



GRUPO ARGOS

I n v e s t m e n t s T h a t T r a n s f o r m

2018 Annexes

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01

STRATEGIC
AND EMERGING
RISKS

GA-ES01

STRATEGIC RISKS

	Risk Description	Impact Description	Impact Type	Company	Mitigation Plan
STRATEGIC RISK					
Fulfillment with the business plans of subsidiaries	Impact on the performance of the business plan of the subsidiaries due to changes in market conditions, economic activity, regulation and/or social and environmental issues.	<ul style="list-style-type: none"> - Decrease in cash flow and dividends - Impact on the value of investments 	Economic	Businesses	<ul style="list-style-type: none"> - Sectoral, geographical and market cycle diversification - Periodical committees for the follow-up of the strategy - Monitoring of the main operating, investment, financing and profitability KPIs
Capital allocation	Errors and/or omissions in the process of capital allocation and of mergers and acquisitions, which may affect the relative performance of the portfolio.	<ul style="list-style-type: none"> - Less returns for the shareholder 	Economic	Grupo Argos	<ul style="list-style-type: none"> - Strategic planning exercises to clarify sector and geographical focus - Sectoral and macroeconomic reports - Development of quantitative models for capital allocation - Thorough due diligence in mergers and acquisitions - Monitoring portfolio performance
Financial flexibility	Loss of flexibility in the capital structure of companies due to an inadequate composition of indebtedness, financial capacity of partners and counterparties and/or inefficiency in the investment vehicles of Grupo Argos and its subsidiaries.	<ul style="list-style-type: none"> - Impact on liquidity - Higher capital costs - Limitation on capital market access - Impact on reputation 	Economic Reputational	Cross-cutting	<ul style="list-style-type: none"> - Indebtedness composition adjusted to investment flows (terms and indexation) - Treasury Committee for the approval of operations and monitoring of the capital structure - Periodic monitoring of cash flow and debt service commitments - Natural and synthetic hedges for the mitigation of financial risks
Changes in the economic and political environment	Adverse changes in the environment that generate macroeconomic and political uncertainty, or changes in legal, tax or environmental regulations in the countries of influence. Loss of confidence and credibility of the institutions of countries and/or a deterioration in the sovereign credit rating that increases risk premiums.	<ul style="list-style-type: none"> - Higher capital costs - Decrease in cash flow - Limitations or unfeasibility for the operation of assets 	Economic	Cross-cutting	<ul style="list-style-type: none"> - Strategic planning exercises for clarity in the focus of the sectors and geographies of influence - Engagement with institutions, associations, authorities, etc. - Monitoring of leading country indicators (e.g. Credit Default Swap, fiscal deficit and current account deficit, etc.)

	Risk Description	Impact Description	Impact Type	Company	Mitigation Plan
STRATEGIC RISK					
Reputation	Significant impact on the image of companies that compromises the trust of any of the stakeholders.	<ul style="list-style-type: none"> - Deterioration of relationships with stakeholders - Fines, sanctions or legal actions against the company - Possible decreases in share price 	Reputational	Cross-cutting	<ul style="list-style-type: none"> - Implementation of code of good governance, ethics and transparency policies, risk management, among other best business practices - Permanent strengthening of the internal control system and the crisis management plans - Identification of events that could affect the reputation of the Business Group for the definition and monitoring of mitigation plans - Stakeholders dialogues and analysis of material issues
Human talent management	Difficulties in attracting, developing and retaining the human talent with the skills required in the companies.	<ul style="list-style-type: none"> - Knowledge loss - High staff turnover 	Economic Reputational	Cross-cutting	<ul style="list-style-type: none"> - Characterization of the existing and profiling human resource - Identification of critical positions and succession plans - Development of programs to attract and strengthen skills - Training, education and qualification plans - Competitive compensation schemes
Fraud, corruption, money laundering and terrorism financing	Improper practices by collaborators, partners, suppliers and/or customers; related to acts of fraud, corruption, money laundering and terrorism financing.	<ul style="list-style-type: none"> - Impact on reputation and trust - Fines, sanctions or legal actions against the company and its executives - Possible decreases in share price 	Economic Reputational	Cross-cutting	<ul style="list-style-type: none"> - Training on prevention and detection of situations of fraud, corruption, money laundering and terrorism financing - Specialized audits for the assessment of the internal control system in order to anticipate exposure to this type of risk - Implementation of code of good governance, ethics and transparency policies, risk management, among other best business practices
Projects	Delays and/or cost overruns in the execution of projects of the holding company, due to failures in the estimation of the necessary resources, unexpected events or adverse conditions in their execution and consolidation.	<ul style="list-style-type: none"> - Impact on the financial feasibility of projects and cash flow - Loss of synergies and efficiencies - Delays in times of delivery 	Economic	Grupo Argos	<ul style="list-style-type: none"> - Structuring of projects incorporating assumptions of risk and uncertainty - Prior identification of risks associated with each project and establishment of milestones and deliverables - Permanent report to the Steering Committee of situations that compromise the execution of the schedule and budget of projects

[DJSI 1.3.3]

EMERGING RISKS

	Risk Description	Impact Description	Mitigation Plan
EMERGING RISKS			
Digital transformation	Development and implementation of new technologies and digital ecosystems that could have a disruptive impact on the business models where GA participates, i.e. blockchain in the commercialization of energy, 3D printers in the construction and building materials industry, augmented reality in processes of manufacturing, artificial intelligence in the relationship with customers, intelligent cities, among others.	Changes in market size and competition dynamics that may affect our market share or profitability by affecting our subsidiaries' revenues, costs' structure and expenses, and / or additional investment requirements. For example, the incursion of 3D printers in housing construction could replace the consumption of traditional materials like ready-mix concrete, hence reducing the size of that market segment. In the energy sector, loss of customers due to off-grid energy networks, and new in-house energy self-powered methods and devices become available. However, while these trends could create new business opportunities, we acknowledge the presence of more complex and challenging environmental and regulatory requirements	<ul style="list-style-type: none"> - We promote innovation as a corporate cross-cutting capability. Innovation at the holding company focuses on the development of new business models and the use of machine learning and artificial intelligence. At our subsidiaries is focused on clients, processes and products. - We launched the Corporate Venture Capital Program, between Grupo Argos and Veronorte, a private equity firm, to invest in start-ups with strategic interrelation and embedded optionality in our selected industries of interest. We have evaluated more than 200 innovative ventures and selected 4 initiatives to develop jointly with our subsidiaries. - Development of applied research centers in agreement with universities. For example, the Innovation Center of our subsidiary Cementos Argos with Eafit University. - We strive to analyze industries' and consumers' trends, in order to identify disruptive risks and new business model's opportunities.
Greater investors' restrictions considering Environmental, Social and Governance (ESG) criteria	Strong ESG criteria screening. This could produce specific restrictions such as the prohibition of buying shares or bonds from CO ₂ -intensive issuers or industries where corruption scandals have materialized due to failures in corporate governance (as is the case of infrastructure in Latin America). In this manner, a portfolio manager may consider developing a portfolio with an average ESG rating that meets or avoid bonds/shares issued by companies that do not meet a certain ESG rating.	Difficulties in accessing funding sources that limit the company's growth or significantly increase the cost of capital. Companies with carbon-intensive processes could be exposed to higher financial rates or even loss of investors or shareholders restricting their positions in companies they associate to climate change risks. However, these trends could create positive investing opportunities, green bonds are one of the most commonly cited examples of a positive impact bond and we hope that new schemes of this type will be developed.	<ul style="list-style-type: none"> - We base our investment decisions on three pillars: strategic discipline, value creation and evaluation of ESG criteria. In 2018 we participated in 8 due diligence processes contemplating ESG criteria. Additionally, we choose partners who share our philosophy of conscious investment. - We have developed a mechanism to measure the state of value that we add to society, measuring both positive and negative impacts. In 2018, GA as a holding company gave 1.8 times the retained benefit to society, equivalent to USD 332,4 million. - As a parent company, where we define guidelines on 7 specific subjects that seek operation accountability for our subsidiaries. Climate change, water, corporate governance, are some of these subjects. The subsidiaries must set specific goals and action plans to achieve them. - Continuous strengthening of the code of good governance, ethics and transparency policies, risk management, among other best business practices.



02

SUSTAINABLE
DEVELOPMENT
GOALS

9 INDUSTRY, INNOVATION
AND INFRASTRUCTURE

GLOBAL GOALS

Target 9.b

Support domestic technology development, research and innovation in developing countries, including by ensuring a conducive policy environment for, inter alia, industrial diversification and value addition to commodities.

Target 9.1

Develop reliable, sustainable, resilient and quality infrastructure, including regional and transborder infrastructure, to support economic development and human well-being, with a focus on affordable and equitable access for all.

Target 9.2

We promote inclusive and sustainable industrialization through our strategic focuses in Human Talent, which drive the increase of the GDP, the quality of life and better conditions for the attraction of talent and new employment opportunities.

Target 9.4

We promote the responsible operation of our subsidiaries and businesses so that they can use resources more efficiently and adopt new low carbon technologies and business models (Goal 9.4).

MATERIAL ISSUE

Responsible Operation Guideline: By establishing the framework of action that our subsidiaries and businesses must follow in economic, environmental and social matters, in order to guarantee the responsible operation of our Business Group, we contribute to the global targets 9.2 and 9.4.

Financial Success: With the definition of clear growth and profitability goals, in harmony with the environment, we contribute to the global target 9.2.

Talent Management: With the commitment to create jobs, attract and develop the best talent, and a firm commitment to promote gender equity, we contribute to the global target 9.2.

Conscious Investment: With the commitment to apply conscious investment criteria, which contribute to a more efficient capital allocation, taking into account social, environmental and corporate governance criteria, we contribute to the target 9.4.

Working Model: With the decision to actively participate in the infrastructure sector and the development of an articulated working model that allows sharing knowledge and generating synergies, we contribute to the global target 9.1.

Cutting-edge Practices: With the implementation of cutting-edge practices and the implementation of our ventures model, we contribute to the global target 9.b.

Promise of Value to Society: Our promise of value to society helps to reclaim the role of the private enterprise in sustainable development and its ability to contribute to social change; it contributes to the global target 9.2.

11 SUSTAINABLE CITIES
AND COMMUNITIES

GLOBAL GOALS

Target 11.3

By 2030, enhance an inclusive and sustainable urbanization and the capacity for participatory, integrated and sustainable human settlement planning and management in all countries.

Target 11.b

By 2020, substantially increase the number of cities and human settlements adopting and implementing integrated policies and plans towards inclusion, resource efficiency, mitigation and adaptation to climate change, and resilience to disasters, and develop and implement, in line with the 2015–2030 Sendai Framework for Disaster Risk Reduction, a holistic disaster risk management at all levels.

MATERIAL ISSUE

Responsible Operation Guideline: With the alignment and monitoring of the prioritized economic, environmental and social issues in our businesses, we guarantee the adoption of guidelines and the implementation of action plans that promote the efficient use of resources and allow us to prevent, mitigate and compensate our CO₂ emissions, contributing to the global targets 11.b and 11.3.

Working Model: By defining a clear and articulated working model, with a clear definition of sectors where we want to participate, we promote targets 11.3 and 11.b.

