation system during 2012, and COP\$484 million were invested (USD 248,000).

Since 2008, the Company has been developing a project to capture carbon dioxide using microalgae. This research aims to consolidate the foundations for the development of a sustainable technology that allows rationally mitigate greenhouse gas emissions and project this application to any type of industrial activity generating CO₂, within which the cement production is included.



Photobioreactor, Argos' R&D center, Eafit University, Medellin, Colombia



Nare, Colombia

For the fifth consecutive year we were invited to participate in the **Dow Jones Sustainability Index** survey, where we climbing from **60 to 73** points having a remarkable improvement in the environmental and social dimensions.

Sustainability

The year 2012 was a period of significant progress in our social, economic and environmental commitment. We followed the Global Reporting Initiative (GRI) as our reporting guide which allow us to standardize the industry comparable sustainability management information. We remain committed to the United Nations' Global Compact, and participated in the Regional Center of this Compact in Latin America and the Caribbean.

We believe that values such as transparency, communication and dialogue are essential to enhance the sustainability of the organization. That is why for the third consecutive year we held the Dialogues for Sustainability, with the purpose of opening a formal communication channel with stakeholders, to understand and identify their expectations and views on our performance, integrating them into the strategy and work plans.

During this year, we had an active involvement with different groups from the World Business Council for Sustainable Development, (WBCSD) and their Cement Sustainability Initiative, (CSI) which brings together 25 of the largest cement producing companies in the world, with an aggregate production representing about 2/3 of the cement produced in the five continents, excluding China. Argos is proudly an active participant in this initiative that seeks, from the private sector, to promote and implement initiatives and improvements to make our industry more sustainable. At its annual meeting in Seoul, Korea, the CSI Board of Directors accepted, our candidacy for Colombia to host the meeting of delegates and industry experts in 2014 in Cartagena, in order to discuss the progress and opportunities for environmental improvements with a special emphasis on water and biodiversity.

For the fifth consecutive year, we were chosen to participate in the annual survey by the Dow Jones Sustainability Index (DJSI), which evaluates the work and achievements of different companies in the field of sustainable development. We obtained satisfactory results by going from 60 to 73 points, placing us in the top quartile of the measurements for our industry, having a remarkable improvement in the environmental and social dimensions, having the industrial safety and occupational health management, the labor and human rights indicators, as well as transportation and logistics as our main strengths.

To continue with our ongoing commitment to sustainable development, in 2012 we conducted multiple social and environmental actions in the three regions, representing a total investment of COP\$19,058 million (USD 10.77 million). A detailed analysis of these initiatives and those towards the development of our human resources is found later in this report. Among many others, we highlight the following:



Reforestation program.

We replaced the emission control systems in several plants, and thus reduced their particulate matter emission to levels above European standards. We made a remarkable recovery of the water distribution networks, achieving consumption savings, and we advanced in our reforestation projects in several areas where the Company has an influence. In the United States, the Company received several awards from industry associations in the field of quality and was awarded the Environmental Excellence Award, by Carolinas Ready Mix Concrete Association (CRMCA).

Meanwhile, this year the Argos Foundation carried out investment projects to improve infrastructure and quality of education through agreements with the National Secretary of Education. The first of these is being developed to build three schools greatly affected by the last rainy season in the municipalities of Soacha (Cundinamarca), St. Lucia (Atlantico) and Pajonalito (Sucre). In the second

one, the construction of 19 educational institutions is being carried out in several municipalities of Colombia. In these agreements the the Argos Foundation is providing COP\$13,469 million and the National Government is providing a counterpart of COP\$13,717 million.

Having safe and healthy conditions in our processes and facilities contributed to not having any fatalities in our operation, while achieving significant improvements in the accidents frequency and severity rates across all regions, representing decreases by 11% and 43% respectively.

The social and environmental actions of the company were done with an investment of COP\$19,058 million (USD 10.77 million).

Culture and People

During the last decade, Argos expanded its borders with operations in 11 countries and exports to 35, now it has 7,329* employees from different cultures and geographies. After an analysis of the cultural similarities and differences we have, we approved the Diversity and Inclusion Policy, recognizing a great strategic strength in having a diverse group of people working as a team. At Argos we encourage diversity as we believe that the contribution that different points of view can provide develops more powerful solutions. In order to make this a tangible advantage, in 2012 we promoted an ambitious corporate culture project. This project is structured under the following principles: respect for people, favor collective achievements over individual ones, focus on

learning, an organization that transcends results. We understand that this organization is made up of human beings who need to develop a meaning of life, be flexible and be open to change and leadership. With these pillars we seek to strengthen a corporate culture in line with the achievement of strategic priorities, a unique culture that identifies us as Argos in every geography where we operate.

We firmly believe that our people are a cornerstone for the development of our business model. We are pleased to report that in 2012 we developed our activities in harmony and respect with our employees and the organizations represent them. During the year, we signed collective labor agreements in Colombia (Cementos Argos and Zona Franca), Panama (Cemento Panama , Cemento Panama Comercializadora and Grava) and USA (in Harleyville.)



Staff from Calera Plant, USA

* This applies to employees in 16 organizations covered under the Integrated Report. The number of employees who are part of the 25 companies in the cement, concrete, aggregates, logistics and other businesses is 7,537.

We provided 110,503 hours of technical training and 43,443 hours of corporate training, i.e., 26% more than in 2011. In order to support career development in the Organization, we continue with the talent identification program, defining succession plans and discovering high potentials. Parallel to this, and seeking to improve retention, attraction and employee satisfaction, we expanded the scope of the Variable Remuneration System.

Our vision for the future

In 2012 we improved each of the pillars we define as essential to promote the sustained growth of the Company, based upon a coherent and persistent strategy over time that adapts to new realities not only of Argos, but the environment; among them we include: the consolidation and expansion of the current business model, the optimization of its capital structure, the development of a model of organizational excellence, the standardization of operating models, the strengthening the innovation culture and the ongoing work on sustainability. These priorities are framed in a unique and distinctive element, OUR CULTURE. We have also structured a competitive strategy based on segmentation and understanding our customer's needs in the mass and industrial markets, creating a brand value and logistical and financial tools to facilitate our reach to a population that values these differentiators. We are applying this strategy in most of the markets we operate at. We are convinced that the company's long term sustainability will be closely related to its ability to innovate.

Finally, at the closing of 2012, we thank you, our shareholders, for your firm and permanent support. We extend our gratefulness to our customers, suppliers and partners who have contributed to the results we are presenting today.



Haiti

Legal Issues

No significant transactions with partners or administrators were conducted during 2012; the details of transactions with related parties are shown in notes 24 and 26 of the individual and consolidated financial statements, respectively.

The special report referred to in Article 29 of Act 222 of 1995 is found in the USB memory handed with this report.

See the transactions summary referred to in the third paragraph of Article 446 of the Commercial Code in the brochure and the details of each of these operations are in the USB memory or in the investors' website www.argos.com.co/cemargos.

It should be noted that this document was part of the information that was released for the shareholders during the period provided by law to exercise the right of inspection.

The Company has strictly fulfilled the rules regarding intellectual property and copyright. To this end policies and controls have been designed and observed to ensure such compliance, and the proper documentation is kept as proof of this application .

Similarly, the operation of the controls established in the Company has been verified and the existing systems have been successfully evaluated for the purpose of disclosure and control of the financial information, finding that they work properly.

In December 2012, a judgment was issued by the Administrative Tribunal of Cundinamarca, accepting the claims filed by the Company as an action for nullity and reinstatement of the right against Resolutions No. 51694 de 2008 and 0091 of 2010.



Dominican Republic Plant

Other legal and administrative processes, and in general, the legal status of the Company have developed normally without involving significant rulings or events.

The Company has no definitive information about important facts occurred between the balance sheet date and the preparation of this report which may compromise its evolution and the shareholder's equity.

Events after the balance sheet

In January of this year, a remedy of appeal was filed against the judgment of December 2012, issued within the annulment process and restoration of the right against Resolutions No. 51694 of 2008 and 0091 of 2010, as indicated in note 25 of individual financial statements.

Board of Directors

José Alberto Velez
Camilo José Abello
Claudia Betancourt
Carlos Gustavo Arrieta
Cecilia Rodríguez
Esteban Piedrahíta
León Teicher

Chairman

Jorge Mario Velásquez



3.1 Strategic Framework

Cementos Argos' new reality, by which it is becoming a pure player in the cement and concrete industry, continues to offer great expansion and growth opportunities. The strategy developed to concentrate operations on a geographical area ranging from northern South America, including the Caribbean and Central America to the South Central and Southeastern United States, offers advantages to access developed and emerging markets in the same region, softens the natural cycles of the cement business by having a countercyclical effect, allowing an efficient financing, and maximizing the logistics connection of a wide region, thus giving great flexibility in the products and raw materials flow and, at the same time, facilitating the transfer of best practices between markets with different levels of competitive development. There we will continue to focus our efforts on growing and expanding.

Also, Argos has structured a competitive strategy based on segmentation and understanding its customer's needs in mass and industrial markets, creating brand value as well as logistical and financial tools to facilitate our reach to a population that values these differentiators. This competitive strategy is being implemented in most of the markets in which we operate.

We have defined fundamental pillars to ensure consistency, retention and promotion of this strategy, these are: expansion, an appropriate capital structure, the pursuit of organizational excellence, innovation and business sustainability. All these initiatives are framed in the development of an entrepreneurial culture that identifies us, based on ethics, principles of respect and valuing the human being, and the recognition of

diversity as a value driver in the Organization. These priorities are framed in a unique and distinctive element, OUR CULTURE. The Company believes that the achievement of its objectives depends on the proper talent management, ITS PEOPLE talent!

defined as innovation axes are: delight its customers, expand the boundaries of its business model and respect our world.

Business Sustainability

In terms of sustainability, the company is committed to finding the balance between profitability, social development and reducing its environmental impact, having for reference the good relations with its stakeholders and the principles of the United Nations' Global Compact and Good Governance.

Towards the future

We will continue to explore opportunities to grow and strengthen our production capacity in our targeted geographic regions, which, as mentioned, ranges from the southern United States, through Central America and the Caribbean to northern South America. Specifically in Colombia, we will seek to reach intermediate cities where our presence is not as strong. Also, we will strengthen the industrial business, based on the growth of the country's infrastructure.

The Organization will make a particular emphasis on the application of the Sustainability Policy, supporting and strengthening Ideaxion, since innovation should be seen as the only way to guarantee transformation, reinvention and the ability to compete in today's market by developing new business models and more efficient processes in the quest for excellence. The latter will be the hallmark of our future performance by achieving among others, cost optimization, launching a co-processing scheme and reducing the carbon footprint. We must incorporate innovation and sustainability strategies so that our efforts will be viable in the long term.

Expansion and an appropriate asset structure

Argos has great financial strength and has developed several alternatives to have significant flexibility to develop initiatives for organic and inorganic growth in the coming years. These investments will focus primarily on improving the coverage of the current markets and optimizing production and logistics processes, to continue to increase the value proposition for customers in those markets.

Organizational Excellence

We seek to improve performance in the different areas in which we operate: our markets, our operations, our management and our assets, which will lead to an improved profitability for the company. We will develop initiatives in each of the excellence axes above mentioned in an organized fashion, and will establish regionals where these initiatives generate greater impact.

Innovation

We believe that the company's long term sustainability will be closely related to its ability to innovate. As an answer to this concept, we have created an Innovation Vice Presidency that is responsible to promote the design and implementation of new structures, processes, systems, business models, products and services, to create significant value for customers and stakeholders. The three concepts the Company has



Staff member, Cartagena Plant, Colombia

3.1 Argos' Sustainability Policy

Argos' Sustainability Policy is part of the strategic axis of the Company, holding the promise of value for each of our stakeholders, as well as the key issues we address from the economic, social and environmental dimensions.

This policy reflects our vision and values, as we commit ourselves to finding a balance between profit generation, social development and a reduced environmental impact, within the framework of good

relations with stakeholders and the Global Compact and Good Governance principles.

We have developed a dissemination strategy for our Sustainability Policy aiming at generating a real culture among our stakeholders. For this, we have developed awareness workshops in Colombia, Panama and Dominican Republic, as well as direct communication on the subject through our internal media.



Nare Plant, Colombia

We are Green Light, we commit ourselves to:



3.3 Dialogue with stakeholders

GRI 4.14
GRI 4.15

In order to open a formal communication channel between the company and its stakeholders, having this approach as one of the most valuable materials to think and reconsider our company, each year we an approachment with these groups (employees, suppliers and contractors, communities, authorities and associations), to present our Sustainability Report and give them a space for open dialogue and participatory voice to know their concerns and expectations.

In 2012, the Day of Dialogues for Sustainability, involved 1,469 people of different groups of interest from the Colombia and Caribbean regionals. We took into account their valued suggestions and suggestions to structure the Company's work plans and to prepare the Sustainability Report.

GRI 4.4
GRI 4.16
GRI 4.17

Stakeholders	Means to relate	Relevant issues	Page
Employees	Dialogues, meetings, training, intranet. Work axis: Quality of work life	<ul style="list-style-type: none"> Review the process of salary allocation Deeply evaluate Labor Welfare and Human Management programs Create and disseminate the career plan project 	Page 107 Chapter Action Framework - Contributors
Customers	Development programs and training, satisfaction survey, monthly surveys, customer service center. Work axis: Responsible Marketing	<ul style="list-style-type: none"> Attention, quality, timeliness, technical support 	Page 157 Chapter Action Framework - Customers
Shareholders	Ordinary and extraordinary assembly Annual Management Report, website. Work axis: Corporate Governance	<ul style="list-style-type: none"> Transparency 	Page 86 Chapter Government and risks - Ethics and Transparency
Communities	Dialogues, meetings, summons, phone calls. Work axis: Social Development	<ul style="list-style-type: none"> Educate the community on environmental issues, developing this kind of projects within them Review the issue of hiring of skilled and unskilled labor 	Page 146 Chapter Action Framework - Communities
Authorities	Dialogues, relationship through unions. Work axis: Public-private partnerships and building public policy	<ul style="list-style-type: none"> Public - private partnerships 	Page 161 Chapter Action Framework - Authorities
Suppliers and Contractors	Dialogues, business relationship, training and audits. Work axis: Responsible	<ul style="list-style-type: none"> Develop a process of proper and formal communication Review Argos' payment process Train employees on environmental issues Share on social projects 	Page 154 Chapter Action Framework - Suppliers and Contractors
Environment	Dialogues, meetings, training, internet. Work axis: Environmental	Culture	Page 124 Chapter Action Framework - Envi-



Volunteering in Cartagena, Colombia

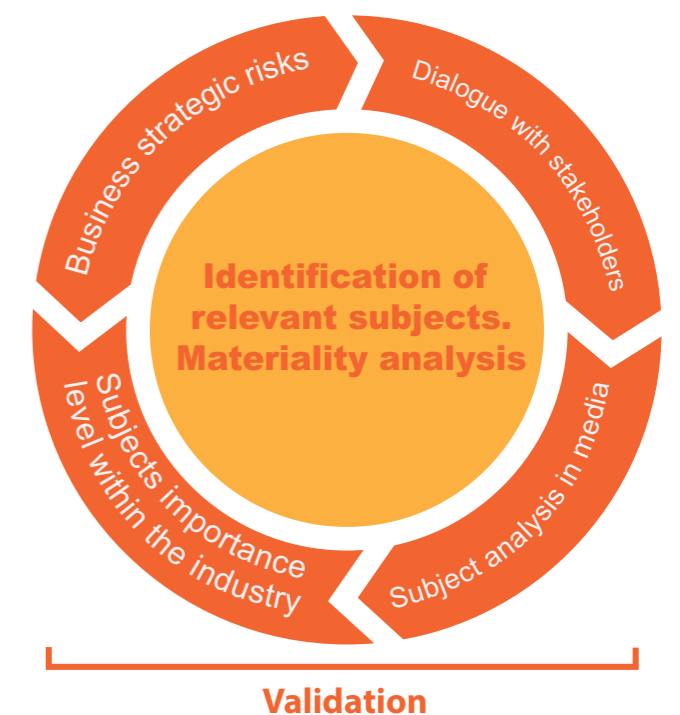
3.4 Materiality analysis

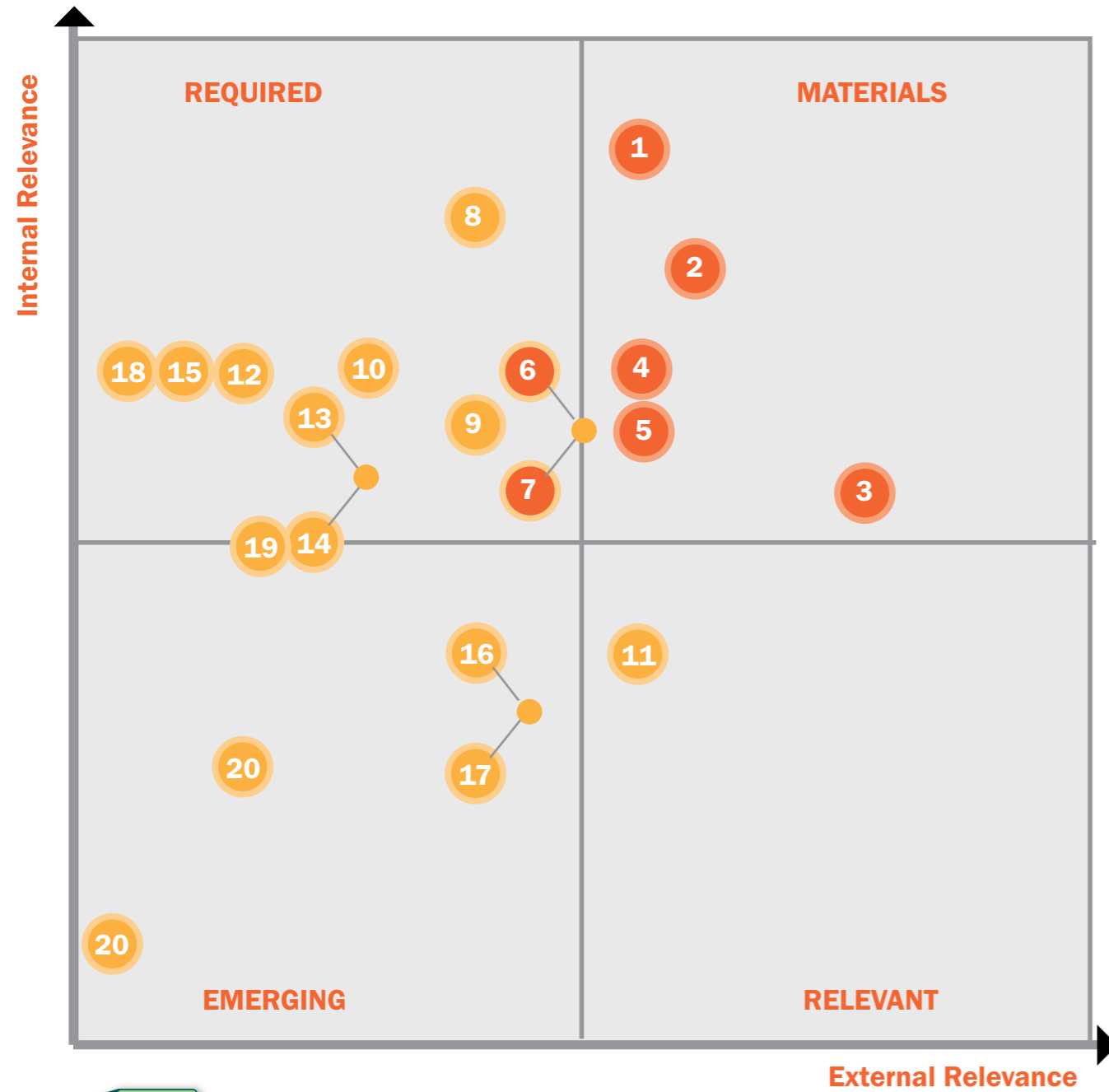
Argos has undertaken an exercise to identify relevant issues through a materiality analysis, keeping in mind their importance for the organization (internal relevance) and to its stakeholders and external specifiers (external relevance).

The identification of issues relevant to the Organization, considered the importance according to the sector level, risks and opportunities identified in it, the strategy of the Company and the exercise of identifying the strategic risks of Argos.

Furthermore, as for the external relevance, the dialogue held by the Company with its stakeholders, as well as those issues of most concern to external prescribers were taken into account.

Process undertaken for materiality analysis:





GRI 4,8

- 1** Job security
- 2** Corporate Governance
- 3** Innovation
- 4** Environmental Management System
- 5** Ecoefficiency
- 6** Biodiversity
- 7** Climate Strategy

Derived from the survey and in general terms, those issues related to job security, corporate governance, innovation, environmental management, eco-efficiency, climate strategy and biodiversity are identified as the most important for Argos. The following graph shows the results of the external and internal importance, reflected in the x and y axes, respectively.

This analysis identifies the seven most important issues this report covers as far as our management is involved.



Fontibón Plant, Bogota, Colombia

<p>1</p> <p>Job security</p>	<p>Management and administration of the Company of practices that ensure the security, integrity and health of employees and contractors, taking into account the current business risks and the positive impact on productivity and lower labor costs. Policies and practices of good corporate governance, to reflect a responsible and transparent behavior with stakeholders. Development activities for improvement and development of processes, products and</p>
<p>2</p> <p>Corporate governance</p>	<p>services that will generate growth, achieve efficiency and achieve better market position.</p>
<p>3</p> <p>Innovation</p>	<p>Existence of management systems, and the existence of specific policies on environmental issues leading the Company to eliminate or mitigate the direct and indirect impacts on the environment. Company shares framed in quantification, minimization, disposal and re-</p>
<p>4</p> <p>Environmental Management System</p>	<p>source recovery appraisal to reduce the environmental footprint and improving costs.</p>
<p>5</p> <p>Ecoefficiency</p>	

<p>6</p> <p>Biodiversity</p>	<p>Biodiversity protection of wildlife directly or indirectly affected by the operation. Development and implementation of strategies for the elimination and mitigation of impacts.</p>
<p>7</p> <p>Climate Strategy</p>	<p>Organization's actions aimed at reducing the impact of its operations on climate change and the adverse effects of climate in the operation of the Company.</p>



Cement Plant, Dominican Republic



Staff member, Cartagena Plant, Colombia

GOVERNMENT AND RISKS

4.1 Corporate governance

In Argos, we are permanently committed to good corporate governance; that is why we adopt in all our actions the principle underlying all our acts: integrity. All these reflect a responsible, honest, upright, serious and transparent behaviour, in harmony with the needs of each of our stakeholders.

Our corporate governance framework allows focusing the activities of all government officials and agencies on seeking to create value for the shareholders; in this sense, we have not only defined guidelines for a proper exercise and development of these activities, but we also have bodies and control mechanisms to ensure the right implementation of the rules and policies defined.

Board description



José Alberto Velez

Administrative Engineer graduated from the National University of Colombia, with a Masters in Engineering (MSc) from the University of California (UCLA) in the United States. Current president of Grupo Argos S.A. and besides being the president of Cementos Argos' Board of Directors, member of the boards of Grupo Sura S.A., Bancolombia S.A., Grupo Nutresa S.A., Crystal S.A., Fundación Fraternidad, Proantioquia and Consejo Empresarial para el Desarrollo Sostenible (Business Consil for the Sustainable Development) - CECODES.

Board Committees:
Appointments and Remuneration



Camilo José Abello Vives

Lawyer graduated from Pontificia Universidad Javeriana, Bogota Colombia, specialized in commercial law. Currently serving as Vice President of Corporate Affairs of Grupo Argos and previously held this position in Cementos Argos S.A. Member of the Board of Directors of Argos Foundation and Fútbol con Corazón Foundation.

Board Committees:
Corporate Governance



Cecilia Rodríguez González Rubio

Business Administrator graduated from the Andes University, Bogota Colombia, and a certified trainer in Negotiation and Dispute Resolution of Conflict Management Inc. USA. Served as environment minister and currently serves as president of Corporación Bioparque and director of the Catorce6 magazine, which specialises in environmental issues. Member of the Board of Bioparque Proyectos S.A.S., and the Botanical and Zoological Foundation of Barranquilla.

Board Committees:
Corporate Governance



Claudia Beatriz Betancourt Azcarate*

Economist graduated from the Colegio Mayor de Nuestra Señora del Rosario University, Bogota Colombia. Previously served as Vice President of Risk at Corporación Financiera S.A., and currently is the general manager of Amalfi S.A., and member of the Board of Directors of Compañía Hotelera Cartagena S.A., Promigas S.A., Editorial Norma Carvajal S.A. and WWB Colombia.

Board Committees:
Audit and Finance Committee

GRI 4,2
GRI 4,3



Leon E. Teicher Grauman*

Economist graduated from Los Andes University, Bogota Colombia, and with an MBA from Stanford University, U.S. Served as president of the Cerrejon S.A. company, and has an extensive experience in large-scale mining sector. Currently serves as an entrepreneur and consultant for independent companies.

Board Committees:
Audit and Finance Committee



Esteban Piedrahíta Uribe

Economist graduated from Harvard University, USA. Served as general director of the National Planning Department in Colombia. Currently serves as an advisor for the mayor office in Cali in Strategic Planning and Government Affairs. He is also a member of the board of Banco Agrario.

Board Committees:
Audit and Finance Committee



Carlos Gustavo Arrieta Padilla

He is a lawyer, graduate of the the Andes University, Bogota Colombia, with an LL. M. Degree from Stanford University, U.S. Has served as an ambassador to the Kingdom of the Netherlands and as General Attorney of the Nation. Currently, he is part of the Arrieta, Mantilla y Asociados Company. Also a member of the Board of Maphre Seguros and Fiducor S.A.

Board Committees:
Appointments and Remuneration

GRI 4,1

Guidelines:

Statutes, Good Governance Code, Business Conduct Code, Corporate Policies.

Bodies and control mechanisms:

Shareholders, Board and Committees, external and internal High Government control Bodies.

* Independent Members
Note: Five of seven members do not represent controlling shareholders.

4.2 Our executive team



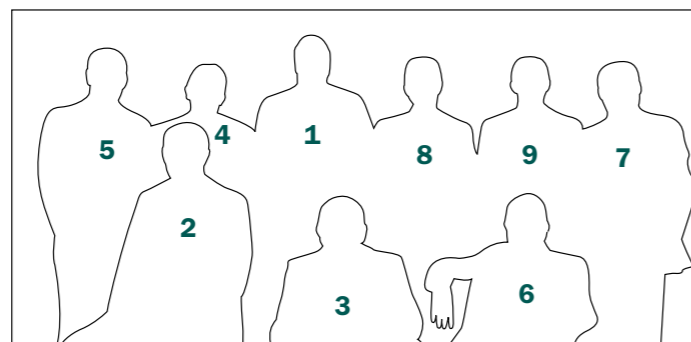
- 1. Chairman**
Jorge Mario Velásquez
- 2. VP of Legal and Sustainability**
Juan Luis Múnera
- 3. VP of Finance**
Carlos Horacio Yusty
- 4. VP of Human Resources and Organizational Management**
Jorge Ignacio Acevedo
- 5. VP of Innovation**
Camilo Restrepo
- 6. VP of Technical**
Víctor Lizarralde
- 7. VP of Caribbean Regional**
Mauricio Ossa
- 8. VP of Colombia regional**
Tomás Restrepo
- 9. VP of USA regional**
Eric Flesch



Resumes of the management team

<http://www.argos.com.co/wps/portal/cemargos/administracion/comite/>

Management Committee



Description of the management team



Jorge Mario Velásquez
Chairman

Civil Engineer graduated from the Engineering School of Antioquia, Colombia. Has degree on Industrial Operations with an emphasis on the cement industry in the Confederation of British Industries. He also took a CEO's Management Program at Kellogg School of Management, Illinois, USA. Has completed specialization courses in Logistics Operations at the Andes University in Bogotá, Colombia. He concluded his High Government Program at the same university. He studied logistics at Stanford University, USA.

Boards of Directors:

He is a leading member of the Boards of: Cemento Panamá, Ready Mix Concrete Inc., Southern Star Concrete, Suramericana de Inversiones S. A.



Juan Luis Múnera
VP of Legal and Sustainability

Lawyer graduated from the Pontificia Universidad Bolivariana, Medellín Colombia. Completed a Specialization in Commercial Law at this same university. He also has a LMaste degree on Comparative Law (LL.M) from the University of San Diego, USA. Additionally, he has a Certification on Finance from EAFIT University, Medellín, Colombia.

Boards of Directors:

Member of the Boards of: Cemento Panamá S.A., CINA Cimenterie Nationale S.E.M., Cementos Colón S.A. and the Colombian American Chamber of Commerce (AMCHAM), Medellín.



Carlos Horacio Yusty
VP of Finance

Industrial Engineer graduated from Javeriana University, where he also completed a specialization on Engineering Management Systems. He also finished a program on Senior Management at the San Buenaventura University, Cali, Colombia.

Boards of Directors:

He is a leading member of the Boards of: Concesiones Urbanas S.A., Papeles y Cartones S.A., Occidental de Empaques S. A., ACEF, Cementos Colón S. A., Cemento Panamá S.A., Haiti Cement Holding S.A., CI del Mar Caribe (BVI) Inc. and Argos USA Corp.



Jorge Ignacio Acevedo
VP Human Resources and Organizational Management

Business Manager graduated from EAFIT University. Specialized in Quality Management at this same university. He got a Master Executive MBA at the Instituto de Empresa in Madrid, Spain.

Boards of Directors:

He is a member of the Boards of: Suramericana de Seguros S.A., Suramericana de Seguros de Vida S.A., Trideaz S.A. and Board of Directors of Comfama.



Mauricio Ossa
VP of Caribbean Regional

Business Administrator graduated from EAFIT University, Medellín, Colombia and has a specialization on International Marketing from the same university. He completed High Management at La Sabana University in Bogotá. He also studied management at the Kellogg School of Management in Illinois, USA. IPADE. He concluded the International Continuity and Actualization Course at the Pan American Institute of Business Senior Management of Mexico.

Boards of Directors:

He is a member of the Boards of: Antioquia Presente, Camacol Antioquia, CINA, Cimenterie Nationale S.E.M., Cementos Colón, S.A., Cemento Panamá, S.A., Haiti Cement Holding, S.A., Caribbean Construction & Development Ltd., Caricement USVI Corp. and CI del Mar Caribe (BVI) Inc. He is an alternate member of the Board of Camacol Antioquia.



Tomás Restrepo
VP of Colombia regional

Mechanical Engineer graduated from the EAFIT University, Medellín Colombia. He has a Masters degree in Product Design and Innovation from Ecole Nationale Supérieure d'Arts et Métiers, Paris, France, and a PhD in Industrial Engineering (Product Design) from the same university. Additionally, he has a Certificate on Statistics and Experiment Design from EAFIT University, Medellín, Colombia. He also completed a certification in Market-driven Innovation at the Knowledge Unit and Leipzig University, Medellín, Colombia. Finally, he did a Seminar on Human Factors in Project Management in the Cabinet Pilotis, Fontenay Tresigny, France

Boards of Directors:

He is a leading member of the Boards of: OMYA, Promotora and Contreebute.



Camilo Restrepo
VP of Innovation

Environmental Engineer graduated from the Engineering School of Antioquia and has a Masters degree on Civil and Environmental Engineering from the University of Maryland, College Park, USA. He also did a Seminar on Managing Innovating Strategies at Babson College, Wellesley, USA. He completed a certification on Sustainable Management from InWent Germany. Completed an Advanced Management Certification for Young Entrepreneurs in EIA and IEBTA.

Boards of Directors:

He is a leading member of the Boards of: Ceratech USA and Ceratech INC. He is also a member of the Board of the University Research Headquarters (SIU), of the Antioquia University.



Victor Lizarralde
VP of Technical

Mechanical engineer graduated from Villanova University, USA. He has a Certification on Top Management from the Cali ICESI University and completed a CEO's Management Program at Kellogg School of Management in Evanston, United States

Boards of Directors:

He is a member of the Boards of: Zona Franca Argos S. A. and TIPIEL.



Eric Flesch
VP of USA regional

Civil Engineer graduated from the Universidad del Norte and has an MBA from West Coast University in California. USA.

Boards of Directors:

Currently, he is a member of the Boards of Portland Cement Association (PCA) and National Ready Mix Concrete Association (NRMCA).

GRI 4,7

Our Good Governance Code defines the general conditions for the selection of directors with a profile that fits the needs of the Company. For their appointment, the Shareholders keep in mind the following, among others:

- a. Directors shall be appointed under the same criteria. Where possible, efforts will be made to ensure that each director is able to contribute a professional specialty. Each individual will have enough time to fulfill their obligations as director.
- b. All directors will have the basic skills to enable them to have a proper performance of their functions. These include: analytical and managerial skills, a strategic business vision, objectivity and ability to convey their views and ability to assess higher managerial cadre. Additionally, they will have the ability to understand and be able to question financial and business proposals and work in an international environment.

c. In addition to basic skills, each Board member will have other specific skills to contribute in one or more dimensions, due to their special knowledge of the industry on financial and risk aspects, legal affairs and trade and management issues crisis.

d. The directors shall not engage by themselves or through another person in activities that involve competition with the Company or acts that may involve a conflict of interest, unless authorized by the Board of Directors or the Shareholders, as the case may be.

e. At least 25% of the directors elected for a certain period must be independent. Argos Board identifies and monitors risks, financial and non-financial performance of the business, making decisions about the strategy. For this the board relies on different committees:

GRI 4,1
GRI 4,9

Committees	Objective	Administrative participants
Audit and Finance	Supports the Board in monitoring the effectiveness of the internal control system, decision-making in relation to the control and improvement of the activities of the Company, its officers and directors. Orders and monitors that the internal control procedures meet the Company's needs, goals and strategies.	Chairman Chief Financial Officer (Secretary) Internal Audit and the Auditor (with voice but no vote)
Appointments and Remuneration	Determines policies and standards for hiring, compensation and management development of the Company. Furthermore, this committee continuously monitors the goals of different compensation programs related to the performance of officials, and defines and recommends to the Board the adoption of various compensation programs and compensation for the staff indicated, and the evaluation of the effectiveness of these programs.	VP of Human Resources and Organizational Management (secretary)
Corporate Governance	Monitors the performance of the Board, enforces the Code of Good Governance, makes suggestions for the operation of the Board and monitors the negotiations done by the directors with shares issued by the Company.	VP of Legal and Sustainability (secretary)

As part of the strengthening our corporate governance policies and sustainability, in 2012 two committees were created to support the management of additional Board Audit and Finance: the Appointments, Remuneration and Corporate Governance Committee.

Board performance

Starting from our bylaws and the Good Governance Code, we have devoted mechanisms to evaluate the Board's performance. An evaluation to the Board's performance will be done in April 2013, a year after the first meeting of the current Board. The most important aspects of this evaluation will be reported to the General Assembly of Shareholders.

The Corporate Governance Committee has mechanisms in place to review and evaluate how the Board has complied with its duties during the year and, consequently, make suggestions for better functioning. Since its implementation in 2012, the committee held three meetings where one of the recommendations was to do an evaluation for the board by an external consultant to complement the self-assessment of the managers and implement improvement plans.

