

INTEGRATED REPORT 2015



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LETTER FROM
THE CEO

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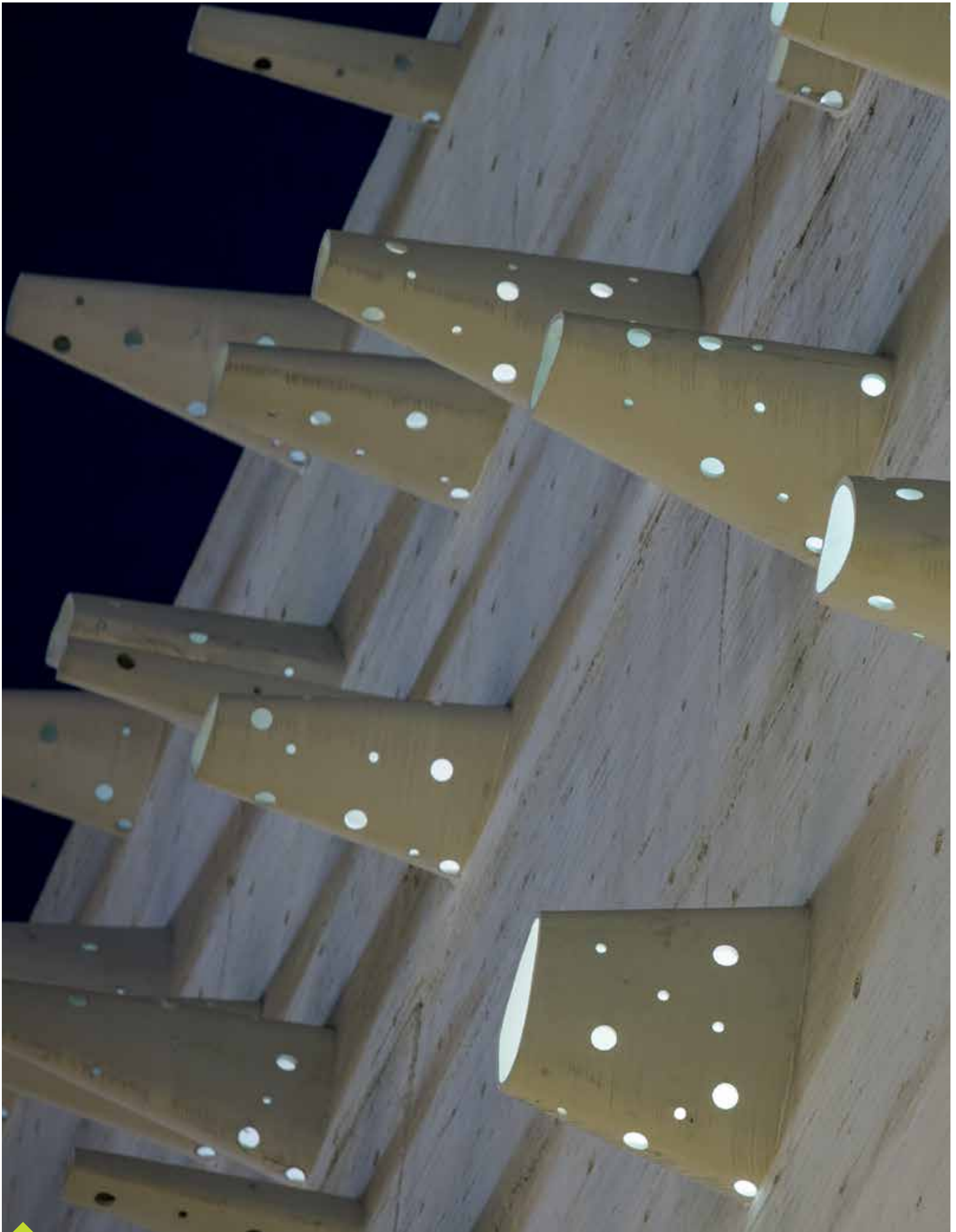
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Self-consolidating concrete wall, Argos Center for Innovation, Medellín, Colombia



DEAR SHAREHOLDERS,

It has been a decade since we started a well-planned and coherent process at Argos to transform a local business into a multinational player. We focused on the concrete and cement business, an area in which we have been able to successfully compete in a dynamic economic environment, generating value for our shareholders and society.

We have been able to obtain record financial results, increase social dividends within the communities we operate and manage natural resources carefully. All of this success can be traced to strong leadership and the quality of our human talent, the geographic diversity of our assets, the interconnectivity of our logistics platforms, our cultural diversity, the strengthening of innovation and sustainability as development elements, and our company's respect for and promotion of human rights, the principles of the Global Compact and the International Labour Organization.

In 2015, our income, cash flow and net profit grew, and that growth has been well above our historical performance. Furthermore, we significantly strengthened our foreign operations by consolidating acquired plants. We started an exciting venture for the future: the Argos Center for Innovation. We confirmed our commitment to sustainability, which was acknowledged by international entities such as the Dow Jones Sustainability Index and the Carbon Disclosure Project (CDP), among others.

The company has a good foundation for further growth, based on an excellent team created by José Alberto Vélez Cadavid. In addition to serving as president of the company from 2004 to 2012, he served as the president of the board of directors for the past four years. Under his direction, Cementos Argos went through unprecedented transformation and internationalization. This has allowed us to successfully grow by developing our own unique culture based on respect, transcendence and awareness of the social role of the entrepreneur.

During his time with the company, José Alberto worked to shape our present success; he invited us to adopt cultural diversity as a value that allows us to learn from our acquired operations; he saw new markets as infinite opportunities to grow and to stand out; he encouraged us to always find new and better ways of doing things by respecting and learning from others. For him, we have only respect, gratitude, admiration and affection.

Today, my work as the president of Cementos Argos comes to an end. I have deep gratitude toward the shareholders for their trust, to the board of directors for their permanent guidance and to my co-workers for their invaluable dedication. Thanks to these people, this company has enjoyed considerable success. I am honored to have shared the experience with them.

To Juan Esteban Calle, a great human being and an excellent professional who assumes the presidency of Cementos Argos, I wish great success. **(G4-1)**



Jorge Mario Velásquez
CEO of Cementos Argos

ABOUT THE REPORT

We present to our stakeholders the Integrated Report 2015, which contains relevant information about our ability to create value as a company. In this communication, we describe the way we add value to processes and products in accordance with our strategic priorities and accompanying risk management. Including within are details of our performance and our plans regarding each of the most relevant aspects of our company, with regard to the sustainability of our business for our stakeholders.

These aspects correspond to the most important issues resulting from the exercise of identification, prioritization and validation of social, economic and environmental matters, according to the expectations of our stakeholders, as well as the strategic risks and priorities, business opportunities, sustainability commitments, the Mega 2025 and industry trends. This exercise was performed in 2015 and replaces the one published in the 2014 Integrated Report (see matrix).

For the preparation of this report, we adopted the international standard of the Global Reporting Initiative (GRI) as our base methodology. We chose the option "Essential Compliance" according to the fourth version of its guidelines (G4 Reporting Guidelines) (G4-32). Throughout the text, you will find colored boxes that contain specific codes; those starting with "G4" correspond to a GRI indicator, while the ones starting with "A" correspond to indicators of the company. A summary GRI table containing a description of each indicator and revealing its location can be found in the Appendix.

We also followed other international standards, such as the International Integrated Report Council (IIRC). In the digital version of this report, you can find the result of the self-assessment about our commitment to the principles contained in its reporting framework (www.reporteintegradoargos.co). Additionally, this document serves as a United Nation Global Compact Communication on Progress (COP), according to the corresponding index available on the online

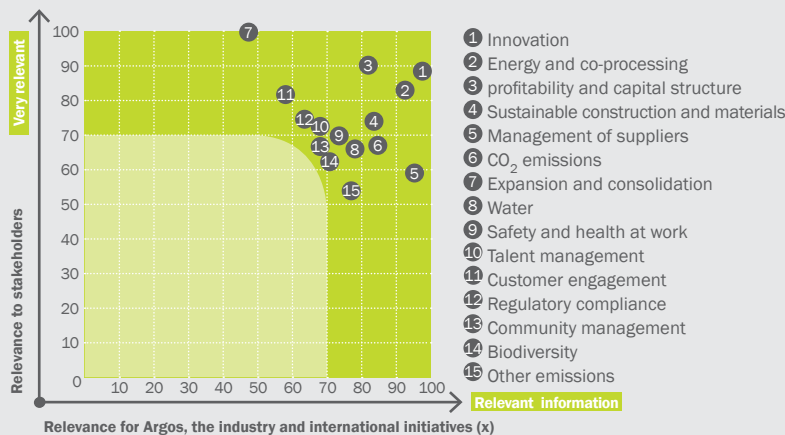
version of this report. Likewise, in the CSI table, we communicate our performance based on the indicators of the Cement Sustainability Initiative (CSI), to which we joined five years ago.

In 2015, the figures of our Management Report are presented under the International Financial Reporting Standards (IFRS), while those of previous years correspond to the standards of Colombia's generally accepted accounting principles (COLGAAP). In order to maintain comparability with the figures published in past reports, they are expressed in pesos and US dollars in a representative market exchange rate of COP \$3,149.47. Conversions of the corresponding 2015 figures were made using this rate. In 2014, the rate was COP \$2,392.46.

The information contained herein corresponds to the period between Jan. 1, 2015 and Dec. 31, 2015 (G4-28); and includes the activities of all the companies whose figures are consolidated in our financial statements in accordance with the international standards in the cement, concrete and aggregates businesses from Colombia, the Caribbean and Central America, and United States. Any clarification or exception to such coverage will be indicated in the text when appropriate (G4-23). The periodicity of this publication is annual and the latest version is the one published in March 2015, corresponding to the year 2014 (G4-29) (G4-30).

(G4-33) This report has been verified by Deloitte, an independent third party, according to the instructions given by the CEO and the senior management team, bodies that reviewed and approved its content (G4-48).

The online version of this report can be consulted at www.reporteintegradoargos.co, or using the QR codes on this page. In case of any questions, suggestions or opinions on this report, please contact Cristina Arias Echavarría, Director of Sustainability, via email: cariasas@argos.com.co (G4-31).



For further information on this report, go to the online version at www.reporteintegradoargos.co. In addition, to the right you can find several QR codes that you can scan with your mobile device. We suggest the following apps:

Best Barcode Scanner
For iPad

Qr Droid
For Android

iPhone: Best Barcode Scanner
For iPhone

QR Code Scanner Pro
For BlackBerry



Digital version of the Integrated Report 2015



Global Compact and Human Rights Communication on Progress Index



Self-assessment of the implementation of principles and contents of the integrated report



Report of Independent Review



CSI Table

**TO INNOVATE IS
TO CHALLENGE THE FUTURE**



West Facade of Argos Center for Innovation, Medellín, Colombia

1

**MANAGEMENT
REPORT**

Management report (G4-1) (G4-2)

Respected Shareholders:

It is a pleasure for us to share the results of our management in 2015 with you. This year was distinguished by big accomplishments in different areas of the company, amid a favorable economic environment in most markets in which we operate today. Argos' flexibility and capacity to adapt to a dynamic environment have been keys to the strategy taken on with coherence and discipline in the last decade.

Our focus on the diversification of markets with different economic cycles, our operations flexibility through vertical integration, a wide

distribution network and a value proposition focused on understanding our clients' needs keep us on the path of sustainable growth.

Our expansion process and improvement in the integration of the acquired operation continues with emphasis on operational efficiency and consistency with our business model, which has been strengthened in recent years.

► Geographic diversification

At Argos, we are always looking for new growth opportunities within our strategic territory, which is formed by three regional divisions with diverse cultures and occasionally non-simultaneous economic cycles. These divisions represent great potential for growth and with premium locations that bring synergy, connectivity and logistic flexibility to our operations.

Geographic diversification has leveraged our growth in recent years and is a strong advantage because it allows us to balance the economic cycles of the markets and diversify currencies of income, in addition to capturing synergies between them. This has given us great balance in the composition of the incomes and EBITDA by regional division, and provides a differential value to the shareholders.

In 2004, a majority of our income came from Colombia, within nearly a single market. In 2015, the United

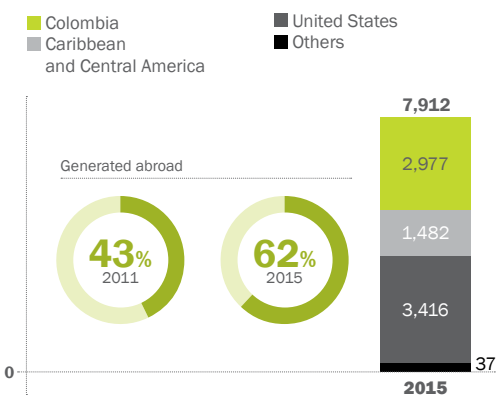
States represented 43 percent of the income, Caribbean and Central America, 19 percent, and Colombia, 38 percent. In conclusion, we closed 2015 with 62 percent of our sales generated outside of Colombia in U.S. dollars or in currencies correlated with the dollar. This makes us a Colombian multinational company with a relevant presence in the United States, in addition to 13 other countries and territories.

As for EBITDA, it is becoming more evenly distributed. The Caribbean and Central America contribute to 30 percent of cash generation, compared to 21 percent in 2011. In addition, the United States, after the difficult years that followed the financial crisis in 2008, now presents an encouraging dynamic. This region represented the 20 percent of the consolidated EBITDA. This has great growth potential thanks to the positive outlook projected for this country.

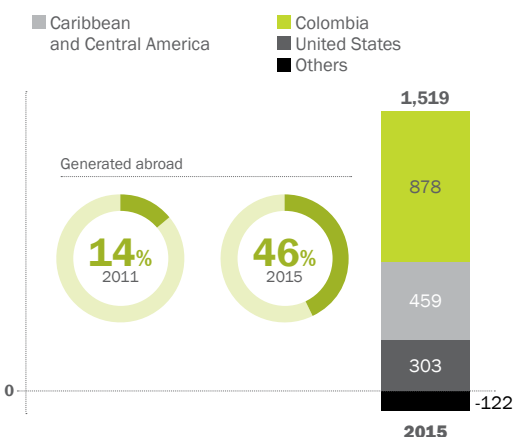
It is noteworthy that as Argos consolidates its financial statements in Colombian pesos, this new composition in the structure of revenues and EBITDA strengthens the economic performance of the company.

IN 2015, WE PROFITED FROM MORE THAN A DECADE OF INTERNATIONALIZATION, WITH 62% OF REVENUE GENERATED OUTSIDE COLOMBIA.

Revenue in billions of COP



EBITDA in billions of COP



The figures of the management of 2015 are approved according to IFRS rules, those that correspond to previous years are reported under the COLGAAP rules.

► GEOGRAPHIC DIVERSIFICATION

CONSOLIDATION AND EXPANSION

OPERATIONAL RESULTS

PROFITABILITY AND CAPITAL STRUCTURE

BUSINESS PERFORMANCE BY REGION

PLATFORMS TO LEVERAGE GROWTH

► Consolidation and expansion (G4-DMA)

(A-X1) (A-X2) (A-X3) Throughout this year, we have focused on the consolidation of our recently acquired operations in the United States, the Caribbean and Central America under a single corporate culture and an increasingly homogeneous operating model, enriched with the diversity contributed by every country we have reached.

As part of our operational efficiency program, we started the operation of our new vertical mill in our cement plant in Harleyville, South Carolina, in the United States with an investment of USD \$58 million. This is Argos' largest mill and is one of the few mills with a production capacity of around 1.8 million tons a year, which will help us cover the growing demand in this country in an efficient way.

Meanwhile, in Colombia, we finished the expansion process of our cement plant in Rioclaro, one of the most modern and efficient plants in the country. We increased the production capacity to nearly 900,000 tons a year. This development represents approximately 18 percent of the total concrete consumption in the central region of Colombia, an area that operates near its installed capacity. This will allow us to address this dynamic market in an ideal way, focused on 46 percent of the national consumption.

In addition, as planned, we moved forward in the design and construction of a dry mortar production line at our Sogamoso Cement Plant, with an



Puerto Rico Terminal, the Caribbean and Central America Region

annual capacity of 2.3 million tons. This project will need an approximate investment of USD \$450 million and is progressing according to schedule. We hope to begin operations in 2018, at a time when the consumption of demanded concrete in the area is expected to be at its highest due to the infrastructure works of the Fourth Generation Program of Road Concessions, promoted by the Colombian government.

In the Caribbean and Central America, our greatest achievement in 2015 was the acquisition of 60 percent of a terminal for receiving, storage, sales and distribution in Puerto Rico, with a USD \$18 million investment.

This purchase allowed us to increase the operational capacity to 250,000 tons a year, to penetrate a new interconnected market and to complement our logistics network in the Eastern Caribbean.

We have successfully incorporated our operating model in all our acquired assets, respecting the particularities and culture of every country. We are also successfully increasing manufacturing efficiency and competitiveness, with sustainability and innovation as our principal guides. We support the sharing of best practices, which enriches Argos' performance as a multinational company.



Rioclaro Cement Plant Expansion, Colombia Region

Puerto Rico Acquisition

Asset description

- Capacity to transport close to 250,000 tons a year
- Licenses until 2020 extendable for two periods of two years each

Market size Approximately

650,000 tons

Advantages

- Interconnectivity with the strategic region
- Profitable market, with cash generation in dollar and with growth potential y con potencial de crecimiento.
- Entrance into a relevant market in the Caribbean



Port/Terminal

Puerto Rico

Market participation at the moment of purchase is **approximately 15 percent**

We own **60%** of the total asset value

The transaction exceeds

18 USD MILLION

GEOGRAPHIC DIVERSIFICATION

► CONSOLIDATION AND EXPANSION

OPERATIONAL RESULTS

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▶ Operational results

During this year, consolidated, we delivered 14.3 million tons of cement and 11.5 million cubic meters of ready mixed concrete. This represents a 14 percent and 4 percent growth, respectively, compared to the previous year. This is the result of the growing performance in most markets, and the successful execution of our commercial and competitive strategies.

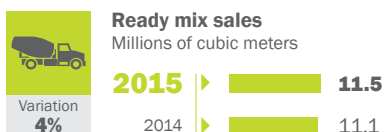
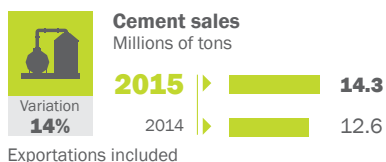
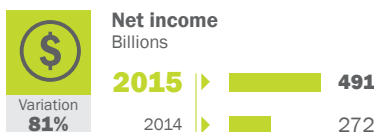
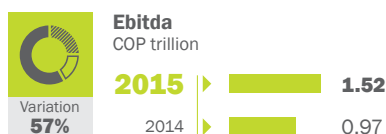
(A-RE3) (A-RE4) Total income increased 40 percent to COP \$7.9 trillion, while the consolidated EBITDA reached COP \$1.5 trillion, which represents a 19 percent margin and a 57 percent growth against 2014.

The volume sold and the generated EBITDA are the highest in Argos history. By the end of the year, the operational gross profit was COP

\$939,185 million, 55 percent higher than 2014. At the financial year-end, the net

THE GENERATED EBITDA AND THE VOLUME SOLD WERE THE HIGHEST IN ARGOS HISTORY.

income increased 81 percent and closed in COP \$491,357 million. These also are the highest results in Argos history.



The figures of the management of 2014 and 2015 are approved according to IFRS rules.

GEOGRAPHIC DIVERSIFICATION
CONSOLIDATION AND EXPANSION

▶ OPERATIONAL RESULTS

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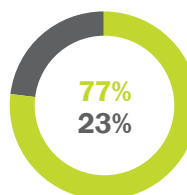
Plant Harleyville, United States Region

► Profitability and capital structure (G4-DMA)

We have a balanced capital structure that gives flexibility to support the organization's growth. By the end of the year, the value of Argos' assets was COP \$17.4 trillion with an 18 percent growth compared to 2014. On the other hand, liabilities were COP \$8.7 trillion, which represents 50 percent of the total assets.

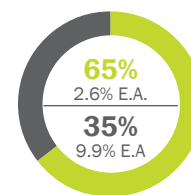
We designed and executed our debt strategy in such a way that we can balance our foreign currencies, keeping the natural hedge between assets and liabilities in the same currency (i.e. dollar assets that generate cash flow in dollars, support dollar liabilities, and pesos assets to support pesos liabilities). The financial debt in pesos and dollars stays balanced, and we closed the year at \$1.8 billion, of which 35.4 percent was in pesos and 64.6 percent in dollars, with annual average rates of 10 and 2.6 percent respectively. In April, we renegotiated and modified a USD \$600 million credit agreement from February 2014 to manage efficiently our debt portfolio. Such modifications represent a savings of \$25 million and allowed us to reduce the financial cost on about 65 basis points, optimizing the maturity profile and increasing the credit terms.

Debt profile



■ Long-term
■ Short-term

Average annual cost



■ USD
■ COP



(A-RE1) (A-RE2)

Debt-service Coverage Ratio

Net Debt/(EBITDA + dividends): **3.16x**

EBITDA/Financial Expenses: **4.97x**

Net Debt/Patrimony: **60%**

Financial Cycle: **40.9** days

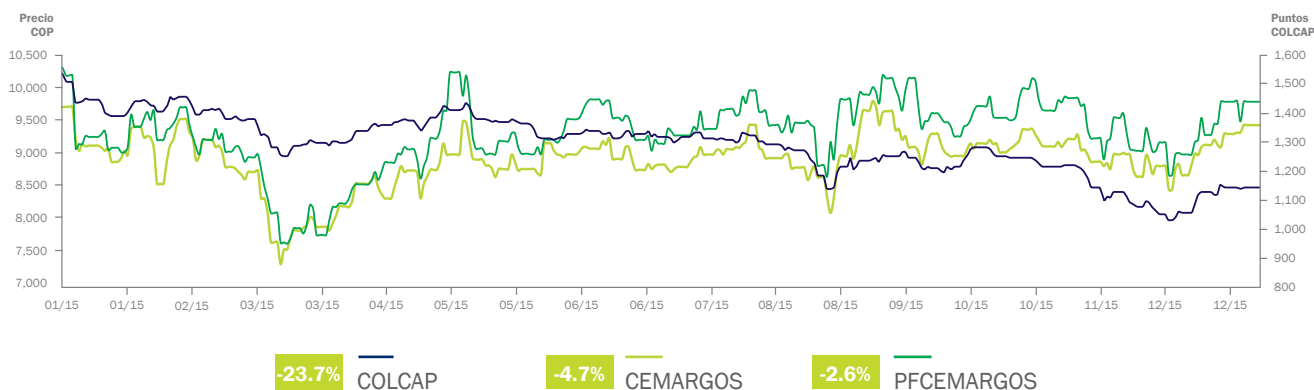


SCAN THE CODE



Profitability and capital structure

The net debt (EBITDA + dividends) closed the year in 3.16 times.



Evolution of shares

High market volatility, both nationally and internationally, characterized 2015 due to the continual collapse of oil prices, uncertainty due to increased interest rates in the United States, the slowdown of economic growth in China and the strong devaluation of the currencies in most of the emerging countries.

This global context affected the shares linked to the oil sector mostly and the price of most Colombian issuers. Argos' shares had a superior

performance compared to the market, knowing that the COLCAP rates ended the year with a 23.7 percent loss, against a 2.6 percent decrease of our preferential share and a 4.7 percent loss in our common shares.

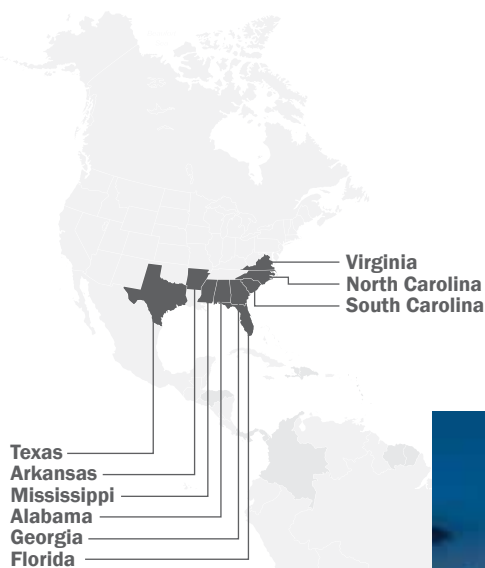
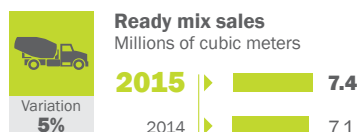
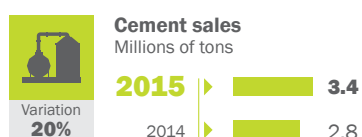
Our shares' performance shows how the value market recognizes the advantages of more diversified incomes in markets with different economic cycles. In 2015, 897 foreign funds kept an active share participation in the company.

The figures of the management of 2014 and 2015 are certified according to IFRS rules.

GEOGRAPHIC DIVERSIFICATION
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► Business performance by region

USA REGION



Management 2014 and 2015 figures are harmonized with the IFRS.

2015 was key in the consolidation of the United States' economy. Improvements in multiple indexes were achieved, which reflects a region in the process of strengthening.

For example, the unemployment index was under 5 percent, after being 9.3 percent five years before. Likewise, the economy had a growth of approximately 2.4 percent, according to the last report. Construction is still one of the main forces driving development, thanks to the improvements in the residential sector, which has been favored due to the economic climate, employment generation and migration. The housing market is performing well thanks to the stabilization within a five-month period.

In this country, we managed to increase cement sales by almost 20 percent, approximately five times the projected market growth, which increased 3.5 percent. Total revenue of Argos in this region increased 13

percent and closed at USD \$1.2 billion. The obtained EBITDA was USD \$110.5 million, 66 percent higher than the year before, due to the volume of growth and a significant improvement in the operational efficiency of this region.

In 2015, close to USA \$98 million was invested to improve our assets and optimize operational efficiency in the country. Among the main investments was the vertical mill in our Harleyville Cement Plant, mentioned earlier; the procurement of 132 mixer trucks, increasing our fleet to nearly 1,800 trucks; and the incorporation of 100 new railway cars for a total of 985. In the same line of investment, significant improvements and adjustments were made to our ports and terminals to strengthen our competitive position in the country and, in turn, properly satisfy the demand of the United States.

One of the milestones of this region was resuming the cement imports through our ports in Houston, Texas,



Plant Harleyville, United States Region

- GEOGRAPHIC DIVERSIFICATION
- CONSOLIDATION AND EXPANSION
- OPERATIONAL RESULTS
- PROFITABILITY AND CAPITAL STRUCTURE
- BUSINESS PERFORMANCE BY REGION
- PLATFORMS TO LEVERAGE GROWTH

and Mobile, Alabama. We received 313,000 tons of product, allowing us to reinforce our presence in the United States market.

In addition, in 2015, we generated significant revenue derived from innovative products and processes. These represented more than 16 percent of the regional total, significantly highlighting the performance of our Value Added and Specialty Products (VASP).

MORE THAN 16 PERCENT OF THIS REGION'S REVENUE CAME FROM INNOVATION.



Employees at the Roberta Plant, United States Regional Branch



Natural Gas Mixer Trucks, United States

In 2016, we got a glimpse of a positive outlook for this region due to the favorable market conditions, which was amplified by increased GDP per capita after the stabilization of the labor market. The expense reconfiguration and construction growth, both infrastructure and housing, are also promising. We must highlight the progress in the adoption and implementation of the Fixing America's Surface Transportation (FAST) Act, which includes resources of USD \$305 trillion dedicated to the modernization of the infrastructure over the next five years.

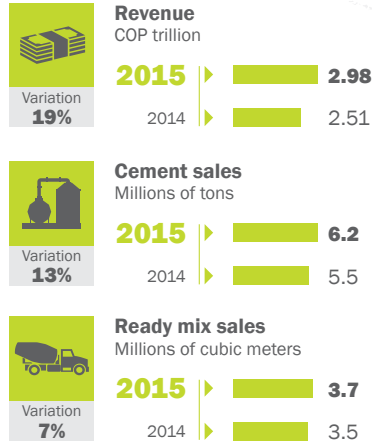
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Colombia Region

The Colombian economy had a challenging year due to the fall in the price of oil and the fast devaluation of the dollar, which has profoundly affected the structure of many sectors, generating a new dynamic for the national finances. The estimated growth of 3 percent of the gross domestic product (GDP) stands out among the countries of the region and, with an estimated growth of 5 percent, the GDP of construction projects reflects a positive time for the sector. The unemployment rate was at 8.9 percent, staying at the lowest levels in recent years. These fundamentals, as well as a clear state investment in housing and infrastructure programs, led the year to reflect remarkable changes in the consumption of cement, which surpassed 12.8 million tons for the first time, with an increase of 6.9 percent.

We strengthened our competitive position, and we exceeded 6 million tons sold, which represents a variation close to twice the growth of the market. At the close of the financial year, the consolidated revenues of the region were COP \$3 trillion, which represents an increase of 26 percent in comparison to 2014. This result generated an EBITDA of COP \$878.5 million.

THE VOLUME OF CEMENT SOLD IN COLOMBIA IN 2015 WAS ALSO THE HIGHEST IN THE HISTORY OF THE COMPANY.



The figures of the management of 2014 and 2015 are certified according to IFRS rules.

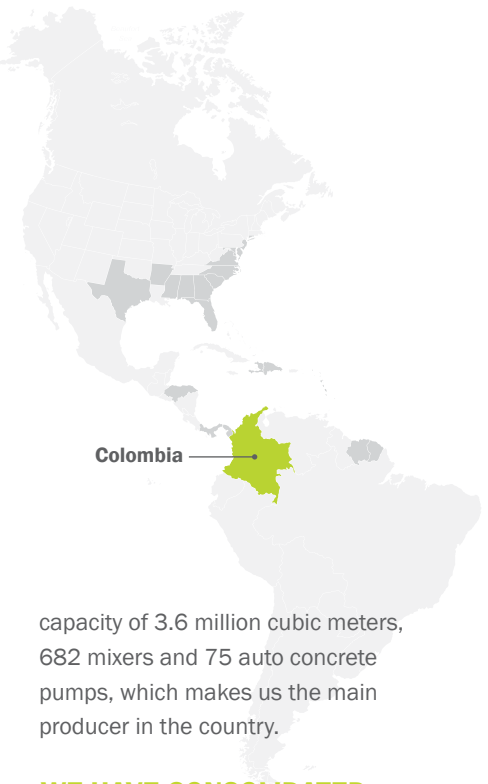
We note that as a result of the commercial strategy, there has been a growth of 27 percent of sales volume of bagged cement, driven mainly by the North and the South Zones with increases of 22 percent and 35 percent, respectively.

During 2015, we developed more than 5,100 customers in the manufacturing business, for which we installed eight new concrete plants. In this operation, we invested USD \$11.8 million, and today, we have 59 concrete plants with an installed

capacity of 3.6 million cubic meters, 682 mixers and 75 auto concrete pumps, which makes us the main producer in the country.

WE HAVE CONSOLIDATED AS THE FIRST READY MIX PRODUCER OF THE COUNTRY

In the massive influx of business, we attended to more than 6,800 customers, and we have reached a customer satisfaction level of 87 percent, and a Top-of-Mind score



Concrete Plant in Arroyohondo, Regional Colombia

- GEOGRAPHIC DIVERSIFICATION
- CONSOLIDATION AND EXPANSION
- OPERATIONAL RESULTS
- PROFITABILITY AND CAPITAL STRUCTURE
- BUSINESS PERFORMANCE BY REGION**
- PLATFORMS TO LEVERAGE GROWTH



Mother Laura's Bridge, Medellín, Colombia

of 64 points among the master builders, which shows that the consumer recognizes Argos as the most relevant brand in the national cement industry.

In addition, we achieved a presence in 951 municipalities, representing nearly 90 percent of the territory, through a fleet of 2,305 vehicles and 36 distribution centers. During 2015, we also promoted the development of our Value Added Specialty Products portfolio and new presentations of cement, which, today, represent over 14 percent of the revenue from this region. With the objective of facilitating access to our products and improving customer service, we are implementing an Internet portal for the tracking of concrete sales. In addition, 30 percent of the cement orders were entered through our Web platform.

We made 12 percent of the total sales of cement, beyond the level of 19 percent in the second half of the year.

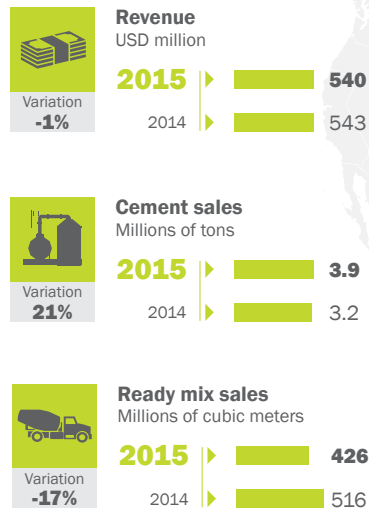
For 2016, the prospect is still positive. It is expected that the 18 projects awarded in the first two waves of the Fourth Generation Program of Road Concessions and the nine private initiative projects approved by the government will move throughout the year into its phase of construction and allow for a gradual increase in the demand for cement and ready mix. This, combined with the multiple housing programs, leads us to remain optimistic about the pace of growth of the sector, which has become the main source of development for the country in the current macroeconomic scenario.

MORE THAN 14% OF THIS REGIONAL'S REVENUE CAME FROM ADDED-VALUE PRODUCTS.

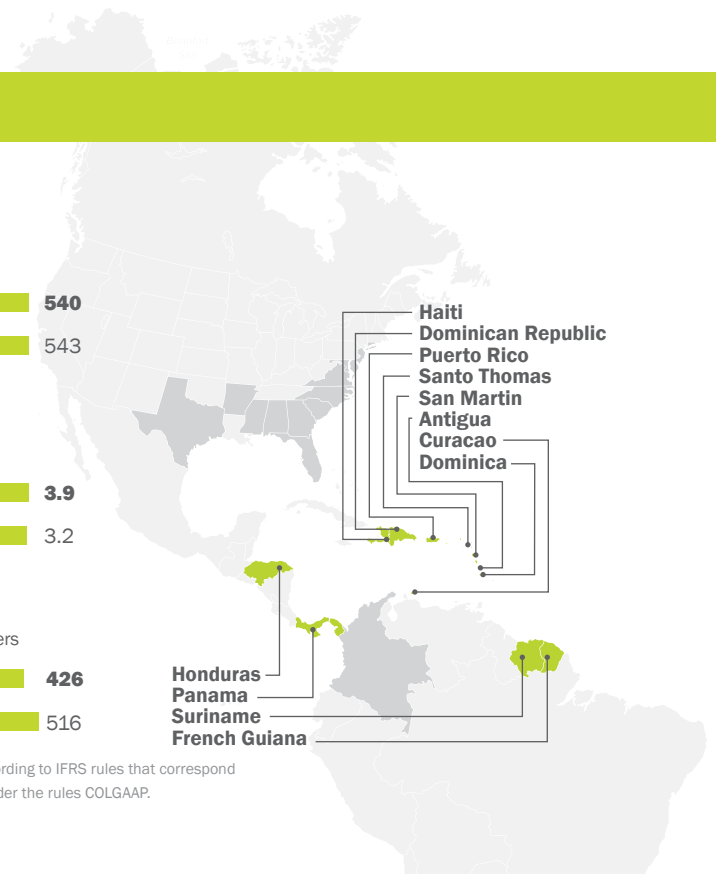
GEOGRAPHIC DIVERSIFICATION
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Caribbean and Central America Region

The Caribbean and Central America Region achieved good results in their revenue, EBITDA margins, and sales and production volumes, with cement sales reaching 3.9 million tons, which is a 21 percent increase. At the same time, revenue reached USD \$540 million (which does not include export sales, which was a total of 1.7 million tons). At the close of the financial year, the EBITDA remained stable.



management of 2015 are approved according to IFRS rules that correspond to previous years, which are reported under the rules COLGAAP.



Tocumen International Airport, Panama



Panama continues to be the country with the highest levels of growth in Central America

and the Caribbean, strengthened by direct foreign investment and large infrastructure projects. In 2015, the change of government led to a temporary decline in the pursuit of state projects, and therefore some programs were delayed, which led to a 7 percent decrease of the market. However, at the end of the year, important developments such as building the second line of the Panama Metro began, as well as the construction of bridges, ports and buildings connected to the expansion of the Panama Canal. In 2015, we expanded the portfolio of products offered to the Panamanian market, incorporating the dry mortar line called Pegapiso, Pegabloques and masonry mortar, which adds value to our offering.

WE ARE PRESENT IN THE MAIN INFRASTRUCTURE PROJECTS IN PANAMA.

- GEOGRAPHIC DIVERSIFICATION
- CONSOLIDATION AND EXPANSION
- OPERATIONAL RESULTS
- PROFITABILITY AND CAPITAL STRUCTURE
- BUSINESS PERFORMANCE BY REGION**
- PLATFORMS TO LEVERAGE GROWTH



Comayagua Cement Plant, Honduras, the Caribbean and Central America Region



Regarding Honduras, the second most relevant market of this region, we want to emphasize the encouraging dynamics of the construction

sector, thanks to the increase of the budgetary execution for civil projects focused on airports and vital infrastructure. These facts allowed cement volumes to increase nearly 18 percent. EBITDA increased 35 percent compared to 2014.



In 2015, the **Eastern Caribbean** was consolidated to generate synergies and create a greater presence in the markets of this area,

WE SERVED 35 DESTINATIONS IN THE WORLD, AND WE CONSOLIDATED OUR REGIONAL SUPPLY NETWORK.

which include the operations of Suriname, French Guiana, Puerto Rico, the terminals in the Antilles, Curacao, and the other island countries. As a whole, this region showed a proper growth, marketing close to 600,000 tons of cement during 2015.

In the activities of international marketing and logistics, we generated an EBITDA of USD \$16.9 million, consolidating a global supply network, which serves 35 destinations around the world, from 14 sources.

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▶ Platforms to leverage growth

Innovation

We expanded our portfolio of Value Added Specialty Products (VASP) thanks to our commitment to innovation, which is at the center of our competitive strategy, and the perpetual need to reinvent ourselves. Through innovation, we can continue to improve our operational efficiency and meet one goal of MEGA 2025, which is to generate 10 percent of our total revenues from the innovative processes and products.

15.4%
PERCENT OF ARGOS' TOTAL REVENUE (USD \$442 MILLION) CAME FROM INNOVATION.

We want to highlight the completion of the Argos Center of Innovation, which was built to the highest standards of quality and sustainability, as one of our great achievements. With an investment of more than COP \$26 million, this center allows for the joint work between academics, companies and the value chain of the construction sector for the development of new products and the improvement of construction processes.

Equally, we are moving towards the consolidation of our Ideaxion platform, which is an organizational tool focused on innovative ideas. In 2015, it recorded 411 new ideas, of which 61 were approved, 33 validated and 19 implemented.

IDEAXION

In 2015, we received

1,295  Active participation: **29%**



411

Received ideas



61

Approved ideas



33

Validated ideas



19

Implemented ideas

Strategic priorities



Expansion and consolidation



Capital structure



Excellence in string



Excelencia organizacional



Segmented competitive strategy



Innovation: new business platforms



Sustainability



Talent

Sustainability

Sustainability, as a strategic priority, is part of our core business model. We are convinced that work should be completed in a full and intentional way, that searches for a social, economic, and environmental balance; work that allows us to contribute to a better society, to strengthen the actual business over time and to generate value for shareholders. For the third consecutive year, we were included in the Dow Jones Sustainability World Index, and, in comparison with other companies in the industry, we received outstanding qualifications in the different evaluated areas. In addition and in contrast with other players in the industry, we were recognized with the silver medal in the RobecoSAM Sustainability Yearbook at a global level.

CURRENTLY, ARGOS IS THE SECOND MOST SUSTAINABLE CEMENT COMPANY IN THE WORLD, ACCORDING TO THE DOW JONES SUSTAINABILITY WORLD INDEX.

In addition, our actions to alleviate the effects of climate change have placed us on the Climate Disclosure Leadership Index (CDLI) ranking for Latin America and of the Carbon Disclosure Project (CDP). We have active participation in The Cement Sustainability Initiative (CSI) of the World Business Council for Sustainable Development (WBCSD). Thanks to our management in reducing the emissions of CO2, we were spokespeople for the cement industry by showing advances in cleaner technology and innovation initiatives at the last meeting of the Summit on Climate Change of the United Nations COP21, held in Paris, France, in December 2015.

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Today, Argos is part of the select group that makes up **10 percent** of enterprises with

the best performance in terms of sustainability at the global level.



In this index, we earned the best score of the industry in relevant economic issues such as transparency, business conduct and compliance, risk management, and supply chain. We also received the best score of the industry on social issues, such as development of human capital and social reporting. In environmental matters, we had the highest score in water and biodiversity.

Human talent

We want to attract, retain and develop the best human resources, and we work continuously on strengthening the satisfaction of employees and our corporate culture, based on seven pillars: leadership, transcending results, respect, collective achievement, learning, sense of purpose and flexibility, which allow us to unite around common values and objectives. We are the first Colombian company to achieve the seal of the Management System of Gender Equality, "EQUIPARES," granted by the United Nations Development Programme (UNDP) and the Ministry of Labor, in which we placed in Level II - Silver. This recognizes our social innovation and equal opportunities for men and women.

WE WERE THE FIRST COMPANY IN COLOMBIA TO RECEIVE THE SEAL OF GENDER EQUALITY "EQUIPARES."

