



**SUSTAINABILITY
REPORT
2011
CEMENTOS ARGOS S.A.**





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A LETTER FROM THE CHAIRMAN

SUSTAINABILITY: CREATING VALUE

For Argos 2011 was a year of relevant achievements in sustainability in the economic, social and environmental dimensions, allowing us to progress toward the strengthening of better practices and international standards. In this sustainability report, we review the most relevant facts of the year, following the Sustainability Reporting Guidelines from the Global Reporting Initiative (GRI).

We remain committed to the Global Compact principles and took part in the Global Compact Regional Center for Latin America and the Caribbean, in order to share experiences with various organizations in the region and generate initiatives that allow us to strengthen our practices. In this sense, the Company has developed important processes linked to the ten Global Compact principles, focused on human rights, labor relations, environment and anticorruption. This report details the chief programs and their results.

Throughout the year we actively participated in international meetings of the World Business Council for Sustainable Development (WBCSD) and its Cement Sustainability Initiative (CSI), where Argos is the only Colombian company involved. With this initiative we have managed to consolidate tools and strategies that enable the cement industry to be more environment friendly.

Furthermore, and for the fourth consecutive year, we were selected to be part of the annual *Dow Jones* Sustainability Index survey (DJSI), which assesses the most successful companies in the field of sustainable development. In 2011 we obtained the highest scores of the survey results for our industry in areas such as customer service, corporate citizenship and philanthropy, and we stood well above the average in industrial safety and occupational health, relation with stakeholders, standard for suppliers, logistics and our social report. However, there are important challenges for our organization that we see as great opportunities for innovation and learning.

In order to offer a brief summary of the progress achieved in each dimension, we highlight the most relevant facts and programs in each area:

As for the economic dimension, we consolidated our presence in the U.S. by acquiring assets in the cement and concrete industry for 760 million dollars, becoming the second largest cement producer in the American Southeast, and the fourth largest concrete producer in that country. The beginning of the strategic reorganization, is also highlighted where some non-cement assets of Cementos Argos will be absorbed by its parent company, Inversiones Argos, thereby, we will continue to consolidate our strategy focused on the production and marketing of cement and concrete.

The company's financial results for 2011 were very satisfactory. The diversification strategy we have been building in recent years allowed us to have a significant economic balance. As for our operations in Colombia, Cementos Argos recorded all-time highs in concrete and cement sales. Similarly, the Caribbean proved to be an interesting addition of regions that also reflect a positive growth dynamic in which Argos has consolidated a significant logistics network, allowing synergies, and the results in the United States were as expected, reflecting a still timid recovery in the construction industry of that country.

As for the environmental dimension, this year we developed our Environmental Policy and measured the company's carbon footprint, a process that allows us to create medium and long term strategies and emission reduction targets. We also became the first cement company in the world with a forestry project registered with United Nations, as part of the Clean Development Mechanism (CDM), regulated by the Kyoto Protocol. Through this project we have reforested 1,951 hectares with teak in San Onofre (Sucre), Sonson

and San Francisco (Antioquia).

Our investment in clean technologies is also worth highlighting; with the acquisition of 9.33% of Cerasec, an U.S. company that offers state of the art technology to produce cement with zero CO₂ emissions from *fly ash* (a residue resulting from the combustion of coal used to generate electricity), and Green Star certification to our concrete operations in the U.S., which reflects good environmental practices in our plants.

In the social dimension, it is worth mentioning the multicultural nature of our organization. Nearly 800 new people joined us in the U.S. operations, and they are now integrated into the Argos culture. This way, Argos is consolidating with operations in different countries and communications in different languages such as Spanish, English, French and Dutch. On the other hand, it is important to point out that innovation has been defined as cornerstone for achieving our goals of growth and sustainability as a strategic ability for the company.

We have been doing an important social work with 672 communities located within our areas of influence in Colombia, Haiti, Dominican Republic and Panama. In 2011, 10.9 million dollars were invested in projects for infrastructure and educational quality, productive and community infrastructure, and housing, in which we especially highlight the completion of home reconstruction for our employees affected by the Haiti earthquake in January 2010.

This brief summary of highlights from 2011 is a sign of our commitment to sustainability and the important challenges we have, in which we will continue to work day by day in order to create value and sustainability for our company, the society and the planet. We believe that with learning and innovation, we will have practices increasingly friendly with the environment, respectable with people and economically viable thus we will be able to be on the cutting edge of the challenges that the world faces today.



José Alberto Velez
Chairman

REPORT PARAMETERS

Our Sustainability Report covers the activities carried out from January 2011 to December 2011. It was prepared following the G3 version guidelines from the *Global Reporting Initiative (GRI)*, and the reporting requirements of the Global Compact principles to report activities and programs aimed at fulfilling the ten principles.

According to the reported figures and content, we have declared ourselves at a B+ Application level of the GRI G3. The *Global Reporting Initiative (GRI)* 2011's index indicate the pages of this report which contain the data related to this guide.

In this report we are consolidating the sustainability reports of 15 entities of our cement and concrete businesses from our Colombia, Caribbean and USA regionals including: Cementos Argos S.A., Concretos Argos S.A., Cemento Panamá S.A., Piazza Adquisition Corp., Grava S.A., Comercializadora Incem S.A., Cementos Colón S.A., Cimenterie Nationale S.E.M. (CINA), RMCC Group Inc., Southern Equipment Company Inc., Southern Star Concrete Inc., Zona Franca Argos S.A.S., Concreto S.A., Fundación CINA and Fundación Argos.

We own 100% of all these companies except Cimenterie Nationale S.E.M. (CINA) and Fundación CINA, whose ownership is shared with the State of Haiti, who owns 30% of the company.

This report does not include cement and concrete operations recently acquired in the U.S., since these are under integration and process homologation processes. Nor are included our coal business, real estate and ports since our objective is to consolidate in this report only our cement and concrete assets to make them more comparable to the rest of the industry.

This way we generate our company's report responding to the strategies and actions on economic, social and environmental issues in our cement and concrete business that includes 15 companies.

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.

DIALOGUE WITH STAKEHOLDERS

Each year we approach to our stakeholders (employees, suppliers and contractors, communities, authorities and associations) to make our Sustainability Report known before them and give them a space of open and participatory dialogue in order to find out about their concerns and expectations. In 2011, 802 stakeholders took part of the Dialogues for Sustainability Day.

Our stakeholders' proposals and suggestions were kept in mind for the preparation of this report and for our area plans; the following are some of those proposals:

- Have more information available on environmental issues.
- More information on labor welfare and human development issues.
- More awareness on Argos' forest issues.
- More communication with stakeholders throughout the year.
- The way Argos address the impact on communities, especially on logistic operations.
- Strengthen relations with authorities and unions.

In order to offer more transparency to our stakeholders, this report was submitted for verification and the correct measurement of GRI indicators by the independent firm, PricewaterhouseCoopers.

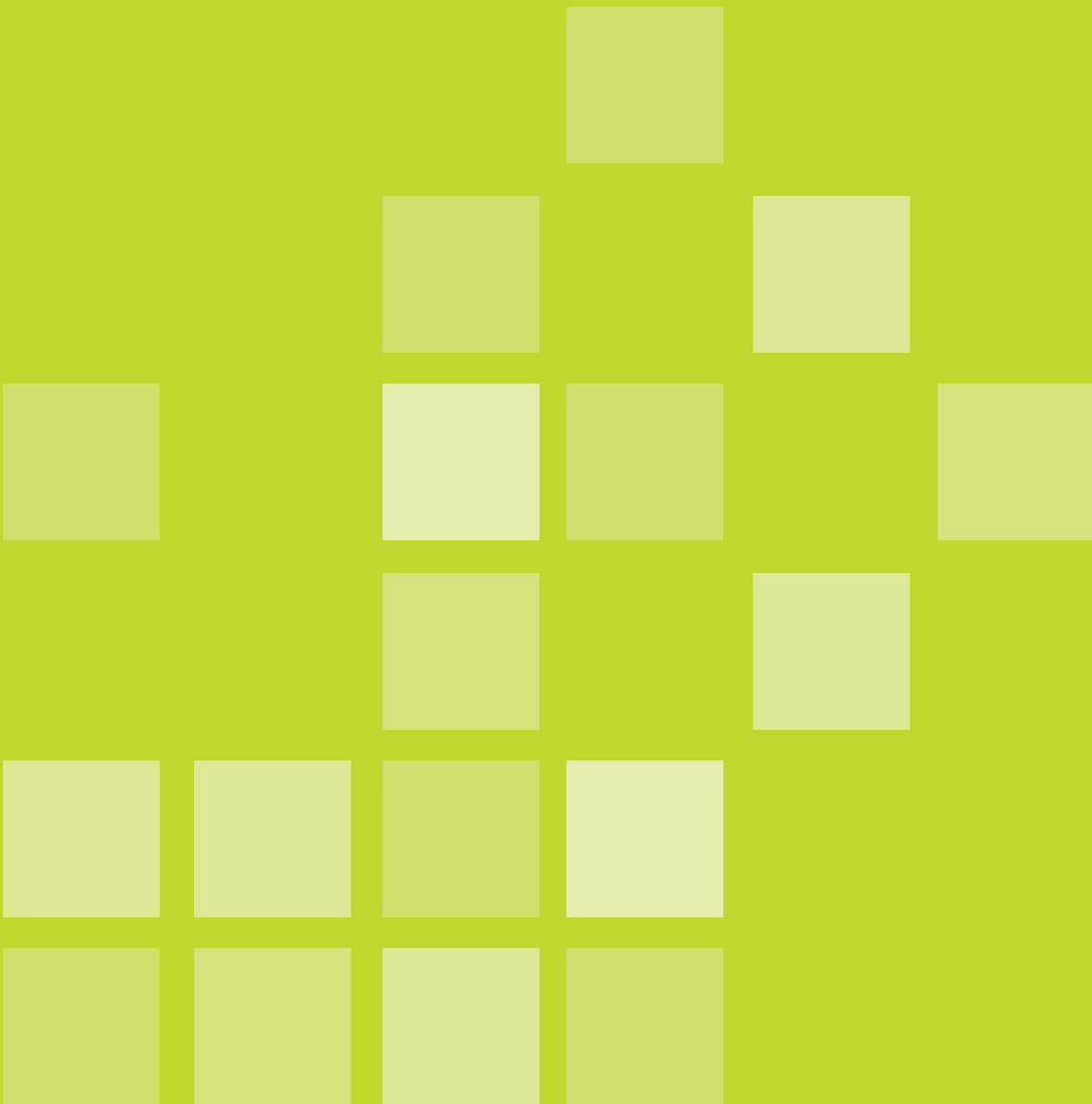
This Sustainability Report is not comparable to the 2010 one as new cement and concrete assets were included in these analysis.

W have been developing our Sustainability Report on an annual basis since 2006. For a reference of previous years' sustainability indicators of our Company, please visit www.argos.com.co

If you have any comments about our report, please contact us at mvillegasp@argos.com.co and we will gladly respond.



ARGOS' PROFILE



ARGOS' PROFILE

OUR COMPANY

Argos is a multi-domestic organization, that produces and markets cement and concrete, and it is present in Colombia, the U.S. and the Caribbean. In 2011 it registered sales for \$1.98 million.

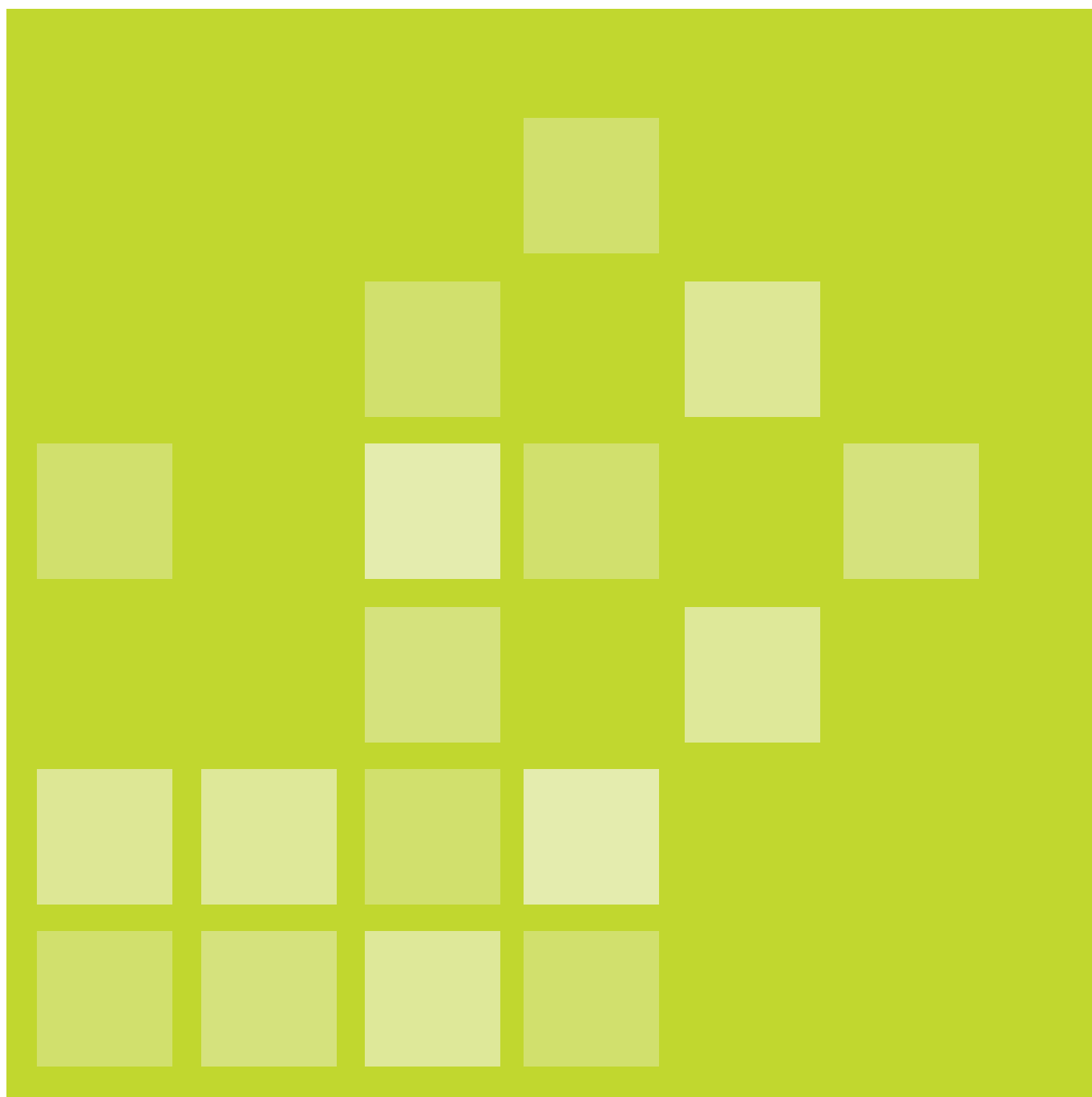
In the cement business, Argos is a leading company in Colombia, the fifth largest producer in Latin America and the second largest in the southeastern United States. It has nine plants in Colombia and two in the U.S.; six clinker mills located Colombia, USA, Haiti, Panama, Dominican Republic and Suriname; and five reception and packaging terminals located in Antigua, Curacao, Dominica, St. Marteen and St. Thomas. The total installed capacity is 16 million tons of cement per year.

In the concrete business, Argos is the leading company in Colombia and the fourth largest producer in the USA. It has 308 plants located in Colombia, USA, Haiti and Panama. The total installed capacity is 14.5 million of cubic meters of concrete per year.

Argos' business model is focused on customers and sustainable development, in other words it is economically viable, respectful of people and environmentally friendly.



SUSTAINABILITY POLICY

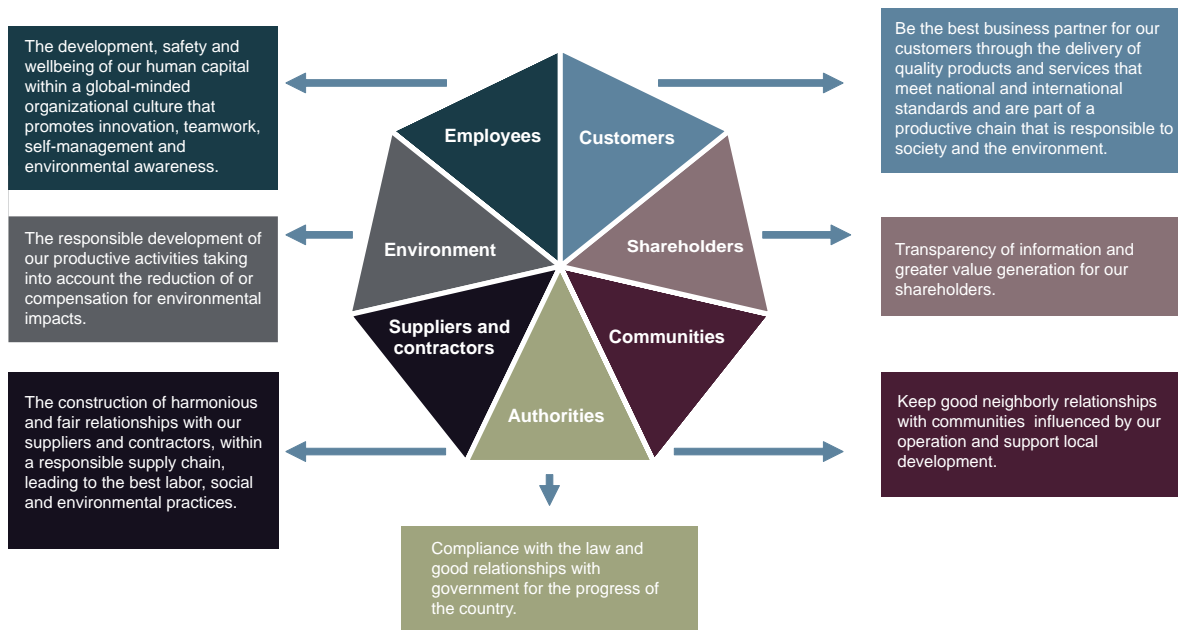


SUSTAINABILITY POLICY

OUR VISION OF SUSTAINABILITY

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 environmental impact reduction, within the framework of good relations with stakeholders' and the Global Compact and Good Governance principles.



CREATING CULTURE

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

As for sustainability culture, in 2011 we obtained significant achievements which were referenced in a survey conducted by our Communications Department, where 1,378 employees were surveyed and the following results were achieved: 89% of our surveyed employees clearly identifies the sustainability issue within our company and 88% of the employees understands that the Sustainability Policy is aimed at all stakeholders.

We also have developed a strategy called the Sustainability Week. An initiative we have been implementing in the company for six years with the objective of promoting a culture that pursues the best practices in this topic through concepts relevant to Argos' sustainability.

This year, the Sustainability Week held in the Colombia Regional was centered on the carbon footprint, opportunities and ideas around the topic, and the Caribbean Regional that met in Panama, it was focused on our relationship and dialogue with the stakeholders.

Activities held during the week:

Colombia:

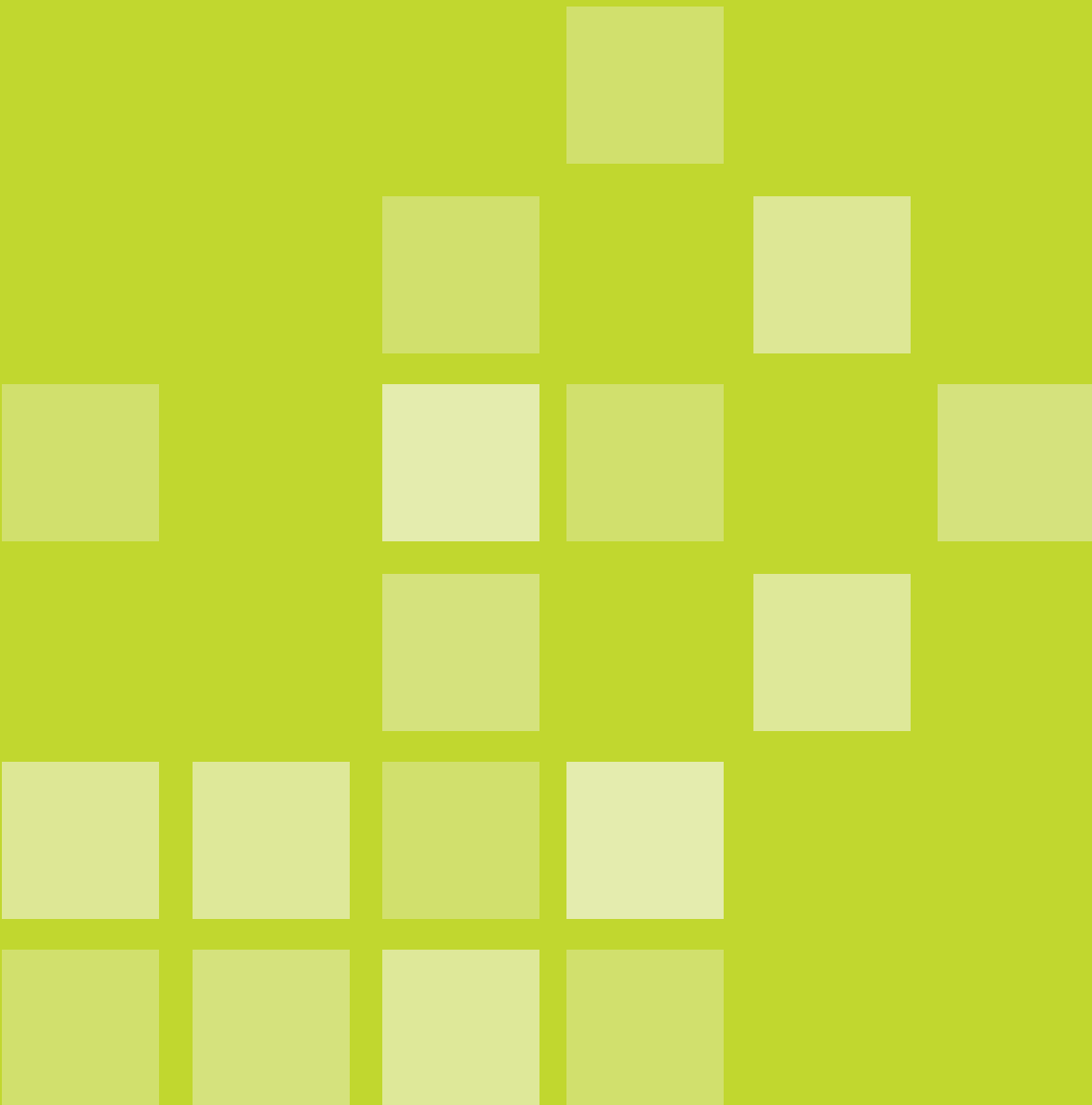
- 1,665 people, including employees, contractors, suppliers, communities and associations, participated in the workshops
- Campaign through our internal communication media.
- A day of reforestation service in which we planted 1,747 trees with 447 volunteers.

Panama:

- 153 people, including employees, contractors, suppliers, communities and associations, participated in the workshops.



GLOBAL COMPACT





GLOBAL COMPACT PRINCIPLES

In Argos we adhere to the Global Compact initiative since November 2007. Our commitment to the ten principles is integral of our business strategy and operations and is reflected on the Sustainability Policy of the Company, which is our procedure guide on economic, environmental and social matters.

We have strategies, processes and programs with different groups of interest that aim at the four relevant themes of the Global Compact on human rights, labor standards, environment and anticorruption. The following are the most outstanding initiatives of 2011 that you will find detailed within the Sustainability Report.

HUMAN RIGHTS

In Argos we are committed to the protection of the human rights making our processes, acts and relations with stakeholders respectful of human dignity and under an open dialogue governed by the rules of each country in which we operate, according to the Universal Declaration of Human Rights and the International Labour Organization.

Principle 1: Businesses should support and respect the protection of fundamental universally recognized human rights within their scope of influence.

Principle 2: Businesses should ensure that their companies are not complicit in the violation of human rights.

INITIATIVES TAKEN

- Creation of the Company's Code of Conduct that frames the performance of each of our employees within the principle of integrity and ethics.
- Management with contractors. This is a program through which we audit our contractors in order to verify the right compliance of aspects related to human rights, labor relations, environmental management and occupational health.
- A hiring manual which includes topics such as human rights and labor relations.
- Community Strengthening Program with local leaders from our areas of influence through education on human rights, rights of children and community participation, communication, leadership and project formulation.
- Inclusive production projects and housing programs for families who have been victims of armed conflict.
- Customer satisfaction survey.

HR1 Percentage and total number of significant investment agreements that include human rights clauses or that have undergone human rights screening.