GRI 4,10

Achievements and progress

In 2012, the Corporate Governance Committee decided to hire Ernst & Young to identify the Company's position in relation to corporate governance practices against international standards. Based on the analysis that the Corporate Governance Committee is currently performing of the conclusions of this study, some modifications to the Code of Good Governance will be submitted for the Board's consideration.

Finally, according to our constant quest for opportunities to improve our corporate governance, we developed and implemented a technological tool which allows us to share online and on real time, information with members of the Board. With this application, we were able to have a direct communication with the Board of Directors, who must count on timely information for the analysis of the various issues submitted for their consideration.

Towards the future

In 2013, we will work on the implementation of the action plan to improve our corporate governance practices. At a short and medium term we hope to have reached some achievements such as:

1. Having the Board assessed by an external firm, with extensive experience in the design and implementation of global market strategies.
2. Amend our Code of Good Governance according to the recommendations and best practices such as those set out in the Code of Best Practices IBGC - Revision 2011, those presented by the Financial Superintendence for the modification of Country Code, the Dow Jones Sustainability Index and, in general, those determined by RobecoSAM determined by the AG and Círculo de Compañías, which is the guild that owns our parent company Grupo Argos S.A.

The current Board held **12** meetings in 2012, in which we had an attendance rate of **97%**.

As part of the corporate governance framework defined by Argos, we have established the High Government Committees:

Committees	Purpose of Committee
Directive Committee (the Presidency)	It exercises the control function on behalf of the Board and shareholders, formulates and monitors strategy, plans and budgets. It defines and approves policies, standards and models related to the risk management system, internal system control, relations with stakeholders, brand management and business strategy and corporate culture.
Variable Remuneration Committee	It defines the overall design of the Variable Remuneration System for each measurement period and submits it for the consideration of the Executive Committee and the Remuneration & Nomination Committee of the Board, and establishes the rules for the definition of indicators, and reviews, evaluates and validates measurement indicators for each of the charges involved.
Strategic Committee of Processes and Technology	It defines the priorities of the business initiatives presented by the different vice-presidencies to Organizational Technology and/or Development, and defines the approval mechanisms to change processes that impact the technology and/or the operating models defined.
Business Conduct Committee	It is the ultimate authority on corporate behavior. Among other functions, the Committee determines, against possible violations of the Business Code of Conduct, when the recommendation of investigating officer means the termination of one or more employment contracts. It also designates the person who shall assume the functions of Business Conduct Officer and his deputy and approves amendments to the Business Code of Conduct.
Academic Committee	It studies, approves and monitors the implementation of the annual budget for corporate training. It tracks the corporate training programs and allocates academic sponsorships nationally and abroad that lead to a professional degree. It meets and addresses the outcomes of the talent identification program and succession plans established at the management level.
Innovation Committee	It reviews and approves the innovation strategy, the innovation projects portfolio, the progress of the projects and reviews the foresight exercises, technological watch and competitive intelligence.
Ideation Committee	It reviews and approves innovative ideas and validates their implementation.
Sustainability table	It analyzes sustainability issues in the Company, with the participation of all areas with special emphasis on economic, environmental, social and corporate governance issues. It also promotes a culture of sustainability.

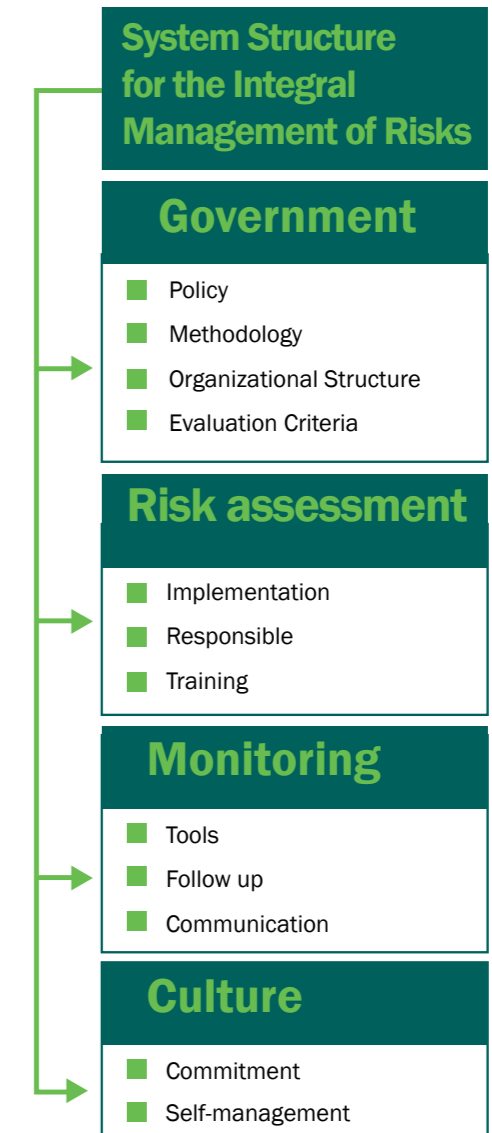


4.3 Risks management

Risk management in Argos is directly linked to the management and implementation of the strategy and business objectives, since that is where the levels of uncertainty surrounding our actions materialize. This management is led by senior management, guided by the Audit and Finance Committee, a body appointed by the Board with the authority to exercise the functions of monitoring and managing the Internal Control system of the Company.

To support this work, the Organization appointed the Corporate Audit and Risk Management as the area responsible for defining and replicating in the businesses and support areas, the Integrated Risk Management System. This system is structured based on global standards ISO 31000 (Principles and Guidelines for Risk Management) and COSO Enterprise Risk Management.

The System formalization is carried out based on the aforementioned structure, which is contained in the Manual of our Integrated Risk Management System, and it is embodied in the management done for business, processes and projects through a proprietary tool, called Risk and Control Matrix, which consolidates the risks, assessment, causes, controls, indicators and mitigation actions defined by the Company.



Methodology for risk evaluation:

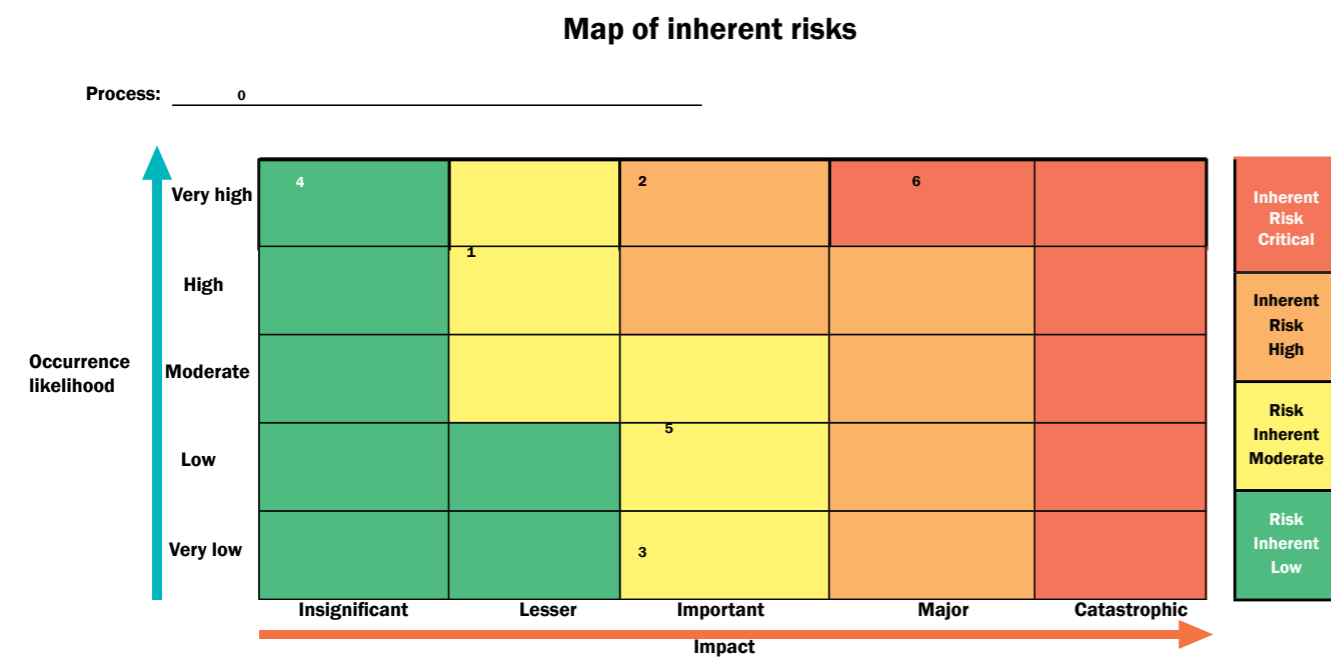


Achievements and progress

In 2012, we continued developing the update and formalization of risk management and applied it to processes including environmental management (climate change, biodiversity and water resources),

physical security, social management, labor human rights, purchasing and contracting, supply chain planning, insurance management and industrial safety and occupational health, and more.

Example of Risk and Control Matrix



Towards the future

In 2013 we will continue to consolidate and mature the Integrated Risk Management System, making a particular emphasis on:

- Strengthening the organizational structure to create awareness, deploy and monitor the system.

- Stabilizing the System in all regions in which Argos operates and the support areas that of these operations.

- Implementing and monitoring tools and mechanisms for risk management, as the formalization of the

Materiality Matrix and Control Panel, with which the levels of attribution, reporting and monitoring, as defined in the Policy for Comprehensive Risk Management are applied.

- Creating awareness and constant communication to achieve and maintain self-management culture.

- Defining statistical and documentation tools to strengthen and enhance risk management.



Staff member, Rioclaro Plant, Colombia

Strategic risks

GRI 1.2
GRI 4.11
GRI EC2

In 2012, risk management consolidated its alignment with the corporate strategy by prioritizing the top ten business risks, generating a greater awareness and focus on the instances in charge of making control decision and mitigating these risks.

Risks are classified by categories (strategic, of compliance, operational and financial) which allow treating them by lines of management. Similarly, these risks are prioritized according to their probability of occurrence and the potential impact they could have on the business.

Below is a brief summary of them:



Staff member, Cartagena Plant, Colombia

1
Capacity and productive efficiency to attend demand

The behavior of the supply and demand affect the needs and availability of productive infrastructure and operational capacity to serve the market in a timely and efficient fashion.

As part of the actions we undertake to mitigate the impact of these events, historically we have performed and in 2012 have particularly strengthened: the definition, implementation and monitoring of the Master Plan, the Mining Plan, planning and monitoring supply chain, the strategy for strategic resource management and continuous maintenance plan to identify and address threats and opportunities in the markets in which we operate.

2
Licenses, permits, certifications or concessions required for operation

In the planning, exploration, exploitation and mining production it is essential to have the permits and licenses that allow us to carry out our activities within appropriate legal, mining, and environmental parameters and have reserves that will ensure their sustainability and viability over time. This is the reason why over the years, Argos has obtained and retained the licenses, permits and qualifications required for our operation, adhering to the activities covered in each one of them.

3
Safety of our employees

The execution of our process involves activities that can cause accidents, actions by third parties and/or occupational disease due to failures in the internalization of the self-care culture. The presence of unsafe conditions at the facility, the lack of understanding or human resources neglect, increasing socio-political conflicts in the countries where we operate and the actions of outlaw groups.

That is why the foundation of our security controls is training and human resources awareness on the self-care that they should have when performing activities on site and the use of personal protection elements and tools.

We have approved management indicators at all facilities to monitor accident rate and severity of risk events. Likewise, we have defined emergency plans to respond to accidents and the materialization of risk events.

4

Risks associated with environmental conditions

The businesses of Cement, Concrete and Aggregates are developed from mining and industrial activities that have an environmental impact. As part of our commitment to sustainability we carry out actions that minimize the generation of events related to the production of greenhouse gas emissions, the effect on biodiversity and the diminishment of water resources.

This commitment and the actions involved are consolidated in our Environmental Policy that is a framework that includes the processes, procedures and decision-making around the appropriate administration of resources, greenhouse gas management, protection of biodiversity and proper management of water resources. This policy is implemented through the environmental management plan of each installation, the optimization of current production processes, investment or acquisition conversion of production facilities and the generation and implementation of sustainable ideas to improve or redesign processes and products (innovation program Ideaxion).

5

Changes in regulations

Our presence in different countries, some of them in emerging economies, means that our businesses are affected by the continuous changes of the law in force.

To predict and address each of the regulatory changes that impact the cement, concrete and aggregates business, Argos continuously monitors regulatory changes affecting the cement industry and its surrounding atmosphere, and identifies the bills and new rules that may impact, favorably or unfavorably, the Company and its operations.

6

Competition and market laws

The production and sale of cement is an eminently oligopolistic business worldwide. This is the reason why it has always been the subject of close scrutiny by the competent authorities.

To act within the principles and activities accepted by the regulation and good business practice, Argos defined its Competition Policy as a guideline that directs the judgement to adopt behaviors that tend to keep the markets in which the Company participates free from restrictions and unfair actions that may involve sanctions, or harm the business and/or the Company's positive image. In addition to this policy, we have management processes and definition of prices that are determined independently and supported, which are documented and implemented in the regions in which we operate. Furthermore, we provide training to the staff on the commercial areas to teach them about the regulations and negotiation actions permitted regulation.

7

Social risk derived from the interaction with the influenced communities

Our production facilities are located near communities that are influenced by our presence in the region and our interaction with the social environment.

Argos has developed ongoing dialogue with communities of influence as the basic tool of its sustainable social development through social projects that include: infrastructure programs and quality of education, housing, community building, productive projects and community infrastructure projects.

8

Risks associated with the insurance of the supply chain

The geographic dispersion where we conduct our operations may create difficulties or various factors that prevent controlling the resources required for the supply, production and distribution of our business. These conditions involve defining and implementing proper planning and obtaining resources such as raw materials, logistics, infrastructure of the countries where we operate and alignment, logistics, commercial production, among others.

Therefore, Argos conducts ongoing monitoring of the variables and constraints involved in the supply chain and take the necessary corrective measures to optimize production and distribution network, looking for the best costs and supply markets where it operates.

9

Market Risks

As with other risks already mentioned, Argos is exposed to competition in all the countries where it operates and, therefore, the natural risks associated with cycles and dynamics of each business.

In order to mitigate these risks we conduct business and market activity monitoring in the areas of influence or marketing. Likewise, we have our Competition Policy, which seeks that the participation and behavior of Argos' employees in the development of their activities are consistent with the principles underlying the free and fair economic competition.

We established the Ideación program with the purpose of strengthen, through innovation, our position in the labor markets where we operate and improve our efficiency and our products and processes through research, so that we support the sustainability of the Company.



Competition Policy

<http://www.argos.co/site/Portals/0/Documents/Politica-de-Competencia2012-espanol.pdf>

10

Risks associated with variables and financial management (liquidity, market and credit)

The behavior of macro and microeconomic variables of the countries where we operate and decisions that each country makes to address them can impact the investment decisions, debt and financial operations of the Company.

This is why Argos has developed a solid capital structure that permanently feeds from the monitoring done on the markets, which enables sensitivity analysis and correlation to our financial variables (interest rates, exchange rates, costs, cash flows, etc.) to pose scenarios that help in the decision making processes of operation and capital investment required for our projects.

In the same way, we have excellent relationships with investment firms and the financial sector in general, which gives us access to financing sources and financial support when ever the Company may require it. Those needs are supported by its strength and trajectory in the markets.



Staff member, Rioclaro Plant, Colombia

4.4 Ethics and transparency

The company, employees and directors must assure shareholders, suppliers, customers, competitors, authorities and other stakeholders a full transparency in their actions.

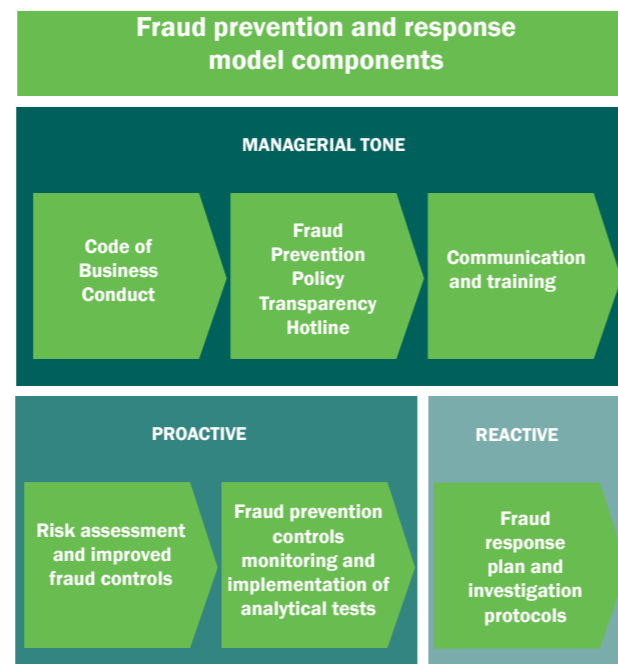
As part of the guidelines set out in our corporate governance framework and in line with our mitigation strategies and fraud risk management, the Company has structured a model prevent and respond to fraud. This model is defined as the set of policies, procedures, tools, roles and responsibilities to strengthen the organizational culture and are integrated to prevent, detect, deter, and generally deal with events of fraud in the business and respond to them in a timely fashion.

Achievements and progress

GRI 4,8 Code of Business Conduct

In order to adapt our government instruments to the highest contemporary standards of corporate ethics, in 2010 the Board of Directors approved a new Business Code of Conduct, which replaced the Code of Ethics, contained in Chapter V of the Good Corporate Governance Code.

The Business Conduct Code is a guide for behavior that complements our judicious discretion and common sense by helping us to take honest actions we can take pride on and foster the permanence of Argos' positive image.



Code of Conduct

http://www.argos.co/site/Portals/0/Documents/CODIGO_DE_CONDUCTA_ARGOS.pdf

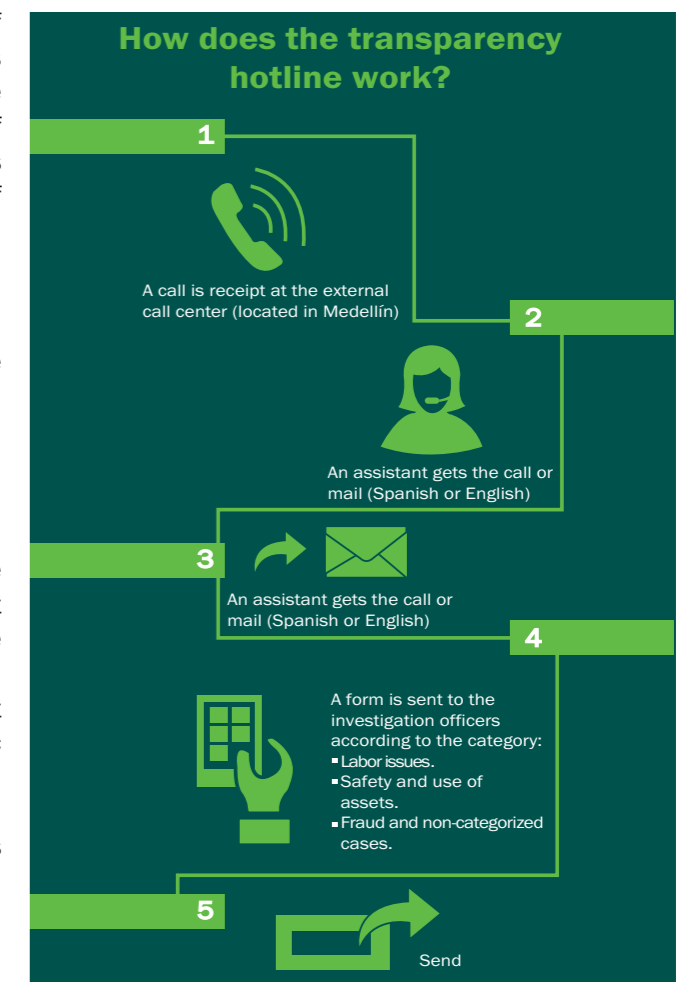
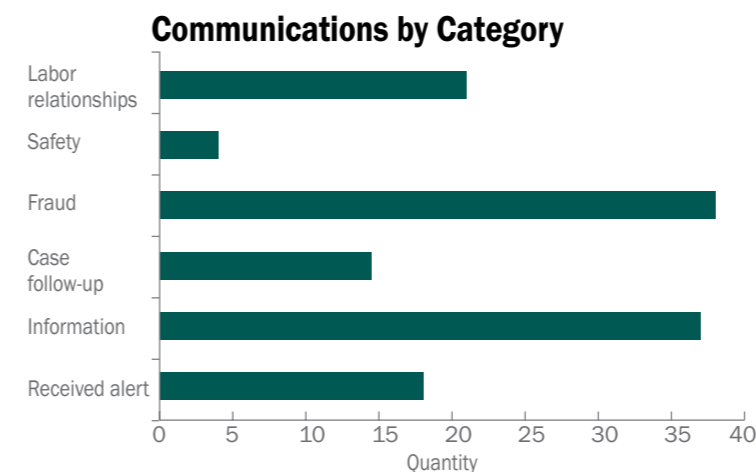
In addition to the above, we have the Politics of Competition, which is a Guide of behavior that leads us to adopt behaviors that incline towards keeping the markets, in which the Organization takes part, free of restrictions and unfair acts that could result in penalties that could harm the business or the positive image of the Company.

Conduct, Fraud Policy and Transparency Hotline:

Similarly, in 2010 the Audit Committee approved the Comprehensive Risk Management Policy and the Fraud Prevention Policy, these guidelines support the control management carried out by Senior Management and leaders of the different processes.

During the past two years (2010-2012) we have consolidated The Transparency Hotline as an efficient channel for reporting illegal actions that may arise in the development of the businesses. In 2012, we expanded the coverage of this channel which is now enabled not only in Colombia but in Panama, Dominican Republic and the United States.

With the development of this tool, 136 communicates from different audiences were submitted in 2012, which were classified as follows:



Colombia: 018000522021,
USA: +1 (888) 567-6629
Panama: 011008001571011
Dominican Republic: 18001485009
 or lintransparencia@argos.com.co



Fraud Prevention Policy

<http://www.argos.co/site/Portals/0/Documents/politica-antifraude.pdf>



Staff members, Nare Plant, Colombia

Fraud Prevention Policy in Argos facilities (Colombia, the Caribbean and USA), we also conducted awareness campaigns for the Business Conduct Code, the Fraud Prevention and Response Program and Fraud Prevention Policy.

Risk assessment and improved fraud controls

We are in the process of implementing and stabilizing the methodology for Identifying and Measuring Fraud Risks, which is fully in line with the methodology defined for the Company in Comprehensive Risk Management.

Fraud prevention controls monitoring and implementation of analytical tests

Through our risk management system, we have identified controls that mitigate some risks of corruption. Similarly, the methodology is being implemented. **GRI S04**

Fraud response plan and investigation protocols

The research and response to fraud protocol seeks to establish operation guidelines, communication protocols and general definitions of the reactive component of the Fraud Prevention and Respond Program in Argos, through the description of procedures and responsibilities associated with the capture of alerts, the development of investigations and the response to fraud events found in the Company. This protocol is carried out in the investigation of fraud cases reported to the Transparency Line (including all types.)

In 2012, of the total number of communications received, 21 reported corruption, 13 of these were solved by December 31, 2012 and 8 are still in the process of analysis and solution. These cases correspond to the following types: Conflicts of interest 3, giving/receiving illegal payments 14, and manipulation of acquisitions/tenders, 4.

It is worth noting that in the same year, we modified the complaints format to be more user friendly and thus make it faster and timely. We also channeled allegations internally submitted by employees (not through the Transparency Line), to handle a single record and, thus have greater flexibility in responses and a better control of the needs expressed .

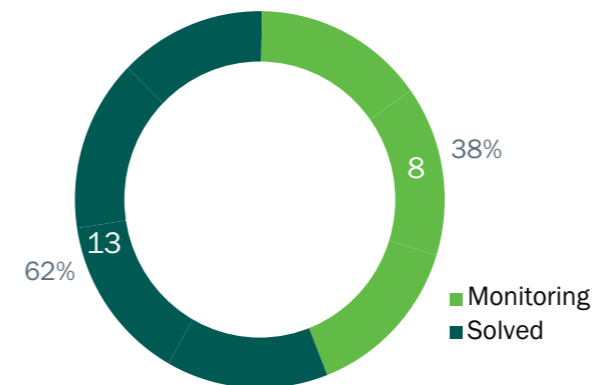
Communication and training

Awareness activities related to the Business Conduct Code, the Fraud Prevention and Response Program and the Fraud Policy are made on a recurring basis in order to promote a culture of ethics and integrity.

In 2011 and 2012 we conducted a survey on fraud perception among our employees in Colombia and the Caribbean, in Colombia 2,953 people participated, and in the Caribbean 330 people (217 in Panama, 65 in Dominican Republic, and 48 in Haiti). **GRI S03**

Additionally, in the Luz Verde newspaper we published the Fraud Prevention and Response Program and the

Case status 2012



Responsibilities

The investigating officer for corruption issues is assigned to the Audit and Risk Corporate Management, which is the area responsible for conducting researches, validate assumptions and present the outcome before the Business Conduct Committee, to make decisions on actions to be taken in response and resolution to each one of the cases evaluated.

Towards the future:

Our objectives include strengthening the fraud prevention and response model by implementing the following activities:

- Continue to implement and stabilize the Fraud Investigation and Response protocol and the Methodology to Identify and Measure Fraud Risks.
- Expand the Fraud Prevention and Response Program and the Fraud Prevention Policy among all employees in the various regionals and other stakeholders.

- Identify critical positions in the light of fraud issues and define action plans for them.
- Diagnose fraud in critical processes.
- Establish and maintain monitoring routines and early warning for the prevention and detection of fraud.

In 2013 we expect to continue with the release of the Business Conduct Code to reach the three Regionals, respecting local regulations across countries and re-train people of the various sites who have received this training over a year ago. Similarly, our goal is to implement the improvements evident in the different analyzes done, according to data reported in the Transparency Line or the trainings.

The Business Conduct Committee consists of: VP of Legal and Sustainability, VP of Human and Organizational Management, VP of Finance, Labor Relations Manager, Resource Protection Director, Business Conduct officer and Audit & Risk corporate manager (with voice but no vote).

This committee meets four times a year.

The Business Conduct Subcommittee consists of: Labor Relations Manager, Business Conduct officer, Resource Protection Director and the Audit & Risk corporate manager (with voice but no vote).

This subcommittee meets once a month.

4.5 Global Compact



Global Compact

<http://www.unglobalcompact.org/Languages/spanish/index.html>

In Argos we have adhered to the Global Compact initiative since November 2007. Our commitment to the ten principles is an integral part of our business strategy and operations and it is reflected on the Sustainability Policy of the Company, which is our action guide on the economic, environmental and social aspects.

We have strategies, processes and programs with different groups of interest, which point directly to the four areas of the Global Compact: human rights, labor standards, environment and fraud prevention.

Our Management

Principle	Activities during 2012
Human rights	
<p>Principle 1: Within their scope of influence, businesses should support and respect the protection of the fundamental human rights which universally recognized.</p> <p>Principle 2: Businesses must ensure that they are not complicit in any human rights violations.</p>	<ul style="list-style-type: none"> • Convention to support two NGOs working directly with human rights: Casa Esperanza, in Panama, and YMCA in Colombia. • Joined the United Fund of Panama (United Way), in order to develop projects that support the right of children to development and education. • Inclusion of labor standards in the Manual to manage contractors and suppliers of goods and services and the controlled group of providers. • Establishment of Committees for Coexistence Education in Argos and its affiliates to receive and address complaints from workers who describe labor disputes, work harassment or coercion. • Joined as founding partner the Ideas for Peace Foundation, to promote programs and post-conflict peacebuilding.

Labour Standards

Principle 3:

Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.

- We have established a model of social dialogue with the union under conditions of respect, tolerance, good treatment and open communication between the parties. Within the frame of respect freedom of association and collective bargaining, in 2012 we signed the collective bargaining agreements of Cementos Argos S.A. and Zona Franca S.A.S, in Colombia; Panama Cement S.A. and Cementos Panama S.A. in Panama; and at the Harleyville plant in the United States.
- We conduct regular meetings with representatives of trade unions and with purpose of evaluating, provide feedback, make constructive contributions and propose action plans on local issues such as contractor management, personnel services, environment, productivity and training, among others. In 2012 we made 154 consultations and negotiations with employees.
- We are part of the Coexistence Labor Committee, which seeks to be a preventive measure to bullying and helps to protect all employees from the risks affecting psychosocial health in the workplace.

Principle 4:

Businesses must uphold the elimination of all forms of forced and coerced work.

- We have created Labor Committees Coexistence in Argos and its affiliates, in order to receive and address complaints from workers who indicate labor disputes, harassment, or coercion.
- Through the different mechanisms approach with communities, we generate spaces to report cases involving forced labor. So far we have not identified such situations.

Principle 5:

Businesses should uphold the eradication of child labor.

- We created agreements to support two NGOs working directly with human rights: Casa Esperanza, in Panama, and YMCA in Colombia, that carry out a program for the prevention and elimination of child labor in neighboring communities that have faced this problem, and United Way, Panama, that works for children's right to development and education.
- In addition, we subscribe to the CSR, Voluntary Agreement, for the Prevention and Eradication of Child Labor in Panama, sponsored by Conep (National Council of Private Enterprise) through the Capac (Panamanian Chamber of Construction).
- In order to transcend the entire value chain, Argos created the Administration Manual for Contractors and suppliers of goods and services. It includes commitments related to the prohibition of child labor.

- In order to monitor the implementation of this fundamental right in its value chain, the Company performs regular monitoring through audits to suppliers and contractors.
- It has not identified any transactions or providers with materialized risk of child labor.

Principle 6:

Companies should support the abolition of discrimination practices in employment and profession.

- We have a Diversity and Inclusion Policy, where Argos respects, promotes and values diversity, inclusion and the principles of equal employment opportunity, and seeks a fair, equitable and transparent treatment for all its employees, acknowledging that diversity allows us to learn from differences, generating sources of competitive advantage.
- Our workplaces are made up of employees of different nationalities, age, abilities, gender, marital status, political or union affiliation and sexual orientation. These are different characteristics that complement us, add value, reinforce commitment and the sense of belonging of employees. They improve wealth of analysis and, therefore, decision making, and enhance creativity and innovation that support sustainability of our company.

Environment

Principle 7:

Businesses should support a precautionary approach that favor environmental challenges.

- We have an Environmental Policy, that promotes the environmental element in our organizational culture, from within and towards the interest groups. It promotes the prevention, mitigation, correction and compensation of environmental impacts and promotes actions to minimize the effect of this activities on climate change, eco-efficiency, respect for biodiversity, the promotion of initiatives for sustainable construction and the continuous improvement of the organization.

Principle 8:

Businesses should undertake initiatives to promote greater environmental responsibility.

- We invest in the development of clean technologies such as Ceratech, a U.S. company that has the latest technology to produce cement with zero CO2 emissions from flying ash (residue resulting from the combustion of coal used in generating electricity). And also, Green Star certification to our concrete operations in the United States, that is concerned with good environmental practices in plants. These examples of several initiatives carried out in the Company and will be developed in the report's contents.

Principle 9:

Companies should promote the development and promotion of environmental friendly technologies.

Anti-corruption

Principle 10:

Businesses should work against corruption in all its forms, including extortion and bribery.

- We have built and deployed our Anti-fraud Policy and a Program to prevent and respond to fraud, which has two objectives:
 - 1) Promote ethical culture in the organization to prevent fraud situations through processes and businesses.
 - 2) Investigate situations or suspected fraud identified and reported in Line Transparency related to human rights and due process.
- In 2012 we started training on the Code of Business Conduct and Anti-fraud Policy.
- We also have a Transparency Line, that has been design to be a channel of communication between stakeholders and the Audit Committee. Currently it is implemented and in the stabilization process in the Colombia and the Caribbean Regionals. It is disseminated among Argos employees.

Centro Regional de Apoyo para América Latina y el Caribe



El Centro Regional para América Latina y el Caribe en apoyo al Pacto Mundial de Naciones Unidas (Pacto Global) es una iniciativa liderada y respaldada por un grupo de 17 empresas y organizaciones, que surge para fortalecer el Pacto Mundial en la región. El Centro Regional trabaja en conjunto con las redes locales en la implementación de los Principios del Pacto Global, a partir de las condiciones y características de América Latina, para hacerla una región más responsable socialmente.

Argos, con el fin de consolidar la puesta en marcha de estas premisas en Colombia, decidió participar, desde 2008, en el Centro Regional de Pacto Global (ahora Centro Regional de Apoyo para América Latina y el Caribe), que tiene como objetivos:

- Ser el espacio de convergencia para la generación de ideas y herramientas innovadoras que contribuyan a fortalecer la responsabilidad social en América Latina y el Caribe, en el marco de los Principios del Pacto Global, los Objetivos de Desarrollo del Milenio y otras iniciativas promovidas por la Oficina del Pacto Global en Nueva York.
- Contribuir a la consolidación, desde la perspectiva del Pacto Global, de una agenda Latinoamericana y del Caribe para la competitividad, y proyectarla en el contexto internacional como estrategia para el desarrollo.
- Contribuir al fortalecimiento de las redes locales de apoyo del Pacto Global y apoyar en la profesionalización de sus puntos focales.
- Contribuir y facilitar el fortalecimiento de la agenda del Pacto Global en la región.