We maintain our commitment to promote a pleasant working environment. Argos won fourth place among the "Best Companies to Work For" in Colombia by the Great Place to Work Institute. We maintain respectful relations with our employees in all our regions.

Employee at the Tocumen Ready Mix Plant, Panama, the Caribbean and Central America Region

Aware that security is one of the most important challenges for our industry, and under the premise "Not one less in our team" of the program Yo Prometo (I Promise), we firmly continue working to achieve the highest international standards of industrial safety and occupational health. The actions that took place during 2015 led us to achieve significant reductions in the accident rates of workers in the three regions in which we operate, with prevalence rates of 2.11 and severity rates of 36.59, which represent a substantial reduction compared to previous years. However, we are aware that we still have major challenges and opportunities to improve.



Employees at the Comayagua Plant, Caribbean and Central America Regional Branch

Considering that changes in culture are the result of a constant and long-term effort, we have established plans and goals of continuous improvement for the next five years, which we hope will position us as one of the leading companies in terms of safety in our industry by 2020.

Support that generates confidence

In October 2015, the Corporate Reputation Business Monitor, Merco, once again ranked us as the cement company with the best reputation in Colombia. They also ranked us in ninth place among all companies in the country. We want to be seen as a strategic ally that the market perceives as sustainable, responsible and possessing high standards of corporate governance that generate trust and value to investors.

We received the IR Seal from the Colombia Stock Exchange. We were recognized as the first Colombian company to be catalogued as "Known and Recurring Sender," a seal that the Financial Superintendence of Colombia gave us due to our high level of integrity, the confidence that we inspire to the public securities market and best practices of information we provide to shareholders. This allows us to access the capital market when the needs of the company warrant it.

2015 MARKED A MILESTONE IN THE CONSOLIDATION STRATEGY THAT LED US TO BECOME A MULTINATIONAL COMPANY OF COLOMBIAN ORIGIN, WITH GREAT SIGNIFICANCE IN THE NORTH AMERICAN MARKET.

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► In conclusion

In 2015, we completed a decade of major changes and achievements that allow us to strengthen our competitive position. This highlights a balanced, flexible and efficient capital structure that can continue with the process of expansion and consolidation in the American continent. We are aware of the dramatic changes that are presented in international markets and the advisable prudence in the management of growth and exposure of the company. Timely decisions on the diversification of markets, the ongoing investment in efficiency, capable and motivated human talent, and recognizing the needs to innovate and reinvent, prepares us to better address the challenges of

the future that are proposed by an increasingly dynamic and competitive market.

We must thank the shareholders for their confidence and continued support to the organization, our employees and suppliers for their honest and constructive contributions that ensure high standards of productivity, and our customers for their preference and loyalty.

We see a promising future that reflects the efforts of thousands of people with the same vision: to be a Green Light for the future.

► Legal affairs

We report that in 2015, there were no important legal affairs affecting partners or managers.

The detail of the operations carried out with associates are shown in notes No. 37 and 41 to the separate financial statements and reports, respectively.

The special report referred to in Article 29 of the Law 222, 1995 is on the USB memory stick that has been delivered with this report.

The summary of the operations referred to in the thirteenth paragraph of the Article 446 of the Code of Commerce can be read in the brochure, and the detail of each of these operations can also be found on the USB memory stick that has been delivered with this report or on the Web page for investors www.argos.co/ir.

This document was made partially available to the shareholders by the practicing law of the right of inspection. The company has strictly complied with the rules that govern concerning intellectual property and copyright, for which it has designed and observed the policies and the necessary controls to ensure compliance and the support that gives account of this application are kept.

Also, the company did not interfere with the free movement of the invoices issued by the vendors or suppliers.

The effectiveness of the established controls in the company and the existing systems have been verified and satisfactorily evaluated for the purpose of the disclosure and control of the financial information, finding that they function properly.

Since January 2015, we have begun the implementation of the changes made to the Auto Control System and Risk Management Money Laundering and Terrorism Financing (or SAGRLAFT, its Spanish acronym), contained in the manual adopted by the board of directors in December 2014. As part of this implementation, collaborators and suppliers were trained. They also validated the effectiveness of the associated controls in the different processes. The judicial and administrative processes and the whole juridical situation of the company have developed normally without faults or relevant events.



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**INNOVATION
MEANS HAVING A
DIFFERENT PERSPECTIVE**



Cones of glass-fiber reinforced concrete, Argos Center for Innovation in Medellin, Colombia

2

**GOVERNANCE,
ETHICS, AND
TRANSPARENCY**

▣ Governance framework

At Cementos Argos, we strongly believe that corporate governance is a daily exercise that takes place in the relationship with shareholders, employees, contractors, suppliers, communities and society. Our working principles, governance structure, and a set of standards and policies with regard to relations with stakeholders lay a foundation of transparency, respect and equality.

Integrity is the guiding principle of all the management bodies of our company. To that end, we are committed to the transparent, equitable, timely and regulated provision of information needed for decision-making by stakeholders.

We have a Code of Good Governance, with clear guidelines, that is a permanent guide for the General Assembly of Shareholders, the board of directors and employees. This code's standards exceed the legal minimum requirements in Colombia and are in line with best practices and the national and international recommendations on good governance of the Country Code (Código País) in Colombia, the New York Stock Exchange (NYSE), The Latin American Companies Circle, the Organization for Economic Cooperation and Development (OECD), and the Dow Jones Sustainability Index, among others.

In addition, in 2015, we adopted a series of changes in order to implement various actions recommended by the Financial

Superintendence in the Country Code that took effect in January of 2016.

Accordingly, new regulations were adopted by the by-laws amendment in March 2015, related to calling the General Assembly of Shareholders meetings, the election of the board of directors, the duties of the president of the board of directors, and the executive board supporting committees.

Specifically, a minimum deadline of 30 calendar days was established to call the regular meetings of the General Assembly of Shareholders and 15 days for the remaining cases. In addition, mechanisms were established for the proposal of issues on the agenda by

shareholders and trading shares changes by administrators and employees. This will only be allowed following approval of the board of directors and within timeframes that allow the entire market to have the same information: i.e., 15 days after the quarterly results are disclosed to the public securities market. Likewise, a minimum of three years was established for the permanence of these investments.

Our 2016 management challenges involve continuing to develop policies that will supplement the implementation plan for further actions included in the Country Code, as well to incorporate the highest standards in the field of corporate governance.

▣ Board of directors

Our board of directors is comprised of seven non-executive members, five of which are independent; the other two are patrimonial members. All have experience and professional economic, environmental and/or social competencies, and none of the members is a shareholder of an important supplier or customer. The minimum attendance to the sessions of the board of directors is 90 percent, and the average attendance during 2015 was 91.43 percent.

(G4-34) (G4-38) (G4-39) (G4-41)

1

José Alberto Vélez Cadavid

Grupo Argos S. A.

President

Patrimonial

Board Committee to which he belongs

Appointments and remunerations

Number of other board of directors to which he belongs
4

Name of companies where he is a member of the board of directors

Cementos Argos S. A.
Grupo Suramericana S. A.
Bancolombia S. A.
Situm S. A.
Celsia S. A.

Number of board meetings attended
14/15

2

Claudia Beatriz Betancourt Azcárate

Amalfi S. A.

Chief Executive Officer

Independent

Board committee to which she belongs

Finance and Audit

Number of other boards of directors to which she belongs
3

Names of companies where she is a member of the board of directors

Cementos Argos S. A.
Gases de Occidente
Proenergía
Promigas S. A.

Number of board meetings attended
15/15

3

Esteban Piedrahíta Uribe

Cámara de Comercio de Cali

President

Independent

Board committee to which he belongs

Finance and Audit

Number of other board of directors to which he belongs
4

Names of companies where he is a member of the board of directors

Cementos Argos S. A.
Amalfi S. A.
Metrocali
Emcali
Confecámaras (Red de Cámaras de Comercio)

Number of board meetings attended
14/15

▣ GOVERNANCE FRAMEWORK

▣ BOARD OF DIRECTORS

GOVERNANCE

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The members of the board of directors were elected in March 2012 and reelected during the General Assembly of Shareholders meeting in March 2014, except for Claudia Beatriz Betancourt Azcárate, who was elected as an independent member in 2009.

4

Camilo José Abello Vives
 Grupo Argos S. A.
V.P. of Corporate Affairs
 Patrimonial

Board Committee to which he belongs
 Sustainability and Corporate Governance

Number of other board of directors to which he belongs
1

Name of companies where he is a member of the board of director
 Cementos Argos S. A.
 Situm S. A.

Number of board meetings attended
12/15

5

Carlos Gustavo Arrieta Padilla
 Arrieta, Mantilla y Asociados
Partner
 Independent

Board Committee to which he belongs
 Appointments and Remunerations

Number of other board of directors to which he belongs
3

Name of companies where he is a member of the board of director
 Cementos Argos S. A.
 Mapfre Seguros S. A.
 Fiducor S. A.
 Reficar S. A.

Number of board meetings attended
13/15

6

Cecilia Rodríguez González
 Corporación Bioparque
President
 Independent

Board Committee to which he belongs
 Sustainability and Corporate Governance

Number of other board of directors to which he belongs
2

Name of companies where he is a member of the board of director
 Cementos Argos S. A.
 Bioparque Proyectos S. A. S.
 Fundación Botánica y Zoológica de Barranquilla

Number of board meetings attended
14/15

7

León E. Teicher Grauman

Independent

Board Committee to which he belongs
 Finance and Audit

Number of other board of directors to which he belongs
2

Name of companies where he is a member of the board of director
 Cementos Argos S. A.
 Xeon Colombia Ltda.
 Continental Gold (Canadá)

Number of board meetings attended
14/15

(G4-49) Process to communicate sustainability issues to the board of directors

They are communicated through the agenda submitted to the board of directors, which is addressed during the meeting following presentations to encourage the discussion of the topics and informed decision making by the members of the board of directors. In case of an urgent situation that is not included in the meeting agenda, a teleconference is arranged to discuss the issue and to make decisions that may be applicable.

+ SCAN THE CODE



(G4-50)
Sustainability issues



The Management Team in the Argos Center for Innovation, Medellín, Colombia Region

IN 2015, WE RENEWED THE COMPENSATION AND SUCCESSION POLICY.

Nomination, election and compensation

(G4-40) The General Assembly of Shareholders can elect and remove members of the board of directors, as well as the statutory auditor and deputy statutory auditor. The statutory reform submitted to the regular shareholders' Meeting of 2015 approved the development of the Compensation and Succession Policy of the board of directors. This reform shall include all the compensation aspects to be taken into account when determining the remuneration of the board of directors, and their dedication and responsibility. It should also include functional and personal profile components, as well as information about the time and dedication the board members need to perform their tasks effectively.

(G4-41) Prevention and management of potential conflicts of interest

The following are among the responsibilities of the board of directors regarding the conflicts of interest in our new Code of Good Governance:

- a. To refrain from engaging directly or by proxy, in personal or third parties' interest, in activities involving competition with the company or in acts for which conflict of interest exists.
- b. To adequately disclose conflicts of interest with the company. To be very attentive and cautious about the way of handling any of these events, describing the situation during formal session of the board of

directors, supplying documentary evidence about the conflict and refraining from voting on this issue. To this end, the members shall report to the board about the direct or indirect relationships they have among them, with the company, suppliers, customers or any other stakeholder that might give rise to conflict of interest situations or influence their opinion or vote.

- The members of the board of directors, through the letters of acceptance to their positions, should disclose the situations that might cause conflict with the company. Likewise, they shall fill the statement of potential conflicts of interest form every year.
- The Finance and Audit and Risks Committee's new role is to report to the board of directors about the conflict of interest situations it may be aware of, in which a significant shareholder, members of the board of directors and senior management may be involved, by making the necessary proposals to manage the situation.

(G4-51) (G4-52) (G4-53)

The Board of Directors Compensation

The General Assembly of Shareholders shall determine the board of directors compensation, taking into account its structure, duties and responsibilities for the compensation of its members, as well as the personal and professional qualities of its members and the time they will dedicate to their activity and experience. Notwithstanding the foregoing, the assembly approved a statutory reform in March 2015 to promote greater transparency and follow better corporate governance practices, which among others, gave powers to the board of directors to write its Compensation and Succession Policy, which shall be submitted for the assembly's approval and shall include all the compensation components that need to be considered when defining the remuneration of the board of directors' members and accordingly with their dedication and responsibility. Likewise, those members of the board of directors who have greater knowledge about the company's needs shall propose to the assembly the Succession Policy of the board of directors.

Fixed compensation 2015

COP 4,500,000 monthly for members of the board of directors

Variable compensation 2015

In addition to the above, **COP 6,000,000** monthly for being part of the board of directors committees (it does not apply to members of Grupo Argos).

GOVERNANCE FRAMEWORK

▶ BOARD OF DIRECTORS

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Likewise, new roles were established for the board of directors and their support committees regarding the control architecture of the organization, with the goal of:

1. Promoting a risk and control culture throughout the company that reaches the entire organization.
2. Defining the roles and responsibilities around risk management, internal control, and evaluation, and establishing clear reporting lines.
3. Considering the risks arising from the strategic definition of the company and the business processes for their proper monitoring, assessment and management.

We now continue to formulate other policies related to the disclosure of information and relationship with the matrix, which supplement our implementation plan.

Some of the practices included in our Code of Good Governance in 2015 were:

- The retirement of the company's president at the age of 62.
- The establishment of the maximum age of 72 to be members of the board of directors.
- The inclusion of ranking the members of the board of directors as executives, independent or patrimonial.

THE GOOD PRACTICES OF THE COUNTRY CODE INSPIRED NEW DYNAMICS IN OUR CODE OF GOOD GOVERNANCE.

Training and assessment

(G4-43) **(G4-44)** For the board directors to have suitable feedback that facilitates their performance, we have changed the regularity of the annual assessments that used to be done in the middle and at the end of board of directors period. Assessments shall now alternate each year between external and self-assessments.

The self-assessment process began in 2015, thus allowing us to identify further actions.

Both the external and self-assessment processes are conducted through an external consultant who reviews and structures aspects for the assessment of the entire board of directors and of each of its members. The purpose



Jorge Mario Velásquez, president of Cementos Argos

of this assessment is to carry out a more detailed analysis of their performance in line with strategic matters of the company and the sector to which we belong. The assessment parameters will be applied in the next external assessment in 2017.

With regard to training, we have included every aspect related to the Code of Business Conduct and Transparency and the Laundering Asset Risk Management and Terrorism Financing System (Sarlaft), with the purpose of ensuring the integrity of all employees and administrators' actions, thus being able to prevent any conduct in contravention of the company's policies.

GOVERNANCE FRAMEWORK
▶ BOARD OF DIRECTORS
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Board committees

According to the implementation plan of some of the Country Code measures, some duties have been added to the support committees of the board of directors to strengthen the company's control structure, seeking to have greater emphasis on strategic management, identification and risk management.

Besides designing profiles, policies and standards for the hiring, compensation and development of executive staff, the Appointment and Compensation Committee will have a more active role in the performance assessment of the senior management, as well as in the definition of the Compensation and Succession Policy of the board of directors.

On the other hand, some adjustments were included to stress the duties of the Sustainability Committee and Corporate Governance in order to monitor compliance with the Codes of Business Conduct and Good Governance by the board of directors.

(G4-45) **(G4-46)** **(G4-47)** Additionally, the Finance and Audit Committee changed its name, scope and duties in the by-laws. It is now called the

Audit, Finance and Risks Committee, based on the tasks being performed related to the approval of guidelines for the implementation of the Comprehensive Risk Management System (SGIR), monitoring the evolution of the risk profile and adoption of risk mitigation strategies by virtue of the specific powers assigned to it and an improved definition of their duties to ensure compliance with the internal control policies and decision-making in terms of efficiency and effectiveness of operations and the fulfillment of the company's goals and strategies.

All of the aforementioned changes have been made based on a reliable and thorough analysis of the implementation of the new procedures of Colombia's Country Code and the best practices of corporate governance from the New York Stock Exchange NYSE, The Latin American Companies Circle, the Organization for Economic Cooperation and Development OECD, among other bodies, for the sake of providing greater transparency to the market and investors.

THANKS TO OUR TRANSPARENCY AND COMPLIANCE, WE HAVE ONCE AGAIN BEEN AWARDED WITH THE IR LABEL FROM THE COLOMBIAN STOCK EXCHANGE, AND WE WERE THE FIRST COLOMBIAN ENTERPRISE TO BE RANKED AS KNOWN AND RECURRENT ISSUER BY THE FINANCIAL SUPERINTENDENCE.

In 2015, we worked on the organizational architecture consolidation that was modified in 2014, to generate new and better opportunities for our employees' professional development, support the expansion process, and reach a better position that allows us to achieve the strategic priorities that have been set.

Our new business Design and Services areas achieved their purposes seeking better strategies, processes and offers to ensure growing opportunities. At the same time, our vice presidency for sustainability has successfully led its strategies and policies, while the Finance and Shared Services, and Talent and Organizational Architecture vice presidencies have seen the benefits of scale economies and operational efficiencies restructuring.

+

SCAN THE CODE

(G4-42)



Board committees and environmental, social and economic responsibilities.



Board of directors in the Harleyville Plant, the United States Region

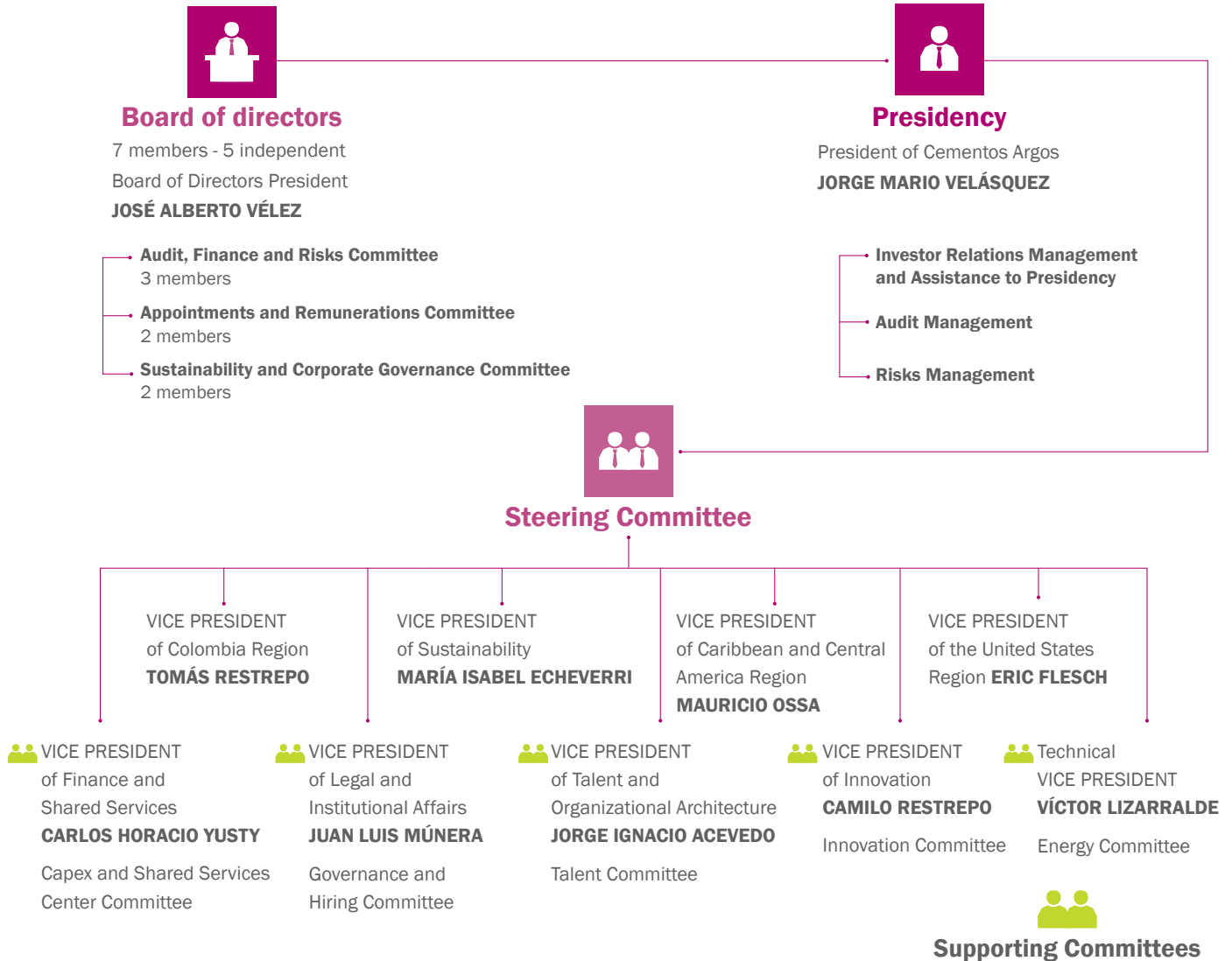
GOVERNANCE FRAMEWORK

▶ BOARD OF DIRECTORS

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► Governance structure



► Ethics and transparency

(G4-56) **(G4-57)** **(G4-58)** At Cementos Argos, integrity is the guiding principle of our work, which is consistent with the corporate Cultural Pillars (leadership, group achievement, sense of purpose, respect, flexibility, learning and transcending results). We believe that ethical behavior should be reflected in the decisions of daily life of all contributors; this is a common corporate value in all the regions in which we operate.

We have designed and disseminated guides that complement the criteria of our employees and other stakeholders such as the Code of Business Conduct, the Anti-Fraud and Anti-Corruption policies, the Anti-Money Laundering and Financing of Terrorism Manual and the Gender Equity, Sustainability, Human Rights and

Management of Talent policies. In 2015, we launched the e-learning course “Our Corporate Governance” via EDUCA, our training model, which allows us to train our employees on ethical and governance principles. The course was attended by 2,904 employees in the first six months.

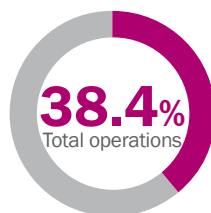
The board of directors from our subsidiary companies were also trained last year and the Anti-Corruption Policy and other related rules were submitted to the president and vice presidents such as the Foreign Corrupt Practices Act (FCPA), a U.S. transnational anti-corruption law.

GOVERNANCE FRAMEWORK
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Among other training actions, we disseminated the Code of Business Conduct to more than 6,000 people. Furthermore, the Sustainability Week took place in the three regions, with the Fraud, Corruption and LAFT strategic risk management as main theme where corruption is the focus. A total of 3,077 people, among employees, communities and local authorities attended this activity. Suppliers, Communities and authorities locales.

(G4-S03) Operations assessed in terms of corruption risks

Total number and percentage of assessed operations



Total operations: 13
Assessed operations: 5

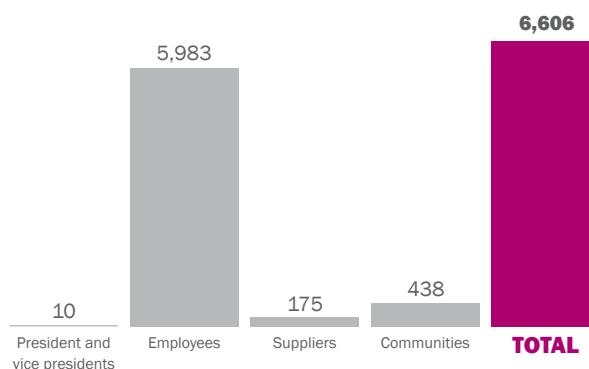
Significant corruption risks identified through the risks assessments.

- Failure to comply with procurement and contracting procedures
- Lack of monitoring to the suppliers' performance and compliance with legal requirements
- Lack of the purchasing department participation in the allocation of some contracts
- Direct agreements between employees and suppliers and customers
- Lack of duties segregation



Sustainability Week, Dominican Republic, Caribbean and Central America Region

(G4-S04) Training on the organization's policies and procedures to fight against fraud, corruption, asset laundering and terrorism financing



The Code of Business Conduct is in line with the local legislation and other international guidelines such as the Global Compact, which allows us to be consistent with best practices.

We strongly reject any act that infringes the responsibility, transparency, and honesty principles in our actions, and if these acts occur, we manage them using due process and zero tolerance.

Any failure to comply with the code will result in the application of procedures established in the Internal Work Regulations and/or the local labor legislation, and it may cause disciplinary actions or even the termination of the contract.

This is the way we manage

We have a structure in which several employees from different positions have alternate duties of transparency and belong to different committees to ensure transparent and ethical actions, under the coordination of the Officer of Conduct.

On the board of directors, the Audit, Finance and Risks Committee monitors issues of regulatory compliance, fraud, corruption, money laundering and terrorism financing and the management of the transparency hotline. The Sustainability and Corporate Governance Committee verifies compliance with the Code of Business Conduct, the Code of Good Governance and its related policies, seeking to adopt and promote the best standards in this regard. The duties of the board of directors supporting committees reinforced their duties in the new Code of Good Governance approved in December 2015 that seeks to strengthen the company's control architecture.

Corporate Cultural Pillars

Group achievement

Leadership

Sense of purpose

Transcending results

Respect

Learning

Flexibility

GOVERNANCE FRAMEWORK

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▶ **ETHICS, AND TRANSPARENCY**

For its part, the Governance Committee that supports the Steering Committee is comprised of the three regional vice presidents, the vice president of legal and institutional affairs and the vice president of talent and organizational architecture. This is the highest body for the administration of the Code of Business Conduct, it provides general transparency and conduct guidelines and generally sets the type of steps that need to be taken based on improper acts.

The Operating Committee of Conduct is comprised of employees from all regions who work as research officers in different categories such as labor relations, fraud, corruption and LAFT; communities, asset protection, and conflicts of interest, and receive reports from all of the groups. These employees' actions are transversal to the entire organization and are

IN 2015, WE PROVIDED TRAINING ON TRANSPARENCY MATTERS TO 6,606 PEOPLE.

Ethics and transparency structure



coordinated through the Officer of Conduct, who is a high-level executive officer.

At our matrix level, we are part of the Central Committee of Conduct led by Grupo Argos that aligns the strategies, experiences, and good practices among the group enterprises.

(G4-57) **(G4-58)** Another management tool that we have implemented is the Transparency Hotline, a communication channel provided to the different stakeholders that allows for

anonymous reporting. Some of its purposes are to inquire into and report behaviors that infringe on our Codes of Good Governance and Business Conduct, as well as any of the company's policies or internal or external regulations.

To ensure continuous improvement process of our work, an independent third party was contracted that audited our Code of Business Conduct that gave rise to new management challenges.

Based on the best international practices, it is important to note that our transparency and conduct entirely focused on the Compliance Management in 2015, thus providing independence in the management of related risks and creating synergies with other areas that add value.



General Assembly of Shareholders Meeting 2015, Barranquilla, Colombia

GOVERNANCE FRAMEWORK
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Environmental complaints (G4-EN34)

Number of complaints submitted in Colombia	15
Number of complaints filed	9
Number of complaints resolved	7
Number of complaints submitted in Central America and the Caribbean Region	18
Number of complaints filed	3
Number of complaints resolved	15

Community complaints (G4-S011)

Number of complaints received during the reporting period	65
Number of complaints resolved during the reporting period	38
Number of complaints resolved during the reporting period, which were received in a period prior to the report	3
Number of complaints addressed and solved during the reporting period	41

Corruption complaints (G4-S05)

Total number of complaints submitted	29
Number of complaints resolved	29
Disciplinary actions:	3
Dismissals	5

Complaints on labor practices (G4-LA16)

Number of complaints submitted	43
Number of complaints resolved	43

GOVERNANCE FRAMEWORK
 BOARD OF DIRECTORS
 GOVERNANCE
 ► ETHICS, AND TRANSPARENCY



Employees in Honduras, the Caribbean and Central America Region

Transparency Hotline Operation



Receipt of calls to the external call center (located in Medellin)

Colombia: 018000 522021
The United States: +1 (888) 567 6629
Panama: 01100800 157 1011
Dominican Republic: 1800 148 5009
Honduras: 800 27 99378

You must dial from a landline phone.



Or to the e-mail
lintransparencia@argos.com.co



An independent operator receives the call or e-mail (Spanish or English)



They send the form to the research officers according to the category.



The most relevant cases are reviewed by the Operating Committee of Conduct, led by the Officer of Conduct.



According to its powers and competences, the Governance and Hiring Committee reviews the cases.

In the future

- To implement the compliance program that supported the diagnostic stage during 2015 in the three regions
- To expand the training coverage to other stakeholders, including the other regions' suppliers, since we started with those in Colombia
- To structure a training and dissemination plan for the Code of Business Conduct, ensuring that the message will reach all regions and is conducted in all of our employees' languages
- To assess our Transparency Hotline in order to improve the channeling scheme of inquiries and complaints

+

SCAN THE CODE



Taxes paid per country and tax policy

**INNOVATION IS
TO BELIEVE IN
THE DIFFERENCE**



Western facade of the Argos Center for Innovation, Medellin, Colombia

3

**SUSTAINABILITY,
MATERIALITY
AND RISKS**

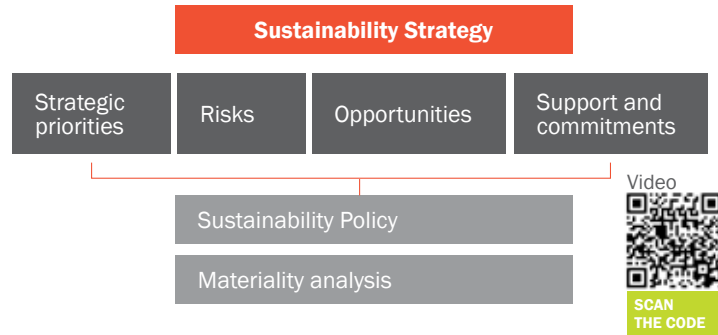
▶ Sustainability strategy

Sustainability is an essential part of Cementos Argos business vision; therefore, it is one of our eight strategic priorities. This approach will guarantee durability over time and our competitive position in an increasingly dynamic market, thus ensuring not only products and services that will eventually add value, but an international operation in line with a model of sustainable development.

As mentioned earlier, our sustainability strategy results from a permanent analysis of strategic priorities, the risk management, the ability to take advantage of business opportunities such as innovation, and fulfillment of commitments undertaken in compliance with international initiatives of sustainability. Therefore, our Sustainability Policy becomes the framework for this purpose and establishes value promises with our stakeholders.

Every two years, we conduct materiality analysis in order to prioritize and target strategies. This process allows us to identify the most relevant social, economic, and environmental aspects, since they have the potential to make a positive or negative impact on the company's interests, or the creation of value for our shareholders and other stakeholders. We set goals and indicators in order to ensure that our sustainability strategy becomes specific actions for each of the material aspects. These goals and indicators will also allow us to assess our performance.

The 2015 Integrated Report, available at www.reporteintegradoargos.co, explains the way in which we add value to our products and services through sustainable management, making the measurement of our performance information and future plans known for each one of these aspects.



Sustainability Policy

We seek the sustainability of our operations through balance between the generation of profit, social development and the reduction of environmental impacts, having good relationships with stakeholders, the Global Compact and good governance principles as framework.

Our value promises



Employees

To promote the development, safety and well-being in a global, innovative, teamwork-focused, self-management, and environmentally aware culture



Customers

To be the best business partner of our customers with quality products and services in a responsible chain



Suppliers and Contractors

To have harmonious and equitable relationships in a responsible manner in terms of labor, social and environmental practices



Communities

To promote good-neighborly relations with our communities of influence and support their social development



Shareholders

To be transparent in the management of information and seek the greatest generation of value



Environment

To develop productive activities in a responsible manner, decreasing or offsetting environmental impacts



Authorities

To comply with the law and maintain good relations with government bodies

+ SCAN THE CODE



Sustainability initiatives progress reports

▶ SUSTAINABILITY STRATEGY

RISK MANAGEMENT

Support to sustainability initiatives (G4-15)



World Business Council for Sustainable Development
Cement Sustainability Initiative



The CEO Water Mandate



Esta es nuestra Comunicación sobre el Progreso en la aplicación de los principios del Pacto Mundial de las Naciones Unidas.
Agradecemos cualquier comentario sobre su contenido.



OUR MATERIALITY MATRIX GROWS WITH THE NEEDS OF OUR STAKEHOLDERS AND INDUSTRY TRENDS



Sustainability Week 2015, Colombia Region

+ SCAN THE CODE

(G4-16)

Associations to which the organization belongs

▶ Materiality analysis

(G4-18) (G4-19) In 2015, we conducted a new analysis of material matters through a process of identification, prioritization and validation of the most relevant social, environmental and economic issues based on our priorities, risks, commitments, and sustainability initiatives, our MEGA and the industry trends.

Stages



Material aspects

- 1 Innovation
- 2 Energy and co-processing
- 3 Profitability and equity structure
- 4 Sustainable construction and materials
- 5 Supplier management
- 6 Carbon emissions
- 7 Expansion and consolidation
- 8 Water
- 9 Occupational health and safety
- 10 Talent management
- 11 Relationship with customers
- 12 Regulatory compliance
- 13 Community management
- 14 Biodiversity
- 15 Other emissions

Other relevant aspects

- 16 Operation models standardization
- 17 Human rights
- 18 Competition
- 19 Fight against fraud, corruption, money laundering and terrorism financing
- 20 Waste management
- 21 Economic impact
- 22 Product safety and quality
- 23 Political contributions

- Economic
- Social
- Environmental

▶ SUSTAINABILITY STRATEGY

RISK MANAGEMENT

Governance of sustainability

(G4-35) (G4-36) (G4-37) Sustainability management stems from senior management's commitment to this strategic priority. As such, the Sustainability and Corporate Governance Committee of the board of directors meets to guide and monitor strategies and social, economic, and environmental good practices.

Likewise, the creation of the vice president of sustainability at the end of 2014 has strengthened the inclusion of sustainability as a basis for decision-making in the Steering Committee, thus ensuring the cross-sectorial vision in all design, business or service areas of the company.

This vice-presidency brings together the Environmental Management, the Industrial Safety and Occupational Health Management, the relations with Communities Division and the Sustainability Management.

In the I Promise (Yo Prometo) Project framework, the Industrial Safety and Occupational Health Management, with the guidance of DuPont, has led the implementation of an internal structure headed by the Occupational Health and Central Committee, in which the president and all nine vice presidents are involved. The Industrial Safety and Occupational Health Management is supported by different subcommittees comprised of people responsible for the different areas of the company who will lead the implementation of strategies.

Aimed at ensuring the compliance with Sustainability Policy guidelines, the Environmental Management created a Climate Change Division that takes responsibility for sustainable construction. For this process to be sustainable in 2016,



Employee in Honduras, Caribbean and Central America Region



the Industrial Safety and Occupational Health Management and the Relations with the Community Division will expand its internal structures to respond to the I Promise Project-related challenges and the measurement of the socio-economic footprint and corporate volunteering respectively. Likewise, we will create two independent divisions to strengthen the information management and sustainability metrics, as well as the sustainability and good practices culture, which are led currently by the Sustainability Division.

The Sustainability Board continues to be a strategic space for sustainability management because it favors the analysis and the coordinated management of relevant matters, thus achieving a commitment and active participation of the different areas in all regions of the company.

In 2015, we formalized the regional board of the United States and together with the vice president of sustainability we established a work plan advised by a consultant firm, which undoubtedly will strengthen the level of articulation and greater alignment of the operation to the sustainability strategy of the company.



Strengthening of productive units in Boyacá, Colombia

Our stakeholders

(G4-24) (G4-26) (G4-27)



Customers



Employees



Authorities



Shareholders



Suppliers and
Contractors



Communities



Environment

The Code of Good Governance sets the good relationship with our stakeholders as a guideline for corporate conduct and identifies the recognition and respect of their rights, the promotion of their participation in the creation of value, the transparency and search for mutual benefit as objectives. In the same way, the Code of Business Conduct highlights integrity as a behavior principle that inspires us to do the right thing always, and establishes a behavior guide for our employees of all operations who in turn transmit it to the stakeholders.

The good relationship with stakeholders is also an essential pillar of the Sustainability Policy. The open and transparent dialogue with them allows us to identify and manage risks and opportunities properly, build confident ties that lead to the establishment of strategic alliances and respond to common challenges, and it ensures a broader vision for decision-making, thus complying with the value promises set forth in this policy and the expectations of our stakeholders.



SCAN THE CODE



(G4-26) (G4-27)

Mechanisms
of relations with
stakeholders

▶ SUSTAINABILITY STRATEGY

RISK MANAGEMENT

In order to manage the relationship in a strategic manner, we have different mechanisms that allow us to keep them informed, ask for their opinion and speak about matters relevant to sustainability. The 2015 Integrated Report provides further details about these relationship mechanisms and results from a sustainability perspective.

To ensure proper management, different areas of the company have responsibilities regarding the relationship with each stakeholder. Therefore, the Legal and Institutional Affairs Vice Presidency leads the relationship with regulatory authorities. Investors and shareholders are managed through a management that reports to the president directly. The regional vice presidents have marketing for customers, purchasing and suppliers' management areas. As a design area, the vice president of human talent and organizational architecture coordinates and implements the corporate strategies to protect the rights of our human capital. Besides having the relationship with the communities division and the environmental management, the Sustainability Vice Presidency leads the use of these mechanisms with a sustainability approach.

Annually, we invite our stakeholders to participate in the Sustainability Dialogues, a space framed in the promotion of a sustainability culture. It has the purpose of sharing the most relevant information about our social responsibility performance with them and fostering a space of joint reflection that allows us to have a broad and balanced vision in the decision-making process.

In 2015, we take advantage of this opportunity to discuss the 2015 Integrated Report with our stakeholders and to know their opinion about our level of compliance with the value promises of the Sustainability Policy and their expectations and most relevant issues for the materiality analysis.

In Argos, we identify our own stakeholders based on the following five criteria proposed by the AA1000SES standard: **(G4-25)**



Dependence: those who depend on our activities, products or services or on whom we depend to continue operating



Responsibility: those with whom we have or might have a commercial, legal, operational or ethical responsibility



Proximity: those who need our immediate attention on financial, economic, social or environmental issues



Influence: those who could generate an impact on the strategy or on our decision-making



Perspectives diversity: those who can take us to have a new understanding about a specific situation or to the identification of new opportunities that otherwise would hardly be recognized



Customer in Panama, Caribbean and Central America Region

Sustainability culture

At Argos, we are convinced of the importance that promotion and the strengthening of a sustainability culture has on our employees and other stakeholders, since it leads to the adoption of habits, decisions and responsible attitudes towards the environment. Because of this, we designed different training and dissemination strategies, related to social, economic and environmental matters, which are relevant to the sustainability of our operations.

Sustainability Week is a training session shared with our stakeholders, where we reflect on different sustainability relevant issues every year. In the last few years, we have discussed issues of great importance that need reflection such as social inclusion, the Global Compact, the water footprint, human rights and sustainable development.

In 2015, we addressed the strategic risk management of fraud, corruption, money laundering and terrorism financing. Guided by the organization, Transparency International, our leaders trained 3,077 people at the central workshop. In addition, we launched the 3D Vision of Sustainability course through our EDUCA online platform, attended between October and December by 1,257 employees.

This approach allowed us to share with employees, at all levels, and our stakeholders, the way in which our sustainability vision is brought together with the risk management culture. In addition to disseminating the Risk Policy, we discussed and reflected on our strategic risks and opened the "Find the Risks" contest

for our employees with three winners (one from each region).

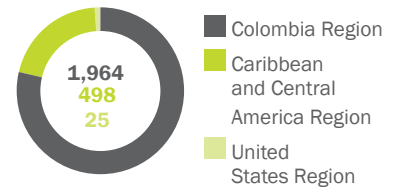
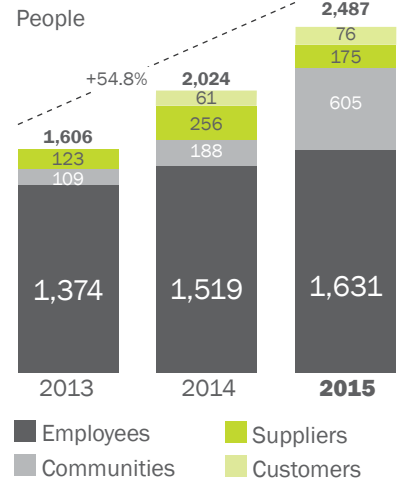
Within our community of educational institutions, we reflected on the impacts of corruption. In the last three years, we have had 7,109 people in attendance during the Sustainability Week, which is equivalent to 14,465 hours of training.

Among other initiatives, the inclusion of a sustainability module should be noted in the Customer Management certification courses sponsored by Argos in the Colombia and Caribbean and Central American Regions. During the first year, it allowed us to promote sustainability as a business vision among 150 customers of the Caribbean and Central America Region and 305 customers in the Colombia Region, which is equivalent to 2,064 hours of training.

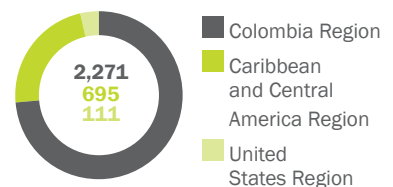
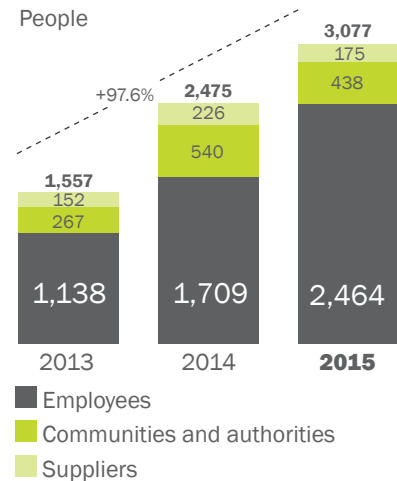
In 2016, the creation of a Sustainability Culture Division will allow us to continue strengthening our culture promotion strategy and it will continue broadening the training and dissemination strategies in order to have a larger geographical coverage for operations and stakeholders.