13 CLIMATE
ACTION

GLOBAL GOALS

Target 13.2

Integrate climate change measures into national policies, strategies and planning.

MATERIAL ISSUE

Responsible Operation Guideline: With the Business Group goal to reduce 20% of direct CO₂ emissions per million COP revenues by 2025, with respect to 2015, we reaffirm our commitment to continue directing efforts that allow us to prevent, mitigate, reduce and compensate our CO₂ emissions in each of our businesses and subsidiaries. This is our contribution to the global target 13.2 and the country target 13.2.1.C.

Conscious Investment: With the incorporation of environmental criteria in the assessment of investments, we contribute, from the mobilization of financial capital, to the global target 13.2.

17 PARTNERSHIPS
FOR THE GOALS

GLOBAL GOALS

Target 17.2

Promote the development, transfer, dissemination and diffusion of environmentally sound technologies to developing countries on favorable terms, including on concessional and preferential terms, as mutually agreed.

Target 17.3

Mobilize additional financial resources for developing countries from multiple sources.

Target 17.16

Enhance the Global Partnership for Sustainable Development, complemented by multi-stakeholder partnerships that mobilize and share knowledge, expertise, technology and financial resources, to support the achievement of the Sustainable Development Goals in all countries, in particular developing countries.

Target 17.17

Encourage and promote effective public, public-private and civil society partnerships, building on the experience and resourcing strategies of partnerships.

MATERIAL ISSUE

Financial Success: With the commitment to create value for our shareholders and society in the places where we operate, we mobilize financial resources from the private sector for sustainable development and we promote macroeconomic stability, which contributes to the global targets 17.3 and 17.13.

Corporate Governance/Working Model: The definition of a corporate governance model and clear action frameworks within the Group and with our stakeholders allows us to promote inter-sector partnerships in accordance with target 17.17.

Ethics, Conduct and Transparency: The establishment of strict ethical, conduct and transparency standards allows us to participate in the construction of partnerships for development, in line with target 17.17.

Cutting-edge Practices: With the implementation of cutting-edge practices and the implementation of our ventures model, we contribute to the global target 17.2.

Promise of Value to Society: Our commitment to mitigate the negative impacts of our operation, enhance the positive impacts and, as a result, create value for society, contributes to target 17.3.

COMPREHENSIVE HUMAN RIGHTS SYSTEM

GRUPO ARGOS COMMITMENT:

In the development of the sustainability policy in Grupo Argos, we have publicly expressed our commitment to respect for human rights. Therefore, we have a comprehensive plan that contains a policy approved by the Board of Directors and a management system for the prevention of infringements. We carry out this process in order to identify, prevent, mitigate and respond for the negative consequences that may arise in our operations.

HUMAN RIGHTS POLICY:

As an essential principle of its sustainability strategy, Grupo Argos is committed to respecting and promoting Human Rights, in all its subsidiaries and the regions where they operate, in accordance with the Universal Declaration of Human Rights, the ILO declarations, the Global Compact and the applicable laws in each country.

With ethical integrity as the basis of business actions, Grupo Argos assumes the responsibility of preventing, identifying and repairing the negative consequences on Human Rights that its operations and businesses may cause.

In the continuous cycle of due diligence, we classify our risks into three categories: transversal, priority and for consideration; whose objective is to give order to the Action Plan.

- **Cross-Cutting:** They are the risks derived from corporate management, against which management and control measures must be implemented to achieve an organizational culture that is attentive to human rights.
- **Priority:** They are the risks of greater relevance and attention for the Grupo Argos companies and businesses, as a result of the ratings obtained during the analytical process carried out by the FIP and which imply the need to initiate the suggested actions in the short term.
- **For Consideration:** They are the risks that, in spite of not having probabilities of high occurrence and major and/or significant impacts, it is necessary to implement actions and plan a monitoring and follow-up mechanism in the medium term for their prevention and/or mitigation.

**The HR course
was included
in the virtual
learning
module and
applies to
Grupo Argos
and all the its
subsidiaries**

MILESTONES

- The Human Rights course was launched for all companies of the Business Group, in order to raise awareness among collaborators and create a corporate culture of prevention and respect.
- For operations located in areas with the presence of illegal armed groups, the procedure to inform the competent authorities about extortion cases known to the company and affecting its collaborators, suppliers and contractors or members of the communities was formalized and published.
- Our businesses have a large number of properties, therefore the land surveillance services provide training to staff about the improper handling of force in invasion scenarios or public order situations in the territory.
- Due to the low economic development and the welfare management of other actors in some areas of our operations, we decided to reinforce the communication of our sustainability strategy, with special emphasis on value generation criteria for the business and the communities.

CHALLENGES AND OPPORTUNITIES

- Continue to strengthen the monitoring and control mechanisms.
- Constant training in Human Rights to raise awareness among collaborators and achieve awareness on prevention and respect.
- Ensure that the road map for the eviction processes of invaded properties is attentive to human rights and is shared with collaborators and contractors. Ensure the participation of institutions in the process, such as the legal representative's office and the ombudsman's office.

1

Identify and assess the operational impacts on human rights.

2

Integrate management plans for the prevention, mitigation and responses to human rights infringements into the risk management systems.

4

Disclose the results obtained from the processes adopted for the promotion and respect of human rights.

3

Development of monitoring and control mechanisms of management plans.



03

VALUE ADDED
TO SOCIETY

VALUE ADDED STATEMENT TO SOCIETY

Assumptions and Description of Indicators

We calculate the retained benefit by subtracting the income tax, as well as the interests and dividends paid by the company, from ebitda. This information is available in our financial statements, found in the 2018 Integrated Report.

EBITDA <u>USD</u> 327,069,354	INCOME TAX <u>USD</u> 10,343,549	FINANCIAL COSTS <u>USD</u> 41,391,557	DIVIDENDS <u>USD</u> 92,452,049
EXCHANGE RATE <u>USD</u> 2,995.78			

ECONOMIC EXTERNALITIES

Supplier Spend

For 2018, we monetized the externality generated by our supplier spend. However, we excluded this item from the VAS report in order to ensure consistency in the scope, since we assessed the other externalities only for our operations.

Wages and Benefits, Taxes, Interests and Dividends

We define our economic externalities as the effects on the dynamization of local economies from the payments to our stakeholders. These disbursements were effectively made during the year to collaborators, governments, investors and financial institutions.

We calculate the value created using the multiplier of the indirect effect, which we define as the increase in demand and consumption in a local economy by an injection of liquidity. This effect consists of:

- GVA (Gross Value Added): percentage of the initial expenses injected into different sectors of the economy through the increase of consumption and spending of stakeholders. The GVA are taken from the OECD input-output matrices.

- Backward linkages: multiplier effects created by the generation of offers and demands among interdependent sectors of the economy. We take Leontief's inverse functions as a proxy, derived from the OECD input-output matrices.

Initially, we calculate all the monetizations of economic externalities, assuming fully efficient local economies in terms of the allocation of resources and the economic impact. Subsequently, we apply a correction for economic inefficiencies, to take into account external activities related to corruption in the countries in which we operate and in which we do not participate.

We calculate this correction using the Transparency International Corruption Perception Index for each country, which reflects the way in which external conditions may affect the company's creation of social value.

SOCIAL EXTERNALITIES

Occupational Health and Safety (HES)

We monetize the externalities taking into account the occupational illnesses and accidents (serious or moderate and fatalities) of collaborators, occupational illnesses of collaborators and fatalities of third parties (example: traffic accidents).

We multiply the incidents by the social costs of injuries or fatalities according to the study by Safe Work Australia (2015), which estimates the average costs for the employee and the community in rehabilitation and medical care expenses, administrative expenses and loss of current and future income. We do not take into account the costs for the employer, since we assumed that they are already reflected in our financial results. Since the monetization factors are expressed in Australian dollars (AUD) for 2013, we adjust the currency and the GDP, so that they reflect the total costs for each of our regions.

Talent Development

We assume that the training of collaborators translates into greater company productivity and efficiency, reason why its effects are already internalized in our financial results.

The effects of talent development become an externality once the collaborators leave Argos and obtain higher incomes in the labor market from a higher qualification. We have designed an approach that allows us to monetize these effects as the impact on the local economy from the additional salary that the collaborator receives when they get a new job. We monetize by multiplying the social return rates of education for a given level of training (Montenegro and Patrinos, 2014) by the average hours of training of our employees in the year and the annual turnover rate.

Investment in Communities

We monetize the impacts of the following investment lines: low-cost housing, community infrastructure, educational infrastructure and scholarships. We adopt the methodology of Social Return on Investment (SROI) as an approach, which consists of calculating the benefits for the community of a specific project in a given locality, in proportion to each monetary unit invested in the project.

The SROI multipliers are specific to each region or country in which we operate. When we have local multipliers, we select the closest methodological reference or we carry out approximations that seek to adjust to the local reality. The following are the studies from which we obtained the SROI multipliers:

- **Low cost housing:** For Colombia, the Caribbean and Central America, we selected the average of four multipliers from different studies; in turn, for the United States, we used calculations by Mitchell and McKenzie (2009).
- **Community and Educational Infrastructure:** For Colombia we chose Clavijo et. al. (2014) as reference; in turn, for the Caribbean and Central America, we took the average multipliers from Brazil, Mexico and Argentina published by Standard & Poor's (2015). The calculations for United States are based on Cohen et. al., (2012).
- **Scholarships:** We used the private internal return rate for investment in education of the OECD (2017). For Colombia, the Caribbean and Central America, the Chile multiplier was used.

We assume that the training of collaborators translates into greater company productivity and efficiency, reason why its effects are already internalized in our financial results.

The effects of talent development become an externality once the collaborators leave Argos and obtain higher incomes in the labor market from a higher qualification. We have designed an approach that allows us to monetize these effects as the impact on the local economy from the additional salary that the collaborator receives when they get a new job. We monetize by multiplying the social return rates of education for a given level of training (Montenegro and Patrinos, 2014) by the average hours of training of our employees in the year and the annual turnover rate.

ENVIRONMENTAL EXTERNALITIES

Greenhouse Gas Emissions (GHG)

We monetize the impact of scope 1 and 2 emissions, which represent around 70.7% of our GHG emissions.

This is done based on the social cost of carbon (SC-CO₂), which reflects the damage to society generated by GHG emissions during its useful life.

We used the estimate of the United States Environmental Protection Agency (EPA, 2016), which amounts to USD 32.32 after inflation adjustment and the discount rate of 4% applied in accordance with the options provided by the study.

The SC-CO₂ figures from the EPA include changes in net agricultural productivity, human health, the material damages due to increased flood risk, and the value of ecosystem services due to climate change.

However, estimates vary according to the discount rate applied, which determines the current value of future damages.

Air Emissions

We use the global multipliers from Trucost (2013) to monetize air emissions and reflect their corresponding social cost in the three regions where we operate. Due to the availability of data, we calculate the negative impact of particulate matter (PM) emissions on the basis of the cost of PM₁₀ (relative to particle size), while the impact of SO_x sulfur oxide emissions is based on SO₂. The scope also includes nitrogen oxide (NO_x) emissions. The impact of air emissions depends on the population density of the areas where we operate.

As an assumption, we use the average cost of the study's air pollutants.

The multipliers chosen include the impact on human health, forest and agricultural yields, corrosion of materials and acidification of water. However, the health impacts (monetized according to the value of a statistical life) represent approximately 90% of the total cost.