Investment in Innovation 2012:
COP\$ 17,054 million
 USD 9.6 million

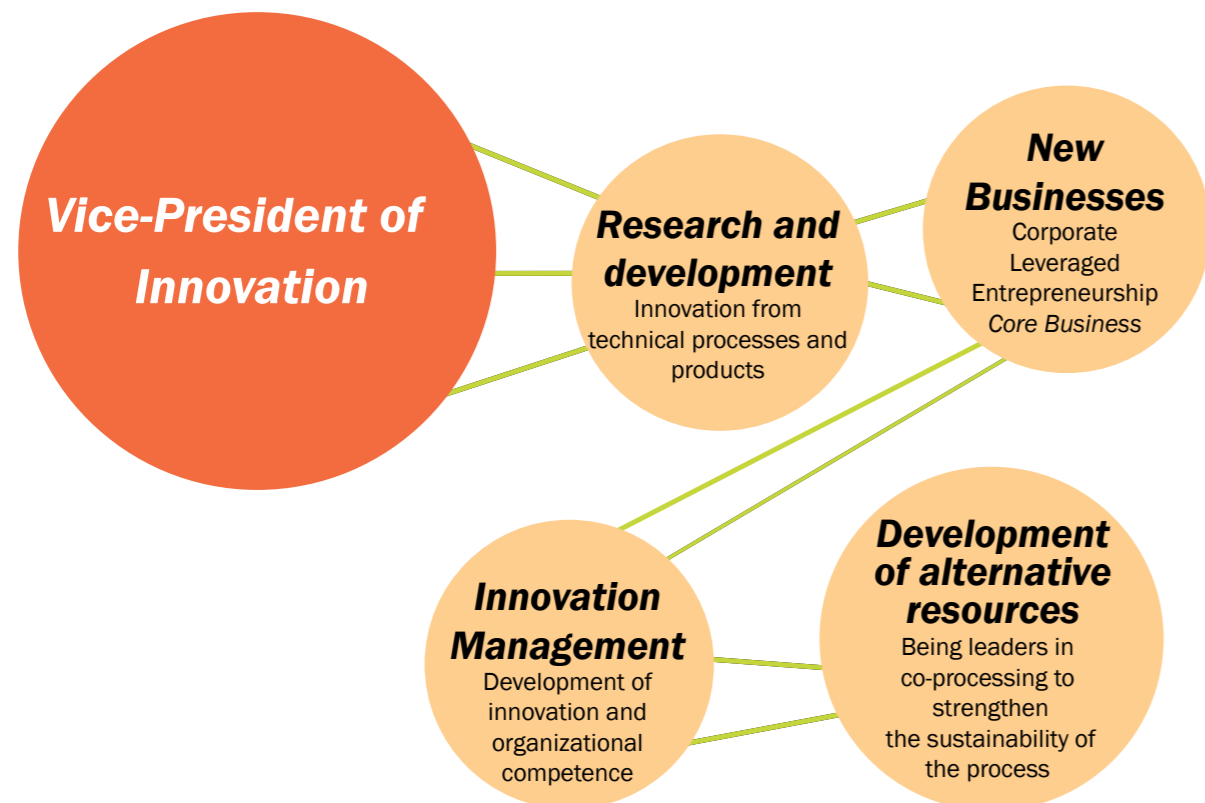
Our goal:
10%
 of our income will come from
 innovation in 2015

Argos sees innovation as the cornerstone for its sustainable growth and as the ability that will allow the reinvention and successful performance in the world of today and of the future. This vision implies that innovation must be present in all the components of the value chain and, at the same time, arise from any person in any place of the Organization.

new revenues and operational improvements. We also strengthened the innovation culture in the company to make it an integrated ability at all levels of the Company. We managed to consolidate a highly qualified team in the Vice Presidency of Innovation which is structured around three pillars: innovation management, research and development and new businesses development.

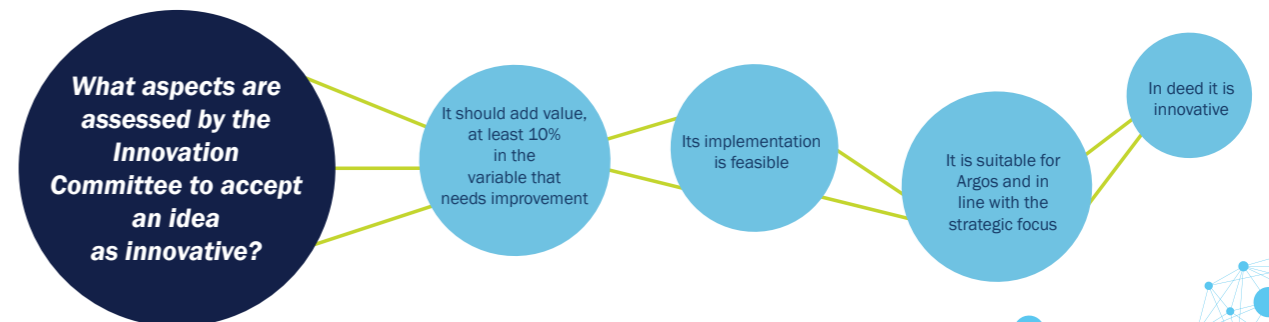
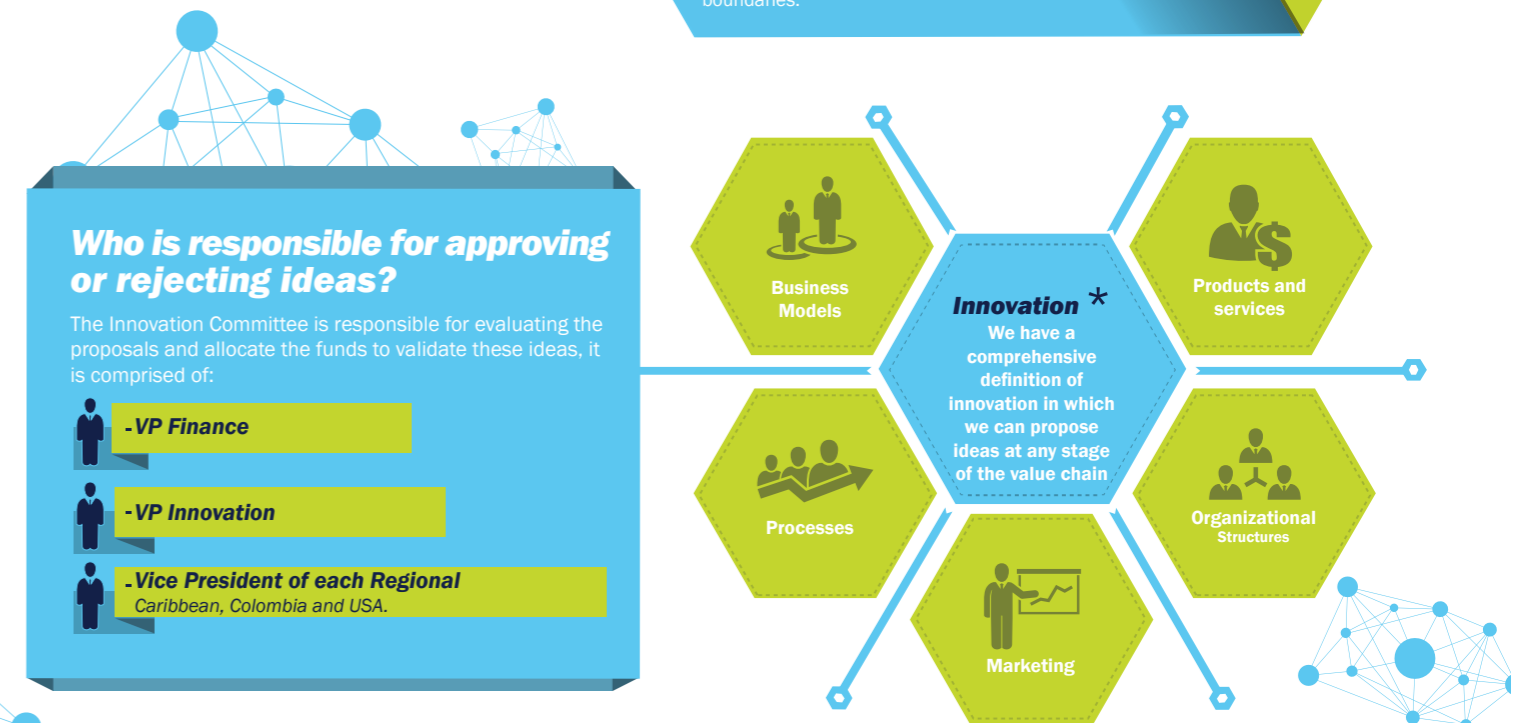
In the year that just ended, we continue to invest in strengthening our Organization innovation skills, which made it possible to obtain positive results in

To enhance this process and make it systematic, the innovation management area structured the Ideaxion system, which has the ultimate objective of creating



***ideaxion**

OUR INNOVATION SYSTEM



a culture of innovation in the company. For this, we started training the employees from the Company on innovation concepts and techniques, while providing resources to have their ideas discussed, refined, funded and implemented. For this process we have validation resources of COP\$1,768 million (USD 1 million), a team of six professionals working full-time and over 150 mentors who support the Innovation process working part time. As a guidance framework to generate new ideas, we defined three strategic areas:

- Delight our customers
- Expand the boundaries of our business model
- Respect our world

This scheme started in 2012 having very positive results as 254 ideas were received by the end of year, 56 of which were approved and COP\$484 million (USD 248,000) were invested for their validation and implementation.

The management of the Ideaxion System is led by the Vice President of Innovation. This area has evolved

since its origin in 2007 as a Research and Development Management, becoming a Vice Presidency with a team of over forty-five professionals and a budget of over COP\$12,377 million (USD 7 million). Aside from seeking to develop innovation as a corporate skill, it also has the resources and authority to generate growth from two sources: technical, with the team of Research and Development (R&D), and corporate entrepreneurship, with the New Business division.

Achievements and progress

In 2012, in addition to the launch of Ideaxion, which included 238 active participants of all regional, we won the Ruta N convocation. This is a program ran by the Mayor's office in Medellin to provide support and strengthen the innovation management system with the Swedish company Idélaboratoriet. We were invited to present the Ideaxion system at the Back End of Innovation (BEI) conference, in Boston, Massachusetts, United States, along with world-class companies including Exxon Mobil, 3M, GE Energy, IDEO and Johnson & Johnson.

Some of the most remarkable ideas that have been validated and implemented is the Grinding Symbiosis in Haiti, which generated additional revenues of over COP\$5,305 million (USD 3 million) a year and the exploitation of pozzuolan in this country, which will enable savings of COP\$3,360 million (USD 1.9 million).

In other areas, the Company launched the pilot scheme of reverse logistics with cement sacks and is testing a device to lighten the load.

We also point out the consolidation of the design and validation of the project, Centro Argos para la Innovación (Argos' Center for Innovation) in partnership with the Eafit University, in Medellin, Colombia, which offers a first-class space for the development of applied research projects on major challenges of cement and concrete industry. This project will have wide areas including research laboratories for different processes.

Similarly, we completely overhauled and launched cutting edge equipments, as X-ray fluorescence (XRF),

X-ray diffraction (XRD), infrared equipment (IF), particle size analyzer (laser granulometer) and field emission electron microscope (FESEM), among others.

In the New Businesses area, we are developing projects to complement and strengthen the existing business. We do it in cement and concrete, limestone supplies, environmental business and green cement. In the latter, we invested COP\$10,609 million (USD 6 million) more on Ceratech, a company that produces and sells cement from fly ash without leaving a carbon footprint. Also, we advanced in the structuring the alternative fuel project, which will be a great contribution for the future of the Company, and made significant progress on a project to build a cutting edge lime plant, an initiative that will become real in 2013.

Additionally, we consolidated the Green Cement Committee, whose role is to proactively monitor all developments performed in this direction around the world.



Argos Lab at Eafit University,
Medellin, Colombia



Asulcem Project

Main projects underway

Project	Description	Project Type	Investment
Fénix	Development of low-emission green cement	Environmental and efficiency	COP \$401,253,440
Recycled aggregates for concrete	Reuse of rubble as aggregate for concrete	Environmental	COP \$85,100,117
ARCADE	Development of multifunctional concretes (self thermal regulation and self-cleaning)	Quality, efficiency	COP \$252,971,218
Bioclimatic performance of the concrete	Evaluation of energy efficiency of various materials before environmental phenomena	Quality, efficiency and environmental	COP \$239,915,840
Ceratech	Development of zero emission green cements	Environmental and quality	COP \$123,703,740
LCA	Analysis of product lifecycle	Quality, efficiency and environmental	COP \$75,085,492
High performance concretes	Development of concretes with special properties	Quality and efficiency	COP \$77,165,703
SP1	CO ₂ capture with microalgae	Environmental	COP \$1,277,121,543
Bioenergy	Biomass production to be used as fuel	Environmental	COP \$535,035,623
Asulcem	Development of alumina based low-emission green cement	Quality, efficiency and environmental	COP \$757,000,000
Metakaolin	Replacing cement in concrete formulation	Quality, efficiency and environmental	COP \$45,652,080

Other R&D initiatives

CO₂ capture with microalgae

We continue developing the strain evaluation platform, which has 40 20-liter photobioreactors, that will be used to simulate the gases emitted by the cement process, in order to select and evaluate the most suitable type of microalgae to capture CO₂. Additionally, we created a bank with reference and native strains, from where the candidates to be used in the process will be chosen, ensuring the technical feasibility of the project.

Recycled aggregate concrete

We are developing concrete mixes with recycled aggregates, using byproducts from demolition processes and construction waste as a source of raw material. Mix designs surpass the 35 MPa under compression and have an appropriate manageability behavior. Shipments of this product already began as execution pilots on site.

Bioenergy

This project aims at developing an alternative and renewable fuel from energy crops of different species of trees, shrubs and grasses planted at different altitudes above sea level, located close to the cement operations in Rioclaro, Nare, Yumbo, Toluviejo and Sogamoso. The

research is aimed at finding the best adapted species for each one of the regions mentioned before, that has the greatest accumulation of biomass, the higher calorific value and lower carbon footprint, to replace coal in clinker production and for the generation of electricity.

Mineralization

We successfully implemented in the Cairo plant, the mineralization technology in the clinker manufacturing process. The result was a reduction of about 80% in the level of SO₂ emissions compared to the arithmetic average between 2003 and 2011.

On the other hand, industrial test were conducted on the mineralization plant in Yumbo, and we got reductions of up to 63% in SO₂ emissions.

New Cements

We continue with the laboratory scale tests and the new cements scaling, using formulations that allow lowering energy consumption while maintaining the end product performance. For this, two of the formulations found in the laboratory were reproduced in pilot scale furnaces, which will allow the development of a protocol for industrial scale testing during 2013. These formulations would have approximately 30% lower consumption of heat energy and lower CO₂ emissions.

Our Training Tools

We have various mechanisms to manage training and learning within the organization, among which are:

- **Learning networks:** We have the research and development center located at the Eafit University, in Medellin, Colombia, where we actively work with the scientific community. We also work with over a dozen local universities and other research centers like MIT (Massachusetts Institute of Technology) and the University of Michigan. We have the Cummings Technical Centre in USA., where we develop research projects aimed at creating value-added products committed to innovation for sustainability.
- **R&D Argos Congress:** In August we held the first version of this Congress, entitled "New Generation of Materials and Processes", which was attended by renowned experts, who discussed innovation and research topics about new developments and trends in the cement and concrete industry. This event had 110 attendees from all regionals and was *streamed* to the entire Company.
- **Human Management Virtual Community:** In November we launched this space, in order to integrate the internal public human management, talent and labor relations, and strengthen the bonds of communication and collaboration between the different members, promoting the sharing of best practices and lessons learned.
- **Corporate Convention:** For the first time we held this convention which was attended by senior managers from different geographies. This meeting

was intended to provide a space for reflection on the strategic issues of the for the Company, while allowing interaction, learning and deepening of relationships, while sharing in an academic and social environment.

- **Ideaxion:** in order to search and generate innovative ideas within our organization, we designed Ideaxion, a system to submit and collectively develop employees' ideas, which have potential to generate income and/or produce savings. Ideaxion was launched in 2012, reaching all three geographies and all areas of the Company. In 2012, we trained 414 employees in innovation as well as 150 Mentors who are responsible for helping permeate this innovation in the Company. 254 ideas were received by the end of the year, 56 of which were approved and COP\$484 million (USD 248,000) were invested for their validation and implementation.
- **Knowledge Unit:** This is another of the networks established with other companies and it aims to share best practices and participate in learning and training networks.
- **Government Committees:** These are composed by corporate and business experts, to facilitate decision-making and process standardization. These committees promote corporate learning and knowledge transfer between the different businesses.

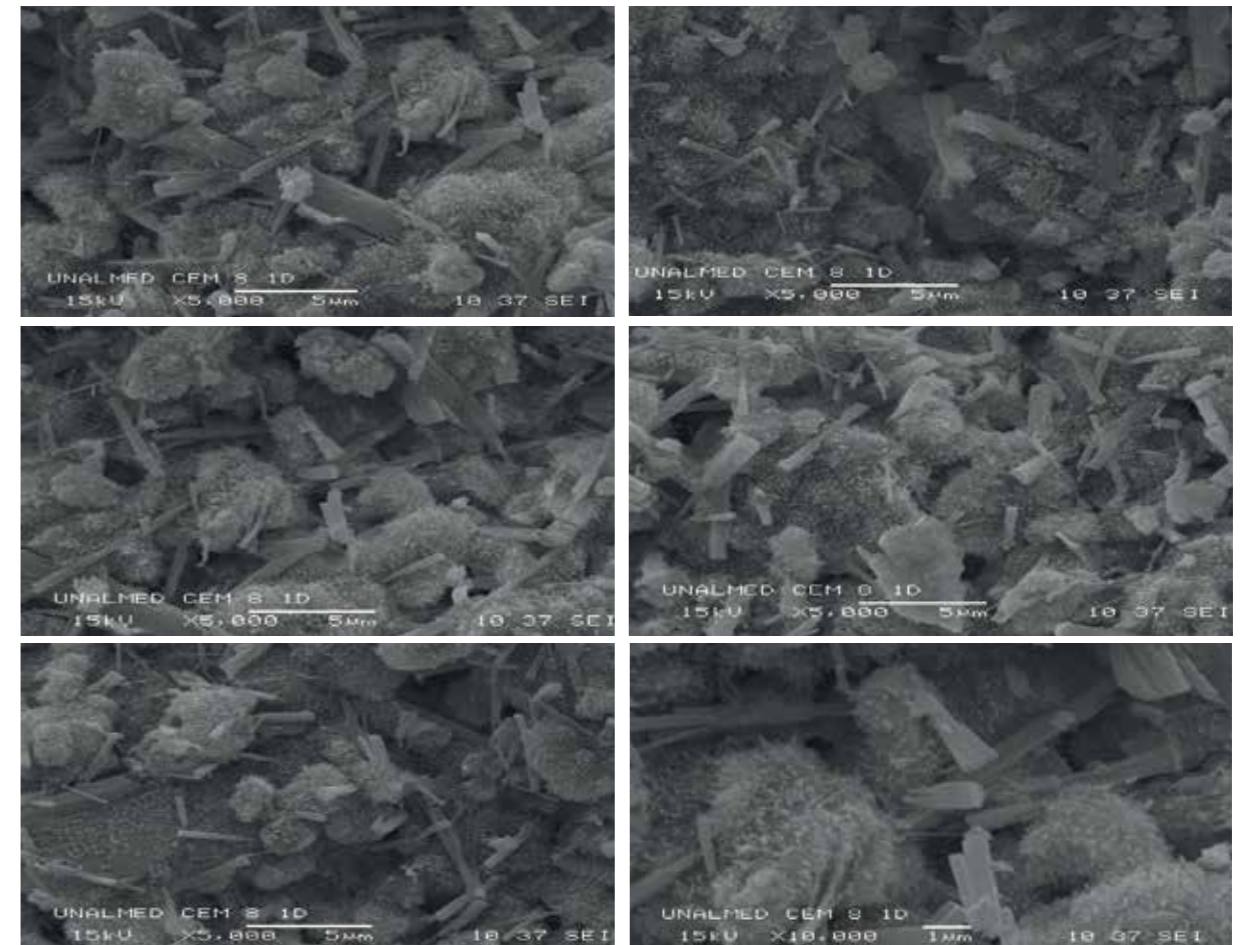
Additionally, we have platforms to facilitate the sharing of knowledge, such as Argos Method, Real Risk, Collaboration and projects portal, among others.

Towards the future

In the short term we want to implement metrics associated to innovation in the variable compensation table of the managers of the business units.

By 2014, we hope to achieve an innovation culture able to systematically generate new revenues, guaranteeing a permanent renewal of the business model.

Our goal for 2015 is to reach a percentage of revenues from innovation equal to 10% of our total revenues. Similarly, we want to consolidate the R&D structure and management, to have it as an unified activity and with centralized of control, as well as implement the CAPI project and the model for the consumption of alternative fuels in industrial processes.

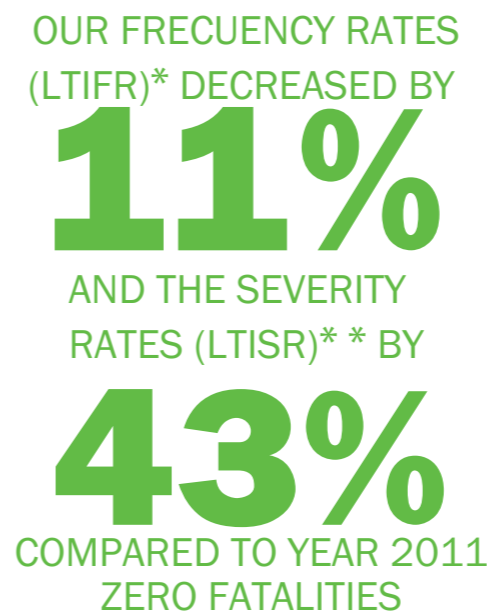


These images show a detail of the hydration process of the crystalline compounds developed for cement called Asulcem, this happens in a particular time. These are characteristic crystals that grow as result of the chemical reaction and time. These crystals will form a stable and intricate structure that will result in the development of high strengths initially sought out for the Asulcem cement.



We are Green Light and we pursue sustainability for our operation through the balance between profit generation, social development and a reduced environmental impact. Within the framework of good relations with stakeholders and the Global Compact and Good Governance principles.

6.1 Employees



* Frequency rate of accidents with sick leaves per million man hours worked

** Severity rate of accidents with sick leaves per million man hours worked

As for the employees, and within its framework for action, the Company has defined: Policies for Human Resources, for Diversity and Inclusion, and for the seven pillars of its corporate culture.

The Human Resources Policy is a framework for actions and decisions based on developing our talent, safety and quality of life at work, looking for business sustainability through the balance between generating profitability and a decent job.

The Diversity and Inclusion Policy seeks to recognize and promote diversity and inclusion as elements that create value for the Organization in generating ideas and making decisions.

Focused on the consolidation and expansion of the Company, one of the main challenges we face is strengthening our identity as a single corporation, taking into account the diversity of countries and cultures that conform us today, and the recognition that, being a multidomestic company, diversity is a source of competitive advantage when facing local markets. To this end we defined the following **Culture pillars**:





Staff members, Cartagena Plant, Colombia

Achievements and progress

The main events of 2012 were the development of the Culture Project and the definition of the Diversity and Inclusion Policy. The Culture Project defined the seven pillars mentioned before, which have led to the implementation of actions that will continue in the coming years.

As part of our Human Resources Policy, we developed the following activities:

- We signed the collective bargaining agreements of Cementos Argos S.A. and Zona Franca Argos S.A.S., in Colombia; Cemento Panamá S.A. and Cementos Panamá Comercializadora S.A., in Panamá; all of them framed in respect to freedom of association and collective bargaining. Additionally, we held the negotiation process in the Harleyville Plant in USA. We also continued to strengthen our labor relations

model, under the conditions of respect, tolerance and good treatment.

- We provide our employees with easier access to learning resources, by providing 110,503 hours of technical training and 43,443 hours of corporate training, increasing by 23% our training hours compared to 2011, with a total investment of COP\$5,169 million (USD 2.9 million). Thanks to the improvement in the supply of corporate training, we went from 31 employees benefited in 2011 to 380 in 2012.
- For the implementation of our ERP in our cement operations in the United States we provided 13,704 hours of training
- As for technical training in Colombia, the following programs stand out:

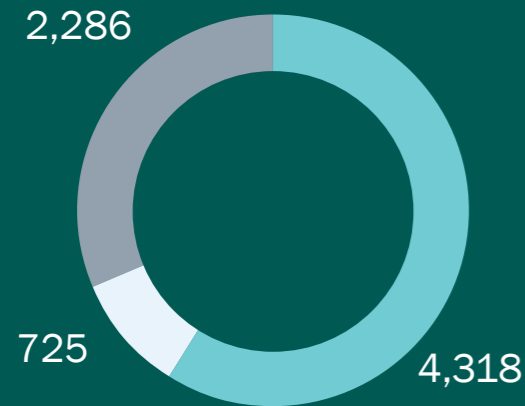
- Under the Construction Expert program, which seeks to train employees to efficiently perform tasks associated with their position, we certified 405 people in the operational level of the cement business, with which we achieved a coverage of 32%, doubling the target.
- With the Concrete Delivery Program (PEC, for its Spanish acronym), and in partnership with the Colombian Association of Concrete Producers (ASOCRETO, for its Spanish acronym) we benefited 670 employees of the industrial business.
- 86 people participated in the Certification of Maintenance and Production, offered in partnership with the National University of Colombia.
- 436 employees participated in the Integrated Development: Leaders School Program, including managers, specialists and workers.
- 64 employees took part in the Advanced Studies in the Work World Program, where both union leaders and some of their bosses participated in this program that seeks to build social dialog.
- As for the Caribbean we highlight:
 - 27 Professionals participated in the program Expert Construction program.
 - 97 employees were benefited with the Leading program.
- We held the annual evaluation for the Talent Identification Program, updating the assessment of positions and people, mainly on the management and direction levels, defining succession plans and identifying high potentials. We evaluated 405 people and updated the succession matrices for 178 positions.
- To improve retention, attraction and employee satisfaction, we implemented the local variable compensation program for specialist level in Colombia and the Dominican Republic.
- We designed the tele-work program for Colombia in search of a better life-work balance for our employees.
- In order to improve the work environment, we did physical infrastructure renewals in different locations in Colombia, Panamá, Dominican Republic and Haiti, with the purpose of providing better services to employees in restaurants, camps, job location and recreation areas, among others.
- We carried out the Workplace Environment survey conducted by the Great Place to Work Institute, improving on results over the previous survey in Colombia and Haiti, which shows how satisfied our employees are to be part of Argos, and the pride, commitment and confidence they have in the Company. This motivates us to continue to build our country and generate prosperity for all our employees and their families.

Our People



WORKFORCE

Regular work

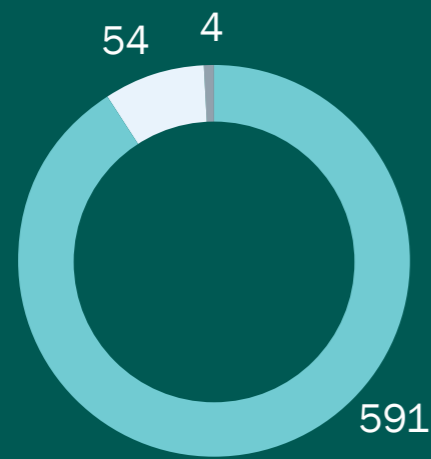


The regular workforce consists of all employees hired under a permanent or fixed term contract, working full time or part time within the payroll of the Company.

Total: 7,329

- Colombia Regional and Corporate
- Caribbean Regional
- USA Regional

Temporal work

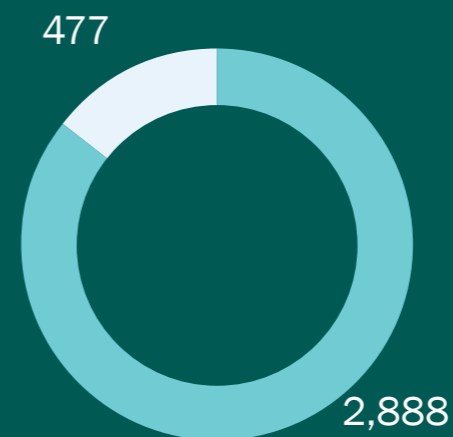


The temporal workforce consists of all employees hired through temporary employment agencies. Interns and trainees are also part of this workforce.

Total: 649

- Colombia Regional and Corporate
- Caribbean Regional
- USA Regional

Regular complementary workforce

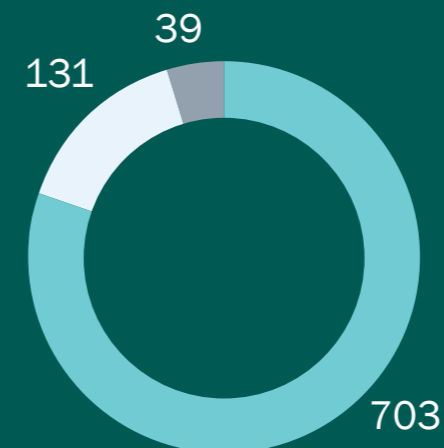


The regular complementary workforce consists of the third, self-employed workers or regular contractors, assigned to the rendering of a service or the execution of one or more works within the premises of the Company in a regular basis.

Total: 3,365

- Colombia Regional and Corporate
- Caribbean Regional

Occasional complementary workforce

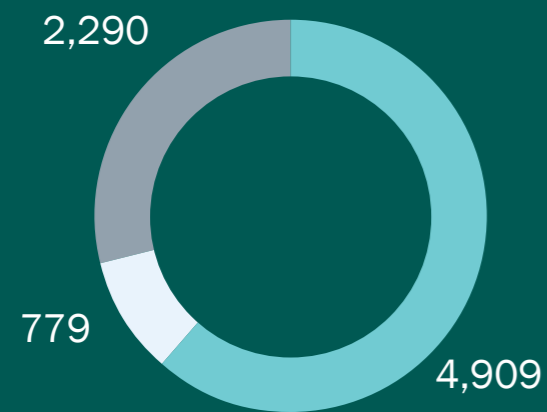


The regular complementary workforce consists of the third, self-employed workers or regular contractors, assigned to the occasionally rendering of a service or the execution of one or more works within the premises of the Company.

Total: 873

- Colombia Regional and Corporate
- Caribbean Regional
- USA Regional

Direct employees

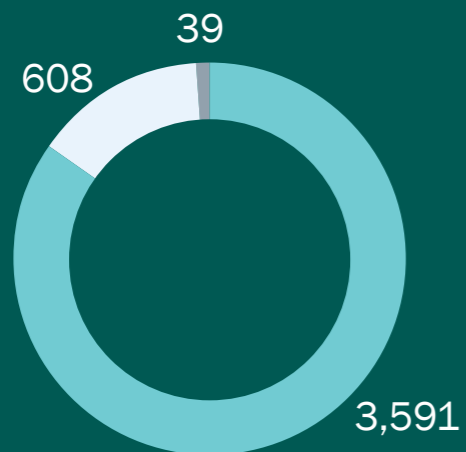


Includes the total regular workforce as well as the temporary workforce.

Total: 7,978

- Colombia Regional and Corporate
- Caribbean Regional
- USA Regional

Indirect employees



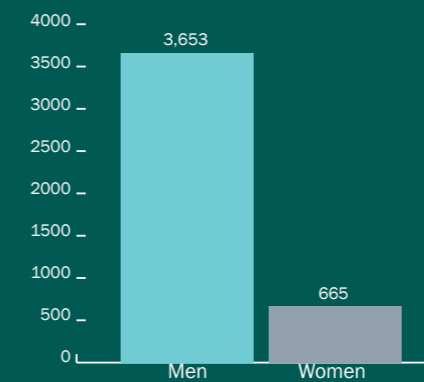
Includes the total regular and occasional complementary workforce.

Total: 4,238

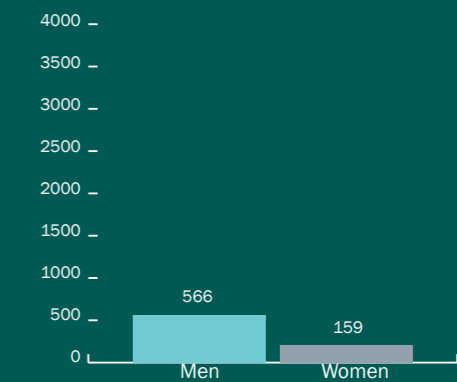
- Colombia Regional and Corporate
- Caribbean Regional
- USA Regional

Regular work by gender

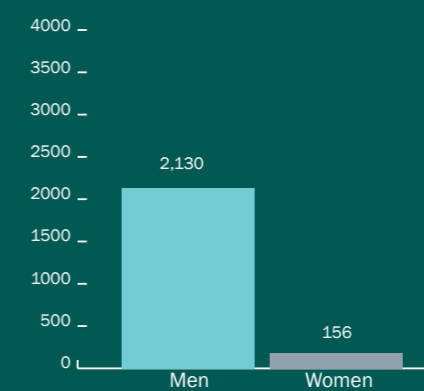
Colombia regional



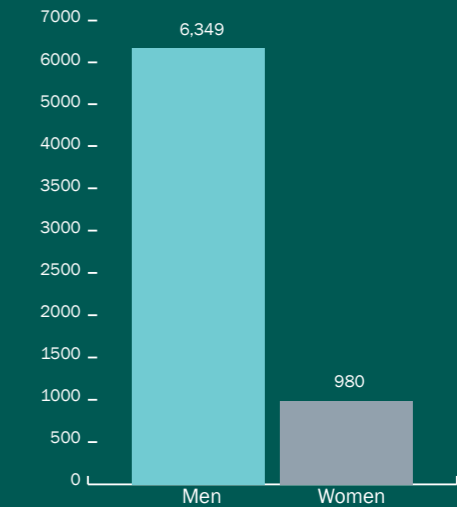
Caribbean Regional



USA Regional



Regionals Total:



The cement industry has used mostly men. In 2013, our company, aiming at promoting the inclusion of women in the production process, will start the pilot project of women expert in the delivery of concrete, which will aim to train women for truck driving.



Regular work force by LA1 organizational level

Amount of people 2012

Executive level	9
Management level	96
Directive level	219
Specialist level	1,376
Operative level	5,629

Notes:

- * In the Sustainability Report 2011, the "management level" category included the "management level" and the "directive level". In 2012, these two levels are separated to present a more detailed report.
- ** In the Sustainability Report 2011, the specialists and operative levels were joined in the "Other organizational levels". For the 2012 report, these two levels are separated to present a more detailed report.



Retention and creation of new jobs

Period	New hires women	New hires men	Total new hires	Voluntary terminations	Terminations by agreement of parts	Terminations involuntary terminations	Creation of new jobs
Caribbean	14	57	71	37	11	2	21
Colombia	78	357	435	161	40	22	212
USA	24	306	330	153	1	253	- 77
Total	116	720	836	351	52	277	156

Regional	Average staff turnover	Average staff turnover - Voluntary	Average staff turnover - Involuntary
Colombia	5.2%	3.7%	0.5%
Caribbean	6.9%	5.1%	0.3%
USA	17.8%	6.7%	11.1%
Total	9.3%	4.8%	3.8%

Note:

Our personnel turnover for the USA Regional is within the average values of the country due to the economic recession since 2008.

Compensation by Gender

Compensation is a tool to attract, retain and keep employee satisfied. At Argos, the compensation programs are developed under the criteria of internal equity, external competitiveness and business sustainability. The Company guarantees that the compensations paid meet all applicable laws and collective agreements in force.

Also, the company strictly forbids all type of discrimination, conditions or privileges of employment, including compensation, which is established taking into account the appreciation of the prospect position and not differences of gender, among other facts.

Ratio of basic salary of men and women	Colombia	USA	Haiti	Panama	Dominican Republic
Management level	0.99	0.93	N/A	0.41	N/A
Directive level	0.87	0.92	1.41	1.00	0.63
Specialist level	0.87	1.02	0.75	0.91	0.97
Operative level	1.07	1.15	0.75	1.16	1.20

Note: There are no women at the executive level. Therefore, it is not possible to perform the comparison.

