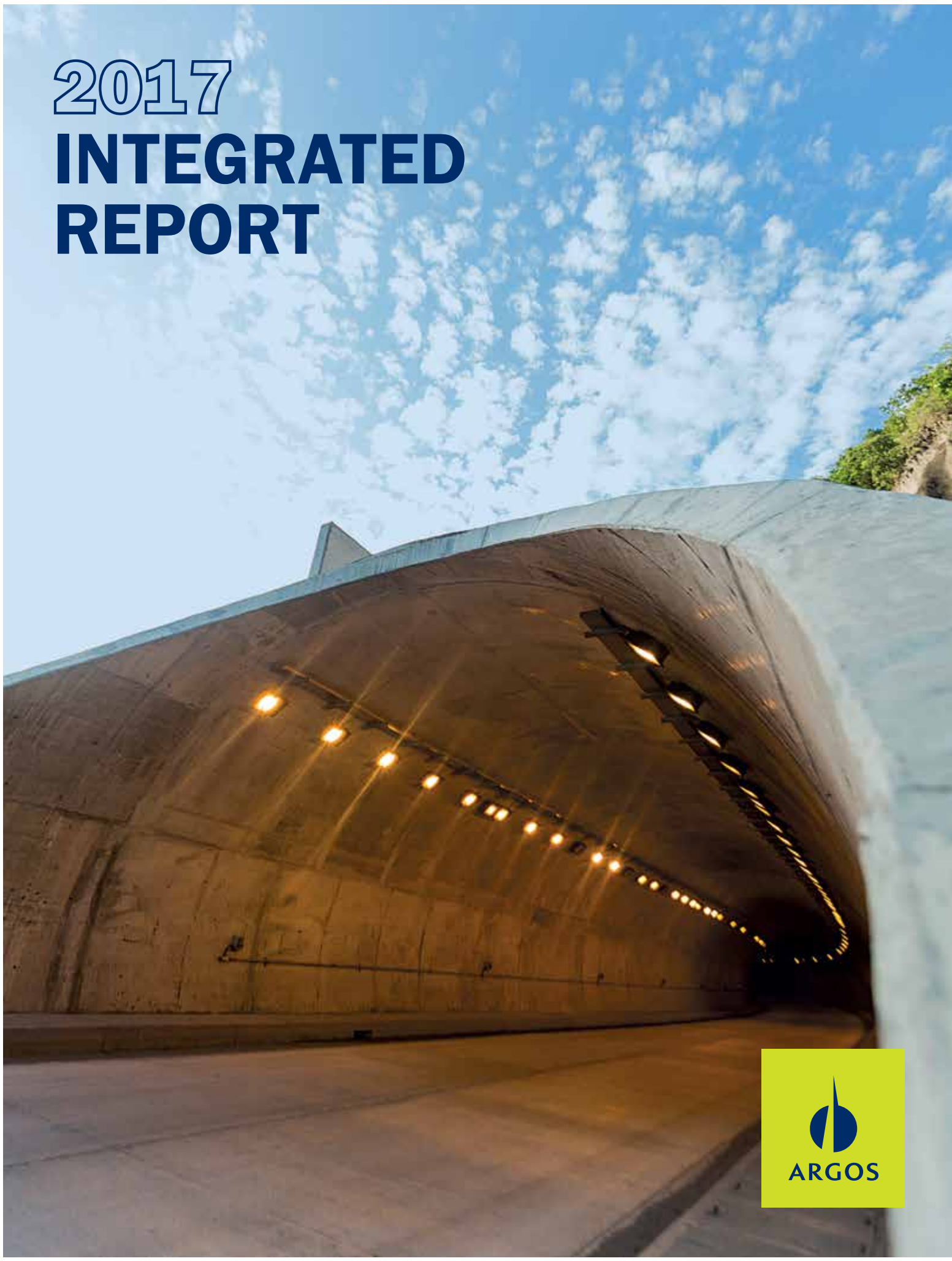


2017 INTEGRATED REPORT



2017 INTEGRATED REPORT

IN THE COVER:

Construction built with Argos: Tunnel in the Cisneros-Loboguerrero stretch, Colombia

Digital version of the 2017 Integrated Report:

<https://goo.gl/6YDzXd>

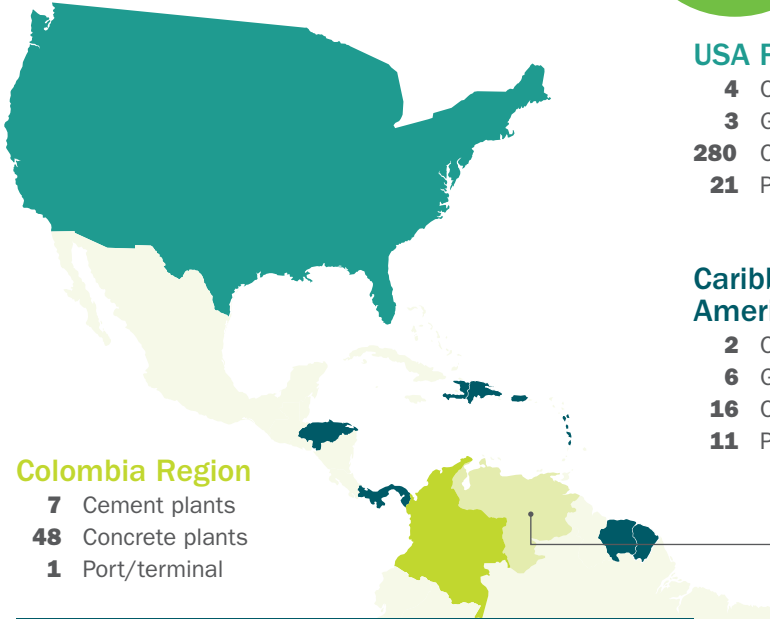


Where We Operate

GRI [102-2/102-4/102-6/102-7]

We operate in 15 countries and territories

Throughout three regions: Colombia, United States, and the Caribbean and Central America.



Colombia Region

- 7 Cement plants
- 48 Concrete plants
- 1 Port/terminal

Installed Capacity

Cement

23 million tons

Concrete

18 million cubic meters

WE EXPORT TO
34
DESTINATIONS

USA Region

- 4 Cement plants
- 3 Grinding plants
- 280 Concrete plants
- 21 Ports/terminals

Caribbean and Central America Region

- 2 Cement plants
- 6 Grinding plants
- 16 Concrete plants
- 11 Ports/terminals

Cementos Argos S.A. has presence in Venezuela through its subsidiary Corporación de Cemento Andino C.A., which is currently part of a judicial process in regards to the expropriation by the Venezuelan government of its plant located in the Trujillo state in Venezuela. The compensation that Cementos Argos S.A. or its subsidiary Compañía de Cemento Andino C.A. receives depends on the judicial decisions of the competent bodies of the Bolivarian Republic of Venezuela. Argos maintains the claim for its investment in that country.



13

Cement plants



94

Dispatch centers



340+

Concrete Plants



1,274

Rail cars



33

Ports/terminals



2,600+

Mixer trucks (40 compressed natural gas powered mixers)



9

Grinding plants



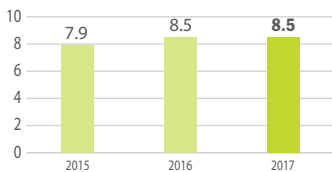
5

Vessels (owned)
1 permanently leased

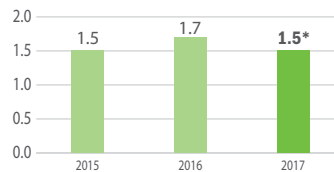
2017 Relevant Figures

Economic Results [102-2]

Revenue Trillions of pesos (COP)

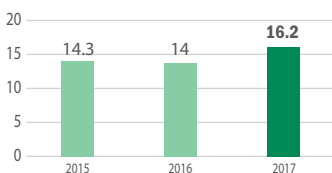


EBITDA [A-RE2] Trillions of pesos (COP)



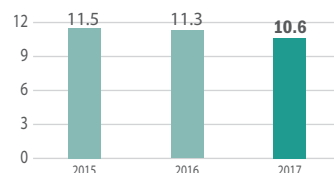
Cement Sales Volume

Millions of tons



Concrete Sales Volume

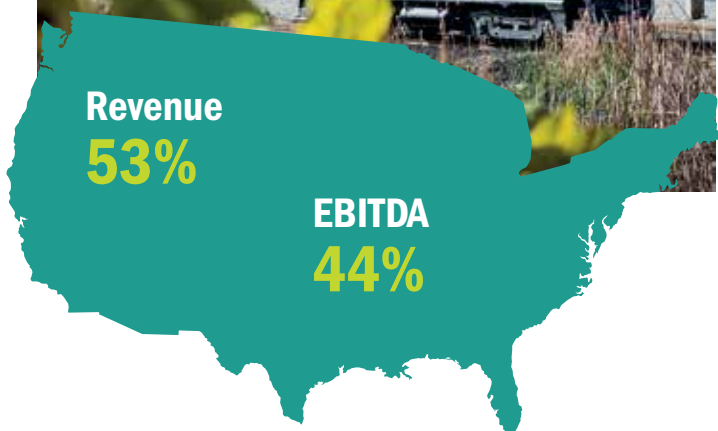
Millions of cubic meters (m³)



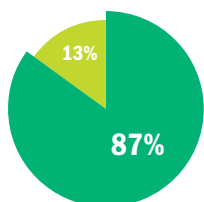
* Adjusted EBITDA: excludes compensations and anticipated non recurrent pensions associated with the BEST program.

2017 Outstanding Achievements

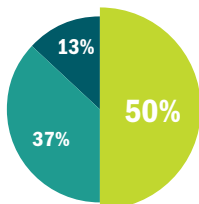
The United States consolidates as the greatest generator of revenues and EBITDA.



Talent: **8,547** employees
GRI [102-7/102-8]



● Women: 1,150
● Men: 7,397



● Colombia: 4,228
● United States: 3,178
● The Caribbean and Central America: 1,141

BEST [A-BE1]



~US \$12

Savings in the cost per ton of cement production in Colombia

Innovation



20.7% of total revenue came from innovation.

MEMBER OF
Dow Jones Sustainability Indices
In Collaboration with RobecoSAM



We were recognized as one of the most sustainable cement companies in the world according to the Dow Jones Sustainability Index, and we received the Gold Class distinction in the RobecoSAM yearbook.

Contribution to Society

Value-added Statement (VAS) [A-LS1]

The **net value** added for society was **4.73** times the benefit we retained in 2016.

Environmental Advance

2.2% less CO₂ emissions compared to 2016

US \$34.9 million CAPEX, OPEX and other environmental investments

Occupational Health and Safety

1.16 lost time incident frequency index (consolidated)

19.76 severity index (consolidated)

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Valued shareholders:

It is very pleasing to present you the 2017 Integrated Report, which contains the most relevant milestones of Argos' advances in the development of its strategy to consolidate itself as one of the most competitive, innovative and sustainable cement companies in the Americas.

I would like to highlight the enormous strength of the organization, given that last year our ability to adapt to the market's profound changes and to the industry's disruptions was put to the test. Thanks to the compromise and exemplary effort of each one of our employees, to the geographical diversification of business and to the important presence that we have consolidated in the United States, a country which already represents 53 percent of our revenues, we were able to relieve, to a large extent, the impact of the deceleration of the demand in Colombia.

In the same way, we were able to achieve significant advances in competitiveness thanks to the execution in Colombia of the Building Efficiency and Sustainability for Tomorrow (BEST) program. Likewise, we initiated the deployment of BEST in the United States and Honduras, and executed an ambitious program of divestment of nonstrategic assets that we had previously defined as source of finance for the acquisition in Martinsburg, which closed at the end of 2016, allowing us to increase our financial flexibility and

to position the company in a privileged way to take advantage of the enormous opportunities that we have in the geographies in which we operate.

These achievements added to the strengthening of our own value proposal and allowed us to become closer to our customers and to be a relevant player in the global cement industry, while in the middle of a dynamic environment that invites us to continuously reinvent ourselves.

Having innovation and sustainability as part of our strategic framework has allowed us to reach important milestones like our inclusion, for the fifth consecutive year, in the Dow Jones Global Sustainability Index, being chosen as part of it for the Latin American Integrated Market. In addition, we launched value-added specialty products like the microcement and the enhanced concrete into the market, among other innovations, that transcend the results and ratify our goal of having operations that are more efficient and responsible with the environment.

The management of the organization reflects the strategic coherence of Grupo Argos' companies, having as an objective the generation of value for our customers, shareholders and other stakeholders, with integrity, ethics and transparency as the guiding principles of our actions. This is the opportunity to reaffirm our commitment with the promotion of and the respect for human rights, the fulfillment of the principles of the Global Compact, and the effective contribution to the Sustainable Development Goals.

We want to thank you in a very special way for recognizing Argos as a company that acts ethically in all of the countries where it takes its Green Light to with pride. Your trust and support each day strengthen the organization and its purpose of building dreams and transforming lives.

GRI [102-14]

JORGE MARIO VELÁSQUEZ

Chairman of the Board

About This Report

GRI [102-32/102-50/102-51/102-52]

For the sixth consecutive year and after the last report published in March 2017, we present the 2017 Integrated Report, which provides information about our performance in economical, social and environmental matters during the period between January 1 and December 31, 2017.

Throughout this report, we expose the way in which we manage our risks and opportunities, and give answer to the issues we know are important for our stakeholders.

Its content has been formally revised and approved by our CEO and by the Executive Committee, composed of nine vice presidents.

Content Definition

GRI [102-46]

The prioritization of the issues included in this report is the result of the analysis of the context in which we operate, on which the expectations and opinions of our stakeholders were considered, as was our own vision of the business.

This exercise, which we call our Materiality Analysis, is developed every two years, and its most recent version corresponds to the end of 2017. The result of the Materiality Analysis, which presents the order of relevance of the issues that were object of analysis, is reflected in the matrix on the next page. The detail of the process can be found on page 58 of this report.



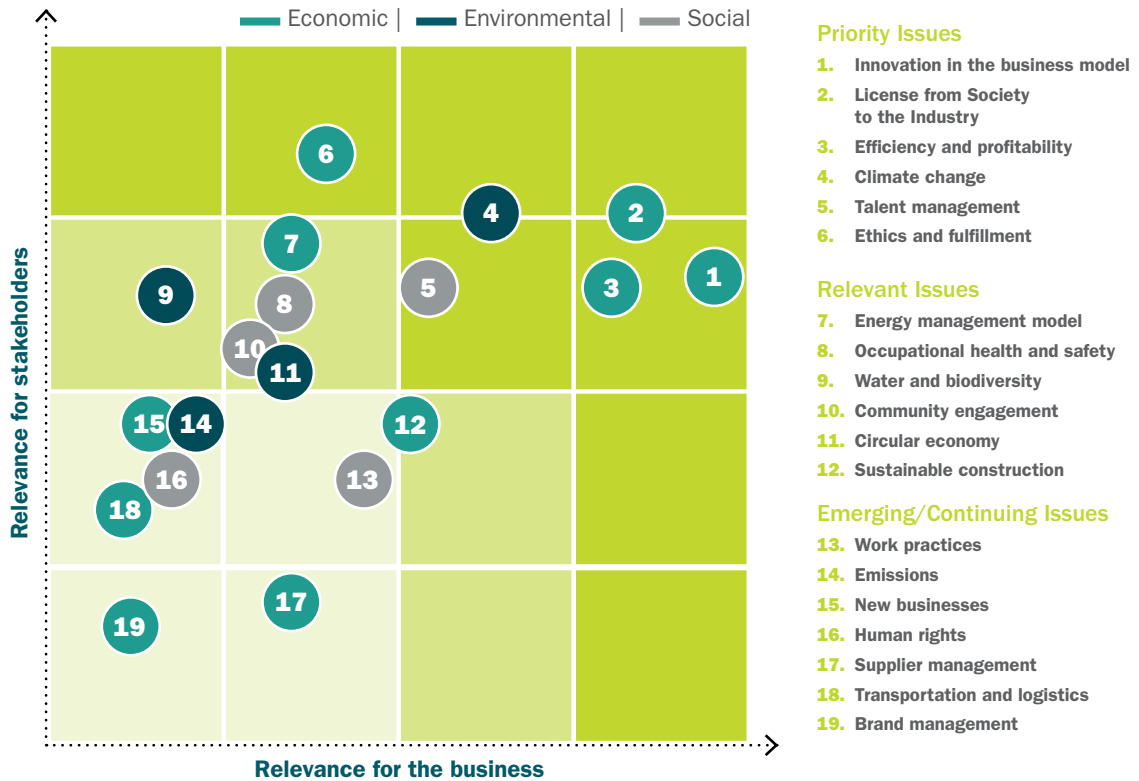
Seating constructed from enhanced concrete, Medellín, Colombia.

Material Issues GRI [102-47]

The issues considered priority and relevant are developed in the fourth chapter and for each we present:

1. The way in which we manage them, having the risks and the associated opportunities in mind.
2. The value that the management of each material issue adds, for both our company and to society.
3. The accountability of our performance in each issue and the advance in relation to the goals we have set in the short, medium and long term.
4. The relation of each material issue with the Sustainable Development Goals (SDG) and the principles of the Global Compact.

Materiality Matrix



Likewise, in each section of the chapter in question one can access a link that leads to our website, which presents additional and detailed information about the indicators associated with each issue.

Scope GRI [102-49]

The scope of each issue in regards to our value chain is graphically indicated on the side of its respective title. In this way, it is clarified if its report covers the impacts in the operations of the suppliers, our own operations, those of our clients and/or in society in general.

Except for the cases otherwise indicated, all of the data contained in this report includes the activities of all of the companies whose numbers consolidate in the financial statements of the cement, concrete and aggregates businesses of the Colombian, USA, and Caribbean and Central American Regions.



Employee, Harleyville Cement Plant, USA Region

Reporting Framework and External Verification

GRI [102-54/102-55/102-56]

This report was built in accordance with the GRI standard, which means that it fulfills the guidelines and criteria of the reporting framework known as the Global Reporting Initiative (GRI). In the same way, it is based in the principles proposed by the International Integrated Reporting Council (IIRC).

The report constitutes the progress report we present annually before the United Nations Global Compact, and responds to the collective effort in favor of the transparency and the joint work that we promote as a member of the Cement Sustainability Initiative of the World Business Council for Sustainable Development (WBCSD).

Throughout the entire document, GRI indicator codes are found, highlighted in green (for example: **GRI [102-3]**), along with our responses to them. In the annexes section, our GRI contents index is available, which contains complementary information, as well as the external verification report provided by Deloitte, who has validated the reliability and integrity of the information reported.



Employee, Roberta Cement Plant, USA Region

Comparability of the Information **GRI [102-48]**

The figures reported are expressed in Colombian pesos and/or US dollars, in which case are calculated based on the Market Representative Rate (year average) of COP \$2,950.94, unless otherwise indicated in the specific section.

Find the digital version of the 2017 Integrated Report at <https://goo.gl/6YDzXd>

SUSTAINABLE DEVELOPMENT OBJECTIVES

During 2016, we joined the call of 193 member countries of the United Nations in order to, as a private company, take action and contribute to the creation of environments that offer greater opportunities and better quality of life for everyone. It is for this reason that we joined the global agenda, a framework within which we have set 17 Sustainable Development Goals (SDG).

We made an exercise of prioritization of the SDGs on which we commit ourselves to act upon, considering that we can

actively contribute and reduce the existing global gaps in relation to decent work and economic growth; industry, innovation and infrastructure; cities and sustainable communities; and climate action.

Learn more information on page 53 of this report.

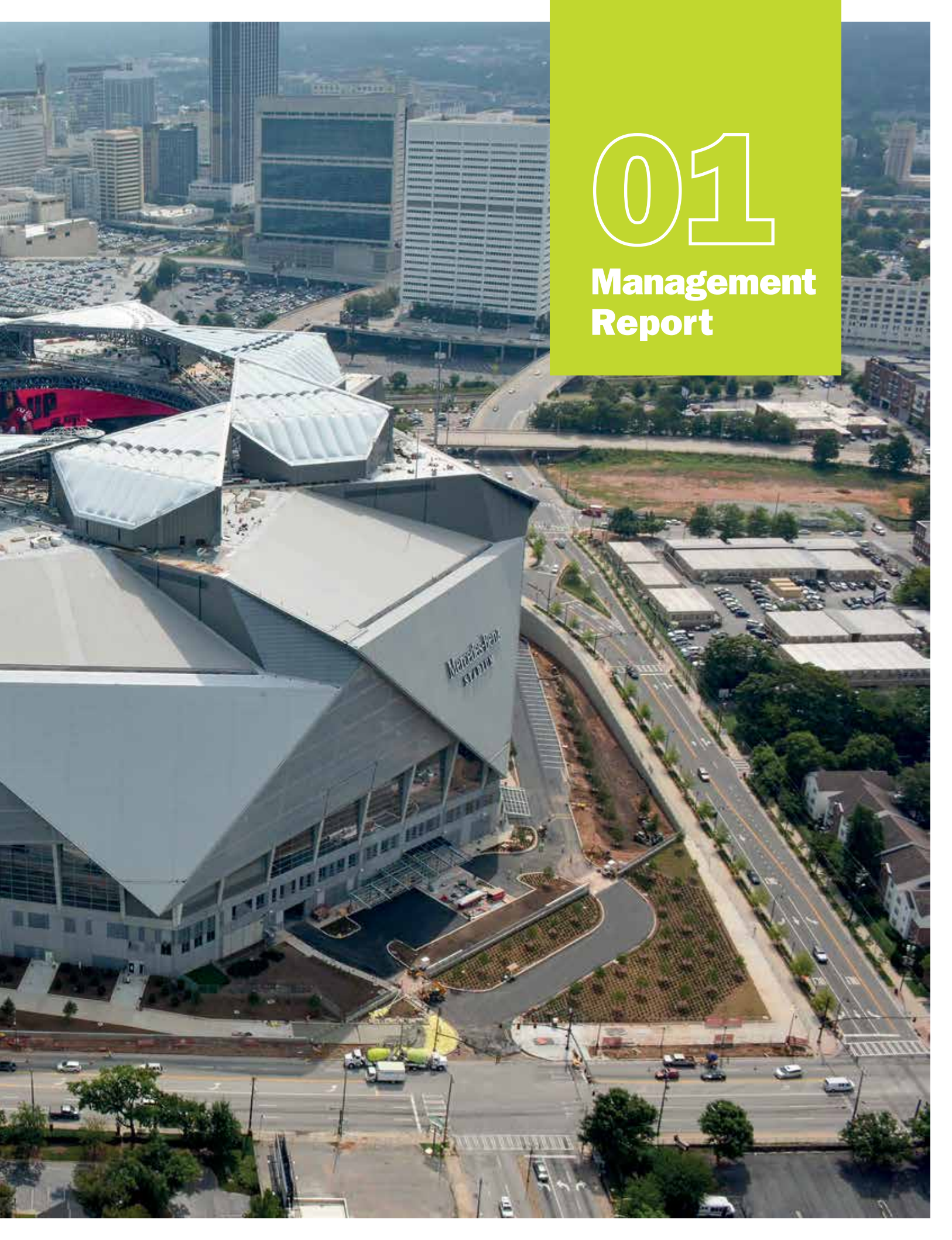


Contact Point **GRI [102-53]**

For more information about the content of this report, contact María Isabel Echeverri, Sustainability Vice President, at mecheverri@argos.com.co



Constructed with Argos cement and concrete: Mercedes Benz® Stadium, Atlanta, Georgia, United States



01

Management Report

Management Report

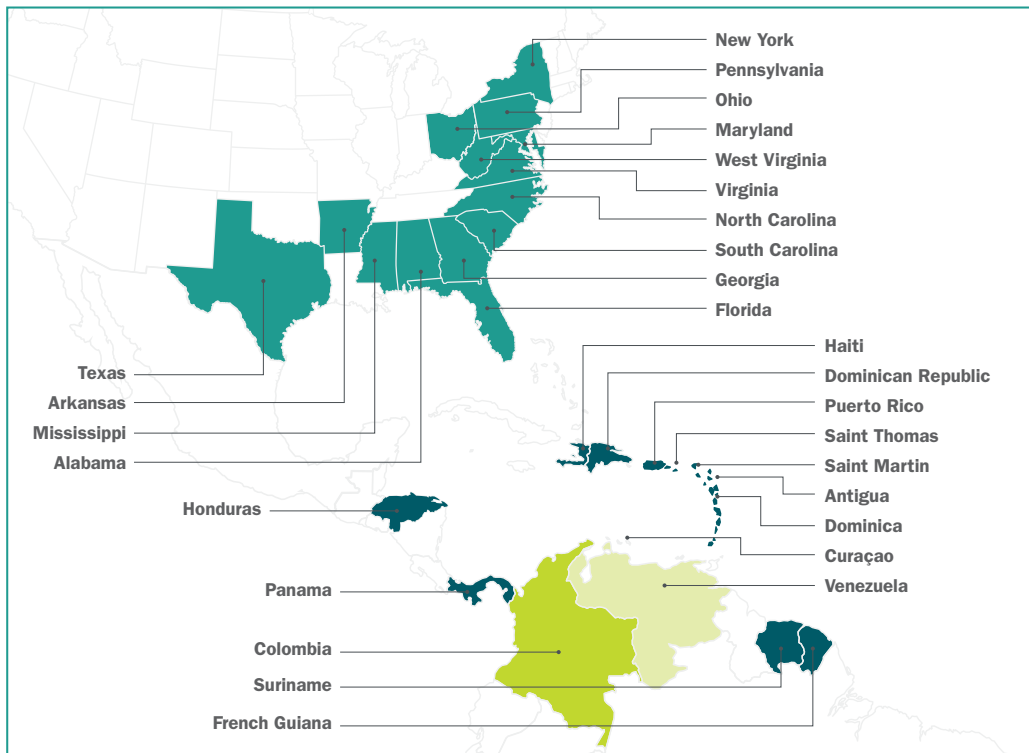


Juan Esteban Calle, presidente de Argos

In 2017, we gave ourselves the task to continue preparing the company for the future, inspired and driven by our track record of successful organic and acquired growth that allowed us to consolidate a vertically integrated cement and ready mix asset base in the Americas.

We, along with others in the industry, continue to face great disruptions and challenges in our main markets. For that reason, we focused on advancing our operational transformation process, consolidating our recent acquisitions and executing an ambitious divestment plan, all of which, in the coming years, will bring about incremental competitiveness in all geographies, supported by a strong and valued brand, as well as a better return on capital employed for all businesses.

Strategic presence in the Americas GRI [102-4/102-6/102-7]





Road Binder, enhanced concrete

22.4% of all ready mix orders were placed through our ready mix customer portal

20.7% of our consolidated revenues stemmed from innovation.

increasing alternative fuels usage, reducing the overhead of our corporate structure, and deepening the value of efficiency within our corporate culture. By doing so, we achieved an important reduction in cost and expenses that will materialize gradually in the other regions.

Furthermore, to face the great disruptions within the industry, we strengthened our focus on our clients and our value propositions for all segments, capitalizing on our development through innovation. In 2017, we launched the largest number of new products in the Colombian market, including enhanced concrete, road binder, micro-cement, masonry cement and three types of dry mortar. In the U.S., we broadened our portfolio with the launch of 15 innovative products. In Colombia, there was also progress on our digital commercial strategy, capturing, by year end, 18.2% percent of all ready mix orders through ready mix customer portal and 22.4% percent of cement orders through our cement customer portal.

2017 was not without challenges, from the slowing of demand for cement and ready mix to the cement price reduction in Colombia to the hurricanes that impacted our people and operations in the U.S. and the Caribbean. Nevertheless, we ended the year as a stronger corporation that is encouraged by and focused on efficiency, that is leaner, and most importantly, that is united by our greater purpose of building dreams and delivering prosperity and development to millions of people in the areas where we are present.

With the goal of seeking excellence throughout our operations and reiterating our commitment to service and value generation for our clients, we directed our efforts on the execution of our Building Efficiency and Sustainability for Tomorrow (BEST) program, with the initial scope for our Colombia Region. Through this program, we advanced significantly on the operational transformation of our plant network,



Martinsburg Plant, USA

In terms of the consolidation of new operations, since year-end 2016, we concentrated on integrating our cement plant in Martinsburg, West Virginia, and its eight terminals into our network in the U.S. We are happy to report that, by the end of 2017, we completed the integration of those assets, which now operate on the same operating system, further facilitating efficiencies and creating synergies. In the same way, we worked on the integration of our new plant in Puerto Rico in our Caribbean and Central America Region and closed 2017 under one Argos brand on the island.

GRI [102-10/A-BE2] Also in 2017, we delivered on our announced non-core assets divestment plan. In the U.S., we completed the sale of non-core assets for USD \$82 million, including the block production assets in Florida and Georgia, as well as an aggregate mine in Texas. As part of the same plan, we sold the entire balance of the share portfolio with Bancolombia and advanced substantially

on the divestment of the first three power generation plants, which we expect to complete during the first half of 2018. These transactions are part of our commitment to divest close to USD \$550 million to acquire the Martinsburg cement plant, improve our financial flexibility, maximize the return on capital employed, and focus on our cement, ready mix and aggregate businesses, where we continue to see opportunities.

We are convinced that our growth should always coincide with the development of each of the areas where we serve. To achieve this, we help make the dream of owning a house or of having better infrastructure a reality for millions of people. We are actively involved in the communities within our areas of influence, and we are committed to contributing to the construction of institutions and, therefore, a better society.

This is evidenced by the recognition we received from the Down Jones Sustainability

Index for the fifth consecutive year: one of the most sustainable cement producers in the world. In addition, we received Gold Class distinction for the second consecutive year in RobecoSAM's 2018 Sustainability Yearbook, highlighting the results from our second version of our Value Added Statement (VAS), which reflected a positive impact of our operation to the society.

The commitment, dedication to service, and the positive energy of our employees was crucial to overcoming the obstacles of this challenging year. We remain fully committed to the development of our employees and continue to reinforce health and safety to ensure our employees make it home safe and sound each day. In that sense, we are happy to report a reduction in the lost-time incident frequency and severity indexes, as well as an important reduction in the number of motor vehicle incidents, which a very significant topic for our industry and the countries where we operate.



TO TAKE CARE ONE OF EACH OTHER ALL THE TIME, REFLECTS SELFCARE AND RESPECT FOR OUR OWN LIFE AND THE ONE OF OUR COWORKERS”.

Gairy González, Dominican Republic employee.
Caribbean and Central America

To continue with the goal of being the most efficient and competitive cement and ready mix company in our region, in 2018, we will advance with the execution our Building Efficiency and Sustainability for Tomorrow (BEST) program in Colombia, and deploy the program in the United States and Honduras, which are markets where we see great possibilities to capture efficiencies. Since it is the result of several acquisitions, the cement and ready mix concrete businesses in the United States have the potential to further streamline operations. Last year, the U.S. operations consolidated into a single legal entity and now operate from a single technological platform. In addition, the operation in Honduras has great potential because it is going from a single-plant structure to a multi-plant structure, and we can streamline our use of fuels with alternative materials.

Along those same lines and supported by our past achievements, our main objective for 2018 will be the generation of positive free cash flow from our operations, which will contribute to the reduction in the level of leverage, essential premise to recover the necessary financial flexibility to follow our growth plans. To reach this goal, the gradual recovery of the price level in Colombia, discipline in the management of working capital, significant reduction of capital expenditures in all geographies and the continuation of the divestment plan will be crucial.

In conclusion, in 2017, we laid the foundation so that, in the future, we see a return on capital employed above our cost of capital, will continue to act responsibly within our communities, use innovation as our roadmap and remain committed to our employees.

Building Efficiency and Sustainability for Tomorrow (BEST)

Launched in 2016, our Building Efficiency and Sustainability for Tomorrow (BEST) program aims to further focus the company on our customers and transform ourselves into a leader in terms of efficiency and competitiveness in our cement, concrete and aggregates businesses, while seeking greater return on capital employed.



We achieved the initial goal!
USD 12 per ton of cement: cost reduction goal in Colombia



Go to Market

Detailed review of customer segmentation and strategy to offer adjusted solutions to the needs of each market.

What have we done

- Review and redesign of the client segmentation processes to improve profitability of the business.
- Redesign of marketing KPIs.

Next steps

- Redefine the commercial model.
- Implement new marketing KPIs.



Administrative synergies

Achieve economies of scale, integrate and standardize processes to achieve efficiency and a disciplined use of resources.

What have we done

- Roll-out of the Shared Services Center.
- Implementation of a lighter corporate structure.

Next steps

- Capture savings from the implementation of a lighter corporate structure.



Operational transformation

Optimize our network to concentrate production in the most efficient dry process plants.

What have we done

- Productive transformation in Colombia of: San Gil and Sabanagrande cement plants, Mamonal RMC plant, two wet kilns in Cartagena and one in Toluvejo.

Next steps

- Maintain our focus on efficiency in Colombia. Capture efficiencies in the US, Honduras and Panama.



Non-core assets optimization

Focus our capital on cash-flow generation of our core business, including the divestment of non-core assets.

What have we done

- Divestments: Bancolombia shares, 20% of the minority stake in Argos Panama, assets of the blocks business in the US, real estate assets in Panama and the US, three self generation power assets in Colombia.

Next steps

- Search and capture opportunities in all regions.



Alternative fuels

Reduce fossil fuel consumption. This allows us to reduce global carbon emissions and improve the cost of energy per ton.

What have we done

- 5.4% average fuels substitution.

Next steps

- Implement the solid alternative fuel coprocessing project in Newberry plant, US.
- Start the tire coprocessing system in Cartagena plant, Colombia.



Implementation of new technologies

Expand our production capacity, to improve our clinker-to-cement ratio and optimize cost per ton.

What have we done

- Set up of facilities for a calcined clay project in Rioclaro, Colombia.

Next steps

- Roll-out of the calcined clay project in Rioclaro.
- Construction of a mini-mill in Honduras.

Consolidated results

OPERATING RESULTS

GRI [102-7] During 2017, 16.2 million tons of cement were shipped, which is an increase of 15.8 percent, while ready mix volumes, which were impacted by the economic situation in the Houston market, as well as the adverse weather in the United States, closed at 10.6 million of cubic meters, which was 6.1 percent less than the previous year.

In a consolidated manner, revenues reached 8.5 trillion pesos, 0.2% more than in 2016, driven mainly by the United States and the Caribbean and Central America, which managed, within our diversification strategy, to offset the reduction in revenues of Regional Colombia.

At the end of the year, as a result of the efficiency efforts achieved through BEST, we saw a reduction in sales and administration



Roberta Plant, USA

expenses of 2.6 percent, as well as an increase in the cost of goods sold of 5.7 percent, which is well below the increase in the volume of sales of total cement shipments.

These efforts were fundamental to partially offset the impact of market conditions in Colombia, which were evidenced by a decrease of 11.5 percent in adjusted EBITDA*, which closed at 1.5 trillion pesos, reflecting the benefit of the divestments in the U.S.

