



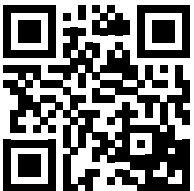
2013

INTEGRATED REPORT



ARGOS

Integrated Report
Online version



Pictures:

Cover:

Phillip Richardson, USA Regional Division.

Javier Velásquez, Camayagua plant, Honduras, Caribbean and Central American Regional Division.

Laura De Armas, Cartagena plant, Colombian Regional Division.

Back cover:

Harleyville plant, USA Regional Division.

2013

A year of
transformational
milestones





THIS REPORT
CONTAINS THE
MOST IMPORTANT
INFORMATION
ABOUT THE
COMPANY'S
PERFORMANCE IN

2013



Concrete mixer trucks in Charleston, South Carolina, USA

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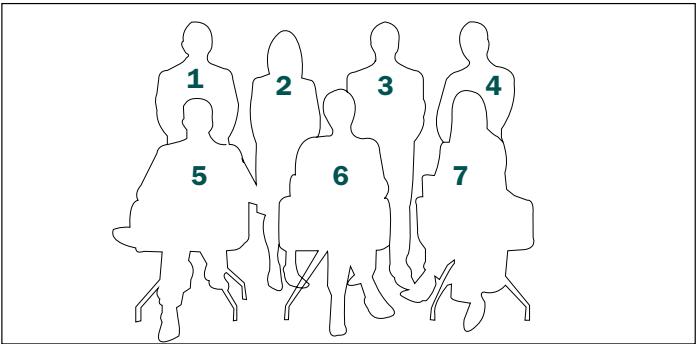
... we discovered many dreams regarding construction, and we made them our own in order to make them come true...



Concrete mixer trucks in Panama

Board of Directors





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

About the report

This is Argos' second Integrated Report. It is elaborated for all of our stakeholders, and it contains relevant information about the organization's strategy, its management, its results and its perspectives, presented in a way that reflects the social, commercial, financial and environmental context in which we operate.

This report is a clear and concise summary of how the company records its management practices and how it creates and sustains value. This is why, throughout the following chapters, you will be able to find information about our strategies, the business challenges we face, and our operational models and its capital structures, as well as about our performance and the future focus of each of our strategic priorities.

The information that is presented herein references the activities carried out between January and December 2013. This report is issued annually and its previously published version included information regarding the prior calendar year. Our report has been structured based upon the framework of the International Integrated Reporting Council (IIRC), respecting the requirements of the Guidelines of the Global Reporting Initiative (GRI). It is completely consistent with the GRI G4 Guidelines' Core option. Throughout the document, GRI icons are used to indicate which G4 indicator is being addressed in each section. Furthermore, given the company's commitment towards respecting and promoting human rights, we continuously seek to align our strategies, policies and operations to the ten principles of the United Nations Global Compact.

The report shows how, following the six steps proposed by the UN Global Compact Management Model (commit, assess, define, implement, measure, and communicate), we work on each and every one of these ten principles. To this purpose, circular icons were also placed next to sections to indicate both the step and the principle of the Global Compact that each topic developed refers to, thus allowing the reader to clearly see how these principles drive the way in which we manage the company. GRI and Global Compact tables are included as indexes, showing this same information, but as a consolidated index.

Following international standards, this report contains the indicators of all the companies whose financial statements are consolidated with Argos' in terms of its cement and concrete business units in the Colombian, Caribbean and Central American, and USA Regional Divisions, unless specified otherwise.

The operations acquired in Honduras and in the South of the United States were not included in the scope of this report given the fact that these acquisitions took place at the end of 2013 and in the beginning of 2014, nor are any figures expressed that need to be clarified for the reader.

As has been the case for the last five years, this report was reviewed by an independent third party. For the year 2013, PricewaterhouseCoopers AG Ltda. was hired to provide limited assurance regarding the 16 performance indicators that were included in the Integrated Report and regarding Cementos Argos S.A.'s

G4-6

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G4-28 to 33

G4-48



declaration about how the presentation of its Integrated Report is in compliance with the Core option of the GRI's G4 version of 2013, in accordance with reporting criteria established by the company's management. The latter was assured in compliance with the instructions given by the CEO and top management, which also reviewed and approved the content of the report. The independent assurance report can be found on page 241 of this report.

This document can also be found in digital format, at www.argos.com.co.

For more information, please contact María Isabel Echeverri at:

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Cartagena plant, Colombia

Letter from the CEO

G4-1



At Argos, we have been building progress in Colombia for more than 70 years. Now, in each country where we are present, we are discovering a plethora of dreams regarding construction, and we are making them our own in order to make them come true: the dream of a family that yearns for a home, the dream of a father that wants to remodel a house, the dream of a saver who invests in real estate, the dream of a big construction company that is symbolically building a nation's growth or the dream of a community that works together in search of benefits for everyone. For all of these dreams, we supply top-quality products and services so that they can have firm foundations and solid pillars that support the development of each and every one of these people, companies and countries.

Motivated by this desire of generating wellbeing and value for our shareholders, we now have operations in 11 countries and export products to 30 countries. Furthermore, we are the market leader of the Colombian cement industry and the market challenger in that industry in the Southeast of the United States, as well as the third largest concrete producer in that country and one of the two main players, based on volumes sold, in Panama and the Caribbean. We face new challenges every day, with renewed energy and an obsession for providing our customers with the best possible value proposition and for achieving excellence in terms of our products and our processes, in order to reach greater efficiency.

We build up long-term relations with suppliers and distributors, based on respect and mutual benefits, but above all, we continue to be irrefutably committed to sustainability. Argos is a corporate citizen that seeks to establish transparent and long-term relations with all its stakeholders and that strives to be respectful towards different governance systems, the environment, its employees and the surrounding communities, because we firmly believe that we can only achieve progress and wellbeing by working on economic, environmental and social development simultaneously. In other words, our goal is to establish a proper balance between economic profitability and respect for people and the environment as the only right way of doing business. Our active commitment towards human rights and the principles of the Global Compact is one way for us to manifest our conviction in this regard. Another example is our inclusion, in 2013, in the Dow Jones Sustainability Index, which is a global reference that recognizes good business practices along these three same dimensions (economic, environmental and social). This achievement, besides giving the company a great deal of satisfaction, also represents an incentive to take on new responsibilities and challenges.

We have defined priorities in various axes on which our actions are based, in order to support this strategy in a consistent way. These axes are: growth, efficiency, corporate culture and human talent, the environment, and innovation. In all these areas, the company made significant progress, as is



shown in the Management Report and, in fact, throughout this whole report, which is presented based on the guidelines and frameworks described in the chapter “About the report.”

The year 2013 brought, besides solid results in the vast majority of our markets, including clear positive trends in the United States, the achievement of many transformational milestones. First, we widened Argos’ domestic and international shareholders base, ensuring, not only the democratization of its ownership, but the raising of important resources, which have been efficiently invested in growth opportunities that make perfect financial sense and that are clearly aligned with our strategy. Second, we significantly progressed in terms of sustainability, a fact that was clearly recognized by our inclusion in the Dow Jones Sustainability Index. Finally, we also created new and better products and stimulated an innovative corporate culture. Above all, we worked on strengthening an organizational culture that is participative, inclusive, and responsible towards the community and the environment, and allowing our employees to fully develop themselves.

We have progressed significantly in manufacturing practices and in raising of awareness regarding health and safety, allowing us to carry out our tasks in a safe way, and to ensure that all of our colleagues return home safe-and-sound at the end of each work day. In that respect, we have started going in the right direction, with substantially better indicators, but still with a long road ahead.

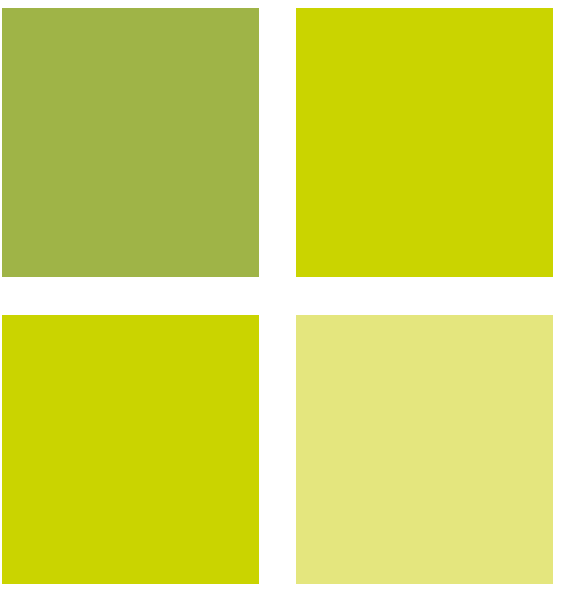
Thus, the positive balance of this year, along with seven decades of commitment, knowledge, innovation and respect, shows that, at Argos, we don’t just believe in the future, we build it!

The professionalism and engagement of our employees, as well as the support of our shareholders, customers, distributors, suppliers and society in general, motivate us every day, and they represent a green light to continue generating growth, development and wellbeing in the countries where we are present.

Jorge Mario Velásquez.
CEO

**At Argos, we don’t
just believe in the
future, we build it!**





Key facts and figures

1

Key facts and figures

Key facts

We received the Silver Class distinction for being the second best company in the sector worldwide in the Dow Jones Sustainability Index.



G4-9

G4-13

Thanks to the acquisition of assets in Honduras, the company's consolidated production capacity of cement increased by 8% compared to 2012.

1 Inclusion in the Dow Jones Sustainability Index September 2013

MEMBER OF

Dow Jones Sustainability Indices

In Collaboration with RobecoSAM

We were included in both its World Index and its Emerging Markets Index. The DJSI is the main global reference to monitor the performance of leading companies in terms of corporate sustainability. We were the second best company in the sector and one of only four cement companies around the world to make it into the index (see infographic on p. 92-93).

3 Acquisition in Honduras September 2013



We announced the acquisition of 53% of a company with cement assets in Honduras. The purchase, which was concluded at the end of the year, had a total price of close to USD 305 million and increased Argos' production capacity by 1.3 million tons per year.

2 Issuance of preferred shares May 2013



We successfully completed the procedure of issuing shares without voting right but with preferred dividends. This was completed simultaneously in the Colombian as well as in the international market. Through this transaction, close to USD 880 million was raised and oversubscription reached a rate of 1.53 times the offer. Through the transaction, the company reached a total of 19,000 shareholders, where this number had been only 6,000 before the issuance.

4 The consolidated EBITDA was the highest in the organization's history

↑ USD 524 million

For the first time since the financial downturn of the economy, the USA Regional Division recorded a positive EBITDA, which reached USD 14 million.

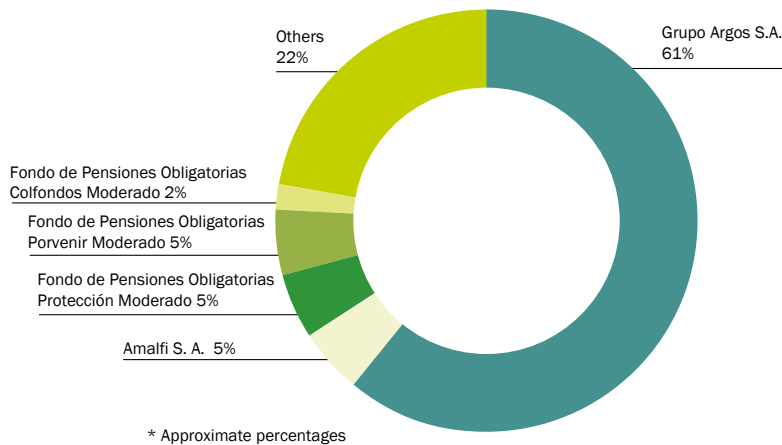
Sogamoso plant, Colombia





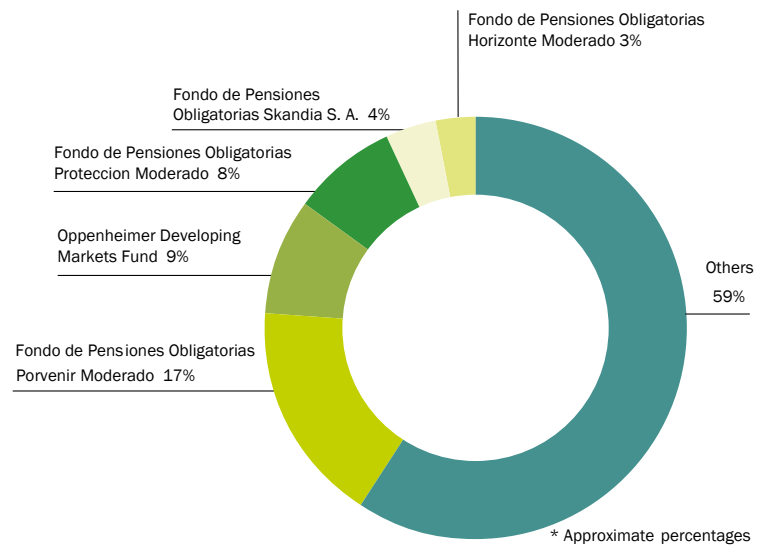
Composition of Ordinary Shares ownership*

G4-S1



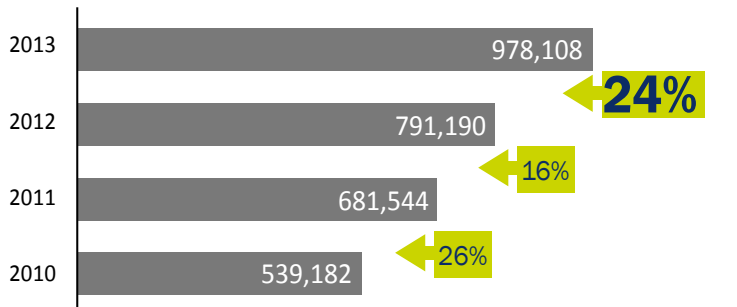
* Approximate percentages

Composition of Preferred Shares ownership *



* Approximate percentages

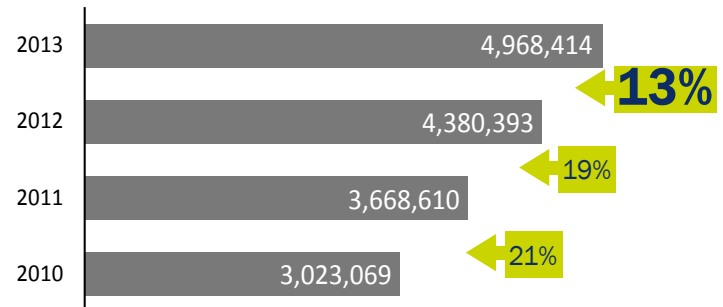
Consolidated EBITDA



In millions of Colombian pesos

USD 524 million

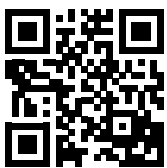
Consolidated operating income



In millions of Colombian pesos

USD 2,656 million

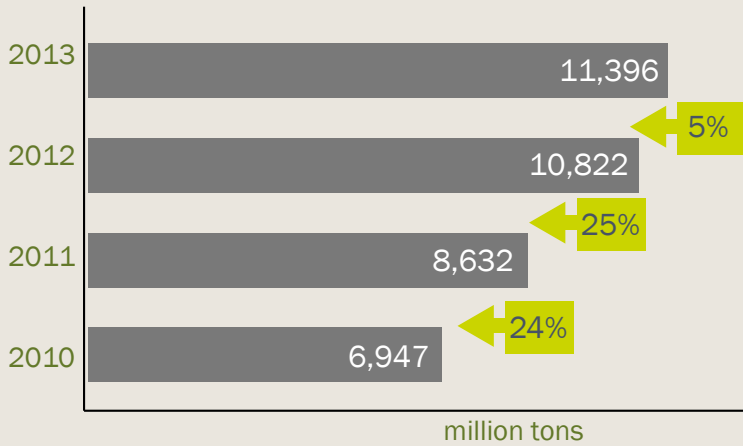
Key facts and figures





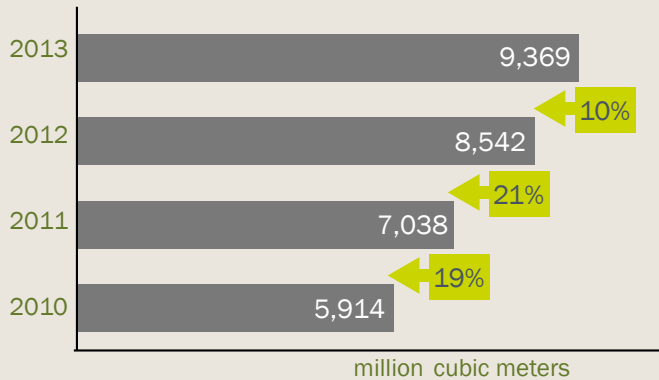
Employee at the Rioclaro plant, Colombia

Cement sales 2013



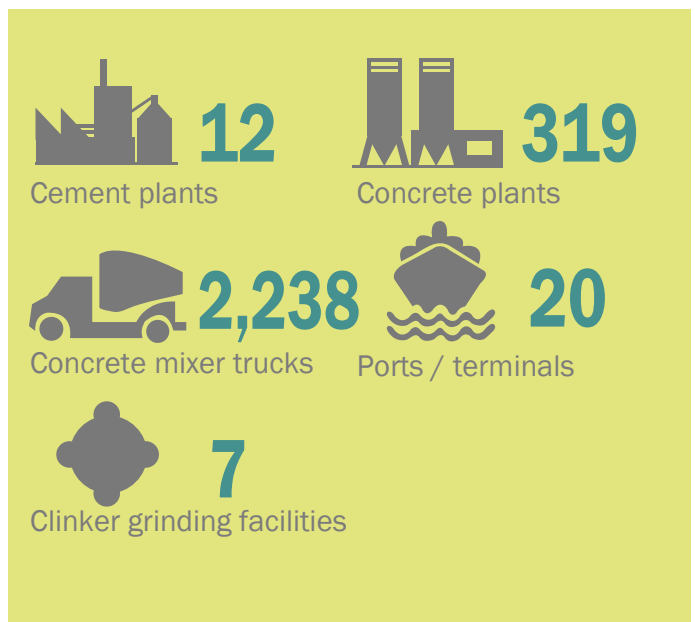
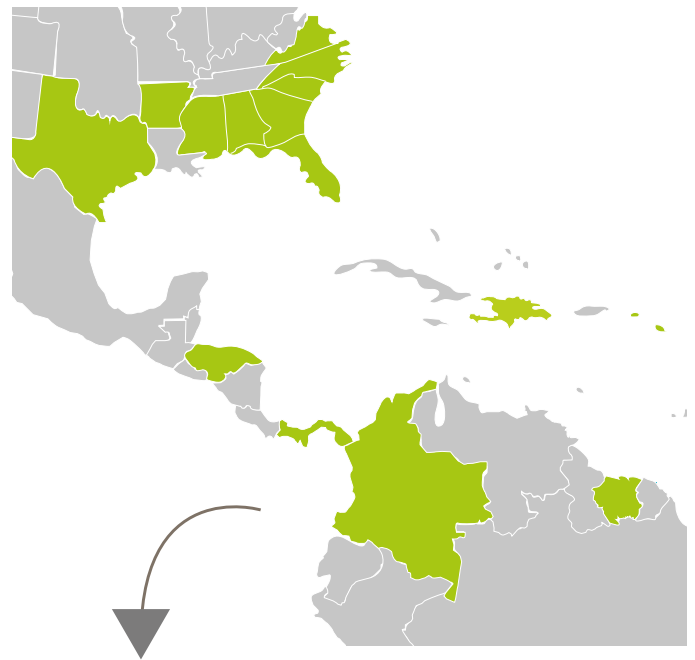
11.3
In thousands of tons

Concrete sales 2013



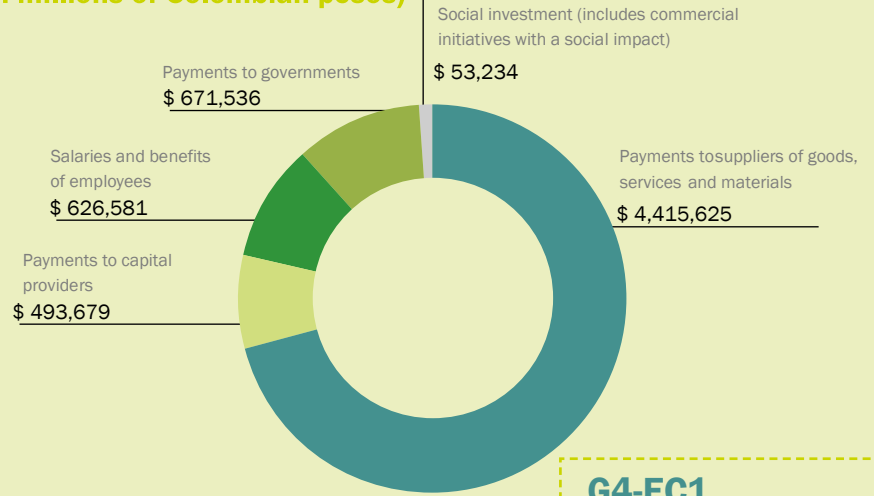
9.3
In thousands of cubic meters

Our presence





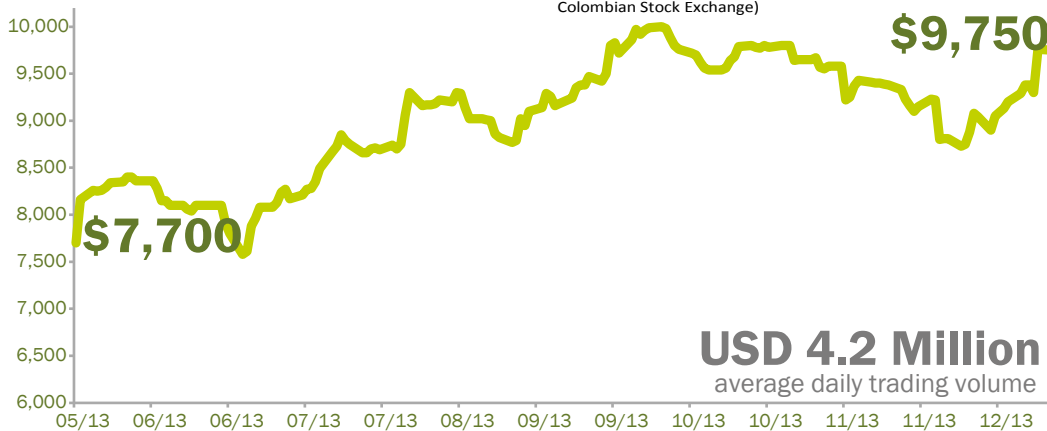
Distributed economic value (in millions of Colombian pesos)



Behavior of shares

Preferred

26.6% variation since the issuance
vs. -5% for Colcap (a cap-weighted index of the Colombian Stock Exchange)



USD 6.9 billion

Market Cap as of December 2013

11% more than in December 2012

#9

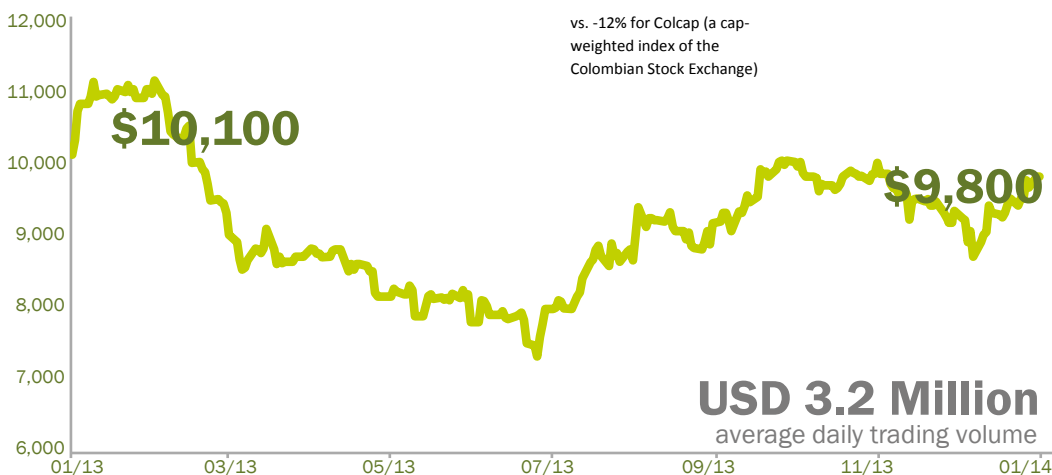
in the ranking based on Market Cap in the Colombian Stock Exchange

#6

in the Colcap basket and #8 in the previous basket*

Ordinary

-3% variation since the issuance
vs. -12% for Colcap (a cap-weighted index of the Colombian Stock Exchange)



USD 7.4 million

average daily trading volume
100% more than in 2012

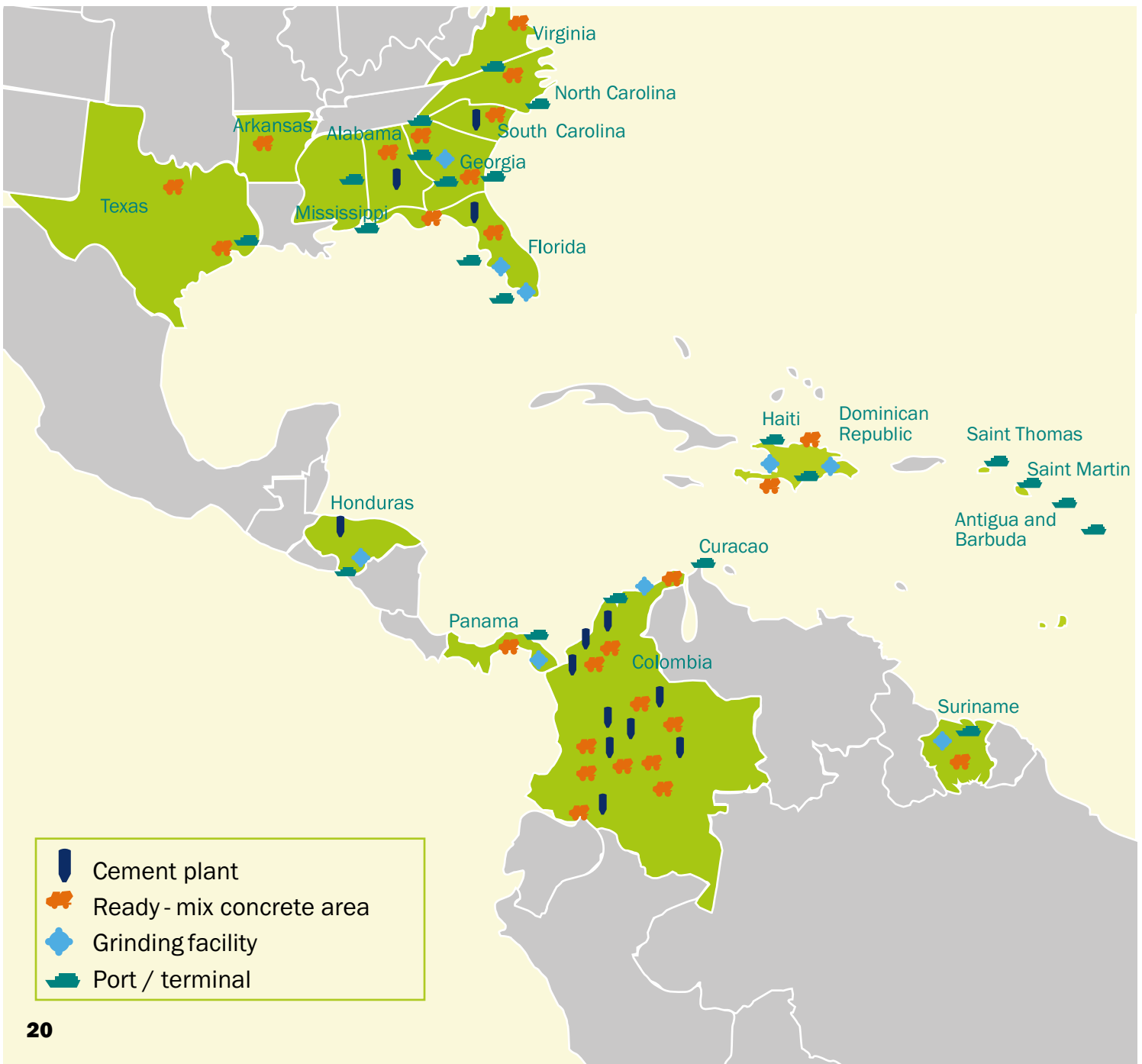
20 analysts with coverage

10 international ones and 10 domestic ones **19**

* Change of basket from August to October 2013 and from November 2013 to January 2014

G4-8

Our operations





Employee at the Tocumen plant, Panama



Colombia

Cement

Market leader

Installed capacity **9.88 million TPY**

Number of integrated plants **9**

Number of grinding facilities **1**

Ports **1**

Concrete

Installed capacity **3.99 million m³ - year**

Number of plants **67**

Number of mixer trucks **610**

Unites States

Cement

Second largest producer in the Southeast

Seventh largest producer in the country

Installed capacity **3.2 million TPY**

Including assets in Florida **6.64 million TPY**

Number of integrated plants **2**

(Including assets in Florida **3**)

Number of grinding facilities **1**

(Including assets in Florida **3**)

Ports and terminals **10**

(Including assets in Florida **12**)

Concrete

Installed capacity **9.8 million m³/year**

(Including assets in Florida **13.09**)

million m³/year

Number of plants **238**

(Including assets in Florida **307**)

Number of mixer trucks **1,450**

(Including assets in Florida **1,882**)

Caribbean and Central America

Operations in Honduras, Panama, Haiti, the Dominican Republic, Suriname, Sint Maarten, Saint Thomas, Antigua, Dominica and Curacao.

Cement

Market leader in Honduras

Market leader in Panama

Installed capacity **3.8 million TPY**

Number of integrated plants **1**

Number of grinding facilities **5**

Ports and terminals **10**

Concrete

Installed capacity **0.95 million m³/year**

Number of plants **14**

Number of mixer trucks **178**

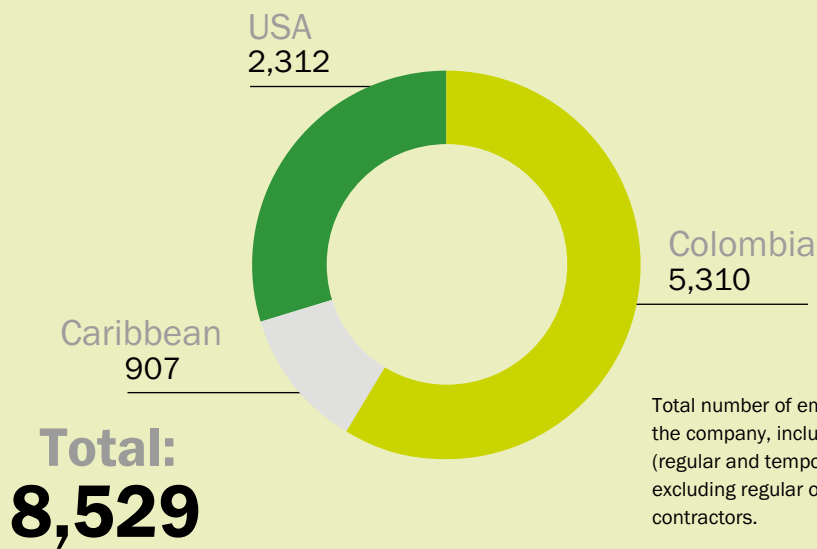


Concrete mixer trucks in Charleston, South Carolina, USA

Relevant non-financial figures



Total number of employees



2013

Income stemming from sales of innovating products:
COP 339 billion

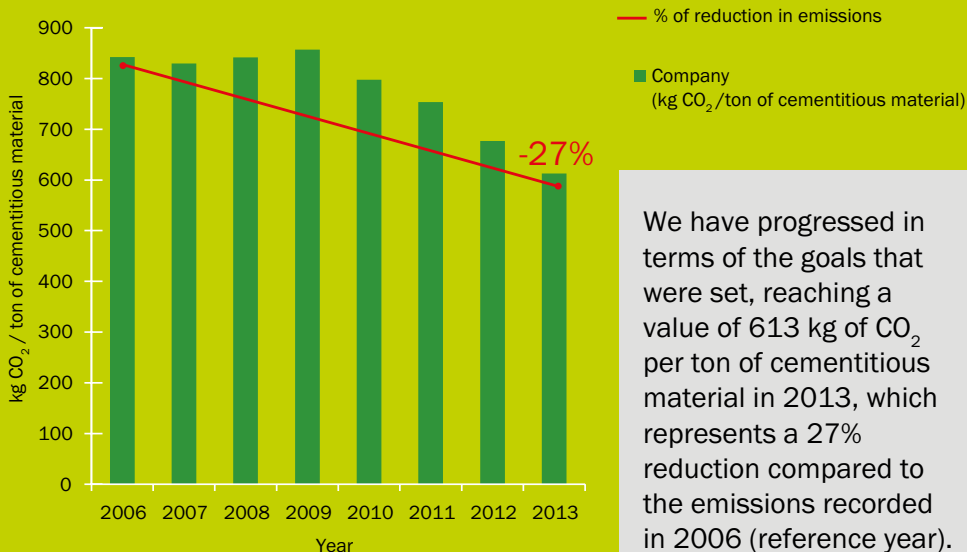
% of income stemming from innovation in 2013:

9.8%

Goal for 2015:

10%

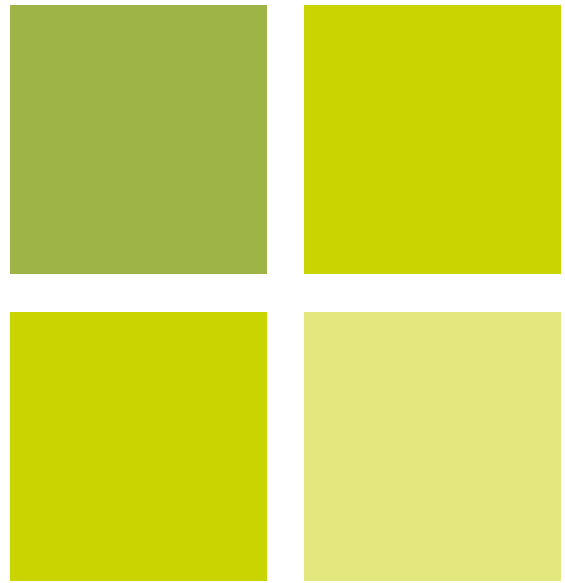
CO₂ emissions



We have progressed in terms of the goals that were set, reaching a value of 613 kg of CO₂ per ton of cementitious material in 2013, which represents a 27% reduction compared to the emissions recorded in 2006 (reference year).







Management report

2

To our shareholders



Concrete mixer trucks in Charleston, South Carolina, USA

2013: a year of historical results and transformational milestones as a result of a consistent strategy

The year 2013 was a period of significant and positive transformations for Cementos Argos. These were mainly the result of the solid strategy that we have consistently been developing over the past decade. It is based on a clear choice in terms of the way we compete and of the business lines and countries in which we participate.

Argos is a cement and concrete company that has built a business model by basing its value propositions on the recognition and understanding of its clients' specific needs. This model is, thus, clearly segmented based on those needs, which are analyzed beyond the level of mere products, or commodities. Nowadays, the organization is present in 11 countries that comprise a specific geographical region spanning from the North of the South-American continent, over Central America and the Caribbean, to the south central and Southeast regions of the United States.

The company operates within a framework of conviction but also seeks to respect diversity and treating its human talent employees with dignity, seeing this

diversity as a differentiating factor and a fundamental pillar of growth. Likewise, we carry out our operations in a way that is responsible towards the environment, and we realize that we must constantly reinvent ourselves by being innovative in terms of products and processes in order to adapt to a changing world and a demanding competitive business environment.

The aforementioned characteristics make up the basis for Argos' strategy and, therefore, they mold its corporate culture and its actions, giving the company its own identity, which is based on its long-term growth and lasting presence in the business.

With the intention of putting these principles into practice in a balanced way, within the organization, we decided to work together on a series of specific initiatives, which we call our seven strategic priorities. These priorities are shown in a synthesized way in the graph on the next page and developed throughout this report.

Investors web





1 Consolidation and expansion

- Acquisition of assets from Lafarge in Honduras
- Acquisition of assets from Vulcan Materials Company in Florida

5 Operational models

Standardization of the business' core processes through the use of SAP in the Colombian and USA Regional Divisions

2 Capital structure

- Issuance of preferred shares for USD 880 million
- Historical records in terms of EBITDA

6 Innovation

- Innovating products account for 9.8% of the total income of 2013
- USD 3.3 million saved thanks to innovation ideas that were put into practice

3 Organizational excellence

- **Colombian Regional Division:**
 - Sales cost of cement, expressed per ton, decreased by 2.6%
 - Cost of distribution to consumers decreased by 7.6%
- **USA Regional Division:**
 - Sales cost of cement, expressed per ton, decreased by 3.2%
 - Revenue increased more than USD 32 million as a result of innovation
- **Caribbean and Central American Regional Division:**
 - Sales cost of cement, expressed per ton, by decreased 2.6%
 - EBITDA - m³ in concrete business line increased by 27%

7 Sustainability

- Inclusion in the Dow Jones Sustainability Index in the Silver Class

4 Strategic projects

We progressed, according to the established budget and schedule, in the expansion projects in the interior of Colombia, in the Distribution Center in Cartagena, and in the increase of the grinding capacity of the Harleyville plant in the United States.



Issuance of Preferred Shares

We raised USD 880 million in order to finance organic and inorganic growth.

Capital structure:

The year 2013 was a challenging year for the Colombian stock market, but it was also the year in which Argos accomplished a very important milestone: the public offering of shares with preferred dividend but without voting right. This offering, carried out simultaneously in the Colombian and in the international markets in May, featured the first-time use, in Colombia, of the book building mechanism, and it turned out to be the largest issuance of shares in the country in 2013.

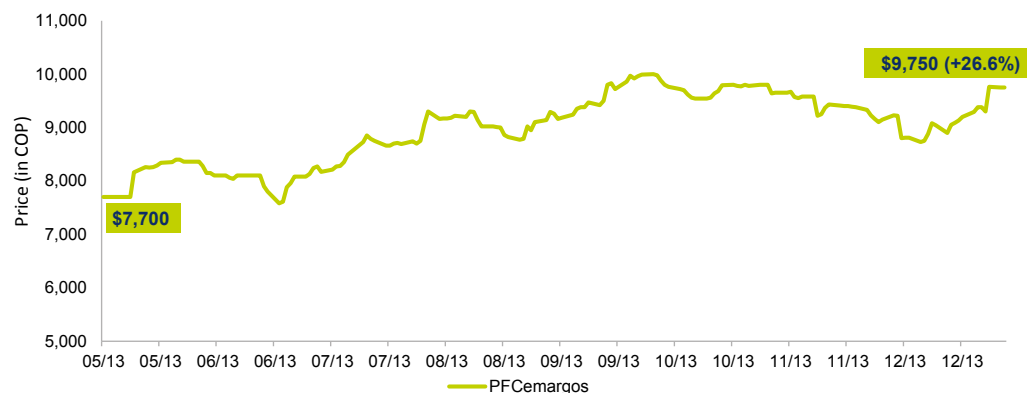
An oversubscription of 1.5 times the offering was registered and through the process, more than 209 million preferred shares were issued, at a price of COP 7,000 per share, whose total value represented 15% of the company's share capital. Sixty-four percent of the shares were issued to

Colombian investors, while 36% went to international investors. This transaction allowed the company to raise around USD 880 million, meant to be used to finance its main growth initiatives.

The performance of these new titles was very satisfactory throughout 2013 and registered, at the end of said year, a valuation of 26.6%, compared to the issuance price. The ordinary share, for its part, managed to partly withstand the negative tendency of the Colcap index, which fell 12.4%, and closed the year with a negative variation of only 3%. If calculated since the date of the spin-off, however, the ordinary shares showed a positive valuation of about 77.5% at the closing of the year.

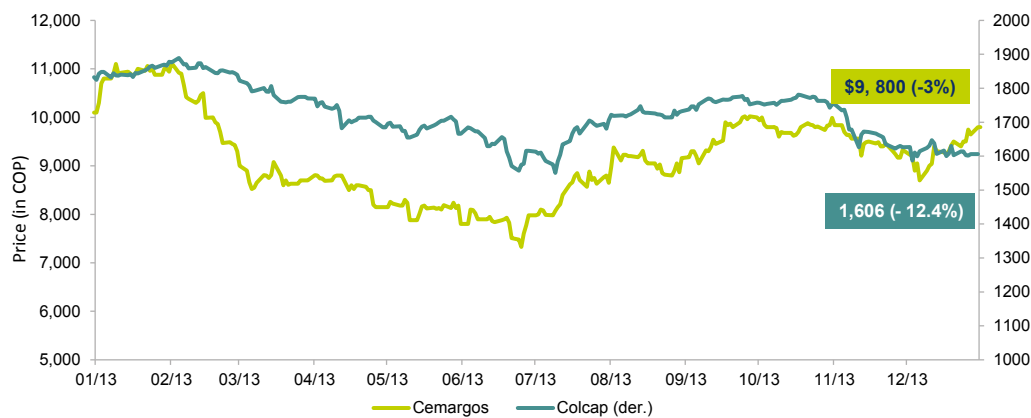
In the graphs below, the behavior of these titles throughout 2013 is shown, as well as their comparison with the Colcap index.

Performance of Cementos Argos' preferred shares in 2013





Performance of Cementos Argos' ordinary shares in 2013



Thanks to the issuance of these preferred shares in the Colombian stock market, the float of the company rose from 31% to 42% and the average daily trading volume rose by more than 100%, going from an average daily value of USD 3 million to more than USD 7 million a day.

Expansion of the business

In compliance with the objectives that were defined in the context of the issuance of preferred shares, in 2013, we carried out two transactions that were very important for the inorganic growth of the company:

The first transaction, which was announced to the general public in September 2013 and officially closed in December of that same year, consisted of the acquisition of 53% of the shares of the cement company, Lafarge, located in Honduras for a total value of close to USD 305 million.

The second acquisition, which was announced in January 2014, was the purchase of the cement and concrete assets from the



Employees at the Comayagua plant, Honduras



Employees at the Comayagua plant, Honduras

company Vulcan Materials Company in the states of Florida and Georgia, in the United States, for USD 720 million. Thus, the USD 880 million raised through the issuance process of preferred shares financed a little over 85% of the cost of these transactions that were so significant for the future of the organization.

With regards to these operations, in Honduras, we acquired an integrated dry-process plant close to Tegucigalpa and a grinding station along with its respective port facilities on the Pacific Ocean. These operations jointly satisfy approximately 53% of the -continuously growing- demand for cement within that the country. The assets have shown high levels of efficiency and both of them possess state-of-the-art technology. Together, they have a total capacity of 1.3 million tons of cement per year. Starting in December 2013, the total operating results of the acquired company has been consolidated into Cementos Argos' results. The company expects these results to add approximately EUR 50 million to its EBITDA on a yearly basis.

The Honduran market has shown interesting growth potential and offers many opportunities for the implementation of Argos' competitive model. The per capita consumption of cement currently stands at about 191 kg/inhabitant, which, compared to the Latin American average of 252 kg/inhabitant, shows the potential for development that this market still has. Close to 94% of the country's cement consumption corresponds to cement in bags, additionally indicating an opportunity for the company to start incorporating concrete and aggregates operations as the country grows



Concrete mixer trucks in Charleston, South Carolina, USA

and construction is industrialized.

As for the second acquisition, given its importance and the fact that it took place between the year-end closing of the previous period and the publishing of this report, there will be references to the purchase of cement and concrete assets from the company Vulcan Materials Company in the United States, which was announced in January 2014, and closed in March 2014 after the authorization from the competent authorities was obtained. The assets included in this transaction are a dry-process cement plant with a capacity of 1.6 million tons per year, two clinker grinding facilities with a joint capacity of 1.9 million tons per year, 69 concrete plants, including 372 concrete mixer trucks, 13 prefabricated concrete blocks plants with a joint capacity of 109 million units per year and two port facilities. Through this transaction, our company can double its installed cement capacity in the United States, which will reach 6.6 million tons, and increase its concrete capacity in this regional division by about 34%, reaching close to 13.1 cubic meters of concrete per year, thus becoming one of the most important cement producers in the state of Florida and in the Southeast of the United States.

The series of assets that will be at the disposal of Argos once the transaction has been officially closed will grant it great flexibility to maximize the use of its installed capacity, being able to export to and import from other operations in the Caribbean and in the United States. These new facilities will be integrated into an already existing logistical network whose location and production costs

are strategic features necessary to respond to market cycles that aren't always well synchronized.

It is worth pointing out, once again, that the United States is a market that has shown interesting growth potential, and of which cement consumption is expected to increase by about 7.6% per year over the next five years. This market offers possibilities for concrete to add value to assets that are strategically located and that are vertically integrated.

One of the most attractive markets in the United States is actually Florida, as it is the state with the third largest cement consumption in the country –close to four million tons per year– and it has the fourth largest state GDP, which is about two times Colombia's GDP. It is also the fourth largest state in the United States in terms of population, with a per capita cement consumption that is currently below its potential and that, according to forecasts of the Portland Cement Association (PCA), will start recovering at a rate two times higher than the average recovery rate of the American market.

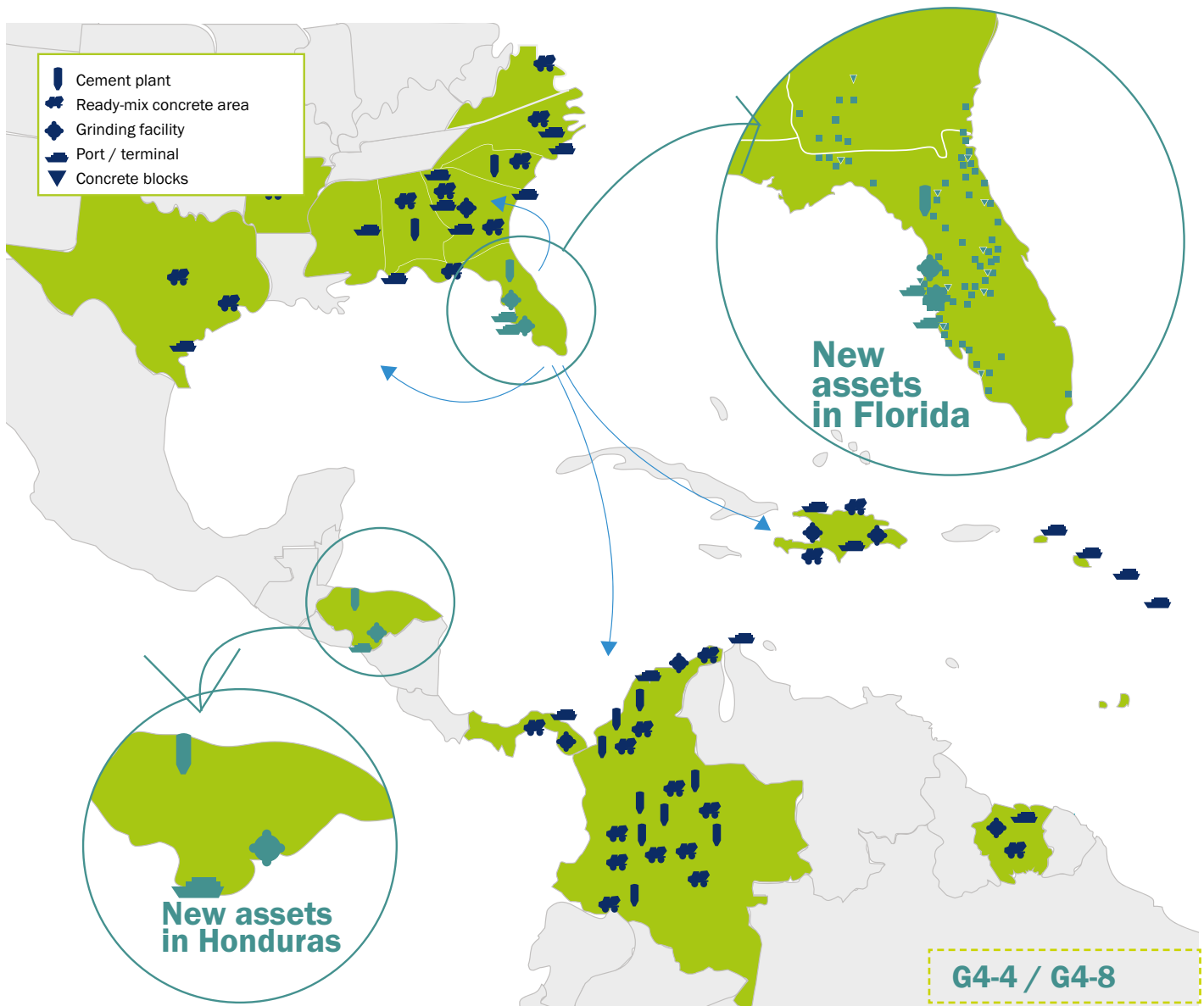
By consolidating the assets that were acquired through these transactions, Argos will boast a total production capacity of 20 million metric tons per year in terms of cement, which represents an increase of 30% compared to its installed capacity at the end of 2012, and of 17 million cubic meters of ready-mix concrete per year, which is 23% more than at the closing of 2012.

We acquired 53% of the shares of a cement company in Honduras, whose assets include what will be our first integrated plant in the Caribbean and Central American Regional Division.

Cost: EUR 232 million.

We started the process to sign a purchase agreement for the acquisition of cement and concrete assets in the state of Florida, USA, with a high potential for creating synergies.






Cost: USD 720 million.



New assets in Honduras

-  1 cement plant: 1.0 m TPY
-  1 port facility
-  2 grinding facilities: 0.3 m TPY

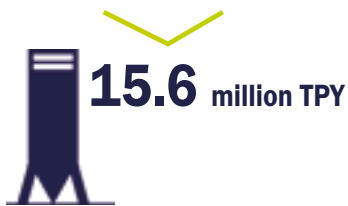
New assets in Florida

-  1 cement plant: 1.6 m TPY
-  2 port facilities
-  2 grinding facilities: 1.9 m TPY
-  13 prefabricated concrete block plants: 109 m units/year
-  69 concrete plants: 3.3 m³ TPY

m: million
TPY: metric tons per year

2012

Installed cement capacity

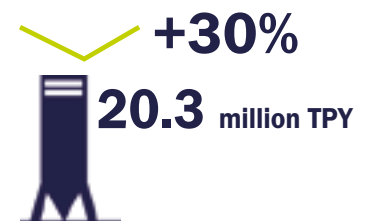


Installed concrete capacity



2013

Installed cement capacity



Installed concrete capacity





Corporate results

Argos' consolidated results recorded an increase of 5.3% in terms of cement dispatching, for a total of 11.4 million tons, and a rise of 9.7% for ready-mix concrete volumes, which reached a total of 9.4 million cubic meters. These figures resulted in consolidated operating revenues of almost USD 2,656 billion, about 13.4% more than those reported in 2012.

In 2013, the company also accomplished a record in terms of its EBITDA, which reached USD 524 million. This was an increase of 23.6% compared to the results of 2012. Also, the EBITDA margin improved compared to the outcome of the previous year: it increased by about 162 basis points and totaled 20%. The latter improvement is very encouraging because it indicates that our company is growing in the markets where it has operations and in a way that is profitable and more efficient.

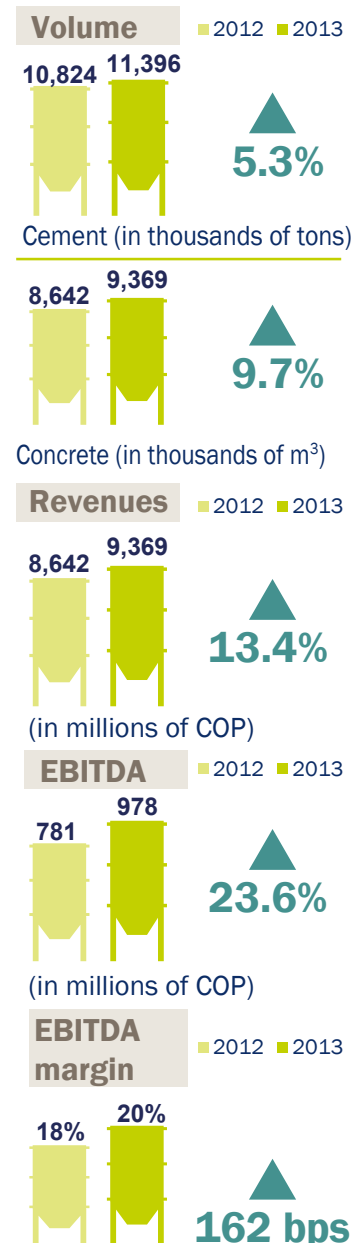
The consistent efforts performed in the three regional divisions, defined by the program of operational excellence, lead to significant results in the production costs structure. For example, overall production costs of cement decreased by about 2% at a consolidated level. The main initiatives that were taken within the context of the program of operational excellence consisted in improving the reliability factor of the kilns, reducing the clinker factor, increasing co-processing and the use of alternative fuel, and improving our energy efficiency.



Employees at the Harleyville plant, USA

As a result of the operational improvements, operating profit grew by about 40.2%, reaching USD 311.3 million. Profit before tax reached USD 215 million. This is actually 3% less than the result of the previous year, but it can hardly be compared given the fact that in 2012, close to USD 148.4 million stemmed from divestiture of assets. If these numbers are compared on a pro forma basis, by excluding the non-recurring effect of the selling of these assets, profit before tax actually rose by 189%. This situation, as well as changes in the tax base, makes it hard to compare the net profit obtained in these years.

Consolidated results



Operational excellence

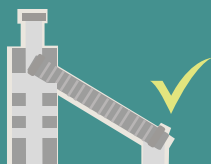
Reduction of costs by

2%

Equivalent of USD 1.2 per ton

The main initiatives taken in the context of the program of operational excellence are:

1 The improvement of the reliability factor of the kilns.



2 The improvement of the clinker factor.



3 Greater energy efficiency.



Balance sheet structure

Consistent with our responsible financial management and as a result of the capital that was raised through the issuance of preferred shares and the cash flow stemming from the historical EBITDA that was obtained in 2013, Argos continues to have an adequate and balanced capital structure. This allows us to maintain a great deal of financial flexibility and to take advantage of organic and inorganic growth opportunities.

Balance sheet

In terms of assets, Argos closed 2013 with a balance of USD 6.037 billion. This was a positive variation of 13.3%, as it includes the totality of the assets acquired in Honduras, which were fully consolidated, as well as the balance of the shares investment portfolio, which was valued at USD 752 million. With regards to liabilities, these decreased by 10.1% in Colombian pesos, for a total of COP 4.019 trillion (USD 2.086 billion). Finally, equity reached USD 3.759 billion. This was a variation of 26.8% compared to the previous year, and it represents about 62% of the total assets, which shows how solid our balance sheet is and indicates the possibility to further maximize on a future full of growth opportunities.