Water Consumption

We monetize the externality associated with water consumption by multiplying the amount of water consumed by the social cost it generates, which is extracted from a study carried out by Trucost (2013). This approach assumes that the social cost derived from the use of water varies depending on the level of scarcity in a given territory. The calcu-

lations include water consumption in all operations, which in turn includes direct non-consumptive use and indirect use (value for recreation, biodiversity, groundwater recharge, assimilation of waste).

Biodiversity

We calculate the impact on biodiversity using the estimated annual benefits of restoration projects in different ecosystems around the world (TEEB, 2009) due to the limited availability of local assessments. We apply this multiplier to the liberated areas, plus the current active operations, minus the rehabilitated areas in Colombia and the United States.

We excluded the areas of the concrete plants, since they were established on previously constructed areas, and therefore we assumed that there was no additional impact on biodiversity.

Alternative Materials and Fuels

We estimate the relative impact of the use of alternative materials and fuels, taking into account:

- Emissions in landfills avoided by the use of alternative materials or fuels (if the alternative material or fuel had not been used by another company).
- The emissions that were avoided by not extracting, producing or consuming natural resources (in the case of fuels).
- Since the alternative materials and fuels used are waste or by-products, we do not include the negative impact of manufacturing them. We monetize the avoided emissions based on the social cost of carbon that we choose in the externality generated by our GHG emissions.

Community investment - Scholarships

The multipliers for the 3 regions were updated according to the new figures on return on investment (ROI) presented by the OECD in the 2018 version of the Education at a Glance publication. For the Colombia and the Caribbean and Central America regions, the averages of the ROI for men and women of Chile are used, since it is the country for which figures are available, which best suits the reality of these regions. For the USA region, the average ROI for men and women reported for that country is used.

Investments in the Community - Electricity

The price of electricity for Haiti was updated with the 2018 figures published by Bloomberg New Energy Finance in the Latin America Climatescope.

04

RESPONSIBLE
OPERATION
GUIDELINES

ENVIRONMENTAL INDICATORS ANNEX

RESPONSIBLE OPERATION GUIDELINES

[305-1]

DIRECT GREENHOUSE GAS EMISSIONS

tonCO₂eq

	2015	2016	2017	2018
Grupo Argos	791	584.92	339	313
Cement	9,073,027	8,186,365	8,167,887	8,298,395
Energy	2,857,802	2,491,512	967,008	1,158,683
Concessions	3,504	6,235	11,948	18,841
Urban Development	24	NA	NA	NA
Coal	36,650	38,927	36,640	37,066
TOTAL	11,971,798	10,723,624	9,183,822	9,513,299

Notes:

[102-48] The Grupo Argos direct emissions figure was restated in 2017, due to a precision in the scope of the measurement of fuel consumption.

[102-48] The direct emissions figures of the Concessions business from the last three years were restated, due to a change in the approach of consolidation of emissions. It went from an operational control to a financial control.

The increase in direct emissions from the Concessions business in the last 3 years is due to the progressive increase in the coverage of the indicator.

[305-2]

INDIRECT GREENHOUSE GAS EMISSIONS

tonCO₂eq

	2015	2016	2017	2018
Grupo Argos	56	94	40	31
Cement	336,482	342,271	436,634	452,167
Energy	63,059	51,371	22,334	31,765
Concessions	11,169	10,529	6,884	4,442
Urban Development	43	NA	NA	NA
Coal	118	107	105	112
Total	410,927	404,372	465,997	488,516

Notes:

[102-48] The indirect emissions figures of the Concessions business from the last three years were restated, due to a change in the approach of consolidation of emissions. It went from an operational control to a financial control.

[305-4]

INTENSITY OF DIRECT EMISSIONS

	2015 (Baseline)	2016	2017	2018	2025 Goal
Million COP	12,700,304	14,552,884	14,573,579	14,314,013	
Total ton CO ₂ emissions	11,971,798	10,723,624	9,183,822	9,513,299	
Intensity (tonCO₂/million COP)	0.94	0.74	0.63	0.66	0.75
Variation with respect to the 2015 baseline		-22%	-33%	-29%	-20%

[302-1]

INTERNAL ENERGY CONSUMPTION

GJ

	2015	2016	2017	2018
Grupo Argos	11,552	10,759	6,388	5,398
Cement	44,331,468	39,205,325	45,368,302	45,742,995
Energy	26,927,012	21,469,091	9,123,036	10,400,664
Concessions	294,842	310,671	449,096	769,377
Urban Development	1,043	NA	NA	NA
Coal	187,495	211,939	214,661	194,558
TOTAL	71,764,546	61,217,682	55,161,483	57,112,992

Notes:

[102-48] The Grupo Argos internal energy consumption figure was restated in 2017, due to a precision in the scope of the measurement.

[102-48] The internal energy consumption figure of the concessions business from the last three years was restated, due to a correction in the calculation methodology.

[302-3]

ENERGY INTENSITY

(GJ/million COP)

	2015	2016	2017	2018
Million COP	12,700,304	14,552,884	14,573,579	14,314,013
Total GJ	71,764,54	61,217,682	55,161,482	57,112,992
Intensity (GJ/million COP)	5.65	4.21	3.79	3.99
Variation with respect to the 2015 baseline		-26%	-33%	-29%

[303-3]

TOTAL WATER WITHDRAWAL

(Millions of m³)

	2015	2016	2017	2018
Grupo Argos	956	78,459	41,818	37,822
Cement	10,536,174	13,339,251	13,736,062	11,076,761
Energy	12,365,708,423	12,538,445,474	16,263,503,877	16,233,000,000
Concessions	1,110,988	1,132,541	1,110,737	1,236,060
Urban Development	81,726,00	NA	NA	NA
Coal	103,559.40	107,202	119,546	96,635
TOTAL	12,377,596,411	12,553,244,067	16,278,512,040	16,245,447,278

Notes:

[102-48] The water withdrawal figures of the Cement business from the last 3 years were restated, in order to follow the guidelines of the new GRI 303 Water standard.

[102-48] The Grupo Argos water withdrawal figures were restated in 2017, due to a precision in the scope of the measurement.

[102-48] The water withdrawal figures of the Concessions business from the last three years were restated, due to the inclusion of 150 records of water from the concession area in the El Dorado Airport.

[303-5]

WATER CONSUMPTION

(m³)

	2015	2016	2017	2018
Grupo Argos	143	70,936	30,578	25,440
Cement	8,074,329	8,583,580	9,196,217	6,805,329
Energy	6,817,384	7,265,138	2,167,285	2,570,000
Concessions	273,096	364,301	370,659	426,993
Coal	103,559.40	107,202	119,546	96,635
TOTAL	15,268,513	16,391,157	11,884,286	9,924,397

[GA-LO1]

SPECIFIC WATER CONSUMPTION

(m³/million COP)

	2015 (Baseline)	2016	2017	2018	2025 Goal
Million COP	12,700,304	14,552,884	14,573,579	14,314,013	
Total m ³ water consumption	15,268,513	16,391,157	11,884,286	9,924,397	
Intensity (m³/million COP)	1.20	1.13	0.82	0.69	0.6
Variation with respect to the 2015 baseline		-6%	-32%	-42%	-50%

TREE PLANTING

	# trees
Grupo Argos	4,121
Celsia	2,600,000
Argos	229,580
FGA	1,218,500
	4,052,201

05

C O R P O R A T E
G O V E R N A N C E

SUSTAINABILITY AND RISKS

- [102-21, 102-33] Environmental, social and governance (ESG) issues consulted with stakeholders
- [102-29] Functions of the highest governance body in the identification and management of impacts, risks and opportunities associated with social, environmental and economic issues
- [102-30] Effectiveness in risk management
- [102-31] Frequency with which the Board of Directors reviews the risks, impacts and opportunities associated with social, environmental and economic issues
- [102-32] Indicate which committee or position of greater importance that reviews and approves the sustainability report
- [102-33] Process to transmit important concerns to the highest governance body
- [102-34] Critical issues brought to the Board of Directors related to economic, social and environmental issues

[102-21]

Describe the consultation process of social, environmental and economic issues between the Board of Directors and stakeholders. If the Board delegates this process, explain who and how the results of the consultation are brought back to the highest body.

The results of these consultations are sent to the Sustainability and Corporate Governance Committee, which in turn submits to the Board of Directors the measures to be taken for it to approve them.

[102-29]

Describe the role of the Board of Directors in the identification of risks, impacts and opportunities associated with social, environmental and economic issues.

The Board of Directors has a support committee called the Sustainability and Corporate Governance Committee. This committee defines the orientation that should be given to sustainability and government issues and monitors their implementation. It meets at least twice a year and presents a detailed report to the Board, which includes recommendations regarding measures or procedures deemed appropriate to adopt.

[102-31]

How often are the risks, impacts and opportunities associated with social, environmental and economic issues reviewed?

The risks, opportunities and impacts associated with ESG issues are reviewed by the Board of Directors at least twice a year, notwithstanding that it is done with a greater frequency if it is considered pertinent or necessary.

[102-30]

Describe the role of the Board of Directors in the assessment of the organization's risk management.

The activity of the Board of Directors of Grupo Argos is mainly aimed at making decisions regarding the corporate strategic objectives, the supervision of the activities of Senior Management and the monitoring of the risks, always in the search of the best interest for the Company and its Shareholders.

For the purposes of the management of risk monitoring, the Audit, Finance and Risks Committee is informed on a quarterly basis of the management of each of the risks identified in the risk map of the Grupo Empresarial Argos.

[102-32]

Indicate the committee or position of greatest importance that reviews and approves the sustainability report.

The body is the Corporate Governance and Sustainability Committee, which is made up of three members of the Board, of which at least one must have the status of independent member. It must know and supervise the implementation of the Company's sustainability policy.

[102-33]

Process to transmit important concerns to the highest governance body.

The results of these consultations are sent to the Sustainability and Corporate Governance Committee, which in turn presents to the Board of Directors the measures to be taken.

[102-33]

CRITICAL SOCIAL, ENVIRONMENTAL AND ECONOMIC ISSUES TAKEN TO THE BOARD OF DIRECTORS

	2017	2018
<p>In each Board of Directors meeting, the review of critical issues that have arisen, if any, is included. In the event that a critical issue arises that must be discussed by the Board in an urgent manner, an extraordinary in-person meeting is convened.</p>	Recommendation to the Shareholders Assembly for the approval of the Policy of Appointment, Remuneration and Succession of the Board of Directors.	Proposal of modification of the Code of Good Governance and the Code of Conduct.
	System for the Prevention of Money Laundering and Terrorism Financing.	Analysis of gaps and action plan IR Recognition of the Colombian Stock Exchange
	Approval of the merger through which Grupo Argos S.A. absorbs Situm S.A.S, FortCorp S.A.S and RoundCorp S.A.S.	Adjustment to the Grupo Argos Accounting Policy.
	Approval of commercial paper issuance.	Sustainability Committee Report: Materiality analysis, responsible operation goals, externalities of the Urban Development Business, DJSI results, external evaluation of the BD, Information Disclosure Policy, Compliance System Report.
	Approval of the general human talent strategy	Update of the Capital Allocation Model.
	Analysis of advances and achievements of 2016 in terms of sustainability.	Presentation of the assessment carried out by the Colombian Stock Exchange for the purposes of granting the IR Recognition to Grupo Argos.
	Approval of the innovation strategy.	Advances in mergers and acquisitions projects.
	Analysis of the results of the study conducted to assess the social impact of Grupo Argos and its companies.	Approval of the Information Disclosure Policy.
	Approval of the role of the holding company.	Innovation: In-company builder and ventures programs.
	Approval of the Policy for the Management of Transactions Between Affiliated Companies.	Report on the rebalancing decisions of the MSCI.
Approval of long term social and environmental goals of the Business Group.	Approval of proposal for Social Benefit.	