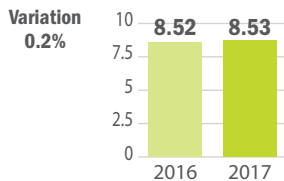
On the other hand, net income was impacted by the aforementioned effects, by the non-recurring expenses associated with BEST of around 600.000 million pesos and by the recent tax reform legislation in the United States, which resulted in an accounting adjustment of USD 34,7 million at the end of the period. Although this does not imply cash outlays, it does represent a non-recurring impairment of the deferred tax asset due to the reduction of the corporate tax rate, which fell from 35 percent to 21 percent.

This effect strengthens our growth prospects for the United States, since we believe that the reform contributes significantly to the dynamics of the economy, the creation of jobs and the investment climate, with positive effects expected in the generation of cash flow and in the future profits from our operation.



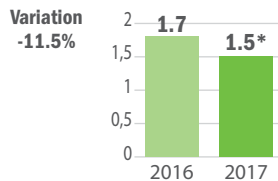
Revenues

COP Trillion



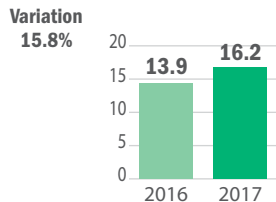
EBITDA

COP Trillion



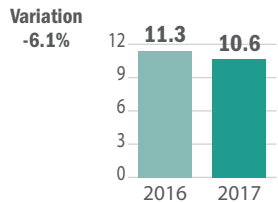
Cement volume

million tons



Concrete volume

million m³



* Adjusted EBITDA: Excludes non-recurring severance payments and anticipated pensions

BALANCE STRUCTURE

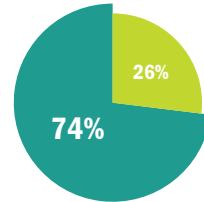
Our capital structure is based on the natural hedging of currencies and the management of debt terms in accordance with business flows to have greater financial flexibility, which lends itself to the possibilities of expansion and consolidation, allows us to face the different market cycles, and ensures the sustainability of our business over time.

Framed within our debt management strategy, which seeks to optimize the best structure of duration and financial cost, and by leveraging the favorable market conditions in terms of liquidity in Colombia, we made a bond issue in this market for trillion pesos, with an over-demand of 1.7 times.

The placement rates for a period of 25 years were the lowest reached for a corporate issuer up to that point. Similarly, at the end of the year, we executed a debt operation in dollars to extend the terms. These operations proves not only the company's access to the different financing alternatives, but also the confidence that the market has in our strategy, which allowed us to increase the average life of the debt by 1.5 years at the end of 2017.

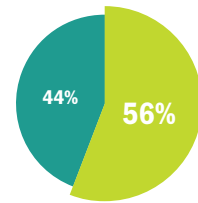
Because of these operations, the total debt closed at USD 2,433 million of which 56 percent is in dollars and 44 percent in pesos, with average rates of 2.9 percent and 8.4 percent respectively. The net debt over EBITDA plus dividends indicator ended at 4.6 times above our target, which was between 3.2 and 3.5 times, a level at which we expect to return this year through the generation of operating cash flow and the execution of our divestment plan.

WE ARE PROMINENT IN THE MARKET AS A KNOWN AND RECURRING ISSUER.



DEBT PROFILE

- Short term
- Long term



AVERAGE ANNUAL COST

- COP 2,9% A. E.
- USD 8,4% A. E.



4,6x

Net debt / (EBITDA + dividends)

43,7 días

Financial cycle - days as of December

3,29x

(EBITDA+dividends+FX) / financial expenses



Employees, Comayagua Plant, Honduras, Caribbean and Central America Region

On the other hand, the value of the assets amounted to 18.8 trillion pesos, 2 percent less compared to 2016, and the liability totaled 10 trillion pesos, which represents 53.3 percent of total assets.



Infrastructure project built using Argos products. Puerto de Aguadulce, Colombia

PROFITABILITY

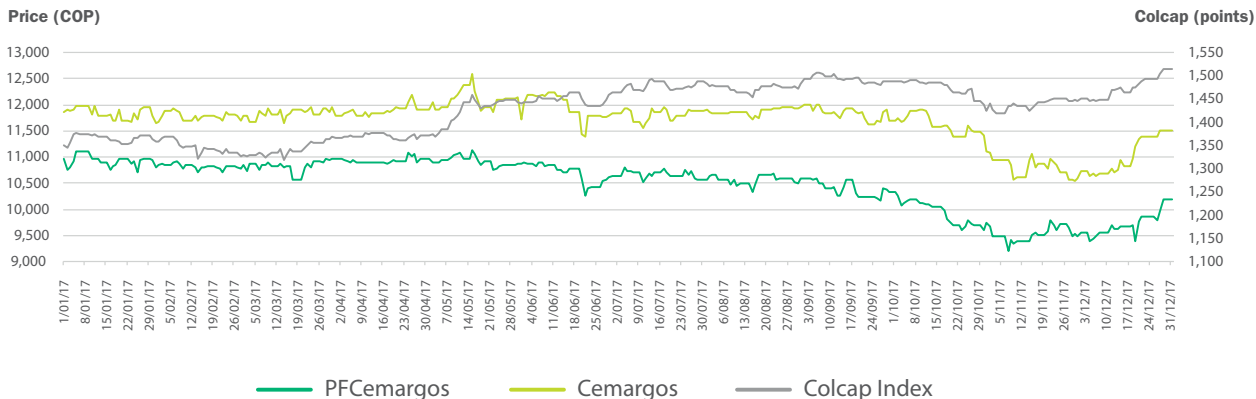
After the issuance of preferential shares in the Colombian market in 2013, a period in which we presented a performance superior to COLCAP with a total return above 50 percent in the ordinary category; in 2017, the prices of the ordinary and preferential shares presented an annual reduction of 2.9 percent and 7.1 percent. In the same line, the total return to the shareholder, including ordinary and extraordinary dividends, presented a decrease of 0.9 percent and 5.0 percent respectively.

Our performance was explained in part by results that reflected the market situation in Colombia, as well as the fallout from the massive hurricanes that hit the United States and the Caribbean, as mentioned before. However, the medium- and long-term prospects of our

businesses and the possibilities of growth for our company in all markets are highly favorable.

Likewise, the Colombian capital market was characterized by a reduction in liquidity levels and by a lower appetite of investors as a result of the slowdown in the economic environment and the delays in Fourth Generation (4G) Projects.

As such, we would like to thank all of our shareholders for their confidence and reiterate that our management team remains focused on increasing the return on capital employed (ROCE). We have the right incentives included in variable remuneration, and we are optimistic about the extraordinary business and asset platforms we have built in the Americas, as well as the opportunities that lie ahead.



PERFORMANCE OF BUSINESS BY REGION

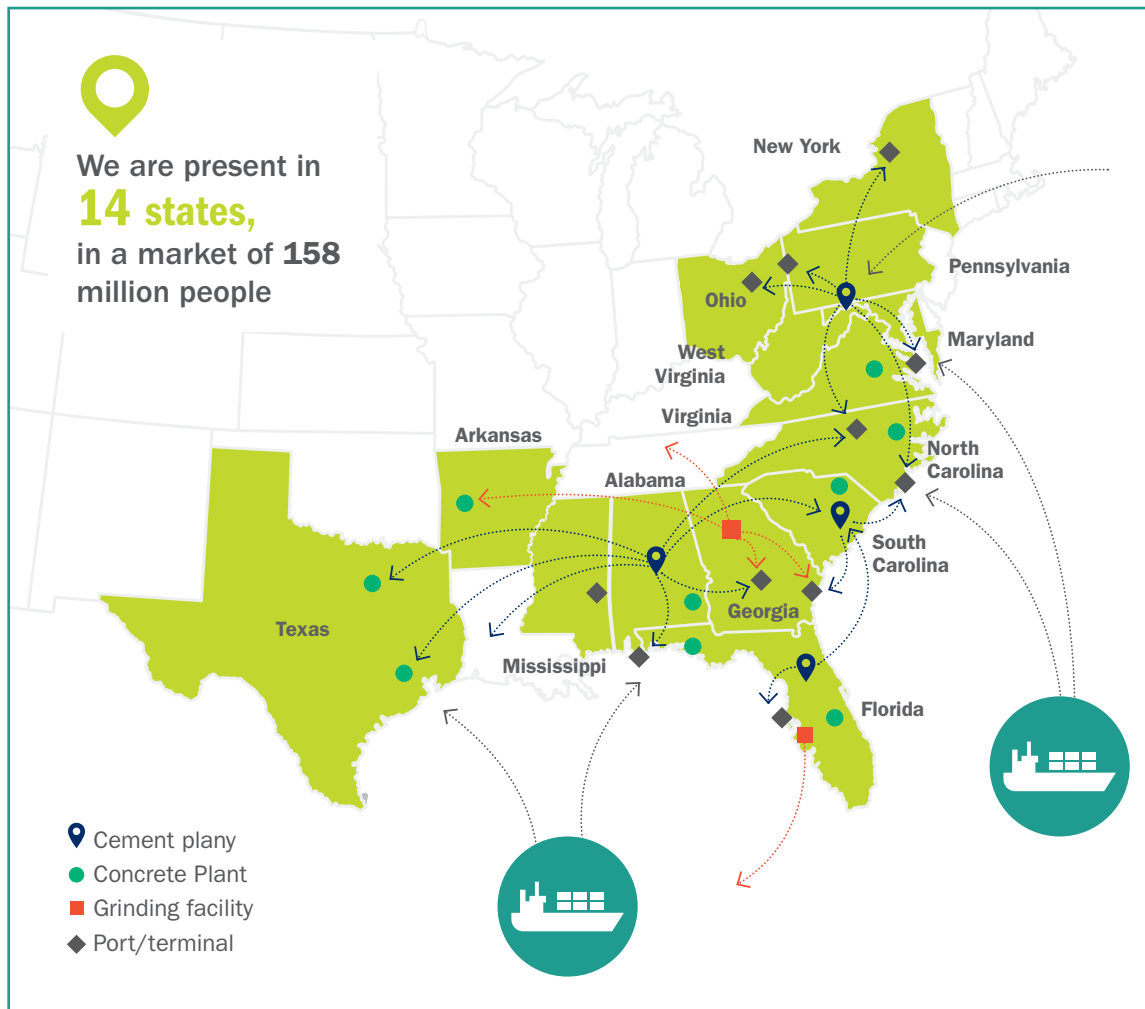
United States Region

In 2017, after the consolidation of our operations in Martinsburg and its eight terminals, we positioned ourselves as the fourth largest cement producer in the United States, which is one of the markets with the best prospects in the world, and the USA Region became the largest revenue and EBITDA generator for Argos. With this acquisition, we strengthened our asset network, creating a geographical presence and an interconnection of plants and terminals that is very well positioned, which allows us to achieve relevant market shares in cities such as Washin-

gton D.C. and in states such as Georgia, Florida, and North and South Carolina.

Despite cement shipments still being far from the historical average before the global economic crisis, our confidence in the growth potential of this market is supported by the recovery of the residential segment, which is evidenced by the leading indicators such as new home sales, residential construction spending and consumer confidence, which reached levels not seen since 2008. As a result, the average home price increased by 6 percent during 2017.

Operations map GRI [102-2/102-6]

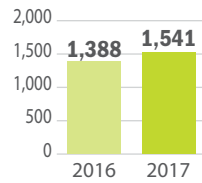




Revenue

USD million

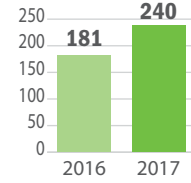
Variation
11%



Ebitda

USD million

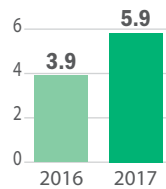
Variation
33%



Cement Volume

Million tons

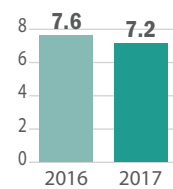
Variation
47,8%



Concrete Volume

Million of m³

Variation
-6,2%



WE PARTICIPATED AS READY MIX SUPPLIERS IN THE CONSTRUCTION OF THE FALCONS STADIUM (ATLANTA, GEORGIA), IN WHICH THE SUPER BOWL WILL BE PLAYED IN 2019

which is higher than the 4.7 percent recorded for the whole U.S. market and the 6.2 percent for the states where we operate excluding Texas.

On the other hand, ready mix volumes posted 7.2 million cubic meters, with a reduction of 6.2 percent, which is explained mainly by the poor market conditions in Houston, a city affected by the fall in oil prices. These results were also affected by the extreme hurricane season that, with Hurricanes Harvey and Irma, is considered the most severe in the history of the U.S. Though our assets were not severely damaged, the effect for the economies in the impacted regions was substantial, and the reconstruction needs are considerable.

In this region, revenues reached USD 1.541 million 11 percent higher than 2016, and EBITDA reached USD240

In addition, we have a positive outlook regarding the infrastructure sector, especially when looking at a state level where states such as Florida, Virginia and Maryland, budgeted over USD 28 billion for the coming years. During the year, we participated in notable projects such as Interstate 4 in Florida; Mercedes Benz Stadium in Atlanta, Georgia, where the 2019 LIII Super Bowl will take place; and many other projects.

By year end, cement shipments reached 5.9 million tons, up 47.8 percent given the Martinsburg Plant and terminals acquisition. When excluding this result, the volumes increased by 20 percent,



Constructed with Argos cement and concrete: Mercedes Benz® Stadium, Atlanta, Georgia, United States



Employees of the Harleyville plant, USA

million, growing 33 percent. These results were driven by the operational performance of the cement business, the Martinsburg Plant and terminal acquisition, and the gain recorded for the aforementioned divestments. As a result, the EBITDA margin was 15.6 percent, 257 basis points higher than the previous year. In addition, we invested USD 74.4 million in the region to optimize and maintain our assets, including the purchase of more than USD 16 million of more efficient mixer trucks for our fleet.

Among the achievements for this country is the integration of our operations, including the logistics optimization from our new assets in Martinsburg, the consolidation into one operating system and under one legal entity, and the arrival to a new market with our terminal in Massillon, Ohio, which opened in the first quarter. Additionally, we reduced our energy consumption by 11 percent and 14 percent respectively in our Roberta and

Harleyville Cement Plants, as well as the obtaining ENERGY STAR® certification for our Roberta and Newberry Cement Plants.

We value the safety and wellbeing of our employees, and therefore, we feel encouraged by the significant advancement in our I Promise Occupational Health and Safety System, where we saw substantial improvements in our lost time incident frequency and severity rates.

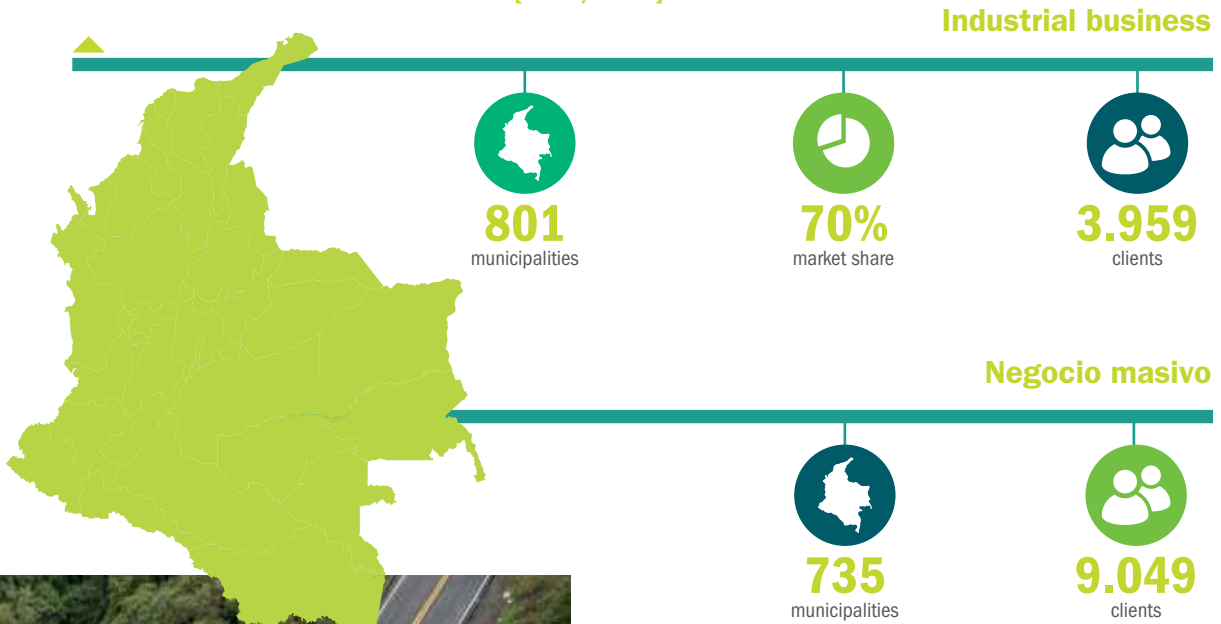
In 2018, we expect positive results from this region and to benefit from the dynamic economy and positive outlook for the construction sector, which should benefit from the recently approved tax reform legislation. We will continue to focus on generating value by leveraging our interconnected logistics network and the deployment of our Building Efficiency and Sustainability for Tomorrow (BEST) Program, specifically for our ready mix business through a greater portfolio of products and a better customer experience

Colombia Region

For our Colombia Region operations, 2017 was a challenging and transformational year where we reinvented ourselves by taking necessary actions, which included the optimization of our network and a new vision of how to operate, to ensure the sustainability and the future business growth for the long term.

The efforts made to regain the profitability of our operations included advancing in terms of efficiency, further focusing our commercial strategy on our clients, revising our value proposition for each segment, and launching innovative products and projects in our markets.

We are present in the whole national territory without restriction or limits GRI [102-2/102-6]



Infrastructure project built with Argos: Pacifico II, Colombia

Our cement dispatches reached 5.3 million tons, increasing by 4 percent when compared with the previous year. This result is significant considering the 1 percent contraction of the total Colombian market, as published by the Departamento Administrativo Nacional de Estadística (DANE). Furthermore, the ready mix volumes decreased by 7.1 percent, compared to a 10.6 percent fall of the total market, which can be attributed to the strength of our value proposition, the industrial segment and our leadership position in the large infrastructure projects for the country. This behavior is explained by the deceleration of the national economy and was a consequence of the execution pace, which was slower than expected, of the infras-



Aggregates Argos operation, Colombia

structure projects, and the tax reform impact—specifically the increase of the sales tax on the purchasing power of all Colombians, which generated a reduction of consumer confidence.

Our leadership position in the industrial sector, with the gradual increment of cement shipments to the 4G projects, reached 85,000 tons for the year. With those projects, we estimate a market share of 70 percent when considering the contracted functional units to year end, driven by a superior value proposition and our reputation among the large constructors that participate in this important segment of the market. Currently, we are participating in projects that continue to boost development such as Honda - Puerto Salgar, Cartagena – Barranquilla and the three Pacífico projects. The demand from these projects will be an important source of volume dispatch for the coming years, peaking between 2019 and 2020.

Additionally, in a challenging global context, imports showed a significant increase in since 2016 that resulted in a double-digit drop of the cement price in the beginning of the year and reached a minimum during the second quarter of 2017. Nevertheless, since July, the average national price started a gradual recovery driven by better demand dynamics,

the price increases in the Mediterranean basin and the surge of international sea freights.

CEMENT SHIPMENTS TO 4G PROJECTS, REACHED, 85,000 TONS

Due to the aforementioned dynamics, the operating revenues posted 2.3 trillion pesos, 12.5 percent lower than 2016, and EBITDA closed at 414,680 million pesos decreasing by 38 percent. Our efforts on reducing costs and expenses through our Building Efficiency and Sustainability for Tomorrow (BEST) program by 142,000 million pesos, partially offset the effect of the challenging market with a reduction of 7.7 percent of selling, general and administrative expenses (SG&A) and 1.2 percent of the regional costs of goods sold (COGS).

In addition to the accomplishments in terms of efficiency, during 2017, we launched our aggregates company, Agregados Argos, and also the recycled aggregates business through Granulados Reciclados de Colombia

(Greco). Agregados Argos contributes to the formalization of the aggregates industry, ensuring the quality and uniformity of this raw material, supported by a strong brand and a trusted value proposition, high environmental standards and the logistics know-how that characterizes our company.

For our part, our recycled aggregates company, Greco, promotes and leverages construction and demolition debris in Bogota, a business completely in line with our sustainability strategy, as well as our purpose of serving the increasing needs of our customers.

As part of the BEST program, we reconfigured our product portfolio in a segmented way for our retail and industrial businesses, as well as deepening the regionalization of our commercial model and the strengthening of our sales force. For example, we executed a pilot where we placed six temporary ready mix plants on construction sites to continue improving our value proposition, as well as providing economic benefits for our customers and positively impacting the cities where we operate with less traffic and road pollution.

We are committed to excellence in a transversal way: health and safety are a clear

demonstration of the value we have for our employees' lives, and therefore is fundamental in every aspect of our business. Within our I Promise health and safety management system, we reached reductions in our lost-time incident frequency index and severity rates. Additionally, we have doubled up on efforts in terms of road safety, which allowed us to reduce the number of incidents in 2017.



Employees of Planta Rioclaro, Colombia

For 2018, we estimate a moderate growth for both volumes and prices, which, together with the capitalization of efforts from our BEST program, will allow us to recover profitability in this region. In the mid-term, we will complete our calcined clays project in the center of Colombia, maintaining the leadership in the market, improving our cost structure and replacing less efficient installed capacity, while reducing our carbon footprint.

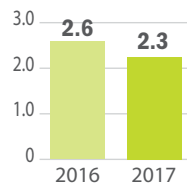
In the same manner, we will continue working with a focus on alternative fuels, increasing the substitution levels for fossil fuels, which will not only favor the cost per ton, but also will bring environmental benefits.

We are optimistic about our future in Colombia, based on the fundamentals of the housing sector, driven mainly by the governmental subsidies, and the materialization of the infrastructure projects, which are desperately needed for the country's competitiveness and the connection of its different regions.



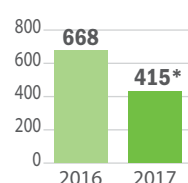
Revenue
COP trillion

Variation
-12,5%



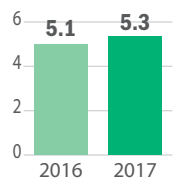
Ebitda
COP Billion

Variation
-38%



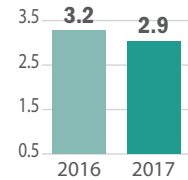
Cement Volume
million tons

Variation
4%



Concrete Volume
million of m³

Variation
-7,1%



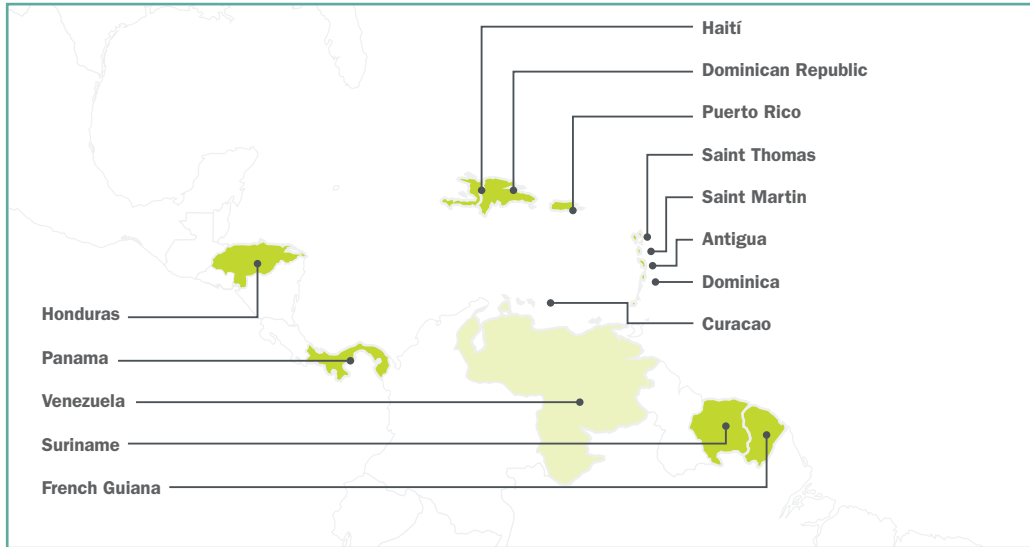
*Adjusted EBITDA: Excludes non-recurring severance payments and anticipated pensions

Caribbean and Central America Region

This region is characterized by its diversity, the appealing demographics and the significant deficits in housing and infrastructure, which are growth opportunities. For Argos, it has always been a strategic region thanks to the diversification it gives to our business,

the market's demand stability and the flexibility we achieve from our interconnected distribution network through the Caribbean Sea. During 2017, we completed the integration of a newly acquired cement plant in Puerto Rico from HeidelbergCement.

Presence in the Caribbean and Central America GRI [102-2/102-6]



Infrastructure project built with Argos: second line of the Metro of Panama

In this region, the cement and ready mix volumes were 5.1 million metric tons and 443,515 cubic meters, growing 2.3 percent and 4.3 percent respectively. This positive performance was driven by the growth of our operation in Honduras and our cement trading business.

This region has a healthy economy, proven by the 6 percent and 3.6 percent GDP growth expected for Panama and Honduras during 2018. In the same way, the fiscal position continues to be strong, allowing the countries to develop public policies for housing and road development.

In Honduras, cement shipments grew by 16.3 percent, reaching a record production year in 2017, aided by our newly reopened San Lorenzo grinding facility. For the



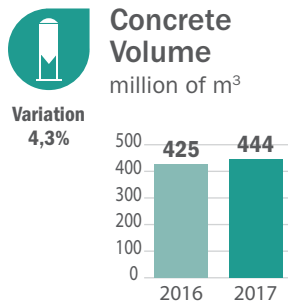
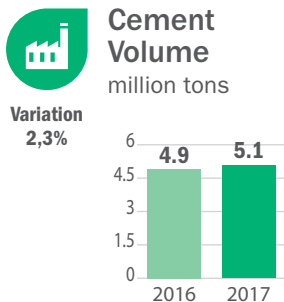
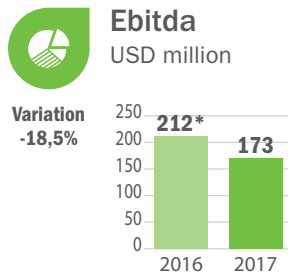
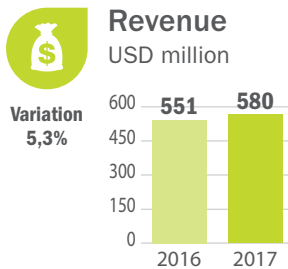
Comayagua Plant, Honduras, Caribbean and Central America

first time, we exceeded one million tons of volume sold and continue to see interesting growth opportunities for the coming years. We remain optimistic about the long-term

despite the political unrest after the latest presidential elections, which is starting to show signs of stabilization.

In Panama, we expect the revitalization of infrastructure construction in 2018, with an ample project portfolio in the bidding process, among which we can highlight the fourth bridge over the Panama Canal, the Arraján highway expansion, the Las Playas corridor, and the third line of the Panama City subway, among others. Likewise, in the Dominican Republic, there was a recovery on cement and ready mix prices, which we foresee continuing into 2018.

During the second half of the year, our operations in Saint Maarten, Saint Thomas, Dominica and Puerto Rico were affected by the hurricane season, especially in terms of dispatched volumes during the last quarter. The impact on our assets was not material, and we are currently focused on contributing to the reconstruction efforts and to attend, without interruption our clients' needs.



*Includes net income from divestments



Brigade members, Dominican Republic, Caribbean and Central America

In the Eastern Caribbean, we participated as cement suppliers for arguably the most notable infrastructure project in French Guiana: the Ariane 6 satellite launching station. We launched the soluble bag in Saint Vincent and Saint Lucia, which is a solution that allows us to continue positioning our brand and demonstrate that, through innovative and sustainable solutions, we continue to build the future.

In this context, the revenue from this region totaled USD 580 million, up 5.3 percent from previous year and EBITDA was USD 173 million with a 30 percent margin.

As part of our expansion and consolidation strategy in the region, in 2017, we acquired an integrated cement plant in Puerto Rico that is a perfect fit for our current footprint in the Caribbean and expands our clinker capacity with a beneficial

geographic position to serve the markets through our logistics network. In the same way, we began a project for a new grinding facility in the northern part of Honduras, with an installed capacity of 200,000 ton capacity and a lower cost per ton versus an integrated plant. The total strategic capital expenditure in this region amounted to USD 11.8 million.

As in the other regions, we advanced in the implementation of our I Promise Occupational Health and Safety Management program.

For 2018, we are confident about our position in these markets, where we expect stability for the coming years, in conjunction with the execution of our Building Efficiency and Sustainability for Tomorrow (BEST) program, which will simplify our structure and seek further optimization opportunities in Honduras and Panama.

ACHIEVEMENTS AND RECOGNITIONS

Our commitment to sustainability was recognized for the fifth consecutive year by being included in the Dow Jones Sustainability Global, for fourth year in the Emerging Markets Index, for first time in the Pacífico Mila Alliance Index as well as the Gold Class distinction for the RobecoSAM yearbook. In addition, we were incorporated in the FTSE4Good and the Vigeo Eiris indexes that includes the 70 most sustainable emerging entities in the world. Also, Argos was recipient of the ALAS20 recognition, an initiative of the Centro de Responsabilidad Social y Sostenibilidad de GovernArt from Chile, which highlighted the implementation of our Value Added Statement (VAS), a tool that shows that our contribution to society is more than the resources that we take from it.

THE SUPERINTENDENCI DE INDUSTRIA Y COMERCIO IN COLOMBIA, GRANTED US TWO PATENTS: ONE FOR THE JOINT INVENTION TO CAPTURE AND PURIFY LARGE QUANTITIES OF CARBON DIOXIDE IN A SHORT TIME THROUGH THE USE OF MICROALGAE

In Colombia, Merco ranked Argos as the fourth company with the best reputation and received the IR recognition granted by the Colombian Stock Exchange due to our best practices for investor relations and the transparency of the information for capital markets.

We continue to grow our efforts for innovation within our markets; proof of this is the first international patent awarded to Argos with the support of EAFIT University granted by the Japanese patent office. In addition, two patents were granted by the Superintendencia de Industria y Comercio in Colombia: one for the joint invention to capture and purify large quantities of carbon dioxide in a short time through the use of microalgae, and the other for the invention of a method and apparatus that measures the volumetric changes in a substance, which in practice, translates to the development of high performance cement. Both patents were granted for a 20-year term. This is a significant advancement for the industry as it allows us to protect intellectual property, and positions it on a high level of technical and economical development.



CO₂ capture and purification through microalgae, Argos Center for Innovation, Medellín, Colombia



Roberta Plant employees, USA

TEAM AND OPERATION FOR SOCIAL DEVELOPMENT

At Argos, we believe that both the development and diversity of our employees are strategic factors for the sustainability of our business and allows us to continue growing, transforming lives and generating a positive impact on society.

In 2017, we fostered teamwork so that we could face the challenges and become a stronger company, and as a result, we also deepened our corporate culture. As part of this transformation, we created a leaner corporate matrix structure to operate more efficiently and to create synergies between different departments. This implied a reduction of headcount and the creation of excellence centers to be able to respond quickly to our clients' needs.

Our employees are our top priority in terms of the transformation process, which is evident by the expansion of our performance management system, reaching 95 percent of employees who received performance evaluations. Additionally, we promote talent mobility as part of our retention strategy with 10.65 percent of our employees who changed jobs internally. Through our online learning modules, which are on the SAP® SuccessFactors® platform, we completed 354,836 hours of online training or 42 hours per employee, and more than 4,500 of those employees completed the updated corporate governance and conduct course.

To conclude, we faced the challenges and transformed our company, united by

a common purpose, to strengthen our competitive strategy and ultimately our value proposition to our clients. Through a leaner and more agile organizational structure backed by diverse portfolio of value-added specialty products, efficiency and a constant pursue of competitiveness as a fundamental pillar for our business model.

We would like to thank our shareholders for their support and confidence, and reiterate our efforts towards maintaining our sustainability and profitable growth.

We consider our talented team as our most important strength, and by achieving a healthy work environment, where we respect, encourage and support diversity, we can give our people all the tools necessary for growth and



Rioclaro Plant employee, Colombia

WE CREATED THE CENTERS OF EXCELLENCE IN CEMENT, CONCRETE, SUPPLY CHAIN AND COMMERCIAL, AREAS THAT WILL IMPULSE THE ADOPTION OF BEST PRACTICES AMONG ALL THE REGIONS.

contribute to building the dreams of our shareholders, clients and countries where we are privileged to serve.

We are inspired to transform and to continue building upon the history of this company by acting ethically, in a transparent way and with respect for others.

We will continue on our path towards a positive future that is built on our Argos team, your trust and our unique asset platform. Thank you for supporting us!

Finally, the legal affairs and corporate governance statement is attached to this report.

Jorge Mario Velásquez
Camilo Abello
Carlos Gustavo Arrieta
Cecilia Rodríguez
Claudia Betancourt
Esteban Piedrahíta
León Teicher

Board of Directors

Juan Esteban Calle
CEO

Medellín, February 12, 2018



Infrastructure project built with Argos: Metro of Panama



LEGAL AFFAIRS AND CORPORATE GOVERNANCE STATEMENT

Argos abides by the legislation regarding intellectual property and copyright, and the transactions/operations conducted with administrators and shareholders were carried out in compliance to the corresponding rules/regulations and in accordance with the market conditions. In notes 37 and 41 of the separate and consolidated financial statements, respectively, the above transactions are shown in detail. Also, the company allowed the free circulation of invoices issued by suppliers.

The aspects related with the article 446 of the Commercial Code are found in the financial statements, the Fiscal Auditing report

and throughout this document. The holding company report mentioned in article 29 of the Law 222 in 1995 is found in the additional information that is provided to the investors.

The performance of our financial information gathering and control systems were evaluated, and it was concluded that they work properly.

Additionally, in 2017, progress was made in the Self-Management Money Laundering and Terrorism Financing Risk System by providing training to employees and suppliers and monitoring the controls related to the different processes.



Infrastructure built with Argos: Margaret Hunt Hill Bridge, USA



Infrastructure built with Argos: BD Bacatá, Bogotá, Colombia

In December 2017, the Superintendencia de Industria y Comercio in Colombia sanctioned Argos with a fine of COP \$73.7 billion pesos, as well as two other cement companies, for an alleged parallel pricing between 2010 and 2012. The company filed an appeal against the decision that was made by the Superintendencia de Industria y Comercio, which, to this date, has not been resolved. In the appeal, it was extensively demonstrated that there were no collaboration in terms of competition, and on the contrary, Argos competed independently and autonomously through a differentiated value proposition respected by its customers. The company will implement all legal actions to demonstrate

its respectable behavior and of those who, in an impeccable and visionary manner, have successfully led the organization, trusting the impartiality, responsibilities and the high performance of the country's institutions.

The other judicial and administrative processes have been carried out without any relevant faults or events.