IN THE LAST THREE YEARS, WE HAVE INCREASED OUR STAKEHOLDERS' PARTICIPATION BOTH IN THE SUSTAINABILITY WEEK AND DIALOGUES FOR SUSTAINABILITY BY 97.6 PERCENT AND 54.8 PERCENT RESPECTIVELY.

Attendance to the Sustainability Dialogues



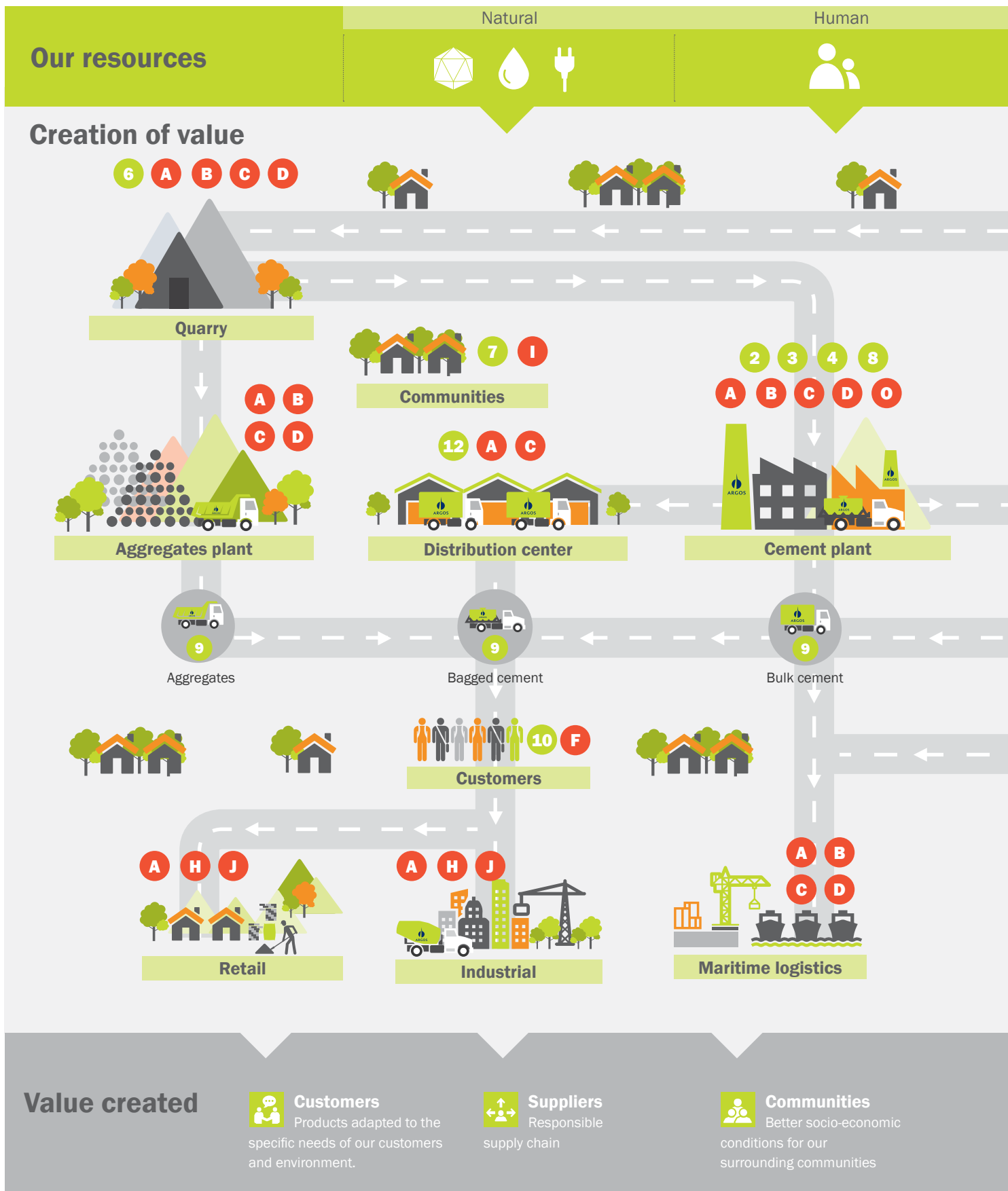
Attendance to the Sustainability Week



SUSTAINABILITY STRATEGY

RISK MANAGEMENT

OUR ADDED VALUE



Social

Financial

Operational



15 A F J



Suppliers

3 11 A B C D O



Concrete Plant



Concrete

C F H J L



Offices

1

5

13

14

Transversal value

This is how we create value

- 1 We innovate in our processes and products
- 2 We reduce our CO₂ emissions
- 3 We make efficient use of the materials and replace non-renewable resources
- 4 We reduce accident and disease rates
- 5 We respect and promote the human rights of our stakeholders
- 6 We rehabilitate the areas disturbed by mining
- 7 We keep good relationships with our communities, and we contribute to local development
- 8 We reduce our energy consumption
- 9 We mitigate the impacts of our products and services
- 10 We identify the needs of our customers and the market
- 11 We reduce water consumption
- 12 We optimize the distribution logistics
- 13 We take advantage of new business opportunities
- 14 We develop the skills of our human talent and foster a good working environment
- 15 We develop our suppliers' skills

E

G

K

M

N

P

Transversal risks

Strategic risks

- A Supply chain
- B Loss of licenses or titles
- C Occupational health and safety
- D Impacts on the environment
- E Changes in regulations
- F Information security
- G Threats to reputation
- H Competition laws
- I Relations with communities
- J Import competition
- K Country risk
- L Liquidity, credit, financial statements and taxes
- M Natural events
- N Fraud, corruption and money laundering, and terrorism financing
- O Energy resources
- P Talent, knowledge, and human rights



Authorities

Diligence that goes beyond applicable regulations.



Employees

Competent and proud



Shareholders

Guarantee of sustainable investment for our shareholders



Environment

Products with lower environmental impact throughout their life cycle

▶ Risk management

One of the most important aspects of the company's sustainability is to identify and manage the risks inherent to our activity and in the contexts where we develop our operations and the successful implementation of this strategy. This is why we have developed our Comprehensive Risk Management System (SGIR by its acronym in Spanish), under ISO 31000 international standards and COSO Enterprise Risk Management. The model is based on the Risk Management Policy, roles and responsibilities, methodology and Cultural Pillars. The SGIR defines a government scheme and a methodological framework seeking to raise awareness in all the organization's levels, in order to manage risks in a distributed manner, to anticipate what might happen and be prepared in the event that any of them occurs. The SGIR sets unified criteria to assess and manage risks in an integrated manner, and monitoring schemes through risk maps at strategic, processes, projects and facilities levels.

Based on the strategy, we work on 16 identified strategic risks, which are subject to prioritization and monitoring by the board of directors. For prioritized risks, a detailed analysis is made of causes, controls and plans of action, as well as continuous monitoring of new events that might modify exposure to these risks, thus generating early alerts that will be used as part of the decision-making process.

FOR THE SECOND CONSECUTIVE YEAR, WE WERE RECOGNIZED BY THE DOW JONES SUSTAINABILITY INDEX AS A LEADER IN THE FIELD OF RISK MANAGEMENT AND CRISIS MANAGEMENT IN THE GLOBAL AND EMERGING MARKETS INDEXES.

Tactically, we made an analysis of strategic projects risks in each one of the stages, from planning to closure, considering impacts at the project and business level. Likewise, we developed management models based on risk, tools tailored to the needs of each area to support the definition of its objectives, work plans, monitoring schemes and management indicators. These models are of the utmost relevance for the analysis, monitoring and update of strategic risks.

At the operational level, we handle risks by processes and facilities, which allow knowing first-hand the risk events operations are facing every day, which is key for proper management of the risks tactically and strategically. In order to reach effective and distributed

management of risks in the three levels described, responsibilities were established at all levels, including the president, vice presidents and directors, in the different business units. Similarly, risk managers from each vice president's area support the risk management in the processes and projects, and are an essential pillar in the communication of the different business units with risk management. It has direct reporting line to the Audit, Finance and Risks Committee and functional dependency of the presidency.

We favor the strengthening of the cultural element of risk management through dissemination and training plans, practical workshops, and awareness and communication campaigns. An organizational survey was conducted during 2015 with the purpose of knowing the level of understanding that Argos employees have regarding the risk management model. Employees from all organizational levels, regions and corporate areas participated in the survey.

Results of the survey:



This survey allows measuring the level of adoption of risk management practices as part of the organizational culture and alignment of the same with the risk management model that has been developed at the corporate level. It also allows for the identification of aspects that need to be strengthened for the organization and its employees to understand and take advantage of the risk management benefits for the fulfillment of the objectives.

In the future

- During 2016, we will continue to strengthen the risk culture in Cementos Argos, considering the elements identified in the survey results as improvement opportunities.
- We will consolidate the maps of strategic risks per country, to continue consolidating the corporate map of risks, while allowing management to prioritize according to the relevance of the exposure levels.
- We will work on strengthening the maturity of the Comprehensive Risk Management System using strategies focused on the improvement of the culture, the integration of insurance programs to the SGIR and the implementation of technological tools that support the risk management strategy.

SUSTAINABILITY STRATEGY

▶ RISK MANAGEMENT



SCAN THE CODE



(A-RI1) (A-RI2)

Strategic and emerging risks

**INNOVATION IS
TO NEVER STOP DREAMING**



Eastern facade of Argos Center for Innovation, Medellín, Colombia

4

INNOVATION

“Innovation must be seen as the only way to ensure that the organization will be transformed, reinvented and will compete in today’s world”

Jorge Mario Velásquez

(G4-DMA)

At Argos, we strongly believe that innovation is one of the main ways to ensure sustainability; we understand that this is an ability that must be rooted in our culture, into our processes and services, and into the way we care for the planet. The fruits of transforming innovation into one of Argos strategic priorities and one of the material issues of our management were evidenced in different areas and encourage us to continue strengthening this culture to which we have been committed for several years.

We believe that innovation needs to be translated into revenues and savings. Therefore, we can proudly say that we reached 15.4 percent of revenue coming from innovation in 2015, equivalent to USD \$440.4 million. This allowed us to largely succeed in the achievement of the 2015 MEGA goal. According to this goal, 10 percent of our revenue should come from innovative products or services in 2015. The successful closure of this first cycle gave us a strong basis on which we decided to increase the goal for 2025, when we expect to reach 20 percent of revenue as a result of innovation.

While these figures are important to our management, we seek to boost the permanent renovation capability of the business model by remaining relevant towards the market while reinventing ourselves as a company. Exceeding the 2015 MEGA was consistent with this principle, since it was leveraged by initiatives that renewed the company way of doing things and the way we relate to our customers, always guided by a clearly defined strategy.



(A-IN3) Total revenue from innovation

2015

Total revenue from innovation	COP Billion	USD Million
Colombia	403.2	146.8
Caribbean and Central America	166.2	60.5
United States	640.1	233.1
Total	1,209.5	440.4

Total in 2014: COP 538,322,000,000 | USD 269,000,000

2015

Total revenue of Cementos Argos	COP Billion	USD Million	% Rev/Inn
Colombia	2.9	1,084	13.5
Caribbean and Central America	1.5	540	11.2
United States	3.4	1,244	18.7
Total	7.9	2,868	15.4

(A-IN4) Savings from the implementation of innovation initiatives

2015

Colombia	COP Million	USD
Fine dosing (NI)	63.3	23,053
Unification of solid waste (NI)	10	3,668
Report of weighing elimination (NI)	1.2	462
Piles in quarries (cement)	1,180	429,800
Grinding optimization (cement)	842	306,549
Other efficiency projects	120	43,719
Colombia—Center Zone additives	336	122,293
Colombia—Southwest Zone cementitious material	31.3	11,426
North Zone design optimization	320	116,499
Colombia—Northwest Zone cementitious material	592	215,363
Colombia—Northwest Zone additives	101.2	36,863
Desulphurization of coal burning in Yumbo Plant generator	567	206,400
Caribbean and Central America Region		
Panama cementitious material	197	71,800
Panama Additives	1,031	375,687
Total	5,392	1,963,583

Total in 2014: COP 5,719,000,000 | USD 2,390,000



Testing of Value Added Specialty Products

Our current investment in innovation is 0.6 percent of sales, and it has been growing in line with the government and the National Planning Directorate proposal to invest 1 percent of company's revenues in science, technology and innovation in 2018. In the last seven years, we have invested more than USD \$50 million in innovation, research and development and new businesses, effort that has reverted to revenue close to USD \$1,000 1 billion.

It should also be noted that the Superintendence of Industry and Commerce of Colombia awarded us with the first patent for cement kiln technology, developed jointly with Universidad del Norte, Barranquilla. We requested four additional patents, and there are other 36 elements under protection road map certification.

We continue to have an active participation in recognized scientific and industry journals with articles on our main breakthroughs.

Our extensive corporate commitment with innovation is also evidenced by the fact that 328 people from the organization have indicators associated with it.

This year almost 400 people who belong to this group in Colombia and the Caribbean and Central America enthusiastically have been involved in projects that have already started to benefit the organization significantly. It is a milestone in terms of innovation management since the company's efforts generally focus on the administrative staff.

IN THE LAST SEVEN YEARS, WE HAVE INVESTED MORE THAN USD \$50 MILLION IN INNOVATION, RESEARCH AND DEVELOPMENT, AND NEW BUSINESSES



SCAN THE CODE



(A-IN1)
Investment
in innovation

This is the way we manage

Transforming Argos into an innovative company was an explicit decision adopted by our leaders, as reflected in the inclusion of innovation as a strategic priority and material aspect of management. It resulted in the definition of the first MEGA (already fulfilled) and in the creation of the Innovation Vice Presidency in 2011, which was structured into four management divisions: Research and Development, responsible for technological innovation; New Business, responsible for leading corporate entrepreneurship; Innovation Management, dedicated to developing innovation as organizational competence, and Alternate Resources, which involves an innovative approach to raw material and fuel sources used by the industry.

THE INNOVATION VICE PRESIDENCY IS COMPRISED OF HIGHLY-QUALIFIED PEOPLE—12 PERCENT HOLD PHDS

With these resources and an annual investment equivalent to 0.5 percent of our revenue, we have designed and used processes and tools to leverage the intended results, including the Ideaxion system, which is a forum together the views of any employee within the organization. Overall, the system has received 908 ideas, 213 of which have been approved with funds allocated in the amount of COP \$4,245,273,608 [USD \$1,545,720 (it is estimated at the average rate of 2015, but it is an accumulated total of dollars allocated in the last four years)], 77 ideas have been validated and 59 have been implemented.

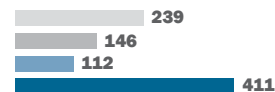
(A-IN2)

■ 2012
■ 2013

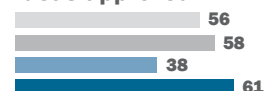
■ 2014
■ 2015



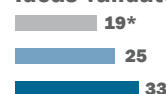
Ideas received



Ideas approved



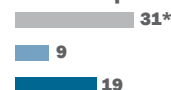
Ideas validated



*2012 and 2013



Ideas implemented

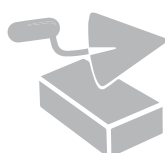


*2012 and 2013



UHPC

Ultra High
Performance Concrete



Dry mortars



We leverage our business in digital platforms in the Colombia Region and **93%** percent of the orders were completed successfully through these means.



VASP

In the United States, we improved the Value Added Specialty Products portfolio with products such as ConcreFlow® and low-humidity concrete.



Micro-cement



The concrete portal was launched as a tool that allows for real-time updates about the shipment status and the customer's account. It is now used by **54%** of our concrete customers.



Passion for Baseball

is an innovative marketing strategy for packaged cement in the Dominican Republic. This marketing strategy was recognized this year during the London International Awards (LIA), one of the most important advertising awards at an international level.



The fine dosing process in the concrete plants, which allows for greater efficiency, is an idea of one of the plant employees, and it allows estimated savings of

COP \$5.4 billion
USD \$1.7 million per year.



Some of our initiatives

Development and technical transfer: As a result of the increase of fly ash consumption and new sources and inclusion of cutting-edge technology additives in the production of concrete, we reported savings of COP \$2.29 billion (USD \$834,000). The Caribbean and Central America Region showed savings of COP \$1.23 billion (USD \$447,000), and the Colombia Regions showed savings of COP \$1.1 billion (USD \$385,945).



Concrete for durability: In 2015, we provided the market, specifically those with coastal and industrial construction that are exposed to acids, with this cutting-edge and high-performance material that is suitable for aggressive environments.



Recycled aggregates: After five years of conducting construction waste recycling tests during the production of concrete, the successful results obtained in 2015 will allow us to transform it into a business in 2016.



Micro-cement: During 2015, we manufactured micro-cement in the Toluviejo and Sogamoso Plants with the purpose of validating the results in tunnels. For 2016, we expect to start shipping the product from these two operations. It will serve to supplement and strengthen our value proposal to the market with specialized products essential to the country's infrastructure challenges.



Cement floor: Industrial testing and sections have been developed in several roads of the country to validate the product performance in construction work. In addition, the commercial area was launched in the Colombia Region to explain the value proposal of the product in detail. The market launch will take place in 2016 in order to support roads projects in Colombia.



Color concrete for "Sidewalks for Life" project, Medellín, Colombia

New businesses have upgraded to the next level, with the implementation of Caltek, a joint venture with the Mexican company, Calidra, for the production of industrial lime with high value added. The start of production and sale of recycled aggregates is another initiative showing that innovation effectively underpins sustainability since it contributes to the economic, environmental and social dimensions.

Likewise, it is important to note that we are closing a cycle of products and materials, having started consuming used tires as an alternative fuel of carbon in our Rioclaro Plant. In this way we contribute to solving the problems caused by this particular waste. A similar example is the production of concrete with recycled aggregates.

These projects improve our organization's sustainability in one of its higher impact components

because besides lowering the emissions of CO₂, we use waste that would otherwise go to landfills, and we avoid using fossil fuels and non-renewable raw material. There is also progress in the implementation of the co-processing project in Cartagena Plant. There, we expect to reach a 20 percent substitution of thermal energy required by one of the kilns in 2018.

Innovation has so far been a very exciting journey, and its findings are highly satisfactory. In order to reach the 2025 goal of receiving 20 percent of our revenue from innovation, it is necessary, amongst other things, to leverage our business on digital technologies and mitigate the environmental impact of operations, particularly in terms of CO₂ emissions. We started this new stage full of enthusiasm because of the deep significance of our mission and convinced that in terms of innovation, the journey is as important as the destination.

SUCCESS CASE: ARGOS CENTER FOR INNOVATION





Designed by architect
Lorenzo Castro



The company invested
COP \$25 billion
(over USD \$9 million)
for the construction of this project.



Laboratories provisioning
COP \$5 billion
(almost USD \$2 million)



Equipment for the analysis of materials
and construction systems:
More than 80



Constructed area:
4,807 m²



Stories/floors:
6



Specialized laboratories:
12



Workstations:
close to 60



Design parameters **Sustainable
construction and Leadership**
in Energy and Environmental
Design (LEED) certified



Use of Argos Value Added
Specialty Products:
63%



Green spaces:
30%



Reduction of energy consumption:
Más de 44%



Reduction of water consumption:
90%

The Argos Center for Innovation is a milestone in the industry and in the history of private enterprise. Therefore, we restate that this was one of our most important achievements in 2015.

In this inspiring area where we commit to open innovation, we develop, along with academia, industry and research institutes, projects that give rise to new processes and products to add value to our production chain. This way, we will continue cooperating and contributing to the construction industry alongside universities, enterprise and government.

We operate on an open innovation and collaborative work model, aimed at creating, envisioning and proposing solutions to the industry challenges. There the concept of science becomes palpable.

**ARGOS CENTER FOR
INNOVATION REAFFIRMS
OUR COMMITMENT
TO THE COMPANY
AND THE COUNTRY'S
DEVELOPMENT.**

The Argos Center for Innovation reaffirms our confidence in a business model focused on the customer to encourage ideas and projects that would promote environmental, economic and social sustainability.

Some Value Added Specialty Products used for its construction:



**Colored
concrete**



**High
resistance**



Permeable



**Concrete
for industrial
floors**



Self-compacting



**Other special
products**

This is, therefore, a substantial development to showcase sustainable construction that has great environmental benefits for the industry.



West facade of the Argos Center for Innovation in Medellín, Colombia

30% of the building's plant is green area, thereby reducing heat. Besides, the building utilizes natural light, uses devices with a technology that decreases power consumption in more than 44%, and collects rainwater for supply, replacing almost 90% of potable water demand.



Also, we performed there the first of several business roundtables during November where 10 universities and 22 research groups from different regions of the country took part. We shared with them the challenges of our endeavor, and explored chances for joint work.



In short, the Argos Center for Innovation seals our alliance with productive, competitive and sustainable growth of the industry, the region, the country and the world.


In the future

At Argos, innovation will be strengthened as the driving force of sustainable growth. It will be an innovative culture deeply woven into all our employees and will give the company the ability to reinvent itself and compete in increasingly competitive markets, to see and to think differently. Customers will be pleased with the products, as well as the products' performance and quality; services will give differentiation and add value to its sustainable infrastructure, housing and city projects.

In the short-term 2016 – 2017

-  Caltex will begin to produce lime in the second half of 2016.
-  Greco, the new recycled aggregates production company, will start operations in the second half of 2016 in Colombia.
-  Ultra-high performance concrete will launch in the three regions.
-  Our Cartagena Plant will have the capacity to use alternate fuels such as used tires.
-  We will turn CO₂ into high-value commercial materials such as spirulina, chlorella, proteins, amino acids and more.

In the mid-term 2018 – 2019

-  We will become the most important solution for the used tire problem in Colombia, and partners of the cities and companies for proper waste management.

In the long-term By 2025

-  We will develop new growth platforms based on innovation that will give the company the capacity to grow and to move from generating 10 percent of revenue in 2015 to 20 percent in 2025.
-  We will support the fulfillment of the goal of lowering caloric intake by 10 percent.
-  In 2025, we will have 18 percent substitution of fossil fuel with alternative resources in all our operations.

**INNOVATION IS
TO BET ON CHANGE**



West facade of the Argos Center for Innovation in Medellin, Colombia

5

**ECONOMIC
DIMENSION**

▶ Customer relationship (G4-DMA)

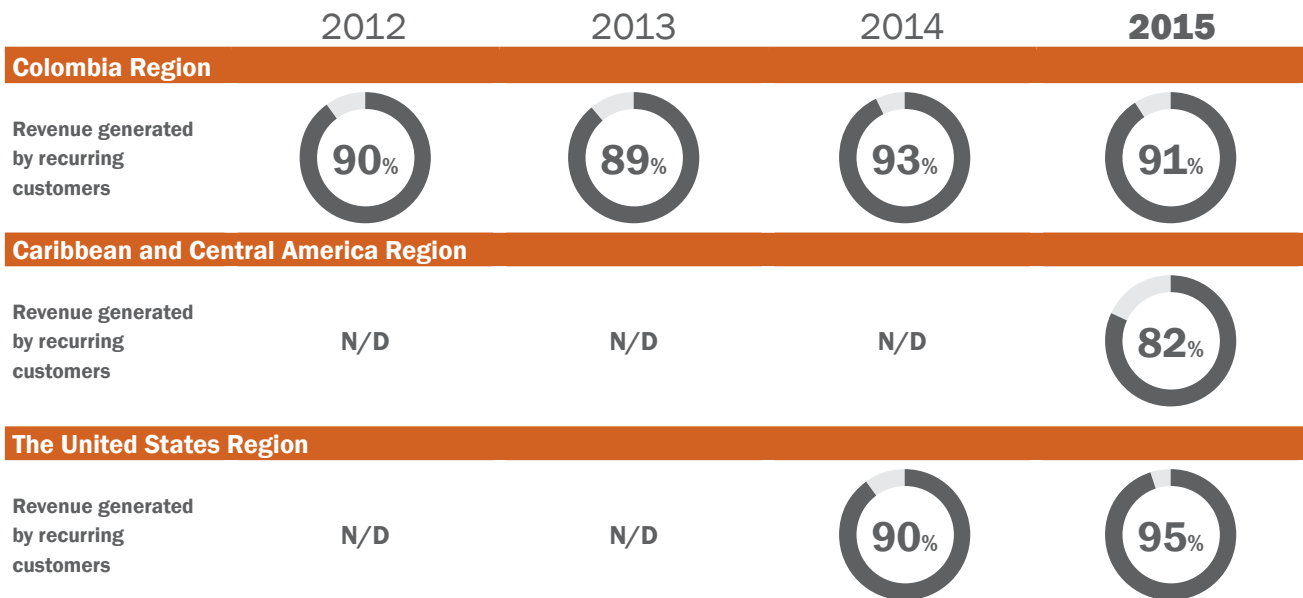
Customer management is a vital element for the company's sustainability. Based on a clear understanding of the market, we developed our own retention and loyalty strategy through a trade name that links us to consumers.

to meet the needs of our customers, and support in the use and application of the products, all of which ensures customer loyalty to the company's brand in all the geographic regions where we operate.

The pillars of our value proposal are the commitment to operational excellence, a suitable commercial and technical infrastructure, a portfolio of high-quality products and services

This business vision allows us to know our consumers and set differentiated value proposals that will fit their needs and will be in line with international standards.

(A-RC1) Percentage of revenue generated by recurring customers

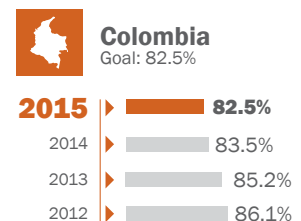
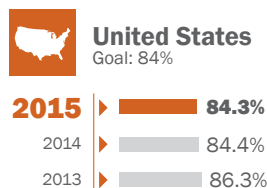
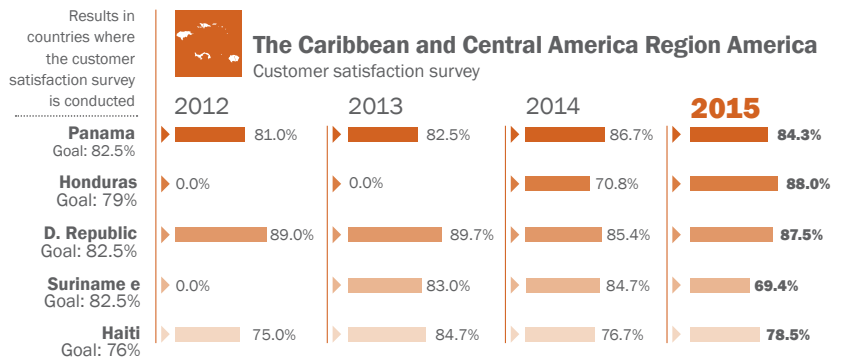


This is the way we manage

As part of our value proposal, we have developed a commercial and technical infrastructure to advise the customer in the use and application of products, thus developing differentiated products and services to meet the customers' specific needs.

We guarantee the quality of our customer service by constantly monitoring our work. To do this, we conduct research with Ipsos Napoleon Franco every year for Colombia and the Caribbean and Central America Regions and with Tricone Marketing Research for the United States Region.

(G4-PR5) Customer satisfaction



▶ CUSTOMER RELATIONSHIP
SUPPLIER MANAGEMENT
REGULATORY COMPLIANCE

These studies include a review of all products, services and customer segments in all the regions. This process ensures the statistical validity of results and allows us to identify improvement opportunities, generate action plans, and to increase the satisfaction of our customers. Findings are communicated inside and outside the organization, while the measurement of the customer level of satisfaction is a corporate management indicator and is related to the variable compensation system of our employees.

In 2015, the Customer Journey Map tool was used in Panama, Dominican Republic and Colombia, along with internal customer service audits, aimed at ensuring the sustainability of customer service levels, as well

as its continuous improvement and processes optimization. This tool will gradually be extended to other countries in the region, including Haiti in 2016.

Additionally, we have developed a commercial and technical infrastructure to advise customers


in the use and application of cement and concrete, which has allowed us to create products and services tailored to their needs.


In Colombia, Panama and the United States, we have a toll-free customer service line to meet customers' requirements, schedule purchase orders, address concerns, provide general information, and service and resolve claims.





Our achievements


Our strategy is focused on the customer and supported by processes and technology, and allowed us to make progress and develop the following initiatives:


 Launch of the new presentation of 5-kilogram gray and white cement and the consolidation of the 1-kilogram cement presentation.

 Implementation of cement sales through new marketing channels, which have not been traditionally used for the sale of this product.


 In 2015, cement imports were reopened in the United States through our terminal in Houston, Texas, allowing us to bring gray cement into this major market. In addition, two plants were opened in Miami, Florida, which allowed us to operate in an important market in the southern United States.

 Strengthening of new sales channels via the Internet in Colombia, the Caribbean and Central America: 30 percent of cement purchase orders came through these channels. We also supported a mobile application to place orders and obtain information.

 Increase of concrete Value Added Specialty Products in the three regions and involvement in low-income housing programs is another achievement promoted by Panama, Colombia and Honduras governments.

 Masonry Training Schools and Lunch-and-Learn programs in the United States.

DUE TO RECORD DISBURSEMENT, 2015 WAS A HISTORICAL YEAR FOR CONSTRUYÁ IN COLOMBIA. NOW MORE THAN 21,000 LOW-INCOME FAMILIES HAVE BENEFITED DURING THE NINE YEARS OF THE ARGOS CREDIT PROGRAM.

 Entrepreneurial strengthening outreach program for hardware dealers and project management for civil engineers in the Caribbean and Central America, as well as inclusion of the sustainability module.

CUSTOMER RELATIONSHIP
SUPPLIER MANAGEMENT
REGULATORY COMPLIANCE



Customer of the retail business in Honduras, the Caribbean and Central America Region



Installation of GPS systems for most of the fleet of concrete mixer trucks in our regions and of 100 percent in Colombia. This allowed for constant monitoring of each truck's location, and in 2016, customers will have access to the location of the vehicle assigned to their service in certain regions.



Launch of dry mortars in Panama.



Consolidation of the trade model trade in cabotage sale by sailboats in Haiti.



Launch of the cement marketing channel in Haiti through remittance sent from the United States. Sender establishes the purchase of cement sacks, which are then delivered to the island to the sender's relatives.



Participation in the Digital Marketing Excellence Program,

which was in partnership with Florida International University, with an interdisciplinary team of 44 employees from the three regions that developed marketing skills with a special focus on digital marketing.



Implementation of the Marketing Controller tool in Colombia and the Central America and the Caribbean Regions for the development and execution of marketing plans. The tool allowed for the consolidation of all the projects and marketing initiatives.

THE RESULTS OF OUR MANAGEMENT ARE EVIDENCED THROUGH THE MEASUREMENT OF CUSTOMER SATISFACTION LEVELS AND THE TOP-OF-MIND OF THE BRAND IN COLOMBIA WITH RESULTS IN THE GENERAL PUBLIC OF 59 POINTS, 52 POINTS FROM THE SECOND BRAND. PANAMA REACHED 54 POINTS, 33 FROM THE SECOND BRAND.

In the future

- To strengthen the brand positioning in all segments and territories.
- To continue with the business development program for the loyalty of customers in the retail and industrial channels in Panama and Dominican Republic, and to extend this initiative to other Caribbean countries.
- To establish the Contact Center or customer service line and transactional support in the Caribbean according to the operation dimension in each country, in order to offer first-level solutions and strengthen our customer service.
- In Colombia, to explore new alternative channels of customer service, purchasing and communication that contribute to the consolidation of value segmentation for the retail business.
- Structuring of the value offer and customers information platform for the fourth-generation roadway concession infrastructure projects that the Colombia government will develop.
- To increase proposals and initiatives of digital marketing projects through the Marketing Summit program carried out in the three regions.
- To implement and give continuity to the customer's experience through the Customer Journey Map tool that allows for knowledge regarding the way in which the consumer interacts with the company.

- ▣ CUSTOMER RELATIONSHIP
- ▣ SUPPLIER MANAGEMENT
- ▣ REGULATORY COMPLIANCE

Supplier management (G4-DMA)

Increasingly aware of our role as a global outreach company with an increased international projection and our commitment to have a sustainable supply chain, we aim

at strengthening our relations with existing and potential suppliers, under quality, competitiveness, innovation and sustainability parameters.

Sustainable initiatives in the supply chain resulting in business opportunities with qualitative and quantitative benefits

Colombia
Emission planning in Colombia Region aimed at quantifying emissions in future plans of the Colombia Region operations network and to support their mitigation, control and financial impact strategies.

Qualitative benefits:

- To deliver relevant information for decision-making and indicators control, regarding future emissions based on the operation plans of the Colombia Region network.
- To generate business scenarios to operationally and financially assess the impacts by controls or strategies implementation in the mitigation of emissions.
- To support the fulfillment of the MEGA in terms of CO₂ emissions, linking the intended strategies to the daily operation.

Note: The quantitative value will be estimated once the cost of the CO₂ emissions is known.

Colombia
In 2015, the road safety program was strengthened through subprograms such as Hábitos de buen conductor (Good driver habits), Ángeles de la seguridad vial (Road safety angels) and Punto seguro (Safe checkpoint). The latter initiative was implemented, in collaboration with the National Army and Highway Patrol.

Qualitative benefits:

- To raise safety awareness in line with Argos I Promise Project, which supports our Cultural Pillars, and communications that the value of life is the highest priority.
- To raise drivers' awareness on the importance of safe behaviors both in their daily activities on the country's roads and in their homes.
- We expanded training coverage to 994 drivers.

Colombia
COP \$2,924 million
USD \$928,410

It refers to the development of an inventory model to ensure optimal supply. The model defines the levels of materials needed to meet the manufacturing and sale needs that mitigate the uncertainties of the supply chain. We implemented the Inventory between Limits indicator (IEL by its acronym in Spanish) to the raw materials purchased, which measures the percentage of materials between the defined inventory levels.

Qualitative benefits:

- The IEL indicator remained at the same optimal level of 78 percent as in 2014.
- Reduction of the working capital and increase of the current asset.
- Better disposal in storage sites.
- Decrease of pollution caused by transportation, storage and handling of raw materials.
- Synergy in the raw materials management among our regions.

Honduras
COP \$192 million
USD \$61,000

The road safety initiative has developed further. In 2015, we finished the consulting and implementation stage, and Icontec visited us for the ISO 39001 pre-certification.

Qualitative benefits

- To save lives and reduce injuries
- Better company reputation
- Safer behaviors
- No injuries for Argos transportation contractors
- **460** certified drivers

Panama
COP \$762 million
USD \$242,000

Optimization of the packing transportation process through shipment tendering process.

Qualitative benefits

- The service level improved from **85** percent to **88** percent.
- More efficient administrative management by decreasing the amount of freight companies by **40** percent as compared to those in 2014.

AT ARGOS, WE SEEK THAT OUR SUPPLIERS AND CONTRACTORS ARE ALIGNED WITH OUR CORPORATE GOVERNANCE POLICIES, COMPLY WITH THE CODE OF BUSINESS CONDUCT, AND PROTECT SAFETY AND HUMAN RIGHTS.

(G4-12) Description of the supply chain

We play a crucial role managing and leading aspects related to suppliers and contractors who supply us with raw materials, services, consumables and spare parts, transportation, fuel and technology in our three regions where we operate. In addition, we jointly build harmonious, fair, and mutually beneficial

relationships supporting a responsible supply chain.

We are committed to ensure transparency and suitability with our supply chain, due to its direct impact on the business performance in terms of cost, quality and sustainability.

CUSTOMER RELATIONSHIP
 SUPPLIER MANAGEMENT
 REGULATORY COMPLIANCE

Number and payments made to suppliers

Description	Units	Colombia	Caribbean and Central America	The United States	Total
Number of suppliers who currently have a relationship	Number	3,877	1,882	6,763	12,522
Value of payments made to suppliers	COP	2,262,028,276,773	765,790,365,668	2,683,679,683,957	5,711,798,326,398
	USD	718,225,059	243,148,963	852,200,429	1,813,574,451

(64-12) Value of payments per type of purchase

	Colombia		Caribbean and Central America		The United States	
	COP	USD	COP	USD	COP	USD
Raw materials	224,592,008,646	71,311,049	409,071,000,901	129,885,664	1,095,927,113,402	347,971,917
Administrative	372,077,441,880	118,139,700	45,176,854,370	14,344,272	235,106,867,830	74,649,661
Transportation	606,696,483,381	192,634,470	58,528,654,115	18,583,652	554,908,004,687	176,190,916
Fuels	265,451,368,150	84,284,457	40,117,238,045	12,737,774	105,528,225,478	33,506,662
Technology	49,902,477,103	15,844,722	4,290,994,263	1,362,450	108,693,286,299	34,511,612
Services	554,309,554,453	176,000,900	109,415,626,831	34,740,965	115,496,747,709	36,671,804
Consumables, spare parts and equipment	188,998,943,160	60,009,761	99,189,997,143	31,494,187	468,319,438,552	148,697,857

One of our basic assumptions is to do business with suppliers who share our principles and values, which revolve around sustainability, innovation, respect for human rights, and compliance with labor and environmental laws.

DEALING WITH SUPPLIERS WHO SHARE OUR PRINCIPLES AND VALUES IS ONE OF OUR MOST ESSENTIAL POSTULATES.

This is the way we manage

Understanding the risks and the need to mitigate them, we manage our suppliers through the processes of pre-selection, selection, performance assessment, audits, certifications monitoring and management systems. We also have a Procurement Handbook for suppliers of goods and services and a Code of Business Conduct that governs the relationship between employees and other stakeholders, including suppliers and contractors.

These processes and policies allow identifying the risks related to legal, environmental, economic and social issues, and mitigating them through compliance with practices set by the company, which ensure reliability and sustainability in the services contracting and goods supply.

We continue to apply the entire cycle of supplier management. It involves the execution of selection, assessment and development activities, supported by the SAP Ariba technological tool to increase transparency, traceability and standardization of the purchasing processes.

To continue with the development of suppliers in order to achieve sustainability objectives, we continue working to support our suppliers in the zones of influence of our plants through field visits, group meetings and external consultancy advice. They address specific issues that strengthen companies and increase their standards, thus potentially increasing economic independence of their main customer and, in other cases, improving and documenting their processes.

CUSTOMER RELATIONSHIP

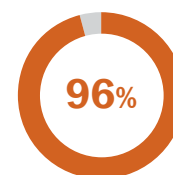
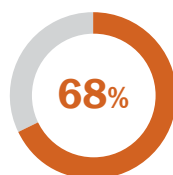
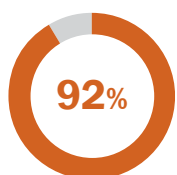
▣ SUPPLIER MANAGEMENT

REGULATORY COMPLIANCE

(G4-EC9) Expenditure percentage in sites with significant operations corresponding to local suppliers

	Colombia		Caribbean and Central America		The United States	
	COP	USD	COP	USD	COP	USD
Total purchase	2,262,028,276,773	\$718,225,059	765,790,365,668	243,148,963	2,683,979,683,957	852,200,429
Purchase made to local suppliers	2,080,501,111,545	\$660,587,690	522,436,525,385	165,880,775	2,565,529,705,756	814,590,933

Percentage of purchase made to local suppliers



Total number of suppliers	3,877	1,882	6,763
Number of local suppliers	3,650	1,535	6,742
Percentage of local suppliers	94.1	82	99.7



Supplier AM&M, Colombia Region

Management indicators

We define the suppliers to whom we apply the above mentioned procedures: pre-selection, selection, assessment, sustainability index, audits, consultancies and programs to encourage and contribute to the development and building of suppliers in line with our policies. As a challenge, we increase this coverage every year in order to have greater control and knowledge of both the new suppliers through pre-selection and current suppliers to improve their performance. This way, we ensure compliance with social, environmental, economic and ethical parameters required by the company, and we are part of their growth process in terms of sustainability.

THE SUPPLIER MANAGEMENT CYCLE IS AUDITED BOTH INTERNALLY AND EXTERNALLY IN ORDER TO IDENTIFY IMPROVEMENT OPPORTUNITIES.

- CUSTOMER RELATIONSHIP
- SUPPLIER MANAGEMENT
- REGULATORY COMPLIANCE

Risk management

In 2015, we continue to implement the Suppliers Sustainability Index, jointly developed with the Massachusetts Institute of Technology (MIT), to identify the sustainability risk associated with our suppliers and to outline action plans for management improvement.

The index was applied to 61 suppliers of the critical segments, approximately 50 percent more than in 2014. Among them, the social dimension had the highest performance with the best rating on the Industrial Safety and Occupational Health criteria. It results from the implementation of this type of policies by our allies. The environmental dimension ranked second place, and the criteria with the highest rating was the environmental management system. Finally, the innovation criteria had the best rating in terms of the economic dimension.

Suppliers may or may not take steps to complete the index. In the mid-term, this will be a requirement for the critical segments to be part of our supply chain, and we will establish a minimum rating to that end.



Panama suppliers, Caribbean and Central America Region

We ensure our suppliers' suitability through the pre-selection process by checking on reputational, environmental, ethical, economic and social aspects of their business.