Debt

At the closing of 2013, consolidated financial debt rose to USD 1.268 billion. This was about 19% less than at the closing of 2012. Amortization of short-term debt that was carried out throughout the year resulted in a debt profile that is concentrated for about 82% in the long term, with an average term of 5.4 years and maturity dates until 2027. These improvements in terms of the company's debt profile did not have a significant effect on the average financing cost, which closed the year with an effective annual interest rate of 7% for the portion denominated in Colombian pesos and of 1.9% for that denominated in US dollars.

The net debt - EBITDA and dividends ratio, for its part, reached 1.19 at the closing of 2013, reflecting a drop of 45% compared to that of 2012, which stood at 3.48. This improvement is the result of both the positive effect of the issuance of preferred shares and of the increase in terms of EBITDA on the company's debt.



Sabanagrande plant, Colombia

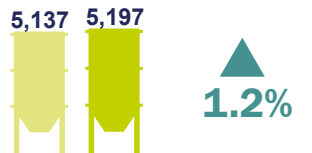


Sogamoso plant, Colombia

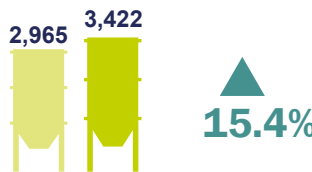


Results of the Colombian Regional Division

Volume ■ 2012 ■ 2013

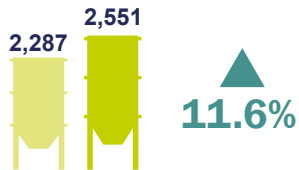


Cement (in thousands of tons)



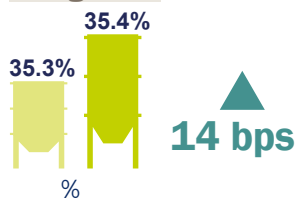
Concrete (in thousands of m³)

Revenues ■ 2012 ■ 2013



(in millions of COP)

EBITDA margin ■ 2012 ■ 2013



%

Performance of business units per regional division

Colombian Regional Division

Colombia showed positive market trends throughout 2013, allowing the company to dispatch 3.4 million m³ of concrete, an increase of 15.4% that was mainly due to the fact that the company took advantage of the positive tendency of the industrial market segment, and close to 5.2 million tons of cement, which represented a positive variation of 1.2% compared to the previous year. These volumes resulted in an operating income of USD 1.364 billion, which was about 11.6% more than the result obtained the year before.

Furthermore, the country has seen important progress in the field of construction, which has proven to be one of the fastest growing industries. The GDP of the construction sector registered an increase of 21.3% YOY for the third quarter, which was well above the general growth rate of the economy, which reached 5.1% for that same period. This increase mainly stemmed from the progress being made on infrastructure projects across the country, from the impulse coming from the housing sector (especially social housing) to the ever-increasing construction of commercial buildings in all of the regions of the country. The number of construction licenses for the year rose by 16%. For the housing market specifically, the increase was of 12%, with an increase of 45.5% for the social housing segment.

The country's development is unstoppable, and Argos is helping to build it by being present in the infrastructure segment, in which the national government has planned investments for close to COP 100 trillion over the next ten years. In this process of achieving progress in the different regions throughout the country, in 2013, we dispatched concrete to a number of important projects, such as the Hidroituango dam project, the Bello residual water treatment plant (the largest of its kind in Colombia and one of the plants with the most advanced technology in all Latin America), the La Línea tunnel, the Transversal del Libertador road, the Reficar refinery and the Hidrotuluá project, among many others. Throughout the year, we dispatched a total of approximately 630,000 m³ of concrete to more than 65 infrastructure projects across the country.

With regards to housing and in the context of the national government's program for the construction of 100,000 social homes, throughout the period, Argos supplied cement and concrete for more than 61,500 homes of a total of 97,400 that has been allotted so far. In total, we dispatched approximately 90,000 tons of cement and more than 288,000 cubic meters of concrete to these projects. For the company, it is very rewarding to have had the opportunity to participate in the improvement in the quality of life of thousands of families that benefited from this program, who, in addition, were helped with preferential prices on our behalf.



We continue progressing in terms of making our engagement towards customer service tangible, servicing more than 4,000 direct clients in the mass business segment, with over 1,930 vehicles and 30 distribution centers to make this possible, thus fully penetrating the market. We acquired 73 new concrete mixer trucks in order to update our fleet in the Colombian Regional Division with trucks that boast improvements in terms of capacity and technology, which allows us to optimize our logistics and operations. The installed concrete capacity of the Colombian Regional Division increased by close to 490,000 cubic meters in 2013, reaching a total of approximately 4 million cubic meters per year. The company now has a total of 610 concrete mixer trucks, 68 pumps and 67 concrete plants, of which 17 alone were installed in 2013, and of those seven are located in intermediary cities. The configuration of our current

concrete assets allows us to cover almost the entire national territory, to service the main infrastructure projects, including those that are located in areas that are not easily accessible, and to be a part of the significant growth that Colombia's emerging urban centers are currently experiencing.

These initiatives, among others, were positively reflected in our customers' opinions, which we could see in the customer satisfaction survey that was completed by Ipsos in 2013, in which the company got an overall score of 85.2 out of 100. This score is three points higher than the goal we set, which was the equivalent of the international standard for satisfied customers, defined at 82.5 points. The good result and the stability of this indicator over a period of more than five consecutive years show our commitment to excellency and the service we offer to clients.

We serviced more than **65** infrastructure projects across the country.

We supplied cement and concrete for more than 63% of the social homes that were built.



Medellín Distribution Center (CDM in Spanish), Colombia



Sabanagrande plant, Colombia

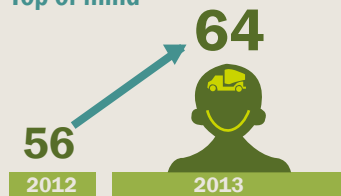


Customer satisfaction survey



Carried out by Ipsos in 2013

Top of mind



Carried out by Dinero magazine in 2013

Future perspectives

Also, it is important to highlight the Top of Mind Awareness (TOMA) indicator from the general public, which reflects the image the consumers have about a brand. For 2013, the result that Argos obtained for this measurement was 64 out of 100, which was an improvement of 8 points compared to the TOMA of 56 that was achieved in 2012. The result places us among the top 10 of most recognized brands in the country.

The program of operational excellence is one of the structural work axes in the Colombian Regional Division. Among the main initiatives that were implemented with this program, is the use of natural gas as fuel in the dry-process kilns at the Cartagena plant and at the Yumbo plant, the improvement of the run factors of the kilns by three percentage points, the optimization of the overall clinker/cement factor by about 2.4 percentage points and the optimization of logistics costs by about 5.7%. Thanks to all the initiatives of the operational excellence program that were implemented throughout 2013, the company managed to reduce the direct production costs of cement by COP 4,934/ton, resulting in savings of close to COP 50 billion.

Argos continues to evolve and to prepare itself to face the challenges that arise in each and every one of its markets. As a first measure, it is worth highlighting that the company has been working intensively on the standardization of its core business processes with the help of a single technological platform (SAP®). Thanks to the efforts completed throughout the year, on January 1, 2014, we were able to successfully launch this platform for Argos' operations in Colombia and, thus, to integrate them on a technological level with the cement operations in the United States. This integration and standardization process will allow us to transfer the best practices from one operation to another, even in different geographical areas, optimizing the production processes, which will consequently result in higher levels of competitiveness for our company in all the markets where it operates.

Given the tendencies of growth in terms of cement consumption in Colombia and the expected investment in infrastructure over the next few years, we are developing two strategic projects that will allow us to continue satisfying the increasing demand in the Colombian market in a way that is ever more cost-efficient.



The first project involves the construction of a distribution center next to the dry-process production line of the Cartagena plant, which will increase the packaging and dispatching capacity of this plant for the Colombian market, going from 300,000 to 1.3 million tons of packaged cement and from 200,000 to one million tons of cement in bulk.

The second project's objective is to expand the installed cement capacity of three plants located in the center of the country: Rioclaro, Nare and Cairo. These plants are strategically located to satisfy the growing demand coming from the infrastructure and housing projects that are scheduled to be carried out over the

next few years. This expansion will increase the company's overall installed capacity by 900,000 metric tons per year, reaching a total of about 10.9 million metric tons per year for the country.

The new distribution center will start its operations in the second quarter of 2014 and the additional installed capacity in the interior of the country should be fully operational before the end of this year. Both projects will allow us to optimize our cement supply network within the national territory, considerably improving our competitiveness in all the markets where we operate, especially in those located on Colombia's North coast.

With the start of the operations of the distribution center in Cartagena and the increase of the capacity in the interior of the country, we will optimize our logistics network, boosting our competitiveness.

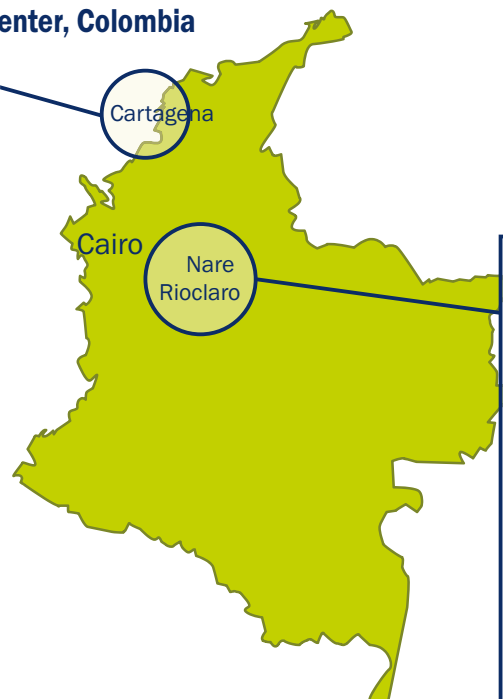
Cartagena distribution center, Colombia



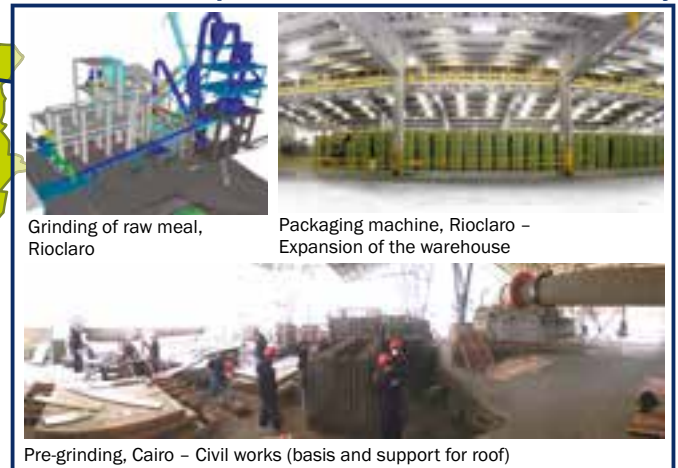
Finished goods warehouse

Automated dispatching system (Caricamat)

Bulk silos



Expansion in the interior of the country



Grinding of raw meal, Rioclaro

Packaging machine, Rioclaro - Expansion of the warehouse

Pre-grinding, Cairo - Civil works (basis and support for roof)



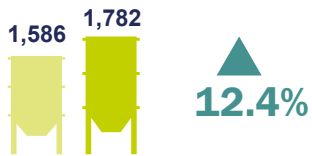
Employee in Charleston, South Carolina, USA



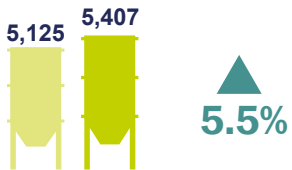
Results of the USA Regional Division

Volume

■ 2012 ■ 2013



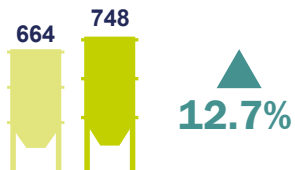
Cement (in thousands of tons)



Concrete (in thousands of m³)

Revenues

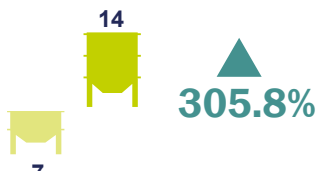
■ 2012 ■ 2013



(in millions of USD)

EBITDA

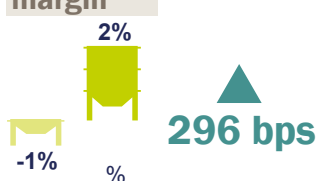
■ 2012 ■ 2013



(in millions of USD)

EBITDA margin

■ 2012 ■ 2013



USA Regional Division

In 2013, the American market managed to climb out of the negative spiral it had been in since the economic crisis of 2008. For the first time since then, it started showing encouraging growth figures in most of the sectors of the economy and in our industry, mainly driven by the residential construction sector, its greater consumer spending, private investment and the upturn of export.

Cement consumption increased by 4.5% compared to 2012, according to data from the PCA, and totaled close to 80 million tons, with even larger growth expectations (+6.8%) for 2014. As for the different regions of the country, it is worth highlighting the growth rates seen during 2013 in the states where we are present: Florida (18.4%), South Carolina (13.2%), Arkansas (7.1%), Georgia (6%) and Texas (4.8%). Thanks to these positive trends, in 2013 the USA Regional Division managed to increase its cement sales volumes by about 12.4%, reaching a total of 1.8 million tons. The concrete business also registered an important increase compared to 2012, of 5.5%, by dispatching 5.4 million cubic meters. Prices, for their part, both of cement and concrete, also showed positive behavior and rose more than 6% in both business units.

Our income totaled USD 748 million, which was 12.7% more than the income recorded in the United States in 2012. This trend allowed us to end the year with a positive EBITDA of USD 14 million, which was 306% more than the negative USD 7 million with which we closed 2012. These results indicate that both

the American market and Argos, as a company, are moving in the right direction. However, it is important to keep in mind that the market is still a long way from its maximum potential, and, therefore, this region represents a source of improvement in terms of its future financial results for the company.

Operation and efficiency

In 2013, the USA Regional Division successfully commercialized new VASP (Value-Added Specialty Products), thus continuing to develop its strategy of offering products to the market that add value that generate more revenues for the company due to the fact that they have a greater distribution margin. In 2013, we sold a total of 270,838 cubic meters of VASP, for total revenues of well over USD 32 million. These products generated an Incremental Margin Over Materials (IMOM) of USD 10.46/m³ in the South East of the country and of USD 2.43/m³ in the South Central region, which was an improvement of the margins of 9.8% and 20.3% in each of those regions, respectively.

In order to increase the volume that we can dispatch directly from our plants and to expand the territory in which we can operate, we are setting up railroad facilities, both in Arkansas and in North Carolina that will allow us to receive cement produced in the Roberta plant, in Alabama, through this channel. This integration will guarantee the company can take full advantage of the installed capacity of this plant and replace cement that it was previously buying from other producers with its own product.



Also worth mentioning is the renewal of our fleet of concrete mixer trucks, which started in 2013 with the purchase of 138 vehicles. This made it possible to increase our availability and improve our capacity to satisfy future demand and to continue standardizing our fleet's brand and processes. Additionally, we reduced the average age of the fleet to 6.6 years, which resulted in savings in terms of maintenance, improved safety for our workers and increased customer satisfaction. Another noteworthy fact is the inclusion of the 40 first-compressed natural gas-powered vehicles.



Concrete mixer truck in Charleston, South Carolina, USA

Future perspectives

We are still working on the expansion of the grinding facility at the Harleyville plant, in South Carolina, trying to get ahead of the growing demand that is expected once the market, once again, reaches the consumption levels seen in the years preceding the crisis. This project will add another 0.5 million tons to our capacity in the country, and this will allow us to respond satisfactorily to the forecasted growth in this region. Additionally, with the new mill, we will be able to produce cement with additives, as soon as the new regulations that allow this come into effect. This will not only result in savings, as a result of the use of active additives, but it will also provide an opportunity to increase our installed capacity without the need to increase the production of clinker in this region, which will, in turn, have a positive effect on our operational performance.

In 2014, the USA Regional Division will give priority to working on the integration of the assets in Florida and in the South Georgia into the company's current network, trying to guarantee a quick and efficient transition to Argos' business model and to achieve synergies by optimizing the logistics supply network in the United States and in the Caribbean, maximizing on the value that is being generated as a result of the recovery of the market.

VASP



Palette Crete



ConcreFlow – Clemson University Wind Turbine Project



Drain Crete

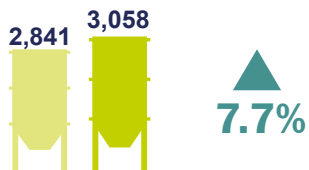


Architectural design for offices in Bogotá, Colombia

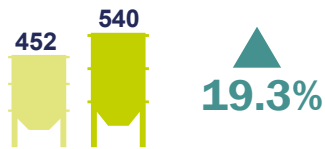
Results of the Caribbean and Central American Regional Division

Volume

■ 2012 ■ 2013



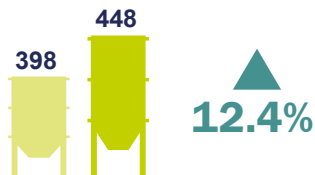
Cement (in thousands of tons)



Concrete (in thousands of m³)

Revenues

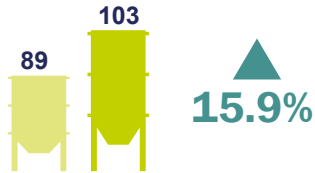
■ 2012 ■ 2013



(in millions of USD)

EBITDA

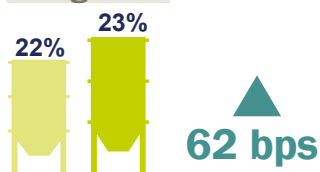
■ 2012 ■ 2013



(in millions of USD)

EBITDA margin

■ 2012 ■ 2013



42 %

Caribbean and Central American Regional Division

The countries that are part of our Caribbean and Central American Regional Division stood out during 2013 because of their encouraging economic growth rates and a general positive trend in their construction sectors, which allowed us to make significant progress. In 2013, this regional division sold 3.1 million tons of cement in the markets where we have operations, showing an increase of 7.7% compared to 2012, and it dispatched 540,000 cubic meters of concrete, which was a positive variation of 19.3%.

These positive market trends, together with an ambitious marketing strategy that included migrating seven existing brands in this regional division to the Argos brand, made it possible for the company to obtain an operating income of USD 448 million, which was 12.4% more than the figure recorded in 2012. From these, USD 9 million corresponds to one month of operations of the recent acquisition in Honduras. The EBITDA generated by this regional division in 2013 was of USD 103 million, 15.9% more than in the previous year, and the EBITDA margin rose from 22.4% in 2012 to 23.0% in 2013, an improvement of 62 basis points.

With respect to the efficiency of this regional division, we can say that it managed to lower the unit production cost of grinding by 1.2% (USD 1 per ton) and the unit cost of sales by 2.6%, both compared to 2012. These improvements were the result of the decrease in raw material costs and a better clinker factor in all the grinding facilities.



Concrete mixer trucks in Panama



In 2013, we concluded the vertical integration of cement and concrete in Panama, the Dominican Republic, Haiti and Suriname, where we also recorded significant growth in terms of sales volumes for the operations we already had in 2012, with annual growth rates of 106% in Haiti and of 7% in Panama.



Future perspectives

Some of the main challenges of this regional division are the integration of the operations in Honduras into Argos' business model, the development of the concrete distribution channel in that same country, and the increase of our stake in infrastructure projects that are being developed, especially in Panama, where we can see positive trends in terms of the company taking advantage of its logistical benefits.

Sustainability

It is a great pleasure for the company to be able to report that it was included in the Dow Jones Sustainability Index in 2013, in the World category, as well as in that of Emerging Markets. The DJSI is the first and most important index that measures management in terms of sustainability. It is driven by a series of large corporations from all over the world. This annual measurement, which is performed upon request, is implemented in companies from all possible industry sectors that are leaders in terms of capitalizing on criteria of sustainability, and it evaluates the all-round performance of those companies in the economic, environmental and social dimensions, with strong emphasis on the value the shareholders get in the long term.

Our efforts in the field of sustainability are now recognized globally as a result our inclusion in the Dow Jones Sustainability Index, in the Silver Class category.

We are one of only four cement companies worldwide and one of only six Colombian companies to be included in this Index.

G4-1



Employees at the Camayagua plant, Honduras

Every year, only a tenth of the companies that have the best score in each sector make up the index. Therefore, it is very gratifying to be only one of four cement companies worldwide and one of only six Colombian companies to be included in this index. It is important to emphasize that Argos scored much better than the industry on average and that it received a Silver Class recognition, which is only awarded to companies whose score is within a range of 1% to 5% below the best score. In the social dimension, our company achieved the highest score in the industry, and in the environmental dimension, it doubled the industry's average. Furthermore, the results showed that in six out of a total of 21 aspects that were evaluated, Argos was the company with the best performance in the construction materials sector.

This achievement is proof of the organization's perseverance and commitment towards



Nazareth Technical School, Nobsa, Colombia



Innovation Summit, Medellín, Colombia



Innovation Summit, Medellín, Colombia

sustainability and a clear sign of the engagement we show towards the balance between generating profits, respect for the environment and social development. We believe that having an appropriate balance between these elements should be any company's basis to guarantee their future.

On the other hand, the company is convinced that education is the main tool to shape a country's progress. Therefore, through the different Argos Foundations and the Cina Foundation, we carried out projects to build and improve schools. In Colombia, an important example was our participation as the executing and contributing party in agreements with the Colombian National Ministry of Education, through which, in 2013 and 2014, 20 educational institutions spread across ten different departments in the country will be benefited.

We acknowledge our responsibility of continuously trying to make Argos a more efficient company in terms of how it uses its resources. We are well aware that every effort we do in that regard will generate value for the company. Along same lines of thinking, last year, we worked on strengthening the environmental aspect of our corporate culture, offering training and raising awareness for our employees in each of the company's three regional divisions. We also organized a Sustainability Week in different plants and offices, which was very successful in communicating the importance of water as a resource, as well as the need to use it carefully.

We would also like to highlight that, in 2013, the company performed 20 percent better than the goal it had established for

that year in terms of reducing emissions and, specifically for the reduction of CO₂, it did 9 percent better than it had intended as a minimum. This shows the company's interest in being a company that is ever-more eco-friendly.

Finally, we continue to recognize health and safety as part of a fundamental behavior that gives purpose to our lives. With regards to this, the company's frequency index dropped to 3.3, and its severity index to 57.2, which are results that beat the goals that were established for 2013, of 3.6 and 88, respectively. With these results being obtained by the company, we are continuously progressing in the context of cement companies that take part in the Cement Sustainability Initiative (CSI). This CSI is an excellent framework of world-class benchmarking standards for occupational safety and health that includes the 24 largest cement companies in the world, who believe in sustainable development and who understand that their employees' health and safety must be a priority.

Innovation

Innovation is also one of the priorities defined by the company. In order to stimulate it, we promote teamwork in all the departments that make up this organization. The work that is being performed is organized along four lines: innovation management, new businesses, research and development, and the use of alternative resources.

In terms of innovation management, we would like to highlight last year's strengthening of the Ideaxion program, which was created to manage and approve new ideas. Currently,



981 people are enrolled in the program, which is 400 more than at the end of 2012. Through the platform, we received close to 400 ideas, which was 150 more than in 2012, and funds of over USD 259,000 were approved for their implementation.

As for results, 102 ideas were approved, which was twice as much as in 2012, and a large amount of them have been implemented, resulting in more revenues, savings, and other benefits for the company.

In terms of research and development, we finished the architectural designs for the construction of the Argos Innovation Center, a project that was approved by the Board of Directors in October and of which construction started in January of this year. This center is the materialization of our commitment towards innovation, which is based on the ability to reinvent ourselves and adapt. The center will be a modern building of over 4,500 square meters, built on the campus of EAFIT University, and it will be dedicated to the development of innovative products and processes. With the help of this new asset, we will strengthen our capacity with the active support of the academic and scientific communities. It will be the point of convergence for two of the industry's main stakeholders, the university and society in general, and it will provide the country with a state-of-the-art installation that will aid in any applied technological developments.

In respect to the fourth line, the development of alternative resources, the most distinguished project was the use of alternative fuels at the Cartagena plant. There, we started using biomass, which

has significant economic and environmental benefits, as it replaces fossil fuels with vegetative byproducts that possess high levels of residual caloric energy. We stretched our alternative fuel base and increased its use, using new and improved practices, for example, in Honduras, where the use of alternative fuel represents more than 20% of the total fuel needs.

Culture and people

For Argos, maximizing on its human capital is essential, and it does this by creating its own corporate culture based on respect for human beings and institutionalism. The organization's philosophy consists of always recognizing its employees as valuable and competent people are key to achieving the company's goals. At Argos, we promote diversity and the improvement of employees' quality of life, which are the principles on which we base our actions. We stimulate a corporate culture based on seven pillars, as can be seen in the accompanying graphic.

In the rest of this report, more detailed information is provided regarding each of the initiatives taken by the company to materialize our commitment towards our most valuable asset: our people. We would like to highlight some of the most noteworthy facts:

The company organized 385,852 training hours spread over the year, which was 251% more than in 2012, for a total investment of COP 8.192 billion.

The average time spent on training per employee rose to 49.65 hours, which puts us in the highest position among comparable companies.


Pillars of Argos' corporate culture

Leadership  


Respect for others  

Organization that goes beyond results  

Flexibility and openness to change 

Organization that gives purpose to life 

Collective achievement over individual 

Organization that is oriented towards learning 



We will be the market leader, committed to sustainability, transparency and social responsibility in the countries where we operate.

We developed and implemented an e-learning platform that has trained 2,469 employees and that has given clients, suppliers and contractors access to a system where they can virtually transmit knowledge about the business in all the regions where we are present.

emphasis on excellence and respect. Thus, we will be prepared to take advantage of the imminent recovery of the American market over the coming years and the development of planned infrastructure projects in all the other markets where we operate.

Future perspectives

Legal issues

At Argos, it is our firm belief that the best way to lead is by example. The company is and wants to be a market leader, but not only in terms of cement dispatching. Leadership goes beyond that, with a value proposition that must build communities and countries, with an inexorable commitment to sustainability and to transparency and respect towards our stakeholders. We are convinced that our responsibilities also include improving the quality of life of the citizens of the countries in which we operate, as well as being involved and actively participating in the institutional discussions that make it possible to build a better society.

In 2013, no significant operations were undertaken with partners. The details regarding operations with people under contract with the organization can be found in Notes 24 and 27 to the individual and consolidated financial statements, respectively.

With our eyes on growth, in 2013, we took advantage of an opportunity in the market to carry out the issuance of preferred shares and to close profitable deals in attractive markets. As a result of these transactions, 2014 will be a year of consolidation and integration, in which we hope to increase value generation through synergies, the maximization of our installed capacity and the interconnection of assets, always with

The special report to which Article 29 of Law 222 of 1195 refers can be found on the USB flash drive that was attached to this report. The summary of operations to which Numeral 3 of Article 446 of the Code of Commerce refers to can be consulted on the leaflet and the details of each of those operations can also be found on the USB flash drive that was attached to this report or on our investor webpage <http://www.argos.co/ir>.

It should be noted that this document was part of the information that was available to shareholders during the period stipulated by the law to exercise their inspection right.

The company strictly complied with all norms that regulate intellectual property and copy rights. It designed and followed the necessary policies and control systems in order to guarantee said compliance and records that show their correct application are kept accordingly. Likewise, the company would like to make it clear that the free circulation



of invoices emitted by sales representatives or suppliers was never impeded.

Along the same lines, the effectiveness of the controls that were put into place by the company was verified and the existing systems in place for the disclosure and control of financial information were assessed and found to function properly.

In August 2013, the Colombian Superintendence of Industry and Commerce opened an investigation on Cementos Argos S.A. and four other cement companies for their alleged involvement in anti-competitive practices. The investigation also focuses on some specific employees of these companies.

It is important to highlight that this investigation began only recently and, in time, we will have the opportunity to dispute said charges. The company, with all due respect for the legal institutions, has cooperated in their processes as we are convinced that we have sufficient evidence to show that we fully comply with Colombian law, as well as with our own strict internal standards in terms of competitive practices. Because of its magnitude and transcendence, we have given importance to the announcement of the acquisition of assets in the United States, which was disclosed to the market through a “relevant information” release on January 23, 2014. In addition to the aforementioned items, other legal and administrative processes and, in general, the company’s legal situation have been developed in a normal way without any relevant verdicts or events.

Last but not least, we would like to acknowledge the support received from the part of shareholders, employees, customers and suppliers in obtaining these achievements.

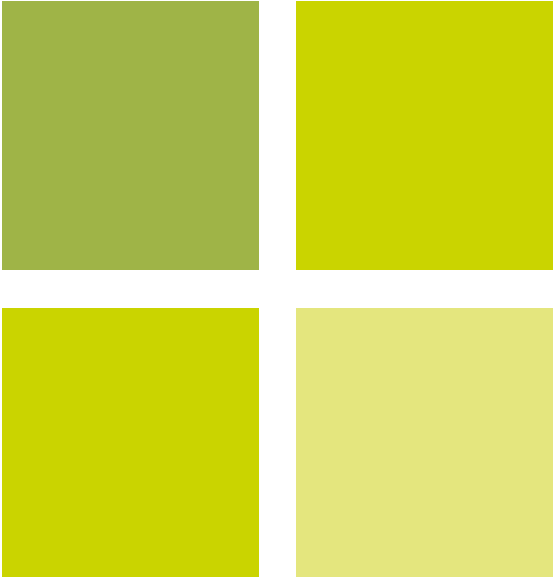
Board of Directors

José Alberto Vélez Cadavid
 Camilo José Abello Vives
 Cecilia Rodríguez González Rubio
 Claudia Beatriz Betancourt Azcárate
 León E. Teicher Grauman
 Esteban Piedrahíta Uribe
 Carlos Gustavo Arrieta Padilla

CEO

Jorge Mario Velásquez





Our corporate governance framework

- 3.1 Governance model50
- 3.2 Board of Directors52
- 3.3 Board Committees.....56

3

Our governance framework

At Cementos Argos, we are strongly committed to being transparent and ethical in everything we do.

We understand that good corporate governance practices should be a fundamental axis that guides all our actions both within and outside of the company. That is why, in our organization, we hold up inspiring principles such as integrity, equality and fair treatment for everyone, and respect for the rights of and the establishment of good relations with our shareholders, clients, competitors, stakeholders and society in general.

The company has its own Code of Good Governance, which is a framework of the duties and responsibilities of the organization's members as well as of the rights of the shareholders and the way in which they and the other stakeholders can interact with the company. The intention of this Code is also to adopt measures regarding the governance of the enterprise, the management practices and the behavior of its employees, the truthful and fluent use of its behavior, and public knowledge about its management. It creates value by establishing management structures that are both transparent and efficient.

Our Code of Good Governance was thoroughly amended in 2013, seeking to incorporate stricter standards in the field of corporate governance and to provide our shareholders and other stakeholders more opportunities to exercise their rights. In order to do this, we adopted the recommendations of Código País, a code developed by the Superintendence of Finance of Colombia, the New York Stock Exchange, the Companies Circle and the Dow Jones Sustainability Index, among others, thus keeping us up-to-date with the implementation of the best, current international practices in this field.

3.1 Governance model

BOARD OF DIRECTORS

Audit and Finance Committee

Appointments and Remuneration Committee

Sustainability and Corporate Governance Committee

PRESIDENCY

G4-34



Jorge Mario Velásquez
CEO

- Variable Remuneration Committee
- Strategic Processes and Technology Committee
- Corporate Behavior Committee
- Academic Committee
- Board of Directors of the Argos Foundation
- Innovation Committee
- Ideaxion Committee
- Sustainability Committee
- Capex Committee
- Recruitment Committee
- Directive Committee



Eric Flesch
VP of the USA Regional Division

USA Regional Division Committee



Mauricio Ossa
VP of the Caribbean and Central American Regional Division

Caribbean and Central American Regional Division Committee



Tomás Restrepo
VP of the Colombian Regional Division

Colombian Regional Division Committee



Jorge Ignacio Acevedo
VP of Human Resources



Camilo Restrepo
VP of Innovation



Víctor Lizaralde
VP of Technical Affairs

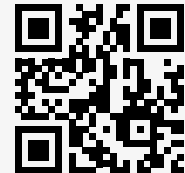


Juan Luis Múnera
VP of Legal Affairs and Sustainability



Carlos Horacio Yusty
VP of Finance

Resumes of Directive Committee members



3.2 Board of Directors



José Alberto Vélez Cadavid

Currently works for:
Grupo Argos S. A.
Position: CEO

Independent member: No

Member of Board Committee:
Appointments and Remuneration

Number of other Boards of Directors member of:
4

Member of Board of Directors of:
Cementos Argos S.A., Grupo Suramericana S.A., Bancolombia S.A., Crystal S.A., Celsia

Number of Board of Directors meetings attended:
16 out of 16



Camilo José Abello Vives

Currently works for:
Grupo Argos S. A.

Position: Vice President of Corporate Affairs

Independent member: No

Member of Board Committee:
Sustainability and Corporate Governance

Number of other Boards of Directors member of:
1

Member of Board of Directors of:
Cementos Argos S. A., Situm

Number of Board of Directors meetings attended:
16 out of 16



Cecilia Rodríguez González Rubio

Currently works for:
Corporación Bioparque

Position: CEO

Independent member: Yes

Member of Board Committee:
Sustainability and Corporate Governance

Number of other Boards of Directors member of:
3

Member of Board of Directors of:
Cementos Argos S.A., Bioparque Proyectos S.A.S., Restaurante Wok

Number of Board of Directors meetings attended:
16 out of 16



Claudia Beatriz Betancourt Azcárate

Currently works for:
Amalfi S. A.

Position: General Manager

Independent member: Yes

Member of Board Committee:
Audit and Finance

Number of other Boards of Directors member of:
3

Member of Board of Directors of:
Cementos Argos S.A., Gases de Occidente, Proenergía, Promigás S.A.

Number of Board of Directors meetings attended:
16 out of 16





León E. Teicher Grauman

Currently works for:
Independent

Independent member: Yes

Member of Board Committee:
Audit and Finance

**Number of other Boards of
Directors member of:**
4

**Member of Board of Directors
of:**
Cementos Argos S.A.,
Mirador S.A.S, Xeon Colombia
Ltda., Continental Gold (Canada),
Verano Energy (Canada)

**Number of Board of Directors
meetings attended:**
14 out of 16



Esteban Piedrahíta Uribe

Currently works for:
Chamber of Commerce of Cali

Position: CEO

Independent member: Yes

Member of Board Committee:
Audit and Finance

**Number of other Boards of
Directors member of:**
4

**Member of Board of Directors
of:**
Cementos Argos S.A., Banco
Agrario, Amalfi S.A., Metrocali,
Emcali

**Number of Board of Directors
meetings attended:**
13 out of 16



Carlos Gustavo Arrieta Padilla

Currently works for:
Arrieta, Mantilla y Asociados
S.A.S.

Position: General Manager and
Partner

Independent member: Yes

Member of Board Committee:
Appointments and Remuneration

**Number of other Boards of
Directors member of:**
2

**Member of Board of Directors
of:**
Cementos Argos, Mapfre
Seguros S.A., Fiducor S.A.

**Number of Board of Directors
meetings attended:**
12 out of 16

**Note: none of the members
of the Board of Directors hold
executive functions within the
company.**

The Board of Directors, which is the company's highest governing body but also an essential link between the company itself and its shareholders and investors, is composed of seven members, without replacements, who are chosen by applying the electoral quotient system, for a period of two years. Its term can be renewed indefinitely if the body is reelected. At the General Assembly of 2013, a proposition was presented to the shareholders that seek to increase this period to a term of three years, with the intention of guaranteeing a longer presence of those who define the company's strategy. Furthermore, taking into account that under Colombian law, the period for which the company's Statutory Auditor is appointed must be the same as the one for which the Board of Directors is appointed, another proposition will be submitted to the Assembly of Shareholders in order to approve the increase of the period of said Statutory Auditor.

G4-38/G4-39

Resumes of Board of Directors
members



G4-40

G4-51 *

G4-52 *



For the appointment of the members of the Board of Directors, the Assembly must take into account the aspects that are defined in our Code of Good Governance, such as their experience as members of other Boards of Directors and the input of some type of professional specialty that is relevant for the company's economic or other activities. Also, at least one of the members must be an expert in corporate finance and/or internal control and all of them must possess the basic skills necessary to carry out their functions adequately. Additionally, they must have the ability to understand and question financial information and business proposals and to work in an international context. It is important to emphasize the valuable diversity in terms of specialties and the gender equality that the company's Board of Directors boasts.

In accordance with the amendments that were made to the Code of Good Governance, a minimum of half of the Directors chosen for the Board for a specific period of time must comply with the requisites that have been defined to be considered an independent member. The proportion established by Argos surpasses the legal minimum, which is set at only 25%, by far.

Any member that sits on the Board as an independent member for more than three consecutive periods cannot be considered as such any more. By applying these measures, the organization seeks to minimize any potential conflicts of interest, as one of the main principles of how the members of the Board have to act is to permanently avoid such conflicts. Therefore, they must be very

much aware of and extremely careful about how they handle such events, describing the situation in a formal session of the Board of Directors, documenting the conflict, and restraining themselves from taking a vote on the issue. For this reason, it is essential that the members inform the Board of any relations, whether they are direct or indirect, that they have with each other, with the company, with suppliers, with clients, or with any other stakeholder that could result in situations of conflicts of interest or that could influence their opinion or vote.

** The remuneration of the Board of Directors is established and approved by the General Assembly of Shareholders, taking into consideration its structure, obligations and responsibilities, as well as the personal and professional qualities of its members and the time and experience they will dedicate to their functions.

With regards to the remuneration framework of the Board of Directors, the Appointments and Remuneration Committee will be able to submit a scheme to the consideration of the Assembly of Shareholders, through which the Directors, as part of the remuneration for their services, receive shares of the organization or of its subsidiaries. However, this remuneration can never imply that they obtain a stake in the business of more than 1% of the total outstanding shares of the company or of its subsidiaries.

If a variable remuneration system were to be adopted for the Directors, the methodology to be applied to determine its value must

be measurable in an objective way, and therefore, subject to auditing, and it must also be disclosed through the company's website.



Employee at the Atlanta plant, Georgia, USA

G4-34 to 38

G4-36 *

G4-40

3.3 Board Committees

Audit and Finance Committee

This committee was created with the intention of supporting the Board of Directors in the supervision of the efficiency of the internal control system, the company's transparency in terms of the financial information that it prepares and its appropriate disclosure, as well as the decision-making process with regards to the control and improvement of the company's activities and its managers and directors. It is currently made up of three members of the Board of Directors, including all those who are considered independent members. In compliance with Colombian law and our own Code of Good Governance, this committee must meet at least four times per year.

This committee does not replace the Board of Directors or the company's management in any of its functions regarding the supervision and execution of the internal control system, but it does organize and supervise the internal control procedures and makes sure they are adapted to the company's needs, goals and strategies. It must also ensure that the necessary controls are in place and that adequate tools are being used to verify that the financial statements represent the true situation of the company and the value of its assets.

Appointments and Remuneration Committee

This committee was created in 2012 in order to support the Board of Directors in

its special functions of establishing the policies and standards for recruitment, remuneration and development of the organization's executive staff. Furthermore, its responsibilities include the task of continuously following up on the goals of the different remuneration programs that are related to the employees' performance, as well as defining the adoption of new programs of compensation and remuneration for the staff, recommending them to the Board of Directors and doing the subsequent evaluation of their efficiency. The committee consists of two members of the Board of Directors.

* Sustainability and Corporate Governance Committee

This committee was created in 2012 in order to support the Board of Directors in functions such as reviewing the role of the Directors, the selection of candidates for the position of Director, the definition of a Board renewal policy, the promotion of training of said Directors, the supervision of the processes of the Board of Directors, compliance with the Code of Good Governance (with the support of the Internal Audit), and the monitoring of the purchase and sale of the company's titles by the Directors and other people under contract with the company, among others.

* In 2013, the Board of Directors authorized the management to modify the responsibilities of the Corporate Governance Committee, which supports its executive functions, by adding the responsibilities of orienting, monitoring and following up on the



best practices in terms of sustainability. As a result, its name changed to Sustainability and Corporate Governance Committee. Through this change, the company seeks to strengthen its functions related with these areas and its commitment to sustainability, which permanently motivates us. This Committee is made up of our CEO, our Vice President of Legal Affairs and Sustainability and two members of the Board of Directors, and it meets a minimum of three times per year.

Steering Committees

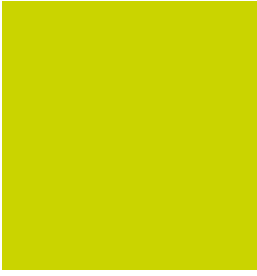
- Variable Remuneration Committee
- Strategic Processes and Technology Committee
- Corporate Behavior Committee
- Academic Committee
- Board of Directors of the Argos Foundation
- Innovation Committee
- Ideaxion Committee
- Sustainability Committee
- Capex Committee
- Recruitment Committee
- Directive Committee



Employee at the Atlanta plant, Georgia, USA

G4-47 *





How we create value

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- 4.2 Strategic priorities62
- 4.3 Strategic risks63

4

How we create value

The company always acts under the conviction of and with actions that show respect for diversity and dignity for the human talent that comes with it.



Argos has built up its business model based on its value propositions and on the recognition and understanding of the specific needs of its clients, who are clearly segmented.

The company always acts under the conviction of and with actions that show respect for diversity and dignity for the human talent that comes with it, being fully aware that this is a differentiating factor and a fundamental pillar of growth. Along these same lines, it also acts in a way that is responsible towards the environment, and it knows that it must constantly reinvent itself by being innovative in terms of products and processes to adapt to an ever changing world and to a demanding competitive situation.

The aforementioned characteristics make up the basis of Argos' strategy, and therefore, they mold its culture and its actions, giving the company its own identity, which supports its growth in the

long-term and guarantees its presence in the business. With the intention of putting these main elements of our strategy into practice in a balanced way, the organization decided to work together on a series of specific initiatives, which are called our seven strategic priorities and are developed along the contents of this report.



Employees at the Yumbo plant, Colombia

4.1 Business and Capital Structure Model

4.2 Strategic priorities



Consolidation and expansion

Organic and inorganic growth within a well-defined geographical area in order to become a regional market leader.



Capital structure

Availability of diverse sources of financial flexibility, keeping optimal levels of long-term indebtedness.



Operational models

Standardization and alignment of processes in order to create synergies as a true business group.



Organizational excellence

A management model based on excellence in terms of the management of markets, operations, administration and assets, which will make Argos ever-more competitive and profitable.



Innovation

Guarantee the continuous transformation and reinvention of the company towards sustainable competitiveness in the business world.



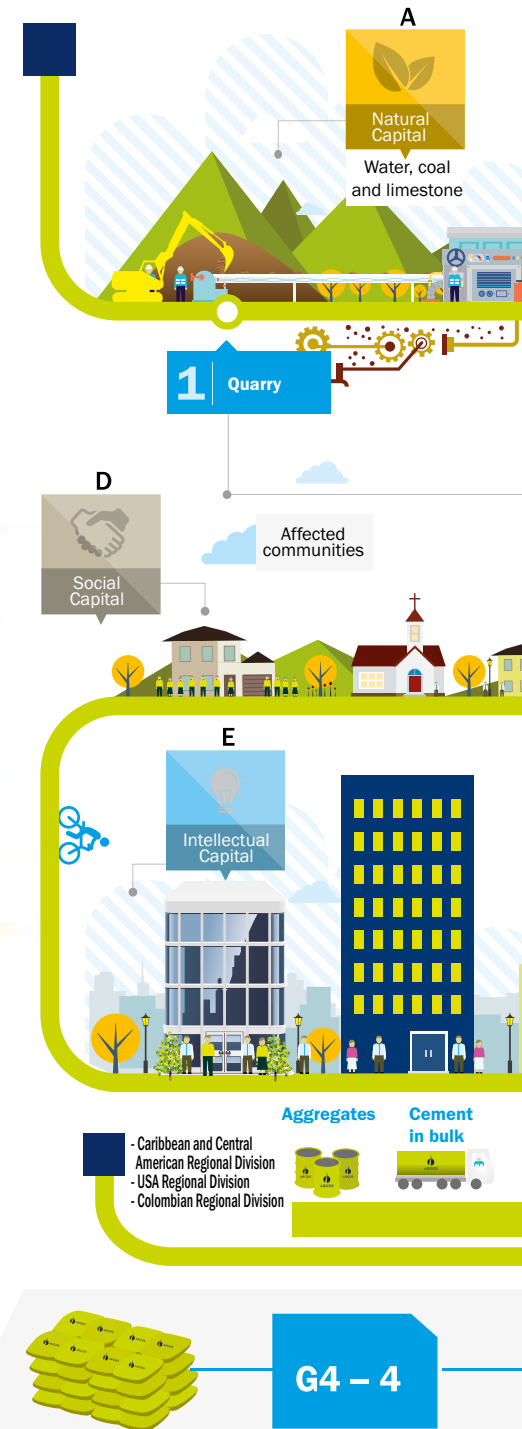
Strategic projects

Important investments made with emphasis on improving the profitability and sustainability of the markets in which we operate.



Sustainability

Manage impacts, risks and opportunities from the economic, social and environmental point of view.



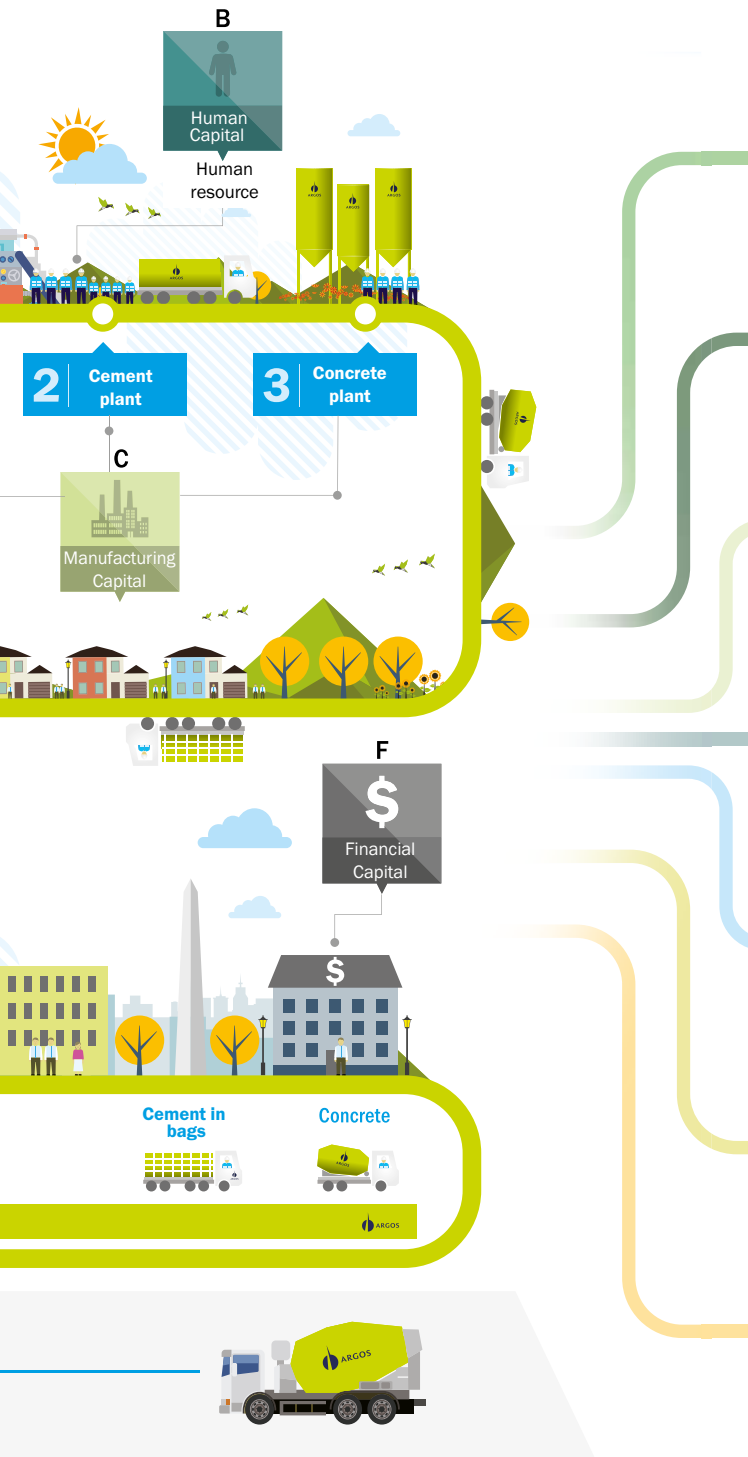
Cement production video



Concrete Production Video



Strategic risks



- Drop in market share and/or expected profitability due to inefficiency in the supply chain to satisfy demand
- Negative impact on our operations' neighboring communities
- Not obtaining, being sanctioned for or losing licenses, permits, certifications or concessions required for the operation because of incompliance with legal, mining or environmental parameters
- Market risks (competition, import, new players, substitutes and prices)
- Negative impact on the safety of our colleagues, assets and projects
- Risks associated with global, regional and domestic geopolitical variables
- Environmental impact caused by mining and industrial activities
- Risks related to financial variables and management (liquidity, market, credit and exchange rate)
- Negative impact on the availability, reliability, integrity or confidentiality of the company's information or that of its clients or suppliers
- Risks of fraud and/or inappropriate actions by clients, suppliers, employees, partners and/or third parties
- Serious negative effect on the company's reputation perceived by different stakeholders
- Risks associated with the availability, reliability and cost variability of energy resources for the operation and their efficient use
- Sanctions and negative impact on the company's image caused by the investigation of compliance with laws regarding competition
- Management of human aspects that is not aligned with the business' objectives and needs





4.3 Strategic risks

Being aware of the risks to which our organization is exposed and focusing on the business risks that are aligned with our corporate strategy are fundamental ways of achieving our objectives. In 2013, we carried out a review of our methodologies, which allowed us to establish a corporate risk dashboard with the prioritization of the sixteen business risks that were identified according to exposure levels. The risks were qualified through impact and probability measurement criteria and monitored according to what is defined in the Risk Retention Matrix, which establishes different levels for the decision-making process regarding the mitigation or retention and the responsibility of monitoring said risks.

Below, the main business risks are explained in more detail:

Drop in market share and/or expected profitability due to inefficiency in the supply chain to satisfy demand

This risk could stem from the company not being able to increase or maintain our market share and expected profitability because of not having the necessary production capacity or insufficient raw materials, production infrastructure, logistical resources and distribution channels in order to satisfy the demand in a timely and efficient way in the markets where we operate.



We have strategies to identify and maintain mining reserves that will supply the raw materials for our operations in the future, projects that are being developed to strengthen our infrastructure and processes to guarantee production and operational infrastructure planning charts for the short and long term, supply chain planning, and a maintenance program that allows us to keep our brand promises made to the end customer.

Not obtaining, being sanctioned for or losing licenses, permits, certifications or concessions required for the operation because of non-compliance with legal, mining or environmental parameters

This risk involves not having the licenses, permits, certifications or concessions that are necessary for our operations, whether it is because they were not obtained, expired, lost or sanctioned due to non-compliance with parameters that are related to mining rights, environmental licenses, BASC or ISPS certifications, free trade licenses or other issues.

Our business' sustainability comprises compliance with operational, social, environmental, legal and other kinds of norms and standards, including licenses for the planning, exploration and exploitation of mines. We ensure this compliance through the use of interdisciplinary monitoring groups that allows the company to have a clear idea of the levels of compliance and of the decision-making process.



Employees in Sabanagrande, Colombia

Negative impact on the safety of our employees, assets and projects

This risk is composed of industrial safety and occupational health and the physical safety of people, assets and installations. Safety is a part of one of our strategic pillars. That is why we have developed robust models based on training on the topics of health and safety and the use of personal protective equipment in order to ensure the integrity of our employees. We believe that empowering employees is essential in order to prevent events that could impact them or our work. Additionally, we have emergency action plans in order to be able to respond to situations like accidents and emergencies in our operations.

Environmental impact caused by mining and industrial activities

These risks are associated with any environmental impact that could be caused by our operation. They include the effects on biodiversity and on water resources because of the use of land, as well as the emission of polluting agents into the air, including greenhouse gases that cause phenomena such as climate change.

We are aware that our operations, by nature of their mining and production processes, generate an environmental impact. That is why we have developed plans for its prevention, correction, mitigation and compensation, as defined in our Environmental Policy.

Changes in applicable norms and standards

These risks stem from changes in the norms in effect in the countries in which we operate or of the standards of the industry that have been accepted as good practices. These norms or standards can be about a range of different topics, such as environmental issues, mining, tax regulations, financial aspects, etc.

Performing a periodic check-up on the norms and regulations that are applicable in our industry by specialized work teams, allows us to anticipate any changes and to guarantee our compliance with norms and standards that could have an effect on our operations, as well as by incorporating transformation initiatives that seek to mitigate the normative effects on the efficiency and development of our business, and to identify favorable opportunities of which our business can take advantage.

Negative impact on the availability, reliability, integrity or confidentiality of the company's information or that of its clients or suppliers

These risks are associated to events that affect the availability, reliability, integrity or confidentiality of the information of the company, its clients or its suppliers, as well as the loss or leaking of information, whether it is managed automatically or manually.

The management of information in the processes is supported by online replication strategies for data of critical applications,



making this information highly available. These systems also safeguard critical users and encode their information. They centralize document management and raise awareness regarding their security. All of these procedures are aligned with the instructions regarding governance, protecting our company's interests and those of its stakeholders.

Serious negative effect on the company's reputation perceived by different stakeholders

This risk stems from any type of event that can affect the reputation and image of the company in an unfavorable way. It can be the result of the materialization of any other risk that the company faces. Because we are well aware of the impact of events that are harmful for our image, we have developed a crisis prevention and management strategy that considers different scenarios and their strategies for reaching out to stakeholders, as well as prevention strategies for situations that present internal risks that could have a high reputational impact.

Sanctions and negative impact on the company's image caused by the investigation of compliance with laws regarding competition

This risk is a result of unfavorable rulings regarding any of the company's commercial or business activities that the authorities believe go against norms and good habits of real and free market competition.

We are an important player in an industry that is eminently oligopolic and that is

subject to the permanent scrutiny by the competent authorities. This is why we have elaborated our Commercial Policy, which is complemented by management and price definition processes, which are established and supported independently and are documented and implemented in the countries where we operate. Furthermore, we have internal training practices given to our employees that ensure compliance with any laws regarding competition and the transparency of our commercial operations.

Negative impact on our operations' neighboring communities

These risks stem from the interaction with communities that inhabit areas that are influenced by our operations. This can be an effect on their health, a change of their life conditions, a change in the demand for basic services and needs, an effect on the economic situation of those communities or the need for interventions to infrastructure.