In conclusion, the Annual Corporate Governance Report will be provided to the investors shortly. The Implementation of Recommendations report of the Country Code can be found on our website at [HYPERLINK "http://www.argos.co/ir" www.argos.co/ir](http://www.argos.co/ir).



Constructed with new Argos enhanced concrete: EAFIT University Bridge, Medellín, Colombia

The background image shows a modern, multi-story building with a glass facade and a balcony, situated in an urban environment. In the foreground, a concrete pedestrian bridge with a black metal railing spans across the scene. The bridge is supported by several concrete pillars. The sky is blue with some clouds, and there are green trees and hills in the distance.

02

**Corporate
Governance**

Board of Directors

The management of the board of directors is framed within the highest international corporate government standards in order to assure an equal treatment of the shareholders and other stakeholders, as well as the transparency, fluency and integrity of the information offered to market for decision making.



Cementos Argos' Board of Directors

SEVEN DIRECTORS, FOUR OF WHICH COMPLY WITH CRITERION OF INDEPENDENCE, GIVE THEIR KNOWLEDGE AND EXPERIENCE TO GUIDE THE COMPANY'S STRATEGY.

NOMINATION AND ELECTION GRI [102-24]

To ensure the good performance of the functions of the board of directors, we rely on an election mechanism for this body that ensures the participation of the shareholders in the designation of its members and that seeks to guarantee that each member has the necessary experience and competencies for the adequate management of the company.

The board of directors is designated by the General Assembly of Shareholders for three-year periods from the proposals presented by shareholders. The candidates must have analytic and managerial skills, strategic vision for the business, objectivity, capability

to present their point of view, and ability to evaluate managerial groups. Likewise, they must have previous experience in other boards of directors and must be prone to have specific knowledge in matters of corporate governance, sustainability, corporate finance, internal control, among others.

Some of the good practices established in our Code of Good Governance are:

- The establishment of a maximum age of 72 years to be part of the board of directors.
- Classification of its members as executive, independent or non-executive.

GRI [102-18/102-19/102-20/102-22/102-23/102-27] During 2017, the members attended and actively participated in the board of directors' sessions. The average attendance to the meetings was of 92.4 percent, which was above the 90 percent minimum established in our Code of Good Governance.

GRI [102-25/102-27/102-28/102-29/102-30/102-31/102-32/102-33/102-34/102-35/102-36/102-37] Learn other corporate governance indicators at: <https://goo.gl/FTLsNt>



Jorge Mario Velásquez
 Grupo Argos CEO / Chairman of the Board
 Member since 2016 (reelected in 2017)



17/17 Attendance



Camilo José Abello
 Grupo Argos Corporate Affairs Vice President
 Member since 2012 (reelected in 2017)



13/17 Attendance



Cecilia Rodríguez
 Corporación Bioparque CEO
 Member since 2012 (reelected in 2017)



16/17 Attendance



Claudia Betancourt
 Amalfi S.A. CEO
 Member since 2009 (reelected in 2017)



17/17 Attendance



Carlos Gustavo Arrieta
 Arrieta, Mantilla y Asociados Partner
 Member since 2012 (reelected in 2017)



16/17 Attendance



Esteban Piedrahíta
 Cali Chamber of Commerce CEO
 Member since 2012 (reelected in 2017)



15/17 Attendance



León Teicher
 Business Consultant
 Member since 2012 (reelected in 2017)



16/17 Attendance

Abilities and competences

- Risks
- Internal Control
- Corporate Finance
- Commercial Issues
- Cement Industry
- Crisis Management
- Legal Issues
- Sustainability
- Governance/ Public Policy
- International

Type of Member

- Executive
- Independent

Board Committee

- Appointments and Remunerations
- Sustainability and Corporate Governance
- Audit, Finance and Risks

Executive Committee

The Executive Committee contributes experience and knowledge to face the organization's challenges and to ensure the creation of value for our stakeholders.



Juan Esteban Calle
CEO



María Isabel Echeverri
Sustainability
Vice President



Eric Flesch
USA Region
Vice President



Tomás Restrepo
Colombia Region
Vice President



Camilo Restrepo
Caribbean and
Central America
Region Vice President



Jorge Ignacio Acevedo
Talent and
Organizational
Structure Vice
President



Rafael Olivella
Legal and Corporate
Affairs Vice President



Carlos Horacio Yusty
Finance and
Shared Services
Vice President



Víctor Lizaralde
Technical
Vice President



Lucas Moreno
Innovation Vice
President

GRI [102-20/102-22] Learn about the committees to which each one of the members belongs in the Executive Committee at: www.argos.co/IntegratedReport/Download#corporategovernance

Our Governance Framework

We count on transparent and efficient administration structures that ensure the integrity, the equal treatment and the protection of the rights of the shareholders, the market and the stakeholders.

2017 Featured Events

We continuously revise the corporate governance practices of the company and adjust them to the highest standards in this matter.

Featured Advances:

- The Shareholder Assembly approved the Executive Committee's Appointments, Remuneration and Succession Policy, seeking to guarantee that the people designated as executives are ideal in the attention of the necessities of the company and that are duly remunerated.
- The Code of Good Governance was modified to complement the functions of the Audit, Finance and Risk Committee.
- The board of directors approved the Global Governance and Compliance Program, which provides a structured and integral framework to continue strengthening and implementing the good governance policies and guidelines.
- We achieved, for the third consecutive year, the Investor Relations recognition of the Colombian Stock Market, as well as the certification, for the fourth consecutive year, of the Superintendencia Financiera de Colombia Known and Recurring Issuer.

Initiatives, Commitments and Policies **GRI [102-26]**

We count on the following codes and policies:

-  Code of Good Governance
-  Code of Business Conduct
-  Articles of Association
-  Competition Policy
-  Sustainability Policy
-  Human Rights Policy

We have voluntarily adopted the standards from the:

-  Organization for Economic Cooperation and Development (OECD)
-  Latin American Companies Circle
-  New York Stock Exchange (NYSE)
-  United Nations Global Compact

Upcoming Challenges:

- To advance in the continuous identification of the best practices in matters of corporate governance and its implementation according to the highest international standards
- The implementation of an operations policy between companies associated with Grupo Argos as a voluntary practice that complements the relationship framework.



Constructed with Argos concrete: Aguadulce Port, Colombia



03

**Strategic
Framework**

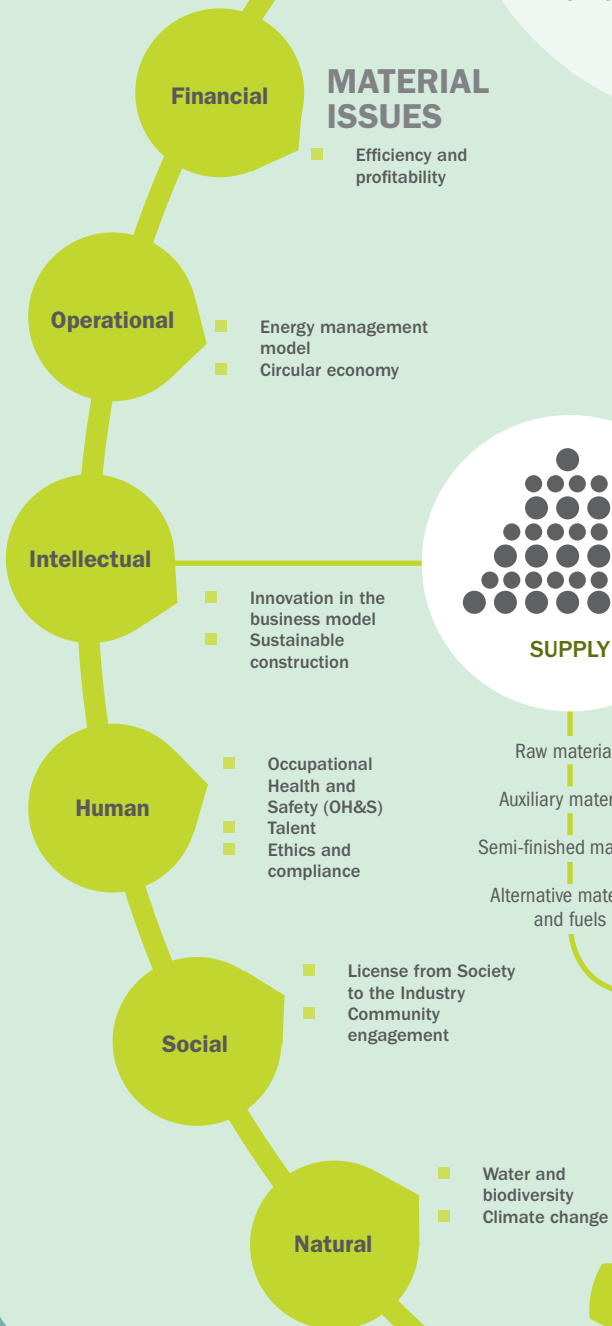
HOW DO WE CREATE VALUE?

GRI [102-9/102-15]

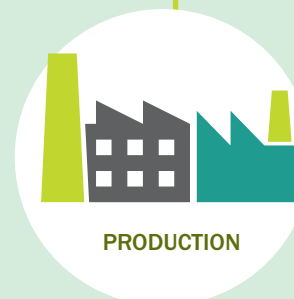
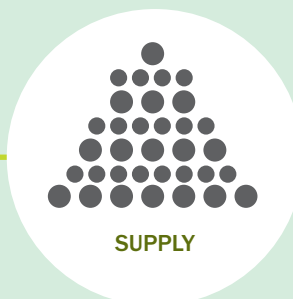
EXTERNAL ENVIRONMENT

- Climate change
- Entry of new competitors
- US economic growth
- Sustainable Development Goals (SDG)
- Disruptions enabled by technology
- Growing socio-environmental awareness and regulations
- Political instability
- Labor instability

INTERESTS



HIGHEST PURPOSE:
To build dreams that encourage development and transform lives.



- Raw materials
- Auxiliary materials
- Semi-finished materials
- Alternative materials and fuels

- Cement
- Concrete
- Aggregates

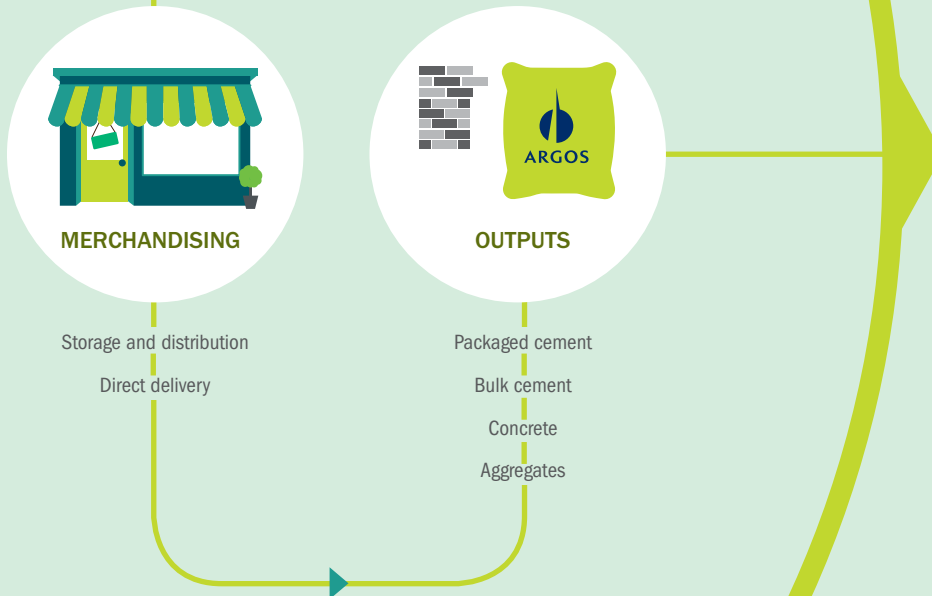


STRATEGIC RISKS [A-RI1]

- R1** Loss of market participation and drop in volumes or prices
- R2** Delay in the closing of competitiveness gaps
- R3** Changes or disruptions in technology
- R4** Inability to develop value proposals
- R5** Limitations of access to capital
- R6** Inability to achieve and maintain safety standards
- R7** Changes in regulation or political instability in countries

ARGOS STRATEGY

To grow in income, with a Return of Capital Employed (ROCE) greater than the cost of capital, supplying construction materials with an emphasis on cement, concrete, aggregates and services that add value to the clients in countries in the Americas with high construction and infrastructure development projection, supported by innovation, high sustainability standards and a recognized brand.



STRATEGIC OBJECTIVES

- Creating sustainable value
- Being leaders in productivity
- Being the best option for our clients
- Leading the markets through innovation
- Developing the best talent

Financial: As a company we retained US \$170 million and provided to society US \$804.3 million

Operational: We reduced our use of natural resources thanks to the use of alternative materials and fuels; this has allowed us to save society a cost of US \$34.6 million.

Intellectual: We captured more value from the markets in which we operate.

Human: We generated almost US \$471,000 in benefits to society, derived from the development of our human talent and the continuous investments in occupational safety and health issues.

Social: We generated benefits to society estimated in US \$9.4 million derived from our investments in communities.

Natural: The social costs derived from our CO₂ emissions, water consumption and the impact on biodiversity are estimated in US \$296.5, 26.2 and 11 million, respectively.

To learn more about our externalities, consult page 44.

R8 Opposition from stakeholders

R9 Improper behaviors

R10 Difficulty to consolidate a global organizational culture

R11 Not having the human talent with the necessary skills

R12 Non-compliance to the norms or environmental goals or the occurrence of natural events

R13 Adverse decisions from government entities

Value Added Statement to Society (VAS)

The value we create for society is reflected in our financial statements, but, also, we create intangible value through the economic, environmental and social effects that are derived from our operations. These effects represent costs and benefits that society assumes in an involuntary way, which are known as externalities.

Conscious of this, since 2016, we have implemented an initiative we call Value Added Statement (VAS), a tool that allows us to assess and actively manage each one of our main externalities related to our operation. Hereunder, we present the methodology that we use and the results of our VAS for 2017.

The Model

The VAS model is designed to calculate the net value we create for society during one fiscal year. The final results are shown in a financial bridge graph that starts with the benefit we retain (see page 46). The positive or negative amount in each one of the bars shows the value that each externality creates or detracts from the related externalities.

The final bar represents the net added value to society after all of the externalities have been accounted for.

The VAS results are calculated through a model tailored to our company that is based on a set of assumptions. The present focuses could be redefined as new studies become available.



Employees, Rioclaro Plant, Colombia Region

THE MODEL OF ASSESSMENT OF OUR EXTERNALITIES SHOWS US THE WAYS IN WHICH WE CREATE VALUE FOR SOCIETY, THUS CONTRIBUTING TO HELPING BUILD THE DREAMS, TRANSFORM THEIR LIVES, AND CONTRIBUTE TO SOCIAL AND ECONOMIC DEVELOPMENT.

Visit our VAS report at: <https://goo.gl/VNg6pP>

Methodology

Each year, we conduct a review of our VAS to include updated assumptions and align with assessment methodologies of impact on a worldwide scale, which guarantees the reliability of the results.

Scope and Methodology Review

The technical equipment involved in the methodology reviews the scope of the model.



Update and adjustment of the model

We update it with the most recent figures and multipliers.



Analysis and Communication of Results

We report the results, communicate them to our stakeholders and explore future implementations.

Externalities Assessed in 2017

Economic Externalities

Salaries and Benefits



Impacts on the economy derived from the remuneration of our employees.

Interests and Dividends



Impacts on the economy related to the payment of interests and dividends to financial and investment institutions.

Taxes



Impacts on the economy associated with tax payments to the governments of countries in which we operate.

Social Externalities

Talent Development



Impacts derived from the development and improvement of the human capital trained in Argos that is reintegrated into the labor market.

Community Investment



Impacts due to housing projects, community and educational infrastructure, scholarships, among others.

Health and Safety



Impacts on the employees and communities, associated with occupational incidents (injuries and fatalities) and illnesses.

Environmental Externalities

Emissions of Greenhouse Gases (GHG)



Climate change impact through the emissions of greenhouse gases (scope 1 and 2).

Air Emissions



Air contamination impacts associated with our NO_x and SO_x emissions and particulate matter.

Alternative Materials and Fuels



Impacts from the replacement of raw materials and fossil fuels with other alternative ones, which reduces CO₂ emissions.

Biodiversity



Impacts on biodiversity by our extraction of natural resources and facility operations, as well as our offset and rehabilitation programs.

Water Consumption



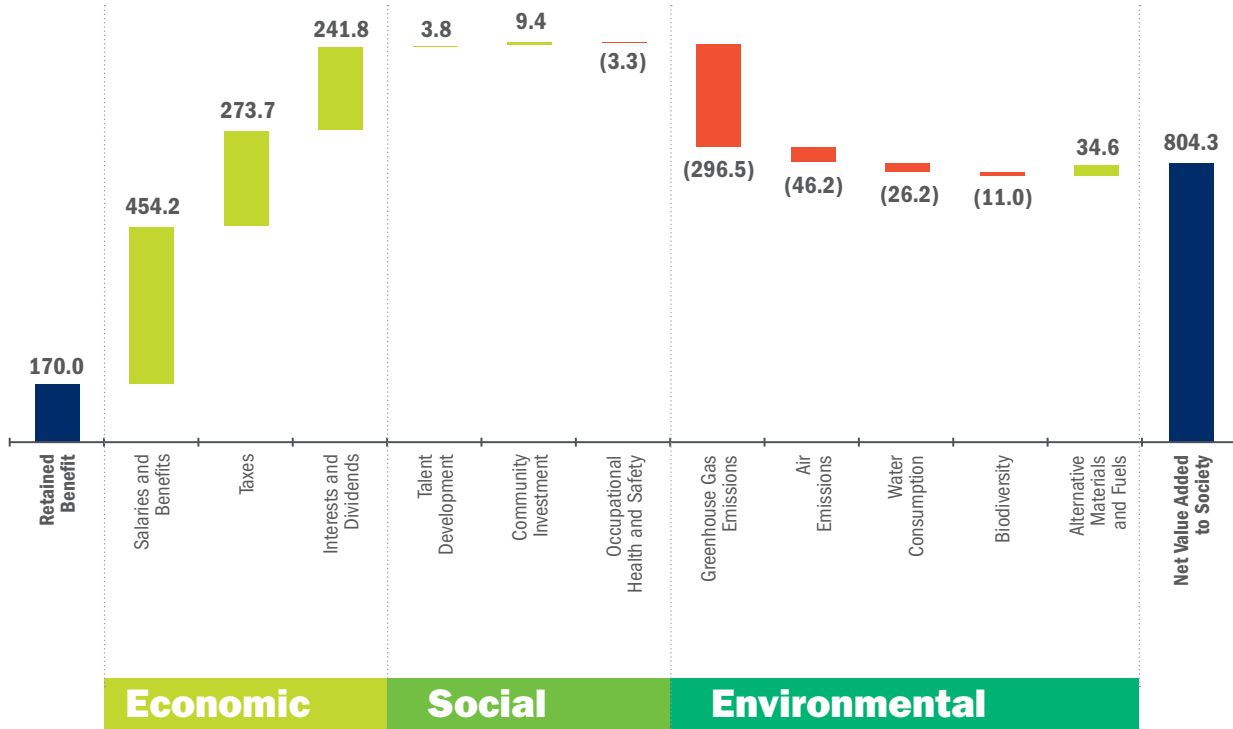
Impacts on water scarcity caused by our consumption.

Currently, our VAS includes 11 assessed externalities, which are derived from our operation and encompass all of our geographies and business lines. As new possibilities to monetize our impacts arise, we will expand our scope to other externalities and to other segments of our value chain.

2017 RESULTS

Millions of US dollars

— Negative | — Positive



The net social benefits derived from our economic externalities amounted to US \$969.7 million and increased 5.4 percent with respect to the previous year. Forty-nine percent of these benefits come from the effects on local economies derived from the payments to our employees.

The net benefit associated with social externalities represented US \$9.9 million, mainly as a result of the investment in communities. We made continuous efforts to reduce the costs to society derived from our incidents in health and safety, which amounted to US \$3.3 million in 2017.

The net costs to society associated with our environmental externalities represent a total of US \$345.3 million. Greenhouse gas emissions currently constitute 78 percent of the total costs associated with society derived from environmental impacts; this being the most significant externality in this dimension.

Nevertheless, during this year, the growing use of alternative materials and fuels allowed us to avoid 11.7 percent of the cost to society from our greenhouse gas emissions (see page 68).

Net Value to Society
 The net value to society in 2017 was **US \$804.3** million, **4.73** times the benefit we retained during the same period the prior year.

IMPLEMENTATIONS

Currently the VAS results are used to reach three main goals:

Goals	2017 Implementations
To make more responsible and better informed decisions	We explored the first financial and environmental cost comparison exercise for potential investment scenarios in machinery and equipment.
To manage our risks in a more precise way	We developed the first risk quantification proposals with inputs derived from the assessment of our externalities. (See our case study: Quantification of water-related risks).
To guarantee our transparency by adequately informing our stakeholders	We implemented a communications plan that allowed us to disclose the methodology and results of the VAS to external, internal and specialized audiences.

Case Study

Quantification of water-related risks

The long-term increase in competition for water consumption between the operations and surrounding communities may cause the externalities we cause to be internalized in the future, therefore impacting our financial results.

That is why we developed a model that allows to estimate the increase of the cost of the water we consume in our operations up to 2030, according to:

- Our water consumption projections, determined by our Environmental Strategy goals.
- The water stress forecasts in the areas in which we operate to 2020 and 2030.
- A cost factor of the population’s demand for water, calculated with the Aqueduct tool and the inputs from our VAS.

In 2018 we will implement the model in the operations that have the greatest water stress risk, so that we estimate the impacts that the fulfillment of our strategy goals might generate in the organization’s financial results.



Biodiversity in a protected environmental area, Panama Plant, Caribbean and Central American Region

We inform to our stakeholders about our VAS

As part of our communications plan, we developed case studies that have been taken as a reference in the Natural and Social Capital Protocols*.

Additionally, since June 2017 we are active members of the Impact Valuation Roundtable (IVR), a space in which the latest developments and implementations in valuation of externalities are socialized worldwide.

*Visit our case studies in the Social Capital Protocol <http://social-capital.org/case-studies/understanding-societal-value-creation-through-cementos-argos-value-added-statement-vas> and the Natural Capital Protocol www.wbcsd.org/Clusters/Natural-Capital-and-Ecosystems/Business-Examples/Argos-Assessment-enhances-decision-making-risk-management-and-transparency

Risk Management

In our company, risk management is a fundamental tool to contribute to the development of our strategy and the fulfillment of our goals. Risk management is supported in the Integrated Risk Management System (IRMS), based on the 31000 ISO standards and the COSO Enterprise Risk Management, and coordinated with the Governance, Risk and Compliance (GRC).

The IRMS has as its fundamental premise the identification of relevant risks from a strategic point of view, with emphasis on its management by processes, projects and facilities in all of our operations. This focus allows the alignment of all the relevant aspects such as the environmental management, communities, security, regulations and the financial aspects, among others, with a holistic view on the risk management that supports the successful execution of the strategy.



Added Value to Society

We evaluate the impacts that our activities can have on society and the environment, promoting a responsible behavior that contributes to the sustainable development of our stakeholders.



Added Value to the Company

We create value by facilitating an environment of control and prevention with the strengthening of the IRMS System, which establishes a methodological framework that manages the events that, if materialized, can affect the achievement of the strategic objectives.



Employee, Roberta Plant, USA Region

Initiatives, Commitments and Adherences

- ✔ Sustainable Cement Initiative
- ✔ Carbon Disclosure Project
- ✔ Sustainability Strategy
- ✔ Carbon Cure
- ✔ Low Carbon Technology Partnership Initiative
- ✔ Environmental Strategy

Governance





Employees, Medellín Distribution Center, Colombia Region

2017 Performance

- We updated the strategic risks, identified its main causes and defined action plans.
- We carried out risk analyses for three strategic projects.
- We analyzed 27 critical processes, prioritized by their interrelation with the strategic risks.
- We conducted nine risk analyses in facilities and evaluated the risk level for 152 venues.
- We made risk analyses in five critical tenders as additional criteria for the awarding of contracts.

Management of Nature Events

During 2017 we faced different challenges, among them the materialization of nature events that affected the operations in the Caribbean and Central American and the USA regions. These put to the test the response capacity we have to address them and mitigate the impacts they have on our people and the business.

We can conclude that we have a good risk management system that identifies and anticipates the events we are exposed to in our facilities and the impacts these might entail.

As opportunities for improvement, we defined the necessity to actively implement the business continuity plans, on the grounds that emergency care plans have shown their strength in critical cases like the 2017 hurricanes. Likewise, we will revise and adjust the insurances corporate plan that allows to transfer, through adequate coverages, the risk in an exposure scenario resulting from climate change.

[A-RI1] [A-RI2] Get to know the complete strategic and emerging risks list in: <https://goo.gl/FczFka>

2017 Goal Tracking

■ Achieved | ■ In progress | ■ Not achieved

- We consolidated the strategic risk maps for Colombia, the Caribbean and Central America, and the United States.
- We developed eight management models based on risks.
- We conducted the update of the emerging risks.
- We attained the score of 75% of the intermediate stage of the maturity model proposed by Suramericana.

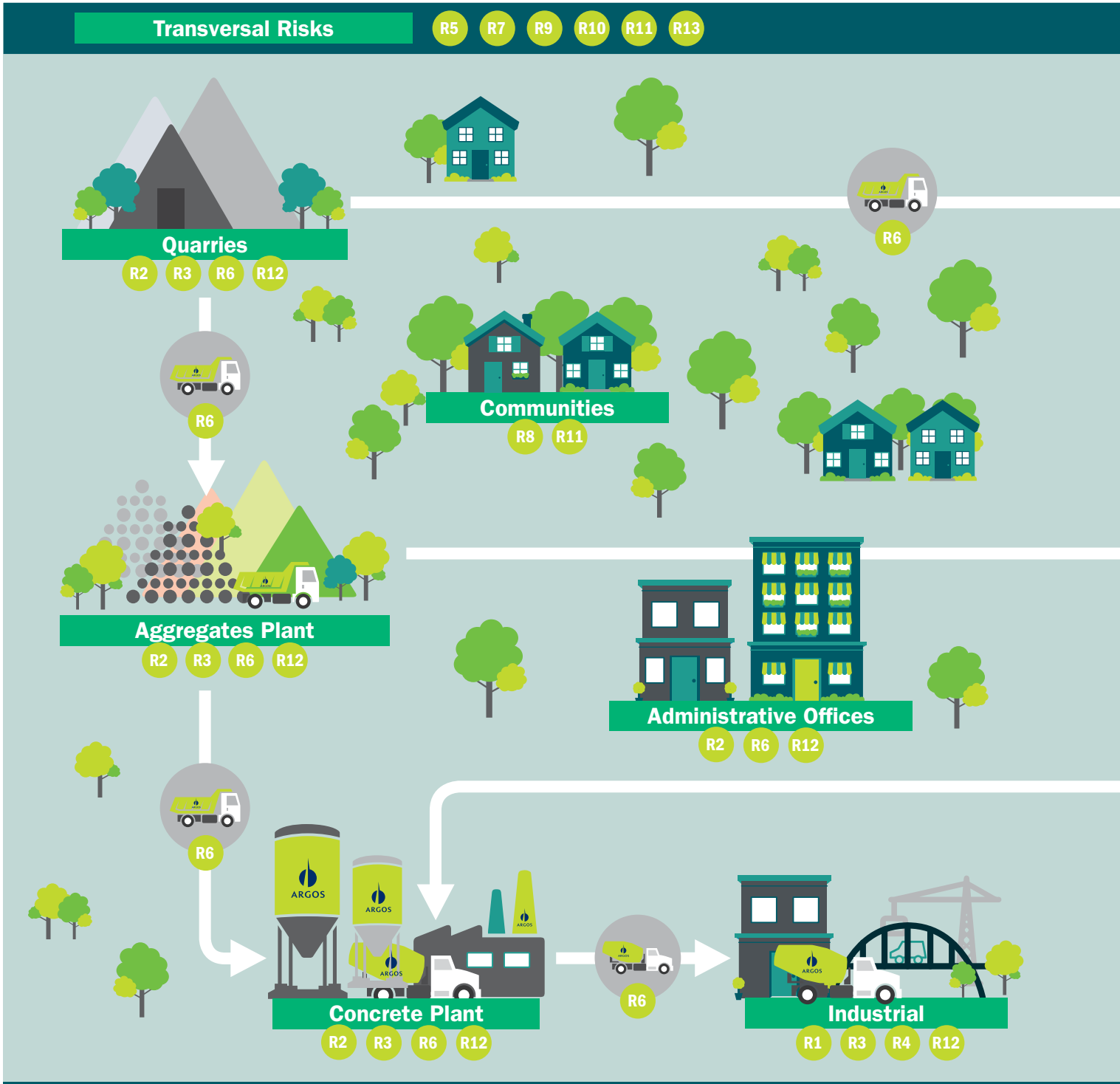
2018 Goals

- We will develop five quantification models for material risks.
- We will perform risk analyses and tracking of three strategic projects.
- We will work on the consolidation of the Governance, Risk and Compliance model.
- We will monitor the action plans of critical processes.
- We will carry out the revision and adjustment of the corporate plan for risk retention and transferral.
- We will work hand in hand with the strategic Project Management Office (PMO), developing the risks section of the adopted methodology.

Upcoming Challenges

- ⚠ To continue with the development of high impact quantification models.
- 📄 To accompany the operations in the analyses of catastrophic risks.
- 📋 To ensure the implementation of the risks methodology in strategic projects.
- 💰 To strengthen the risk-based methodology for the effective allocation of capital.

STRATEGIC RISKS IN THE VALUE CHAIN [A-R11]



STRATEGIC RISKS

- R1** Loss of market participation and drop in volumes or prices
- R2** Delay in the closing of competitiveness gaps
- R3** Changes in technology or disruptions
- R4** Inability to develop value proposals
- R5** Limitations of access to capital
- R6** Inability to achieve and maintain ISOH standards
- R7** Changes in regulation or political instability in countries



R8 Opposition from interest groups

R9 Improper behaviors

R10 Difficulty to consolidate a global organizational culture

R11 Not having the human talent with the necessary skills

R12 Non-compliance to the norms or environmental goals or the occurrence of natural events

R13 Adverse decisions from government entities

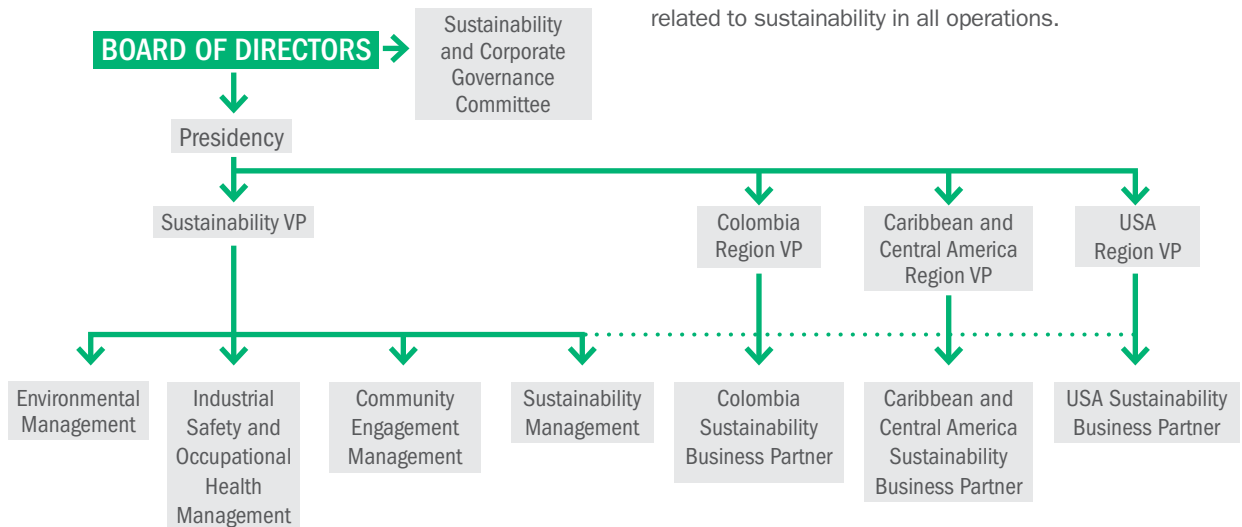
Sustainability Strategy

GRI [120-43] We firmly believe in our ability to prosper in a global, competitive and changing business environment, thanks to the adequate management of our risks and the economical, environmental and social opportunities. All of this, with the aim to create value for society and for our company. This is why sustainability is in the nucleus of our strategy and constitutes its first objective: to create sustainable value.

The sustainability concept is intimately related to the profitability of the business model (see page 42). Likewise, we understand that it is our responsibility to use the resources in a responsible manner, and we start with concrete actions that allow us to establish trust relationships with the different stakeholders, with which we share goals and fundamental values.

GRI [102-19/102-20] Our Board of Directors, as a superior government body, has a Sustainability and Corporate Governance Committee, which looks after the effective implementation of the Sustainability Strategy, monitors and evaluates the organization's performance and addresses the critical and strategic development related to sustainability issues.

GRI [102-19/102-20]



Employees, Comayagua Plant, Honduras, Caribbean and Central America Region

ALL OF OUR ACTIONS ARE ORIENTED TO CREATE VALUE FOR SOCIETY AND FOR THE COMPANY, MAKING POSSIBLE THE BUILDING OF DREAMS THAT ENCOURAGE DEVELOPMENT AND TRANSFORM LIVES.

The Sustainability Vice-Presidency is responsible for formulating the strategy and ensuring that the guidelines of the Board permeate the organization. Additionally, our governance structure includes regional sustainability links or Business Partners, who are responsible for implementing corporate policies and decisions related to sustainability in all operations.

SUSTAINABLE DEVELOPMENT GOALS

We have assumed the commitment to take action and contribute to the creation of environments that offer greater opportunities and better living conditions for all. For this reason, since 2016 we have joined the global agenda of the United Nations, within the framework in which 17 Sustainable Development Goals (SDGs) have been set.

We begin work in this field with the selection of the goals which, given our business model, we can directly impact and, therefore, contribute to in the most effective way. The prioritized goals and their association with our material issues are the following:

SDG's



We attract, develop and promote high health and safety standards that save lives of our employees, suppliers and communities, contributing to the market revitalization of the areas where we operate. We are transparent and we guarantee our ethical actions.



We promote the socioeconomical development of neighboring communities by promoting local contracting and focusing our efforts on the development of joint projects that provide infrastructure and housing solutions.



We are continuously innovating in our business model's components. We develop initiatives that promote the construction of housing and sustainable infrastructure and we work to ensure a responsible value chain and to generate new business opportunities for our investors.



We work on strategies for prevention, reduction, mitigation and compensation of the impacts derived from the operations. On the other hand, we work to diversify our energy portfolio through the use of alternative fuels.

During 2017 we developed training and awareness sessions for our stakeholders regarding the management of the SDGs and the identification of joint work opportunities. Also, we developed a campaign called #empiezopormi, which facilitated empowerment spaces in which individual habits were promoted to reach solutions to global challenges.