[102-21, 102-33]

ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) ISSUES CONSULTED WITH OUR STAKEHOLDERS

2017	2018
<p>Role of the holding company; corporate governance, specifically election, compensation and experience of the board of directors; risks; environmental conservation projects; social licenses and human rights.</p>	<p>Working model of the business group; corporate governance, specifically election, compensation and experience of the board of directors; quantification of risks; environmental conservation projects; social licenses, Sustainability strategy, materiality and responsible operation goals.</p>

BOARD OF DIRECTORS

- 102-18 Composition of the highest governance body and its committees
- 102-22 Composition of the Board of Directors
- 102-23 Executive and non-executive members
- 102-25 Conflicts of interest
- 102-26 Role of supreme governance body in definition of purpose, values and strategy
- 102-27 Measures to develop the collective knowledge of the highest body on social, environmental and economic issues
- 102-28 Highest governance body performance evaluation process

BOARD OF DIRECTORS ASPECTS

1 | ROSARIO CÓRDOBA

Private Competitiveness Council · CEO

Non executive

Independent: Yes

Seniority on the Board: 2011

Board Committees:

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

Other Board of Directors: 2

- Fidubogotá
- Casa Editorial El Tiempo

Non-profit entities:

- Universidad Jorge Tadeo Lozano
- Santa Fe de Bogotá Foundation
- Fundación Semana
- Fedesarrollo Governing Board
- Innpulsa Mipyme Advisory Board

■ Yes ■ No ■ 100%

Studies:

- Economics, Universidad de Los Andes, Bogotá, Colombia
- Master's Degree in Economics, Universidad de Los Andes, Bogotá, Colombia

Experience:

- Private Competitiveness Council CEO
- Previous position: Revista Dinero Director

■ Competencies and experience related to economic, environmental and social impacts

■ Shareholder of an important supplier or customer

■ Percentage of meetings attended vs. meetings held

2 | CLAUDIA BETANCOURT

Amalfi S.A. – General Manager

Non executive

Independent: No

Seniority on the Board: 2018

Board Committees:

- Sustainability and Corporate Governance

Other Board of Directors: 4

- Cementos Argos (until March 16, 2018)
- Gases de Occidente
- Promigas S.A.
- Proenergía

■ Yes ■ No ■ 100%

Studies:

- Economics, Colegio Mayor de Nuestra Señora del Rosario, Bogotá, Colombia

Experience:

- Amalfi S.A. General Manager
- Previous position: Risk Vice President, Corporación Financiera del Valle S.A.

3 | CARLOS IGNACIO GALLEGO

Grupo Nutresa · CEO

Non executive

Independent: No

Seniority on the Board: 2014

Board Committees:

- Sustainability and Corporate Governance

Other Board of Directors: 3

- Grupo de Inversiones Suramericana
- Tres Montes Lucchetti (Chile)
- Compañía Nacional de Chocolates DCR S.A. (Costa Rica)

Non-profit entities:

- Pablo Tobón Uribe Hospital
- Corporación Pueblo de los Niños
- Proantioquia
- Suramericana Foundation
- Universidad Eafit
- Universidad Católica de Oriente
- ANDI

■ Yes ■ No ■ 100%

Studies:

- Civil Engineering, Universidad Eafit, Medellín, Colombia
- MBA, Universidad Eafit, Medellín, Colombia

Experience:

- Grupo Nutresa CEO
- Previous position: Servicios Nutresa CEO

Average tenure of Board Members: 6,8 years

4 | DAVID BOJANINI Grupo Sura · CEO

Non executive
Independent: No
Seniority on the Board: 2004
Board Committees:
 - Appointments and Remuneration
Other Board of Directors: 4
 - Grupo Nutresa
 - Grupo Bancolombia
 - Suramericana S.A.
 - Sura Asset Management
Non-profit entities:
 - Proantioquia
 - Fedesarrollo
 - Empresarios por la Educación Foundation
 - Corporación Colombia Internacional
 - Private Competitiveness Council

■ Yes ■ No ■ 100%

Studies:
 - Industrial Engineering, Universidad de Los Andes, Bogotá, Colombia
 - MBA with emphasis on Actuarial Mathematics, University of Michigan, USA

Experience:
 - Grupo Sura CEO
 - Previous position: Protección CEO

7 | JORGE URIBE Independent Consultant

Non executive
Independent: Yes
Seniority on the Board: 2015
Board Committees:
 - Appointments and Remuneration
Other Board of Directors: 3
 - Carvajal S.A.
 - Ingredion INC (Chicago, USA)
 - General Mills
Non-profit entities:
 - United Way Worldwide

■ Yes ■ No ■ 100%

Studies:
 - Engineering Management, Universidad Nacional, Medellín, Colombia
 - MBA, Xavier University, Cincinnati, Ohio, USA

Experience:
 - Independent consultant
 - Previous position: Global Productivity and Organization Transformation Officer, P&G

5 | ANA CRISTINA ARANGO Independent Investor

Non executive
Independent: Yes
Seniority on the Board: 2009
Board Committees:
 - Audit, Finance and Risks
Other Board of Directors: 2
 - Distribuciones Agralba S.A.
 - Productos del Caribe S.A.

■ Yes ■ No ■ 100%

Studies:
 - Civil Engineering, Universidad Eafit, Medellín, Colombia
 - MBA, Universidad de Los Andes, Bogotá, Colombia

Experience:
 - Independent investor
 - Previous position: Cementos Rioclaro Financial Management Assistant

6 | ARMANDO MONTENEGRO BTG Pactual · Chairman

Non executive
Independent: Yes
Seniority on the Board: 2015
Board Committees:
 - Audit, Finance and Risks
Other Board of Directors: 0
Non-profit entities:
 - Fedesarrollo

■ Yes ■ No ■ 100%

Studies:
 - Industrial Engineering, Pontificia Universidad Javeriana, Bogotá, Colombia
 - Master's Degree in Economics and Latin American Studies, University of Ohio, USA
 - Ph.D in Economics, New York University, USA

Experience:
 - BTG Pactual Chairman
 - Previous position: Ágora Corporate Consultants Managing Director

BOARD MEMBERS SKILLS MATRIX

	Rosario Córdoba	Claudia Betancourt Azcarate	David Bojanini	Armando Montenegro	Carlos Ignacio Gallego	Ana Cristina Arango	Jorge Uribe
Risk management	✓	✓	✓	✓	✓		✓
Internal control			✓	✓	✓		
Corporate finance	✓	✓	✓	✓	✓	✓	✓
Business issues		✓	✓				✓
Construction materials		✓				✓	✓
Crisis management	✓	✓	✓	✓	✓		
Sustainability	✓				✓	✓	✓
Governance/policy influence	✓			✓			
International			✓		✓		✓

[102-25]

DESCRIBE HOW POSSIBLE CONFLICTS OF INTEREST ARE PREVENTED AND MANAGED

2017	2018
The parameters for the identification, disclosure and prevention of potential conflicts of interest are contained in the Code of Conduct. Grupo Argos requires the annual completion of a Declaration of Potential Sources of Conflicts of Interest by the members of its Board of Directors and all its employees.	The parameters for the identification, disclosure and prevention of potential conflicts of interest are contained in the Code of Conduct, in chapter V, pg. 34. Grupo Argos requires the annual completion of a Declaration of Potential Sources of Conflicts of Interest by the members of its Board of Directors and all its employees.

[102-28]

	Highest Governance Body Performance Assessment	Frequency of Assessment
2018		
External Assessment	The Board of Directors is assessed annually, alternating external assessments with self-assessments. The external one is carried out by an independent firm selected by the Board itself, as recommended by the Sustainability and Corporate Governance Committee. These assessments contemplate both quantitative and qualitative aspects. In 2018, the assessment was carried out by an external firm.	Every 2 years
2017		
Self-assessment	The Board of Directors is assessed annually, alternating external assessments with self-assessments. The external one is carried out by an independent firm selected by the Board itself, as recommended by the Sustainability and Corporate Governance Committee. These assessments contemplate both quantitative and qualitative aspects. In 2017, a self-assessment was carried out by the Board of Directors. https://bit.ly/2wxAJEh	Every 2 years

[102-26]

Describe the role of the Board of Directors in the definition of the purpose, values and strategy of the organization

The Grupo Argos Board of Directors is the highest strategic management body of Grupo Argos and, as a result, it maintains a general and consolidated vision of all the businesses of the Business Group, providing at the same time for the identification of global trends. The activity of the Grupo Argos Board of Directors is mainly aimed at making decisions regarding the corporate strategic objectives, the supervision of the activities of Senior Management and the monitoring of risks, always in the search of the best interest of the Company and its Shareholders. The Board of Directors is in charge of directing and supporting Senior Management in the management of the businesses and the risks that the Company faces, for which it may request the information it deems pertinent.

[102-27]

DESCRIBE THE MEASURES ADOPTED IN THE REPORTING PERIOD TO IMPROVE THE COLLECTIVE KNOWLEDGE OF THE BOARD OF DIRECTORS

2017	2018
Monthly, the Board of Directors receives a presentation on topics of interest such as: capital allocation, strategy, sustainability, corporate governance, corporate social responsibility and foundations, risks and reputation. Additionally, each quarter an expert is invited to delve into some of the sectors in which the organization has investments. In this way, the Board of Directors maintains spaces for updating the issues relevant to the organization.	In the annual plan, the topics of training and general knowledge that will be discussed in each of the meetings are defined. For 2018, presentations were made to the Board on: concessions strategy, cement business in the United States, innovation, detailed risk analysis, concessions business, capital allocation model, energy business, culture, talent and succession.

[102-18, 102-22, 102-29]

BOARD OF DIRECTORS COMMITTEES

Audit, Finance and Risks Committee	Sustainability and Corporate Governance Committee	Appointments and Remuneration Committee
Supervise the services of Statutory Auditor.	Ensure that corporate governance practices comply with the provisions of the Corporate Governance Code.	Supervise that the requirements and procedures for the election of the members of the Board of Directors are met.
Verify that Senior Management takes into account the recommendations of the Statutory Auditor.	Study the proposed amendments to the Bylaws and the Code of Good Governance.	Propose to the Board of Directors the Policy of Appointments and Remuneration of the Board of Directors, to be approved by the General Assembly, and the Policy of Appointments, Remuneration and Succession of senior management, and follow up on them.
Know, prior to its presentation to the Board of Directors, the financial statements as of the end of the financial year, audited by the Statutory Auditor.	Be aware of the actions related to the conduct of the members of the Board of Directors that may be contrary to the provisions of the Corporate Bylaws and the Corporate Governance Code.	Propose and review the criteria that must be followed for the composition of the Board of Directors and the assessment of the suitability of the candidates for directors proposed by the shareholders.
Supervise the efficiency of the function of regulatory compliance and of the prevention of money laundering and terrorism financing activities.	Know and supervise the implementation of the Sustainability Policy of the company.	Design and implement a scheme of human talent attraction and retention that is applicable to the company and its subordinates, in such a way that said human talent can be shared or transferred among the different companies that make up the Business Group.
Ensure the independence of the internal audit function, receive periodic information on its activities and verify that senior management takes its recommendations into account.	Analyze and monitor the annual program of activities of social responsibility.	Report to the Board of Directors the cases of Directors that may adversely affect the functioning of the Board of Directors or the reputation of the Company, in particular, when they are involved in any of the cases of incompatibility, ineligibility or legal prohibition.
Propose the risk policy to the Board of Directors and keep track of it.	Promote the training of directors and managers in matters of corporate sustainability.	Approve the company's Human Resources Policy.