We maintain effective and open communication channels with the communities, which are present in areas that are influenced by our operations, that are aligned with internal strategies to monitor our matrix of social risks stemming from our operations. With our system, we can attend to these people, within a framework of relations with the municipal and government authorities, and understand the specific of each community in accordance with our corporate sustainability and social responsibility strategies. Some of the initiatives taken by the company include programs for



educational, infrastructure, quality housing, and community involvement.

Market risks (competition, import, new players, substitutes and prices)

This refers to events that have an impact on the performance or maturity of the market due to the start of operations of new players, the strengthening or expansion of current players, the import of products, pricing behaviors or strategies of players in the markets where we operate, or the presence or development of new products that can be used to replace cement and concrete.

The constant monitoring of the markets in which we develop our activities and the commercial strategies and expansion projects that we develop are coherent with our growth strategy and our strategy to keep our current market share. We also have our own Competition Policy, which seeks to ensure that the behavior of Argos' employees is consistent with the principles on which free and true economic competition is based. We have also implemented our Ideaxion program with the intention of strengthening our position in the markets through the research and development of innovative products and processes that improve our efficiency, which ultimately also improves the company's competitiveness and sustainability.

Risks associated with global, regional and domestic geopolitical variables

These risks stem from sociopolitical conditions, trends and decisions in the countries and regions where we are active.

The specific conditions of the regions and countries in which we operate make it necessary for us to pay close attention to the sociopolitical tendencies and the impact that they can have on the development of our business. This is why we constantly monitor these aspects through strategies that seek to foster relations with authorities and professional associations, which, in turn, allow us to react opportunely in order to face both expected and unexpected situations of this type.

Risks related to financial variables and management (liquidity, market, credit and exchange rate)

These risks find their origin in changes and the impact caused by the behavior of the different macroeconomic variables of the countries and regions in which we operate, as well as the financial decisions made by the company to interact with these markets. These risks can be classified into the general areas of liquidity, market and credit and also include the risks associated with financial reporting.

The international markets in which we are present are exposed to the volatility of macro and microeconomic variables, which are directly linked to the impact that the





company's decisions regarding investment, debt and financial operations might have. In order to mitigate this risk, we have developed a solid capital structure that is permanently monitored with respect to the behavior of the markets, carrying out sensibility analyses of the most pertinent financial variables (interest rates, exchange rates, costs and cash flows, among others), and seeking out the best options for the decision-making regarding investments and coverage.

Negative impact on operations caused by natural events

These risks regard the interruption or alteration of our operations due to natural disasters such as snow storms, rain storms, hurricanes, earthquakes, flooding and tornadoes, among others. Our production and logistical operations are planned and developed through a productive network that allows us to have a significant level of flexibility in order to supply our markets from different production and distribution centers, and thus, recover quickly from any natural events that might affect the normal development of the business. In addition, we carry out natural risk assessments in the areas where we operate with the help of physical-risk experts that work with our insurance consultants, and we also have emergency response plans that allow us to handle unexpected situations.

Risks of fraud and/or inappropriate actions by clients, suppliers, employees, partners and/or third parties

This mainly involves the risk of fraud being committed in our operations, where fraud has to be understood as any intentional action or lack of action that is designed to deceive others, taken by one or more people with the intention of appropriating or taking advantage of property that is not theirs, be that property material or intangible, in an inappropriate way that is also harmful to others and that is, generally, the result of a lack of knowledge or malice on the part of the affected party.

We are convinced of the importance of and are committed to a transparent way of doing business. However, we are also aware that, in the current context, we are exposed to the risk of fraud and inappropriate actions by our employees, clients, suppliers, partners and other third parties. That is why we have our own Code of Business Conduct and an Anti-Fraud Policy, which express our zero-tolerance approach with regards to this type of conduct, and a Business Conduct Committee, which is in charge of the implementation of prevention mechanisms, such as the Transparency Line, the fraud prevention program and the resource protection protocols, among others.

Risks associated with the availability, reliability and cost variability of energy resources for the operation and their efficient use*

These risks are associated with the internal or external availability and the variation in terms of the cost of energy resources such as coal, gas, pet coke, electrical energy and alternative energy sources, for our production processes and the inefficient use of said sources.

Our commitment to the environment and the high demand of energy of our productive processes have made us define an Energy Policy, which includes aspects that seek to ensure the supply of electric and caloric energy for the development of our activities and other aspects with regards to the efficient use of said resources, seeking to minimize the environmental impact and to optimize the cost of production. Furthermore, we also have mechanisms that allow us to access alternative caloric energy sources and installed self-generating capacity, and we are developing projects that focus on finding alternative sources of energy and coprocessing.

Management of human aspects that is not aligned with the business' objectives and needs

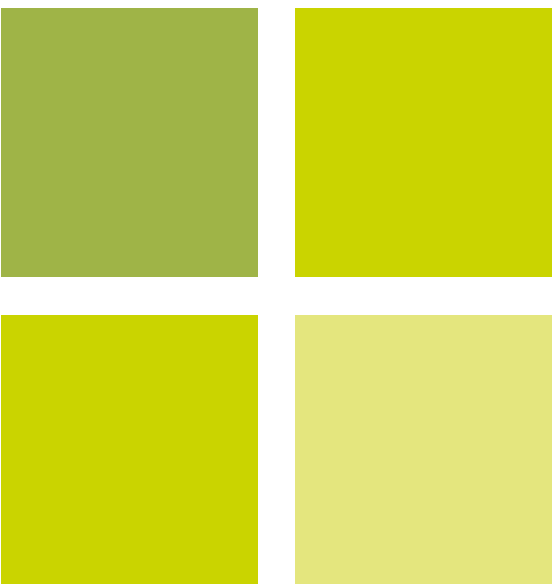
These risks stem from the recruitment, retention, development and management of talent, knowledge management, and human rights.

Given the fact that we acknowledge that human beings are the most important component of any organization, we believe that talent and knowledge are part of our most valuable assets. That is why, committed to respect for and the development of our employees and coherent with our own Human Resources Policy, we are implementing the Educa model as a training and knowledge management mechanism. We have training policies and programs, training and sponsorships, mechanisms to identify employees' potential, a performance management program, leadership training programs, benefits and remuneration programs and collective bargaining agreements. Also, we are developing a risk-based human rights management model that will allow us to develop supervision and improvement of our processes in all the regions where we operate.

G4-14 *







Our performance

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5



Our performance

2013 was a key year for our expansion strategy.

G4-13

5.1 Consolidation and expansion

The company's consolidation and expansion strategy places emphasis on the production and commercialization of cement and concrete, seeking the vertical integration of our assets by operating in a strictly defined geographic region that allows our operations to be interconnected to maximize our installed capacity and optimize the alternation of different market cycles.

Along these lines, the expansion and consolidation plan considers both organic and inorganic growth in a region that goes from the southern United States to the north of South America, including Central America and the Caribbean. We also want to remain present in markets that have a clear, encouraging growth potential per capita because we are convinced that, as an economy is developed, the cement consumption of its inhabitants tends to increase as a result of more investment in infrastructure and the intention to decrease the deficit in terms of housing. These elements, thus, make up a virtuous circle of construction, development and increased wellbeing for society. This is why our actions over the last years have granted

us the position of market leader in many of the markets where we are active. We have also perfected our emphasis on cement and concrete by divestiture or the spin-off of assets that were not related with this business line, allowing us to keep a high level of flexibility to catapult our growth.

As for expansion through acquisition, we have stated on many occasions that we are a growing company. The last acquisitions that were announced and our ever-increasing results are clear proof of this. Additionally, we are continuously mapping other possibilities of acquisitions and we are always willing to negotiate about existing assets within the geographic region that we have defined, as long as these allow us to create synergies or to add value for our shareholders.

We can count on a very skilled team whose role it is to identify these opportunities to create value, as well as to integrate new assets into our existing network quickly and efficiently.

In terms of organic growth, as is explained in detail further on in this report, we are developing strategic projects to grow in size but also in terms of efficiency and,

additionally, we are consolidating our concrete assets in all the regions where we are present. Concrete is a key factor for our growth in the near future because it allows us, through its vertical integration with cement, to compete more successfully for big infrastructure and housing projects that have already been planned in all of our markets.

The year 2013 was yet another turning point for our expansion strategy. We managed to successfully conclude the issuance of preferred shares, which allowed us to raise additional funds for growth. With these funds, we were able to purchase our first integrated plant in Central America (Honduras). Also, in that same year, we made significant progress in terms of identifying the assets that could best be integrated into our operational network, in order to continue the process with the acquisition of assets in Florida in 2014.

| Investments in inorganic growth financed with the resources from the issuance of preferred shares | Estimate of investment | Amount of additional tons of cement |
|---|------------------------|-------------------------------------|
| Plants or projects | (in millions of USD) | (in tons per year) |
| USA: | | |
| Acquisition of assets in Florida | 720 | 3.5 |
| Subtotal USA | 720 | 3.5 |
| Caribbean and Central America: | | |
| Acquisition of 53.28% of assets of Lafarge in Honduras | 305 | 1.3 |
| Subtotal Caribbean and Central America | 305 | 1.3 |
| Total | 1,025 | 4.8 |



Employee at the Comayagua plant, Honduras

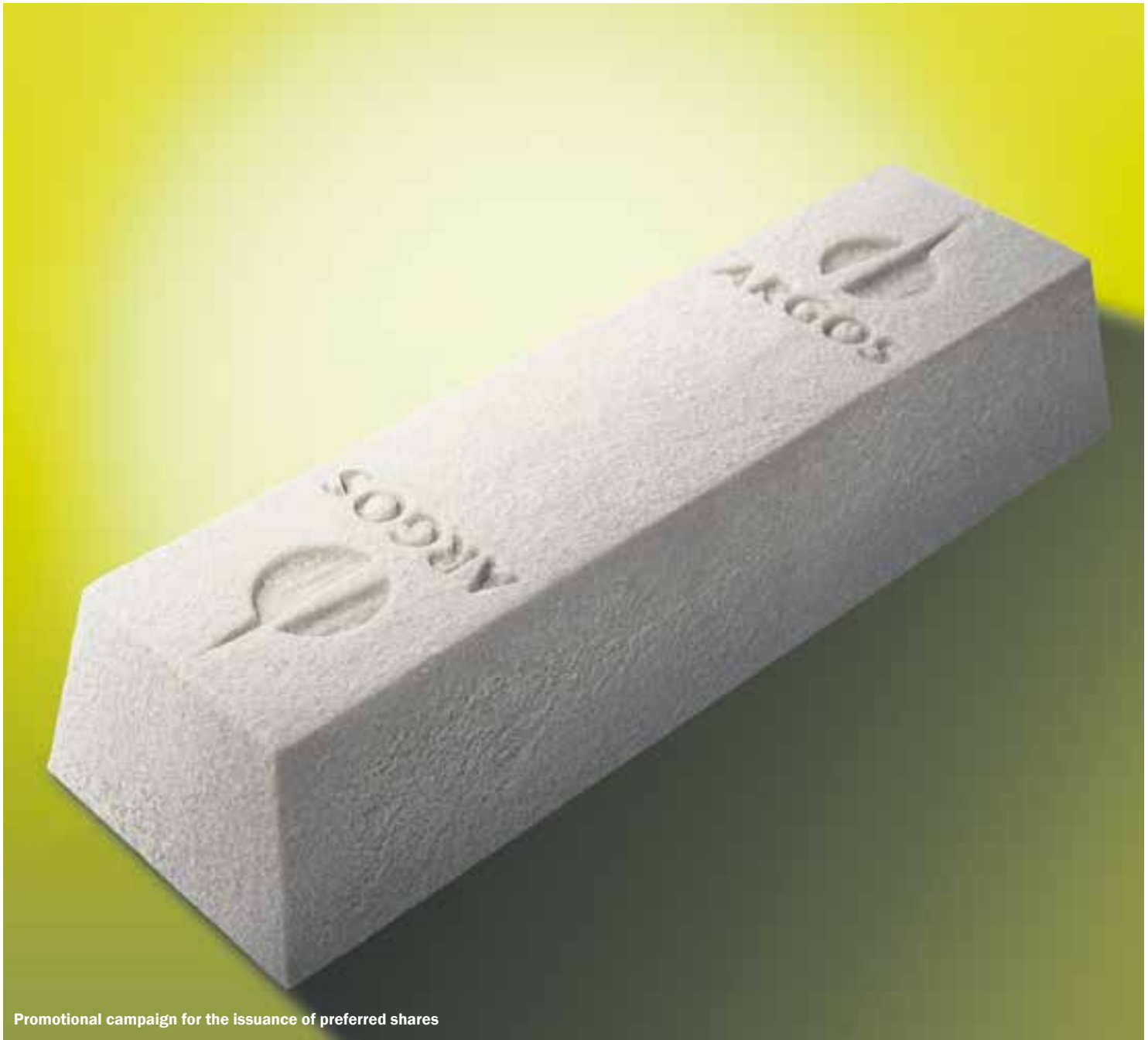
5.2 Capital structure

With the intention of maintaining its outstanding financial solidity, it is very important for Argos to be able to count on different sources of financial flexibility, as well as to keep optimal levels of debt in the long term, while being able to take advantage of growth opportunities.

Because of this and because the company is well aware of the historical opportunity for growth that it has, we decided to undertake an issuance of shares with preferred dividend, both in the domestic and in the international markets, through which, in the end, USD 880 million was raised. This issuance showed how reliable investors think the company is, which, together with the know-how that it acquired through the process, represents a source of additional financial flexibility that can support any future growth of the organization.

Additionally, through this transaction, the company managed to reduce its net debt from USD 1.491 billion to USD 994 million at a consolidated level, taking advantage of the cash flows that were generated throughout the year 2013 and the capital stemming from the issuance of preferred shares. Along these same lines, it is worth mentioning that the low level of net debt that was registered at the end of the period will provide more opportunities to turn to the capital market in 2014, should this be required, in order to continue financing our organic and inorganic growth plans without detriment to our financial solidity.

| Balance sheet: | Amount (in millions of COP) | Amount (in millions of USD) | | |
|-------------------------------|-----------------------------------|-----------------------------------|-------------|--|
| Assets | 11,631,718 | 6,036.71 | | |
| Liabilities | 4,019,411 | 2,086.02 | | |
| Shareholders' equity | 7,242,551 | 3,758.79 | | |
| Debt profile: | Amount | Amount | % | Notes |
| Short-term liabilities | 1,725,440 | 895.48 | 100% | % of short-term liabilities / total debt |
| Bonds | 192,575 | 99.94 | 11% | % of bonds / short-term liabilities |
| Financial obligations | 289,290 | 150.14 | 17% | % of banks / short-term liabilities |
| Other liabilities | 1,243,575 | 645.40 | 72% | |
| Long-term liabilities | 2,293,971 | 1,190.54 | 100% | % of long-term liabilities / total debt |
| Bonds | 1,739,655 | 902.86 | 76% | % of bonds / long-term liabilities |
| Financial obligations | 222,158 | 115.30 | 10% | % of banks / long-term liabilities |
| Other liabilities | 332,158 | 172.39 | 14% | |
| Subtotal | 4,019,411 | 2,086 | | |



Promotional campaign for the issuance of preferred shares



5.3 Operational models

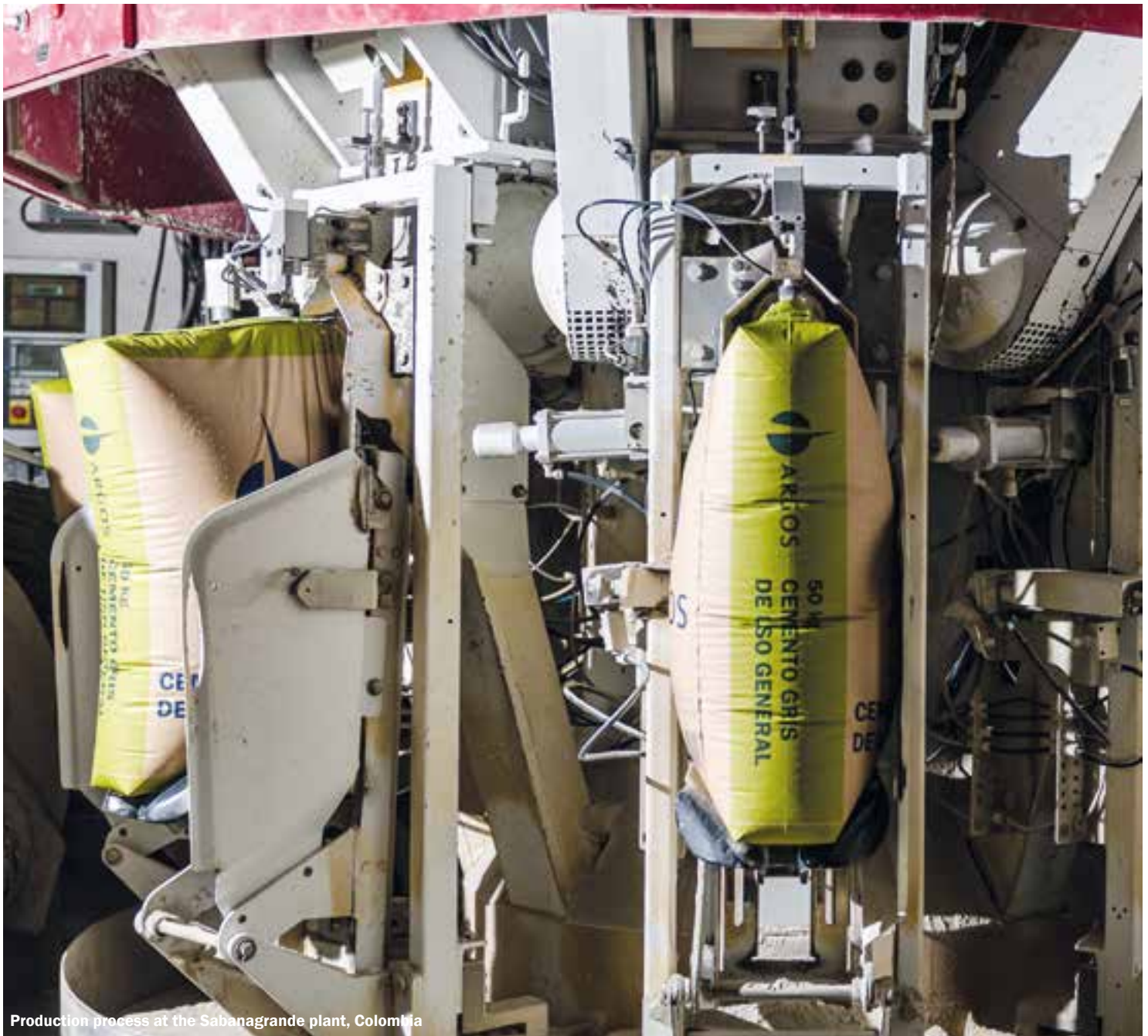
Our focus on operational models has two main objectives:

- To establish an architecture of common and standardized processes.
- To standardize the applications that support the business' core processes.

To this effect, we developed the Synergy project, whose objective to align Argos' processes and technology with its operational and governance models, which will lead to higher value generation through the creation of synergies as a group.

Thus, by having documented and standardized processes, we can adapt more conveniently to operational models and transfer our competitive advantages and best practices across all of our regional divisions, which, in addition, facilitates the integration process of new operations.

Throughout 2013, we prepared ourselves for the successful launch of the SAP® platform, which took place in January 2014, after the same operation process was carried out in the cement operations in the United States. The main challenge that we are still facing currently is the implementation of the same model in the concrete operations of the United States Regional Division and in the entire Caribbean and Central American Regional Division.



Production process at the Sabanagrande plant, Colombia



Employee at the Yumbo plant, Colombia

G4-8 *

5.4 Organizational excellence

For Argos, organizational excellence is a way of facing its competitive environment, ensuring the generation of value and the continuity and sustainability of the business in the long term.

As we are present in countries with attractive cement markets and since we are aware that this raises the bar in terms of competition, we have devised four axes that make up the topic of organizational excellence: markets, operations, administration and assets.

Excellence in our markets and the objective of offering our clients the best value proposition are the main axes of what we call the Argos Model. In it, we distinguish four elements: a valuable brand that connects on an emotional level with its customers, a differentiated service, the possibility of providing the best commercial and technical advice when it is needed, and a set of technological tools that help us optimize processes.

* With this as our basis, we have divided our customers into two segments: those that represent massive consumption and those that represent industrial consumption. Our customers in the mass business segment prefer us because of the close relations that we maintain with them, through which we guarantee availability of the product and offer support to the owners of hardware stores, wholesalers and master builders at worksites so that they can develop their business.

The clients of the industrial business segment, for their part, choose us because of the direct connection and the technical knowledge and solutions, tailored to the project, that we offer them, as well as our operational excellence, which makes us a reliable partner for builders to hire us for any type of project, from small jobs to massive infrastructure and housing projects that are being developed today and that will have a positive effect on the growth of the country and, of course, on our future growth.

G4-PR5

Results of the customer satisfaction survey

| Country | Units | 2010 | 2011 | 2012 | 2013 |
|--------------------------------------|-------|------|------|------|------|
| Colombia | SI | 85.7 | 84.2 | 86.1 | 85.2 |
| Caribbean and Central America | | | | | |
| Panama | SI | | 88 | 81 | 82,5 |
| The Dominican Republic | SI | 86 | 77 | 89 | 89,7 |
| Haiti | SI | 74 | 72 | 75 | 70,5 |
| Suriname | | | | | 83 |
| USA | SI | NA | NA | NA | 86 |

We will keep complying with the goals set in terms of customer satisfaction throughout this year.

As for the topic of our operations, our actions are meant to improve efficiency, keeping different topics in mind, such as the interconnection of our operations, which is focused on the creation of synergies. Also, we focus on vertical integration with the intention of maintaining our current level of competitiveness in the market, and we continue to develop energy projects in order to decrease both the production cost per ton of cement and our carbon footprint.

Our main challenge is to continue growing in a profitable way through the improvement of our efficiency. This must include activities to lower the clinker/cement factor, to increase the run factor of our kilns, to obtain savings in terms of energy, including the use of alternative fuel, and to maintain a disciplined control of expenses.

Furthermore, we continue to work on improving our financial cycle, which was off 48.5 days this year. We seek efficiency in terms of collecting debt and excellence in terms of the optimization of inventories in order to ensure availability of the product to customers as an integral part of our value proposition.



Employee at the Puente Aranda plant, Colombia

5.5 Strategic projects

As part of its engagement towards sustainable development in its three dimensions, Argos' priorities are its economic profitability and value creation for its shareholders. That is why the strategic projects are selected based on estimations of the return that they could potentially offer on the invested capital. In order to do this, profitability studies are carried out for each project, and they are considered alongside other projects that were proposed.

Some of the most significant projects that were undertaken in 2013 include:



The Cartagena Distribution Center: The purpose of this project is to increase the company's capacity to supply the Colombian market through the expansion of its packaging and dispatching capacity at the Cartagena plant, from 300,000 to 1.3 million tons of cement in bags and from 200,000 to 1 million tons of cement in bulk. With an investment of close to USD 35 million, the distribution center is expected to start its operations in the first semester of 2013. The importance of this project is rooted in two main aspects:

Firstly, the bottle neck that the Cartagena plant was experiencing, with regards to distributing cement internally, will be eliminated. When the Dispatching Center is finished, we will be able to increase the use of the plant's installed capacity, as it is not only a plant with efficiency levels that are well above the industry's average, but it is also located in a free trade zone, which means it has a preferential tax rate, which has a positive effect on the result of future investments in operational infrastructure in Colombia.

Secondly, with this project, we hope to achieve important savings in terms of logistics, by concentrating the dispatching activity of this plant. This way, double loading and unloading processes of material and double transport between plants in our network in the Northern part of the country will be eliminated.



Expansion in the interior of Colombia: given the growth trends seen in terms of cement consumption in the country and the investment that is expected to be seen in infrastructure over the next few years, we are working on the expansion of the installed cement capacity in three plants in the interior of the country, more specifically the Rioclaro, Nare and Cairo plants. These plants are currently already using a great part of their installed capacity. The expansion itself sees an additional 900,000 metric tons of cement per year, with an investment of close to USD 120,550,000. We hope this expansion will be operational by the second quarter of 2014. With this project, the company will have a total installed capacity of 10.8 million metric tons per year in the country.



Installation of a vertical mill at the Harleyville plant, in the United States: This project relates to the installation of a new vertical mill at the Harleyville plant, in the United States, which will increase our installed cement capacity in this plant, from 1 million metric tons per year to an annual 1.5 million tons. The estimated cost for this project is of USD 48 million.



| Project | Total amount to be invested | % of progress of the project | Year in which the project is estimated to be completed |
|---|-----------------------------|--|--|
| Optimization of plants in the interior of Colombia | USD 120.55 million | <p>Rioclaro plant: Increase of capacity kiln 1: 9% Assembly of vertical mill: 3% Increase of packaging capacity: 88%</p> <p>Cairo plant: Increase of grinding capacity: 52% Increase of packaging capacity: 88%</p> <p>Nare plant: Installation of cooler Dual clinker production kiln 5: 34%</p> | <p>Cairo and Rioclaro, 2014, (expect for the Rioclaro mill, which will be in 2015)</p> <p>Nare in 2015</p> |
| Cartagena Distribution Center | USD 35 million | 66% | 2014 |
| Harleyville | USD 48 million | 32% | 2014 |
| Synergy | USD 61.86 million | Wave 1 and 2: 100% | Wave 1 and Wave 2 - 2014 |
| Total | USD 265.41 million | | |



Pueblo Grande School, Panama



Additionally, the SUSTAINABILITY COMMITTEE is a multidisciplinary body that was established with the purpose of analyzing and promoting topics related to sustainability within the organization. It is supported by different departments throughout the company. Through this initiative, leaders in charge of the economic, social and environmental aspects, as well as representatives from different operations and technical departments, can discuss sustainability issues periodically, analyze the best practices of the industry and make suggestions to the organization with regards to how they could be applied. Also, they assess the main indicators of the company, among other functions. This Panel allows for the implementation of sustainable practices transversally, across all the company's operations.

5.6 Sustainability

The sustainability initiative of Argos operates within a framework of a business that is focused on the customer and on sustainable development, which means to be economically viable, respectful towards the rights of people, and responsible and friendly towards the environment. We believe that ethics and transparency are the basis for any business transaction and for us to connect with our different stakeholders. In order to do this, as has already been mentioned before, we have a Code of Good Governance and a Sustainability Policy that provide guidance for our actions and activities.

In coherence with the sustainability strategy of Grupo Argos, we create value in a responsible way, always respecting the balance between economic profitability, social development and inclusion, and a reduction of our environmental impact, seeking to be transparent, ethical and innovative.

Sustainability Policy

We strive towards the sustainability of our operations through a balance between profit generation, social development and the reduction of our environmental impact, all within a framework of good relations with our stakeholders and based on the principles of the Global Compact and of good governance.

We are committed to:

- Our employees: We promote development, safety and wellbeing at work, within an organizational culture with a global mentality that seeks to develop innovation, team work, self-management and environmental awareness.
- The environment: We carry out our production activities in a responsible way by working on the decrease or the compensation of our environmental impact.
- Suppliers and contractors: We build harmonic and fair relations with suppliers and contractors, within a responsible production chain that stimulates the use of the best practices in its work, social and environmental aspects.
- The authorities: We abide by the law, and we maintain good relations with all the governmental entities where we operate.
- Customers: We strive towards being the best possible commercial partner for our clients, by delivering top-quality products and services that comply with national and international standards and that are a part of a production chain that is responsible towards society and the environment.
- Shareholders: We are transparent in terms of the management of our information and constantly try to increase the creation of value for them.



- **Communities:** We seek to maintain good relations with the neighboring communities that are influenced by our operations and support local development.

* Our Code of Corporate Governance establishes the existence of the Sustainability and Corporate Governance Committee, as a committee of the Board of Directors, whose objective it is to recommend the systems to adopt, follow-up on and improve the company's practices regarding sustainability and corporate governance.

* Furthermore, the organization has a Vice Presidency of Legal Affairs and Sustainability, which is found directly under the Presidency (CEO) on the organizational chart, who is in charge of leading the promotion of, training for and reporting of all the topics related to sustainability within the organization.

This Vice Presidency guides the rest of the company's management in the adoption, follow-up and improvement of environmental, economic and social practices and ensures that corporate sustainability and social responsibility be part of the company's long-term strategy. In order to do this, it periodically assesses compliance with the Code of Good Governance and the Sustainability Policy, taking into account which commitments were acquired with regards to each of the stakeholders and which strategy was established in terms of good corporate practices.

The Sustainability committee is the main body that receives these instructions and recommendations, and it is in charge of their implementation, for which it can count on the participation of all the different departments throughout the organization that manage other areas. Each vice presidency and some of their subordinate departments that have a big impact in terms of these issues have a representative in this body, whose role it is to be a facilitator and a promoter of the topics related with sustainability in their own department. Additionally, the Vice Presidency of Legal Affairs and Sustainability has a team that is in charge of leading the promotional, training and reporting activities supporting these topics across the organization.

** This Vice Presidency also has the responsibility of presenting a report with the main topics that were dealt with in the Sustainability Dialogues to the Board of Directors each year. These Dialogues are an activity that is organized by the company as a way of consulting its stakeholders and getting their feedback. It is based on internationally accepted methods, and it has been implemented since 2010 in all the regions in which the company operates.

The Board is also presented with an action plan defined by the Sustainability committee, in which all the departments show how they will incorporate the topics brought up by the stakeholders during the aforementioned Dialogues, into their work plans.

G4-35 *

G4-36 *

G4-37 *

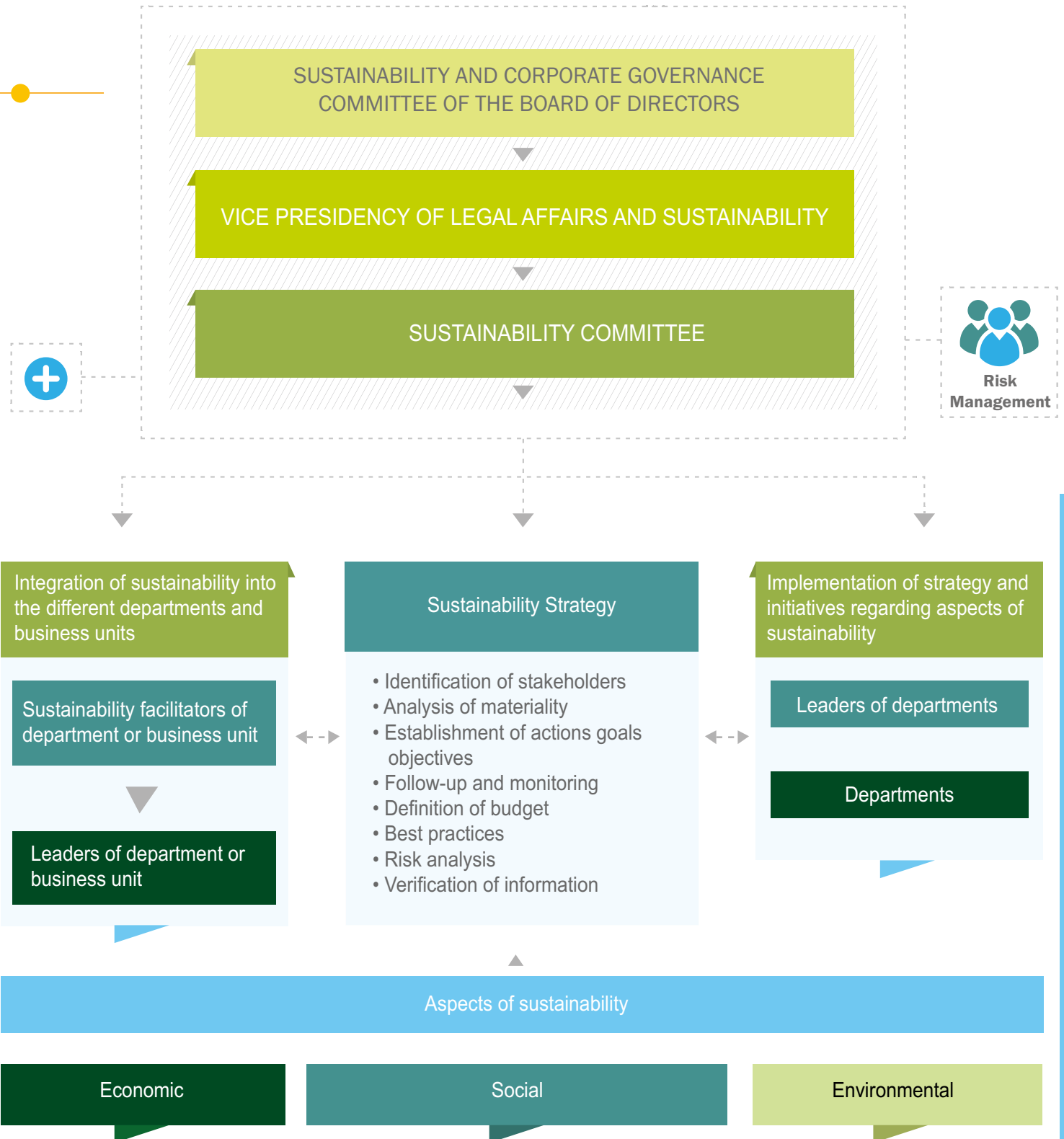
G4-47 *



Video about Sustainability



Governance of sustainability





Partnerships and initiatives * *

In order to back up its commitment to sustainable development, Argos has been supporting the Global Compact since 2007. This is an initiative of the United Nations whose purpose it is to provide a framework that companies can use on a voluntary basis to work together with international organizations, labor organizations and civil society in order to promote social and environmental principles that are considered universal values.

<http://www.unglobalcompact.org/>

Besides the Global Compact, our company also actively participates in the following initiatives:

Business for Peace: This is an initiative that was derived from the Global Compact, focused on implementing responsible business practices that are coherent with the Global Compact in areas of conflict, with the intention of coordinating activities of cooperation in order to progress in the issue of peace.

http://www.unglobalcompact.org/Issues/conflict_prevention/index.html

The World Business Council for Sustainable Development (WBCSD): Through our holding company, Grupo Argos, we are a part of this initiative that brings together 200 global companies that are committed to sustainable development. These companies come from 30 different countries and operate in the 20 most important industries worldwide.

<http://www.wbcsd.org/>

The Cement Sustainability Initiative (CSI): This initiative seeks to balance the growing

demand for cement with the need of forging a more sustainable cement industry. It seeks to provide a vision and specific answers with regards to a more sustainable approach on future growth. The initiative has 25 member companies that are present in over 100 countries and that represent 40% of the cement production worldwide.

<http://www.wbcsdcement.org/>

With the intention of strengthening our commitment to the sustainable management of hydric resources, as of March 2014, we decided to become a part of another initiative of the United Nations known as “CEO Water Mandate.” This is a public-private project designed to help companies with the development, implementation and divulging of sustainability policies and practices regarding the use of water. It suggests to companies that adhere to it how to work on sustainable hydric resources management in its direct operations, but also throughout its supply chain, as well as through the development of collective actions and a contribution to the development of public policies. It also seeks to stimulate the active support of communities and to promote transparency on behalf of the companies that participate in this initiative.

<http://www.ceowatermandate.org/>

Materiality

** The relations of Argos with its stakeholders and the trends in this sector in terms of sustainability have proven to be dynamic and subject to permanent evolution. In 2012, a materiality analysis was completed, in which seven relevant topics were identified. These topics were

G4-15 *

G4-16 *



G4-18

G4-23 **



G4-20

developed in our 2012 Integrated Report, and they were: safety at work, corporate governance, innovation, environmental management, eco-efficiency, climate strategy and biodiversity. In 2013, the organization carried out this materiality analysis again, based on the G4 version of the Global Reporting Initiative (GRI), and with the help of the external consulting firm KPMG. As a result of this new analysis, the current Report includes 13 new relevant aspects, some of which coincide with the ones that had already been identified in the previous study.

The process that was followed to do the materiality analysis at the end of 2013 consisted of the following steps:

Step 1. Identification and validation.

This step is about identifying relevant topics that came up as a result of the analysis of information, such as internal documents, reporting initiatives and their complements specific to the sector, sustainability reports of companies who are considered leaders in the sector and international measurements, such as the Dow Jones Sustainability Index (DJSI).

Step 2. Prioritization.

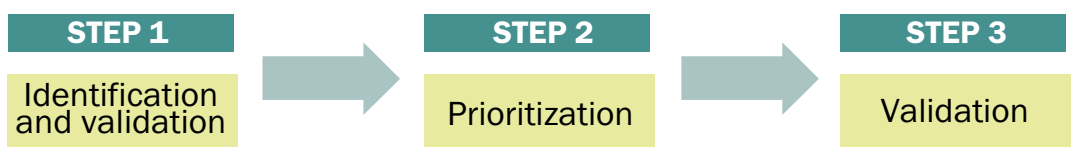
In this step, the priority of relevant topics is established. In order to do this, the following elements are taken into consideration:

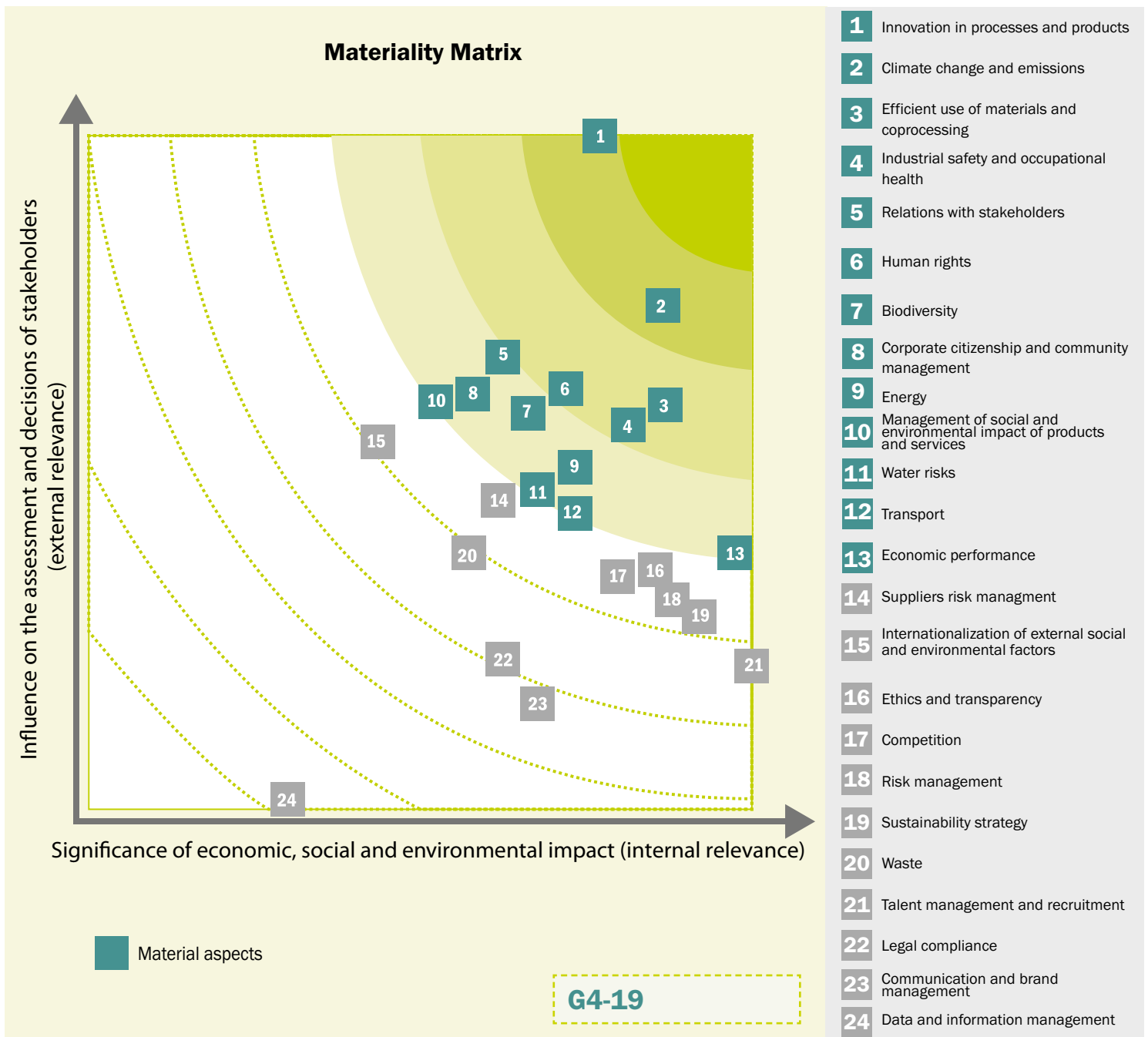
- Benchmarking with companies considered leaders in the sector, according to the aspects and topics as updated for 2013.
- Alignment of the identified aspects that were obtained through the dialogues with stakeholders.
- Press analysis based on aspects and topics as updated for 2013.
- Alignment of the identified aspects with the principles of the Global Compact and the Cement Sustainability Initiative (CSI).
- Alignment of the identified aspects with the strategy of the company.
- Alignment of the identified aspects with the rubrics of the DJSI.
- Linking of the aspects to the risks as identified by the organization.

Step 3. Validation.

Finally, the list of material aspects is validated by the company's management.

The graph below shows the results of the materiality analysis. The x-axis shows the importance of the economic, social and environmental impact, while the y-axis represents the influence on the assessment and the decisions of the stakeholders:







Description of material aspects

| Aspects | Description |
|---|--|
| Innovation in processes and products | Undertaking of activities to improve and develop processes, products and services that allow us to grow, increase efficiency and obtain a better position in the market (see p. 160-170). |
| Climate change and emissions | Actions of the organization that strive towards the reduction of the effect of its operations on climate change and of the negative effects of the climate on the operations of the company. Actions of the company to reduce its impact on the air quality in the areas where it has operations (see p. 124-129). |
| Efficient use of materials and coprocessing | Reduction of the stress that the use of resources places on the environment and assessment of even the smallest impact during the life cycle of raw materials and other products used for production (see p. 115-210). |
| Occupational health and safety | Management on behalf of the organization of practices that ensure the safety, integrity and health of all its employees and contractors, taking into account current risks of the business, the positive impact on productivity and the decrease of labor costs (see p. 136-141). |
| Relations with stakeholders | Relations with different stakeholders involved in the rendering of services, the measurement of impact and the management of expectations (see p. 189-191, 78 and 99). |
| Human rights | Behavior that is coherent with the principles of respect and promotion of human rights, as committed to by the organization, for all the people that are influenced by its operations (employees, suppliers, communities, clients, etc.) (see p. 109, 148-152) |
| Biodiversity | Protection of biodiversity of flora and fauna directly or indirectly affected by the company's operations. Development and implementation of strategies to eliminate and mitigate impacts (see p. 129-133). |
| Corporate citizenship and community management | Behavior on behalf of the organization that promotes and improves the quality of life of the communities in which it operates, based on the support for institutionalism with local authorities and representatives, and the training and effective use of staff in the areas of influence along the value chain (see p. 152-159). |
| Energy | Management and planning of the costs of energy, especially those related with the use of fossil fuels. Reduction of the exposure to risks related with fossil fuels (see p. 115-118) |
| Management of environmental and social impact of products and services | Management of the social and environmental impact of products and services and disclosure of these impacts (see p. 121, 133-134). |
| water risks | Management of the amount of water that is extracted, as well as of the quality and quantity of water disposal, especially in areas with a shortage of water (see p. 122-124). |
| Transport | Policies and guidelines for transportation, including topics such as safety requirements, emissions, and training of staff, among others (see p. 111-113). |
| Economic performance | Compliance on behalf of the company with its function of creating sustainable profitability and generating financial resources for its shareholders (see p. 15-21, 25-47, 72-75 and 124-128). |



Delivery of cement for housing construction in Barranquilla, Colombia

* With the intention of identifying the scope and limits of the material aspects, Argos carried out an analysis both within and outside the company regarding said topics. “Within the company” was defined as the cement, concrete and aggregates business units, while “external or outside the organization” included suppliers, clients and distributors (for details, see GRI table).

Importance of economic, social and environmental impact

As part of the methodology used in the materiality analysis, we linked relevant issues to the company’s risks. In the GRI table that is within the index of this report, the risks that are closely connected with the 12 material aspects of Argos are explained in more detail.

Stakeholders

The value promise for each of our stakeholders and the fundamental issues that we work on from the economic, social and environmental dimensions are included in our Sustainability Policy, which is a part of the strategic axes of the company. Our vision and our value are reflected in this policy, which explains how the company seeks to obtain a balance between the generation of profits, social development and the decrease of its environmental impact, always within a context of good relations with stakeholders and the principles of the Global Compact and of good governance.

G4-20/G4-21 *

Commitments to our stakeholders

| Stakeholders | Commitments |
|----------------------------------|---|
| Employees | The development, safety and wellbeing at work of our human capital, within an organizational culture that has a global mentality that promotes innovation, team work, self-management and environmental awareness. |
| Customers | To be the best possible commercial partner for our clients, by delivering high-quality services and products, according to national and international standards, that are a fundamental part of a productive chain that is responsible towards society and the environment. |
| Environment | The responsible development of our production activities, taking into account the necessity of decreasing or compensating for our environmental impact. |
| Authorities | Compliance with the law and good relations with the government in order to see the country progress. |
| Suppliers and contractors | Building up harmonic and fair relations with our suppliers and contractors, within a responsible production chain, that seeks to promote best practices in terms of labor, social and environmental aspects. |
| Communities | Maintaining good relations with neighboring communities that are influenced by our operations and support their local development. |
| Shareholders | Transparency in terms of information and greater generation of value for our shareholders. |

G4-24



G4-25

We have identified our stakeholders according to the methodology proposed by the AA1000SES tool regarding stakeholder engagement. In accordance with said standard, we selected the individuals or groups of individuals based on the following criteria:

Dependence: Those who depend on our activities, products or services, or those we depend on in order to continue carrying out our operations.

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Responsibility: Those towards whom we have or could have any type of commercial, legal, operational or ethical responsibility.

Closeness: Those who need our immediate attention with regards to financial, economic, social or environmental issues.

Influence: Those who can have an impact on our strategy or decision-making process.

Diversity in perspectives: Those who can help us better understand a situation or identify new opportunities that would not be detected without their help.

After this analysis, we grouped these individuals or groups of individuals that are relevant to our organization into seven categories or groups of shareholders, which allows us to define and monitor the types of relation we have with each one periodically. For each of these groups, we have defined a specific value promise and mechanisms for regular interaction.



Customer of the North West area, Colombia

* For each of these stakeholder groups, there are people within the organization who are permanently dedicated to identifying, prioritizing and interacting with them. Furthermore, we have a special formalized communication channel through which we annually interact with all of our stakeholders, in order to disclose details about our management and to create a space for open dialogue and active participation that allows us to get to know more about their issues and expectations.

We also have a map of relations, which is a tool that allows us to access information about our different stakeholders, that was collected by the people in charge of them and that has been centralized therein.



| Stakeholders | Communication channel and frequency of use | Relevant topics * | Chapter |
|----------------------------------|--|---|---|
| Employees | Annual sustainability dialogues, routine meetings and training sessions, and intranet. Work approach: quality of life at work. | Wellbeing and work and involvement of families. Training. | Human talent management. |
| Customers | Regular commercial surveys (daily), customer satisfaction survey, academic and technical development and training programs, and customer service helpline. Work approach: responsible marketing. | Programming and status of their orders. | Innovation. Transport. Economic sustainability. |
| Environment | Annual sustainability dialogues, routine meetings and training sessions, and internet. Work approach: environmental culture. | Recovery of quarries. Emission of particles. | Environmental sustainability. |
| Authorities | Annual sustainability dialogues and interaction through professional associations. Work approach: public-private alliances and building up of public policies. | Increase of the frequency of communications. | Social sustainability and development of communities. |
| Suppliers and contractors | Annual sustainability dialogues, permanent commercial relations, biannual training sessions and periodic audits. Work approach: responsible supply chain. | Strengthen control in recruitment process. Better accompaniment and communication about changes in policies and structure of the company. Training and accompaniment in environmental and sustainability topics. | Supplier management. |
| Communities | Annual sustainability dialogues, annual calls, frequent telephone calls, appointment of a leader who they can communicate with at all times in the area (sustainability leader), alliances and projects developed jointly. Work approach: social development. | Sharing of environmental achievements. Environmental impact. Development of local suppliers. Job creation in the area. Support for local projects along lines of intervention different than those defined. | Social sustainability and development of communities. |
| Shareholders | Annual ordinary and extraordinary meetings of the Assembly of Shareholders, annual management report, quarterly meetings with potential and current investors, investor relations line, direct contact by phone or through electronic media, quarterly conference calls to present the company's results, and special webpage for investors, among others. Work approach: corporate governance. | Performance of the company in terms of sales volumes, operational efficiency, growth margins and strategies, performance and behavior of markets in which we operate. Corporate governance. External variables that affect the shares' performance and potential for revaluation. | Economic sustainability |



G4-27 *

We were included in the **Dow Jones** Sustainability Index!

1. What is the **Dow Jones** Sustainability Index?

- ▶ The Dow Jones Sustainability Index (DJSI) is a subcategory of the Dow Jones Global Index (DJGI) that is used to measure the performance of the largest companies worldwide with regards to their management of corporate sustainability. This measurement is carried out by the rating agency RobecoSAM, who does an exhaustive analysis of every company that is invited to participate in the study, by the type of industry it belongs to. Every year, the top-scoring 10% of the companies of each sector make up the DJSI World Index.

MEMBER OF
**Dow Jones
Sustainability Indices**
In Collaboration with RobecoSAM

In addition to the DJSI World Index, there are other Dow Jones Sustainability Indexes that were established in order to group the best companies based on geographical criteria. Some countries are, to such purposes, considered emerging markets instead of being included in the geographical indexes. These countries are, therefore, grouped in a separate index called DJSI Emerging Markets for comparison purposes. Colombia is among these countries.

2.



Argos' results

According to the DJSI, Argos is the second most sustainable cement company in the world. For this reason, we received the Silver Class distinction from RobecoSAM. This silver medal is granted to companies whose score falls in a range of a difference of 1% to 5% compared to the best score in the industry.

This Silver Class recognition is published in RobecoSAM's Sustainability Yearbook, in which the companies that showed the best performance in terms of the Dow Jones sustainability measurement have been recorded since 2004.



The results reflect that in six out of the 21 aspects that were evaluated by the Dow Jones Sustainability Index, Argos is the company with the best performance in the Materials and Construction Sector. In eight of them, it obtained a score higher than or equal to the score of the four cement companies that are included in the index as of today. As for the remaining seven aspects, it obtained scores above or equal to the companies of the sector that were invited to participate in the DJSI.

Argos was one of two cement companies that were included in the DJSI Emerging Markets. This means that we are considered one of the 81 companies of these markets that are pioneers in terms of their sustainability practices.

Our results are proof of the commitment of Argos to obtaining a balance between the generation of profitability, respect for the environment and social development, which it believes to be the most essential pillar for guaranteeing any organization's future.

Our company is one of 333 companies and one of only four cement companies in the world to be included in the DJSI World.

Argos obtained an excellent score in all measured aspects. For the social dimension, the company obtained the highest score in the industry. For the environmental dimension, it scored twice as high as the industry's average.



3. Which companies participate?

Each year, the 2,500 companies of the S&P Global Broad Market Index (BMI) that are considered the largest in terms of floating capital are invited to participate in the measuring process that makes up the DJSI World Index. Additionally, some companies are invited to participate solely based on complementary indexes (geographical or emerging markets) based on subsets of the same S&P Global Broad Market Index and in function of their floating capital.

Thus, in 2013, a total of 3,300 companies worldwide were invited to participate. Cementos Argos S.A. and Grupo Argos S.A. were both invited for the DJSI World and for the DJSI Emerging Markets.

4. What is measured?

The Dow Jones Sustainability Index measures the performance of companies across three dimensions: the economic dimension, the environmental dimension and the social dimension. With regards to the topics that are covered, the index evaluates relevant aspects according to the industry.

ECONOMIC DIMENSION

- Corporate governance
- Risk and crisis management
- Code of Conduct
- Transparency
- Anti-corruption
- Competition Policy
- Customer service
- Supply chain management

ENVIRONMENTAL DIMENSION

- Environmental report
- Environmental Management Policy and System
- Operational eco-efficiency
- Biodiversity
- Climate change strategy
- International production standards
- Recycling strategy
- Risks related to water

SOCIAL DIMENSION

- Social report
- Labor practices indicators
- Human rights
- Development of human capital
- Recruitment and retention of talent
- Corporate citizenship and philanthropy
- Occupational Health and Safety
- Interaction with stakeholders



5. Significant Improvements

Argos has been invited to be a part of this measurement since 2009. In 2013, there was evidence of noticeable improvements in all the dimensions that make up sustainability, which resulted in our first-time inclusion in the index. Among the most convincing improvements of our own performance, compared to previous years, our good practices in the following aspects stood out:

- Competition policy
- Code of Conduct
- Compliance
- Anti-corruption
- Bribery
- Operational eco-efficiency
- Climate strategy
- International production standards
- Risks related to water
- Development of human capital and corporate citizenship
- Philanthropy

6. CHALLENGES

Our main challenge is to maintain the high level of performance in social, economic and environmental topics, which is why we were included in the index in the first place. It is not enough to obtain good results: we also have to integrate sustainability into all our operations. We will continue to make decisions by always considering all of our stakeholders, striving towards a balance between the generation of profit, the decrease of our environmental impact and social development. We must intensify our initiatives, not only to stay in the index, but also to be able to be sustainable and generate value for the long term, which are, in the end, the main objectives of our company.



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Corporate governance



5.6.1 Economic sustainability

Governance

For the integrated reform carried out on our Code of Good Governance, the measurement of the performance of our Board of Directors was one of the main topics. The methodology of this analysis was fundamentally changed, as it went from a self-assessment to being evaluated on their performance by an independent, specialized firm, leaving the previously used self-assessment as a mere alternative option in case the external assessment could not be carried out. The new regulations establish that the Board of Directors as a governing body and each of its directors, seen individually, will be

assessed periodically, which can be done in the middle and at the end of the period for which they were elected. The assessment will be carried out by an independent firm, and a summary of conclusions resulting from it will be presented to the General Assembly of Shareholders during the meeting in which the election of the Board is on the agenda.

Performance of the Board

The average attendance of the directors to the Board in 2013 was of 91.96%.

In 2013, in compliance with what is established in the Code of Good Governance, the firm Prospecta was hired to carry out external performance assessment of the



Sogamoso plant, Colombia



Board of Directors of Cementos Argos S.A. This firm, in addition to this performance assessment, also identified strengths and opportunities for improvement for all the aspects that were evaluated, taking the best international practices as a reference. The elements that were assessed by Prospecta were structure/governance, coordination, interaction and focus on strategy, which were subsequently defined as 37 specific performance elements, and were then evaluated in order to obtain a score representing compliance with international standards or best practices on behalf of our Board of Directors. The outcome of the assessment allowed the firm to qualify our Board as a young governance body of superior quality, in which there is an adequate level of compliance with all the aspects that were analyzed. In the score that was given by this third party, the efforts

The average attendance of the directors to the Board in 2013 was of 91.96%.

of the company to redesign the Board and to be a pioneer in terms of corporate governance were highlighted, as well as the fact that it has a solid foundation showing fundamental strengths in terms of team building.