In 2018, we will define the work plans and indicators that will allow us to measure the progress of the company with respect to each of the four priority SDGs.

ADHERENCES AND INITIATIVES GRI [102 -12/102-13]



GRI [102-13] To see the complete adherences list, visit <https://goo.gl/YXLbpG>

With the aim to maintain our Sustainability Strategy valid, during 2017 we updated it and we also renewed some of its main components, such as the Environmental Strategy and the Materiality Analysis that we will present in the next pages.

SUSTAINABILITY STRATEGY

All of our actions are aimed at creating value for society and for the company, making it possible to build dreams that drive development and transform lives through:



GRI (102-11) We are responsible with our environment and for this we have an environmental management system that allows us to prevent, mitigate, correct and compensate our impacts, with special emphasis on five pillars:



CLIMATE CHANGE

Reduce the CO₂ net specific emissions
544 kg CO₂/t of cementitious products



EMISSIONS

Reduce the particulate matter emissions
60 g MP/t of clinker

Reduce the sulfur oxide emissions
205 g SO₂/t of clinker

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

Take inventory of mercury emissions to 2020: **100%**



WATER AND BIODIVERSITY

Rehabilitation of intervened areas: **85%**

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

Reduce the water consumption in cement
256 L/t

Reduce the water consumption in concrete
216 L/m³



CIRCULAR ECONOMY

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

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

Use alternative fuels **18%**

Increase the use of recycled aggregates in concrete
216.000 tons



SUSTAINABLE CONSTRUCTION

Generate income for products with sustainable characteristics
US \$400 million

Goals for 2025

ENVIRONMENTAL STRATEGY

Stakeholders

Our Sustainability Strategy favors open, direct, transparent and mutual support relationships. This allows us to meet the expectations of our stakeholders and leads us to reach common goals. Likewise, by listening to our environment, we have a broader picture to make decisions.

Our relationship mechanisms and development and training programs are executed by the areas that naturally interact with each of them, thus creating relationships of trust.

By the end of 2017, we updated the mapping of our stakeholders. This exercise resulted in eight groups, among which two new ones stand out: Media, and Associations and Partnerships.

GRI [102-40]



Clients



Employees



Communities



Investors and Shareholders



Authorities



Suppliers



Media



Associations and Partnerships



Client of the massive business, Dominican Republic, Caribbean and Central America Region

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

Dependence

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

Responsibility

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

Proximity

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

Influence

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

Different perspectives

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



Client of the massive business, Dominican Republic, Caribbean and Central America Region

Relationship Mechanisms and Addressed Issues

During 2017, we dealt with a wide variety of topics with our stakeholders, among which the Sustainable Development Goals stand out. These were socialized in the framework of the Sustainability Week, our annual training event and one of the main relationship mechanisms with the stakeholders.

Likewise, the Dialogs for Sustainability were held in mid-2017, with a total participation of 3,033 people located in our three regions. During the sessions, we conducted an accountability on our management during 2016 and we consulted the expectations of the stakeholders, who also indicated the level of relevance of the sustainability issues, in order to nourish our most recent materiality analysis (see page 58).

GRI [102-43/102-44/102-21] To consult the complete list of the relationship mechanisms with our stakeholders, as well as the issues addressed during 2017 and the departments in charge of managing the relationship, visit the following link : <https://goo.gl/Ce8gvW>

2017 Performance

- We updated the Sustainability Strategy, which establishes a framework of action before our stakeholders through the pillars of relationships of trust and shared values.
- We updated our Materiality Analysis, in order to focus and communicate our management on the issues that most interest all of the stakeholders in our environment.

Upcoming Challenges



We will continue strengthening the relationship with our suppliers in the second edition of the Creciendo Juntos acknowledgement, which rewards its best sustainability practices and innovation.



We will do a detailed characterization exercise for each of our stakeholders, according to our latest update.

Materiality Analysis

GRI [102-46] The cement industry is a carrier of development and connectivity and involves multiple stakeholders. For this reason, understanding and being receptive to the interests of our stakeholders is paramount to achieve our higher purpose: to build dreams that encourage development and transform lives.

In this sense, the base component of our Sustainability Strategy is the materiality analysis, through which we map the expectations of our stakeholders and contrast the results with the company's strategic vision, with the aim to identify and prioritize the most important work focuses for the organization for the next two years. During 2017, we carried out the present materiality analysis and, with

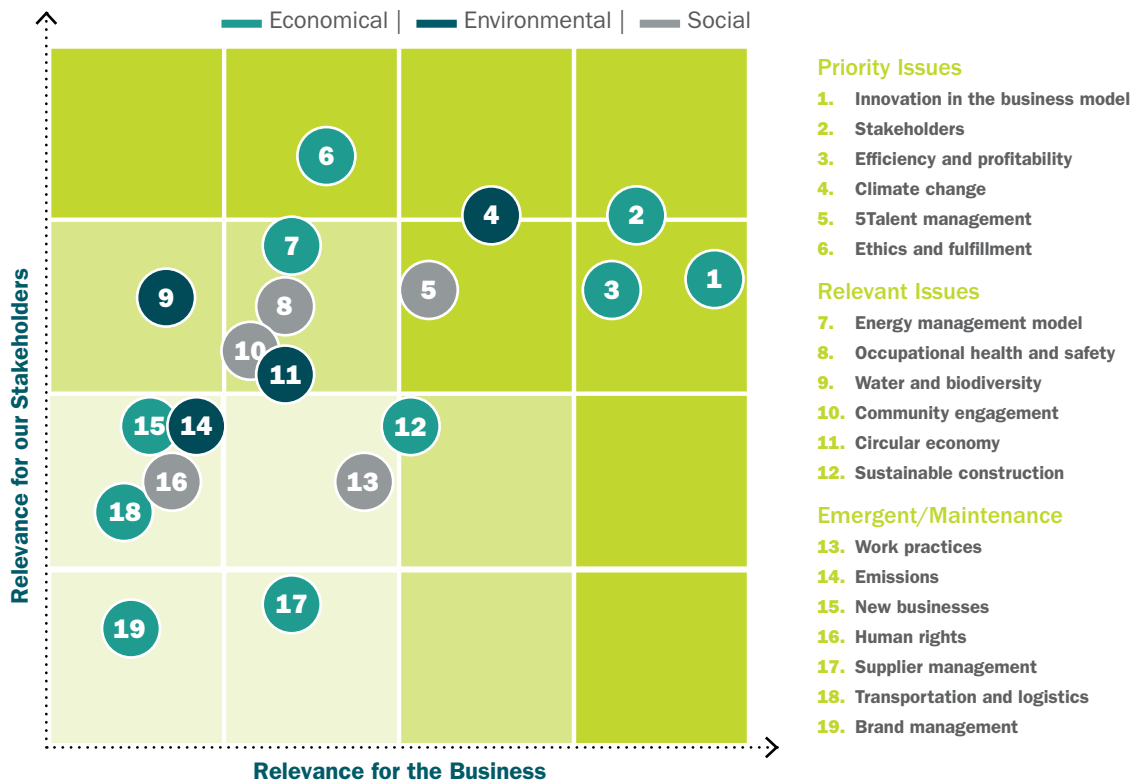
this, we defined the issues on which we will work on during the years 2018 and 2019.

Our Materiality Analysis took into account the strategic priorities of our Board of Directors and the opinions and interests of our stakeholders, as well as the trends, news and dynamics of the sector, the principles and guidelines established in the Sustainability Strategy, the risks and opportunities, our commitments to national and international initiatives, among other inquiries that are made both externally and internally.

The result of the performed materiality analysis allowed to prioritize, validate and identify 19 issues, which we classified as priority, relevant and emergent or maintenance.

Materiality Matrix

In the next chapter we present information about our performance, achievements and challenges in relation to each of the priority and relevant issues found in this Materiality Matrix.



PRIORITY ISSUES GRI [102-47]

1. Innovation in the business model

Ability of the organization to innovate in the components of its business model to adapt to the disruptions of the industry and those of the market and maintain its high level of competitiveness.

2. Company license to industry

Efforts directed towards the demonstration of the value for society, created by the cement industry and its products, through connectivity, development, infrastructure and industrialization.

3. Efficiency and profitability

Strategies that allow the maximization of the return of investment on capital and increase profits, as well as having a healthy capital structure and an adequate financial cycle that facilitates access to capital markets.

4. Climate change

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

5. Talent

Strategies aimed at attracting, developing and retaining talent, with special emphasis on current and young talent.

6. Ethics and compliance

Practices aimed to ensure the ethical actions of all members of the organization, to the prevention of fraud, corruption, money laundering and bribery.

RELEVANT ISSUES GRI [102-47]

7. Energy Management Model

Strategies for risk reduction and the utilization of opportunities derived from the availability of energy, its cost and its adequate use, including the diversification of the energy portfolio.

8. Occupational Health and Safety

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

9. Water and Biodiversity

Identification and adequate management of risks and significant impacts on water resources and biodiversity in the areas of influence.

10. Community Engagement

Actions aimed at promoting good relations with neighboring communities and their development, through the

prevention, mitigation or compensation of the negative impacts and the maximization of the positive impacts.

11. Circular economy

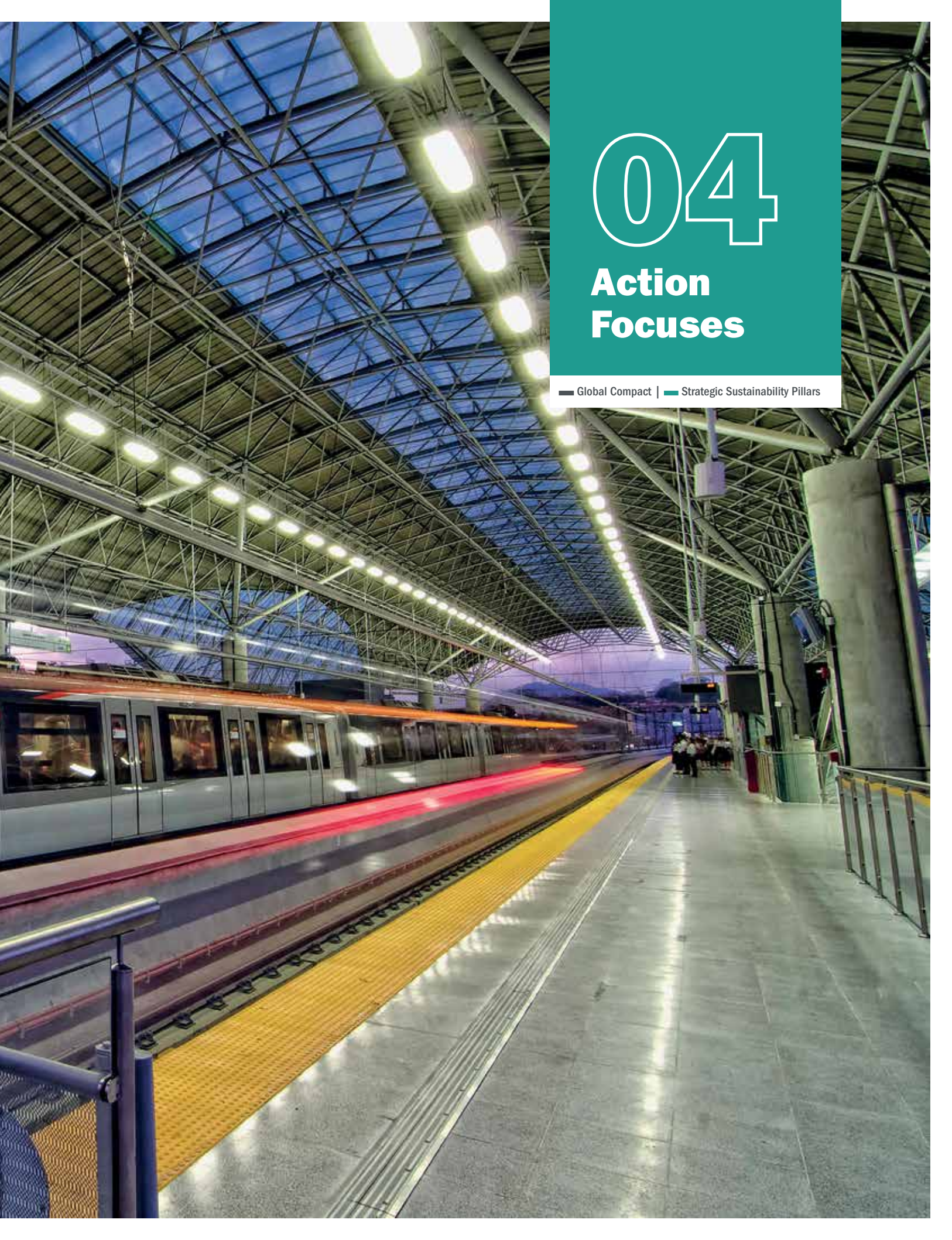
Strategies for reducing and managing the entry of inputs and raw materials into production processes and the generation of waste through the closure of cycles, reincorporating materials, by-products and waste to the value chain of the organization or to value chains of other industries .

12. Sustainable construction

Strategies aimed at expanding the portfolio of products and services with sustainability characteristics.



Work constructed with Argos: Panama Metro



04

Action Focuses

■ Global Compact | ■ Strategic Sustainability Pillars



Suppliers

Argos

Clients

Society

[103-1]

Innovation in the Business Model

— P9 | — Business Profitability

This aspect refers to our capacity to innovate in the way we create, communicate, deliver and capture value, to maintain our competitiveness in the market, be highly profitable and leaders in productivity, with the aim of expanding selectively in the long term.

Our competitiveness comes from an adequate understanding of the markets and an effective segmentation of our clients through differentiated value proposals, leveraged in our great capacities and in the organizational management systems.



Value Added to Society **GRI [103-1]**

Thanks to our innovative solutions we maximize the value delivered to our customers, satisfy their specific needs and increase their productivity. Also, we encourage the development of high standards and the use of innovative products in the construction industry.



Value Added to the Company **GRI [103-1]**

Our ability to innovate and to effectively respond to the needs of our clients allows us to capture greater value from the markets in which we operate, which ensures our economic sustainability over time.

How Do We Manage This Matter? **GRI [103-2]**

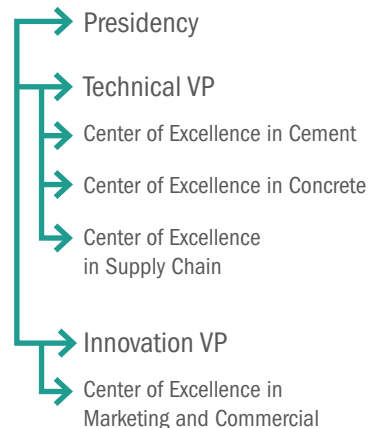
We act local and think global. Based on centralized management tools, we place special emphasis on finding an ideal solution according to the reality of each country.

We have four Centers of Excellence as levers of transformation and strengthening of our capabilities, which are aligned with the specific profitability strategy for each market in which we operate. In the same way, our organizational structure was redesigned in

order to respond to the market needs more effectively.

To enhance our positioning in the market, we substantially modified the marketing and commercial strategy in Colombia and the Caribbean and Central America Region, with special emphasis on Honduras, thus achieving a greater focus on the client. In the USA Region, we strengthened the Marketing department and began the strategic review of our customer segments.

Governance **GRI [103-2]**



2017 Performance GRI [103-2/103-3]

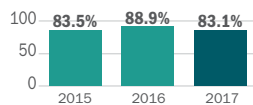
- We developed an organizational efficiency project in Colombia, thanks to which we achieved savings of 142,000 million pesos.
- We created new innovative businesses, such as the Greco and the Argos White companies, which produce and market recycled aggregates, complementary cementitious and colored materials in order to enhance the opportunities associated with our business model.
- We are redesigning our digital channels to serve the local client according to the specific reality of each market.
- We are strengthening our capabilities in analytics to support timely decision-making.
- Even though we did increase our sales volumes, we still have challenges regarding customer satisfaction in some markets. However, we reached the goal proposed in 2017 for the Dominican Republic, Colombia and Honduras.
- We created a Marketing Corporate Management, which is responsible for managing the brand transversally and promoting a culture focused on the client.
- We reactivate the grinding mill in San Lorenzo, Honduras. It allowed us to increase the cement production capacity by 300,000 tons.

Leading Indicators GRI [103-3]

[A-IM1] Index of Client Satisfaction by Country

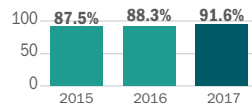
Colombia

2017 Goal: **82.5%**



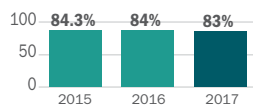
Dominican Republic

2017 Goal: **82.5%**



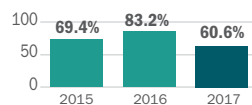
United States

2017 Goal: **90%**



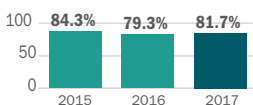
Suriname

2017 Goal: **82.5%**



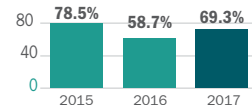
Panama

2017 Goal: **82.5%**



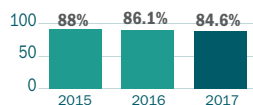
Haiti

2017 Goal: **76%**



Honduras

2017 Goal: **82.5%**



French Guiana

2017 Goal: **82.5%**



2018 Goals GRI [103-2]

- We will maintain or increase the EBITDA margin and our participation in the priority markets and segments.
- We will implement new marketing metrics and establish the baseline and future goals.
- We will strengthen our existing digital channels and create new ones in the countries that require it.

Upcoming Challenges

-  Generate a culture of customer orientation at all levels of the organization.
-  Promote agile and effective decision-making as part of the corporate culture.
-  Strengthen the capacities of the Centers of Excellence and the synergy between them.
-  Strengthen our leadership in productivity, with a focus on Honduras and the United States.
-  Convert digital technologies into a means to leverage the business and the customer experience.
-  Implement an efficient management model at the service of the business.

[A-IM1] To consult the consolidated satisfaction index, visit the following link: <https://goo.gl/xa7okY>



Suppliers

Argos

Clients

Society

[103-1]

License from Society to the Industry

Trust Relationships

The cement industry contributes to socioeconomic development because it provides connectivity and resilient infrastructure that facilitates the industrialization and modernization of the regions.

Convinced that we are an ally for our environment, we promote good practices that ensure responsible production, constant innovation and transparency in acting, which unites us in the commitment to create value for society.



Added Value to Society **GRI [103-1]**

We satisfactorily respond to the growing demand for urbanization and infrastructure with advanced products and specialized services, thus contributing to the modernization of the industry and the development of the regions in which we operate.



Added Value to the Company **GRI [103-1]**

Our acts dedicated and respectful to the environment and the active commitment we demonstrate daily with the development of the regions in which we operate allow us to continue being a profitable company and a solid player in the construction industry, as we have been during the last 74 years.

How Do We Manage This Matter? **GRI [103-2]**

- We actively participate in initiatives such as the Cement Sustainability Initiative (CSI), through which we acquire long-term sustainability commitments, manage our risks and formulate joint strategies to endure as an industry over time.
- We perform life cycle analyses that demonstrate the benefits of our products, highlighting their high resilience and durability compared to other substitute materials.
- We quantify and communicate the value derived from our economic, environmental and social externalities, showing what we take and deliver to the environment and identifying risks and opportunities in the future (see page 44).
- We work constantly in the monitoring and prompt response to the needs and perceptions of our stakeholders.

Governance **GRI [103-2]**





Suppliers, Panama, Caribbean and Central America Region

2017 Performance

GRI [103-2/103-3]

- We carried out and disseminated our first VAS externalities valuation exercise.
- We attended to all of the information and response requirements of our stakeholders, in the face of specific situations and junctures.
- We performed life cycle analyses and environmental declarations of our products.

Leading Indicators GRI [103-3]



The net value we delivered to society is of **US \$ 804.3** million, that is, **4.73** times our retained benefit. [A-LS1]



We are the **fourth company with the best reputation** in Colombia. (Merco, 2017) [A-LS2]



We participate in 35 megaprojects, thus becoming an active part of the socioeconomic development of the regions in which we operate. [A-LS3]

2018 Goals GRI [103-2]

- We will annually update our Value Added Statement to Society to have a clear and updated picture of what we take and deliver from the environment.
- We will continue to develop implementation exercises for our valuation of impacts and we will complete those undertaken in 2017. In particular, we will complete the quantification of water-related risks.

Upcoming Challenges



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



Raise awareness in the stakeholders and society in general about the impacts associated with the production of construction materials and the actions that the industry performs to ensure responsible production.



Promote the transparency of the industry in the dissemination, quantification and evaluation of its impacts in front of all the interest groups.



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



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



Suppliers

Argos

Clients

Society

[103-1]

Efficiency and Profitability

Business Profitability

Profitability and return on capital for investors allows us to guarantee the permanence of the business over time and our high level of competitiveness. That is why we always seek to maximize the return on investments and maintain an efficient cost structure in order to generate profits and leverage our growth. All this, based on a healthy capital structure and financial cycle, which facilitates our access to capital markets.



Added Value to Society GRI [103-1]

The maximization of profitability and efficiency of our company allows us to be sustainable over time and maintain our growth, while guaranteeing our contribution to the development of the economies of the countries where we operate and generate quality employment.

In 2017, the value added to society through our externalities, which include the dividends with which we remunerate the trust of our shareholders, was estimated at US \$ 804.3 million according to our Value Added Statement to Society, VAS (see page 44).

We always seek to maximize the return on capital employed.

How Do We Manage This Matter? GRI [103-2]

- We seek to generate incentives for profitability at the highest level with the inclusion of indicators such as the Return on Capital Employed (ROCE) and Total Shareholder Return (TSR), which align the management of the administration with the interests of the investor, in our variable compensation system.
- We manage efficiency through the BEST program with a general focus on the return on capital employed.

Governance GRI [103-2]

- General Assembly of Shareholders
- Board of Directors
- Board of Directors' Audit Committee
- Executive Committee

BEST



Go to Market



Administrative synergies



Productive transformation



Implementation of new technologies



Use of alternative fuels



Asset optimization

Visit page 16 to know more about BEST.

2017 Performance **GRI [103-2/103-3]**

Productive transformation

- Productive transformation of the wet kilns of the Cartagena Plant and one of the wet kilns of the Toluvejo Plant in Colombia.

Implementation of new technologies

- We started the assembly of facilities for the use of calcined clays in the Rioclaro Plant and reduced the clinker/cement factor.

Use of alternative fuels

- We replaced the use of fossil fuels with alternative fuels by 4.9% through the tire co-processing project at the Rioclaro plant.

- We carried out the assembly and adjustments of the Cartagena Plant for the coprocessing project.

Administrative synergies

- We created a new, lighter corporate structure.

Optimization of non-operational assets

- We made a disinvestment of Bancolombia's stock portfolio.
- We sold assets of the block business in the United States, real estate assets in Panama and the United States and 20% of the shares in Argos Panama.

Leading Indicators **GRI [102-7/103-3]**

Profitability:

Total return to shareholder **[A-ER4]**

-0.9% ordinary action

-5% preferential action

EBITDA [A-ER2]
US \$ 482 million

Margin EBITDA [A-ER3]
17%

4.64 Net debt/(ebitda + dividendos) **[A-ER1]**

Debt profile
Short term: **26%** COP: **44%**
Long term: **74%** US \$: **56%**

BEST:

Cost reduction per cement ton [A-BE1]

US \$12

Total 2016 and 2017 disinvestment [A-BE2]
US \$ 428 million

2018 Goals **GRI [103-2]**

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

2025 Goals **GRI [103-2]**

- We will reach an 18% substitution of heat consumption from the use of alternative fuels.
- The ROCE will be above the WACC.

Upcoming Challenges



Competitiveness.



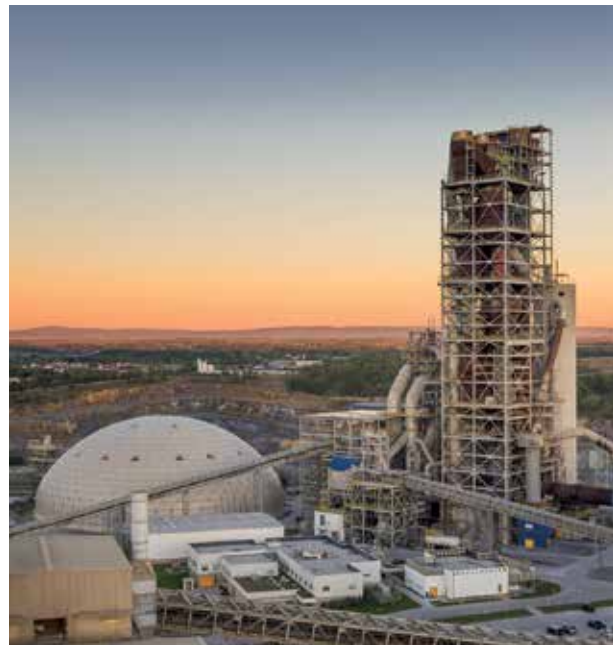
Implement BEST in the USA Region and in Honduras.



Optimize the working capital.



Positive free cash flow.



Martinsburg Plant, USA Region



Climate Change

— P8/P9 | — Responsible Production

Suppliers

Argos

Clients

Society

[103-1]

Climate change is a global phenomenon whose effects pose challenges and opportunities for growth, competitiveness and the development of the company. That is why we are undertaking robust and innovative actions with our stakeholders, to promote the sustainability of the organization and its adaptation to the impacts that climate change brings us.



Added Value to Society GRI [103-1]

We strive to be more efficient and to reduce our CO₂ emissions. According to our Value Added Statement to Society (VAS), the cost derived from CO₂ emissions for society, in 2017, is of US \$ 296.5 million.



Added Value to the Company GRI [103-1]

Our action on climate change has allowed us to mitigate the risks derived from this phenomenon and, equally, to generate business opportunities from the development of more cost efficient processes and innovation in processes, products and solutions, ensuring the competitiveness of the organization.

How Do We Manage This Matter? GRI [103-2]

The climate change pillar focuses on the measurement of direct and indirect emissions of greenhouse gas (GHG), on the identification and development of mitigation measures for these emissions and on the definition of actions to adapt to impacts.

Governance GRI [103-2]



Initiatives, Commitments or Adhesions GRI [103-2]

- ✓ Sustainable Cement Initiative
- ✓ Carbon Disclosure Project
- ✓ Sustainability Strategy
- ✓ Carbon Cure
- ✓ Low Carbon Technology Collaboration Initiative
- ✓ Environmental Strategy

2017 Performance GRI [103-2]

- With respect to 2016 we experienced a 2.2% decrease in the net specific emissions of CO₂ per ton of cementing material, favored by a reduction in the specific caloric consumption per ton of clinker and by an increase in natural gas in the fuel mixture for clinkering.
- We compensated 10,535 tons of CO₂ generated by the consumption of diesel in our cement and concrete operations in Colombia, through the acquisition of carbon credits from conservation and reforestation projects.

- We obtained the best score (100/100) in the climate strategy category of the Dow Jones Sustainability Index.
- We started the implementation of the plans to reduce CO₂ emissions from the Colombia and the Caribbean and Central America regions.
- We recalculated the baseline (2006) and the series of direct emissions from cement operations, in compliance with the energy and CO₂ protocol (WBCSD - CSI, 2011), in its section on baselines, acquisitions and disinvestments.
- We participated in the workshops carried out by FICEM for the construction of the Low Carbon roadmap that will be followed by the Latin American cement industry in the long term.
- We presented the annual CO₂ emissions report to the Getting the Numbers Right (GNR).
- We trained critical suppliers of the Colombia and the Caribbean and Central America regions in issues of organizational carbon footprint measurement.
- We started, in the Colombia Region, a project that seeks operational efficiency in the transport of our raw materials and products, through the construction of synergies with other load generators.

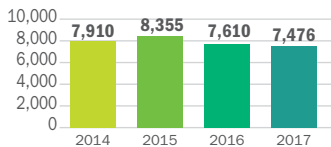
Leading Indicators GRI [103-3]

Direct and Indirect Emissions GRI [305-1/305-2]

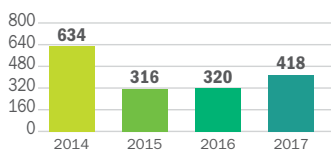
Thousands of tons of CO₂

Cement

Direct Emissions

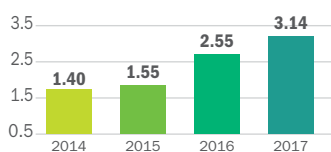


Indirect Emissions

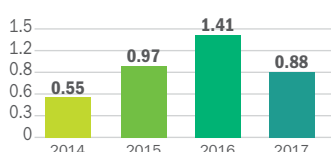


Aggregates

Direct Emissions

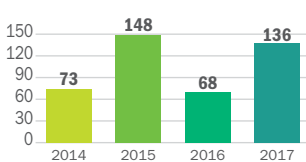


Indirect Emissions

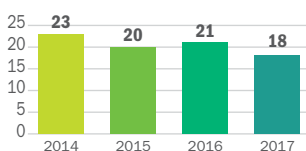


Concrete

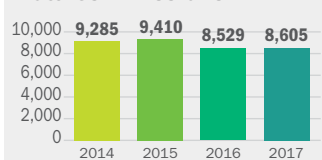
Direct Emissions



Indirect Emissions



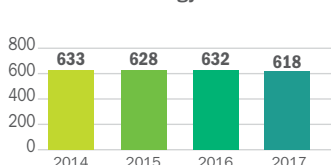
Totales Emissions



CO₂ Net Specific Emissions [A-EC1]

(CO₂ kg/ton of cementitious material)

Environmental Strategy Indicator



GRI [103-2/103-3]

2017 Goal Tracking

■ Achieved | ■ In progress | ■ Not achieved

- We formulated the plan for the scope 1 reduction of CO₂ emissions for cement operations in the United States.
- We built a plan for the implementation of the methodology established by the Cement Sustainability Initiative (CSI) in the “Scope 3 Greenhouse Gas Accounting and Reporting Guidance”.

2018 Goals GRI [103-2]

- We will begin the implementation of the Scope 1 CO₂ Emissions Reduction Plan of the USA Region.
- We will begin the implementation of the plan to quantify the scope 3 emissions under the CSI methodology.

2025 Goals GRI [103-2]

- We will emit 544 kg CO₂/ton of cementing material, which is equivalent to reducing 25% with respect to the updated 2006 baseline (735 kg CO₂/ton of cementing material).

Upcoming Challenges

- Reduce the clinker/cement ratio.
- Advance in the development of new products, processes and implementations low in CO₂ intensity.
- Establish the climate change adaptation strategy.
- Increase the use of alternative fuels.

GRI [201-2 / 305-3/305-4/305-5] Get to know more indicators and information on climate change and CO₂ emissions at: <https://goo.gl/CbgjUx>



Argos

Society

[103-1]

Talent Management

■ P1 | ■ Shared Values

We recognize talent as a differentiating element to achieve results and, because of this, we attract, retain and develop a human team capable of materializing the strategy, with special emphasis on internal talent and young talent. All of the above, supported by our pillars of culture and seeking a balance between profitability, decent work and the development of society.



Added Value to Society GRI [103-1]

Through the development of talent we promote in our employees a greater awareness of society, respect and integrity. The added value to society, derived from the development of human capital, was of US \$ 3.8 million.



Added Value to the Company GRI [103-1]

Our talent management is the fundamental axis that enables the achievement of organizational results. This is possible when we attract and retain the best human capital and develop their skills and abilities, thus allowing us to innovate and reinvent ourselves.

**GRI [404-1]
DURING 2017,
WE ACHIEVED
354,836 HOURS
OF TRAINING TO
OUR EMPLOYEES
IN THE THREE
REGIONS.**

How Do We Manage This Matter? GRI [103-2]

Our Talent Management Policy provides us with the reference frame under which we implement programs and strategies that promote gender equality, the personal life-work balance, the development of competences, among other key aspects for the organization. Our Talent Management Policy is developed from three thematic axes: Work Practices, Attraction and Retention, and Planning and Development.

Governance GRI [103-2]



Pillars GRI [102-16]

Our work environment is the result of a culture based on the following pillars:



Respect



Leadership



Flexibility



Learning



Collective Success



Sense of Life



Transcendence

Initiatives, Commitments or Adhesions GRI [103-2]

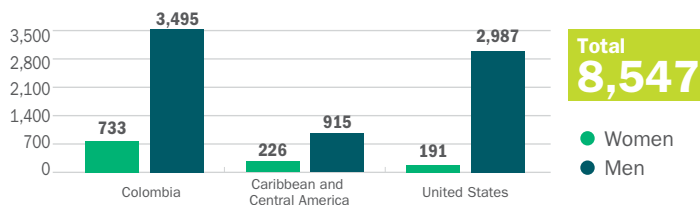
- ✓ Sustainability Strategy
- ✓ United Nations Global Compact and Business for Peace
- ✓ Argos' Principles and Values
- ✓ Equipares
- ✓ Women's Empowerment
- ✓ Principles of the Global Compact
- ✓ Policies: Talent Management, Diversity and Inclusion, Gender Equality, Human Rights, ISOH

2017 Performance GRI [103-2]

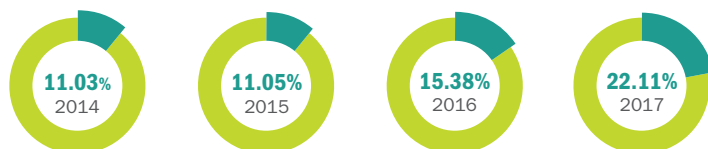
- We accompanied the process of organizational transformation in response to the business challenges and focused on the sustainability of the organization.
- We defined a competences model along with the business group, recognizing the skills that each one must develop according to their level of contribution.
- We homologated our Educa training model at the level of the business group, generating synergies and enriching the transversal training schools. The available educational increased by 21%.
- We made our first measurement in culture, to identify the level of appropriation of the values of our organization. The pillar of respect was highlighted, which includes the perception of health and safety issues, as the value of greatest recognition by our employees.
- We trained more than 4,500 employees in corporate governance, including the modules of Code of Conduct, Competition Policy, Antifraud Policy, Anti-Corruption and Anti-Money Laundering and Terrorism Financing.
- We reached a greater positioning within the virtual channels as an employer brand to attract the best talent.
- We generated opportunities for growth and development, through mobility processes of intercompanies within the Argos Business Group, for 73 people.
- We recognized the contributions, behaviors and outstanding performances of our employees through the Capitanes Argos program in all our geographies.