HR2 Percentage of significant suppliers and contractors that have undergone screening on human rights and actions taken.

PR5 Practices related to customer satisfaction, including results of customer satisfaction surveys.

LABOR STANDARDS

In Argos we are committed to the development, labor safety and welfare of our human capital, always seeking to develop labor relations in the Company under conditions of respect, tolerance and fair treatment according to the Sustainability Policy, the Good Governance Code, the Code of Conduct and the Global Compact principles, by continually monitoring the normative work, working conditions and quality of life at work.

The Company is committed to the principles of equal employment opportunities and fair treatment for all people and complies with all applicable laws that forbid discrimination and harassment in the workplace. The company strictly forbids discrimination in all terms, conditions or privileges of employment, including recruitment, hiring, assignment, compensation, benefits, promotions, transfers, disciplinary actions and dismissals and any form of harassment by differences of race, color, religion, national origin, gender, age, disability, sexual orientation, marital status, political affiliation or trade union or any other characteristic protected by law.

Principle 3: The companies should uphold the freedom of association and the effective right to collective bargaining.

Principle 4: The companies should uphold the elimination of all forms of forced or compulsory labor.

Principle 5: The companies should support the eradication of child labor.

Principle 6: The companies should support the abolition of discrimination in employment and profession.

INITIATIVES TAKEN

- Model of social dialogue with the union under conditions of respect, tolerance, good treatment and open communication between the parties.
- Programs of quality of life in the workplace for our employees.
- Industrial Safety and Occupational Health process, and Let Us Take Care campaign, a program that seeks to strengthen the safety and self-care culture among employees and contractors.
- Programs of technical and corporate training for our employees.
- Audits of our value chain to ensure the non-recruitment of children.
- Program for the eradication of child labor with communities in Boyaca and Sogamoso

LA3 Benefits provided to full-time employees.

LA4 Percentage of employees covered by a collective bargaining agreements.

LA7 Absenteeism rates, occupational diseases, missed days and number of fatalities.

LA8 Education, training, counseling, prevention and risk control programs that apply to workers.

LA9 Health and safety issues covered in formal agreements with trade unions.

HR6 Operations identified as having a significant risk for incidents of child labor, and measures taken to contribute to the elimination of child labor.

ENVIRONMENT

For Argos, the smooth operations under environmental guidelines that seek to decrease and compensate our impacts and foster the development of new opportunities for the creation of services and products more and more environmentally friendly is vital.

Principle 7: The companies should keep a preventive approach to favor the environment.

Principle 8: Businesses should undertake initiatives to promote greater environmental responsibility.

Principle 9: The companies should promote the development and promotion of environmental friendly technologies.

INITIATIVES TAKEN

- Measurement of the company's carbon footprint.
- Clean Development Mechanism Program (CDM).
- Reforestation program.
- *Green Star* certifications for our concrete operations in the U.S., which refer to the good environmental practices of our plants.
- Createch: a commitment to innovation with green products.

EC2 Financial implications and other risks and opportunities for the organization's activities due to climate change.

EN16 Total direct and indirect greenhouse gas emissions by weight.

EN18 Initiatives to reduce greenhouse gas emissions and reductions achieved.

EN26 Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation



ANTI-CORRUPTION

In our company we ensure transparency, integrity and ethics in the behavior of our employees, creating tools that allow us to guide, train and regulate our actions.

Principle 10: The company should work against corruption in all its forms, including extortion and bribery.

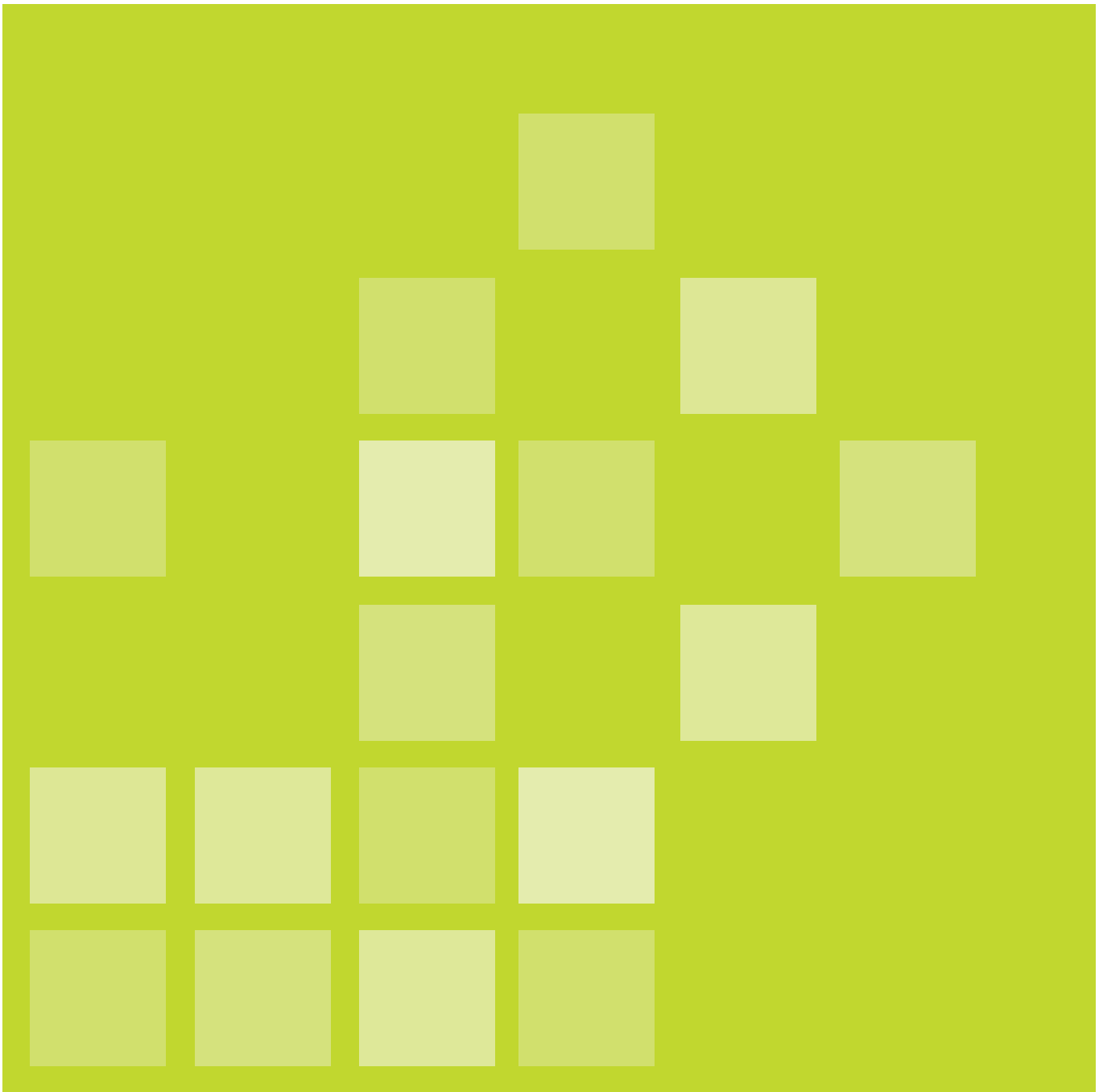
INITIATIVES DEVELOPED

- Good Corporate Governance Code
- Code of Conduct for our employees.
- Transparency line: it enables to fight corruption and know which issues the company has to address with greater emphasis.

GLOBAL REPORTING INITIATIVE - INDICATORS

SO4 Measures taken in response to corruption incidents..

ECONOMIC DIMENSION

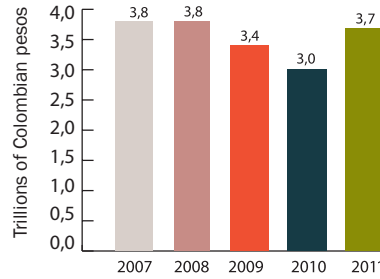


ECONOMIC DIMENSION

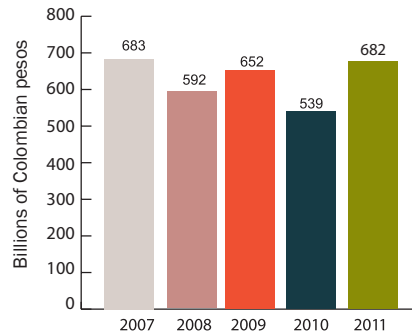
Argos holds a leadership position in its markets and has established itself as an important ally for the infrastructure development in the different geographies where it operates.

MAIN FINANCIAL INDICATORS

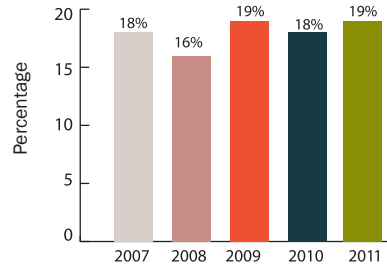
CONSOLIDATED OPERATING REVENUES



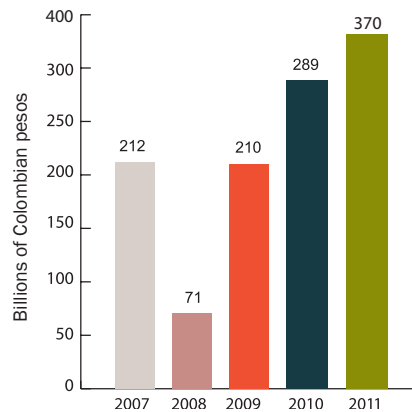
CONSOLIDATED EBITDA



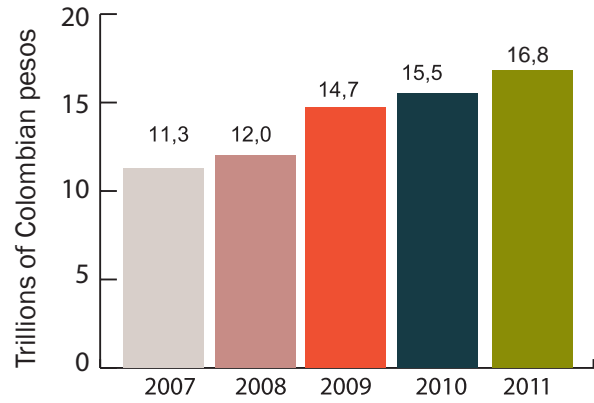
EBITDA MARGIN



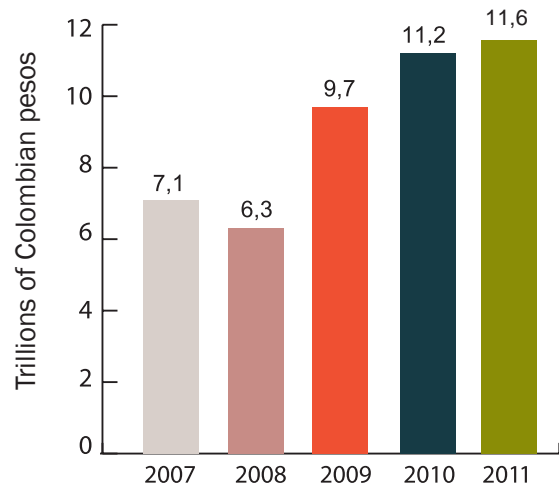
NET PROFIT



CONSOLIDATED ASSETS

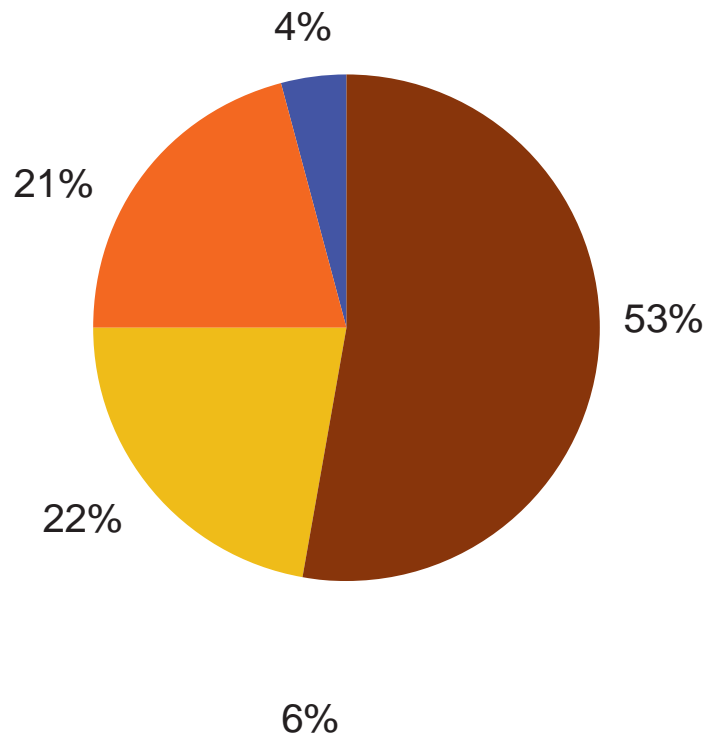


CONSOLIDATED EQUITY



COMPREHENSIVE INCOME DISTRIBUTION

- Colombia Regional
- USA Regional
- Caribbean Regional
- Other businesses



OF THE BUSINESS

CEMENT PLANTS **11**

CLINKER MILL FACILITIES **6**

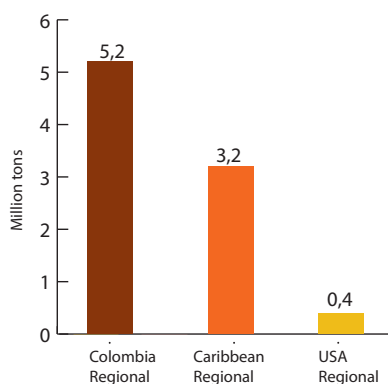
CEMENT RECEPTION AND PACKING TERMINALS **5**

CONCRETE PLANTS **308**

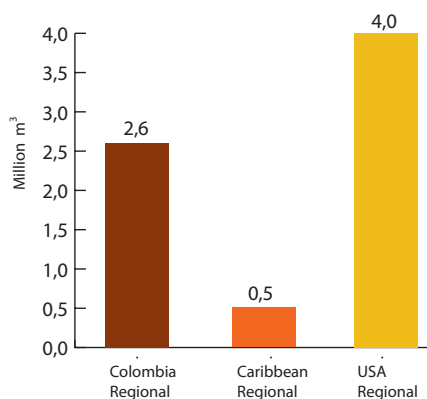
CONCRETE MIXERS **2.006**

COUNTRIES TO WHICH CEMENT AND CLINKER WAS EXPORTED IN 2011 **40**

CEMENT PRODUCTION IN 2011



CONCRETE PRODUCTION IN 2011



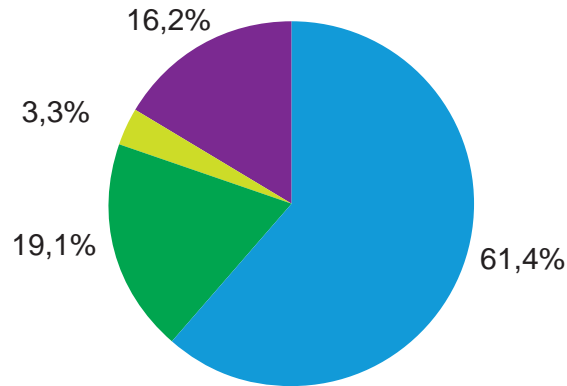
SHAREHOLDERS AND STOCK BEHAVIOR

NUMBER OF SHAREHOLDERS AT YEAR END 2011

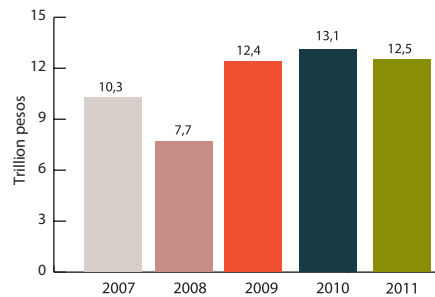
7.889*

SHAREHOLDING COMPOSITION AT YEAR END 2011

- Argos Investments
- Pension Funds
- Foreign investors
- Others



MARKET CAP AT DECEMBER 31



BEHAVIOR OF THE STOCK IN 2011 **

-4,7%

** Behavior of IGBC (main index of Bogotá Stock Exchange) from January to December 2011: -18,3%

* Shareholding without repos.

To learn more about the Financial Reports of the Company, you can find them on our web page following the Shareholders Meeting at www.argos.com.co

MARKET PRESENCE



PRODUCTS

Our business strategy focuses on the production, distribution and sale of cement and concrete.

CEMENT

It is a binder, namely, a substance that unites or coheres. It comes in powder and one of its characteristics is that it hardens when mixed with water. The most important uses of cement are: building structures, architectural concrete, glues and plasters, civil works and prefabricated. It can also be used for decoration pieces.

We produce different kinds of cement:

- General Purpose Cement: is the most common and is marketed in gray and white colors.
- Structural Use cement: A cement classified for initial and final resistance higher than the General Purpose one and is marketed in gray color.
- Type III or Concrete Cement: a cement classified for high initial resistance, ideal for high specification concretes and prefabricated, it is marketed in gray and white colors.
- Class G Oil Cement: with a high resistance to sulfate. It is used in the oil industry, especially for the extraction of gas and oil.



CONCRETE

It is a mixture of cement, water, sand, gravel and additives that ensure compliance with specifications required by the client. It is mostly used in building structures, architectural concrete, civil works, pavements and industrial flooring. These are some of the types of concrete we sell:

- Conventional concretes
- Durability specified concretes
- Concretes for special installation systems
- Pavements
- Concretes for industrial flooring
- Light concretes
- Mortars



ECONOMIC PERFORMANCE

On a consolidated approach, our operating revenues approximately reached 2,0 billion dollars, showing a 24% increase compared to 2010. 51% of these revenues came from sales in the Colombia Regional, 22% from sales in the USA Regional, 21% from sales in the Caribbean Regional, and the remaining 4% came from other businesses. Our EBITDA was 369 million dollars, with a 30% increase. The EBITDA margin went from 18% in 2010 to 19% in 2011.

The consolidated operating income reached US\$189 million, registering a 65% increase. Because of the still slow recovery of the construction industry in the United States, an *impairment* for 40 million was generated according to accounting rules of this country. This is a purely accountant effect and does not affect the Company's cash flow, thus the consolidated operating income after the impairment totaled \$149 million.

The consolidated net income for 2011 totaled 206 million dollars showing a 32% increase. It is important to keep in mind that the net income for 2011 is affected by extraordinary events such as the sale of shares

of Grupo de Inversiones Suramericana to our parent company Inversiones Argos, which generated a non-operating income of 328 million dollars from sale of investments. All of this within the framework of our financing strategy for the purchase of assets in the Southeastern United States and under the guidelines of concentrating our investment portfolio under our parent company, Inversiones Argos.

Related to this and considering the extraordinary profits earned from the divestments mentioned, in 2011 we decide to amortize mainly intangibles, goodwill and actuarial calculations, which together generated around 134 million dollars of non-operating exceptional expenses. It is worth highlighting that the special amortization respond to purely accountant decisions and did not compromise the cash flow of the Company. In addition, thanks to these amortizations, the effect of these adjustments will generate savings of approximately 15 million dollars per year in amortizations, generating higher profits.

The individual income statement showed an operating income exceeding 866 million dollars, an EBITDA of 225 million dollars, an operating profit of 155 million dollars and a net profit of 206 million dollars.

When consolidated, assets totaled U\$8.6 billion, increasing 7% compared to December 2010. During this same period, liabilities increased by 19%, totaling U\$2.6 billion. The equity totaled U\$6.0 billion, increasing 2%.

It is worth mentioning that the increase in liabilities is mainly due to the increase in financial obligations, which allowed leveraging the assets' acquisition in the southeastern United States. The goal, since the announcement of the transaction, was to take a temporary liability to be paid by the divestiture of non-cement industry assets in the following months. We are currently working on a long term financing plan that allows us to maintain adequate levels of leverage suitable for the cash flow projections of the Company.

DIRECT ECONOMIC VALUE

DIRECT ECONOMIC VALUE IN US DOLLARS	COLOMBIA	USA	Caribbean
EC1 Domestic purchases and contracts	987,111,310	331,781,042	2,755,601,870
EC1 Imports	116,405,257	16,268,778	71,284,454
EC6 Number of domestic suppliers and contractors	3,447	4224	2133
EC6 Number of foreign suppliers	236	3	412
EC4 Gross taxes paid	166,660,937	27,077,784	60,611,228
EC8 Total value of social investment in subjects such as water supply, roads or power.	1,845,049	0	1,214,976
S08 Fines paid for breach of regulations	0	73,035	3,353

Note:

1. Companies included in the USA Regional: Southern Star Concrete, Southern Equipment Company, Southern Central Cement, Savannah Cement and Port Royal Cement.
2. This direct economic value does not include: net sales, income from financial investments and sales of assets of the cement and concrete industry. Nor reserves, amortizations and/or depreciations.

OUR COMMITMENT TO GOOD CORPORATE GOVERNANCE

In Cementos Argos S.A., we are permanently committed to good Corporate Governance; thus, in all our actions we adopt the underlying principle of Grupo Argos: integrity. Therefore, all our practices and actions reflect a responsible, honest, upright, serious and transparent behavior, according to the needs of each of our stakeholders.

ASSETS STRUCTURE

COMMON STOCK (IN COLOMBIAN PESOS)

Number of Shares	1,151,672,310
Share face value	6
Authorized capital	9,000,000,000
Subscribed capital	7,291,487,317
Paid capital	7,291,487,317
Outstanding capital	6,910,033,860

Note: Divided into common shares with a nominal value of six Colombian pesos each.

SIGNIFICANT SHAREHOLDERS AT YEAR END 2011

SHAREHOLDER NAME	SHARE (%)
Inversiones Argos S.A.	61.40
Fondo de Pensiones Obligatorias Protección	6.39
Amalfi S.A.	5.43
Fondo de Pensiones Horizonte	2.71
Fondo de Pensiones Obligatorias Colfondos	2.28
ING Fondo de Pensiones	2.47

Shareholders with a stake equal to or greater than 2% of the capital of the Company are shown.



MANAGEMENT

BOARD OF DIRECTORS

Sergio Restrepo Isaza
Ana María Giraldo Mira
Andrés Bernal Correa
Claudia Betancourt Azcárate
Juan David Vieira Fernández

According to our bylaws, all members of the Board are senior. Acting as independent: Claudia Betancourt Azcárate and Juan David Vieira Fernández. No member of the Board of Directors is an employee of the Company.

In 2011 the Board of Directors met three times in person and four times virtually.

The average attendance rate was 89%

BOARD MEMBERS WHO ARE MANAGERS OR CORPORATE BOARD MEMBERS WITH SIGNIFICANT STAKES IN THE COMPANY, OR WHERE THEY HOLD SIGNIFICANT STAKES

NAME	POSITION	COMPANY
Claudia Betancourt Azcárate	General Manager	Amalfi S.A.
Andrés Bernal Correa	Investments and Financial Vice-President	Grupo de Inversiones Suramericana S.A.
Sergio Restrepo Isaza	Corporate Development Vice-President	Bancolombia S.A.
Ana María Giraldo Mira	Corporate Planning Vice-President	Grupo Nacional de Chocolates S.A.

AUDIT AND FINANCE COMMITTEE

The Good Governance Code and the internal regulations of the Audit Committee identify the functions of this committee.

Currently, the members of the Board of Directors who integrate this committee are: Claudia Betancourt Azcárate (independent member), Juan David Vieira Fernández (independent member) and Andrés Bernal Correa.

In 2011 the Board of Directors met three times in person and four times virtually.

EXTERNAL AND INTERNAL CONTROL BODIES

EXTERNAL

STATUTORY AUDIT

Our Statutory Auditor is independent and autonomous in the development of their roles and in 2011 there were no incompatibilities or disabilities provided by law.

The Audit and Finance Committee reviewed its work plan for 2011, evaluations' results and independence. The improvement plans defined by the Company in response to comments raised by the statutory auditor were also reviewed.

FINANCIAL SUPERINTENDENCY

According to the applicable regulations, the Financial Superintendency of Colombia has control over the Company. During 2011 we continued to meet their regulations and among other activities, we promptly filled out the survey of Best Corporate Practices Country Code.

INTERNAL

AUDIT AND RISK CORPORATE MANAGEMENT

Our Audit and Risk Corporate Management performs its internal audit and comprehensive risk management functions based on the best international practices, among which COSO (*Committee of Sponsoring Organizations of the Treadway Commission*) and COBIT (*Control Objectives for Information and related Technology*) stand out as models, embraced by the Company as methodological point of reference to manage its Internal Control System. This role is carried out through a *cosourcing* with the outsourcing firm Ernst & Young.