As to the profile of our directors, the assessment emphasized “the necessary optimal mix of skills, complementarity and diversity,” and it also states that this body complies with all the local (Colombian) requisites with regards to the 37 performance elements that were evaluated. Details from the assessment are shown in the following table:

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Nature and number of topics or critical issues taken to the Board of Directors related to environmental, social and economic topics and mechanisms to solve them

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- Integral reform of the Code of Good Governance
- Change of the name and appointment of positions related with sustainability and behavior, as well as the risks associated to them by the Corporate Governance Committee
- Assessment of the Board of Directors and presentation of its results
- DJSI sustainability report





Concrete mixer trucks in Panama

Results of the assessment of the Board of Directors



Cementos Argos

Results of the performance assessment of the Board of Directors by component *
Compliance with international standards

| Component | 90 | 80 | 70 | 60 | 50 | 40 | Main strengths | Opportunities for improvement |
|------------------------|--|----|----|----|----|----|---|--|
| Structure / governance | Composition | | | | | | <ul style="list-style-type: none"> The Board displays an excellent combination of knowledge, skills and experience The Board has a majority of independent members and members cannot be considered independent anymore after 3 consecutive terms | <ul style="list-style-type: none"> Formalize the succession plan for the CEO and top management, following the policies for talent management of Cementos Argos Strengthen the role of independent members |
| | Functions of the Board of Directors | | | | | | <ul style="list-style-type: none"> Members show high levels of commitment towards preparing materials and attendance | <ul style="list-style-type: none"> Adopt a proactive role in terms of the strategic direction of the company Clarify the role of the Board's Chairman Discuss the adoption of the role of Senior Independent Director |
| | Meetings | | | | | | | <ul style="list-style-type: none"> Organize at least one meeting per year of the independent members with the Chairman of the Board Improve communications systems used for meetings that are not face-to-face |
| | Committees | | | | | | <ul style="list-style-type: none"> Committees have an appropriate composition and structure in order to carry out their functions | <ul style="list-style-type: none"> Consider widening the focus of the Corporate Governance Committee Go into more detail in the topics of sustainability, innovation, human talent and risk management Discuss the possibility of creating more spaces to enter into more details about topics and mechanisms that make committees more efficient |
| Coordination | Information | | | | | | <ul style="list-style-type: none"> The Board has induction processes that allow new members to learn about the business Information is complete and qualitative | <ul style="list-style-type: none"> Define clear guidelines for the presentation of information Guarantee that information sent prior to the meetings is timely and has the required content |
| | Communications | | | | | | <ul style="list-style-type: none"> The board has excellent practices in terms of transparency and disclosure of information to stakeholders The Annual Integrated Report is elaborated according to GRI standards, assuring the level of contents and disclosure of information | |
| Interaction | Interaction (participation between members of the Board, between members and the Chairman, between the Chairman and the CEO, and between the Board and the management) | | | | | | <ul style="list-style-type: none"> The Board members have relations based on trust that benefit the building up of collegiality and a participative approach | <ul style="list-style-type: none"> Facilitate the moderation of the discussion on behalf of the Chairman of the Board Favor the construction of joint values through diverging positions of the directors |
| Focus on strategy | Agenda | | | | | | <ul style="list-style-type: none"> The meetings show an adequate balance between follow-up of administrative topics and debates | <ul style="list-style-type: none"> Elaborate a formal action plan, giving priority to strategic topics Empower the Chairman of the board to lead the construction and follow-up of this action plan |
| | Discussion / decision-making | | | | | | <ul style="list-style-type: none"> The Board shows progress in terms of building an open debate culture that maximizes value creation for the company | <ul style="list-style-type: none"> Adopt an active role with regards to generating strategic debates Modify the presentation trends in order to stimulate strategic debate |
| | Strategic goals | | | | | | | <ul style="list-style-type: none"> Participate actively in the formulation of the company's strategy, the elaboration of a formal action plan and the development of key indicators for the follow-up of the Board Increase the level of detail of risk management |

● Score of Cementos Argos ● Average score of the best Colombian Boards of Directors

* Not to scale



Training for the Board of Directors

Argos, well aware of the relevance that the Board of Directors has as a governing body of the company and of the importance to provide its members with a complete context of the organization, has stipulated, in its Code of Good Governance, the implementation of induction and training processes for these directors. To this effect, it has an induction program for new members that must include fundamental topics such as the organizational structure of the company and the functions of each department, the company's by-laws, its Code of Good Governance (with special emphasis on the duties and obligations they have as directors), the composition and functioning of the supporting committees, the action plan of the Board, the corporate strategy, the specific characteristics of the sectors in which the company and its subsidiaries carry out their activities, and the risks that are associated with each of these business units.

Furthermore, it is important to highlight that, according to our Code of Good Governance, the company's management has to design and deploy a training plan for its directors, through which they are kept up-to-date in all the topics related with the company's and its subsidiaries' sustainability, as well as the activities they develop and the risks they face.

In compliance with these requisites, in 2013, the directors visited many branches and plants of Argos in its three regional divisions, where they had the opportunity

to get to know the different production processes and how each of them works in greater detail. The Board members thus visited the projects in Yumbo, Cartagena, Bogotá and Medellín in Colombia, as well as some projects in the operations of Panama and the United States.

Future perspectives

Taking the best practices and the highest international standards as our reference, in 2013, we not only completely revised our Code of Good Governance, but our Board of Directors also authorized the company's management to modify the responsibilities of the Corporate Governance Committee that supports the Board's management, by adding the functions of orientation, monitoring and follow-up of the best practices in the field of sustainability worldwide. As a result of this, the name of this committee changed to Sustainability and Corporate Governance Committee. In 2014, it will fulfill all the functions related to these fields, as well as the ones it has always had, thus strengthening our commitment in terms of sustainability and corporate governance.

Furthermore, seeking the best references for Board of Directors management compared to peers in Colombia and in the world, we hope to continue implementing the annual assessment of this body, so that we can identify opportunities for

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improvement of our position compared to the highest international standards that apply to sustainability and corporate governance, in order to continuously verify whether their adoption is pertinent for our company or not.

Ethics and transparency

The strengthening of our business ethics is something Argos firmly believes in. That is why we base our behavior, policies and procedures on integrity, which is our inspiring principle. This can be synthesized for us as always doing the right thing. With this in mind, lead and monitored by the company's top management and the Business Conduct Committee, we have elaborated the Code of Conduct, as well as the policies that stem from it, among which we can find the Zero Tolerance for Fraud Policy of and the Competition Policy. In order to ensure the understanding and implementation of these guidelines, we have established a communication and training strategy by means of different media, with coverage in all the geographies and regions where we are present.

Thus, with the purpose of adapting our instruments of governance to the highest current standards in terms of corporate ethics and sustainability, we elaborated our Code of Corporate Conduct, which, in 2013, was incorporated into our previously mentioned complete revision of the company's Code of Good Governance. Chapter VI, Section A of this Code establishes that "the company shall have a Code of Corporate Conduct, approved by

the Board of Directors, in which everything related to the behavior that is expected by the company of its directors, managers and, all of its employees. is established, both in terms of internal behavior, with the company, and in terms of external behavior, with all the stakeholders." In order to develop these guidelines, we have defined important documents, such as the Environmental Policy, the Anti-Fraud Policy, the Competition Policy, the Diversity Policy and the Management Manual of Contractors and Suppliers, in which we reiterate our strong commitment towards making all of this a reality and a part of our daily actions.

This Code of Corporate Conduct is a mandatory document that must be complied with by all Argos' directors and employees, as well as those of all its subsidiaries, no matter in which geography, regional division or country they are located. This way, we seek to ensure that relations with suppliers, contractors, clients, shareholders, authorities, communities, and in general, with anyone that has contact with the organization, are covered by guidelines and policies.

* Over the last few years, we have consolidated our Transparency Hotline as an efficient channel to report irregular actions or activities that could arise in the development of business, as well as as a tool for all people who have inquiries about our transparency processes and behavior to express their opinions freely, either directly or anonymously. This line was put in place so that not only colleagues can make use of it, but also so that any third party can take





advantage of this communication channel in the same conditions, thus facilitating claims or complaints on behalf of our stakeholders in Colombia, the United States, Panama, the Dominican Republic and Haiti, by telephone or by e-mail, at the address **lintransparencia@argos.com.co**, from any of the areas where we operate.



Employees at the plant in the Dominican Republic

| 2013 | | | | | | |
|--|--------------------------|---------------------------|---|--|------------|--|
| | Information | | | | 84 | |
| | Conflicts of interest | | | | 55 | |
| Total number of incidents reported to the Transparency Hotline by type | Safety and use of goods | | | | 4 | |
| | Work relations | | | | 42 | |
| | Corruption | | | | 91 | |
| | Total | | | | 276 | |
| 27 cases of previous years were registered in the process of follow-up | | | | | | |
| 2013 | | | | | | |
| | Number of cases reported | Number of cases confirmed | Number of cases in which employees were fired | Number of cases in which employees were sanctioned | | |
| Incidents with corruption | 91 | 28 | 4 | 1 | | |



G4-LA16

Competition

In Argos, we are committed to acting by always taking into account the appropriate management of the relations with stakeholders and competitors, through transparent actions that respect applicable norms. In our Code of Corporate Conduct, we have stated our commitment to free entrepreneurship, assuming the responsibility of fully abiding by laws

regarding competition, anti-monopoly practices and commercial loyalty, which is why we apply our Corporate Competition Policy.

This policy is a guide for the behavior of our employees in the three regional divisions in which we operate that complements our own good judgment and common sense in order to help us adopt actions that seek to maintain the markets in which we participate



In Colombia, Panama and the other countries of Central America, the existence of a Price Committee stands out, in which employees of the financial, legal and commercial departments of the company participate. The role of this committee is to set the prices of cement, applying objective and transparent criteria to carry out this task.



without restrictions and disloyal actions that could imply sanctions or deteriorate business and/or Argos' good image.

Our policy

The Competition Policy seeks to ensure that the participation and behavior of Argos' employees and management, while carrying out their activities, is consistent with the principles on which free and true economic competition is based. These consist, among others, in the protection of healthy trading habits, the honest use of publicity, the free entering and exiting of the market, the free choice of consumers, and loyal competition. The policy reflects our engagement towards free entrepreneurship and the search for efficiency in the markets in which we participate. Along these lines, we assume the responsibility for making autonomous decisions and not taking actions that can harm our clients, suppliers or other industries that are related to our economic activities. Also, we don't use deceitful or fraudulent practices, and we avoid the use of unfair competitive advantages to achieve our goals within markets.

As this policy is a part of or Code of Corporate Conduct, it is constituted within the context of a behavior that must be fully complied with by all the company's employees, no matter in which geography they are located, thus ensuring that said commitment and these statements become an integral part of the Argos culture.



Employees at the Sabanagrande plant, Colombia

Measures to ensure compliance

This policy has been constituted in one of the most relevant behavioral frameworks, not only for the daily actions of our commercial departments, but for all company employees. Compliance with it is monitored by the behavior official of the Internal Audit Department, and communication channels such as the Transparency Hotline have been opened for this purpose. Through it, any person in Colombia, Panama, the Dominican Republic, Haiti or the United States can report cases of incompliance with this policy, as well as any other behavior that is not coherent with the guidelines of the company.

Any person can communicate with the company through the Transparency Line, either through the e-mail lintransparencia@argos.com.co, or on the following telephone numbers in each respective country:



Colombia: 018000522021,

USA: +1 (888) 567-6629

Panamá: 011008001571011

República Dominicana: 18001485009

They can also write the company's behavior officer on: oficialdeconduc@argos.com.co



Every year, the company trains different employees on topics related with competition, seeking the recurring transfer of the information related to these topics, unifying concepts and reiterating the behaviors of the company towards the markets, the authorities and other players in the market that must be checked.

In Colombia, Panama and other countries in Central America, in 2013, we started the training of the sales departments as a part of our training plan, whose scope is until 2014. In the Caribbean and in Central America, we provided training on competition laws, specifically in the operation in the Dominican Republic, and in the International Trading Department of Argos. In the United States, the Legal Department is providing training on competition, in which people of the sales and operations departments are actively participating.



Employees in the Dominican Republic

Future perspectives

We will continue to implement the company's Competition Policy and to ensure that all of our employees know and apply it completely, through the execution of training programs coordinated by the legal department. Also, we hope to start with the internal audits of the Code of Conduct in 2014.

Legal compliance

Regulatory compliance is bound by our Code of Good Governance, which, as we have already mentioned, establishes its purpose as good relations with shareholders, suppliers, authorities, communities and other stakeholders, based on the principle of an organization that goes beyond mere results and the declaration to comply with all laws at all times. For this reason, through different sources, we monitor, analyze and communicate national and local regulations that apply to the organization in terms of environmental, social, product and regulatory restrictions, among others, giving specific instructions to comply with all of them and accompanying all the departments in order to ensure they are understood and applied.

We would like to highlight one of the obligations of the Sustainability and Corporate Governance Committee, which consists of following up on compliance with the Code of Good Governance, with

In 2013, no sanctions were imposed on the company in any of the three regional divisions in which it operates, whether by national or regional authorities, for not complying with regulations regarding environmental issues, consumer protection, corruption, fraud, or any other regulated field, which went over the established limit (USD 5 million).

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the help of the Internal Auditors, within the regulations of the Assembly and the Board of Directors, corporate law matters, and the Environmental and Sustainability Policies defined by the company.

Future perspectives

At Argos, we are aware of our great responsibility as corporate citizens, for which complying with the law is a fundamental and non-negotiable principle for our actions. Our presence in different geographies is challenging in the sense that it obliges us to know the regulations of each country in which we operate in great detail. In many cases, we internally impose practices that are even stricter than legal regulations. Our legal vision forces us to continue updating ourselves continuously on the subject of regulatory matters in each state, as well as to establish policies and processes that are aligned with the law and ensures compliance.

Along these lines, the compliance officer fulfills a fundamental role to reach these objectives. This employee, who, in compliance with stock market regulations, is named by the Board of Directors, is in charge of verifying and analyzing that all the specific procedures designed by the company are being followed, with the purpose of preventing asset laundering and ensuring compliance with applicable

regulations, as well as to elaborate and transmit any pertinent reports. This official is constantly trained in the country and abroad on the latest developments that, in terms of compliance, could be implemented in the organization.

Furthermore, the company has a Manual for the Prevention of Asset Laundering, which describes the instruments that allow us, through the knowledge of investors and through market segmentation, to categorize its operations, detect those that can be considered unusual, determine suspicion, and report them to the Colombian Financial Information and Analysis Unit (Unidad de Información y Análisis Financiero or UIAF), which is a governmental entity that is in charge of centralizing, entering and analyzing data related with operations of asset laundering.

Also, in order to guarantee appropriate knowledge of legislation in effect, the company makes use of information of official publications, published by professional associations, newsletters of specialized firms, academic sources and relevant media. In specific times and with regulated procedures, the norms imposed for each topic by competent legal authorities are analyzed with the intention of determining their impact on the activities of the organization and to make sure they are passed on to the departments that must ensure their application.

Additionally, the organization is implementing a contract management system that allows us to comply with the





desirable control system for this aspect and thus to prepare for compliance with international accounting standards.

Risk management

Risk management in Argos is a fundamental tool to maintain a reasonable level of safety in terms of the achievement of our goals through the development of our strategy and our operations. It is based on the Integrated Risk Management System (IRMS), which is structured along the lines of the ISO 31000 standards (Risk Management – Principles and Guidelines) and of COSO Enterprise Risk Management. IRMS is focused on identifying risks that are relevant to the strategy, processes, projects and installations of the company, to corporate governance, sustainability and the continuity of operations, as well as taking the possible effect on the strategic objectives into account.

Risk governance

Four pillars support the governance framework of the IRMS:

- A Risk Policy that establishes the elements and the general framework for actions, expectations of risk management, risk levels and the responsibility for managing and monitoring risks (regulated in the Matrix of Risk Retention), and the scope of the implemented model. This is complemented with the specific elements that are established in the Integrated Risk Management Manual.

The definition of roles and responsibilities for:

- **The Board of Directors and its Audit and Finance Committee:** the approval of policies, methodologies and measurement criteria, the approval and periodic monitoring of strategic risks, including environmental, social, economic and reputational risks, among others.
- **The CEO and the Directive Committee:** lead the Integrated Risk Management System (IRMS), define, assess, approve and periodically monitor strategic, processes and project risks.
- **Vice presidencies and bodies responsible for process:** identify, manage and report process and project risks, including risks associated with the different stakeholders as established in our Sustainability Policy (shareholders, communities and employees, among others)
- **Risk Management Department:** define methods and models for risk management, accompany the Directive Committee and the business units in identifying and monitoring strategic, processes and project risks, consolidate information and report it to the Audit and Finance Committee, as well as to the CEO and to the Directive Committee.

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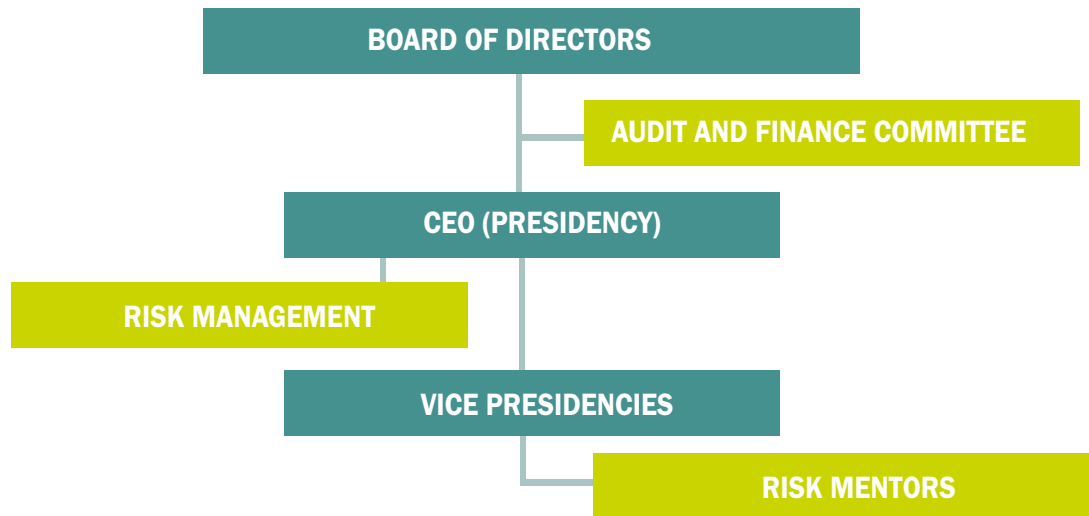




Employee at the Rioclaro plant, Colombia

- **Internal Audit:** assessment of the efficiency and the effectiveness of controls associated with the risks that were identified, ensure IRMS, and make recommendations for the improvement of control and the mitigation of risks.

FRAMEWORK FOR RISK MANAGEMENT



- The purpose of the methodology of the IRMS, which is focused on the application of qualitative and semi-quantitative models, is for risk management to be carried out in a homogenous way across all business units, with the intention of allowing for the consolidation of risks in the corporate risk control dashboard, through the use of our tools (Matrix of Risks and Controls and Control

Dashboard), in which the risks are recorded along with their assessment, causes, controls, indicators and mitigation actions, as defined by the company.

- The cultural element, which is fundamental to achieve the objectives of the risk management model in our company, is constantly strengthened through strategies that are implemented



by the Risk Management Department, with the help of our corporate units, in order to transfer information to primary groups, to offer training and strategies for relations with stakeholders, to publish communications via the intranet, and to develop risk based models, to manage aspects related with biodiversity, human rights, communities, concessions and environmental liabilities.

Development of the risk management model

- The Integrated Risk Management System is to be applied on a strategy, process, project and installation level in Argos and its subsidiaries, across the regions in which we operate. It is lead by the CEO and the Directive Committee. To adequately support their work, the structure of risk management was adjusted in 2013 through the creation of the Risk Management Department, which is in charge of defining methodologies for risk management and supporting the business units with its application, as well as defining channels and strategies to report risks at different levels of the organization. This department is independent from Internal Audit, but both report to the Audit Committee and are directly located under the CEO in the organizational structure.
- With our focus on the application of the model, we are also developing methodologies to monitor specific risks associated with mining rights, treasury investment limit models, risk-based models for the protection of human rights, biodiversity, water and sustainability, and models for the integration of risks into strategic and project planning methodologies.
- Even though the main objective of the risk management model is focused on identifying and managing events that could impede the achievement of objectives, we are aware that it is not possible to mitigate them completely. This is why we have models that allow us to guarantee the continuity of the business through recovery strategies, according to different crisis scenarios with different emergency action plans that allow us to react to unexpected situations. These models take both the IT environments that support the operations and the operational aspects of productive processes into account, with the involvement of communication, resource protection, technology, occupational health and safety (OHS), environmental and sustainability units and those in charge of the operational units.

Future perspectives

We came up with the IRMS as a model that allows us to manage risks that are relevant for our business in a changing environment, according to the development of our strategy. In 2014, together with the Directive Committee and the Board of Directors, we will continue to validate and follow-up on risks, through the use of the Strategic Risks Control Dashboard, the identification of emerging risks, and with the implementation of joint workshops with business units, to keep our risk matrixes and process, project and installation control dashboards consistently updated, through the development of models associated with human rights, biodiversity, water and sustainability, among others, and allow us to consolidate a mature integrated risk management focus. We will also start with the migration to SAP® GRC, which will allow for a greater integration between the processes, governance, risk and compliance models and will facilitate the analysis and follow-up of risks and the consolidation of reports.

Supplier management

Argos' supply chain is made up of suppliers that provide us with goods, supplies and spare parts, raw materials, and production and administrative services. Fifty percent of them are contractors, 25% are suppliers of

goods, spare parts and supplies, and the rest are suppliers of raw materials, technology and fuel. With this variety, in terms of suppliers, we meet the supply needs of the cement and concrete businesses in the three regional divisions where we operate (see tables).

In order to meet the requirements of competition, quality and sustainability, and being consistent with our internal policies, we carry out pre-selection, selection, development, assessment and feedback processes with suppliers, with whom, along with accompaniment and frequent monitoring and audits, we build our relations. Additionally, with this structure, we improve the management of associated risks, guarantee the supply of goods and services, and establish a series of reliable alternatives that guarantee the normal development of the supply process. The way in which we want to relate to our suppliers is described in the Code of Corporate Conduct and in the Contracting Manual. There, we specify the requisites regarding topics such as contracting guidelines, social aspects, human rights and environment.

For Argos, it is a common practice to include suppliers in the programs of operational improvement, in the topics of safety and in environmental aspects, among other topics related to sustainability.

In 2013, there were some minor changes in our Contracting Policy, as a result of changes in the Colombian norms, especially regarding labor and tax issues.

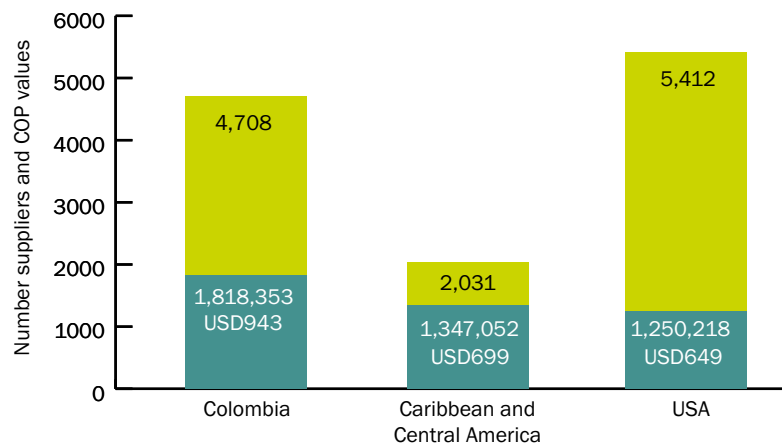


G4-12

G4-13



Number of suppliers vs. value of payment to suppliers



| | | | |
|--|----------------------|----------------------|----------------------|
| ■ Number of suppliers that is related with Argos | 4,708 | 2,031 | 5,412 |
| ■ Value of payments made to suppliers (COP/USD, expressed in millions) | 1,818,353 USD 943 | 1,347,052 USD 699 | 1,250,218 USD 649 |

The total numbers of suppliers is the same as the number of suppliers that are related with Argos, except in the Caribbean and Central American Regional Division.

These changes were supported with accompaniment and training programs for suppliers in multiple cities in Colombia.

Guidelines for suppliers for the accomplishment of their strategy

We have a Code of Corporate Conduct that regulates the behaviors that all the employees of the company must respect when dealing with its stakeholders, including the suppliers. We also have a Contracting Manual that is based on this Code of Corporate Conduct and sections referring

to the guidelines that are contained therein have been established for all the contracts that we sign with suppliers. Both the Code of Corporate Conduct and the Contracting Manual are published on the mini-site for suppliers on our website www.argos.co. There, we describe what we expect in terms of behavior from our suppliers, in topics such as contracting guidelines, management of information, compliance with labor regulations,





Assessment of suppliers – Colombian Regional Division

| Description | Criteria | | | |
|--|---------------|------|-------------------|---------|
| | Environmental | Work | Human development | Society |
| Number of evaluated existing suppliers | 295 | 295 | 295 | 0 |
| Number of suppliers that were assessed as possibly having a negative impact (out of the total that was assessed) | 16 | 16 | 16 | 0 |
| Percentage of suppliers that were assessed as possibly having a negative impact and with whom improvement plans were agreed upon | 100% | 100% | 100% | 0% |
| Percentage of suppliers that were assessed as possibly having a negative impact and with whom contracts were ended | 0% | 0% | 0% | 0% |

G4-EN32, G4-LA14,
G4-S09, G4-HR10

G4-EN33, G4-LA15,
G4-S010, G4-HR11



Assessment of suppliers – Caribbean and Central American Regional Division

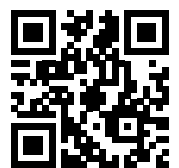
| Description | Criteria | | | |
|--|---------------|------|-------------------|---------|
| | Environmental | Work | Human development | Society |
| Number of evaluated existing suppliers | 29 | 235 | 29 | 0 |
| Number of suppliers that were assessed as possibly having a negative impact (out of the total that was assessed) | 3 | 2 | 1 | 0 |
| Percentage of suppliers that were assessed as possibly having a negative impact and with whom improvement plans were agreed upon | 0% | 50% | 0% | 0% |
| Percentage of suppliers that were assessed as possibly having a negative impact and with whom contracts were ended | 0% | 50% | 0% | 0% |



G4-HR1

Furthermore, at the end of 2013, we started a project along with Massachusetts Institute of Technology (MIT) that seeks to design and elaborate an indicator that measures the sustainability of suppliers.

Video of a supplier



the protection of the rights of their employees, compliance with environmental norms and laws, corporate social responsibility, human rights and compliance with internal contracting policies.

Assessment of suppliers

The pre-selection process of suppliers, which checks the requisites according to criteria that are established in the risk matrix for each segment, allows us to define potential allies and guarantee their compliance. The assessment and audit programs that monitor the evolution of the supplier in terms of service, quality and sustainability are practices that are beneficial for both sides, as they foster relations based on trust and strengthen the supply chain. Additionally, with the intention of maintaining and improving standards that were obtained, we continue to develop the management and monthly monitoring of suppliers, through the Uniform Assessment Recording of the Safety, Occupational Health and Environment Management System, and we are committed to the improvement of aspects regarding the environmental, social and economic sustainability of our providers.

Development of suppliers

The relations with suppliers, the constant monitoring of their evolution and the support in identifying their strengths and opportunities for improvement through

the audit programs all allow us to work together with them in order to improve their performance and guarantee compliance with aspects of sustainability, as well as the conditions required by Argos to become a part of its team of suppliers. The feedback of the results of their assessment and the implementation of action plans for administrative, service and management systems topics strengthens these relations, leads to growth and maximizes the potential of suppliers to make them more competitive in terms of their access to other markets.

Our specialization in terms of processes and the need for high levels of service make us share our best practices with suppliers, and, thus, we help them reach excellent operational standards that guarantee top-quality services. A communications strategy that allows us get to know practices, discuss them and learn from them are the sustainability dialogues with providers, which 123 people attended, and Sustainability Week, which was focused on the central topic of water and our hydric footprint, which 113 suppliers attended.



Employees of GS4, suppliers of security solutions, in Colombia



Future perspectives

We have a chart of risks of suppliers that is aligned to the company's risk management methodology. In it, we have identified the critical segments of sustainability. In 2014, we will carry out the assessment of suppliers once again, taking into account the risk that is associated with each of them, according to what is established in this methodology. Also, thanks to the project that is being developed with MIT, we will be able to measure the performance of these providers in topics related to sustainability, identifying risks associated with them and formulating action plans together. Initially, we will apply these methods with critical suppliers so that, in the near future, we can begin using it with a larger number of suppliers. In the long term, we will incorporate this methodology into the pre-selection processes for new suppliers.

Transport

Transport is a very important link in the supply chain of Argos. This is why the company undertakes actions to develop and strengthen this aspect and obtain a positive balance between the cost and the sustainability of the service for clients, which are a differentiating competitive advantage compared to other players thanks to the following activities:

- Contracts based on operational efficiency
- Creation of loyalty from transporters
- Compensation of loads
- 24-hour rotation of fleets
- Implementation of hook/unhook hubs that bring the product closer to the end customer
- Placement of silos for cement in bulk for customers
- Rates based on the numbers of round trips of the fleet per day
- Dispatching through logistical nodes and end customers in a mechanized way

The service level is 91.3%, which is recognized as being high and evidence of good corporate practices, according to a survey of the independent firm Ipsos Napoleón Franco that was completed in 2013.

The service level in the Colombian Regional Division is of 85.9%, according to the measurement taken in the second quarter of 2013 by the independent firm Ipsos Loyalty, which believes this score is, again, high and evidence of good business practices. With this result, we exceeded our goal, which had been set at 82.5%, because that percentage is the international reference that indicates a customer can be considered satisfied with the service level.

Logistical optimization

Argos constantly monitors variations in the demand, at end-customer satisfaction levels, and inventory levels,





G4-EN30 *

and supply chain plan compliance, as well as the redesigning of them in order to face contingencies and ensure permanent availability of the product and the making fulfillment of deliveries.

The long-term relations that Argos builds up guarantee efficient and safe operations with transporters. The implementation of professionalization and training programs for technical competencies and the development of a road safety model, which has been backed up by the Fund for Road Prevention and developed together with professional transportation associations in Colombia, strengthen the transporters and the service that is given to the end customer.

Argos ensures the correct functioning of its operation and minimizes risks through different activities such as the provision of adequate waiting areas for transporters at plants and dispatching centers, the appropriate assigning of different roles



Sogamoso plant, Colombia

and the centralization of critical processes. These are always aligned to an operational model designed in accordance to the asset laundering prevention system.

Environmental impact of transport *

Transportation is one aspect of our supply chain that has been identified as having a significant environmental impact. One major aspect of this impact is the emission of greenhouse gases (GHG), which have been monitored through a carbon footprint measurement and mitigated through the campaigns to renovate the fleet, with vehicles that use alternative energy sources, as well as the use of efficient driving strategies and adequate maintenance. This is why the carbon footprint measurement was completed for the main transportation operators in Colombia. The conclusion was that there has been a decrease of 13% of CO₂ emissions along the main routes



Transport of bags at the Sabanagrande plant, Colombia



in 2013, compared to 2012. Additionally, we performed tests and assessments of a hybrid vehicle (diesel with electric charge) with a capacity of four tons, which have been operating in Barranquilla since July. Since then, it has driven 8,634 km and transported 1,735 tons of our products, with about 32% less emissions when compared to a conventional vehicle of the same capacity.

Furthermore, in June, we test drove electrical vehicles with a loading capacity of one ton. However, these were considered not adequate for our distribution system, so the search for vehicles that run on alternative energy sources with a larger capacity continues.

Finally, we deployed training campaigns for the hired fleets, on the topic of disposal of dangerous waste due to washing at non-certified places, and we demanded technical and mechanical vehicle updates as a way of mitigating the risk of air pollution due to the generation of particulate matter, gases and vapors.

- The continuous search for clean technologies that can contribute to a reduction of gas emissions.
- The use of different means of transportation, for example 10% of the loads that are currently being transported by land on the routes Belencito-Bogotá and Yumbo-La Tebaida will be transported by river and by railroad.
- The incorporation of high-rotation fleet schedules that allow us to increase productivity.
- The continuous implementation of logistical platforms.
- The use of new, specialized tools, such as turnpike doubles (longer combination vehicles) that allows us to transport a larger load with just one trip, where the road infrastructure of the country allows it.
- The continuous shaping of the network in the most efficient way.



G4-14

5.6.2 Environmental sustainability

Being Green Light challenges us to constantly improve the management of our impact on the environment through our Environmental Policy, which is focused on efforts to prevent, mitigate, correct and compensate for this impact. These guidelines promote eco-efficiency, the protection of biodiversity, the reduction of the effects on climate change, the promotion of initiatives related to sustainable construction, and the strengthening of the environmental element in our corporate culture.



Video Environmental Policy



Future perspectives

The company has numerous plans that will allow us to further optimize our fleet, contributing to the development of countries in an eco-friendly way. These plans include:

Management of environmental impact and externalities

At Argos, we define externalities as the impact that activities have on our different stakeholders that were not agreed upon with them to begin with, or in other words, the impact that represents benefits (positive externalities) or costs (negative externalities) and that were not defined beforehand with the third party.

Thus, we have categorized our main externalities as positive and negative ones:

Positive: job creation and research and development.

Negative: the impact stemming from the removal of land for the activities of extraction of raw materials and the use of fuel, among others.

Managing these externalities helps us to consolidate ourselves as an organization that is transparent and trustworthy towards its stakeholders. Our greatest challenge in terms of incorporating these externalities is in quantifying the impact, reflecting them in the financial results and disclosing them.

Through Educa, our corporate training program, we have come to understand that the creation of human capital leads to a positive externality in our surroundings and even more so when talking about training employees in the protection of the environment. That is why, since the approval of our Environmental Policy, we have elaborated communications and

training plans to strengthen this dimension of sustainability. Thus, in 2013, we managed to offer a total of 6,836 training hours for our employees on the topic of our Environmental Policy and the concepts that are related with it, which will be reflected in the taking of more sustainable decisions, not only within the organization, but also with regards to society.

In our company, we currently have research and development projects running with universities. The results of these are completely public and have a positive impact on the research community in each of our regions. An example of this is the project that we are developing with Universidad de Antioquia, in Colombia, which seeks to isolate and select bacteria that can be beneficial in promoting the rehabilitation of soil or lands that were degraded due to mining activities. The results of these projects will lead to an improvement in the rehabilitation processes in an efficient and integral way. Also, the



Employee at the Harleyville plant, USA



progress achieved can be adopted and adjusted in other mining processes, and the outcomes of these rehabilitation processes will result in benefits for biodiversity and for the communities that are located close to the site of exploitation.

Furthermore, at Argos, we have been identifying and quantifying the environmental impact stemming from the aforementioned activities, such as the removal of soil, and plants, the rehabilitation or recovery of areas that were utilized, and the use of fuel, among others things, for the past three years, to be able to present it under International Financial Reporting Standards (IFRS)

we want to incorporate these externalities into our administration is bound to the implementation of International Financial Reporting Standards (IFRS), which will be adopted for the first time to report the financial results in 2015.

Energy, efficient use of materials and coprocessing

Our production is very intensive in terms of its use of raw materials and energy, which is why one of the pillars of our Environmental Policy is eco-efficiency. Through this pillar, we take actions that are meant to produce more with less resources and with less of an impact on the environment, while still increasing our productivity.

In that regard, we focus our efforts on programs with goals to reduce the use of non-renewable natural resources, through the maximized use of alternative materials, which can normally be byproducts or even waste products of other productive processes, and the optimization of our clinker/cement factor.

As for the rational use of energy, we have been working on systems to manage this integrally, and, in 2013, we approved our Energy Policy, through which we elaborate on plans and projects to optimize our energy consumption.

We hosted 16 Environmental Policy workshop sessions to help our employees understand the purpose of this policy and how every department can contribute to its implementation.

Corporate training program called Building of Experts, trained 430 of our employees on the operational level in environmental management

Sustainability Week, whose central topic was water and our hydric footprint was attended by 1,330 employees

Future perspectives

We will continue deploying communications and training plans on the topic of our Environmental Policy, with the intention of strengthening the environmental element in our organizational culture. Along these lines, we will develop solutions in terms of virtual and face-to-face training for our employees across our three regional divisions. Our biggest challenge is expanding the coverage of said training processes to the other stakeholders, such as neighboring communities, suppliers and contractors, and clients. The way in which



Energy efficiency

In the Colombian Regional Division, we expanded the implementation of the Energy Management System, for our Organizational Excellence Management projects, with a purpose to improve our operational efficiency.

As a result of the expansion of this program, we managed to reduce our purchased electrical energy consumption by 19.8% in 2013.

Improvement of energy efficiency:

The Tolviejo plant continued to use its Integral Energy Management System, achieving savings of 1,883.671KWh in 2013. This year, the system was transferred to other plants in the Colombian Regional Division, and, in 2014, we will start with its implementation in the Caribbean and Central American Regional Division.

At the Rioclaro and Sogamoso plants, we carried out a project of heat recovery and self-generation, which allowed us to reduce coal consumption per kilowatt hour by 6.4% and 9.4%, respectively.

In 2013, two concrete plants in the Colombian Regional Division, started using electromagnetic induction lighting, resulting in a savings of 9.2% in energy consumption, as well as 25.5% of its cost savings at one plant, and 11% and 7.3% at the other plant, compared to the previous year. In the USA Regional Division, we started with the installation and assembly of a vertical mill

at our Harleyville plant, in South Carolina, which begin operating in 2014 and will allows us to reduce our energy consumption per ton of produced cement.

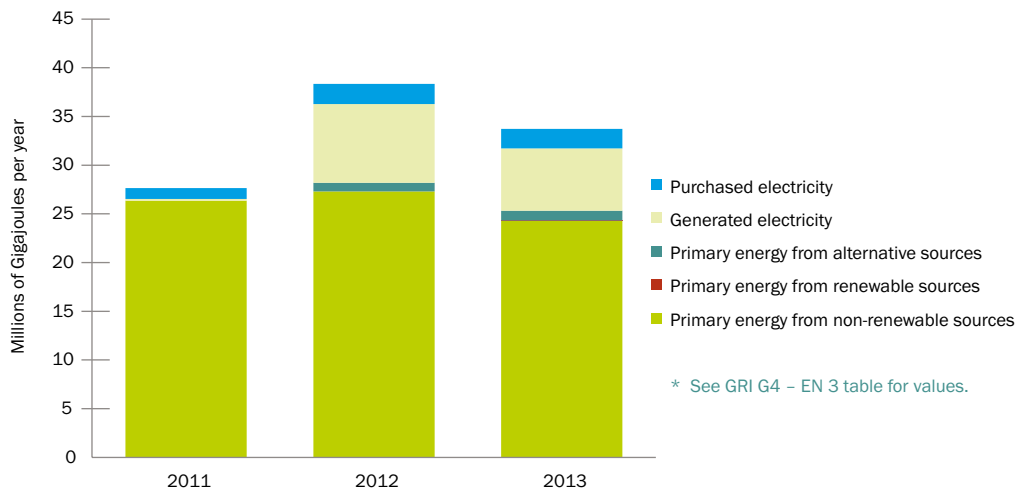
G4-EN6



Vertical mill at the Harleyville plant, USA



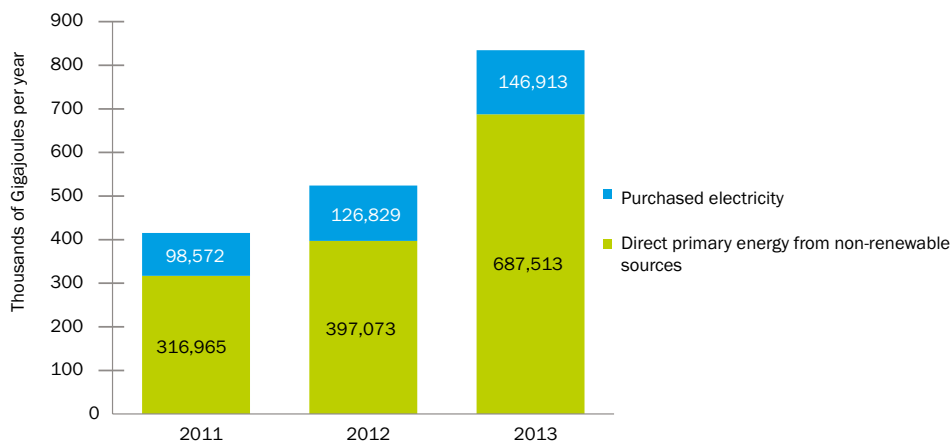
Energy Matrix for cement (in GJ per year)



G4-EN3



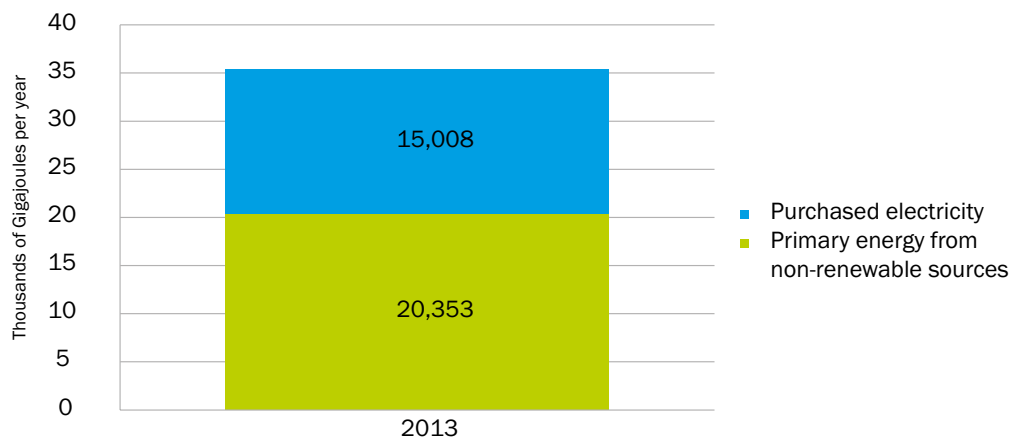
Energy Matrix for concrete (in GJ per year)



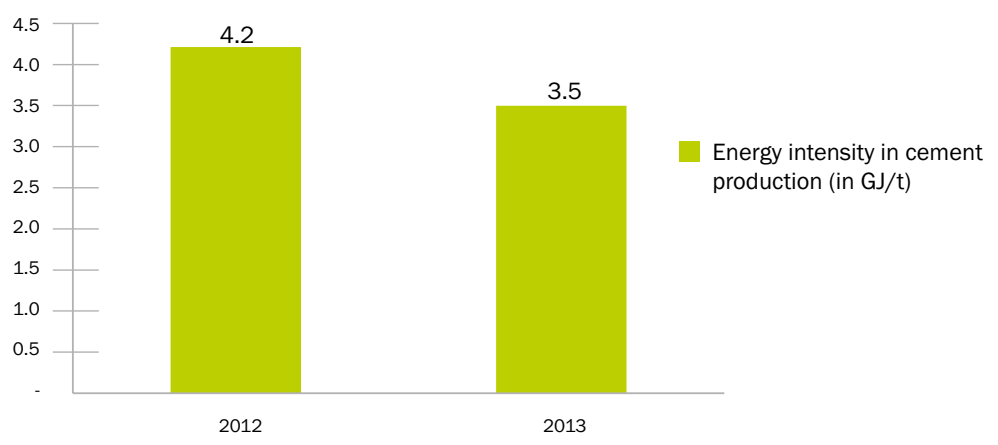


Agalychnis terranova frog in Rioclaro, Colombia

Energy Matrix for aggregates (in GJ per year)



Energy intensity in cement production (GJ/t)



G4-EN5



With the mindset of improving our efficiency, mainly, in the cement and concrete businesses with the use of raw materials derived from non-renewable natural resources, in 2013, 3.3% of our use was recovered materials, which represents an increase of 18% compared to the previous year. Also, throughout 2013, we worked on two lines of action:

- Clinker/cement optimization as a result of the use of additives, as well as the consumption of lime in the grinding process.
- Production process optimization: in the Caribbean and Central American Regional Division, we developed projects at our plants that allowed us to optimize the process and increase the use of recovered materials as additives, for which we made investments of over COP 996 million (USD 517,000).

In order to reduce our consumption of fossil fuels, we have been taking steps to substitute its use with alternative fuels and biomass. As a result, in 2013, we managed to reach 4% of the caloric consumption of the kilns that was provided by alternative fuels (non-hazardous waste in the USA Regional Division and biomass in the Colombian Regional Division).

G4-EN1 and EN 2

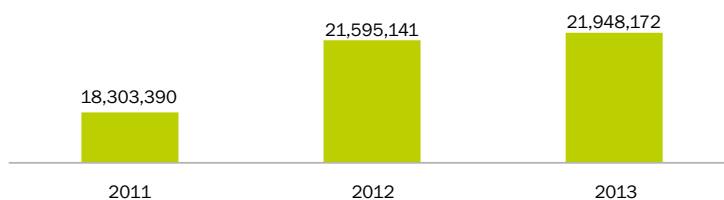
Goal

The goal we have set ourselves is to substitute, by 2022, 7.5% of our caloric consumption of traditional fossil fuels with alternative fuels and biomass for the kilns, taking the figures of 2006 as base for this increase.



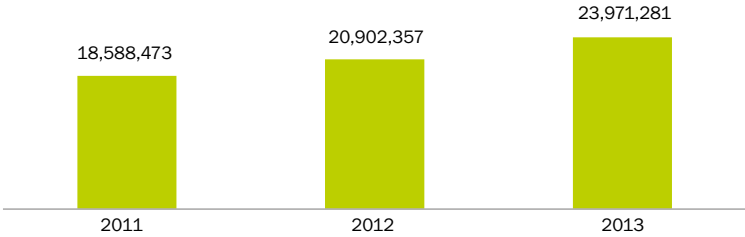
G4-EN1

Materials used for the production of cement (in tons)

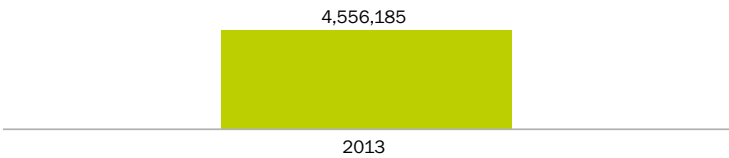




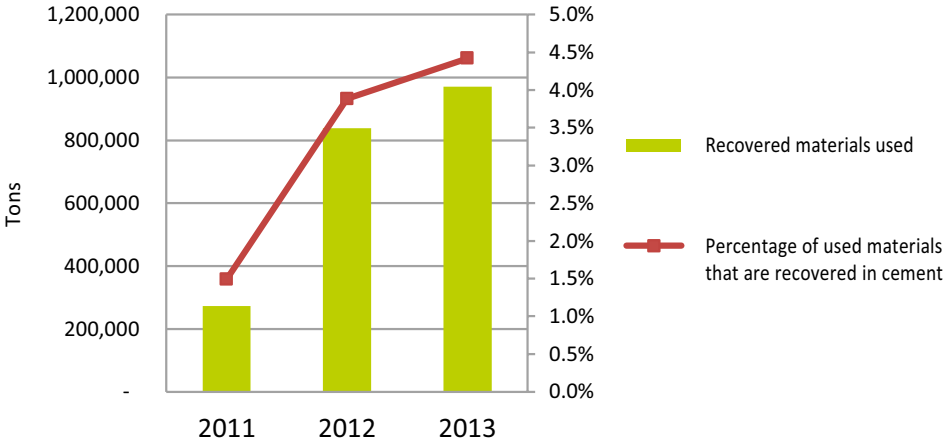
Materials used for the production of concret (in tons)



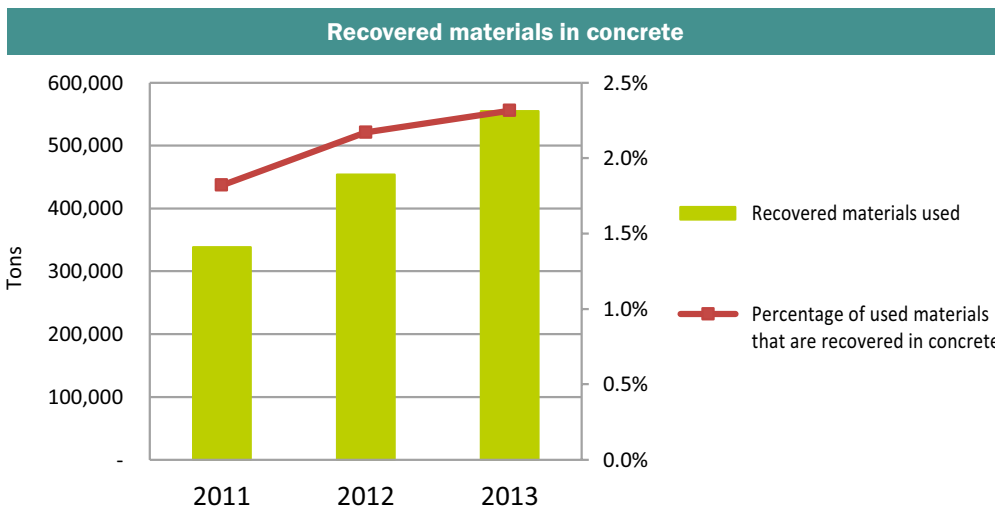
Materials used for the production of concrete (in tons)



Recovered materials in cement



G4-EN2



*** Recycling strategy**

In the concrete business, we progressed towards the partial substitution of aggregates in the concrete mixtures with recycled aggregates, always verifying that quality and durability standards are met. With this in mind, we worked on a pilot project that consisted of the recollection, separation, classification and crushing of construction and demolition debris. We performed lab tests to determine the effects of the use of recycled aggregates on different types of concrete. The initial results of these tests indicated that the recycled aggregates have no negative effect on the concrete's performance. In the second half of 2013, we began with a substituted portion of 10%, which meant the use of 2,217 tons of construction and demolition debris. With this new formulation, throughout 2013, 29,187 cubic meters of concrete were sold, thus decreasing, for this volume, the need to use natural materials.

Future perspectives

In terms of our Energy Policy, in 2014, we will continue working on the validation and approval of the goals for energy efficiency, allowing us to increase productivity.

We will progress with the implementation, in our different geographies, of our Organizational Excellence Management Program, which focuses on the decrease of energy consumption in our processes and the increase of the percentage of substituted raw materials, to improve efficiency and decrease consumption of materials and energy.

G4-EN28*





G4-EN8 and EN10



Goal

We have a continuous commitment to reducing our water consumption per ton of product by 20% by 2022.

Water

At Argos, we are aware that water is a resource that is becoming scarcer and scarcer, as well as less available in terms of quality and quantity for different uses. Given our use of this natural resource, as a main and auxiliary raw material in the production processes of cement, concrete and aggregates, we are fully committed to using it in an efficient and responsible way, integrally managing the risks that are associated with its consumption.



Water sampling at the Harleyville plant, USA

Along this line of thoughts, we have focused our management on two main axes that allow us to conserve this vital resource in the long term, both for the company and for our stakeholders:

- Efficient use of water: through the determination and the measurement of the consumption in our operations and the consistent implementation of reduction measures, which envisions, among other things, the optimization in the processes of water recycling, the decrease of discharges, the reduction of losses and the use of rain water.
- Hydric risk management: through the identification, evaluation and management of these risks.

The consumption of freshwater has a special effect on other environmental indicators, due to the fact that the impact that is generated can vary depending on the geography where said consumption takes place. If the water consumption is registered in regions in which the offer is smaller than the amount that is necessary to meet the needs of the area, it is considered a situation of hydric stress.

This is why we have taken the steps to identify, assess and manage the hydric risks of all our operations, with our priority being the plants that are located in hydric-stress areas.

In order to identify these, we have been using the Global Water Tool (created by



the WBCSD) since 2010, which, through the location of our operations, allows us to get figures on the degree of availability of water of each of the regions in which we operate. In our last analysis, we were able to determine that, out of the 235 concrete and cement plants that were assessed (which was 95.4% of the total amount of plants), 3% are located in areas of extreme water scarcity. More specifically, they include the operations of the cement plants in Toluviejo, Cina, the Dominican Republic and the concrete plants of Bayunca, Mamonal and Cina.

For the management of these risks, in the Colombian Regional Division, we have been developing a project called Suizagua Colombia 2, in cooperation with the National Center of Cleaner Production (Centro Nacional de Producción Más Limpia) and the Swiss Agency for Development

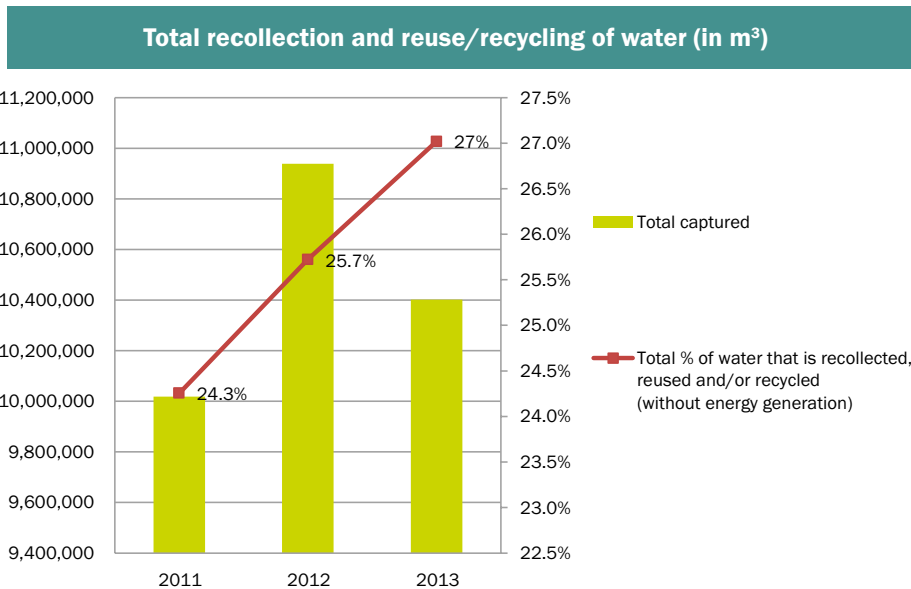
and Cooperation. In 2013, we measured our blue hydric footprint, which refers to the amount of consumed freshwater that comes from superficial our subterranean sources, which will allow us to think of options to improve the reduction of said resources. Likewise, we progressed in terms of social responsibility programs related to this project, in which we have included environmental education with regards to care for water and the identification of hydro sanitary infrastructure projects that will improve the quality of life of these communities.