Leading Indicators GRI [103-3]

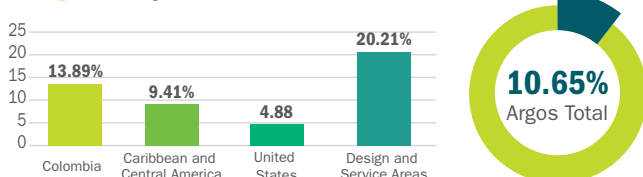
GRI [102-8] Labor Force by Gender and Geographical Location



GRI [401-1] Turnover Rate



[A-TM1] Mobility Rate



GRI [103-2/103-3]

2017 Goal Tracking




■ Achieved | ■ In progress | ■ Not achieved

- Approximately 95% of the employees received performance feedback. Additionally, we strengthened the 360 degree evaluation process, with a reach of almost 65% of the leaders.
- We adapted the development routes model to current needs and generated mobility opportunities towards new positions for 10.71% of our organization.
- We accompanied the BEST project and the integration of the Martinsburg Plant.

2018 Goals GRI [103-2]

- Generate opportunities for internal mobility and between companies of the Grupo Empresarial for at least 6% of employees.
- Train 100% of our employees at a specialist level or higher in corporate governance.

Upcoming Challenges

-  Continue to implement and stabilize the organizational training platform.
-  Consolidate the corporate culture model, generating healthy work environments based on diversity and gender equity.
-  Strengthen diversity and inclusion programs in all geographies.

GRI [202-2/401-2/ 402-1 /404-1/404-2/ 404-3/405-1/405-2] Learn more about talent management indicators at: <https://goo.gl/Uv7oqk>



- Suppliers
- Argos
- Clients
- Society
- [103-1]

Ethics and Compliance

■ P1 | ■ Shared Values

In Argos we have adopted an attitude of zero tolerance towards fraud, bribery and corruption. We manage our business in a framework of ethics and transparency, in which our business activities have integrity as a guiding principle.



Added Value to Society GRI [103-1]

Guaranteeing an ethical and transparent action in our operations promotes the strengthening of the relationships based on the trust of all our stakeholders. As a result, we foster better business environments by positively impacting local communities and society as a whole.



Added Value to the Company GRI [103-1]

The adoption of guidelines and controls to guarantee ethical actions have consolidated us as a competitive company in the capital markets and as a highly reliable company before investors and other stakeholders.

Governance GRI [103-2]

We have a Government Committee composed of vice-presidents that represent the three regions. This Committee receives reports from the Business Conduct Officer and the Research Officers about the main cases presented in our Transparency Hotline. Likewise, it issues the general guidelines for the resolution of complaints and conflicts of interest and recommends the communication and employee training programs.

In addition, the matters of ethics and compliance are discussed in the Central Committee of Conduct, in which strategies, experiences and good practices are aligned among the different companies of the Grupo Empresarial Argos.



Initiatives, Commitments or Adhesions GRI [103-2]

- ✓ Code of Good Governance
- ✓ Anti-Money Laundering and Combating the Financing of Terrorism Self-Control and Management
- SCMS) Manual
- ✓ Code of Business Conduct
- ✓ System (AML/CFT)
- ✓ Anti-fraud Policy
- ✓ Global Governance and Compliance Program
- ✓ Competition Policy

2017 Performance **GRI [103-2/103-3]**

- We trained our employees and executed a communications plan for the prevention of the materialization of compliance risks.
- We evaluated the risks of corruption, fraud, money laundering and terrorism financing in the operations of the Caribbean and Central America Region.
- We designed policies and internal guidelines associated with the Global Government and Compliance Program.
- We strengthened the internal control mechanisms in the fight against corruption, fraud, money laundering, financing of terrorism and any type of anti-competitive practice.

Upcoming Challenges



Continue implementing the Global Government and Compliance Program in the Colombia, USA, and Caribbean and Central America Regions.



Permanently review our corporate competition program.



Employee, Roberta Plant, USA Region

Legal Actions

GRI [206-1]

The behavior of the company, its directors and employees is in accordance with the regulations applicable in each jurisdiction where we operate and the internal guidelines of conduct. Currently we defend the good name and correct behavior of the organization in the following processes against the company:

- In December 2017, the Superintendence of Industry and Commerce sanctioned Argos with a 73,700 million pesos fine, as well as two other cement companies, for an alleged conscious price parallelism in the 2010-2012 period. The company filed an appeal for reversal against the Superintendence of Industry and Commerce's decision, which has not been resolved by this time. It was amply demonstrated in the resource that no relationship of employees with competitors was presented and that, on the contrary, Argos competed independently and autonomously through a value proposal differentiated and valued by customers. The company will exercise all the legal actions to demonstrate its good behavior and that of those who in an impeccable and visionary manner have led the organization, trusting the objectivity, responsibility and the proper functioning of the country's institutions. Throughout this process we received the support of all our stakeholders, mainly from our clients, who ratified their support and defended the good name and correct behavior of our organization in the framework of the #CreoEnLaLuzVerde (#IBelieveInTheGreenLight) campaign.



Visit the campaign page to see the testimonies of our stakeholders: www.argos.co/creo-en-la-luz-verde

#CreoEnLaLuzVerde
(#IBelieveInTheGreenLight)

TRANSPARENCY HOTLINE

GRI [103-3/102-17] Our free transparency hotline is a communication channel for the anonymous notification of behaviors that go against our Code of Good Governance, the Code of Business Conduct and other corporate policies and guidelines.

How Does the Hotline Operate?

1. We receive calls or emails with the anonymous report through an external and independent platform that guarantees the confidential handling of the information received.
2. The platform sends the case to the research officers according to the category of the complaint: conduct, compliance, labor relations or communities.
3. The officers carry out the investigation according to our special protocol for case management.
4. The cases are closed after a concept that includes the conclusions and findings of the research, as well as the recommended administrative measures and opportunities for improvement in the corresponding processes.



Employee, Santillana office, Colombia

Cementos Argos has a Comprehensive Personal Data Management Program implemented through an effective database management and monitoring system. Through the training of our employees, our Personal Data Processing Policy and the processes for the attention and response to requests, complaints, claims and suggestions of the owners have been made known.

The personal databases are duly registered in the terms established by the Superintendence of Industry and Commerce. To date, there have been no claims or incidents related to the improper use of personal data.

GRI [205-2]

IN 2017, WE TRAINED 4,500 EMPLOYEES AND 71 SUPPLIERS ON TOPICS RELATED TO TRANSPARENCY, SUCH AS COMPETITION, CORPORATE GOVERNANCE, CODE OF CONDUCT AND HUMAN RIGHTS.



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Conduct Officer Email

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1 (888) 567 66 29

Colombia

01 8000 522 021

Dominican Republic

18001 485 009

Panama

011008001571011

Honduras

800 2791 9378

GRI [205-1/205-3/206-1/307-1/415-1/419-1/A-ETH1/A-ETH2/A-TAX1] Learn more about our indicators at <https://goo.gl/NiNRw1>

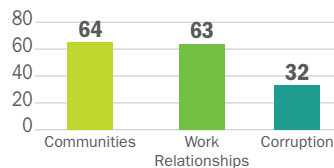
In 2017, within our commitment to guarantee the culture of transparency, various disciplinary and administrative actions derived from the investigation of some of the complaints received through the Transparency Hotline were taken.

Included among the most relevant actions are calls to attention to employees and termination of business and/or employment relationships with third parties that violated the guidelines of our Code of Business Conduct or the policies associated with it. However, the complaints addressed did not represent significant risks for the company and none of the infractions materialized had material impacts for the business.

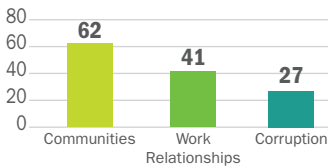
It is important to highlight that, of the cases received during the year, related to alleged improper acts and related to fraud, corruption and conflicts of interest and other associated cases, actions for improvement resulted in internal procedures and recommendations for the strengthening of the internal control system. In this way, the Transparency Hotline has allowed us to continue guaranteeing to our stakeholders the protection of their rights and interests in the face of improper conduct or acts contrary to the values promulgated by the company.

Received Environmental, Social and Human Rights Complaints

Total Cases Received in 2017



Total Cases Closed in 2017



Cases Closed With Administrative or Legal Actions



Employee, Panama administrative office, Caribbean and Central America Region

GRI [103-2/103-3]

2016 Goal Tracking

■ Achieved | ■ In progress | ■ Not achieved

- We structured a training and dissemination plan for the Code of Business Conduct, making sure that the message reaches all regions.

2018 Goals

- We will strengthen the compliance program with scope in the three regions.
- We will audit the Transparency Hotline in order to ensure that cases have been properly managed.
- We will continue with the waiving of the risks of fraud, corruption, money laundering, terrorism financing and anti-competitive practices in the Colombia and the Caribbean and Central America regions.

Upcoming Challenges



Consolidate the Transparency Hotline as the official channel for the reception of complaints of acts that are contrary to the company's guidelines.



Argos

Clients

Society

[103-1]

Energy Management Model

Business Profitability

The energy resources are an essential part for the competitiveness and sustainability of our company; that is why, through the Energy Policy, we manage the strategies for risk reduction and for taking advantage of opportunities arising from the availability of energies and their proper use. We are committed to complying with our roadmap of minimization of consumption and the implementation of an optimal portfolio of fuels and renewable energies.



Added Value to Society **GRI [103-1]**

The responsible use of energy is a fundamental pillar of our company. That is why we work in the development of generation technologies with renewable sources and in the consumption of alternative fuels in our operations, thus contributing to the creation of new sustainable sources of employment.



Added Value to the Company **GRI [103-1]**

The dynamism of markets and industry impose permanent challenges, in which innovation and competitiveness play a fundamental role. For this reason, the knowledge of fuel and electricity markets, the permanent search for opportunities to reduce costs and energy consumption and the implementation of renewable and alternative energy projects portray Cementos Argos as a reference in all its geographies.

How Do We Manage This Matter? **GRI [103-2]**

We establish four focus points in our Energy Policy:



Efficiency: we operate our production processes at the lowest energy intensity and at the best cost.



Sustainability: we integrate our energy strategy into the sustainability lines.



Insurance: we strategically manage the value chain of our energy resources.



Knowledge: we capitalize knowledge to maximize the use of our resources and assets.

Initiatives, Commitments or Adhesions **GRI [103-2]**

- ✓ Sustainable Cement Initiative
- ✓ Low Carbon Technology Partnership Initiative
- ✓ Environmental Strategy
- ✓ Sustainability Strategy
- ✓ Energy Policy

Governance **GRI [103-2]**

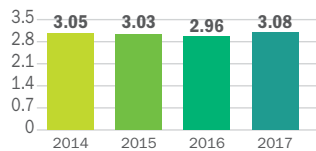


2017 Performance **GRI [103-2]**

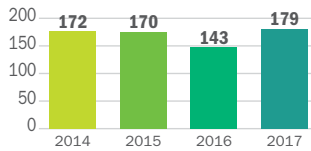
- We started the design and construction of a solar farm in our operation in Honduras, which allows us to replace about 25% of the electricity demand, which is today based on fossil fuels.
- We managed to reduce caloric consumption by 5%, compared to 2016, which generated savings of US \$ 4.4 million.
- We obtained the Energy Star certification for outstanding energy management at our Roberta and Harleyville plants in the United States.
- We increased the efficiency of our self-generation assets, which produced savings of US \$ 2.2 million (-7%) with respect to the 2017 budget.
- We improved the performance of our production lines in the Cartagena plants (+2% operating factor) and Rioclaro (vertical mill).
- We increased the use of correctors in Sogamoso, which contributed to reducing electric consumption.
- We reduced the specific electricity consumption in the Honduras plant thanks to the clinker quality program.

Leading Indicators **[103-3]**

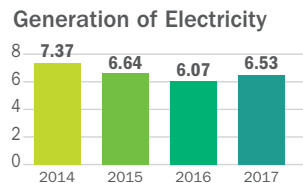
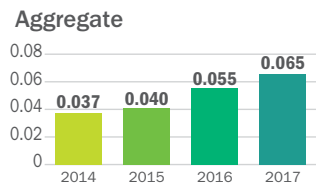
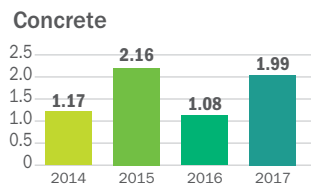
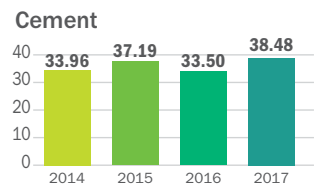
GRI [302-3] Energy Intensity of Cement (GJ/ton of clinker)



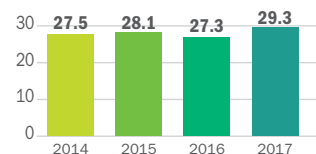
GRI [A-ENE2] Total Energy Costs (Million of US \$)



[302-1] Internal Energy Consumption (Energy Consumption -GJ- Million)



[A-ENE3] Energy Cost in the Total Cost of Production (%)



GRI [103-2/103-3]

2017 Goal Tracking

■ Achieved | ■ In progress | ■ Not achieved

- We completed the construction for the co-processing of 60,000 tons per year of tires in the Cartagena Plant.
- We increased the consumption of alternative fuels in the Rioclaro and Newberry plants.

2018 Goals **GRI [103-2]**

- We will reduce the caloric and electric consumption by 3%, in relation to 2017.
- We will implement the solar farm in Honduras.
- We will increase the company's use of alternative fuels by 5% in relation to 2017.

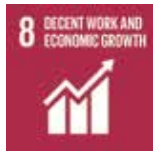
2025 Goals **GRI [103-2]**

- We will reduce the heat consumption by 10% and the electricity consumption by 15%.
- We will achieve 3% in renewable energy.

Upcoming Challenges

- ⚡ Achieve the highest level in efficiency and energy costs in our operations
- ⚡ Increase our electric consumption from renewable energy sources - green energy and alternatives.
- 📄 Increase the substitution of fossil fuels for alternative fuels.

GRI [302-4] [A-ENE3] Get to know more about our energy indicators in: <https://goo.gl/8XjJdd>



Suppliers

Argos

Clients

Society

[103-1]

Occupational Health and Safety

■ P1 | ■ Shared Values

We are committed to the value of life; therefore, through our health and safety management system I Promise, we work to create safe and healthy working conditions. Likewise, we identify, assess and intervene the risks along the value chain, preventing workplace injuries and illnesses.

On the other hand, we have taken on the challenge of developing our road safety model and integrating it into public and private initiatives, thus contributing to the building of a safe mobility culture in the countries where we operate.



Added Value to Society GRI [103-1]

I Promise promotes the value of life not only in the employees, but also in the different stakeholders, to contribute to society through the promotion of a culture of prevention and self-care.



Added Value to the Company GRI [103-1]

Through I Promise, an efficiency model that goes beyond safety and health actions has been incorporated into the organization, which helps to continuously improve productivity, reputation, cost reduction and, thus, the continuity of our operations.

Governance GRI [103-2]



Employee in Panama, Caribbean and Central America Region

Initiatives, Commitments or Adhesions GRI [103-2]

- ✓ OIT Declaration
- ✓ Sustainable Cement Initiative
- ✓ Argos' Principles and Values
- ✓ ISOH Policy
- ✓ Talent Management Policy
- ✓ Sustainability Strategy

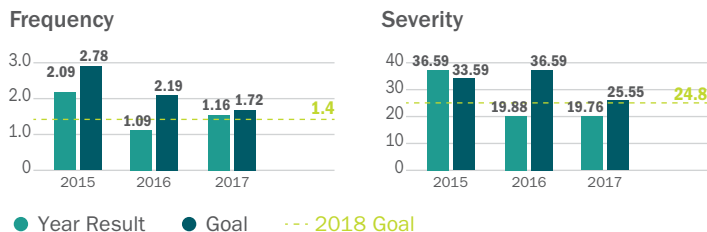
2017 Performance GRI [103-2]

- We implemented the following Life-Saving Standards (LSS): Personal Protection Elements (PPE), confined spaces, work at heights, blockage of dangerous energies, lifting and mobilization of loads and work permits.
- We trained in the following LSS: PPE (1,966 people), isolation of dangerous energies (1,615 people) and work in heights (1,975 people).
- We consolidated Amatia* as one of the most used technological tools in the company (30 inputs per minute).
- We audited the management system I Promise with a 100% compliance.
- The associated risks were identified by position, allowing to improve risk control.
- We implemented the ISOH recognition strategy.
- We defined the parameters for the design of safe equipment and facilities.
- Although there were fewer incidents with injury than in 2016, our incident frequency index slightly increased in 2017. This was due to the mild decrease in hours worked and the inclusion of new operations that presented incidents with a slightly higher frequency.
- In 2017 there were fewer days of absence due to incidents with respect to 2016 (135 days), which indicates that the incidents were less severe, so our severity index was slightly reduced.
- Despite the good results, we regret to report that in the Calera, Alabama cement plant there was a fatal incident of one of our contractors. We have taken all the corresponding corrective measures and we are in the process of investigating the causes.

FOR US, THE ONLY ACCEPTABLE FIGURE IS ZERO. WE MAKE AN EFFORT EVERY DAY TO HAVE ZERO INCIDENTS, ZERO OCCUPATIONAL DISEASES AND ZERO MORTALITIES.

Leading Indicators GRI [103-3]

[A-S11] Index of Frequency and Severity of Incidents With Loss of Time - Company Consolidated



* AMATIA state-of-the-art information system, which allows to record, analyze and consult health and safety data, becoming an important instrument for the decision-making of the company.

GRI [103-2/103-3]

2017 Goal Tracking

■ Achieved | ■ In progress | ■ Not achieved

- We closed the health and safety performance gaps in our operations.
- We reduced the number of unsafe incidents and behaviors.
- We strengthened the governance structure and the health and safety management system.

2018 Goals GRI [103-2]

- We will make it so that our consolidated frequency index (employees + contractors) is below 1.4 for every million man-hours worked, and so that the severity index is less than 24.8.

Upcoming Challenges

- ✓ Ensure that the I Promise management system continues to be a value within the company's culture.
- 🔍 Verify the standardization of the I Promise management system through self-assessment mechanisms.
- 👷 Ensure that people exposed to high-risk tasks generate the competence to perform these tasks safely.
- 📊 Establish a methodology to assess the impacts of the I Promise management system on society.

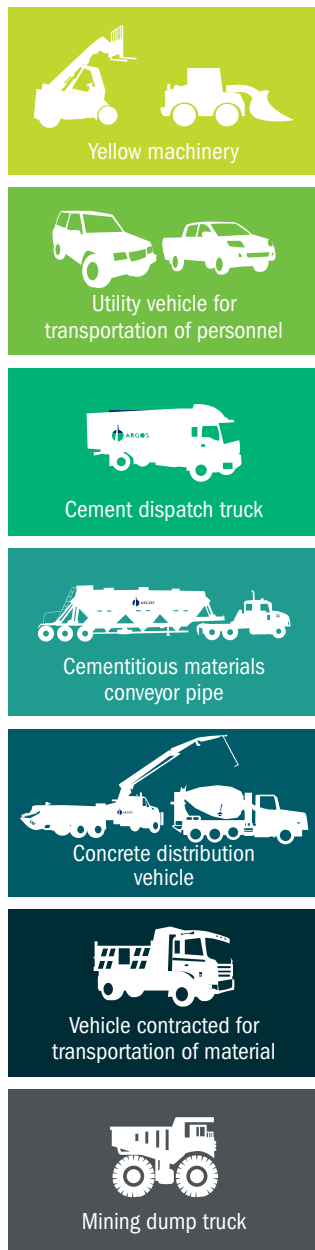
GRI [403-1/403-2/A-S11/A-S12] Learn more about our safety and occupational health indicators at: <https://goo.gl/JTsZmj>

ROAD SAFETY

At Argos we are committed to operating, driving and making use of the roads in a safe manner, respecting and preserving the lives of our employees, contractors, communities and other stakeholders, having as a basis the legal regulations of the countries where we operate and complying to our policies of Sustainability, Industrial Safety and Occupational Health, ISOH, and Alcohol and Psychoactive Substances Policy.

We work daily to be an example, in order to ensure that all processes that involve transportation within our operation are carried out in accordance with the principle of respect for the value of life.


The achievement of this objective is based on the active participation of the parties and the fulfillment of the commitments; therefore, we have defined:



Argos' Commitments

-  Ensure that all own and/or contracted vehicles are appropriate according to the activity to be performed and that they comply with: the age limit defined by the company and the manufacturer's technical and mechanical safety specifications.
-  Ensure that drivers are empowered, trained and competent to safely drive the vehicle and/or equipment of the company assigned under their responsibility.
-  Develop strategies that promote safe behavior when driving any vehicle.
-  Develop innovation ideas that promote sustainability in road safety.
-  Promote good driving habits among road actors, to mitigate the impacts caused within the activities of operations associated with the transportation of people, raw materials and finished products.
-  Perform occupational risk analyses, identifying their causes and managing them.
-  Provide the necessary resources for the development and maintenance of road safety.

Drivers' Responsibilities

-  Respect the speed limits defined by the law and by the organization.
-  Always perform preoperative inspections.
-  Use the seat belt, either as a driver or passenger.
-  Do not use mobile phones while driving.
-  Respect break times.
-  Respect the load limits specified by manufacturers and local standards.
-  Communicate all road incidents involving company vehicles and/or equipment.
-  Do not transport third parties, except for authorized personnel in mission.

2017 Performance **GRI [103-2]**

- We structured the road safety management corporate process.
- We developed and implemented tools to carry out the road safety diagnosis and to structure work plans in the operations.
- We actively participated in the CSI road safety work table.
- We implemented the communications plan to position road safety as a relevant issue for the entire organization.
- We established joint actions with the area of community engagement to train our neighbors to be responsible road actors.



Concrete mixer trucks, Puente Aranda Plant, Colombia Region

2017 Outstanding Activities

- We carried out various activities within the framework of the International Road Safety Day (June 10), including the road safety volunteer day.
- We received an award from the Ministry of Transportation of Colombia for the completion of the Saving Lives on the Road Tournament. 44 plants participated and 13,956 people, including employees, contractors, family members and communities.
- We executed the Road Education Program in Panama together with the Transit and Land Transportation Authority, with which 84 of our drivers were certified.
- We consolidated the training program for mixer



2017 Indicator Monitoring

- The number of road incidents was 400.
- The number of vehicles involved in incidents was 404.
- We applied the self-diagnosis road safety tool Self Assessment in Colombia, Dominican Republic, Haiti, Panama and Honduras.
- We reduced road fatalities by 33% compared to 2016.
- We reduced the events of overturn of equipment by 8% with respect to 2016.

2018 Goals **GRI [103-2]**

- We will develop the competence in road safety in 70% of mixer truck drivers scheduled for 2018.
- We will make it so that 70% of the facilities have internal circulation plans.

Upcoming Challenges

-  Continue to position road safety in the company.
-  Implement in the Caribbean and Central America and Colombia regions the training program for mixer truck drivers.

truck drivers in the United States, as a good practice to be replicated in the other regions as of 2018.

- We promoted discussion scenarios on road safety involving the private sector and the State, such as: Security Business Committee in Colombia, Honduras and Panama.



- Argos
- Clients
- Society
- [103-1]**

Water and Biodiversity

— P7/P8 | — Responsible Production

We understand water management and biodiversity as the equitable, sustainable and economically viable use of the natural resources. Being aware of this, we direct our efforts towards the identification and adequate management of risks and significant impacts in the places where we are present. In this way, we ensure their availability for both the company and society, generating a positive net impact through the implementation of the mitigation hierarchy.



Added Value to Society GRI [103-1]

The care of water and biodiversity is part of the responsibility of managing a resource that does not belong to us. That is why we work to ensure access and availability of these resources in the long term. According to our VAS, in 2017 the costs to society, derived from water consumption and the effects on biodiversity, were US \$ 26.2 and 11 million, respectively.



Added Value to the Company GRI [103-1]

The management of our impacts on water resources, ecosystems and biodiversity allows us to improve the flow of ecosystem services, vital for our operational processes, ensuring the long-term viability of the business.

How Do We Manage This Matter? GRI [103-2]

We guide our water and biodiversity efforts focusing mainly on four lines of action:

- Efficient water use
- Water risk management
- Rehabilitation of intervened areas
- Biodiversity Management Plans (BMPs) for facilities that are located in High Conservation Value Areas (HCVA)

Governance GRI [103-2]



Initiatives, Commitments or Adhesions GRI [103-2]

- | | | | |
|---------------------------------|----------------------------|---------------------------|------------------------|
| ✓ Sustainable Cement Initiative | ✓ World Heritage Center | Natural Parks | ✓ We Mean Business |
| ✓ Wildlife Conservation Society | ✓ National Audubon Society | ✓ Sustainability Strategy | ✓ CEO Water Management |
| | ✓ Colombian National | ✓ Environmental Strategy | |

2017 Performance **GRI [103-2]**

- We had a specific water consumption of 413 L/t for the cement business, consumption that did not have significant variations with respect to 2016 (408 L/t), and 223 L/m³ for concrete, which represents a 7% reduction with respect to the previous year in response to improvements in the quantification and reporting of water flows.
- We carried out the economic valuation of the water in the Toluviejo cement plant, one of the installations located in a water stress zone, in which savings of approximately US \$ 32,000 were quantified.
- We evaluated the exposure to local water risks in our facilities located in water stress zones.
- We launched the microcement, a product with sustainability characteristics that contributes to maintaining the load in the aquifers, minimizing the impact on surface water sources and associated ecosystems.
- We identified and prioritized our facilities located in HCVA.
- We were recognized by the DJSI as leaders in water and biodiversity management for the fourth consecutive year.

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

[A-A1] Specific Water Consumption

Cement (L/t)		Concrete (L/m ³)		Aggregates (L/t)	
2017	413	2017	223	2017	147
2016	408	2016	236	2016	117
2015	350	2015	249	2015	64
2014	535	2014	281	2014	102

[A-B1] Active and inactive quarries with great value for biodiversity that have a management plan (BMP) ■

[A-B2] Released areas rehabilitated in active and inactive quarries (ha) ■

	# of Quarries With BMP	%	Total Rehabilitated Area	%
Colombia	26	59%	230.3	89%
Caribbean and Central	1	50%	29.16	98%
United States	0	-	59.34	55%
Argos Total	27	59%	318.8	80%

GRI [303-1] [303-3] [304-1] [304-4] [306-1] [A-B13]

Get to know other water and biodiversity indicators at: <https://goo.gl/1z3Dy5> and <https://goo.gl/t4KARu>

GRI [103-2/103-3]

2017 Goal Tracking

■ Achieved | ■ In progress | ■ Not achieved

- We started the implementation of the Suizagua III Project in cement plants in Cartagena, Haiti and a critical supplier.
- We elaborated the guide of good practices for water management.
- We continued with the global assessment of water risks in 100% of our facilities and in 43 critical suppliers in the three regions.
- We finished the soil rehabilitation project with the University of Antioquia.
- We identified the facilities located in HCVA and performed a prioritization to develop BMPs.
- We advanced technical works for the formulation of the Rehabilitation Plan (RP) in Haiti.
- We moved forward with the selection of strategic allies that will allow us to design and implement conservation measures in an HCVA in the Magdalena Medio region in Colombia.

2018 Goals **GRI [103-2]**

- We will put together a Water Hazards Management Manual.
- We will disseminate the guide of good practices for water management.
- We will prepare the RP for the Ñajú Mine.
- We will conclude the studies to formulate the RP of the mine in Haiti.

2025 Goals **GRI [103-2]**

- We will reduce the specific water consumption in cement to 256 L/t and in concrete to 216 L/m³.
- We will have 85% of quarries located in HCVA with BMPs.
- We will rehabilitate 85% of areas released in active and inactive quarries.



- Suppliers
- Argos
- Clients
- Society
- [103-1]

Community Engagement

Trust Relationships

Our presence in the territories promotes the local development of the communities based on the dynamism of the economy and the participation in social development initiatives.



Added Value to Society GRI [103-1]

As corporate citizens and members of local communities, we are committed to being good neighbors, assuming responsibility for our impacts and being involved in the local development through the generation of direct and indirect employment, the revitalization of the local economy, the contribution to the economic capacity of the territories, both with the payment of taxes and through public-private partnerships, the empowerment of the communities and the voluntary contributions directed to the execution of infrastructure works that improve the quality of life of the communities. The value to society of our investment in communities was US \$ 9.4 million.



Added Value to the Company GRI [103-1]

Community engagement not only allows Argos to obtain the social license to operate, but also provides a framework of legitimacy while contributing to reduce the exposure to risks derived from the interaction with communities.

How Do We Manage This Matter? GRI [103-2]

We manage it through local teams that know the communities, their characteristics, expectations and needs. Thus, based on the understanding and knowledge of the challenges of the operations, the Local Engagement Plans (LEPs) are defined, which are aimed at guaranteeing harmonious relations between the company and its neighboring communities, based on transparency and respect.

Governance GRI [103-2]



Initiatives, Commitments or Adhesions GRI [103-2]

- ✓ Sustainable Cement Initiative
- ✓ Declaration of Human Rights
- ✓ UN Global Compact and Business for Peace
- ✓ Human Rights Policy
- ✓ AA1000 Standard

2017 Performance GRI [103-2]

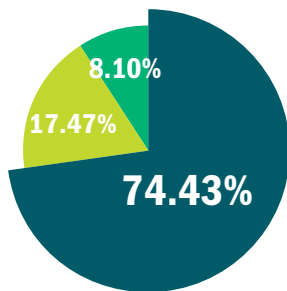
- We integrated the expectations of the communities with the needs and challenges of the operations from the structuring of a corporate mechanism of local engagement management.
- We identified communities at risk of generating dependency on the company based on the incorporation of this condition in the risk model of community interaction. Likewise, we defined strategies to mitigate the impacts of this dependency.
- We conducted risk analyses in 29 operations in Colombia and 7 in Central America and the Caribbean, prioritized by the high level of interaction with neighboring communities.
- We demonstrated our contribution to the local socio-economic dynamics based on the application of the Socioeconomic Footprint Index in several of our operations.
- We designed the sustainability self-assessment that allows us to measure the maturity state of its processes in each operation, including community engagement.

Leading Indicators GRI [103-3]

[A-COM1] 2017 Social Investment

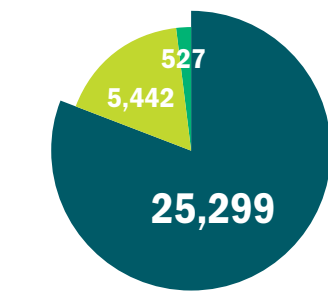
	Beneficiaries	COP	US
Education/Quality	14,464	3,148,429,801	1,066,924
Education/Infrastructure	8,946	9,708,306,729	3,289,903
Social Capital	22,148	1,926,419,991	652,816
Social and Cultural Strengthening Community Infrastructure	12,518	704,718,048	238,811
Sponsorships	124,228	5,744,208,905	1,946,569
Patrocinios	56,847	3,951,484,029	1,339,059
Employability/Generation of Income	1,969	839,803,522	284,588
Housing	77,302	2,371,989,785	803,808
Others	46,392	2,873,158,752	973,642
Total	364,814	31,268,519,562	10,596,122

Social Investment



- Investment in Communities
- Commercial Initiatives
- Donations

2017 Investment by Region COP Million



- Colombia
- Caribbean and Central America
- United States

GRI [103-2/103-3]

2017 Goal Tracking

■ Achieved | ■ In progress | ■ Not achieved

- We designed an ensemble of result indicators for the social investment programs that will help us measure their effectiveness for society as well as for the company.
- We launched the corporate volunteer program for the United States region. It was strengthened in the Colombia and the Caribbean and Central America regions.

2018 Goals GRI [103-2]

- We will make the contribution of the company to the socioeconomic dynamics of the territories visible in the communities.
- We will implement the LEP in 50% of the cement operations.

2025 Goals GRI [103-2]

- We will establish a formal committee to address in an open manner the ongoing dialogue for all operations in neighboring communities.

Upcoming Challenges

Continue implementing programs that develop local capacities and allow the empowerment for the development of the territories.

Strengthen relationships with local actors in a close and genuine dialogue that promotes common well-being.

GRI [203-1] [413-1] [413-2] [A-COM1]

[A-COM2] [A-COM3] Learn about other community engagement indicators at: <https://goo.gl/UnA62c>



Circular Economy

— P7/P8 | — Responsible Production

Argos
Society
[103-1]

We play an important role in the transition to a circular economy through the use of own byproducts and waste and/or those of other industries that, due to their characteristics, allow us to replace part of the fossil fuels or conventional raw materials used in our production processes.

In this way, we manage to minimize the impacts associated with the disposal of waste, as well as those related to the exploitation, production and transportation of natural resources.



Added Value to Society **GRI [103-1]**

Through circular economy we reduce the environmental impacts of our operation, as we create new opportunities and strategic alliances with other sectors. According to our VAS, the cost derived from CO₂ emissions, avoided by replacing fossil fuels and conventional raw materials in 2017, was estimated at US \$ 34.6 million.



Added Value to the Company **GRI [103-1]**

With the use of waste and by-products from other industries we seek to replace the use of raw materials and conventional fuels in our production processes, thus minimizing the consumption of natural resources, the costs and the net CO₂ emissions. At the same time, proper waste management allows us to reduce the impact associated with the final disposal of waste through recycling and recovery, avoiding disposal in landfills.

Initiatives, Commitments or Adhesions **GRI [103-2]**

- ✓ Sustainable Cement Initiative
- ✓ Sustainability Strategy
- ✓ Low Carbon Technology Partnership Initiative
- ✓ Environmental Strategy
- ✓ Raw Material Policy



Coprocessing in the Rioclaro Plant, Colombia Region

Governance **GRI [103-2]**



2017 Performance GRI [103-2]

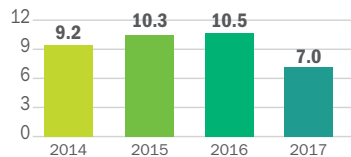
- We included the additional cementing material replacement percentage as a performance indicator for the concrete business. In 2017, we achieved a 16.5% substitution of cement material through the use of ash and slag.
- We achieved a 10% replacement rate of fossil fuels, in the furnace 2 of the Rioclaro Plant, through the use of used tires, which allowed an adequate disposal of more than 6,000 tons of tires.
- We executed the assembly of the co-processing system at the Cartagena Plant, which enables it to receive used tires and other waste as alternative fuels, with a reception capacity of approximately 60,000 tons per year.
- We carried out feasibility studies that will allow us to increase the use of alternative raw materials in cement in 2018.
- We started the consumption of alternative fuels different from tires at the Newberry Plant in the United States and achieved a substitution rate of 3.4%.
- The Harleyville Plant was recognized for its participation in the recycling program of smart companies of the Department of Health and Environmental Control of South Carolina, United States, for the efforts made in waste reduction, recycling and composting, energy conservation and water, and environmental purchases.
- We started the operation of Greco, an initiative that stakes on taking advantage of construction wastes to create aggregates, bases and subbases.

Leading Indicators GRI [103-3]

Alternative Raw Materials Percentage

Cement [A-EC2]

Alternative raw materials in cement %

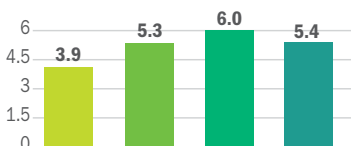


Concrete [A-EC3]

Additional cementing material %



[A-ENE1] Substitution of Caloric Consumption of Fossil Fuels With Alternative Fuels (%) - Cement



GRI [103-2][103-3]

2017 Goal Tracking

■ Achieved | ■ In progress | ■ Not achieved

- We continue to increase the consumption of alternative fuels in the Rioclaro and Newberry plants.
- We started using alternative fuels in the Cartagena Plant, Colombia.