Aware of the importance that this procedure has on risk management and the alignment with the company's policies regarding Industrial Safety and Occupational Health, hedge will be extended to some contractors in

order to ensure well-being, quality and our suppliers' service.

In 2015, we continued to assess sustainability on eight suppliers of the Colombia mining segment through conTREEbute, a consulting firm that started the process in 2014 by evaluating 18 suppliers in this segment. A total of 26 suppliers were assessed; particularly, as a consequence of the potential risks related to the environment and child labor. The identification of sustainability-related risks allows us to define and implement improvement plans for each supplier assessed based on findings. The environmental dimension had the best rating, followed by the social and economic dimensions.

Based on the gaps found among the sustainability good practices and the measurement results of our supplier's index, we work on strengthening them through supplier development programs on issues related to corporate governance best practices, our Code of Business Conduct, our anti-corruption and anti-bribery policy, risk planning and assessment, human rights, and relationships with communities in our areas of influence, as well as the measurement of impacts caused on them.

Supplier risks in the Colombia Region

🌿 Environmental 👤 Human rights 🛠️ Labor practices ❤️ Social impact 💰 Economic

	(G4-EN33)	(G4-HR11)	(G4-LA15)	(G4-S010)	
Number of suppliers assessed	406	400	406	191	412
Number of suppliers identified with significant, true or potential negative impact (from those assessed)	50	66	72	46	98
Percentage of suppliers identified with significant, true or potential negative impact with whom agreements were made based on the assessment	82	79	82	87	71
Number of suppliers identified with significant, true or potential negative impacts with whom the contracting relationship was terminated	0	0	0	0	2
Percentage of suppliers identified with significant, true or potential negative impact with whom the contracting relationship was terminated	0	0	0	0	2

CUSTOMER RELATIONSHIP

▶ SUPPLIER MANAGEMENT

REGULATORY COMPLIANCE

Supplier risks in the Caribbean and Central America Region

185 new suppliers contracted by the organization

Environmental

Human rights

Labor practices

Social impact

Economic

(G4-EN32) (G4-HR10) (G4-LA14) (G4-S09)					
Number of new suppliers assessed using criteria	7	5	9	0	NA
Percentage of new suppliers assessed using criteria	4	3	5	0	NA
(G4-EN33) (G4-HR11) (G4-LA15) (G4-S010)					
Number of suppliers assessed	158	160	144	0	66
Number of suppliers identified with significant, true or potential negative impacts (from those assessed)	19	20	20	0	9
Percentage of suppliers identified with significant, true or potential negative impact with whom agreements were made based on the assessment*	0%	0%	0%	0%	0%
Number of suppliers identified with significant, true or potential negative impact with whom agreements were based on the assessment	0	0	0	0	0
Percentage of suppliers identified with significant, true or potential negative impact with whom agreements were made based on the assessment	0	0	0	0	0

*The company is in the process of making improvement agreements with suppliers

Within the sustainability supply chain framework, we continue to implement the strengthening strategy on 56 suppliers in our Colombia plants' zones of influence located in Rioclaro, Nare, Sogamoso, Yumbo and Tolúviejo. The entrepreneurial strengthening includes consultancy with expert external consultants in the following areas:



Management: strategic planning, leadership, corporate culture,

information management, work team, monitoring and control, efficient use of resources, control dashboards, strategic thinking, and business model.



Financial and administrative: cost structure, revenue

sources, budgets, breakeven analysis, suppliers, and resource funding and tax management.



Internal processes: sales strategies and strategic marketing, operating

efficiency, standardization and innovation management.



Customer: price, quality, after-sales servicing, brand, image and communication.

We continue to strengthen relationships with our suppliers through activities such as Sustainability Dialogues, which are opportunities to report our management results and to have their feedback, expectations and suggestions in this regard.

Sustainability Week for our suppliers took place again in the regions of Colombia and the Caribbean and Central America with the economic dimension as the main subject: the prevention of fraud, corruption, money laundering and terrorism financing. A total of 175 suppliers were involved in this activity.

One of the main activities of 2015 was the in-depth analysis of the environmental risk measurement in the contracting segment by developing a matrix related to each service. With this matrix, we can be sure that suppliers will know the risks they face in the performance of their activities and that they will generate strategies to mitigate these risks. Following the same methodology, measurement of the communities and social risks started to be carried out.

In the future

- The new sustainability index will be initiated in 2016, with adjustments based on experience and results obtained during 2014 and 2015. It will be refined again with the support of the Massachusetts Institute of Technology (MIT).
- We will provide our suppliers with online tools to assess and suggest sustainability improvement plans.
- In the second half of 2016, we will implement the Suppliers' Recognition Program, which will allow us to close the supplier management cycle.
- In the short term, we will also continue to strengthen the supply chain and increase the training coverage for our suppliers on corporate governance good practices, Code of Business Conduct, anti-corruption and anti-bribery policy, planning and risk assessment, and relationship with communities in the zones of influence, as well as the measurement of impacts caused on them.
- In the mid- and long-term, we will continue to analyze and implement the national and international best practices of sustainability in order to improve the implementation of initiatives such as the Global Compact and the Cement Sustainability Initiative (CSI).

CUSTOMER RELATIONSHIP

▶ SUPPLIER MANAGEMENT

REGULATORY COMPLIANCE



Employees in the Toluviejo Cement Plant, Colombia Region

▶ Regulatory compliance (G4-DMA)

(G4-EN29) (G4-PR9) (G4-S08) In 2015, there was full compliance with the environmental or supply and use of products- or services-related legislation.

We received, through the Transparency Hotline, 1,298 calls that were answered according to the procedure specified in the Code of Business Conduct.

Our competition policy defines standards and guidelines for employees in relation to competitors and the market. In general, our governance and transparency standards exceed the minimum legal requirements.

(G4-S07) Because of the oligopolistic condition of the Colombia cement market, we report some current investigations with no final decision for Argos:

- The Superintendence of Industry and Commerce of Colombia initiated an investigation on August 21, 2013, into five

Colombia cement companies, including Argos, for the alleged commission of restrictive business practices. Consequently, it also initiated an investigation into four of our employees. This proceeding, for which the evidentiary stage ended in December 2014, is dealt by us, fully convinced of having always acted with full adherence to the law, confident that the Colombia institutions will continue to follow a process objectively and professionally. The legal action is pending.

- In December 2008, the Superintendence of Industry and Commerce imposed a financial penalty on Argos and two other Colombia cement companies in the amount of COP \$923 million each, for the alleged commission of restrictive business practices.
- In the same action, the legal representative of the three companies was fined in the amount of COP \$138 million.

This ruling was subject to appeal for reversal by Argos and subsequently confirmed by the Superintendence in January 2010. Argos filed a lawsuit against that ruling before the Colombia administrative jurisdiction, and in the decision of December 3, 2012, the Administrative Court of Cundinamarca ruled that both decisions were invalid, thereby, exonerating the company and the legal representative from the total fines. The Superintendence of Industry and Commerce decided to appeal, and the final decision is in the hands of the State Council.

For the Future

- To continue with the training plan and the dissemination of the corporate policy and its regional annexes in the several countries where we operate

CUSTOMER RELATIONSHIP
 SUPPLIER MANAGEMENT
 ▶ REGULATORY COMPLIANCE

**INNOVATE
MEANS TO
VALUE EXPERIENCE**



Argos Center for Innovation in Medellín, Colombia

6

**SOCIAL
DIMENSION**

Occupational health and safety

(G4-DMA) Industrial Safety and Occupational Health

We seek to ensure safe and healthy working conditions for all of our employees, preventing work accidents, occupational diseases and emergencies so that we all go back home healthy and safe.

We promote occupational health and safety monitoring and minimizing our employees' risks. We implement the best national and international practices for occupational health and safety, and we take due responsibility for complying with the legal requirements. It is our strong interest to strengthen a safety culture built on values and supported by a unified management system.

EMPLOYEES WHO ARE PHYSICALLY AND EMOTIONALLY HEALTHY, TODAY AND IN THE FUTURE, INSPIRE OUR OCCUPATIONAL HEALTH AND SAFETY MANAGEMENT.



Employee in our Atlanta Cement Plant, the United States Region

To further advance these goals, we implement the I Promise Project, under the guidance of DuPont, a world leader in occupational health. It marks a positive change in the safety culture of the company and has contributed significantly to the decrease in incidents, and it has also spread to our value chain, specifically the contractors, suppliers and communities bordering our operations.

We are currently investigating 100 percent of lost time incidents. We develop action plans that are continuously monitored for fulfillment.

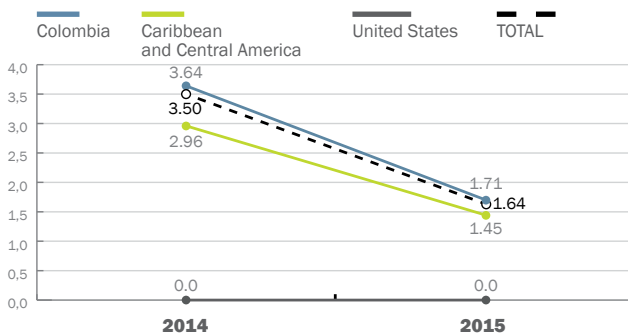
We learn from our mistakes to prevent risks from happening again and affecting our employees' health.

Although the lost time incident frequency rate decreased 47.5 percent, we regret the loss of one employee in 2015, in a work-related accident. As a result, there is a demand from all employees to work even harder to ensure their own and others' safety.

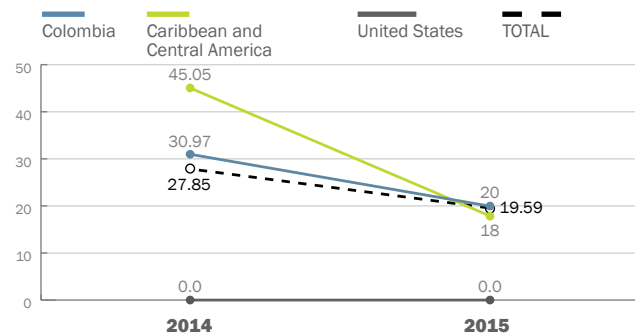
Lost time incident frequency and severity rate

Contractors' lost time incident frequency and severity rate

Lost time incident frequency rate



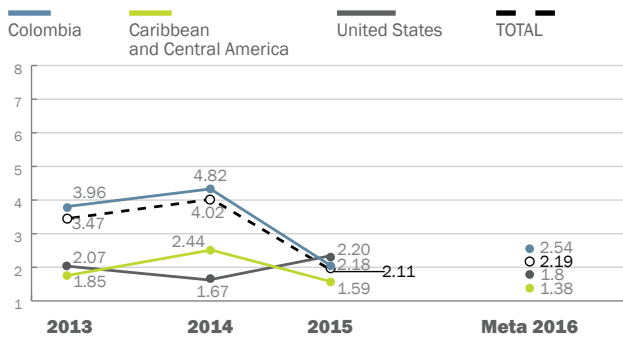
Severity rate



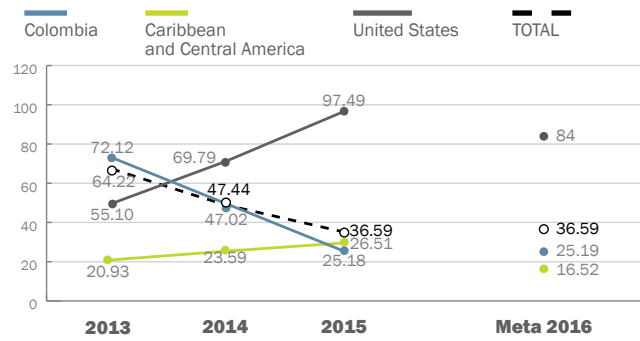
SAFETY IS NO LONGER A PRIORITY FOR CEMENTOS ARGOS, IT BECAME A VALUE, BECAUSE PRIORITIES CHANGE, BUT VALUES REMAIN.

Employees' lost time incident frequency and severity rate

Work accidents frequency rate



Work accidents severity rate



2015

	Colombia	Caribbean and Central America	United States	TOTAL	Measurement unit
Lost time incident frequency rate	0.7	0.00	ND	0.58	Number of lost time incidents per 1,000,000 hours
Severity rate	10.43	0.00	ND	8.66	Number of lost days per 1,000,000 hours

See GRI Table
Total accidents and absent days 2014
Colombia Region



THE I PROMISE PROJECT HAS SHOWN US THE IMPORTANCE OF SAFETY AND WORKING AS A TEAM. ONE STRATEGIC COMMITTEE, FOUR TACTICAL COMMITTEES AND 15 OPERATING COMMITTEES FROM 13 COUNTRIES, ALONG WITH THEIR SIX SUBCOMMITTEES PER DISCIPLINE, MEET EVERY MONTH TO ALIGN AND IMPLEMENT OH&S STRATEGIES.

Consolidated Reports

	2015		2015 Goal		2016 Goal	
	Frequency	Severity	Frequency	Severity	Frequency	Severity
Colombia	2.18	25.18	3.37	32.92	2.54	25.19
Caribbean and Central America	1.59	26.51	1.71	16.52	1.38	16.52
United States	2.20	97.49	1.33	56.00	1.8	84
Total Argos	2.11	36.59	2.78	33.59	2.19	36.59

One of our seven principles is "Be the example, you have the right to speak loud." It means that any person in our organization can stop work if he/she believes that it is not being done in a safe manner. This evidences our commitment to everybody's safety and the importance of the empowerment of each of the company's members in this regard.

This is the way we manage

Innovation in Cementos Argos spreads to the industrial safety and occupational health governance structure (OH&S), through which we promote the safety culture transversally involving about 1,000 people in the three regions by multidisciplinary work teams.

THANKS TO I PROMISE PROJECT, WE INTEGRATE OPERATIONS IN 13 COUNTRIES.

- ▣ OCCUPATIONAL HEALTH AND SAFETY
- TALENT MANAGEMENT
- COMMUNITY MANAGEMENT

OH&S Central Committee

Advisor: Raúl Salgado, OH&S Manager

Leader

■ Jorge Mario Velásquez | CEO

Miembros

■ **Colombia Vice President**
Tomás Restrepo

Corporate

■ **Technical Vice President**

Victor M. Lizarralde

Operating Discipline

■ **Vice President of Caribbean and Central America Region**
Mauricio Ossa

Occupational Accidents

Investigation

■ **Vice President of Innovation**

Camilo Restrepo

Contractors' Management

■ **Vice President of Legal and institutional Affairs**
Juan Luis Múnera

Risk Management

■ **Vice President of the United States Region**

Eric Flesch

I Promise to observe

■ **Vice President of Talent**
Jorge Ignacio Acevedo

Occupational Health

■ **Vice President of Finance**

Carlos Horacio Yusty

Corporate

■ **Vice President of Sustainability**

María Isabel Echeverri

Corporate

Operating Discipline Subcommittee

Leader

■ **Victor Lizarralde**

Corporate

Accidents Investigation and Analysis Subcommittee

Leader

■ **Mauricio Ossa**

Caribbean and Central America

I Promise to Observe Subcommittee

Leader

■ **Eric Flesch**

The United States

Risk Management Subcommittee

Leader

■ **Juan Luis Múnera**

Corporate

Occupational Health Subcommittee

Leader

■ **Jorge Ignacio Acevedo**

Corporate

Contractors' Management Subcommittee

Leader

■ **Camilo Restrepo**

Corporate

Our work starts from the senior management of the company with OH&S Central Committee, which consists of the president and the nine vice presidents who define and supply documentary evidence of strategies. They lead six disciplines: accident investigation and analysis, I promise to observe, operating discipline, risks, contractors and occupational health management.

Each area has its own standards, rules and procedures developed in the different operating units of the company.

One of the members of each subcommittee leads, in turn, a Tactical Subcommittee that reports to the OH&S Central Committee. At the same time, there is a group of 43 operations that report information to the corresponding Tactical Committee. This way, the communication chain is clear and fluent and the system is sound.

RAISING OUR EMPLOYEES' AWARENESS IS ESSENTIAL TO PROMOTE THE SELF-CARE CULTURE IN THE GLOBAL ORGANIZATION.



OH&S in the Roberta Plant, the United States Region

As the senior management of the company is fully aware leadership and credibility are key aspect to improve safety. Each one of the subcommittees meets every month for a minimum of two hours, according to an annual calendar previously defined. **There are 44 meeting hours per year and one of our**

purposes is to dedicate at least 80 hours per year to safety. There are records written after each committee meetings, all of which are previously prepared to monitor compliance.

This collaborative work allows a definition of strategies, allocation of resources and implementation.

▣ OCCUPATIONAL HEALTH AND SAFETY

TALENT MANAGEMENT

COMMUNITY MANAGEMENT



Employees in our Sogamoso plant, Colombia Region

We currently go into the field to record safety conditions and to reinforce positive behaviors and to draw attention to negative behaviors. This work has been facilitated by our employees. There were 40,510 observations conducted in 2015 and 60,000 observations are expected for 2016. This allowed us to identify and correct safety deviations to avoid lost time accidents.

At the same time, we develop tools of communication, risk management, qualified personnel, accident investigation, emergency

preparedness and audits, all of which with the purpose of consolidating our position as a leading company in terms of occupational health and safety.

(G4-LA5) One hundred percent of our employees in the three regions are currently represented by different occupational health and safety committees. There we deal with issues such as the identification of risks that might generate injuries

or diseases in all the company's activities and facilities, delivery of personal protective equipment and the participation of employees in the promotion and prevention actions; these aspects are recorded in the Labor Regulations. **(G4-LA8)** Likewise, 100 percent of the collective agreements include a specific chapter related to industrial safety and occupational health policy.

Management indicators

For 2015, we endeavored to reduce the accident frequency rate by 30 percent as compared to the 2014 result, a goal that we reached with a reduction of 47.5 percent. This shows that we are going in the right direction and invites us to accelerate our management.

We have improved in terms of international safety standards, on the basis of the culture perception survey conducted by the DuPont firm, going from a score of 59 points in 2013 to 70 points in 2015, which sets us closer to the best world practice of 80 points.

In addition, we have made progress in the updating and standardization of procedures and formats to manage occupational health and safety. We now have more than 40 performance indicators designed to timely assess and modify processes for our employees' well-being.

WE HAVE 40 PERFORMANCE INDICATORS FOR THE COMPANY'S HEALTH AND SAFETY ASSESSMENT, CORRECTION AND INNOVATION.

<p>■ OCCUPATIONAL HEALTH AND SAFETY</p> <p>TALENT MANAGEMENT</p> <p>COMMUNITY MANAGEMENT</p>

Occupational risks management

We have corporate systems of epidemiological monitoring for diseases related to the productive activity with three priorities: noise, breathable dust and biomechanical risk. We also have procedures to monitor, control and mitigate the occupational risk in employees who are exposed.

Our work starts with the noise and particulate matter (PM) measurement to identify areas where permissible levels are exceeded and to

establish action plans. Likewise, as a way of prevention, our employees use high-quality personal protective equipment such as high efficiency respirators for PM, safety glasses, helmets, gloves, reflective garments and hearing protectors. This is

supplemented by risk mitigation or control programs, both in the equipment and the environment. Employees who are exposed to these risks undergo regular medical check-ups.

OUR ACTION PLANS PREVENT DISEASES RELATED TO NOISE, DUST AND BIOMEDICAL RISK.

(G4-LA6) Type and rate of injuries, occupational diseases, lost days, absenteeism, and number of work-related fatalities, broken down by region and sex

Employees

		2012	2013	2014	2015	Measurement unit
Number of work-related accidents	Colombia	86	76	90	41	Cases
	Caribbean and Central America	5	5	10	5	
	United States	17	12	12	17	
Days absent due to work-related accidents	Colombia	1,451	1,520	969	462	Days
	Caribbean and Central America	249	77	69	104	
	United States	852	319	502	754	
Number of cases of occupational disease	Colombia	4	7	5	10	Casos
	Caribbean and Central America	NA	NA	NA	0	
	United States	NA	NA	NA	NA	
Days absent due to occupational disease	Colombia	21	117	0	147	Days
	Caribbean and Central America	NA	NA	NA	0	
	United States	NA	NA	NA	NA	
Number of short/long-term disability cases due to common illness	Colombia	4,517	4,743	5,486	4,644	Cases
	Caribbean and Central America	NA	NA	NA	76	
	United States	NA	NA	NA	NA	
Days of short/long term disabilities due to common illness	Colombia	16,608	19,118	18,215	20,754	Days
	Caribbean and Central America	NA	NA	NA	585	
	United States	NA	NA	NA	NA	
Total hours worked	Colombia	10,954,632	14,683,741	13,863,459	14,086,050	Hours
	Caribbean and Central America	2,740,653	3,255,391	4,459,372	2,874,077	
	United States	5,616,031	5,789,987	6,666,279	7,252,270	

(A-SI2) Contractors

		2012	2013	2014	2015
Number of work-related accidents	Colombia	88	53	72	37
	Caribbean and Central America	5	3	5	5
	United States	0	0	0	0
Days absent due to work-related accidents	Colombia	1,082	784	612	437
	Caribbean and Central America	72	22	76	63
	United States	0	0	0	0
Total hours worked by the collective contractors	Colombia	17,276,400	17,613,360	19,758,597	21,614,822
	Caribbean and Central America	1,174,565	1,395,167	1,686,202	3,426,210
	United States	NA	NA	527,118	481,518

		2015
Total number of contracting people It is also understood as total number of the suppliers' workers in the operation	Colombia	8,935
	Caribbean and Central America	1,430
	United States	240
Total number of contractors on which occupational health and safety measurement and monitoring are conducted It is also understood as total number of the suppliers' workers in the operation	Colombia	8,935
	Caribbean and Central America	1,430
	United States	240

	2014	2015			
	TOTAL	Colombia	The Caribbean and Central America	United States	TOTAL
Employees' fatalities	1	1	0	0	1
Contractors' fatalities	2	0	0	0	0
Third parties' fatalities residents of communities in zones of influence, facilities visitors and other stakeholders	9	6	NA	NA	6

See GRI Table

Total accidents and absent days in 2014, Colombia Region

(G4-LA7) Employees whose occupation has a disease incidence or high risk

		2015
Number of employees with incidence or high risk of work-related disease	Colombia	10
	Caribbean and Central America	8
	United States	NA

Caribbean and Central America: Information from Dominican Republic and Haiti. (These values were taken from the 2015 medical surveillance measurement, based on the spirometry and audiometry tests with unusual finding).

In the process of identification of the main occupational disease risks we find the highest incidence in those related to musculoskeletal problems, respiratory diseases and hearing loss. Given this situation, we decided to implement epidemiological monitoring systems for each of these risks, as well as a common illnesses preventive program, with the involvement of all employees and contractors.

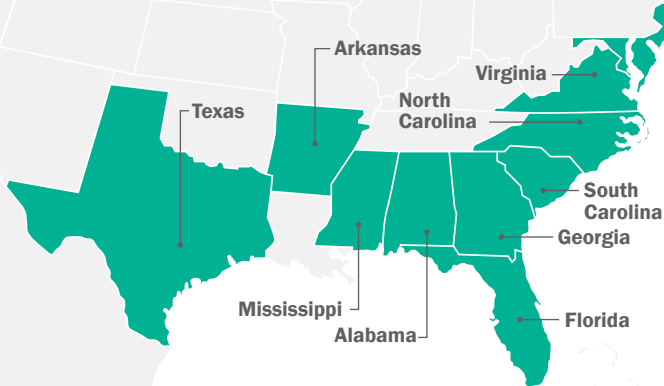
One hundred percent of our employees are trained on occupational health and safety issues. The following aspects are highlighted in these training processes: emergency plans, communication of risks, personal protective equipment, hazardous materials, materials handling, electrical hazards, prevention of occupational and common illness, and prevention for working at heights, workplace order and cleanliness, among others. (CSI – Employee Health and Safety)

- ▶ OCCUPATIONAL HEALTH AND SAFETY
- TALENT MANAGEMENT
- COMMUNITY MANAGEMENT

Regions and Technical Vice-presidency management

The OH&S structure is reflected in each of the region through the four tactical central committees, led by the Technical vice president, Víctor Lizarralde and each region vice president: Eric Flesh in the United States; Tomás Restrepo in Colombia and

Mauricio Ossa in the Caribbean and Central America region All of them are supported by a primary group and they dedicate certain time every month exclusively to discuss and address issues related to safety and health.



The United States Region

It is worthwhile to acknowledge the operation and its employees in our Newberry plant in Florida, an operation without incidents in the last ten years, a benchmark of good industrial safety and occupational health practices.

In addition, the region has two directors of Industrial Safety and Occupational Health, one for concrete and the other for cement, who support the implementation of OH&S Policies and the I Promise programs.

THE I PROMISE PROJECT HELPED US TO INTEGRATE OPERATIONS IN THE COUNTRIES AND TERRITORIES WHERE WE OPERATE.

Caribbean and Central America Region

Its geographic and cultural diversity make industrial safety and occupational health management to be a challenge. For this reason, we have undertaken to optimize this performance seeking that each country, regardless of its social or legal development, complies with the company OH&S Policy so that all people return home safely.

An occupational health and safety director was appointed as a result of this strengthening. Its mission is to strengthen the OH&S management in each country and to manage the information therein set forth.



Colombia Region

We lowered the accident frequency rate in Colombia by 54.77 percent going from 4.82 to 2.18 between 2014 and 2015. This means that the 162 injury incidents in 2014 were lowered to 78 in 2015. We now have operations that exceed five years without work related incidents, which represents a great achievement for the Colombia culture and context and it becomes a driver to continue working for our employees and contractors' health and safety. We are a benchmark of good practices in the country.

On the other hand, we expanded our team structure in 2015 by appointing an occupational health and safety director who supports all the country's operations, and an occupational health doctor as leader of occupational health. She is responsible for the prevention of occupational diseases and makes plans for the control of general illnesses.

▣ OCCUPATIONAL HEALTH AND SAFETY

TALENT MANAGEMENT

COMMUNITY MANAGEMENT

Technical Vice-presidency

In 2015, the Technical vice president trained two of its engineers as occupational health and safety multipliers and appointed a full time leader to support the management and implement action plans to avoid injuries and accidents in the construction projects led by this vice-presidency. Likewise, aspects of the health and safety system were included in its different stages of basic engineering, detail engineering, execution and commissioning of equipment or the new facility.

WE STRIVE FOR A SAFER WORLD. WE WANT TO TRANSCEND SO THAT OUR EMPLOYEES' SAFETY BECOMES A REALITY IN OUR OPERATIONS, AT HOME, IN THE FAMILY AND COMMUNITY.

We underline the generation of the culture of care, essential for safe working. It plays a key role in accidents prevention since it involves a number of skills that allow our employees to make the right decisions regarding the risks and to develop safe habits for their co-workers and their own safety and health.



Employee in our Puerto Rico plant, the Caribbean and Central America Region

Success case

- Amatia, health and safety in real time

In 2015, we designed the Amatia tool, a digital and friendly platform that will allow documenting and knowing incidents in real time, the frequency and severity rates and the number of observations per operation, business and country.

Amatia was developed in a team by all the regions, which allowed integrating our company.

In the future

- To strengthen the governance structure in OH&S
- To close the performance gaps of the occupational health and safety operations.
- To ensure compliance with the procedures that save lives (working at heights, hot work, confined spaces, equipment transportation, working with harmful energy and personal protective equipment procedures).
- To set up the Amatia platform.
- To progressively reduce the number of incidents, seeking to become a benchmark in the safety and health sector.
- To have a unified management system to keep OH&S results in the long run.

▶ OCCUPATIONAL HEALTH AND SAFETY

TALENT MANAGEMENT

COMMUNITY MANAGEMENT



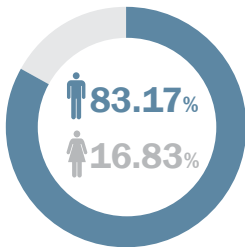
Talent management

(G4-DMA) Talent attraction, development and retention

Talent management is one of our priorities. Talent allows us to achieve organizational goals and the development of our employees. The actions we carry out about our work practices, and the attraction, retention and development of human talent are based on Global Compact principles, respect for the laws and regulations of the countries where we operate, in our talent management, diversity and inclusion, gender equality, human rights policies, and on the pillars of our corporate culture. In line with this approach and in order to reach the organization's strategic priorities, we seek to strengthen our identity as a company based on respect for diversity. To do this, we focus on the respect, relevance and leadership corporate pillars.

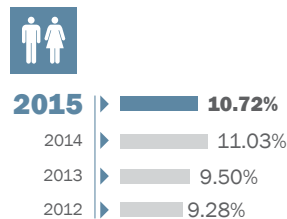
The Educa training model, along with the Performance Management Program (PGD, by its Spanish acronym) and the promotion of healthy work environments are some of the most important tools we have implemented for the management and promotion of the employees' development, which allow us to respond to the challenges of the coming decade.

(G4-LA1) New hires per gender by percent



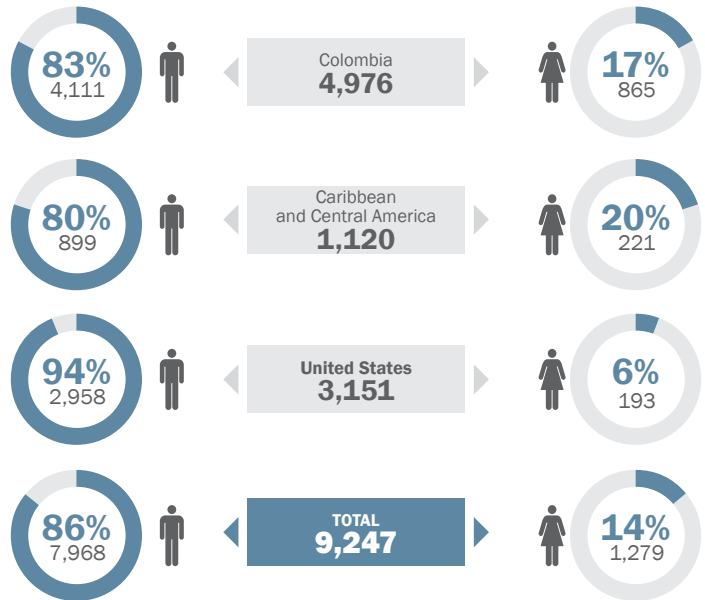
(G4-LA1)
SCAN THE CODE

(G4-LA1) Employee turnover rate



(G4-LA1)
SCAN THE CODE

(G4-9) (G4-10) Work force

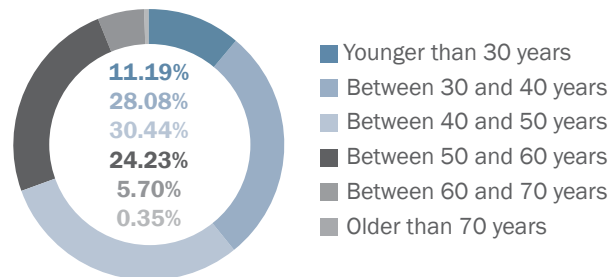


Employees broken down by employment status

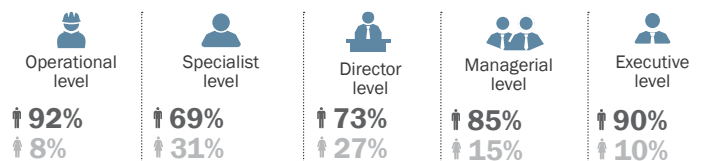


DIVERSITY IS OUR MOST VALUABLE ASSET THAT, BASED ON OUR DIFFERENCES, ALLOWS US TO BUILD AN INCLUSIVE COMPANY WITH CREATIVE POTENTIAL.

Employees broken down by age



Men and women broken down by employment status



OCCUPATIONAL HEALTH AND SAFETY

TALENT MANAGEMENT

COMMUNITY MANAGEMENT

(G4-LA10) Development of our talent

Educa combines online, face-to-face and mixed learning to incorporate specific and cross-training into the entire organization. Since the beginning in 2013, the program has shown that geographical and language barriers may be overcome through a structured training model. This is carried out by a method that allows for the identification of training needs, from the development of business variables through human talent improvement.

Educa was launched in Haiti, St. Maarten, St. Thomas, Antigua and Dominica in 2015. By having this platform in these geographical areas we not only reach our employees with courses in English and Spanish, but we also officially implemented the Educa platform in French and Creole. We expect to launch the program in Suriname and French Guiana in 2016. In addition, for personnel with low literacy levels, we redesigned orientation modules to adapt them using a simpler language and without text, totally narrated in English and Creole.

In 2015 we taught 39,972 hours of online training and had 512,376 hours of face-to-face training, 12 percent more than in 2014.

(G4-LA9) Average number of hours of annual training per employee, broken down by employment status



	2012	2013	2014	2015
Number of training hours				
Nivel 1: Executive	372	325	5,213	1,246
Nivel 2: Managerial	2,807	6,271	13,326	12,055
Nivel 3: Director	15,232	35,575	30,628	35,481
Nivel 4: Specialists	55,523	125,658	196,787	193,018
Nivel 5: Operational	80,012	218,023	246,230	310,547
TOTAL	153,946	385,852	492,184	552,348

In partnership with the Georgia Institute of Technology (Georgia Tech) we provided training processes to 47 employees in the three regions that were involved in the supply chain course in order to strengthen the supply chain, create synergies and projects among the regions with value adding.

In addition, in the United States, through our partnership with the University of California, Berkeley (UC Berkeley), we exclusively developed the Leadership for Equality course with the participation of 55 women from the Argos corporate group (35 of them belong to Cementos Argos). The course seeks to strengthen their leadership skills and analyze the importance of women's role in the corporate world and how they can lead the change. In partnership with this institution, the members of our board of directors and steering committee were also trained on how to strengthen managerial and negotiation strategies skills.

BY 2015, 96 OF OUR EMPLOYEES HAVE TAKEN GRADUATE CERTIFICATION COURSES, MASTER'S DEGREES OR DOCTORATE DEGREES IN COLOMBIA AND ABROAD WITH THE COMPANY'S SUPPORT.

In addition, we offer our employees with development opportunities. We validate the talent potential through identification methodologies. Likewise, this year we highlight the implementation of the Development Road maps model by the vice president of innovation, methodology which allows us to visualize different ways of promotion and development for employees within Argos. For next year, we expect to implement this methodology in other areas of the organization.

In order to manage performance, knowledge and to consequently promote our employees' development, Argos encourages international mobility with the possibility of working in different countries where we operate. This method also gives employees the opportunity to learn about different traditions and cultures and allows broadening work concepts and methodologies. This year, 26 employees took part in the International Mobility Program.

+ SCAN THE CODE

(G4-LA11)
Performance and development assessment

+ SCAN THE CODE

(G4-LA12)
Government bodies

+ SCAN THE CODE

Talent Management Policy

OCCUPATIONAL HEALTH AND SAFETY
▶ TALENT MANAGEMENT
COMMUNITY MANAGEMENT

Employment Equity

Thanks to the organization’s decisive process of cultural transformation, we make a positive impact on the work environment while we promote diversity, inclusion and equal opportunities principles. Convinced that diversity adds value and that it is needed to generate conditions and relations to contribute to the improvement of our employees’ quality of life, we have implemented sustainable labor practices, which were acknowledged in Colombia by the Ministry of Labor with the support of the Office of the Presidential Adviser on Equality for Women and the United Nations Development Programme (UNDP), being awarded with the “Implementation of Actions for Equality” Silver Class of the Equipares Label.

WE HAVE 55 FEMALE CONCRETE MIXER TRUCK DRIVERS IN COLOMBIA AND THE UNITED STATES.

This label is part of the label community for Gender Equality in Latin America, led by the regional United Nations Development Programme. This recognition reasserts us as a social innovation benchmark, where men and women find equal opportunities.

Based on our Diversity and Inclusion Policy, we are working on issues such as cultural adaptability, work-life balance, reinstatement and gender equality. Our goal is to have posts held according to skills, regardless of gender. This can be illustrated by female drivers who drive concrete mixer trucks and male personnel who work in secretarial positions in Colombia. We promote actions that represent significant progress in terms of equity such as telecommuting, an option that seeks to provide balance between personal and work life and the incorporation of inclusive language within our communications.



Female concrete mixer truck driver, Colombia Region

Furthermore, we are an international benchmark in terms of gender equality, and we were invited to explain our developments in Panama, El Salvador and Chile. We are now signatories of the United Nations Global Compact in the Women’s Empowerment Principles chapter.

+ SCAN THE CODE

(G4-LA13)
Comparison between women and men’s base salary, broken down by position

+ SCAN THE CODE

(G4-EC6)
Directors’ definition according to RobecoSam and DJSI: Managerial positions with a line of direct reporting up to two levels from the President. Domestic: National of a country in the region of influence

WE SEEK FOR COMPETITIVE COMPENSATION IN THE DIFFERENT MARKETS, THUS ENSURING OUR BUSINESS SUSTAINABILITY.

OCCUPATIONAL HEALTH AND SAFETY

TALENT MANAGEMENT

COMMUNITY MANAGEMENT

Corporate culture and quality of life

The seven pillars of organizational culture were deployed through activities that are part of the All Aboard strategy, which reinforced the message “It is what is inside that counts.” The goal of the All Aboard strategy was to consolidate Argos’ corporate culture and leadership style, as well as garnering a commitment from employees to do their best every day and to comply with the strategic priorities we have set as a company.

The All Aboard event reached more countries in 2015. At the Caribbean and Central America Regional Branch, it was carried out in Honduras, Antigua, Dominica, St. Thomas and Puerto Rico, and a total of 185 employees attended. Four more events were held at the United States Regional Branch, where 604 people attended. In total, we held nine All Aboard events and the total number of participants was 789.

CONCRETOS ARGOS RANKED FOURTH IN THE GREAT PLACES TO WORK 2015 LIST, AMONG THE BEST COMPANIES TO WORK FOR IN COLOMBIA*.

*IN THE COMPANIES WITH OVER 500 EMPLOYEES CATEGORY.

(G4-LA2) In tune with the framework of talent management policy and the culture pillars, we offer a portfolio of benefits, differentiated by country, which allows our employees to increase their satisfaction, time spent with their families and quality of life.

Programs such as special hours, benefits after maternity leave, proximity work, health, recreation and sports programs, and extralegal benefits (health plan, savings plan, life insurance, among others) motivate employees to exceed the company's goals, to recognize

the achievement of corporate goals and help promote a balance between work and personal life.

In 2015, we implemented in Colombia the gradual return to work of employees who were still breastfeeding. After their maternity leave, mothers return to work on a part-time basis during the first week, and then increase one hour each week until they reach a full-time workday minus one hour over the course of the first year. By law, nursing mothers in Colombia return from maternity leave and must fulfill a full workday minus one hour for breastfeeding during the six months following the end of said maternity leave.

It is also worth mentioning that in 2015 we were recognized in Colombia by the Ministry of Labor and the Ministry of Information and Communications Technologies as a leading company in the country in terms of telecommuting. In 2015, 84 employees worked under this modality. Telecommuting joins other quality-of-life-at-work practices that produce benefits such as increasing productivity, reducing stress, saving time and travel expenses, and supporting the mobility plans of the cities where we operate.

We develop work relationships under conditions of respect, equality and fair treatment. We promote dialog among our employees and management, and we receive feedback through different internal communication mechanisms. We respect the right to freedom of association or not, and to establish collective work negotiations in accordance with the law. Throughout the year, 64 percent of our employees participated in the Performance Management program. As well, the Evaluation 360° corporate strategy was carried out with vice presidents and managers in the three regional branches by their supervisors, peers and subordinates.

WE ARE THE SEVENTH BEST COMPANY AT ATTRACTING AND RETAINING TALENT ACCORDING TO THE 2015 MERCOTALENTO COLOMBIA RANKING. WE CLIMBED TWO SPOTS ON THE LIST SINCE 2014.

In the future

- We are aware of the importance of preparing our new employees to face business challenges and to reach new goals, so we will continue to strengthen our Educa training model by broadening the available educational offers according to the company's needs, and with special emphasis in virtual training.
- We will expand the performance management scope in order to cover 85 percent of our employees across different levels of the company,
- We will aim for the 360° evaluation to cover 80 percent of the posts in middle and senior management, thus increasing the base that has been evaluated so far.
- We will strengthen our Pillars of Culture across the different geographic locations where we operate.

OCCUPATIONAL HEALTH AND SAFETY

▶ TALENT MANAGEMENT

COMMUNITY MANAGEMENT

▶ Community management

(G4-DMA) Direct, close and permanent relationships with neighboring communities ensure their continuity as well as the fulfillment of our promise of value: to be good neighbors and to contribute to the local influential communities, while endeavoring to be an actor that adds to social harmony and contributes to their development. In the specific cases of the regional branches in Colombia and the Caribbean and Central America, we have a team of professionals dedicated exclusively

GOOD RELATIONSHIPS WITH COMMUNITIES ARE A PILLAR OF OUR STRATEGIC SUSTAINABILITY PRIORITIES; THEY ARE CRUCIAL TO ENSURING THE STABILITY OF OUR BUSINESS IN THE SHORT, MEDIUM AND LONG TERM.



Beneficiary of community management, Colombia

to ensuring the continuity of these relationships, directly addressing any concerns or complaints that may arise regarding the operation, and proposing and executing initiatives aimed at preventing, mitigating and offsetting the negative impacts the operation may generate.