In 2011, our Management structured the Fraud Prevention Policy within the Company and designed new fraud control and prevention mechanisms.

The Audit and Finance Committee approved the 2011 Annual Audit Plan and followed up the results of evaluations and independence of internal auditors. Similarly, it revised the improvement plans defined by the Company in response to comments raised and their implementation degree.



BUSINESS CONDUCT COMMITTEE AND TRANSPARENCY LINE

In 2011 the Business Conduct Code was structured and developed, which replaced the Business Ethics Code. The reason why the new code was created was that, while the Ethics Code had abstract behavioral principles and models, the Conduct Code describes the daily behaviors intended to be protected and spread and those which should be avoided within the company. These behaviors were categorized as behaviors related to the working environment, property and safety of the Company and fraud.

Hand in hand with the development of the Code, the Conduct Committee rules were structured and, within these, the operation of the Committee and Subcommittee, as well as the roles of the investigation officers, business conduct official and regional leaders.

According to the regulations, the Conduct Committee's meetings are held on a quarterly basis and the Subcommittee meetings are held on a monthly basis.

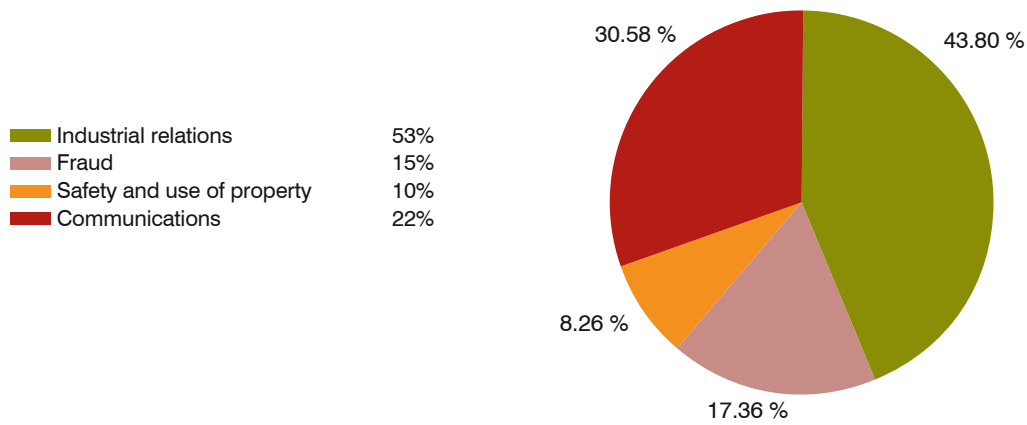
In 2011 it was planned to launch a new Transparency Line (formerly Ethic Line), which was re-structured, and new formats were implemented to be filled up by the call center with greater ease and agility.

Regarding the operation of the line, in 2011, 121 communications were received regarding cases and its operation. Of the communications received, 72 were for new cases. Only nine cases are still open in 2012.

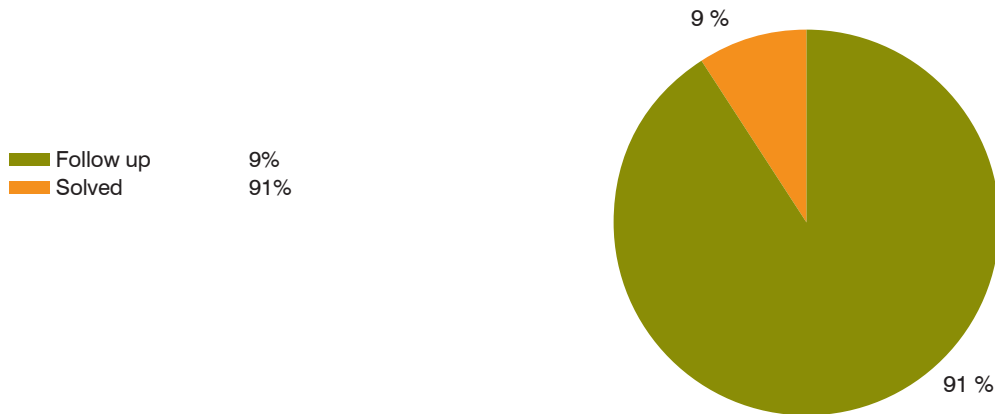
Throughout the year, the communications submitted were classified under the following categories: use of property, fraud, labor relations, safety and information about the line.

In 2011 the communications strategy was created for the launch of the Code of Conduct, the Fraud Policy and The Transparency Line (lintransparencia@argos.com.co; Phone number in Colombia: 018000 522 021) and it is expected that the new structure will bring a broader dissemination, implementation and monitoring of all the behaviors embodied in the Code as well as a greater transparency in the daily behavior of the employees.

COMPLAINTS FILED BY CATEGORY



CURRENT STATUS OF COMPLAINTS

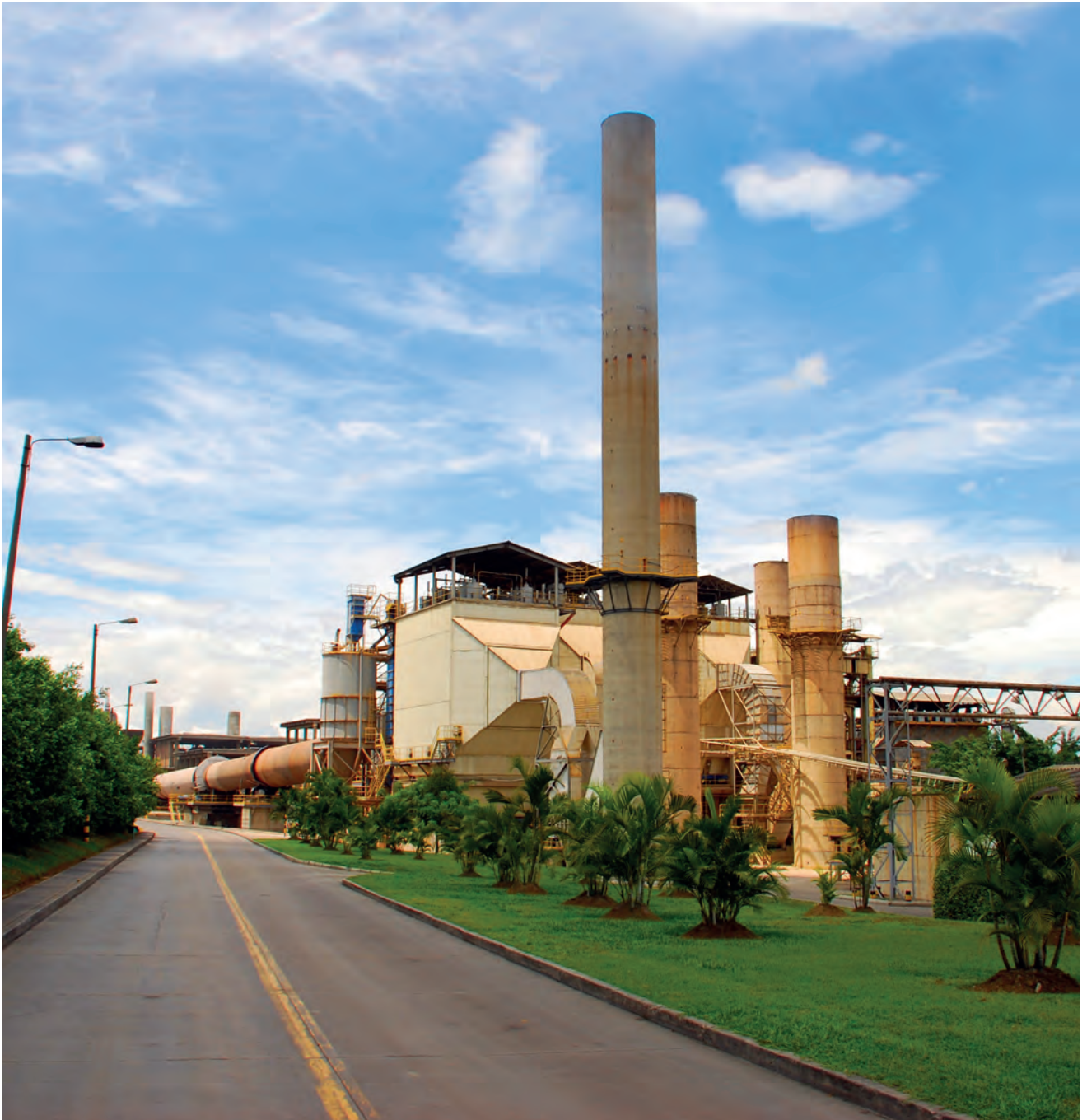




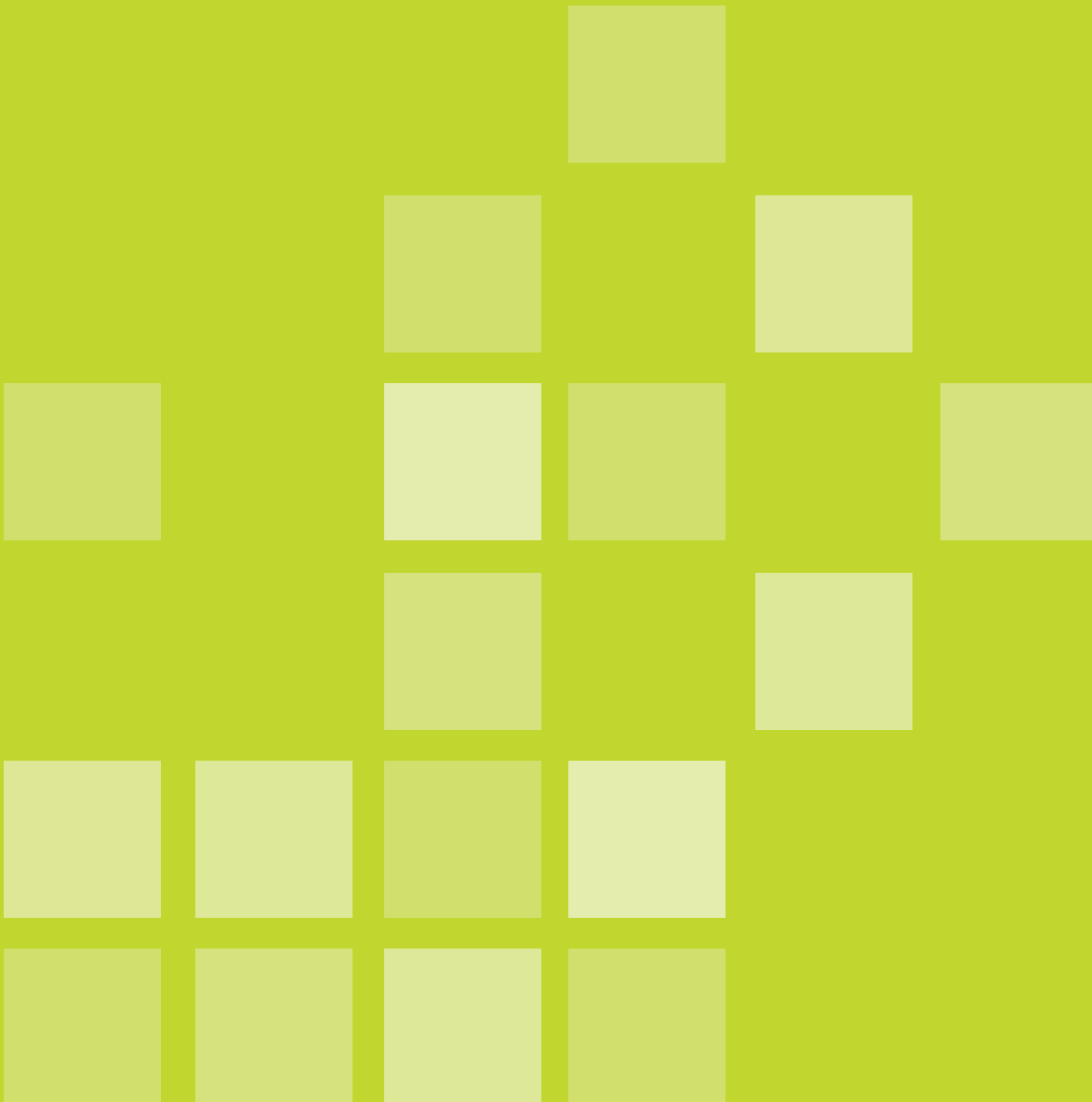
COMPETITION POLICY

The Competition Policy was created in 2011, this is a Guide of conduct that directs us to adopt behaviors seeking to keep the markets in which the organization takes part, free of restrictions and unfair acts that could lead to sanctions, harm the business or the positive image of the Company.

This Policy is a strong action against any act carried out by any employee that may constitute an act contrary to free and fair competition. It clearly indicates how to manage relationships with customers, suppliers and competitors; which activities indicate a higher risk for our competitors and how to handle the information within and outside the Company.



SOCIAL DIMENSION



SOCIAL DIMENSION

Our social commitment becomes evident in the good relations with our stakeholders and the Global Compact and Corporate Governance principles.

OUR PEOPLE

Value promise: We are committed to the development, safety and welfare of our employees within a global-minded organizational culture that promotes innovation, teamwork, self-management and environmental awareness.

OUR EMPLOYEES

(GRI: LA1)

Our employees are classified into three workforces described as follows:

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

Temporary workforce: It consists of all employees hired through temporary employment agencies. Interns and trainees are also part of this workforce.

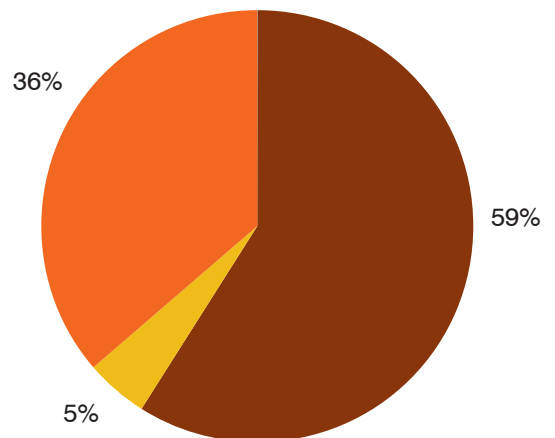
Regular complementary workforce: The third workforce consists of self-employed contractors or general contractors, assigned to provide a service or the execution of one or more works within the premises of the Company.

At year end, **8,196 employees** were part of the regular workforce, 650 employees worked as part of the temporary workforce, and 5,048 collaborators integrated the general supplementary workforce. In total the company generates 8,846 direct jobs and 5,048 indirect jobs.



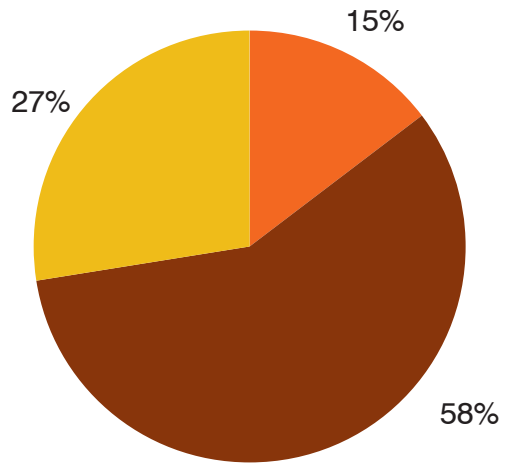
WORKFORCE COMPOSITION

Regular workforce	59%	8.196
Temporary workforce	5%	650
Regular complementary workforce	36%	5.048



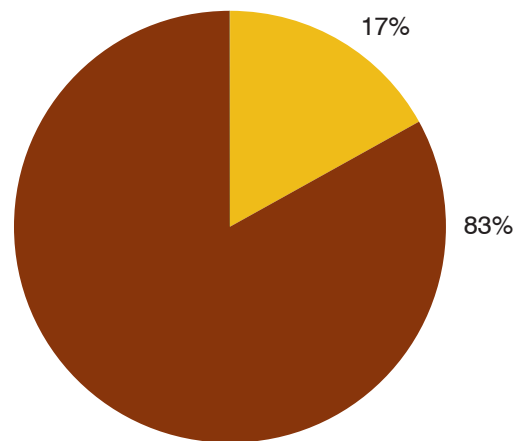
REGULAR WORKFORCE BY REGIONAL

Colombia Regional and corporate	58%	4.740
USA Regional	27%	2.256
Caribbean Regional	15%	1.200



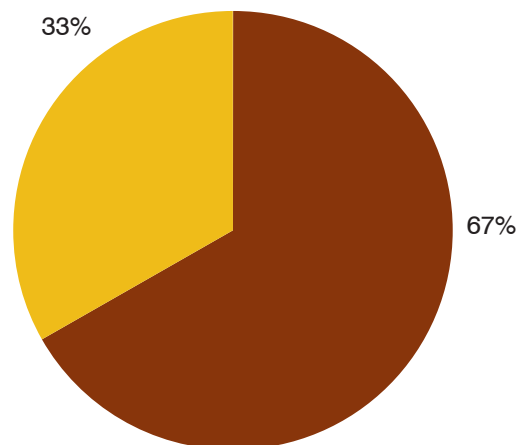
TEMPORARY WORKFORCE BY REGIONAL

Colombia Regional and corporate	83%	540
Caribbean Regional	17%	110



REGULAR COMPLEMENTARY WORKFORCE BY REGIONAL

Colombia Regional and corporate	67%	3.369
Caribbean Regional	33%	1.679

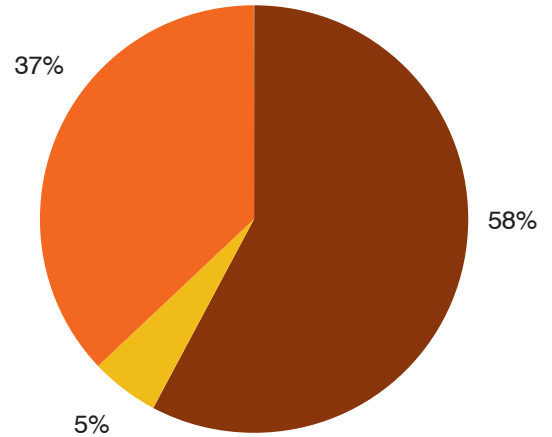


Notes:

1. Including the following companies: Cementos Argos S.A., Concretos Argos S.A., Canteras de Colombia S.A.S., Carbones del Caribe S.A.S., Logística de Transporte S.A., Urbanizadora Villasantos S.A.S., Ganadería Rio Grande S.A.S., Reforestadora del Caribe S.A.S., Sociedad Portuaria Golfo de Morrosquillo, Sociedad Portuaria de Cementeras Asociadas, Fundación Argos, Zona Franca Argos S.A., Southern Star Concrete, Southern Equipment Co. (RMCC), Piazza Adquisition corp., Argos Cement LLC, Argos Ready Mix LLC, Savannah Cement Company, South Central Cement, Caribbean Construction and Development, Caricement Antigua Ltd., Caricement St. Maarten NV, Caricement USVI Corp., Cemento Panamá S.A., Cementos Panamá Comercializadora S.A., Concretos S.A., Grava S.A., Terminal Gran. Bahía Las Minas S.A., Cemento Colón S.A., Censa, CINA, Fundación CINA, Vensur.

WORKFORCE FOR CEMENT AND CONCRETE BUSINESSES

regular workforce	58%	6.321
Temporary workforce	5%	566
Regular complementary workforce	37%	4.050



Note:

Including the following companies: Cementos Argos S.A., Concretos Argos S.A., Fundación Argos, Zona Franca Argos S.A., Southern Star Concrete, Southern Equipment Co. (RMCC), Piazza acquisition corp., Cemento Panama S.A., Cementos Panama Comercializadora S.A., Concretos S.A., Cemento Colon S.A., CINA, Fundación CINA.

The scope of the indicators presented hereafter is for the Concrete and Cement businesses including the following companies: Cementos Argos S.A., Concretos Argos S.A., Fundación Argos, Zona Franca Argos S.A., Southern Star Concrete, Southern Equipment Co. (RMCC), Piazza Acquisition corp., Cemento Panama S.A., Cementos Panama Comercializadora S.A., Concretos S.A., Cemento Colon S.A., CINA, Fundación CINA. Adicionalmente, el Caribe incluye los siguientes países: Panamá, República Dominicana y Haití .

ORGANIZATIONAL STRUCTURE.

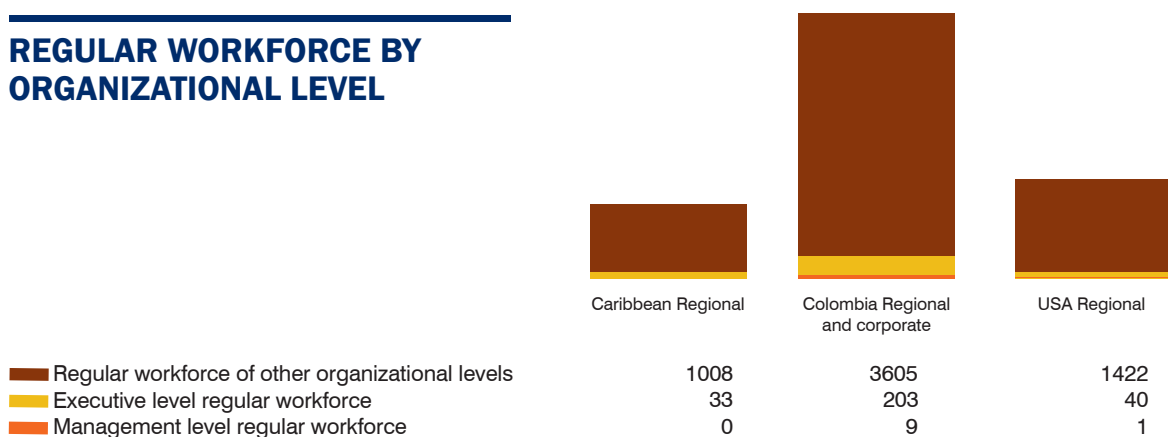
The organizational levels within the regular workforce are defined according to the position valuation scale based on the HayGroup firm methodology. Such levels are described as follows:

Executive level: Employees with grade 19 or higher in the positions valuation scale of the Company.

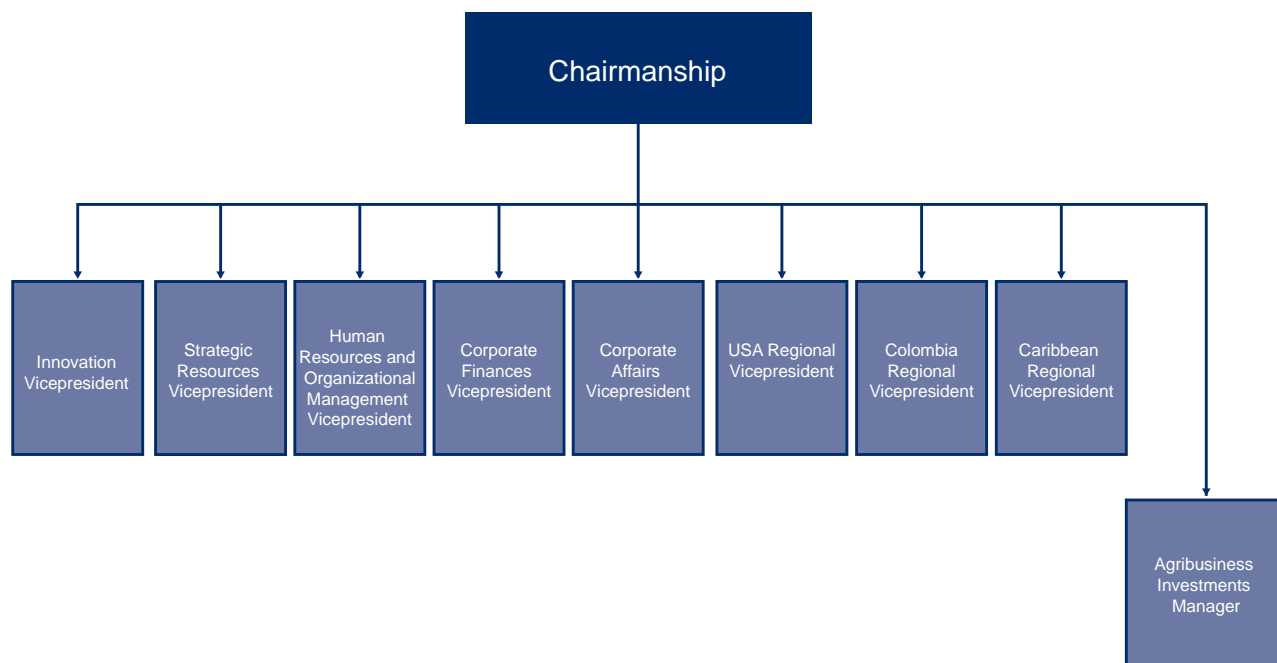
Management level: Employees with grade 12 to 18 in the positions valuation scale of the Company.