2018 Goals GRI [103-2]

- We will increase the use of alternative fuels in the furnace 2 of the Rioclaro and Cartagena plants.

2025 Goals GRI [103-2]

- We will achieve an 18% replacement of heat consumption from the use of alternative fuels.
- We will reach 15% in the use of alternative raw materials in cement operations.
- We will reach 15% alternative raw materials in our concrete operations.
- We will accumulatively use 216,000 tons of recycled aggregates.

Upcoming Challenges



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

GRI [301-1] [301-2] [301-3] [306-2] [A-EC2] [A-EC3] [A-EC4] [A-ENE1] Learn about other circular economy indicators at: <https://goo.gl/qJWQcW>

5,328 TONS OF RECYCLED AGGREGATES [A-EC4]



- Suppliers
- Argos
- Clients
- Society
- [103-1]

Sustainable Construction

— P7/P8 | — Business Profitability

Through initiatives such as the Sustainable Development Goals (SDGs) and agreements such as Paris COP 21, the world has established the importance of mobilizing the society, the businesses and the governments towards sustainable development.

Through the strategy of sustainable construction we respond to a changing world through innovation, opening new business opportunities and increasing revenues related to products with sustainability characteristics. This, added to the communication of how the product portfolio contributes to sustainable construction certification systems, such as LEED®, has opened up new market opportunities for us.



Added Value to Society GRI [103-1]

Sustainable construction is an engine of economic growth that, in addition to promoting new markets, provides benefits to society through the creation of new jobs and entrepreneurship opportunities, as well as contributing to environmental challenges, promoting efficient and equitable use of natural resources.



Added Value to the Company GRI [103-1]

Through the sustainable construction strategy we are opening new business opportunities. The sustainable construction market is expected to reach US \$ 377,029 million by 2022.



Permeable Concrete, United States

Initiatives, Commitments or Adhesions GRI [103-2]

- ✓ Sustainability Strategy
- ✓ U.S. Green Building Council
- ✓ Panama Green Building Council
- ✓ National Ready Mix Concrete Association
- ✓ American Institute of Architects
- ✓ Sustainable Cement Initiative
- ✓ Low Carbon Technology Partnership Initiative
- ✓ Environmental Strategy

Government GRI [103-2]





Sustainable Construction: Panama Administrative Office, Caribbean and Central America Region

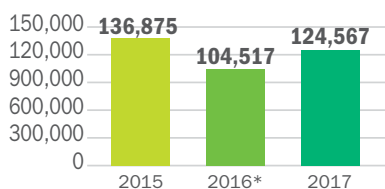
2017 Performance **GRI [103-2]**

- We obtained revenues of more than US \$ 124.6 million for products with sustainability characteristics.
- We established the contribution of the Argos portfolio products from the three regions to sustainable construction certifications such as LEED®, BREEAM® and GREEN GLOBES® .
- Through the technical files of the product portfolio of the three regions, we initiated the communication of the sustainability characteristics of these in a section called “Advantages in Sustainability”.
- We started the use of CSI’s Concrete EPD Tool, which allows us to develop EPD (Environmental Product Declarations) on demand for our cements and concretes.
- We had presence in conferences and stands in various sustainable construction events in the three regions.
- We were concrete suppliers of projects that obtained sustainable construction certifications such as the Atlanta Falcons Mercedes-Benz Stadium in the USA, among others.
- We actively participated as members of the following sustainable construction councils: U.S. Green Building Council, Panama Green Building Council.

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

[A-CS1] Revenues obtained from products with sustainability characteristics

US Millions



*The 2016 figure does not include the income obtained by some special products of the USA Region, because their information is not available.

GRI [103-2/103-3]

2017 Goal Tracking

■ Achieved | ■ In progress | ■ Not achieved

- We evaluated and classified our current product portfolio for the three regions in accordance with the sustainability characteristics defined by the company.
- We communicated to clients the sustainability characteristics of our products.

2018 Goals **GRI [103-2]**

- Continue with the objective of training the company’s technical advisors and the commercial team on sustainable construction issues and how our products contribute to it.
- Carry out the launch of solutions focused on affordable housing that will allow us to consolidate a new sustainability feature in our product portfolio

2025 Goals **GRI [103-2]**

- We will obtain revenues of US \$ 400 million for our products with sustainability characteristics.

Upcoming Challenges



Train key personnel to guide our clients in the selection of our products with sustainability characteristics.



Promote sustainability as a key element of the company’s innovation model.

Emerging Issues

As mentioned in the previous chapter, the materiality analysis resulted in seven emergent or maintenance issues (see page 58). Hereunder, we present the most relevant of three of these topics: Supplier Management, Emissions and Human Rights.

SUPPLIERS MANAGEMENT

We seek to guarantee the transparency, suitability and sustainability of our supply chain, based on harmonious, equitable and mutually beneficial relationships with suppliers and contractors, which generates a direct impact on the commercial performance of the business in terms of cost, quality and sustainability.

We are committed to leadership in the global management of the sustainable supply chain through our relationships with suppliers and contractors that represent our corporate values and principles, including sustainability, innovation, respect for human rights

and compliance with labor and environmental laws. Our influence in this area extends through the three geographical regions where we operate, through the administration and addressing of aspects related to suppliers and contractors who provide us with goods and services such as: raw materials, productive and maintenance services, administrative services, inputs, spare parts and equipment, transportation, fuels and technology.

Aware of the importance of identifying, assessing and mitigating our exposure to risk, we continue to apply the entire suppliers management cycle through processes of:



Supplier, Dominican Republic, Caribbean and Central America Region

- Preselection
- Selection
- Performance Evaluation
- Audits
- Tracking of Management Systems and Certifications
- Development and Recognition of Suppliers

GRI [204-1] [308-2] [414-2] In order to know more about our suppliers management, we invite you to visit the website <https://goo.gl/2xyHeQ>

EMISSIONS

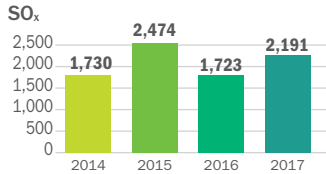
We continue implementing measures that allow us to prevent, reduce and mitigate the impacts generated by atmospheric emissions related to our operations, achieving to reduce our specific emissions of particulate matter, NO_x, SO_x by 68%, 0.1% and 43%, respectively, compared to the baseline (2015). Also, as part of our environmental strategy, we committed ourselves to have the inventory of mercury (Hg) emissions for 100% of the clinker production by 2020.

Leading Indicators GRI [103-3]

GRI [305-7] Nitrogen oxides (NO_x), sulfur oxides (SO_x) and other significant air emissions

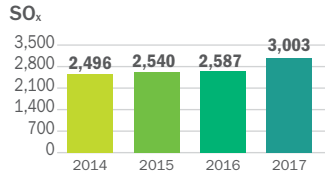
Cement

Emissions of Atmospheric Pollutants (t)

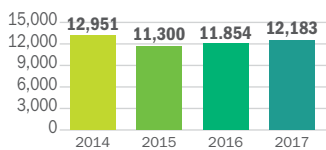


Energy Generation

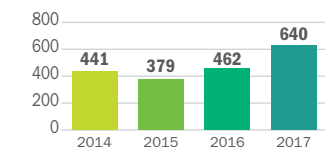
Emissions of Atmospheric Pollutants (t)



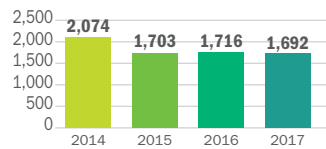
NO_x



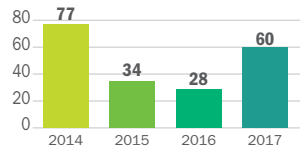
NO_x



Particulate Matter



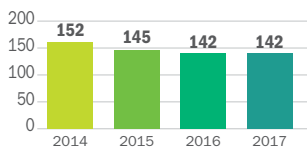
Particulate Matter



Concrete

Emissions of Atmospheric Pollutants (t)

Particulate Matter



[A-OE1] Specific Emissions

(g/t of clinker)

	SO _x	NO _x	Particulate Matter
2017	251	1,397	55
2016	229	1,576	85
2015	306	1,399	173
2014	220	1,670	220

2017 Goal Tracking

■ Achieved | ■ In progress | ■ Not achieved

- We implemented the NO_x reduction initiatives identified in the Colombia Region.
- We complied with the CISWI and NESHAP regulations in the USA Region.
- We continued with the preparation for the implementation of the CSI Guide on reduction and control of emissions of mercury components in the cement industry.

2018 Goals

- We will make a diagnosis of dispersed emissions of particulate material from our operations and an action plan wherever necessary.
- We will implement new guidelines for the measurement and control of emissions from cement production.
- We will increase Hg measurement coverage, to advance with the construction of the inventory and to comply with the new goal of the Environmental Strategy.

2025 Goals

- We will reduce our particulate matter emissions to 60g/tons of clinker.
- We will reduce our SO_x emissions to 205g/tons of clinker.
- We will reduce NO_x emissions to 1,205 g/tons of clinker.
- We will carry out the inventory of our Hg emissions for 100% of the clinker production by 2020.

GRI [201-2/305-7/A-OE1] Get to know more details on the indicators of other issues <https://goo.gl/HL94d9>

HUMAN RIGHTS

Human Rights Policy

Consistent with our corporate culture, we state our commitment to respect and promote human rights, promoting business actions that are consistent with the International Bill of Human Rights, the fundamental principles and rights established in the Declaration of the International Labour Organization and in accordance with the applicable laws in the countries or states where these take place.



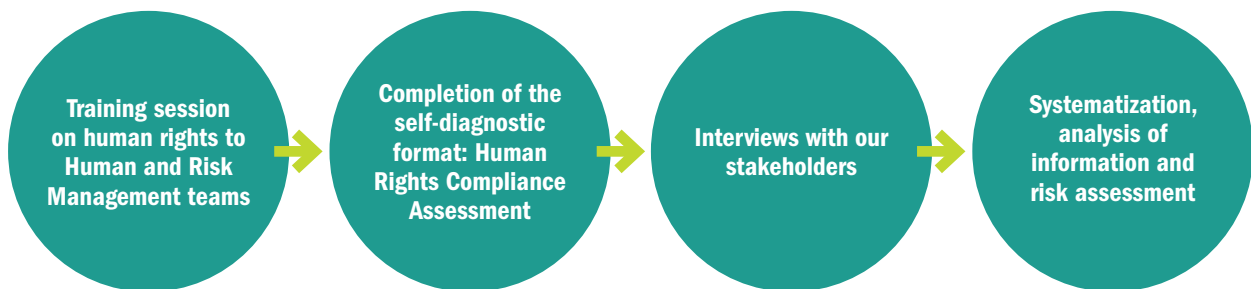
Employee, Atlanta, USA Region

Prevention

During 2017 we implemented the virtual course on corporate governance, in which the matter of human rights is addressed. This was completed by 4,395 employees in our three regions. In the same way, we designed and built a deepening course to expand the knowledge of our employees in this matter, which will be implemented in 2018.

Due Diligence

The Sustainability Vice-Presidency and the Risk Management Department, together with perspectives from other units responsible for leading relationships with the stakeholders, developed a risk-based assessment model.



With this tool we seek to know the level of risk for human rights to which each of the following stakeholders are exposed:



Employee, Charlestone, USA Region

Mitigation and Repair

- I Promise Management System, which promotes safety and health practices at work.
- Transparency Hotline, through which we manage the complaints associated with possible violations of human rights. We received a total of 63 cases in 2017.



Work constructed with Argos[®] products: Methodist Hospital in Houston, Texas, United States.



05

**Argos
Foundation**

Argos Foundation Report

At the Argos Foundation we believe that building the present and the future that we want is possible. We are convinced that by joining forces we can contribute to the progress of communities and that to do so, it is necessary to bet on ideas that allow us a sustainable growth.

List of Allies



Argos Foundation Team

This Is How We Create Value

With the objective of prioritizing and focusing strategies, we conducted in previous years a materiality analysis that allowed us to identify the most relevant social, economic and environmental aspects. During this process, the expectations and opinions of our stakeholders were taken into account, as well as our own vision of the Foundation.








Stakeholders

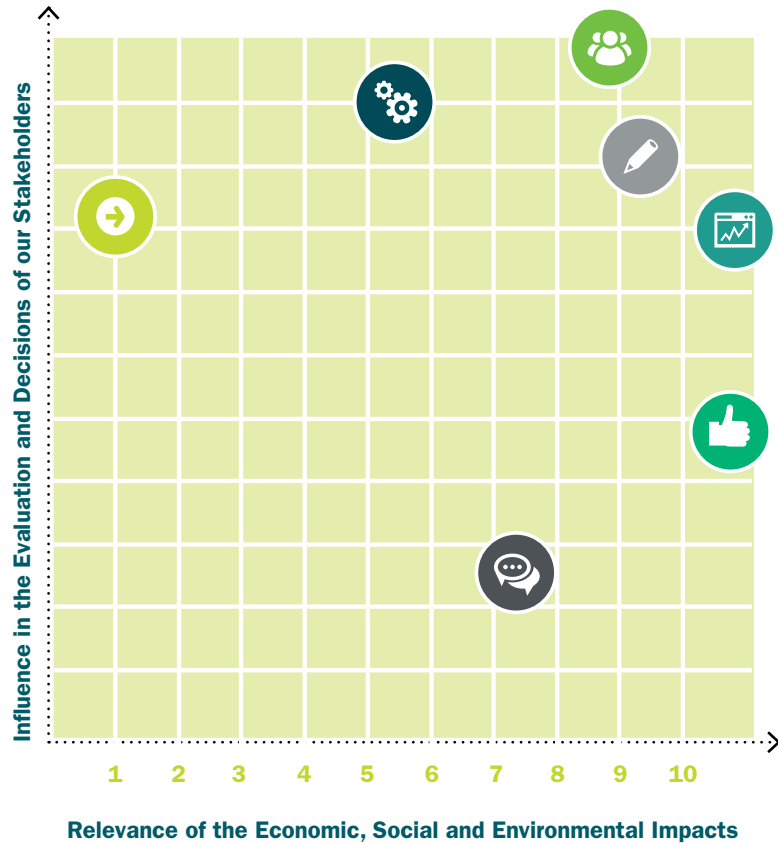
- | | | |
|--|---|--|
| <ul style="list-style-type: none"> ■ Public educational institutions ■ Deans ■ Teachers ■ Students | <ul style="list-style-type: none"> ■ Parents ■ Communities ■ National, regional and local governments ■ Allied institutions | <ul style="list-style-type: none"> ■ Beneficiaries ■ Suppliers and contractors ■ Argos' shareholders ■ Employees |
|--|---|--|

Materiality Analysis

The result of the Materiality Analysis allowed us to prioritize, validate and identify seven themes that have been the framework for formulating the goals and the most important work focal points for the Foundation.

Priority Issues

-  Ethics and transparency
-  Investment and performance
-  Communication management
-  Relationship with the involved parties
-  Design and evaluation
-  Incidence in public policy
-  Innovation management



ETHICS AND TRANSPARENCY

A fundamental aspect for our company, its stakeholders and the Foundation's performance.



Montebello Educational Institution, Antioquia, Colombia

2017 Performance

- We performed audits of the financial statements.
- We reported to the Board of Directors.
- We posted information on the Foundation's website.
- We reported to the Compliance Management, in order to avoid fraud and money laundering.
- We applied and updated the risk matrix.
- We complied with the Habeas Data law.
- We applied the Anti-Money Laundering and Combating the Financing of Terrorism Self-Control and Management System (AML/CFT SCMS) manual.

2018 Goals

- Report the results of impact to our allies and stakeholders.



INVESTMENT AND PERFORMANCE

We have an economic patrimony and an adequate management of the budget, which allows us to consolidate high-impact alliances and to manage public and private resources for the development of the projects.



Rural Housing Construction Project, Salgar, Antioquia, Colombia

2017 Performance

- The co-financing figure achieved during the year was of more than COP 4,308.5 million pesos, mainly due to the implementation of the 092 decree, which makes it difficult to conclude agreements between the foundations and the public entities, as well as the evaluation of a social responsibility model for the companies of Grupo Argos, within which it was suggested not to acquire future commitments with third parties.
- We finished the intervention of three educational infrastructures and started four more that will culminate in 2018.
- We provided a school in Yumbo, Valle, in partnership with the Yumbo City Hall and the National Education Ministry.
- We delivered new spaces for the Casa de Amagá.
- We carried out educational quality projects in 46 schools.
- We delivered 45 scholarships in 20 municipalities of the country.

2018 Goals

- Co-finance projects through public-private and private partnerships that correspond to 40% of the total assigned budget.
- Integrally intervene 10 educational institutions per year, to reach 100 between 2014 and 2024.



COMMUNICATION MANAGEMENT

A transparent and adequate communication in the dissemination of information is vital for the mobilization and generation of trust with our stakeholders.

2017 Performance

- We permanently reported to the organization our management, through internal and external channels such as traditional media throughout the whole country, Twitter, Facebook and Instagram.
- We made permanent updates of our website.
- We built and disseminated the life stories of scholars and mentors, linked to the Argos Scholarship Program for Regional Development.

2018 Goals

- Have our own means through which the information is disseminated (our website) and make use of the means managed by the company.



RELATIONSHIP WITH THE INVOLVED PARTIES

The adequate and constant relationship with our stakeholders guarantees dialogue, participation and the generation of changes.

2017 Performance

- We were in constant communication and feedback with our stakeholders, through training and socialization activities such as discussion tables, networks and educational meetings.
- We participated as speakers in the Semana Educación Forum.
- We participated in the internship program organized by the Universidad Eafit for the students of the Master's Degree in Social Responsibility of the Universidad Pontificia de Perú.

2018 Goals

- Strengthen the relationship through the network of educational institutions, through dean meetings, tables of education and meetings with allies.



Beneficiaries of the first LEED public school, Yumbo, Colombia



DESIGN AND EVALUATION

Evaluating the impact of projects and empowering educational institutions are the starting points for the transformation and improvement of the programs.

2017 Performance

- We evaluated the five educational quality programs that are implemented in schools.
- We evaluated and adjusted the scholarship program.
- We designed new internal processes that will facilitate the evaluation and monitoring of our activities, such as the project control chart.

2018 Goals

- Implement programs and strategies that allow the monitoring and evaluation of the projects developed.



INCIDENCE IN PUBLIC POLICY



Enrique Pardo Educational Institution, Cota, Cundinamarca, Colombia

To achieve the right to education in Colombia is everyone's job; therefore, we influence public policy through the development of projects with local, regional and national governments and the articulation with social and private organizations.

2017 Performance

- We developed 15 projects in partnership with the Government and/or private third parties.
- We participated in the planning boards convened by the National Education Ministry.
- We actively participated in the regional education boards, managing to articulate local and regional policies and programs.

2018 Goals

- Promote regional boards so that education is a priority in Boyacá, Valle del Cauca, Bolívar and Antioquia.
- Support the exchange of experiences and good practices of the intervened educational institutions.



INNOVATION MANAGEMENT

To generate significant changes in the infrastructure and the quality of the education in Colombia, we need innovative intervention models that allow the adaption to changes in the social, environmental and economic environments of the regions.

2017 Performance

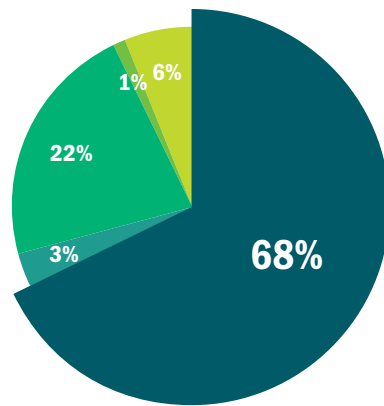
- We completed the construction of the first public school in the country that will seek LEED certification.
- We modified the process of scholarship granting, with which we were able to expand its impact and involve the entire community.
- We designed and implemented new internal control systems.

2018 Goals

- Implement the green school strategy in Colombia.
- LEED certification in educational infrastructure projects.

2017 Main Projects

For this year, the investment in own resources ascended to 16,731 million pesos, distributed like this:



Argos Foundation Investment by Line

- Education: **11,462**
- Social and cultural strengthening: **431**
- Community infrastructure: **3,735**
- Housing infrastructure: **96**
- Others: **1,008**

The above was executed mainly through the following projects:

CONSTRUCTION OF THE GABRIEL GARCÍA MÁRQUEZ EDUCATIONAL INSTITUTION



Delivery of the Gabriel García Márquez Educational Institution, the first LEED public school in Colombia

Investment: COP 5,500 million

Beneficiaries: 300 students, teachers and teaching directors

Allies: National Education Ministry, Mayor of Yumbo, Celsia Foundation and Postobón Foundation

This institution, located in the Panorama neighborhood of the municipality of Yumbo (Valle), will be the first public educational institution to have the LEED seal. It was built under the standards of a sustainable building, which means those buildings which make an efficient and rational administration of natural resources, so that it is possible to improve the wellbeing of the current population without compromising the quality of life or the resources of the next generations and to have a minimum environmental impact.

Some of the important elements of this infrastructure are:

- Rainwater capture system to be reused in irrigation and voiding of sanitary devices.
- Solar protection system and passive conditioning of all the classrooms of the project.
- Correct selection of materials and finishing touches that promote the health and wellbeing of the occupants.
- Use of electrical system through solar panels.

CASA DE AMAGÁ CONSTRUCTION



Casa de Amagá Improvement, Antioquia, Colombia

Investment:
COP 800 million

Beneficiaries to date: 900 people

Allies: Argos, Argos Foundation, Conpacífico Concessionaire, Amagá City Hall, and the SENA

Having in mind that the municipality of Amagá, in Antioquia, is currently undergoing a process of change of the labor vocation of its community, our Foundation, in alliance with a third party, celebrated an agreement with the aim of improving the quality of life of the inhabitants of the municipality, so that, through an educational process, the community had access to more and better opportunities.

That is why we built a module and improved the spaces within the Hogar Juvenil Campesino de Amagá, where the SENA classes are developed today, which allowed the expansion the educational coverage.

CONSTRUCTION OF THE MÍA CITADEL SCHOOL AND CHILD DEVELOPMENT CENTER



MÍA Citadel, Chocó, Colombia

Investment: COP 17,838 million

Estimated completion date: September 2018

Beneficiaries: 1,130

Allies: Housing Ministry and Findeter

Seeking to be coherent with the needs of the country and its most deprived territories, we decided to be co-financiers of this project that seeks to build educational facilities around one of the housing mega-projects developed by the National Government in Quibdó (Chocó). This project will benefit 1,100 students in vulnerable conditions.

CONSTRUCTION OF LA DANTA EDUCATIONAL INSTITUTION



Render of the La Danta Educational Institution, Colombia

Investment:
COP 5,525 million

Estimated completion date:
March 2018

Beneficiaries:
650 students

Allies: Fraternidad Medellín Foundation, Sonsón City Hall

La Danta is an educational institution that presents all the difficulties of rural education centers in Antioquia and the country in general. It is located in the village of La Danta

in the municipality of Sonsón (Antioquia). It provides an educational service to several nearby villages, because it is the only one that offers secondary education in the sector.

IMPROVEMENT AND CONSTRUCTION OF NEW SPACES IN THE EVA TULIA QUINTERO EDUCATIONAL INSTITUTION

This institution, located in the village of La Piñuela, in Cocorná (Antioquia), is being improved in its infrastructure. The restoration of the kitchen and the school restaurant was made and the construction of two new classrooms is being carried out.

Investment:
COP 1,500 million

Estimated completion date: January 2018

Beneficiaries:
550 students



Improvement of the Eva Tulia Quintero Educational Institution, Cocorná, Antioquia

PASACABALLOS CENTER OF EXCELLENCE



Render of the Pasacaballos Child Development Center, Bolívar, Colombia

The Pasacaballos Center of Excellence is conceived as an innovation initiative in education and professional development dedicated to raising the integral attention of the children of this place. As a demonstration center, it will allow the modeling of pedagogical practices through its professional development programs, sharing experiences with families, educators and service administration entities.

Additionally, the Center of Excellence will work in coordination

with different actors to raise the quality standards of initial education and comprehensive attention of children; this, in order to support the social transformation of the environment in which it develops, in a sustainable and lasting manner.

To achieve the above, we have made an alliance with the Education Ministry, establishing ourselves as the first innovation laboratory for initial education, which we plan to strengthen with Colciencias later.

Investment:
COP 6,500 million

Estimated completion date:
January 2018

Beneficiaries: 300 children between 0 and 5 years old

Allies: Mamonal Foundation, Dividendo por Colombia and Vashish Foundation

Argos Scholarships for Regional Development

The Argos Scholarships for Regional Development program seeks to contribute to the development of our communities, through the granting of scholarships in higher education to young leaders who are part of our areas of influence, allowing them the access and permanence in undergraduate programs.

Currently, we have 143 scholars from 9 departments and 25 municipalities that are part of the company's areas of influence.



Granting of the 2017 Argos Scholarships for Regional Development

We are convinced that education is an important engine of social transformation and that it makes it makes the closing of inequality gaps possible in the regions where we have presence; this is how the line of academic and institutional strengthening that seeks to attend these schools in a differentiated way has been consolidated.

To that end, we diagnose, in conjunction with the educational community, the most significant challenges that exist in an academic, social, environmental or training level and we carry out quality programs that meet those needs and thus facilitate an educational transformation of the schools where we are.

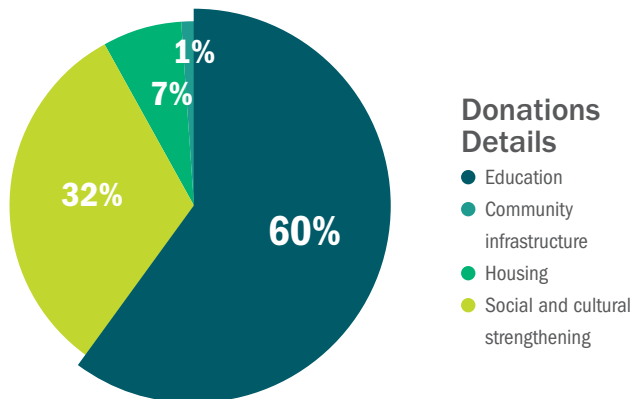
For the year 2017 we managed to sign agreements with organizations such as Incolmotos Yamaha Foundation, Bancolombia Foundation, Fraternidad Medellín Foundation, Secretos para Contar, Eafit University, Universidad de Antioquia, among others, benefiting around 32 educational institutions and 10,700 students in the country; for this, we leveraged resources from our partners for a value of COP 443 million that have been invested in the areas where we have a presence.



Granting of the 2017 Argos Scholarships for Regional Development

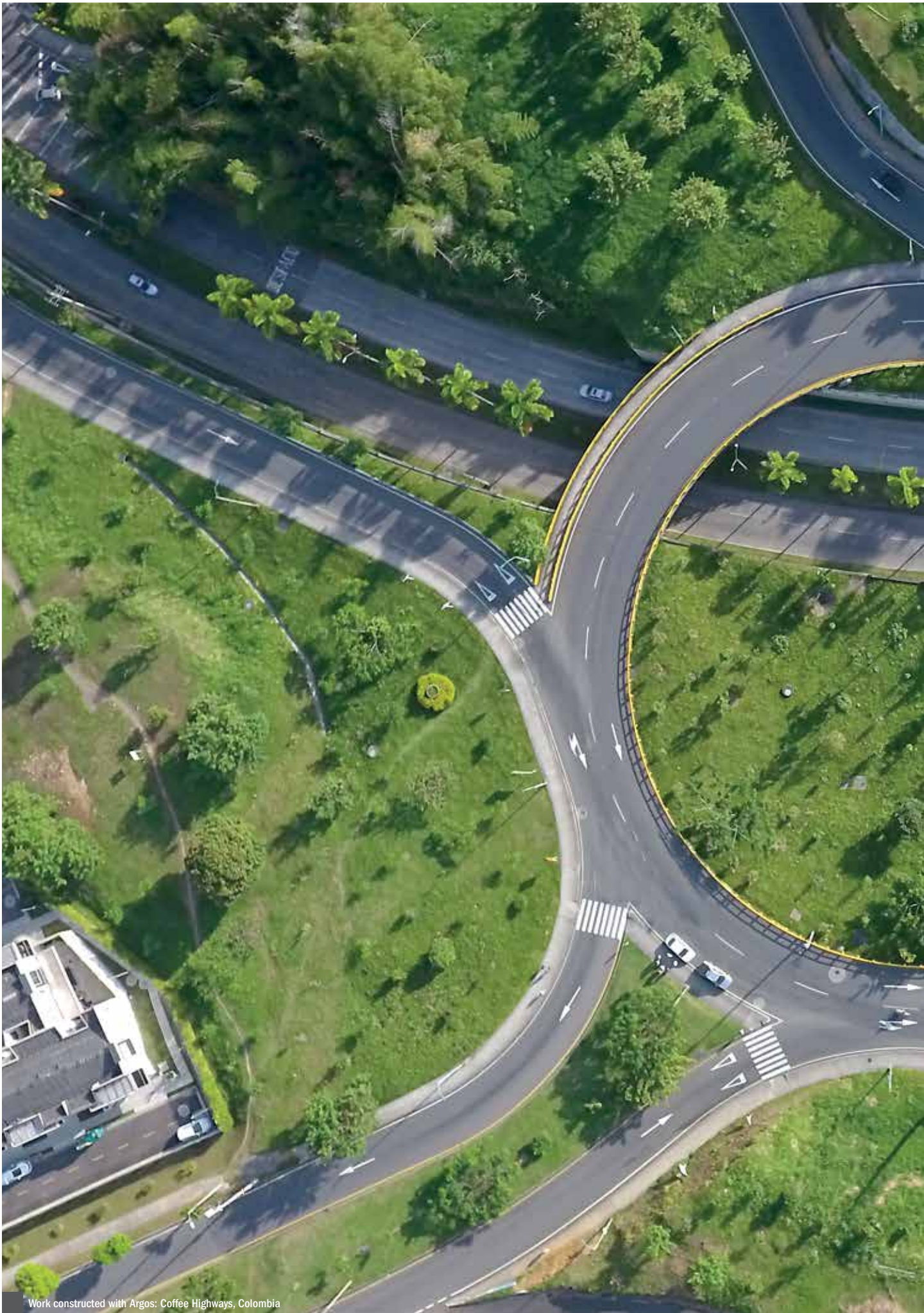
Donations

This year we invested more than COP 1,353 million pesos in contributions to deprived communities and to successful programs led by recognized entities in the country, with the purpose of continuing to build social fabric and support the entities that work for the development and social growth of Colombia, to multiply the positive impact of its activities.



Donations Details

- Education
- Community infrastructure
- Housing
- Social and cultural strengthening



Work constructed with Argos: Coffee Highways, Colombia



06

Appendix

Certification of the Company's Legal Representative

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

In my role as legal representative, I certify that the annual consolidated financial statements completed as of December 31, 2016 and 2017, do not contain defects, inaccuracies or material errors that prevent knowing the true property status or the operations carried out by Cementos Argos S.A.

The above is to comply with article 46 of Law 964 of 2005.

For the record, it is signed on February 12, 2018.



Juan Esteban Calle
Legal Representative

Certification of the Legal Representative and the Corporate Accounting Manager of the Company

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

The undersigned legal representative and corporate accounting manager of Cementos Argos S.A., certify in accordance with the Article 37 of Law 222 of 1995, that the annual consolidated financial statements completed as of December 31, 2016 and 2017, have been faithfully taken from the accounting books and that before being placed at your disposal and that of third parties, we have verified the following statements contained in them:

1. All assets and liabilities exist and all registered transactions have been made during said years.
2. All the economic facts made by the company have been recognized.
3. The assets represent probable future economic benefits (rights) and the liabilities represent probable future economic commitments (obligations), obtained or in charge of the company.
4. All elements have been recognized for their appropriate values in accordance with the applicable financial reporting regulations in Colombia.
5. All economic events that affect the company have been correctly classified, described and disclosed.

For the record, it is signed on February 12, 2018.



Juan Esteban Calle
Legal Representative



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



Statutory Auditor's Report

To the shareholders of
CEMENTOS ARGOS S.A.

REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

I have audited the accompanying CEMENTOS ARGOS S.A. financial statements, which include the statement of financial position as of December 31, 2017, the income statement and other comprehensive income, changes in net equity and cash flows for the year ended on that date, and a summary of significant accounting policies, as well as other explanatory notes.

Management's Responsibility over the Financial Statements

Management is responsible for the preparation and correct presentation of these financial statements in accordance with the accounting and financial reporting standards accepted in Colombia, and for the internal control that management considers relevant for the preparation and correct presentation of the financial statements free of significant errors, either by fraud or error; selecting and applying the appropriate accounting policies; as well as making the accounting estimates that are reasonable in the circumstances.

Statutory Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I performed the audit in accordance with international auditing standards accepted in Colombia. Those standards require that I comply with ethical requirements and that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit consists of developing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the professional judgment of the auditor, including the assessment of the risks of significant errors in the financial statements. In the risk assessment, the auditor considers the internal control of the company that is relevant to the preparation and fair presentation of the financial statements, in order to design audit procedures that are appropriate according to the circumstances. An audit also includes evaluating the accounting policies used and the significant accounting estimates made by management, as well as evaluating the general presentation of the financial statements.

I believe that the audit evidence obtained provides me with a reasonable basis to express my opinion.

Opinion

In my opinion, the accompanying financial statements, taken from the accounting books, reasonably present, in all material respects, the financial situation of CEMENTOS ARGOS S.A. as of December 31, 2017, the result of its operations and cash flows for the year ended on that date, in accordance with the Accounting and Financial Information Standards accepted in Colombia.

Other issues

The financial statements as of December 31, 2016, which are included for comparative purposes only, were audited by another fiscal reviewer appointed by Deloitte & Touche Ltda., who, on the same ones, expressed their opinion without reservations on February 24, 2017.



Daniel Augusto Bernal Jaramillo

Statutory Auditor

T.P. No. 94411 - T

Designated by Deloitte & Touche Ltda.