In the Caribbean and Central American Regional Division, for its part, we started created Integral Water Management Plans, which we will begin executing in 2014, with special emphasis on the begin executing located in regions with extreme water scarcity.

In 2013, at the concrete plant in Barranquilla, we implemented a pilot project to capture humidity from the air and to use this to produce freshwater that is suitable for human consumption, allowing us to substitute the supply of water containers with this water, at a cost that is nine times lower.



G4-EN8 and EN10





Protection of biodiversity at the plant in Panama



Future perspectives

In 2014, in order to progress in terms of the management of hydric risks, along with the intention of updating our risk assessment, identifying new opportunities and elaborating management plans related to the use of water, the new Global Water Tool will be used and, tailored to the cement process. In addition to that, plants located in areas of extreme water scarcity will be analyzed using the GEMI Local Water Tool (which was also created by the WBCSD) in order to identify additional elements that could contribute to the continuous improvement of our organization.

G4-EC2

Climate change and emissions

Recognizing that our activities are very intensive in terms of the generation of carbon dioxide emissions (CO₂) and other contaminating agents other than greenhouse gases (GHG), due to the production of cement, concrete and aggregates, the generation and consumption of energy, the transportation of raw materials and of the finished product, and in general, all along our value chain, we focus our efforts on measuring and reducing emissions, with emphasis on the substitution of fossil fuels as well as, the updating of technology and innovation in terms of processes and

products, thereby leading to increased competitiveness. At a global level, the risks related to climate change are now recognized from two points of view: the regulatory one and the one associated with changes in climate parameters. At Argos, we understand that the most significant risk, from the regulatory point of view, is associated with the imposition of a carbon tax for emissions of greenhouse gases (GHG) in the geographies where we are present. This is why we have established our emphasis on measuring and reducing emissions and increasing eco-efficiency as our main ways of minimizing this impact, along with a strategy of innovation that is focused on these aspects. In total, we estimate our investment in these lines of work at about USD 10 million per year, while we estimate that the financial implications of these risks before we took any type of action was of about USD 150 million, which could have materialized over the coming five to ten years.

On the other hand, the industry's opportunities with regards to climate change are associated with the reduction of CO₂ emissions through the increase of the efficiency of our operations and pursuing changes in terms of fuel, for example, by substituting coal for fuels that produce less CO₂, such as natural gas. As an example, in one of the plants in Colombia, we invested USD 400,000 in 2013 and managed to reduce our emissions by 290,000 tons of CO₂.



*** GHG emissions**

At Argos, we continuously work on measuring and reducing the emission of CO₂, recognizing it is one of the main emissions stemming from our activities. Making good on this promise requires us to progress in terms of the measurement of our emissions, which, in turn, allows us to monitor any progress being made in reducing it and to have information that aids in identifying opportunities for improvement in our processes. To this effect, we have taken actions all along our value chain,

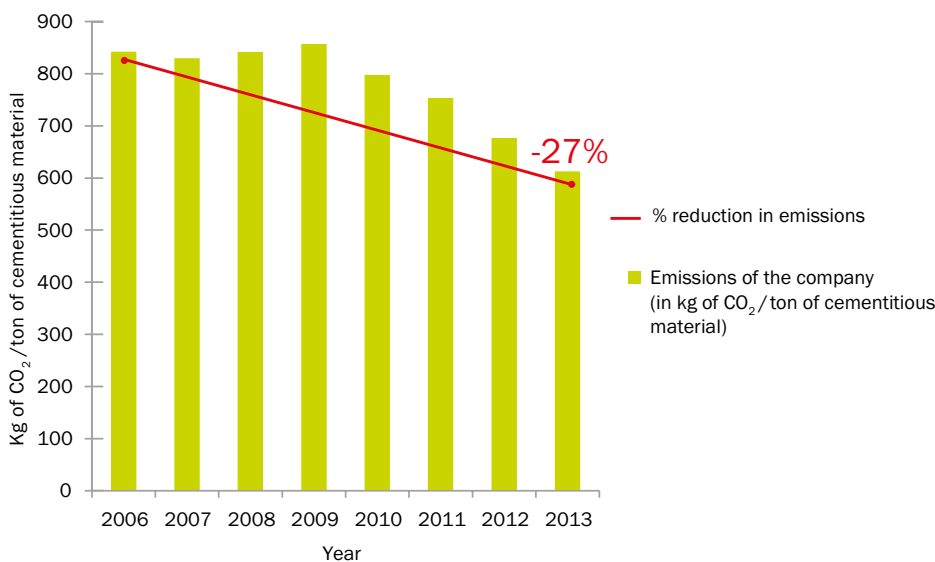
with emphasis on our fuel situation and on innovation of our processes and products.

In this regard, we have been working on the achievement of the goals we set, reaching net emissions of 613 kg of CO₂ per ton of cementitious material for 2013, which represents a drop of 27% compared to emissions in 2006 (base year), which were of 843 kg of CO₂ per ton of cementitious material.

G4-EN15/EN16 *



Specific net emissions of CO₂



G4-EN18 / EN19





Development and implementation of a tool to calculate Scope 3 emissions: we continue to calculate our direct and indirect emissions (Scope 1 and 2) and, in our Colombian Regional Division, we developed and implemented a tool to calculate GHG emissions generated during the transportation of raw materials and the distribution of cement. This tool was given to the company's main logistics suppliers as a way to progress in the calculation of Scope 3 emissions.

Use of cleaner fossil fuels: In the Colombian Regional Division, we continue to use natural gas for the kilns at our in Sabanagrande, Toluviejo and Cartagena operations. Also, at the Yumbo plant, we have started replacing coal with this alternative fuel. The combustion of natural gas accounts for 78% of the energy being used for the kilns of these plants, while 22% comes from coal, which lead to a reduction of total direct CO₂ emissions by said plants of about 36% compared to 2012.

G4-EN17 *



Cartagena plant, Colombia

* The Scope 3 emissions, which correspond to the transportation of raw materials for the production of cement and to the transportation of the finished product, have been calculated for the Colombian Regional Divisions for the years (2011, 2012 and 2013), which stood at 117,514, 101,975 and 99,299 tons of CO₂ per year, respectively. For these calculations, we used the methodology of the International Organization for Standards ISO 14064-1, the Green House Gas Protocol of the WBCSD, the WRI (Corporate Accounting and Reporting Standard), and the CO₂ and Energy Accounting and Reporting Standard for the Cement Industry (WBCSD - CSI). The emission ratios for the burning of fossil fuels were taken from the table of Colombian Fuel Emission (Factores de Emisión para los Combustibles Colombianos or FECOC, created by ACEFYN Bogotá & UPME in 2003). Additionally, the emissions of methane (CH₄) and of nitrogen dioxide (NO₂), stemming from the burning of fuel



were calculated, using the emission factors published by the Department for Environment, Food and Rural Affairs (DEFRA). The yield of different types of fuel is assigned depending on the type and model of vehicle.

Emissions of non-GHG *

At Argos, we are also committed to the measurement and reduction of non-GHG emissions, which is why we are investing in new monitoring systems for our production systems, and we have progressed in technological updates of our emissions control systems. For this reason, we performed a minimum of one measurement per year at each installation, and we managed to implement continuous emissions monitoring systems for 70% of our clinker production. With regards to

the improvement and the updating of the emissions control systems, in the Colombian Regional Division, there was significant progress in terms of compliance with clean technology restructuring agreements signed with environmental authorities, with an investment of close to USD 2 million for the improvement of these emissions control systems. This allowed us to reduce total emissions at the cement operations by 13% for particulate matter (PM) and by 33% for sulfur dioxide (SO₂), compared to emissions in 2012.

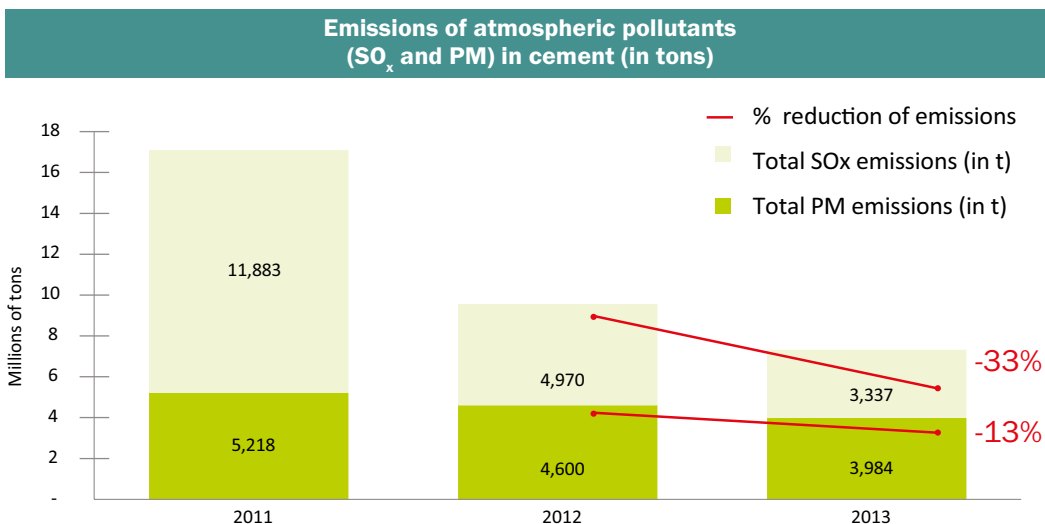
In the Caribbean and Central American Regional Division, we made investments totaling over COP 1 billion (USD 520,000) for the improvement of particulate matter emissions control systems.

G4-EN21 *



Goal

Our goal for 2022 is to reduce specific emissions (kg/ton of clinker) of particulate matter by 49% and of sulfur oxides (SO_x) by 62%.





Preparation area for alternative fuel at the Roberta plant, USA



Disclosing of information related with GHG emissions

* Given the importance of making this information public, we continue to report it in a public data base that is administrated by the Cement Sustainability Initiative (CSI), which publishes data on CO₂ emissions and energy consumption of cement companies that join this initiative on a voluntary basis. It is known as Getting the Numbers Right (GNR).

Fuel substitution

* Fossil fuels: In November 2013, we started with the substitution of coal and natural gas by rice husks, through which we expect to avoid emissions of the equivalent of about 10,700 tons of CO₂ per year. This GHG emissions reduction project was presented to the Colombian Ministry of Environmental Affairs and Sustainable Development in order to gain approval at the national level and opt for the Clean Development Mechanism (CDM).



Future perspectives

In compliance with our Environmental Policy, we will continue to work on activities to measure and reduce our emissions:

- In the measurement of GHG, we will continue to make progress in the identification of all the activities of our operation that generate indirect emissions, corresponding to Scope 3, and we will begin the external audit process of all our direct and indirect emissions.
- With regards to non-GHG emissions, we will expand the reach of our inventory in order to verify the effectiveness and the progress of the emissions reduction strategies and establish reduction goals for new pollutants, starting by nitrogen oxides (NO_x). Concurrently, we will continue following up on the reduction of sulfur oxides and particulate matter emissions.



- Our efforts, in terms of emissions reduction, will continue to be based on the products' life cycle, with strategies such as the increase of the substitution of fuel, substitution clinker/cement reduction, the increase of the recycling of waste and the optimization of our supply chain.

Biodiversity

We recognize the importance of biodiversity, its meaning, and how the offer of goods and services depends on it. In addition, we recognize its influence on climate change and on land and water resources, both for our operations and for the general wellbeing of all our stakeholders. Thus, at Argos, we are aware of the direct impact that we have on the landscape and on ecosystems, which is why we carry out Environmental Impact Studies in which we assess this impact and formulate strategies to manage it.

With the foundation of biodiversity in our Environmental Policy as a starting point, we establish alliances with other entities whose purpose it is to promote and protect biological diversity; we incentivize the implementation of best practices for the rehabilitation of areas that were affected; and we identify areas that have a high value in terms of biodiversity, which allows us to reduce the risk of having a negative impact on them. Thus, we stay committed to the present, but we are also looking towards the future.

Rehabilitation, which should be defined as all of the activities that lead to the reestablishment of the functionality of an ecosystem that has been altered, is a continuous challenge in our biodiversity management.

With the purpose of optimizing our rehabilitation processes in ecosystems that we inhabit, at Argos, we research alternatives for ecological restoration and rehabilitation of soils that were degraded by mining activities.

Some outstanding examples of these initiatives are the evaluation of a restoration model at Canteras de Colombia (Girardota, Antioquia) and the research, together with Universidad de Antioquia, into bacteria that stimulate vegetation growth for the rehabilitation of degraded soil. We are also working on the creation of a general model for the development of closing or exit plans for all of our operations, which will allow us to adopt the best restoration strategies for the ecosystems that we inhabited.

Additionally, we continue to progress in terms of compliance with the programs of the biodiversity pillar of Argos' Environmental Policy. In 2013, 310 hectares of land that were released by mining operations were in the process of rehabilitation. As for the quarries that are in operation, 52% of them already have their respective established closing plan.

Goal

By 2022, 80% of our active quarries shall have an established closing plan and 70% of the land that was intervened in and that was released for uses other than mining activities will be in the process of rehabilitation.





| Environmental Policy – Number and percentage of active quarries that have an established closing plan (CSI – Local Impact Indicator) | | | |
|--|---------------------------------|---|--|
| Regional Division | Total number of active quarries | Total number of active quarries that have an established closing plan | % of active quarries that have an established closing plan |
| Colombia | 36 | 18 | 50% |
| Caribbean | 3 | 1 | 33% |
| USA | 5 | 4 | 80% |
| TOTAL | 44 | 23 | 52% |

| Environmental Policy – Areas that were intervened in and then rehabilitated at mines | | | |
|--|--|--|---|
| Regional Division | Total areas intervened in and released throughout all active quarries - (ha) | Total area that has been rehabilitated throughout all active quarries - (ha) | % of areas that were intervened in and released that have been rehabilitated throughout all active quarries |
| Colombia | 141.8 | 71.1 | 50% |
| Caribbean | 7.9 | 7.9 | 100% |
| USA | 160.9 | 0.0 | 0% |



With the Environmental Impact Studies, which include the components of flora and fauna, we continue to work on the assessment of our impacts on biodiversity and its risks, categorizing species that have ecological relevance, due to their functionality in ecosystems, their intrinsic value, rarity or vulnerability according to the red list of the International Union for the Conservation of Nature (IUCN).

Depending on its conditions, we have carried out detailed studies that have allowed us to formulate management strategies for each of these species. Along with this process, we have found allies in our areas of influence and with them, we have conducted studies that allow us to identify these management opportunities.

Among these allies, there is the Smithsonian Institute, but also, for example, the Wildlife Habitat Council. With the former, we signed an agreement to carry out studies that will help us establish the conservation plan for areas with a high importance for biodiversity, close to the cement plant in Panama. Furthermore, with the latter, in

the USA Regional Division, we continue to work on the Bluebird Habitat project, whose purpose is the conservation and promotion of bird habitats, and on the Butterfly Garden project, which seeks to establish native vegetation species that function as a habitat for butterflies. These two latter initiatives were taken at the plants in Roberta and Atlanta, and for those initiatives, they received the Wildlife At Work recognition from this same entity.

Between 2012 and 2013, in the Colombian Regional Division, we carried out population studies of the *Agalychnis terranova* frog, which is a new species, identified as local to the area of influence of the Rioclaro mine, thanks to which we have established management strategies that will allow this species to endure by relocating it to similar ecosystems that will not be intervened in by our mining operations.

Finally, we continue to progress with the creation of indicators that helps us manage biodiversity, and we use the ones proposed by the Cement Sustainability Initiative and the Global Reporting Initiative.



Protection of biodiversity at the plant in Panama



Process of rehabilitation of soil and restoration of ecosystems in Girardota, Colombia



CSI – Number and percentage of quarries with a high value in terms of biodiversity

| Regional Division | Number of active quarries located within, next to, or containing protected areas or areas with a high value in terms of biodiversity | % of active quarries located within, next to, or containing protected areas or areas with a high value in terms of biodiversity |
|-------------------|--|---|
| Colombia | 24 | 67% |
| Caribbean | 1 | 33% |
| USA | 0 | 0% |
| TOTAL | 25 | 57% |

CSI – Number and percentage of quarries with biodiversity management plan

| Regional Division | Number of active quarries located within, next to, or containing protected areas or areas with a high value in terms of biodiversity | Number of active quarries with a high value in terms of biodiversity in which there is a Biodiversity Management Plan | % of active quarries with a high value in terms of biodiversity in which there is a Biodiversity Management Plan |
|-------------------|--|---|--|
| Colombia | 24 | 5 | 21% |
| Caribbean | 1 | 0 | 0% |
| USA | 0 | 0 | 0% |
| TOTAL | 25 | 5 | 20% |



Rehabilitation of soil degraded by mining activities:

The progress seen in the research project that the company carried out together with Universidad de Antioquia, in Colombia, for the rehabilitation of soils that have been degraded by mining activities through the use of bacteria to stimulate growth, has allowed us to identify 26 promising strains that were isolated from soil that had been disturbed by our activities, which will allow us to take actions to improve our soil rehabilitation processes.

Ecologic restoration model:

We assessed the ecological restoration model that was implemented in 2012 by Canteras de Colombia (Girardota, Antioquia), from where we took information that was relevant for the adaptation and development of the vegetation material that was used, as well as the results of research with bacteria to stimulate growth, in order to incorporate them into our rehabilitation models.

Use of clinker dust as a soil conditioner

At the second Argos Innovation Summit, we presented the results of the first stage of the assessment of clinker dust as a soil conditioner, which were very promising, and we developed the second stage of this assessment with Universidad Nacional de Colombia, whose objective it is to elaborate the technical data sheet for the use of clinker dust.

Future perspectives

At Argos, we continue to commit to the management of biodiversity. With this in mind, we will prioritize action plans to reach a goal of 70% rehabilitation of the areas in which we have finished operations, through activities that include recollecting, spreading and planting of native species.

We will continue to work on the development of Biodiversity Management Plans, in which we will establish guidelines for the correct management in all of the regions where we operate, focused on the relocation of river otters (*Lontra longicaudis*), present in Canteras de Colombia (Girardota, Antioquia) and frogs (*Agalychnis terranova*) at the mine in Rioclaro.

Sustainable construction

With the intention of offering solutions with added value to customers and aligned with the pillar of sustainable construction of our Environmental Policy, we take actions that seek to minimize the environmental impact of products all throughout their life cycle. In order to do this, we worked on the following aspects:

- The analysis of the life cycle of the product, which means to measure the environmental impacts generated along the supply chain, starting with the obtaining of raw materials and ending with the delivery to the customer, which allows us to identify opportunities





for improvement to become more competitive and meet the needs of the market in terms of sustainability. Also, we will complement the actions that we have been taking with the strategy to measure and reduce our carbon and hydric footprints.

- Research and development of new products and applications with a smaller environmental impact and higher added value for our customer, with the intention of meeting needs and contributing to the development of sustainable construction in the geographies where we are present.

* In 2013, we finished the pilot project of life cycle analysis for new types of concrete and for four types of cement, with a scope that covered everything, from the extraction of the raw materials to the delivery of the product to our clients, for which we invested close to COP 600 million (USD 312,000) (see infographic on the next page).

This project allowed us to not only to adapt the methodology to our company's characteristics, but also to assess different environmental impacts, such as climate change, energy consumption and water consumption, among others, and to identify opportunities for environmental improvement through the comparison of environmental impacts of our products in the company's three regional divisions.

Future perspectives

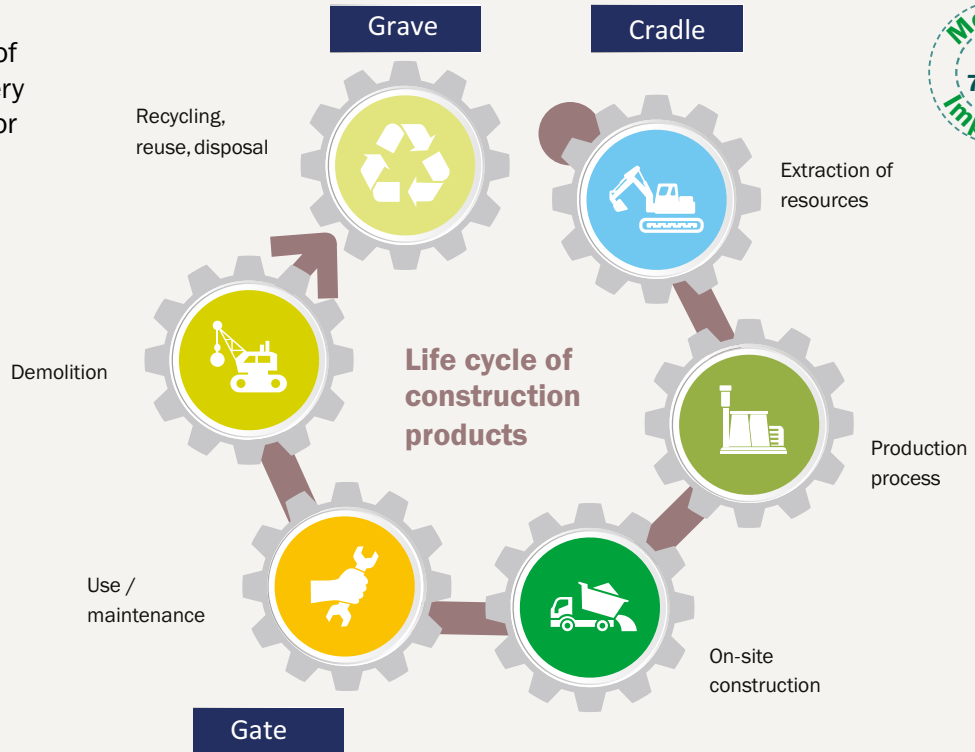
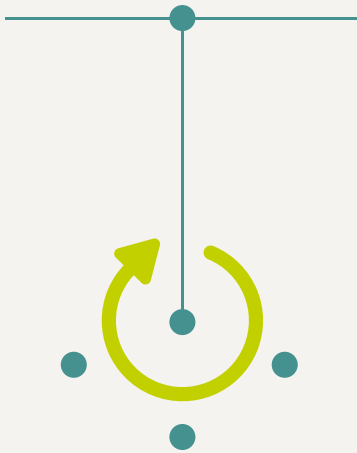
As for the development of the pillar of sustainable construction, we will continue to progressively advance in the analysis of the life cycle of all the new products that we develop, so that the products that we offer have a lower environmental impact, and we will publish reliable and verified information that will allow our customers to show the environmental impact of their construction projects in order to get access to environmental accreditations.

With the intention of contributing to the reduction of environmental impacts that are generated during the application of our products, in 2014, we will start creating manuals with good practices for the sustainable use of concrete and cementitious materials, through which, additionally, we will contribute to the promise Argos makes to its clients, about being responsible towards society and the environment.

We will continue to work on research and development of new product and applications with higher added value for our customers, meeting needs and contributing to the promotion of sustainable construction, for which, in 2014, we will continue to develop Value Added Specialty Products (VASP).

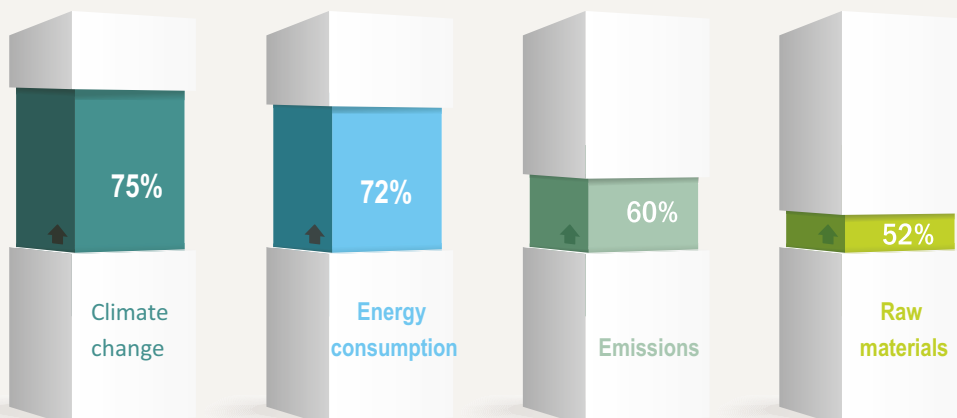
Life Cycle Analysis

In 2013, we finished the pilot project of Life Cycle Analysis for new types of concrete and four types of cement, with a scope that went from the extraction of the raw materials to the delivery of the product to our clients, for which we invested a total of close to USD 312,000.



This project allowed us not only to adapt the methodology to our company's characteristics, but also to assess different environmental impacts, such as climate change, energy consumption and water consumption, among others, and to identify opportunities for environmental improvement through the comparison of environmental impacts of our products in the company's three regional divisions.

Relative impacts and score



In 2014, we will carry out the Life Cycle Analysis for other products, and we will begin with external verification of its results in order to offer our clients, through **technical environmental data sheets, quantified and verified information** on the environmental impacts of our products.



Employees at the plant in the Dominican Republic



Furthermore, we will continue to work on research and development of products whose performance could be improved, meeting needs in terms of comfort and bioclimatic and environmental performance and making them more energy-efficient. For more information about the projects that are focused on reducing the environmental impact of our products, see the section on innovation.

5.6.3 Social sustainability

Occupational health and safety

The purpose of Argos' Occupational Health and Safety Program is for all its employees to return home safe and sound. In order to achieve this, the company has designed a management system that works on two aspects: the control of risks in operations and the creation of a caring culture. For its control, two matrixes were created: in the first one, all the risks that could lead to an accident or cause a work-related illness are identified, qualified and prioritized, and in the second, standards for high-risk tasks are identified, qualified and defined. Then, all the employees that carry out tasks at heights, in extreme temperatures, confined spaces, that require heavy lifting, or that work with potentially-dangerous energy sources are trained.

Argos works on the management of the health and safety of its employees and complies with all regulations in each of the countries where it operates.

Argos takes and such as technical training, first aid training and health campaigns, to involve its contractors, suppliers and employees with health and safety.

Through the use of campaigns, we have accomplished high levels of awareness in terms of caring for one's health, both individual and collective. At Argos, there are no uncontrolled activities or tasks. "Let's take care of ourselves" is the tagline through which employees are consistently reminded of these principles. In the company, we can all report conditions, behaviors or work incidents. To this effect, all the plants have designated boxes with reports, which can be filled out by anyone that is at the site of the operations, whether they are employees or visitors. This system promotes the participation and involvement of everyone.

The Occupational Health and Safety Program is implemented in two main categories: awareness or training, which we support through the "Let's take care of ourselves," campaign documentation which is supported by documents, manuals and forms that contain instructions to control risks and manage the execution of high-risk tasks.

The campaign "Let's take care of ourselves" develops the following activities:

- Five minutes for health at work
- Safety reports (participation of all workers)
- Training of safety leaders
- Safety and sense of life



Through “Let’s take care of ourselves,” at Argos, we have trained more than 1,000 employees as leaders who manage behavior, who through their example and through assertive conversations at the operations, and encouraging and reinforcing staff to adopt safe behaviors. Over the five years during which we have been developing this strategy, the company has been able to decrease the number of accidents dramatically.

The technical component is based on the following internal manuals:

- Prevention of work accidents
- Prevention of occupational illnesses
- Prevention of emergencies

Training and strategies

Training is the main tool used to become a safe and healthy organization. All the employees of the company receive an introduction to and additional training on the basic components of the OHS Management System (OHS Policy, identification and control of risks, organization and cleaning, management of incidents and accidents and behavioral changes). Through these, the human talent of the company learns to qualify and prioritize risk control, depending on consequences, probabilities and exposure. Furthermore, they are trained to carry out safety inspections and to manage high-risk tasks. For this training, the company uses e-learning tools and face-to-face training activities.



| Description | 2011 | 2012 | 2013 | Comments |
|---|------|------|------|---|
| Percentage of the total workforce that is represented in committees | 100 | 100 | 100 | OHS Committee (three regional divisions), Coexistence at Work Committee (Colombian Regional Division) |

G4-LA5



Employees at the Tolúviejo plant, Colombia



Each branch of Argos has brigades or response teams that are trained in extinguishing fires, first aid and emergency management.

There are agreements with unions in order to strengthen our OHSMS at our different operations, as is shown in the following table:

G4-LA8

| Topic | Regional Division | 2013 | | Comments |
|--|-------------------------------|------------------|--------------------|---|
| | | OHS (OHS Policy) | Work inability aid | |
| Percentage and type of agreements in place with unions | Colombia | 100% | 100% | Of the two collective bargaining agreements, these two types of agreement are in place for all. There are agreements with: <ul style="list-style-type: none"> • Three cement unions (Sutimac, Sintrargos and Sintraceargos) • One concrete union: Sutimac |
| | US | 100% | | Two collective bargaining agreements: <ul style="list-style-type: none"> • Roberta plant • Harleyville plant Both have been signed with United Steel Workers. They included a section dedicated to occupational safety and health (for the Roberta plant, Section 3.4 and for the Harleyville plant, Section 12.01) |
| | Caribbean and Central America | 100% | | Collective bargaining agreements: <ul style="list-style-type: none"> • Panama (one for cement and another one for concrete) • Honduras • Antilles: Saint Thomas, Dominica and Surinam |

* See GRI table for more details

Health, hygiene and wellbeing practices

At Argos, we understand that health is much more than the absence of an illness: it is a balance of mental, physical, social and emotional factors.

This is why we work hard on promoting a culture of self-care among all our

employees, in which we recognize that safety is a sense of life. To this end, from the Human Resources Department, initiatives are taken in to promote and prevent health issues. On a monthly basis, we invite experts for workshops, in which our employees can partake or get a consultation online.





Also, we encourage general medical check-ups in order to timely identify any issues and receive necessary recommendations for their treatment. In 2013, we worked on three main topics regarding health: prevention of contagious diseases, cardiovascular conditions and cancer. Together with the Communications Department, we established a schedule for publications in the company's media in order to promote a healthy life and work balance.

We are proud:

For the first time since the integration of the three regional divisions, we managed to comply with the goals set in terms of the Frequency Rate (FR) and the Severity Rate (SR) of accidents, which we had established at 3.6 and 88 respectively. Argos' results in 2013 were, for the FR, 3.3, and for the SR, 57.2.

This shows how we continue to progress in terms of the alignment to the average of cement companies that have joined the Cement Sustainability Initiative (CSI) for the FR, which is 3.1, and that we score better than the average for the SR, which is 101.

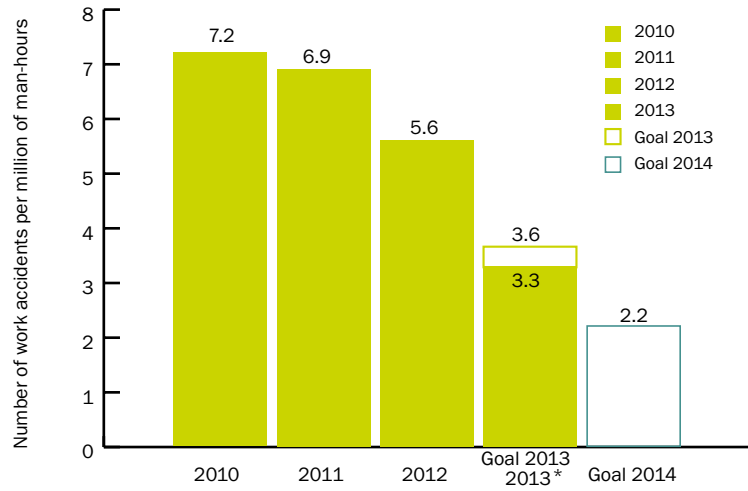


Employee at the Sogamoso plant, Colombia

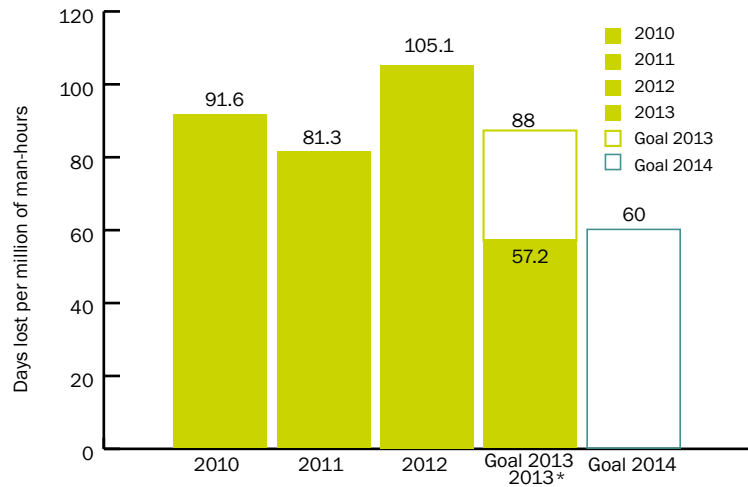


G4-LA6

Frequency rate



Severity rate



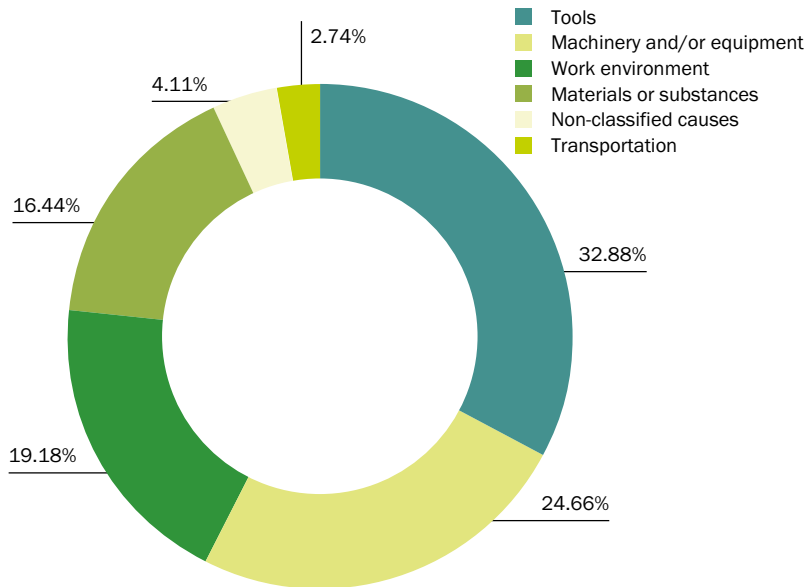
| Year | 2009 | | 2010 | | 2011 | | 2012 | | 2013 * | |
|--|-----------|----------|-----------|----------|-----------|----------|-----------|----------|-----------|----------|
| | Frequency | Severity | Frequency | Severity | Frequency | Severity | Frequency | Severity | Frequency | Severity |
| Indicator | | | | | | | | | | |
| Colombia (cement + concrete + logistics) | 6.94 | 71 | 7.2 | 91.6 | | | | | | |
| Argos (Colombia + USA + Caribbean) | | | | | 6.91 | 81.3 | 5.58 | 105.13 | 3.3 | 57.2 |

*For 2013, temporary employees were not included.

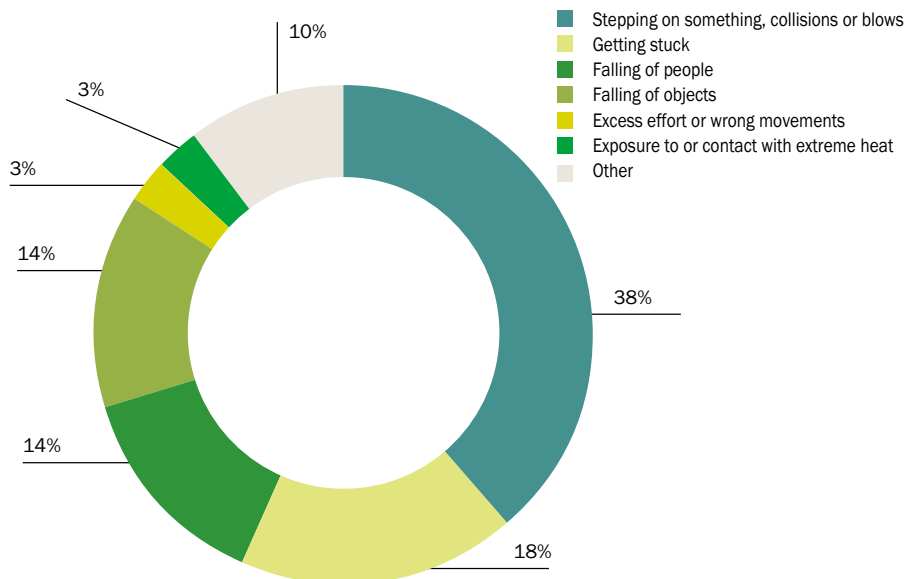


Employee at the Yumbo plant, Colombia

Cause of injury



Type of accident



Note: percentages are approximate values



Talent management

In order to manage our human capital, we base our actions on the principles of the Global Compact, on the legal framework of the countries in which we operate, on our Human Resources Management and Diversity and Inclusion Policies, and on the seven pillars of our corporate culture.

Our Human Resources Management Policy is a reference document that guides our actions towards the development of talent, safety and quality of life at work, in search of the business' sustainability through a balance between profitability and proper employment. Our Diversity and Inclusion Policy recognizes and promotes these aspects as elements that create value for the company and that are a source of competitive advantages.

For the organization's strategic priorities to be successful, we strive for the consolidation of a single corporate identity, but one that takes into account our cultural diversity. To this end, we focus on three of the seven pillars that make up our corporate culture: respect, transcending results and leadership. Thus, we strengthened the program of performance management as a tool to stimulate the achievement of results, and we developed a training model with the help of e-learning tools (Educa) that seeks to maximize our employees' skills in order to be able to face the challenges of the market. Also, we implemented action plans focused on our employees' job satisfaction and on the quality of life at work.



Employee at the Yumbo plant, Colombia

Our most important figures

G4-9/G4-10



Number of employees per type of contract, workforce

| | Regular workforce | Temporary workforce | Regular contractors | Occasional contractors |
|-------------------------------|-------------------|---------------------|---------------------|------------------------|
| Colombia | 4,594 | 716 | 5,186 | 1,093 |
| Caribbean and Central America | 904 | 3 | 5 | 29 |
| USA | 2,308 | 4 | 0 | 26 |
| Total | 7,806 | 723 | 5,191 | 1,148 |

Number of employees per region and per gender

| Topic | Regional Division | Men | Women | Total |
|----------------------------------|-------------------------------|-------|-------|-------|
| Total number (regular workforce) | Colombia | 3,860 | 734 | 4,594 |
| | Caribbean and Central America | 728 | 176 | 904 |
| | USA | 2,147 | 161 | 2,308 |

This includes Concretos Dominica

Total numbers of employees, workforce and temporary

| Topic | Regional Division | 2013 |
|--|-------------------|---------------|
| Total number (including direct and indirect employees) | Colombia | 11,589 |
| | Caribbean | 941 |
| | USA | 2,338 |
| Total | | 14,868 |

G4-LA1**Total turnover rate per regional division**

| Topic | 2013 |
|-------------------------------|------|
| Colombia | 5% |
| Caribbean and Central America | 5.3% |
| USA | 22% |

Note: this does not include the operations in Honduras or of Concretos Dominicana

Number of new and terminated contracts

| Topic | 2013 |
|---|------|
| New contracts | 878 |
| Voluntary terminations of employment contracts | 368 |
| Mutually agreed-upon terminations of employment contracts | 77 |

| Rate of new contracts | 2013 |
|--|------|
| By gender (female) | 13% |
| By gender (male) | 87% |
| By regional division (Colombia) | 48% |
| By regional division (Caribbean and Central America) | 14% |
| By regional division (USA) | 38% |

Note: this does not include the operations in Honduras or of Concretos Dominicana

G4-LA13**Ratio of base salary of men vs. women per levels of positions**

| Level | Colombia | Caribbean and Central America | USA |
|-------------|----------|-------------------------------|------|
| Managers | 0.94 | 0.51 | 0.92 |
| Directors | 0.91 | 1.11 | 0.97 |
| Specialists | 0.88 | 1 | 0.98 |
| Operators | 1.07 | 1.32 | 1.15 |



Employees Alpharetta office, Georgia, USA

We invest in human talent, our most valuable asset

We are convinced that our human capital is key to successfully carrying out our strategic priorities. This is why, within the framework of our Human Resources Management and Diversity and Inclusion Policies, we base ourselves on the premises of our seven cultural pillars, which we consider to be a competitive advantage. Additionally, through the program of performance management, we guide the development of our employees' skills so that, through our education model (Educa), they are ever-more prepared to face the challenges the market confronts us with. We do this based on the management of our work environment and within a framework of competitive remuneration according to the conditions of each market.

Diversity and quality of life *

In the context of Argos' Human Resources Management Policy and of our cultural pillars, we stimulated the diversity and the quality of life of our employees through the creation and signing of the work-life balance manifest by the Directive Committee. Depending on the needs of each geography, we develop programs related to topics like teleworking, flex-schedules, floating holidays, sponsorship of community events, recruitment and training of female drivers who are experts in the delivery of concrete (starting with two women who were certified in Colombia), special parking spaces for pregnant women and extra time for breastfeeding, the promotion of health

and healthy habits, and the publishing of the time zones of the companies in which we are present on the intranet (with the intention to not interfere with non-working hours). Furthermore, we strengthened our means of internal communication, the coexistence at work committees and the teleworking program (with 44 participants in Colombia), we supported the recognition of collective achievements in the company through recognition events, and we provide specific non-mandatory benefits in each country, such as private health insurance policies, life insurance policies, retirement fund plans and saving plans, among others, with a total investment of COP 71.149 billion (USD 40 million).

Development of our human capital

We created our own training model, Educa, seeking to consolidate the knowledge present in Argos and to develop technical and corporate competencies in our employees. We launched this e-learning platform and trained 2,469 employees, also providing access to customers, suppliers and contractors in order for them to develop their business knowledge.

Among others, we have the following training and development programs: Building of Experts, which certified 645 employees, School for Leaders, with the participation of 486 employees, Higher Studies at the World of Work, which 86 employees attended, Bilingualism, which trained 480 employees, Leading,



G4-LA2 *

Goal

We increased the amount of training hours by 150% compared to 2012, reaching a total of 385,671 hours, or the equivalent of an average of 49.65 training hours per employee, which is much more than the goal of an average of 30 hours of training per employee that was set for 2013.



with 309 participants, and the Pilos program, which selected and trained five new professionals in order to strengthen the line of succession in the company.

Furthermore, we offered 50,158 hours of training for the implementation of the new Enterprise Resource Planning (ERP) system in Colombia and 6,836 hours of training on our environmental policy, sustainability and the importance of biodiversity and the Colombian National Natural Parks. Additionally, we invested a total of COP 4.432 billion (USD 2.3 million) in special training programs, benefitting 50 employees that are enrolled in degrees in Colombia or abroad.

Performance Management Program associated with Variable Compensation Program

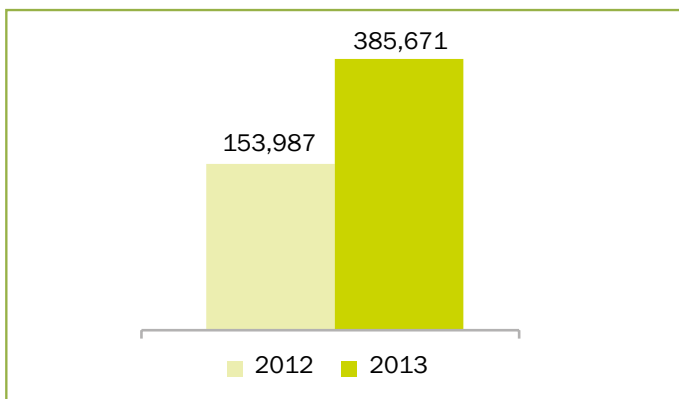
Our Performance Management System is based on direct communication and formal and informal feedback between a supervisor and an employee. It is comprised of a skills assessment, aligned with the cultural pillars to establish development plans, and an assessment of corporate and individual management indicators. For 2014, we adjusted the weight of corporate and individual indicators according to the level of each employee with the intention of reflecting their influence on the results of the company, ensuring their motivation and aligning the interest of employees with the long-term interest of the company.



Average number of training hours per year

| Level | 2012 | 2013 |
|-------------|------|------|
| Executives | 41 | 36 |
| Managers | 29 | 61 |
| Directors | 70 | 152 |
| Specialists | 40 | 83 |
| Operators | 14 | 37 |

Total annual number of training hours, comparison 2012 - 2013



G4-LA9



We expanded the coverage of the Performance Management System, so it now benefits 1933 employees. We also implemented the program in the United States and did an assessment pilot of 360° with the members of the Directive Committee, as a basis to start increasing the coverage of this assessment in 2014.

Our Variable Compensation Program (VCP), which is directly tied in with the Performance Management System, seeks to align our employees with the achievement of strategic objectives of the company, among which we can find those related with sustainability, and to recognize high performance and strengthen the competitiveness of our remuneration. We have a corporate VRS that is focused on top and middle management, and a local VCP in all the different countries, that is focused on the other organizational levels. In 2013, we expanded the coverage of the local VRS to some operations in the Caribbean and Central American Regional Division. Additionally, we increased the proportion of the executive VCP that depends on the results of the company.

Job satisfaction of our employees

We implemented intervention plans in order to increase our employees' job satisfaction, transforming their work environment and basing our work on the dimensions of trust, respect, objectivity, pride and camaraderie. All these aspects are differentiated by our cultural pillars. Additionally, for the third consecutive year, we did a survey on the work environment, carried out by the Great Place to Work Institute, in which we found evidence of significant progress and whose results are presented below. For the specific case of Colombia, our Work Environment Index stands at 70.6, which means an improvement from "satisfactory" to "very satisfactory." The countries in the Caribbean, for their part, also show trends worth highlighting, such as the increase of 30% in Panama and an outstanding work environment in the operations in the Antilles. In 2013, 83.62% of the employees in Colombia, the Caribbean and Central America participated.



Percentage of employees who have been formally assessed and reviewed on their performance in the year in question

| Level | 2013 |
|-------------|------|
| Executives | 100% |
| Managers | 99% |
| Directors | 99% |
| Specialists | 95% |
| Operators | 2% |

G4-LA11



Employees at the Yumbo plant, Colombia



| Results of the survey about work environment, 2012 and 2013 | | |
|---|------------|------------|
| | Score 2012 | Score 2013 |
| Colombia | 67.8 | 70.6 |
| Panama | 40.0 | 52.1 |
| Dominican Republic | 53.2 | 56.5 |
| Haití | 42.5 | 38.6 |
| Suriname | 39.3 | 37.8 |
| Antilles | 72.3 | 84.2 |

Future perspectives

In 2014, we hope to cover more than 80% of the total of employees in terms of training, increasing the average amount of training hours per employee. We will increase the coverage and the portfolio of our training model, Educa, both in English and in French and strengthen this methodology of e-learning, as well as the bilingualism program, with courses in Spanish, English and French, and we will develop a Master of Cement Engineering Program in Colombia. We will keep fostering the programs of Higher Studies in the World of Work, Building of Experts and the leadership programs, in order to develop the competencies of our leaders and sharpen the culture we would like to see throughout our company.

We will continue to develop initiatives within the framework of our Diversity and Inclusion Policy, such as the program for female experts in the delivery of concrete and the teleworking program, and we will implement action plans in order to solidify our organizational climate and work-life balance.

We will implement our cultural pillars through the standardization of human resource processes by taking advantage of the new information system. Additionally, we will organize alignment workshops for our corporate culture, and we will continue extending the coverage of the performance management process.

Human rights

Respecting human rights is fundamental for the development of Argos' sustainability strategy. Our behavior reflects our





commitment to the principles of the Global Compact and the standards of the World Business Council for Sustainable Development. Taking the 'Protect, Respect and Remedy' framework of the United Nations as a basis, we mitigate any possible negative impacts of our operations.

Considering respect and the promotion of human rights as greatly significant factors for Argos, we will carry out a plan, together, with the different departments of the company. As a priority, we respect the rights to life, to freedom, and to personal integrity, which we protect by caring for the environment, for the safety and physical and mental health of our employees and contractors, the search for an adequate work-life balance, and by creating work conditions that are appropriate for the development of our employees as human beings from a personal, family and professional perspective. Our Human Resources Management and Diversity and Inclusion Policies reflect our commitment to plurality and fairness at work.

Among the different initiatives to attain this goal, we signed an agreement with the Colombian Ministry of Employment to promote gender equality at work, becoming one of only 20 companies that have officially put this topic on their agenda in Colombia. With special recognition in the professional world, we guarantee our employees' right to exercise freedom of association, and we develop strategies to protect maternity and childhood. Additionally, we are aware of the

importance of the responsible management of the information that we receive from our stakeholders.

In 2013, we worked intensely on the analysis of the impact on and the relation with the indigenous and Afro-descendant communities in the different areas in which we are present, which is why we developed an attention protocol for relations with ethnic minorities and previous consultation, which includes a set of policies and regulations that seek to adjust to and respect the ethnic integrity of neighboring communities.

Respect for human rights

In order to ensure respect for and promotion of human rights, we have our Code of Conduct, our Contracting Manual and our Transparency Hotline. The objective of the latter is to facilitate the reporting of irregular actions that occur in the development of our business, and all our stakeholders can make use of it. In contracts with contractors and suppliers, we included clauses to ensure fundamental rights are respected all throughout our supply chain (e.g. non-acceptance of child labor or forced labor and respect for work obligations and the right to unionize), and we audit them to ensure compliance.

- We organized the free and democratic election of the members of the Coexistence at Work Committee (a body created recently by law in operations in Colombia).



All our contracts and investment agreements include clauses on human rights.

G4-HR1

- We are recognized in the professional world as an outstanding company in terms of us guaranteeing the right to exercise freedom of association of our employees: about 33% of our regular workforce is covered by a collective agreement.
- We promote an appropriate work-life balance for our employees.



| Topic | 2013 |
|---|-------|
| Number of employees covered by a collective bargaining agreement | 2,560 |
| Percentage of employees that is unionized or covered by a collective bargaining agreement | 33% |
| Number of consultations or negotiations in process with employees | 1 |

* Data does not include Honduras and Concretos Dominicana

Training and promotion of respect for human rights

Supported by the e-learning platform of our training model, Educa, we offered training focused on the respect and promotion of human rights to employees. In 2014, we will extend this to contractors, suppliers and customers.

We developed Safety Week, an initiative focused on the protection of employees and installations, and Sustainability Week, whose central topic was water and its care. Also, we organized training on our Environmental Policy and on leadership, negotiation and conflict resolution, and we structured a training program for leaders focused on social dialogue and respect

for fundamental rights, addressed to 610 employees. Furthermore, we trained employees and contractors on the topic of occupational health and safety, legal updates and environmental care, and we trained 457 people that are in charge of the physical security of our operations in Colombia on human rights, covering 93% of this population with a total of 5,941 hours. In addition, our operations function as part of a system for industrial safety and occupational health that places emphasis on the training of employees on the risky conditions to which they are exposed and how they can control those risks, stimulating a culture of self-care within our program called "Security, sense of life."

G4-HR2-HR7

20,224 hours of training for employees on policies and procedures related with aspects of human rights that are relevant for their activities.

5,941 hours of training on civil rights covering 93% of the total security staff of the Colombian Regional Division.



Processes on which we will place greater emphasis

In 2014, we will complement our matrix of risks for human rights according to the opportunities that were detected during the dialogues with stakeholders, placing greater emphasis on contractors. In Colombia, even though we carried out audits of 108 critical contractors (service providers), of which 85% complied with the defined standards, with an average score of 86 out of 100, in 2014, we will focus even more on ensuring and promoting that contractors in all the geographies in which we operate respect human rights and have sustainable operations. Also, taking the company's strategic priority of consolidation and expansion into account, we have acquired new operations outside Colombia, in which we will work on promoting and respecting human rights.

Emphasis on the promotion and management of human rights

We manage a matrix of risks associated with human rights with emphasis on rights at work. Specifically, it emphasizes the right to exercise freedom of association and negotiation, due processes, care for people and the fight against child labor and forced labor, and discrimination, harassment and abuse at work. In order to mitigate the identified risks, we promoted social dialogue by organizing the fourth Program of Studies on the World of Work, in which colleagues from administrative and operational departments participated and whose purpose it was to create an open space to

discuss aspects of that dimension. Also, we implemented the Coexistence at Work Committee in Colombia, and we developed training processes for its members. We have our own Transparency Hotline that makes it easy to file a complaint about any possible negative impact on human rights, and we promoted and managed care for employees and contractors, which resulted in the company getting distinctions in the Excellence Prizes awarded by ARL SURA, an insurance company that focuses on occupational risks. Based on the results of the measurement of our work environment, we conducted surveys in order to ensure job satisfaction for our employees. In 2014, we will continue to expand the scope of the matrix of risks associated with human rights to other processes of the company, especially in terms of the management of contractors and suppliers, in order to promote and ensure the respect of human rights in their operations, focusing mainly on the right to life and to safety.

Future perspectives

Our organization has been very much committed to the respect and fostering of human rights from its beginning, and it has supported many different initiatives and projects that value and defend them, among which the Global Compact of the United Nations and Business for Peace definitely stand out. In order to reiterate this commitment, we formally and publicly



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acknowledged our responsibility of protecting and respecting human rights throughout the company's operations. Along the same lines, we will update our Human Rights Risk Matrix, keeping in mind all of the processes of the organization, with the intention of identifying the rights that we work on, depending on their priority and of elaborating plans that allow us to promote them, protect them, and remediate any possible impact we might have on them throughout our supply chain. We will pay special attention to the promotion and protection of human rights on behalf of our suppliers and contractors. We will develop a communications plan for our stakeholders, especially for employees, suppliers and contractors, focused on promoting the protection of human rights, the Transparency Hotline and the management of Coexistence at Work Committees in Colombia. We will continue to develop training and community involvement programs in order to mitigate any possible impacts on them.

After the structuring of the "Attention protocol for relations with ethnic minorities and previous consultation," we will train the main leaders in our different operations on its implementation. We will continue to foster public-private alliances focused on education and the development of communities. In addition, we will continue to design strategies to minimize environmental impacts, given that we not only seek to reach out to employees and stakeholders related to our business in a positive way, but also to be a part of the community and of society in general.

Development of communities

Under the premise of maintaining good neighborly relations with the communities that are influenced by our operations and to contribute to their local development, at Argos, we focus our relationships with these communities on open, direct and consistent communication, which is why we have a team of people that is dedicated to fostering our relationship with them, by having a direct presence in the areas and an in-depth knowledge of the regions, which allows us to identify their needs and interests and form social programs and projects that are tailored to them.

Using the risk management methodology of the organization, we identified social risks associated with our operations, then assessed and found their causes, to create control mechanisms and indicators, as well as to define the of actions to mitigate them. Furthermore, we periodically perform diagnostic socioeconomic tests in the communities we influence and, together with the inquiries and proposals that are formulated by community leaders and local authorities through permanent dialogue, we form plans to mitigate, minimize or compensate for the impacts, within, what we call, the Social Dimension of the Operation. These plans focus on initiatives that have the potential to be sustainable in time and to strengthen the capacity of these communities to manage their development themselves.