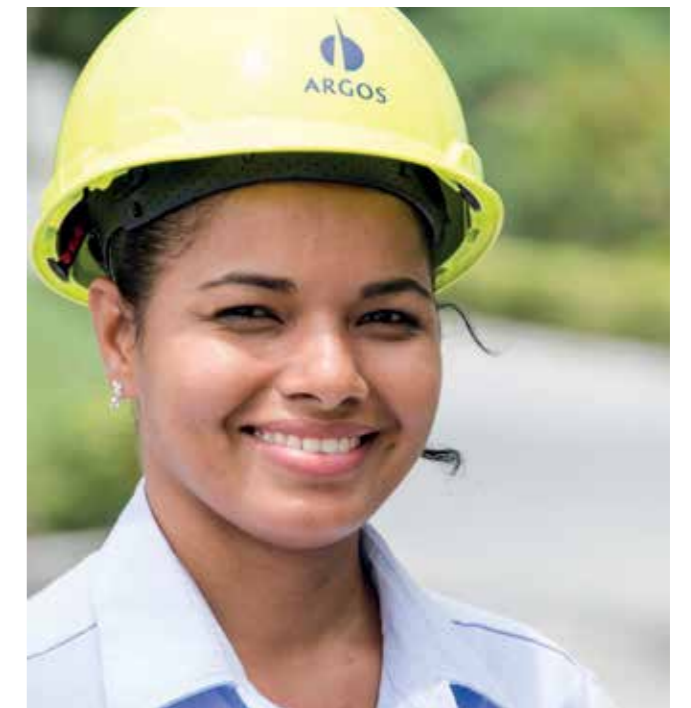
Training and Education



We provide opportunities and mechanisms for our employees to have access to resources to train in their jobs, according to the interests of the business. We carry the formation processes out in two ways:

- Corporate training as a tool for the development of culture and talent.
- Technical training as a tool for the development of employees in their current position or future positions.

The following programs and activities, under the direction of the Academic Committee led by the President are available to meet the training and development needs of our employees, according to the business growth.



Staff member, Puerto Nare, Colombia



- Pilos Program: This consists on the selection and training of young talents who constitute a potential pool of candidates for positions within the line of succession.
- International Assignments: These represent professional development opportunities for high-performance employees in different geographies where the Company operates.
- Leading: This program provides additional tools for leaders to create conditions in which their employees develop their full personal and professional potential.
- We provide time and access to financial resources, allowing our employees to pursue their studies in order to obtain a degree, managerial updates and studies of foreign languages.
- Experts Construction (Cement) and Professionals in Concrete Delivery - PEC (for its Spanish acronym): prepares operational level employees to efficiently perform the tasks associated with their position.

- Maintenance and Production Certification, and Integrated Development Program - Leaders' School: These programs are aimed at professionals from different areas with with people that report to them, providing knowledge for proper personnel administration and awareness of the labor laws in force.
- Security with life meaning: This seeks to create multiplier managers who create a sense of security within the organization.

Category	Average number of hours of training per year per employee
Executive level	41
Management level	29
Directive level	70
Specialist level	40
Executive level	14
Overall average	21



Active break, staff members, Cartagena Plant, Colombia

Performance Management GRI LA12

Growth for all

We have an annual corporate program on 90 degrees management performance, aimed at specialist personnel and higher levels, consisting the evaluation of performance indicators and corporate powers, which allows establishing individual development plans. It is based on direct communication and the formal and informal feedback between the leader and the employee.

According to the strategic plan and the Sustainability Policy, performance indicators for executive level positions, management and leadership are defined, taking into account the relationship of each position goals with the contribution to the plan. This definition is monitored by the corporate committee of variable remuneration, since the results obtained with the indicators are the basis for the calculation of the variable remuneration.

In line with the culture pillars, the corporate competencies evaluated within the program are:

- Respect for People
- Leadership
- An organization that transcends results

In addition to this corporate program there are programs for specific populations such as: industrial businesses operating personnel in Colombia and Panama and Colombia trade advisors. The result of these programs is associated with the monthly salary of these groups.

A 360-degree evaluation has been conceptualized to

Category	% Of employees with formal performance evaluation
Executive level	100%
Management level	99%
Directive level	98%
Specialist level	96%
Operational level	15%

strengthen the program, which we will test in 2013 in a specific population.

Development Plan GRI LA11

It is aimed at improving the skills of the employee and is based on the 10%, 20%, 70% learning model. 10% refers to actions oriented to knowledge and skills, 20% refers to the feedback and the relationship with other key officers of the Organization, 70% refers to the exposure before the identified opportunities for improvement. The final performance grade correlates the management indicators' result and the competency assessment.

Category	% Of employees subject to skills measurement
Executive level	89.0%
Management level	59.0%
Directive level	66.0%
Specialist level	65.0%
Operational level	10.0%

Other Performance Incentives

Results obtained by the employees in the program constitute an input for decision-making regarding allocation of academic sponsorships, direct hiring of temporary employees with the Company, promotions and transfers, individual project, international assignments and layoffs.

Welfare of Employees GRI LA3

As one of the intervention focus in the field of culture, around the pillar of respect for people, we are working for a better balance between work lives and personal lives of our employees. Adjusting to the realities of each one of the geographies, we established programs such as extra-time for nursing mothers, schedule on special

days, short commute, telecommute, not taking Saturday as working days when calculating vacation time, shorter work hours on Friday, among others.

We meet and respect the legal rights of employees, even provide extralegal social and economic benefits to improve their life quality and that of their families. Benefits are designed taking into account the particular conditions of each geography and business, and we usually grant: supplement health policies, disability supplement, life insurance, loans for home or vehicle purchase, for calamities and for education, retirement plans, saving plans for housing and mutual savings funds.

About COP\$67,192 million (USD 38 million) were invested in extra-legal benefits. Furthermore, our employees receive additional compensation days, which are included in the Annual Labor Income defined for them.

Freedom of Association

Labor relations in the Company are developed under conditions of respect, tolerance and fair treatment according to the Sustainability Policy, the Good Governance Code, the Conduct Code, the Global Compact principles and the hiring manuals, by continually monitoring the normative work aspects, working conditions and quality of life at work. Also, we strictly meet the labor legislation applicable to the country or state of these, ensuring the rights and obligations of the parties, including third parties serving the Company in any operation.

In the first chapter of our collective agreements, we embrace the principles and rights at work enshrined in ILO's international conventions and the labor law, where the employees as well as the Company are committed to the principles of: freedom of association and collective bargaining, prohibition of forced labor, child labor, discrimination, more favorable rules and

prohibition of abuse or harassment. At the end of the period, 2,400 employees were covered by collective bargaining agreements, representing 32.7% of the total staff of the regular workforce.

We regularly meet with representatives of trade unions in order to evaluate, provide feedback, make constructive contributions and propose action plans on local issues such as contractor management, personnel services, environment, productivity and training, among others. In 2012 we made 154 consultations and negotiations with employees.

In Colombia, on late December, we settle the Labor Coexistence Committee, which seeks to be a measure to prevent bullying and help protecting all employees from psychosocial risks affecting their health in the workplace.

In an effort to inform and involve all employees in the issues and events related to the work dynamics, in Argos we have implemented several internal media such as: Green Light newspaper (circulates monthly in English and Spanish. 5,500 copies are printed and there is an electronic version) newsletters online, Al Dia and, Conexión.

Towards the future

For 2013, we plan to launch in Colombia a new information system for human management in their Organization Management, Personnel Management, Time Management and Performance Management modules. This implementation will allow us to continue the standardization of the human management processes and having the information available in one tool.

We want to further strengthen our training programs, increasing their coverage, as well as the investment allocated for their development, and innovating in tools for training (*e-learning*).



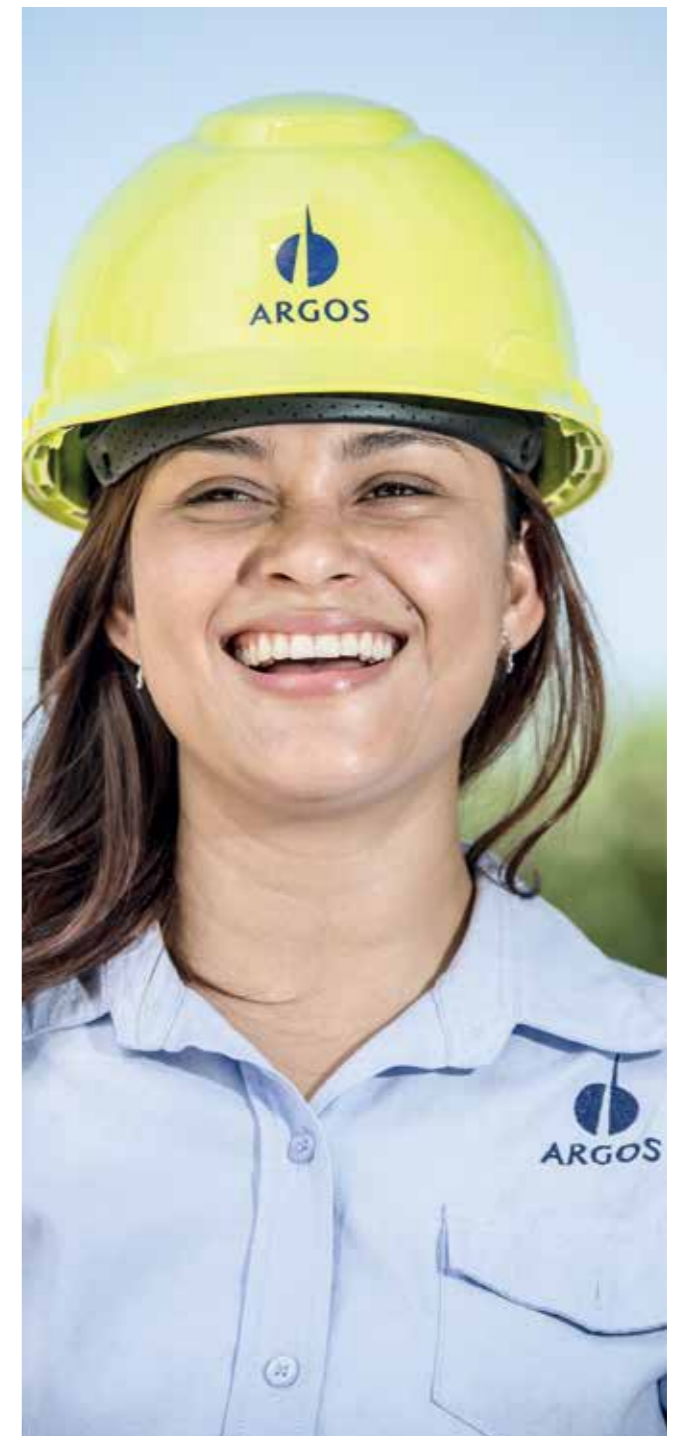
We will continue to strengthen our leadership programs in order to enhance and develop the skills of Argos' leaders and strengthening the desired organizational culture.

We will continue developing our telecommute program in Colombia and will seek to extend it to other geographies.

We will continue to implement the action plans to improve our work environment and be one of the best companies to work for.

As for our seven Pillars of Organizational Culture, we will continue developing actions to strengthen them.

Finally, we will continue to actively work in the development of actions to meet and strengthen our Human Resources and, Diversity and Inclusion policies.

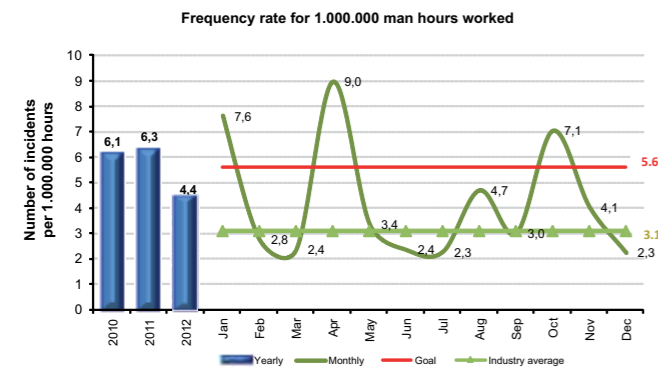


Staff member, Cartagena Plant, Colombia

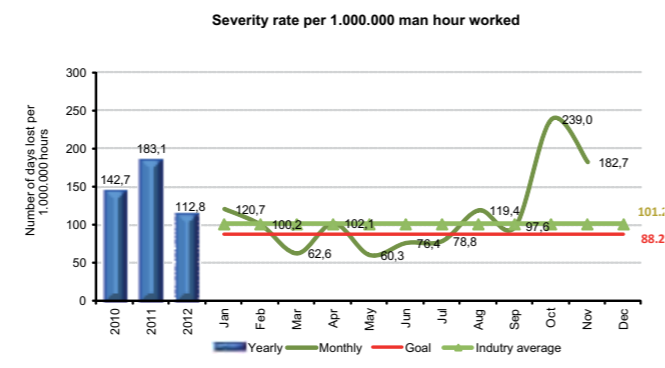


Occupational Safety and Health Administration (OSHA)

Frequency Index



Severity Index



SISO Indicators	Unit	2010	2011	2012	Target for 2012
Frequency rate - General Argos	(# incidents/HHT) x1.000.000 6.1 hours	6.1	6.3	5.6	5.6
Severity Index - General Argos	(Days of sick leave/HHT) x1,000,000	142.7	183.1	105.2	88.2

Frequency and severity indexes were recalculated for 2010 and 2011, because the information from the U.S. operation was as well as the logistics operations

We obtained the industry's highest score in our SISO practices, according to the Dow Jones sustainability index, going from **70** points to **99**.

To achieve and maintain satisfactory productivity levels in Argos, it is vital to have proper physical working conditions, meeting all safety standards in both, facilities and procedures in order to preserve the integrity of our employees, contractors and each person who may be affected by an industrial safety incident. For this we have an Occupational Safety and Health Administration system that covers 100% of our employees and contractors involved.

At Argos we have implemented the Risk Factor Perspective, which objective is to identify, prevent, reduce and control the risk factors in order to improve working conditions and positively impact the

health of the employee, it is applicable to all of the macroprocesses of the value chain.

Achievements and progress

Involvement and representation of employees in OSHA matters



At Argos we have safety committees, which are formed by representatives of the employees and the management. The specific responsibility of these committees is to participate in investigations of work incidents, perform safety inspections, promote training activities and disseminate policies and guidelines on health and safety.

We also have a brigade group trained in prehospital care, evacuation plans, fire control and emergency response. Similarly, several employees have been trained as

Security leaders, aiming at promoting training activities among their colleagues.

In 2012, we disclosed our criteria in relation to industrial safety and occupational health covered within the Human Resources Policy. We promote safe and healthy conditions in all operations, preventing work incidents, occupational illnesses and emergencies. In cases where these situations occur, we have plans to mitigate their impact, giving priority to the safety of our people over the continuity of operations and the conservation of equipment. We foster the generation of a self-care culture and the responsibility to control hazardous conditions for each employee, working under a continuous improvement management system, and meeting the legislation in force in each country.

Representation	2012	Comments
Total percentage of employees represented in formal health and safety committees.	16.4%	100% of the employees of the Company are involved in training issues or some of the campaigns to promote health and safety. 1,199 employees belong to a support group for health and safety (Emergency Brigade, Health and Safety Committee or Master Leaders Program).

Record of OSHA incidents



IN 2012 the action points were: safe delivery of concrete in construction sites, preventing hand accidents, awareness around the OSHA program (security as life meaning) and improving the quality of work accident investigations. These points complement management system available for the Company.

At Argos have procedures in place that indicate what to do in case of an incident and each branch has a trained emergency brigade to provide first aid, stabilize, refer and transport the patient to the medical center. In our company we have an application where we record information about incidents and follow up action plans for these investigations.



Training to prevent OSHA incidents

We make sure that every person performing an activity or a task is qualified for such activity according to their education, training or experience, based on the job profiles and the matrix for identification of training needs. For this use a process of planning and implementation (scheduled annually), and of evaluation of the training, the education or the instruction, employing several strategies to strengthen the competence and performance of the employee.

It is worth mentioning the campaign that promotes hand care, as these are the most commonly injured body part in operations. This why we designed a strategy to prevent accidents, including the following activities:

- Inspections of all hand tools in the operations
- Action Plan according to the diagnosis of the state of the work tools
- Design and development of the campaign for prevention of injury and hand protection
- Application of the safe tools manual
- Investment to change and replace endowment of hand tools

Health promotion and prevention of serious diseases

In 2012 we worked on the following points in the activities to promote health, to prevent:

- Women's cancer
- Infectious diseases
- Cardiovascular diseases
- Musculoskeletal diseases

Each of these points had promotional campaigns and classroom activities to stimulate a healthy lifestyle and work. For this, we had the support of strategic partners in health, occupational hazards and providers of cleaning supplies.

Regarding the prevention of major diseases of common origin, we perform awareness activities and cancer prevention. Our employees can share the publications and written material with their families to stimulate awareness of the early identification of symptoms.

Control of Occupational Diseases

In our organization we have three surveillance systems to monitor risk of occupational diseases:

- Musculoskeletal
- Respiratory
- Hearing

Comprehensive medical evaluation program

This program is aimed at executive, management and direction level employees throughout the country. It seeks to measure and monitor the health status, focused on cardiovascular risk, assessing the endocrine, respiratory, genitourinary, cardiovascular, hematologic and gastrointestinal systems.

The target population included 237 people, from the Colombia regional and some from the Caribbean regional. Medical assessments were conducted in Medellin, Barranquilla, Bogota and Cali.

Towards the future

The action points for 2013 are:

- Management inspection visits: We want to formalize our managerial visits to plants with the "security shirt" to identify unsafe conditions and behaviors.
- Support Groups: We will foster the empowerment and creation of support networks as emergency brigades and Safety Leaders.
- As for road safety, for logistics operations and concrete, we will apply the specific guidelines recommended by the CSI (Cement Sustainability Initiative).
- We will seek to generate and promote assertive dialogue environments regarding security and occupational health issues to strengthen the change of behavior.
- In the OSHA Innovation Committees, we will periodically seek that the Argos team, supported by specialists, discuss repetitive incidents in the operations, to find non-traditional solutions.

These points are accompanied by projects that impact the entire corporation as the EHS construction process (environment, health and safety) and its module in the new information system.

We identified the best practices in industrial safety and occupational health in each of the countries where we operate, in order to build a unified and robust process to manage the risks and ensure that all employees return home safe and healthy.

The project has the following components:

- Survey application
- Audits
- Dupont report analysis
- Defining action plans to close gaps
- Implementation



OSHA program "Your hands are part of me" Fontibon Plant, Colombia

6.2 Environment

Value promise:

We are committed to the responsible development of our productive activities taking into account the prevention, mitigation, correction or compensation for environmental impacts.

Environmental Management

Argos has in place an environmental policy developed to prevent, mitigate, correct and compensate environmental impacts resulting from its operations. This contains the action guidelines that Argos and their companies should follow in the development of their processes, since their environmental management activity is a priority for the Company. This policy guides their employees and stakeholders to minimize the effects their actions may have on climate change; it also promotes eco-efficiency, respect for biodiversity, the promotion of initiatives related to sustainable construction and continuous improvement of the Company.



Reforestation in Panama

The Environmental Policy has five pillars that are the cornerstones of our environmental management work:

- **Strengthening the environmental element in Argos' culture**

Stakeholders are the basis to improve the environmental performance of the Company, we work on this pillar in training and communication on environmental issues.

- **Eco-efficiency**

Understanding this term as the relationship between higher productivity with an efficient use of resources, minimizing environmental impact; keeping this approach is important to minimize impacts, such as emission generation, and the use of resources such as water, fuel, raw materials and energy.

- **Climate change**

In order to reduce the impact of the activities that influence climate change, we focus our efforts on measuring and reducing emissions of greenhouse gases.

- **Biodiversity**

In order to promote respect for biodiversity, in Argos we promote the establishment of strategic alliances to enhance our rehabilitation programs on intervened areas and the conservation of ecologically important ones.

- **Sustainable Construction**

As a major player in the construction industry, Argos is working to develop products with less impact on their life cycle, and structuring a manual of best practices for sustainable use of concrete and cementitious materials.

Achievements and progress



RIO+20
United Nations Conference
on Sustainable Development

- In the Rio + 20 Summit, Argos released the following commitments that are part of its Environmental Policy, through the representation of the World Business Council for Sustainable Development (WBCSD):



World Business Council for Sustainable Development
Cement Sustainability Initiative

- Reduce CO₂ emissions per ton of cement material based on 2006 levels. The Company's goal for 2022 is to reduce by 20% their CO₂ emissions per ton of cement material.
- Use alternative fuels; for this, one of the goals set for 2022 is to replace 7.5% of the caloric intake from traditional fossil fuels with alternative fuels and biomass (organic matter originated as a biological process usable as energy source) in the furnaces used in the cement production process.
- In 2012, the Company made a number of investments in environmental matters in Colombia, including the replacement of the emission control systems in the cooler of one of the ovens at the Rioclaro plant and another on at the Cartagena plant. Also the drinking water distribution was replaced in Sogamoso, a diffraction barrier was installed in San Gil, improvements were implemented for the control system of diffuse sources at the La Calera mine and Yumbo Plant, and planting native trees in Puerto Tejada, among others, were important activities that had an

investment of COP \$ 20,000 million (USD 11.31 million) approximately.

- We renewed our ISO 14001:2004 certifications for the facilities in Colombia (Medellin General Direction), Cartagena's cement plants (Zona Franca Argos), the Sogamoso plant with mining centers (San Antonio and las Monjas mines) and the concrete plants in Cali, Puerto Tejada, Pereira, Puente Aranda, Barranquilla and Medellin.
- In the Caribbean, we continue with the ISO 14001:2004 certification in Najayo plant in the Dominican Republic, and the Quebrancha cement plant, the Bahía Las Minas Grain Terminal and the cement trader branch in Panama.
- In the United States we continue to increase the coverage of the Green Star program, achieving a total of 98 concrete plants certified by the National Ready Mix Concrete Association (NRMCA). 30 plants of the southeastern area and 6 plants of the south-central area were certified for 2013. The Green Star certification is a recognition awarded to businesses, organizations, schools and agencies that demonstrate a strong environmental ethic in their businesses by implementing the ten rules of standards that promote waste reduction through many means, including education.

Towards the future

At Argos are committed to the road map. For this, we have established programs to be executed in the next ten years, in line with the company's strategy in businesses and regions where it operates.

Strengthening the environmental element in Argos' culture

In order to ensure the Company's sustainability, in Argos we promote the environmental element in our organizational culture, from within and towards other stakeholders, understanding this as a set of habits and actions to respect the environment.

Thus, the Company recognizes the importance of the formation of the different actors that are key in positioning the organization as a leader in environmental responsibility.

Achievements and progress

In 2012, 563 employees from the the three regional received 119 hours of training on our environmental policy. Some of these trainings were:

- At the Colombia Regional, with the support of National Natural Parks, through which carried out the "Parks visit the companies" activity, in which this entity trained and sensitized employees of three facilities on the importance of conservation.
- We held workshops throughout the Organization to disseminate our Environmental Policy following the World Café methodology. This policy was presented there and we identified the strengths and weaknesses of employees regarding the level of knowledge in this matter.
- In the Colombia Regional we provided training on environmental concepts, for leaders of concrete and aggregates businesses.

Towards the future

In order to build an organization in which stakeholders have environmental criteria as a part of their action framework, we will continue to develop training and communication plans in areas such as: induction, course on production of cement and concrete, workshop on Environmental Policy and a virtual platform for training in Environmental policy. Also, we will take the "Parks visit the companies" program to other branches of the Colombia Regional.

In 2012, **563** employees from the the three regionals received **119** hours of training on our environmental policy.



World Café, Alpharetta, USA

Ecoefficiency

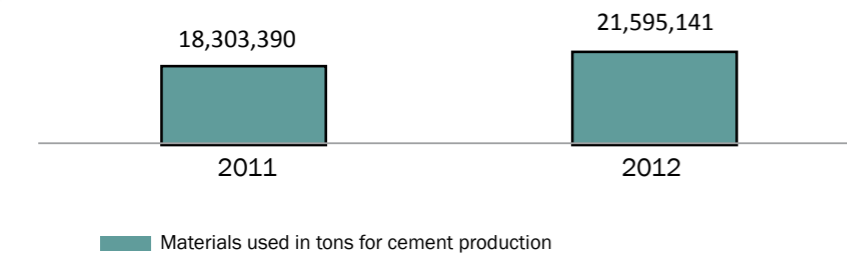
In order to produce more with fewer resources and with minimal environmental impact, Argos focuses on programs for the optimization of the use of non-renewable natural resources, electricity and heat energy, reducing emissions different from greenhouse gases and reducing water consumption.

Therefore, the Company measures and monitors environmental indicators in order to manage its performance in the field and make decisions leading to continuous improvement.

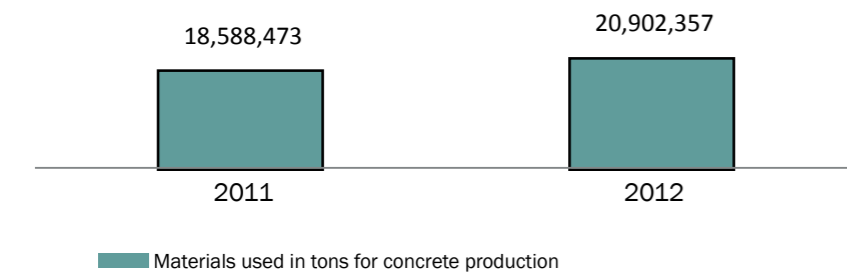
- Optimization of the use of non-renewable natural

Materials used in cement and concrete production

Materials used in cement production



Materials used in concrete production



resources, electricity and heat energy:

Along with the activities in the climate change pillar, focused on the use of alternative fuels and raw materials in the processes, it is highly relevant for the Company to optimize the use of non-renewable natural resources and all kinds of energy.

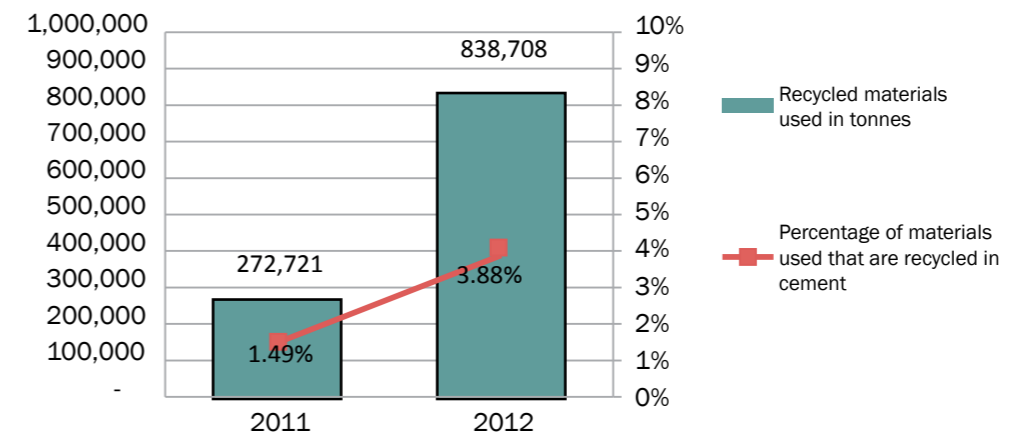


Recycled materials used as fuel in Harleyville Plant. These are out of specification mats for the automotive industry, which, due to their high caloric power, can be used as a replacement for traditional fossil fuels, known as co-processing activity.

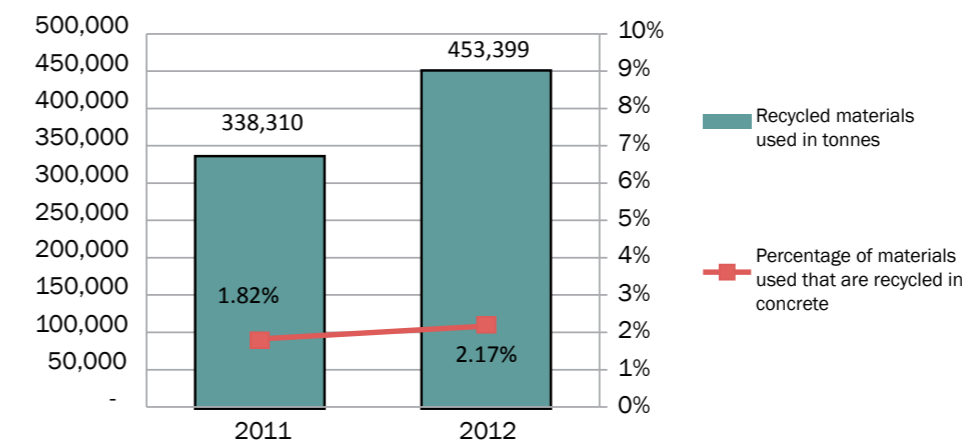
Percentage of recycled materials used.



Cement recycled materials



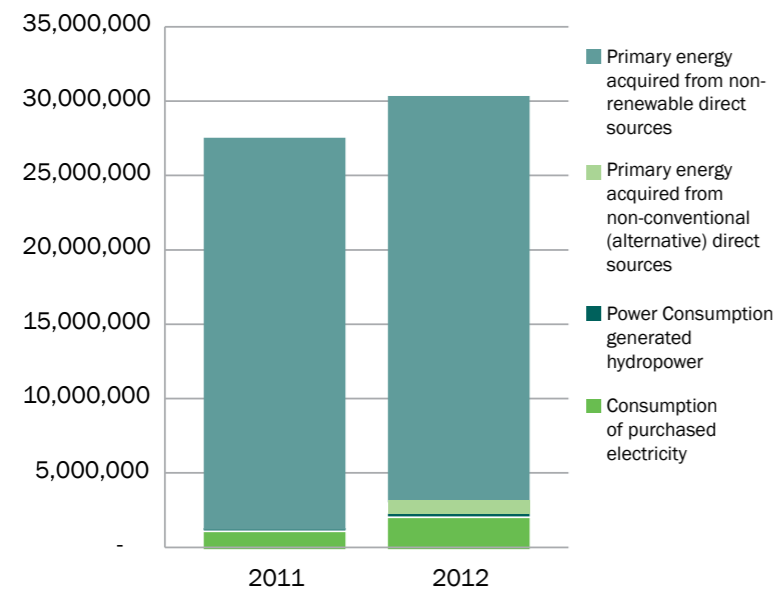
Concrete recycled materials



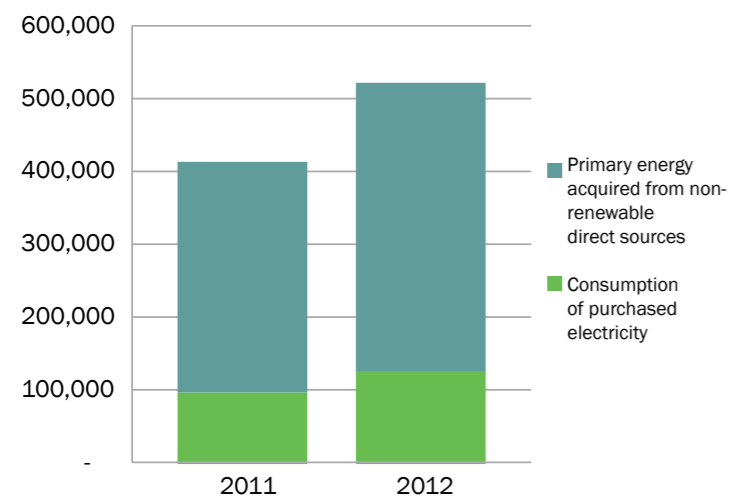
Direct consumption of Energy by primary source in GJ.



Energy matrix for cement in yearly GJ

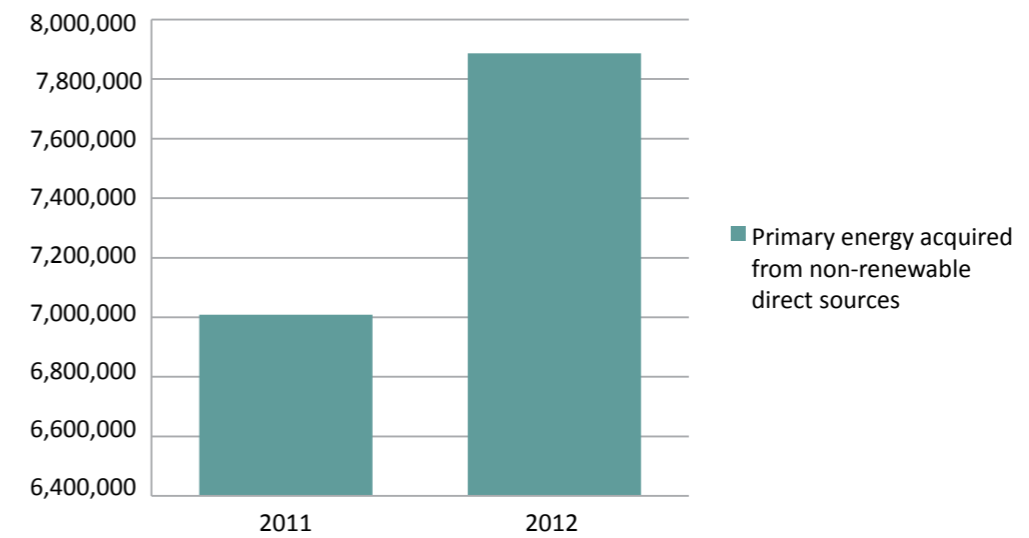


Energy matrix for concrete in yearly GJ



Hydropower, Nare, Colombia

Energy matrix for power generation in yearly GJ



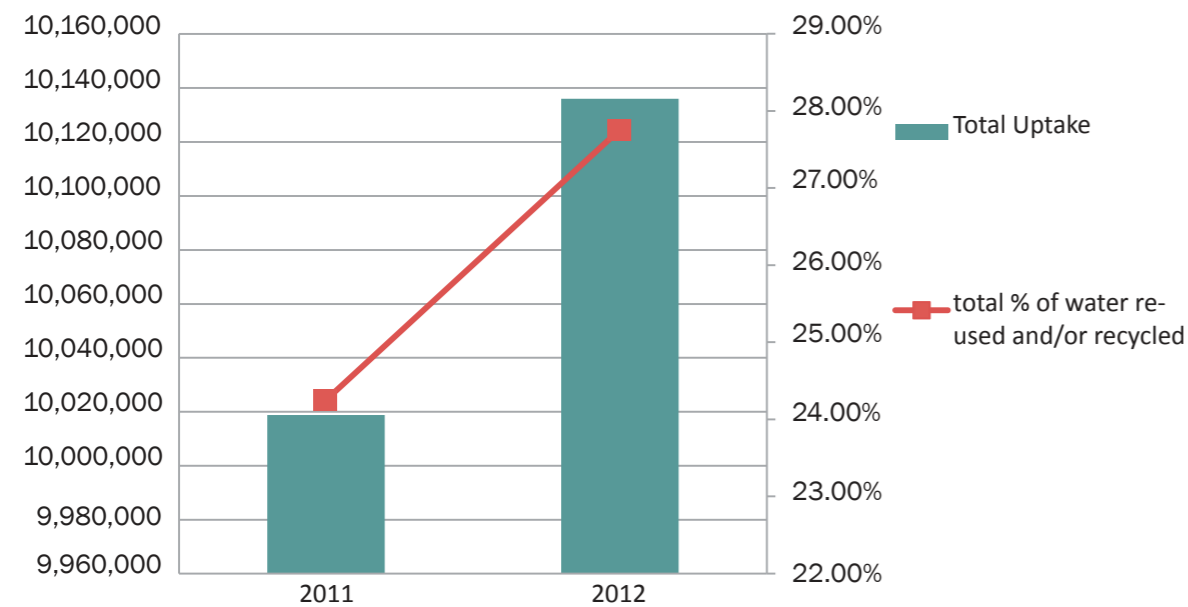
Area of high biodiversity, Rioclaro, Colombia

• **Reduced water consumption:**

To ensure the quality of the measurements of water consumption, Argos regards as important the measuring approach as an initial step, in order to formulate action plans, prioritized according to the determination of water stress areas where we operate.