12 February 2018.

Cementos Argos S. A. and subsidiaries

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at December 31st | Million of Colombian pesos

	Notes	2017	2016
ASSETS			
Current assets			
Cash and cash equivalents	5	\$ 523,749	\$ 531,666
Derivative financial instruments	6	102	1,420
Other financial current assets	7	31,680	2,301
Trade receivables and other accounts receivable, net	8	1,401,470	1,318,499
Tax receivable	9	293,636	269,904
Inventories	10	732,458	839,247
Prepaid expenses		69,222	78,992
Assets held for sale or for distribution to owners	18	8,188	8,373
Total current assets		\$ 3,060,505	\$ 3,050,402
Non-current assets			
Trade receivables and other accounts receivable, net	8	113,189	111,920
Investments in associates and joint ventures	12	81,461	79,529
Derivative financial instruments	6	2,533	650
Other non-current financial assets	7	1,172,274	1,389,944
Other intangible assets, net	14	1,036,963	1,117,529
Biological assets	11	21,199	20,870
Property, plant and equipment, net	15	11,095,914	11,078,053
Investment property, net	16	124,699	153,976
Goodwill	17	1,707,028	1,753,268
Deferred tax assets	9	367,049	396,172
Prepaid expenses and other assets		102	4,490
Total non-current assets		\$ 15,722,411	\$ 16,106,401
TOTAL ASSETS		\$ 18,782,916	\$ 19,156,803
LIABILITIES			
Current liabilities			
Financial liabilities	19	1,834,604	2,485,743
Trade liabilities and accounts payable	22	1,080,181	1,118,894
Taxes, liens and duties	9	235,767	238,443
Employee benefits	23	138,691	146,716
Provisions	24	92,434	88,947
Derivative financial instruments	6	3,622	102,555
Outstanding bonds and preferred shares	26	130,312	475,621
Prepaid income and other liabilities	25	158,971	181,198
Liabilities associated with assets held for sale or for distribution to owners	18	824	824
Total current liabilities		\$ 3,675,406	\$ 4,838,941
Non-current liabilities			
Financial liabilities	19	2,561,665	2,402,996
Trade liabilities and accounts payable	22	3,798	9,497
Employee benefits	23	340,349	287,129
Derivative financial instruments	6	-	8,901
Provisions	24	199,645	180,670
Outstanding bonds and preferred shares	26	2,851,563	1,948,877
Other liabilities	25	24,143	43,063
Deferred tax liabilities	9	347,006	363,150
Total non-current liabilities		\$ 6,328,169	\$ 5,244,283
TOTAL LIABILITIES		\$ 10,003,575	\$ 10,083,224
EQUITY (See attached statement)		\$ 8,779,341	\$ 9,073,579
TOTAL EQUITY AND LIABILITIES		\$ 18,782,916	\$ 19,156,803

Notes are an integral part of the consolidated financial statements.



Juan Esteban Calle
Legal Representative
(See attached certification)



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



Daniel Augusto Bernal J.
Statutory Auditor | T.P 94.411-T
Appointed by Deloitte & Touche Ltda.
(See attached certification)

Cementos Argos S. A. and subsidiaries

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

As at December 31st | Million of Colombian pesos

	Notes	2017	2016
Continuing operations			
Income from operations	32	\$ 8,532,913	\$ 8,517,382
Cost of sales	10	6,970,156	6,595,353
Gross profit		\$ 1,562,757	\$ 1,922,029
Administrative expenses	34	683,835	699,310
Selling expenses	35	254,229	263,373
Other expenses from operations, net	36	70,241	100,130
Impairment of goodwill and assets	17	2,032	56,517
Operating profit		\$ 692,902	\$ 1,002,959
Financial expenses, net	38	406,094	340,828
Foreign currency exchange gains, net		8,285	30,157
Share of net loss of associates and joint ventures	12	(4,901)	(1,824)
Profit before income tax		\$ 290,192	\$ 690,464
Income tax	9	212,964	127,952
Net income for the year	39	\$ 77,228	\$ 562,512
Income for the period attributable to:			
Owners of the parent company		(12,546)	419,970
Non-controlling interest	31	89,774	142,542
Net income for the year		\$ 77,228	\$ 562,512
OTHER COMPREHENSIVE INCOME, NET OF TAXES			
items that will not be reclassified to profit or loss:			
Loss on new measurements of defined benefits obligations		\$ (19,652)	\$ (40,019)
Gains from equity investments measured at fair value		59,769	159,965
Income tax on items that will not be reclassified to profit or loss		848	26,049
Total items that will not be reclassified to profit or loss		\$ 40,965	\$ 145,995
items that will be reclassified to profit or loss:			
Net profit of cash-flow hedging instruments		1,530	15,109
Gains (Losses) from foreign currency translation differences		5,985	(363,944)
Income tax on items that will be reclassified to profit or loss		(3,770)	(6,391)
Total items that will be reclassified to profit or loss		\$ 3,745	\$ (355,226)
Other comprehensive income, Net of taxes		\$ 44,710	\$ (209,231)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		\$ 121,938	\$ 353,281
Other comprehensive income attributable to:			
Owners of the parent company		55,905	(160,716)
Non-controlling interest		(11,195)	(48,515)
Other comprehensive income		\$ 44,710	\$ (209,231)
Total comprehensive income attributable to:			
Owners of the parent company		43,358	259,254
Non-controlling interest		78,580	94,027
Total comprehensive income		\$ 121,938	\$ 353,281
Basic, net income:			
Net (loss) income from continuing operations attributable to owners of the parent	40	(10.89)	364.66

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



Juan Esteban Calle
Legal Representative
(See attached certification)



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



Daniel Augusto Bernal J.
Statutory Auditor | T.P. 94.411-T
Appointed by Deloitte & Touche Ltda.
(See attached certification)

Cementos Argos S. A. and subsidiaries

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

As at December 31 | million of Colombian pesos

	Issued Capital	Treasury shares	Statutory reserve	Other reserves	Retained earnings	Other comprehensive income and other components	Equity attributable to the owners of the parent company	Non-controlling interest	Equity
Balance at January 1, 2016	1,558,290	(113,797)	21,156	1,138,959	2,137,656	3,363,196	8,105,460	632,046	8,737,506
Net income for the period	-	-	-	419,970	-	-	419,970	142,542	562,512
Other comprehensive income for the period, net of income tax	-	-	-	-	-	(160,716)	(160,716)	(48,515)	(209,231)
Comprehensive income for the period	-	-	-	-	419,970	(160,716)	259,254	94,027	353,281
Transfer to retained earnings	-	-	-	-	209,090	(209,090)	-	-	-
Cash dividends	-	-	-	-	(230,334)	(230,334)	(230,334)	(68,448)	(298,782)
Cash dividends on preferred shares	-	-	-	-	(29,811)	-	(29,811)	-	(29,811)
Capitalization of reserves	584,023	-	-	(584,023)	-	-	-	-	-
Appropriation of reserves	-	-	167	358,211	(307,485)	-	50,893	-	50,893
Release of reserves	-	-	-	(50,893)	-	-	(50,893)	-	(50,893)
Changes in ownership with no loss of control	-	-	-	-	-	281,257	281,257	80,557	361,814
Wealth tax	-	-	-	(47,438)	-	-	(47,438)	(37)	(47,475)
Other movements	-	-	(396)	-	4,429	-	4,033	(6,987)	(2,954)
Balance at 31 December, 2016	2,142,313	(113,797)	20,927	814,816	2,203,515	3,274,647	8,342,421	731,158	9,073,579
Balance at January 1, 2017	2,142,313	(113,797)	20,927	814,816	2,203,515	3,274,647	8,342,421	731,158	9,073,579
Net income for the period	-	-	-	-	(12,546)	-	(12,546)	89,774	77,228
Other comprehensive income for the period, net of income tax	-	-	-	-	-	55,905	55,905	(11,195)	44,710
Comprehensive income for the period	-	-	-	-	(12,546)	55,905	43,359	78,579	121,938
Transfer to retained earnings	-	-	-	-	272,869	(272,869)	-	-	-
Cash dividends	-	-	-	-	(251,065)	-	(251,065)	(85,937)	(337,002)
Cash dividends on preferred shares	-	-	-	-	(43,461)	-	(43,461)	-	(43,461)
Extraordinary Cash Dividends	-	-	-	-	(29,939)	-	(29,939)	-	(29,939)
Appropriation of reserves	-	-	71,364	374,065	(445,429)	-	-	-	-
Release of reserves	-	-	-	(1,039)	1,039	-	-	-	-
Business combinations	-	-	-	-	-	-	-	(5)	(5)
Wealth tax	-	-	-	(18,738)	(130)	-	(18,868)	8,180	8,180
Other movements	-	-	-	-	(8,366)	-	(8,366)	(3)	(18,871)
Balance at 31 December, 2017	2,142,313	(113,797)	92,291	1,169,104	1,686,487	3,057,683	8,034,981	745,260	8,779,341

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



Juan Esteban Calle
Legal Representative
(See attached certification)



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



Daniel Augusto Bernal J.
Statutory Auditor | T.P. 94.411-T
Appointed by Deloitte & Touche Ltda.
(See attached certification)

Cementos Argos S. A. and subsidiaries

CONSOLIDATED STATEMENT OF CASH FLOWS

As at December 31 | million of Colombian pesos

	Notes	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES			
Net Income	39	\$ 77,228	\$ 562,512
Adjustments to reconcile profit:			
Depreciation and amortization	39	726,856	611,602
Income tax	9	212,964	127,952
Net financial expenses		403,792	378,945
Provisions, post-employment and long-term defined benefit plans		49,327	13,830
Net impairment losses		65,485	73,183
Gains from exchange difference		(1,162)	(64,133)
(Gains) Losses on fair value measurement		(329)	849
Share of net loss of associates and joint ventures		4,901	1,824
Gains on the disposal of non-current assets		(84,512)	(63,499)
Others, net		(23,605)	(45,607)
Changes in the working capital of:			
Decrease (Increase) in inventory		35,925	(49,103)
Increase in receivables and other accounts receivable		(146,235)	(501,795)
Increase in liabilities and other accounts payable		117,820	346,969
Paid taxes		(249,052)	(364,123)
Total adjustments to reconcile profit		1,112,175	466,894
Net cash flows from operating activities		\$ 1,189,403	\$ 1,029,406
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment and investment properties		(712,895)	(746,842)
Proceeds from sale of financial assets	27	294,813	237,787
Proceeds from the sale of property, plant and equipment and investment properties		90,545	100,676
Purchase of intangible assets		(30,853)	(10,124)
Acquisition of financial assets		(28,285)	(10,648)
Cash flows used to obtain control of subsidiaries or other businesses	42	(14,680)	(2,088,959)
Interest received		8,690	-
Acquisition of investment in associates and joint ventures		(7,064)	(2,890)
Dividends received		6,331	35,360
Other charges for the sale or liquidation of investment in associates and joint ventures		-	2,323
Net cash flows used in investing activities		\$ (393,398)	\$ (2,483,317)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from loans		4,016,876	6,302,204
Payments of loans and debt instruments		(4,476,653)	(4,565,265)
Proceeds from bond issue	26	998,071	399,218
Payment of outstanding bonds	26	(440,000)	(212,561)
Interest paid		(384,594)	(353,667)
Dividends paid	30	(355,819)	(292,448)
Payments from financial derivatives contracts		(117,089)	(33,248)
Dividends paid on preferred shares	30	(49,266)	(45,082)
Payments for finance lease liabilities		(33,282)	(30,355)
Collection from financial derivatives contracts		35,475	24,456
Others, net		3,024	-
Disposals of ownership interests with no loss of control	5	-	288,008
Net cash flows (used in) from financing activities		\$ (803,257)	\$ 1,481,260
(DECREASE) INCREASE OF CASH AND CASH EQUIVALENT BY OPERATIONS		\$ (7,252)	\$ 27,349
Net effect of foreign currency translation on cash and cash equivalents		(665)	(41,391)
Net decrease of cash and cash equivalent		(7,917)	(14,042)
Cash and cash equivalents at the beginning of the period	5	538,173	552,215
Cash and cash equivalents at end of the period	5	\$ 530,256	\$ 538,173

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



Juan Esteban Calle
Legal Representative
(See attached certification)



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



Daniel Augusto Bernal J.
Statutory Auditor | T.P. 94.411-T
Appointed by Deloitte & Touche Ltda.
(See attached certification)

Certification of the Legal Representative of the Company

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

In my capacity as legal representative, I certify that the annual separate financial statements ended as of December 31, 2016 and 2017, do not contain flaws, inaccuracies or material errors that prevent knowing the true asset situation or the operations carried out by Cementos Argos S.A. The above to comply with article 46 of Law 964 of 2005.

For the record, it is signed on February 12, 2018.



Juan Esteban Calle
Legal Representative

Certification of the Legal Representative and the Corporate Accounting Manager of the Company

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

The undersigned legal representative and corporate accounting manager of Cementos Argos S.A., certify in accordance with the Article 37 of Law 222 of 1995, that the annual separated financial statements completed as of December 31, 2016 and 2017, have been faithfully taken from the accounting books and that before being placed at your disposal and that of third parties, we have verified the following statements contained in them:

1. All assets and liabilities exist and all registered transactions have been made during said years.
2. All the economic facts made by the company have been recognized.
3. The assets represent probable future economic benefits (rights) and the liabilities represent probable future economic commitments (obligations), obtained or in charge of the company.
4. All elements have been recognized for their appropriate values in accordance with the applicable financial reporting regulations in Colombia.
5. All economic events that affect the company have been correctly classified, described and disclosed.

For the record, it is signed on February 12, 2018.



Juan Esteban Calle
Legal Representative



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



Statutory Auditor's Report

To the shareholders of
Cementos Argos S.A.:

REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

I have audited the accompanying CEMENTOS ARGOS S.A. financial statements, which include the statement of financial position as of December 31, 2017, the income statement and other comprehensive income, changes in net equity and cash flows for the year ended on that date, and a summary of significant accounting policies, as well as other explanatory notes.

Management's Responsibility over the Financial Statements

Management is responsible for the preparation and correct presentation of these financial statements in accordance with the accounting and financial reporting standards accepted in Colombia, and for the internal control that management considers relevant for the preparation and correct presentation of the financial statements free of significant errors, either by fraud or error; selecting and applying the appropriate accounting policies; as well as making the accounting estimates that are reasonable in the circumstances.

Statutory Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I performed the audit in accordance with international auditing standards accepted in Colombia. Those standards require that I comply with ethical requirements and that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit consists of developing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the professional judgment of the auditor, including the assessment of the risks of significant errors in the financial statements. In the risk assessment, the auditor considers the internal control of the company that is relevant to the preparation and fair presentation of the financial statements, in order to design audit procedures that are appropriate according to the circumstances. An audit also includes evaluating the accounting policies used and the significant accounting estimates made by management, as well as evaluating the general presentation of the financial statements.

I believe that the audit evidence obtained provides me with a reasonable basis to express my opinion.

Opinion

In my opinion, the accompanying financial statements, taken from the accounting books, reasonably present, in all material respects, the financial situation of Cementos Argos S.A. as of December 31, 2017, the result of its operations and cash flows for the year ended on that date, in accordance with the accounting and financial information standards accepted in Colombia.

Other Issues

The accompanying financial statements were prepared to comply with the statutory provisions of statutory information to which the company is subject to as an independent legal entity and, therefore, do not include the adjustments or eliminations necessary for the presentation of the financial situation and the consolidated results of the company and its subordinates. These financial statements should be read in conjunction with the consolidated financial statements of Cementos Argos S.A. and its subsidiaries.

The financial statements as of December 31, 2016, which are included for comparative purposes only, were audited by another fiscal auditor appointed by Deloitte & Touche Ltda., who expressed their opinion without reservations on February 24, 2017.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the scope of my audit, I inform that the company has kept its accounting in accordance with the legal norms and the accounting technique; the transactions recorded in the accounting books, correspondence, account vouchers and the books of minutes and of the register of shares are kept and preserved; the management report of the administrators keeps the due agreement with the basic financial statements and includes the constancy on the part of the administration about not having hindered the free circulation of the invoices issued by the sellers or suppliers; and the information contained in the self-assessment statements of contributions to the Integral Social Security System, in particular the one related to the bundles and their income base contribution, has been taken from the records and accounting supports. As of December 31, 2017, the Company is not in default due to contributions to the Integral Social Security System. Likewise, the mechanisms for the prevention and control of money laundering have been implemented in accordance with what has been established by the Financial Superintendency.

According to article 1.2.1.4 of Decree 2420 of 2015, the tax inspector will apply the ISAE, in development of the responsibilities contained in article 209 of the Code of Commerce, related to the evaluation of compliance with the statutory provisions and the assembly or board of partners and with the evaluation of internal control. Likewise, according to Article 1.2.1.5 of said Decree, for purposes of the application of article 1.2.1.4, it will not be necessary for the statutory auditor to prepare separate reports, but to express an opinion or concept on each of the topics contained in them. The Technical Council of Public Accounting will issue the necessary technical guidelines for these purposes.

Based on the evidence obtained in the development of my tax audit, during 2017, in my opinion, nothing has caught my attention that makes me think that: a) the acts of the company's administrators do not conform to the bylaws and/or the decisions of the General Assembly of Shareholders and b) the measures of internal accounting control, conservation and custody of the assets of the company or of third parties that are in its power do not exist or are not adequate.



Daniel Augusto Bernal Jaramillo

Statutory Auditor

T.P. No. 94411 - T

Designated by Deloitte & Touche Ltda.

12 February 2018.

Cementos Argos S. A.

SEPARATE STATEMENT OF FINANCIAL POSITIONPeriods ended December 31st | (Millions of Colombian Pesos)

	Notes	2017	2016
ASSETS			
Current assets			
Cash and cash equivalents	5	\$ 49,725	\$ 117,587
Derivative financial instruments	6	102	-
Trade debts and other accounts receivable, net	8	709,315	835,952
Balances in favor of taxes	9	124,885	123,581
Inventories	10	114,021	139,250
Prepaid expenses		19,685	15,818
Total current assets		\$ 1,017,733	\$ 1,232,188
Non-current assets			
Trade debts and other accounts receivable, net	8	310,900	789,885
Investments in subsidiaries	13	8,031,751	7,082,018
Investments in associates and joint ventures	12	61,420	56,420
Derivative financial instruments	6	151	650
Other financial assets	7	1,157,061	1,371,388
Other intangible assets, net	14	363,237	379,227
Biological assets	11	21,199	20,870
Property, plant and equipment, net	15	2,297,202	2,073,902
Investment properties, net	16	116,796	105,298
Total non-current asset		\$ 12,359,717	\$ 11,879,658
TOTAL ASSETS		\$ 13,377,450	\$ 13,111,846
LIABILITIES			
Current liabilities			
Financial obligations	17, 18	826,822	472,596
Commercial liabilities and accounts payable	20	543,234	570,199
Taxes, charges, and fees	9	61,319	65,343
Liability for employee benefits	21	66,355	72,669
Provisions	22	7,959	28,728
Derivative financial instruments	6	3,622	101,135
Outstanding bonds and preference shares	24	130,312	475,621
Received revenue, in advance and other liabilities	23	67,975	72,428
Total current liabilities		\$ 1,707,598	\$ 1,858,719
Non-current liabilities			
Financial obligations	17, 18	121,233	240,858
Commercial liabilities and accounts payable	20	3,739	5,766
Liability for employee benefits	21	293,126	271,125
Derivative financial instruments	6	-	3,239
Provisions	22	35,900	31,848
Outstanding bonds and preference shares	24	2,851,563	1,948,877
Other liabilities	23	15,830	15,830
Net liabilities for deferred tax	9	7,485	84,389
Total non-current liabilities		\$ 3,328,876	\$ 2,601,932
TOTAL LIABILITIES		\$ 5,036,474	\$ 4,460,651
EQUITY (See attached Statement)	26,27,28	\$ 8,340,976	\$ 8,651,195
TOTAL LIABILITIES AND EQUITY		\$ 13,377,450	\$ 13,111,846

The Notes are an integral part of the Separate Financial Statements.



Juan Esteban Calle
Legal Representative
(See attached certification)



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



Daniel Augusto Bernal J.
Statutory Auditor | T.P. 94411-T
Appointed by Deloitte & Touche Ltda.
(See attached certification)

Cementos Argos S. A.

SEPARATE COMPREHENSIVE INCOME STATEMENTPeriods ended December 31st | (Millions of Colombian Pesos)

	Notes	2017	2016
Operating income	29	\$ 1,411,396	\$ 1,623,903
Cost of merchandise sold		1,092,971	1,113,273
Gross profit		\$ 318,425	\$ 510,630
Administration expenses	30	278,866	314,101
Selling expenses	31	76,636	91,809
Other (expenses) operating income, net	32	(34,524)	69,189
Impairment of assets		-	49,033
(Loss) Operating income		\$ (71,601)	\$ 124,876
Financial expenses, net	33,34	238,631	223,141
Net exchange gain, net		7,771	2,245
Net share in the result of investments		268,656	775,441
(Loss) Profit before income tax		\$ (33,805)	\$ 679,421
Income tax	9	(24,596)	(34,215)
(Loss) Net profit for the year	35	\$ (9,209)	\$ 713,636
OTHER COMPREHENSIVE NET INCOME OF TAXES			
Items that will not be reclassified, after the result of the period:			
Losses due to new measurements of obligations for defined benefits		\$ (19,141)	\$ (39,240)
Earnings from equity investments measured at fair value		60,274	156,623
Income tax on components that will not be reclassified		568	29,448
Total items that will not be reclassified, after the result of the period		\$ 41,701	\$ 146,831
Items that will be reclassified, after the result of the period:			
Net earnings of instruments in cash flow hedges		1,467	15,064
Exchange differences for business translation abroad		33,234	(258,349)
Income tax of the components that will be reclassified		(4,014)	(6,392)
Total items that will be reclassified, after the result of the period		\$ 30,687	\$ (249,677)
Other comprehensive income, net of taxes		\$ 72,388	\$ (102,846)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		\$ 63,179	\$ 610,790

The Notes are an integral part of the Separate Financial Statements.



Juan Esteban Calle
Legal Representative
(See attached certification)



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



Daniel Augusto Bernal J.
Statutory Auditor | T.P. 94411-T
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Cementos Argos S. A.

SEPARATE CHANGES IN EQUITY STATEMENTPeriods ended December 31st | (Millions of Colombian Pesos)

	Issued capital	Reacquired owned shares	Legal reserves	Other reserves	Accumulated income	Other comprehensive income - accumulated	Cementos Argos S.A. equity without subsidiaries	Reserves of subsidiaries	Accumulated income in subsidiaries	Other comprehensive income - subsidiaries	Total equity
Balance as of January 1, 2016	1,558,290	(113,797)	13,845	1,130,759	2,044,353	1,589,460	6,222,910	10,836	(5,971)	1,845,196	8,072,971
Profit for the Period	-	-	-	-	(61,806)	-	(61,806)	-	775,442	-	713,636
Other comprehensive income for the period, net of income tax	-	-	-	-	-	(82,004)	(82,004)	-	-	(20,842)	(102,846)
Comprehensive income for the period	-	-	-	-	(61,806)	(82,004)	(143,810)	-	775,442	(20,842)	610,790
Transfers from other comprehensive income	-	-	-	-	209,090	(209,090)	-	-	-	-	-
Preferred cash dividends	-	-	-	-	(260,145)	-	(260,145)	-	-	-	(260,145)
Capitalization of reserves	584,023	-	-	(584,023)	-	-	-	-	-	-	-
Constitution of reserves	-	-	-	224,857	-	-	224,857	90,621	(90,621)	-	224,857
Release of reservations	-	-	-	-	(224,857)	-	(224,857)	(30)	30	-	(224,857)
Wealth tax	-	-	-	(34,706)	-	-	(34,706)	(18,536)	-	-	(53,242)
Other variations	-	-	-	-	-	-	-	12,161	268,660	-	280,821
Balance as of December 31, 2016	2,142,313	(113,797)	13,845	736,887	1,706,635	1,298,366	5,784,249	95,052	947,540	1,824,354	8,651,195
Balance as of January 1, 2017	2,142,313	(113,797)	13,845	736,887	1,706,635	1,298,366	5,784,249	95,052	947,540	1,824,354	8,651,195
Profit for the Period	-	-	-	-	(277,865)	-	(277,865)	-	268,656	-	(9,209)
Other comprehensive income for the period, net of income tax	-	-	-	-	-	35,115	35,115	-	-	37,273	72,388
Comprehensive income for the period	-	-	-	-	(277,865)	35,115	(242,750)	-	268,656	37,273	63,179
Transfers from other comprehensive income	-	-	-	-	272,870	(272,870)	-	-	-	-	-
Ordinary cash dividends	-	-	-	-	(251,065)	-	(251,065)	-	-	-	(251,065)
Preferred cash dividends	-	-	-	-	(43,461)	-	(43,461)	-	-	-	(43,461)
Extraordinary dividends on ordinary and preferred cash dividends	-	-	-	-	(29,939)	-	(29,939)	-	-	-	(29,939)
Constitution of reserves	-	-	71,364	315,663	-	-	387,027	61,906	(61,906)	-	387,027
Release of reservations	-	-	-	-	(387,027)	-	(387,027)	(1,042)	1,042	-	(387,027)
Wealth tax	-	-	-	(13,918)	-	-	(13,918)	(16,039)	-	-	(29,957)
Other variations	-	-	-	-	-	-	-	12,403	(31,379)	-	(18,976)
Balance as of December 31, 2017	2,142,313	(113,797)	85,209	1,038,632	990,148	1,060,611	5,203,116	152,280	1,123,953	1,861,627	8,340,976

The Notes are an integral part of the Separate Financial Statements.


Juan Esteban Calle
 Legal Representative
 (See attached certification)


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


Daniel Augusto Bernal J.
 Statutory Auditor | T.P. 94411-T
 Appointed by Deloitte & Touche Ltda.
 (See attached certification)

Cementos Argos S. A.

SEPARATE CASH FLOW STATEMENTPeriods ended December 31st | (Millions of Colombian Pesos)

	Notes	2017	2016
CASH FLOWS OF OPERATING ACTIVITIES			
(Loss) Profit		\$ (9,209)	\$ 713,636
Adjustments to reconcile the (loss) profit:			
Depreciation and amortization	35	131,280	156,330
Income tax	9	(24,596)	(34,215)
Financial expenses, net	33,34	238,631	273,106
Increase (decrease) provisions, defined post-employment benefit plans		20,350	(19,038)
(Reversals) impairment of value property, plant and equipment, inventories, and debtors		(3,491)	60,804
Gain on difference in exchange		(7,771)	(37,808)
Loss for measurement at fair value and amortized cost		6,735	19,516
Net participation in investment profit		(268,656)	(775,441)
Loss due to disposal of non-current assets		34	5,183
Other ineffective income and expenses		(38,871)	(59,573)
Change in working capital of:			
Increases (decrease) in inventories		24,315	(10,933)
Increase in debtors and other accounts receivable		485,419	60,464
Decrease in other assets		(3,867)	(29,916)
Increase in creditors, other accounts payable and other liabilities		(104,076)	(93,977)
Total adjustments to reconcile the (loss) profit		455,436	(485,498)
Net cash flows (used) from operacional activities		\$ 446,227	\$ 228,138
CASH FLOWS FROM INVESTMENT ACTIVITIES			
Cash flows used to capitalize subsidiaries	13	(876,163)	-
Purchase of participations in associates and joint ventures		(5,000)	(125)
Amounts of the sale of property, plant and equipment, and investment properties		3,715	(3,833)
Purchases of property, plant and equipment, and investment properties		(332,084)	(228,987)
Amounts from the sale of financial instruments		292,046	237,637
Purchases of intangible assets		(15,608)	(3,394)
Dividends received		216,081	334,128
Other cash flows from investment activities		(1,262)	18,589
Net cash flows (used) from investment activities		\$ (718,275)	\$ 354,015
CASH FLOWS FROM FINANCING ACTIVITIES			
Amounts from loans		1,876,838	2,392,096
Payments of loans and debt instruments		(1,623,922)	(2,634,672)
Payments of liabilities for financial leasing		(22,144)	(34,360)
Amounts from issuance of bonds		998,071	399,218
Payment of outstanding bonds		(440,000)	(212,561)
Interest paid		(264,248)	(272,496)
Dividends paid on ordinary shares		(271,143)	(217,643)
Dividends paid on preference shares		(49,266)	(45,082)
Cash flows by disposal of subsidiaries without loss of control		-	115,327
Net cash flows from financial activities		\$ 204,186	\$ (510,173)
Net increase (decrease) in cash and cash equivalents		\$ (67,862)	\$ 71,980
Cash and cash equivalents, at the inicial of the period	5	117,587	45,607
Cash and cash equivalents, at the end of the period		\$ 49,725	\$ 117,587

The Notes are an integral part of the Separate Financial Statements.



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A SELF-ASSESSMENT OF THE APPLICATION OF PRINCIPLES AND CONTENT OF THE INTEGRATED REPORT

GRI [102-54]

We have prepared our 2017 Integrated Report following the principles and elements of the International Integrated Report Council (IIRC), in order to adequately communicate to our stakeholders the material aspects that influence the ability of the organization to create value, its articulation with the strategy and its business model, taking into account the different risks and opportunities.

We highlight the following aspects of this 2017 Integrated Report:

INFORMATION CONNECTIVITY

The structure of the report seeks to show the interconnection of the issues and of the information presented and its relationship with our stakeholders.

STRATEGIC APPROACH AND FUTURE ORIENTATION

The report provides information about the organization's strategy and how it relates to its ability to create value in the short, medium and long term.

MATERIALITY









The report focuses on presenting information on the topics identified as organizational materials, that is, those which have the capacity to create value over time for the company and its stakeholders.

RELATIONS WITH INTEREST GROUPS

The report includes information on the nature of the organization's relationships with its stakeholders, including how and to what extent it understands, takes into account and responds to their legitimate needs and interests.

PRINCIPIO DE CALIDAD	REPORTE INTEGRADO 2017
Precision	We were more efficient in presenting content in the report, following a strict format and a limit of text for all chapters. We communicated more assertively, clearly and concisely the material issues of the organization, as well as the process that was developed to prioritize them.
Balance	We made a more balanced and clear exposition of the positive and negative impacts of our organization, and how these are considered in the creation of value for the stakeholders.
Quality	We included more detail in the follow-up of short, medium and long term goals and challenges. We improved the way we present our business model, the way we create value and how our operations connect with our stakeholders.
Comparability	We were rigorous in the collection of the information presented in the report to assure the reader its reliability, quality and comparability, both with the performance of previous years and with other organizations in the sector. This comparability is supported, in addition, by the fact that we built the report in the framework of the Global Reporting Initiative (GRI) in its standard GRI version, in accordance with the essential option.
Reliability	The reliability of the report is reflected in the verification of indicators carried out by the independent firm Deloitte & Touche.
Punctuality	This Integrated Report presents the information for the period between January 1st and December 31st, 2017, to be consistent with the financial statements and thus ensure the timeliness of the information presented.

Next, the framework elements of the Integrated Report that have been applied in the construction of this report are presented.

CONTENT ELEMENTS	INCLUDED ASPECTS	SECTION
 Organizational Vision and Operational Context	Products, services, markets where it operates, size of the operation	Management Report
	Business model and value creation	Strategic Framework: How Do We Create Value?
 Governance	Government model	
	Guidelines and directives for ethics, transparency and good governance Good governance practices: Selection, appointment, remuneration, training and evaluation of the Board of Directors	Corporate governance: Board of Directors Executive Committee
 Business model	Business model and creation of value	Management report Strategic Framework: How Do We Create Value?
		Strategic Framework: Risk Management Action Focuses
 Risks and Opportunities	Strategic and emerging risks and mitigation actions	
	Business model and creation of value	Action Focuses
 Strategy and Resources	Sustainability Strategy	Strategic Framework: Sustainability Strategy How Do we Create Value?
		Management Report
 Performance and Results	Relevant performance figures	
	Main results of the reporting period Monitoring of short, medium and long term goals in material issues	Action Focuses
 Future Projection	Challenges of short, medium and long term	Action Focuses
 Preparation and Presentation Bases	Process of identification and prioritization of material issues	Strategic Frameworks: Material Issues
	Mechanisms for evaluation and monitoring of material issues	Action Focuses

María Isabel Echeverri
Sustainability Vice President

CSI INDICATORS TABLE

Performance Indicators - CSI	Unit	2014	2015	2016	2017
EMPLOYEE HEALTH AND SAFETY					
Number of fatalities (direct employees)		1	1	1	0
Number of fatalities per 10,000 direct employees		1.11	1.08	1.01	0
Number of fatalities (indirect employees)		2	0	0	1
Number of fatalities (third parties)		0	6	4	4
Number of lost time injuries of direct employees		111	62	34	36
Lost time injuries for every 1m of hours worked (direct employees)		4.35	2.5	1.39	1.51
Number of lost time injuries (indirect employees - contractors and subcontractors)		75	42	19	13
Lost time injuries for each 1m of hours worked (indirect employees)		3.49	1.67	0.78	0.71
Total number of lost time injuries		186	104	53	44
Local impacts					
% of operations with community engagement plans	%	N/A	55%**	70%	88%
Climate protection					
Total CO ₂ emissions - gross*	(Million t CO ₂ /year)	7.91	8.36	7.61	7.48
Total CO ₂ emissions - net*	(Million t CO ₂ /year)	7.80	8.21	7.46	7.36
Specific CO ₂ emissions - gross*	kg CO ₂ /t cementitious material	641	640	644	627
Specific emissions of CO ₂ - net*	kg CO ₂ /t cementitious material	633	628	632	618
Biodiversity					
% of active quarries that have an established closure plan	%	74	74	78	88
% of active quarries located within, adjacent or containing protected areas or of great value for biodiversity	%	51	54	48	44
% of active quarries with great value for biodiversity that have a biodiversity management plan	%	38	57	63	74
Fuels and Materials					
Specific caloric consumption of clinker production*	MJ/t clinker	3,733	3,790	3,790	3,709
Rate of alternative fuels (% of thermal energy consumption)*	%	3.8%	5.1%	5.6%	4.4%
Biomass rate as fuel (% of thermal energy consumption)*	%	0.1%	0.2%	0.3%	1.0%
Percentage of alternative raw materials (cement)	%	9.19%	10.3%	10.5%	7.0%
Clinker/cement factor*	%	77.1%	75.7%	75.8%	76.6%
Reduction of Emissions					
KPI 3 - NO _x Absolute emissions	t NO _x /year	12,951	11,300	11,854	12,183
KPI 3 - NO _x Specific emissions	g NO _x /t clinker	1,679	1,399	1,576	1,397
KPI 4 - Coverage with monitoring for NO _x (percentage of clinker produced in kilns covered with monitoring systems for NO _x)	%	100%	100%	100%	100%
KPI 3 - SO ₂ Absolute emissions	t SO ₂ /year	1,730	2,474	1,723	2,191
KPI 3 - SO ₂ Specific emissions	g SO ₂ /t clinker	224	306	229	251

KPI 4 - Coverage with SO ₂ monitoring (percentage of clinker produced in kilns covered with monitoring systems for SO ₂)	%	100%	100%	100%	100%
KPI 3 - Absolute emissions of particulate material (kilns only)	t MP/year	1,784	1,399	637	484
KPI 3 - Specific emissions of particulate material (kilns only)	g MP/t clinker	219	173	84.7	55.5
KPI 4 - Coverage with particulate material monitoring (percentage of clinker produced in kilns covered with monitoring systems for particulate material)	%	100%	100%	100%	100%
KPI 1 - Total coverage (percentage of clinker produced in kilns covered with monitoring systems, continuous or discontinuous, for particulate matter, NO _x , SO ₂ , VOC/THC, heavy metals)	%	75%	16%	61%	57%
KPI 2 - Coverage with continuous monitoring of emissions (percentage of clinker produced in kilns covered with continuous monitoring systems for particulate matter, NO _x , SO ₂)	%	68%	87%	91%	94%
KPI 3 VOC/THC - Specific emissions	t VOC/year	N.A	91.23	251.60	324.71
KPI 4 VOC/THC - Coverage rate	g VOC/t clinker	N.A	26.28	50.29	64.95
KPI 3 PCDD/F - Absolute emissions	%	N.A	43%	67%	50%
KPI 3 PCDD/F - Specific emissions	mg PCDD/year	N.A	54.31	24.03	76.36
KPI 4 PCDD/F - Coverage rate	mg PCDD/ton clinker	N.A	20.08	4.15	17.53
KPI 3 Hg - Absolute emissions	%	N.A	34%	77%	63%
KPI 3 Hg - Specific emissions	kg Hg/year	N.A	166.2	224.4	207.1
KPI 4 Hg - Coverage rate	mg Hg/t clinker	N.A	40.63	36.24	29.34
KPI 3 HM1 (Cd + Tl) - Absolute emissions	%	N.A	51%	82%	81%
KPI 3 HM1 (Cd + Tl) - Specific emissions	kg HM1/year	N.A	172.3	26.3	44.7
KPI 4 HM1 (Cd + Tl) - Coverage rate	mg HM1/t clinker	N.A	33.63	4.84	6.34
KPI 3 HM2 (Sum of Sb, As, Pb, Cr, Co, Cu, Mn, Ni, V) - Absolute Emissions	%	N.A	63%	82%	81%
KPI 3 HM2 (Sum of Sb, As, Pb, Cr, Co, Cu, Mn, Ni, V) - Specific emissions	kg HM2/year	N.A	514	2678	3684
KPI 4 HM2 (Sum of Sb, As, Pb, Cr, Co, Cu, Mn, Ni, V) - Coverage rate	mg HM2/t clinker	N.A	100	432	522
KPI 4 HM ₂ (Sum of Sb, As, Pb, Cr, Co, Cu, Mn, Ni, V) - Tasa de cobertura	%	N.A	63%	82%	81%
Water					
Total water withdrawal according to the source	m ³	N.A	10,606,830	13,407,143	13,836,957
Water discharge by quality and destination	m ³	N.A	2,532,501	4,823,563	4,640,740
Total water consumption	m ³	N.A	8,074,329	8,583,580	9,196,217
% of plants with recirculation system	%	N.A	72%	72%	70%

*These cement operations indicators (Colombia, Caribbean and Central America, and USA) for the years 2014, 2015 and 2016 present recalculation under the CSI methodology "Accounting Standard and Report of CO₂ and Energy for the Cement Industry - Energy and CO₂ Protocol in the Cement Industry (WBCSD - CSI, 2011)"

The criteria taken into account to perform the recalculation of CO₂ emissions for the base year and the historical series were the following:

1. Structural changes were identified in the company, specifically given by the acquisition of cement assets in the regions of the Caribbean and Central America, and the USA. Therefore, with this recalculation, the emissions generated by the cement plants acquired by Argos and that were in operation in the years 2014, 2015 and 2016 were incorporated into the company's CO₂ inventory.
2. Conversion of some data on wet base by dry base materials as established in the Energy and CO₂ Protocol of the WBCSD-CSI (2011).