We know that industrial activities have impacts, both positive and negative, that affect the daily life of the groups where we have settled. Our operations generate direct and indirect quality jobs, productive chains that energize local economies as well as local, regional and national tax contributions that leverage the development of the communities. Additionally, considering that the emission of PM, noise and vibrations, as well as the increase of heavy load traffic are byproducts of the life cycle of our products that can be inconvenient, we pay special attention to preventing, mitigating and/or correcting them when the aforementioned measures are not enough.



Delivery of school kits, Honduras, Caribbean and Central America

+ SCAN THE CODE



(G4-MM6)
Number and description of significant dispute resolutions related to the use of land, customary rights of local communities and indigenous peoples.

This is how we manage

Community management is becoming increasingly important across the company's diverse operations. We currently have a corporate division that designs strategies and standardizes goals and lines of work for all three regional branches.

Based on socio-economic profiles, the application of a risk model of community interactions and the identification of local actors, we acquired detailed knowledge of the areas where we operate, which enables us to intervene in a manner that is adequate and relevant to local contexts and the impacts we cause.

The main mechanism for complaints is through local teams, because we favor face-to-face contact and closeness with our various communities. We also have a Transparency Line, which has a communities category. In 2014, complaints were recorded for the Colombia Regional Branch only, but as of 2015 we began to receive complaints for the Caribbean and Central American Regional Branches as well. The communities category has 12 subcategories which were created based on the most recurrent complaints, and they refer to environmental effects (water, noise, air, vibrations, visual), mobility impairment, effects or damage to private/public property, road safety, failure to fulfill commitments, illegal mining, and invasion of land, among others. In order to see the information for the indicator (G4-S011), (Number of complaints regarding social impacts that have been submitted, addressed and resolved through formal complaint mechanisms), please refer to the chapter on Governance, Ethics and Transparency.

In 2015 we analyzed the relationship practices at each of the regional branches and we identified the strengths that could be

(G4-S02) Operations facilities with real or potential significant negative impacts on the local communities

Colombia

Actual	6	Risks and impacts associated to road safety.
Potential	6	Damages or effects to private property, issues associated with road safety.

Caribbean and Central America

Potential	3	Damages or effects to private property, issues associated with road safety.
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Nota: United States information not reported.

replicated in other areas, as well as the opportunities for improvement, based on the acknowledgment of and respect for local contexts.

Based on this, we are now working on building a comprehensive and inclusive policy for processes and procedures that take into account the particular aspects of each region and sub-region within our areas of influence.

During this same period, we updated the risk matrices for the Colombia Regional Branch and for operations in Honduras, Panama, the Dominican Republic and Haiti for the business lines of cement, concrete and aggregates. The most frequent risk at both regional branches and in the three business lines is accidents, the main causes of which are the number of heavy-load vehicles from our operations that circulate on the roads and, in some areas, lack of infrastructure and poor driving etiquette.

(G4-S01) Percentage of facilities where development, impact evaluation and local community participation programs have been implemented



Cement

Colombia: 9 plants
 Relationship and community development programs: 100%
 Voluntary initiatives: 55%

Caribbean and Central America: 1 plants
 Relationship and community development programs: 100%
 Voluntary initiatives: 100%

United States: total 3
 Relationship and community development programs: 100%
 Voluntary initiatives: 100%

■ Relationship and community development programs
 ■ Voluntary initiatives



Clinker grinding

Caribbean and Central America: 5 grinding mills
 Relationship and community development programs: 60%
 Voluntary initiatives: 100%

United States: 3 grinding mills
 Relationship and community development programs: 33%
 Voluntary initiatives: 100%



Concrete

Colombia: 27 plants
 Relationship and community development programs: 37%
 Voluntary initiatives: 50%

Caribbean and Central America: 9 plants
 Relationship and community development programs: 33%
 Voluntary initiatives: 100%

United States: NA



Ports/terminals

Colombia: 1 port
 Relationship and community development programs: 100%
 Voluntary initiatives: 0%

Caribbean and Central America: 11 puertos
 Relationship and community development programs: 63%
 Voluntary initiatives: 100%

United States: NA

75%
 of our facilities have relationship and community development programs.

- OCCUPATIONAL HEALTH AND SAFETY
- TALENT MANAGEMENT
- ▶ COMMUNITY MANAGEMENT

Note 1: Only fixed plants were considered for concrete | Nota 2: Only active grinding mills were considered
 Note 3: There are no clinker grinding mills in Colombia

Management indicators

In order to fulfill the commitment we made in 2014 to establish educational impact indicators, in 2015 we carried out an evaluation together with the University of Los Andes through which we collected qualitative and quantitative information at institutions intervened by the Argos Colombia Foundation.

The goals were as follows:

- To identify, from the perception of those involved, the impact of our interventions on indicators of school environment, coexistence, pedagogical practices, performance of teachers and students, and the relationship between them and the community in general.

- To determine the causal impact that Argos has had on the educational infrastructure in terms of variables such as access to school and attendance, quality of education (understood as standardized tests) and access to higher education.

Similarly, we developed an application together with the University of Antioquia to keep track of information, with indicators for infrastructure and quality of education, and we started implementing the Regional Educational Infrastructure Census (CIER for its Spanish acronym) instrument, donated by the Inter-American Development Bank.

The goal is to find out about the condition of the educational infrastructure in our areas of influence in order to prioritize and make decisions related to investment, and managing and monitoring the existing infrastructure.

Lines of investment

The established lines of investment, which are applied according to actual or potential damages derived from our operations and whose goals are related to building relationships and contributing to development, are: education, housing, community infrastructure, community strengthening, productive projects, social and cultural strengthening, and sponsorships.

In 2015, some of the impacts achieved by participating in initiatives related to infrastructure were:

(G4-EC7) Development and impact of investment in infrastructure and types of services

Program	Impacted People	Regional Branch	Sector	Invested Resources		Impact
				COP billion	USD billion	
Improvement, construction and provision of educational infrastructure	20,230	Three branches	Education	8.9	2.8	Better physical spaces with adequate provisions for children to study in good conditions
Improvement, maintenance and/or construction of public parks, roads, bridges, community halls	117,686	Three branches	Infrastructure	14.1	4.5	Better roads, public and community spaces that promote enjoyment and community gatherings
Housing improvements and construction. Preferential pricing on products for the improvement and construction of housing.	37,503	Colombia and Caribbean and Central America Branches	Housing	35.3	11.2	Better, healthier and safer spaces to inhabit (own investment) Better opportunities to purchase or improve housing through preferential pricing

Results by branch



United States Regional Branch

- Relationships with local communities headed by the director or manager of each operation
- Implementation of the sustainability program that includes aspects of community relations
- Recognition of relationship practices, identification of strengths and opportunities,

mapping and rating of stakeholders in all operations

- Creation of structured spaces and communication and feedback newsletter for local communities around the Harleyville and Roberta plants

organized social base and the capacity to manage programs for its development

- The involvement of communities in the development of infrastructure works and the creation of spaces for citizen oversight and socialization enabled us to strengthen relationships with our neighbors
- Along the line of community infrastructure, we can highlight five road improvements, construction

Colombia Regional Branch



- Our leadership training programs have allowed us to have a more

OCCUPATIONAL HEALTH AND SAFETY

TALENT MANAGEMENT

▶ COMMUNITY MANAGEMENT

of four playgrounds and linking of four projects related to the availability and quality of potable water

In educational infrastructure:

- Through the Argos Foundation, in Colombia we completed thirteen projects and initiated a few others related to the improvement and/or construction of public education infrastructure
- We enlisted 18 public and private allies for the development of these projects
- In 2015 we put out the second open call for the Argos Scholarship Program for Regional Development, through which 35 new students received scholarships; additionally, the program expanded its action to Honduras, where two recipients will be granted scholarships in 2016



Caribbean and Central America Region Branch

■ Focus of investment in

- the lines established at the corporate level
- Consolidation of the healthy floors program in Honduras and the Dominican Republic
- In Honduras we installed 30,378 square meters of flooring in 1,045 homes, which improved the lives of 4,384 people; in the Dominican Republic we improved 84 homes
- We expanded the coverage of the basic training scholarship program in Haiti in order to increase the productive capacity of the youths in the area

(G4-COM2) Revenue associated with social impact commercial initiatives

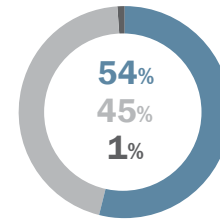
This category includes the initiatives that, while they represent revenue for the company, also constitute benefits for the population at the base of the pyramid, which translates to greater access to and improvement of housing through preferential pricing on our products.

2015 Revenues

Colombia	COP Billions	USD Millions
100,000 Homes Program: Preferential pricing on cement and concrete for legally incorporated builders who build the homes of the Colombia government's 100,000 free homes program	13.5	4.3
LIH Project: Preferential pricing on cement for legally incorporated builders who participate in Colombia's Low Income Housing program	58.9	18.7
Construyá: This program finances housing improvements and expansions; it was created by Argos to serve the non-banking population in social stratas 1 and 2. The loans can be used to purchase cement and any other construction material or tool at the depots and hardware stores registered with Construyá*	2.7	0.9
Caribbean and Central America		
National Cement: Cement sold to the State of Honduras, with preferential pricing, for social investment and development programs	9.8	3.1
Habitat for Humanity Agreement: Cement sold to Habitat for Humanity Honduras with a special discount for the development of low income housing projects carried out in Honduras	0.8	0.3
Haiti Remittance Project: Cement sold through the remittance marketing channel in Haiti	0.05	0.02
Ceilings of Hope (Techos de Esperanza) Project: Preferential pricing for the Panamanian Ministry of Housing in order to carry out social investment programs related to housing	1.2	0.4
Total	87	27.6

*In 2015, the loans added up to COP 9,081,437,370, 30 percent of which were allocated to the purchase of cement.

Classification of Contributions



Commercial initiatives with social impact
COP 40.1 billion
USD 12.7 million

Community investment
COP 33.3 billion
USD 10.6 million

Donaciones
COP 1.1 billion
USD 0.4 million

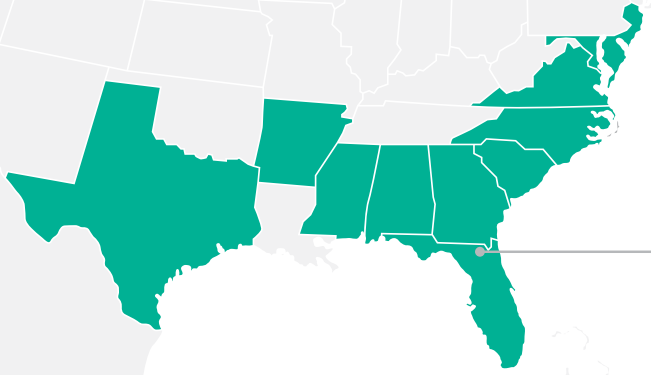


There is a large deficit in the amount and quality of housing in Haiti. This is why we created the remittances program, which allows friends in the United States to be able to direct the use of the money they send to their families specifically towards the purchase of cement that is dispensed at the hardware stores affiliated with the Argos network.

In the future

- We will standardize management processes and procedures with communities in each of the countries where we operate in accordance with operational structures
- We will enhance management processes in the United States Regional Branch with actions that will bolster our relationships with the community and mitigate our risks and impacts
- We will implement a socio-economic footprint index to measure our impact on the communities with which we have direct or indirect relationships
- We will strengthen our public and private partnerships
- We will standardize our methods for processing complaints and concerns at our three regional branches.

- OCCUPATIONAL HEALTH AND SAFETY
- TALENT MANAGEMENT
- ▶ COMMUNITY MANAGEMENT



United States

Regional Branch

COP 217 Million

USD 69,021

Caribbean and Central America

Regional Branch

COP 4,779 Million

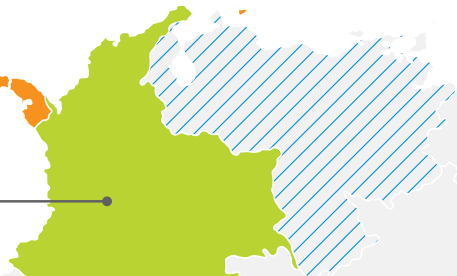
USD 1,517,425

Colombia

Regional Branch

COP 69,459 million

USD 22,054



COP 74,456 million

USD 23,6 million

Our social investment in 2015 was 32 percent higher than in 2014.



SCAN THE CODE



Number of volunteers in
2014: 1,105
2015: 1,102



Volunteer hours during work hours in
2014: 649
2015: 2,905

Beneficiaries and contributions by line of investment



Total beneficiaries of social investment programs in 2015

562,335



Education/quality
18,632

COP 3,717 billion
USD 1.2 million



Education/infrastructure
21,077

COP 8,920 billion
USD 2.8 million



Social capital
42,873

COP 2,587 billion
USD 0.8 million



Social and cultural strengthening
36,108

COP 3,611 billion
USD 1.1 million



Community infrastructure
117,686

COP 14,128 billion
USD 4.5 million



Sponsorships
9,730

COP 3,493 billion
USD 1.1 million



Production projects
570

COP 0.3 billion
USD 0.1 million



Housing
37,503

COP 35,304 billion
USD 11.2 million



Others
278,156

COP 2,390 billion
USD 0.7 million

**TO INNOVATE IS
TO BELIEVE IN TOMORROW**



Self-compacting concrete wall, Argos Center for Innovation, Medellin, Colombia

7

**ENVIRONMENTAL
DIMENSION**

Our environmental management

Managing our impact on the planet is one of our main priorities on the road to sustainability.

(G4-14) Our environmental actions promote eco-efficiency, manage biodiversity, reduce effects on climate change, promote initiatives related to sustainable construction, and establish an organizational culture that promotes the responsible use of natural resources as a function of the quality of life of our stakeholders and in compliance with our environmental policy.

(G4-14) As of 2015, we can say with utter certainty that our environmental management goes beyond identifying and monitoring environmental impacts, and that it is evolving well towards the prevention, mitigation, correction and offset thereof.

We are also working on extending good practices along the entire production chain, on fulfilling all legal requirements and commitments made to national and international agencies

we belong to, and on community co-management and self-management in the regions where we operate.

Among the results of our management, we can highlight that by the end of 2015 our emissions were 601 kg of CO₂ per ton of cementitious material, which is 29 percent of our goal for 2025.

Additionally, the substitution of fossil fuels reached 6.1 percent, water abstraction was reduced by 7.8 percent, PM indices decreased by 18.3 percent, and the percentage of liberated areas that have been rehabilitated reached 72.7 percent. We work together with our employees, the communities and governments of the countries where we operate, and with associated environmental agencies.

All our management work has been included in the information dissemination schemes and is part of corporate training programs.

► Energy and co-processing **(G4-DMA)**

As an organization that uses caloric and electric energy intensively, achieving greater efficiency in their use throughout the production process is our constant pursuit.

This is why our energy policy seeks to minimize the consumption of energy in our operations, in order to bolster the company's competitiveness and to minimize risks. It is an exercise consistent with our commitments to our stakeholders.

Additionally, through innovation we can build an efficient and inclusive energy model in which the use of alternative fuels is essential. Using fuels other than fossil

fuels is an opportunity for the cement industry. By means of co-processing we are moving forward in the pursuit of replacing coal and other fossil fuels with tires, plastic and other unconventional supplies.

By optimizing energy efficiency and replacing fossil fuels with alternative fuels, we are also contributing to reducing the intensity of our CO₂ emissions during the production process.

Our commitments by 2025 are to decrease our caloric consumption by 10 percent and our electricity consumption by 15 percent, with the year 2012 as the baseline. We are also seeking to substitute 18 percent of the caloric consumption of fossil fuels with alternative fuels.

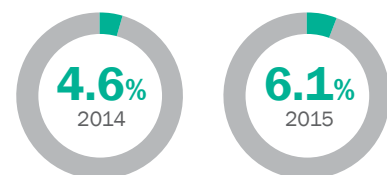
IN 2015 WE REACHED A FOSSIL SUBSTITUTION RATE OF 6.1 PERCENT BY USING ALTERNATIVE FUELS AND BIOMASS, WHICH REPRESENTED AN INCREASE FROM 2014.



Energy performance and co-processing

Likewise, our consumption of caloric energy in our kilns was 3.86 GJ per ton of clinker, while the consumption of specific electrical energy reached 111 kWh per ton of cement, which includes the consumption of electrical energy from the crushing activities at the mine up to the cement silo.

(A-ENE1)
Substitution of fossil caloric consumption with alternative fuels



► ENERGY AND CO-PROCESSING

SUSTAINABLE CONSTRUCTION AND MATERIALS

CARBON EMISSIONS

WATER

BIODIVERSITY

OTHER EMISSIONS

It is also worth noting that the installation of new vertical mills at our Harleyville plant in the United States and at our Rioclaro plant in Colombia will contribute to decreasing the consumption of electrical energy because of their greater energy efficiency.

In addition, the tire co-processing project started operations at Rioclaro and it reached a 1 percent substitution of fossil fuels for alternative fuels.

For their part, all the regional branches carried out energy audits in order to evaluate operations comprehensively including the consumption of energy, both caloric and electric, with the purpose of identifying the lines of work and the priorities of each one.

Within other lines of management, we increased the productivity of cement grinding in the Colombia and the Caribbean and Central America Regional Branches, and as a consequence we achieved significant improvements in the mills' yield per hour and, subsequently, energy consumption decreased significantly.

During 2015 we also began to deploy the energy policy in all our operations.

THE NEWBERRY AND ROBERTA CEMENT PLANTS RECEIVED THE ENERGY STAR CERTIFICATION FROM THE ENVIRONMENTAL PROTECTION AGENCY (EPA) THAT IS AWARDED TO PLANTS THAT MEET THE ENERGY EFFICIENCY CRITERIA.

Risk management

Carrying out a productive activity in which the cost of energy can represent up to 40 percent of the total cost of production poses significant challenges in terms of risk management. This is why we have an updated mapping of the risks and opportunities related to energy, as well as a task list that guides our performance.

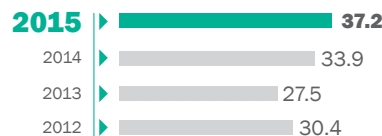
Including different fuels leads us to constantly consider the risks inherent in each market with respect to current regulations in the countries where we operate and their contexts. Identifying these variables and designing innovative strategies is our job in order to ensure the continuity of our business.

(G4-EN3) Internal consumption of energy



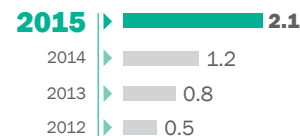
Cement

Consumption of energy (GJ) | Millions



Concrete

Consumption of energy (GJ) | Millions



SCAN THE CODE



Generation of energy

Consumption of energy (GJ) | Millions



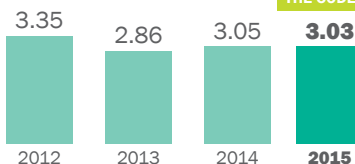
Aggregates

Consumption of energy (GJ)



(G4-EN5) Cement energy intensity

(GJ/t)



Note: This indicator includes all fuels and electrical energy consumed from the moment of extraction at the mine up to the time of cement packaging



SCAN THE CODE

In the future

- We will continue to work on initiatives that enable us to increase the co-processing of tires and other alternative fuels
- We will continue to implement projects that contribute to the decrease of energy use in order to reach the goals established by our energy policy
- We will continue to monitor and analyze different sources of energy that enable us to optimize and ensure the necessary energy resources for our business
- We will continue the study of additions to reduce the clinker cement factor and to reduce the consumption of electrical energy in the process



SCAN THE CODE



(G4-EN6)

Reduction of total energy consumption

ENERGY AND CO-PROCESSING

SUSTAINABLE CONSTRUCTION AND MATERIALS

CARBON EMISSIONS

WATER

BIODIVERSITY

OTHER EMISSIONS

▶ Sustainable construction and materials (G4-DMA)

Sustainable Construction

As one of the pillars of our environmental policy, sustainable construction shows our customers the environmental results of our products beyond our operations; this is a way to foster a culture of good sustainability practices related to the use and application of the products our company offers to the market.

This is how sustainable construction has evolved across the different regions where we operate, and how it is starting to generate positive impacts beyond the environmental realm by producing benefits for human health.



Argos Center for Innovation Auditorium, Medellin, Colombia Regional Branch

Performance of SUSTAINABLE CONSTRUCTION AND MATERIALS

(A-CSM1) In order to minimize the impact of our operations, in 2015 we focused our efforts on using alternative materials in the production process which enabled us to reach a substitution rate of 7.5 percent and 2.6 percent in cement and concrete operations, respectively. Similarly, we made progress with the project to use recycled aggregates to manufacture concrete (see chapter on innovation).

Likewise, we continued working on our commitment to find alternatives for the final disposal of waste generated by our industry.

Therefore, because we are aware of its importance in today's world, the sustainable construction pillar of our environmental policy challenges us to minimize the environmental impacts of our products throughout their life cycle in such a way that we can offer our customers products with increasingly superior environmental characteristics.

In this regard, sustainable construction has become one of our main lines of action. It started as a goal to innovate, but now is a material issue as we seek to consolidate our goal into a clear strategy that responds to the environmental needs, market opportunities and satisfaction of our customers.

We have taken on the challenge of innovating in our products by increasing the use of alternative materials that replace natural raw materials, clinker and cement.

The purpose of this is to offer the industry added-value solutions whose sustainability, durability and functionality features promote improvements in the environmental performance of the product's life cycle.

An example of the above are ultra-high performance concretes that, due to their resistance and durability features, enable applications with lower CO₂ intensity (see chapter on innovation).

IN 2015, AT THE COLOMBIA REGIONAL BRANCH WE SUPPLIED SOLUTIONS TO MORE THAN 50 PROJECTS SEEKING THE LEED® CERTIFICATION.

In 2015 we generated a total of 351,212 tons of waste, which represents a decrease of 18 percent compared to 2014.

(G4-EN28) The Green Bags (Sacos Verdes) program is an initiative that enables us to close product cycles; it totaled 111 subscribed

ENERGY AND CO-PROCESSING

▶ **SUSTAINABLE CONSTRUCTION AND MATERIALS**

CARBON EMISSIONS

WATER

BIODIVERSITY

OTHER EMISSIONS



SCAN THE CODE



(G4-EN1) **(G4-EN2)**

Co-processed materials and recycled materials

customers which is 54 percent more than in 2014, represented across 481 projects (more than twice than in 2014).

In total, 987,187 bags were recycled, which is equivalent to 141 tons of paper. This means we obtained a 38.8 percent rate of bag returns. In 2015 this program enabled us to determine that 18 percent of the weight of returned bags was represented by cement, which has led us to promote sustainable practices among our customers in order to encourage the

use of this product and minimize its waste.

We demonstrated our commitment to sustainable construction by having LEED® Gold certified offices at our Bogota headquarters, located in the Argos Tower, which itself is LEED® Silver certified. Additionally, the Argos Center for Innovation is currently in the process of obtaining the LEED® certification as well. We used our own products and solutions for the construction of both the Argos Tower in Bogota and for the Argos Center for Innovation.

In the future

- In 2016 we will define our strategy and specific goals for sustainable construction to be achieved by 2025
- We will endeavor to continue to generate a positive impact on society, for our customers, to strengthen our portfolio and our competitive position in this market

► Carbon emissions (G4-DMA)

2015 was a landmark year for climate change. Not only because it was the period with the highest temperatures ever recorded, during which the concentration of CO₂ in the atmosphere exceeded 400 parts per million, but also because it was the year during which more than 195 countries reached an agreement to fight the threat that climate change represents. This global agreement, achieved at the COP 21 conference, means we need to take actions that are in line with the expectations of different stakeholders in order to contribute to the sustainable growth of the company and to the transition to a low carbon emission economy.

Considering that the cement industry is intensive in its consumption of energy and CO₂ emissions, our environmental policy challenges us to decrease our emissions of greenhouse gases while we adapt to the impacts climate change will bring to the regions where we operate.

As such, our management of climate change is focused on managing risks and opportunities by implementing a strategy of mitigation and adaptation accompanied by continuous innovation in our processes and products within the parameters and expectations of suppliers, customers, communities and shareholders.

We work together with other organizations in the cement sector and we are part of voluntary



Forest Reserve, Panama, Caribbean and Central America Regional Branch

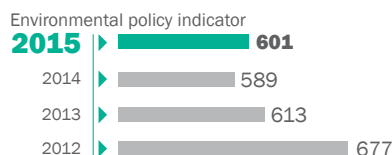
initiatives that allow us to identify and adopt the best practices, such as the CSI and the World Business Council for Sustainable Development (WBCSD).

We also work to ensure that we reach the goal we have established for 2025 to reduce by 35 percent the specific net CO₂ emissions of our cement activities,

compared to 2006 as baseline.

(A-EC1) Among the results of our management work we can highlight the fact that total emissions by the end of 2015 were 601 kilograms of CO₂ per ton of cementitious material, which corresponds to a decrease of 29 percent compared to our baseline.

Specific net emissions of CO₂ kilogram/ton cementitious material



Baseline 2006
 Year established for goal 2025
 Goal to reduce specific net emissions of greenhouse gases in cement by 35 percent

By 2025 we will reduce 35 percent of kg of CO₂ ton of cementitious material

+



(G4-EN18)
 Intensity of GHG emissions

ENERGY AND CO-PROCESSING

SUSTAINABLE CONSTRUCTION AND MATERIALS

► CARBON EMISSIONS

WATER

BIODIVERSITY

OTHER EMISSIONS

As for the intensity of CO₂, there was an increase of 2.1 percent for cement operations due mainly to a shortage of natural gas at the Colombia Regional Branch, which implied a higher consumption of coal as the main fuel.

Our progress in energy management has been significant in terms of decreasing emissions. For example, we achieved important milestones in the substitution of fossil fuels for alternative fuels and in decreasing the consumption of caloric and electrical energy.



In 2015 we were included in the Climate Disclosure Leadership Index (CDLI) for Latin America in which we were acknowledged as leaders by placing us among the top 10 percent of companies in terms of good practices, quality and transparency of information related to climate change.



Cementos Argos participated in the COP 21 conference as a voice for the cement industry in the panel “Delivering technological Solutions—Public and private collaboration to drive innovation,” in which our president, Jorge Mario Velásquez, presented the proposal of the cement industry, as part of the CSI, towards a low carbon economy (the LCTPi) and the progress our company has made along this line.



SCAN THE CODE



(G4-EN17)
Emission of greenhouse gases Scope 3

ENERGY AND CO-PROCESSING

SUSTAINABLE CONSTRUCTION AND MATERIALS

▶ CARBON EMISSIONS

WATER

BIODIVERSITY

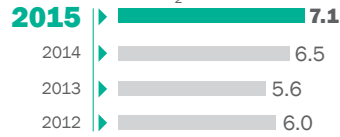
OTHER EMISSIONS

(G4-EN15) (G4-EN16) Direct and indirect emissions

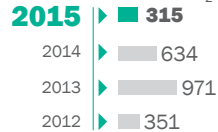


Cement
GHG emissions

Direct millions of CO₂ tons

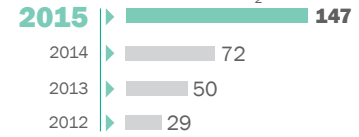


Indirect thousands of CO₂ tons

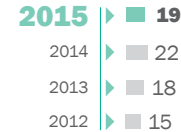


Concrete
GHG emissions

Direct Direct thousands of CO₂ tons



Indirect thousands of CO₂ tons



(G4-EN15)

(G4-EN16)

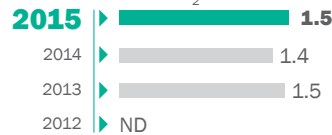


SCAN THE CODE



Aggregates
GHG emissions

Direct thousands of CO₂ tons



Indirect thousands of CO₂ tons



Generación de energía
GHG emissions

Indirect thousands of CO₂ tons



SCAN THE CODE



(G4-EN19)

Reduction of emissions



Co-processing at the Rioclaro plant, Colombia Regional Branch

Risks and opportunities associated with climate change

Climate change generates risks and opportunities for our industry, therefore we are working to prevent and minimize the negative impacts and enhance the positive effects of our operations.

During 2015 we identified and evaluated the inherent risks of climate change and its interrelationship with the company's strategic risks, which in turn will allow us a comprehensive management strategy framework as defined by the company.

BETWEEN 2006 AND 2015 THE USE OF ALTERNATIVE FUELS, THE OPTIMIZATION OF THE CEMENT CLIKER FACTOR AND THE EFFORTS TO IMPROVE ENERGY EFFICIENCY HAVE ENABLED US TO REDUCE BY 29 PERCENT THE KILOGRAMS OF CO₂ PER TON OF CEMENTITIOUS MATERIAL²



Co-processing of tires at the Harleyville Plant, United States Regional Branch

(G4-EC2) Direct and indirect emissions

⚠ Potential impact

Risks from regulation changes

Changes in applicable regulations and standards

1 International agreements

⚠ Loss or decrease of income

2 Market of CO₂ emissions

⚠ Loss or decrease of income

3 Carbon taxes

⚠ Loss or decrease of income

4 Mandatory report of CO₂ emissions

⚠ Damage to the image of the company

Risks from change in physical parameters of climate

5 Afectación de las operaciones por eventos de la naturaleza

⚠ Pérdida o disminución del ingreso

Risks from other climate related variables

6 Effect on operations caused by natural events/sdrs

⚠ Loss or decrease of income

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

⚠ Loss or decrease of income

Likewise, we have continued to make progress along the lines that represent the greatest opportunities in the face of climate change:



Improvements in the efficiency of caloric and electrical energy consumption in Argos' operations



Substitution of fossil fuels for alternative fuels



Increase in the use of alternative materials in the production of cement (decrease of the clinker/cement factor)



Innovation in the development of new products, processes, services and applications low in CO₂ intensity.

In the future

- We will detail our management work related to our direct emissions based on specific plans for operations that enable us to push forward our progress towards the established goal of decreasing CO₂ emissions
- We will have an external audit of our inventory of CO₂ emissions to confirm the transparency of the report and in the management of emissions



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(G4-EC2)

Risks and opportunities associated with climate change

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Cement mixing trucks that run on natural gas, United States Regional Branch

(G4-EN30) Transport

As part of our sustainability initiatives, transport management is very important as it is a key link in our operational activities, as well as in the safety of our employees, the supply of the production chain, customer service, our competitiveness in the industry and our environmental impact, among other aspects.

Our approach to this issue is focused around operational efficiency and effectiveness, safe, agile and timely deliveries that are cost efficient, the implementation of good practices that minimize emissions, and the constant pursuit of offset strategies.

In 2015 our management work was centered on managing environmental impacts. We made progress in the measurement of direct CO₂ emissions (scope 1) generated by transportation for the cement business, and the measurement of the cement business' carbon footprint (scope 3). By the end of our work in 2015, we had calculated the direct CO₂ emissions generated by the transportation of concrete in our three regional branches, which estimated the generation of 121,781 tons of CO₂. These emissions are counted in the direct CO₂ emissions of the concrete business. **(G4-EN15)**

We know that the scope of our operations goes beyond the direct impact of our plants, which is why we continue to calculate the CO₂ emissions (scope 3) that correspond

to the transport of raw materials for the manufacture of cement, and the transport of finished products in the Colombia Regional Branch, where 112,916 tons of CO₂ were generated in 2015.

We are also aware of the impact generated by fossil fuels, which is why we commissioned 40 mixing trucks that run on natural gas at the United States Regional Branch. They will allow us to reduce CO₂ emissions and increase the use of cleaner fuels.

Similarly, we remain committed to increasing the use of mobile plants that require a lower mobilization of raw materials and finished products, and that minimize the consumption of fuels and emissions associated with transportation.

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▶ Water (G4-DMA)

Water is essential to life and is closely related to the social, economic and political dimensions of our planet. The appropriate management of water in the cement, concrete and aggregates industry is relevant because it is a main and auxiliary material used in direct operations and in the supply chain, both for the operation of production processes and to fulfill the need for drinking water and basic sanitation of the company's employees.

This is why at Argos we are committed to using this resource responsibly, focusing our management strategy on two lines of action that contribute to ensuring its availability, both for the company and our stakeholders:

The efficient use of water through the correct quantification of the consumption of water in operations and the implementation of plans to reduce this consumption, such as technological reconversion, reusing water, reduction of losses, utilization of rainwater, among other things Managing water resources through the identification, evaluation and management of risks associated with the consumption of water.

Efficient use of water

In line with the goals we have established in our environmental policy of reducing specific water consumption by 30 percent in the production of cement by 2025 and by 20 percent in the production of concrete by that same year, in 2015 we remained committed to measuring our water footprint and



Artificial reserve, Panama, Caribbean and Central America Regional Branch

(A-A1) Environmental policy indicator



Cement (L/t)

Specific consumption of water in liters per ton

2015 ▶ 350



Concrete (L/m³)

Specific consumption of water in liters per cubic meter

2015 ▶ 249



Aggregates (L/t)

Specific consumption of water in liters per ton

2015 ▶ 64

to implementing the best practices in order for our processes to consume less of this resource. This is how we managed to decrease the specific consumption of water of the cement business by 46 percent and by 8 percent in the concrete business compared to 2012. This way we surpassed the goal that had been initially set for cement, which will lead us to revise it.

Water risk management

We are permanently vigilant of the water supply of the basins where our facilities are located. We use the Global Water Tool (GWT), which enables us to implement water management strategies in a prioritized manner for facilities located in areas of water stress, that is, in hydrographic basins whose availability of surface water is below 1,700 m³ per person per year. During the last analysis we carried out, we found that 21 percent of our plants are located in areas in this condition.

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Results of our management work in 2015

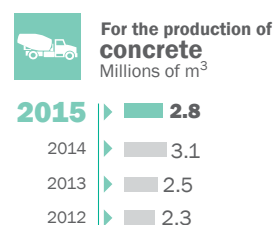
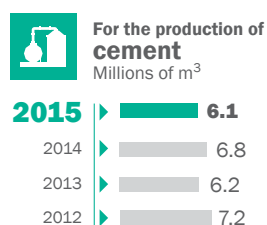
Our actions for water conservation incorporate the guidelines of the six principles of the CEO Water Mandate, an initiative we signed in 2014. The following information constitutes our Communication of Progress of this Global Pact initiative:

1. Direct operations: In line with our corporate strategy for water management, in 2015 we developed two guides that will allow us to improve the quantification and reporting of water consumption of our operations. The first is the Argos Protocol for Water Reporting, which contains the guidelines to calculate water-related indicators, and the second is the Argos guidance on good practices for water accounting, and it contains the indications to account properly for this resource. They are both the product of adapting the guides developed by the Water Work Group of the CSI through field work that enabled us to detect the best practices, operational difficulties and methodologies at our concrete, cement and aggregates plants at the regional branches in the United States, Colombia and the Caribbean and Central America.

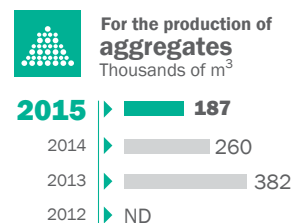
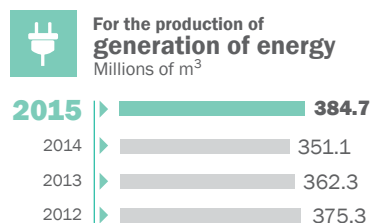
recirculation of industrial water, as is the case of the cement plant in Panama, where we invested USD 45,000 in order to minimize industrial dumping and thus reduce water abstraction.

For its part, the Colombia Regional Branch made progress in our effort to measure water with state-of-the-art instruments that enable us to have better control of the flow of water within the facilities, which in turn helps us to identify opportunities for improvement and to increase the efficiency of water use, with an investment of COP 300 million.

(G4-EN8) Total abstraction of water in m³



(G4-EN22) Additionally, in 2015 we made progress in the formulation and implementation of comprehensive water management plans at the cement and concrete facilities of the Caribbean and Central America Regional Branch, with an investment of USD 130,000. Similarly, we currently have projects underway for the



(G4-EN10) Total percentage and volume of recycled and recirculated water in m³

	2012		2013		2014		2015	
	m ³	%	m ³	%	m ³	%	m ³	%
Cement	2,014,518	27.9	1,768,646	28.59	1,822,926	26.78	2,468,982	41
Concrete	392,527	17.27	516,875	20.86	965,175	30.91	551,966	20
Generation of energy	270,611	0.072	17,510	0.005	4,581	0.001	25,752,257	6.7
Aggregates	ND	ND	507,314	132.72	462,047	177.09	298,376	159.3

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(G4-EN22)

Dumping

THE TOTAL VOLUME OF RECIRCULATED WATER IN 2015 WAS 29,071,581 M³.

2. Management of supply chain and basins:

Another one of our significant achievements was the annual evaluation of global water risk with the GWT, which helped us to determine that 319 plants, or 21 percent of the total plants in operation at our three regional branches, are currently located in basins under water stress.

Additionally, we made progress with other analytical tools that will enable us to assess and manage water risks at the local level as well as to consider risks other than scarcity, such as risks associated with issues of quality of water, floods, reputational risks, and legal risks, among others. In 2016 we will define which of the assessed tools is the most adequate for our needs.

IN 2015 WE ASSESSED THE GLOBAL WATER RISK WITH THE GLOBAL WATER TOOL. 79 PERCENT OF OUR PLANTS ARE NOT IN CONDITIONS OF WATER STRESS.

Likewise, in 2016 we plan to expand the scope of our global water risk evaluation to our critical providers at the three regional branches in order to determine which of them are located in areas of water stress and work with them in a prioritized manner to advance sustainable water management along our supply chain.

Moreover, in 2015 we evaluated 53 critical suppliers of the Colombia Regional Branch and one supplier of the Caribbean and Central America Regional Branch using the Supply Sustainability Index made by MIT for Argos. We also evaluated seven critical suppliers at the Colombia Regional Branch using the sustainability index developed by conTREEbute.

Among other actions, we can highlight our monitoring and participation in the formulation of 19 Regulation and Management Plans for



Natural reserve, Rioclaro, Colombia.

Basins and Aquifers (POMCAs is the Spanish acronym) at the Colombia Regional Branch.

At eight of them we were chosen to represent the production sector at their Basin Councils.

We also continued to contribute to the conservation of the water resources and ecosystems of Beidler Forest in the southeastern United States.

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3. Collective actions: We participated actively in the construction of the local division of the CEO Water Mandate in Colombia together with Isagen, Celsia, Postobon, Nutresa, Bancolombia, Ecopetrol and Bavaria, among other companies that are unifying their good practices, management work and projects in favor of water resources.

As part of the group of 25 companies that make up the CSI, in 2015 we continued to participate in the Water Work Group, whose objective it is to generate common indicators and best practice guides that enable the use of water resources to be sustainable in the industry of cement, concrete and aggregates.

We also contributed to the discussions related to water issues in the sector tables of the National Association of Industrialists of Colombia (ANDI is the Spanish acronym), in the National Ready Mix Concrete Association (NRMCA), in the Portland Cement Association (PCA), and we became involved with the Colombia Ministry of Environment and Sustainable Development's campaign: *"All against wastefulness"* which promotes the efficient use of water to offset the effects caused by El Niño.



Natural reserve, Rioclaro, Colombia.

4. Public policy: By participating in trade associations, we continue to push toward the achievement of our Millennium Development Goals through the generation of ideas and recommendations for the formulation of water-related regulations. This is how in 2015 we monitored and intervened in the revision of different regulatory projects related to water resources. At the Colombia Regional Branch, we participate actively in reviewing regulatory projects such as the National Development Plan, the Regulations for Reusing Treated Wastewater, and the Regulations for Ocean Dumping, among others, while at the United States Regional Branch we participated in the discussions for the Waters of the United States (WOTUS) through the ANDI and the PCA, respectively.

5. Communities: We have made an effort to understand the challenges related to sanitation and water management in the communities where we operate, and we are vigilant of the impact our operations may have on these dynamics. This is why in 2015, based on the lessons learned within the framework of the Suizagua Project, we continued our environmental awareness and education campaigns at the Colombia Regional Branch aimed at students from schools around the Toluviejo plant.

6. Transparency: In 2015 we reported the results of our water management work in our annual comprehensive report, which we put together based on the guidelines of the Global Reporting Initiative (GRI) and in which we divulge the key performance indicators developed by the CSI. Additionally, we published the Progress Communication of the CEO Water Mandate and we filled in the Dow Jones Sustainability Index survey, for which we obtained the best score in the industry for our water management work for the second year in a row.

In the future

- In 2016 we implemented a training program based on the Water Report Protocol and the Best Practices Guide for the Quantification of Water at the three regional branches
- We will continue to identify global water risks for our operations and we will broaden the scope to our critical suppliers
- We will select and implement a water risk evaluation and management tool for our local operations

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Biodiversity (G4-DMA)

The value and importance of biodiversity in the environmental is recognized by our company. Therefore, as part as our commitment to conservation and together with important allies, we have developed strategies to prevent, mitigate, correct and offset our impact on biodiversity. We center our efforts around two lines of action: rehabilitation of intervened areas and management of biodiversity.

Rehabilitation of intervened areas

Our management work is focused on designing strategies that enable the comprehensive rehabilitation of areas after mining operations have concluded, in order to recover their environmental, social and economic functionality. This way, we promote

AS A RESULT OF OUR MANAGEMENT WORK, WE OBTAINED IN 2015, FOR THE SECOND YEAR IN A ROW, THE HIGHEST SCORE FOR BIODIVERSITY IN THE DOW JONES SUSTAINABILITY INDEX.

the rehabilitation of soil which in turn enables us to develop ecologic restoration models aimed at recovering and, in some cases, improving the ecosystemic services of the areas where we operate.