Total water uptake by source*

Total water uptake/recycle in m³



* For the water uptake by source, the total value submitted does not include water used for hydropower pregeneración, since these values hinders the comparison between companies in the same industry.

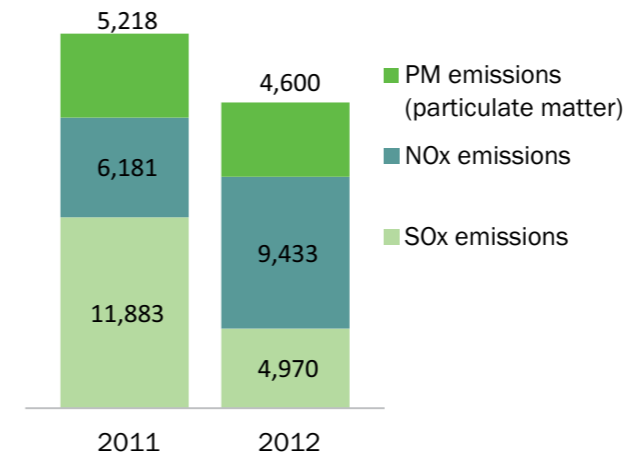
• **Decrease of other emissions:**

Starting with particulate matter (PM), nitrogen oxides (NOx) and sulfur oxides (SOx), and with the goal to extend the measurements to heavy metals, dioxins and furans, among others, Argos is committed to work towards reducing of these emissions as possible causes of environmental impacts.

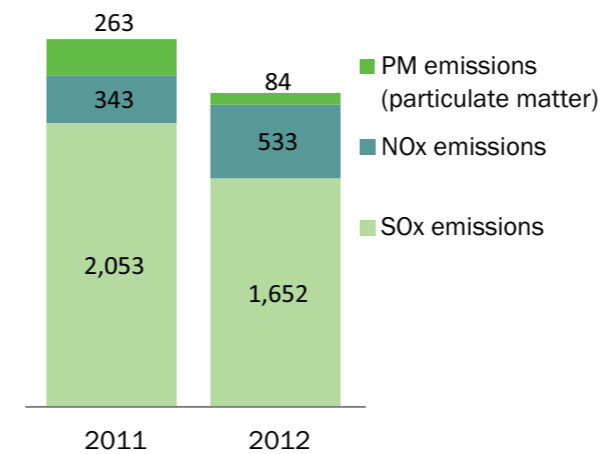
NOx, SOx and other significant emissions to the air by type and weight.*



Emissions of air pollutants in concrete in tons



Emissions of air pollutants in power generation in tons



*As for cement plants, and self power generation, the data reported for this indicator corresponds to the consolidation of information of isokinetic measurements made at the major stationary sources of each of the facilities, which sometimes are subject to operation conditions of the equipment.



Panorama of the Rioclaro Plant, Colombia

Achievements and progress

We continue making progress in defining projects and activities aimed at the excellence of the operation, taking into account the optimal use of resources and ensuring environmental performance improvement. Among the achievements and developments of the period are:

- Determining a methodology for the inventory of other emissions such as heavy metals, total hydrocarbons, HCl, HF, dioxins and furans. Piloted tests for this methodology were applied in the Cartagena, Yumbo and Rioclaro plants.
- The use of 56,479 tons of ash, which managed to reduce cement consumption by 7.7% and non-renewable natural resources in associated with the Colombia Regional. Furthermore, in the Roberta cement plant in the USA Regional, over 20,000 tonnes of limestone resulting from other processes were used in the clinker kiln, thus reducing consumption of non-renewable natural resources: limestone.
- Progress in implementing the conventions of conversion to cleaner technologies in the cement plants of the Regional Colombia. In 2012 new systems to control particulate matter emissions (bag filter) were installed in the cooling systems of the Cartagena and Rioclaro cement plants. In 2012 the Cartagena Plant had a 28% reduction and the Rioclaro plant had a 47% reduction of the total tons of particulate matter released into the atmosphere compared to 2011.
- The continued project to calculate the blue water footprint (consumption of surface water and groundwater) in the cement plants of the Colombia

Regional, in which we use the Global Water Tool, developed by the WBCSD (World Business Council for Sustainable Development).

- In partnership with the National Centre for Cleaner Production (CNPML, for its Spanish acronym) and the Swiss Agency for the Development and Cooperation (COSUDE), Argos agreed to participate in the Suizagua Colombia II project. This project consists on measuring the water footprint and formulate alternatives for improvement that would reduce current consumption and help achieve the goals of the Environmental Policy, as well as the dissemination of this knowledge among the stakeholders. This pilot project is carried out in the Toluviejo Cement Plant and Mamonal Concrete Plant, both located in the Colombia Regional, as the preliminary analysis indicated that these are located in areas of water stress.
- At Harleyville and Roberta cement plants, in the USA Regional, the Selective Non-Catalytic Reduction (SCNR) technology was implemented, which uses injected ammonia as a reducing agent, thus obtaining a greater Control in the reduction of NOx (nitrogen oxide) emissions.
- Under the Agreement for Conversion to Clean Technologies, signed with environmental authorities, we successfully implemented the mineralization pilot in the Cairo plant, in Colombia, becoming one of the actions that allowed this facility to have SO₂ (sulfur dioxide) emissions below the limits required by environmental regulations, reducing emissions from 2,520 tons in 2011 to 456 tonnes in 2012, an 82% decrease. Also, under this scheme, industrial test were conducted at the mineralization plant in Yumbo, obtaining favorable

results; these tests will continue to be assessed for their use in the long term.

- In the Roberta and Harleyville cement plants, in the USA Regional, an analyzer was installed to permanently monitor mercury emissions. There, the Company continues to work on reducing energy consumption, increasing the use of alternative fuels, reducing maintenance costs and improving control and consistency in the mixture of raw materials.
- Approximately COP\$5,000 million (USD 2.82 million) were invested in the purchase of six consecutive gas meters for the Colombia Regional to upgrade the equipment installed on Line 4 of the Cartagena plant. Once initiated the operation of these equipments in mid-2013, they will be able to perform continuous quantitative and selective measurements of different gases and emissions including PM (particulate matter), SO_x (sulfur oxides), NO_x (nitrogen oxides), O₂ (oxygen) and CO (carbon monoxide).
- As an innovative response to the problem of cement bags discarded in the building sites, in the Argos' innovation system (Ideaxion) the project of Green Sacks arose. This idea aims at making reverse logistics of cement packages, collecting them from customers and taking them to a final disposal or responsible use for the environment.
- The Toluviejo Plant, located in the Colombia Regional, saved 5.9% of electricity (3,478,602 kWh) from January to October 2012, thanks to its Integrated Energy Management System (SGIE, for its Spanish acronym). This figure exceeds the goal proposed by the Government as part of the

Rational and Efficient Use of Energy and non-Conventional Sources (PROURE, for its Spanish acronym) for the industrial sector. Thanks to this, not only greenhouse gas emissions and the Company's operational costs are reduced, but we are also contributing to the development of our country.



Reforestation Program.

Towards the future

Argos wants to become an eco-efficient company, and for this, we will continue with actions that seek:

- By 2015, inventory 100% of the cement plant emissions of PM, SOx, NOx, heavy metals, total hydrocarbons, HCl, HF, dioxins and furans.
- Also by 2015, reduce by 49% the specific emissions of particulate matter (PM) per ton of clinker and 62% of sulfur dioxide (SOx) per tonne of clinker.
- By 2022, reduce 20% of water consumption per ton of product (cement and concrete).

Similarly, in the short term, in the Colombia Regional we plan to implement a program to improve efficiencies within three years (2013 - 2015), focused on: increasing the duty cycle of the furnaces, increase additions, reduce energy consumption and start the waste co-processing.



Water recycling Cartagena Plant, Colombia

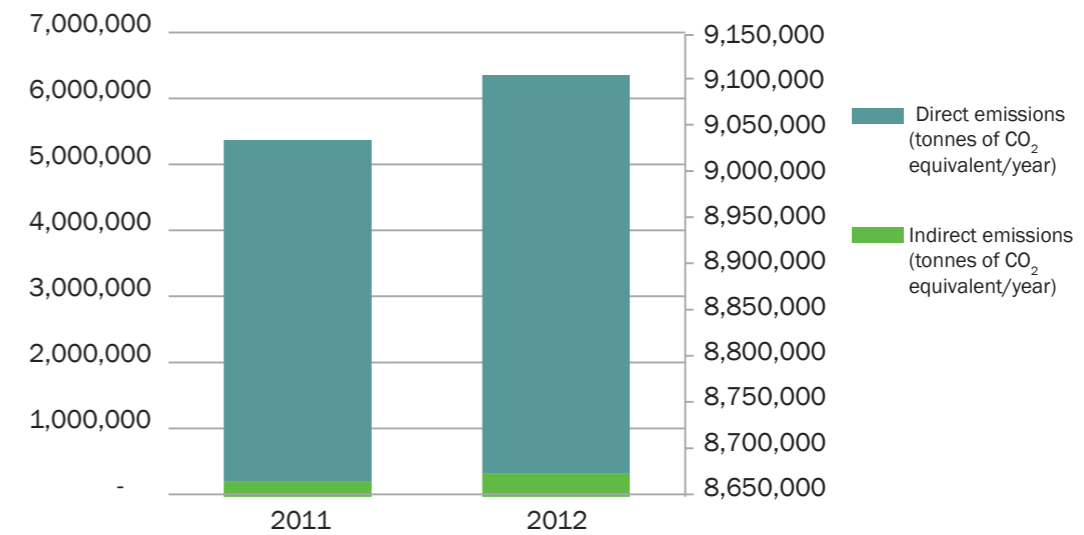
Climate Change.

The Company has set a goal to measure emissions of greenhouse gases and focus their efforts to control and reduce them. Additionally, we will continue to develop projects under the carbon market, using alternative raw materials and fuels.



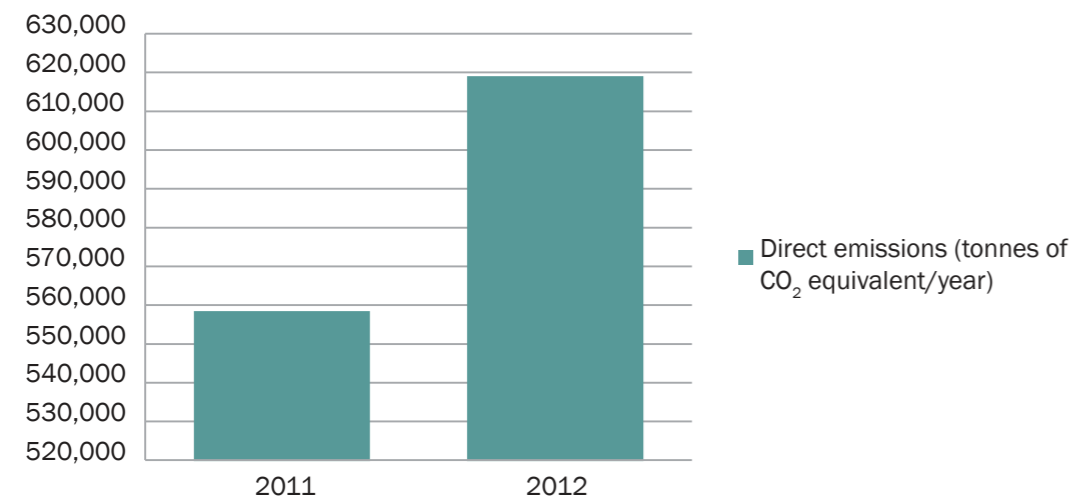
Zenithal Plan Coprocessing, Harleyville Plant, USA

CO2 emissions in cement production
Greenhouse gas emissions (GHG) in cement production



*The increase of greenhouse gases total emissions is influenced by an increased cement production and the inclusion of greenhouse gas emissions associated with cement plants in the United States.

CO2 emissions in power generation
Greenhouse gas emissions (GHG) in power generation



Achievements and progress

The Company has worked on programs aimed at meeting the goals set out in the Environmental Policy. Some of the projects developed on this matter are:

Greenhouse gas emissions measurement (GHG)

- In the cement plants of the Colombia Regional, we continued to update the carbon footprint hub (an automatic tool created in 2011 for the calculation of CO₂ emissions for these facilities). This tool was developed based on version 3.04 of the methodology established by the Cement Sustainability Initiative (CSI) of the World Business Council of Sustainable Development (WBCSD).
- In the cement plants in the United States and Caribbean Regionals the carbon footprint calculation for 2012 was performed using the

■ Direct emissions (tonnes of CO₂ equivalent/year)

same protocol proposed by the CSI (Cement CO₂ and Energy Protocol, Version 3.04).

- In the United States we continue to use alternative fuels to operate clinker kilns in cement plants. Currently, the replacement percentage in our Roberta and Harleyville plants is 15% and 23%, respectively. We also started assessing a fuel substitution program for concrete mixer trucks, using compressed natural gas, which will begin its pilot phase in 2013, with 40 cars in Texas markets.
- In conjunction with the LOGyCA Foundation, Argos began measuring the carbon footprint for the most frequent routes operated by Logitrans and Tempo. The major raw materials and cement distribution transport service providers in the Colombia Regional. This is considered as the beginning of

the approach for determining scope 3 of CO₂ emissions inventory of the Company.

- The Company's Tactical Planning Area designed a model that allows the Supply Chain to plan CO₂ emissions for cement production in the Colombia Regional, integrating them to the operations production plan and ensure the meeting of the goals established in the Environmental Policy.

Getting the Numbers Right Report

In 2012, the Company decided for the first to report based on the GNR database, which is managed by the Sustainable Cement Initiative (CSI), the results of its performance in terms of CO₂ emissions and energy consumption according to the "CO₂ Emissions and Energy Protocol: Accounting Standard and CO₂ Reporting for the Cement Industry - Version 3.04" (CSI, 2011). This information system collects data from participating companies and publishes official representative statistics on CO₂ emissions and energy consumption in the production of clinker and cement in the world.



Hybrid Cars

The purchase of a hybrid motor vehicle (diesel fuel and electric charge), with a capacity of four tons, is part of our efforts to reduce the carbon footprint. This vehicle was tested for three months getting a reduction of 22% in CO₂ emissions. Given these positive results, this truck will begin operations in February, in Medellin, using the corporate image and indicating the reduction of CO₂.

Fuel Changes

To match the price variations in the domestic fuel market and further reduce emissions of greenhouse

gases, several of our cement production plants in the Colombia Regional, changed their main fuel in their clinkerization processes, from coal to natural gas. This reduced approximately 40% of CO₂ emissions associated with fuel combustion in the clinkerization process of these operations. Thus, the Toluviéjo, Cartagena and Sabanagrande plants, decreased significantly their greenhouse gas emissions in 2012.

CDM (Clean Development Mechanism).

The project recover waste heat power to generate electric energy in Argos: in 2012 we presented before the United Nations and the Secretary of Environment and Sustainable Development, the form for early consideration, registered in the UNFCCC website. This project is part of the potential production expansion of the Sogamoso Plant and is exploring the possibility of using the heat sources in the gas output of the preheater tower and cooler, which are not required to dry the raw material, in order to convert them into electrical energy. Without the implementation of this project, this energy would have no use and would be wasted.

Towards the future

Aware of the responsibility the cement industry can have on the causes for climate change, Argos has established a series of action programs for continuous improvement. This is the way we want to continue the process initiated in calculating the carbon footprint and expand the measuring coverage the scopes 1, 2 and 3. Aside from the reduction according to the goals



Sustainable Development

<https://cdm.unfccc.int/Projects/PriorCDM/notifications/index.html>

set in the Environmental Policy, we will continue to the research in the bioenergy project, focused on developing an alternative and renewable fuel from energy crops of different species of trees, shrubs and grasses planted in different altitudes above sea level. The purpose is to identify species with the greatest accumulation of biomass and calorific value, to replace coal in clinker production and power generation.

To reduce the carbon footprint, our company ordered two electric cars capable of transporting one ton of cement, to distribute the finished product to customers, initially in Bogotá and Medellín. The tests in operation of these vehicles started in January 2013 and, depending on the analysis of their results, can become a sustainable solution in some geographies of the Company.



Homogenization system of raw materials fed to the clinkering furnace. Roberta Plant, USA

Biodiversity

Argos encourages actions to promote respect and biodiversity. Thus, we establish strategic alliances with institutions for the protection of biodiversity and develop programs focused on rehabilitation of areas intervened by mining and conservation of areas with ecological interests.

Achievements and progress

Strategic Alliances



In 2012, we signed the Pact for Antioquia's Forests, an initiative led by the Botanical Garden of Medellín, with the purpose of creating awareness, preservation, restoration, establishment and sustainable use of natural forests and forest plantations of the Antioquia department in Colombia.

At the USA Regional, four terminals and three cement plants kept the certification granted by the Wildlife Habitat Council (WHC) due to the efforts made in promoting the protection and conservation of biodiversity. Additionally, the Harleyville Plant continued to support the Audubon Society of the State of South Carolina, by donating USD 60,000 to be invested in programs for the protection of the Beidler forest and the reconstruction of the promenade, which has contributed to the conservation of the forest surrounding areas, also allowing visitors to enter the special ecosystem of marshes.

Conservation of ecologically important areas

Under the model of REDD projects (Reducing Emissions from Deforestation and Forest Degradation), Argos made the PIN (Project Idea Note) for the conservation of natural forests owned by the Company. Additionally, in partnership with the National University of Colombia, we launched a project to evaluate the feasibility of producing vanilla under agro-forestry systems in the area of influence of the Rioclaro mine, which would allow obtaining this valuable product and at the same time, conserve the forest.

Concrete for coral reefs in the USA Regional

This project stems from the creative search for particular uses of concrete and the use of material that could not be delivered to a customer. It has to do with concrete artificial reefs, where some of the concrete's features can be exploited, such as durability, inertness and resistance, as well as having the ability to create a geometric shape that can be used as a place for establishing or caring for marine life.

According to the reports submitted by the South Carolina Department of Natural Resources and reef managers, a variety of marine life has settle in concrete cones. Some of the species include: garibaldi, black sea bass, flounder, Spanish sierra, mackerel, bluefish and pinfish. Also many crabs, clams, barnacles and various kinds of seagrass.

Forestry Offsets

The information on obligations of forestry offsets by the Company in the Colombia Regional was completed and the agreement with National Parks of Colombia was signed to advance some of these offsets, through programs of ecological restoration in protected areas of the country.

The compensation scheme of the Yumbo plant was formalized before the competent environmental authority. In addition, at the Calera Vegetal Production Center, responsible for the production of seedlings, and ascribed to this plant, an expansion of the installed capacity will be implemented to meet the obligations in compensation for the area. In 2012, 4.03 hectares were planted with 18 native species in this facility, in order to rehabilitate intervened areas.

Also, in the Toluviejo plant, 11,185 plants of 16 native tree species (11.6 ha) were planted. These trees are native to the life area known as tropical dry forest (BS-T) and this representative ecosystem is threatened.

Plantings were carried out in premises owned by the Company near Ovejas, Sucre, Colombia. Also, in the mining title associated to the Cartagena plant, 24 hectares of native species were planted.

Rehabilitation of areas where there is mining.

The ecological restoration was carried out on the right bank of the Medellín river in Colombia at the Canteras de Colombia mine in Girardota, Colombia.

Two projects were formalized in an agreement with the University of Antioquia for the identification, selection and evaluation of nitrogen-fixing bacteria and plant growth promoting bacteria to be used in the

rehabilitation of soil degraded by mining.

Similarly, Argos collected germplasm (seeds) in the area of influence of the Rioclaro and Victoria mines, located in the departments of Antioquia and Caldas, Colombia, respectively, for the multiplication and subsequent enrichment areas of ecological significance. In 2012, this activity allowed the collection of seeds for 50 native species.

The first stage of the proposal to use clinker dust in agriculture, concluded with positive results. The second stage is planned for 2013 under controlled conditions.



Coral Reef Project, Myrtle Beach, South Carolina

Committed to Conservation

As part of the Environmental Impact Studies, our company developed several investigations of wildlife in the Colombia Regional, which resulted in findings like those referenced below, and plans designed for conservation and protection of species.

- **New frog species for science**

A new frog species that as of yet has not been reported, was discovered. This discovery was achieved through sampling to identify the species of birds, mammals, amphibians and reptiles, performed in the framework of the amendment to the Environmental Management Plan (PMA for its Spanish acronym) of some of the mining titles that provide the raw material for the Rioclaro plant. This frog is about to be named *Agalychnis terranova* by specialized scientists.

Because of the importance of this species as part



Agalychnis Terranova frog, Rioclaro, Colombia

of the biodiversity of the area, and in partnership with the University of Antioquia, we are looking to have a greater understanding of the state of this frog, in order to formulate management measures for its conservation, so that the mining operation does not affect this species.

- **Endemic vegetation species in Rioclaro**

In the forest inventory conducted as part of the modification of the PMA of the mining titles that supply the Rioclaro plant, eleven endemic or threatened plant species were found, some of which are reported as forbidden by the competent environmental authority. For this reason special management measure are being developed in partnership with the Universidad de Antioquia to estimate population density and georeferencing, as well as marking seeding trees in the area of influence of the project to ensure their conservation.

- **River Otters (*Lontra longicaudis*) at Canteras de Colombia**

Due to the activity of aggregate material extraction in one of the facilities of Canteras de Colombia in Girardota, Colombia, excavations were done which have served as recipients of rainwater and water from the natural water table of the Medellín river floodplain. A family of river otters (*Lontra longicaudis*) have been using these excavations as an habitat.

Before this situation we identified the need to characterize the otter population in the area and assess the status of their habitat in order to present and implement management alternatives to improve the conditions of this population.

Forest CDM (Clean Development Mechanism).

Committed to the developing clean development mechanisms, we continue with the maintenance of the plantations located in the municipalities of San Onofre and Sonson in Sucre and Antioquia, Colombia, respectively.

Argos contributed to the "Bridge of Life" Biomuseum in Panama

Taking into account Panama's development as well as the promotion of the environmental awareness in the country, Argos provided USD\$158,335 to the "Bridge of Life" Biomuseum for the construction of the Botanic Park Amphitheater. Panama's Biomuseum will be an iconic building, unique in Latin America and will be available for all ages, aiming at being a decisive catalyst in keeping the planet's natural heritage for the future. It will become a place for reunions, exchange and recreation for many generations.

Towards the future

"Green Light" is not just a slogan, it is a philosophy that requires Argos to protect and conserve the biodiversity as a prerequisite for a sustainable future. This is why the company will focus on implementing the plans set out in the Environmental Policy and in the following projects:

- In 2014, the Company will participate in the organization of the Forum for Delegates, Advisors and CSI Cement Associations, in Cartagena, Colombia, which will focus on biodiversity.
- We will approach the environmental authorities in order to meet the Forest Compensation Plan in Colombia.

- We will execute and follow up the pilot implementation of the Offset Allocation Manual for Loss of Biodiversity, to be developed in the mining titles at Mesa de los Santos, Colombia. This pilot test will allow the use in the field of the methodology outlined in the Manual, which was established by the Secretary of Environment and Sustainable Development, as well as establishing the applicability of said document and the level of compensation under which it could be classified.
- We will establish guidelines to perform a rehabilitation and restoration project in Haiti. Based on the understanding of the ecological fragility in this country, we will design a rehabilitation and ecological restoration project in cooperation with a third party. Initially, we will do a survey of the sector to be adjusted, and then formulate the best strategy. After this, we will be able to run similar schemes in other countries where the Company present and as long as they are consistent with local objectives.
- For the medium and long term, we will standardize the terms of reference related to the rehabilitation and restoration to be taken into account in the plans for closure and abandonment of facilities at the three Regional.
- We will continue with the plans to protect areas of ecological importance; establish projects such as REDD and GEF (Global Environment Facility) of the World Bank or other of better applicability in countries where Argos operates, and we will lay the foundation to address biodiversity issues in environmental impact studies.

Sustainable Construction

As a major player in the construction industry, Argos is working in two fronts to support the development of sustainable constructions: products with less impact on their life cycle, and a manual of best practices for sustainable use of concrete and cementitious materials.

Achievements and progress

According to Argos' Environmental and Sustainability Policies, the Company is implementing a project that determines the methodology for the development of life cycles analysis for their products. In this context and in order to support decision-making to develop products with less impact on their life cycle, ie, including prevention, mitigation, correction and compensation of environmental impacts, we are applying the methodology, as a pilot test, in four cement and nine concrete mixtures in the three regionals, with a budget of USD\$363,328.

Also, an interdisciplinary team of the Company is carrying out studies for the selection of materials and construction processes, aimed at reducing the environmental impacts in the life cycle of buildings and the contribution of the properties of sustainable construction products.

Green Concrete

In this project, developed at the Colombia Regional, we achieved the following progress:

- Supplementary cementitious: the use of ash in some concrete mixtures was increased up to 20%, of direct substitution, and 30% increasing the overall cement.

- Reduction of water consumption: the use of high reduction additives, allowed a lower use of cementitious materials and, therefore, a reduction in the footprint of concrete mixtures.
- Durability: focusing our process on increasing the lifetime of the structure, by using supplementary cementitious materials and cutting-edge additives.
- High resistance: indirectly, the promotion and development of high strengths allows the structure designer to have a concrete that, in addition to being resistant, contributes to the durability of the structure.
- Reduction of waste: progress has been made in implementing the use of waste from the concrete production process for the production of dosed concrete.

Within the concrete portfolio, in the USA Regional, we have developed products with distinguishing features in terms of sustainability because of their higher amount of Supplementary Cementitious Materials. These products are G-Crete and PrimeGreen.

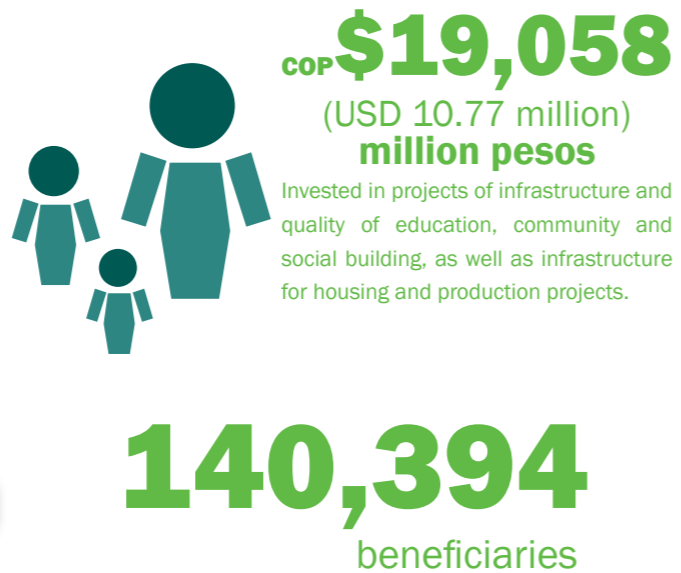
Towards the future

The goal for 2022 is for all new products developed by Argos to have a life cycle analysis and for this to be a benchmark that contributes to the sustainable construction in regions where the company operates.

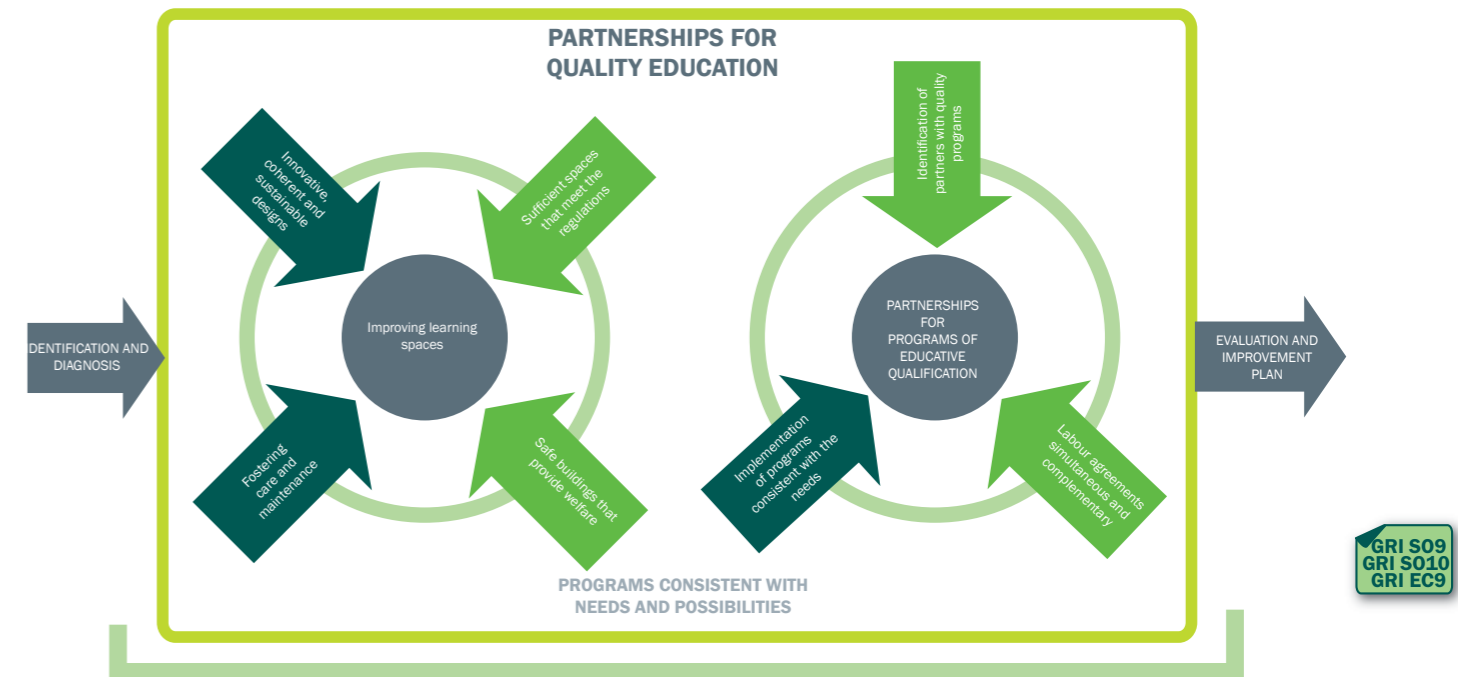
6.3 Communities

Value promise:

We are committed to the conservation of good neighborly relations with the communities influenced by our Operation and to support local development.



Handing out of school kits in Sogamoso, Colombia



Argos' approach in relation to the communities is based on the Sustainability Policy through which our value promise is: the conservation of good neighborly relations with the communities influenced by our Operation, supporting the local development.

We identified 672 communities influenced by our operations. In Colombia we come into play in these communities through the Argos Foundation. In Haiti, through the Cina Foundation, and in Dominican Republic and Panama they are run directly by the operation, always taking Argos' approach and corporate guideline.

Management strategies of our foundations are focused on the quality of education in our countries, following a model that seeks to manage the improvement of learning spaces and building partnerships for educational qualification programs.

Achievements and progress

Currently, we have a risks matrix through which we identify the most relevant issues for our communities and the different social and environmental impacts generated by our operations over neighboring villages. This matrix describes the main projects being developed.

Priority Impact Management

Argos acknowledges that some of the impacts of its operation in the communities must have a priority management aimed at minimizing or mitigating those impacts and improve the living conditions of the people in the communities. To set up the projects for this management, we assessed the needs and opportunities in each area, with the participation of the community and local government .

In 2012 we invested COP\$5,445 million (USD 3.07 million) in 47 projects aimed at reducing the impact on the following topics:

- Reputation, relationships with the community
- Commitments of the Environmental Management Plan (PMA, for its Spanish acronym)
- Job creation
- Impacts on road
- Vibrations
- Safety
- Particulate matter

To manage these impacts we carried out projects in the following areas of intervention:

Infrastructure and education quality

The programs featured include the Ceres, Higher Education Institutions, which aim to find young people from the towns influenced by Argos to achieve influence levels of technical, technological and professional education. We have supported the construction and development of these centers in Bolívar (Pasacaballos) Atlantico (Malambo) and Antioquia (Puerto Nare) in partnership with the National Secretary of Education and social and private organizations in each region.

Housing Infrastructure

Altogether we intervened in 458 homes, of which, 369 were completely built and another 89 were improved.

Productive Projects

In Colombia we have carried out productive projects that enable people to improve their quality of life by learning a trade that would increase their family income. The most remarkable include the Inclusive Business program, in Montes de Maria, Colombia, and the Block Manufacturing Program in Haiti.



Playroom Nare, Colombia

Community infrastructure, community and social strengthening.

The main community infrastructure programs include the repair of public water supplies in Haiti. Also, as for community strengthening, it is worth noting the Training for Community Leaders, in order to enhance the skills and competencies of the communities to be agents of their own development. The Territory Explorers Program, which seeks to create new learning spaces for children in rural areas through field trips to historical, cultural and environmental sites, to broaden their horizons and develop future community leaders of people who make the country a productive space, where they can have an excellent quality of life.

We invest in activities and institutions dedicated to strengthening and building the city in different regions, among which the Panama Biomuseum stands out, as well as the Explora Park in Medellin, which promotes the appropriation of scientific and technological knowledge, and Colfuturo, an organization that fosters the academic excellence.

The Community Volunteer Program seeks to transfer the talent and knowledge of our employees to the communities and other stakeholders, creating spaces and providing the tools and resources needed to help with projects aimed at reducing the gaps and enhancing the ability to integrate into society and, thus, improve the individual sustainability processes.

Operative projects to highlight	Beneficiaries	Value
Community strengthening: Program for prevention and eradication of child labor in the departments of Cundinamarca and Boyacá.	4,143	COP \$617,339,000
Community infrastructure: Adequacy of priority roads in the departments of Sucre, Antioquia, Cundinamarca, Tolima, Córdoba, Bolívar.	56,495	COP \$1, 884,752,473
Housing Infrastructure: Programs for construction and improvement of housing construction in the departments of Sucre, Antioquia and Bolivar, and in Haiti.	382	COP \$2,175,740,799
Productive Projects: Cecodes, inclusive business project.	335	COP \$627,585,000
Quality of education: Territory scouts program in different regions.	551	COP \$140,278,722

Managing foundations to promote educational quality

At Argos we believe that education is the cornerstone for real change in each region and in our country. For this reason, one of our main fronts is intervening in education infrastructure, since learning environments play a very important roll in learning and affect educational processes, as well as the results and tests of students.