[DJSI 1.1.3]

INDICATE THE DIVERSITY CRITERIA THAT THE COMPANY CONSIDERS FOR THE SELECTION OF THE MEMBERS OF THE BOARD OF DIRECTORS

Gender	✓
Race and/or ethnicity	✓
Nationality or country of origin	✓
Document where public information is found	Policy of Appointments, Remuneration and Succession and Code of Good Governance

APPOINTMENTS AND REMUNERATIONS

- [102-24] Nomination and remuneration of the highest governance body
- [102-35] Remuneration policies for the highest governance body and senior management
- [102-36] Processes for determining the remuneration of the highest governance body
- [102-37] How to request and take into account the opinion of the stakeholders with regard to the remuneration of the highest governance body

[102-24]

NOMINATION AND REMUNERATION OF THE HIGHEST GOVERNANCE BODY

Describe the selection criteria of the members of the Board of Directors

The members of the Board of Directors are appointed in accordance with the proposals presented by the shareholders of Grupo Argos at the Shareholders Assembly. The Assembly takes into consideration the structure, obligations and responsibilities of the Board of Directors in order to determine the remuneration of its members, as well as the personal and professional qualities of its members, the time of dedication and their experience, within the framework of what has been established in the Policy of Appointments and Remuneration of Directors.

The selection criteria for Board members can be found in the Policy of Appointments, Remuneration and Succession, and are the following:

1. Considering that Directors must retire at the age of 72 years and that the period of the Board is 3 years, the candidates that make up the respective lists can not be older than 69 years.
2. All candidates must demonstrate experience in participation in Boards of Directors and in any professional specialty that is relevant to the activity performed by the Company, from time to time defined by the Appointments and Remunerations Committee.
3. All candidates must prove that they have basic skills that allow them to perform their functions properly, such as analytical and managerial skills, a strategic business vision, global perspective, objectivity and ability to present their point of view and ability to evaluate superior managerial cadres.
4. Candidates for Independent Members must prove that they have experience in any of the following subjects: corporate management, corporate finance, internal control or human management.
5. It is convenient that, in each of the lists presented, there are candidates that accredit experience in environmental, social and corporate governance issues.
6. At least 50% of candidates must comply with the requirements established in the Code of Good Governance to be considered as Independent Members.

Describe how stakeholders are involved in the process of nominating Board of Directors members

Members of the Board of Directors are appointed in accordance with the proposals presented by the shareholders of Grupo Argos at the Shareholders Assembly.

[DJSI 1.1.9]

Board Director	2017 Fixed Compensation	2017 Variable Compensation	2018 Fixed Compensation	2018 Variable Compensation
		Remuneration based on the performance, share-based compensation, premiums, deferred dividend shares or transferred shares.*		Remuneration based on the performance, share-based compensation, premiums, deferred dividend shares or transferred shares.*
DavidBojanini	COP\$6,900,000	Not Established	COP\$7,200,000	Not Established
Carlos Ignacio Gallego	COP\$6,900,000	Not Established	COP\$7,200,000	Not Established
Mario Scarpetta	COP\$6,900,000	Not Established	COP\$7,200,000	Not Established
Ana Cristina Arango	COP\$6,900,000	Not Established	COP\$7,200,000	Not Established
RosarioCórdoba	COP\$6,900,000	Not Established	COP\$7,200,000	Not Established
Armando Montenegro	COP\$6,900,000	Not Established	COP\$7,200,000	Not Established
Jorge Uribe	COP\$6,900,000	Not Established	COP\$7,200,000	Not Established

* The Code of Good Governance establishes the possibility but no variable remuneration has been set.

Note: Compensation is monthly. Likewise, for each meeting of committees that support the Board of Directors, the compensation is also equal to \$ 7,200,000. The payment is made even if meetings are not attended.

[102-35, 102-36, 102-37]

Describe the policy and process to determine the remuneration/compensation of BD members and/or senior management directors. Is the opinion of stakeholders taken into account? Is performance on ESG issues assessed, and in what way? Consider premiums or incentives for hiring, severance payments (and if they differ from that of the rest of the employees), reimbursements and retirement pensions.

The Shareholders Assembly must take into consideration the structure, obligations and responsibilities of the Board of Directors in order to determine the remuneration of its members, as well as the personal and professional qualities of its members, the time to be devoted to their activity and their experience, and it must comply with the provisions of the Policy of Appointment and Remuneration of Directors. The Policy of Appointment and Remuneration must identify all components of the remuneration, including fixed and variable components, and payments in kind.

- According to the Policy, the remuneration will be composed as follows:
- A monthly fixed fee whose value shall be determined each year by the Shareholders Assembly

- A fixed amount determined by the Shareholders Assembly for participation in the support committees of the Board.
- Additionally, when it deems it appropriate, the Appointments and Remuneration Committee shall submit to the consideration of the Board of Directors, and the latter in turn to the Shareholders Assembly, a remuneration scheme through which the Directors receive shares of the Company or its subordinates as part of the compensation for their services.
- In any case, this remuneration must be maintained by Directors for a period of no less than three years.
- When opting for the adoption of a remuneration scheme such as the one described, the methodology applicable for its determination must be measurable in an objective manner and therefore susceptible to be audited, and must be disclosed on the Company's website.

06

TALENT

[102-7,102-8]

LABOR INDICATORS

NUMBER OF EMPLOYEES

	2014			2015			2016			2017			2018		
	M	W	T	M	W	T	M	W	T	M	W	T	H	W	T
Grupo Argos	37	62	99	31	57	88	66	80	146	60	62	122	54	59	113
Cement	7,774	1,200	8,974	7,968	1,279	9,247	7,829	1,337	9,166	7,397	1,150	8,547	6,974	1,083	8,057
Energy	830	286	1,116	1,071	358	1,429	1,165	392	1,557	1,177	409	1,586	1,211	436	1,647
Concessions	NA	NA	NA	NA	NA	NA	87	185	272	2,224	720	2,944	1,181	797	1,978
Coal	60	19	79	56	13	69	46	10	56	36	11	47	34	11	45
Total	8,701	1,567	10,268	9,126	1,707	10,833	9,193	2,004	11,197	10,894	2,352	13,246	9,454	2,386	11,840

Note: Concessions information in 2018 only considers direct employees

NUMBER OF EMPLOYEES BY JOB CATEGORY

	2017						2018					
	Executive	Managerial	Directors	Specialists	Other Levels	Total	Executive	Managerial	Directors	Specialists	Other Levels	Total
Grupo Argos	6	18	25	49	24	122	6	13	23	54	17	113
Cement	10	118	302	2,125	5,992	8,547	10	118	292	2,046	5,591	8,057
Energy	10	24	37	763	752	1,586	9	46	65	908	619	1,647
Concessions	8	38	197	902	1,799	2,944	8	35	79	232	1,624	1,978
Coal	-	2	2	13	30	47	-	2	2	13	28	45
Total	34	200	563	3,852	8,597	13,246	33	214	461	3,253	7,879	11,840

PERCENTAGE OF EMPLOYEES BY JOB CATEGORY

	2017					2018				
	Executive	Managerial	Directors	Specialists	Other Levels	Executive	Managerial	Directors	Specialists	Other Levels
Grupo Argos	5%	15%	20%	40%	20%	5%	12%	20%	48%	15%
Cement	0%	1%	4%	25%	70%	0%	1%	4%	25%	69%
Energy	1%	2%	2%	48%	47%	1%	3%	4%	55%	38%
Concessions	0%	1%	7%	31%	61%	0%	2%	4%	12%	82%
Coal	0%	4%	4%	28%	64%	0%	4%	4%	29%	62%
Total	0%	2%	4%	29%	65%	0%	2%	4%	27%	67%

NUMBER OF EMPLOYEES BY AGE RANGE

	2017											
	Under 30		Between 30 - 40		Between 40 - 50		Between 50 - 60		Over 60		Total	
Grupo Argos	28	0	41	0	29	0	20	0	4	0	122	1
Cement	858	0	2,351	0	2,605	0	2,152	0	581	0	8,547	1
Energy	206	0	444	0	472	0	386	0	76	0	1,586	1
Concessions	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Coal	3	0	17	0	9	0	13	0	5	0	47	1

PERCENTAGE OF EMPLOYEES BY AGE RANGE

	2017											
	Under 30		Between 30 - 40		Between 40 - 50		Between 50 - 60		Over 60		Total	
Grupo Argos	25	22%	46	41%	22	19%	17	15%	3	3%	113	100%
Cement	730	9%	2.159	27%	2.456	30%	2.115	26%	597	7%	8.057	100%
Energy	245	15%	491	30%	483	29%	372	23%	56	3%	1.647	100%
Concessions	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Coal	3	7%	18	40%	10	22%	13	29%	1	2%	45	100%

NUMBER OF EMPLOYEES BY CONTRACT TYPE

	2017		2018	
	Undefined	Fixed	Undefined	Fixed
Grupo Argos	119	3	109	4
Cement	8,547	-	8,057	-
Energy	1,570	16	1,603	44
Concessions	1,167	171	1,873	95
Coal	46	1	43	2
Total	11,449	191	11,685	145

Note: Concessions information in both years corresponds only to direct employees

[102-7, 102-8]

NUMBER AND PERCENTAGE OF EMPLOYEES BY JOB LEVEL AND GENDER

2017	Grupo Argos			Cement			Energy			Concessions			Coal		
	M	W	T	M	W	T	M	W	T	M	W	T	M	W	T
Level 1: Executive	5	1	6	9	1	10	9	1	10	7	1	8	-	-	-
Level 2: Managerial	10	8	18	103	15	118	14	10	24	28	10	38	2	-	2
Level 3: Directors	10	19	29	217	86	302	26	11	37	112	85	197	-	2	2
Level 4: Specialists	22	38	60	1,469	656	2,125	519	244	763	696	143	839	7	6	13
Level 5: Other Levels	19	14	33	5,599	393	5,992	609	143	752	1,381	481	1,862	27	3	30
Total	66	80	146	7,397	1,151	8,547	1,177	409	1,586	2,224	720	2,944	36	11	47
Level 1: Executive	8%	1%	4%	0%	0%	0%	1%	0%	1%	0%	0%	0%	0%	0%	0%
Level 2: Managerial	15%	10%	12%	1%	1%	1%	1%	2%	2%	1%	1%	1%	6%	0%	4%
Level 3: Directors	15%	24%	20%	3%	7%	4%	2%	3%	2%	5%	12%	7%	0%	18%	4%
Level 4: Specialists	33%	48%	41%	20%	57%	25%	44%	60%	48%	31%	20%	28%	19%	55%	28%
Level 5: Other Levels	29%	18%	23%	76%	34%	70%	52%	35%	47%	62%	67%	63%	75%	27%	64%
Total	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