Empowered communities, committed to their own wellbeing and focused on the search for the common good, are the best allies for our company, as they make it possible to establish long-term relations that benefit the company and the region.

Sustainability Policy



We strive towards the sustainability of our operations through a balance between the generation of profitability, social development and the decrease of our environmental impact, using good relations with our stakeholders and the principles of the Global Compact and Good Governance as our reference framework.

We are committed to:



Employees: The development, safety and wellbeing of our human capital at work, within an organization culture with a global mentality that promotes innovation, team work, self-management and environmental awareness.

Communities: Keeping good neighborly relations with the communities we influence through our operations and support their local development.

Environment: The responsible development of our productive activities, taking the decrease or compensation of environmental impacts into account.

Shareholders: Transparency in terms of information and greater value generation.

Suppliers and contractors: The building up of harmonic and fair relations with our suppliers and contractors, within a responsible supply chain that applies the best practices in work, social and environmental aspects.

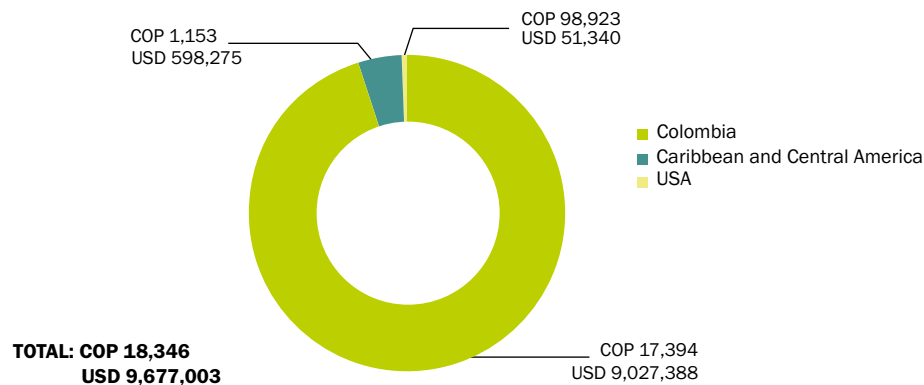
Clients: To be the best commercial partner for our customers, because we deliver quality products and services that meet national and international standards and that are part of a supply chain that is responsible towards society and the environment.

Authorities: Compliance with the law and good relations with the government for the progress of the country.



G4-EC7/EC8

Social investment in communities, Cementos Argos 2013 – millions of COP/USD



| Total social investment per type | | | |
|---|----------------------------|------------------|----------------------|
| | | Millions of COP | USD |
| Social investment (in communities) | Donations to charity | \$ 2,388 | \$ 1,239,504 |
| | Investments in communities | \$ 16,258 | \$ 8,437,499 |
| Commercial initiatives with social impact | | \$ 34,588 | \$ 17,950,610 |
| TOTAL | | \$ 53,234 | \$ 27,627,613 |

Lines of social investment

Based on our commitment to the development of local communities, we focus our efforts on two main groups of activities: those meant to manage the impacts of our operations on the community and those seeking to generate local development.

A) Management of Priority Impacts (Voluntary Dimension of the Operation)

- Community infrastructure
- Housing
- Strengthening of the community (social capital)
- Productive projects
- Health

- Education

B) Local development (foundations)

- Education (infrastructure)
- Education (quality)
- Productive projects
- Social and cultural strengthening
- Strengthening of the community (social capital)
- Community infrastructure

Education (infrastructure and quality)

As we are convinced that education is the main tool necessary to be able to progress, our foundations in Argos and in CINA

Through consistent communication, periodic face-to-face meetings and an established procedure to respond to suggestions, we keep our neighbors informed about our operations, the results that were obtained each year and the different actions that we are taking in order to avoid any risks that were detected from each of our operations from materializing. We also inform them about activities that are meant to mitigate, minimize or compensate for risks associated with the nature of the business.



concentrate their main efforts on this field, promoting and participating in public-private alliances that allow us to align our initiatives to programs driven by local governments.

Due to the deficit in terms of infrastructure of public education in Colombia and in the countries in the Caribbean and Central America, we develop projects for the construction and improvement of schools. We would like to highlight our participation as executors and contributors in two agreements signed with the Colombian National Ministry of Education that are already in effect, and, during 2013 and 2014, we will be aiding 20 educational institutions across ten different departments in Colombia in support of these agreements. This construction process is also complemented with a component of educational quality. Also noteworthy is our support to the Educational Parks Initiative of the Governor's Office of the Department of Antioquia, through which we participate with the construction of their educational contents. Furthermore, there have also been projects for improvements to the San Juan and Augusto Samuel Boyd Educational Institutions in Panama, among others.

The building and improving of public educational infrastructure has helped make the economy of the communities where these projects are developed more dynamic, through the creation of direct jobs and better conditions for a population that had usually been excluded from qualitative opportunities to obtain basic services, with education being one of them. Better

educational spaces contribute to the retention of children and adolescents in the schooling system and make absenteeism figures and cases where students have to repeat a year decrease, which results in a better educated population with improved future perspectives and alternatives.

In addition, we support entities and develop programs focused on improving the quality of education and access to it, such as Fundación Secretos para Contar, Empresarios por la Educación, Colfuturo, and Feria del Libro de Bogotá, among others.

Productive projects (inclusive business)

We strive towards inclusive territorial development based on the implementation of inclusive business and a broad and open communications strategy that involves all of the economic, social and institutional players of the area. Inclusive business is all about relationship networks between groups of small, organized producers and companies that require goods or services that the former can provide, establishing formal agreements and defining rules for the productive processes from the beginning. These companies become “anchor companies” of the businesses of the small producers. The main example of this line of collaboration is the program of Inclusive Territorial Development Montes de María, through which more than 12 communities are participating in productive activities such as planting teak, mango, tobacco and sesame, bee-keeping and stockbreeding.



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Social and cultural strengthening

We invested in activities and institutions that are dedicated to the social strengthening and building of cities, such as Parque Explora, ProAntioquia, Museo de Antioquia, Biomuseo de Panamá and the Shelby County Arts Council, in Alabama, to mention just a few.

Community strengthening

With the purpose of maximizing skills and competencies in communities for them to be managers of their own development, we frequently develop programs of community strengthening, such as the Training Program for Leaders and the Public Management Capacity Program, among others, which help us identify and train leaders of adjacent communities so that in the future, the company can interact with and relate to trained spokespeople, allowing for a more fluent relationship.

Community infrastructure

Through alliances with local communities and authorities, we continually work on the improvement and maintenance of community infrastructure. Worth highlighting are the projects of improvement and construction of roads, aqueducts and water tanks and meeting spaces for the community. All of these seek to guarantee access and mobility for these communities,

creating avenues that make development possible, improving the quality of life and health conditions for people, developing local skills, building upon social issues, and improving the access to regions, among others, which also allows communities to overcome precarious conditions and previously unmet basic needs and replace them with new, more dignified ones.

Housing and health

We support initiatives that strive towards the improvement of the living conditions of the population of our areas of influence, through the reform and construction of 486 housing solutions, thereby, reducing overcrowding and providing families with decent living spaces and even the possibility to develop their own business at home to, consequently, increase their capacity of generating income. Furthermore, efficient stoves were installed in these homes, which have a direct impact on their health and living conditions.

Likewise, we support entities and develop projects that seek to improve health conditions, such as the Children's Hospital of Alabama and the Saint Gerard Health Center in Haiti.



| Social investment in communities in 2013, by line of intervention (in millions of Colombian pesos) | | | | |
|---|---------------|-------------------------------|-----------|----------------|
| Line of intervention | Colombia | Caribbean and Central America | USA | Total per line |
| Education/quality | 1,472 | 146 | 7 | 1,625 |
| Education/infrastructure | 5,967 | 336 | 0.5 | 6,304 |
| Social capital | 2,766 | 73 | 4 | 2,843 |
| Social and cultural strengthening | 2,428 | 127 | 18 | 2,573 |
| Community infrastructure | 2,602 | 125 | 51 | 2,778 |
| Productive projects | 546 | 0 | 0 | 546 |
| Housing | 1,568 | 309 | 0 | 1,877 |
| Others | 45 | 37 | 18 | 100 |
| TOTAL PER REGION | 17,394 | 1,153 | 99 | 18,646 |

| Social investments in communities in 2013 for three regional divisions and per line (in USD) | | | | |
|--|------------------|-------------------------------|---------------|------------------|
| Line of intervention | Colombia | Caribbean and Central America | USA | Total per line |
| Education/quality | 763,892 | 76,028 | 3,850 | 843,770 |
| Education/infrastructure | 3,097,042 | 174,341 | 250 | 3,271,634 |
| Social capital | 1,435,440 | 37,988 | 1,950 | 1,475,378 |
| Social and cultural strengthening | 1,260,036 | 65,712 | 9,490 | 1,335,238 |
| Community infrastructure | 1,350,511 | 64,690 | 26,500 | 1,441,701 |
| Productive projects | 283,161 | 0 | 0 | 283,161 |
| Housing | 813,949 | 160,414 | 0 | 974,364 |
| Others | 23,354 | 19,099 | 9,300 | 51,753 |
| TOTAL | 9,027,388 | 598,275 | 51,340 | 9,677,002 |



| Commercial initiatives with social impact (clients and suppliers) Cementos Argos 2013 - USD and COP | | |
|--|-----------------|------------|
| Region | Millions of COP | USD |
| Total of three regional divisions | 34,588 | 17,950,610 |

| Commercial initiatives with social impact (clients and suppliers) per line 2013 - COP and USD | | |
|---|-----------------|-------------------|
| Lines of intervention | Millions of COP | USD |
| Social capital | 2,318 | 1,203,012 |
| Social and cultural strengthening | 1,608 | 834,413 |
| Housing | 30,662 | 15,913,183 |
| TOTAL | 34,588 | 17,950,609 |



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Nazareth Technical School, Nobsa, Colombia

Future perspectives

In the future, we will continue to develop programs that strive towards local development, the improvement of living conditions and the fluidity of the organization's relations with the adjacent communities, so that these become a part of the foundation in the achievement of the company's goals.

We will work on knowledge and on the consolidation of relations with neighboring communities in the operations that were acquired in the context of our consolidation and expansion plan, especially in the United States, Honduras and the Caribbean, so that we can identify their interests and needs and work on the mitigation of priority impacts.

We want to know more and more about our regions, which is why we will study their socioeconomic conditions, so that we can elaborate programs and projects that are increasingly more pertinent, which help these communities to grow and develop, which, in turn, will have a direct impact on the goals of the organization. Furthermore, we will work on defining indicators that allow us to correctly and objectively measure the impact of our social programs and projects. We will strengthen the strategic line of

education, for which we will complement the educational infrastructure and quality projects with programs for accessing this education (scholarships). Furthermore, we want to work on diagnosing the conditions of the infrastructure and quality of education of the regions in which we operate and continue to develop construction and improvement projects.



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Prizes of the Innovation Summit, Medellín, Colombia



Innovation video



5.7 Innovation

For us at Argos, innovation is the corporate capacity that guarantees the continuous transformation and reinvention of a company towards sustainable competitiveness in our current world. We focus on creating a culture of innovation in all our employees, thus maximizing its potential with tools and structures from for key departments (Innovation Management, Research and Development, New Business and Alternative Resources) so that innovation goes from being just ideas to becoming corporate realities that generate revenues and increase profitability, sustainability and competitiveness.

As the materialization of the company's ideas in this field, and wanting to strengthen its ability to innovate and connect with technology and, the academic community, the Board of Directors approved the project for the construction of the Argos Innovation Center. This building will be integrated into the campus of EAFIT University, located in Medellín, Colombia, and it will house a large part of Argos' innovation projects, involving Colombian and international universities, as well as other institutions and companies with whom we work together with on these initiatives. The Argos Innovation Center will be a facility that provides services to the company and its businesses across its three regional divisions, and it will function within the context of an open innovation model, becoming a meeting point for the industry's challenges, clients and academia. It is built in the present, but with a future perspective for Argos. Argos' high level of commitment to innovation is a strategy

that is focused on the company's future. Along this line of thought, not only does the Board of Directors periodically review our progress in terms of innovation, but there is also an Innovation Committee, whose members are the CEO, the Vice President of Legal Affairs and Sustainability, the Vice President of Finance, one Vice President of a Regional Division and the Vice President of Innovation. They are the ones who lead and define actions that make up Argos' innovation strategy. The committee assesses and approves or rejects projects from the different departments that operate within the Vice Presidency of Innovation.

The biggest accomplishment of this Vice Presidency in 2013 was to take ideas and make them come true, reaching the goals that were set at the beginning of the year and using the initial context of the Argos Innovation System, in which we defined that, in 2013, we would strive towards innovation and the implementation of projects. The second biggest achievement was the team work across different departments of the company done to convert these ideas into tangible actions for the company, and above all, to generate the culture of innovation that we want to have in Argos. This culture is the seed of the ability to reinvent oneself and to compete in a sustainable way in a globalized world.

This team work could be seen to great extent at the Second Argos Innovation Summit, organized in 2013 and named "Building a tomorrow," in which the 20 most relevant projects and ideas were presented, coming from all of the company's regional division. This event was very important for the Vice

Presidency and for the entire company, as 170 employees met face-to-face, with an additional 60 joining in through the use of virtual media, from all across the company's regional divisions, and were able to interact and share their innovative projects.

It is worth pointing out again that, what we do in terms of innovation at Argos, is always done within the context of three axes that were defined as a whole:

- Satisfy our customers
- Extend the borders of our business model
- Respect our world

Respecting these principles, the ideas that the company develops are materialized as income and savings that stem from innovation, making it possible to measure and manage the results of innovation within Argos, with very positive results so far. Income stemming from the sale of innovating products reached a total of COP 339 billion (USD 252.9 million) for the three regional divisions together, going from 5.8% at the end of 2012 to 9.8% in 2013. This already brought us very close to the goal that was set for 2015, of 10% of revenues coming from innovation. Reaching this important milestone is important, but it is equally important to keep on growing from 2016 onwards, with innovation as a starting point. This is not a goal that can be ended once it has been reached; it is absolutely necessary to continue doing great efforts in order to keep this positive trend going. These first four years, until 2015, are just the beginning, as we are teaching the company

how to innovate, how to think differently and how to constantly reinvent itself.

In addition to revenue being generated as a result of the implementation of innovative ideas, in 2013, there were also savings of over COP 6.4 billion (USD 3.3 million), which were not taken into account for the calculation of the goal in terms of revenue, but which are extremely significant for the company as they increase its efficiency in terms of manufacturing, operations, equipment and use of financial resources. Since the launch of the system, ideas that were implemented have resulted in total savings of about COP 14.1 billion (USD 7.7 million). In 2012, this was COP 7.7 billion (USD 4 million).

Additionally, it is important to highlight the progress made in terms of increasing the capacity of innovation at an organizational level, supported by the Ideaxion system. In this platform, which seeks to open up channels and resources for any person in the organization to propose and develop ideas, we currently have 636 contributing employees, out of a total of 993 that are enrolled, and who have submitted 386 ideas since the system was launched. So far, 114 of these have been approved to be taken to the validation stage, with authorized funds of USD 556,000. This process is extremely important for us, as it does not only validate and materialize ideas, in order for them to start generating value, but it also strengthens connections between different departments and promotes teamwork across its different initiatives. Through our Research and Development (R&D)



Goal

Revenues stemming from the sale of innovation products reached COP 339 billion (USD 252.9 million), going from 5.8% at the end of 2012 to 9.8% in 2013. This brought us really close to the goal of 10% of our income stemming from innovation, which we set to be reached by 2015.

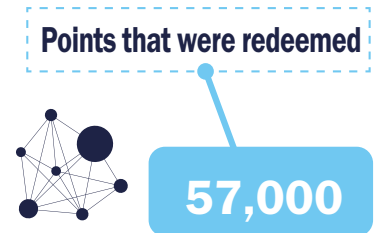
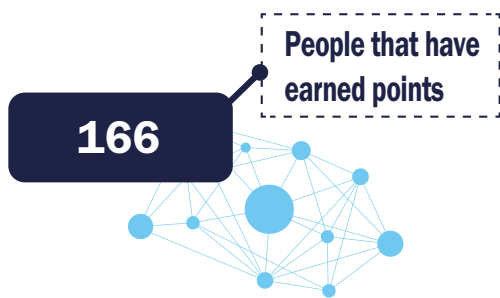
IN 2013, WE GOT CLOSER TO THE MEGA OF INNOVATION

MEGA
2015



FUNDS APPROVED FOR THE VALIDATION OF IDEAS
USD 308,000

TOTAL REVENUE STEMMING FROM INNOVATION
9.8% * as of the third quarter



* Ideaxion



Department, we continue working on three lines of research that are fundamental for the cement industry:

- **Materials:** we continue to work on the characterization of new cementitious materials that are close to our operations, in order to improve the levels of performance cement and its additives. We also work on the industrial scaling of chemical reactions in order to reach formulas with less than 30% clinker content.
- **Processes (energy efficiency and reduction of emissions):** we continue to make progress in the cultivation of biomass with an energy potential that could replace up to 20% of the fossil fuels that we use, such as coal or natural gas. By implementing a project focused on capturing CO₂ with microalgae, in 2013, we managed to launch an experimental module to emulate process conditions (capturing of CO₂, SO_x, and NO_x) as a part of our line of work, in order to continue subsequently with the stage at an industrial scale.
- **Applications of concrete:** we have focused on special products that add value for customers, such as the development of permeable concrete, concrete with ultrahigh performance or concrete with recycled aggregates, among other Value-added Specialty Products.

We successfully completed the process of transferring knowledge about products, technologies and processes of the USA Regional Division to the team that was defined to work on these special types of concrete. Through this knowledge transfer process, the methodology to assess products that are classified in this category was standardized, highlighting the value that is created and transferred to the customer. Twenty types of special concrete, such as high-resistance concrete or permeable concrete, were identified across the three regional divisions, which represent about 10% of concrete sales in terms of volume. Alongside this, an initiative is being developed to produce these types of concrete under a model of operational excellence, consultative sales and development of valuable partners in Colombia and in the Caribbean and Central America.

The R&D projects, structured based on their scopes, impacts and levels of investment, reached a total consolidated value for potential future revenues of COP 82.7 billion (USD 43 million) and potential savings that amount to COP 96.7 billion (USD 51 million), stemming from new products, processes and technologies. These revenues and savings figures, extracted from the projects' business plans, show the company's emphasis on value creation and a connection with the challenges associated with the business' long-term sustainability.

The New Business Management continued to be focused on assessing and developing new businesses in the four areas that were defined in the previous years:



- Building on our core business
- Taking advantage of Argos' calcareous resources
- "Green" types of cement
- Environmental businesses

Here are some examples of projects of the Vice Presidency of Innovation that obtained excellent results:

- **Green bags:** We created an inversed logistical model for the cement bags that are delivered to construction companies in Colombia, so that they can be picked up again by our own trucks and taken somewhere else for use in other productive processes as a raw material or as fuel. This initiative was received with great enthusiasm by our clients, and it has significant benefits for the environment, while being economically sustainable.
- **Nexus:** As a result of an already implemented initiative, Grinding Symbiosis, which generates annual revenues of over USD 4.3 million and savings of USD 4 million, we intend to roll it out to the mills of CINA, in Haiti. These mills now work in a closed circuit, but with different feeding systems, With the Nexus project, we intend to use the same pre-grinding used in other projects (Grinding Symbiosis) in order to feed the two mills, thus improving productivity. This idea, which during the first tests already reduced



Bioenergy

the clinker factor by 1.7%, with monthly savings of approximately USD 68,000, also seeks to increase the mills' production by about 10% and improve the consumption of energy.

- **New virtual platforms to interact with clients:** In search of new ways to facilitate interaction with the company's customers, the massive business line in Colombia and the corporate department of Technology developed the platforms called "En Contacto" (which literally means "In touch") and "Aquí tu Pedido" (which literally means "Here 's your order"). The former has a chat option and a service to program automated responses by phone, which reduces the wait time for customers that are holding and increases their satisfaction significantly. Through the latter, users can be sent instant text messages or e-mails with messages about the status of their order. This information is critical for them, which is why this service has also been received with very positive feedback. With these new channels, Argos is looking towards the future in terms of its customer service in general, and the use of Internet and other mobile applications in order to complete transactions.
- **Self-generation through heat recovery:** The Head of Operations of Self-Generation at the plant in Rioclaro, Colombia, and an analyst from the



Research on the capturing of CO2 with microalgae in Medellín, Colombia



Cost and Budgeting Department of the same plant made a proposal with an innovating focus in order to optimize the thermic cycle by using residual heat from the plant. After looking into different alternatives and mitigating the risks associated with them, they managed to reduce the consumption of fuel from 0.78 to 0.73 kg of coal per kWh at the Rioclaro plant and from 0.64 to 0.58 at the Sogamoso plant, with savings of COP 1.389 billion in 2013.

- **Capturing of CO₂ with microalgae:** In 2013, the construction of the experimental module at EAFIT University was finished, which was used to study microalgae, establish the perfect conditions for their cultivation and select strains with the best potential for the capturing of carbon dioxide, and assess any possibilities of creating products with added value. As a result of these experiments, three strains were selected, out of an initial number of 13, that had great potential for the capturing of carbon dioxide and that, additionally, could result in products that are of great interest to the food and pharmaceutical industries. The experimental module has become a meeting point for students, academics and scientists who are interested in the project and, in 2013, there were more than 400 official visitors. Progress in this project has been documented and published

in prestigious trade magazines, such as *World Cement* (issue of January 2013) and *International Cement Review* (issue of September 2013).

- **Bioenergy:** The purpose of this agro-industrial project is to grow and design vegetation species with a good performance and energetic energy that can substitute fossil fuels. It is studying 18 vegetation species, including trees, bushes and grasses, and by the end of 2013, it already had preliminary data for the modeling of a larger scale crop. This will allow researchers to do economic assessment prior to the implementation at an industrial scale.
- **New types of cement:** Through this initiative, we are developing two important formulations of cement that could show a reduction of CO₂ emissions of up to 30%. It is currently in the stage of pilot testing at a semi-industrial scale of a type of low-energy cement for which we managed to reduce CO₂ emissions by up to 30% and caloric consumption by up to 18%. This new cement has been used in concrete applications, and it was tested on its durability, showing it complied with the target standards. The project is currently assessing the commercial feasibility of this product, and its costs in order to proceed with industrial testing and eventually, with its commercial launch.





- **Types of cement with a low clinker content:** We validated two formulations of cement for general use with a clinker content of less than 30% and a high content in terms of other cementitious materials such as slag, fly ash or Portland. The results of these formulations complied with performance datasheets and showed potential savings in production costs of between 5% and 10%. Additionally, there was a potential decrease in the levels of CO₂ emissions of about 10% in the plant in which they were tested. For 2014, we intend to carry out the necessary testing for the future use of these formulations that were tested in a plant at an industrial scale.
- **Life cycle analysis:** Based on life cycle analysis, a series of products was tested in Colombia, Panama and the United States, with the intention of measuring their environmental impact. This project managed to collect data for the development of technical datasheets that provide information to the end user, in a user-friendly and graphic way, about the performance of the manufacturing and distribution processes of our products. This model, which was developed together with the department of Environmental Technical Management, will be replicated for other products and become a standardized methodology for all of Argos' new developments.
- **EBIO4:** With this research project, we hope to obtain objective information about the thermic, acoustic and light behavior of placed concrete, comparing it with other construction materials used for the same applications in real housing units. We believe that the results will show us ways to develop new products with outstanding scores in terms of comfort level and their interaction with their surroundings.
- **Permeable concrete:** This innovative product, which allows water to pass through it and that is mainly used for applications of hydric management of rain water, is in a testing stage at an industrial level in order for it to be launched in the first quarter of 2014. It falls into the category of Value-added Specialty Products.
- **Recycled aggregates:** In the second quarter of 2013, we started with the production of concrete with a content of up to 10% of recycled concrete. This milestone represents a big step in terms of Argos' commitment to developing products with a high value towards environmental sustainability. Of this new formulation, we sold 29,187 cubic meters of concrete in 2013, avoiding the need, at least for this amount, of using natural raw materials. The New Business Department in the Colombian Regional Division worked together



Recycled concrete



with the Research and Development Department on a business model that can guarantee the availability of recycled aggregates.

The biggest achievement that supports Argos' core business was the idea, the assessment, the pilot testing and the refining of a new business model for the sale, distribution and delivery of concrete focused on social strata 1, 2 and 3, which are official levels used to indicate the socio-economic level of people in Colombia (1, 2 and 3 being the lower ones, out of a total of 6, which is the highest). This project's purpose is to expand the borders of our concrete business by increasing coverage of its delivery. The needs of the base of the pyramid were explored and a business model was defined in order to help solve problems related with financing, technical advice and the volumes that this segment requires. During the initial testing, which consisted of actually delivering the product to different clients, the direct and indirect costs were assessed in search of a win-win, by optimizing the expenses for the owners that want to remodel or build something.

In terms of taking advantage of the company's calcareous resources, for its parts, we progressed in the structuring of the lime business, with the constitution of the company, Caltek S.A.S., which sold more than 7,000 tons of lime to customers in the Northern region of Colombia.

As for the management of our product portfolio of "green" types of cement

and, more specifically, our investment in Cerasech, our biggest accomplishment was the closing of a deal of an important volume, amount and nature: more than 5,600 yd³ and revenues of more than USD 700,000 through a project of a state entity that is focused on the sustainability of materials. This is the deal with the biggest volume in Cerasech's history, and it was made thanks to the participation of Argos' staff and the fact that Cerasech's concrete production capacity was installed with the help of Argos' plant in Savannah, Georgia. Towards the future, this project has a potential of 40,000 yd³ for 2014 and the following years. Furthermore, we continued developing the company's strategy of configuring a portfolio of "green" types of cement. This is why, in 2013, we identified more than 30 companies worldwide that have technology to produce "green" cement and, through a systemic exercise, we qualified and prioritized the most promising technologies. We have had contact with five companies in order to get to know more details about each of these technologies and define the opportunity or threat they represent for Argos. This strategy is supported by a project that was approved by Colciencias and that will allow us to obtain resources to manage our portfolio of "green" types of cement and strengthen our innovation capacity.

The Argos Innovation Center is proof of the company's and EAFIT University's commitment to innovation in the cement industry, and the sustainability and the transformation of our products and processes is a bet an opportunity in which both the company and the academic world





believe. It represents a milestone for both institutions and a first in Colombia's history, in which a company of the private sector decided to develop its capacity in terms of installations, equipment and above all, people, at this level, to benefit innovation, which shows our conviction to working with all of the elements of innovation, both at the domestic and international level. For this center, Argos invested COP 6 billion in laboratory equipment, and it will invest COP 23.7 billion in the construction itself.

It is worth reiterating that, with this initiative, Argos is relying on the development of processes and products with added value that meet the needs of a dynamic and demanding market, by reinventing the way in which we operate as a company, in terms of products, but also in terms of how we relate to clients, how we sell and deliver these products, and how we see our own industry.

From the research and innovation activities that are developed in this space, the new generations of concrete and cement will result, with new and improved functions, processes, services and business models that will make Argos a leader in the industry and a maker of history.

This Innovation Center will have a total constructed area of 4,800 square meters, which is a clear sign of Argos' commitment to innovation.

Furthermore, the Center will reflect the company's global philosophy of implementing a reasonable management



Robot at the Roberta Plant, Alabama, USA

system that is focused on working in a sustainable way, in the economic, social and environmental dimensions, and with a design and implementation plan that is based on criteria of sustainability and the LEED qualification system.

Future perspectives

By the year 2015, our MEGA or goal of innovation as a company is that 10% of revenues come from innovation, which, as we have defined, includes the invention and implementation of new products, processes, services, organizational structures and business models that allow us to create value for both the customers and the company itself. At the end of 2013, we already managed to make 9.8% of our revenues come from innovation. This result is obviously satisfying, but it also challenges us to reach the goal by 2015 and, above all, to make this result constant in time and become a measurement of our capacity to reinvent ourselves and a reflection of our innovation culture.

From 2015 onwards, we will work on maintaining this figure of 10% of our income coming from innovation. This will be an innovation MEGA, given that as the income of the company increases, the value of 10% of this income will also rise. In addition to this, we have set a period of five years to record income from new products



in the company's portfolio, which makes the challenge even bigger, as it forces us to maintain a product portfolio of new types of cement and concrete that meet the needs of our clients and the industry.

Knowing that these are big challenges, we also see big opportunities for Argos in the challenges of the cement industry from 2015 onwards. This is why we will work on more radical innovation and take bigger risks, capable of changing said industry and turning us into global leaders. In the transformation of the industry, we see the conversion of our CO₂ emissions and of other gases into supplies for other industries or value-added products. Also, we see the use of alternative fuels as a fundamental service for the industrial

sustainability of society, in which alternative fuel can replace almost all of our traditional fossil fuels. For Argos, our portfolio of "green" types of cement, in which Ceratech is involved, will become another mechanism for our growth and leadership, proof of the fact that sustainability is real and based on three dimensions: environmental, social and economic.

The portfolio of new products, services, distribution, and management models will be an essential part of Argos' growth strategy up to 2015 and after, and it will continue to be a focal point of innovation for the company, always developing cement and concrete with more knowledge and technology and with higher levels of sustainability.



Application of flexible concrete in Medellín, Colombia

Innovation and knowledge WITHIN EVERYONE'S REACH



The Argos Innovation Center, a building that will be integrated into the campus of EAFIT University, located in Medellín, Colombia, represents Argos' commitment to sustainability, supported by our capacity to reinvent and adapt and within the framework of our strategic priority of Innovation.

What is it?

- A center that will integrate the corporate capacities of innovation and development of Grupo Argos for the development of solutions and technologies that meet the requirements of present and future markets.
- A meeting point for scholars, students, scientists, engineers, technicians, architects, builders and clients.
- An open system of innovation that maximizes on domestic and international relations with universities, governments, companies and societies.
- A space to increase relations of synergies with the university.



Built floor space:
4,807
square meters



The winning project was designed by the architect Lorenzo Castro



Design of the building

In order to define its design, the company organized a contest, which was won by the proposal of the architect Lorenzo Castro. To choose the winning design for the Center, the following aspects were taken into account:

- Architectural integration into the campus
- Spaces that offer flexibility and connectivity
- Communication: science in sight
- Sustainability
- Application of concrete



The different spaces:



- Biotechnological processes
- Microalgae to capture CO₂
- Bio-desulfurization
- Genetically Modified Organisms (GMO)
- Bio-technology (biofuel – bioenergy)



- Processes of characterization of materials
- Assessment of the composition of liquids, gases and solid materials: biofuel, coal, cement, and fly ash



- 44 fixed work spaces and 15 with a modular distribution
- An auditorium with room for 54 people and a showroom for clients



- Processes of prototypes
- Development of pieces, processes and scale models



Permeable concrete in Medellín, Colombia



Sogamoso plant, Colombia



Employee at the Comayagua plant, Honduras



Roberta plant, USA



Concrete mixer trucks in Panama



Employees at the Rioclaro plant, Colombia



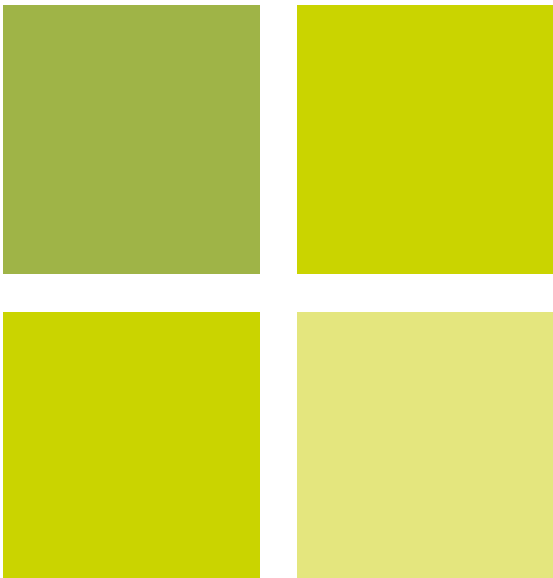
172 Concrete mixer truck at the Cartagena plant, Colombia



Employees at the Atlanta plant, USA



Concrete mixer trucks in Charleston, South Carolina, USA



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6


6.1 CONSOLIDATED FINANCIAL STATEMENTS


CEMENTOS ARGOS S.A.
CONSOLIDATED BALANCE SHEET
As of December 31
(in millions of Colombian pesos)

| ASSETS | Notes | 2013 | 2012 |
|---|-------|-------------------|-------------------|
| CURRENT ASSETS | | | |
| Cash | | 366,769 | 155,106 |
| Negotiable investments | 5 | 161,244 | 1,759 |
| Accounts receivable, net | 6 | 826,294 | 796,519 |
| Inventories, net | 7 | 402,435 | 355,379 |
| Prepaid expenses | | 28,240 | 24,910 |
| TOTAL CURRENT ASSETS | | 1,784,982 | 1,333,673 |
| NON-CURRENT ASSETS | | | |
| Long-term accounts receivable | 6 | 40,254 | 39,718 |
| Long-term investments | 8 | 145,898 | 145,095 |
| Property, plant and equipment, net | 9 | 4,070,292 | 3,779,319 |
| Deferred and intangible assets | 10 | 2,047,755 | 1,375,489 |
| Other assets | | 16,832 | 19,437 |
| Asset revaluations | 19 | 3,525,705 | 3,573,985 |
| TOTAL NON-CURRENT ASSETS | | 9,846,736 | 8,933,043 |
| TOTAL ASSETS | | 11,631,718 | 10,266,716 |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | | |
| CURRENT LIABILITIES | | | |
| Financial obligations | 11 | 289,290 | 653,308 |
| Outstanding bonds | 12 | 192,575 | 77,200 |
| Suppliers and accounts payable | 13 | 629,937 | 560,779 |
| Taxes, levies and contributions | 14 | 195,940 | 124,320 |
| Labor obligations | 16 | 69,347 | 51,106 |
| Other liabilities | 17 | 344,758 | 302,963 |
| TOTAL CURRENT LIABILITIES | | 1,721,847 | 1,769,676 |
| NON-CURRENT LIABILITIES | | | |
| Financial obligations | 11 | 222,158 | 369,717 |
| Taxes, levies and contributions | 14 | - | 30,745 |
| Suppliers and accounts payable | 13 | 55,107 | 75,857 |
| Outstanding bonds | 12 | 1,739,655 | 1,930,588 |
| Labor obligations | 16 | 242,455 | 255,627 |
| Deferred tax | 15 | 38,189 | 38,166 |
| TOTAL NON-CURRENT LIABILITIES | | 2,297,564 | 2,700,700 |
| TOTAL LIABILITIES | | 4,019,411 | 4,470,376 |
| Minority interests | | 369,756 | 82,855 |
| SHAREHOLDERS' EQUITY | | | |
| See attached statement | 18 | 7,242,551 | 5,713,485 |
| TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY | | 11,631,718 | 10,266,716 |
| Memorandum accounts | 20 | 1,559,140 | 2,233,588 |

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


Jorge Mario Velásquez J.
 Legal Representative
 (see attached certificate)

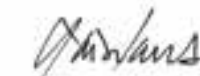

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 (see attached report)

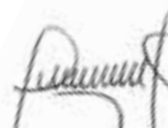
CEMENTOS ARGOS S.A.
CONSOLIDATED INCOME STATEMENT
Years ended on December 31
(in millions of Colombian pesos, except for net profit per share)

| | Notes | 2013 | 2012 |
|---|-------|------------------|----------------|
| OPERATING INCOME | | 4,968,414 | 4,380,393 |
| COST OF SALES | | 3,860,411 | 3,468,457 |
| GROSS PROFIT | | 1,108,003 | 911,936 |
| OPERATING EXPENSES | | | |
| Administrative expenses | 21 | 327,155 | 327,095 |
| Sales expenses | 22 | 199,733 | 170,274 |
| Total operating expenses | | 526,888 | 497,369 |
| OPERATING PROFIT | | 581,115 | 414,567 |
| Other non-operating income (expenses) | | | |
| Dividends and equity participations | 23 | 26,360 | 35,512 |
| Financial income | | 13,020 | 12,498 |
| Financial expenses | | (162,454) | (223,942) |
| Foreign exchange difference | 24 | 37,612 | (1,160) |
| Other income | 25 | 82,832 | 362,262 |
| Other expenses | 26 | (175,178) | (182,947) |
| Profit before income tax provision | | 403,307 | 416,790 |
| Income tax provision | 14 | 211,684 | 17,083 |
| Profit before minority interests | | 191,623 | 399,707 |
| Minority interests in profits of subsidiaries | | (7,913) | (12,088) |
| Consolidated net profit | | 183,710 | 387,619 |
| Net profit per share | | 117.56 | 336.60 |

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


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CEMENTOS ARGOS S.A.

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

Years ended on December 31

(in millions of Colombian pesos)

| | Share capital | Additional paid-in capital | Legal reserve | Reserve for future expansion and investment | Other reserves | Total reserves | Shareholders' equity revaluation | Profit from previous periods | Profit of the period | Asset revaluation surplus | Total shareholders' equity |
|--|---------------|----------------------------|---------------|---|----------------|----------------|----------------------------------|------------------------------|----------------------|---------------------------|----------------------------|
| SALDOS AL 31 DE DICIEMBRE DE 2011 | 7,291 | 210,819 | 23,163 | 783,490 | 33,373 | 840,026 | 892,174 | - | 369,974 | 9,297,115 | 11,617,399 |
| Transfer to profit from previous periods | - | - | - | - | - | - | - | 369,974 | (369,974) | - | - |
| Appropriation for reserve for future expansion | - | - | - | 259,974 | - | 259,974 | - | (259,974) | - | - | - |
| Release of non-taxable reserves for future expansion | - | - | - | (51,234) | - | (51,234) | - | 51,234 | - | - | - |
| Dividends of COP 140 per share, declared in cash and payable in four installments starting in April 2012 | - | - | - | - | - | - | - | (161,234) | - | - | (161,234) |
| Spin-off | (1,175) | (33,970) | (9,318) | (163,428) | (427) | (173,173) | (145,358) | - | - | (5,545,613) | (5,899,289) |
| Capitalization of additional paid-in capital | 1,175 | (1,175) | - | 54,788 | (17,496) | 37,292 | 9,937 | - | - | - | 47,229 |
| Profit of the year | - | - | - | - | - | - | - | - | - | (278,239) | (278,239) |
| Adjustments due to revaluation | - | - | - | - | - | - | - | - | 387,619 | - | 387,619 |
| Profit of the period ended | - | - | - | - | - | - | - | - | 387,619 | - | 387,619 |
| BALANCES ON DECEMBER 31 2012 | 7,291 | 175,674 | 13,845 | 883,590 | 15,450 | 912,885 | 756,753 | - | 387,619 | 3,473,263 | 5,713,485 |
| Issuance of preferred shares | 1,256 | 1,609,568 | - | - | - | - | - | - | - | - | 1,610,824 |
| Transfer to income from previous periods | - | - | - | - | - | - | - | 387,619 | (387,619) | - | - |
| Appropriation for reserve to guarantee preferred dividend | - | - | - | 50,000 | - | 50,000 | - | (50,000) | - | - | - |
| Appropriation for reserve for future expansion | - | - | - | 296,582 | - | 296,582 | - | (296,582) | - | - | - |
| Release of non-taxable reserves for future expansion | - | - | - | (136,320) | - | (136,320) | - | 136,320 | - | - | - |
| Dividends of COP 154 per share, declared in cash and payable in four installments starting in April 2013 | - | - | - | - | - | - | - | (177,357) | - | - | (177,357) |
| Preferred dividends of COP 57.75 per share per quarter, declared in cash and payable starting in July 2014 | - | - | - | (36,244) | - | (36,244) | - | - | - | - | (36,244) |
| Adjustments due to revaluation | - | - | - | - | - | - | - | - | - | (52,205) | (52,205) |
| Profit not recorded because of hedge accounting | - | - | - | - | - | - | 338 | - | - | - | 338 |
| Profit of the period ended | - | - | - | - | - | - | - | - | 183,710 | - | 183,710 |
| BALANCES ON DECEMBER 31, 2013 | 8,547 | 1,785,242 | 13,845 | 1,057,608 | 15,450 | 1,086,903 | 757,091 | - | 183,710 | 3,421,058 | 7,242,551 |

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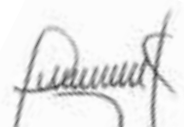
CEMENTOS ARGOS S.A.
CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION
Years ended on December 31
(in millions of Colombian pesos)

| | 2013 | 2012 |
|---|------------------|------------------|
| THE FINANCIAL RESOURCES WERE PROVIDED BY: | | |
| Net profit | 183,710 | 387,619 |
| Add (less) debit (credit) to income that does not affect working capital | | |
| Depreciation of property, plant and equipment | 335,853 | 312,404 |
| Amortization of deferred and intangible charges | 61,140 | 64,219 |
| Amortización del descuento de bonos en circulación | 1,642 | 1,642 |
| Gains from the sale of property, plant and equipment | (1,351) | (4,017) |
| Gains from the sale of other assets | (431) | - |
| Loss from the sale of property, plant and equipment | 515 | 546 |
| Loss from disposal of property, plant and equipment | 1,342 | 996 |
| Loss from disposal of other assets | - | 3,182 |
| Gains from the sale of long-term investments | - | (231,369) |
| Investment provision | 8,670 | - |
| Recovery from investment provision | (7,709) | (2,463) |
| Recovery from retirement pensions reserve | (13,172) | - |
| Foreign exchange difference of long-term assets | (16,131) | (75,787) |
| Amortization of deferred and other taxes | (6,656) | - |
| Minority interests | 7,913 | 12,088 |
| WORKING CAPITAL PROVIDED BY OPERATIONAL ACTIVITIES DURING THE YEAR | 555,335 | 469,060 |
| FINANCIAL RESOURCES FROM OTHER SOURCES: | | |
| Issuance of preferred shares | 1,610,824 | - |
| Sale of property, plant and equipment | 3,817 | 6,180 |
| Sale of long-term investments | - | 257,303 |
| Sale of other assets | 3,036 | - |
| Decrease in long-term inventories | - | 38,237 |
| Decrease in deferred and intangible assets | - | 3,505 |
| Issuance of long-term bonds | - | 922,800 |
| Increase in long-term labor obligations | - | 2,261 |
| Effect of valuation of derivative operations under hedge accounting | 338 | - |
| Increase in minority interests | 166,246 | - |
| TOTAL FINANCIAL RESOURCES PROVIDED | 2,339,596 | 1,699,346 |
| THE FINANCIAL RESOURCES WERE USED FOR: | | |
| Increase in long-term accounts receivable | 536 | 15,295 |
| Acquisition of property, plant and equipment | 379,516 | 167,346 |
| Net increase in property, plant and equipment due to acquisition of Argos Honduras S.A. de C.V. | 73,483 | - |
| Acquisition of long-term investments | 1,764 | 746 |
| Increase in deferred and intangible assets | 141,891 | 4,638 |
| Goodwill from acquisition of assets in Honduras | 515,844 | - |
| Declared dividends | 213,601 | 161,234 |
| Decrease in long-term financial obligations | 131,428 | 274,213 |
| Decrease in long-term accounts payable | 20,750 | 35,265 |
| Transfer of taxes payable to short-term | 30,745 | 32,736 |
| Decrease in long-term deferred liabilities | - | 89,880 |
| Transfer of outstanding bonds to short term | 192,575 | - |
| Net effect of spin-off | - | 25,958 |
| Net effect in exchange of companies abroad | 138,325 | 59,004 |
| Decrease in minority interests | - | 10,538 |
| TOTAL FINANCIAL RESOURCES USED | 1,840,458 | 876,853 |
| INCREASE IN WORKING CAPITAL | 499,138 | 822,493 |
| CHANGES IN WORKING CAPITAL COMPONENTS: | | |
| Cash | 211,663 | (134,070) |
| Negotiable investments | 159,485 | (40,748) |
| Accounts receivable, net | 29,775 | (21,247) |
| Inventories, net | 47,056 | (4,620) |
| Pre-paid expenses | 3,330 | 616,115 |
| Financial obligations | 364,018 | 146,802 |
| Outstanding bonds | (115,375) | 199,030 |
| Suppliers and accounts payable | (69,158) | 57,568 |
| Taxes, levies and contributions | (71,620) | (2,821) |
| Labor obligations | (18,241) | (12,636) |
| Other liabilities | (41,795) | 19,120 |
| INCREASE IN WORKING CAPITAL | 499,138 | 822,493 |

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


Jorge Mario Velásquez J.
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 (see attached report)


CEMENTOS ARGOS S.A.
CONSOLIDATED CASH FLOW STATEMENT
Years ended on December 31
(in millions of Colombian pesos)

| | 2013 | 2012 |
|--|--------------------|------------------|
| CASH FLOW FROM OPERATING ACTIVITIES: | | |
| Net profit | 183,710 | 387,619 |
| Adjustments to reconcile net profit of the year with net cash provided by operating activities | | |
| Depreciation and amortization of property, plant and equipment | 335,853 | 312,404 |
| Amortization of deferred and intangible charges | 61,140 | 64,219 |
| Amortization of the discount of outstanding bonds | 1,642 | 1,642 |
| Gains from the sale of property, plant and equipment | (1,351) | (4,017) |
| Gains from the sale of other assets | (431) | - |
| Loss from the sale of property, plant and equipment | 515 | 546 |
| Loss from disposal of property, plant and equipment | 1,342 | 996 |
| Loss from disposal of other assets | - | 3,182 |
| Gain from the sale of long-term investments | - | (231,369) |
| Provision for investments | 8,670 | - |
| Recovery from the provision for investments | (8,362) | (2,463) |
| Provision for doubtful debts | 26,011 | 8,497 |
| Provision for inventories | 6,511 | 1,768 |
| Revaluation of derivative operations | 16,096 | (5,822) |
| Income receivable | (26,360) | - |
| Foreign exchange difference in long-term financial obligations | (16,131) | (75,787) |
| Recovery from retirement pension reserve | (13,172) | - |
| Amortization of deferred and other taxes | (6,656) | - |
| Minority interests | 7,913 | 12,088 |
| | 576,940 | 473,503 |
| CHANGES IN OPERATING ASSETS AND LIABILITIES: | | |
| Accounts receivable | (63,039) | (34,886) |
| Inventories | (53,567) | (74,136) |
| Prepaid expenses | (3,330) | 4,620 |
| Suppliers and accounts payable | 51,901 | 11,757 |
| Taxes, levies and contributions | 40,875 | (26,088) |
| Labor obligations | 18,241 | 16,907 |
| Other liabilities | 41,795 | 46,986 |
| Deferred tax | - | (89,880) |
| | 609,816 | 328,783 |
| NET CASH PROVIDED BY OPERATING ACTIVITIES | | |
| CASH FLOW FROM INVESTMENT ACTIVITIES: | | |
| Dividends received in cash | 25,631 | - |
| Proceeds on sale of property, plant and equipment | 3,817 | 6,180 |
| Proceeds on sale of long-term investments | - | 257,303 |
| Proceeds on sale of other assets | 3,036 | - |
| Acquisition of long-term investments | (1,764) | (746) |
| Acquisition of property, plant and equipment | (379,516) | (167,346) |
| Net increase in property, plant and equipment stemming from acquisition of Argos Honduras S.A. de C.V. | (73,483) | - |
| Goodwill stemming from acquisition of assets in Honduras | (515,844) | - |
| (Increase) decrease in deferred and intangible assets | (141,891) | 3,505 |
| Increase in other assets | - | (4,638) |
| | (1,080,014) | 94,258 |
| NET CASH FLOW (USED FOR) PROVIDED BY INVESTMENT ACTIVITIES | | |
| CASH FLOW FROM FINANCING ACTIVITIES: | | |
| Issuance of preferred shares | 1,610,824 | - |
| Dividends paid in cash | (197,199) | (161,234) |
| Payment of outstanding bonds and commercial papers | (77,200) | (423,032) |
| Issuance of bonds | - | 1,000,000 |
| Net decrease in financial obligations | (495,446) | (868,038) |
| Net decrease in sundry long-term debt | (27,554) | (35,265) |
| | 813,425 | (487,569) |
| NET CASH (USED FOR) PROVIDED BY FINANCING ACTIVITIES | | |
| NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS | | |
| Increase (decrease) in minority interest | 166,246 | (10,538) |
| Net effect of foreign exchange difference of foreign companies | (138,325) | (59,004) |
| Cash and cash equivalents at the beginning of the year | 156,865 | 290,935 |
| | 528,013 | 156,865 |
| CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR | | |
| Cash | 366,769 | 155,106 |
| Negotiable investments | 161,244 | 1,759 |
| | 528,013 | 156,865 |

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


Jorge Mario Velásquez J.
 Legal Representative
 (see attached certificate)


Óscar Rodrigo Rubio C.
 Corporate Accounting Manager
 Professional License no. 47208-T
 (see attached certificate)


Juan David López M.
 Statutory Auditor
 Professional License no. 139197-T
 Appointed by Deloitte & Touche Ltda.
 (see attached report)

CERTIFICATE OF THE LEGAL REPRESENTATIVE OF THE COMPANY

Barranquilla, February 18, 2014

To the attention of the shareholders of Cementos Argos S.A. and the general public:

As the Legal Representative of the company, I hereby certify that the consolidated financial statements of the period ended on December 31, 2013, which have been made public, do not contain material flaws, imprecisions or errors that could impede the understanding of the actual assets of Cementos Argos S.A. or the operations that it carried out during the corresponding period.


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


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

Barranquilla, February 18, 2014


To the attention of the shareholders of Cementos Argos S.A.:

The undersigned Legal Representative and Corporate Accounting Manager of Cementos Argos S.A. hereby certify that the company's consolidated financial statements of the years ended on December 31, 2013 and 2012 were faithfully taken from the company's books and that the following statements contained therein were verified before they were made available to the shareholders and to third parties:

- a) All the assets and liabilities that are included in the consolidated financial statements of the company of the years ended on December 31, 2013 and 2012 exist and all the transactions that are included in said statements took place in the years ended on the aforementioned dates.
- b) All the economic activities carried out by the company and its subsidiaries during the years ended on December 31, 2013 and 2012 were recorded in the financial statements.
- c) The assets represent probable future economic benefits (rights) and the liabilities represent probable future economic sacrifices (obligations) obtained by or accrued into by the company as of December 31, 2013 and 2012.
- d) All the items were recorded with their corresponding appropriate values in accordance with accounting principles that are generally accepted in Colombia.
- e) All the economic events that affect the company and its subsidiaries were correctly classified, described and revealed in the financial statements.



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



Óscar Rodrigo Rubio C.
Corporate Accounting Manager
Professional License no. 47208-T



STATUTORY AUDITOR'S REPORT

To the shareholders of CEMENTOS ARGOS S.A.:

I have audited the consolidated balance sheets of CEMENTOS ARGOS S.A. and its subsidiaries as of December 31, 2013 and 2012 and the related consolidated statement of income, changes in shareholders' equity, changes in financial position and cash flows for the years then ended, and the summary of the major accounting policies and other explanatory notes.

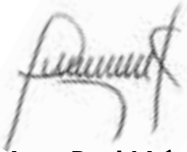
Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in Colombia. This responsibility includes: designing, implementing and maintaining an adequate internal control system for the preparation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

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

As of December 31, 2013 and 2012, CEMENTOS ARGOS S.A. has direct and indirect investments in companies audited by other auditors that represent 11% and 6% of the assets and 8% and 7% of the total consolidated income, respectively, consolidated under the global integration method, according to the financial statements of these companies, as of that date.

In my opinion, based on my audits and on that of other auditors, the consolidated financial statements referred to above, present fairly, in all material respects, the consolidated financial position of CEMENTOS ARGOS S.A. and its subsidiaries as of December 31, 2013 and 2012, and the results of its operations, the changes in its shareholders' equity, the changes in its financial position, and its cash flows for the years then ended, in conformity with accounting principles generally accepted in Colombia, applied uniformly.

These financial statements and notes to the financial statements were translated into English, from statements originally issued in Spanish, for the convenience of readers.



Juan David López M.

Statutory Auditor

Professional Card No. 139197-T

Designated by Deloitte & Touche Ltda.

February 18, 2014

6.2 INDIVIDUAL FINANCIAL STATEMENTS

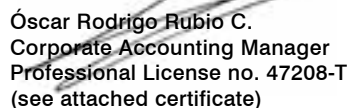


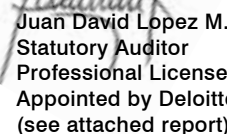
CEMENTOS ARGOS S. A.
BALANCE SHEET
As of December 31
(in millions of Colombian pesos)

| ASSETS | Notes | 2013 | 2012 |
|---|-------|-------------------|------------------|
| CURRENT ASSETS | | | |
| Cash | | 241,138 | 72,333 |
| Negotiable investments | 4 | 12,238 | 627 |
| Accounts receivable | 5 | 670,237 | 534,570 |
| Inventories, net | 6 | 98,955 | 110,057 |
| Prepaid expenses | | 8,362 | 7,636 |
| TOTAL CURRENT ASSETS | | 1,030,930 | 725,223 |
| NON-CURRENT ASSETS | | | |
| Long-term accounts receivable | 5 | 676,334 | 635,127 |
| Long-term investments | 7 | 4,249,802 | 3,883,548 |
| Property, plant and equipment, net | 8 | 704,009 | 685,908 |
| Deferred and intangible assets | 9 | 1,092,734 | 480,326 |
| Other assets | | 4,734 | 4,752 |
| Asset revaluations | 10 | 2,714,971 | 3,022,777 |
| TOTAL NON-CURRENT ASSETS | | 9,442,584 | 8,712,438 |
| TOTAL ASSETS | | 10,473,514 | 9,437,661 |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | | |
| CURRENT LIABILITIES | | | |
| Financial obligations | 11 | 72,674 | 437,561 |
| Outstanding bonds | 12 | 192,575 | 77,200 |
| Suppliers and accounts payable | 13 | 481,324 | 434,872 |
| Taxes, levies and contributions | 14 | 136,946 | 75,725 |
| Labor obligations | 15 | 23,115 | 19,945 |
| Estimated liabilities | 16 | 83,477 | 76,935 |
| Advances | | 53,332 | 44,335 |
| TOTAL CURRENT LIABILITIES | | 1,043,443 | 1,166,573 |
| NON-CURRENT LIABILITIES | | | |
| Financial obligations | 11 | 147,731 | 264,640 |
| Outstanding bonds | 12 | 1,739,655 | 1,930,588 |
| Labor obligations | 15 | 242,455 | 255,627 |
| Suppliers and accounts payable | 13 | 55,107 | 75,857 |
| Taxes, levies and contributions | 14 | - | 25,970 |
| Deferred liabilities | | 764 | 3,115 |
| TOTAL NON-CURRENT LIABILITIES | | 2,185,712 | 2,555,797 |
| TOTAL LIABILITIES | | 3,229,155 | 3,722,370 |
| SHAREHOLDERS' EQUITY | | | |
| See attached statement | 17 | 7,244,359 | 5,715,291 |
| TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY | | 10,473,514 | 9,437,661 |
| Memorandum accounts | 18 | 662,830 | 1,283,939 |

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


 Jorge Mario Velásquez J.
 Legal Representative
 (see attached certificate)


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 (see attached certificate)


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 (see attached report)

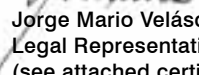
CEMENTOS ARGOS S.A.**INCOME STATEMENT**

Years ended on December 31

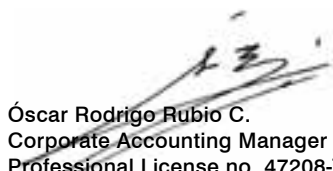
(in millions of Colombian pesos, except for net profit per share)

| | Notes | 2013 | 2012 |
|---|-------|----------------|----------------|
| OPERATING INCOME | 19 | 1,882,331 | 1,768,330 |
| COST OF SALES | | 1,150,400 | 1,150,343 |
| GROSS PROFIT | | 731,931 | 617,987 |
| OPERATING EXPENSES | | | |
| Administrative expenses | 20 | 189,953 | 197,781 |
| Sales expenses | 21 | 91,558 | 71,728 |
| Total operating expenses | | 281,511 | 269,509 |
| OPERATING PROFIT | | 450,420 | 348,478 |
| OTHER INCOME (EXPENSES) | | | |
| Financial income | | 35,507 | 28,721 |
| Financial expenses | | (150,314) | (199,245) |
| Foreign exchange difference, net | | 40,304 | 548 |
| Net stake in results of subsidiaries | | (40,062) | 19,031 |
| Other income | 22 | 79,474 | 340,595 |
| Other expenses | 23 | (86,921) | (133,952) |
| Profit before income tax provision | | 328,408 | 404,176 |
| Income tax provision | 14 | 144,698 | 16,557 |
| NET PROFIT | | 183,710 | 387,619 |
| Net profit per share (in Colombian pesos) | | 117.56 | 336.57 |

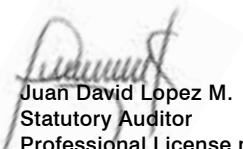
The accompanying notes are an integral part of the financial statements.