The Argos Foundation in Colombia, the Cina Foundation in Haiti and our companies in Dominican Republic and Panama have substantially contributed to the process by improving the quality of education in each of these countries.



Educational Institution Peña Rosa Zarate, Yumbo, Colombia

Main projects
Construction of the Obispo Emilio Botero Rural Education Center (CER fpr its Spanish acronym),
Expansion of the Mundo Bolivariano School, Barranquilla - Atlantico
Construction of the classroom specialized in civil works and bilingualism at the Nazareth Technical School - Main office, Nobsa Township - Boyacá
Construction of Restaurant School and classrooms Gustavo Jimenez Technical Industrial School - The Manga Branch, Municipality of Sogamoso
Improvement of the Rosa Zarate Peña School - Mein office (Yumbo, Valle)
Reconstruction of the Elie Dubois School in Haiti
Construction of the St. Lucia Educational Institution - Atlantic, in progress
Under construction: Expansion of the Cazucá School, Soacha, Cundinamarca, in progress
Infrastructure Technological Development, Panama
Rehabilitation of Pavilion 2 of Augusto Boyd School Panama
Other Projects: Naju School, Pueblo Grande, Panama

In 2012, in Colombia we entered into a partnership with the Secretary of Education for COP\$27,186 million (USD 15.37 million) in order to promote quality of education through the implementation of physical infrastructure projects required schools in different regions of the country. With this alliance, 19 schools will be intervened in the departments of Antioquia, Atlántico, Bolívar, Boyacá, Córdoba, Cundinamarca, Santander, Sucre and Valle in Colombia.

Meanwhile, in Panama we consolidated the Technology Development Program, which includes infrastructure, equipment and training of faculty and administrative staff. Additionally, we strengthened the relationship with the communities most affected by our operation (cement: Las Tablitas, and Naju quarry) through comprehensive community development projects involving infrastructure, dialogues and trainings. Finally, we made important interventions in school infrastructure by intervening Hall 2 of the Augusto Boyd School.

In Haiti we continue to contribute and being present in education. This year we delivered the first stage of

the Elie Dubois school, and also school supplies and Christmas toys in 20 schools, that benefited 160 students of primary and secondary school, six college students, 30 students in professional training of the Cabaret and Sources Matelas communities. We also provided scholarships for 130 school students who face economic hardships and have a good academic record and are part of the influenced communities: Cabaret, Simonette, Saint Gerard, Source Matelas and Grand Chemin.

Finally, in 2012, in the Dominican Republic we consolidated the relationship with the four communities near our cement plant: La Canela, Hato Viejo, Boca Nigua and Los Cajuales. In partnership with the Sur Futuro Foundation, we maintain our focus on improving the quality of education of the five schools closer to the Najayo plant, by training teachers in innovative teaching for children through the Spaces to Grow and Territory Scouts program and for young people in the Win Program.

Intervention line	# of projects	# beneficiaries	Value
Educational infrastructure	29	13648	COP \$8,572,508,187
Quality of education	25	7440	COP \$489,412,318
Housing Infrastructure	6	963	COP \$1,003,729,711
Community infrastructure	3	15000	COP \$70,290,000
Productive	6	479	COP \$464,157,803
Community strengthening	40	39503	COP \$778,156,776
Social strengthening	42	1455	COP \$2,233,983,351



Investment by Regional	Value
Colombia Regional	COP \$11,184,477,148.62
Caribbean Regional	COP \$2,427,760,998.00
Total	COP \$13,612,238,146.62

Towards the future

According to the risk evaluation implemented at each facility, we have short and medium term plans focused on continuing and strengthening this management that has been carried out so far in the action areas that we have already defined according to the most important issues for each one of our communities and the different social and environmental impacts of operations on neighboring populations.

This work plan seeks to update the concrete objectives for each of the interventions, depending on the possibilities to move forward in the process of building value for the communities.

In 2012, in Colombia we entered a partnership with the Secretary of Education for **COP\$27,186 million (USD 15.37 million)** in order to promote the quality of education through the implementation of physical infrastructure projects required in the education sector in different regions of the country.



Housing improvement in Haiti



Mundo Bolivariano School, Barranquilla, Colombia



6.4 Suppliers and Contractors



98,1%
Purchases from
local suppliers



Sodexo



Hiring Manual

http://www.argos.co/site/Portals/0/Documents/Manual_Contratacion_Proveedores.pdf

Value promise:

We are committed to the development of harmonious and equitable relationships with our suppliers and contractors, within a responsible supply chain, that leads to the best labor, social and environmental practices.

Suppliers and contractors in Argos are considered strategic partners and an integral part for the Company's success. We create with them relationships based on fairness, transparency in the processes, and the constant development of both parties. All this as part of policies and practices of business conduct.

The aim of Argos is to have a portfolio of suitable suppliers to ensure the timely provision of procured goods and services, so as to not affect the production process of the company while meeting all the requirements in terms of quality, environment, and occupational health and safety required by the Company.

As part of our practices, we support our suppliers in the regions where we operate. Therefore a wide proportion of our purchases was conducted in countries where our plants are located, seeking the development of the local suppliers and the benefit for the Company and the community.

Achievements and progress

The Colombia Regional consolidates annually an array of suppliers, that include the ones that are critical for the Company and are subject to monitoring and auditing processes, considering aspects covered by environmental, labor, social and industrial security regulations as well as compliance with the conditions to belong to the group of Argos' contractors.

Additionally, we have programs to promote the development of our suppliers. To this end, in 2012 we created awareness in over 800 transporters in the country, pointing out the responsibility they have in

their daily activities with the care of water, air and land and indicating the actions they can take to contribute in preserving the environment. Finally, we supported our transportation suppliers in the search for alternate systems for a cleaner production in their processes and subsequent tests, seeking to reduce air emissions and optimizing fuel use.

On the other hand, in the USA Regional a new framework was defined that would allow corporate synergies and greater efficiency, not only in providing the operation, but in optimizing costs, this as part of the prioritization of the Regional efforts. Our purchase team established a number of regional and national contracts.

As for the Caribbean Regional, the Suppliers Hiring Manual was implemented in the Dominican Republic, and the suppliers evaluation process in Haiti.

Contractors assessment and training

In 2012 we had seven training sessions with the legal representatives of contracting firms and contractors of all Argos' operations in Colombia. During these meetings we discussed the importance of meeting legal guidelines and the risks the Company is exposed to when requirements are not met.

The RUC (Uniform Record for the Assessment of the Safety, Occupational Health and Environmental Management System, SSOA for its Spanish acronym) is the performance evaluation tool applied to contractors in order to boost their performance and continuous improvement in risk management and compliance with the legal aspects.

In 2012, 81% of the companies covered by the RUC were evaluated. Additionally, Argos assesses labor relations and social responsibility. The average score of Argos contractors has increased, which means that today they have better standards in labor and environmental relations, social responsibility and occupational health areas, surpassing previous years' indicators. This is done through our tracking management.

Towards the future

We will continue to develop programs to strengthen

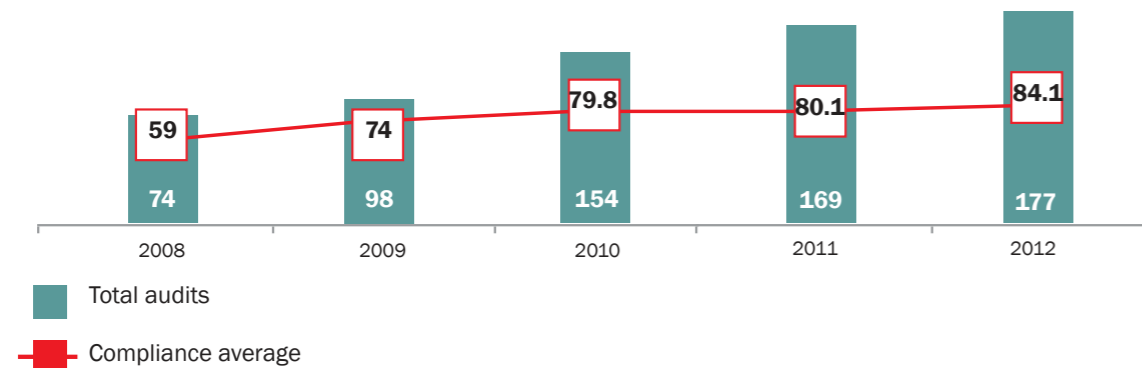


99.9%
Purchases from
local suppliers

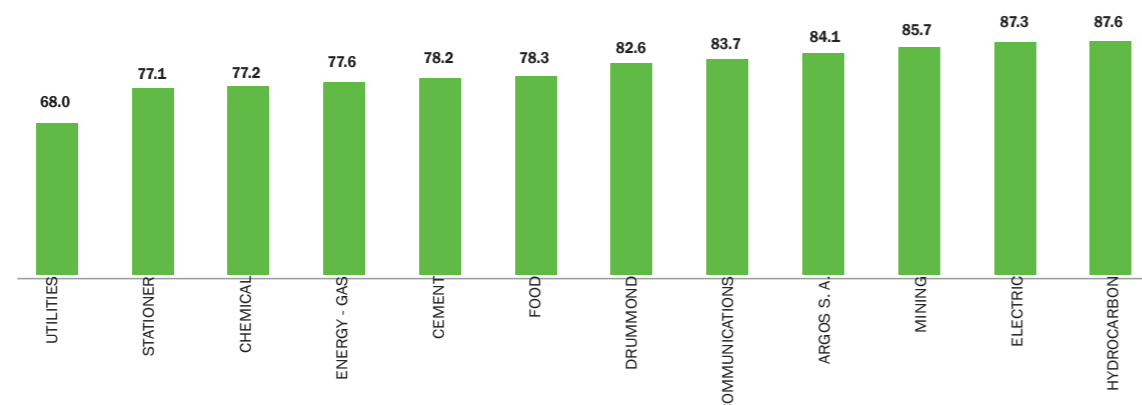


80.8%
Purchases from
local suppliers

RUC® AVERAGE LEVELS OF COMPLIANCE BY OR AUDIT YEAR



PERFORMANCE AVERAGE COMPARISON BETWEEN RUC® SECTORS AUDITS 2012



capacities with suppliers, among which we have awareness on environmental issues for different groups of suppliers, such as transporters.

Measuring the carbon footprint in the transport activity of our organization will allow us to move forward in schemes such as renewal of the vehicle fleet to use environmentally friendly transportation, such as gas, electric and hybrid vehicles. The latter two will be in force on late March this year. Similarly, for sea transport, we are looking for alternatives to replace our current fleet for more efficient ships and with less environmental impact.

We will continue to evaluate and receive feedback from suppliers on their performance, monitoring their progress by establishing action plans that apply to them.

In the long run we will establish a world class supply chain that makes the supplier company meet the purchase requirements in an easy and efficient way while maintaining the lowest possible cost for the Company.

6.5 Customers

Value promise:

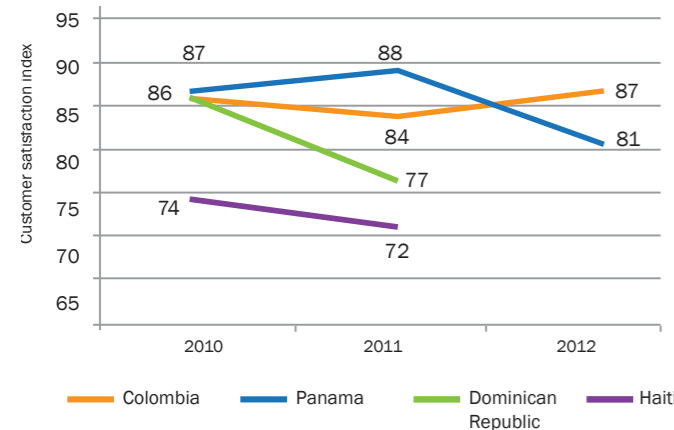
We are committed to be the best business partner for our customers because we deliver quality services and products that meet national and international standards that are part of a supply chain responsible to society and the environment.

COP \$5,000
million
(USD 2,82 million)
of disbursement through the **Construyá**
program in **Colombia**



Customer, Colombia

Customer satisfaction index by country:



Country	2010	2011	2012
Colombia	86	84	86.1
Panama	87	88	81
Dominican Republic	86	77	n. d.
Haiti	74	72	n. d.

Having a clear understanding of the cement market leadership in Colombia, we have identified the development of a brand that links us to consumers, with a business strategy focused on the end consumer, which has allowed to be close to our customers and get to know them. This enables us to define clear service promises under international standards of service, sales and technical infrastructure, and a hotline that allows free access to meet their requirements and schedule orders, resolve concerns, provide general information and resolve complaints.

Our products and services portfolio is the most complete of the cement industry in the Colombian market. It includes cements, concretes and mortar that have strict quality certifications and production processes that ensure compliance with relevant regulations, having variety and innovation as a constant.

To confirm our strategy focused on the end consumer, we have designed specific programs to relate benefits to customers, aiming at fostering brand preference and strengthening.

Achievements and progress



In the Colombia Regional we deepened our competitive strategy, which is focused on a value proposition tailored for each segment, boosting the development our clients' business. Thus, in 2012 we conducted the customer satisfaction survey applied by the external firm, Ipsos Napoleon Franco. The survey yielded an overall score of 86.1 this being the highest score obtained by the Colombia Regional in the past five years and higher than the international standard of satisfied customers, which is 82.5.

Additionally, we did the *Top of Mind* (TOM) measurement on the Argos brand among the general public with the help of the external firm Invamer. The score was 56 points, which shows an improvement of 15 points over the 41 TOM points obtained in 2011.

In order to improve our closeness with our customers, in 2012 we held various activities focused on the development of retail and wholesale distributors as well as industrial customers:

- The Construyá program was implemented giving total disbursements of COP\$5,000 million (USD 2.82 million) to more than 1,500 families benefited. Also through the Affordable Housing Program, Argos sold 165,000 tonnes of cement.
- We conducted the Business Strengthening Certification program, offered to owners of depots and hardware stores in the cities of Bogota, Medellin, Barranquilla, Cali, Manizales and Cartagena. 470 clients received the certification. Also, we conducted over 1,500 trainings in construction techniques, for construction workers, and 212 certifications for foremen.
- The number of clients increased from 9,051 in 2011 to 9,899 in 2012, representing a 9% increase. We launched the Internet sales system in order to provide our customers with a new self-service channel.
- We sponsored the National Indoor Soccer League, promoting the development of indoor soccer as a sport in Colombia. Additionally, we conducted the Argos Indoor Soccer tournament for foremen,

in which more than 5,000 construction workers competed, making it the nation's largest amateur private Indoor Soccer tournament. The tournament took place in 14 cities and 660 games were played. We did not survey the level of customer satisfaction in the USA Regional for 2012, but we had great challenges because of the new acquisitions. We would like to point out the successful management of the transition to the Argos brand after acquiring the Lafarge East's assets. It was done through proactive communication and the projection of the heritage brands. We retained all strategic accounts and held a combined market share despite the competitive environment.

As for Panama in the Caribbean Regional, we implemented plans to improve our services: developing deliveries to customers, online ordering, centralized scheduling and shipment of concrete. We conducted a customer satisfaction survey, through the external market research company, IPSO TMG Panama, and got a score of 81 points.

In Haiti we adapted new delivery point in strategic places of the city and launched the promotion "Haiti moves with CINA", which aside from delivering 20 bikes, adapted over 100 depots with the image of CINA throughout the Haitian geography, achieving a very good image in the market. No customer satisfaction of was conducted in 2012.

In the Dominican Republic, seeking to be the best business partner for our customers, we provided training to Construction Workers in San Cristobal. We participated in Expo Ferretera 2012 and invited our industrial customers to the ASOCRETO Congress in Cartagena. Every year we conduct a customer satisfaction survey with a specialist agency.

Towards the future

In the Colombia Regional, Argos seeks to consolidate its strategy towards the final consumer, so we will continue with the strategy of brand positioning in all segments, and the consolidation of the Internet channel and proximity to customers of the mass and industrial markets.

At the USA Regional, in order to continue to maximize the value creation for customers, we will improve the penetration rate in all U.S. markets. We will launch the CRM system, increasing our efforts for joint promotion of concrete and cement. Also, in the long term we will introduce sustainable products, such as mixed cement and green concrete to reduce the CO₂ footprint and increase our capacity to meet the growing customer demand.

Also in this regional and in addition to the value proposition for our customers, in 2012 we completed the design, implementation and training on Value Added Specialty Products on concrete, which will be formally launched in the first quarter of 2013.

For the Caribbean Regional, the unified strategy of market attention has been developed and is under implementation. This is focused on customer satisfaction through vertical integration of the concrete and aggregates businesses, the homologation of commercial processes, the development of the value proposition by segments, the brand unification and the use of tools such as CRM, *call center* and online sales and payments that give us a proactive and efficient interaction with our customers, minimizing the variations in the service and aiming at increasing preference and referrals.

In Panama we will work on a value proposition that maximizes the customer and clients' experience

through a more direct relationship and service, tending to the communities with a high commitment to the environment.

In Haiti we will strengthen the relationship with our customers and CINA's image as concrete supplier. In 2013 we will host the first Forum for Construction and will carry out training sessions on the manufacture of cement and the use of concrete.

In the Dominican Republic we will start the loyalty process for our current customers, working on the negative facts that stand out in the satisfaction survey.



Customer, Colombia

6.6 Authorities



Value promise:

We are committed to complying with the Law and having good relations with the Government for the progress of the country.

Argos' relationship with the authorities is built on two complementary dimensions: the first has to do with the regulations and the development of public policy, and the second has to do with public-private partnerships, to assist the state in its agenda to include vulnerable populations.

Regarding regulations, Argos incorporated in one of the chapters of the Business Conduct Code, the conduct and principles to be observed by employees in relation



Policeman, Colombia

to the authorities, particularly the strict compliance of regulations.

In the development of public policy, Argos participates directly or through trade organizations to which it is affiliated (ANDI, Camacol, CCI, in Colombia; PCA, NRMCA, in USA; Capac, in Panamá; Copardom, Adocem, in the Dominican Republic; AIH, AmCham, in Haiti, and ASFA, in Surinam). The participation makes sure that policies and administrative acts allow the business sustainability in matters such as operating licenses, fiscal policy, equal opportunities, legal stability and public budget, technical and vocational training, environmental policy, coverage of key basic services, mobility and physical and social infrastructure. These organizations, in turn, serve as public overseers for the efficient functioning of the state and the separation of powers.

In the other dimension, the Company has established public-private partnerships, which are promoted in the countries and localities where we operate. In Colombia, through the Argos Foundation we are building schools by combining public resources and private execution. In Haiti, through the CINA Foundation, we are supporting health programs providing medical supplies and hardware. In turn, this foundation manages and coordinates resources from international cooperation and supports local authorities in formulating policies.

Towards the future

We will continue with our activities to develop public policy through trade organizations and defining and implementing public-private partnerships.

6.7 Shareholders

Value promise:

We are committed to the transparency in the information and a greater generation of value for our shareholders.

The main objective of the Argos' Investor Relations team is to strengthen the Company's commitment to transparency and good communications of their most important information. In that sense, this team acts as a link between management and the investment community providing information on a regular basis regarding the operational and financial activities of the Company.

In the same way, it promotes closer relations with the financial community, maintaining good relations and open dialogue with stock analysts and other channels between the firm and institutional and natural investors.

The following are the main responsibilities of the team management:

- Adequately reflect the philosophy, policies, attitudes and perspectives the management has on the business to develop a correct and consistent image of the Company.
- Keep the investment community informed about the state of the business through complete, timely and accurate communications, enabling them to gain confidence in the Company and make

objective assessments, reducing the gap between their expectations and the actual results of the Organization.

- Transmitting to management useful information referring to needs, requirements and objectives of the shareholders and investors, and how corporate messages are being received by the market.



Shareholders meeting, Barranquilla, Colombia



Shareholders

www.argos.com.co/cemargos



Panama Plant



CONSOLIDATED FINANCIAL STATEMENTS


Argos Annexes

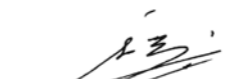
CEMENTOS ARGOS S. A. CONSOLIDATED BALANCE SHEET


As of December 31
(Million of Colombian pesos)

ASSETS	Notes	2012	2011
CURRENT ASSETS			
Available		155,106	262,952
Negotiable investments	5	1,759	27,983
Debtors, net	6	796,519	837,267
Inventory, net	7	355,379	376,626
Prepaid expenses		24,910	29,530
TOTAL CURRENT ASSETS		1,333,673	1,534,358
NON-CURRENT ASSETS			
Long-term debtors	6	39,718	53,815
Inventories	7	-	38,237
Continuous investments	8	145,095	299,457
Property, plant and equipment, net	9	3,779,319	4,177,137
Deferred charges and intangible assets	10	1,375,489	1,466,387
Other assets		19,437	26,933
Assets valuations	19	3,573,985	9,184,742
TOTAL NON-CURRENT ASSETS		8,933,043	15,246,708
TOTAL ASSETS		10,266,716	16,781,066
LIABILITIES AND EQUITY			
CURRENT LIABILITIES			
Financial obligations	11	653,308	1,269,423
Outstanding bonds	12	77,200	224,002
Commercial papers	12	-	199,030
Suppliers and accounts payable	13	560,779	618,347
Taxes, levies and charges	14	124,320	121,499
Labor liabilities	16	51,106	38,470
Other liabilities	17	302,963	322,083
TOTAL CURRENT LIABILITIES		1,769,676	2,792,854
LONG TERM LIABILITIES			
Financial obligations	11	369,717	719,717
Taxes, levies and charges	14	30,745	63,481
Labor liabilities	16	255,627	253,366
Deferred	15	38,166	135,676
Accounts payable	13	75,857	111,122
Outstanding bonds	12	1,930,588	1,006,146
TOTAL NON-CURRENT LIABILITIES		2,700,700	2,289,508
TOTAL LIABILITIES		4,470,376	5,082,362
Minority interest		82,855	81,305
EQUITY , see attached statements	18	5,713,485	11,617,399
TOTAL LIABILITIES AND EQUITY		10,266,716	16,781,066
Memorandum accounts	20	2,233,588	3,517,113

The attached notes are an integral part of the financial statements.


Jorge Mario Velásquez J.
Legal Representative
(See attached certification)


Óscar Rodrigo Rubio C.
Corporate Accounting Manager
Professional Card 47208-T
(See attached certification)


Juan David López M.
Statutory Auditor
Professional Card 139197-T
Appointed by Deloitte & Touche Ltda.
(See attached report)

Panama, Caribbean Regional

STATEMENT OF
CASH FLOWS CASH
CONSOLIDATED

STATEMENT OF CHANGES
OF FINANCIAL POSITION.
CONSOLIDATED TO FINANCIAL POSITION.

CONSOLIDATED STATEMENT
OF CHANGES TO EQUITY

CONSOLIDATED
INCOME STATEMENT

CONSOLIDATED
BALANCE SHEET


CEMENTOS ARGOS S. A. CONSOLIDATED INCOME STATEMENT


Years that ended on December 31


(Million of Colombian pesos, except net profits per share)

	Notes	2012	2011
operating income		4,380,393	3,668,610
Cost of sales		3,468,457	2,904,365
GROSS PROFIT		911,936	764,245
Operational expense			
Administration	21	327,095	282,230
Sales	22	170,274	134,722
Total operating expense		497,369	416,952
OPERATING INCOME BEFORE ASSETS IMPAIRMENT		414,567	347,293
Assets impairment	10	-	74,460
OPERATING INCOME AFTER ASSETS IMPAIRMENT		414,567	272,833
Other non-operating income (expense)			
Financial income		12,498	18,785
Dividends and profit sharing	23	35,512	72,283
Financial expense		(223,942)	(195,963)
Exchange difference	24	(1,160)	(15,848)
Other incomes	25	362,262	746,023
Other expenses	26	182,947	493,335
Earnings before provision for income tax		416,790	404,778
Provision for income tax	14	17,083	25,024
PROFITS BEFORE MINORITY INTEREST		399,707	379,754
Minority interests' participation in profits of subsidiary companies		(12,088)	(9,780)
CONSOLIDATED NET INCOME		387,619	369,974
Net income per share		336.6	321.2

The attached notes are an integral part of the financial statements.


Jorge Mario Velásquez J.
Legal Representative
(See attached certification)


Óscar Rodrigo Rubio C.
Corporate Accounting Manager
Professional Card 47208-T
(See attached certification)


Juan David Lopez M.
Statutory Auditor
Professional Card 139197-T
Appointed by Deloitte & Touche Ltda.
(See attached report)

CEMENTOS ARGOS S.A. CONSOLIDATED STATEMENT OF CHANGES TO EQUITY

Years ended December 31

(Millions of Colombian pesos)

	Common stock	Additional paid-in shares	Statutory reserve	Reserve for future expansion and investments	Other reserves	Total Reserves:	Equity revaluation	Net income previous years	Net income	Asset valuation surplus	Total Equity
BALANCE AT DECEMBER 31 2010	7.291	210.819	23.163	646.633	15.894	685.690	981.739	-	288.878	9.001.660	11.176.077
Transfer to retained earnings	-	-	-	-	-	-	-	-	-	-	-
Release of untaxed reserves for future expansion	-	-	-	(6.135)	-	(6.135)	-	288.878	(288.878)	-	-
Dividends declared in cash at the rate of COP \$ 132 annually per share payable in four installments from April 2011	-	-	-	-	-	-	-	6.135	-	-	-
Other transactions in reserves	17.479	17.479	-	-	-	-	-	(152.021)	-	-	(152.021)
Transactions for exchange of financial statements	-	-	-	-	-	-	37.396	-	-	-	37.396
Appropriation of reserve of future expansions	-	-	-	142.992	-	142.992	(126.961)	(142.992)	-	-	(126.961)
Wealth tax	-	-	-	-	-	-	-	-	-	295.455	295.455
Adjustment for revaluations	-	-	-	-	-	-	-	-	369.974	-	369.974
BALANCE AT DECEMBER 31 2011	7.291	210.819	23.163	783.490	33.373	840.026	892.174	-	369.974	9.297.115	11.617.399
Transfer to retained earnings	-	-	-	-	-	-	-	-	369.974	(369.974)	-
Release of untaxed reserves for future expansion	-	-	-	(51.234)	-	(51.234)	-	51.234	-	-	-
Dividends declared in cash at the rate of COP \$ 140 annually per share payable in four installments from April 2012	-	-	-	-	-	-	-	-	-	-	-
Division	(1.175)	(33.970)	(9.318)	(163.428)	(427)	(173.173)	(145.358)	(161.234)	-	(5.545.613)	(161.234)
Additional paid-in shares	1.175	(1.175)	-	54.788	(17.496)	37.292	9.937	-	-	-	(5.899.289)
Realized profits for the year	-	-	-	259.974	-	259.974	-	-	-	-	47.229
Appropriation for reserve of future expansion	-	-	-	-	-	-	-	(259.974)	-	-	-
Adjustment for valuation	-	-	-	-	-	-	-	-	-	(278.239)	(278.239)
Net income	-	-	-	-	-	-	-	-	387.619	-	387.619
BALANCE AT DECEMBER 31 2012	7.291	175.674	13.845	883.590	15.450	912.885	756.763	-	387.619	3.473.263	5.713.485


Jorge Mario Velásquez J.
Representante Legal
(Ver certificación adjunta)


Óscar Rodrigo Rubio C.
Gerente Corporativo de Contabilidad
T.P. 47208-T
(Ver certificación adjunta)


Juan David Lopez M.
Revisor Fiscal
T.P. 139197-T
Designado por Deloitte & Touche Ltda.
(Ver informe adjunto)

CEMENTOS ARGOS S. A.
CONSOLIDATED STATEMENT OF CHANGES TO FINANCIAL POSITION
 Years that ended on December 31
 (Million of Colombian pesos)

Argos Annexes

CEMENTOS ARGOS S. A.
CONSOLIDATED STATEMENT OF CASH FLOWS
 Years that ended on December 31
 (Million of Colombian pesos)

STATEMENT OF CASH FLOWS CASH CONSOLIDATED

STATEMENT OF CHANGES CONSOLIDATED TO FINANCIAL POSITION.

CONSOLIDATED STATEMENT OF CHANGES TO EQUITY

INCOME STATEMENT CONSOLIDATED

BALANCE SHEET CONSOLIDATED

STATEMENT OF CASH FLOWS CASH CONSOLIDATED

STATEMENT OF CHANGES CONSOLIDATED TO FINANCIAL POSITION.


CONSOLIDATED STATEMENT OF CHANGES TO EQUITY

INCOME STATEMENT CONSOLIDATED


BALANCE SHEET CONSOLIDATED

	2012	2011
FUNDS PROVIDED BY:		
Net income	387,619	369,974
Plus (minus) charges (credits) on results not affecting working capital:		
Depreciation of real state, plant and equipment	312,404	269,813
Amortization of deferred charges and other	64,219	138,898
Other amortizations	1,642	18,625
Intangible assets written-off	-	96,799
Recovery of provision for investments	(2,463)	-
Long-term exchange difference on financial obligations and accounts payable	(75,787)	53,325
Profit from sale of property, plant and equipment, net	(4,017)	(8,554)
Loss for sale of property, plant and equipment	546	-
Loss for retirement of other assets	3,182	-
Loss for retirement of real state, plant and equipment	996	13,803
Profit from sale of permanent investments	(231,369)	(641,155)
Amortization on retirement pensions	-	26,795
Minority interests' participation	12,088	9,780
Assets impairment	-	74,460
WORKING CAPITAL PROVIDED FOR OPERATING ACTIVITIES	469,060	422,563
FUNDING FROM OTHER SOURCES:		
Sale of property, plant and equipment	6,180	21,056
Sale of permanent investments	(257,303)	(715,280)
Decrease of long term inventories	38,237	1,175
Decrease of deferred and intangible assets	3,505	-
Decrease of other assets	-	17,386
Increase of long term labor liabilities	2,261	1,581
Increase of long term bonds	922,800	-
Increased equity for other variations in equity	-	192,733
Increase in long term taxes	-	63,481
TOTAL FUNDS PROVIDED	1,699,346	1,435,255
THE PROVIDED FUNDS WERE USED TO:		
Increase long-term liabilities	15,295	15,585
Purchase of property, plant and equipment	167,346	253,530
Purchase of permanent investments	-	746
Increase of deferred and intangible assets	-	4,638
Increase in permanent investments for profits realization	-	33,474
Net increase in property, plant and equipment to incorporate companies	-	1,349,042
Declared dividends	-	152,021
Decrease of long term financial obligations	-	161,234
Decrease of long term accounts payable	-	274,213
Decrease of long-term taxes	-	35,265
Decrease of long-term deferred liabilities	-	25,410
Net effect due to division	-	89,880
Transfer of sort-term bonds	-	25,958
Decrease of minority interests	-	-
Equity tax	-	224,002
Decrease of minority interests	-	69,542
Equity tax	-	7,163
Equity tax	-	127,347
TOTAL FUNDS USED	876,853	2,405,906
INCREASE (DECREASE) IN WORKING CAPITAL	822,493	(970,651)
CHANGES IN COMPONENTS OF WORKING CAPITAL:		
Available cash and cash equivalents and temporal investments	(134,070)	(185,195)
Debtors, net	(40,748)	149,394
Inventories, net	(21,247)	87,151
Prepaid expenses	(4,620)	5,913
Financial obligations	(616,115)	(587,241)
Outstanding bonds	146,802	(224,002)
Commercial papers	199,030	50,970
Suppliers and accounts payable	57,568	(117,598)
Taxes, levies and charges	(2,821)	(75,054)
Labor liabilities	(12,636)	(2,051)
Other liabilities	19,120	(72,938)
INCREASE (DECREASE) OF WORKING CAPITAL	822,493	(970,651)

The attached notes are an integral part of the financial statements.

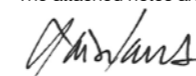

 Jorge Mario Velásquez J.
 Legal Representative
 (See attached certification)



 Oscar Rodrigo Rubio C.
 Corporate Accounting Manager
 Professional Card 47208-T
 (See attached certification)



 Juan David López M.
 Statutory Auditor
 Professional Card 139197-T
 Appointed by Deloitte & Touche Ltda.
 (See attached report)

	2012	2011
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	387,619	369,974
Adjustments to reconcile net income to net cash Provided for operating activities:		
Depreciation of property, plant and equipment	312,404	269,813
Amortization of deferred charges and other	64,219	138,898
Other amortizations	1,642	18,625
Intangibles write-off	-	96,799
Recovery of provision for investments	(2,463)	-
Profit from sale of property, plant and equipment, net	(4,017)	(8,554)
Loss for sale of property, plant and equipment	546	-
Loss for assets retirement	3,182	-
Loss for retirement of property, plant and equipment	996	13,803
Profit from sale of permanent investments	(231,369)	(641,155)
Amortization on retirement pensions	-	26,795
Revenues receivable	(5,822)	(15,851)
Provision for debtors	8,497	5,243
Provision for inventories	1,768	2,138
Long-term exchange difference on financial obligations and accounts payable	(75,787)	53,325
Minority interests' participation	12,088	9,780
Assets impairment	-	74,460
SUBTOTAL OPERATING CASH FLOW	473,503	414,093
CHANGES IN OPERATING ASSETS AND LIABILITIES:		
Debtors	(34,886)	(154,371)
Inventories	(74,136)	(88,114)
Prepaid expenses	4,620	(5,913)
Suppliers and accounts payable	11,757	117,598
Labor liabilities	16,907	3,632
Taxes, levies and charges	(26,088)	75,054
Other liabilities	46,986	72,938
Deferred liabilities	(89,880)	(25,193)
NET CASH PROVIDED BY OPERATING ACTIVITIES	328,783	409,724
CASH FLOWS FROM INVESTMENT ACTIVITIES:		
Sale of property, plant and equipment	6,180	21,056
Sale of permanent investments	257,303	715,280
Purchase of property, plant and equipment	(167,346)	(253,530)
Purchase permanent investments	(746)	-
Net increase in property, plant and equipment to incorporate companies	-	(1,349,042)
Decrease (increase) of deferred and intangible assets	3,505	(159,046)
Increase of permanent investments from the realization of profits	-	(33,474)
(Increase) decrease of other assets	(4,638)	17,386
NET CASH PROVIDED FOR INVESTMENT ACTIVITIES	94,258	(1,041,370)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Declared dividends	(161,234)	(152,021)
Payment of outstanding bonds and commercial papers	(423,032)	(50,970)
Issuance of bonds	1,000,000	-
(Increase) decrease of financial obligations	(868,038)	553,148
Increase of long term taxes	-	63,481
Decrease of long term accounts payable	(35,265)	(25,410)
Equity tax	-	(127,347)
(Decrease) increase of equity for other variations in equity	-	192,733
NET CASH PROVIDED (USED) FOR FINANCING ACTIVITIES	(487,569)	453,614
Decrease in cash and cash equivalents	(64,528)	(178,032)
Other financial items not affecting the working capital:		
Decrease of minority interest	(69,542)	7,163
Cash and cash equivalents at beginning of the year	290,935	476,130
CASH AND CASH EQUIVALENTS AT YEAR END	156,865	290,935
CASH EQUIVALENTS		
Available	155,106	262,952
Negotiable investments	1,759	27,983
CASH AND CASH EQUIVALENTS	156,865	290,935

The attached notes are an integral part of the financial statements.