2018	Grupo Argos			Cement			Energy			Concessions			Coal		
	M	W	T	M	W	T	M	W	T	M	W	T	M	W	T
Level 1: Executive	5	1	6	9	1	10	8	1	9	8	-	8	-	-	-
Level 2: Managerial	7	6	13	103	15	118	32	14	46	26	9	35	2	-	2
Level 3: Directors	6	17	23	212	80	292	53	12	65	44	35	79	-	2	2
Level 4: Specialists	22	32	54	1,411	635	2,046	630	278	908	133	103	236	7	6	13
Level 5: Other Levels	14	3	17	5,239	352	5,591	488	131	619	970	650	1,620	25	3	28
Total	54	59	113	6,974	1,083	8,057	1,211	436	1,647	1,181	797	1,978	34	11	45
Level 1: Executive	9%	2%	5%	0%	0%	0%	1%	0%	1%	1%	0%	0%	0%	0%	0%
Level 2: Managerial	13%	10%	12%	1%	1%	1%	3%	3%	3%	2%	1%	2%	6%	0%	4%
Level 3: Directors	11%	29%	20%	3%	7%	4%	4%	3%	4%	4%	4%	4%	0%	18%	4%
Level 4: Specialists	41%	54%	48%	20%	59%	25%	52%	64%	55%	11%	13%	12%	21%	55%	29%
Level 5: Other Levels	26%	5%	15%	75%	33%	69%	40%	30%	38%	82%	82%	82%	74%	27%	62%
Total	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

Note: Concessions information in 2018 only considers direct employees

[401-1]

TURNOVER AND RECRUITMENT

TURNOVER RATE

	2017					2018				
	Grupo Argos	Cement	Energy	Concessions	Coal	Grupo Argos	Cement	Energy	Concessions	Coal
Turnover rate	3.28%	22.11%	8.51%	21.67%	25.53%	7.96%	19.25%	6.13%	19.0%	11.11%
Voluntary turnover rate	3.28%	3.57%	3.97%	9.17%	12.77%	7.96%	8.86%	5.53%	6.0%	6.67%
Employees withdrawn by mutual agreement	2	444	25	11	0	3	ND	19	68	1
Employees withdrawn by pension or expiration of contract	0	ND	16	1	5	0	ND	33	47	2
Employees withdrawn by voluntary resignation	2	858	63	11	1	6	714	44	119	0
Employees dismissed	0	ND	7	3	6	0	ND	3	123	2

TURNOVER RATE BY AGE AND GENDER

	2017					2018				
	Grupo Argos	Cement	Energy	Concessions	Coal	Grupo Argos	Cement	Energy	Concessions	Coal
AGE RANGE										
Under 30	25%		1.58%	19%	8.0%	54.55%		0.67%	51%	33%
Between 30-40	50%		3.09%	31%	33.0%	45.45%		1.28%	32%	33%
Between 40-50	25%	NA	1.88%	31%	17.0%	0%	NA	0.79%	12%	33%
Between 50-60	0%		1.13%	12%	25.0%	0%		1.21%	3%	0%
Over 60	0%		0.82%	8%	25.0%	0%		2.19%	0%	0%
GENDER										
Female	100%	NA	2.33%	46%	0.0%	72.73%	2.22%	1.76%	44%	0%
Male	0%		6.18%	54%	100.0%	27.27%	17.03%	4.37%	56%	100%

[401-2]

FRINGE BENEFITS FOR FULL-TIME EMPLOYEES

FRINGE BENEFITS ADDITIONAL TO THE LEGAL ONES, FOR FULL-TIME EMPLOYEES

	2018									
	Grupo Argos		Cement		Energy		Concessions		Coal	
	YES	NO	YES	NO	YES	NO	YES	NO	YES	NO
Life insurance	X		X		X		X		X	
Medical insurance	X		X		X			X	X	
Accident insurance	X		X		X			X	X	
Health assistance	X		X		X			X		X
Marriage assistance		X	X		X			X		X
Food assistance	X		X		X			X	X	
Vacation premium	X		X		X			X	X	
Flexible working hours	X		X		X			X	X	
Educational sponsorship	X		X		X		X			X
Shares		X	X					X		X
Others	X		X		X			X	X	

Note: In Concessions, the benefits that are common to all concessions are equated.
Some may have specific benefits for their collaborators.

[102-41]

EMPLOYEES COVERED BY COLLECTIVE AGREEMENTS

	2017					2018				
	Grupo Argos	Cement	Energy	Concessions	Coal	Grupo Argos	Cement	Energy	Concessions	Coal
Total number of employees in the organization	122	9.166	1.557	2.944	56	113	8.057	1.647	1.978	45
Total number of employees covered by collective agreements	-	2.350	1.040	272	-	-	2.264	1.040	60	-
Percentage of employees covered by collective agreements	0%	26%	67%	9%	0%	0%	28%	63%	3%	0%

Note: the Concessions figure in 2018 corresponds only to direct employees.

[401-3]

MATERNITY OR PATERNITY LEAVE

2018	Employees who had the right to a maternity or paternity leave		Employees who benefitted from maternity or paternity leave		Employees who rejoined work after finalizing their maternity or paternity leave		Employees who continue in the organization after 12 months of finalizing their maternity or paternity leave	
	M	W	M	W	M	W	M	W
Grupo Argos	1	4	1	4	1	4		1
Cement						ND		
Energy						ND		
Concessions						ND		
Coal		1		1		1	1	1
Total	1	5	1	5	1	5	1	2

[404-1, 404-2]

AVERAGE OF TRAINING HOURS

NUMBER AND AVERAGE OF TRAINING HOURS PER LEVEL

2017	Grupo Argos	Cement	Energy	Concessions	Coal
NUMBER OF TRAINING HOURS					
Level 1	113	84	350	328	-
Level 2	607	4,713	1,696	1,454	243
Level 3	1,664	16,302	2,975	2,832	183
Level 4	2,799	102,419	49,593	1,362	602
Level 5	601	231,318	29,729	1	735
AVERAGE OF TRAINING HOURS					
Level 1	19	8	35	55	-
Level 2	34	40	71	80	121
Level 3	67	54	80	98	92
Level 4	57	48	65	47	46
Level 5	25	39	39	1	24

2018	Grupo Argos	Cement	Energy	Concessions	Coal
NUMBER OF TRAINING HOURS					
Level 1	10	79	207	228	-
Level 2	935	3,743	1,636	2,835	57
Level 3	1,966	10,783	2,374	6,293	35
Level 4	1,747	77,461	31,645	10,079	1,482
Level 5	30	257,053	20,062	62,236	44
AVERAGE OF TRAINING HOURS					
Level 1	2	8	23	28	-
Level 2	72	32	36	81	29
Level 3	85	37	37	80	17
Level 4	32	38	35	43	114
Level 5	2	46	32	38	2

PERCENTAGE OF EMPLOYEES WITH PERFORMANCE ASSESSMENT

2017	Grupo Argos	Cement	Energy	Concessions	Coal
	Number of training hours per gender (female)	3,701	55,977	21,252	3,701
Number of training hours per gender (male)	2,083	298,857	63,091	2,083	1,283
Average of training hours per gender (female)	60	49	52	62	44
Average of training hours per gender (male)	35	40	54	57	3

2018	Grupo Argos	Cement	Energy	Concessions	Coal
	Number of training hours per gender (female)	3,067	37,102	12,996	22,688
Number of training hours per gender (male)	1,621	275,682	43,156	63,438	1,620
Average of training hours per gender (female)	6	34	30	27	6
Average of training hours per gender (male)	46	40	35,64	46	46

Note: in Concessions, the basis for the calculation in 2018 are the direct collaborators of Odinsa corporate level and adding the employees of the concessions.

[404-3]

EMPLOYEE PERFORMANCE

PERCENTAGE OF EMPLOYEES WITH PERFORMANCE ASSESSMENT

2017	Executive			Managerial			Directors			Specialists			Other Levels		
	M	W	T	M	W	T	M	W	T	M	W	T	M	W	T
Grupo Argos	100%	100%	100%	100%	100%	100%	66,7%	100%	88%	89,5%	93,3%	91,8%	100,0%	100,0%	100%
Cement	NA	NA	100%	NA	NA	100	NA	NA	98%	NA	NA	98%	NA	NA	94%
Energy	NA	NA	89%	NA	NA	100	NA	NA	97%	NA	NA	99%	NA	NA	95%
Concessions	NA	NA	100%	NA	NA	100%	NA	NA	100%	NA	NA	100%	NA	NA	100%
Coal	NA	NA	NA	100%	NA	100%	NA	100%	100%	100%	100%	100%	96%	100%	97%

Note: in Concessions, the basis for the calculation in 2017 are the direct collaborators of Odinsa corporate level.

2017	Executive			Managerial			Directors			Specialists			Other Levels		
	M	W	T	M	W	T	M	W	T	M	W	T	M	W	T
Grupo Argos	100%	100%	100%	100%	100%	100%	66,7%	100%	88%	89,5%	93,3%	91,8%	100,0%	100,0%	100%
Cement	NA	NA	100%	NA	NA	100%	NA	NA	98%	NA	NA	100%	NA	NA	94%
Energy	NA	NA	100%	NA	NA	100%	NA	NA	98%	NA	NA	94%	NA	NA	85%
Concessions	NA	NA	100%	NA	NA	89%	NA	NA	85%	NA	NA	52%	NA	NA	39%
Coal	NA	NA	NA	100%	NA	100%	NA	100%	100%	100%	100%	100%	96%	100%	97%

Note: in Concessions, the basis for the calculation in 2018 are the direct collaborators of Odinsa corporate level and adding the employees of the concessions.