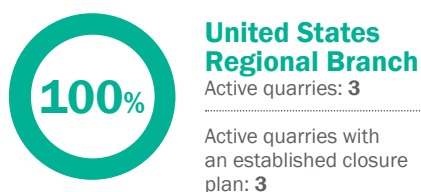
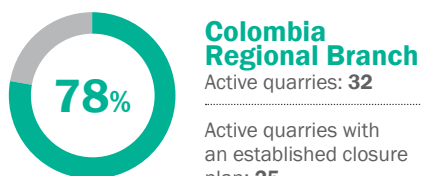
In accordance with our 2025 goal, which stipulates that 100 percent of mining operations will have to have an established closure plan, by the end of 2015 the amount

of quarries with this plan was 74 percent.

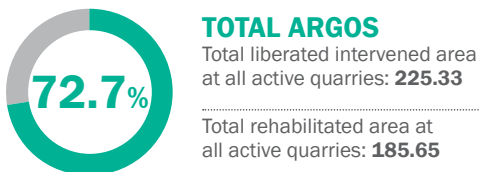
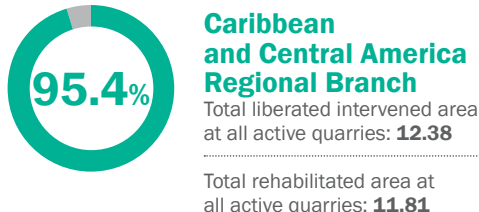
Likewise, in 2015 72.7 percent of intervened areas liberated at active quarries were rehabilitated thus surpassing this year's goal, which is to permanently have 70 percent of liberated areas rehabilitated by 2025.

The terms of reference for closure plans or rehabilitation, formulated and divulged in 2014, were broadened in 2015 with an exclusive chapter that contains the design elements and considerations for the quarry restoration process. This information was shared at the IV Technical Mining Conference "Mine planning in the short, medium, and long term" and "Closure plans for mining projects," which was organized by the resource development management area and

A-BI1 Number and percentage of active quarries with established closure plans



A-BI2 Number and percentage of rehabilitated liberated intervened areas



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where experts from other companies also participated. The employees responsible for planning and production of facilities at our company attended as well.

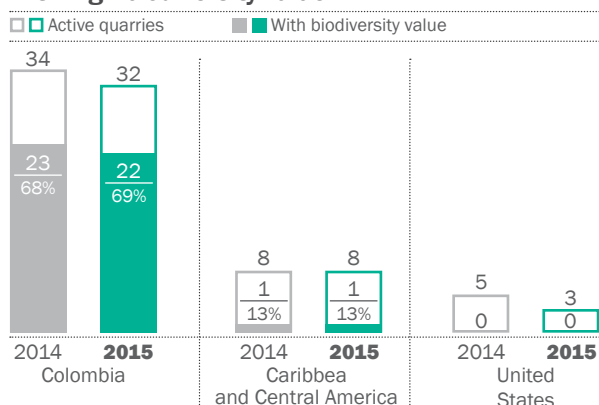
Additionally, during 2015 we formulated the second phase of the soil rehabilitation project together with the University of Antioquia, which will continue through 2016 and 2017 with pilot tests in the field in order to evaluate the species of nitrogen-fixing bacteria and bacteria

that promote vegetation growth that were isolated and identified during the first phase of the project in the soil of the areas where our facilities are located.

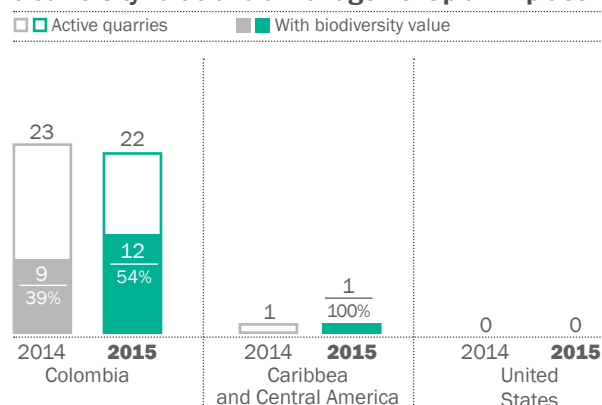
All of our biodiversity management actions are in line with the guidelines established by the Cement Sustainability Initiative, which we have been a part of since

2010 and in which we participate actively in through the Biodiversity Work Group. In this group we have defined key indicators to measure the performance of member companies and we have formulated guidelines to guide their development of quarry rehabilitation plans, biodiversity management plans and their evaluation of their environmental and social impacts.

(CSI-B1) Number and percentage of quarries with high biodiversity value



(CSI-B2) Number and percentage of active quarries with biodiversity value and a management plan in place



Biodiversity management

Through this line of action, and based on the evaluation of our impact on biodiversity, we focus our work on properly managing this impact by developing operation management plans in areas of high value.

In this regard, last year we participated in the CSI Biodiversity Work Group where we helped to analyze, review and create new management methodologies and indicators to evaluate the efficiency and strength of the actions to be implemented in the rehabilitation and biodiversity management plans. In order to do this, we expect to have in 2016 a new performance indicator for rehabilitation issues on intervened areas and a methodology to evaluate the net impact on biodiversity by the cement industry, which will be constituted in a crucial tool that will enable us to project a model management procedure for all three

regional branches. As a complement to the above, we carried out the process of selecting the tool to identify and prioritize the operations located in areas of high biodiversity

value. The chosen tool was the Integrated Biodiversity Assessment Tool (IBAT), which will allow us to determine potential risks related to biodiversity by the location of our operations with respect to specific areas of importance to biodiversity.

(G4-EN11) Number of facilities with high biodiversity value

	2014			2015		
	Active	N°	%	Active	N°	%
United States Regional Branch	230	1	0.4	244	1	0.4
Caribbean and Central America Regional Branch	21	4	19	21	3	14.3
Colombia Regional Branch	73	32	44.4	70	30	42.9
TOTAL	324	37	11.4	335	34	10.1

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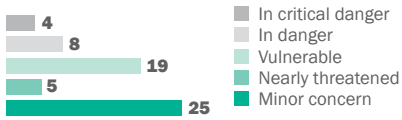
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(G4-EN14) Species included in the IUCN's red list and whose habitats are located in areas impacted by operations



The *Agalychnis Terranova* frog, Rioclaro, Colombia

+ SCAN THE CODE

(G4-EN14)
Threatened species

Other achievements of 2015

At the XXXII Technical Congress of the Inter-American Cement Federation (FICEM is its Spanish acronym), held in Mexico City, we revealed the results of our research on soil rehabilitation and the use of clinker dust as a conditioner for soil intended for agricultural purposes.

Based on the results obtained from the first area of research, we will begin to adjust the protocols for soil rehabilitation and ecological restoration currently in use for our operations.

The results of the second area of research open up the possibility of different uses for the waste generated by our processes, thus mitigating our impact even further and turning it into an innovative alternative.

Colombia Regional Branch

- Implementation of the conservation plan for the *Agalychnis terranova* frog, which lives in an area of the Mid Magdalena Valley, where some of our operations are located.
- We participated in the work group of the "Biodiversity and Development" initiative—led by the National Association of Industrialists of Colombia (ANDI), the Ministry of Environment and Sustainable Development, the National Agency for Environmental Licenses (ANLA for its Spanish acronym), the Alexander von Humboldt Institute, the Sinchi Amazonic Institute of Scientific Research and National Parks of Colombia—in which we reviewed regulatory projects such as the update to the Manual to Offset Biodiversity Losses and we worked on proposals for collective initiatives related to prioritized basins in the country, such as the Dique Channel, for which there is currently a proposal in the works to restore its wetlands.

We studied the biodiversity of **228** hectares at the Caribbean and Central America Regional Branch

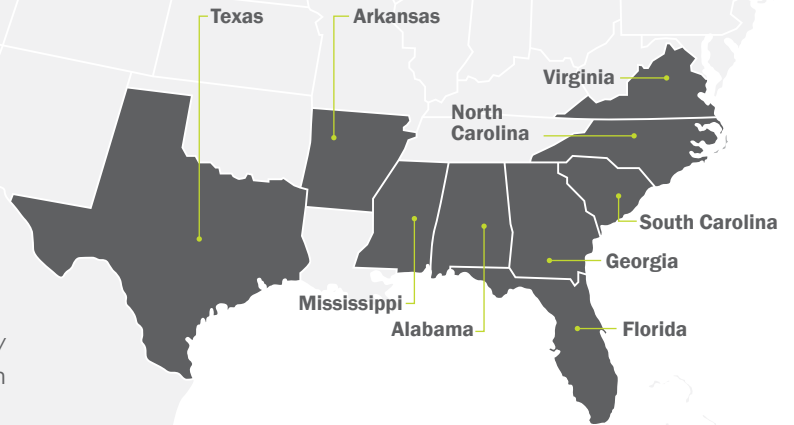
Caribbean and Central America Regional Branch

- The partnership with the Smithsonian Institute in Panama, through which we carried out biodiversity studies on 228 hectares planted with native and introduced species in areas formerly used for mining, allowed us to determine the importance of each type of coverage (with native species, introduced species, secondary forests and riparian forests) for both biodiversity and for the services of the newly created ecosystems, especially water and environmental quality. Among the highlighted results are the presence of 152 species of birds (of which 15 are migratory), 37 of bats, 12 of amphibians, 11 of reptiles, 6 of small mammals and 15 species of large mammals, as well as 263 species of butterflies and a new geographical distribution of the *Diasporus citrinobapeus* frog in Panama. We also managed to determine the relevance of the planted areas to the hydrological services associated with the Panama Canal sector.



United States Region

- The results of our strategic partnerships are ongoing. Our terminals at Cordele, Newman, Ball Ground and Durham, as well as the cement plants at Roberta, Harleyville and Atlanta, continued with the certification awarded by the Wildlife Habitat Council (WHC) for preserving special sites to conserve biodiversity. They are joined by the Manatee terminal and the Tampa and Newberry plants, which were also certified in 2015.
- We contributed USD 10,000 to conservation projects led by the National Audubon Society, a non-profit American organization dedicated to the conservation of nature. Of particular note is our support to the conservation project for the migratory bird *Prothonotary warblery*, as one of their key habitats is in the Beidleren Forest of South Carolina.



Prothonotary Warbler migratory bird, United States

In the future

- Our long-term goal is to move towards making a net positive impact on the biodiversity of the areas in which we operate, meaning that all negative impacts we could generate on the biodiversity are prevented, mitigated, corrected and offset to a point where the final balance, in terms of conditions and importance of habitats, is positive.
- We will invest close to USD 30,000 to acquire the Integrated Biodiversity Assessment Tool (IBAT), which will guide our prioritization of the areas of high biodiversity value to the company.
- We will define the Argos Guide for construction of biodiversity management plans, which will contain the principles the CSI has proposed for such plans, and which will be adapted and implemented at each of our regional branches.
- We will begin the second phase of the soil rehabilitation project together with the University of Antioquia, which we expect to complete in 2017.
- We will continue to participate in the CSI's Biodiversity Work Group.
- We will maintain existing partnerships and we will endeavor to participate in local and international initiatives that seek the conservation and restoration of ecosystems.
- At the Colombia Regional Branch we will continue our quarry rehabilitation plans in which we will invest an estimated COP 758 million in 2016.
- With the results obtained from the studies carried out by the Smithsonian in Panama, we will establish a biodiversity management plan for the areas that where native and introduced species were planted.

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▶ Other emissions (G4-DMA)

In order to have operations with higher eco-efficiency standards, we have established goals in our environmental policy to reduce emissions of PM, SO_x and NO_x. These goals drive us to implement initiatives to minimize the emissions of these components that go beyond the legal requirements of the different regions where we operate.

That is why these goals involve an effective reduction of our emissions by 2025 of 85 percent per ton of clinker for PM and of 65 percent for SO_x. Likewise, our goal is to keep nitrogen oxide (NO_x) emissions at the same levels as 2012.

As members of the CSI, we control and monitor atmospheric emissions according to the provisions of the "Guidelines for monitoring and reporting emissions in the cement industry," which allows us to reference the best international practices in the industry and adapt them to our operations.

Our management work

In 2015 we decreased PM emissions by 76 percent compared to our 2012 baseline. This was due mainly to the optimization and technological renewal of the PM control systems, including changing electrofilters and other systems to more efficient equipment, which demanded an investment of USD 2.7 million in the United States Regional Branch and of COP 12.869 million (USD 4,087) at the Colombia Regional Branch.

Additionally, we invested USD 10.7 million at the United States Regional Branch for projects designed to comply with the atmospheric emission parameters suggested? in the National Emission Standards for Hazardous Air Pollutants (NESHAP) and the standards for Commercial and Industrial Solid Waste Incineration (CISWI).

We also controlled scattered sources in areas of storage and transportation of materials for the Colombia and Caribbean and Central America Regional Branches, which implied an investment of COP 847.6 million (USD 269,125) and USD 1.4 million, respectively. During 2015, sulfur oxide emissions (SO_x) increased compared to the previous year and reached 0.31 kilograms of SO_x per ton of clinker, a behavior that is associated mainly with the



Grinding mill in French Guiana, Caribbean and Central America Regional Branch

IN 2015 WE INVESTED COP 847.5 MILLION TO CONTROL SOURCES OF STORAGE AND TRANSPORTATION.

increase in coal consumption brought on by the scarcity of natural gas in the energy market in the Colombia Regional Branch. However, in line with the goal established in the environmental policy, the branch's team made progress in identifying projects and initiatives that will enable it to maintain its emission levels below the targets established by the company.

Our NO_x emissions decreased to 1.4 kilograms of NO_x per ton of clinker, which is explained by the lower use of gas as a source of energy at the Colombia Regional Branch, and the operation optimizations carried out at the Caribbean and United States plants.

As part of our CSI commitments, we have included in this report our performance results regarding emissions of NO_x, SO_x, PM and other minor pollutants such as volatile organic compounds and heavy metals (see CSI Table in Appendices).

Our 2015 investments add up to USD 5.3 million, which has enabled us to reach 83 percent online monitoring coverage of our cement production operations. Thus, we have progressed towards a stricter operational control that will in turn enable us to improve our performance in terms of decreasing emissions.

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Success stories

- Our Yumbo plant underwent a technological reconversion that involved the installation of a baghouse system, which is more efficient in capturing PM. This enabled the plant to reduce specific emissions of PM by 18 percent.
- The Rioclaro plant replaced an electrostatic filter with a new baghouse filter, with which they reduced their specific emissions of PM by 20 percent.
- At the United States Regional Branch, the Newberry plant replaced an electrostatic filter with a baghouse filter and thus reduced their emissions of PM by 24 percent.
- At the Piedras Azules plant in the Caribbean and Central America Regional Branch, we installed an online multiparameter meter to monitor our emissions in real time and establish actions to control them. The improved operational control allowed us to reduce specific emissions of NO_x by 13 percent.

In the future

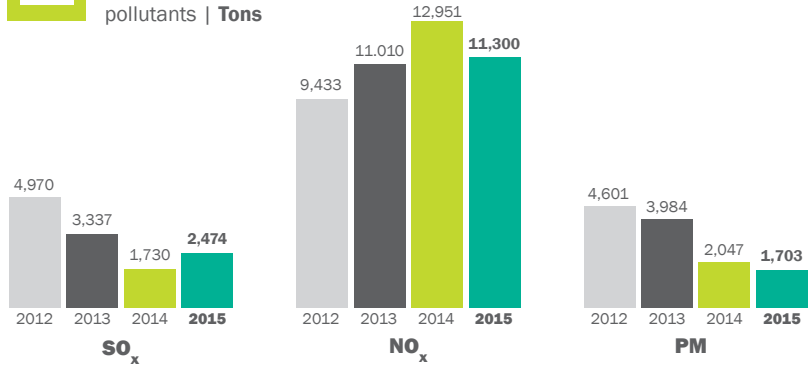
- We will continue to implement the best control and emission reduction practices in order to meet the targets established in our environmental policy
- We will achieve stability in the operation of the installed online monitoring equipment in order to meet the operational control standards of the industry
- We will continue to move forward with expanding the coverage of measurement of other minor pollutants in our operations

(G4-EN21) Absolute emissions



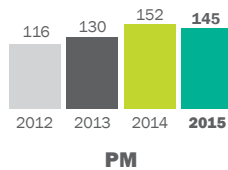
Cement

Emissions of atmospheric pollutants | Tons



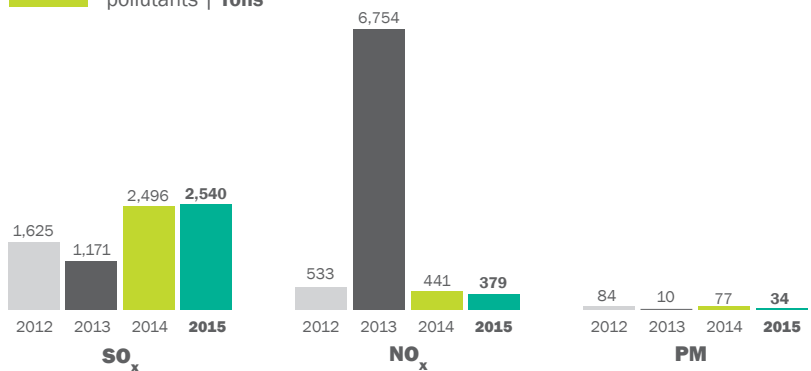
Concrete

Emissions of atmospheric pollutants | Tons



Generation of energy

Emissions of atmospheric pollutants | Tons



ENERGY AND CO-PROCESSING

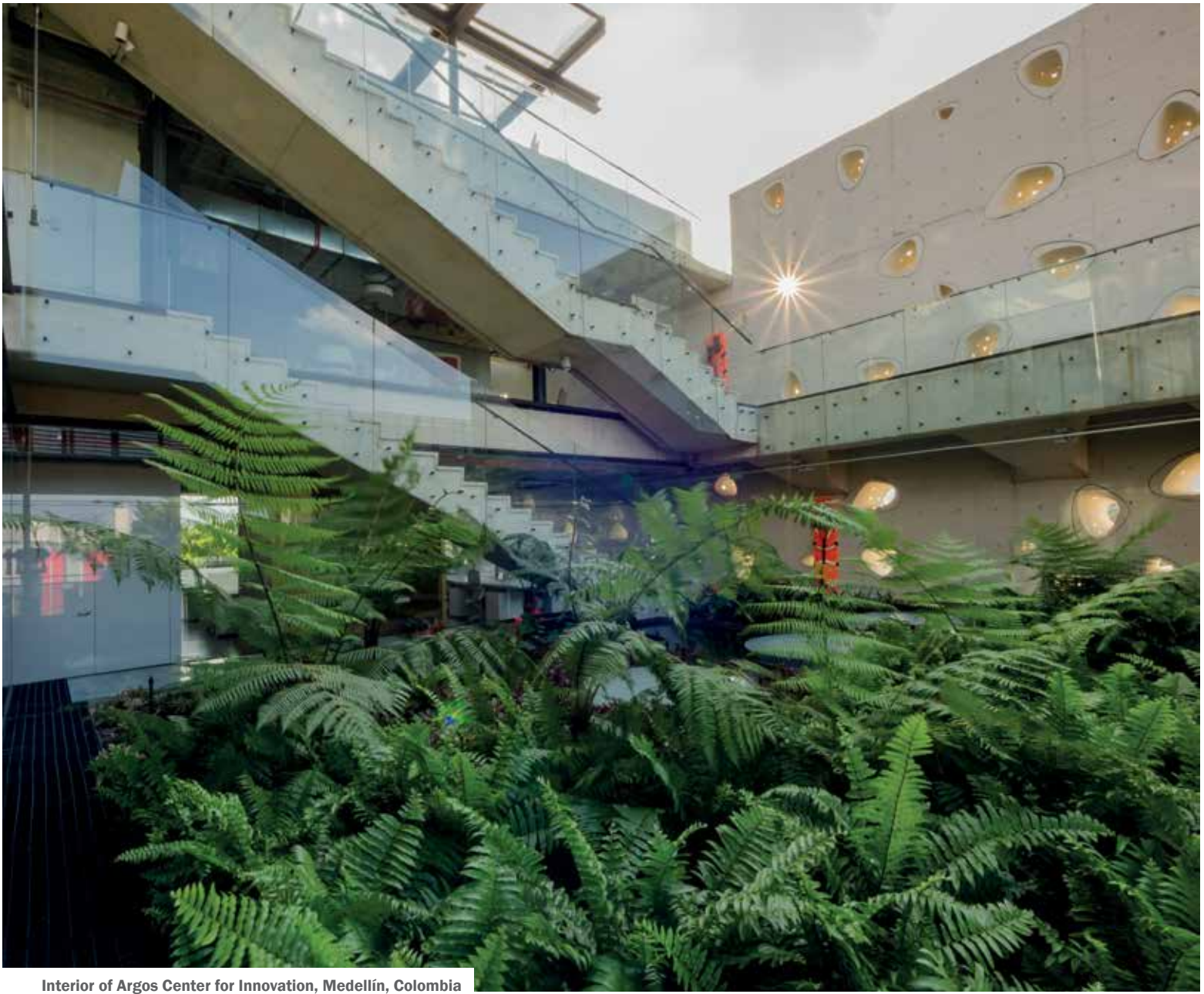
SUSTAINABLE CONSTRUCTION AND MATERIALS

CAMBIO CLIMÁTICO

WATER

BIODIVERSITY

▶ OTHER EMISSIONS



Interior of Argos Center for Innovation, Medellín, Colombia

8

APPENDIX


CONSOLIDATED FINANCIAL STATEMENTS

CERTIFICATION OF THE COMPANY'S LEGAL REPRESENTATIVE

Barranquilla, February 25, 2016

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

Acting in my capacity as legal representative, I hereby certify that the consolidated financial statements as of December 31, 2015, which have been made publicly available, are free of any defects, inaccuracies or material misstatements that prevent knowledge of the true assets and financial position or transactions made by Cementos Argos S. A. during the reporting period.



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

LEGAL REPRESENTATIVE AND CORPORATE ACCOUNTING MANAGER OF THE COMPANY

Barranquilla, February 25, 2016

To the shareholders of Cementos Argos S. A.:

We, the undersigned Legal Representative and Corporate Accounting Manager of Cementos Argos S. A., hereby certify that the consolidated financial statements of the company as of December 31, 2015 and 2014, have been faithfully taken from the accounting books and that the following statements have been verified before being disclosed to you and third parties:

- a) All assets and liabilities included in the company's financial statements as of December 31, 2015 and 2014 exist and all transactions included in those financial statements have been made during the years ended on those dates.
- b) All of the economic activities carried out by the company during the years ended on December 31, 2015 and 2014 have been recorded in the financial statements
- c) Assets represent probable future economic benefits (rights) and liabilities represent probable future financial commitments (obligations), undertaken by the company or under its responsibility as of December 31, 2015 and 2014.
- d) All items have been recorded with their proper values in accordance with the financial reporting standards applicable in Colombia.
- e) All economic activities affecting the company have been properly classified, described and disclosed 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 shareholders of Cementos Argos S. A.:

I have conducted my audit on the consolidated financial statements of CEMENTOS ARGOS S.A and its subsidiaries, which include the Consolidated Statement of the Financial Position as of December 31, 2015 and the consolidated income statement and other comprehensive income, statement of changes in equity and cash flows for the year ended on that date and a summary of the significant accounting policies, as well as other explanatory notes. The financial statements as of December 31, 2014 and the opening statement of financial position as of January 1, 2014, compliant with the Accounting and Financial Reporting Standards applicable in Colombia, are included for comparative purposes.

The management is responsible for the preparation and fair presentation of such consolidated financial statements in accordance with the Accounting and Financial Reporting Standards applicable in Colombia. This responsibility includes: designing, implementing and maintaining an adequate internal control system for the preparation and presentation of the financial statements, free from any material misstatements, whether due to fraud or error; selecting and applying appropriate accounting policies; as well as making accounting estimates that are reasonable for the circumstances.

My responsibility is to express an opinion on these consolidated financial statements based on my audit. I obtained the information necessary to fulfill my duties and carry out my work 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 any material misstatements. An audit of financial statements includes examining, on a selective basis, the evidence supported by the figures 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 misstatement of the financial statements. In terms of the risk assessment, the auditor considers the company's internal control relevant to the preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate for the circumstances. An audit also includes assessing the accounting principles used and significant accounting estimates made by the Management, as well as evaluating the overall presentation of the consolidated financial statements. I believe that my audit provides a reasonable basis to express my opinion.

In my opinion, based on the audit I have conducted, the above mentioned consolidated financial statements, reasonably present, in all significant respects, the consolidated financial position of CEMENTOS ARGOS S.A. and its subsidiaries as of December 31, 2015, the consolidated results of its operations, the changes in its equity and its cash flows for the year ended on that date, in accordance with the Accounting and Financial Reporting Standards applicable in Colombia.

SEBASTIÁN BEDOYA CARDONA

Statutory Auditor

Professional License 166.002-T

Appointed by Deloitte & Touche Ltda.

February 25, 2016


CEMENTOS ARGOS S.A. Y SUBSIDIARIES


Consolidated Statement of Financial Position

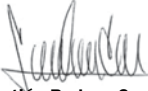
As at December 31
(million of Colombian pesos)

	Notes	2015	2014	January 1, 2014
Assets				
Current assets				
Cash and cash equivalents	5	\$ 545,708	\$ 525,864	\$ 504,395
Derivative financial instruments	6	22,114	23,067	-
Other financial current assets	7	3,676	2,953	10,832
Trade receivables and other accounts receivable, net	8	1,071,587	932,857	668,645
Tax receivable	9	278,959	153,518	83,963
Inventories	10	727,709	556,887	364,587
Biological assets	11	-	304	-
Prepaid expenses		64,268	59,728	46,424
Non-current assets held for sale	18	10,114	7,725	15,090
Total current assets		\$ 2,724,135	\$ 2,262,903	\$ 1,693,936
Non-current assets				
Trade receivables and other accounts receivable, net	8	35,628	12,686	22,481
Investments in associates and joint ventures	12	81,857	75,432	60,980
Derivative financial instruments	6	324	168	2,272
Other non-current financial assets	7	1,466,654	1,730,717	1,471,310
Other intangible assets, net	14	1,202,700	1,096,971	998,862
Biological assets	11	20,242	66,970	61,767
Property, plant and equipment, net	15	9,373,182	7,816,626	5,543,106
Investment property, net	16	153,033	61,067	62,513
Goodwill	17	1,836,087	1,397,450	1,043,153
Deferred tax assets	9	550,883	313,784	190,206
Prepaid expenses and other assets		2,273	2,762	6,302
Total non-current assets		\$ 14,722,863	\$ 12,574,633	\$ 9,462,952
TOTAL ASSETS		\$ 17,446,998	\$ 14,837,536	\$ 11,156,888
LIABILITIES				
Current liabilities				
Financial liabilities	19	1,186,029	527,552	278,263
Trade liabilities and accounts payable	22	988,134	783,588	577,755
Taxes, liens and duties	9	323,805	182,084	216,276
Employee benefits liability	23	145,041	115,130	114,523
Current provision	24	86,055	33,023	39,216
Other financial liabilities	25	45,019	35,416	30,238
Derivative financial Instruments	6	-	-	932
Outstanding bonds and preferred shares	26	426,638	395,603	353,372
Prepaid income and other liabilities	25	154,955	111,823	86,796
Liabilities associated with non-current assets held for sale	18	856	856	8,935
Total current liabilities		\$ 3,356,532	\$ 2,185,075	\$ 1,706,306
Non-current liabilities				
Financial liabilities	19	2,243,125	1,942,733	400,180
Trade liabilities and accounts payable	22	10,495	8,937	12,185
Employee benefits liabilities	23	245,395	234,389	240,382
Other financial liabilities	25	-	32,850	51,897
Derivative financial Instruments	6	172,156	126,704	45,986
Taxes payable	9	-	446	-
Provisions	24	186,920	177,081	143,559
Outstanding bonds and preferred shares	26	1,822,157	2,075,558	1,742,006
Other liabilities	25	8,720	25,537	25,476
Deferred tax liabilities	9	663,992	514,103	357,957
Total non-current liabilities		\$ 5,352,960	\$ 5,138,338	\$ 3,019,628
TOTAL LIABILITIES		\$ 8,709,492	\$ 7,323,413	\$ 4,725,934
EQUITY (see attached statement)		\$ 8,737,506	\$ 7,514,123	\$ 6,430,954
TOTAL EQUITY AND LIABILITIES		\$ 17,446,998	\$ 14,837,536	\$ 11,156,888

Notes are an integral part of the consolidated financial statements.


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


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


Sebastián Bedoya Cardona
 Statutory Auditor
 P.T. 166002-T
 Appointed by Deloitte & Touche Ltda.
 (See attached report)


CEMENTOS ARGOS S.A. Y SUBSIDIARIES


Consolidated Statement of Comprehensive Income


For years ended 31 December
(million of Colombian pesos, except earnings per share)

	Notes	2015	2014
Continuing Operations			
Income from operations	32	\$ 7,912,003	\$ 5,817,129
Cost of goods sold	10	6,097,927	4,485,753
Gross profit		\$ 1,814,076	\$ 1,331,376
Administrative expenses	34	598,662	451,845
Selling expenses	35	264,387	235,558
Other income (expenses) from operations, net	36	(11,608)	(36,953)
Impairment of goodwill and assets		234	603
Operating profit		\$ 939,185	\$ 606,417
Finance charges, net	38	274,963	230,596
Gain on the net monetary position		33,107	65,494
Net equity in the income of associates and joint ventures		(787)	4,440
Profit before income tax		\$ 696,542	\$ 445,755
Income tax	9	126,905	162,530
Income from continuing operations for the year	39	\$ 569,637	\$ 283,225
Net discontinued operations, after tax	18	(13,315)	21,590
Net Income for the year		\$ 556,322	\$ 304,815
Income for the period attributable to:			
Controlling interest		491,357	272,102
Non-controlling interest	31	64,965	32,713
Net profit for the year		\$ 556,322	\$ 304,815
OTHER AFTER-TAX COMPREHENSIVE INCOME			
Items that will not be reclassified after income statement for the period:			
(Loss) Earnings on new measurements of defined benefits obligations		\$ (9,982)	\$ 9,336
(Loss) Earnings from equity investments measured at fair value		(257,854)	257,606
Income tax of components that will not be reclassified		3,830	(2,990)
Total items that will not be reclassified after income statement for the period		\$ (264,006)	\$ 263,952
Items that will be reclassified after income statement for the period:			
Net profit (loss) of instruments in cash flow hedges		(5,929)	4,355
Exchange differences by foreign currency translation		1,235,118	785,619
Income tax of components that will be reclassified		(3,534)	1,704
Total items that will be reclassified after result of the period		\$ 1,225,655	\$ 791,678
Other comprehensive income, net of taxes		\$ 961,649	\$ 1,055,630
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD			
		\$ 1,517,971	\$ 1,360,445
Other comprehensive income attributable to:			
Controlling interest		836,090	974,784
Non-controlling interest		125,559	80,846
Other comprehensive income		\$ 961,649	\$ 1,055,630
Total comprehensive income attributable to:			
Controlling interest		1,327,447	1,246,886
Non-controlling interest		190,524	113,559
Total comprehensive income		\$ 1,517,971	\$ 1,360,445
Earnings per share			
Basic, Income attributable to controlling shares	40	426.65	236.27
Basic, Income from continuing operations attributable to controlling shares		438.21	217.52
Basic, Income from discontinued operations attributable to the controlling shares		(11.56)	18.75

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


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


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



Sebastián Bedoya Cardona
 Statutory Auditor
 P.T. 166002-T
 Appointed by Deloitte & Touche Ltda.
 (See attached report)

Consolidated Statement of Changes in Equity


Years ended December 31. (million of Colombian pesos)

	Issued Capital	Repurchased treasury stocks	Statutory reserve	Other reserves	Retained earnings	Other comprehensive income and other components of equity	Total equity attributable to controlling interest	Non-controlling interest	Total equity
Balance at January 1, 2014	1,558,290	(113,797)	15,744	1,188,662	1,830,258	1,552,365	6,031,522	399,432	6,430,954
Income for the period	-	-	-	-	272,102	-	272,102	32,713	304,815
Other comprehensive income for the period, net of income tax	-	-	-	-	-	974,784	974,784	80,846	1,055,630
Comprehensive income for the period	-	-	-	-	272,102	974,784	1,246,886	113,559	1,360,445
Cash dividends	-	-	-	(7,468)	(183,710)	-	(191,178)	(35,948)	(227,126)
Appropriation of reserves	-	-	3,387	5,629	(9,016)	-	-	-	-
Release of reserves	-	-	-	(48,325)	48,325	-	-	-	-
Other variations	-	-	-	-	(39,595)	-	(39,595)	(10,555)	(50,150)
Balance at 31 December, 2014	1,558,290	(113,797)	19,131	1,138,498	1,918,364	2,527,149	7,047,635	466,488	7,514,123
Balance at January 1, 2015	1,558,290	(113,797)	19,131	1,138,498	1,918,364	2,527,149	7,047,635	466,488	7,514,123
Income for the period	-	-	-	-	491,357	-	491,357	64,965	556,322
Other comprehensive income for the period, net of income tax	-	-	-	-	-	836,090	836,090	125,559	961,649
Comprehensive income for the period	-	-	-	-	491,357	836,090	1,327,447	190,524	1,517,971
Cash dividends	-	-	-	-	(204,998)	-	(204,998)	(39,683)	(244,681)
Appropriation of reserves	-	-	2,025	16,292	(18,317)	-	-	-	-
Other reserve activities	-	-	-	38,493	(38,493)	-	-	-	-
Business combinations	-	-	-	-	-	-	-	23,005	23,005
Wealth tax	-	-	-	(54,324)	(374)	-	(54,698)	(9)	(54,707)
Other variations	-	-	-	-	(9,883)	(43)	(9,926)	(8,279)	(18,205)
Balance as 31 December, 2015	1,558,290	(113,797)	21,156	1,138,959	2,137,656	3,363,196	8,105,460	632,046	8,737,506

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


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


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


Sebastián Bedoya Cardona
 Statutory Auditor
 P.T. 166002-T
 Appointed by Deloitte & Touche Ltda.
 (See attached report)


CEMENTOS ARGOS S.A. AND SUBSIDIARIES

Consolidated Statement of Cash Flows


At 31 December
(million of Colombian pesos)

	Notes	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income		\$ 556,322	\$ 304,815
Adjustments to reconcile profit			
Depreciation and amortization		580,271	381,422
Income tax		126,905	162,687
Net finance charges		277,165	239,844
Provisions, post-employment and long-term defined benefit plans		27,950	4,938
Assets impairment		21,724	14,226
Loss from exchange difference		282,032	150,227
Loss by fair value measurement		10,261	1,562
Equity on loss (gain) of associates and joint ventures		787	(7,983)
Loss on the disposal of non-current assets		864	1,170
Other adjustments to reconcile gain		(32,763)	(59,794)
Changes in the working capital of:			
Increase in inventory		(58,376)	(28,940)
Decrease in receivables and other accounts receivable		605,170	167,110
Decrease in liabilities and other accounts payable		(1,110,080)	(710,769)
Total adjustments to reconcile profit		731,910	315,700
Net cash flows from operating activities		\$ 1,288,232	\$ 620,515
CASH FLOWS FROM INVESTING ACTIVITIES			
Cash flows used to obtain control of subsidiaries or other businesses	42	(43,701)	(1,558,398)
Acquisition of financial assets		(284)	(9,217)
Proceeds from sale of financial assets		8,867	14,775
Purchase of equity in associates and joint ventures		(170)	(1,753)
Proceeds from the sale of property, plant and equipment and investment properties		27,054	65,318
Purchase of property, plant and equipment and investment properties		(688,177)	(532,203)
Proceeds from the sale of intangible assets		-	1,868
Purchase of intangible assets		(15,740)	(21,062)
Proceeds from the sale of other long-term assets		-	210
Purchase of other long-term assets		-	(2,683)
Dividends received		31,167	26,197
Collection from financial derivatives contracts		(90,221)	45,192
Net cash flows used in investing activities		\$ (771,205)	\$ (1,971,756)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from loans		3,310,956	4,608,471
Payments of loans and debt instruments		(3,123,908)	(3,232,653)
Proceeds from bond issue		-	600,000
Payment of outstanding bonds		(191,400)	(192,575)
Payments for finance lease liabilities		(44,991)	(29,615)
Dividends paid	30	(241,226)	(223,671)
Dividends paid on preferred shares		(48,325)	(48,325)
Interest paid		(257,037)	(171,645)
Net cash flows from (used in) financing activities		\$ (595,931)	\$ 1,309,987
Decrease of cash and cash equivalent by operations		\$ (78,904)	\$ (41,254)
Effect of the exchange differences on cash		98,748	55,886
Net increase of cash and cash equivalent		19,844	14,632
Cash and cash equivalents at the beginning of the period		532,371	517,739
Cash and cash equivalents at end of period		\$ 552,215	\$ 532,371

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


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


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


Sebastián Bedoya Cardona
Statutory Auditor
P.T. 166002-T
Appointed by Deloitte & Touche Ltda.
(See attached report)



High-strength concrete, Argos Center for Innovation, Medellín, Colombia

APPENDIX

SEPARATE FINANCIAL STATEMENTS

CERTIFICATION OF THE COMPANY'S LEGAL REPRESENTATIVE

Barranquilla, February 25, 2016

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

Acting in my capacity as legal representative, I hereby certify that the separate financial statements as of December 31, 2015, which have been made publicly available, are free of any defects, inaccuracies or material misstatements that prevent knowledge of the true assets and financial position or transactions made by Cementos Argos S. A. during the reporting period.



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

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

Barranquilla, February 25, 2016

To the shareholders of Cementos Argos S. A.:

We, the undersigned Legal Representative and Corporate Accounting Manager of Cementos Argos S. A., hereby certify that the separate financial statements of the company as of December 31, 2015 and 2014, have been faithfully taken from the accounting books and that the following statements have been verified before being disclosed to you and third parties:

- a) All assets and liabilities included in the company's financial statements as of December 31, 2015 and 2014 exist and all transactions included in those financial statements have been made during the years ended on those dates.
- b) All of the economic activities carried out by the company during the years ended on December 31, 2015 and 2014 have been recorded in the financial statements.
- c) Assets represent probable future economic benefits (rights) and liabilities represent probable future financial commitments (obligations), undertaken by the company or under its responsibility as December 31, 2015 and 2014.
- d) All items have been recorded with their proper values in accordance with the financial reporting standards applicable in Colombia.
- e) All economic activities affecting the company have been properly classified, described and disclosed 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 shareholders of Cementos Argos S. A.:

I have conducted my audit on the financial statements of CEMENTOS ARGOS S.A., which include the Statement of the Financial Position as of December 31, 2015 and the income statement and other comprehensive income, statement of changes in equity and cash flows for the year ended on that date and a summary of the significant accounting policies, as well as other explanatory notes. The financial statements as of December 31, 2014 and the opening statement of financial position as of January 1, 2014, compliant with the Accounting and Financial Reporting Standards applicable in Colombia, are included for comparative purposes.

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

My responsibility is to express an opinion on these financial statements based on my audit. I obtained the information necessary to fulfill my duties and carry out my work 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 any material misstatements. An audit of financial statements includes examining, on a selective basis, the evidence supported by the figures 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 misstatement of the financial statements. In terms of the risk assessment, the auditor considers the company's internal control relevant to the preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate for the circumstances. An audit also includes assessing the accounting principles used and significant accounting estimates made by the Management, as well as evaluating the overall presentation of the financial statements. I believe that my audit provides a reasonable basis to express my opinion.

In my opinion, the above mentioned financial statements, taken from the accounting books, reasonably present, in all significant respects, the financial position of CEMENTOS ARGOS S.A. as of December 31, 2015, the results of its operations, the changes in its equity and its cash flows for the year ended on that date, in accordance with the Accounting and Financial Reporting Standards applicable in Colombia.

In addition, based on the scope of my audit, I hereby inform that the Company's bookkeeping has been done in accordance with the legal standards and the accounting technique; transactions recorded in the accounting books and managers' actions are compliant with the by-laws and decisions of the General Meeting of Shareholders and the Board of Directors; the correspondence, accounting records and books of minutes and share register are duly carried out and kept; the management report of administrators keeps due compliance with the basic financial statements, and the Company is not in default for contributions to the Integrated Social Security System and mechanisms for the prevention and control of asset laundering have been implemented in accordance with the terms established by the Financial Superintendence. My assessment of internal control, carried out with the purpose of establishing the scope of my audit evidence, did not reveal that the company has not followed appropriate procedures of internal control and conservation and custody of its assets and those of third parties, which are in its possession.

SEBASTIÁN BEDOYA CARDONA

Statutory Auditor

Professional License 166.002-T

Appointed by Deloitte & Touche Ltda.

February 25, 2016


CEMENTOS ARGOS S. A.