Other organizational levels: Employees with grade 11 or lower in the positions valuation scale of the Company.

REGULAR WORKFORCE BY ORGANIZATIONAL LEVEL



Organization chart



EMPLOYMENT GENERATION AND STAFF TURNOVER

(GRI: LA2)

In 2011 **108 new jobs were created** within the regular workforce. Most of these new jobs were generated in the concrete business in Colombia and in the cement business in Dominican Republic and Haiti.

REGIONAL	TOTAL NEW HIRES FOR THE REGULAR WORK FORCE	VOLUNTARY RESIGNATIONS	INVOLUNTARY RESIGNATIONS	FATALITIES OF THE REGULAR WORK FORCE RELATED TO THE JOB	GENERAL BALANCE OF NEW JOBS	AVERAGE STAFF TURNOVER
Colombia Regional and Corporate	46	270	37	0	169	0.08
Caribbean Regional	134	49	28	0	57	0.07
USA regional	164	103	179	0	-118	0.19
Grand Total	774	422	244	0	108	0.11

Note: Voluntary resignations include dismissals by mutual agreement.

Additionally, because of Argos' acquisition of Lafarge's assets in the southeastern United States, 793 new employees joined our company in that area.



QUALITY OF LIFE AT WORK PROGRAMS

(GRI: LA3)

The implementation of satisfaction programs is aimed at improving the working conditions of our employees, seeking to stimulate innovation, productivity and performance.

WORK ENVIRONMENT

Since the organizational environment is responsibility of both employer and employees, and it is the result of the conditions and labor relations, that determines the work environment, is vital to improve and strengthen attitudes, behaviors and conducts.

In 2011, based on the results of the measurement performed by the *Great Place To Work Institute*, a plan was developed for the continuous improvement of the work environment of the Company. The study includes five dimensions which determine a good place to work: credibility, respect, fairness, companionship and pride.

The following are the main activities carried out in order to achieve consistency and harmony to improve the work environment: The employees were informed about the study results and the workshops on Workplace Environment Management for human resources Leaders in order to train them in handling the results and how to develop action plans to intervene the foci of improvement according to the corporate guidelines on the subject.

INTERVENTIONS TO IMPROVE THE WORK ENVIRONMENT

Aiming at improving the communication between the employees and their leaders, and generating spaces of fraternity, the "Meetings with the Vice Presidents" and "Meetings with the Managers" were developed. These meetings, in which the objectives, achievements and goals of the workplace were presented, were attended by more than 90% of the employees of all levels of the following vice-presidencies: Corporate Affairs, Human Resources and Organizational Management and Corporate Finances. Additionally, a space was created for the Synergy project, led by the Human Management and Organizational Vice Presidency and the Project Management, in which the Company's financial results were presented and questions from the project collaborators were answered.

The Getting to Know Argos workshop was developed in the Dominican Republic, where the results of the survey on environment and labor welfare policy were presented.

In Panama, during the Sustainability Week, the managers approached the employees and held conversations with the different managers to improve communication between employees and leaders.

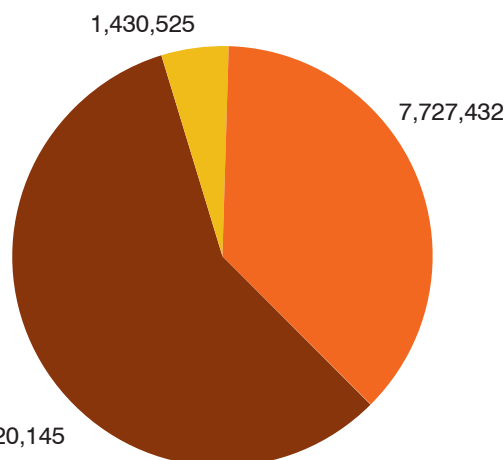
Other initiatives designed to improve the balance between work and family life of employees in Colombia were the extension of the breast-feeding leave, the reduction by one hour of the workday on Fridays and the benefit of flexible working hours.

BENEFITS FOR EMPLOYEES

The Company provides social and economic benefits that allow employees and their families to improve and maintain a good standard of life, these benefits make possible a better working environment, generating motivation in people which is reflected in our Organization's competitive performance.

TOTAL OF DISBURSEMENTS FOR BENEFITS BY REGIONAL

USA Regional	16,420,145
Caribbean Regional	1,430,525
Colombia Regional and Corporate	7,727,432



Note: figures in US dollars.

Benefits are designed keeping in mind specific conditions of the three Regionals as well as the type of business, and they seek to generate satisfaction opportunities and quality of life for the employee, such as: health, housing loans, car loans, education, retirement plans and saving plans among others.

REGIONAL	HEALTH		HOUSING LOANS		DISBURSEMENTS DUE TO CALAMITY		CAR LOANS	
	CONTRIBUTIONS IN HEALTH	USERS OF HEALTH BENEFITS	AMOUNT ON HOUSING LOANS	USERS OF HOUSING LOANS	DISBURSEMENTS DUE TO CALAMITY	USERS OF CALAMITY LOANS	DISBURSEMENTS FOR CAR LOANS	USERS OF CAR LOANS
Colombia Regional and Corporate	1,122,059	918	3,511,759	233	249,959	439	1,078,352	66
Caribbean Regional	319,866	379	370,718	73	67,404	97	23,422	2
USA regional	14,092,447	1,319	-	-	-	-	-	-
Grand Total	15,534,372	2,616	3,882,477	306	317,363	536	1,101,774	68

REGIONAL	EDUCATION		LIFE INSURANCE		RETIREMENT PLANS		SAVINGS PLANS	
	CONTRIBUTIONS TO EDUCATION	USERS OF EDUCATION BENEFITS	CONTRIBUTIONS TO LIFE INSURANCE	USERS OF LIFE INSURANCE	CONTRIBUTIONS TO RETIREMENT PLANS	RETIREMENT PLANS USERS	CONTRIBUTIONS TO SAVINGS PLANS	SAVINGS PLAN USERS
Colombia Regional and Corporate	270,384	220	511,542	3,852	-	-	771,977	733
Caribbean Regional	172,083	2,464	85,790	4,130	294,790	2,979	67,274	106
USA regional	-	-	276,908	1,445	1,379,006	706	-	-
Grand Total	442,467	2,684	874,240	9,427	1,673,796	3,685	839,251	839

Note: Figures in US dollars.

Additionally, the company took on 912,361 dollars for the cost of medical leaves paid to the employees this way: 23.17%, in the Colombia Regional and Corporate; 3.20% in the Caribbean Regional; and 73.53% in the USA Regional.



LABOUR RELATIONS

(GRI: HR5)

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 Code of Conduct and the Global Compact principles, by continually monitoring the normative work, working conditions and quality of life at work.

Labor relations, collective and individual, will develop in strict compliance with the work legislation applicable to the country or state where these take place, ensuring the rights and obligations of the parties, including third parties in the service of the Organization in any proper operation.

The activities of every business must add value and be carried out efficiently and effectively. In any case, these activities should be part of formal and fair models in the hiring, seeking continuous improvement of the employment quality. The Company encourages employees and third parties who provide services within our facilities to perform their work under basic conditions of dignity at work, understanding it as respect for people, their rights and conditions consistent with the type of work they do.

On the other hand, in order to provide the Organization, its leaders and employees with a framework so that their acts and decisions, as part of their activities, are in line with good practices in human resources management, this year, the Executive Committee established the Corporate Policy on Human Resources Management, which applies for every region in which the company operates and covers aspects such as quality of life at work, personal development, human resources management based on a competency model, respect for the freedom of association and collective negotiation, prohibition of discrimination and harassment, forced work and child labor.

Likewise, we developed the Code of Business Conduct in order to establish organizational guidelines to guide employees in their daily lives inside and outside the Organization, within the framework of Corporate Governance. This code shall be published during the first quarter of 2012.





COLLECTIVE AGREEMENT

(GRI: LA4)

REGIONAL	EMPLOYEES COVERED BY A COLLECTIVE AGREEMENT	% OF EMPLOYEES COVERED BY A COLLECTIVE AGREEMENT
Colombia Regional and Corporate	1,639	42.9%
Caribbean Regional	511	49.1%
USA regional	0	0.0%
Total	2,150	34.0%

Note: New acquisitions are not included in the United States.

In the middle of the year, we did the collective negotiation process for Concretos Argos S.A., taking the list of demands presented by a group of employees who decided to join the union organization, consistent with the respect for the principles and rights at work.

With this new agreement, the number of people covered by a collective agreement in the Colombia Regional goes from 36.5% in 2010 to 42.9% in 2011.



OCCUPATIONAL HEALTH AND SAFETY

The Company promotes safe and healthy conditions in all operations, preventing accidents, occupational illnesses and emergencies. In cases in which these situations occur, mitigation plans will be in place having at all times the safety of people above the continuity of operations and the conservation of equipment. We foster the generation of a self-care and responsibility culture to control hazardous conditions in each employee, working under a continuous improvement management system, and meeting the legislation in force in each country.

HEALTH AND SAFETY COMMITTEES

(GRI: LA6, GRI: LA9)

In the collective agreements, the Company and its employees are committed to fulfilling their rights, obligations and responsibilities in order to progressively develop a Management System for Industrial Safety and Occupational Health at Work.

The Occupational Health and Industrial Safety policy is primarily the creation of a risk prevention culture, as everyone's responsibility. The Company and all employees in every activity, recognize safety and health as an essential part of all processes, and meeting the prevention laws as a priority.

The Joint Occupational Health Committee in Colombia as a participation and share liability entity, has a special leadership role in the prevention of accidents and occupational diseases.

REGIONAL	% OF EMPLOYEES WHO ARE PART OF OCCUPATIONAL HEALTH AND SAFETY COMMITTEES
Colombia Regional and Corporate	9.6%
Caribbean Regional	18.2%
USA regional	0%
Grand Total	8.8%

In Panama we had The “Occupational Health and Safety Day for Workers of the Cement and Derivatives Industry”, this meeting was convened by the employees and the union, in order to promote safety as a commitment of both the Company and its employees.

Also, the fifth SISO meeting for the Caribbean Regional, was held in order to unify criteria regarding Industrial Safety. Some of the topics discussed were: the behavior observation process, the definition of channels and media, the homologation of safety elements and the accident recording system.

CONTROL OF ACCIDENTS

(GRI: LA7)

	COLOMBIA		Caribbean	USA
	CEMENT	CONCRETE	CEMENT	CONCRETE
Frequency index	6.71	22.5	7.43	3.07
Severity index	106.42	330.51	117.76	144.46

Notes:

These indicators are calculated with a K (constant of 1,000,000 man hours worked).

Ten cement plants and four concrete production areas are included in the Colombia Regional.

The Caribbean Regional covers operations in: Panama, Dominican Republic and Haiti.

The concrete business is measured in the USA Regional.

LET US TAKE CARE PROGRAM

In 2011, in order to strengthen the safety and self-care culture in Colombia, the “Cuidémonos (Let Us Take Care)” program was developed. Its objective is to “Take care, not out of obligation, but by conviction”. It seeks to cultivate not only the self-care, but also the formation of leaders who promote this principles among their teams and workplace. The following are the most outstanding achievements of this program:

- Creation of awareness for 157 people of the management area.
- 103 Leaders graduated from the “Building a Sense of Security” training workshop.
- 28 People started their training in the “Generating sense of life according to occupational health and safety”.

LIFE LINE PROJECT

On the other hand, the fall prevention system was improved in the cement and concrete business in Colombia with the life lines project. 314,000 dollars were invested in this project allowing us to meet the highest standards on industrial safety.

TRAINING

With the support from from SENA (National Learning Services), 174 Employees from different plants and locations of the Colombian geography, were certified as firefighters and emergency care technicians in 2011.

It is worth noting the SISO leadership training carried out in Panama, which objective is to strengthen the SISO culture within the Company and train drivers on operational control management in safety and vehicular traffic.

Since mid-year, 25 brigadiers started their training in Haiti. The main formation focus of this formation was fire control and prevention, first aid and emergency plans.

In Dominican Republic, 576 hours of training on industrial safety and occupational health were delivered on subjects such as: use of personal protection devices, use of extinguishers, emergency squad, labeling and blocking, hearing protection, respiratory care, skin care, prevention of diabetes, emergency plan and emergency squad at the plant.

In the United States we delivered training on the use of personal protection devices, operation of industrial trucks, hearing and respiratory care, training for working at heights and with heat, fire safety, among others.

DISEASES AND ACCIDENTS PROMOTION AND PREVENTION

(GRI: LA8)

We are developing different initiatives within our company in order to prevent accidents and occupational and general diseases. For this, we have designed processes and systems to provide training for prevention, treatment and monitoring. In 2011, the Healthy Company program took place in Colombia, which seeks to prevent the appearance of occupational diseases. Since the musculoskeletal diseases have been the main absenteeism reason during the recent years, we started developing the epidemiological surveillance program in order to prevent this type of diseases.

Moreover, the labor meetings were developed, in which various professionals took part discussing specific situations of chronic cases, open constraints, common diseases and work accidents that had happen in each venues.

Also, along with our strategic partners, we developed educational workshops and medical consultation on cancer in women and risk of cardiovascular diseases.

In Haiti, the Industrial Safety and Occupational Health team joined the commemoration of the International Diabetes Day by offering free blood glucose tests to our employees. By December, about one hundred employees had been examined.

In Dominican Republic we carried out a dental care program where 73 employees took part.

ABSENTEEISM RATE

(GRI: LA7)

REGIONAL	ABSENTEEISM INDEX (DAYS MISSED PER MILLION OF MAN-HOURS)
Colombia Regional and Corporate	2,333
Caribbean Regional	1,618
USA regional	n/a

Note: Absenteeism rate calculated taking into account days missed because of occupational disease, general illness and accident.

HUMAN DEVELOPMENT

Our staff is known for being highly competitive, qualified and global-minded. Our processes are aimed at building the integrity of the human being, by seeking to meet the organizational needs, starting at personal development.



TRAINING AND ASSESSMENT

(GRI: LA10)

Argos provides opportunities and mechanisms so its employees have access to resources for training in their jobs, in accordance with the interests of the business. The training processes in the company are developed under two modalities: the corporate training as tool for the development of culture and talent, which is a priority for the company and its employees, and the technical training as tool for the development of employees in their current position, or for future positions.

CORPORATE TRAINING

Leading:

The objective of this program is to work on developing the skills of the leader facilitator, helping to strengthen our ability to achieve results and work as a team, through the development of our employees' potential

The program was implemented in the operations of the Caribbean Regional in 2011, where 99 leaders were trained in modules one and two. The total investment for this program was 119,221 dollars.



TECHNICAL TRAINING

Developing experts:

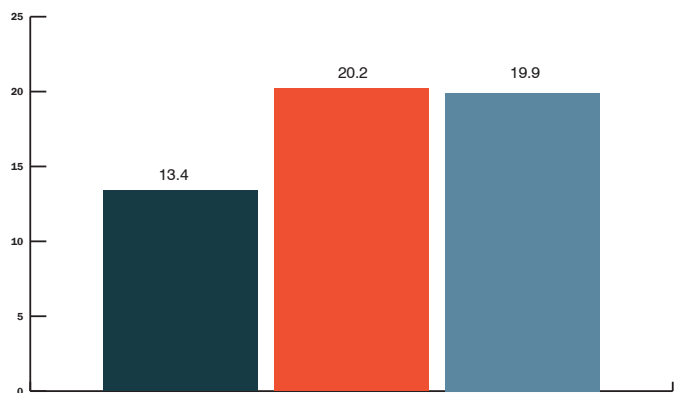
It is one of the means to develop and enhance our employees' skills, seeking their right performance in their duties and giving them a base to grow personally and professionally within the company, assessing their skills and professionalizing their work for the company. Additionally, it seeks to obtain highly effective teams: self-managed, self-directed and leaders at every level, where creativity and collective knowledge are valued for problems solving, continuous improvement, innovation and sustainability.

404 people from the cement business participated in this program in 2011, and 757 people from the concrete business between 2010 and 2011, both of them from Colombia. By 2012 we expect to deploy this program in the Caribbean Regional.

MAIN TRAINING SUBJECTS

AVERAGE OF TRAINING HOURS DELIVERED PER YEAR BY ORGANIZATIONAL LEVEL

█ Average of training hours at managerial level	13.4
█ Average of training hours at other organizational levels	20.2
█ Average of training hours at	19.9



In the Colombian Regional: Management development, Industrial Safety and Occupational Health, environment management, operation processes, corporate processes, upgrade in regulations.

In the Caribbean Regional, Panama: Management development, office technology, Industrial Safety and Occupational Health, finance, sales, upgrades on procedures and work instructions according to ISO 9000 certification and OHSAS 18000.



In the Caribbean Regional, Dominican Republic: Management Development, operating processes, training in labor issues, accounting and corporate social responsibility.

In the USA Regional: Industrial Safety and Occupational Health

INVESTMENT IN TRAINING AND SPECIAL EDUCATION PROGRAMS

REGIONAL	INVESTMENT IN TRAINING (USD)	INVESTMENT IN TRAINING (USD)	COST OF PROGRAMS FOR EDUCATION (USD)	TOTAL COST OF INVESTMENT ON TRAINING AND SPECIAL EDUCATION PROGRAMS (USD)
Colombia Regional and Corporate	1,578,683	414	599,900	2,178,583
Caribbean Regional	232,777	224	3,718	236,495
USA regional	50,000	34	-	50,000
GRAND TOTAL	1,861,459	294	603,618	2,465,078

ESPECIAL EDUCATION PROGRAMS

(GRI: LA11)

31 employees had access to credits or sponsorships from the Company, in order to help them improve a foreign language, obtain a graduate, master or doctorate degree. Four of these employees were awarded the Fulbright scholarships to further postgraduate studies abroad.

PERFORMANCE MANAGEMENT

(GRI: LA12)

We understand Performance Management as an ongoing process, which is a responsibility of leaders, involving the support for employees in achieving results through planning, monitoring and assessing the compliance of the proposed objectives. Our company has a formal measuring system that allows making decisions on employees' performance.

Our employees develop their activities according to the performance standards and expectations, and their performance results are the raw material to make decisions regarding promotions, appointments, transfers and other decisions related to human resources management. In case of a promotions, it is a prerequisite for the employee to have a proper performance in the current position.

The performance management seeks to develop the abilities of Argos' people and foster effective leadership in work teams. It is a process carried out in several stages from which you get the development plan of each employee and it should contribute to their personal and professional growth.

We have two objectives for 2012: expand the program in the Caribbean and promote the voluntary participation of more employees from other organizational levels in Colombia.

219 executive and management level employees, and 228 employees from other organizational levels, took part of the regular performance assessments in Colombia, the Caribbean and the U.S.

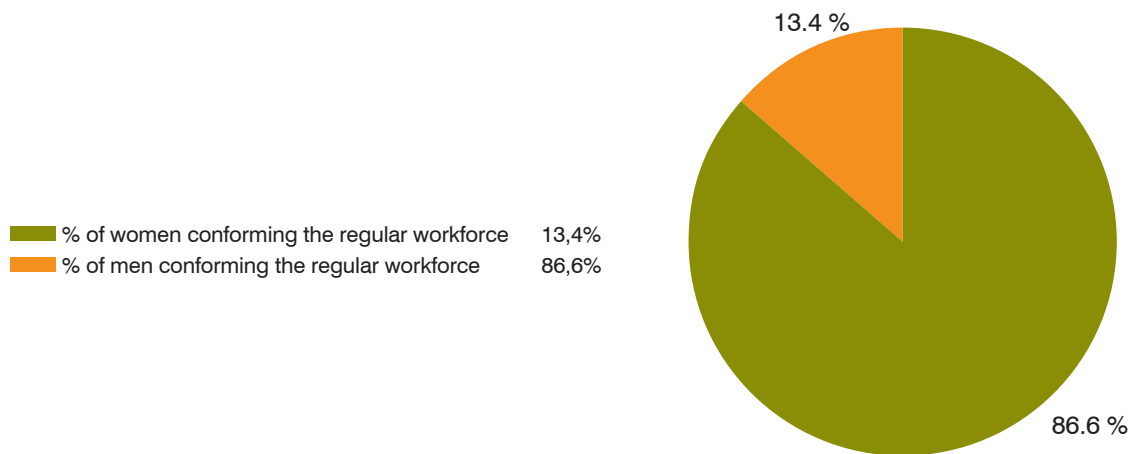


DIVERSITY AND EQUAL OPPORTUNITIES

The Company is committed to the principles of equal employment opportunities and fair treatment for all people and complies with all applicable laws which forbid discrimination and harassment in the workplace. The company strictly forbids discrimination in all terms, conditions or privileges of employment, including recruitment, hiring, assignment, compensation, benefits, promotions, transfers, disciplinary actions and dismissals, as well as any form of harassment on the basis of race, color, religion, national origin, gender, age, disability, sexual orientation, marital status, political affiliation or trade union, or any other characteristic protected by law.

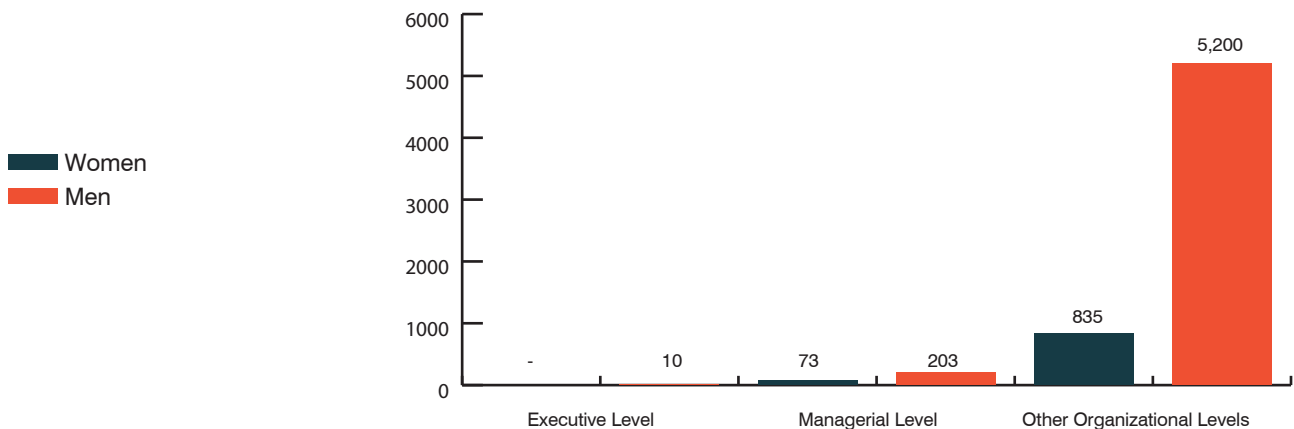
RATIO OF REGULAR WORKFORCE OF MEN TO WOMEN

(GRI: LA13)



MEN AND WOMEN OF THE REGULAR WORK FORCE BY ORGANIZATIONAL LEVEL

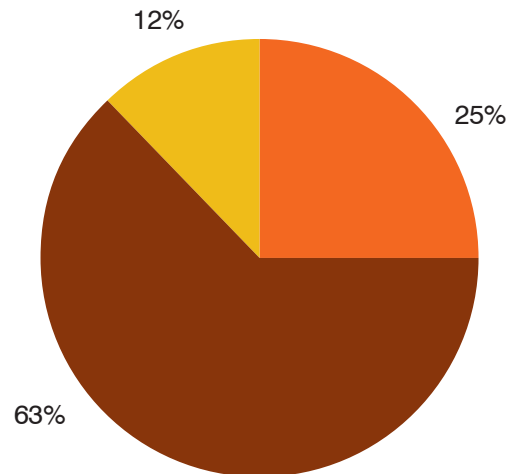
(GRI: LA13)



REGULAR WORK FORCE BY AGE RANGES

(GRI: LA13)

- Regular workforce between 30 and 50 years old
- Regular workforce younger than 30 years old
- Regular workforce older than 50 years old

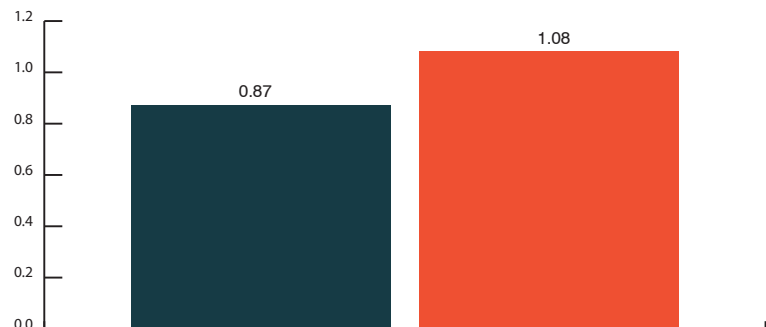


RATIO OF BASIC SALARY OF MEN TO WOMEN BY ORGANIZATIONAL LEVEL

(GRI: LA14)

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

- Ratio between basic salary of women at a managerial level and basic salary of men at a managerial level.
- Ratio between basic salary of women at other organizational levels and basic salary of men at other organizational levels.