[403-2]

INJURIES, OCCUPATIONAL DISEASES, DAYS LOST, ABSENTEEISM AND NUMBER OF FATALITIES

2017	Unit	Grupo Argos		Cement	Energy		Concessions		Coal	
		M	W	Total	M	W	M	W	M	W
EMPLOYEES										
Total cases of occupational accidents and diseases	Number	-	1	36	18	-	70	34	-	-
Days of absence due to occupational accidents and diseases	Days	-	3	680	8	58	652	106	-	-
Number of leaves due to common illness	Cases	13	37	3,342	668	373	561	662	47	2
Days of leave due to common illness	Days	57	143	24,317	3,733	1,749	4,068	4,524	265	103
Total of hours worked	Hours	152,770	219,728	23,806,354	3,202,026	1,031,342	2,292,336	1,636,380	100,860	32,488
Total of days worked	Days	19,096	27,466	ND	376,709	121,335	229,321	77,872	12,608	4,061
Fatalities	Number	-	-	-	-	-	-	-	-	-
CONTRACTORS										
Total cases of occupational accidents and diseases	Number	14	-	13	149	1	329	151	17	-
Days of absence due to occupational accidents and diseases	Days	100	-	152	6,901	100	7,451	64	124	-
Number of leaves due to common illness	Cases	36	6	ND	835	100	999	334	246	10
Days of leave due to common illness	Days	201	85	ND	5,053	552	3,555	1,157	1,937	33
Total of hours worked	Hours	681,502	60,221	18,295,795	4,174,390	325,405	2,404,579	686,457	628,709	34,874
Total of days worked	Days	2,533	1,936	ND	491,105	38,283	48,468	22,554	78,589	4,359
Fatalities	Number	-	-	1	1	-	2	-	-	-

2018	Unit	Grupo Argos		Cement	Energy		Concessions		Coal	
		M	W	Total	M	W	M	W	M	W
EMPLOYEES										
Total cases of occupational accidents and diseases	Number	-	1	34	30	2	66	44	1	-
Days of absence due to occupational accidents and diseases	Days	-	3	829	135	6	496	372	3	-
Number of leaves due to common illness	Cases	18	26	3,138	739	319	615	630	45	3
Days of leave due to common illness	Days	55	101	17,906	5,055	1,623	2,637	2,919	429	23
Total of hours worked	Hours	145,152	161,608	22,390,402	3,426,527	1,143,272	2,516,973	1,761,310	96,735	32,621
Total of days worked	Days	18,144	20,201	-	403,121	134,503	212,633	172,596	10,556	3,848
Fatalities	Number	-	-	-	-	-	-	-	-	-
CONTRACTORS										
Total cases of occupational accidents and diseases	Number	10	-	12	188	6	197	23	8	-
Days of absence due to occupational accidents and diseases	Days	76	-	330	7,349	25	1,947	194	124	-
Number of leaves due to common illness	Cases	52	22	ND	966	131	542	314	204	5
Days of leave due to common illness	Days	152	201	ND	5,369	506	1,410	1,273	1,595	10
Total of hours worked	Hours	755,641	91,352	19,417,783	7,723,349	797,929	5,365,930	1,917,581	625,792	43,041
Total of days worked	Days	94,455	11,419	-	908,629	93,874	164,326	88,964	2,550	587
Fatalities	Number	-	-	-	1	-	2	-	-	-

[405-2]

RATIO BETWEEN THE SALARY OF WOMEN AND MEN

RATIO BETWEEN BASIC SALARY OF WOMEN AND MEN BY EMPLOYEE CATEGORY

2017	Grupo Argos	Cement	Energy	Concessions	Coal
Level 1: Executive	NA	NA	1	NA	NA
Level 2: Managerial	0.89	0.86	1.09	0.91	0.00
Level 3: Directors	0.92	0.90	1.09	1.05	0.00
Level 4: Specialists	1.05	0.96	1.13	1.12	1.15
Level 5: Other Levels	0.68	1.02	1.10	0.47	0.97

2018	Grupo Argos	Cement	Energy	Concessions	Coal
Level 1: Executive	NA	NA	1,14	NA	NA
Level 2: Managerial	1.05	0.73	1,07	0.91	0.00
Level 3: Directors	0.95	0.86	0,97	1.05	0.00
Level 4: Specialists	1.04	0.97	1,04	1.12	1.14
Level 5: Other Levels	0.94	1.00	1,15	0.47	0.97

07

ETHICS, CONDUCT AND
TRANSPARENCY

CORRUPTION

[205-1] Number and percentage of centers in which the risks related to corruption and significant risks detected have been assessed

[205-2] Communication and training on anti-corruption policies and procedures

[205-3] Confirmed incidents of corruption and actions taken

[205-1]

TOTAL NUMBER AND PERCENTAGE OF OPERATIONS (CENTERS) ASSESSED IN RELATION TO CORRUPTION RISKS

	Total Operations	Operations Assessed	% Operations Assessed
Grupo Argos	5	5	100%
Cement	13	5	38%
Celsia	31	25	81%
Odinsa Corporativo	1	1	100%
Odinsa Concesiones	8	3	38%

SIGNIFICANT RISKS RELATED TO CORRUPTION IDENTIFIED THROUGH RISK ASSESSMENTS

GRUPO ARGOS

R1	Misappropriation of assets / Theft, Improper use of cash or other assets (Inventories, fixed assets, petty cash, etc.) / Fraudulent transfers
R2	Misappropriation of assets / Tampering or misuse of travel and representation expenses and credit cards
R3	Misappropriation of assets / Payments for products or services not received
R4	Undue tampering of payroll information, variable remuneration and/or indicators, preparation of budgets with activities not required
R6	Undue tampering of information in documents - Financial Reports
R7	Undue tampering of information in documents - Non-financial Reports
R8	Misappropriation of assets / Inappropriate use of employee benefits for private profit
R9	Creation of non-existent or non-compliant third parties
R10	Non-compliance with procedures for fraudulent purposes (splitting of contracts, undue changes to conditions of third-party payments, extra-contractual agreements, false audit reports)
R11	Alteration or concealment of information to government entities and different control entities (internal and external), alteration of invoices or submission of false invoices
R12	Inside information abuse / Violation of Chinese walls
R13	Corruption / Bribery - Transnational bribery - Bribery - FCPA violation
R14	Corruption / Giving or receiving illegal payments or benefits
R15	Corruption / Tampering of purchases / Bids
R16	Unreported conflicts of interest / Hiring of third parties that do not have adequate qualifications due to family ties, friendship ties or in exchange for favors or illegal benefits
R17	Corruption / Undue financing of political campaigns or irregular contributions to democracy
R18	Corruption - MLTF / Direct or indirect relation with acts of corruption, bribery or other illegal activities
R19	MLTF / Hiding source of illegal resources
R20	MLTF / Payments to natural persons or legal entities to finance terrorism
R21	MLTF / Investments in real estate linked to asset forfeiture processes or MLTF
R22	Corruption - MLTF / Breach of regulations related to compliance risks

CEMENTOS ARGOS - CEMENT

Irregularities in purchasing or supplier contracting processes

Request or receipt of gifts to obtain undue benefits

Appropriation of company assets

CELSIA - ENERGY

Conflicts of interest

Misappropriation of assets

Unauthorized modifications to information

Fraud

ODINSA - CONCESSIONS

R1 Misappropriation of assets (Odinsa Corporativo)

R2 Undue tampering of information (Odinsa Corporativo)

R3 Corruption (Odinsa Corporativo)

R4 Inadequate handling or disclosure of conflicts of interest (Odinsa Corporativo)

R5 MLTF (Odinsa Corporativo)

R6 Collusion or anti-competitive practices (Odinsa Corporativo)

Direct contract awards have been made in the short term due to urgencies or emergencies at the airport (Quiport Concession)

Lack of policies and procedures to prevent and detect conducts related to fraud, bribery and corruption (Opain Concession)

Linking employees, suppliers, customers or other third parties that may be related with criminal activities related to fraud, bribery or corruption (Opain Concession)

Complaints from suppliers in hiring processes (Autopistas del Café Concession)

[205-2]

INFORMED AND TRAINED MEMBERS OF THE GOVERNING BODY

	Grupo Argos		Cement		Energy		Concessions	
	No.	%	No.	%	No.	%	No.	%
Total number of people that make up the Boards of Directors	7		7		7		7	
Total number and percentage of members of the highest governance body who have been informed about the policies and procedures of the organization	7	100%	7	100%	5	71%	7	100%
Total number of members of the highest governance body who have received training on the fight against corruption	7	100%	7	100%	5	71%	0	0%

**EMPLOYEES WHO HAVE BEEN INFORMED AND TRAINED
ON THE POLICIES AND PROCEDURES OF THE ORGANIZATION
TO FIGHT AGAINST CORRUPTION**

	Grupo Argos			Cement			Energy			Concessions		
	Employees	Informed and Trained	% Employees Informed and Trained	Employees	Informed and Trained	% Employees Informed and Trained	Employees	Informed and Trained	% Employees Informed and Trained	Employees	Informed and Trained	% Employees Informed and Trained
Executive	6	6	100%							6	6	100%
Managerial	13	13	100%							21	21	100%
Directors	24	24	100%							23	23	100%
Specialists	55	55	100%							34	34	100%
Other Levels	17	17	100%							11	11	100%
Total	115	115	100%	8.057	5.631	70%	1.647	1.647	100%	95	95	100%

[205-3]

**TOTAL NUMBER OF CORRUPTION INCIDENTS CONFIRMED AND MEASURES
TAKEN WITH EMPLOYEES**

	No. of Incidents	No. of Employees Dismissed	No. of Employees Sanctioned
Grupo Argos	0	0	0
Cement	4	4	0
Energy	0	0	0
Concessions	0	0	0

[205-3]

**LEGAL PUBLIC CASES RELATED TO CORRUPTION THAT WERE FILED
AGAINST THE COMPANY OR ANY OF ITS EMPLOYEES DURING THE REPORTING
PERIOD AND THE RESULTS OF SUCH CASES.**

Grupo Argos	0
Cement	0
Energy	0
Concessions	0

COMPLIANCE

[307-1] Non-compliance of environmental laws and regulations

[419-1] Non-compliance of social and economic laws and regulations

[307-1]

TOTAL NUMBER OF NON-MONETARY ENVIRONMENTAL SANCTIONS

Unit	2018	Comments
Number	0	

MONETARY VALUE OF SIGNIFICANT FINES

Unit	2018	Comments
Number	0	

IF THE ORGANIZATION HAS NOT IDENTIFIED ANY BREACH OF THE LEGISLATION OR REGULATION, A BRIEF STATEMENT OF THIS EVENT IS SUFFICIENT

No breaches of environmental regulations occurred during the reporting period.

[419-1]

TOTAL NUMBER OF NON-MONETARY SOCIAL OR ECONOMIC SANCTIONS

Unit	2018	Comments
Number	0	

MONETARY VALUE OF SIGNIFICANT FINES

Unit	2018	Comments
Number	0	

IF THE ORGANIZATION HAS NOT IDENTIFIED ANY BREACH OF THE LEGISLATION OR REGULATION, A BRIEF STATEMENT OF THIS EVENT IS SUFFICIENT

No breaches of social and economic regulations occurred during the reporting period.

COMPLIANCE SYSTEM

Explanation of the Compliance System

Ethics and Transparency are pillars of the business activity and are fundamental for the creation of sustainable value in the long term.

Our Code of Business Conduct establishes a framework for action and conduct that fosters an organizational culture based on a guiding principle: integrity.

The active management of a Compliance System allows our decisions to be always aligned with good actions and our values.

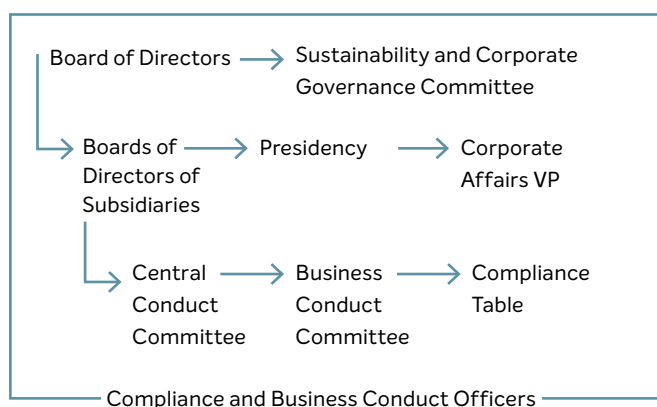
A challenging and changing regulatory environment requires us to remain at the forefront of best practices, reason why we are constantly reviewing our policies in such a way that we can prevent and anticipate events that could put our reputation or the continuity of the business at risk.