Separate Statement of Financial Position

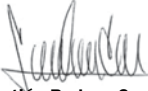
As at December 31
(million of Colombian pesos)

	Notes	2015	2014	January 1, 2014
Assets				
Current assets				
Cash and cash equivalents	5	\$ 45,607	\$ 169,783	\$ 250,783
Derivative financial instruments	6	22,114	23,067	-
Trade receivables and other accounts receivable, net	8	1,120,302	1,634,988	592,213
Tax receivable	9	158,725	74,078	26,331
Inventories	10	134,697	114,255	94,772
Prepaid expenses		14,954	16,146	23,275
Non-current assets held for sale	17	2,389	-	-
Total current assets		\$ 1,498,788	\$ 2,032,317	\$ 987,374
Non-current assets				
Trade receivables and other accounts receivable	8	747,857	473,365	670,310
Investments in subsidiaries	13	6,609,054	5,512,824	4,590,275
Investments in associates and joint ventures	12	56,295	40,465	39,638
Derivative financial instruments	6	324	168	2,272
Other financial assets	7	1,453,087	1,711,848	1,450,142
Other intangible assets, net	14	406,808	432,085	436,560
Biological assets	11	20,242	15,348	15,902
Property, plant and equipment, net	15	1,927,152	1,658,357	1,525,436
Investment property, net	16	101,674	10,132	11,451
Total non-current assets		\$ 11,322,493	\$ 9,854,592	\$ 8,741,986
TOTAL ASSETS		\$ 12,821,281	\$ 11,886,909	\$ 9,729,360
LIABILITIES				
Current liabilities				
Financial liabilities	18	663,416	222,498	60,589
Trade liabilities and other accounts payable	21	599,689	886,339	396,395
Taxes, liens and duties	9	152,586	97,071	143,292
Employee benefits liability	22	81,777	64,998	74,504
Provisions	23	9,403	15,199	10,353
Other financial liabilities	24	45,019	35,416	30,238
Outstanding bonds and preferred shares	25	426,638	395,603	353,372
Prepaid income and other liabilities		88,525	83,432	53,471
Total current liabilities		\$ 2,067,053	\$ 1,800,556	\$ 1,122,214
Non-current liabilities				
Financial liabilities	18	216,621	283,425	320,066
Trade liabilities and other accounts payable	21	8,543	6,316	-
Employee benefits liability	22	231,036	226,158	234,732
Other financial liabilities	24	-	32,850	51,897
Derivative financial instruments	6	160,033	123,031	45,986
Provisions	23	37,854	39,840	44,384
Outstanding bonds and preferred shares	25	1,822,157	2,075,558	1,742,006
Other liabilities		15,830	-	-
Deferred tax liability	9	189,183	205,342	123,960
Total non-current liabilities		\$ 2,681,257	\$ 2,992,520	\$ 2,563,031
TOTAL LIABILITIES		\$ 4,748,310	\$ 4,793,076	\$ 3,685,245
EQUITY (see attached statement)		\$ 8,072,971	\$ 7,093,833	\$ 6,044,115
TOTAL EQUITY AND LIABILITIES		\$ 12,821,281	\$ 11,886,909	\$ 9,729,360

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


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


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


Sebastián Bedoya Cardona
Statutory Auditor
P.T. 166002-T
Appointed by Deloitte & Touche Ltda.
(See attached report)

CEMENTOS ARGOS S. A.

Separate Statement of Comprehensive Income

As at December 31
(million of Colombian pesos)

	Notes	2015	2014
Continuing Operations			
Income from operations	30	\$ 1,898,076	\$ 1,702,090
Costs of goods sold		1,199,098	1,028,642
Gross profit		\$ 698,978	\$ 673,448
Administrative expenses	31	281,472	227,868
Selling expenses	32	90,285	88,459
Other income from operations	33	37,610	43,021
Other expenditure from operations	33	44,016	87,075
Operating profit		\$ 320,815	\$ 313,067
Financial income	34	66,420	73,003
Finance charges	35	236,947	220,631
Gain (loss) on the net monetary position		23,784	58,644
Net equity in investments income statement		355,258	155,008
Profit before income tax		\$ 529,330	\$ 379,091
Income tax	9	28,834	123,853
Income from continuing operations for the year		\$ 500,496	\$ 255,238
Net discontinued operations, after tax		(1,844)	24,551
Net Income for the year		\$ 498,652	\$ 279,789
OTHER AFTER-TAX COMPREHENSIVE INCOME			
Items that will not be reclassified after income statement for the period:			
Earnings (loss) on new measurements of defined benefit obligations		\$ (7,562)	\$ 9,479
Earnings (loss) from equity investments measured at fair value		(259,221)	256,182
Income tax of components that will not be reclassified		3,836	(2,995)
Total items that will not be reclassified after income statement for the period		\$ (262,947)	\$ 262,666
Items that will be reclassified after income statement for the period:			
Net profit (loss) of instruments in cash flow hedges		(5,813)	4,364
Exchange differences by foreign currency translation		1,146,823	737,290
Income tax of components that will be reclassified		(3,536)	1,706
Total items that will be reclassified after income statement for the period		\$ 1,137,474	\$ 743,360
Other comprehensive income, net of taxes		\$ 874,527	\$ 1,006,026
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		\$ 1,373,179	\$ 1,285,815

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

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Legal Representative
(See attached certification)

Óscar Rodrigo Rubio C.
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(See attached report)

Separate Statement of Changes in Equity


As at December 31
(million of Colombian pesos)

	Issued capital	Repurchased treasury stocks	Reserve	Other reserves	Retained earnings	New measurements of defined benefits obligations	Profits and loss from equity investment	Net earnings cash flow hedges	Exchange differences by foreign investments translation	Income tax equity	Total
Balance at January 1, 2014	1,558,290	(113,797)	14,241	1,188,662	1,842,616	5,043	1,389,942	(13,528)	178,819	(6,173)	6,044,115
Income for the period	-	-	-	-	279,789	-	-	-	-	-	279,789
Other comprehensive income for the period, net of income tax	-	-	-	-	-	9,479	256,182	4,364	737,290	(1,289)	1,006,026
Comprehensive income for the period	-	-	-	-	279,789	9,479	256,182	4,364	737,290	(1,289)	1,285,815
Cash dividends	-	-	-	(7,467)	(183,710)	-	-	-	-	-	(191,177)
Appropriation of reserves	-	-	-	(48,325)	48,325	-	-	-	-	-	-
Equity in Subsidiaries	-	-	1,820	5,628	(52,368)	-	-	-	-	-	(44,920)
Balance at December 31, 2014	1,558,290	(113,797)	16,061	1,138,498	1,934,652	14,522	1,646,124	(9,164)	916,109	(7,462)	7,093,833
Balance at January 1, 2015	1,558,290	(113,797)	16,061	1,138,498	1,934,652	14,522	1,646,124	(9,164)	916,109	(7,462)	7,093,833
Income for the period	-	-	-	-	498,652	-	-	-	-	-	498,652
Other comprehensive income for the period, net of income tax	-	-	-	-	-	(7,562)	(259,221)	(5,813)	1,146,823	301	874,528
Comprehensive income for the period	-	-	-	-	498,652	(7,562)	(259,221)	(5,813)	1,146,823	301	1,373,180
Cash dividends	-	-	-	-	(204,998)	-	-	-	-	-	(204,998)
Appropriation of reserves	-	-	-	38,493	(38,493)	-	-	-	-	-	-
Wealth tax	-	-	-	(40,604)	-	-	-	-	-	-	(40,604)
Equity in Subsidiaries	-	-	419	2,572	(151,431)	-	-	-	-	-	(148,440)
Balance at December 31, 2015	1,558,290	(113,797)	16,480	1,138,959	2,038,382	6,960	1,386,903	(14,977)	2,062,932	(7,161)	8,072,971

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


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


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


Sebastián Bedoya Cardona
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(See attached report)

CEMENTOS ARGOS S. A.

Separate Statement of Cash Flows

As at December 31
(million of Colombian pesos)

	2015	2014
CASH FLOW FROM OPERATING ACTIVITIES		
Net income	\$ 498,652	\$ 279,789
Adjustments to reconcile profit:		
Depreciation and amortization	111,194	55,809
Income tax	(4,790)	64,259
Net financial expenses	195,861	173,089
Provisions, post-employment and long-term defined benefit plans	17,140	19,357
Assets impairment	2,838	5,655
(Gain) loss on exchange difference	(76,634)	(70,855)
(Gain) loss from fair value measurement	(4,895)	555
Participation in the (gain) loss on investments	(355,258)	(179,559)
(Gain) Loss on the disposal of non-current assets	(2,156)	8,200
Other income and expenses not in cash	21,198	-
Changes in the working capital of:		
Increase in inventory	(20,447)	(21,384)
Increase in receivables and other accounts receivable	19,776	(817,918)
Decrease in other assets	1,193	9,268
Decrease in liabilities and other accounts payable	385,507	643,565
Increase (Decrease) in labor liabilities	16,779	(9,506)
Decrease in provisions	(20,045)	(27,629)
Increase in other liabilities	5,092	29,961
Total adjustments to reconcile profit (loss)	292,353	(117,133)
Net cash flows from (used in) operating activities	\$ 791,005	\$ 162,656
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of equity in subsidiaries	(5,462)	(2,656)
Purchase of equity in associates and joint ventures	-	(827)
Amount received from the sale of property, plant and equipment and investment properties	5,040	44,555
Purchase of property, plant and equipment and investment properties	(387,013)	(221,592)
Amount received from the sale of intangible assets	-	1,866
Purchase of intangible assets	(10,831)	(19,225)
Dividends received	153,390	133,246
Other cash flows from investing activities	215,843	(406,380)
Net cash flows in investing activities	\$ (29,033)	\$ (471,013)
CASH FLOWS FROM FINANCING ACTIVITIES		
Amount received from loans	1,550,030	3,055,104
Payments of loans and debt instruments	(1,704,208)	(2,569,099)
Payment for finance lease liabilities	(19,782)	(4,670)
Interest paid	(192,486)	(202,215)
Dividends paid	(201,543)	(187,723)
Dividends paid for preferred shares	(48,325)	(48,325)
Other cash flows from financing activities	(269,834)	184,285
Net cash flows originated from financing activities	\$ (886,148)	\$ 227,357
Decrease of cash and cash equivalent by operations		
	\$ (124,176)	\$ (81,000)
Cash and cash equivalents at the beginning of the period	169,783	250,783
Cash and cash equivalent at the end of the period	\$ 45,607	\$ 169,783

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

Jorge Mario Velásquez J.
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(See attached certification)

Óscar Rodrigo Rubio C.
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(See attached report)

CSI TABLE

2015

Climate Protection		Unidad
Total CO ₂ emissions - gross	7.12	Mio. ton CO ₂ /year
Total CO ₂ emissions - net	6.97	Mio. ton CO ₂ /year
Specific CO ₂ emissions - gross	614	KgCO ₂ /ton cementitious
Specific CO ₂ emissions - net	601	KgCO ₂ /ton cementitious
Fuels and Materials		
Specific consumption of energy in the production of clinker	3,900	MJ/ton Clinker
Use of alternative fuels (% of consumption of thermal energy)	5.9	%
Uso de biomasa como combustible (%del consumo de energía térmica)	0.2	%
Use of biomass as fuel (% of consumption of thermal energy) Use of alternative materials (% of total raw materials used for the production of cement)	10.3	%
Clinker/cement ratio	71.5	%
Industrial Safety and Occupational Health		
Number of fatalities of direct employees	1	
Number of fatalities of indirect employees	1.01	(Number of fatalities in one year/ Number of direct employees) x10,000
Number of fatalities of contractors	0	
Number of fatalities of third parties	6	
Number of LTIs of direct employees	63	
Frequency rate (LTI FR) of lost-time injuries (LTI) of direct employees	2.6	Number of lost time - hours injuriesx1,000,000/actual total of worked in one year
Number of LTIs (indirect employees and contractors)	42	
Frequency rate (LTI FR) of lost-time injuries (LTI) of indirect employees	1.64	Number of lost time - hours injuriesx1,000,000/actual total of worked in one year
Total number of lost time injuries (LTI)	105	
Verification of occupational health and safety data	Annual	
Reduction of Emissions		
KPI 1 - Full coverage (percentage of clinker produced in kilns covered by monitoring systems, continuous or non-continuous, for particulate matter, NO _x , SO ₂ , VOC/THC, heavy metals)	16	%
KPI 2 - Coverage with continuous monitoring of emissions (percentage of clinker produced in kilns covered by continuous monitoring systems for particulate matter, NO _x , SO ₂)	87	%
KPI 3 - Absolute emissions of particulate matter	1,399	ton MP / year
KPI 3 - Specific emissions of particulate matter	173	g MP /clinker ton
KPI 3 - Absolute emissions of NO _x	11,300	ton NO _x / year
KPI 3 - Specific emissions of NO _x	1,399	g NO _x /ton clinker
KPI 3 - Emisiones absolutas de SO ₂	2,474	ton SO ₂ / year
KPI 3 - Absolute emissions of SO ₂	306	g SO ₂ /ton clinker
Verification of emission data by a third party	Annual	



SCAN THE CODE



GSI Enviromental Indicators Table

Local Impacts

% of active quarries with an established closure plan	74	%
% of operations with community relationship plans in place	75	%
Cement Plants	100	%
Concrete Plants	70*	%
Grinding	47	%
Ports and Terminals	82*	%

Biodiversity

% of quarries located in, adjacent to or that contain protected areas or of high biodiversity value	53.5	%
% of active quarries with high biodiversity value which have a biodiversity management plan in place	57	%

Water

Total water abstraction (GRI-EN8)	10,606,830.248	M ³
Total water dumping (GRI-EN22)	2,532,500.75	M ³
water consumption	8,075,420.36	M ³
water consumption	72%	M ³

*United States information not reported.

Self-assessment of the implementation of principles and contents of the Integrated Report

We prepared the 2015 Integrated Report in accordance with the principles and elements of the International Integrated Report Council (IIRC) in order to adequately communicate to our stakeholders the material aspects that influence the capacity of our company to generate value in accordance with the business model and strategy, considering the different risks and opportunities.

In this Report we presented the advances made in the direction of the strategy in an integrated manner. We also published the 2015 Annual Report, a more concise and friendlier report in which we describe the most significant issues for the company, the monitoring of our management work in 2015 compared to previous years, our challenges, opportunities and goals for the future.

Here we present the main advances of the 2015 Integrated Report in terms of the integration of financial and non-financial information, following the principles and elements of the integrated report framework:

Guidelines Applied to the Integrated Report

Strategic focus and future direction

We started the 2015 Integrated Report by describing the main results and the strategies for each of our lines of business and operation at the three regional branches in the "Management Report" section that is presented to the General Shareholders' Assembly. Additionally, we dedicated a chapter to the presentation of our new sustainability strategy and, in particular, to how it relates to the management of strategic risks. For more clarity, the chapter includes a chart that condenses our business model. This chart describes how, through the management of capital and strategic risks, we provide the market with products and services that generate value for the company and for all our stakeholders. Furthermore, each chapter explains in greater detail the actions and strategies that will enable us to achieve our objectives and leverage the growth of our business.

Connectivity of information

This report has been structured with the purpose of achieving an emphasis on the relation between the factors that affect the company's ability to create value and the performance of material aspects management. That is, an approach that allows stakeholders to understand how material matters are closely related to our priorities and strategic risks.

The material aspects were grouped into economic, social and environmental dimensions, which incorporate the management and strategic guidelines for each one. For instance, the material aspect of Carbon Emissions has been included in the environmental dimension, just as the material aspects of Occupational Health and Safety and Talent Management have been grouped in the social dimension, where the management and performance are described in qualitative and quantitative terms, while presenting key indicators. The grouping of certain aspects in dimensions does not imply a strict separation of their management because these issues are closely related to each other. So for example, the company's innovation strategy drives the management of environmental impacts and at the same time becomes a platform that enables us to offer products and services on the market that are competitive and environmentally friendly and also add value over time.

Relationship with stakeholders

Good relationships with our stakeholders are part of our vision of sustainability: this is why they are a fundamental pillar of our Sustainability Policy. We firmly believe that keeping an open and transparent dialog with our stakeholders enables us not only to manage risks and opportunities in a strategic manner, but also to respond to their expectations and to fulfill the value promises established in this policy. The chapter on Sustainability, Materiality and Risks in Argos' 2015 Integrated Report describes how we incorporate the AA1000SES guidelines to identify and prioritize our stakeholders, as well as the strategies and mechanisms to guide the relationships with the stakeholders and the aspects that are relevant to them and that may have a positive or negative impact on the business. It also includes how and to what extent the company understands, takes into account and responds to the legitimate interests of the stakeholders. Throughout the report, it is pointed out how the management of material aspects responds to these expectations and interests.

Materiality

In the Report we describe how we add value to our processes and products in accordance with our priorities and strategic risks. That is why we published the details of our performance and our plans for each of the material aspects. These aspects, grouped into social, environmental and economic dimensions make up the structure of the body of the report. The Sustainability, Materiality and Risks details the materiality analysis process carried out in 2015, how the expectations of the stakeholders were included in the process and which aspects turned out to be material and have the capacity to affect our ability to create value in the long term. As described in this chapter, the identification and definition took into account sectorial references, initiatives and international standards, as well as the media and the opinion of the stakeholders and the strategic risks.

Conciseness

We are committed to preparing clear and concise reports based on the publication of digital information that complements and expands the details of some aspects in order to create a document that contains specific and relevant information, and that facilitates understanding for our stakeholders.

Reliability and integrity

The reliability of our report is reflected in the audit of the accounting and financial information performed by the firm Deloitte & Touche, an independent third party in its capacity as Argos Tax Auditor. Additionally, this same firm conducted the limited assurance of a selection of performance indicators presented in the GRI-G4 Index of Contents.

Consistent and comparable

We have sought to present information in the 2015 report on a basis that is constant over time and in a manner that enables historical comparison, as well as comparison to other organizations in the industry by building it within the framework of the G4 version of the Global Reporting Initiative (GRI), pursuant to its essential option. Argos' historical information is presented for the years 2014 and 2015, and will continue to move towards the strategic goals set by the company. In this regard, we are aware that one of our challenges for the next reports is to continue to work to expand the geographical coverage of some indicators, as well as to present the historical figures of the indicators for at least 3 years.

Below are the elements of the Integrated Report framework that have been applied to the construction of this report.

Elements of the Integrated Report framework contained in the report

Content Element	Included Aspects	Chapter/Sub-Chapter
Organizational vision and operational context	Geographic diversification Expansion and consolidation Operational Results PROFITABILITY AND CAPITAL STRUCTURE BUSINESS PERFORMANCE BY REGION	Management Report
	Platform to leverage growth	
Governance	Governance framework Board of Directors Governance structure Ethics and transparency	Governance, Ethics and Transparency
	Our added value	
Business model Risks and opportunities Strategy and resources	Strategic risks and mitigation activities	Management, Sustainability, Materiality and Risks Report
	Sustainability strategy	Sustainability, Materiality and Risks
Performance and results	Stock performance	Management Report
	Financial performance	Management Report
Future projections	Future projection for relationships with stakeholders	Sustainability, Materiality and Risks
	Future projection for the management of ethics, transparency and anti-corruption mechanisms	Economic Dimension
	Future projection for the management of intellectual	Sustainability, Materiality and Risks Social Dimension
	Future projection for the protection of natural resources	Environmental
	Future projection for the management of human resources	Dimension Social
Basis for preparation and presentation	Future projection for the management of human resources	Dimension Social
	Contextualization and progress of the integrated report	About this Report
	Identification of material issues in terms of sustainability and creation of value	Sustainability, Materiality and Risks

In conclusion, we have made positive steps towards fulfilling the Integrated Report framework with respect to 2014 and we have taken the necessary considerations to ensure its integrity. Even so, we are aware of the challenges and opportunities for improvement we have to get ever closer to fully complying with the framework.


María Isabel Echeverri Carvajal
 Vice President of Sustainability

GRI-G4 TABLE

Option "Conformity - Essential" with Guide G4

BASIC GENERAL CONTENTS

	GRI Reference	Location or Answer	External Verification
Strategy and Analysis			
G4-1	Declaration from the principal responsible for decision-making in the organization on the importance of sustainability for the organization and the strategy to address it.	Letter from the President and Page 14	x
G4-2	Describe the main effects, risks and opportunities.	Page 14	x
Organization Profile			
G4-3	Name of Organization:	Cements Argos S. A.	x
G4-4	Most important brands, products and services.	Web page	x
G4-5	Place where the organization is headquartered.	Headquarters: Calle 7D No. 43A-99 (Medellín, Colombia) Registered address: Via 40, Las Flores (Barranquilla, Colombia)	x
G4-6	Countries of operation or relevance for sustainability matters	Page 7	x
G4-7	Nature of the ownership form and type of corporation.	Corporation	x
G4-8	Provided markets (with geographical breakdown, by sectors and types of customers and targets).	Page 12	x
G4-9	Organization tam year (employees, operations, sales, capitalization, products, and services rendered)	Page 74	x
G4-10	Labor indicators	Page 74	x
G4-11	Percentage of employees covered under collective covenants.	32%	x
G4-12	Organization's supply chain.	Page 59, Page 60	x
G4-13	Significant changes that have taken place during the analysis period in the tamyear, structure, share interest, or supply chain of the organization	Purchase of assets in Puerto Rico and start of operation	x
Participation in External Initiatives			
G4-14	How the organization addresses, if applicable, the precaution principle.	Page 84	x
G4-15	List of letters, principles or other external initiatives of economic, environmental or social nature, entered into or adopted by the organization.	Page 38	x
G4-16	List of associations and organization of national or international promotion of which the organization is a member.	Pág 39: Web page	x
Material Aspects and Coverage			
G4-17	Entities included in the consolidated financial statements of the organization or equivalent documents, which are not included within the scope of the current report.	Notes to financial statements	x
G4-18	Description of the process followed to determine the contents of the report and Coverage of each Aspect.	Page 39	x
G4-19	List of material aspects identified during the process of defining the contents of the report.	Page 39	x
G4-20	Coverage of each material aspect within the organization.	Web page	x
G4-21	Coverage of each material aspect outside the organization.	Web page	x
G4-22	Consequences of restating the information from previous reports and their causes.	Page 22	x
G4-23	Significant changes to the scope and coverage of each Aspect with respect to previous reports.	About this Report	x

	GRI Reference	Location or Answer	External Verification
Relationship with Stakeholders			
G4-24	List of stakeholders linked to the organization.	Page 41	x
G4-25	What the basis for choosing the relevant stakeholders is.	Page 42	x
G4-26	Focus of the organization on the participation of stakeholders.	Page 41	x
G4-27	Key problems and questions that have arisen from the participation of stakeholders and describe the evaluation made by the organization, among other aspects, through reporting.	Page 41	x
Reporting Profile			
G4-28	Reference period	About this Report	x
G4-29	Date of last report (if applicable).	About this Report	x
G4-30	Reporting frequency (annual, biannual, etc.).	About this Report	x
G4-31	Point of contact to solve any concerns that may arise about the contents of the report.	About this Report	x
Table of Contents GRI			
G4-32	Table of Contents GRI.	About this Report	x
Verification			
G4-33	Assurance of Report.	About this Report	x
Governance			
G4-34	Organization's governance structure, including committees of the higher body of governance.	Page 28	x
G4-35	Process by which the higher body of governance delegates its authorities to the high management and certain employees for economic, environmental and social questions.	Page 40	x
G4-36	Existence of senior positions or with economic, environmental and social responsibilities within the organization.	Page 40	x
G4-37	Description of consultation processes between the stakeholders and the higher body of governance regarding economic, environmental and social questions.	Page 40	x
G4-38	Composition of the higher body of governance and its committees.	Page 28	x
G4-39	Indication of whether the person that chairs the higher body of governance also holds a senior position.	Page 28	x
G4-40	Description of appointment and election processes for the higher body of governance and its committees.	Page 30	x
G4-41	Description of processes by which the higher body of governance prevents and manages possible conflicts of interests.	Page 28 Page 30	x
G4-42	Description of the functions from the higher body of governance and the senior management in the development, approval and update to the business purpose, values or statements of mission, strategies, policies, and objectives related to the organization's economic, environmental and social impacts.	Page 32: Web page	x
G4-43	Actions that have been taken to develop and improve collective knowledge of the higher body of governance with relation to economic, environmental and social matters.	Page 31	x
G4-44	Description of processes for assessing performance of the higher body of governance with relation to the governance of economic, environmental and social matters. Indicate whether the assessment is independent and its frequency.	Page 31	x
G4-45	Description of the function of the higher body of governance in the identification and management of economic, environmental and social impacts, risks and opportunities.	Page 32	x

	GRI Reference	Location or Answer	External Verification
G4-46	Description of the function of the higher body of governance in the effectiveness analysis of the organization's risk management processes in respect with economic, environmental and social matters.	Page 32	x
G4-47	Frequency of analysis of economic, environmental and social impacts, risks and opportunities by the higher body of governance.	Page 32	x
G4-48	Most important committee or position that reviews and approves the sustainability report of the organization, and ensure that all material Aspects are reflected.	About this Report	x
G4-49	Description of the process to scale important concerns to the higher body of governance.	Page 30	x
G4-50	Nature and number of important concerns scaled to the higher body of governance. Describe also the mechanisms used to address and assess them.	Page 30: Web page	x
G4-51	Description of retributive policies for the higher body of governance and the senior management.	Page 30	x
G4-52	Description of processes to determine remuneration.	Page 30	x
G4-53	Explanation on how the opinion of stakeholders is requested and taken into account with respect to retribution, including, if applicable, results from voting on policies and proposals related to this question.	Page 30	x
Ethics and Integrity			
G4-56	Description of values, principles, standards and rules of the organization, such as codes of conduct and ethics codes.	Page 33	x
G4-57	Description of internal and external mechanisms of assessment in favor of an ethical and licit conduct, and for matters related to the organization's integrity.	Page 33, Page 35	x
G4-58	Description of the internal and external mechanisms for complaints of unethical or illicit conducts, and matters related to the organization's integrity.	Page 33, Page 35	x

BASIC SPECIFIC CONTENTS

	GRI Reference	Location or Answer	Omission	External Verification
Subject matter: INNOVATION				
G4-DMA	Management Report (DMA)	Page 48		
A-IN1	Figure and percentage of investment in innovation (INPUT)	Pág 49: Web page		
A-IN2	Number of ideas a) received, b) approved, c) validated and d) implemented (consolidated, not by Regional) (PROCESS)	Page 50		
A-IN3	Figure and percentage of income from innovation, broken down by Regional (OUTPUT)	Page 48		x
A-IN4	Savings for implementation of innovation initiatives (consolidated, not by Regional) (OUTPUT)	Page 48		
Subject matter: Energy and Co-processing				
G4-DMA	Management Report (DMA)	Page 84		
G4-EN3	Internal power consumption	Page 85		x
G4-EN5	Power intensity	Page 85		
G4-EN6	Reduction of power consumption	Page 85: Web page		
A-ENE1	Substitution of calorie intake from fossil fuel	Page 84		x
Subject matter: Profitability and Capital Structure				
G4-DMA	Management Report (DMA)	Page 17		
A-RE1	Net debt / (EBITDA + Dividends)	Page 17		
A-RE2	Optimization of financial cycle	Page 17		x
A-RE3	EBITDA	Page 16		
A-RE4	EBITDA Margin	Page 16		

	GRI Reference	Location or Answer	Omission	External Verification
Subject matter: SUSTAINABLE CONSTRUCTION AND MATERIALS				
G4-DMA	Management Report (DMA)	Page 86		
G4-EN1	Materials by weight or volume	Page 86: Web page		x
G4-EN2	Percentage of recycled material used	Page 86: Web page		x
G4-EN28	Percentage of products sold, and their packaging materials, which are recovered at the end of their useful life	Page 86		x
A-CSM1	Percentage of use of alternative material (former A-MC2)	Page 86		x
Subject matter: Supplier Management				
G4-DMA	Management Report (DMA)	Page 59		
G4-EN32	Percentage of new Suppliers evaluated based on environmental criteria	Page 63		
G4-EN33	Negative environmental impacts in the supply chain and measures in that regard.	Page 62, Page 63		x
G4-LA14	Percentage of new Suppliers evaluated in the work practice.	Page 63		
G4-LA15	Impacts of the work practice in the supply chain and measures in that regard.	Page 62, Page 63		x
G4-HR10	Percentage of new Suppliers evaluated in Human Rights.	Page 63		
G4-HR11	Negative impacts of Human Rights in the supply chain and measures taken.	Page 62, Page 63		x
G4-SO9	Percentage of new Suppliers evaluated in social impact.	Page 63		
G4-SO10	Negative social impacts in the supply chain and measures taken.	Page 62, Page 63		x
G4-EC9	Percentage of expense in significant operations corresponding to local Suppliers.	Page 61		x
Subject matter: CARBON EMISSIONS				
G4-DMA	Management Report (DMA)	Page 87		
G4-EN15	Direct GHG Emissions Scope 1	Page 88, Page 90		x
G4-EN16	Indirect GHG Emissions Scope 2	Page 88		x
G4-EN17	OTHER indirect GHG EMISSIONS Scope 3	Page 88: Web page		
G4-EN18	GHG Emissions Intensity	Page 87: Web page		x
G4-EN19	Reduction of GHG Emissions	Page 88: Web page		x
G4-EN30	Transport significant environmental impacts	Page 90		
G4-EC2	Economic consequences and other risks and opportunities linked to the climate change.	Page 89		
A-EC1	CO ₂ Net specific emissions (former A-CC1)	Page 87		x
Subject matter: CONSOLIDATION AND EXPANSION				
G4-DMA	Management Report (DMA)	Page15		
A-X1	Description of the company expansion process aligned with the organization's strategic MEGA	Page15		x
A-X2	Amount and location of expansions carried out in 2015	Page15		
A-X3	Description of the new business consolidation process by the performance of business plans	Page15		x

GRI Reference	Location or Answer	Omission	External Verification
Subject matter: WATER			
G4-DMA	Management Report (DMA)	Page 91	
G4-EN8	Total water harvesting according to the source	Page 92	x
G4-EN10	Total percentage and volume of recycles and reused water.	Page 92	
G4-EN22	Total water discharged.	Page 92	x
A-A1	Specific water consumption (L/ton or m ³ /product)	Page 91	x
Subject matter: Occupational Health and Safety			
G4-DMA	Management Report (DMA)	Page 66	
DMA – MM Addition	Readiness for emergencies: Emergency plans on mining, their readiness and contents.	Page 66	
G4-LA5	Percentage of workers in formal safety and health committees.	Page 69	
G4-LA6	Type and rate of injuries, occupational diseases, lost days, absence, number of mortal victims broken down by region and gender. Sectoral Supplement: Describe fatalities and measures taken.	Page 70	Data is not broken down by gender, a total is presented by years. The number of occupation disease, days of absence due to occupation disease, the number of leaves for common illness, and days of leaves for common illness, are not reported for the United States. On the other hand, for Central America, its report started in 2015.
G4-LA7 - A-SI1	Workers whose profession has a high incidence or risk of disease.	Page 71	Not reported for the United States Region.
G4-LA8	Occupational safety and health: application of the ILO Convention No. 176.	Page 69	
A-SI2	Number of injuries and fatalities of contractors and third-parties.	Page 71	x
Subject matter: Talent Management			
G4-DMA	Management Report (DMA)	Page 74	
G4-EC6	Percentage of directors belonging to local communities	Page 76 Web page	
G4-LA1	Total number and rate of recruitment and rotation of employees, broken down by age group, gender and region.	Page 74	
G4-LA2	Social contributions for full-time employees.	Page 74 y 77	

GRI Reference	Location or Answer	Omission	External Verification
G4-LA4	Minimum advance notice timeline for operative changes and their possible inclusion in collective covenants.	Timely communication of organizational changes is an essential element to achieve goals. Thus, we have a strategy of internal means that allows us to cover all of employees and geographies. An advance notice in number of weeks before putting organizational changes into practice has not been standardized. However, there are formal communication channels with employee trade unions, including meetings with a defined frequency.	
G4-LA9	Average annual training hours per employee.	Page 75	x
G4-LA10	Management of skills and training that foster the employability of workers and help them manage the end of their professional careers.	Page 75	No programs to manage the end of their professional careers are reported.
G4-LA11	Percentage of employees whose performance and professional development is evaluated on a regular basis.	Page 75: Web page	x
G4-LA12	Composition of governance bodies.	Page 75: Web page	
G4-LA13	Relation between the base salary of men vs. women.	Page 76: Web page	
Asunto material: Relationship with Customers			
G4-DMA	Management Report (DMA)	Page 56	
G4-PR4	Number of breaches to the regulation and voluntary codes regarding the information and labeling of products and services.	There was no In Supplier Management in information and labeling of products during 2015.	
G4-PR5	Results of surveys to measure Customer satisfaction	Page 56	x
G4-PR7	Number of cases of breach to regulations on marketing communications.	There was no breach by marketing information during 2015	
G4-PR8	Number of claims on customer's privacy breach and data leakage	There were no claims for privacy breach and data leakage during 2015	
A-RCL1	Percentage of income from retained customers.	Page 56	
Asunto material: Supplier management			
G4-DMA	Management Report (DMA)	Page 64	
G4-PR9	Monetary value of fines due to breach of regulations on the supply and use of products and services.	Page 64	x
G4-EN29	Monetary value of fines and number of non-monetary fines due to breach of the environmental laws and regulations.	Page 64	x
G4-S07	Number of unfair competition claims, monopolistic practices or against free competition and outcome thereof.	Page 64	
G4-S08	Monetary value of fines and number of non-monetary fines due to breach of the laws and regulations.	Page 64	x

GRI Reference		Location or Answer	Omission	External Verification
G4-EN34	Number of environmental claims that have arisen, been addressed, and resolved by formal claim mechanisms.	Page 36		x
G4-S03	Operations assessed in corruption-related risks.	Page 34		x
G4-S04	Communication and training on corruption.	Page 34		x
G4-S05	Confirmed corruption incidents.	Page 36		x
G4-S06	Political contributions.	With a view to strengthening the country's democratic and electoral processes and considering the 2015 territorial elections, the Board of Directions, in compliance of Law 130 of 1994, and related provision, approved donations, which in no case exceeded the limits permitted in Article 108 of the Colombian Constitution, amended by legislative act 1 of 2003, not being higher than COP \$382,000,000 in total for all political parties, political movements, candidates and/or defined significant groups of citizens, in accordance with the legal provisions on funding of political campaigns and resolutions of the National Electoral Council in force.		x
G4-LA16	Number of labor claims that have arisen, been addressed, and resolved by formal claim mechanisms.	Page 36		
Subject matter: Community Management				
G4-DMA	Management Report (DMA)	Page 78		
G4-EC7	Development and impact of investment in infrastructures and types of services.	Page 80		x
G4-S01	Percentage of operations where development programs, assessment of impacts and participation of the local community have been adopted.	Page 79		x
G4-S02	Operative centers with significant, possible or real negative effects on local communities.	Page 79	No information reported for the United States Region.	x
G4-S011	Claims on social impacts that have arisen, been addressed, and resolved by formal claim mechanisms.	Page 79		x
G4-MM6	Number and description of significant disputes related to the use of land, customary rights of local communities and indigenous populations.	Page 78: Web page	For the United States Region, there is no information available to ensure that there are no significant disputes.	

	GRI Reference	Location or Answer	Omission	External Verification
G4-MM8	Number and percentage of operation fronts operating under the artisanal or small-scale mining modality. Risks and actions taken to mitigate those risks.	For Col and CCA regions, there are no operation fronts operating under the artisanal or small-scale mining modality. Thus, there are no risks associated. For the United States Region, there is no information available to ensure that there are no operation fronts of this type.		
G4-MM9	Resettled communities, resettled families and affectations to their lifestyles during the process.	Argos projects are designed seeking the least affectation to families. In year 2015, in the Colombia, Caribbean and Central America Regions, no resettlements or relocations of people were performed by the Company. For the United States Region, there is no information available to ensure that there are no cases.		
A-COM1	Social investment.	Page 82		x
A-COM2	Income from commercial initiatives with social impact.	Page 81		x
Subject matter: BIODIVERSITY				
G4-DMA	Management Report (DMA)	Page 95		
G4-EN11	Operative facilities located in protected areas of great value for biodiversity.	Page 96	Omission to be confirmed	x
G4-EN14	Number of species included in the IUCN Red List.	Page 97: Web page		
A-BI1	Number and % of quarries with established closure plans.	Page 95		x
A-BI2	Number and percentage of released and restored intervened area.	Page 95		x
Subject matter: OTHER EMISSIONS				
G4-DMA	Management Report (DMA)	Page 99		
G4-EN21	OTHER significant atmospheric EMISSIONS.	Page 100		x
G4-EN21 y A-OE4 (Antiguo A-CC4)	Absolute NO _x emissions and reduction goals.	Emissions: 1.4 kg/ton clinker. Reduction goal for 2015: 1,35 kg/ton clinker vs. 2012.		x
G4-EN21 y A-OE3 (antiguo A-CC3)	Absolute SO _x emissions and reduction goals.	Emissions: 0.306 kg/ton clinker. Reduction goal for 2015: 0,31 kg/ton clinker vs. 2012.		x
A-OE2 (antiguo A-CC2)	Absolute particulate matter emissions and reduction goals.	Emissions: 0.173 kg/ton clinker. Reduction goal for 2015: 0,11 kg/ton clinker vs. 2012.		x

Report of Independent Review

Independent review of the 2015 Integrated Report of Cementos Argos

Scope of our work

We have completed the review of the contents adaptation of the 2015 Integrated Report to the Guidelines for the Sustainability Reports of the Global Reporting Initiatives (GRI) version 4.0 (G4).

Compliance with the Cement Sustainability Initiative (CSI) guidelines was also reviewed in the case of some environmental indicators that were included in the verification scope (see Appendix 3).

Standards and verification processes

We have conducted our work in accordance with the standard ISAE 3000 - *International Standard on Assurance Engagements Other than Audits or Reviews of Historical Financial Information* issued by the International Auditing and Assurance Standard Board (IAASB) of the International Federation of Accountants (IFAC).

Our review work has been to ask questions to the Administration, as well as to different areas of Cementos Argos that took part in the preparation of the Integrated Report and in the application of certain analytical procedures and review testing through sampling as described below:

- Interviewing Cementos Argos personnel to know the principles, systems and management approaches used to draw up the report and calculate the indicators.
- Analysis of the way in which the report contents, structure and indicators are defined based on the materiality exercise, according to what is suggested by the GRI G4 methodology.
- Analysis of the processes to collect and validate the data provided in the report.
- Checking, through review evidence, according to the selection of quantitative and qualitative information sample relevant to the GRI and own indicators included in the Sustainability Report and its adequate compilation based on data supplied by the sources of information Cementos Argos in Colombia.

Confirmation that the 2015 Integrated Report is prepared in accordance with the GRI G4 methodology in its "Essential" or "Core" version.

General Aspects

It was confirmed that the report complies with the requirements of the Core option of the GRI G4 version general aspects: G4-1 to G4-58 indicators were reported.

Specific Aspects

We reviewed the management approach and GRI and own indicators of the material issues identified by the company and DJSI indicators validation (See Appendix 2)

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Responsibilities of Cementos Argos and Deloitte Management:

- The organization is responsible for the preparation of the 2015 Integrated Report, as well as its contents, which is also responsible for defining, adapting and keeping the systems of internal control and management from which information is obtained.
- Our responsibility is to issue an independent report based on the procedures applied in our review.
- This report has been prepared solely in the interest of the Organization in accordance with the terms of our proposal of services. We do not assume any liability to third parties other than the company's management.
- We have conducted our work in accordance with the standards of independence required by the Code of Ethics of the International Federation of Accountants (IFAC).
- The scope of a limited revision is substantially lower than an audit scope. Therefore we do not provide any audit opinion on the Sustainability Report.

DELOITTE & TOUCHE LTDA.
Jorge Enrique Múnera
Partner



Bogota, March

Conclusions

As a result of our review, nothing has come to our attention that causes us believe that the Integrated Report has significant errors or that it has not been prepared in accordance with the Global Reporting Initiative (G4) Guidelines for the Sustainability Reports in its Core version.

Recommendations

Additionally, we have submitted our recommendations to Cementos Argos regarding the improvement areas to consolidate the processes, programs and systems related to the sustainability management. The most relevant recommendations are:

- To align the sustainability management to the baseline international initiatives such as the Objectives of Sustainable Development (OSD) and what was agreed at the Conference of the Parties (COP21) in Paris.
- To conduct regular monitoring of the material issues management progress, this will make the reporting process to be more efficient at the end of the year.

Appendix 1 Declaration of Independence

Deloitte is one of the largest companies in the provision of professional audit, tax, consulting and financial advice and sustainability services to public and private organizations from different industries. With a global network of member firms in more than 185 countries, Deloitte offers its world class capabilities and high-quality customer service. Approximately 210,000 professionals are committed to becoming a standard of excellence.

We confirm our independence from Argos. All our employees make annual updates to the Ethics Policy where we specifically state that there is no conflict of interest with Argos, its subsidiaries and its stakeholders.