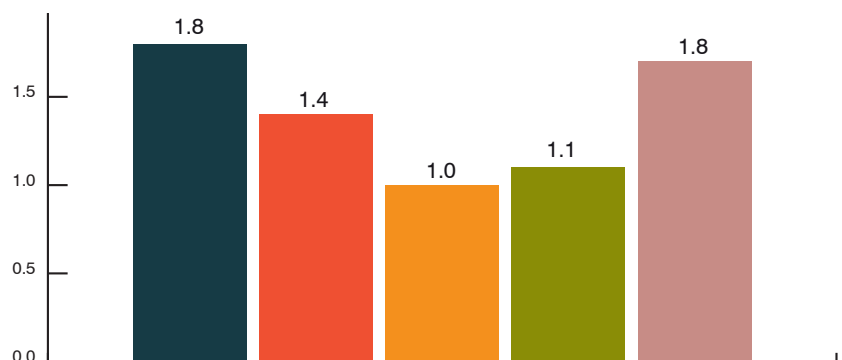


RATIO OF LEGAL MINIMAL WAGE AND MINIMAL WAGE OF THE COMPANY

(GRI: EC5)

- Colombia
- USA
- Panama
- Dominican Republic
- Haiti

1.8
1.4
1.0
1.1
1.7



CLIENTS

Value promise: Be the best business partner for our clients because we deliver quality products and services that meet national and international standards and are part of a production chain that is responsible to society and the environment.

PRODUCT ASSURANCE AND CUSTOMER SUPPORT

All our products have certifications that guarantee product quality to our customers, and we also offer them technical advice for the use and application of such products. We have environmental, industrial safety and occupational health certifications that reflect the proper management of each of the elements of our production process. Additionally, we conduct a verification and monitoring process on our suppliers and contractors in order to ensure that our supply chain meets all standards required by the Company.



CUSTOMER SATISFACTION

Our customers' satisfaction is part of our commitment to quality and the service we provide, that is why, each year, we conduct a survey to assess our performance and make a difference in the market.

Customer satisfaction index

COUNTRY	2010	2011
Colombia	85.7%	84.2%
Panama	87%	81%
Dominican Republic	86%	76.7%
Haiti	74%	72%

These indicators show a continuity in rendering a good service, and, although we decreased in some points compared to 2010, we are still committed to improve continually.

Note: In the USA Regional, no customer satisfaction measurement was performed in 2011, due to the acquisition of new assets of the cement and concrete industries in the Southeastern USA, which implies a reconfiguration of the company that could detract the results of any survey.

OUR SERVICE STRATEGY

- Achieve a positive effect in each interaction with a customer
- Customer service processes by analyzing the customer's voice in order to meet their requirements and solve complaints to ensure their satisfaction.
- Free nationwide attention through our Helpline, where our client's requests, concerns, general information, attention and solutions to complaints can be tend to.
- We provide business advice to our clients for the development of their business through advisers.
- We offer technical advice for the use and application of our products.

- We have a production, storage and transportation infrastructure, to ensure timely delivery of cement and concrete.
- To manage relationships with our clients we have a *Customer Relationship Management* system, where we integrate and formalize the information obtained from the channels of customer interaction, direct visits and customer service line.
- We carry out ongoing measurements of performance on customer service in order to improve.
- We have a yearly training budget for the implementation of development plans for customer service staff.

PROGRAMS FOR OUR CUSTOMERS

COLOMBIA REGIONAL

SOCIAL HOUSING

In 2011 we continued with our affordable housing construction support program through our preferential price, making significant impacts in different regions of Colombia.

SOCIAL HOUSING PROGRAM	2010	2011
Number of projects benefited	457	536
Housing units benefited	72,708	72,491
Departments in which we are present	26	26
Tons of gray cement sold	215,085	181,231

CONSTRUYÁ

This year we substantially increased our Construyá program, which seeks to enable low-income families, including many who do not bank, to have a loan for the purchase of materials, especially cement, for construction or home improvement.

The following were our results:

	2009	2010	2011
Disbursed amount	1,810,556	2,650,000	2,032,222
Number of families benefited	1,245	1,428	949

In 2011 we increased the loan amount per family to improve their living conditions.

CONSTRUCTION FOREMAN CERTIFICATION

For the last ten years along with SENA, we have played an important role in training construction workers as a way to recognize their valuable work and to professionalize their job, thus resulting in buildings constructed with quality and a better pay for qualified construction workers.

Our Organization asked SENA to create this certification, establishing the degree of General Master of Building Works, as an answer to a series of practical assessments that evaluate their skills in direction and supervision of quality construction processes.

In addition to the construction foreman certification, trainings are offered for construction workers. In 2011, we certified more than 444 construction foremen, and trained more than 1,519 construction workers in building techniques.

SOCCER TOURNAMENT

Every year we hold the soccer tournament for construction workers in Colombia "Futsal", a space for entertainment, integration, healthy competition and fair play. The tournament was held in 18 cities and 5,262 construction workers participated.

CARIBBEAN REGIONAL

DOMINICAN REPUBLIC

A direct communication system between customer services and logistics was established to monitor all CIF orders are shipped, allowing real-time traceability of the order until its final delivery to the customer.

Some claim and complaints processes indicators were implemented, assigning times and people responsible for measuring the effectiveness and efficiency of this work.

Another function was implemented to monitor the agreements between the Logistics, Technical and Commercial areas. A performance indicator was assigned, based on on defined times.

HAITI

The website for our company in Haiti was created in order to promote a channel for information and communication between our customers and our operations: www.cina.com.ht

PANAMA

- We held the first Cemento Panama Construction Congress 2001 where 600 people participated.
- We have an *online* service to sell of our products, it has been well accepted among our customers.

USA REGIONAL

- Assistance in designing the required mix.
- Staff training and knowledge transfer to our clients in order to streamline our processes and products.
- Ongoing research of new technologies and products.
- Responsibility towards the environment and the community.
- Full compliance with established regulations and standards.
- Wide coverage of areas in which we operate.
- For our cement customers, our Customer Relation Center a dedicated contact line to track orders and check account status. Currently, the CVC line can be accessed by calling 1-800-331-0022 or by e-mail writing to cement-services@argos-us.com. Our account representatives are available from 7 am to 6 pm ET, Monday through Friday.

SHAREHOLDERS

Value promise: Transparency of information and greater value creation for our shareholders.

NUMBER OF SHAREHOLDERS

Cementos Argos at December 31, 2011: 7,889

RELATIONSHIP WITH OUR SHAREHOLDERS AND INVESTORS

SHAREHOLDERS MEETINGS

On March 18, 2011 the ordinary meeting of the General Assembly of Shareholders of the Company was held.

<i>Quórum</i>	83,98%
Total shares represented	967,217,521

The announcement and all documents to be submitted for consideration by the Assembly, were made available to our shareholders on the Company's website. Also, this notice was published in advance as provided in the bylaws in the following Colombian newspapers: El Tiempo, El Colombiano, El Heraldo and El País. The day after the close of the Assembly, the broadcast of the meeting was made available to our shareholders in the website (www.argos.com.co/cemargos).



COMMUNICATION CHANNELS WITH SHAREHOLDERS AND INVESTORS

We have different communication channels with our shareholders and investors, which allow us to have a two-way dynamic relationship for the reception of information, requests or suggestions and to send information considered as essential for our stakeholders. Thus, in 2011 we complied with the transmission of Relevant Information through the Financial Superintendency's website, provided quick and timely information to our Investors through the website of the Company, allowed the regular exercise of the right to inspection, among other efficient communication mechanisms.

Website for shareholders: www.argos.com.co/cemargos

Shareholder Service Office, managed by Fiducolombia: [+57(4) 404 2371, +57(4) 404 2362, +57(4) 404 2453, +57(4) 404 2451, +57(4) 404 2452]

Investor Services office, administered by the Vice President of Corporate Finance (rsierra@argos.com.co) and the president assistant (turibe@argos.com.co)(turibe@argos.com.co)

Website of the Financial Superintendency through which relevant information is disclosed: www.superfinanciera.gov.co.

In 2011 we had no conflicts with our Shareholders and Investors.

COMMUNITIES

(GRI: EC9)

Value promise: The preservation of good neighborly relations with the communities influenced by our operation and support local development.



INVESTMENT MAP BY REGION



Investment 2010: 7,312,310 dollars
Beneficiaries 2010: 428,450

Investment 2011: 9,151,278 dollars
Beneficiaries 2011: 474,442



WE GENERATE SOCIAL DEVELOPMENT

We have 672 communities influenced by our operations in Colombia, Haiti, Dominican Republic and Panama, with whom we have been working in social projects to improve their quality of life, especially for children.

Our vision is to lead the generation of dialogue processes and sustainable development within the communities influenced by the company, facilitating the development of able populations that are empowered and in control of their own future.

In Colombia we currently have the Argos Foundation, that for six years has been running projects focused on the educational infrastructure line, and the Cina Foundation, which for two years has been running the projects implemented in Haiti; in other areas where we are present, social programs are directly run by the company, following the same Argos' approach, and corporate guidelines.

In 2011 our direct social investment was nine millions of dollars in the following intervention areas: infrastructure and quality of education, housing building and home improvement, community infrastructure and production projects, managing to reach 474,442 beneficiaries.

It is also important to highlight the culmination of the building project in which 48 new homes were built for our people in Haiti who were affected by the earthquake in 2010, and the aid our company and our employees and contractors provided in the flooding emergency that Colombia went through in 2011, by actively participating in campaigns and projects we have developed to provide support to the population affected by the rainy season in Colombia, especially in the departments of Atlántico, Sucre, Córdoba, Bolívar, Cundinamarca, Valle, Antioquia and Boyacá.

COLOMBIA REGIONAL

ARGOS FOUNDATION, COLOMBIA

Along with Compartamos Colombia, the Argos foundation delivered some workshops in social innovation in order to review the management of the Foundation during the last five years and perform a long term strategic plan.

Two significant results were obtained from this work:

- The Argos Foundation focus on issues of quality educational infrastructure, with a comprehensive vision of the importance of learning environments in the learning process and its impact on pedagogical processes as well as on the test scores of students.
- The creation of a budget for service to communities influenced by the Argos Foundation, seeking to specialize and take care from our operations all projects undertaken with the communities near to our plants.

EDUCATIONAL INFRASTRUCTURE

EDUCATIONAL IMPACT INDICATOR

86.71% of the educational institutions within the communities in our area of influence in Colombia, have been impacted with infrastructure or quality education programs.

PROJECTS UNDERTAKEN

Educational institutions built: 11

Educational institutions improved: 29

Beneficiaries: 77,957

PROJECTS THAT STAND OUT

The following are some of the institutions intervened with infrastructure megaprojects that allow students to have appropriate and innovative learning environments for their proper academic development.

CRISANTO LUQUE SCHOOL, TURBACO

In partnership with the mayor's office, we finished the building project at the Bonanza branch of the



Educational Institution Crisanto Luque in Turbaco, Bolívar, which will benefit over 350 kids of displaced families who live within this community. Each classroom of this school has state of art technology and is equipped with the school supplies required by preschool students.

MACAJÁN CAMPUS, TOLUVIEJO

Total construction of the Macaján Campus in partnership with the Toluviejo's Mayor's office; this project is a school model that integrates all the space needed for the proper development of 800 kids and young people of the community.

PABLO EMILIO CARVAJAL SCHOOL, BUENAVENTURA

Argos invested 400 million Colombian pesos, in partnership with Centro Regional de Producción Más Limpia (Cleaner Production Regional Center) and Ecopetrol, for the first reconstruction phase of the Nuestra Señora de la Misericordia branch of the Pablo Emilio Carvajal School in Buenaventura. The project is one of the first regional initiatives and national green schools in a vulnerable area. Recently, in the Biocasa 2011 event, organized by Camacol, the Centro Regional de Producción Más Limpia highlighted the project as an excellent example in the social sector.



EDUCATIONAL INFRASTRUCTURE, TOLÚ

Argos and Ecopetrol joined the Santiago de Tolú Mayor's Office to build school environments that improve and strengthen teaching and learning process by increasing school coverage and adapt recreational areas in five schools in the municipality of Santiago de Tolú in Sucre, benefiting 1,500 students. The schools are: José Yemail School, Nueva Era School, Puerto Viejo School, Luis Patrón Rosano Children's Home and School.



PUBLIC LIBRARIES

Construction of three community public libraries in partnership with the Ministry of Culture and the Tausa, Nobsa and Turbaco municipalities. These works are part of a Ministry of Culture program that seeks to create cultural spaces for recreation, knowledge and community integration.

OUTSIDE THE PUBLIC LIBRARY



INSIDE THE PUBLIC LIBRARY



QUALITY EDUCATION

PROJECTS THAT STAND OUT

REGIONAL HIGHER EDUCATION CENTER (CERES)

As part of a strategy to ensure that the young people in Argos' areas of influence achieve technical, technological and higher education levels, we have supported the construction and development of the Regional Centers for Higher Education (Ceres, by its Spanish acronym) in Bolivar, (Pasacaballos), Atlantico (Malambo) and Antioquia (Puerto Nare), in partnership with the National Education Ministry and social and private entities from each region.



SECRETS TO TELL

In 2011 we reached 80,000 households and 6,731 rural teachers from educational institutions in Colombia with the fourth collection of the books Telling Secrets, in Antioquia, a program that has help to increase the reading indicators in rural areas of the department.

LAND EXPLORERS PROJECT

The Land Explorers Project is aimed at children and young people from educational institutions with the objective of promoting environmental awareness and encourage the student community to generate strategies that lead the protection of the environment and knowledge of their own territory.

ARGOS BUILDS READERS

Argos provided 80 million Colombian pesos for the promotion of reading and writing projects in 15 localities in Bogota, this program articulates the public libraries and schools network, in partnership with the District's Education Secretariat and its Capital Network of Public Libraries (Bibliored). This project was supported by a technical team of 24 reading promoters.



LOCAL DEVELOPMENT - OPERATION MATRIX

(GRI: SO1)

In 2011 we created a operation matrix through which we identified the most relevant issues for our communities and the different social and environmental impacts generated by our operations over neighboring villages. With this matrix we define the main projects to be developed; we carried out a total of 82 projects focusing on:

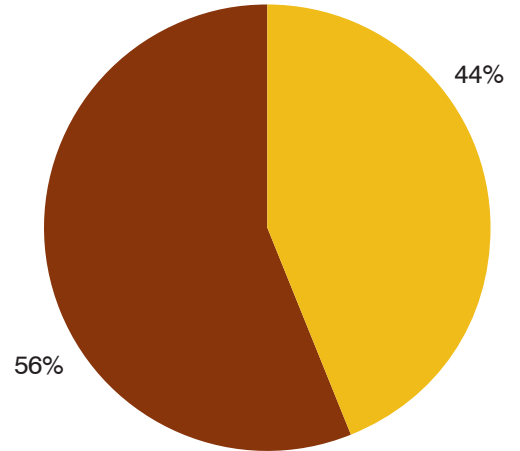
INTERVENTION LINE	NUMBER OF PROJECTS	NUMBER OF BENEFICIARIES
Community strengthening	21	24,727
Social strengthening	29	2,784
Community infrastructure	13	38,462
Housing infrastructure	14	5,823
Productive projects	5	1,971
GRAND TOTAL	82	73,767

FUNDS MANAGED

FUNDS MANAGED OVER THE TOTAL VALUE OF THE PROJECTS

Argos' Contribution 44%
Contributions from partnerships 56%

Leverage: 1.79



HOUSING LINE

In 2011 we carried out major housing projects, we intervene a total of 363 homes as follows:

Full construction: 139

Improvements: 224

Some projects were aimed at families who are victims of the armed conflict. The following are the projects we highlight:

HOUSING PROJECT IN SAN FRANCISCO (ANTIOQUIA)

In the village of La Hinojosa in the San Francisco municipality, Antioquia, we built 15 new homes, improved six more and build septic tanks for 21 houses.



HOUSING PROJECT IN SAN LUIS (ANTIOQUIA)

50 homes were built in San Luis under the villages model in partnership with Empresas Públicas de Medellín, the Mayor's Office, the Antioquia's Government and the Fraternidad Medellín Foundation.

HOUSING PROJECT IN CARTAGENA (BOLIVAR)

In the Pasacaballos township, in Cartagena, 29 new homes were built and 38 were improved. This project was developed in partnership with Cartagena's Mayor's Office, Reficar and the Actuar por Bolivar organization.



LINE FOR COMMUNITY STRENGTHENING

In this line of work we focus primarily on creating abilities in the communities through training in participation, leadership and human rights, planning and formulation of projects. The following are the highlights of this year:

LEADERSHIP FORMATION PROGRAM IN MONTES DE MARIA

We conducted a socioeconomic analysis of the communities of Montes de Maria, especially in the municipalities of Carmen de Bolivar, Ovejas and San Onofre municipalities, in order to identify the main needs of the population and, based on them, we generated a socialization and training process based on leadership, creation of abilities, project formulation and human rights, a process that took one year and was executed by the Antioquia Presente Corporation. We have a total of 80 leaders in the area who actively participated in the different training programs, aimed at consolidating a vision and a community work.

We especially worked on topics such as leadership, conflict resolution, human rights and citizen participation mechanisms, state structure, participatory assessments, communication, and project development, among others.

COURSE IN COMMUNITY LEADERSHIP

28 people recently graduated from the third promotion of leaders as part of the community leadership course in the municipality of Sogamoso, Boyaca. This course lasts five months, with an intensity of 100 hours of training for the development of the subjects and it has the support of seven facilitators who guide the learning process of community leaders on community conflict resolution, providing appropriate solutions to generate development and culture of sustainability.





PRODUCTIVE PROJECTS LINE

In Colombia we have carried out productive projects that enable people to improve their quality of life by learning a trade that help them increase their family income. The following are the highlights of this year:

REINCORPORATION AND COMMUNITY DEVELOPMENT PROJECT

The project has been running for four years in partnership with the U.S. Agency for International Development (USAID) and the International Organization for Migration, and it has benefited 280 people and five incorporated associations dedicated to growing and marketing chili and plantain, thanks to a marketing agreement with Comexa.

This year we finished the project's continuous support and funding phase and in 2012 we began a transition process with the associations in order to provide them specific technical support to give them total control over the project.

YOUTH FROM EL SALADO, CARMEN DE BOLIVAR

In partnership with the Semana Foundation and under the direction of the Antioquia Presente Corporation, we developed the social strengthening of 31 young people. In 2011 we formalized the Young Producers Association from El Salado, and the adaptation of seven of 100 hectares Argos has provided for the group, with different crops including banana, yucca, and yam. In 2012 we are planning to adapt 13 hectares to consolidate a formal strategy of inclusive businesses with apiarian and sesame projects, in this piece of land.



INCLUSIVE BUSINESSES IN MONTES DE MARIA

We are currently developing an initiative for the assembly of inclusive productive projects with the Colombian Business Council for Sustainable Development (Cecodes, for its Spanish acronym) mainly in the area of Montes de Maria in the municipalities of Carmen de Bolívar and Ovejas. There are seven farms owned by farmers associations in the area. In total, the project seeks to benefit 132 producers with different initiatives for the production of honey and growing sesame, mango and teak. The last one has the technical support of Reforestadora del Caribe.

COMMUNITY INFRASTRUCTURE LINE

We performed major projects aimed at minimizing or mitigating the impact of our logistics operation in the communities of influence and improve the living conditions of the inhabitants of the towns. These projects are the outcome of an evaluation and participation of the community and local governments.

Undertaken Projects:

- Bridge construction over the Pechelin creek.
- Maintenance of La Hermosa road, in the Jerusalem area, Sonsón, Antioquia.
- Improvement of La Angostura and Central roads in the Puerto Triunfo municipality, La Sierra Township.
- Construction of 800 lineal meters of rigid pavement as a prolongation of the main street of the Membrillal neighborhood in the Cartagena municipality.
- Improvement of the Alejandría road in the municipality of Cogua.
- Roads adjustments in Montes de Maria: San Francisco - Loma del Banco and the road Verdum - Borrachera, in Carmen de Bolivar.

ARGOS, COMMITTED TO THE RECONSTRUCTION OF COLOMBIA

Through its operation, Argos has contributed with more than 1,944,444 dollars, to rebuild the country in solidarity with those affected by the rainy season, by developing partnerships with different companies and the State, in order to support, through donations of money and in kind, those who are in need, especially children, by rebuilding or relocating affected schools.

INITIATIVES AND PROJECTS

- Architectural Competition, with the National Education Ministry, for the rebuilding of educational institutions in different regions of the country
- Partnership with the National Education Ministry and the Telefonica Foundation, for 3,222,222 dollars to rebuild schools affected by the rainy season. More than 2,000 students from three departments, Atlantico, Cundinamarca and Sucre will benefit with this alliance.
- We are consolidating the building project of 100 new homes in Puerto Nare, Antioquia.

- Argos supports the project to build 238 new homes in the village of Bolombolo, in the Municipality of Venecia (Antioquia).
- Villages Program: 50 homes were built in San Luis, Antioquia, in partnership with Empresas Públicas de Medellín, Empresa de Vivienda de Antioquia, and Fraternidad Medellín
- We supported the construction of 30 apartments in La Gabriela neighborhood in Bello, a project developed by the Antioquia Presente Corporation.
- Construction of modern ford crossing in Tolviejo.
- Supply material for the closure of the Dique Channel.
- Volunteer program delivering humanitarian aid to victims in Antioquia, Cundinamarca, Boyacá, Atlántico, Bolívar, Sucre and Valle del Cauca.

CARIBBEAN REGIONAL

PANAMA

In 2011 we moved forward with our education program in Panama by adapting learning spaces and with quality education programs, which allowed us to benefit 3,136 students. This program has improved the educational processes in the classrooms of the schools in our areas of influence, with the support and prioritization of the following communities: Nuevo San Juan, Valle la Unión, la Coclesana, Pueblo Grande, Najú and Tocumen.

EDUCATIONAL INFRASTRUCTURE LINE

- Rehabilitation and enlargement of school kitchen and dining hall of La Coclesana School.
- Improvement of roof and electrical installations in Pueblo Grande School.
- Adapt spaces for a technological development pilot project on the Augusto Boyd School.

QUALITY EDUCATION

- The Territory Explorers program was developed with five schools in the area.
- Program to create values to live in a society.
- Sensitization and self esteem program.
- Technological Development Pilot Program.

COMMUNITY STRENGTHENING

- Implementation of a community committee promoting values.
- Program to promote Business Management in partnership with Ampyme and the Ñaju community.

DOMINICAN REPUBLIC

In 2011, along side with Sur Futuro, we intervened five schools, benefiting 1,255 students and teachers with programs to improve educational infrastructure, educational quality, student camps, environmental education, equipment and strengthening of the school participation instances in the Nigua, Majayo and San Cristobal communities.

We intervened two educational institutions with locative improvements and implemented the third stage of the Innovation Award, which involved five schools in the area with the execution of seven classroom projects aimed at strengthening the knowledge of the children on subjects such as the environment, health and territory.

We emphasize the completion of a summer camp, involving 90 children and young people from the communities. This program seeks to develop skills and abilities to improve environment protection, and empathy and social skills through expression and communication.

CINA FOUNDATION, HAITI

RECONSTRUCTING HAITI

In 2011 through the CINA Foundation, we carried out important projects; we especially want to highlight the full execution of new home construction for our employees who were victims of the earthquake in 2010. A total of 48 homes were built in partnership with each one of the families, and 58 more that suffered partial affectations are being repaired. Argos contributed with two millions of dollars for this works.



EDUCATION LINE

We carried out a school supplies donation program, benefiting 2,783 kids.

We provided scholarships for 130 school students with economic difficulties and academic success at schools from our areas of influence, which are: Cabaret, Simonette, Saint Gerard, Source Matelas and Grand Chemin.

In partnership with Shakira's Foundation, Pies Descalzos, *Architecture for Humanity* and the Inter-American Development Bank we are taking part in rebuilding the *Elie Dubois* school, founded in 1913 by the Hijas de Maria community, a work with historic buildings that were affected by the earthquake. A total of 214 students will benefit from this rebuilding, which is due to be finished by end of 2012.