Jorge Mario Velásquez J.
Legal Representative
(see attached certificate)



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Corporate Accounting Manager
Professional License no. 47208-T
(see attached certificate)




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(see attached report)

CEMENTOS ARGOS S.A.

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

Years ended on December 31 (in millions of Colombian pesos)

| | Share capital | Additional paid-in capital | Equity method surplus | Legal reserve | Reserve for future expansion and investment | Other reserves | Total reserves | Shareholders' equity revaluation | Profit from previous periods | Profit of the period | Asset revaluation surplus | Total shareholders' equity |
|--|---------------|----------------------------|-----------------------|---------------|---|----------------|----------------|----------------------------------|------------------------------|----------------------|---------------------------|----------------------------|
| BALANCES ON DECEMBER 31, 2011 | 7,291 | 210,819 | 826,366 | 23,163 | 840,085 | 15,877 | 879,125 | 902,111 | - | 369,974 | 8,470,749 | 11,666,435 |
| Transfer to profit from previous periods | - | - | - | - | - | - | - | - | 369,974 | (369,974) | - | - |
| Dividends of COP 140 per share, declared in cash and payable in four installments starting in April 2012 | - | - | - | - | - | - | - | - | (161,235) | - | - | (161,235) |
| Appropriation for reserve for future expansion | - | - | - | - | 208,739 | - | 208,739 | - | (208,739) | - | - | - |
| Equity method surplus | - | - | (240,301) | - | - | - | - | - | - | - | - | (240,301) |
| Adjustment due to intrinsic investment revaluation, stock exchange price | - | - | - | - | - | - | - | - | - | - | (3,082) | (3,082) |
| Spin-off | (1,175) | (33,969) | (135,581) | (9,318) | (163,427) | (427) | (173,172) | (145,358) | - | - | (5,444,890) | (5,934,145) |
| Additional paid-in capital | 1,175 | (1,175) | - | - | - | - | - | - | - | - | - | - |
| Profit of the period ended | - | - | - | - | - | - | - | - | - | 387,619 | - | 387,619 |
| BALANCES ON DECEMBER 31, 2012 | 7,291 | 175,675 | 450,484 | 13,845 | 885,397 | 15,450 | 914,692 | 756,753 | - | 387,619 | 3,022,777 | 5,715,291 |
| Issuance of preferred shares | 1,256 | 1,609,568 | - | - | - | - | - | - | - | - | - | 1,610,824 |
| Transfer to profit from previous periods | - | - | - | - | - | - | - | - | 387,619 | (387,619) | - | - |
| Release of non-taxable reserves for future expansion | - | - | - | - | (136,320) | - | (136,320) | - | 136,320 | - | - | - |
| Dividends of COP 154 per share, declared in cash and payable in four installments starting in April 2013 | - | - | - | - | - | - | - | - | (177,357) | - | - | (177,357) |
| Appropriation for reserve for future expansion | - | - | - | - | 296,582 | - | 296,582 | - | (296,582) | - | - | - |
| Appropriation for reserve to guarantee preferred dividend | - | - | - | - | 50,000 | - | 50,000 | - | (50,000) | - | - | - |
| Preferred dividends of COP 57.75 per share per quarter, declared in cash and payable starting in July 2014 | - | - | - | - | (36,244) | - | (36,244) | - | - | - | - | (36,244) |
| Equity method surplus | - | - | 255,603 | - | - | - | - | - | - | - | (307,806) | (307,806) |
| Adjustments due to investment revaluation | - | - | - | - | - | - | - | - | - | - | - | - |
| Profit not recorded because of hedge accounting | - | - | - | - | - | - | - | 338 | - | - | - | 338 |
| Profit of the period ended | - | - | - | - | - | - | - | - | - | 183,710 | - | 183,710 |
| BALANCES ON DECEMBER 31, 2013 | 8,547 | 1,785,243 | 706,087 | 13,845 | 1,059,415 | 15,450 | 1,088,710 | 757,091 | - | 183,710 | 2,714,971 | 7,244,359 |


Jorge Mario Velásquez J.
 Legal Representative
 (see attached certificate)



Óscar Rodrigo Rubio C.
 Corporate Accounting Manager
 Professional License no. 47208-T
 (see attached certificate)



Juan David Lopez M.
 Statutory Auditor
 Professional License no. 139197-T
 Appointed by Deloitte & Touche Ltda.
 (see attached report)


CEMENTOS ARGOS S.A.
STATEMENT OF CHANGES IN FINANCIAL POSITION
Years ended on December 31
(in millions of Colombian pesos)

| | 2013 | 2012 |
|---|------------------|------------------|
| THE FINANCIAL RESOURCES WERE PROVIDED BY: | | |
| Net profit | 183,710 | 387,619 |
| Add (less) debit (credit) to income that do not affect working capital | | |
| Stake in profits of subordinate companies | 40,062 | (19,031) |
| Depreciation of property, plant and equipment | 98,843 | 91,612 |
| Amortization of deferred charges and intangible assets | 33,068 | 34,050 |
| Other non-operating amortizations | 8,234 | 9,034 |
| Gains from the sale of property, plant and equipment | (955) | (214) |
| Gains from the sale of long-term investments | - | (231,368) |
| Gains from the sale of other assets | (50) | (4) |
| Loss from the sale or disposal of properties | 1,049 | 3,195 |
| (Recovery) amortization of retirement pensions | (13,172) | 538 |
| Foreign exchange difference of long-term liabilities | (16,131) | (18,399) |
| Foreign exchange difference of long-term assets | (40,898) | 63,980 |
| Deferred and other taxes | (9,933) | (5,116) |
| Recovery of provisions | (7,228) | (33,546) |
| Asset provision | 545 | 8,057 |
| WORKING CAPITAL PROVIDED BY OPERATIONAL ACTIVITIES DURING THE YEAR | 277,144 | 290,407 |
| FINANCIAL RESOURCES FROM OTHER SOURCES: | | |
| Dividends received from controlled long-term investments | 94,705 | 43,996 |
| Sale of property, plant and equipment | 1,482 | 841 |
| Sale of long-term investments | - | 259,344 |
| Sale of other assets | - | 405 |
| Issuance of preferred shares | 1,610,824 | - |
| Effect of valuation of derivative operations under hedge accounting | 338 | - |
| Increase in outstanding bonds | - | 922,800 |
| TOTAL FINANCIAL RESOURCES PROVIDED | 1,984,493 | 1,517,793 |
| THE FINANCIAL RESOURCES WERE USED FOR: | | |
| Declared dividends | 213,601 | 161,235 |
| Payment of investment in Honduras | 745,156 | - |
| Acquisition of property, plant and equipment | 117,164 | 89,758 |
| Increase in other long-term investments | 10,672 | 45,022 |
| Increase in deferred and other intangible assets | 128,391 | 71,188 |
| Increase in long-term accounts receivable | 309 | 338 |
| Increase in other assets | 290 | - |
| Transfer of outstanding bonds to short-term | 192,575 | - |
| Decrease of long-term financial obligations | 100,778 | 273,442 |
| Decrease in long-term accounts payable | 20,750 | 30,323 |
| Decrease in long-term accounts payable | 25,970 | 25,970 |
| Transfer of wealth tax to short-term | - | 42,011 |
| TOTAL FINANCIAL RESOURCES USED | 1,555,656 | 739,287 |
| INCREASE IN WORKING CAPITAL | 428,837 | 778,506 |
| CHANGES IN WORKING CAPITAL COMPONENTS: | | |
| Cash | 168,805 | (78,953) |
| Negotiable investments | 11,611 | (12,508) |
| Accounts receivable, net | 135,667 | (20,565) |
| Inventories, net | (11,102) | (35,143) |
| Pre-paid expenses | 726 | 1,814 |
| Financial obligations | 364,887 | 605,102 |
| Bonds and commercial papers | (115,375) | 345,832 |
| Suppliers and accounts payable | (46,452) | (25,433) |
| Taxes, levies and contributions | (61,221) | (3,067) |
| Labor obligations | (3,170) | (1,777) |
| Other liabilities and estimated liabilities | (15,539) | 3,204 |
| INCREASE IN WORKING CAPITAL | 428,837 | 778,506 |

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


Jorge Mario Velásquez J.
Legal Representative
 (see attached certificate)



Óscar Rodrigo Rubio C.
Corporate Accounting Manager
 Professional License no. 47208-T
 (see attached certificate)



Juan David Lopez M.
Statutory Auditor
 Professional License no. 139197-T
 Appointed by Deloitte & Touche Ltda.
 (see attached report)


CEMENTOS ARGOS S.A.
CASH FLOW STATEMENT
Years ended on December 31
(in millions of Colombian pesos)

| | 2013 | 2012 |
|--|------------------|------------------|
| CASH FLOW FROM OPERATING ACTIVITIES: | | |
| Net profit | 183,710 | 387,619 |
| Adjustments to reconcile net profit of the year with net cash provided by operating activities | | |
| Stake in results of subordinate companies | 40,062 | (19,031) |
| Depreciation and amortization of property, plant and equipment | 98,843 | 91,612 |
| Amortization of deferred charges and intangible assets | 33,068 | 34,050 |
| Other non-operating amortizations | 8,234 | 9,034 |
| Gains from the sale of property, plant and equipment | (955) | (214) |
| Gains from the sale of long-term investments | - | (231,368) |
| Gains from the sale of other assets | (50) | (4) |
| Loss from the sale or disposal of properties | 1,049 | 3,195 |
| Portfolio write-off | 345 | 2,406 |
| Amortization of bonds | 1,642 | 1,642 |
| Recovery (amortization) of retirement pensions | (13,172) | 538 |
| Foreign exchange difference in long-term liabilities | (16,493) | (18,937) |
| Foreign exchange difference in long-term assets | (40,898) | 63,980 |
| Deferred and other taxes | (11,575) | (6,758) |
| Recovery of provisions | (18,728) | (35,656) |
| Asset provision | 12,198 | 15,092 |
| Revaluation of derivative operations | 16,096 | 39,358 |
| | 293,376 | 336,558 |
| CHANGES IN OPERATING ASSETS AND LIABILITIES: | | |
| Accounts receivable | (199,313) | (86,842) |
| Inventories | 9,833 | (26,162) |
| Prepaid expenses | (726) | (1,814) |
| Suppliers and accounts payable | 22,391 | (39,197) |
| Labor obligations | 3,170 | 3,501 |
| Other liabilities and estimated liabilities | 26,824 | 29,752 |
| Taxes, levies and contributions | 35,251 | (34,717) |
| | | |
| NET CASH PROVIDED BY OPERATING ACTIVITIES | 190,806 | 181,079 |
| CASH FLOW FROM INVESTMENT ACTIVITIES: | | |
| Payment for investment in Honduras | (745,156) | - |
| Acquisition of property, plant and equipment | (117,164) | (89,758) |
| Increase of deferred and other intangible items | (128,391) | (71,188) |
| Acquisition of other long-term investments | (10,672) | (45,022) |
| Dividends received in cash | 140,100 | 89,441 |
| Proceeds from sale of property, plant and equipment | 1,482 | 841 |
| Proceeds from sale of long-term investments | - | 259,344 |
| Proceeds from sale of other assets | - | 405 |
| Increase in other assets | (290) | - |
| | | |
| NET CASH PROVIDED BY (USED FOR) INVESTMENT ACTIVITIES | (860,091) | 144,063 |
| CASH FLOW FROM FINANCING ACTIVITIES: | | |
| Dividends paid in cash | (197,199) | (115,027) |
| Issuance of preferred shares | 1,610,824 | - |
| Net decrease in financial obligations | (465,665) | (878,544) |
| Decrease in long-term accounts payable | (20,750) | - |
| Payment of outstanding bonds and commercial papers | (77,200) | (423,032) |
| Increase in long-term accounts receivable | (309) | - |
| Issuance of outstanding bonds | - | 1,000,000 |
| | | |
| NET CASH (USED FOR) PROVIDED BY FINANCING ACTIVITIES | 849,701 | (416,603) |
| Net increase (decrease) in cash and cash equivalents | 180,416 | (91,461) |
| Cash and cash equivalents at the beginning of the year | 72,960 | 164,421 |
| | | |
| CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR | 253,376 | 72,960 |
| CASH EQUIVALENTS | | |
| Cash | 241,138 | 72,333 |
| Negotiable investments | 12,238 | 627 |
| | 253,376 | 72,960 |

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


Jorge Mario Velásquez J.
 Legal Representative
 (see attached certificate)


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

CERTIFICATE OF THE LEGAL REPRESENTATIVE OF THE COMPANY

Barranquilla, February 18, 2014

**To the attention of the shareholders of Cementos Argos S.A.
and the general public:**

As the Legal Representative of the company, I hereby certify that the financial statements of the period ended December 31, 2013, which have been made public, do not contain material flaws, imprecisions or errors that could impede the understanding of the actual assets of Cementos Argos S.A. or the operations that it carried out during the corresponding period.



Jorge Mario Velásquez J.

Legal Representative
Cementos Argos S.A.

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

Barranquilla, February 18, 2014

To the attention of the shareholders of Cementos Argos S.A.:

The undersigned Legal Representative and Corporate Accounting Manager of Cementos Argos S.A. hereby certify that the company's financial statements of the years ended on December 31, 2013 and 2012 were faithfully taken from the company's books and that the following statements contained therein were verified before they were made available to the shareholders and to third parties:

- a) All the assets and liabilities that are included in the financial statements of the company of the years ended on December 31, 2013 and 2012 exist and all the transactions that are included in said statements took place in the years ended on the aforementioned dates.
- b) All the economic activities carried out by the company during the years ended on December 31, 2013 and 2012 were recorded in the financial statements.
- c) The assets represent probable future economic benefits (rights) and the liabilities represent probable future economic sacrifices (obligations) obtained by or accrued into by the company as of December 31, 2013 and 2012.
- d) All the items were recorded with their corresponding appropriate values in accordance with accounting principles that are generally accepted in Colombia.
- e) All the economic events that affect the company were correctly classified, described and revealed in the financial statements.



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



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



STATUTORY AUDITOR'S REPORT

To the shareholders of CEMENTOS ARGOS S.A.:

I have audited the balance sheets of CEMENTOS ARGOS S.A., as of December 31, 2013 and 2012 and the related statements of income, changes in shareholders' equity, changes in financial position and cash flows for the years then ended, and the summary of the major accounting policies and other explanatory notes.

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

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

As of December 31, 2013 CEMENTOS ARGOS S.A. has investments in companies audited by other auditors, accounted under the equity method, determined according to the financial statements of these companies as of that date, that represent 7% of the long-term investments and 13% of the net profit. Those financial statements were audited by other auditors, who expressed their unqualified opinion.

In my opinion, based on my audits and on that of other auditors, the financial statements referred to above, taken from the accounting books, present fairly, in all material respects, the financial situation of CEMENTOS ARGOS S.A. as of December 31, 2013 and 2012, and the results of its operations, the changes in its shareholders' equity, the changes in its financial position, and its cash flows for the years then ended, in conformity with accounting principles generally accepted in Colombia, applied uniformly.

Further, based on the scope of my audits, I report that the Company has maintained its accounting in accordance with legal rules and accounting technique; the transactions recorded in the accounting books and the acts by management conform to the bylaws and the decisions of the Shareholders' Meeting and the Board of Directors; the correspondence, account vouchers and books of minutes and shareholder ledger are duly kept and preserved; the management's report agrees with the basic financial statements, the Company is not in default in the payment of contributions to the Integral Social Security System, and the mechanisms for money laundering prevention and control have been implementing in accordance with External Circular No. 60 of 2008 from Superintendencia Financiera de Colombia. My assessment of the internal control, performed with the purpose of defining the scope of my audit testing, did not provide evidence that the Company has not followed proper internal control and of conservation and custody measures of its assets and those of third parties that are in its possession.

These financial statements and notes to the financial statements were translated into English, from statements originally issued in Spanish, for the convenience of readers.



Juan David López M.

Statutory Auditor

Professional Card No. 139197-T

Designated by Deloitte & Touche Ltda.

February 18, 2014

6.3 GRI table

For the “In Accordance – Core” option of the G4 Sustainability Reporting Guidelines

* Correspondence to the Principles of the Global Compact

**For the year ended on December 31, 2013, PricewaterhouseCoopers AG Ltda. was hired to elaborate a limited assurance report on the 16 performance indicators included in the Integrated Report of 2013 and on the declaration given by Cementos Argos S.A. regarding the fact that it has presented its Integrated Report of 2013 in accordance with the Core option of the G4 2013 version of the GRI, according to reporting criteria established by the company’s management. The independent assurance report can be found starting on p. 241 of this report.

*** In accordance with the G4 Guidelines, it is not mandatory to report these indicators in order to comply with the Core option that was self-declared by the company. However, the company chose to share this information with its shareholders voluntarily.

| STRATEGY AND ANALYSIS | | | | | | |
|-------------------------------------|--|---|----------|-------------|------------------|--------------------|
| GRI | Description of the indicator | Answer | Omission | Page | Global Compact * | Verified by PwC ** |
| GENERAL STANDARD DISCLOSURES | | | | | | |
| G4-1 | Provide a statement from the most senior decision-maker of the organization (such as CEO, chair, or equivalent senior position) about the relevance of sustainability to the organization and the organization’s strategy for addressing sustainability. | <ul style="list-style-type: none"> Letter of the CEO Management Report | | 12 43-47 | | |
| ORGANIZATIONAL PROFILE | | | | | | |
| G4-3 | Report the name of the organization. | <ul style="list-style-type: none"> Direct answer: Cementos Argos S.A. | | | | |
| G4-4 | Report the primary brands, products, and services. | <ul style="list-style-type: none"> Brands: Management Report How we create value / Business and capital structure model | | 32 62-63 | | |
| G4-5 | Report the location of the organization’s headquarters. | <ul style="list-style-type: none"> Direct answer: Headquarters: Calle 7D N. 43A- 99, Medellín, Colombia Registered domicile: Via 40 Las Flores, Barranquilla, Colombia | | | | |
| G4-6 | Report the number of countries where the organization operates, and names of countries where either the organization has significant operations or that are specifically relevant to the sustainability topics covered in the report. | <ul style="list-style-type: none"> About the Report Direct answer: Cementos Argos S.A. owns 61 affiliated companies that are consolidated with it, with presence in Colombia, Suriname, the United States, Haiti, the British Virgin Islands, Curacao, Panama, the Dominican Republic, Honduras and Venezuela | | 10 | | |
| G4-7 | Report the nature of ownership and legal form. | <ul style="list-style-type: none"> Direct answer: “Sociedad Anónima”, which is the equivalent of a public limited company | | | | |

| GRI | Description of the indicator | Answer | Omission | Page | Global Compact * | Verified by PwC ** |
|-------|--|---|----------|--------------------------|------------------|--------------------|
| G4-8 | Report the markets served (including geographic breakdown, sectors served, and types of customers and beneficiaries). | <ul style="list-style-type: none"> • Our performance / Organizational excellence • Key facts and figures / Our operations • Direct answer: We export to 35 destinations, which are Anguilla, Antigua, Aruba, Barbados, Bonaire, Brazil, Colombia, Costa Rica, Curacao, Dominica, Ecuador, Florida, Great Cayman Island, Guadeloupe, Guatemala, Guiana, French Guiana, Haiti, Ivory Coast, Jamaica, Martinique, Nevis, Panama, Peru, Puerto Rico, the Dominican Republic, Saba, Saint Croix, Saint Kitts, Saint Lucia, Saint Martin, Saint Thomas, Saint Vincent, Suriname, Trinidad and Tobago | | 20-21 32 78 | | |
| G4-9 | Report the scale of the organization | <ul style="list-style-type: none"> • Key facts and figures • Our performance / Social sustainability / Talent management / Our most important figures | | 15-23 141 | | |
| G4-10 | Report the total number of employees by employment contract and gender. | <ul style="list-style-type: none"> • Our performance / Social sustainability / Talent management / Our most important figures | | 141 | GC | |
| G4-11 | Report the percentage of total employees covered by collective bargaining agreements. | <ul style="list-style-type: none"> • Our performance / Sustainability / Social sustainability / Human rights / Respect for human rights | | 150 | GC | |
| G4-12 | Describe the organization's supply chain. | <ul style="list-style-type: none"> • How we create value / Business and capital structure model • Our performance / Economic sustainability / Supplier management | | 62-63 106 | | |
| G4-13 | Report any significant changes during the reporting period regarding the organization's size, structure, ownership, or its supply chain, | <ul style="list-style-type: none"> • About the report • Key facts and figures • Our performance / Consolidation and expansion / Capital structure • Our performance / Economic sustainability / Supplier management | | 10 16 72-74 106 | | |

| GRI | Description of the indicator | Answer | Omission | Page | Global Compact * | Verified by PwC ** |
|---|--|--|----------|-----------|------------------|--------------------|
| G4-14 | Report whether and how the precautionary approach or principle is addressed by the organization. | <ul style="list-style-type: none"> How we create value / Strategic risks Our performance / Environmental sustainability | | 64 113 | | |
| G4-15 | List externally developed economic, environmental and social charters, principles, or other initiatives to which the organization subscribes or which it endorses. | <ul style="list-style-type: none"> Our performance / Sustainability / Partnerships and initiatives | | 85 | | |
| G4-16 | List memberships of associations | <ul style="list-style-type: none"> Our performance / Sustainability / Partnerships and initiatives | | 85 | | |
| IDENTIFIED MATERIAL ASPECTS AND BOUNDARIES | | | | | | |
| G4-17 | List all entities included in the organization's consolidated financial statements or equivalent documents. | <ul style="list-style-type: none"> See GRI table annexes: Table of companies that are consolidated | | | | |
| G4-18 | Explain the process for defining the report content and the Aspect Boundaries. | <ul style="list-style-type: none"> Our performance / Sustainability / Materiality See annex: Material aspects GRI G4 | | 85 | | |
| G4-19 | List all the material Aspects identified in the process for defining report content. | <ul style="list-style-type: none"> Our performance / Sustainability / Materiality | | 87-88 | | |
| G4-20 | For each material Aspect, report the Aspect Boundary within the organization | <ul style="list-style-type: none"> Our performance / Sustainability / Materiality See GRI table annexes: Table of limits of material aspects | | 89 | | |
| G4-21 | For each material Aspect, report the Aspect Boundary outside the organization | <ul style="list-style-type: none"> Our performance / Sustainability / Materiality See GRI table annexes: Table of limits of material aspects | | 89 | | |
| G4-22 | Report the effect of any restatements of information provided in previous reports, and the reasons for such restatements. | <ul style="list-style-type: none"> About the report | | 10 | | |
| G4-23 | Report significant changes from previous reporting periods in the Scope and Aspect Boundaries. | <ul style="list-style-type: none"> About the report Our performance / Sustainability / Materiality | | 10 85 | | |

| GRI | Description of the indicator | Answer | Omission | Page | Global Compact * | Verified by PwC ** |
|-------------------------------|--|---|----------|-----------|------------------|--------------------|
| STAKEHOLDER ENGAGEMENT | | | | | | |
| G4-24 | Provide a list of stakeholder groups engaged by the organization. | <ul style="list-style-type: none"> Our performance / Sustainability / Stakeholders | | 89 | | |
| G4-25 | Report the basis for identification and selection of stakeholders with whom to engage. | <ul style="list-style-type: none"> Our performance / Sustainability / Stakeholders | | 90 | | |
| G4-26 | Report the organization's approach to stakeholder engagement | <ul style="list-style-type: none"> Our performance / Sustainability / Stakeholders | | 90 | | |
| G4-27 | Report key topics and concerns that have been raised through stakeholder engagement | <ul style="list-style-type: none"> Our performance / Sustainability / Stakeholders | | 91 | | |
| REPORT PROFILE | | | | | | |
| G4-28 | Reporting period (such as fiscal or calendar year) for information provided. | <ul style="list-style-type: none"> About the report | | 10 | | |
| G4-29 | Date of most recent previous report (if any). | <ul style="list-style-type: none"> About the report | | 10 | | |
| G4-30 | Reporting cycle (such as annual, biennial). | <ul style="list-style-type: none"> About the report | | 10 | | |
| G4-31 | Provide the contact point for questions regarding the report or its contents. | <ul style="list-style-type: none"> About the report External Assurance Report (PwC) | | 11 | | |
| G4-32 | Report the 'in accordance' option the organization has chosen. | <ul style="list-style-type: none"> About the report | | 11 241 | | |
| G4-33 | Report the organization's policy and current practice with regard to seeking external assurance for the report. | <ul style="list-style-type: none"> About the report | | 11 | | |
| GOVERNANCE | | | | | | |
| G4-34 | Report the governance structure of the organization | <ul style="list-style-type: none"> Our governance framework Our governance framework / Board Committees | | 51 56 | | |
| G4-35 *** | Report the process for delegating authority for economic, environmental and social topics from the highest governance body to senior executives and other employees. | <ul style="list-style-type: none"> Our governance framework / Board Committees Our performance / Sustainability | | 56 83 | | |
| G4-36 *** | Report whether the organization has appointed an executive-level position or positions with responsibility for economic, environmental and social topics | <ul style="list-style-type: none"> Our performance / Sustainability Our governance framework / Board Committees | | 56 83 | | |

| GRI | Description of the indicator | Answer | Omission | Page | Global Compact * | Verified by PwC ** |
|--------------|--|--|----------|----------|------------------|--------------------|
| G4-37 *** | Report processes for consultation between stakeholders and the highest governance body on economic, environmental and social topics. If consultation is delegated, describe to whom and any feedback processes to the highest governance body. | <ul style="list-style-type: none"> Our performance / Sustainability | | 83 | | |
| G4-38 *** | Report the composition of the highest governance body and its committees | <ul style="list-style-type: none"> Our governance framework / Board of Directors | | 53 56 | | |
| G4-39 *** | Report whether the Chair of the highest governance body is also an executive officer (and, if so, his or her functions within the organization's management and the reasons for this arrangement). | <ul style="list-style-type: none"> Our governance framework / Board of Directors | | 53 | | |
| G4-40 *** | Report the nomination and selection processes for the highest governance body and its committees | <ul style="list-style-type: none"> Our governance framework / Board of Directors Our governance framework / Board committees | | 54 56 | | |
| G4-43 *** | Report the measures taken to develop and enhance the highest governance body's collective knowledge of economic, environmental and social topics. | <ul style="list-style-type: none"> Our performance / Sustainability / Economic sustainability / Training for the Board of Directors | | 97 | | |
| G4-44 *** | Report the processes for evaluation of the highest governance body's performance with respect to governance | <ul style="list-style-type: none"> Our performance / Sustainability / Economic sustainability / Performance of the Board of Directors | | 94-96 | | |
| G4-46 *** | Report the highest governance body's role in reviewing the effectiveness of the organization's risk management processes for economic, environmental and social topics. | <ul style="list-style-type: none"> Our performance / Sustainability / Economic sustainability / Risk management / Risk governance | | 103-106 | | |

| GRI | Description of the indicator | Answer | Omission | Page | Global Compact * | Verified by PwC ** |
|-----------------------------|--|---|----------|----------|------------------|--------------------|
| G4-47 *** | Report the frequency of the highest governance body's review of economic, environmental and social impacts, risks, and opportunities. | <ul style="list-style-type: none"> Our governance framework / Board committees | | 57 83 | | |
| G4-48 *** | Report the highest committee or position that formally reviews and approves the organization's sustainability report and ensures that all material Aspects are covered. | <ul style="list-style-type: none"> About the report | | 10 | | |
| G4-50 *** | Report the nature and total number of critical concerns that were communicated to the highest governance body and the mechanism(s) used to address and resolve them. | <ul style="list-style-type: none"> Our performance / Economic sustainability / Performance of the Board | | 95 | | |
| G4-51 *** | Report the remuneration policies for the highest governance body and senior executives | <ul style="list-style-type: none"> Our governance framework / Board of Directors | | 54-55 | | |
| G4-52 *** | Report the process for determining remuneration | <ul style="list-style-type: none"> Our governance framework / Board of Directors | | 54 | | |
| ETHICS AND INTEGRITY | | | | | | |
| G4-56 | Describe the organization's values, principles, standards and norms of behavior | <ul style="list-style-type: none"> Our performance / Sustainability / Economic sustainability / Ethic and transparency | | 98 | | |
| G4-58 *** | Report the internal and external mechanisms for reporting concerns about unethical or unlawful behavior, and matters related to organizational integrity, such as escalation through line management, whistleblowing mechanisms or hotlines. | <ul style="list-style-type: none"> Our performance / Economic sustainability / Ethic and transparency | | 98-99 | | |

SPECIFIC STANDARD DISCLOSURES: MATERIAL ASPECTS

| GRI | Description of the indicator | Answer | Omission | Page | Global Compact * | Verified by PwC ** |
|--|--|---|----------|-------------------|------------------|--------------------|
| MATERIAL ASPECT 1: INNOVATION IN PROCESSES AND PRODUCTS | | | | | | |
| G4-DMA | Disclosures on Management Approach (DMA) | <ul style="list-style-type: none"> Our performance / Innovation | | 88 160 ff | | |
| Indica- dores Argos | Revenues from the sale of innovating products | <ul style="list-style-type: none"> Our performance / Innovation | | 23 161- 162 | | |
| | Innovative ideas of Ideaction *** | <ul style="list-style-type: none"> Management report / Innovation | | 160 ff | | |
| | Savings from implementation of innovating ideas *** | <ul style="list-style-type: none"> Our performance / Innovation. | | 160 ff | | |
| | Funds to develop ideas from Ideaction *** | <ul style="list-style-type: none"> Management report / Innovation. | | 160 ff | | |
| MATERIAL ASPECT 2: CLIMATE CHANGE AND EMISSIONS | | | | | | |
| G4-DMA | Disclosures on Management Approach (DMA) | <ul style="list-style-type: none"> Our performance / Sustainability / Materiality Our performance / Sustainability / Environmental sustainability / Climate change and emissions | | 88 124-129 | | |
| G4-EN15 | Report gross direct (Scope 1) GHG emissions | <ul style="list-style-type: none"> See GRI table annexes: Table of direct and indirect GHG emissions Our performance / Sustainability / Environmental sustainability / Climate change and emissions / GHG emissions | | 125 | | √ |
| G4-EN16 *** | Report gross energy indirect (Scope 2) GHG emissions | <ul style="list-style-type: none"> See GRI table annexes: Table of direct and indirect GHG emissions Our performance / Sustainability / Environmental sustainability / Climate change and emissions / GHG emissions | | 125 | | √ |
| G4-EN17 *** | Report gross other indirect (Scope 3) GHG emissions | <ul style="list-style-type: none"> Our performance / Sustainability / Environmental sustainability / Climate change and emissions / GHG emissions | | 126 | | |
| G4-EN18 *** | Report the GHG emissions intensity ratio | <ul style="list-style-type: none"> See GRI table annexes: Intensity of GHG emissions (t of CO2e/t of cementitious material) | | | | √ |

| GRI | Description of the indicator | Answer | Omission | Page | Global Compact * | Verified by PwC ** |
|---|--|--|----------|-----------|------------------|--------------------|
| G4-EN19 *** | Report the amount of GHG emissions reductions achieved | <ul style="list-style-type: none"> Our performance / Sustainability / Environmental sustainability / Climate change and emissions / GHG emissions | | 125 | | |
| G4-EN20 | Report production, imports, and exports of ODS | <ul style="list-style-type: none"> Not reported | | | | |
| G4-EN21 *** | NOX, SOX, and other significant air emissions | <ul style="list-style-type: none"> See GRI table annexes: Table of polluting air emissions Our performance / Sustainability / Environmental sustainability / Climate change and emissions / Emissions of non-GHG | | 127 | | √ |
| MATERIAL ASPECT 3: EFFICIENT USE OF MATERIALS AND COPROCESSING | | | | | | |
| G4-DMA | Disclosures on Management Approach (DMA) | <ul style="list-style-type: none"> Our performance / Sustainability / Materiality Our performance / Sustainability / Environmental sustainability / Energy / Efficient use of materials and coprocessing | | 88 115 | | |
| G4-EN2 | Report the percentage of recycled input materials used | <ul style="list-style-type: none"> Our performance / Sustainability / Environmental sustainability / Energy / Efficient use of materials and coprocessing See GRI table annexes: Table of recovered materials | | 120 | | √ |
| G4-EN1 *** | Materials used by weight or volume | <ul style="list-style-type: none"> See GRI table annexes: Table of recovered materials, Table of included materials | | | | |
| MATERIAL ASPECT 4: INDUSTRIAL SAFETY AND OCCUPATIONAL HEALTH | | | | | | |
| G4-DMA | Disclosures on Management Approach (DMA) | <ul style="list-style-type: none"> Our performance / Sustainability / Materiality Our performance / Sustainability / Social sustainability / Occupational health and safety | | 88 136 | | |

| GRI | Description of the indicator | Answer | Omission | Page | Global Compact * | Verified by PwC ** |
|---|--|--|---|----------|------------------|--------------------|
| G4-LA5 *** | Percentage of total workforce represented in informal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs | <ul style="list-style-type: none"> Our performance / Sustainability / Social sustainability / Occupational health and safety / Training and strategies | | 137 | | |
| G4-LA6 *** | Type of injury and rates of injury, occupational diseases, lost days and absenteeism, and total number of work-related fatalities, by region and by gender | <ul style="list-style-type: none"> Our performance / Sustainability / Social sustainability / Occupational health and safety See GRI table annexes: Table of OHS indicators | <ul style="list-style-type: none"> The calculation of the frequency rate and the severity rate are presented in a consolidated way for the company They are not indicated per region or gender The frequency and severity rate for contractors in the USA are not reported Temporary workers are not reported for 2013 in the Colombian Regional Division Data on common diseases are only reported for Colombia The occupational disease rate is not reported The total number of days lost due to common diseases and work accidents is reported, not the rate of lost days and absenteeism There is no system in place to regulate the recording and communication of accidents We are working on gathering data that was omitted and expect to have it by 2014 | 140-141 | | √ |
| G4-LA7 | Workers with high incidence or high risk of diseases related to their occupation | <ul style="list-style-type: none"> Not reported | | | | |
| G4-LA8 | Health and safety topics covered in formal agreements with trade unions | <ul style="list-style-type: none"> Our performance / Sustainability / Social sustainability / Occupational health and safety See GRI table annexes: OHS topics covered in agreements with unions | | 138 | | √ |
| MATERIAL ASPECT 5: RELATIONS WITH STAKEHOLDERS | | | | | | |
| G4-DMA | Disclosures on Management Approach (DMA) | <ul style="list-style-type: none"> Our performance / Sustainability / Materiality | | 88 89 | | |

| GRI | Description of the indicator | Answer | Omission | Page | Global Compact * | Verified by PwC ** |
|--|---|---|---|-------------------|------------------|--------------------|
| G4-PR5 | Results of surveys measuring customer satisfaction | <ul style="list-style-type: none"> Our performance / Organizational excellence | | 78 | | √ |
| G4-EN34 | Number of grievances about environmental impacts filed, addressed and resolved through formal grievance mechanisms | <ul style="list-style-type: none"> Not reported | Yes | | | |
| G4-LA16 *** | Number of grievances about labor practices filed, addressed and resolved through formal grievance mechanisms | <ul style="list-style-type: none"> Our performance / Sustainability / Economic sustainability / Ethics and transparency | <ul style="list-style-type: none"> Of the total number of grievances, the number of these that were faced or resolved during the period of the report, and those coming from other years, specifically for this topic, were not reported | 99 | | |
| G4-HR12 | Number of grievances about human rights filed, addressed and resolved through formal grievance mechanisms | <ul style="list-style-type: none"> Not reported | <ul style="list-style-type: none"> Even though the mechanisms are in place, these cases are not categorized. We expect to be able to gather this information by 2014. | | | |
| G4-SO11 | Number of grievances about impacts on society filed, addressed and resolved through formal grievance mechanisms | <ul style="list-style-type: none"> Direct answers: Number of grievances received, 228; number of grievances pending resolution, 27. Topics of these grievances were: speeding/carelessness of drivers, spilling, safety, particulate matter, previous consultation, job creation, impacts on the road, commitment to WFP, reputation and relations with the community | <ul style="list-style-type: none"> Does not include information about grievances of previous years | | | |
| MATERIAL ASPECT 6: HUMAN RIGHTS | | | | | | |
| G4-DMA | Disclosures on Management Approach (DMA) | <ul style="list-style-type: none"> Our performance / Sustainability / Materiality Our performance / Sustainability / Social sustainability / Human rights | | 88 148- 149 | | |
| G4-HR1 *** | Total number and percentage of significant investment agreements and contracts that include human rights clauses or that underwent human rights screening | <ul style="list-style-type: none"> Our performance / Sustainability / Social sustainability / Human rights / Respect for human rights Our performance / Sustainability / Economic sustainability / Supplier management | | 109 149 | | |

| GRI | Description of the indicator | Answer | Omission | Page | Global Compact * | Verified by PwC ** |
|--------|---|---|---|------|------------------|--------------------|
| G4-HR2 | Total hours of employee training on human rights policies or procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained | <ul style="list-style-type: none"> Our performance / Sustainability / Social sustainability / Human rights / Training and promotion for respect for human rights | <ul style="list-style-type: none"> The total amount of training hours is reported but not the percentage of employees trained on this topic during the period assessed by the report | 150 | | √ |
| G4-HR3 | Total number of incidents of discrimination and corrective actions taken | <ul style="list-style-type: none"> Not reported | <ul style="list-style-type: none"> The company is working on gathering this information and expects to have it by 2016 | | | |
| G4-HR4 | Operations and suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and measure taken to support these rights | <ul style="list-style-type: none"> Not reported | <ul style="list-style-type: none"> The company is working on gathering this information and expects to have it by 2016 | | | |
| G4-HR6 | Operations and suppliers identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of all forms of forced or compulsory labor | <ul style="list-style-type: none"> Not reported | <ul style="list-style-type: none"> The company is working on gathering this information and expects to have it by 2016 | | | |
| G4-HR7 | Percentage of security personnel trained in the organization's human rights policies or procedures that are relevant to operations | <ul style="list-style-type: none"> Our performance / Sustainability / Social sustainability / Human rights / Training and promotion for respect for human rights | <ul style="list-style-type: none"> Currently, there are no requirements as to the training of organizations through which we contract security personnel The percentage of security personnel trained in the Colombian Regional Division is reported for Cementos Argos S.A., Concretos Argos S.A. and Zona Franca Argos S.A. | 150 | | √ |
| G4-HR8 | Total number of incidents of violations involving rights of indigenous peoples and actions taken | <ul style="list-style-type: none"> Not reported | <ul style="list-style-type: none"> The company is working on gathering this information and expects to have it by 2016 | | | |
| G4-HR9 | Total number and percentage of operations that have been subject to human rights reviews or impact assessment | <ul style="list-style-type: none"> Not reported | <ul style="list-style-type: none"> The company is working on gathering this information and expects to have it by 2016 | | | |

| GRI | Description of the indicator | Answer | Omission | Page | Global Compact * | Verified by PwC ** |
|--|---|--|----------|-----------|------------------|--------------------|
| MATERIAL ASPECT 7: BIODIVERSITY | | | | | | |
| G4-DMA | Disclosures on Management Approach (DMA) | <ul style="list-style-type: none"> Our performance / Sustainability / Materiality Our performance / Sustainability / Environmental sustainability / Biodiversity | | 88 129 | | |
| Indicadores CSI | Percentage and amount of active quarries with great value for biodiversity | <ul style="list-style-type: none"> Our performance / Sustainability / Environmental sustainability / Biodiversity | | 132 | | |
| | Percentage of active quarries that have a biodiversity management plan | <ul style="list-style-type: none"> Our performance / Sustainability / Environmental sustainability / Biodiversity | | 132 | | √ |
| Indicador Argos | Percentage of active quarries that have an established closing plan | <ul style="list-style-type: none"> Our performance / Sustainability / Environmental sustainability / Biodiversity | | 130 | | √ |
| | Percentage of the area that was intervened in and released that has been rehabilitated in active quarries | <ul style="list-style-type: none"> Our performance / Sustainability / Environmental sustainability / Biodiversity | | 130 | | |
| G4-EN11 | Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas | <ul style="list-style-type: none"> Not reported. | | | | |
| G4-EN12 | Description of significant impact of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas | <ul style="list-style-type: none"> Not reported. | | | | |
| G4-EN13 | Habitats protected or restored | <ul style="list-style-type: none"> Not reported. | | | | |
| G4-EN14 | Total number of IUCN red list species and national conservation list species with habitats in areas affected by operations, by level of extinction risk | <ul style="list-style-type: none"> Not reported. | | | | |

| GRI | Description of the indicator | Answer | Omission | Page | Global Compact * | Verified by PwC ** |
|--|--|---|---|-------------------|------------------|--------------------|
| MATERIAL ASPECT 8: CORPORATE CITIZENSHIP AND COMMUNITY MANAGEMENT | | | | | | |
| G4-DMA | Disclosures on Management Approach (DMA) | <ul style="list-style-type: none"> • Our performance / Sustainability / Materiality • Our performance / Sustainability / Social sustainability / Development of communities / Social investment policy • Direct answer: Additionally, relations with local communities are managed within the framework of respect for collective rights through previous consultation and diagnostic mechanisms | | 88 152 y ss | | |
| G4-EC7 | Development and impact of infrastructure investments and services supported | <ul style="list-style-type: none"> • Our performance / Sustainability / Materiality • Our performance / Sustainability / Social sustainability / Development of communities / Lines of social investment | | 154 y ss | | |
| G4-EC8 *** | Significant indirect economic impacts, including the extent of impacts | <ul style="list-style-type: none"> • Our performance / Sustainability / Social sustainability / Development of communities / Lines of social investment | | 154 y ss | | |
| G4-EC9 | Proportion of spending on local suppliers at significant locations of operations | <ul style="list-style-type: none"> • See GRI table annexes: Table of expenses on local suppliers | | | | |
| G4-S01 | Percentage of operations with implemented local community engagement, impact assessments, and development programs | <ul style="list-style-type: none"> • Direct answer: In Colombia, in all our operations | | | | |
| G4-S02 | Operations with significant actual and potential negative impacts on local communities | <ul style="list-style-type: none"> • Not reported | | | | |
| G4-S06 | Total value of political contributions by country and recipient / beneficiary | <ul style="list-style-type: none"> • Not reported | <ul style="list-style-type: none"> • The company is working on gathering this information and expects to have it by 2014 | | | |

| GRI | Description of the indicator | Answer | Omission | Page | Global Compact * | Verified by PwC ** |
|---|--|--|----------|-------------------|------------------|--------------------|
| MATERIAL ASPECT 9: ENERGY | | | | | | |
| G4-DMA | Disclosures on Management Approach (DMA) | <ul style="list-style-type: none"> Our performance / Sustainability / Materiality Our performance / Sustainability / Environmental sustainability / Energy, efficient use of materials and coprocessing | | 88 115 | | |
| G4-EN3 | Energy consumption within the organization | <ul style="list-style-type: none"> See GRI table annexes: Table of energy consumption within the organization | | | | √ |
| G4-EN4 | Energy consumption outside of the organization | <ul style="list-style-type: none"> Not reported | | | | |
| G4-EN5 *** | Energy intensity | <ul style="list-style-type: none"> See GRI table annexes: Table of energy intensity Our performance / Sustainability / Environmental sustainability / Energy, efficient use of materials and coprocessing / Improvement of energy efficiency | | 118 | | |
| G4-EN6 *** | Reduction of energy consumption | <ul style="list-style-type: none"> Our performance / Sustainability / Environmental sustainability / Energy, efficient use of materials and coprocessing / Improvement of energy efficiency | | 116 | | |
| G4-EN7 | Reduction in energy requirement of products and services | <ul style="list-style-type: none"> Not reported | | | | |
| MATERIAL ASPECT 10: MANAGEMENT OF ENVIRONMENTAL AND SOCIAL IMPACTS | | | | | | |
| G4-DMA | Disclosures on Management Approach (DMA) | <ul style="list-style-type: none"> Our performance / Sustainability / Materiality Our performance / Sustainability / Environmental sustainability / Sustainable construction | | 88 133- 134 | | |

| GRI | Description of the indicator | Answer | Omission | Page | Global Compact * | Verified by PwC ** |
|--|--|---|---|--------------|------------------|--------------------|
| G4-EN27 | Extent of impact mitigation of environmental impacts of products and services | <ul style="list-style-type: none"> Not reported | | | | |
| G4-EN28 *** | Percentage of products sold and their packaging materials that are reclaimed by category | <ul style="list-style-type: none"> Our performance / Sustainability / Environmental sustainability / Recycling strategy | <ul style="list-style-type: none"> The percentage is not reported, but rather the total amount in tons | 121 | CG | |
| G4-PR3 | Type of product and service information required by the organization's procedures for product and service information and labeling, and percentage of significant product and service categories subject to such information requirement | <ul style="list-style-type: none"> Not reported. | | | | |
| G4-PR4 | Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes | <ul style="list-style-type: none"> Not reported. | | | | |
| MATERIAL ASPECT 11: RISKS ASSOCIATED WITH WATER | | | | | | |
| G4-DMA | Disclosures on Management Approach (DMA) | <ul style="list-style-type: none"> Our performance / Sustainability / Materiality Our performance / Sustainability / Environmental sustainability / Water | | 88 122 ff | | |
| G4-EN8 | Total water withdrawal by source | <ul style="list-style-type: none"> Our performance / Sustainability / Environmental sustainability / Water See GRI table annexes: Table of total water withdrawal | | 123 | | √ |
| G4-EN9 | Water sources significantly affected by withdrawal of water | <ul style="list-style-type: none"> Not reported | | | | |

| GRI | Description of the indicator | Answer | Omission | Page | Global Compact * | Verified by PwC ** |
|--|---|--|---|-------------------|------------------|--------------------|
| G4-EN10 *** | Percentage and total volume of water recycled and reused | <ul style="list-style-type: none"> See GRI table annexes: Table of percentage and total volume of water recycled and reused Our performance / Sustainability / Environmental sustainability / Water | | 122-123 | | |
| MATERIAL ASPECT 12: TRANSPORT | | | | | | |
| G4-DMA | Disclosures on Management Approach (DMA) | <ul style="list-style-type: none"> Our performance / Sustainability / Materiality Our performance / Sustainability / Economic sustainability / Transport | | 88 111 | | |
| G4-EN30 | Significant environmental impacts of transporting products and other goods and materials for the organization's operations, and transporting members of the workforce | <ul style="list-style-type: none"> Our performance / Sustainability / Economic sustainability / Transport / Environmental impact of transport | | 112 | CG | |
| MATERIAL ASPECT 13: ECONOMIC PERFORMANC | | | | | | |
| G4-DMA | Disclosures on Management Approach (DMA) | <ul style="list-style-type: none"> Our performance / Sustainability / Materiality Management report / Capital structure Key facts and figures | | 28 88 16-21 | | |
| G4-EC1 | Direct economic value generated and distributed | <ul style="list-style-type: none"> Key facts and figures | | 17-19 | | |
| G4-EC2 *** | Financial implications and other risks and opportunities for the organization's activities due to climate change | <ul style="list-style-type: none"> Our performance / Sustainability / Environmental sustainability / Climate change and emissions | | 124 ff | | |
| G4-EC3 *** | Coverage of the organization's defined benefit plan obligations | <ul style="list-style-type: none"> Direct answer: We have established a provision for retirement pensions and it was recorded in the books based on actuarial calculations of December 31, 2013 See GRI table annexes: Table of coverage of benefit plan obligations | <ul style="list-style-type: none"> These are not reported if the obligations are covered by ordinary resources of the organization | | | |
| G4-EC4 | Financial assistance received from government | <ul style="list-style-type: none"> Not reported | | | | |

SPECIFIC STANDARD DISCLOSURES: NON-MATERIAL ASPECTS

| GRI | Description of the indicator | Answer | Omission | Page | Global Compact * | Verified by PwC ** |
|--|--|--|--|------|------------------|--------------------|
| NON-MATERIAL ASPECT: Competition | | | | | | |
| G4-S07 *** | Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes | <ul style="list-style-type: none"> See GRI table annexes: Table of legal actions in process | | | | √ |
| NON-MATERIAL ASPECT: Risk management of suppliers | | | | | | |
| G4-EN32 *** | Percentage of new suppliers that were screened using environmental criteria | <ul style="list-style-type: none"> Our performance / Sustainability / Economic sustainability / Supplier management | <ul style="list-style-type: none"> Information from the USA is not included | 108 | | |
| G4-EN33 *** | Significant actual and potential negative environmental impacts in the supply chain and actions taken | <ul style="list-style-type: none"> Our performance / Sustainability / Economic sustainability / Supplier management | <ul style="list-style-type: none"> Information from the USA is not included, nor are the detailed impacts | 108 | | |
| G4-LA14 *** | Percentage of new suppliers that were screened using labor practices criteria | <ul style="list-style-type: none"> Our performance / Sustainability / Economic sustainability / Supplier management | <ul style="list-style-type: none"> Information from the USA is not included | 108 | | |
| G4-LA15 *** | Significant actual and potential negative impacts for labor practices in the supply chain and actions taken | <ul style="list-style-type: none"> Our performance / Sustainability / Economic sustainability / Supplier management | <ul style="list-style-type: none"> Information from the USA is not included, nor are the detailed impacts | 108 | | |
| G4-HR10 *** | Percentage of new suppliers that were screened using human rights criteria | <ul style="list-style-type: none"> Our performance / Sustainability / Economic sustainability / Supplier management | <ul style="list-style-type: none"> Information from the USA is not included | 108 | | |
| G4-HR11 *** | Significant actual and potential negative human rights impacts in the supply chain and actions taken | <ul style="list-style-type: none"> Our performance / Sustainability / Economic sustainability / Supplier management | <ul style="list-style-type: none"> Information from the USA is not included, nor are the detailed impacts | 108 | | |
| G4-S09 *** | Percentage of new suppliers that were screened using criteria for impacts on society | <ul style="list-style-type: none"> Our performance / Sustainability / Economic sustainability / Supplier management | <ul style="list-style-type: none"> Information from the USA is not included | 108 | | |

| GRI | Description of the indicator | Answer | Omission | Page | Global Compact * | Verified by PwC ** |
|--|---|---|---|------|------------------|--------------------|
| G4-SO10 *** | Significant actual and potential negative impacts on society in the supply chain and actions taken | <ul style="list-style-type: none"> Our performance / Sustainability / Economic sustainability / Supplier management | <ul style="list-style-type: none"> Information from the USA is not included, nor are the detailed impacts | 108 | | |
| NON-MATERIAL ASPECT: Management and recruitment of talent | | | | | | |
| G4-LA1 *** | Total number and rates of new employee hires and employee turnover by age group, gender and region | <ul style="list-style-type: none"> Our performance / Social sustainability / Talent management – Our most important figures | <ul style="list-style-type: none"> They are not indicated by gender | 144 | | |
| G4-LA2 *** | Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant locations of operation | <ul style="list-style-type: none"> Our performance / Social sustainability / Talent management / Diversity and quality of life | | 145 | | |
| G4-LA9 *** | Average hours of training per year per employee by gender, and by employee category | <ul style="list-style-type: none"> Our performance / Social sustainability / Talent management – Development of our human capital | <ul style="list-style-type: none"> They are not indicated by gender | 146 | | |
| G4-LA11 *** | Percentage of employees receiving regular performance and career development reviews, by gender and by employee category | <ul style="list-style-type: none"> Our performance / Social sustainability / Performance Management Program associated with Variable Remuneration System | <ul style="list-style-type: none"> They are not indicated by gender | 147 | | |
| G4-LA13 *** | Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation | <ul style="list-style-type: none"> Our performance / Social sustainability / Talent management – Our most important figures | <ul style="list-style-type: none"> The calculation of the ratio is done based on the average salary of the salary categories | 144 | | √ |

Material aspects of GRI G4

| Relation between material aspects of the company and of GRI G4 | |
|---|--|
| Material aspect of Argos | Material aspect of GRI G4 |
| Economic performance | Economic performance |
| Efficient use of materials and coprocessing | Materials |
| Energy | Energy |
| Risks associated with water | Water |
| Biodiversity | Biodiversity |
| Climate change and emissions | Emissions |
| Management of environmental and social impacts of products and services | <ul style="list-style-type: none"> • Products and services • Product and service labeling |
| Transport | Transport |
| Occupational health and safety | <ul style="list-style-type: none"> • Occupational health and safety • Security practices |
| Human rights | <ul style="list-style-type: none"> • Investment • Non-discrimination • Freedom of association and collective bargaining • Child labor • Forced or compulsory labor • Security practices • Indigenous rights • Assessment |
| Relations with stakeholders | <ul style="list-style-type: none"> • Stakeholder engagement • Environmental grievance mechanisms • Labor practices grievance mechanisms • Human rights grievance mechanisms • Grievance mechanisms for impacts on society • Product and service labeling |
| Corporate citizenship and community management | <ul style="list-style-type: none"> • Local communities • Public policy • Indirect economic impacts • Procurement practices |
| Innovation in processes and products | Not related |