Appendix 2

Material issues	GRI and/or Cementos Argos own indicator
Innovation	A-IN3 figure and percentage of revenue from innovation, broken down by regional division (output)
Carbon emissions	G4.EN15 – G4.EN16 – G4.EN18 – G4.EN19 A-S1. Net specific emissions of CO ₂ in kilograms of CO ₂ / tonne of cementitious material
Sustainable construction and materials	G4. EN1 - G4.EN2 – G4.EN28 A-CSM1. % use of alternative materials
Biodiversity	G4.EN11 A-BI1 Number and percentage of active quarries that have closure plan established A-BI2 Percentage of intervened released area that has been rehabilitated in the active quarries
Energy and co-processing	G4.EN3 A-ENE1 Replacement of caloric consumption of fossil fuels
Water	G4.EN8 – G4.EN22 A-A1. Specific consumption of water (L/ ton or m3/product)
Other emissions	G4.EN21 A-OE2 Reduction of other PM emissions (kg/tonne of clinker) A-OE3 Reduction of other SO _x emissions (kg/tonne of clinker) A-OE4 Reduction of other NO _x emissions (kg/ton of clinker)
Regulatory Compliance	G4.PR9 – G4.SO8 – G4.EN29 – G4.EN34 – G4.SO3 – G4.SO4 – G4.SO5 – G4.SO6
Relationship with Customers	G4.PR5
Expansion and consolidation	A-X1 Description of the company's expansion process aligned with the strategic Mega of the organization A-X3 Description of the process of new businesses consolidation through the implementation of its Business Plan
Profitability and capital structure	A-RE2 Optimizing the financial cycle
Industrial Safety & Occupational Health	G4.LA6 A-SI2 Number of injuries and fatalities of contractors and third parties.
Community management	G4.EC7 – G4.SO1 – G4.SO2 – G4.SO11 A-COM1 Social Investment A-COM2 Revenues associated with trade initiatives involving social impact
Talent Management	G4.LA9 – G4.LA11
Suppliers' Management	G4.EN33 – G4.LA15 – G4.HR11 – G4.SO10 – G4. EC9

DJSI Indicator
DJSI. Generation of waste

Appendix 3 - CSI

We visited Argos operations as part of the verification process of environmental indicators. Quantitative and qualitative variables were taken into account for the selection. It also aimed at covering operations in the three regions where the company operates:

- Medellin Plant - Concrete in Colombia
- Rio Claro Plant - Cement in Colombia
- Saldaña Plant - Aggregates in Colombia
- Dominica Plant- Cement in the Caribbean
- Dominican Plant – Concrete in the Caribbean
- Tocumen Plant – Concrete in the Caribbean
- Newberry Plant – Cement in the USA
- Gainesville Plant- Concrete in the USA

During the visits, we interviewed people responsible for the internal report and the collection of information, validating the consolidation process and the submission of such information at corporate level.

Criteria

The following CSI guidelines were taken into account for our review:

- WBCSD's CO₂ and Energy Accounting and Reporting Standard for the Cement Industry: The cement CO₂ and Energy Protocol
- WBCSD's CO₂ and Energy Accounting and Reporting Standard for the Cement Industry: Emissions monitoring and reporting
- WBCSD's Guidelines for the Selection and Use of Fuels and Raw Materials in the Cement Manufacturing Process
- WBCSD CSI Environmental and Social Impact Assessment (ESIA)

Evaluation of indicators and information consolidation process

- Testing was done based on samples in order to prove calculations that allow measuring the following indicators:
 - Total catchment of water according to the source
 - Total discharge of water, according to its quality and destination
 - Total water consumption
 - % of active quarries that have closure plan established
 - % of active quarries located inside, adjacent or with protected or highly valuable areas for biodiversity, Clinker / Cement ratio (%)
 - Total emissions of CO₂ - gross (million tonnes)
 - Total emissions of CO₂ - Net (million tonnes)
 - Specific emissions of CO₂ - gross (kg CO₂/ tonne of cementitious material)
 - Specific emissions of CO₂ - net (kg CO₂/ tonne of cementitious material)
 - Use of alternative fuels (% of thermal energy consumption)
 - Specific consumption of energy in the production of clinker (in MJ per tonne of clinker)
 - Use of biomass as fuel (% of thermal energy consumption)
 - KPI 3 - Absolute emissions of particulate matter ONLY KILN
 - KPI 3 - Specific emissions of particulate matter ONLY KILN
 - KPI 3 - Absolute emissions of NOx KPI 3 - Specific emissions of NOx KPI 3 - Absolute emissions of SO₂
 - KPI 3 - Specific emissions of SO₂

Conclusion

- The WBCSD CSI guidelines for reporting emissions of CO₂, energy, (NOx, SOx, dust) emissions, water and biodiversity are applied properly.
- The internal reporting system and the information consolidation procedures for emissions of CO₂, energy, (NOx, SOx, dust) emissions, water and biodiversity are working and provide proper information to be disclosed.

GLOBAL COMPACT AND HUMAN RIGHTS COMMUNICATION ON PROGRESS INDEX

At Argos Cement Company we are convinced that respect and good treatment is what makes us shine with our own light. Guided by our strategic priority of sustainability and the pillars of Corporate Culture we understand that the best way to create value and contribute to sustainable development is ensuring friendly trade relations and operations with the environment and human rights of our stakeholders, thereby creating a favorable business environment for investment and sustainable development in the countries in which we operate. Thus, we reaffirm our commitment to the promotion and respect of human rights recognized nationally and internationally in constitutions and instruments such as the International Bill of Human Rights, the principles of Global Compact and those of the International Labour Organization.

In addition to our commitment, we emphasize this vision of respect on a day to day basis, with good treatment and the development of our employees, good relations with neighboring

communities, management and development of suppliers to ensure a supply chain consistent with our ideals, law enforcement and strategic alliances with authorities for the promotion of human rights such as education and housing, the reduction and compensation measures of environmental impacts, and the rejection of corruption practices, fraud, money laundering or terrorist financing.

The 2015 Integrated Report relates to corporate policies that guide our actions and it describes the main strategies that allow us to interpret this commitment into tangible actions as well as the results of management and our vision for the future, thus, such a report serves as the the Global Compact Communication on Progress. In this annex, we highlight the main results from the index and share with our stakeholders the progress in the implementation of the Management Model of Human Rights based on risks in accordance with the Guiding Principles of Human Rights and Organization of the United Nations.

▶ Human Rights



- **Principle 1:** Businesses should support and respect universally recognized human rights within their sphere of influence.
- **Principle 2:** Businesses must ensure they are not complicit in the violation of human rights.



VISION

Human Rights Policy

“At Argos, consistent with corporate culture, we express our commitment for the respect and promotion of human rights, committing ourselves to conduct our business operations in a manner consistent with the International Bill of Human Rights, the principles and fundamental rights established in the Declaration of the International Labour Organization and in accordance with applicable laws in the countries or states where these take place; standards and principles that continue to guide our actions, how we achieve results and sustainability at our company.”

To reaffirm our commitment to the respect and promotion of human rights, in 2014 our Board of Directors approved the Human Rights Policy as an independent policy which collects and complements the vision of respect already established from other guidelines and corporate policies. With its implementation we seek to align ourselves with the Guiding Principles on Human Rights and the Organization of the United Nations and ensure, as well, that this vision transverses all our stakeholders.

With the purpose of preventing and mitigating the negative impact of the human rights of our stakeholders we have a Human Rights Model based on risk and coordinated by the Vice-Presidency of Sustainability in coordination with Risk Management and with different departments of the company that led the relationship with our stakeholders. Thus, together with the VP of Organizational Talent and Architecture, as part of our strategic risks, a risk analysis of human rights has been conducted for employees which includes both labor rights as well as those that are found to be relevant in the period of prioritization.

In 2015 we continued this exercise by updating the corporate matrix and building risk maps at the country level in order to adapt it to the peculiarities of the operations of each regional branch and achieve a more efficient management according to the exposure to risk and the local context. Out of the analyzed risks, the only one that had a high residual risk was that to life, liberty, health and personal safety due to the high exposure to occupational health and safety hazards and physical safety risks inherent to the industry. In order to prevent and mitigate

these risks, we have implemented the I Promise program which covers 100% of the operations, as well as other measures.

In the future, the Model for Human Rights will continue to expand its reach to other stakeholders; furthermore, we have prioritized communities and suppliers. Currently, with the Comprehensive System of Risk Management we deal with related strategic risks that allow us to monitor impacts related to human rights, the environment, relationships with communities, management supply chain fraud, corruption, money laundering and terrorist financing, industrial safety, occupational health and physical safety, among others.

Analyzed risks:

1. Restricting freedom of association and collective negotiation
2. Forced labor
3. Child and youth labor
4. Violence, labor and sexual harassment
5. Inequality and discrimination
6. Violation of due process and absence of grievance mechanisms
7. Violation of quality of life, rest periods or maternity
8. Violation of life, liberty, health and personal safety

Our Human Rights Policy establishes our commitment to respect and promote human rights, both in our operations and in relations with our trading partners, such as suppliers, customers and partners in joint operations. Therefore, in our sustainability policy we establish as a promise of value in relation to our stakeholders that lead to building equitable and transparent relations that foster a responsible value chain and guarantee products and services of the highest quality that meet national and international standards, thus ensuring the health and safety of our customers, always ensuring the development of commercial activities in compliance with the law.

Increasingly aware of our role as a company with a global reach, with a growing international presence and our commitment to a sustainable supply chain, our focus is on strengthening our relationships with existing and potential suppliers, under quality standards, competitiveness, innovation and sustainability. Aware of the risks and the need to identify and mitigate them, we manage our suppliers through the process of screening, selection, performance evaluation, audits, monitoring and management system certifications. We also rely on a Procurement Manual for suppliers of goods and services, and a Code of Conduct that governs the relationship between employees and other stakeholders, including suppliers and contractors.



PROGRESS

- In 2015 with the Management Model of Human Rights we covered 100% of our employee risk analysis operations. The Puerto Rico operation was not included within this exercise because it was covered by the due *diligence process* at the time of the recent acquisition and included issues related to human rights.
- We implemented the Supplier Sustainability Index a on 61 suppliers which was designed with the support of the Massachusetts Institute of Technology to manage the risks associated and define the most critical.
- We incorporate human rights criteria in relationship mechanisms with suppliers ranging from the training stage to the inclusion of minimum parameters involving selection, recruitment and evaluation such as the Sustainability Index for suppliers.
- We evaluated more than 560 suppliers in the Colombian, Caribbean, and Central American regions regarding matters relating to human rights, labor practices, environment, social impact and financial issues such as corruption.
- We put the toolkit online and is available to suppliers as a guide for the implementation of best practices in sustainability.
- In Colombia, in 2015, we continued sustainability assessment with eight suppliers in the mining industry through *conTREEbute*, a consulting firm that began this process by evaluating 18 vendors in the industry as of the year 2014. In total there were 26 screened suppliers which we assessed due to of the potential risks related to the environment and child labor.



GOALS

- **To continue disseminating the human rights policy by expanding its scope to the United States and Caribbean and Central America branches.**
- **To include a human rights approach in the risk analysis of the supply chain and community relationships by expanding the scope of the Human Rights Model to these two stakeholders.**
- **To continue implementing the Human Rights Management Model; particularly to continue the due diligence process with employees by adapting the corporate work plan to the local context of each of the countries where we operate and, in the short term, to expand it to the communities and suppliers.**



PROMOTION

The direct, close and permanent relationships we have with communities that neighbor our operations are those that guarantee the continuity of same and the fulfillment of our promise of value established in the Sustainability Policy: to be good neighbors and contribute to local development by trying to be a stakeholder who adds to social harmony and contributes, through his own doing, the sustainable development of same. Thus, in addition to managing our impact, we seek help from the hand of other stakeholders such as the State with sustainable development of the groups near the area of influence of our operations in matters such as education, housing, and community infrastructure.

As part of our sustainability strategy, throughout the Argos Foundation we promote the development and mobilization of initiatives which promote the right to education in Colombia, contributing globally to achieving the Sustainable Development Goals of the United Nations, through the following actions:

- Construction and improvement of educational infrastructure
- Promotion and coordination of educational quality programs
- Creation of educational partnerships
- Participation in social advocacy strategies

In 2015, social investment was COP 74.456 million (USD 23.64 million) of which COP 62.069 million were allocated for the purposes specified above. Thus in 2015 we contributed to the generation of better living conditions and expectations for development which benefited 562,335 people. Include 2015 key figures of the foundation.

FOR FURTHER INFORMATION SEE:

1. **Social aspect:** Community Management
2. **Sustainability Report:** 2015 Argos Foundation
3. **Economic aspect:** Suppliers and Customers
4. **Government ethics and transparency:** ethics and transparency


Our Transparency Line is a communication channel positioned among different stakeholders. It permits anonymous reports and, among its functions, has the ability to consult and report behaviors that go against our policies of good governance and conduct, as well as any internal or external company policy. Management issues reported through this line enables us to promptly satisfy the complaints of our stakeholders and responsibly manage impacts that have been produced taking the necessary measurements to respect the rights of our stakeholders and ensure a straight forward and transparent course of action. In 2015 we received a total of 170 complaints for matters relating to labor relations, the environment, community relations and corruption. 78% of these cases were resolved by the end of the year.




Beneficiary of education programs

COP 74,456 million
 USD 23,6 million


Our social investment in 2015 was 32 percent higher than in 2014.



SCAN THE CODE

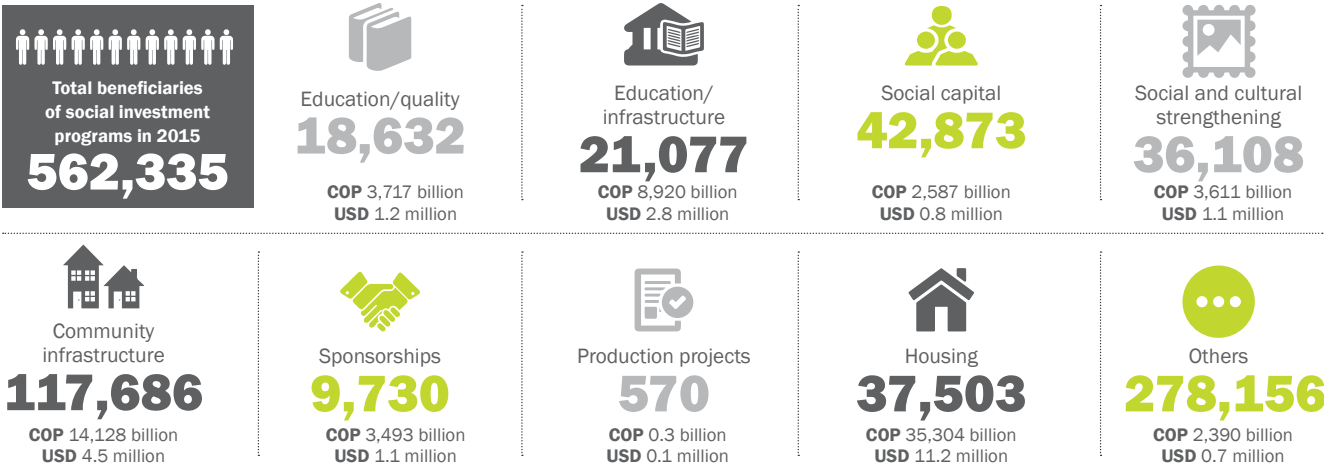


Number of volunteers in
 2014: 1,105
 2015: **1,102**



Volunteer hours during work hours in
 2014: 649
 2015: **2,905**

Beneficiaries and contributions by line of investment



▶ Labor rights



- **Principle 3:** Businesses should uphold the freedom of assembly and the effective recognition of the right to collective bargaining.
- **Principle 4:** Companies should support the elimination of all forms of forced or compulsory labor.
- **Principle 5:** Companies should support the eradication of child labor.
- **Principle 6:** Companies should support the elimination of employment and occupational discrimination practices.



VISION

Talent Management Policy:

Because what matters is what's on the inside, at Argos we promote the development of talent as the differentiating element to achieve sustainable results, supported by our pillars of culture and with a clear balance between profitability, dignified work and development of society. Our talent management policy is developed from three thematic areas: labor practices, talent attraction and retention, and talent planning and development. We promote a work environment built on respect for human rights, the legal framework of each country and the following work practices:

1. Freedom of assembly and collective bargaining

We promote discussions between employees and management. We respect the right to freedom of assembly or not, and to establish collective labor negotiations in compliance with the law.

- Respect the right to join or not join unions. We have a total of 17 unions
- Development from commonalities in collective bargaining which lead to regional agreements in Colombia, the Caribbean, Central America and the United States.
- Higher Education at the World of Work social dialogue program in the Colombian region with a total of 148 participants.
- Promotion of news bulletins, dialogue and resolution of situations or irregularities were brought to the attention of trade union representatives through the implementation of regular meetings with union representatives and with non-unionized employees. 2015: 203 Meetings
- Circulation of the union agreement
- Training in labor regulations
- Dissemination of the Transparency Line as a mechanism for grievances and early solution to human rights incidents

- Promotion of training for union leaders to further develop abilities and enrich the dialogue.
- Inclusion of trade unions on issues relevant to the organization such as I promise and equipares
- Dissemination of Transparency Line

2. Prohibition of Child Labor

Children are the future, and we believe the full development of their physical and mental potential should be fostered and respected. Pursuant to the law, we do not employ nor do we permit the employment of minors throughout our chain of supply.

- Corporate policies and hiring manual that establish the prohibition of employing minors in direct operations and throughout the supply chain according to local regulations and ILO standards
- Prohibition of Child Labor in our Code of Conduct
- Dissemination of human rights policy and other related corporate policies Verification of identification documents during the hiring process
- Verification of identification documents during the hiring process
- Formality and clarity in the hiring process
- Dissemination of the Transparency Line as a mechanism for grievances and early solution to human rights incidents
- Prohibition of child labor in the selection and evaluation criteria of suppliers

3. Prohibition of Forced Labor

Our employees perform their duties freely and voluntarily

- Corporate policies and hiring manual that establish the prohibition of forced labor in direct operations and throughout the supply chain
- Prohibition of Child Labor in our Code of Conduct
- Dissemination of human rights policy and other related corporate policies
- Verification of identification documents during the hiring process
- Formality and clarity in the hiring process
- Compliance with the working day
- Promotion of personal life-work balance strategies
- Dissemination of the Transparency Line as a mechanism for grievances and early solution to human rights incidents

4. Violence, workplace or sexual harassment

We do not tolerate threats, violence or any other form of harassment at our work sites. Labor relations

develop under conditions of respect, fairness and good treatment.

- Promotion and dissemination of the respect pillar of our corporate culture
- Dissemination of the Code of Conduct
- Dissemination of human rights policy and other related corporate policies
- Work Environment Survey: Great Place to Work
- Workplace Harmony Committee (Colombia Region)
- Training employees on the prevention of labor and sexual harassment
- Leadership and coaching training
- Dissemination of the Transparency Line as a mechanism for grievances and early solution to human rights incidents

5. Equality and non-discrimination

We do not tolerate discrimination. Diversity is our greatest asset and these differences allow us to build a company encompassing the power of creativity. We recognize that the ability to contribute ideas, create synergies and make decisions goes beyond gender, origin, age, creed, disability, orientation or appearance and other dissimilar features that complement us by adding value. We do not discriminate or treat contract workers differently from direct employees, and we ensure that working conditions are respected by their employers.

- Training and dissemination of diversity, human rights policies and other corporate policies related to human rights.
- Improve infrastructure to ensure access, mobility and security to disabled persons, or those with reduced mobility and new mothers.
- The first Equipares Silver Seal certified Colombian company under "Implementation of Fairness Actions" by the Ministry of Labor with the support of the Presidential Council for the Equality of Women and the United Nations Development Programme (UNDP).
- 55 women drivers of concrete mixer trucks in United States and Colombia regions
- Compliance with local regulations in countries where there is recognition of employee benefits for same-sex couples.
- We seek out employees who can perform their job duties based on their ability, independent of gender.
- Job position profiles and wage analysis curves
- Transparent, fair selection process
- Dissemination of Transparency Line
- We have been signatories of the Women's Empowerment Principles of the United Nations' Global Pact since 2015.

6. Due process and grievance mechanisms

We recognize mistakes as a source of learning. Faced with a transgression, we guarantee our employees will be heard and, thus, ensure a just and fair assessment and decision.

- Code of Business Conduct
- Dissemination of Code of Conduct and Pillars of Corporate Culture
- Disciplinary proceedings governed by local regulations, and internal work regulations
- Leadership training and coaching
- Dissemination of Transparency Line

7. Quality of life, rest and relaxation, maternity

Promote conditions of equality and dignified jobs. Thus, a creation of efficient and sustainable value is only possible through dignified, decent and equal working conditions for all. Compensation is one of the elements of attraction, retention and satisfaction of our employees; thus we ensure that compensation is fair and competitive in the market, guaranteeing business sustainability.

- Economic benefits plan that exceeds the legal minimum and includes housing, savings, education and health schemes
- Compliance and monitoring of workday
- Maternity benefits that exceed the statutory minimum: paternity leave, gradual return, lactation breaks.
- In 2015 we were recognized by the Colombian Ministries of Labor and Information Technology and Communications as a business leader in telecommuting in the country. In 2015, 84 employees labored under this arrangement.
- Adequate adjustments to facilities for the safety of pregnant women.
- Corporate strategies which promote work-life balance
- Dissemination of Transparency Line

8. Life, liberty, health, safety

Because life is above the continuity of operations and maintenance of equipment, we want you to feel safe at work and remain with us. It is our utmost priority that we all return home safe and sound; thus we commit to care for one another, at all times.

We promote occupational health and safety by controlling and minimizing risks to employees. We implement best practices, national and international, in Occupational Health and Safety and ensure to fully comply with and carry out

legal requirements. We have a great interest in strengthening a culture of safety based on values, which is supported by a unified management system.

- We implemented the I promise project, in consultation with DuPont, a world leader in occupational health
- In 2015 we designed the Amati a toolkit, a user-friendly digital platform that will allow us to document and know in real time incident frequency rates, their severity and the number of observations per operation, business and country.
- We have expanded the I promise project and extended our value chain, i.e., contractors, suppliers and communities surrounding our operations.
- We investigate one hundred percent of incidents with loss of time, make action plans and regularly monitor to ensure strict compliance.
- 47.5% reduction of frequency rate in 2015
- I promise has taught us the importance of safety and teamwork. One strategic committee, four tactical committees, and 15 operating committees in 13 countries, with its six subcommittees by discipline, meet every month to align and implement strategies.
- Strategic risk analysis and management of industrial safety, occupational health and physical safety
- In 2015 we made 40,510 observations
- One hundred percent of our employees are trained on issues related to safety and health at work.



GOALS

- **Aware of the importance of preparing our employees to address business challenges and achieve our goals, we will continue to strengthen our Educa training model by expanding available educational offers according to the needs of the organization and with special emphasis on virtual training.**
- **Reinforcement of our pillars of culture in different geographical areas in which we operate and promote leadership styles that materialize the pillar of respect**
- **In 2016 we hope to launch Educa training in Suriname and French Guiana.**
- **We will continue to manage under the Management Model for Human Rights the risks relating to our employees, continuing the due diligence process according to the Principles for Business and Human Rights.**
- **Consolidate the SISO governance structure.**
- **Close performance gaps in health and safety operations.**
- **Ensure compliance with lifesaving procedures (procedures for working at heights, hot working spaces, confined spaces, mobilization of teams, working with hazardous energy and personal protective equipment).**
- **Initiate the Amatia platform for SISO information management.**
- **Increasingly reduce the number of incidents, aiming to be a leader in the health and safety industry.**
- **Run a unified management system to maintain SISO results in the long term.**



Beneficiary of education programs



PROMOTION

Talent management is one of our priorities, it enables us to achieve organizational goals and the development of employees. The actions we undertake regarding labor practices, attraction, retention and development of human talent are part of the Global Compact principles, respect for the laws of the countries where we operate, Talent Management Policy, diversity and inclusion, gender equality and human rights and the pillars of our corporate culture

Educa combines virtual learning, on-site and blended, using a model that integrates specific and cross-disciplinary training to the entire organization. Since its inception in 2013, the program has proven that geographical and language barriers can be overcome through a structured training model and through a method of detecting training needs to improve business variables by improving human performance.

- In 2015 we launched Educa in Haiti, St. Martin, St. Thomas, Antigua and Dominica, by reaching our employees with courses in English and Spanish, French and Creole.
- We offered 39,972 hours of virtual training and 512,376 hours of on-site training, 12% more than in 2014.
- In 2015, 96 of our employees have studied specializations, master's or doctorate degrees in Colombia and abroad with the support of the company

- In 2015, 26 of our employees participated in the International Mobility Program.
- In partnership with the University of California, Berkeley - UC Berkeley, United States, we exclusively developed the Equality Leadership Course in which 55 women from the Argos corporate group participated, 35 of them belonging to Argos Cements
- The rollout of the seven pillars of culture through the All Aboard strategy, which reinforced the message "What matters is what's on the inside." The All Aboard event took place in more countries in 2015 including Honduras, Antigua, Dominica, St. Thomas and Puerto Rico, and the United States. There were a total of 789 participants.
- 11,130 hours of labor relations training

Cases handled and resolved through the Transparency Line. In 2015 we received a total of 43 complaints regarding issues related to labor relations with 100% of the cases resolved by the end of the year.

For more information, please refer to the 2015 Integrated Report:

1. **Social aspect:** talent management
2. **Social aspect:** Health and Safety at Work
3. **Government Ethics and Transparency:** Ethics and transparency

Environment



- **Principle 7:** Businesses should support a preventive approach to environmental challenges.
- **Principle 8:** Businesses should undertake initiatives to promote greater environmental responsibility.
- **Principle 9:** Businesses should encourage the development and awareness of technologies that respect the environment.



VISION

The management of our impact on the planet is one of our main priorities on the road towards sustainability. We understand that the environment is a collective human right, for this reason, Be a Green Light constantly challenges us to improve our environmental impact. Thus, in line with the principles of the Global Compact we seek a preventive approach with strategic risk management and in accordance with the guidelines of Environmental Policy; and through innovation by using technologies, processes and environmentally responsible products.

Environmental Policy



Our environmental actions promote eco-efficiency, biodiversity management, a reduction of impact that might affect climate change, promotion of initiatives related to sustainable construction and the establishment of an organizational culture that leads to responsible use of natural resources based on the quality of life of our stakeholders and in compliance with the Environmental Policy.

For the year 2015 we can say with certainty that our environmental management goes beyond identifying and monitoring environmental impact and evolves on the right track towards prevention, mitigation, correction and compensation of same. In addition, we also work on the extension of best practices to the entire production chain in compliance with legal requirements and commitments with national and international bodies of which we are part and community co-management and self-management in the regions where we operate.

At Argos we firmly believe that innovation is one of the best ways to ensure sustainability, so we understand that it is a means that must be rooted in our culture, by permeating processes and services and contributing to the planet. The rewards of making innovation one of the strategic priorities of Argos and one of the material issues of our management are evident in more environmentally friendly products and services.



PROGRESS

1. Energy and co-processing

- In 2015 we replaced fossil fuels by 6.1% using alternative fuels and biomass which represents an increase over 2014.
- During 2015 we commenced with the roll-out of the Energy Policy in all our operations.
- The Newberry and Roberta cement facilities received Energy Star certification from the Environmental Protection Agency of the United States (US EPA), a certification given to facilities that meet performance criteria on energy efficiency.

2. Sustainable construction and materials

- In 2015 we directed our efforts to the use of alternative materials in the production process, which enabled us to achieve a replacement rate of 7.5% and 2.6% in cement and concrete operations, respectively.
- In 2015, the Colombian region became solution providers for more than 50 projects seeking LEED certification.
- In 2015 we generated a total of 351,212 tons of waste, which represents a reduction of 18% compared to 2014.
- The Green Sacks program, an initiative that allows us to close product cycles, attained 111 registered customers. In total, 987,187 bags equivalent to 141 tons of paper, were recycled, meaning we achieved a return rate of 38.8% of the bags.

3. Carbon emissions

- Carbon dioxide emissions in 2015 were 601 kilograms of CO₂ per ton of cementing material, corresponding to a reduction of 29% compared to our baseline.
- In 2015 we were included in the Climate Disclosure Leadership Index (CDLI) for Latin America in which we were recognized as leaders where we placed among the top 10% of the best businesses on best practices, quality and transparency of information related to climate change.
- We identify and assess the inherent risks of climate change, which allows us an integrated management strategy.

4. Water

- We achieved a 46% reduction specifically in water consumption in the cement business and 8% in the concrete business, compared to 2012.
- We conduct permanent monitoring of the water supply basins where our facilities are located, through the Global Water Tool. In the last analysis performed we identified that 21% of our facilities are located in areas with this condition.
- The total volume of water recycled in 2015 was 29,071,581 m³

5. Biodiversity

- As of 2015 74% of quarries had established a closure plan.
- As of 2015 72.7% of the released intervention area in active quarries were rehabilitated, thereby exceeding this year's target.

6. Other emissions

- In 2015 we achieved a 76% reduction in emissions of particulate matter (PM) compared to our 2012 base line.
- We implemented measurement protocols and the management of water in all regions.
- Investments in 2015, totaling USD 5.3 million, have enabled us to achieve online monitoring coverage of our cement operations at 83% of our production

7. Innovation

- We acquired the first cement oven technology patent from the Superintendency of Industry and Commerce, developed along with the University of the North (Universidad del Norte) in Colombia.
- In the United States we built up our portfolio of *value added specialty products* with products such as Concreflow and Low Humidity Concrete.
- Recycled aggregates: new business: Caltek, a joint venture with Mexican firm Calidra for industrial lime production with high added value. With this, the production and sale of recycled aggregate as an innovative contribution to environmental protection.
- In addition to reducing CO₂ emissions we use waste that would otherwise go to landfills and avoid the consumption of fossil fuels and non-renewable raw materials. Example: Utilizing used tires as a replacement fuel for coal and the production of concrete with recycled aggregates.



GOALS

ENERGY AND CO-PROCESSING

- By 2025 we intend to reduce our caloric intake by 10% and our electricity consumption by 15%, using the year 2012 as the baseline.
- Move towards the replacement of caloric consumption of fossil fuels with alternative energies by 18%.
- We made progress in the implementation of the co-processing facility project in Cartagena, where we hope to achieve a replacement of 20% of the thermal energy required by one of the furnaces by 2018.

SUSTAINABLE CONSTRUCTION AND MATERIALS

- In 2016 we shall define our strategy and specific goals for sustainable construction with an outlook extending to 2025. We will seek to continue generating a positive impact on society for our customers, strengthen our portfolio and our competitive position in the market.

CARBON EMISSIONS

- The goal we have set for 2025 is to reduce net specific CO₂ emissions in our cement business by 35% when compared to the 2006 base line.
- Secure an external audit for our CO₂ emissions inventory that endorses transparency in reporting and

WATER: EMISSIONS

- Reduce by 30% specific water consumption in cement production by 2025 and 20% in concrete production for this year
- In 2016 we will implement a training program on the Protocol for Water Reporting and Good Practice Guidelines for Water Quantification in the three regions.

BIODIVERSITY

- By 2025 100% of mining operations should have an established closure plan
- By 2025 permanently have 70% of our sites released, rehabilitated throughout 2015 we formulated the second phase of the soil remediation project, jointly with the University of Antioquia.

- Between 2016 and 2017 we will continue with the soil remediation project put forward with the University of Antioquia with pilot tests in the field.

OTHER EMISSIONS

- Our goals provide for an effective reduction of our emissions through the year 2025 per ton of clinker by 85% for particulate matter (PM) and 65% for sulfur oxides (SOx). Similarly, our goal is to keep nitrogen oxide (NOx) emissions at 2012 levels.

INNOVATION:

- To attain the goal set for 2025 to receive 20% of our revenue from innovation, requires us, among other things, to leverage our business in digital technologies and mitigate the environmental impact of operations, especially with regard to CO₂ emissions.



PROMOTION

- Strengthening the environmental component in Argos's culture is one of the pillars of our environmental culture, which is based on respect for our stakeholders, the environment and future generations. To strengthen this component we employ training and communication strategies. In 2015 as part of our strategy to promote environmental culture we offered a total of 13,899 hours.
- As part of the activities of corporate volunteering, company employees and persons from communities that neighbor our operations conduct joint environmental protection activities such as planting trees and cleaning beaches and river basins.
- As a member company of CSI we participate in different working groups focused on environmental issues. For example, in the Biodiversity Working Group we participate in the analysis, review and development of new indicators and management methodologies that will assess the efficiency and impact of the actions that are implemented as a part of rehabilitation plans and biodiversity management.
- We participated in the COP21 summit, as spokesman for the cement sector on the "Delivering technological solutions - public and private collaboration to drive innovation" panel, in which our president, Jorge Mario Velásquez, presented the proposal for the cement industry.

- Our actions for water conservation guidelines incorporate the six principles of the CEO Water Mandate, an initiative for which we have been a signatory since 2014. The Integrated Report contains details of main initiatives related to: direct operations, supply chain and water basin management, collective action, public policy, communities and transparency. Of the above mentioned initiatives we highlight the following:

- We actively participate in the development of the local board of the CEO Water Mandate in Colombia in conjunction with Isagen, Celsia, Postobón, Nutresa, Bancolombia, Ecopetrol and Bavaria, among other companies that unify their good practices, procedures and projects for water resources.
- As a part of CSI, in 2015 we continued our participation in the Water Working Group, which aims to generate common indicators and best practice guidelines that allows for the sustainable use of water resources in the cement, concrete and aggregates industry.
- In addition, in water-related discussions by the sectoral boards of the National Association of Industrialists of Colombia (ANDI) in the National Ready Mix Concrete Association (NRMCA) in discussions with the Portland Cement Association (PCA). We joined up with the Ministry of Environment and Sustainable Development of Colombia campaign: "All against wastefulness" which promotes the efficient use of water to counteract the effects caused by El Niño.
- Through our participation in trade associations, we maintain an ongoing activity to boost achievement of the Millennium Development Goals by generating ideas and recommendations in the formulation of standards related to water resource activities.
- In the Colombia Region, through ANDI, we actively participate in the review of draft standards such as the National Development Plan, the Standard for Reusing Treated Wastewater, the Standard for Dumping in Marine Waters. In the United States Region, through the PCA, we participate in the talks regarding regulations about Waters of the United States (WOTUS by its acronym in English).

Cases handled and resolved through the Transparency Line. In 2015 we received a total of 33 complaints for issues related to the environment, 22 of the 33 cases were settled by the end of the year.

FOR FURTHER INFORMATION SEE:

1. [Environmental aspect](#)
2. [Economic aspect: suppliers](#)
3. [Innovation](#)

▶ Anti-corruption



Anti-fraud policy



VISION

We value integrity as a guiding principle, which is encapsulated in doing the right thing. For this reason, the seven pillars of our corporate culture ensure transparency in our actions. We believe that ethical behavior should be reflected in everyday life decisions of all employees; this is a common corporate value in all countries where we operate.

We have designed and published guidelines that complement the criterion of our employees and other stakeholders such as the Code of Business Conduct, the Anti-Fraud and Anti-Corruption Policy, the Anti-Money Laundering and Terrorism Financing Manual and Gender Equality, Sustainability, Human Rights and Talent Management policies.

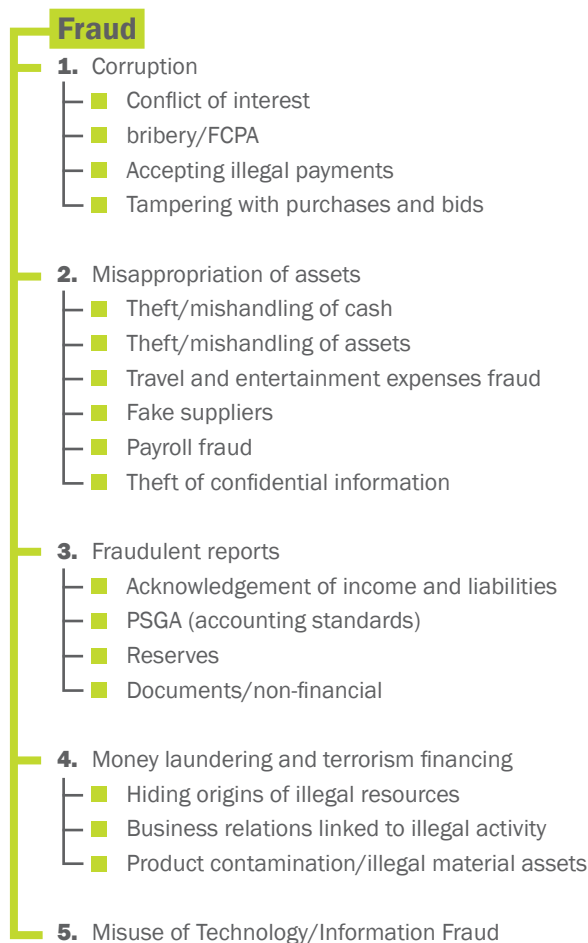


The Board of Directors and the Executive Committee are responsible for promoting among employees, customers, suppliers and other stakeholders the highest ethical behavior, supported by the guidelines contained in our Codes of Good Governance and Business Conduct for an internal structure that manages issues of governance, transparency and conduct.

The Prevention and Response to Fraud Program was established for the purpose of strengthening ethical culture, improve internal controls to prevent and detect fraud, provide transparency and accuracy in financial reporting and other company information among others. The definition of the anti-fraud policy, clearly states our position against conducting fraudulent acts, we identify what actions constitute fraud, and we determine who the parties responsible for preventing, detecting and investigating fraud are.

Fraud is defined as any act or deliberate omission designed to deceive others; carried out by one or more persons in order to appropriate, exploit or gain another's property, whether tangible or intangible, in an improper manner, to the detriment of another and generally due to lack of knowledge or malice from the person concerned.

At Argos Cement, fraudulent acts include:



We overwhelmingly reject any act which is not aligned with the principles of accountability, transparency and honesty at the time for action and should they occur, manage them according to due process, and zero tolerance. Any non-compliance with the Code may result in the application of procedures established in the Internal Labor Rules and / or local labor standards and might be cause for sanctions including termination.

The Transparency Line, which is a communication channel positioned within various interest groups that allows anonymous reports and has among its functions the ability to query and report behaviors that go against our policies of good governance and conduct, as well as any internal or external company policy or standard. Furthermore, any inquiry about whether a particular action constitutes fraud must be consulted with the Business Conduct Officer for guidance: oficialdeconduc@argos.com.co



GOALS

- **Audit our Transparency Line to improve consultation schedules.**
- **Expand training coverage to other stakeholders, including suppliers from other regions.**
- **Structure a training plan and distribute the Code of Conduct, ensuring full coverage in the three regions enabling us to reach our employees in all languages**



PROGRESS

- In 2015 we launched Our Corporate Governance course, on our e-learning platform Educa, which allows us to train our employees on ethical principles and government. 2,904 people enrolled in the course in the first six months.
- The President and the Executive Committee received training on Anti-Corruption Policy and the United States regulation known as the Foreign Corrupt Practices Act.
- The Code of Conduct was distributed among more of 6,000 people.
- We conducted Sustainability Week with an emphasis in strategic risk management of fraud, corruption, money laundering and terrorist financing and was attended by 3,077 people including employees, vendors and communities from all three regions.
- As a part of managing strategic risk of fraud, corruption, money laundering and financing of terrorism, in 2015 we analyzed 38.4% of our operations.
- 100% of corruption-related cases received by the Transparency Line were addressed and resolved.
- We commenced the Fraud Prevention training program with regional suppliers in Colombia.
- We made progress in corporate governance, Code of Conduct, Anti-Corruption and Anti-Bribery Policy, risk management and human rights training programs with regional Colombian suppliers.



PROMOTION

Sustainability Week is a training session that we share with our stakeholders, which, year after year, we reflect on different issues relevant to sustainability. In recent years we have touched on issues of great importance and necessary reflection such as social inclusion, the Global Compact, the water footprint, human rights and sustainable development.

In 2015 we tackled the management of strategic fraud risk, corruption, money laundering and terrorist financing. Guided by the organization known as Transparency International, our leaders trained 3,077 people among employees, suppliers and communities. This approach allowed us to demonstrate to our stakeholders how our vision of sustainability is structured around risk management culture and, in particular, the fight against corruption. In addition to distributing policies on Sustainability, Anti-Fraud, and Risk Management, we analyzed the local and international framework of corruption, we studied different situations where an issue of corruption might exist and we communicate the corporate strategies which should be implemented day to day to prevent the materialization of this risk. The Transparency Line and our Code of Conduct are key strategies for the prevention and attention of all cases, for this reason we tap into this area to circulate knowledge of these mechanisms. During the course of this week, we opened the "Find the Risks" contest to employees which had three winners, one from each region. We are convinced that corruption is the main barrier to development and to the effective enjoyment of rights, so as part of the Cine-forum and corporate volunteering we carried out with our communities in educational institutions, we reflected on the impact of corruption.

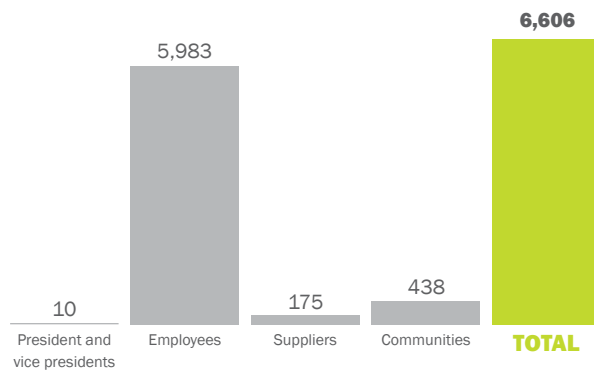


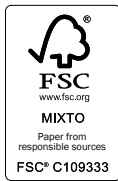
Beneficiary of education programs

Cases handled and resolved through the Transparency Line. In 2015 we received a total of 29 complaints for issues related to corruption. 100% of the cases were settled by the end of the year.

FOR FURTHER INFORMATION SEE:
 1. [Governance, ethics and transparency: ethics and transparency](#)
 2. [Sustainability, materiality and risks](#)

(G4-S04) Training on the organization’s policies and procedures to fight against fraud, corruption, asset laundering and terrorism financing





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