 Jorge Mario Velásquez J.
 Legal Representative
 (See attached certification)


 Oscar Rodrigo Rubio C.
 Corporate Accounting Manager
 Professional Card 47208-T
 (See attached certification)


 Juan David López M.
 Statutory Auditor
 Professional Card 139197-T
 Appointed by Deloitte & Touche Ltda.
 (See attached report)

CERTIFICATION OF THE LEGAL REPRESENTATIVE OF THE COMPANY

Barranquilla, February 21, 2013

To the Shareholders of Cementos Argos S.A. and to the public in general,

As Legal Representative, I hereby certify that the Consolidated Financial Statements at December 31, 2012 released for public domain, do not contain any errors, inaccuracies or flaws that could prevent the public from knowing the financial position of Cementos Argos S.A. or the operations it carried out during said period.


Jorge Mario Velásquez J.
 Legal Representative
 Cementos Argos S.A.


CERTIFICATION OF THE LEGAL REPRESENTATIVE AND THE CORPORATE ACCOUNTING MANAGER OF THE COMPANY


Barranquilla, February 21, 2013

To the Shareholders of Cementos Argos S.A.,

The undersigned Legal Representative and Corporate Accounting Manager of Cementos Argos S.A. certifies that the consolidated financial statements of the Company at 31 December 2012 and 2011 have been faithfully taken from the ledgers and that before being released and made available to third parties we verified the following statements in them:

- a) All assets and liabilities included in the consolidated financial statements of the Company at 31 December 2012 and 2011, and all transactions included in these statements were made during the years ended in said dates.
- b) All economic transactions made by the Company and its subsidiaries for the year that ended on December 31, 2012 and 2011 have been recognized in the financial statements.
- c) Assets represent potential future earnings (rights) and liabilities represent probable future outlays (obligations) either obtained by or for the account of the Company at December 31, 2012 and 2011.
- d) All items have been posted at their appropriate values according to the generally accepted accounting principles in Colombia.
- e) All economic events affecting the Company and its subsidiaries have been correctly classified, described and revealed in these financial statements.


Jorge Mario Velásquez J.
 Legal Representative
 Cementos Argos S. A.


Óscar Rodrigo Rubio C.
 Corporate Accounting Manager
 P.C. 47208-T



STATUTORY AUDITOR'S REPORT

in all relevant respects, the consolidated financial position of CEMENTOS ARGOS S.A. and its subsidiaries at December 31, 2012 and 2011, the results of its operations, changes in equity, changes in its financial situation and its cash flows for the years that ended on said dates, in conformity with the accounting principles generally accepted in Colombia, applied on a consistent basis.

As mentioned in Note 1 to the consolidated financial statements, on May 30, 2012 the division acquisition was concluded by which Cementos Argos S.A. gave the parent company Grupo Argos S.A. consolidated net assets for COP\$ 5.9 trillion. This operation affects the comparability of the attached financial statements.

Juan David López M.
 Statutory Auditor
 Professional Card 139197-T
 Appointed by Deloitte & Touche Ltda.

To the Shareholders of Cementos Argos S.A.,

I have audited the consolidated balance sheets of CEMENTOS ARGOS S.A. and its subsidiaries at December 31, 2012 and 2011, as well as the related consolidated statements of income, changes on equity, changes in its financial position and cash flows for the years ending on said dates, and the summary of significant accounting policies and other explanatory notes.

The administration is responsible for the preparation and accurate presentation of these financial statements according to the accounting principles generally accepted in Colombia. This responsibility includes: designing, implementing and maintaining an adequate internal control system for the preparation and presentation of financial statements free from material misstatements, whether due to fraud or error; selecting and applying appropriate accounting policies, as well as making accounting estimates that are reasonable in the circumstances.

My responsibility is to emit an opinion on these financial statements based on my audits. I obtained the information necessary to comply with my duties and carry out my audit in accordance to the auditing standards generally accepted in Colombia. Such standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements. An audit of financial statements involves examining, on a selective basis, the evidence supporting the amounts and disclosures in the financial statements. The audit procedures selected depend on the auditor's professional judgment, including his assessment of the risk of material misstatements in the financial statements. In making the risk assessment, the auditor considers the Company's internal control relevant to the preparation and reasonable presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes assessing the accounting principles used and significant estimates made by the administration, as well as evaluating the overall presentation of the financial statements. I believe that my audits provide me a reasonable basis to express my opinion.

At December 31, 2012 and 2011, CEMENTOS ARGOS S.A. had direct and indirect investments in companies audited by other auditors and statutory auditors consolidated under the global consolidation method, according to the financial statements of these companies at that time, representing 6% and 5% of the assets and 7% and 9% of the total consolidated revenues, respectively.

In my opinion and based on my audits and those of the statutory auditors, and the auditors of the subsidiaries referred to in the preceding paragraph, the consolidated financial statements above mentioned fairly present,

February 21, 2013


CONSOLIDATED INDIVIDUAL STATEMENTS


Argos Annexes


CEMENTOS ARGOS S. A. BALANCE SHEET As of December 31 (Million of Colombian pesos)

ASSETS	Notes	2012	2011
CURRENT ASSETS			
Cash		72,333	151,286
Negotiable investments	4	627	13,135
Debtors, net	5	534,570	555,135
Inventory, net	6	110,057	145,200
Prepaid expenses		7,636	5,822
TOTAL CURRENT ASSETS		725,223	870,578
NON-CURRENT ASSETS			
Long-term debtors	5	635,127	744,269
Permanent investments	7	3,883,548	4,459,627
Real state, plant and equipment, net	8	685,908	731,896
Deferred and intangible assets	9	480,326	470,934
Other assets		4,752	12,886
Assets valuations	10	3,573,985	9,184,742
TOTAL NON-CURRENT ASSETS		8,712,438	14,890,361
TOTAL ASSETS		9,437,661	15,760,939
LIABILITIES AND SHAREHOLDERS' EQUITY			
CURRENT LIABILITIES			
Financial obligations	11	437,561	1,042,663
Outstanding bonds	12	77,200	224,002
Commercial papers	12	-	199,030
Suppliers and accounts payable	13	434,872	409,439
Taxes, levies and charges	14	75,725	84,472
Labor liabilities	15	19,945	18,168
Accrued liabilities	16	76,935	59,556
Advance payments		44,335	53,104
TOTAL CURRENT LIABILITIES		1,769,676	2,792,854
NON-CURRENT LIABILITIES			
Financial obligations	11	264,640	553,263
Outstanding bonds	12	1,930,588	1,006,146
Labor liabilities	15	255,627	253,365
Suppliers and accounts payable	13	75,857	111,122
Taxes, levies and charges	14	25,970	51,940
Deferred		3,115	28,234
TOTAL NON-CURRENT LIABILITIES		2,555,797	2,004,070
TOTAL LIABILITIES		3,722,370	4,094,504
EQUITY			
See attached statements	17	5,715,291	11,666,435
TOTAL LIABILITIES AND EQUITY		9,437,661	15,760,939
Memorandum accounts	18	1,283,939	2,465,697

The attached notes are an integral part of the financial statements.


Jorge Mario Velásquez J.
Legal Representative
(See attached certification)


Óscar Rodrigo Rubio C.
Corporate Accounting Manager
Professional Card 47208-T
(See attached certification)


Juan David Lopez M.
Statutory Auditor
Professional Card 139197-T
Appointed by Deloitte & Touche Ltda.
(See attached report)


CEMENTOS ARGOS S. A. INCOME STATEMENT


Years that ended on December 31


(Million of Colombian pesos, except net profits per share)

	Notes	2012	2011
OPERATING INCOME	19	1,768,330	1,602,470
Cost of sale		1,150,343	1,086,715
GROSS PROFIT		617,987	515,755
OPERATIONAL EXPENSE			
Administration	20	197,781	167,778
Sales	21	71,728	60,275
Total operating expense		269,509	228,053
OPERATING INCOME		348,478	287,702
OTHER INCOME (EXPENSE)			
Financial income		28,721	36,161
Financial expense		(199,245)	(174,291)
Exchange difference, net		548	(15,330)
Net equity in results of subsidiary companies	7	19,031	(196,101)
Other income	22	340,595	767,079
Other expenses	23	(133,952)	(308,990)
Earnings before provision for income tax		404,176	396,230
Provision for income tax	14	16,557	26,256
NET INCOME		387,619	369,974
Net income per share (in Colombian pesos)		336,57	321,25

The attached notes are an integral part of the financial statements.

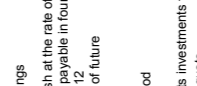

Jorge Mario Velásquez J.
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(See attached certification)


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Appointed by Deloitte & Touche Ltda.
(See attached report)

CEMENTOS ARGOS S.A. STATEMENT OF CHANGES TO EQUITY For years ending December 31, 2009 (In millions of Colombian pesos)

	Common stock	Additional paid-in shares	Surplus equity method	Statutory reserve	Reserve for future expansion and investments	Other reserves	Total Reserves:	Equity revaluation	Net income previous years	Net income	Asset valuation surplus	Total Equity
	COP\$ 7.291	COP\$ 210.819	COP\$ 256.702	COP\$ 23.163	COP\$ 703.228	COP\$ 15.877	COP\$ 42.268	\$ 1.005.990	COP\$	COP\$	COP\$	COP\$
BALANCE AT DECEMBER 31 2010												11.256.905
Transfer to retained earnings	-	-	-	-	-	-	-	-	288.978	(288.978)	-	-
Release of untaxed reserves for future expansion	-	-	-	(6.134)	(6.134)	-	(6.134)	-	6.134	-	-	-
Dividends declared in cash at the rate of COP \$126 annually per share payable in four installments from April 2010	-	-	-	-	-	-	-	-	(152.021)	-	-	(152.021)
Appropriation for reserve of future expansion	-	-	-	-	142.991	-	142.991	-	(142.991)	-	-	-
Tax on equity	-	-	-	-	-	-	-	(103.879)	-	-	-	(103.879)
Surplus for equity method	-	-	569.664	-	-	-	-	-	-	-	-	569.664
Adjustment of valuation on property, plant and equipment for technical appraisals	-	-	-	-	-	-	-	-	-	-	(1.461.961)	(1.461.961)
Adjustment of investments investments to intrinsic, stock exchange quote	-	-	-	-	-	-	-	-	-	-	1.187.753	1.187.753
Net income	-	-	-	-	-	-	-	-	-	369.974	-	369.974
BALANCE AT DECEMBER 31 2011	7.291	210.819	826.366	23.163	840.085	15.877	879.125	902.111	COP\$	369.974	3.022.777	\$ 11.666.435
Transfer to retained earnings	-	-	-	-	-	-	-	-	369.974	(369.974)	-	-
Dividends declared in cash at the rate of COP \$140 annually per share payable in four installments from April 2012	-	-	-	-	-	-	-	-	(161.235)	-	-	(161.235)
Appropriation for reserve of future expansion	-	-	-	-	208.739	-	208.739	-	(208.739)	-	-	-
Surplus from equity method	-	-	(240.301)	-	-	-	-	-	-	-	-	(240.301)
Adjustment of investments investments to intrinsic, stock exchange quote	-	(33.969)	(135.581)	(9.318)	(163.427)	(427)	(173.172)	(145.358)	-	-	(3.082)	(3.082)
Demerger	1.175	-	-	-	-	-	-	-	-	-	(5.444.890)	(5.444.890)
Additional paid-in share	1.175	(1.175)	-	-	-	-	-	-	-	-	-	-
Income for the period	-	-	-	-	-	-	-	-	-	387.619	-	387.619
BALANCE AT DECEMBER 31 2012	7.291	175.675	450.484	13.845	885.397	15.450	914.692	756.753	COP\$	387.619	3.022.777	cop\$ 6.715.291


Oscar Rodrigo Rubio C.
Corporate Accounting Manager
Professional Card 47208-T
(See attached certification)


Jorge Mario Velásquez J.
Legal Representative (See attached certification)


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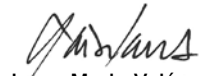

Juan David López M.
Statutory Auditor
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Appointed by Deloitte & Touche Ltda. (See attached report)


CEMENTOS ARGOS S. A. STATEMENT OF CHANGES TO FINANCIAL POSITION


(Million of Colombian pesos)

	2012	2011
Financial resources were provided by:		
Net income	387,619	369,974
Plus (minus) - Charges (credits) to results not affecting the working capital:		
Participation in profits of subsidiary companies	(19,031)	196,101
Depreciation and amortization of real state, plant and equipment	91,612	94,561
Amortization of deferred tax and other assets	43,084	40,079
Profit from sale of property, plant and equipment	(214)	(7,178)
Profit from sale of permanent investments	(231,368)	(638,387)
Profit (loss) from sale of other assets	(4)	266
Loss on sale or retirement of assets	3,195	119,142
Amortization of retirement pensions	538	26,794
Exchange difference long term liabilities	(18,399)	15,478
Exchange difference on permanent investments and other	63,980	(10,448)
Deferred tax amortization and other	(5,116)	8,759
Provisions recovery	(33,546)	(2,286)
Provision for the protection of assets	8,057	56,421
Working capital provided for the year operations	290,407	269,276
FUNDING FROM OTHER SOURCES:		
Dividends received from permanent investments	43,996	43,015
Proceeds from the sale of property, plant and equipment	841	9,517
Proceeds from the sale of permanent investments	259,344	667,615
Proceeds from the sale of other assets	405	1,079
Decrease of long term inventories	-	1,164
Increase of long term creditors	-	18,565
Increase of outstanding bonds	922,800	-
TOTAL FINANCIAL RESOURCES PROVIDED	1,517,793	1,010,231
Declared dividends	161,235	152,020
Purchase of property, plant and equipment	89,758	120,665
Increase of permanent investments	45,022	1,573,904
Decrease of long term financial obligations	273,442	32,764
Decrease of long term creditors	56,293	-
Increase of deferred and intangible	71,188	45,929
Increase of long-term debtors	338	2,375
Tax on equity paid	-	103,880
Net decrease of assets and liabilities due to division	42,	-
Decrease of long term bonds	-	224,002
TOTAL FINANCIAL RESOURCES USED USED	739,287	2,255,539
INCREASE (DECREASE) OF WORKING CAPITAL	778,506	(1,245,308)
CHANGES IN WORKING CAPITAL COMPONENTS:		
Cash	(78,953)	20,663
Negotiable investments	(12,508)	(200,327)
Debtors, net	(20,565)	(286,618)
Inventories, net	(35,143)	20,527
Prepaid expenses	1,814	(2,267)
Financial obligations	605,102	(597,012)
Bonds and commercial papers	345,832	(173,032)
Suppliers and accounts payable	(25,433)	13,402
Taxes, levies and charges	(3,067)	(42,096)
Labor liabilities	(1,777)	62
Other liabilities and accrued liabilities	3,204	1,390
INCREASE (DECREASE) OF WORKING CAPITAL	778,506	(1,245,308)

The attached notes are an integral part of the fina


Jorge Mario Velásquez J.
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(See attached certification)


Óscar Rodrigo Rúbio C.
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Statutory Auditor
PROFESSIONAL CARD 139197-T


Appointed by Deloitte & Touche Ltda.
(See attached report)


CEMENTOS ARGOS S. A. STATEMENT OF CASH FLOWS


Years that ended on December 31
(Million of Colombian pesos)

	2012	2011
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	387,619	369,974
Adjustments to reconcile the year's net income with net cash provided for operating activities:		
Participation in profits of subsidiary companies	(19,031)	196,101
Depreciation and amortization of real state, plant and equipment	91,612	94,561
Amortization of deferred charges and intangibles	43,084	40,079
Profit from sale of property, plant and equipment	(214)	(7,178)
Profit from sale of permanent investments	(231,368)	(634,804)
Profit (loss) from sale of other assets	(4)	266
Loss from sale or retirement of assets	5,601	120,381
Amortization of bonds	1,642	1,642
Amortization of retirement pensions	538	26,794
Exchange difference on long term liabilities	(18,937)	15,507
Exchange difference on permanent investments and other	63,980	(10,448)
Amortization of deferred tax and other assets	(6,758)	7,117
Recovery of the provision for the protection of receivable	(35,656)	(1,265)
Recovery of the provision for the protection of assets	15,092	63,266
Valuation of derivative transactions	39,358	(49,234)
336,558	232,759	
CHANGES IN operating ASSETS AND LIABILITIES:		
Debtors	(86,842)	207,750
Inventories	(26,162)	(21,200)
Prepaid expenses	(1,814)	2,267
Suppliers and accounts payable	(39,197)	(63,824)
Labor liabilities	3,501	(62)
Other liabilities and estimated liabilities	29,752	(1,445)
Taxes, levies and charges	(34,717)	42,096
NET CASH USED IN OPERATING ACTIVITIES	181,079	398,341
CASH FLOWS FROM INVESTMENT ACTIVITIES:		
Proceeds from the sale of property, plant and equipment	841	9,517
Proceeds from the sale of permanent investments	259,344	667,615
Proceeds from the sale of other assets	405	1,079
Dividends received in cash	89,441	167,124
Purchase of permanent investments	(45,022)	(1,573,904)
Purchase of property, plant and equipment	(89,758)	(120,665)
Increase of deferred and intangibles	(71,188)	(45,929)
NET CASH PROVIDED FOR (USED IN) INVESTMENT ACTIVITIES	144,063	(895,163)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds paid in cash	(115,027)	(108,430)
Increase of long-term debtors	-	(2,375)
Net increase (decrease) of financial obligations	(878,544)	(564,248)
Increase of long term creditors	-	18,565
Payment of outstanding bonds and commercial papers	(423,032)	(250,000)
Issuance of outstanding bonds and commercial papers	1,000,000	199,030
NET CASH PROVIDED BY FINANCING ACTIVITIES	(416,603)	421,038
Net decrease in cash and cash equivalents	(91,461)	(75,784)
Operations that do not involve cash flows		
Payment of equity tax	-	(103,880)
Cash and cash equivalents at beginning of the year	164,421	344,085
CASH AND CASH EQUIVALENTS AT YEAR END	72,960	164,421
CASH EQUIVALENTS		
Available	72,333	151,286
Negotiable investments	627	13,135
72,960	164,421	

The attached notes are an integral part of the financial statements.


Jorge Mario Velásquez J.
Legal Representative
(See attached certification)


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Appointed by Deloitte & Touche Ltda.
(See attached report)

CERTIFICATION OF THE LEGAL REPRESENTATIVE OF THE COMPANY

Barranquilla, February 21, 2013

**To the Shareholders of Cementos Argos S.A.,
and to the public in general,**

As Legal Representative, I hereby certify that the Individual Financial Statements at December 31, 2012 that have been placed in the public domain, do not contain any errors, inaccuracies or flaws that could prevent the public from knowing the financial position of Cementos Argos S.A. or the operations it carried out during said period.


Jorge Mario Velásquez J.
Legal Representative
Cementos Argos S.A.


CERTIFICATION OF THE LEGAL REPRESENTATIVE AND THE CORPORATE ACCOUNTING MANAGER OF THE COMPANY


Barranquilla, February 21, 2013

To the Shareholders of Cementos Argos S.A.,

The undersigned Legal Representative and Corporate Accounting Manager of Cementos Argos S.A. certifies that the financial statements of the Company at 31 December 2012 and 2011 have been faithfully taken from the ledgers and that before being released and made available to third parties we verified the following statements in them:

- a) All assets and liabilities included in the financial statements of the Company as at 31 December 2012 and 2011, and all transactions included in these statements were made during the years ending on said dates.
- b) All economic transactions made by the Company for the years ending on December 31, 2012 and 2011 have been recognized in the financial statements.
- c) Assets represent potential future earnings (rights) and liabilities represent probable future commitments (obligations) either obtained by or for the account of the Company at December 31, 2012 and 2011.
- d) All items have been posted at their appropriate values according to the generally accepted accounting principles in Colombia.
- e) All economic events affecting the Company have been correctly classified, described and revealed in these financial statements.


Jorge Mario Velásquez J.
Legal Representative
Cementos Argos S. A.


Óscar Rodrigo Rubio C.
Corporate Accounting Manager
P.C. 47208-T



STATUTORY AUDITOR'S REPORT

To the Shareholders of Cementos Argos S.A.,

I have audited the balance sheets of CEMENTOS ARGOS S.A. at December 31, 2012 and 2011, as well as the related income statements, changes on equity, changes on financial position and cash flows for the years ending on said dates, and the summary of significant accounting policies and other explanatory notes.

The administration is responsible for the preparation and accurate presentation of these financial statements according to the accounting principles generally accepted in Colombia. This responsibility includes: designing, implementing and maintaining an adequate internal control system for the preparation and presentation of financial statements free from material misstatements, whether due to fraud or error; selecting and applying appropriate accounting policies, as well as making accounting estimates that are reasonable in the circumstances.

My responsibility is to emit an opinion on these financial statements based on my audits. I obtained the information necessary to comply with my duties and carry out my audit in accordance to the auditing standards generally accepted in Colombia. Such standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements. An audit of financial statements involves examining, on a selective basis, the evidence supporting the amounts and disclosures in the financial statements. The audit procedures selected depend on the auditor's professional judgment, including his assessment of the risk of material misstatements in the financial statements. In making the risk assessment, the auditor considers the Company's internal control as relevant to the preparation and reasonable presentation of the financial statements in order to design audit procedures that are appropriate for the circumstances. An audit also includes assessing the accounting principles used and significant estimates made by the Administration, as well as evaluating the overall presentation of the financial statements. I believe that my audits provide me a reasonable basis to express my opinion.

In my opinion the financial statements above mentioned, taken from the ledgers, fairly present, in all relevant respects, the consolidated financial position of CEMENTOS ARGOS S.A. at December 31, 2012 and 2011, the results of its operations, changes in equity, changes in its financial situation and its cash flows for the years then ended, in conformity with the accounting principles generally accepted in Colombia, applied on a consistent basis.

As mentioned in Note 1 to the consolidated financial statements, on May 30, 2012 the division by acquisition was concluded by which Cementos Argos S.A. gave the parent company Grupo Argos S.A. net assets for COP\$ 5.9

trillion. This operation affects the comparability of the attached financial statements.

Also, based on the scope of my audit, I report that the Company has kept its accounts in accordance with the legal regulations and accounting techniques. The transactions recorded in the accounting records and actions of managers conform to the bylaws and the decisions of the Shareholders and the Board. Correspondence, account records and minute books and share register are kept and preserved properly, the directors' management report is consistent with the audited basic financial statements. The Company is not in default regarding the contributions to the Comprehensive Social Security System, and mechanisms are in place for the prevention and control of money laundering in accordance with the External Circular No. 60 of 2008 from the Financial Superintendence. My evaluation of the internal control, conducted with the purpose of establishing the scope of my audit tests, did not indicate that the Company has failed to follow adequate internal controls and preservation and custody measures for its assets and those of third parties that are in its possession.

Juan David López M.

Statutory Auditor

Professional Card 139197-T

Appointed by Deloitte & Touche Ltda.

February 21, 2013



Puente Aranda Plant, Colombia

7.3 GRI table

Complete ●
 Partial ●
 Not Reported ○

GRI	Indicator description	Answer	Pg.	Status	Verif.
1. Strategy and Analysis					
1.1	Statement from the top responsible decision-maker.	A letter from the Chairman - We build future	9	●	
1.2	Description of key impacts, risks, and opportunities.	Government and risks - Risk management	80	●	
2. Argos Profile					
2.1	Name of the organization	We build future	27	●	
2.2	Main brands, products and/or services.	About Argos / Our business model	21	●	
2.3	Operational structure of the Company, including main divisions, operative entities, subsidiaries and joint ventures.	About Argos	17/209	●	
2.4	Location of the organization's headquarters.	Headquarters: Calle 7 d No 43 A-99 Medellin, Colombia		●	
2.5	Number of countries where the organization operates, and name of countries with major operations.	About Argos / Our business model	17/20	●	
2.6	Nature of ownership and legal entity	Corporation		●	
2.7	Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries).	About Argos / Our business model	17/20	●	
2.8	Dimensions of the reporting organization.	We build future	27/209	●	
2.9	Significant changes during the reporting period regarding size, structure or ownership.	We build future	27/207	●	
2.10	Awards received during the period reported.	April 2012 - National Award for Cleaner Production (P+L): award granted by the Ministry of Environment and Natural Resources and the Ministry of Trade and Industry, as part of the actions envisaged in the National Policy on Sustainable Consumption and Production.		●	

Cementos Colon won an award in the category of environmental management system for the enterprise.

June, 2012 - Recognition as a world-class product: President, Leonel Fernandez, recognized us for having between 50 and 160 years in service. Cementos Colon has 72 years in the cement industry of the Dominican Republic and is the first cement company in that country.

The minister of Industry and Trade, Manuel Garcia Arevalo said that the companies recognized fulfill the mission of meeting the demands and needs of their customers and consumers by developing world class products.

GRI	Indicator description	Answer	Pg.	Status Verif.
		July 2012 - Cementos Colon ranked 4th in the survey of Best Companies to Work for in the category of companies with fewer than 299 employees, according to a survey done by the Market Magazine in its special issue of July on the subject of human resources of national companies.		
		October 2012 - Silver medal as a major industry in the DR: the nomination was in the category of Big Industry and recognizes the commitment to quality management and excellence of service companies and industrial sector.		

3. Report parameters

3.1	Period of Report	January 1, 2012 to December 31, 2012		●
3.2	Date of previous report 2011			●
3.3	Report cycle (annual, biennial, etc..)	Yearly		●
3.4	Contact point for matters relating to the report or its contents.	(Last page)	214	●
3.5	Process to define the report content.	Materiality analysis, dialogues with stakeholders international standards such as the Global Compact, the Cement Sustainability Initiative	60	●
3.6	Scope of the report.	Report Description	209	●
3.7	State any specific limitations on the scope or boundary of the report.	Report Description	209	●
3.8	Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability from period to period and/or between organizations.		209	●

GRI	Indicator description	Answer	Pg.	Status Verif.
3.9	Data measurement techniques and the bases of calculations	Defined in the indicators presented in the report		●
3.10	Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement.	Defined in the indicators presented in the report		●
3.11	Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report.	Report Description	209	●
3.12	Table identifying the location of the Standard Disclosures in the report.	Contents	5	●
3.13	Policy and current practice with regard to seeking external assurance for the report.	Annexes (Report verification by PricewaterhouseCoopers)	210	●
4. Governance, commitments, and engagement				
4.1	Governance structure of the organization, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organizational oversight.	Government and risks / Corporate Governance	69/74	●
4.2	Indicate whether the Chair of the highest governance body is also an executive officer	Government and risks / Corporate Governance	68	●
4.3	For organizations that have a unitary board structure, state the number and gender of members of the highest governance body that are independent and/or non-executive members.	Government and risks / Corporate Governance	68	●
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body.	About Argos / Dialogue with stakeholders	60	●
4.5	Linkage between compensation for members of the top governance body, senior managers and executives and the organization's performance	In 2012, the sum of the overall remuneration for board members of our company amounted to the total sum of COP\$ 201,585,000.00. For senior management it amounted to COP\$ 13,409,372,619.00. See Action frameworks/Employees		●
4.6	Processes in place for the highest governance body to ensure conflicts of interest are avoided.	http://www.argos.com.co/site/portals/o/documents/Codigo_Buen_Gobierno_Cementos.pdf		●
4.7	Process for determining the composition, qualifications, and expertise of the members of the highest governance body and its committees, including any consideration of gender and other indicators of diversity.	Government and risks / Corporate Governance	74	●
4.8	Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance and the status of their implementation.	Government and risks/Ethics and Transparency/ Materiality analysis	62/76 86	●
4.9	Procedures of the highest governance body for overseeing the organization's identification and management of economic, environmental and social performance, including relevant risks and opportunities, and adherence or compliance with internationally agreed standards, codes of conduct, and principles.	Government and risks / Corporate Governance	10/74 76	●

GRI	Indicator description	Answer	Pg.	Status Verif.
4.10	Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance.	Government and risks / Corporate Governance	75	●
4.11	Explanation of whether and how the precautionary approach or principle is addressed by the organization.	Government and risks / Risk management	80	●
4.12	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses.	Contents / We build future	10/27	●
4.13	Memberships in associations (such as industry associations) and/or national/international advocacy organizations in which the organization: • Has positions in governance bodies; • Participates in projects or committees; • Provides substantive funding beyond routine membership dues; or • Views membership as strategic.	Contents / We build future	27	●
4.14	List of stakeholder groups engaged by the organization.	About Argos / Dialogue with stakeholders	60	●
4.15	Basis for identification and selection of stakeholders with whom to engage.	About Argos / Dialogue with stakeholder	60	●
4.16	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group.	About Argos / Dialogue with stakeholders	60	●
4.17	Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting.	About Argos / Dialogue with stakeholders	60	●

Economic Performance

EC1	Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments.	See table below		●
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Economic value distributed (VED)	Unit	Colombia Regional		Caribbean Regional		USA Regional		Total	
		Pesos	Dollars	Pesos	Dollars	Pesos	Dollars	Pesos	Dollars
Payments to suppliers of goods, services and materials.	Millions	1,559,932.51	882.20	839,201.96	474.60	993,568.44	561.90	3,392,702.90	1918.70
Salaries and benefits for employees: report total payments made to employees including social benefits (1)	Millions	19,098.22	10.80	43,707.10	24.72	47,527.35	26.88	110,332.67	62.40
Payments to providers of capital: report all financial payments to capital providers of the Organization (2).	Millions	202,567.74	114.56	99,540.99	56.29	579.31	0.33	302,688.04	171.18
Payments to governments (by country): report payments made for concept of taxes and gross taxes (3).	Millions	471,344.48	266.56	118,031.87	66.75	85,840.28	48.55	675,216.63	381.86
Community investments: report the voluntary contributions and investment on community funds (including donations to charities, NGOs and research centers (not related to R&D with commercial objectives of the company), providing infrastructure in the community and direct costs of social programs)	Millions	11,184.48	6.33	2,427.76	1.37	0	0	13,612.24	7.70

GRI	Indicator description	Answer	Pg.	Status Verif.
EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change.	Government and risks / Risk management Note: a quantitative estimate has been made on the financial implications the climate change has on the Organization	80	●
EC3	Coverage of the organization's defined benefit plan obligations.	Action Frameworks/Our employees We have made provision for retirement pensions and it was calculated based on actuarial calculations at December 31, 2012. This amount is USD \$ 129,710,422	107	●
EC4	Significant financial assistance received from Governments	No significant contributions have been received from governments.		●
EC5	Range of ratios of standard entry level wage by gender compared to local minimum wage at significant locations of operation.	Colombia: 1.39 / USA: 1.32 / Haiti: 1.68 / Panama: 1.04 / Dominican Republic: 1.20		●
EC6	Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation.	Action frameworks/Suppliers Definition of local: countries where Argos it operates	154	●
EC7	Procedures for local hiring and proportion of senior management hired from the local community at locations of significant operation.	Procedures: Action frameworks/ Employees Proportion: 94,4 % Colombia: 100%, USA: 93%, Haiti: 60%, Panama: 69% Dom. Rep.: 80%		●
EC8	Development and impact of infrastructure investments and services provided primarily for the Public benefit through commercial, pro bono, or in kind.	Action frameworks/Communities	146/ 149	● ✓
EC9	Understanding and describing significant indirect economic impacts, including the extent of impacts.	Action frameworks/Communities	147	●

Environmental performance

EN1	Materials used by weight or volume.	Action frameworks - Environment		●
EN2	Percentage of materials used that are recycled input materials.	Action frameworks - Environment	129	● ✓
EN3	Direct consumption of energy by primary source.	Action frameworks - Environment	130	● ✓
EN4	Indirect consumption of energy by primary source.	Action frameworks - Environment	200	● ✓
EN5	Energy saved due to conservation and efficiency improvements.	Action frameworks - Environment	135	●
EN6	Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives.			○

GRI	Indicator description	Answer	Pg.	Status	Verif.
EN7	Initiatives to reduce indirect energy consumption and reductions achieved.				○
EN8	Total water withdrawal by source.	Action frameworks - Environment	132	●	✓
EN9	Water sources significantly affected by withdrawal of water.				○
EN10	Percentage and total volume of water recycled and reused.	Action frameworks - Environment	132/ 202	●	
EN11	Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas. Indicate the location and				○
EN12	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas.				○
EN13	Habitats protected or restored.				○
EN14	Strategies, current actions, and future plans for managing impacts on biodiversity.	Action frameworks - Environment	141	●	
EN15	Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk.				○
EN16	Total direct and indirect greenhouse gas emissions by weight.	Action frameworks - Environment	137	●	✓
EN17	Other relevant indirect greenhouse gas emissions by weight.				○
EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved.	Action frameworks - Environment	139	●	
EN19	Emissions of substances that destroy the ozone layer by weight.				○
EN20	NO _x , SO _x , and other significant air emissions by type and weight.	Action frameworks - Environment	204 ^{2/}	●	✓
EN21	Total water discharge by quality and destination.	Action frameworks - Environment			○
EN22	Total weight of waste by type and disposal method.	Action frameworks - Environment	205	●	
EN23	Total number and volume of incidental significant spills.				○

GRI	Indicator description	Answer	Pg.	Status	Verif.
EN24	Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III, and VIII, and percentage of transported waste shipped internationally.				○
EN25	Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the reporting organization's discharges of water and runoff.				○
EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation	Action frameworks - Environment	124	●	✓
EN27	Percentage of products sold and their packaging materials that are reclaimed by category.				○
EN28	Monetary value of significant fines and total number of non-monetary sanctions for noncompliance with environmental laws and regulations.				○
EN29	Significant environmental impacts of transporting products and other goods and materials used for the organization's operations, and transporting members of the workforce.				○
EN30	Total environmental protection expenditures and investments by type.				○
Social performance					
Labor Practices and Decent Work.					
LA1	Total workforce by employment type, employment contract, and region, broken down by gender.	Action frameworks - Employees	110	●	✓
LA2	Total number and rate of new employee hires and employee turnover by age group, gender, and region.	Action frameworks - Employees	114	●	✓
LA3	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant locations of operation.	Action frameworks - Employees	117	●	
		Colombia	USD\$ 8,710,981.25		
		USA	USD\$ 27,699,875.00		
		Haiti	USD\$ 345,418.70		
		Panama	USD\$ 638,968.85		
		Dominican Republic	USD\$ 265,696.94		