PRODUCTION PROJECTS LINE

In 2010 we started the Technical School program for the manufacture of paving blocks with the community of Cabaret, in 2011 the first students graduated from this program. The objective is to create community service cooperatives to enable them to earn income through rebuilding projects in Haiti.



COMMUNITY INFRASTRUCTURE

With an emotional ceremony in which the whole community participated, we ended building *St. Gerard* church, which was affected by the earthquake.

HEALTH LINE

We continue to work with the Health Center at Saint Gerard; this year we served 4,210 patients and performed 1,334 laboratory tests.

ENTERTAINMENT LINE

We continue with the program, Cinema at night for the community, held on weekends, which has become the only entertainment alternative for the population.

ENVIRONMENT LINE

We reinforced our environmental agenda since it is one of the most complex problems in Haiti, with programs and campaigns for recycling and reusing rubble left by the earthquake. We continue to support the community with garbage collection and waste disposal in the area.

VOLUNTEERING PROGRAM

This year we consolidated the volunteer program in the Caribbean, involving our employees from Panama, Dominican Republic and Haiti in activities where they donated time and money.

We conducted a campaign along with our employees, donating backpacks and school kits in the Colombia and Caribbean Regional for kids of the communities near our operations, benefiting 2,000 kids in Colombia, 130 in Haiti, 100 in Dominican Republic and 300 in Panama.

COLOMBIA REGIONAL

During the year we had a special solidarity from our employees and suppliers to support the flood emergency in Colombia, which devastated many communities near our operations; for this we conducted funding campaigns and donations in kind, the money contribution were doubled by the Company. In total we collected U\$52,000 for immediate assistance for victims in the following departments: Atlantico, Antioquia, Bolivar, Sucre, Boyaca, Valle and Cundinamarca.

We continue with the volunteer program in which employees spend at least four hours of their time per month to spend time with kids, young people and adults, especially from communities near our operations, as well as with the voluntary contribution of money for specific projects such as: Fruit plantations in Santa Barbara, strengthening of the Rural Youth Homes and the Fruqueña productive project in Marinilla.

CARIBBEAN REGIONAL

PANAMA



In Panama we had three days of volunteer work with communities influenced by our operation in which our employees worked on reforestation, planting 500 native plants; we also had a day painting, cleaning and rehabilitating the technology classroom at the Augusto Samuel Boyd School, and a Christmas program for the kids in the community.

HAITI

A total of 25 employees in Haiti, contributed money for scholarships of 130 children from our community of influence, with a total investment of U\$2,900. The academic performance of each student is reviewed each year to ensure that children and families are taking advantage of this opportunity.

DOMINICAN REPUBLIC

This year in Dominican Republic we had campaigns of volunteer work: one focused on activities for the maintenance of La Canela School and the other one delivering 100 school kits for the kids of the community.



RESULTS OF VOLUNTEER WORK

PLACE	EMPLOYEES TAKING PART OF PERMANENT PROGRAMS DURING THE YEAR	EMPLOYEES TAKING PART IN ONE DAY CAMPAIGNS	EMPLOYEES HELPING WITH CASH CONTRIBUTIONS	TOTAL MONEY CONTRIBUTED	CONTRACTOR AND PROVIDERS TAKING PART IN ONE DAY CAMPAIGNS
Medellin	19	46	298	4,069	0
Cairo	20	30	81	3,861	3
Rioclaro	13	15	243	8,153	15
Nare	0	27	57	792	10
Sogamoso	23	5	103	1,431	12
San Gil	18	6	50	694	5
Barranquilla	20	52	223	3,097	5
Zona Franca	6	16	163	2,264	14
Toluviejo	25	114	486	6,750	11
Valle	18	29	164	2,278	9
Centro	16	9	246	3,417	34
Panama	0	25	73	1,920	5
Haiti	0	0	2	340	0
Dominican Republic	11	0	33	650	0
TOTAL	148	363	2,222	33,641	106

AUTHORITIES

Value promise: Keep the laws and maintain good relations with the government for the progress of the countries in which we operate.

CORPORATE CITIZENSHIP

We believe that being a good citizen means respecting the rules and laws of the countries in which we operate, being transparent and ethical with the information. This way we achieve a fairer and prosperous society.

In the countries where we operate, we have an ongoing relationship of dialogue with national and local governments, and environmental authorities to monitor and regulate our operations.

We also form important alliances for development and progress, seeking to overcome poverty, especially in those areas with lower indicators of human development. In this area, we have managed to work in education, housing and productive projects, improving the quality of life of communities influenced by our operation.

This is how our civic commitment is reflected on our Corporate Governance practices, our labor relations in fair salaries for our employees, transparency in financial reporting, tax payments and the development of populations.

SUPPLIERS AND CONTRACTORS

Our value promise: 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 are Argos' strategic partners, this partnership has been built through long term relationships based on trust, they are a pillar within the values of our organization and every day we work on them jointly.

MANAGEMENT ACHIEVEMENTS WITH SUPPLIERS

We began implementing the management indicators for our suppliers' deliveries. Our commitment is to periodically give feedback in order to support their continuous improvement seeking to consolidate long term relationships.

We significantly expanded our list of suppliers to take into account in negotiations, which is consistent with our principles of transparency and opportunity for all.

We started implementing annual assessments to all suppliers with clear definitions of measurement parameters to achieve equity with all of them, keeping in mind all the different variables that may impact such assessments.

ELIMINATION OF CHILD LABOUR

Argos remains committed to the abolition of child labor and has reinforced the following:

- We request from our raw material suppliers and contractors to provide signed certificates indicating the fulfillment of this commitment. Currently 79 active providers have signed their commitment on the eradication of child labor.
- In the Terms and conditions of its purchase orders and contracts, Argos has included clauses to ensure that suppliers meet all legal regulations, especially with not hiring minors.



PROGRAM FOR THE ERADICATION OF CHILD LABOR

The Company has defined two areas of special intervention for its child labor abolition program in the Boyacá and Cundinamarca Departments in Colombia, since these are areas with higher risk of child exploitation and significant statistics on this subject.

This program was developed in partnership with Alianzas por Colombia, the Sogamoso Mayor's Office and the Cundinamarca government. The following are some of the most important achievements we have obtained in the four years we have been working on this project:

- With the formulation of the public policy of childhood and child labor, we made real the commitment of the Sutatusa's and Cucunuba's municipal administrations on this subject, which is expected to be approved by the municipal councils in the first months of 2012.

- We incorporated technical committees against child labor at the Cundinamarca's Governorate and the Sogamoso's municipality.
- We delivered workshops on this subject for community leaders, public servants, school teachers and companies in the area.
- We carried out workshops on child rights with kids and young people of the area.
- We created the second workbook on prevention and abolition of child labor.
- We supported the municipalities with the development of childhood policy by offering key inputs on the subject of child labor abolition.

SUPPORT AND VERIFICATION

Argos seeks its contractors to become strategic partners. This is why they must adhere to the Company's guidelines in aspects related to human rights, labor relations, social responsibility, environmental management and occupational health.

Through an external entity (Consejo Colombiano de Seguridad), Argos verifies that regular contractors providing services within our facilities, and those with more than ten employees, are subject to audit, complying with a management system and the minimal legal issues required, described above.

85 contractor companies provided direct services in our facilities in 2011. Of these companies:

- 70 contractors are meeting the requirements and were assessed obtaining an average score of 81.7% compliance of the particular elements of Argos. The minimal score to meet the requirements, according to the Argos' Goods and Services Providers Procurement Manual for Colombia establishes a score of 80%.
- 15 are pending to be audited.

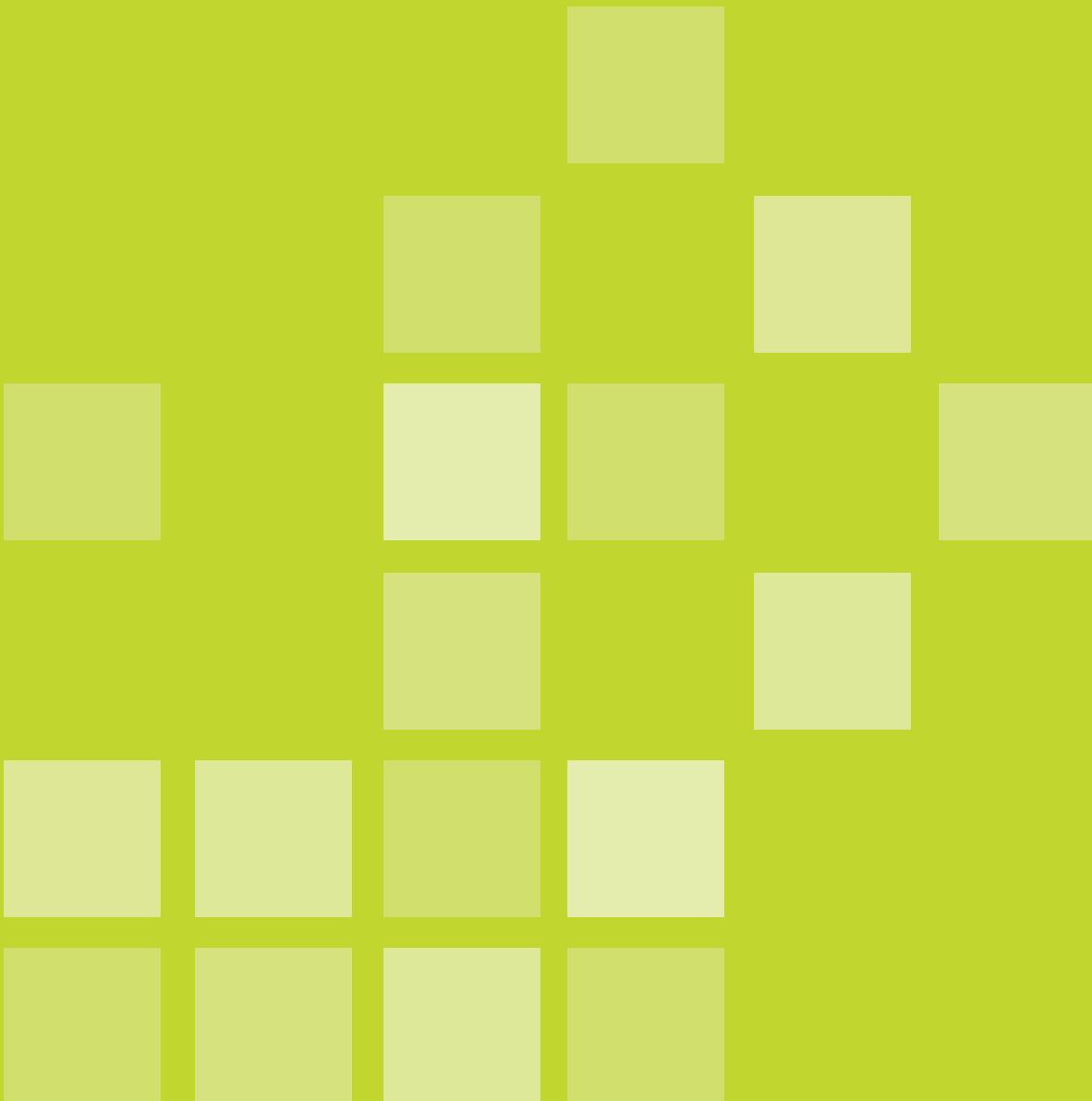
In Panama, we had a fair with suppliers of personal protection devices in order to align the contractors work to the SISO processes.

TRANSPARENCY IN MANAGING SUPPLIERS

In order to create an atmosphere of trust and transparency in trade relations with suppliers, and ensure fairness, in 2011 Argos did important amendments to the goods and services hiring manual. The provisions contained therein are the materialization of the corporate principles regarding hiring, adopted by companies of Grupo Empresarial Argos.

Every contract the Company enters into with third parties have Clauses included where the Organization has the right to audit the actions of the contractor regarding labor, environmental and social issues.

ENVIRONMENTAL DIMENSION





ENVIRONMENTAL DIMENSION

Value promise: Responsible development of our productive activities taking into account the reduction or offset of environmental impacts.

In 2011 we began developing a long-term strategy stating our Sustainability Policy in the environmental dimension, focusing on issues that significantly impact the different activities we develop. Therefore we believe our environmental management must be based on the following foundations:

1. Strengthening the environmental element in the Argos' culture and its stakeholders.

2. Climate change.

- a. Reduction and capture of greenhouse gas emissions (GHG).
- b. Implementation of CDM (Clean Development Mechanism) projects and the like.
- c. Use of raw materials and alternative fuels.

3. Eco-efficiency

- a. Reduction of other gas emissions.
- b. Efficient use of water.
- c. Optimization of raw materials use and alternative fuels.

4. Biodiversity

- a. Rehabilitation of intervened areas.
- b. Conservation of areas of rich biodiversity.

5. Sustainable construction

- a. Products innovation.
- b. Promotion of sustainable construction.

We work on initiatives that relate to the new approach of environmental dimension in the Sustainability Policy. Additionally, in 2012, we will plan our goals for the next ten years in each of the pillars mentioned.

On the other hand, we have continued to participate in the Sustainable Cement Initiative (CSI) from the World Business Council for Sustainable Development (WBCSD) and the survey of the Dow Jones Sustainability Index (DJSI), aiming at building processes seeking to implement the best environmental practices that allow us to continuously improve.

ENVIRONMENTAL PROJECTS AND INITIATIVES

(GRI: EC2, GRI: EN26, GRI: EN18)



CLIMATE CHANGE

- Measurement of Carbon Footprint: Creation of an automatic tool to calculate Argos' Carbon Footprint, which provides the ability to monitor month by month the generation of greenhouse gases, presented in CO₂, for each of the cement manufacturing plants in Colombia that are responsible for more than 70% of the total carbon emissions.
- In 2011 we obtained the registration by the United Nations, for the Clean Development Mechanism Project because of the reforestation of 2,750 hectares with teak (*Tectonagrandis*) located in the municipalities of Sonson, in the department of Antioquia and San Onofre, in Sucre, which will trap 900,000 tons of carbon, over the 20 year life span of the project.
- Certificates granted equivalent to 18,831 tons of CO₂ reduction, through the concrete C3 program run by West Main Consultants and funded by The Climate Trust, in the USA Regional.
- Development of the project to measure the Carbon Footprint from the concrete operations in the Colombia Regional.
- Technical development of green concretes in the Colombia Regional: This project's main areas of work are as follow:
 - Supplementary cements: Increase of slag use, going from 20% to 35%. Incorporation of fly ash, from 10% to 15%.
 - Next generation additives: Development, along with the supplier, of additives with high water reducing power in the final mixture, reducing the water consumption by around 40 li/m³.
 - Durability: Purchase of laboratory equipment to asses the process and product portfolio, spectrum of products sold by durability and predictability by analyzing the concrete product's life cycle between 60 and 100 years according to resistance.
 - Reduction of waste: Constant search for alternative uses of byproducts from the aggregates production process such as pozzolans, and concrete recovery through the use of additives as inhibitors, that help reduce the disposal of concrete waste on each trip.

ECO-EFFICIENCY

- Implementation of the conversion to cleaner technology agreement in the cement plants in Colombia, which will reduce emissions of particulate matter and sulfur oxides.
- Evaluation of the potential of kiln dust to be used as soil conditioner for agriculture.
- Recycling of concrete waste in the concrete operations of the USA and Colombia Regional.

BIODIVERSITY

- Along with the Antioquia University we subscribed and started a research project to rehabilitate soils affected by mining.
- They have nurseries with native species in the following facilities in Colombia: cement plants, in Yumbo and Rioclaro; aggregate mines in La Gabriela, San Marcos and Arroyo de Piedra.

SUSTAINABLE CONSTRUCTION

- Acquisition of 9.33% of *Ceratech*, an U.S. company that offers the latest technology to produce cement with zero CO₂ emissions from *fly ash* (a residue resulting from the combustion of coal used to generate electricity).
- Research, development and promotion of green products in the USA Regional with product innovation such as green concrete used for the design of vegetation on roofs, among others, and the use of techniques such as fluid filling, which is an effective technique to fill trenches and offers a solid base for paves and foundations with no need of heavy excavation equipment, and the promotion of self-compacting concrete; reduce the placement times. We also contribute with good practices by measuring the carbon footprint for the LED certification (*Leadership in Energy and Environmental Design*) in buildings.

INNOVATIVE PROJECTS

(GRI: EN26)

We have research processes and technologies which in 2011 were focused on power efficiency and emissions with different projects seeking to reduce the carbon footprint measured in CO₂ (carbon dioxide) and other gases such as SO_x (sulfur dioxide) and NO_x (nitrogen dioxide). The following is a list of projects developed during the year:

CO₂ CAPTURE WITH ALGAE

The research was carried out to use a biotechnology method to capture CO₂ emissions produced by the reactions of fuel combustion and the calcination of limestone, a cement production process, and take advantage of microorganisms that use CO₂ to grow in a photosynthesis cycle. The CO₂ is captured and stored as biomass that could be used for different purposes such as fuel substitution and animal feeding, among others.

Scope: Selection, adaptation and growth of different microorganisms at a laboratory scale that allow a technical and economic feasibility study to capture CO₂ from the cement industry

OXYCOMBUSTION

The enrichment of oxygen in the combustion for the cement industry should improve the energy efficiency as well as help in the reduction of CO₂ emissions. This technology also can increase the rate of alternative fuels used and increase the partial pressure of CO₂ in exhaust gases that help capture the CO₂ in different ways.

Scope: Based on a theoretical experiment developed in 2010 - 2011, a pilot project has been proposed and a partial implementation will be done with the results of the pilot.

NEW CEMENTS

We investigated with laboratory scale tests, new cement formulations, i.e. a new cement material is produced at a laboratory scale, achieving CO₂ emission reductions of 20 -27%. Compounds used for this type of cement require a lower temperature and less CaCO₃ in the manufacturing of regular cement. There could be a lower energy consumption when producing cement for markets of special segments.

Scope: Pilot testing in order to establish parameters for the application.

BIOENERGY

This is a long term project focused on developing an alternative and renewable fuel for the production of energy crops. We investigate by planting different species of trees, shrubs and grass in altitudes above sea level.

We carry out our investigations in order to improve the biomass production rate and calorific value to replace coal in furnaces. This project aims to produce CO₂ neutral fuel for the cement production.

MINERALIZATION

The use of mineralizers on the cement industry has been studied for many years. Some industrial tests have been made with significant results in NO_x, SO_x and reduction of CO₂ emissions.

Scope: This project is in a second phase regarding the preparation for industrial tests of dry process and then an application for most of our plants.

IMPROVEMENTS IN THE FOSSIL FUELS

We have different projects focused on improving fossil fuels used in cement production; most of them are related to the coal benefit seeking to give another characteristic to fossil fuels for energy efficiency in the process with the aim of reducing CO₂, emissions and at the same time reduce SO_x by the removal of sulfur.

BIODESULFURIZATION IN COAL

In recent years, through biotechnological methods, we studied a process to reduce sulfur present in coals. This process could reduce SO_x emissions in the cement process and at power generating plants. Some results show that 60% of sulfur in the form of minerals could be extracted and the reduction in organic form is being studied at this time.

Note:

It is important to highlight that most projects have been developed in partnership with local universities, which is a way to improve the transfer of knowledge and research skills as a contribution to the development of the country.



FOREST PROJECTS

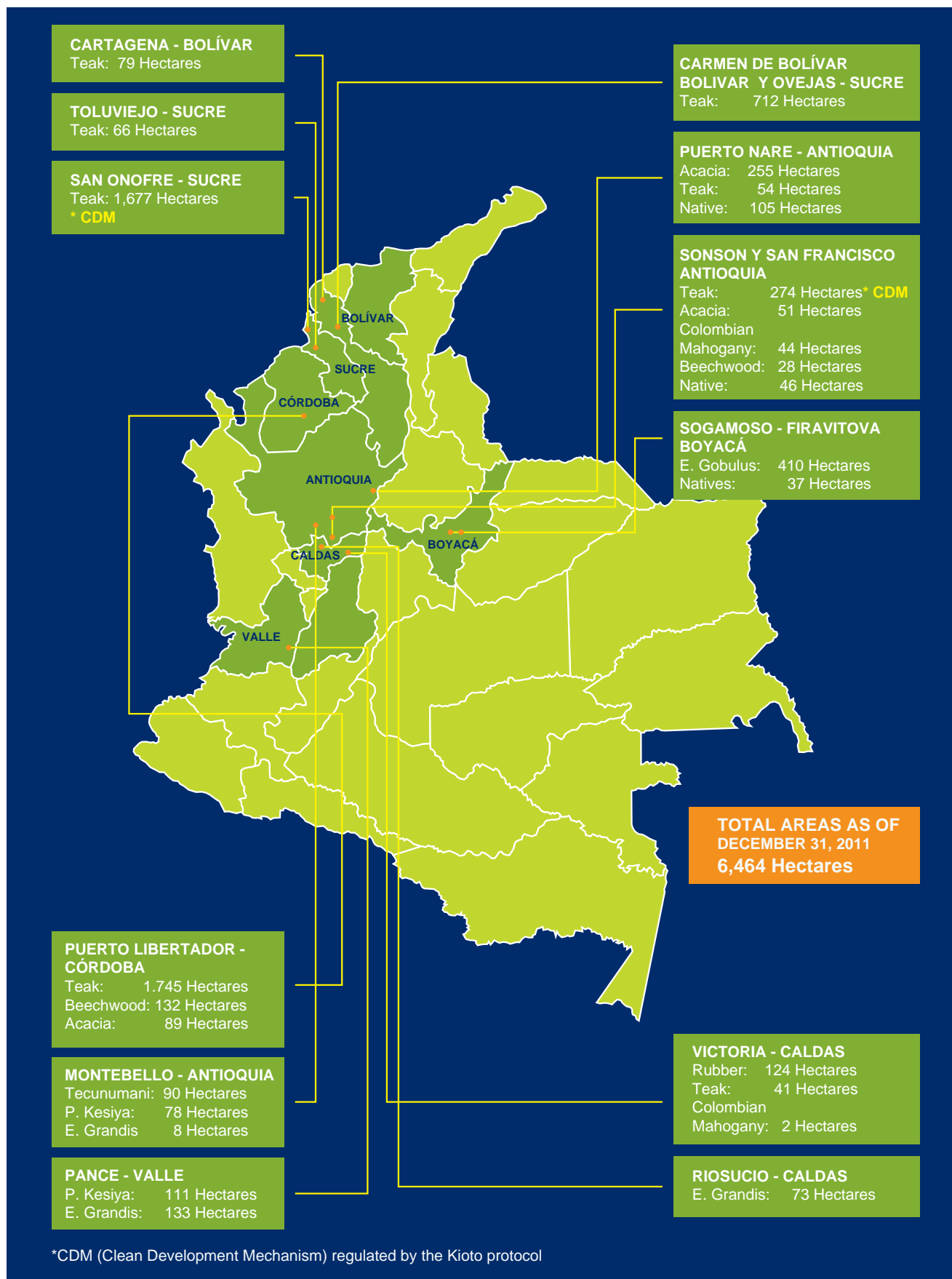
Given the fact that our Sustainability Policy is focused on finding a balance between profit generation, social development and environmental impact reduction, and having the Global Compact and its Good Corporate Governance practices principles as a framework, in Colombia we have developed different forestry projects as compensation mechanisms for the Company's environmental footprint and the effective recovery of intervened areas.

We designed our forestry projects as a path towards sustainable development and social inclusion.

We registered 6,464 planted hectares, located in the departments of Bolivar, Antioquia, Boyaca, Caldas, Sucre, Córdoba and Valle.



AREAS WITH FOREST PLANTATIONS



Although our forestry activities began with vegetal recovery plans and planting native species in different areas where the Company operates, we later expanded the operation focusing primarily in teak. In 2011 we reforested 858 new hectares, reaching 6,464 hectares of a total of 10,000 which are our long term goal.

Aside from supporting our environmental compensation, this project seeks to bring development, environmental and social benefits to the communities we influence. We highlight gender equity, since there is a great alternative for women, especially for those who are heads of households.

As for the social benefits of the project in 2011, it is worth noting the generation of approximately 450 direct jobs, the improvement of infrastructure and quality of education (Palmira School in Sucre), housing projects (19 homes were built in Sonsón, Antioquia), productive projects (plantain, chili and support to young people from El Salado, in Carmen de Bolívar), and improvement of roads in San Onofre, Puerto Libertador and Carmen de Bolívar.

We also generated community strengthening processes with the communities, especially those in the area of Carmen de Bolívar, Ovejas and San Onofre, with workshops and a complete leadership program, human rights and community participation, which was executed by Corporación Antioquia Presente.

As for the environmental dimension, we carried out various activities to raise awareness in communities, build knowledge and make them part of the sustainable management of areas, through the identification and inclusion of social and environmental values that result in a commitment to the protection, care and improvement of wildlife, flora, water and forests.