** Figures for 2015 were revised taking into account the total number of operations with relationship plans/total operations

GRI CONTENT INDEX

#	INDICATOR	LOCATION IN THE IR	VERIFICATION	GLOBAL COMPACT CRITERIA	SDG
FOUNDATION					
101	Foundation				
1. ORGANIZATIONAL PROFILE					
102-1	Name of the organization	Cementos Argos S. A.	X	Required for COP	
102-2	Activities, brands, products, and services	Pages: 2, 20, 23, 26	X	Required for COP	
102-3	Location of headquarters	Calle 7D # 43A-99 (Medellín - Colombia) Address: Vía 40, Las Flores (Barranquilla - Colombia)	X	Required for COP	
102-4	Location of operations	Pages: 2, 12	X	Required for COP	
102-5	Ownership and legal form	Corporation	X	Required for COP	
102-6	Markets served	Pages: 2, 12, 20, 23, 26	X	Required for COP	
102-7	Scale of the organization	Pages: 2, 3, 12, 17, 67, 71	X	Required for COP	
102-8	Information on employees and other workers	Pages: 3, 71	X	Required for COP	8
102-9	Supply chain	Pages: 42-43 and https://goo.gl/2xyHeQ	X	Required for COP	
102-10	Significant changes to the organization and its supply chain	Page: 14	X	Required for COP	
102-11	Precautionary principle or approach	Page: 55	X		
102-12	External initiatives	Page: 53	X		
102-13	Membership in associations	Page: 53	X	18	
2. ORGANIZATIONAL PROFILE					
102-14	Statement from senior decision-maker	Page: 6	X	19	
102-15	Key impacts, risks, and opportunities	Pages: 42-43	X	19	
3. ETHICS AND INTEGRITY					
102-16	Valores, principios, estándares y normas de conducta	Page: 70	X	12 to 14	11 and 16
102-17	Mechanisms for advice and concerns about ethics	Page: 74	X	13 to 14	12 and 16
4. GOVERNANCE					
102-18	Governance structure	Page: 36	X	1	
102-19	Delegating authority	Pages: 36, 52	X	1.20	
102-20	Executive-level responsibility for economic, environmental, and social topics	Page: 52	X	1.20	
102-21	Consulting stakeholders on economic, environmental, and social topics	Page: 57	X	1.20	16
102-22	Composition of the highest governance body and its committees	Page: 36	X	1.5	16
102-23	Chair of the highest governance body	Page: 36	X	1	16
102-24	Nominating and selecting the highest governance body	Page: 36	X	1	5.16
102-25	Conflicts of interest	https://goo.gl/FTLsNt	X	1.20	16
102-26	Role of highest governance body in setting purpose, values, and strategy	Page: 39	X	1	
102-27	Collective knowledge of highest governance body	Page: 38	X	1.20	3
102-28	Evaluating the highest governance body's performance	https://goo.gl/FTLsNt	X	1.20	
102-29	Identifying and managing economic, environmental, and social impacts	https://goo.gl/FTLsNt	X	1.20	16
102-30	Effectiveness of risk management processes	Page: 49	X	1.20	
102-31	Review of economic, environmental, and social topics	https://goo.gl/FTLsNt	X	1.20	
102-32	Highest governance body's role in sustainability reporting	Page: 7	X	1.20	

#	INDICATOR	LOCATION IN THE IR	VERIFICATION	GLOBAL COMPACT CRITERIA	SDG	
FOUNDATION						
102-33	Communicating critical concerns	https://goo.gl/FTLsNt	X	1, 20		
102-34	Nature and total number of critical concerns	https://goo.gl/FTLsNt	X	1, 20		
102-35	Remuneration policies	https://goo.gl/FTLsNt	X	1, 20		
102-36	Process for determining remuneration	https://goo.gl/FTLsNt	X	1		
102-37	Stakeholders' s involvement in the definition of remuneration	https://goo.gl/FTLsNt	X	1	16	
5. STAKEHOLDERS ENGAGEMENT						
102-40	List of stakeholders	Page: 56	X	21		
102-41	Collective bargaining agreements	https://goo.gl/FTLsNt	X		8	
102-42	Identifying and selecting stakeholders	Page: 56	X	21		
102-43	Stakeholders participation focus	Pages: 52, 57	X	21		
102-44	Key topics and concerns raised	Page: 57	X	21		
6. REPORTING PRACTICE						
102-45	Entities included in the consolidated financial statements	*Notes to the financial statements	X			
102-46	Defining report content and topic Boundaries	Pages: 7, 58	X			
102-47	List of material topics	Pages: 7, 59	X			
102-48	Restatements of information	Page: 9	X			
102-49	Changes in reporting 7	Page: 8	X			
102-50	Reporting period	Page: 7	X			
102-51	Date of most recent report	Page: 7	X			
102-52	Reporting cycle	Page: 7	X			
102-53	Contact point for questions regarding the report	Page: 9	X			
102-54	Claims of reporting in accordance with the GRI Standards	Pages: 9, 124	X			
102-55	GRI content index	Page: 9	X			
102-56	External assurance	Pages: 9, 140				
SPECIFIC CONTENT						
#	INDICATOR	LOCATION IN THE IR	VERIFICATION	GLOBAL COMPACT	SDG	OMISSIONS
RISK MANAGEMENT						
A-RI1	Strategic Risks	Pages: 42, 43, 50, 51 https://goo.gl/FczFka				
A-RI2	Emerging risks	https://goo.gl/FczFka				
MATERIAL ISSUE: INNOVATION IN THE BUSINESS MODEL						
103	Management approach					
103-1	Explanation of the material topic and its boundary	Page: 62				
103-2	Management approach and its components	Page: 62				
103-3	Evaluation of the management approach	Page: 63				
A-IM1	Client satisfaction index by country	Page: 63	X			
MATERIAL ISSUE: COMPANY LICENSE						
103	Management approach					
103-1	Explanation of the material topic and its boundary	Page: 64				
103-2	Management approach and its components	Page: 64				
103-3	Evaluation of the management approach	Page: 65				
A-LS1	VAS	Pages: 3, 46, 65	X		8 y 11	
A-LS2	Reputation index	Pages: 65	X			
A-LS3	Megaprojects	Pages: 65	X		8 y 11	

SPECIFIC CONTENT						
#	INDICATOR	LOCATION IN THE IR	VERIFICATION	GLOBAL COMPACT	SDG	OMISSIONS
MATERIAL ISSUE: PROFITABILITY AND EFFICIENCY						
103	Management approach					
103-1	Explanation of the material topic and its boundary	Page: 66				
103-2	Management approach and its components	Page: 66				
103-3	Evaluation of the management approach	Page: 67				
A-ER1	Net Debt / (EBITDA + Dividends)	Page: 67	X		8	
A-ER2	EBITDA	Pages: 2, 67	X		8	
A-ER3	EBITDA Margin	Page: 67	X		8	
A-ER4	Total Shareholder Return (TSR)	Page: 67	X		8	
A-BE1	Cost reduction per ton	Pages: 3, 67	X		8	
A-BE2	Total disinvestments carried out in the reporting period	Page: 67	X		8	
MATERIAL ISSUE: CLIMATE CHANGE						
103	Management approach			From 9 to 11		
103-1	Explanation of the material topic and its boundary	Page: 68		From 9 to 11		
103-2	Management approach and its components	Page: 68		From 9 to 11		
103-3	Evaluation of the management approach	Page: 69		From 9 to 11		
201-2	Financial implications and other risks and opportunities due to climate change	https://goo.gl/CbgiUx	X	From 9 to 11	13	
305-1	Direct (Scope 1) GHG emissions	Page: 69	X	From 9 to 11	3, 12, 13, 14, 15	
305-2	Energy indirect (Scope 2) GHG emissions	Page: 69	X	From 9 to 11	3, 12, 13, 14, 15	
305-3	Other indirect (Scope 3) GHG emissions	https://goo.gl/CbgiUx	X	2, From 9 to 11	3, 12, 13, 14, 15	
305-4	GHG emissions intensity	https://goo.gl/CbgiUx	X	From 9 to 11	13, 14, 15	
305-5	Reduction of GHG emissions (t CO ₂)	https://goo.gl/CbgiUx	X	From 9 to 11	13, 14, 15	
A-EC1	CO ₂ Net specific emissions (kg/t cementitious material)	Page: 69	X	From 9 to 11	3, 12, 13, 14, 15	
MATERIAL ISSUE: TALENT MANAGEMENT						
103	Management approach					
103-1	Explanation of the material topic and its boundary	Page: 70		From 6 to 8		
103-2	Management approach and its components	Page: 70		From 6 to 8		
103-3	Evaluation of the management approach	Page: 71		From 6 to 8		
202-2	Proportion of senior management hired from the local community in places where significant operations are developed	https://goo.gl/Uv7oqk	X		8	
401-1	Total number and rate of hiring and average rotation of employees, broken down by age group, sex and region	https://goo.gl/Uv7oqk	X	From 6 to 8	5, 8	
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees, broken down by locations with significant activity	https://goo.gl/Uv7oqk	X	From 6 to 8	8	

SPECIFIC CONTENT						
#	INDICATOR	LOCATION IN THE IR	VERIFICATION	GLOBAL COMPACT	SDG	OMISSIONS
402-1	Minimum notice periods regarding operational changes and possible inclusion of these in collective agreements	Argos has prioritized timely communication of organizational changes in the framework of respect for people and proper management of change. The time to communicate the organizational changes is defined according to the characteristics, not in a standardized way. Its deployment is done through an internal media strategy that allows us to include all employees and geographies, spaces led by the leaders of the areas with their teams to understand the nature and progress of the changes and solve the concerns of the employees. Likewise, there are official communication channels with employee unions, which include meetings with an established frequency.	X	From 6 to 8	8	
404-1	Average hours of training per year per employee, broken down by gender of labor category	Page: 70	X	From 6 to 8	4,5,8	
404-2	Skills management and continuing education programs that promote the employability of workers and help them manage the end of their professional careers	https://goo.gl/Uv7oqk	X	From 6 to 8	8	
404-3	Percentage of employees whose performance and professional development is regularly evaluated, distributed by organizational level	https://goo.gl/Uv7oqk	X	From 6 to 8	5.8	
405-1	Board of Directors broken down by age and gender	https://goo.gl/Uv7oqk	X	From 6 to 8	5.8	
405-2	Ratio of basic salary and remuneration of women to men, broken down by significant locations of activity	https://goo.gl/Uv7oqk	X	From 6 to 8	5, 8, 10	
A-TM1	Mobility rate	Page: 71	X	From 6 to 8	5.8	
MATERIAL ISSUE: ETHICS AND COMPLIANCE						
103	Management approach					
103-1	Explanation of the material topic and its boundary	Page: 72		From 12 to 14		
103-2	Management approach and its components	Page: 72		From 12 to 14		
103-3	Evaluation of the management approach	Page: 72		From 12 to 14		
205-1	Number and percentage of centers in which corruption-related risks and detected significant risks have been detected	5 of our operations (38.46% of the operations) were assessed in corruption-related risks. The detected significant risks were: * Manipulation of purchases or bids to favor a private (suppliers)	X	From 12 to 14	9, 16	
205-2	Communication and training on anticorruption policies and procedures	Page: 74	X	From 12 to 14	9, 16	The data broken down by employee levels is not reported.
205-3	Confirmed incidents of corruption and actions taken	In the reporting period there were 2 incidents of corruption confirmed. The measures adopted were the following: Case 1: Blocking a vendor & Termination of agreement, employees involved. Case 2: Termination of agreement, employees involved	X	From 12 to 14	9, 16	

SPECIFIC CONTENT						
#	INDICATOR	LOCATION IN THE IR	VERIFICATION	GLOBAL COMPACT	SDG	OMISSIONS
206-1	Legal actions for anti-competitive behavior, anti-trust and monopoly practices	https://goo.gl/NiNRw1	X		9, 16	
307-1	Non-compliance with environmental laws and regulations	There were no breaches of social laws and regulations in the reporting period.	X	From 9 to 11	9, 16	
415-1	Political contributions	https://goo.gl/NiNRw1	X	17	9, 16	
419-1	Non-compliance with regulations in social and economic areas	There were no breaches of social laws and regulations in the reporting period.	X		9, 16	
A-ETH1	Environmental, social, labor and human rights complains	Page: 75	X		9, 16	
A-TAX1	Taxes paid by country	https://goo.gl/NiNRw1	X		9, 16	
A-ETH2	Higher expenses in contributions in the period.	https://goo.gl/NiNRw1	X		9, 16	
MATERIAL ISSUE MODEL: ENERGY MANAGEMENT MODEL						
103	Management approach				From 9 to 11	
103-1	Explanation of the material topic and its boundary	Page: 76			From 9 to 11	
103-2	Management approach and its components	Pages: 76, 77			From 9 to 11	
103-3	Evaluation of the management approach	Page: 77			From 9 to 11	
302-1	Energy consumption within the organization (GJ)	Page: 77	X	From 9 to 11	7, 8, 12, 13	
302-3	Energy intensity of cement	Page: 77	X	From 9 to 11	7, 8, 12, 13	
302-4	Reduction of energy consumption (MJ)	https://goo.gl/8XjJdd	X	From 9 to 11	7, 8, 12, 13	
A-ENE2	Total energy costs	Page: 77	X			
A-ENE3	Energy costs/total production cost (%)	Page: 77	X			
ASUNTO MATERIAL: SALUD Y SEGURIDAD EN EL TRABAJO						
103	Management approach				From 6 to 8	
103-1	Explanation of the material topic and its boundary	Page: 78			From 6 to 8	
103-2	Management approach and its components	Pages: 78, 79			From 6 to 8	
103-3	Evaluation of the management approach	Page: 79			From 6 to 8	
403-1	Percentage of employees represented in joint health and safety committees (employees and management). Percentage of total employees represented in joint management-employee health and safety committees, established to help monitor and advise on occupational health and safety programs	https://goo.gl/JTsZmj	X	From 6 to 8	8	
403-2	Types of injury and rates of injury, occupational diseases, lost days, absenteeism and number of work-related fatalities, by region	https://goo.gl/JTsZmj	X	2, 6 to 8	3, 8	The data are not disaggregated by sex, the total is represented in years
A-SI1	Frequency and severity index - contractors and employees	https://goo.gl/JTsZmj	X		8	
A-SI2	Occupational diseases frequency index - Employees	https://goo.gl/JTsZmj	X		8	
MATERIAL ISSUE: WATER AND BIODIVERSITY						
103	Management approach				From 9 to 11	
103-1	Explanation of the material topic and its boundary	Page: 82			From 9 to 11	
103-2	Management approach and its components	Page: 82			From 9 to 11	
103-3	Evaluation of the management approach	Page: 83			From 9 to 11	
303-1	Water withdrawal by source (m ³)	https://goo.gl/1z3Dy5	X	From 9 to 11	6	

SPECIFIC CONTENT						
#	INDICATOR	LOCATION IN THE IR	VERIFICATION	GLOBAL COMPACT	SDG	OMISSIONS
303-3	Water recycled and reused	https://goo.gl/1z3Dy5	X	From 9 to 11	6, 8, 12, 13	
304-1	Number of facilities with high value for biodiversity	https://goo.gl/t4KARu	X	From 9 to 11	6, 13, 14, 15	Detailed information related to operation sites that are property of the company, rented, administered in or adjacent to protected areas and areas of high value for biodiversity outside of protected areas are not disclosed due to confidentiality restrictions
304-4	IUCN Red List species and national conservation list species that live in areas affected by operations	https://goo.gl/t4KARu	X	From 9 to 11	6, 13, 14, 15	
306-1	Water discharge by quality and destination	https://goo.gl/1z3Dy5	X	From 9 to 11	3, 6, 12, 13, 14	
A-A1	Specific water consumption (L/t or L/m ³)	Page: 83	X	From 9 to 11	6	
A-BI1	Number and percentage of active and inactive quarries with great value for biodiversity and that have a biodiversity management plan	Page: 83 and https://goo.gl/t4KARu	X	From 9 to 11	6, 13, 14, 15	
A-BI2	Number and percentage of liberated areas rehabilitated at active and inactive quarries	Page: 83 and https://goo.gl/t4KARu	X	From 9 to 11	6, 13, 14, 15	
A-BI3	Percentage of active installations located in areas of high value for biodiversity that have biodiversity management plans	https://goo.gl/t4KARu	X	From 9 to 11	6, 13, 14, 15	
MATERIAL ISSUE: COMMUNITY ENGAGEMENT						
103	Management approach				From 12 to 14	
103-1	Explanation of the material topic and its boundary	Page: 84			From 12 to 14	
103-2	Management approach and its components	Page: 84			From 12 to 14	
103-3	Evaluation of the management approach	Page: 85			From 12 to 14	
203-1	Development and impact of investments in infrastructure and services	https://goo.gl/UnA62c	X		16	4.11
413-1	Percentage of operations where development programs, impact evaluations and participation of the local community have been implemented	https://goo.gl/UnA62c	X		From 12 to 14 and 16	11
413-2	Operations centers with significant negative impacts, potential or real, on local communities	https://goo.gl/UnA62c	X		From 12 to 14	11
A-COM1	Social investment	Page: 85	X			4.11
A-COM2	Revenue from commercial initiatives with social impact	https://goo.gl/UnA62c	X			4.11
A-COM3	Type of philanthropic activities	https://goo.gl/UnA62c				4.11
MATERIAL ISSUE: CIRCULAR ECONOMY						
103	Management approach				From 9 to 11	
103-1	Explanation of the material topic and its boundary	Page: 86			From 9 to 11	
103-2	Management approach and its components	Page: 86			From 9 to 11	
103-3	Evaluation of the management approach	Page: 87			From 9 to 11	
301-1	Materials used by weight or volume	https://goo.gl/qJWQcW	X	From 9 to 11	8, 11, 12	

SPECIFIC CONTENT						
#	INDICATOR	LOCATION IN THE IR	VERIFICATION	GLOBAL COMPACT	SDG	OMISSIONS
301-2	Used recycled materials	https://goo.gl/qJWQcW	X	From 9 to 11	8, 11, 12	
301-3	Reclaimed products and their packaging materials	https://goo.gl/qJWQcW	X	From 9 to 11	8, 11, 12	
306-2	Waste by type and disposal method	https://goo.gl/qJWQcW	X	From 9 to 11	3, 6, 11, 12	The way in which the residue disposal method is established is not disclosed.
A-ENE1	Substitution of caloric consumption of fossil fuels with alternative fuels (%)	Page: 87	X	From 9 to 11	7, 8, 12, 13	
A-EC2	Percentage of alternative raw materials (cement)	Page: 87	X	From 9 to 11	8, 11, 12	
A-EC3	Percentage of supplementary cementitious material (concrete)	Page: 87	X	From 9 to 11	8, 11, 12	
A-EC4	Volume of recycled aggregates used (t)	Page: 87	X	From 9 to 11	8, 11, 12	
MATERIAL ISSUE: SUSTAINABLE CONSTRUCTION						
103	Management approach			From 9 to 11		
103-1	Explanation of the material topic and its boundary	Page: 88		From 9 to 11		
103-2	Management approach and its components	Page: 89		From 9 to 11		
103-3	Evaluation of the management approach	Page: 89		From 9 to 11		
A-CS1	Obtained income of products with sustainability characteristics	Page: 89	X	From 9 to 11	9, 11, 12	
EMERGING ISSUES						
SUPPLY CHAIN MANAGEMENT						
204-1	Proportion of spending on local suppliers	https://goo.gl/2xyHeQ	X	2	9, 12	
308-2	Negative environmental impacts in the supply chain and actions taken	https://goo.gl/2xyHeQ	X	2, 9 to 11	9, 16	
414-2	Negative social impacts in the supply chain and actions taken	https://goo.gl/2xyHeQ	X	2, 9 to 11	9, 16	
OTHER EMISSIONS						
305-7	Nitrogen oxides (NO _x), sulfur oxides (SO _x), and other significant air emissions	https://goo.gl/HL94d9	X	From 9 to 11	3, 12, 14, 15	
A-OE1	Specific emissions	https://goo.gl/HL94d9		From 9 to 11	3, 12, 14, 15	

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INDEPENDENT REVIEW REPORT

Independent review of the 2017 Integrated Report of Cementos Argos.

Scope of Our Work

We conducted the review of the adaptation of the contents of the 2017 Integrated Report aligned to the GRI Standards for the elaboration of Sustainability Memoirs of the Global Reporting Initiative (GRI).

Compliance with the guidelines of the Cement Sustainability Initiative (CSI) was also reviewed in the case of environmental indicators that were included in the scope of the verification (see Annex 3) and the results of the Value Added Statement model (see Annex 4).

Standards and Verification Processes

We conducted our work in accordance with ISAE 3000 - International Standard on Assurance Engagements Other than Audits or Reviews of Historical Financial Information issued by the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC).

Our review work consisted in formulating questions to Management, as well as the various areas in Cementos Argos who participated in the development of the Integrated Report and the application of certain analytical procedures and review testing samples that are described below:

- Interviews with staff members of Cementos Argos to know the principles, systems and management approaches applied to elaborate the report and calculate the indicators.
- Analysis of how, based on the materiality exercise, the process of definition of the content, structure and indicators was defined, according to the GRI Standards.
- Analysis of the processes of collection and validation of the data presented in the report.
- Verification, through review tests based on the selection of a sample of the quantitative and qualitative information corresponding to the GRI and own indicators included in the Sustainability Report and its adequate compilation based on the data provided by the Cementos Argos information sources in Colombia.

Confirmation that the 2017 Integrated Report has been prepared in accordance with the GRI Standard in its “Essential” or “Core” version.

General Aspects

It was confirmed that the report meets the requirements of the Core option of the general aspects of the GRI Standard version.

Specific Aspects

We reviewed the management approach and GRI and internal indicators of the material issues identified by the company and the validation of DJSI indicators (see Annex 2).

Responsibilities of Cementos Argos Management and Deloitte

- The preparation of the 2017 Integrated Report, as well as its content, is the responsibility of the organization which is also responsible for defining, adapting and maintaining the management and internal control systems from which the information is obtained.
- * Our responsibility is to issue an independent report based on the procedures applied in our review.
- * This Report has been prepared exclusively in the interest of the organization in accordance with the terms of our service proposal. We do not assume any responsibility towards third parties other than the company's Direction.
- * We have done 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 review is substantially less than that of an audit. Therefore, we do not provide audit opinion on the Sustainability Report.

DELOITTE & TOUCHE LTDA.
Jorge Enrique Múnera D.
Partner



Medellín, march 2018

Conclusions

As a result of our review, no aspect has been revealed that makes us believe that the Integrated Report contains significant errors or that it has not been prepared in accordance with the Standard for Elaboration of Sustainability Memoirs of the Global Reporting Initiative (GRI) in its Core version.

Recommendations

Additionally, we have presented our recommendations to Cementos Argos regarding areas for improvement to strengthen processes, programs and related sustainability management systems. The most important recommendations concern:

- Continue strengthening the process of standardization of reporting protocols in the different regions where the company operates.

ANNEX 1 Declaration of Independence

Deloitte is one of the largest companies of professional services in audit, tax, consulting and financial advisory and sustainability to public and private organizations in multiple industries. With a globally connected network of member firms in more than 150 countries, Deloitte brings world-class capabilities and high quality service to its clients. Approximately 280,000 professionals are committed to becoming the standard of excellence.

We confirm our independence from Cementos Argos. All our employees perform annual updates to the Ethics Policy where we promptly declare that we have no conflicts of interest with Argos, its subsidiaries and its stakeholders.

ANNEX 2 - Material Issues

Material Issues	GRI and/or Internal Cementos Argos Indicator
Innovation	A-IM1
License from Society to the Industry	A-LS1, A-LS2, A-LS3
Climate Change	201-2, 305-1, 305-2, 305-3, 305-4, 305-5, A-EC1
Water and Biodiversity	303-1, 303-3, 306-1, A-A1, 304-1, 304-4, A-BI1, A-BI2
Energy Management Model	302-1, 302-3, 302-4, A-ENE2, A-ENE3
Sustainable Construction	A-CS1
Circular Economy	301-1, 301-2, 301-3, 306-2, A-ENE1, A-EC2, A-EC3, A-EC4
Ethics and Compliance	205-1, 205-2, 205-3, 206-1, 307-1, 415-1, 419-1, A-ETH1, A-TAX1
Other Emissions	305-7, A-OE1
Profitability and Capital Structure	A-ER1, A-ER3, A-ER4, A-ER5, A-BE1, A-BE2
Occupational Health and Safety	403-1, 403-2, A-SI1, A-SI2
Community Engagement	203-1, 413-1, 413-2, A-COM1, A-COM2
Talent Management	202-2, 401-1, 401-2, 402-1, 404-1, 404-2, 404-3, 405-1, 405-2
Supplier Management	204-1, 308-2, 408-2

DJSI Indicators

DJSI. Generation of waste
DJSI. Consumption of non-renewable energy (MWh)
DJSI. Consumption of renewable energy including hydraulic (MWh)
DJSI. Percentage of active facilities located in areas of high value for biodiversity that have biodiversity management plans

ANNEX 3 – CSI

As part of the verification process of environmental indicators, we performed visits and interviews with Argos' operations, the selection took into account quantitative and qualitative variables that allowed us to have a coverage of selected plants that are representative of all of the company:

- Rioclaro – Colombia
- Sogamoso – Colombia
- CINA – Caribbean
- Dominicana Plant, Las Américas – Caribbean
- Roberta – USA
- Tampa – USA
- Zona Golfo – USA
- Cativa – Caribbean
- San Lorenzo – Caribbean
- Puente Aranda – Colombia
- Puerto Tejada – Colombia
- Canteras Bello – Colombia

In the visits, the personnel responsible for internal reporting and data collection was interviewed, validating the consolidation process and the delivery of said information to the corporate level.

Criteria

For our review we considered the following CSI guidelines:

- WBCSD's CO₂ and Energy Accounting and Reporting Standard for the Cement Industry : The Cement CO₂ and Energy Protocol.
- WBCSD's 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.
- CSI Guidance on Good Practices for Water Accounting.
- WBCSD CSI Environmental and Social Impact Assessment (ESIA).
- WBCSD Guidelines on Quarry Rehabilitation.

Assessment Indicators and Information Consolidation Process

- We performed tests based on samples to evidence the calculations that allow the measurement of the following indicators:

Indicator	Scope
WATER AND BIODIVERSITY	
Total water withdrawal according to source	2016-2017
Total water discharge according to its quality and destination	2016-2017
Total water consumption	2016-2017
% of active quarries located within, adjacent or containing protected areas or of great value for biodiversity	2016-2017
% of active quarries with great value for biodiversity in which there is a Biodiversity Management Plan	2016-2017
% of active quarries that have a closure plan	2016-2017
% de canteras activas que cuentan con un plan de cierre	2016-2017
CLIMATE CHANGE	
Total CO ₂ emissions - gross (in million tons)	2016-2017
Total CO ₂ emissions - net (million tons)	2016-2017
Specific CO ₂ emissions - gross (kg CO ₂ /ton of cementitious material)	2016-2017

Indicator	Scope
Specific CO ₂ emissions - net (kg CO ₂ / ton of cementitious material)	2016-2017
FUELS AND MATERIALS	
Use of alternative fuels (% of thermal energy consumption)	2016-2017
Specific energy consumption in clinker production (in MJ per ton of clinker)	2016-2017
Use of biomass fuel (% of thermal energy consumption)	2016-2017
Clinker/Cement Ratio (%)	2016-2017
Use of alternative materials (% of total raw material used for production of cement)	2016-2017
OTHER EMISSIONS	
KPI 1 - Total coverage (percentage of clinker produced in kilns covered with monitoring systems, continuous or discontinuous, for particulate material, NO _x , SO ₂ , VOC / THC, heavy metals)	2016-2017
KPI 2 - Coverage with continuous monitoring of emissions (percentage of clinker produced in kilns covered with continuous monitoring systems for particulate matter, NO _x , SO ₂)	2016-2017
KPI 3 - Absolute emissions of particulate material (kilns only)	2016-2017
KPI 3 - Specific emissions of particulate material (kilns only)	2016-2017
KPI 3 - Absolute emissions of NO _x	2016-2017
KPI 3 - Specific NO _x emissions	2016-2017
KPI 3 - Absolute emissions of SO ₂	2016-2017
KPI 3 - Specific emissions of SO ₂	2016-2017
KPI 4 - Coverage with monitoring for particulate material (percentage of clinker produced in kilns covered with monitoring systems for particulate material)	2016-2017
KPI 4 - Coverage with monitoring for NO _x (percentage of clinker produced in kilns covered with monitoring systems for NO _x)	2016-2017
KPI 4 - Coverage with monitoring for SO ₂ (percentage of clinker produced in kilns covered with monitoring systems for SO ₂)	2016-2017
KPI 3 - VOC / THC - Absolute emissions in tons per year	2016-2017
KPI 3 - VOC / THC - Specific emissions in grams per ton of clinker	2016-2017
KPI 4 - VOC / THC - Coverage rate	2016-2017
KPI 3 - PCDD / F - Absolute emissions in tons per year	2016-2017
KPI 3 - PCDD / F - Specific emissions in grams per ton of clinker	2016-2017
KPI 4 - PCDD / F - Coverage rate	2016-2017
KPI 3 Hg - Absolute emissions in tons per year	2016-2017
KPI 3 Hg - Specific emissions in grams per ton of clinker	2016-2017
KPI 4 Hg - Coverage rate	2016-2017
KPI 3 HM1 (Cd + Tl) - Absolute emissions in tons per year	2016-2017
KPI 3 HM1 (Cd + Tl) - Specific emissions in grams per ton of clinker	2016-2017
KPI 4 HM1 (Cd + Tl) - Coverage rate	2016-2017
KPI 3 HM2 (Sum of Sb, As, Pb, Cr, Co, Cu, Mn, Ni, V) - Absolute emissions in tons per year	2016-2017
KPI 3 HM2 (Sum of Sb, As, Pb, Cr, Co, Cu, Mn, Ni, V) - Specific emissions in grams per ton of	2016-2017
KPI 4 HM2 clinker (Sum of Sb, As, Pb, Cr, Co, Cu, Mn, Ni, V) - Coverage rate	2016-2017

Conclusion

- The WBCSD CSI guidelines for the reporting of CO₂ emissions, energy, emissions (NO_x, SO_x, and particulate material), water and biodiversity are applied properly.
- The internal reporting system and the information consolidation procedures for CO₂ emissions, energy, emissions (NO_x, SO_x, and particulate material), water and biodiversity are functioning and provide an information that is appropriate for disclosure.

ANNEX 4 – VALUE ADDED STATEMENT EXERCISE

Scope of our work

To review the included indicators for the construction of the Value Added Statement model.

Verification processes

Our review work has consisted of:

- Interviews with Cementos Argos' staff to learn about the principles, systems and approaches used for the preparation of the Value Added Statement exercise.
- Analysis and identification of indicators used to prepare the Value Added Statement that are part of the verification process under (GRI Standard, DJSI and/or CSI).
- Checking, by means of review tests of the quantitative and qualitative information corresponding to the additional indicators that are not part of the verification process under (GRI Standard, DJSI and/or CSI), hereunder, we relate them:

Number of injuries due to lost time: short absence
Number of injuries due to lost time: long absence
Average salary (men and women)
Average retirement age in the region (men)
Average retirement age in the region (women)
Average age of departure (men)
Average age of departure (women)
Electricity provided to local communities
Extreme areas of water scarcity
Areas of scarcity
Areas of water stress
Sufficient water reserves
Abundant water areas
Net impacts to biodiversity by type of ecosystem (affected areas, restored areas, compensated areas)

Conclusion

- We have carried out a verification process for all the indicators of the year 2017 that were necessary for Argos to develop its Value Added Statement model.

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The paper used comes from preserved forests, the size of the book was optimized to minimize the waste of paper and the raw materials were separated to be processed or disposed of properly.



ARGOS