GRI	Indicator description	Answer	Pg.	Status Verif.
LA4	Percentage of employees covered by collective bargaining agreements.	Action frameworks - Employees / Freedom of Association	118/ 120	● ✓
LA5	Minimum notice period(s) regarding operational changes, including whether it is specified in collective agreements.	Action frameworks - Employees / Freedom of Association	118	●
LA6	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.	Action frameworks - Employees / Freedom of Association	121	●
LA7	Rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities, by region and by gender.	Action frameworks - Employees / Labor safety	121	● ✓
LA8	Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases.	Action frameworks - Employees / Labor safety	122	●
LA9	Health and safety topics covered in formal agreements with trade unions.	In the collective agreements for Cementos Argos, Zona Franca Argos and Concretos Argos, Roberta and Harleyville there is a chapter on Occupational Health Policy, Industrial Security and Environment, which describes the agreements between the company and the employees		●
LA10	Average hours of training per year per employee by gender and by employee category.	Action frameworks - Employees		● ✓
LA11	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.	Action frameworks - Employees	116/ 117	●
LA12	Percentage of employees receiving regular performance and career development reviews, by gender.	Action frameworks - Employees	117	●
LA13	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, membership, and other minority group indicators of diversity.	Action frameworks - Employees	114	● ✓
LA14	Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation.	Action frameworks - Employees		●

GRI	Indicator description	Answer	Pg.	Status Verif.
Performance on human rights				
HR1	Percentage and total number of significant investment agreements and contracts that include clauses incorporating human rights concerns, or that have undergone human rights screening.	There are 37 significant contracts (greater than USD \$ 4 million), of which 59% of these contracts have these clauses. In 2012 there was no invest-		● ✓
HR2	Percentage of significant suppliers, contractors, and other business partners that have undergone human rights screening, and actions taken.	0%		●
HR3	Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained.	As part of the Leaders' School training program, professional and managers with subordinate staff were trained on issues related to human and labor fundamental rights. 297 employees (4.05% of total employees) 2,376 Training hours		●
HR4	Total number of incidents of discrimination and corrective actions taken.	There were no incidents of discrimination		●
HR5	Operations and significant suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and actions taken to support these rights.	We do not have this type of risk or our operations or suppliers		●
HR6	Operations and significant suppliers identified as having significant risk for incidents of child labor, and measures taken to contribute to the effective abolition of child labor.	We do not have this type of risk nor at providers'our		● ✓
HR7	Operations and significant suppliers identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of all forms of forced or compulsory labor.	We do not have this type of risk nor at our relevant		● ✓
HR8	Percentage of security personnel trained in the organization's policies or procedures concerning aspects of human rights that are relevant to operations.			○
HR9	Total number of incidents of violations involving rights of indigenous people and actions taken.	We had no such incidents		●
HR10	Percentage and total number of operations that have been subject to human rights reviews and/or impact assessments			○
HR11	Number of grievances related to human rights filed, addressed and resolved through formal grievance mechanisms.			○

GRI	Indicator description	Answer	Pg.	Status	Verif.
Social performance					
S01	Percentage of operations with implemented local community engagement, impact assessments, and development programs.	Colombia: 100% cement operations and 67% of concrete. Caribbean: 25% of cement operations and 43% of concrete.	151	●	✓
S02	Percentage and total number of business units analyzed for risks related to corruption.			○	
S03	Percentage of employees trained in organization's anti-corruption policies and procedures.	Government and risks/Ethics and Transparency	88	●	
S04	Actions taken in response to incidents of corruption.	Government and risks/Ethics and Transparency	88	●	✓
S05	Public policy positions and participation in public policy development and lobbying.	Action frameworks / Authorities	161	●	
S06	Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country.	No contributions were delivered both financially and in kind		●	
S07	Total number of legal actions for anticompetitive behavior, anti-trust, and monopoly practices and their outcomes.	No legal action in this connection have been established exceeding materiality to the Company (USD 6 million) Government and risks/Ethics and Transparency		●	
S08	Monetary value of significant fines and total number of non-monetary sanctions for noncompliance with laws and regulations.	No legal action in this connection have been established in any of the regionals exceeding the materiality established for the Company (USD 6 million)		●	
S09	Operations with significant potential or actual negative impacts on local communities.	Action frameworks / Communities	147	●	
S010	Prevention and mitigation measures implemented in operations with significant potential or actual negative impacts on local communities.	Action frameworks / Communities	147	●	
Product Responsibility Performance Indicators					
P R 1	Life cycle stages in which health and safety which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures.	According to Argos' Environmental and Sustainability Policy, the Company is carrying out a lifecycle analysis project of some of its products in each of its Caribbean, Colombia and USA Regionals (four types of cements and nine types of concrete), this in order to support the decision-making to mitigate the impact of both our products and our manufacturing processes.		●	✓

GRI	Indicator description	Answer	Pg.	Status	Verif.
		This project has a budget of USD 363,328 and includes the participation of the PRé company which is an expert in this type of projects. The goal for 2022 is that all new products developed by Argos have a life cycle analysis.			
PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services during their life cycle, by type of outcomes.	No incidents were identified		●	
PR3	Type of information on products and services information required by procedures, and percentage of significant products and services subject to such information requirements.			○	
PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes.	No incidents were identified		●	
PR5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction.	Our Performance, customers	158	●	✓
PR6	Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship.	We met our marketing communications, including advertising and promotional activities, and the Company's codes, as local laws and regulations, prevention of conflicts of interest, respect for people and the environment, and also fulfill brand standards such as logo and literature.		●	
PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship by type of outcomes.	No incidents were identified		●	
PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data.	No incidents were identified		●	
PR9	Monetary value of significant fines for noncompliance with laws and regulations concerning the provision and use of products and services.	No significant fines have been reported		●	

GRI EN1

Materials used in tons for cement production	2011	2012	Comments
Raw materials	10,539,012	12,633,225	The total consumption of semifinished products by region, by business and totals are net, after deducting the clinker and cement transferred between plants.
Semi-finished materials	1,458,037	730,729	
Auxiliary materials:	6,292,010	8,216,837	
Packaging materials:	14,331	14,350	The data reported in the 2011 report for 271,824 tons of packaging is incorrect, due to an error in the calculation formula of the Nare Plant. This table presents the right figures.
Total cement:	18,303,390	21,595,141	The values for 2012 include the Colombia, Caribbean and USA Regionals.

Materials used in tons for production of concrete	2011	2012	Comments
Raw materials	13,765,974	18,019,554	For the production of concrete the value of water uptake (EN8) was taken into account as raw material.
Semi-finished materials	2,725,426	2,873,886	
Auxiliary materials:	2,097,073	8,916	
Total concrete:	18,588,473	20,902,357	

Materials used in tons for power generation	2011	2012	Comments
Auxiliary materials:	370,379,531	375,551,767	
Total power generation	370,379,531	375,551,767	
Total consumption of materials	37,149,935	44,230,896	For the total water uptake by source, the total value submitted does not include water used for hydropower generation (Nare plant 343,453,089 m ³ , and Cairo Plant 30,365,280 m ³) since these values hinder the comparison between companies in the same industry.

GRI EN2

Recycled materials used in tonnes	2011	2012	Comments
Materials used in cement (EN1)	18,303,390	21,595,141	
Recycled materials used	272,721	838,708	
Percentage of materials used that are recycled in cement	1.49%	3.88%	Recovered materials: materials replacing virgin materials purchased or obtained from external or internal sources, and are not by-products or products rejected by the Company.
Materials used in concrete (EN1)	18,588,473	20,902,357	
Recycled materials used	338,310	453,399	
Percentage of materials used that are recycled in concrete	1.82%	2.17%	Recovered materials: materials replacing virgin materials purchased or obtained from external or internal sources, and are not by-products or products rejected by the Company.

GRI EN3

Cement direct energy consumption in GJ	2011	2012	Comments
Coal Consumption	22,509,594	21,323,418	
Natural gas consumption	3,174,985	5,354,816	
Other fuels	661,468	635,042	2011 diesel and fuel oil 2012 diesel, fuel oil, gasoline and other.
Primary energy acquired from non-renewable direct sources	26,346,047	27,313,276	
Tires	-	3,115	Corresponds to the coprocessing in the Harleyville plant, USA Regional
RDF including plastics	-	462,525	Corresponds to the coprocessing in the Harleyville plant, USA Regional
Other fuels	-	418,948	Corresponds to the coprocessing in the Roberta plant, USA Regional
Primary energy acquired from non-conventional (alternative) direct sources	-	884,587	
Consumption of hydroelectric energy generated	176,076	181,058	
Consumption of hydroelectric energy generated	176,076	181,058	
Total consumption of direct energy	26,522,123	28,378,922	2012 Colombia, Caribbean and USA Regionals The total direct energy consumption reported in the Sustainability Report 2011 (27,809,044 GJ) is wrong, because the generated thermal energy was mistakenly included in this value, knowing that such consumption was already included in the consumption of coal or natural gas used for its generation. The correct value is presented in this table.

Concrete direct energy consumption in GJ	2011	2012	Comments
DIESEL Consumption	313,985	395,878	
Natural gas consumption	2,980	1,195	
Primary energy acquired from non-renewable direct sources	316,965	397,073	2012 Colombia, Caribbean and USA regionals
Total consumption of direct energy	316,965	397,073	2012 Colombia, Caribbean and USA regionals

Concrete direct energy consumption in GJ	2011	2012	Comments
Coal Consumption	4,537,981	5,059,914	
Natural gas consumption	2,298,296	2,282,489	
Other fuels	170,739	542,715	
Primary energy acquired from non-renewable direct sources	7,007,016	7,885,118	

GRI EN4

Cement indirect energy consumption in GJ	2011	2012	Comments
Purchased electricity consumption	1,131,755	2,074,406	In 2012 Colombia, Caribbean and USA Regionals are included and the latter has no presence of internal power generation plants.
Total consumption of indirect energy	1,131,755	2,074,406	

Concrete indirect energy consumption in GJ	2010	2011	2012
Purchased electricity consumption	99,725	98,572	126,829
Total consumption of indirect energy	99,725	98,572	126,829

GRI EN8

Total water uptake in m ³	2011	2012	Comments
Fresh water captured from surface sources including water from wetlands, rivers and lakes	5,588,383	5,196,190	
Groundwater	141,593	539,919	
Stormwater captured directly by Cementos Argos and/or subsidiary companies	26,519	-	
Municipal water supply or other water companies	1,193,918	1,461,669	
Total uptake in cement production	6,950,413	7,197,779	Colombia, Caribbean and USA regionals
Fresh water captured from surface sources including water from wetlands, rivers and lakes	97,627	191,155	
Groundwater	592,886	386,283	
Stormwater captured directly by Cementos Argos and/or subsidiary companies	-	53,203	
Wastewater from another organization	-	-	
Municipal water supply or other water companies	1,098,535	839,825	
Total uptake in cement production	1,789,048	1,470,466	Colombia, Caribbean and USA regionals
Fresh water captured from surface sources including water from wetlands, rivers and lakes	370,121,531	375,283,955	
Groundwater	-	2,186	
Stormwater captured directly by Cementos Argos and/or subsidiary companies	810	-	
Wastewater from another organization	-	-	
Municipal water supply or other water companies	-	-	
Total uptake for electricity generation	370,122,341	375,286,141	Colombia, Caribbean and USA regionals
Total Uptake	10,018,808	10,136,017	While the sum of the data reported on water uptake in each business is 378,861,802 t, the total value reported here is taken from the report erratum 2011. (not including water uptakes for power generation plants of the Nare and Cairo plants). For 2012 we had the same criteria taken into account in the 2011 errata.

GRI EN10

Total water uptake in m ³	2011	2012	Comments
Reused and/or recycled water in cement	2,165,917	2,014,491	
% of water reused and/or recycled for cement	31.16%	27.99%	The percentage of water reused and/or recycled in the cement business presented in the Sustainability Report 2011 (34.12%) is incorrect. The correct value is presented in this table.
Reused and/or recycled water in concrete	205,757	528,648	
% of water reused and/or recycled for concrete	11.50%	35.95%	
Reused and/or recycled water in generation	58,320	270,611	
% of water reused and/or recycled for generation	0.02%	0.07%	
% of water reused and/or recycled total	24.25%	27.76%	While the percentage of reported water recirculation in the Sustainability Report for 2011 was 0.64%, in the process of developing the 2012 report we identified that the correct value is presented in this table.

GRI EN16

Direct and indirect GHG emissions in cement (applicable for cement CO ₂ and Energy Protocol)	2011	2012	Comments
Direct emissions (tonnes of CO ₂ equivalent/year)	5,180,729	6,038,615	
Total scope 1	5,180,729	6,038,615	
Indirect emissions (tonnes of CO ₂ equivalent/year)	228,813	351,292	
Total scope 2	228,813	351,292	
Total emissions	5,409,542	6,389,907	2011 includes only cement production in the Colombia and Caribbean regionals. Emissions for 2012 are for production of cement in the Colombia, Caribbean and USA Regionals.

Direct GHG emissions in power generation	2011	2012	Comments
Total scope 1	558,720	619,269	Emissions related to the power generation in the Caribbean Regional are not included for 2010. Generation plants in Rioclaro and Sogamoso were starting operation. Emissions for 2012 are for power production in the Colombia and Caribbean Regionals.

GRI EN20

Emissions of air pollutants in concrete in tons	2011	2012	Comments
SOx Emission	11,883	4,970	Sox reductions are due to the mineralization initiative in plants such as Cairo and Yumbo.
NOx Emission	6,181	9,433	The change is due to increased consumption of natural gas in clinkering furnaces.
PM (particulate matter) emissions	5,218	4,600	MP reductions are due to the installation of emission control systems, bag filter in the Rioclaro and Cartagena plants.

Emissions of air pollutants in concrete in t	2011	2012	Comments
Emissions of PM (particulate matter)	219	116	

Emissions of air pollutants in concrete in power generation in tons	2011	2012	Comments
SOx Emission	2,053	1,652	Sox reductions are due to the purchase coal with less percentage of sulfur.
NOx emissions	343	533	
Emissions of PM (particulate matter)	263	84	

GRI EN22

	Emissions of air pollutants in concrete in tons	2011	2012	Comments
	Reuse	11.57	0.53	
	Recycling	18.53	141.32	
	Recovery	77.85	59.33	
	Co-processing	0.59	-	
	Incineration	61.34	679.78	
	Sent to secure landfills	213.76	452.79	
	Stored on-site	2.00	4.32	
	Other	16.52	-	
	Total hazardous waste generated in cement in t	402.16	1,338.08	The values for 2012 include the Colombia, Caribbean and USA Regionals.
NON-HAZARDOUS HAZARDOUS	Reuse	8.40	213.00	
	Recycling	819.85	1,959.35	
	Recovery	-	-	
	Composting	128.03	178.75	
	Co-processing	79.94	-	
	Incineration	10.34	-	
	Sent to secure landfills	988.85	6,718.48	
	Stored on-site	-	21.50	
Other	1,399.01	582.59		
	Total non-hazardous waste generated in cement in t	3,434.42	9,673.67	The values of 2011 include the Caribbean and Colombia Regionals. The values for 2012 include the Colombia, Caribbean and USA Regionals.

Waste generated in concrete in t		2011	2012	Comments
	Reuse	60.42	-	
	Recycling	3.42	32.12	
	Recovery	1.95	-	
	Coprocessing (energy recovery)	6.12	-	
	Incineration	1.32	7.85	
	(Excluding those used for coprocessing)	4.28	11.55	
	Sent to secure landfills	-	0.12	
	Stored on-site	-	-	
	(Other and explain the method in the comments)	-	-	
Total hazardous waste generated in cement in t		77.51	51.64	The values of 2011 correspond to the Colombia Regional
NON-HAZARDOUS HAZARDOUS	Reuse	36.29	13,351.23	
	Recycling	13.95	15,062.51	
	Recovery	-	-	
	Composting	-	1.79	
	Co-processing (energy recovery)	0.44	-	
	Incineration	-	-	
	(Excluding those used for coprocessing)	84.21	19,708.55	
	Sent to secure landfills	-	-	
	Stored on-site	106,170.69	71,821.31	
(Other and explain the method in the comments)	106,170.69	71,821.31		
Total non-hazardous waste generated in cement in t		106,305.58	119,945.39	The values of 2011 correspond to the Colombia Regional

* Data reported for cement has an increased coverage, as in 2010 it included only the Colombia Regional, in 2011 it included the Caribbean Regional and Colombia and in 2012, the values are for the Colombia, Caribbean and USA Regionals.

* Data reported for concrete has an increased coverage, as in 2010 and 2012 it includes only the Colombia Regional, in 2011, the values are for the Colombia, Caribbean and USA Regionals.

7.4 Report Description

GRI 3,2

This year, for the first time, we deliver to our stakeholders the Argos' Integrated Report. To this end, we have relied upon the framework currently being developed by the International Integrated Reporting Council (IIRC), a group comprised of regulators, investors, companies, NGOs, accounting professionals and representatives of different reporting environments, in order to define how an organization presents business information and how to create value in an comprehensive way.

The Integrated Report (IR) seeks to reflect the resources and relationships used and affected by the Organization within its operating model, i.e., in the different capitals and external factors that impact the business. It also considers the following elements: business model, operational context, risks and opportunities, strategy and resource utilization, performance and management, corporate governance and future approach. (See Integrated Capital Report graphic).

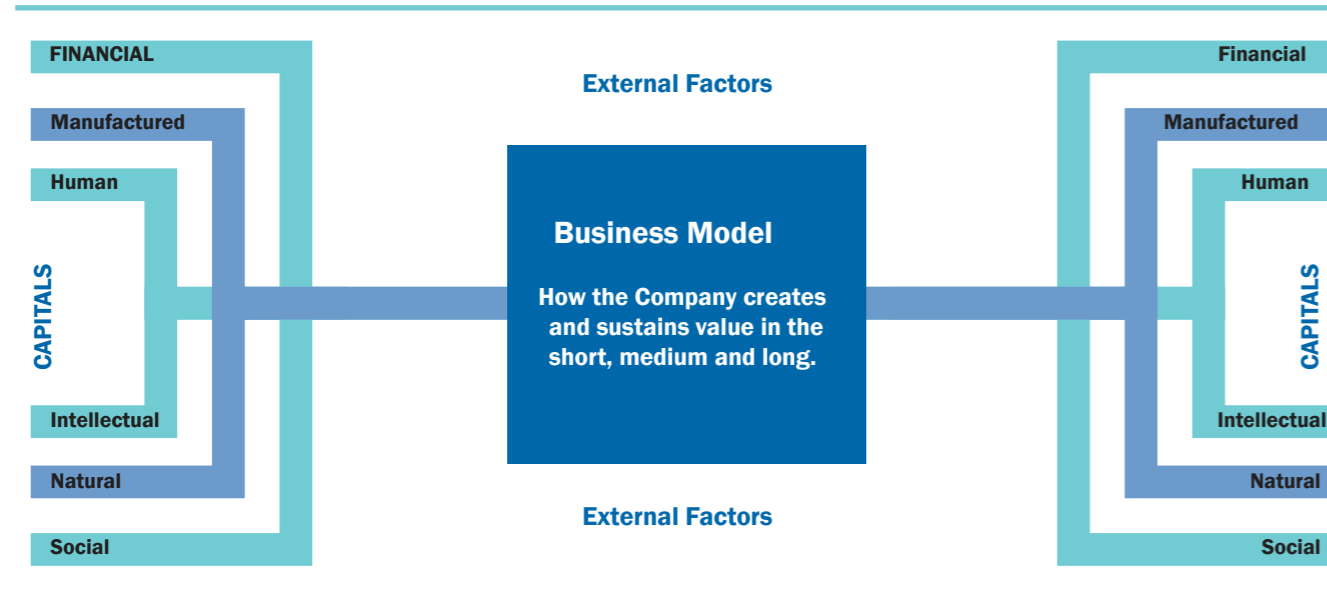
Our Integrated Report gathers relevant information about the corporate strategy, management, performance and prospects reflecting the social, commercial, financial and environmental in context which we operate. Provides a clear and concise evidence on how the organization presents its management and how it creates and sustains value. This is the reason why in each one of the chapters there is information pertaining to our strategic focus, business risks, operating model and capitals, as well as our performance and approach to the future for each one of our frames of action.

At Argos, sustainability has become a personal stamp for each and every one of us who work in it.

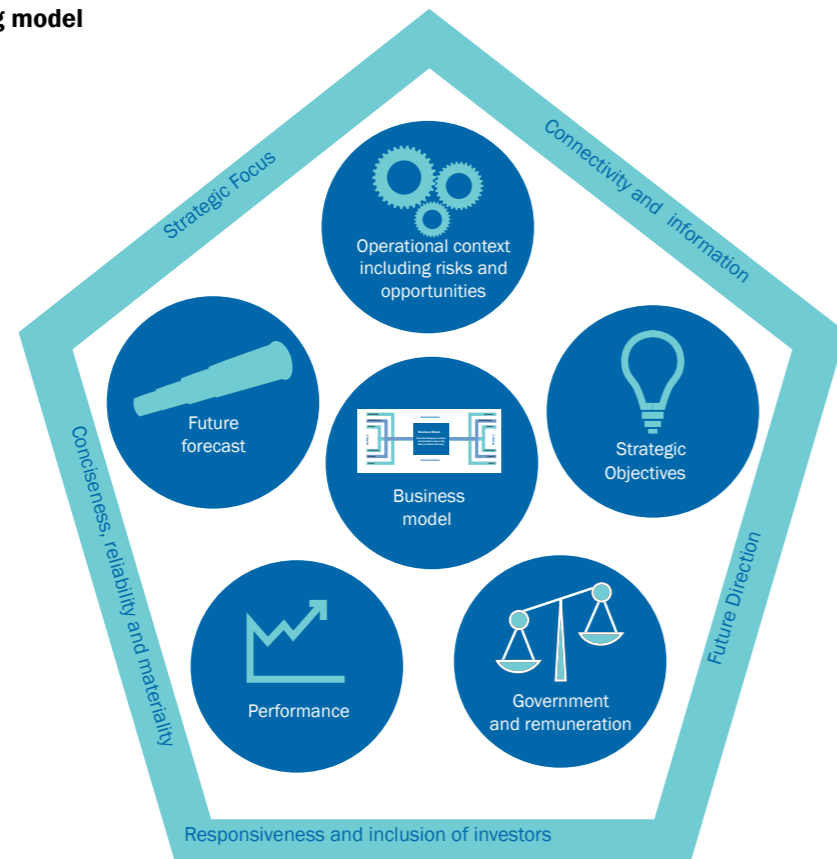


Dominican Republic Plant

Integrated reporting capitals



Integrated reporting model



It also contains the activities carried out from January to December 2012 and is prepared in accordance with the requirements of the version G3.1 of the guide for Global Reporting Initiative (GRI) and the requirements of the Global Compact to report the activities and programs aimed to fulfill the ten principles. According to reported figures and content, we declare ourselves at a B+ level of Application of the GRI G3.1.

The Firm PwC verified the performance indicators they evaluated as materials, as well as the self-declared "B" level (see to the report of the verifier in the annexes). The financial statements have been audited by Deloitte.

The GRI table (Global Reporting Initiative) 2012, found in the Annexes, indicates the pages of this report where the content of which is related to this guide.

In this report, we consolidate the performance indicators of 16 business organizations of our cement and concrete business of our Colombia, Caribbean and USA Regionals, which are:

Cementos Argos S.A., Concretos Argos S.A, Zona Franca Argos S.A. S., Argos Foundation, Cemento Panamá S.A., Cementos Panamá Comercializadora S.A., Concretos S.A., Cementos Colón S.A., Cimenterie Nationale S.E.M. (CINA), CINA Foundation, Southern Equipment Company Inc., Southern Star Concrete Inc., RMCC Group Inc., Piazza Adquisition Corp., Argos Cement LLC and Argos Ready Mix LLC.

At Argos, we support our activities on the Sustainability Policy, on the concerns of our stakeholders and international standards framed within the Cement Sustainable Initiative (WBCSD) and the Global Compact.

GRI 2,3
GRI 2,9
GRI 3,8

GRI 3,6
GRI 3,7
GRI 3,11

This year we included the information of the companies Cement LLC and Argos Ready Mix LLC, which correspond to the assets purchased from Lafarge in October 2011. We own 100% of all these companies except Cimenterie Nationale S.E.M. (CINA), whose ownership is shared with the State of Haiti. Only the cement and concrete assets of the most relevant companies are consolidated in this report in order to make them more comparable to the rest of the industry.

Annually we report Argos' activities, defining the report's content based on our Sustainability Policy, the concerns of our stakeholders and international standards to which we adhere and are included in the World Business Council for Sustainable Development (WBCSD) and the main standards of the Global Compact.



Independent assurance report to the Integrated Report 2012

To the Direction of Cementos Argos S. A. and to the stakeholders identified by the Company

March 11th, 2013

We have been engaged to perform a limited assurance engagement on the matters (hereinafter the "subject matter") detailed below for the year ended in December 31, 2012:

- a. Data and performance information defined under the following performance indicators from the version 3.1, 2011 of the Sustainability Reporting Guidelines of the Global Reporting Initiative (GRI), included in the Integrated Report 2012 of Cementos Argos:
 - i. Economic: EC8.
 - ii. Environmental: EN2, EN3, EN4, EN8, EN16, EN20 and EN26.
 - iii. Labor practices: LA1, LA2, LA4, LA7, LA10 and LA13.
 - iv. Human Rights: HR1, HR6 and HR7.
 - v. Product responsibility: PR1 and PR5.
 - vi. Society: SO1 and SO4.
- b. The declaration made by Cementos Argos regarding its application level of the version 3.1, 2011 of the Sustainability Reporting Guidelines of the Global Reporting Initiative (GRI), included in the Integrated Report 2012 of Cementos Argos.

Management's responsibility on the subject matter under limited assurance

Management is responsible for the preparation and presentation of the subject matter under limited assurance, in accordance with the reporting criteria as set out in the Annex I, attached. This responsibility includes: designing, implementing and maintaining internal control relevant to the proper preparation and presentation of the subject matter under limited assurance and applying an appropriate basis of preparation, and making estimates that are reasonable in the circumstances.

Practitioner's Responsibility

Our responsibility is to express a conclusion on the subject matter under limited assurance based on our work performed.

We conducted our work in accordance with the International Standard on Assurance Engagements (ISAE) 3000 "Assurance Engagements Other than Audits or Reviews of Historical Financial Information". This Standard requires that we comply with ethical requirements and plan and perform the assurance engagement to obtain limited assurance whether any matters come to our attention that causes us to believe that the subject matter does not comply in all material respects with the criteria set out in the Annex I.

In a limited assurance engagement the evidence-gathering procedures are more limited than for a reasonable assurance engagement, and therefore less assurance is obtained than in a reasonable assurance engagement. The procedures selected depend on the practitioner's judgment, including the assessment of the risks of material non-compliance of the subject matter under limited assurance with the criteria. Within the scope of our work we performed, among others, the following procedures:

- a. Visits to the corporate offices of Cementos Argos S. A. located in Medellin.
- b. Inspection, based on samples selected according to assurance standards, of data and information included in the Integrated Report 2012 through procedures which include:



To the Direction of Cementos Argos S. A. and to the stakeholders identified by the Company

- i. Inquiries to people responsible of the economic, environmental, social, labor and corporate governance information in Colombia, United States of America and the Caribbean region in regard to data generation, collection and aggregation processes.
- ii. Inspection of policies and procedures established by your entity.
- iii. Analytical procedures for selected quantitative indicators.
- iv. Substantive tests of details procedures on material data and statements through the inspection of supporting documentation of an internal and external source, arithmetical recalculation according to formulas previously defined, and comparison of the results obtained by Management on the application of the Sustainability Reporting Guidelines of the Global Reporting Initiative (GRI), version 3.1 2011, in its self-declared application level.

Conclusion

Based on our limited assurance engagement, nothing has come to our attention that causes us to believe that the subject matter does not comply in all material respects with the criteria as set out in the Annex I, attached.

Emphasis of matter

Without qualifying our conclusion we draw attention:

- a. To the fact that non-financial information is subject to more limitations than financial information, given to its nature; to the diverse methods used to determine, calculate and select the information; and to the absence of a significant body of established practice which provides guide on the use of measurement techniques generally accepted. As a result, interpretation of relevance, materiality and accuracy of data is subject to individual assumptions and judgments.
- b. To the fact that we did not draw conclusions in regard to: the sustainable performance of Cementos Argos S. A. or its subsidiaries; opinions, descriptive information, or conclusions from subjective evaluations which can be included in an Integrated Report; information from previous periods reported in the Integrated Report, or the information related to future projections and goals; neither in regard to the financial information of Cementos Argos S. A. or its subsidiaries audited by their statutory auditor. We performed a complete reading of sustainability information included in the Integrated Report 2012 of Cementos Argos S. A.; however, our conclusion is restricted to the scope of contents detailed in the first section of this letter.

Restriction on use and distribution

The Integrated Report 2012 has been prepared by Cementos Argos S. A. for the purpose of reporting information about its business model, operational context, risks and opportunities, strategy and resources usage, management and performance, corporate governance and future approach, and may not be suitable for another purpose.

Our report is intended solely for the presentation to the Direction of Cementos Argos S. A. and to the stakeholders who will use the Integrated Report which are, at first, shareholders and employees; followed by clients, community, authorities, suppliers and contractors, with the purpose described above and should not be distributed to or used by other parties.

March 11th, 2013

Annex I

The verification criteria applicable to each of the performance indicators, supplementary to the Sustainability Reporting Guidelines of the Global Reporting Initiative (GRI) and its technical protocols of performance indicators, version 3.1 dated 2011 (<https://www.globalreporting.org/resource/library/G3.1-Guidelines-Incl-Technical-Protocol.pdf>), are presented as follows:

Indicator	Additional specific criteria established by the company
EC8	<p>Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement.</p> <p><u>Investments</u> are those commitments acquired by Cementos Argos S.A. or its affiliates in 2012 to execute activities under categories of communitarian strengthening, communitarian infrastructures, housing infrastructure, productive projects and educational quality.</p> <p><u>Impacts</u> are defined as the quantity of people perceiving or who will perceive a change in their condition as a result of the execution of the resources destined to such activity as well as the amounts agreed on by Cementos Argos or its affiliates through contract or agreement.</p>
EN3	<p>Direct energy consumption by primary energy source.</p> <p><u>Direct primary non-renewable energy sources purchased</u> are: coal, natural gas and fuels (fuel oil, ACPM, Gasoline and others).</p> <p><u>Direct primary non-conventional energy sources purchased (alternative)</u> are: fires, refuse derived fuel (RDF), plastics, and other fuels.</p> <p><u>Direct energy sources produced</u> is the energy generated in hydroelectric processes.</p> <p><u>Total consumption of energy</u> is the direct primary energy purchased plus the direct primary energy produced.</p> <p><u>Conversion factors of the primary energy</u> in Gigajoules correspond to the ones established by the Cement CO₂ and Energy Protocol, version 3.0 of the Cement Sustainability Initiative.</p>
EN4	<p>Indirect energy consumption by primary source.</p> <p>The <u>acquired and consumed intermediate energy coming from non-renewable sources</u> is the consumption of purchased electricity.</p>
EN8	<p>Total water withdrawal by source.</p> <p><u>Water sources</u> are the following: surface water, ground water, rainwater, waste water, and municipal water supplies or from other utilities.</p>
EN16	<p>Total direct and indirect greenhouse gas emissions by weight.</p> <p>The calculations are made based on The Cement CO₂ and Energy Protocol, version 3.0 of the Cement Sustainability Initiative.</p>
EN20	<p>NOx, Sox, and other significant air emissions by type and weight.</p> <p><u>Other significant emissions into the air</u> are the particulate matter emissions.</p>
LA2	<p>Total number and rate of new employee hires and employee turnover by age group, gender, and region.</p> <p>The formula to calculate the <u>average employee turnover</u> is defined as the total of employment terminations (voluntary, mutual agreement and involuntary) occurred in 2012 divided by the total of collaborators of the regular work force for the region to December 31, 2012 multiplied by 100.</p> <p>The formula to calculate the <u>average employee turnover – voluntary</u> is defined as the total of voluntary employment terminations occurred in 2012 divided by the total of collaborators of the regular work force for the region to December 31, 2012 multiplied by 100.</p> <p>The formula to calculate the <u>average employee turnover – involuntary</u> is defined as the total of involuntary employment terminations occurred in 2012 divided by the total of collaborators of the regular work force for the region to December 31, 2012 multiplied by 100.</p>
3 of 4	
Indicator	Additional specific criteria established by the company
LA7	<p>Rates on injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities, by region and by gender.</p> <p>The calculation formula for the <u>frequency index</u> is defined as the result of the total number of accidents divided by the total of man-hours worked, times a constant K equal to 1,000,000 hours.</p> <p>The calculation formula for the <u>severity index</u> is defined as the result of the total number of days of incapacity divided by the total of man-hours worked, times a constant K equal to 1,000,000 hours.</p>
LA10	<p>Average hours of training per year per employee, by gender, and by employee category.</p> <p><u>Employee categories</u> are defined as: executive level, management level, director level, specialist level and operative level.</p>
LA13	<p>Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership and other indicators of diversity.</p> <p><u>Employee categories</u> are defined as: executive level, management level, director level, specialist level and operative level.</p>
HR1	<p>Percentage and total number of significant investment agreements and contracts that include clauses incorporating human rights concerns, or that undergone human rights screening.</p> <p><u>Significant contracts</u> are those where the amount exceeds \$4million dollars.</p> <p><u>Human rights concerns</u> are defined as the inclusion of clauses related to social responsibility.</p> <p><u>Contracts entered into during the period purpose of the reports</u> are those which are signed during 2012.</p>
HR6	<p>Operations and significant suppliers identified as having significant risk for incidents of child labor, and measures taken to contribute to the effective abolition of child labor.</p> <p><u>Operations and suppliers involving significant risk of incidents of child labor</u> are defined as those in which Cementos Argos or its subsidiaries have identified confirmed situations of child labor.</p>
HR7	<p>Operations and significant suppliers identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of all forms of forced or compulsory labor.</p> <p><u>Operations and suppliers involving significant risk for incidents of forced or compulsory labor</u> are defined as those in which Argos or its subsidiaries have identified confirmed situations of forced or compulsory labor.</p>
PR1	<p>Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures.</p> <p>The <u>analysis of the impacts of the products and services life cycle stages</u> are defined as those which allow obtaining an understanding of the impact that products have on their different stages.</p>
PR5	<p>Practices related to customer satisfaction, including results of surveys measuring customer satisfaction.</p> <p><u>Investment in this analysis</u> is defined as the amount agreed on by Cementos Argos or its subsidiaries having as a support a contract signed in the 2012 period.</p> <p>The <u>practices to evaluate the customer satisfaction</u> are defined as the satisfaction surveys done by a third party during 2012.</p>
SO1	<p>Percentage of operations with implemented local community engagement, impact assessments, and development programs.</p> <p><u>Development programs</u> are those including activities related to intervention of educational infrastructure, educational quality, housing infrastructure, communitarian infrastructure, productive projects and communitarian and social strengthening.</p>
SO4	<p>Actions taken in response to incidents of corruption.</p> <p><u>Impacts</u> are defined as the number of executed projects, the amount of people perceiving or who will perceive a change in their condition as a result of the execution of resources destined to such program as well as the amounts agreed on by Argos or its subsidiaries through a contract or agreement.</p> <p><u>Corruption incidents</u> are defined as those related to the conflicts of interest, receiving or providing illegal payments (outside of applicable law or Cementos Argos and its subsidiaries policies), and manipulation of purchases or biddings.</p>

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