SOCIAL BENEFITS

- Hiring local work force through formal employment and with all legal benefits. This is relevant in rural Colombia, where unemployment and informality indexes are dramatically high.
- Since 2005, we have generated approximately 450 permanent direct jobs.
- Gender equity: this project is an alternative for the female rural population, especially for single mothers, as in forestry activities women participate in research, nurseries, planting, management, auditing, planning, among other activities.
- In line with the practices of corporate social responsibility for communities near the reforestation we perform infrastructure and quality of education projects, community development, environmental formation, leadership, strengthening of young people, productive projects and others.
- As of 2005, the social responsibility programs carried out in the areas surrounding the projects have benefited about 49,000 people.



ENVIRONMENTAL BENEFITS

- Soil protection: reforestation improves their quality, preventing their degradation.
- Decrease of erosion: reforested forests regulate water flows, avoiding flooding and sediment transport to the rivers.
- The areas where reforestation takes place, become water factories, improving the quality and quantity of it.

- Pressure reduction on natural forests.
- Creation of refuges and corridors for wildlife: reforested areas, when connected to primary forests, increase the possibilities for the conservation of flora and fauna in different areas of the country.
- CO2 capture: reforested forests are one of the most effective ways and with a greater impact on reducing greenhouse gases.

INDICATORS

CORE	GENERATED JOBS IN 2011	AREA EN CDM (HECTARES)	REFORESTED AREA IN 2011 (HECTARES)	APPROXIMATE ESTABLISHMENT INVESTMENT (IN MILLION DOLLARS)	ROADS BUILT (KM)	APPROXIMATE EQUIVALENT INVESTMENT (IN MILLION DOLLARS)
Carmen de Bolivar	120		400.25	1,043,333	5.40	197,778
San Onofre	155	1,677.20	320.00	642,778	1.50	79,444
Puerto Libertador	120		94.00	221,111	6.00	191,111
Central Area	34	270.28	44.00	67,778	1.50	1,111
South West Zone	21		0.00	0.0	0.00	0.0
Total	450	1,947.48	858.25	1,975,000	14.40	469,444

OUR PRESENCE IN MONTES DE MARIA

In the 80s and 90s, we carried out reforestation projects in northern Colombia (Sucre, Córdoba and south of Bolivar) planting 4,355 hectares. Since 2005, these forestry projects have generated more than 450 formal and permanent jobs and the communities have benefited with the social responsibility programs developed in these areas.

Since 2009, we decided to significantly increase our reforesting activity with teak and chose the Montes de Maria region due to its climatic conditions, soil quality and strategic positioning for export. Similarly, in line with our sustainability policy, investing in this region involves not only a big potential to generate formal employment, but the opportunity for farmers to return to the area and rebuild the social fabric.

Since the beginning of our strategy of land acquisition in this region, we have maintained a strict adherence to law, following an internal corporate protocol, which includes due legal diligence with formal titles studies, without intermediaries at the time of purchase, paying at market prices and notarizing the amount paid.

ENVIRONMENTAL INDICATORS

The following are the results of the major environmental indicators of the Argos' cement and concrete operations in its three Regionals: Colombia, Caribbean and USA. The information presented in each table applies only to the cement plants (including their associated mines), power generation plants and concrete plants of the Company. Mining nor logistic operations are included. It is worth noting that in the 2010 report, the information recorded was by business and not by process and, therefore, data from cement plants and power plants was reported unitedly in the cement business. Similarly, in the 2010 report mines associated with cement business were not included.

The detailed results are presented in the Annex, broken down by facility.

CODE	REFERENCE	RELEVANCE
EN1	Weight or volume of used materials	This indicator describes the organization's contribution to the conservation of the resource base and its efforts reduce the intensity of use of materials and increase the efficiency of the economy.
EN2	Percentage of recovered (recycled) materials used.	The purpose of this indicator is to identify the organization's ability to use recycled materials. Using these materials helps to reduce the demand for virgin materials and the conservation of the global resource base.
EN3	Direct energy consumption by primary energy sources.	This indicator measures the direct energy consumption of the Company by primary energy source. This indicator reflects the level 1 of the Greenhouse Gases Protocol WRI/WBCSD.
EN4	Indirect energy consumption by primary source.	This indicator measures the power required to produce and provide power and other intermediate energy products acquired that lead to a significant power consumption over the limits of the reporting company. This also allows measuring direct greenhouse gas emissions. Includes Level 2 of the aforementioned WRI/WBCSD protocol.
EN8	Total water withdrawal by source.	Information about the volume of water collected by source type helps understand the overall scale of the impacts and potential risks associated with water consumption by the Organization and provides a baseline for other relative calculations on consumption and efficiency.
EN10	Percentage and total volume of recycled and reused water.	The degree of reuse and recycling of water can serve as a measure of the efficiency and demonstrate the organization's success in reducing its total uptake and water dumps. A greater reuse and recycling of water can lead to a cost reduction on water consumption, treatment and discharge.
EN16	Total direct and indirect greenhouse gas emissions by weight.	Greenhouse gases emissions are the main cause of climatic change and are governed by the United Nations Framework Convention on Climate Change (UNFCCC) and the subsequent Kyoto Protocol.
EN20	NO _x , SO _x , and other significant air emissions by type and weight.	This indicator measures the Company's gas emissions. The reduction of controlled pollutants leads to improved health conditions of workers and surrounding communities. Such reductions or a proved performance beyond regulatory compliance can improve the relations with communities and workers affected, as well as the ability to maintain or expand operations.
EN21	Total water discharge by quality and destination.	With a progressive improvement of the quality of water discharged and/or the reduction of the volume, the Company has the potential to reduce their impact on the surrounding environment.
EN22	Total weight of waste by type and disposal method.	The figures for waste generation over several years may indicate the level of progress achieved by the Company in reducing waste. It also may indicate potential improvements in process efficiency and productivity.
EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation.	This measure evaluates the actions of the Company to reduce the negative environmental impacts and improve the positive impacts of the design and delivery of products and services. The environmental friendly design can help identify new business opportunities, differentiate products and services and stimulate technological innovations.

Source: Indicators Protocols G3.1: Environment (EN)

COMPARATIVE

INDICATOR			2010	2011
EN1	Weight or volume of used materials	Raw material (tons/year)	20,750,150	24,304,986
		Semi-finished products (tons/year)	1,683,411	3,293,933
		Packaging materials (tons/year)	13,252	271,824
		Auxiliary materials (tons/year)	7,528,834	8,423,411
		Total amount of used materials (tons/year)	32,095,290	37,149,356
EN2	Percentage of recovered (recycled) materials used.	Percentage of recovered materials used (%)	2.95%	0.15%
EN3	Direct energy consumption by primary sources.	Coal (GJ/year)	22,850,541	27,047,575
		Natural gas (GJ/year)	3,945,940	5,476,261
		Fuel oil (GJ/year)	337,000	373,172
		Diesel (GJ/year)	710,378	748,449
		Hydropower (GJ/year)	337,965	179,778
		Total direct energy consumption (GJ/year)	28,181,824	33,825,235
EN4	Indirect energy consumption broken down by primary sources.	Total indirect energy consumption (GJ/Year)	1,399,151	1,230,327
EN8	Total water withdrawal by source.	Surface water (m ³ /y)	6,358,372	375,655,038
		Groundwater (m ³ /y)	190,041	730,688
		Rainfall (m ³ /y)	0	27,329
		Wastewater from another organization (m ³ /y)	0	0
		Supply service (m ³ /year)	2,156,021	3,494,048
		Total volume of water uptake (m ³ /year)	8,704,434	379,907,103

INDICATOR		2010	2011	
EN10	Percentage and total volume of recycled and reused water.	Total volume of water recycled/reused by the organization (m ³ /y)	3,598,812	2,686,405
		Total volume of water recycled/reused by the organization (total percentage of collected water)	41.34%	0.64%
EN16	Total direct and indirect greenhouse gas emissions by weight.	Direct greenhouse gases emissions (t CO ₂ equivalent/year)	4,737,015	5,771,525
		Indirect greenhouse gases emissions (t CO ₂ equivalent/year)	573,162	524,715
		Total greenhouse gases emissions (CO ₂ tons equivalent/year)	5,310,177	6,296,241
EN20	NO _x , SO _x , and other significant air emissions by type and weight.	Particulate matter (PM) (ton/year)	4,777	5,700
		SO ₂ (t/year)	11,272	13,935
		NO _x (ton/year)	2,623	6,525

INDICATOR		2010	2011	
EN21	Total waste water dumpings, by nature and destination.	Effluent's destination	Surface water	
		Most widely used treatment method	Domestic effluents: Grease trap + Septic tank + Upflow anaerobic filter.	
			Industrial effluents: Settler.	
		Total discharge (m ³ /y)	2,049,152	1,359,635
BOD5 (tons/year)	32.69	20.96		
SST (tons/year)	97.56	113.17		
EN22	Total generated waste weight, by type and disposal method.	Type of waste	Hazardous	
		Composting (tons/year)	0.00	0.00
		Reuse (tons/year)	18.25	71.99
		Recycling (tons/year)	348.33	21.95
		Recovery (tons/year)	51.31	79.80
		Incineration (tons/year)	69.10	62.66
		Landfill (tons/year)	73.24	218.04
		Deep well injection (tons/year)	0.00	0.00
		In situ storage (tons/year)	2.00	2.00
		Coprocessing (tons/year)	0.00	6.71
		Other (tons/year)	54.08	16.52
		Type of waste	Non-Hazardous	
		Composting (tons/year)	164.67	128.03
		Reuse (tons/year)	1,973.72	44.69
		Recycling (tons/year)	3,235.91	833.81
		Recovery (tons/year)	0.00	0.00
		Incineration (tons/year)	16.54	10.34
		Landfill (tons/year)	1,107.73	1,073.06
		Deep well injection (tons/year)	2.44	0.00
In situ storage (tons/year)	0.00	0.00		
Coprocessing (tons/year)	90.28	80.38		
Other (tons/year)	19,498.73	2,278.35		

USED MATERIALS BROKEN DOWN BY WEIGHT OR VOLUME

(GRI: EN1)

PROCESS	REGION	RAW MATERIAL (TONS/YEAR)	SEMI-FINISHED PRODUCTS (TONS/YEAR)	PACKAGING MATERIALS (TONS/YEAR)	AUXILIARY MATERIALS (TONS/YEAR)	TOTAL AMOUNT OF USED MATERIALS (TONS/YEAR)
Cement	Colombia	6,417,246	264,964	267,943	4,265,154	11,215,307
	Caribbean	4,121,766	1,193,073	3,881	2,026,856	7,345,576
	TOTAL	10,539,012	1,458,037	271,824	6,292,010	18,560,883
Power generation	Colombia	0	0	0	370,345,203	370,345,203
	Caribbean	0	0	0	34,328	34,328
	TOTAL	0	0	0	370,379,531	370,379,531
Concrete	Colombia	5,171,187	889,530	0	1,072,997	7,133,714
	Caribbean	1,169,702	177,354	0	301,147	1,648,203
	USA	7,425,085	1,658,542	0	722,929	9,806,556
	TOTAL	13,765,974	2,725,426	0	2,097,073	18,588,473
TOTAL		24,304,986	3,293,933	271,824	378,768,614	407,528,887

Note:

Raw materials: Materials taken from nature used to be transformed into products.

Semi-finished products: Non raw materials that are part of the final product.

Auxiliary materials: Materials needed for the manufacturing process but are no part of the final product.

Auxiliary materials: in 2011, the water consumption for power generation plants was 370,345,203 m3. However, this value is not included in the overall comparative with 2010, to avoid data ambiguity. Figures for each of the power generation plants are detailed in the EN1-EN8-EN10 indicators.

Semi-finished materials: The total consumption of semi-finished products by region, business and total, is net, after deducting clinker and cement transferred between plants.

Seven of the nine cement plants of the Colombia Regional, are self-powered, two of them with hydropower and five with thermal energy.

Three of the four cement plants of the Caribbean Regional, are self-powered with thermal energy.

The amount of water used as auxiliary material in the concrete plants of the Southeast Zone of the USA Regional was not included, because these plants have no measurement.

The total consumption of semi-finished products, broken down by region, business and totals are net, after deducting clinker and cement transferred between plants.

PERCENTAGE OF RECOVERED MATERIALS USED

(GRI: EN2)

PROCESS	REGION	PERCENTAGE OF RECOVERED MATERIALS USED (%)
Cement	Colombia	1.74%
	Caribbean	1.11%
	TOTAL	1.49%
Power generation	Colombia	0.00%
	Caribbean	0.00%
	TOTAL	0.00%
Concrete	Colombia	0.53%
	Caribbean	1.08%
	USA	2.89%
	TOTAL	1.82%
TOTAL		0.15%

Note:

Recovered materials: materials replacing virgin materials purchased or obtained from external or internal sources, and which are not byproducts nor rejected products of the Company.

DIRECT ENERGY CONSUMPTION BY PRIMARY ENERGY SOURCE

(GRI: EN3)

PROCESS	REGION	COAL (GJ/YEAR)	NATURAL GAS (GJ/YEAR)	FUEL OIL (GJ/YEAR)	DIESEL (GJ/YEAR)	SELF-GENERATED HYDROPOWER (GJ/YEAR)	SELF-GENERATED THERMAL ENERGY (GJ/YEAR)	TOTAL DIRECT ENERGY CONSUMPTION (GJ/YEAR)
Cement	Colombia	14,656,690	394,995	20,581	254,786	176,076	961,569	16,464,697
	Caribbean	7,852,904	2,779,990	221,764	164,337	0	325,352	11,344,347
	TOTAL	22,509,594	3,174,985	242,345	419,123	176,076	1,286,921	27,809,044
Power generation	Colombia	4,537,981	678,244	0	0	3,702	79,305	5,299,232
	Caribbean	0	1,620,052	130,827	15,341	0	20,869	1,787,089
	TOTAL	4,537,981	2,298,296	130,827	15,341	3,702	100,174	7,086,321
Concrete	Colombia	0	0	0	260,123	0	0	260,123
	Caribbean	0	0	0	10,743	0	0	10,743
	United States	0	2,980	0	43,119	0	0	46,099
	TOTAL	0	2,980	0	313,985	0	0	316,965
TOTAL		27,047,575	5,476,261	373,172	748,449	179,778	1,387,095	33,825,235

Note:

Direct Energy: energy sources that fall within the operational limits of the Company. It can be consumed by the Company within its boundaries or exported to other uses. Direct energy may appear in primary forms

(eg, natural gas) or intermediate (eg, electricity). It can be purchased, extracted (eg, coal, natural gas or oil), harvested (for example, energy from biomass), collected (eg, solar or wind power) or conducted within the organization by other means.

INDIRECT ENERGY CONSUMPTION BROKEN DOWN BY PRIMARY SOURCES.

(GRI: EN4)

PROCESS	REGION	TOTAL INDIRECT ENERGY CONSUMPTION (GJ/YEAR)
Cement	Colombia	843,132
	Caribbean	288,623
	TOTAL	1,131,755
Power generation	Colombia	0
	Caribbean	0
	TOTAL	0
Concrete	Colombia	21,165
	Caribbean	6,340
	USA	71,067
	TOTAL	98,572
TOTAL		1,230,327

Note:

Indirect energy: Energy produced outside the limits of the Company that is consumed to provide for the intermediate energy needs of the Company (eg, electricity).

TOTAL WATER UPTAKE BROKEN DOWN BY SOURCE

(GRI: EN8)

PROCESS	REGION	SURFACE WATER (M3/YEAR)	GROUNDWATER (M3/YEAR)	RAINWATER (M3/YEAR)	WASTEWATER FROM ANOTHER ORGANIZATION (M3/YEAR)	SUPPLY SERVICE (M3/YEAR)	TOTAL WATER UPTAKE VOLUME (M3/YEAR)
Cement	Colombia	4,453,584	138,503	26,519	0	74,432	4,693,038
	Caribbean	520,000	3,090	0	0	1,131,500	1,654,590
	TOTAL	4,973,584	141,593	26,519	0	1,205,932	6,347,628
Power generation	Colombia	370,121,531	0	810	0	0	370,122,341
	Caribbean	520,000	3,090	0	0	1,131,500	1,654,590
	TOTAL	370,641,531	3,090	810	0	1,131,500	371,776,932
Concrete	Colombia	39,923	155,272	0	0	570,445	765,640
	Caribbean	0	171,974	0	0	122,000	293,974
	USA	0	258,759	0	0	464,170	722,929
	TOTAL	39,923	586,005	0	0	1,156,615	1,782,543
TOTAL		375,655,038	730,688	27,329	0	3,494,048	379,907,103

Note:

Seven of the nine cement plants of the Colombia Regional, are self-powered, two of them with hydropower and five with thermal energy. Three of the four cement plants of the Caribbean Regional, are self-powered with thermal energy.

PERCENTAGE AND TOTAL VOLUME OF WATER RECYCLED AND REUSED

(GRI: EN10)

BUSINESS	REGION	TOTAL VOLUME OF RECYCLED/REUSED WATER BY THE ORGANIZATION (M3/YEAR)	TOTAL VOLUME OF WATER RECYCLED/REUSED BY THE ORGANIZATION (TOTAL PERCENTAGE OF COLLECTED WATER)
Cement	Colombia	1,983,910	42.27%
	Caribbean	182,007	11.00%
	TOTAL	2,165,917	34.12%
Power generation	Colombia	58,320	0.02%
	Caribbean	0	0.00%
	TOTAL	58,320	0.00%
Concrete	Caribbean	205,757	69.99%
	TOTAL	205,757	11.54%
TOTAL		2,429,994	0.64%

Note:

Seven of the nine cement plants of the Colombia Regional, are self-powered, two of them with hydropower and five with thermal energy. Three of the four cement plants of the Caribbean Regional, are self-powered with thermal energy.

TOTAL DIRECT AND INDIRECT GREENHOUSE GAS EMISSIONS BY WEIGHT

(GRI: EN16)

PROCESS	REGION	DIRECT EMISSIONS (T CO ₂ EQUIVALENT/YEAR)	INDIRECT EMISSIONS (T CO ₂ EQUIVALENT / YEAR)	TOTAL EMISSIONS (T CO ₂ EQUIVALENT/YEAR)
Cement	Caribbean	2,036,979	-264,086	1,772,893
	Colombia	3,143,750	492,899	3,636,648
	TOTAL	5,180,729	228,813	5,409,542
Power generation	Colombia	462,766	0	462,766
	Caribbean	95,954	0	95,954
	TOTAL	558,719	0	558,719
Concrete	Caribbean	2,465	532	2,997
	Colombia	26,322	285,562	311,884
	USA	3,290	9,809	13,099
TOTAL	32,077	295,903	327,980	
TOTAL		5,771,525	524,715	6,296,241

Note:

The methodology used in the calculation of direct and indirect emissions from the cement plants, is the one given by the World Business Council for Sustainable Development for the Cement Sustainable Initiative (CSI): "CO₂ Accounting and Reporting Standard for the Cement Industry" Version 2,0. Direct emissions are considered as those resulting from the use of fuels within the facilities (including self-powered) and those related to the decarbonation chemical reaction that occurs in the clinkerization process.

Indirect emissions are considered as those that are a product of energy consumption from the national grid, if any, besides the factor associated with the addition or subtraction corresponding to the purchase or sale of clinker among the plants.

For concrete plants, emissions coming from the use of fuel within the facility are considered direct emissions, while emissions from the consumption of electricity from the national grid are considered indirect emissions.

The values taken as kg CO₂/MWh are different for each country, according to energy sources, and is recorded in the International Energy Agency (IEA). Broken down by country, this value is as follows: USA 535 kg CO₂/MWh, Colombia 107 kg CO₂/MWh, Haiti 480 kg CO₂/MWh, Dominican Republic 626 kg CO₂/MWh and Panama 273 kg CO₂/MWh.

NO_x, SO_x AND OTHER SIGNIFICANT AIR EMISSIONS BY TYPE AND WEIGHT

(GRI: EN20)

PROCESS	REGION	EMISSIONS (T MP/YEAR)	EMISSIONS (T SO ₂ /YEAR)	EMISSIONS (T NO _x /YEAR)
Cement	Caribbean	704	463	767
	Colombia	4,513	11,419	5,414
	TOTAL	5,218	11,883	6,181
Power generation	Caribbean	0	0	48
	Colombia	263	2,053	295
	TOTAL	263	2,053	343
Concrete	Caribbean	9	-	-
	Colombia	43	-	-
	USA	167	-	-
	TOTAL	219	0	0
TOTAL		5,700	13,935	6,525

Note:

For cement plants, the data reported for this indicator correspond to the consolidation of information from isokinetic measurements made at major stationary sources of each plant, which, when subject to the operations of the equipment, could present some variations in future years on the values to report.

Emissions of estimated particulate matter are reported in the concrete plants, according to the AP-42 emission factors of the Environmental Protection Agency (EPA). Estimates of SO₂ and NO_x emissions are not made since the emission factors associated are not available due to its complexity and dependence on multiple variables.

TOTAL WASTE WATER DUMPINGS, ACCORDING TO THEIR NATURE AND DESTINATION

(GRI: EN21)

PROCESS	REGION	EFFLUENT'S DESTINATION	MOST WIDELY USED TREATMENT METHOD	TOTAL DISCHARGE (M ³ /YEAR)	QUALITY	
					BOD ₅ (TONS/ YEAR)	SST (TONS/ YEAR)
Cement	Colombia	Surface water	Domestic effluents: Grease trap + Septic tank + Upflow anaerobic filter. Industrial effluents: Settler.	1,185,589.12	18.73	91.85
Power generation	Colombia	Surface water	Domestic effluents: Grease trap + Septic tank + Upflow anaerobic filter. Industrial effluents: Neutralization.	117,773.54	1.61	18.03
Concrete	Colombia	Surface water	Domestic effluents: Grease trap + Septic tank + Upflow anaerobic filter. Industrial effluents: Settler.	56,272.32	0.62	3.29
TOTAL		SURFACE WATER		1,359,634.98	20.96	113.17

Note:

Only information about discharges to surface waters is reported. No information is reported about effluents dumped into marine waters, sewerage, soil or extracted by a provider for later reuse and disposal, as in 2011 these effluents were not monitored in all the facilities. Similarly, no information is reported about surface runoff effluents on storage yards, due to the difficulty to exactly determining the discharge time and frequency, as these dumps occur only during the rainy season.

No information is reported on dumpings to surface water at the USA and Caribbean Regional facilities nor the Bello Concrete Plant, belonging to the Colombia Regional, as in 2011 these facilities did not perform complete monitoring of such discharges. Some facilities measured only quality parameters but did not measure flow.

No information is reported about the power generation plant in Barranquilla, since it has not been operating since late 2010.

TOTAL WASTE WEIGHT BY TYPE AND DISPOSAL METHOD

(GRI: EN22)

TABLE 1

PROCESS	REGION	TYPE OF WASTE	COMPOST (TONS/YESR)	REUSE (TONS/YEAR)	RECYCLE (TONS/YEAR)	RECOVERED (TONS/YEAR)	INSINERATION (TONS/YEAR)
Cement	Colombia	Hazardous	0.00	11.57	18.53	50.46	55.10
		Non-hazardous	124.73	8.40	800.21	0.00	10.34
	Caribbean	Hazardous	0.00	0.00	0.00	27.39	6.24
		Non-hazardous	3.30	0.00	19.64	0.00	0.00
TOTAL	Hazardous		0.00	11.57	18.53	77.85	61.34
	Non-hazardous		128.03	8.40	819.85	0.00	10.34
Concrete	Colombia	Hazardous	0.00	60.42	3.42	1.95	1.32
		Non-hazardous	0.00	36.29	13.95	0.00	0.00
TOTAL	Hazardous		0.00	71.99	21.95	79.80	62.66
	Non-hazardous		128.03	44.69	833.81	0.00	10.34

TABLE 2

PROCESS	REGION	TYPE OF WASTE	LANDFILL (TONS/YESR)	DEEP WELL INJECTION (TONS/YESR)	STORAGE ON SITE (TONS/YEAR)	COPROCESSING (TONS/YEAR)	OTHER (TONS/YEAR)
Cement	Colombia	Hazardous	213.76	0.00	2.00	0.59	0.00
		Non-hazardous	816.20	0.00	0.00	79.94	2,278.35
	Caribbean	Hazardous	0.00	0.00	0.00	0.00	16.52
		Non-hazardous	172.65	0.00	0.00	0.00	0.00
TOTAL	Hazardous		213.76	0.00	2.00	0.59	16.52
	Non-hazardous		988.85	0.00	0.00	79.94	2,278.35
Concrete	Colombia	Hazardous	4.28	0.00	0.00	6.12	0.00
		Non-hazardous	84.21	0.00	0.00	0.44	0.00
TOTAL	Hazardous		218.04	0.00	2.00	6.71	16.52
	Non-hazardous		1,073.06	0.00	0.00	80.38	2,278.35

Note:

Barranquilla Plant: In 2011, h3, h4, h5, h6 and h7 were removed; some residues such as metals, iron, etc., were sold. Debris were taken to authorized dumps.