Material aspects vs. risks

| Material aspect | Associated risk |
|------------------------------|---|
| Economic performance | <ul style="list-style-type: none"> Drop in market share and/or expected profitability due to inefficiency in the supply chain to satisfy demand Market risks (competition, import, new players, substitutes and prices) Risks associated with global, regional and domestic geopolitical variables Risks related to financial variables and management (liquidity, market, credit and exchange rate) Not obtaining, being sanctioned for or losing licenses, permissions, certificates or concessions required for the operation because of incompliance with legal, mining or environmental parameters Environmental impact caused by mining and industrial activities Risks associated with the availability, reliability and cost variability of energy resources for the operation and their efficient use |
| Energy | <ul style="list-style-type: none"> Environmental impact caused by mining and industrial activities Risks associated with the availability, reliability and cost variability of energy resources for the operation and their efficient use |
| Risks associated with water | <ul style="list-style-type: none"> Environmental impact caused by mining and industrial activities |
| Climate change and emissions | <ul style="list-style-type: none"> Environmental impact caused by mining and industrial activities Negative impact on operations caused by natural events Risks associated with the availability, reliability and cost variability of energy resources for the operation and their efficient use |
| Biodiversity | <ul style="list-style-type: none"> Environmental impact caused by mining and industrial activities |

| Material aspect | Associated risk |
|---|---|
| Management of environmental and social impacts of products and services | <ul style="list-style-type: none"> • Environmental impact caused by mining and industrial activities • Negative impact on our operations' neighboring communities |
| Transport | <ul style="list-style-type: none"> • Drop in market share and/or expected profitability due to inefficiency in the supply chain to satisfy demand • Environmental impact caused by mining and industrial activities • Negative impact on our operations' neighboring communities |
| Occupational health and safety | <ul style="list-style-type: none"> • Negative impact on the safety of our employees, assets and installations • Human resources management that is not aligned with the business' objectives and needs |
| Human rights | <ul style="list-style-type: none"> • Serious negative effect on the reputation with different stakeholders • Human resources management that is not aligned with the business' objectives and needs |
| Corporate citizenship and community management | <ul style="list-style-type: none"> • Human resources management that is not aligned with the business' objectives and needs • Risks associated with global, regional and domestic geopolitical variables |
| Relations with stakeholders | <ul style="list-style-type: none"> • Serious negative effect on the reputation with different stakeholders • Negative impact on our operations' neighboring communities |
| Innovation | <ul style="list-style-type: none"> • Drop in market share and/or expected profitability due to inefficiency in the supply chain to satisfy demand • Changes in applicable regulations and standards • Serious negative effect on the reputation with different stakeholders • Market risks (competition, import, new players, substitutes and prices) • Risks associated with the availability, reliability and cost variability of energy resources for the operation and their efficient use |

G4-17

Companies that are consolidated: G4-17

| | | |
|---------------------------------------|---|---|
| Alianza Progenética S.A.S. | Colcaribe Holdings S.A. | Tekia S.A.S. |
| American Cement Terminals LLC | Comercial Arvenco C.A. | Trans Atlantic Shipmanagement Ltd. |
| Argos Cement LLC | Concretos Argos S.A. | Transatlantic Cement Carriers Inc. |
| Argos (Dominica) Ltd. | Consort Livestock Inc. | Valle Cement Investments Limited |
| Argos Dominicana, S.A. | Corporaciones e Inversiones del Mar Caribe S.A.S. | Venezuela Ports Company S.A. |
| Argos Honduras S.A. de C.V. | Ganadería Río Grande S.A.S. | Vensur NV |
| Argos Panamá, S.A. | Gulf Coast Cement LLC | Winterset Shipping Co. Ltd. |
| Argos Ready Mix LLC | Haiti Cement Holding S.A. | Zona Franca Argos S.A.S. |
| Argos Ready Mix (South Central) Corp. | International Cement Company S.A. | |
| Argos Saint Maarten NV | Logística de Transporte S.A. | Piazza Properties |
| Argos USA Corp. | Marítima de Graneles S.A. | Palmetto Leasing Company |
| Argos USVI Corp. | Nuevos Cementos S.A.S. | Metro Products and Construction Inc. |
| C.I. del Mar Caribe (BVI) Inc. | Piazza Acquisition Corp. | Concretos Argos Dominicanos |
| Caltek S.A.S. | Port Royal Cement Company LLC | Grava S.A. |
| Canteras de Colombia S.A.S. | RMCC Group Inc. | Concreto S.A. |
| Caricement Antigua Limited | Savannah Cement Company LLC | Terminal Granelera Bahía las minas S.A. |
| Caricement Antilles NV | Somerset Shipping Co. Ltd. | Inversiones e inmobiliaria Tocumen |
| Cement and Mining Engineering Inc. | South Central Cement Ltd. | Comercializadora Panamá |
| Cementos Argos S.A. | Southern Equipment Company Inc. | Cementos del Sur - CESUR |
| Central Aggregates LLC | Southern Star Leasing, LLC | Cementos Uno |
| Cimenterie Nationale S.E.M. (CINA) | Surcol Houdstermaatschappij N.V. | |

G4-20,21

| Material aspect boundaries | | | | | | |
|---|----------|----------|------------|-----------|---------|--|
| Aspects / topics | Internal | | | External | | Comments |
| | Cement | Concrete | Aggregates | Suppliers | Clients | |
| Economic performance | X | X | X | | | |
| Efficient use of materials and coprocessing | X | X | | | | |
| Energy | X | X | X | X | | This applies to suppliers in the areas where we operate, which could have an impact in terms of quality, availability, timeliness and price. |
| Risks associated to water | X | X | X | X | | This applies to suppliers in the areas where we operate, which could have an impact in terms of availability. |
| Climate change and emissions | X | X | X | X | | This applies in the areas in which we operate. Transport has a big impact on emissions. |
| Biodiversity | X | | X | | | |
| Management of environmental and social impacts of products and services | X | X | | | X | Through our innovation processes, we strive towards products and services with smaller environmental and social impacts on the client and that improve our performance with regards to this topic. It applies to all the areas where we operate. |
| Transport | X | X | X | X | | It is significant in all our area in search of efficiency and improvements of our transport operations. |
| Occupational health and safety | X | X | X | X | | We seek to implement programs that have an impact on our suppliers, thus also mitigating our own risks throughout all our operations. |
| Human rights | X | X | X | X | | We are aware of the importance of working together with our suppliers in order to avoid impacts in terms of human rights through our operations. |
| Corporate citizenship and community management | X | X | X | | | |
| Relations with stakeholders | X | X | X | | | |
| Innovation in processes and products | X | X | | | | |

G4-EC3

| Coverage of benefit plan obligations | | | | | | | | |
|--|-------------|-------------------|--------------|---------------------------|-----------------|---------------------|---------------------|--------------------------------------|
| Coverage of mandatory pension plans | | | | | | | | |
| | Unit | Value | | | | | | |
| Provision for retirement pensions | COP | \$ 122,022,091.24 | | | | | | |
| Coverage of mandatory pension plans | | | | | | | | |
| Percentage of salary paid by employer | | | | | | | | |
| | Unit | Colombia | USA | | | | | |
| Percentage of salary paid by employee | % | 4 | 6.2 | | | | | |
| | % | 12 | 6.2 | | | | | |
| | | | | | | | | |
| Coverage of mandatory pension plans | | | | | | | | |
| | Unit | Caribe | | | | | | |
| | | Panama | Haiti | Dominican Republic | Suriname | Saint Martin | Saint Thomas | Antigua, Dominica and Curacao |
| Percentage of salary paid by employer | % | 0 | 6 | 7.1 | | nd | nd | nd |
| Percentage of salary paid by employee | % | 6.37 | 6 | 2.87 | | nd | nd | nd |

G4-EC9

| Spending on local suppliers | | | | | | | |
|-----------------------------|--|--------------------|-----------------|-------------------|-----------------|-----------------|--|
| | Description | Unit | 2010 | 2011 | 2012 | 2013 | Comments |
| Caribbean | Total purchases | Value | USD 358,074,352 | USD 2,826,886,324 | USD 474,600,000 | USD 699,103,048 | Local: Cementos Argos S.A. and Concretos Argos S.A |
| | Purchases from local suppliers | Value | USD 259,514,096 | USD 2,755,601,870 | USD 383,476,800 | USD 449,540,713 | Local: Cementos Argos S.A. and Concretos Argos S.A |
| | Percentage of purchases from local suppliers | Percentage | 72.5% | 97.5% | 80.8% | 64.3% | |
| | Total number of suppliers | Number | 2,028 | 2,132 | 2,043 | 2,177 | Local: Cementos Argos S.A. and Concretos Argos S.A |
| | Number of local suppliers | Number | 1,751 | 1,720 | 1,678 | 1,772 | Local: Cementos Argos S.A. and Concretos Argos S.A |
| | Percentage of local suppliers | Percentage | 86.3% | 80.7% | 82.1% | 81.4% | |
| | | Description | Unit | 2010 | 2011 | 2012 | 2013 |
| Colombia | Total purchases | Value | USD 498,178,430 | USD 1,103,516,567 | USD 882,200,000 | USD 943,702,237 | Local: Cementos Argos S.A. and Concretos Argos S.A |
| | Purchases from local suppliers | Value | USD 426,825,895 | USD 987,111,310 | USD 865,438,200 | USD 886,851,386 | Local: Cementos Argos S.A. and Concretos Argos S.A |
| | Percentage of purchases from local suppliers | Percentage | 85.7% | 89.5% | 98.1% | 94.0% | |
| | Total number of suppliers | Number | 3,276 | 3,682 | 3,550 | 4,708 | Local: Cementos Argos S.A. and Concretos Argos S.A |
| | Number of local suppliers | Number | 3,088 | 3,446 | 3,205 | 4,457 | Local: Cementos Argos S.A. and Concretos Argos S.A |
| | Percentage of local suppliers | Percentage | 94.3% | 93.6% | 90.3% | 94.7% | |

| Spending on local suppliers | | | | | | | |
|-----------------------------|--|------------|-----------------|-----------------|-----------------|-----------------|----------|
| | Description | Unit | 2010 | 2011 | 2012 | 2013 | Comments |
| United States | Total purchases | Value | USD 320,518,711 | USD 348,049,820 | USD 561,142,374 | USD 648,847,424 | |
| | Purchases from local suppliers | Value | USD 291,592,481 | USD 331,781,042 | USD 552,601,633 | USD 641,443,811 | |
| | Percentage of purchases from local suppliers | Percentage | 90.97% | 95.3% | 98.5% | 98.9% | |
| | Total number of suppliers | Number | 3,200 | 4,227 | 5,455 | 5,412 | |
| | Number of local suppliers | Number | 3,197 | 4,224 | 5,443 | 5,390 | |
| | Percentage of local suppliers | Percentage | 99.9% | 99.9% | 99.8% | 99.6% | |

G4-LA6

OHS indicators

| | | Units | 2011 | 2012 | 2013 |
|---|------------------|-------|-------|--------|--------|
| Number of work-related accidents | Colombia | Cases | 125 | 174 | 137 |
| | Caribbean | | ND | 14 | 9 |
| | USA | | ND | 21 | 12 |
| Days of absence due to work-related accidents | Colombia | Days | 1,642 | 2,533 | 2,314 |
| | Caribbean | | ND | 343 | 102 |
| | USA | | ND | 1,073 | 319 |
| Number of sick leaves for common diseases | Colombia | Cases | ND | 2,193 | 2,159 |
| | Caribbean | | ND | ND | ND |
| | USA | | ND | ND | ND |
| Days of sick leave for common diseases | Colombia | Days | | 12,151 | 12,154 |
| | Caribbean | | ND | ND | ND |
| | USA | | ND | ND | ND |

G4-LA8

OHS topics covered in agreements with unions in effect on December 31, 2013

Colombia:

- i. Between Sindicato Unitario de Trabajadores de la Industria de Materiales para la Construcción (SUTIMAC) and Concretos Argos S.A.
- ii. Between Sindicato Nacional de Trabajadores de la empresa Cementos Argos (SINTRARGOS), Cementos Argos S.A. and Zona Franca Argos S.A.S.
- iii. Between Sindicato de trabajadores de Cementos Argos (SINTRACEARGOS), Cementos Argos S.A. and Zona Franca Argos S.A.S.

Caribe:

- i. Between Vensur Werknemers Organisatie and Vensur N.V.
- ii. Between Antigua Trades & Labor Union and Caricement Antigua Limited
- iii. Between United Steelworkers and Caricement USVI, now Argos USVI Corp.
- iv. Between Sindicato de Trabajadores de la Industria del Transporte Pesado y Similares and Concreto S.A.
- v. Between Sindicato de Trabajadores de la Industria del Cemento y derivados de Panamá (S.I.T.I.C.E.D.P.A) and Argos Panamá S.A., Argos Comercializadora Panamá S.A. and Grava S.A.

USA:

- i. Between United Steel Workers Union Local No. 9-537 and Lafarge Building Materials, INC. (Roberta plant)
- ii. Between United Steel Workers Local No. 9-1435-01 and Argos Cement (Harleyville plant)

G4-S07

Legal actions in process

| Name or number of the sentence | Results |
|--|--|
| Colombian Regional Division: Nullity and Reversion of Resolution No. 51694 of 2008 | In 2008, the Colombian Superintendence of Industry and Commerce emitted Resolution No. 51694, through which it sanctioned CEMENTOS ARGOS S.A and other cement companies with a fine of COP 923,000,000 for alleged restrictive price fixing and market allocation agreements for Portland type I cement. It also sanctioned Jose Alberto Vélez with a fine of COP 138,000,000 in his position as legal representative. CEMENTOS ARGOS S.A. appealed this resolution before the Court of Justice for Contentious Cases and on December 2012, the Supreme Court of Cundinamarca ruled in favor of the company and annulled the penal resolution. The process is currently being decided on in second instance by the State Council. |
| Colombian Regional Division: Resolution No. 49141 of 2013 | On August 21, 2013, the Colombian Superintendence of Industry and Commerce, through Resolution No. 49141 of 2013, decided to open up an investigation on Cementos Argos S.A and four other Colombian cement companies for the alleged use of restrictive competitive practices. It also opened up an investigation on four employees of the company for these same allegations. This process is currently in its initial phase and it is being faced by the company with the intention of proving the strict compliance by the enterprise itself and by its employees with competition regulations. |
| Caribbean Regional Division: Exhibitory Diligence, Testimonial Declaration and Judicial Inspection | In Panama, the Consumer Protection and Competition Defense Authority (Autoridad de Protección al Consumidor y Defensa de la Competencia or ACODECO) requested before a judge the practice of proof assurance through Exhibitory Diligence, Testimonial Declaration and Judicial Inspection, which was undertaken simultaneously on November 21, 2013 in all concrete companies in Panama, including Argos Panamá Comercializadora, in order to investigate the alleged use of absolute monopoly practices on the grounds that economic indicators had supposedly shown the exact same increase of 8% in the price of sale to the general public of concrete between March 2013 and April 2013. Since the day on which the inspection was carried out, there have been no additional administrative or legal actions and Argos is waiting for news on whether the investigation will be continued or not. |
| Caribbean Regional Division: Denunciation 4 | In the Dominican Republic, in May 2013, Cementos Argos S.A. was sued for disloyal competitive practices and abuse of a dominant position. The lawsuit seeks to repair damages that would amount to the sum of ten million American dollars (USD 10,000,000). The process is currently in its initial stage. |
| Caribbean Regional Division: Denunciation 5 | In the Dominican Republic, in June 2011, Argos Dominicana, S.A. (previously known as Cementos Colón, S.A.), Pablo López, Asociación Dominicana de Productores de Cemento Portland, INC. (ADOCEM) and other cement companies were sued by the Dominican company COMPAÑÍA DISTRIBUIDORA DE CEMENTO DOCEMCA S.R.L. (from now on referred to as "DOCEMCA") for the alleged use of conduct that goes in against free entrepreneurship and trade, for having taking actions to impede the entrance of Cemento Carib, which is produced in Jamaica by the company Caribbean Cement Company Limited and imported by DOCEMCA, to the Dominican market. For said allegations, they are asking for a repair of damages estimated at two million eight hundred and eighty thousand American dollars (USD 2,880,000.00). The process is currently awaiting a verdict. |

G4-EN1

Materials used

Figures expressed in tons

| Cement production | 2011 | 2012 | 2013 | Comments |
|------------------------------------|--------------------|--------------------|--------------------|---|
| Cement production | 10,539,012 | 12,633,225 | 13,965,023 | |
| Raw materials | 1,458,037 | 730,729 | 2,090,666 | Total consumption of semi-finished products per region, per business segment and in total are net, not including clinker and cement transferred between plants. There is a significant increase due to the fact that this year, internal clinker transfers decreased from 1,757,245 ton in 2012 to 886,376 ton in 2013. |
| Semi-finished | 6,292,010 | 8,216,837 | 5,877,884 | Decrease of water withdrawal of 14%. |
| Auxiliary | 14,331 | 14,350 | 14,599 | |
| Packaging material | 18,303,390 | 21,595,141 | 21,948,172 | Data for 2013 include the Colombian, Caribbean and USA Regional Divisions. |
| Total cement | | | | |
| Concrete production | 2011 | 2012 | 2013 | |
| Raw materials | 13,765,974 | 18,019,554 | 20,008,364 | For 2012, all water was reported as a raw material. As of 2013, water used in production and concrete as a raw material and water used for the washing of equipment, irrigation and other uses as an auxiliary material are reported separately. |
| Semi-finished | 2,725,426 | 2,873,886 | 3,419,936 | |
| Auxiliary | 2,097,073 | 8,916 | 542,981 | For this year, water used for the washing of equipment, irrigation and other uses as an auxiliary material are reported separately. |
| Total cement | 18,588,473 | 20,902,357 | 23,971,281 | The increase in the use of materials stems from an increase of production. |
| Generation of electricity | | | | |
| Auxiliary | 2011 | 2012 | 2013 | |
| Total generation of electricity | 370,379,531 | 375,551,767 | 362,570,489 | Water, coal, natural gas and heavy crude. |
| Total Generación de energía | 370,379,531 | 375,551,767 | 362,570,489 | There was a decrease in energy generation at the plants in Yumbo, Toluviéjo, Cartagena and Sogamoso. |

| Materials used | | | | |
|--|--------------------|--------------------|--------------------|-------------------------------|
| Aggregates production (in tons) | 2011 | 2012 | 2013 | |
| Raw materials | N.D. | N.D. | 2,992,648 | Crude (exploitation material) |
| Semi-finished | N.D. | N.D. | 0 | |
| Auxiliary | N.D. | N.D. | 1,563,537 | Diesel and water |
| Total aggregates | N.D. | N.D. | 4,556,185 | |
| Total consumption of materials | 407,271,394 | 418,049,265 | 413,046,127 | |

| Table of goals | | | |
|--|-------------|---|--|
| Goals | 2022 | Comments | |
| Substitution of fuel in clinkerization process | 7.5% | Substitute 7.5% of caloric consumption from traditional fossil fuels by alternative fuels and biomass in clinkerization kilns | |

| Materials included | |
|---------------------------|--|
| Materials included | |

| | |
|---------------|--|
| Cement | <p>Raw materials: Clay, Sand, Bauxite, Limestone, Chert, Gravel, Lime, Iron mineral, Pozzolane, Gypsum, Marl, Schist, Fluorite, Kaolinite</p> <p>Auxiliary materials: Fuel oil, Diesel, Natural gas, Coal, Pet coke, Water, F gasoline, Lubricants, Tires, RDF, Oil waste, Biomass, Mixed industrial waste and water</p> <p>Semi-finished products or pieces: Grinding additives, Slag, Bricks, Calamine and/or iron slag, Industrial gypsum, Ash, Calcium sludge or fine calcium compounds, Clinker dust</p> |
|---------------|--|

| | |
|-----------------|---|
| Concrete | <p>Raw materials: Sand, gravel and water</p> <p>Auxiliary materials: Diesel, Natural gas, Gasoline, Lubricants and Water</p> <p>Semi-finished products or pieces: Additives, Slag, Recycled sludge or debris, Cement and Ash</p> |
|-----------------|---|

| | |
|-------------------|--|
| Aggregates | <p>Raw materials: Crude (exploitation material)</p> <p>Auxiliary materials: Diesel, Gasoline, Lubricants and water</p> |
|-------------------|--|

G4-EN2

| Recovered materials | | | | |
|---|-------------|-------------|-------------|--|
| Figures expressed in tons | | | | |
| | 2011 | 2012 | 2013 | Comments |
| Materials used for cement | 18,303,390 | 21,595,141 | 21,948,172 | |
| Recovered materials used | 272,721 | 838,708 | 970,499 | |
| Percentage of materials used that are recovered for cement | 1,5% | 3,9% | 4,4% | Ash, slag, industrial gypsum, tires, RDF, industrial waste, dust, brick gravel, biomass |
| Materials used for concrete | 18,588,473 | 20,902,357 | 23,971,281 | |
| Recovered materials used | 338,310 | 453,399 | 555,009 | |
| Percentage of materials used that are recovered for concrete | 1.8% | 2.2% | 2.3% | Ash, recycled debris |
| Materials used for aggregates | N.D. | N.D. | 4,556,185 | |
| Recovered materials used | N.D. | N.D. | 0 | |
| Percentage of materials used that are recovered for aggregates | N.D. | N.D. | 0% | In 2013, no recovered materials were used |

Recovered materials**Materials included**

| | |
|-------------------|--|
| Cement | <p>Raw materials: Clay, Sand, Bauxite, Limestone, Chert, Gravel, Lime, Iron mineral, Pozzolane, Gypsum, Marl, Schist, Fluorite, Kaolinite</p> <p>Auxiliary materials: Fuel oil, Diesel, Natural gas, Coal, Pet coke, Water, F gasoline, Lubricants, Tires, RDF, Oil waste, Biomass, Mixed industrial waste and water</p> <p>Semi-finished products or pieces: Grinding additives, Slag, Bricks, Calamine and/or iron slag, Industrial gypsum, Ash, Calcium sludge or fine calcium compounds, Clinker dust</p> |
| Concrete | <p>Raw materials: Sand, gravel and water</p> <p>Auxiliary materials: Diesel, Natural gas, Gasoline, Lubricants and Water</p> <p>Semi-finished products or pieces: Additives, Slag, Recycled sludge or debris, Cement and Ash</p> |
| Aggregates | <p>Raw materials: Crude (exploitation material)</p> <p>Auxiliary materials: Diesel, Gasoline, Lubricants and water</p> |

G4-EN3

| Energy consumption within the organization | | | | | |
|--|-------------------|-------------------|-------------------|--|--|
| Figures expressed in Gigajoules | | | | | |
| Cement | 2011 | 2012 | 2013 | Comments | |
| Coal consumption | 22,509,594 | 21,323,418 | 14,310,804 | | |
| Natural gas consumption | 3,174,985 | 5,354,816 | 9,359,893 | | |
| Fuel consumption | 661,468 | 635,042 | 643,202 | 2010 and 2011: diesel and fuel oil 2012: diesel, fuel oil, gasoline and others 2013: diesel, fuel oil, gasoline, pet coke, propane gas | |
| Primary energy of non-renewable sources | 26,346,047 | 27,313,276 | 24,313,899 | | |
| Biomass | | | 1.066 | Rice husks | |
| Other renewable fuels | | | | | |
| Primary energy of renewable sources | 0 | 0 | 1.066 | | |
| Tires | | 3,115 | 16,854 | Corresponds to coprocessing at the Harleyville plant in the USA Regional Division | |
| RDF including plastic | | 462,525 | 492,502 | Corresponds to coprocessing at the Harleyville plant in the USA Regional Division | |
| Other fuels | | 418,948 | 498,804 | Corresponds to coprocessing of industrial waste at the Roberta and Harleyville plants in the USA Regional Division | |
| Primary energy from alternative sources | 0 | 884,587 | 1,008,160 | | |
| Hydro electrical energy generation | 176,076 | 181,058 | 230,594 | | |
| Thermo electrical energy generation | N.D. | 7,885,119 | 6,175,320 | | |
| Electricity generated | 176,076 | 8,066,177 | 6,405,914 | Colombian, Caribbean and USA Regional Divisions | |

Energy consumption within the organization

| | | | | |
|--|-------------------|-------------------|-------------------|--|
| Consumption of purchased electricity | 1,131,755 | 2,074,406 | 1,988,982 | In 2013, the Colombian, Caribbean and USA Regional Divisions are included. Of the Caribbean Regional Division, the plant in Suriname is included. |
| Purchased electricity | 1,131,755 | 2,074,406 | 1,988,982 | In the Colombian Regional Division, coverage of the implementation of the Energy Management System was continued and expanded in the context of the Organizational Excellence Management project, through which we seek to improve operational efficiency. This program envisages different measures to reduce electrical energy consumption at the plants. |
| Total thermic energy | 26,346,047 | 28,197,864 | 25,323,124 | |
| Total electrical energy | 1.307.831 | 10,140,583 | 8,394,896 | |
| Total energy consumption for cement | 27,653,878 | 38,338,447 | 33,718,020 | |

| Concrete | 2011 | 2012 | 2013 | Comments |
|--|----------------|----------------|----------------|---|
| Diesel consumption | 313,985 | 395,878 | 686,175 | |
| Other fuels | 2,980 | 1,195 | 1,338 | |
| Direct primary energy coming from non-renewable sources | 316,965 | 397,073 | 687,513 | In 2013, there was an increase in production compared to the figures of 2012, which makes reported values in this category go up as well. In 2013, the overage of the reporting of diesel increased compared to the information reported for 2012. |
| Consumption of purchased electricity | 98,572 | 126,829 | 146,913 | |
| Purchased electricity | 98,572 | 126,829 | 146,913 | In 2013, the overage of the reporting of purchased electricity increased compared to the information reported for 2012. |
| Total thermic energy | 316,965 | 39,073 | 687,513 | |

| Energy consumption within the organization | | | | |
|---|-------------------|-------------------|-------------------|--|
| Total electrical energy | 98,572 | 126,829 | 146,913 | |
| Total energy consumption for concrete | 415,537 | 523,902 | 834,426 | |
| | | | | |
| Aggregates | 2011 | 2012 | 2013 | Comments |
| Diesel consumption | N.D. | N.D. | 20,353 | |
| Other fuels | N.D. | N.D. | 0 | |
| Primary energy from non-renewable sources | N.D. | N.D. | 20,353 | |
| Consumption of purchased electricity | N.D. | N.D. | 15,008 | |
| Purchased electricity | N.D. | N.D. | 15,008 | |
| Total thermic energy | N.D. | N.D. | 20,353 | |
| Total electrical energy | N.D. | N.D. | 15,008 | |
| Thermic energy sold | N.D. | N.D. | | |
| Electricity sold | N.D. | N.D. | | |
| Total energy sold | N.D. | N.D. | 0 | |
| Total energy consumption for aggregates | N.D. | N.D. | 35,361 | The information of the aggregates business unit corresponds to information of the Colombian Regional Division |
| TOTAL energy consumption within the organization | 28,069,415 | 38,862,349 | 34,587,807 | As of 2013, information of the aggregates business unit is included |

G4-EN5

| Energy intensity | | | | |
|---|-------------|-------------|-------------|---|
| Figures expressed in Gigajoules per ton produced | | | | |
| | 2011 | 2012 | 2013 | Comments |
| Total energy consumption for cement | 27,653,878 | 38,338,447 | 33,718,020 | |
| Total cement production (in tons) | 8,800,000 | 9,100,000 | 9,639,807 | |
| Energy intensity for cement production (in GJ/t) | 3.1 | 4.2 | 3.5 | Implementation of the Energy Management System. This program envisages different measures to reduce electrical energy consumption at the plants. |
| Total energy consumption for concrete | N.D. | N.D. | 836,959 | |
| Total cement production (in m3) | N.D. | N.D. | 9,318,498 | |
| Energy intensity for concrete production (in GJ/m3) | N.D. | N.D. | 0.09 | |
| Total energy consumption for aggregates | - | - | 35,361 | |
| Total aggregates production (in tons) | | | 2,626,163 | |
| Energy intensity for aggregates production (in GJ/t) | | | 0.01 | |

G4-EN8

Total water withdrawal

Figures expressed in m³

| | 2011 | 2012 | 2013 | Comentarios |
|--|------------------|------------------|------------------|--|
| Surface water, including water from wetlands, rivers, lakes | 5,588,383 | 5,196,190 | 4,709,959 | Water consumption at the Yumbo plant was decreased thanks to operational controls implemented at the limestone mine. This had a total impact of 1,024,120 m ³ of water for the year. |
| Ground water | 141,593 | 539,919 | 390,254 | There is a decrease in consumption thanks to the correction of a leak identified in 2012 at the Sogamoso plant, resulting in a drop of |
| Rainwater collected directly and stored | 26,519 | 0 | 29,897 | 52,734 m ³ . Other plants that use subterranean water are Sabanagrande and Argos Dominicana. |
| by Cementos Argos S.A. or its subsidiaries | 1,193,918 | 1.461,669 | 1,056,955 | For this year, an estimation was made for the Sogamoso plant and the plant in Suriname. |
| Total water withdrawal for cement production | 6,950,413 | 7,197,779 | 6,187,065 | A decrease of 452,188 m³ due to low production in the wet process line at the Cartagena plant. |
| Surface water, including water from wetlands, rivers, lakes | 97,627 | 191,155 | 218,016 | |
| Ground water | 592,886 | 386,283 | 829,179 | |
| Rainwater collected directly and stored by Cementos Argos S.A. or its subsidiaries | 0 | 53,203 | 62,098 | |
| Municipal water supplies or other water utilities | 1,098,535 | 839,825 | 1,368,740 | |
| Waste water from another organization | 0 | 0 | 0 | |
| Total water withdrawal for concrete production | 1,789,048 | 2,273,504 | 2,478,033 | For 2012, water consumption was estimated for the concrete plants of the Golf Area, for an approximate value of 803,038 m³ and a total withdrawal of 2,273,504. For 2013, there is an increase in total water withdrawal due to an increase in production. |
| Surface water, including water from wetlands, rivers, lakes | 370,121,531 | 375,283,955 | 362,355,756 | This value includes the water captured by the self-generation plants of the Cairo and Nare plants (28,581,712m ³ and 332,420,116m ³) |

| Total water withdrawal | | | |
|--|--------------------|--------------------|--------------------|
| Ground water | 0 | 2,186 | 0 |
| Rainwater collected directly and stored by Cementos Argos S.A. or its subsidiaries | 810 | 0 | 0 |
| Waste water from another organization | 0 | 0 | 0 |
| Municipal water supplies or other water utilities | 0 | 0 | 0 |
| Total water withdrawal for electricity generation | 370,122,341 | 375,286,141 | 362,355,756 |
| Surface water, including water from wetlands, rivers, lakes | N.D. | N.D. | 381,837 |
| Ground water | N.D. | N.D. | 404 |
| Rainwater collected directly and stored by Cementos Argos S.A. or its subsidiaries | N.D. | N.D. | 0 |
| Waste water from another organization | N.D. | N.D. | 0 |
| Municipal water supplies or other water utilities | N.D. | N.D. | 0 |
| Total water withdrawal for aggregates production | | | 382,241 |
| Total withdrawal | 10,018,808 | 10,939,055 | 10,401,266 |

The information reported for the aggregates business unit corresponds to the operations located in the Colombian Regional Division.

Even though the sum of the figures reported for water withdrawal by each business unit is 371,020,854 m3, the total value that is reported does not include water withdrawal for the generation of electricity at the Cairo and Nare plants.

G4-EN10

Percentage and total volume of recycled and reused water

Figures expressed in m³

| | 2011 | 2012 | 2013 |
|--|---------------|---------------|----------------|
| Water recycled or reused in cement | 2,165,917 | 2,014,491 | 1,768,647 |
| % of water recycled or reused in cement | 31.16% | 27.99% | 28.59% |
| Water recycled or reused in concrete | 205,757 | 528,648 | 516,875 |
| % of water recycled or reused in concrete | 11.50% | 23.25% | 20.86% |
| Water recycled or reused in energy generation | 58,320 | 270,611 | 17,510 |
| % of water recycled or reused in energy generation | 0.02% | 0.07% | 0.00% |
| Water recycled or reused in aggregates | N.D. | N.D. | 507,314 |
| % of water recycled or reused in aggregates | N.D. | N.D. | 132.72% |
| Total % of water recycled or reused (without energy generation) | 24.3% | 25.7% | 27% |

Specific water withdrawal

| | 2011 | 2012 | 2013 |
|--|------|------|------|
| Liters per ton of cement (l/t) | 790 | 791 | 642 |
| Liters per cubic meter of concrete (l/m ³) | 252 | 274 | 266 |
| Liters per ton of aggregates (l/t) | N.D. | N.D. | 146 |

Year for which goals are established

2.022

| Goal | |
|--|-----|
| Goal for reduction of water consumption for cement | 20% |
| Goal for reduction of water consumption for concrete | 20% |
| Goal for reduction of water consumption for aggregates | 20% |
| Goal for reduction of water consumption for Argos | 20% |

G4-EN15,16

Direct and indirect GHG emissions

Figures expressed in equivalent of tons of CO₂

The measurement base year is 2006

| Cement | 2011 | 2012 | 2013 | Description of the procedure | Comments |
|--|------------------|------------------|------------------|--|---|
| Direct emissions in Colombia (in t CO ₂ e) | 3,143,750 | 4,802,540 | 4,332,254 | The methodology used for the calculation of direct and indirect emissions is the one determined by the Cement Sustainability Initiative (CSI) of the World Business Council for Sustainable Development: "CO ₂ accounting and reporting standard for the cement industry" version 3.04. Direct emissions are emissions that come from fuel combustion inside the installations and those related to the chemical decarbonization reaction that occurs in the clinkerization kilns. Gross direct emissions are reported, which means that emissions coming from energy generation are not included. | For 2011, the Cartagena plant was included in the Caribbean and Central American Regional Division. |
| Direct emissions in the Caribbean (in t CO ₂ e) | 2,036,979 | 5,877 | 9,504 | This indicator only includes CO ₂ emissions, as the emissions of other GHG gasses are not significant. Source for emissions factors: WBCSD Cement Sustainability Initiative | The data reported for 2012 included mine emissions twice. It was corrected for the one shown in this table. In 2012, for the Panama plant, emissions associated with the slag dryer and with the production of cement type II were not included. |
| Direct emissions in the USA (in t CO ₂ e) | N.A. | 1,215,306 | 1,303,381 | | For 2012, in Atlanta, the data regarding fuel used for refrigeration and heating was corrected as there was an error in the units. |
| EN15: direct GHG emissions (in t CO₂e) | 5,180,729 | 6,023,723 | 5,645,139 | | |
| Indirect emissions in Colombia (in t CO ₂ e) | 492,899 | (787,610) | (665,321) | The methodology used for the calculation of direct and indirect emissions is the one determined by the Cement Sustainability Initiative (CSI) of the World Business Council for Sustainable Development: | For 2011, the Cartagena plant was included in the Caribbean and Central American Regional Division. |
| Indirect emissions in the Caribbean (in t CO ₂ e) | (264,086) | 969,344 | 1,276,102 | "CO ₂ accounting and reporting standard for the cement industry" version 3.04. Indirect emissions are emissions that come from the consumption of electrical energy coming from the national network, as well as the factor associated with the sum or subtraction corresponding to the purchase or sale of clinker between plants. | For 2012, for the Cartagena plant, emissions from the mine were not taken into account. |
| Indirect emissions in USA (in t CO ₂ e) | N.A. | 169,558 | 360,878 | This indicator only includes CO ₂ emissions, as the emissions of other GHG gasses are not significant. Values taken as kg CO ₂ /mWh are different for every country depending on the energy sources and they are registered in the International Energy Agency. Source of said factors: IAE (CO ₂ Emissions from fuel combustion highlights, 2013 Edition, page 110-112) for 2011. | In 2012, for the Panama plant, an additional amount of purchased clinker (261,818 ton / years) was not included. In 2012, for the Atlanta plant, emissions for the purchase of clinker were not included. |
| EN16: indirect GHG emissions (in t CO₂e) | 228,813 | 351,292 | 971,659 | | |
| Direct and indirect GHG emissions for cement (in t CO₂e) | 5,409,542 | 6,375,016 | 6,616,798 | | |

Direct and indirect GHG emissions

| Concrete | 2011 | 2012 | 2013 | Description of the procedure | Comments |
|--|---------------|---------------|---------------|---|-----------------|
| Direct emissions in Colombia (in t CO ₂ e) | | 23,597 | 38,465 | It is calculated by multiplying the energy consumption by the caloric value and the emission factor, which is taken from the CSI methodology. | |
| Direct emissions in the Caribbean (in t CO ₂ e) | | 403 | 7,228 | | |
| Direct emissions in the USA (in t CO ₂ e) | | 5,402 | 5,240 | | |
| EN15: direct GHG emissions (in t CO₂e) | 22,463 | 29,403 | 50,933 | | |
| Indirect emissions in Colombia (in t CO ₂ e) | | 1,131 | 1,328 | It is calculated with the energy consumption and the emission factor, which is taken from the CSI methodology. | |
| Indirect emissions in the Caribbean (in t CO ₂ e) | | 562 | 658 | | |
| Indirect emissions in the USA (in t CO ₂ e) | | 13,669 | 16,212 | | |
| EN16: indirect GHG emissions (in t CO₂e) | 11,369 | 15,362 | 18,197 | | |
| Direct and indirect GHG emissions for concrete (in t CO₂e) | 33,832 | 44,765 | 69,130 | | |

The measurement base year is 2013

| Aggregates | 2011 | 2012 | 2013 | Description of the procedure | Comments |
|--|-------------|-------------|--------------|---|-----------------|
| Direct emissions in Colombia (in t CO ₂ e) | N.D. | N.D. | 1,508 | It is calculated by multiplying the energy consumption by the caloric value and the emission factor, which is taken from the CSI methodology. | |
| Direct emissions in the Caribbean (in t CO ₂ e) | N.D. | N.D. | N.D. | | |
| Direct emissions in the USA (in t CO ₂ e) | N.D. | N.D. | N.D. | | |
| EN15: direct GHG emissions (in t CO₂e) | - | - | 1,508 | | |
| Indirect emissions in Colombia (in t CO ₂ e) | N.D. | N.D. | 734 | It is calculated with the energy consumption and the emission factor, which is taken from the CSI methodology. | |
| Indirect emissions in the Caribbean (in t CO ₂ e) | N.D. | N.D. | N.D. | | |
| Indirect emissions in the USA (in t CO ₂ e) | N.D. | N.D. | N.D. | | |
| EN16: indirect GHG emissions (in t CO₂e) | - | - | 734 | | |
| Direct and indirect GHG emissions for aggregates (in t CO₂e) | - | - | 2,242 | | |

| Direct and indirect GHG emissions | | | | | |
|--|----------------|----------------|----------------|-------------------------------------|-----------------|
| Electricity generation | 2011 | 2012 | 2013 | Description of the procedure | Comments |
| Direct emissions in Colombia (in t CO ₂ e) | 462,766 | 592,141 | 524,732 | | |
| Direct emissions in the Caribbean (in t CO ₂ e) | 95,954 | 27,128 | 25,471 | | |
| Direct emissions in the USA (in t CO ₂ e) | N.A. | N.A. | N.A. | | |
| EN15: direct GHG emissions (in t CO₂e) | 558,720 | 619,269 | 550,203 | | |

G4-EN18

Intensity of GHG emissions

| 2011 | 2012 | 2013 | Comments |
|-------|-------|-------|---|
| 0.754 | 0.677 | 0.613 | <p>Values shown for this indicator are net direct values, given that the Environmental Policy is formulated in these terms (which means that emissions associated with the replacement of fossil fuels by alternative fuels are dis-counted).</p> <p>The ratio is calculated with the methodology established by the Cement Sustainability Initiative of the World Business Council for Sustainable Development “CO₂ accounting and reporting standard for the cement industry”, version 3.04 (see variable 74). The calculation is: net direct emissions over produced amount of cementitious material.</p> |

Year for which the goal is established

2.022

Goal for reduction of GHG emissions for concrete

20%

G4-EN21

Figures expressed in tons

| Cement | 2011 | 2012 | 2013 | Description of the procedure | Comments |
|---|---------------|--------------|--------------|---|--|
| Total PM emissions in Colombia (in t) | 4,513 | 4,564 | 3,740 | Calculations are made based on the results of direct emissions. | |
| Total PM emissions in the Caribbean (in t) | 704 | - | 31 | Calculations are made using emission factors of the USEPA. | For 2011, the Cartagena plant was included in the Caribbean Regional Division. |
| Total PM emissions in the USA (in t) | | 37 | 213 | Calculations are made based on the results of the inline analyzers. | There was an increase in production and for this year, emissions of the Atlanta plant were reported. |
| Total PM emissions (in t) | 5,218 | 4,600 | 3,984 | | |
| Total SOx emissions in Colombia (in t) | 11,419 | 4,892 | 3,245 | | |
| Total SOx emissions in the Caribbean (in t) | 463 | 4 | N.D. | | For 2011, the Cartagena plant was included in the Caribbean and Central American Regional Division. |
| Total SOx emissions in the USA (in t) | n.d. | 74 | 92 | | |
| Total SOx emissions (in t) | 11,883 | 4,970 | 3,337 | | The decrease in emissions of sulfur oxides is mainly due to the substitution of coal used as fuel by natural gas in a large part of the cement operations in the Colombian Regional Division. |

| Figures expressed in tons | | | | | |
|---|--------------|--------------|---------------|-------------------------------------|---|
| Cement | | | | Description of the procedure | Comments |
| Total SOx emissions in Colombia (in t) | 5,414 | 7,424 | 8,697 | | |
| Total SOx emissions in the Caribbean (in t) | 767 | 27 | N.D. | | For 2011, the Cartagena plant was included in the Caribbean and Central American Regional Division. |
| Total SOx emissions in the USA (in t) | | 1,982 | 2,313 | | |
| Total SOx emissions (in t) | 6,181 | 9,433 | 11,010 | | |
| Concrete | 2011 | 2012 | 2013 | Description of the procedure | Comments |
| Total PM emissions in Colombia (in t) | 43 | 44 | 50 | | |
| Total PM emissions in the Caribbean (in t) | 9 | 7 | 7 | | Calculations are made using emission factors of the USEPA. |
| Total PM emissions in the USA (in t) | 167 | 65 | 73 | | |
| Total PM emissions (in t) | 219 | 116 | 130 | | |

| Figures expressed in tons | | | | | |
|---|--------------|--------------|--------------|---|--|
| Energy generation | 2011 | 2012 | 2013 | Description of the procedure | Comments |
| Total MP emissions in Colombia (in t) | 263 | 84 | 10 | Operational controls have been implemented that have resulted in a drop for this indicator. | |
| Total MP emissions in the Caribbean (in t) | - | - | - | | |
| Total MP emissions (in t) | 263 | 84 | 10 | | |
| Total SOx emissions in Colombia (in t) | 2,053 | 1,652 | 1,171 | Operational controls have been implemented that have resulted in a drop for this indicator. | |
| Total SOx emissions in the Caribbean (in t) | - | - | - | | |
| Total SOx emissions (in t) | 2,053 | 1,652 | 1,171 | | |
| Total NOx emissions in Colombia (in t) | 295 | 533 | 6,754 | The calculation of emissions in energy generation in Cartagena in 2013 was done with the emission factors of the EPA. | For 2013, the emissions from energy generation at the Cartagena plant were included. |
| Total NOx emissions in the Caribbean (in t) | 48 | - | - | | |
| Total NOx emissions (in t) | 343 | 533 | 6,754 | | |
| Year for which the goal is established | | | | | 2,022 |
| Goal for reduction of SOx per ton of clinker | | | | | 62% |
| Goal for reduction of PM per ton of clinker | | | | | 49% |



Independent Assurance Report

To the General Assembly of Shareholders of Cementos Argos S.A.

March 11, 2014

We at PwC were hired to make a limited assurance assessment, for the year ended on December 31, 2013, about the topics that are explained in more detail below (from now on referred to as “the assessment’s target topics”):

- a. The following performance indicators, in accordance with what is established in the 2013 G4 version of the Sustainability Reporting Guidelines of the Global Reporting Initiative (GRI) and with the procedures that were formalized by the company’s management based on these guidelines and designed in order to complement them, which are included in the Integrated Report 2013 (from now on referred to as “the Report”), which was published by the management of Cementos Argos S.A. and its subsidiaries, both in its print and digital (pdf) versions:
 - i. Environment G4-EN2, G3-EN3, G4-EN8, G4-EN15, G4-EN16, G4-EN18, G4-EN21, Biodiversity 1, Biodiversity 2;
 - ii. Labor Practices and Decent Work: G4-LA6, G4-LA8, G4-LA13;
 - iii. Human Rights: G4-HR2, G4-HR7;
 - iv. Product Responsibility: G5-PR5;
 - v. Society: G4-SO7.
- b. Argos’ statement included in the Report with regards to the fact that said Report was presented in accordance with the **Core** option of the 2013 G4 version of the Sustainability Reporting Guidelines of the Global Reporting Initiative (GRI).

The management’s responsibility in the limited assurance assessment’s target topics

The company’s management is responsible for the preparation and the presentation of the assessment’s target topics, included in the Integrated Report 2013, in accordance with the criteria of the report that are explained in Annex I. This responsibility includes the design, the implementation and the continuous use of internal control mechanisms that are appropriate for an adequate preparation and presentation of the assurance assessment’s target topics and the use of an appropriate basis for the preparation, as well as the making of estimations that are considered reasonable given the circumstances.

¹ The maintenance and integrity of the website of Cementos Argos S.A. (www.argos.co), which is where the pdf version of the Integrated Report 2013 is published, is the sole responsibility of the company’s management. The assessment made by PwC does not include considerations regarding these activities and, in accordance with this, PwC does not assume any type of responsibility for any differences between the information presented on the aforementioned website and the assessment’s target topics included in the Integrated Report 2013 as published by the management of Cementos Argos S.A., on which it based its limited assurance assessment and about which it formulated conclusions.



To the General Assembly of Shareholders of Cementos Argos S.A.
Independent Assurance Report

March 11, 2014

Responsibility of PwC

Our responsibility consists in issuing an independent conclusion, based on our own limited assurance procedures, about whether there are any aspects that make us believe that any of the assessment's target topics are not presented, in terms of all the material aspects, in accordance with the criteria of the report.

We carried out our work in accordance with the International Standard on Assurance Engagements (ISAE 3000), used for assessments other than audits or reviews of historic financial information. This standard requires us to comply with ethical requirements and to plan and carry out the assurance assessment in order to be able to obtain limited assurance on the assessment's target topics.

The procedures to recollect evidence for a limited assurance assessment are more limited than those for a reasonable assurance assessment and therefore, the degree of assurance is lower in the first than in the latter. The selected procedures depend on professional judgment, including the assessment of the risks related with material incompliance of the limited assessment's target topics with their criteria.

The scope of our work included, among others, the following procedures:

- a. Ensuring understanding of the systems used to generate, add and report the limited assessment's target information through inquiries with the parties that are responsible for these processes during visits to the corporate offices of Cementos Argos S.A. and through teleconferences.
- b. Detailed substance tests, on a selective basis determined in accordance with assurance standards, on data and material statements included in the Integrated Report 2013, through:
 - i. The inspection of policies and procedures established by Cementos Argos S.A.
 - ii. The inspection of both internal and external supporting documents.
 - iii. The arithmetic calculations in accordance with formulas that were previously defined in the criteria of the report.
 - iv. The comparison of the contents presented by the company's management in their Integrated Report 2013 with what is established in this regard in the **Core** option of the 2013 G4 version of the Sustainability Reporting Guidelines of the Global Reporting Initiative (GRI).



To the General Assembly of Shareholders of Cementos Argos S.A.

Independent Assurance Report

March 11, 2014

We believe that we obtained sufficient and appropriate evidence in order to provide us with a basis for our limited assessment conclusions. The 2013 G4 Sustainability Reporting Guidelines of the Global Reporting Initiative (GRI) were applied with the premises established in Annex I, which is attached, for the assessment of the identified information on sustainability.

Inherent limitations

The non-financial information is subject to more inherent limitations than financial information, given both its nature and the methods used to determine, calculate, take samples of or estimate said data. The qualitative interpretations of its relevance, materiality and accuracy are subject to assumptions and individual judgments.

We have not carried out any assessment on the information reported for previous reporting periods, related with future forecasts and goals, nor on any financial information of Cementos Argos S.A. or any of its subsidiaries. We also did not carry out any assessment outside the scope that was agreed upon and therefore, we limit our conclusion to the identified information on sustainability.

Conclusion

Based on our limited assurance assessment, we found no information whatsoever that could lead us to believe that:

- The performance indicators, as selected for the limited assurance, for the year ended on December 31, 2013, are not presented, in all their material aspects, in accordance with the criteria defined in Annex I, which is attached.
- The declaration of Cementos Argos S.A., with regards to the fact that it has presented its Integrated Report 2013 in accordance with the **Core** option of the 2013 G4 version of the Sustainability Reporting Guidelines of the Global Reporting Initiative (GRI), is not accurate, in all material aspects, in accordance with the criterion defined in Annex I, which is attached.

3 out of 4



To the General Assembly of Shareholders of Cementos Argos S.A.
Independent Assurance Report

March 11, 2014

Restrictions on use and distribution

The Integrated Report (which includes the assessment's target topics) of the year ended on December 31, 2013, has been prepared by Cementos Argos S.A. with the intention of disclosing information about the company's management of economic, environmental and social issues to its shareholders and cannot be appropriated for any other purposes.

Our report was only and exclusively elaborated for the purposes of its presentation to the company's shareholders with the purpose described above and must not be distributed or used for other purposes and/or by other parties.

A handwritten signature in black ink, which appears to read 'PricewaterhouseCoopers'.



6.5 United Nations Global Compact

Thanks to the organization's continuous commitment towards the respect and promotion of human rights, we are constantly working on the alignment of our strategies, policies and operations to the ten principles of the United Nations Global Compact. This report shows how, through the six steps of the United Nations Global Compact Management Model (commit, assess, define, implement, measure and communicate), we work on each of these ten principles. To this purpose, circular icons were included in the report to indicate both the step and the principle, for the reader to be able to see how these principles inspire our management.



Elaborated based on the UN management model, which is available on: http://www.unglobalcompact.org/docs/publications/UNGC_Management_Model_ES.pdf





COMMUNICATION ON PROGRESS

This is our **Communication on Progress** in implementing the principles of the **United Nations Global Compact** and supporting broader UN goals.

We welcome feedback on its contents.



Global Compact Index

Steps of the management model

| Topic | Principle | Commit | Assess | Define | Implement | Measure | Communicate |
|------------------------|---|-------------|--------------------------------|--|---|--|------------------|
| Human rights | Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights within their area of influence. | 12-51-52-85 | 64 a 67-69-103-104-151-152-159 | 51-52-56-82-97-142-145-148-149-152-159 | 60-82-83-98-114-115-136-137-142-145 a 156-159 | 51-52-56-83-92-95-97-99-137-139 a 144-146 a 149-151-152-157 a 159 | 10-83-91-152-153 |
| | Principle 2: Businesses should make sure that they are not complicit in human rights abuses. | 12-51-52-85 | 64 a 69-103-104-151-152-159 | 51-52-56-82-97-106-142-145-148-149-152-159 | 60-82-83-98-104-108-111-136 a 138-142-145-147 a 156-159 | 51-52-56-83-92-95-97-99-107-108-109-111-137-140 a 144-147 a 149-151-152-158-159 | 10-83-91-152-153 |
| | Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining. | 12-51-52-85 | 69-103-104-151-152 | 51-52-56-82-97-142-148-149-152 | 60-82-83-98-138-142-148 a 152 | 51-52-56-83-92-95-97-142-148-149-151-152 | 10-83-91-152 |
| | Principle 4: Businesses should uphold the elimination of all forms of forced and compulsory labor. | 12-51-52-85 | 69-103-104-151-152 | 51-52-56-82-97-142-148-149-152 | 60-82-83-98-142-148-149-151-152 | 51-52-56-83-92-95-97-142-148-149-151-152 | 10-83-91-152 |
| | Principle 5: Businesses should uphold the effective abolition of child labor. | 12-51-52-85 | 69-103-104-151-152 | 51-52-56-82-97-142-148-149-152 | 60-82-83-98-142-148-149-151-152 | 51-52-56-83-92-95-97-142-148-149-151-152 | 10-83-91-152 |
| | Principle 6: Businesses should uphold the elimination of discrimination in respect of employment and occupation. | 12-51-52-85 | 69-103-104-151-152 | 51-52-56-82-97-142-145-148-149-152 | 54-60-82-83-98-142-145-148-149-151-152 | 51-52-56-83-92-95-97-99-142-144-148-149-151-152 | 10-83-91-152 |
| Environment | Principle 7: Businesses should support a precautionary approach to environmental challenges. | 12-51-52-85 | 65-69-103-104-151-152 | 51-52-56-82-97-113-148-149-152 | 60-82-83-98-112-113-116-122-124-125-127 a 129-133 a 135- 148 - 149-151 - 152 | 51-52-56-83-92-95-97-113-117 a 122-124 a 130 - 132 - 133 - 135 - 148-149-151-152 | 10-83-91-152-153 |
| | Principle 8: Businesses should undertake initiatives to promote greater environmental responsibility. | 12-51-52-85 | 64-69-103-104-151-152 | 51-52-56-82-97-113-148-149-152 | 60-82-83-98-112 a 116 - 121 -122 - 124-125-127 a 129-133 a 135-148 a 152 | 51-52-56-83-92-95-97-113-117 a 120-122-124 a 130-132 -133-135-148-149-151-152 | 10-83-91-152-153 |
| | Principle 9: Businesses should encourage the development and diffusion of environmentally friendly technologies. | 12-51-52-85 | 69-103-104-151-152 | 51-52-56-82-97-113-148-149-152-160-168-169 | 60-82-83-98-104-112-113-123-126 a 129-133 a 135 - 148 - 149 - 151 - 152-161-163 a 169 | 51-52-56-83-92-95-97-113-126 a 129-133-135-148-149-151-152-161-163-164-165-168-169 | 10-83-91-152-153 |
| Anti-corruption | Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery. | 12-51-52-85 | 66 a 69 -103-104-151-152 | 51-52-56-82-97 a 102-148-149-152 | 54-60-82-83-96 a 100 - 102 - 112 - 148 - 149-151-152 | 51-52-56-83-92-95-97-99-100-102-148-149-151-152 | 10-83-91-152 |



This book was printed in Colombia. For its production, state-of-the-art ink was used, sizes were optimized in order to minimize waste, and raw materials were separated in order to be processed or disposed of adequately.

The printer has an FSC™ chain of custody certification, which guarantees that the paper used for internal pages of this book came from controlled forests and that the flow of certified wood was tracked throughout the supply. This certification reflects the commitment of everyone who is involved in the elaboration of this book to the conservation of forests worldwide and the preservation of the environment. For more information, please visit www.fsc.org.



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