Nare Plant: In 2010, 7.02 tons of waste oils were not reported and composting data does not seem right.

San Gil Plant: In 2010, material shipped to tailings was reported (about 2000 tons per year), in 2011 this material was donated to the San Gil Mayor's Office or community action boards for road construction.

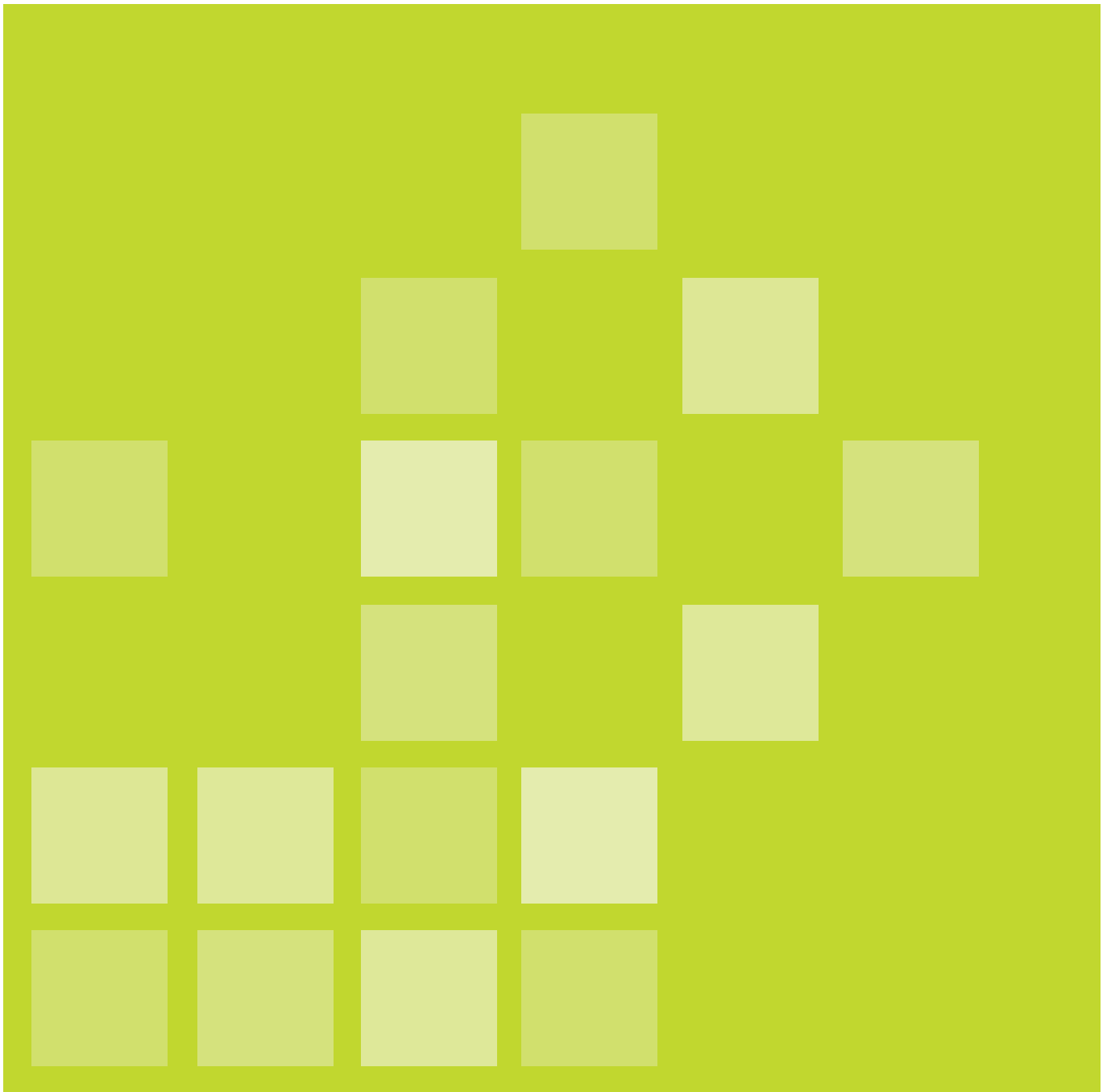
Sogamoso Plant: Composting was reported in 2010. In 2011, this activity is no longer running in the plant.

Yumbo Plant: In 2011 there were several unscheduled furnace shutdowns. Non-hazardous recycling increased due to the large amount packing and packaging.

Concretes: In 2011 data from Puente Aranda, Villavicencio, Bucaramanga and Calle 80 plants was included; this justifies an increase of approximately eight tonnes from the 2010 data. Data for this indicator is reported only from the Cartagena Plant for the Caribbean Regional.



ADDITIONAL INFORMATION



ADDITIONAL INFORMATION

AWARDS AND HONORS

In 2011 we were rewarded various awards, among which are:

COLOMBIA REGIONAL

Second place in the Zero Incidents category from the Sura Award of Excellence in Cali, we won first place in the Zero Incidents category in Antioquia and the Coffee-Growers Axis for the Medellin Distribution Center.

Our operation in Canteras de Colombia, in the Bello municipality, got the Cantera Verde award, granted by Corantioquia and the Centro Nacional de Producción Más Limpia (National Cleaner Production Center, CNPML, for its Spanish acronym), and the Award to Responsible Mining, granted by the Antioquia Governorate and Corporación Calidad.

In the Colombia Regional we continue to maintain the distinction awarded by the Autonomous Corporation of the Negro and Nare (Cornare) rivers since 1999 with the Progres Award for the Rioclaro Plant, and in later years, for the Cairo cement plants, and the Marinilla concrete plant.

Alliance for Equity Award, granted by the Antioquia Governorate in the category of Big Business, for the social work developed in the department, seeking to fulfill the Millennium Goals.

CARIBBEAN REGIONAL

In Dominican Republic, the Ministry of Labor granted us in October the Certification of Fulfillment with the 522-06 Act of the Labor Code on Hygiene and Industrial Safety.

In the Dominican Republic, our Company received a special mention in the Environmental Management Award category granted by the Association of Industrial Enterprises of Herrera, in the Industrial Excellence Awards of the Dominican Republic.

Cementos Colon received a special mention in the Industry Environmental Management Award category, granted by the Association of Industrial Enterprises of Herrera, in the Industrial Excellence Awards of the Dominican Republic.

USA REGIONAL

We also highlight that the National Concrete Association granted the *Green Star* certification to 60 of our United States plants, positioning our company in second place with the largest number of certified plants in that country.

Three of our cement plants in the USA Regional recently received the *Wildlife Habitat Council* (WHC) recognition for our efforts preserving wildlife and the habitat of the places where these four plants are located.

CERTIFICATES AND SEALS

Our operations have the highest certification standards:

COLOMBIA REGIONAL

ISO CERTIFICATIONS

ISO 9001 Quality Management System (QMS), for cement and concrete.

ISO 14001 Environmental Management System, at the Nare, Sogamoso and Zona Franca cement plants and concrete plants of Medellin and Puente Aranda.

OHSAS 18001 for Occupational Health and Safety at the Nare and Sogamoso plants, and at the concrete production plants of Medellín, Cali, Barranquilla and Puente Aranda.

SEALS

BUSINESS	FACILITIES SCOPE (PLANTS)	SEALS
Cements	Barranquilla, Sabanagrande, Zona Franca, Tolviejo, Rioclaro, Cairo, Sogamoso and Yumbo	NTC 121 and 321 Seals Portland Cement Type III
Cements	Nare	ASTM C – 1157 Seals White Cement type I (General use)
Cements	Nare	ASTM C – 1157M Seal White Concrete Cement
Cements	Zona Franca	NTC Seals 121 and 321 Portland Cement Type III
Cements	Zona Franca	NTC Certificates 1398 quicklime hydrated lime

BASC CERTIFICATION VERSION 3-2008, LOGISTICS SAFETY AND INTERNATIONAL TRADING - SGCS BASC

BUSINESS	FACILITIES SCOPE (PLANTS)	CERTIFICATE
Cements	Nare	BASC Version 3 2008
Cements	Tolviejo	BASC Version 3 2008
Cements	Zona Franca includes port	BASC Version 3 2008
Port	Port Authority Morrosquillo Gulf	BASC Version 3 2008
CementsCements	The Barranquilla plant includes port	BASC Version 3 2008
Logistics	Medellin Logistics CDM	BASC Version 3 2008

API SPEC 10A CERTIFICATION ON CEMENT AND MATERIALS SPECIFICATIONS FOR WELL CEMENTING (OIL CEMENT)

BUSINESS	FACILITIES SCOPE (PLANTS)	CERTIFICATE
Cements	San Gil	API Spec 10A

CERTIFIED LABORATORIES OF CONCRETE AND AGGREGATES QUALITY

The National Accreditation Agency of Colombia, (ONAC, by its Spanish acronym) granted us the certificate of accreditation for the laboratories in the concrete and aggregate plants' in: Barranquilla, Cartagena, Cali, Fontibón, and Puente Aranda. This certifies that our laboratories meet the requirements specified in the ISO/IEC 17025:2005 standard, with this scope:

AGGREGATES

NTC-1776: Test method to determine by drying the total moisture content of aggregates.

NTC – 77: Test method by sieve analysis of coarse and fine aggregates.

NTC -92: Determine the unit mass and the gaps between particles of aggregates.

NTC-176: Test method to determine the density and absorption of coarse aggregate.

NTC-237: Test method to determine the density and absorption of fine aggregate.

NTC-127: Test method to determine organic impurities in fine aggregate for concrete.

NTC - 78. Method to determine by washing the material that passes the 75 miun sieve in mineral aggregates.

CONCRETE

NTC 673:2010 Compression resistance test of cylindrical specimens.

NTC 2871:2004 Test method for concrete strength in bending (using a simple beam loaded in the middle thirds).

NTC 5640:2008 longitudinal change of mortar and concrete of hydraulic cement hardened.
Caribbean Regional

CARIBBEAN REGIONAL

PANAMA

ISO 9001, ISO 14001 and OHSAS 18001.

DOMINICAN REPUBLIC

ISO 9001, ISO 14001, OHSAS 18001 and Product Seal.

USA REGIONAL

We have a *Quality Management System* - QMS that complies with ACI 121 (American Concrete Institution) and corresponds to ISO 9001 in Colombia. This record is for the States of Texas, Georgia, North Carolina and South Carolina.

- Excellence in quality certificate issued by the NRMCA.
- Green Star Certification for 60 concrete plants in USA.

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3.3	Reporting cycle	Yearly	
3.4	Contact	mvillegasp@argos.com.co	
3.5	Report content definition process	Dialogues with Stakeholders, International Standards such as the Global Compact, Cement Sustainability Initiative	
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HR2	Percentage of significant suppliers and contractors that have undergone screening on human rights and actions taken.	Regional Colombia	Social dimension / Suppliers and Contractors	81
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.		In 2011 there were no training sessions, but there is a plan ready to disseminate the Code of Conduct in 2012 emphasizing on human rights and labor relations issues.	
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HR5	Operations identified in which the right to exercise freedom of association and collective bargaining may be at significant risk, and actions taken to support these rights.	All regional	Social dimension / Our People / Labor Relations	47
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GRI	INDICATOR	SCOPE	RESPONSE	PAGE
HR8	Percentage of security personnel trained in the organization's policies or procedures concerning aspects of human rights that are relevant to operations.		Not measured in 2011.	
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CORRUPTION				
SO2	Percentage and total number of business units analyzed for risks related to corruption.		Un 2012, an analysis plan shall be designed for the business units.	
SO3	Percentage of employees trained in organization's anti-corruption policies and procedures.	All regional	In 2011 the first groups were introduced to the Code of Conduct and a communications plan was designed to be implemented early in 2012.	
SO4	Actions taken in response to incidents of corruption.	Regional Colombia	Actions Taken: Case investigation, disciplinary measures against employees involved and actions against third parties involved and strengthening of processes.	
PUBLIC POLICY				
SO5	Public policy positions and participation in public policy development and "lobbying".	All regional	We follow the regulations under legal mechanisms as part of democracy.	
SO6	Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country.	Regional Colombia and Caribbean	Contributions to democracy under the guidelines of transparency and regulation of the countries. Colombia: US\$ 239,222, Dominican Republic: US\$ 25,759	
ANTI-COMPETITIVE BEHAVIOR				
SO7	Total number of legal actions for anticompetitive behavior, anti-trust, and monopoly practices and their outcomes.	All regional	Currently we have no legal actions in course.	
SO8	Monetary value of significant fines and total number of non-monetary sanctions for noncompliance with laws and regulations.	All regional	In 2011 we had a fine on Concrete for USD \$ 118,730.	
SOCIAL PERFORMANCE INDICATORS: PRODUCT LIABILITY				
CUSTOMER HEALTH AND SAFETY				
PR1	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.	All regional	Social Dimension / Clients	56

GRI	INDICATOR	SCOPE	RESPONSE	PAGE
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.	All regionals	We had no cases of incidents due to non-compliance of legal regulation related to the impact of products on the health.	
PRODUCT AND SERVICE LABELING				
PR3	Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements.	All regionals	Our products contain all certifications and seals required by the regulations in each country.	
PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes.		We have quality certifications and seals on our products	
PR5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction.	Colombia and Caribbean regionals	Social Dimension / Customers / Customer Satisfaction	56
PR6	Programs for adherence to laws, standards, and voluntary codes related to marketing communications.		We do not consider this subject to be relevant for our company.	
PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications.		We have no failures on Codes of marketing.	
PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data.		We had no incidents in 2011.	
PR9	Monetary value of significant fines for noncompliance with laws and regulations concerning the provision and use of products and services.	All regional	In 2011 we did not have any significant fine for the supply and use of our products.	

ENVIRONMENTAL DIMENSION INDEX

GRI	INDICATOR	SCOPE	RESPONSE	PAGE
EN1	Materials used by weight or volume.	All regionals	Environmental Dimension / Materials used by weight or volume.	97
EN2	Percentage of materials used that are recycled input materials.	All regionals	Environmental Dimension / Percentage of materials used that are recycled input materials.	98
EN3	Direct energy consumption by primary energy source.	All regionals	Environmental Dimension / Direct energy consumption by primary energy source.	98
EN4	Indirect energy consumption by primary source.	All regionals	Environmental Dimension / Indirect energy consumption by primary source.	99
EN5	Energy saved due to conservation and efficiency improvements.		Information not available	
EN6	Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives.		Information not available	
EN7	Initiatives to reduce indirect energy consumption and reductions achieved.		Information not available	
EN8	Total water withdrawal by source.	All regionals	Environmental Dimension / Total water uptake by source.	99
EN9	Water sources significantly affected by withdrawal of water.		Information not available	
EN10	Percentage and total volume of water recycled and reused.	All regionals	Environmental Dimension / Percentage and Total Volume of Recycled and Reused Water.	100
EN11	Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas. Please indicate location and size of land owned, leased or managed, with high biodiversity value.		We are working on this indicator	
EN12	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas.		We are working on this indicator	
EN13	Protected or restored habitats.		We are working on this indicator	
EN14	Strategies, current actions and future plans to manage impacts on biodiversity.		We are working on this indicator	

GRI	INDICATOR	SCOPE	RESPONSE	PAGE
EN15	Number of species, broken down by risk of extinction, included in the IUCN red list, and in the national lists, which habitats are in areas affected by operations..		Information not available	
EN16	Total direct and indirect greenhouse gas emissions by weight.	All regionals	Environmental Dimension / Total direct and indirect greenhouse gas emissions by weight	100
EN17	Other direct and indirect greenhouse gas emissions by weight.		Information not available	
EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved.	Colombia Regional	Environmental Dimension / Environmental Projects and Initiatives	86
EN19	Ozone-depleting ozone layer emissions, by weight.		Information not available	
EN20	NOx, SOx, and other significant air emissions by type and weight.	All regionals	Environmental Dimension / NOx, SOx and other significant air emissions broken down by type and weight	101
EN21	Total water discharge by nature and destination	All regionals	Environmental Dimension / Total waste water dumps, by nature and destination.	102
EN22	Total weight of waste by type and disposal method.	All regionals	Environmental Dimension / Total weight of waste by type and disposal method.	103
EN23	Total number and volume of significant spills.		Information not available	
EN24	Weight of transported, imported, exported or processed waste considered hazardous under the Basel Convention Annex I, II, III and VIII, and percentage of waste internationally transported.		Information not available	
EN25	Identity, size, protection status and biodiversity value of water resources and related habitats significantly affected by water and runoff of the reporting company.		Information not available	
EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation	All regionals	Environmental Dimension / Innovative Projects	86



Independent assurance report on the Argos Sustainability Report 2011

To the Executive Management of Cementos Argos S.A.

March 5, 2012

We have performed an independent verification with limited assurance to your Sustainability Report 2011, which includes both data and general information of your company as well as of 13 other companies of the Grupo Empresarial Argos, entities related hereinafter.

Our assurance is limited to the implementation of verification procedures for the following specific contents:

- a. Descriptive elements of the Sustainability Report.
- b. Management approaches related to Sustainability dimensions set by PwC as material or relevant, both to your organization and your stakeholders.
- c. Performance data and information identified by PwC as relevant or material, reported by your company under the following indicators of the G3.0 2006 version of the Guide to Sustainability Reporting from the Global Reporting Initiative (GRI) in its level of self-declared B application:
 - Economic: EC6 and EC9.
 - Environmental: EN2 al EN4, EN8, EN16 and EN20.
 - Labor: LA1 al LA4, LA7, LA10, LA12 and LA14.
 - Human rights: HR1, HR6 and HR7.
 - Product liability: PR1 and PR5.
 - Community: SO4 and SO8.
- d. General information reported in the Sustainability Report, which was submitted to a critical reading and evidence was obtained.

Management Responsibility

It is a responsibility of the Management to prepare and submit the Sustainability Report 2011 of Cementos Argos S.A. according to the Sustainability Reporting Guidelines of the Global Reporting Initiative (GRI) G3 2006 in its self-declared level of B application. This responsibility includes the selection and application of appropriate methods to prepare the content, as well as designing, implementing and maintaining internal control relevant to the proper preparation and presentation of information.

PwC Responsibility

Our responsibility is to issue a conclusion on the quantitative and qualitative reliability of the performance information, reported in the Cementos Argos S.A.'s Sustainability Report 2011, according to the verification work done and the scope described in this report.

Our work was carried out according to the "International Standard for Assurance Contracts, different from audits or reviews of historical financial information" ISAE 3000 regarding limited assurance. This standard requires compliance with ethical requirements and, that the planning and execution of our work allows to obtain a limited level of assurance regarding the information contained in the report:

- a. It has been prepared in all material respects according to the Sustainability Reporting Guidelines of the Global Reporting Initiative (GRI) G3 2006,



To the Executive Management of Cementos Argos S.A.

March 5, 2012

- b. It has been aggregated and reported under an internal control structure free of material weaknesses,
- c. It reasonably shows the sustainable management of the reporting institutions, and
- d. It has enough supporting evidence.

Procedures performed to obtain evidence at this assurance level are substantially lower than those of a reasonable assurance work, therefore, the security provided is also lower. The procedures selected depend on professional judgment, including assessment of risks of material deviations in the application of the Guidelines for Sustainability Reporting of GRI.

Scope of verification procedures

Within the scope of the work performed during the February and March 2012, we visited the corporate offices of Cementos Argos S.A. in Bogota and Medellin and one of its cement plants in Yumbo, Colombia, and examined on sample basis, the data and information contained in its Sustainability Report 2011 through procedures including:

- Inspection of the qualitative results of the Dialogue for Sustainability Day held in 2011,
- Inquiries with officials responsible for the economic, environmental, social, labor and corporate governance information in the Colombia Regional, the economic information on the United States Regional on the data generation, collection and aggregation,
- Inspection of policies and procedures established by your organization,
- Analytical procedures for selected quantitative indicators,
- Substantive testing on data and material statements by inspecting supporting documents both internal and external, review of the formulas, checking the arithmetical accuracy of calculations and evaluation of the logic of the premises and estimates made by your organization in the 2011 Sustainability Report,
- Evaluation of the proper application of the Sustainability Reporting Guidelines of the Global Reporting Initiative (GRI) G3 2006 , and
- Assessment of self-declared application level by your company.

Inherent limitations

Non-financial information is subject to more limitations than financial data, given its nature and the methods used to determine, calculate and select the information. We do not make conclusions on Argos S.A.'s sustainable management, nor its subsidiaries; nor have we done any work on the information reported in prior periods or forecasts regarding future projections and goals. We conducted a thorough reading of the information included in Cementos Argos S.A.'s 2011 Sustainability Report to assess the proper application of the principles of content and quality established in the Sustainability Reporting Guidelines of GRI. However, our review is restricted to the extent of detail contained in the first section of this letter.

Conclusion - Limited Assurance

Based on the results of our work, no aspect has come to our knowledge that causes us to believe that Cementos Argos S.A.'s 2011 Sustainability Report has not been prepared, in all material respects, in accordance with the Sustainability



To the Executive Management of Cementos Argos S.A.

March 5, 2012

Emphasis on the matter - Recommendations

Without rating our conclusion, we recommend Cementos Argos S.A. to be considered for next year's Sustainability reporting the following suggestions, which have been expanded in the Recommendations Report to the Management:

- a. Regarding the application of the GRI content principles and quality:
 - Strengthen the implementation of the principle of Materiality through the prioritization of meaningful content to be included in the report for each reporting related entity, taking into account the particular characteristics of the industries in which they operate, their corporate purpose, regional and local contexts in which they operate and the particular needs of their stakeholders.
 - Maintain the interest of including reporting stakeholders, in addition to the proposals and suggestions that these groups have expressed in the dialogues, commitments and specific goals acquired by reporting related entities to respond to their expectations.
 - Strengthen the revelation of the Sustainability Context, by analyzing the performance of related entities in the context of the limits and requirements imposed on environmental or social resources at and industry, local, regional or global level, and measuring the magnitude of their impacts and contributions to the relevant geographical contexts in which they operate.
 - Review the application of the Comparability Principle, so as to ensure that the information reported allows stakeholders to analyze the changes in reporting related entities over time, as compared to other organizations.
 - Strengthen the principle of balance, also including the achievements and positive aspects of performance, mistakes that may have occurred in the period, and the goals and challenges of reporting related entities against Sustainability.
- b. Regarding the contents included in the Sustainability Report 2011:
 - In terms of management approaches, i) strengthen the information disclosed about the way related reporting entities address the processes of training, awareness, evaluation and monitoring on the specific Sustainability dimensions and aspects among which are the company-employee relationship, diversity and equality, freedom of association, forced labor prevention, legal compliance, and transportation of products; and ii) present contents that guide the Report user regarding the behaviors and contexts of all related reporting entities.
 - Regarding performance indicators, i) use the GRI indicators protocols to improve the understanding of the relevance of the indicator, possible ways to obtain the data, and guiding definitions and references for related reporting entities; and, ii) strive for constant and consistent reporting of all related entities throughout the performance indicators to provide comparable information regarding the economic, environmental and social organizations.
- c. Regarding the processes for generation, collection, aggregation, review and approval of data and background information:



ensure the quality of reported data and reinforce among your employees, your company's concern for sustainable management.

To the Executive Management of Cementos Argos S.A.

March 5, 2012

- Strengthen the processes of testing and quality assurance of quantitative and qualitative information included in all dimensions of the Sustainability Report per plant, company, country and region. In addition, involve the Corporate Audit and Risk Management in the review process to ensure quality and reliability of the Sustainability Report.
- Emphasize the use of performance indicators included in the Sustainability Report as a tool for identifying risks and making strategic Sustainability decisions along related reporting entities.

Restrictions on use and distribution

This Report has been prepared in order to issue a conclusion about the reliability of the descriptive and performance information, both quantitative and qualitative, included in Cementos Argos S.A.'s 2011 Sustainability Report, taking as reference the Sustainability Reporting Guidelines of the Global Reporting Initiative (GRI) G3 2006 on its self-declared B level, and the results of the verification work done under the agreed scope with Cementos Argos S.A., exclusively for the Report readers and cannot be bound nor distributed for any other purpose.

Carlos Arias A
Partner
e-mail: arias@co.pwc.com
Tel: (57) 6684999

ENVIRONMENTAL INDICATORS ANNEX