The prevention of money laundering and terrorism financing, fraud, bribery and corruption and the respect for competition regulations are part of the risks that we manage from the Compliance System.

Main activities during the period

During 2018, we carried out the following activities as part of the strengthening of the Ethics and Transparency culture.

We designated the people responsible for the Compliance area in each subsidiary, defining an articulated working model with unified criteria throughout the entire Business Group, and having a clear governance of the System with assignments of roles and people in charge:



We formulated and updated the policies on respect for free competition and had different trainings for collaborators.

	Grupo Argos
Statements of Conflicts of Interest	100%
"Comprometidos" Course	100%
Declarations of Assets and Income	100%

The Annual Course of Conduct, as well as the Statement of Potential Sources of Conflicts of Interest, was completed by 100% of Grupo Argos collaborators.

We updated the Policy of Engagement with Third Parties, establishing general control parameters applicable to the entire Business Group.

We had workshops about Ethics and Culture of legality with emphasis on issues such as fraud, bribery, corruption, money laundering and terrorism financing, ethical dilemmas, and regulatory compliance.

A total of 24 cases from the Transparency Hotline were received in the entire Business Group, with a closure of 21, and with 3 open cases as of December 31, 2018.

LÍNEA DE TRANSPARENCIA

	Grupo Argos
Communities	1
Fraud	14
Work Relationships	6
Conflicts of Interest	1
Anomalous Conducts	2
Corruption	-
Competition	-
Relations with Contractors	-
Total	24
Open Cases	3
% of Open Cases	13%

Challenges for the current period

By 2019, our main challenge is to continue deploying effective actions that confirm our commitment to transparency, continue the dissemination of a clear message about an organizational culture based on integrity, and advance in the implementation of effective controls that allow a monitoring of the main operations and transactions that we carry out.

08

PROMISE OF VALUE
TO SOCIETY

TAXES PAID BY THE HOLDING COMPANY AND ITS SUBSIDIARY PER COUNTRY

Grupo Argos	Revenues		Operational Profit		Income Tax and Occasional Gain		Industry and Commerce	
	COP	USD	COP	USD	COP	USD	COP	USD
Holding	14,314,013,000,000	4,841,654,631	2,619,049,000,000	885,882,297	44,019,053,000	14,889,259	2,079,003,600	703,214
Colombia	14,314,013,000,000	4,841,654,631	2,619,049,000,000	885,882,297	44,019,053,000	14,889,259	2,079,003,600	703,214
Cement	9,625,913,749,044	3,255,924,797	840,921,352,002	284,438,107	154,766,264,932	52,349,037	29,830,643,736	10,090,090
Colombia	2,979,279,173,311	1,007,728,637	81,527,113,323	27,576,203	65,528,893,367	22,164,872	27,570,535,269	9,325,617
USA	4,501,290,528,858	1,522,542,570	322,446,811,659	109,066,276	2,197,090,390	743,157	-	-
Honduras	486,804,972,679	164,659,732	183,407,808,121	62,036,919	33,509,503,469	11,334,448	1,550,721,267	524,525
Panama	622,940,386,118	210,706,963	212,042,422,514	71,722,457	44,583,994,683	15,080,348	709,387,200	239,947
Surinam	26,822,609,861	9,072,635	-4,137,453,552	-1,399,476	-	-	-	-
Curacao	-	-	-	-	-	-	-	-
Haiti	177,115,712,842	59,908,644	2,386,455,919	807,209	-	-	-	-
Puerto Rico	174,068,151,283	58,877,819	14,649,670,343	4,955,189	36,486,148	12,341	-	-
Dominican Republic	160,279,573,930	54,213,891	25,575,431,125	8,650,782	7,363,625,827	2,490,715	-	-
Saint Martin	25,575,309,127	8,650,741	3,060,151,548	1,035,083	-	-	-	-
Antigua and Barbuda	23,540,611,370	7,962,513	981,224,813	331,895	549,881,302	185,995	-	-
Saint Thomas	7,170,311,427	2,425,328	-908,782,109	-307,392	-	-	-	-
Guyana	62,353,348,974	21,090,758	-3,044,381,590	-1,029,749	162,095,209	54,828	-	-
Virgin Islands	378,673,059,264	128,084,568	2,934,879,888	992,711	834,694,537	282,332	-	-
Energy	3,424,429,830,126	1,158,298,972	1,010,839,322,195	341,912,145	183,367,492,402	62,023,282	12,715,905,055	4,301,101
Colombia	2,763,011,846,991.0	934,577,124	823,606,613,753.0	278,581,469	183,123,197,288	61,940,650	12,537,625,090	4,240,799
Panama	611,411,989,041.2	206,807,531	165,876,216,659	56,106,932	244,295,114	82,632	178,279,965	60,302
Costa Rica	50,005,994,093.8	16,914,317	21,356,491,783	7,223,743	-	-	-	-
Concessions	2,707,370,802,788	915,756,775	425,844,427,673	144,040,085	8,773,409,183	2,967,569	13,483,875,494	4,560,864
Colombia	1,906,529,179,800	644,875,468	192,328,199,600	65,054,204	114,780,000	38,824	13,483,875,494	4,560,864
Aruba	22,716,509,000	7,683,764	-4,729,821,400	-1,599,842	5,131,059,486	1,735,559	-	-
Dominican Republic	270,471,788,400	91,485,944	69,637,594,500	23,554,623	3,527,569,697	1,193,186	-	-
Ecuador	507,653,325,588	171,711,600	168,608,454,973	57,031,100	-	-	-	-
Coal	106,689,562,000	36,087,295	85,278,463,000	28,845,081	363,621,000	122,993	56,378,882	19,070
Colombia	106,689,562,000	36,087,295	85,278,463,000	28,845,081	363,621,000	122,993	56,378,882	19,070
TOTAL	30,178,416,943,958	10,207,722,471	4,981,932,564,870	1,685,117,715	391,289,840,518	132,352,141	58,165,806,767	19,674,339

Grupo Argos	Property Tax		Sales Tax		Other		TOTAL	
	COP	USD	COP	USD	COP	USD	COP	USD
Holding	21,542,988,714	7,286,825	6,016,895,961	2,035,190	1,527,440,271	516,650	75,185,381,546	25,431,139
Colombia	21,542,988,714	7,286,825	6,016,895,961	2,035,190	1,527,440,271	516,650	75,185,381,546	25,431,139
Cement	76,090,826,300	25,737,402	360,813,461,819	122,043,634	30,326,876,652	10,257,938	651,828,073,439	220,478,101
Colombia	7,265,280,293	2,457,450	240,107,122,000	81,215,223	-	-	340,471,830,929	115,163,163
USA	63,144,478,885	21,358,354	1,312,245,133	443,861	6,017,968	2,036	66,659,832,375	22,547,408
Honduras	226,465,028	76,601	39,286,472,895	13,288,484	1,485,044,484	502,310	76,058,207,143	25,726,368
Panama	459,156,629	155,308	13,806,981,455	4,670,153	460,927,289	155,907	60,020,447,256	20,301,664
Surinam	-	-	14,836,283,779	5,018,311	6,781,256,825	2,293,732	21,617,540,604	7,312,042
Curacao	-	-	-	-	-	-	-	-
Haiti	103,467,857	34,998	6,256,393,074	2,116,199	4,499,700,703	1,522,005	10,859,561,634	3,673,201
Puerto Rico	4,534,580,329	1,533,803	7,640,386,855	2,584,329	3,564,782,131	1,205,773	15,776,235,463	5,336,245
Dominican Republic	-	-	27,789,124,938	9,399,555	-	-	35,152,750,765	11,890,270
Saint Martin	-	-	898,143,311	303,793	1,922,347,683	650,226	2,820,490,994	954,019
Antigua and Barbuda	-	-	6,075,422,192	2,054,986	63,871,877	21,604	6,689,175,371	2,262,585
Saint Thomas	-	-	368,248,807	124,559	388,543,193	131,423	756,792,000	255,982
Guyana	357,397,278	120,888	794,639,520	268,783	-	-	1,314,132,007	444,500
Virgin Islands	-	-	1,641,997,861	555,399	11,154,384,500	3,772,924	13,631,076,898	4,610,654
Energy	2,543,662,668	860,383	-	-	77,142,504,691	26,093,127	275,769,564,816	93,277,894
Colombia	2,223,135,898	751,966	-	-	72,620,484,409	24,563,573	270,504,442,685	91,496,989
Panama	295,555,749	99,970	-	-	4,522,020,282	1,529,554	5,240,151,110	1,772,459
Costa Rica	24,971,021	8,446	-	-	-	-	24,971,021	8,446
Concessions	13,333,000	4,510	1,275,803,697	431,535	19,022,971,264	6,434,440	42,569,392,638	14,398,918
Colombia	13,333,000	4,510	994,578,000	336,412	1,494,175,597	505,399	16,100,742,091	5,446,008
Aruba	-	-	281,225,697	95,123	735,957,007	248,934	6,148,242,190	2,079,617
Dominican Republic	-	-	-	-	14,153,626,906	4,787,405	17,681,196,603	5,980,590
Ecuador	-	-	-	-	2,639,211,753	892,702	2,639,211,753	892,702
Coal	74,713	25	11,312,389	3,826	789,361,351	266,998	1,220,748,335	412,913
Colombia	74,713	25	11,312,389	3,826	789,361,351	266,998	1,220,748,335	412,913
TOTAL	100,190,885,395	33,889,145	368,117,473,866	124,514,186	128,809,154,228	43,569,154	1,046,573,160,774	353,998,965

09

INSTITUTIONAL
STRENGTHENING

[415-1]

PAYMENTS MADE TO TRADE ASSOCIATIONS, GUILDS AND POLITICAL CONTRIBUTIONS

Thousand COP

	2014	2015	2016	2017	2018
Political contributions	260,000	560,000	NA	180,000	650,000
Payment to guilds and associations	156,953	488,918	479,585	939,664	979,867
Total political contributions, guilds and associations	416,953	1,048,918	479,585	1,119,664	1,629,867
Coverage (as % of revenues)	100%	100%	100%	100%	100%

Note: No political contributions were made in 2016 since it was not an election year

[415-1]

PAYMENTS MADE TO TRADE ASSOCIATIONS, GUILDS AND ASSOCIATIONS AND POLITICAL CONTRIBUTIONS

Thousand COP

	Organization Type	Organization Description	Total Amount Paid in 2017	Total Amount Paid in 2018
World Business Council for Sustainable Development	Nonprofit organization	WBCSD is a global organization that helps member companies become more successful and sustainable by focusing on maximum positive impact for shareholders, the environment and societies.	243,045	255,568
Fundación para el Progreso de Antioquia - ProAntioquia		Proantioquia is a private foundation of the business sector, which promotes and leads strategic initiatives for sustainable development with equity, through agreements that mobilize public, social, business and academic capacities, in favor of social transformation with equity, sustainable territorial development, institutional strengthening and good governance.	58,750	229,700
National Business Association of Colombia - ANDI	Nonprofit association	The National Business Association of Colombia(ANDI), is a nonprofit association, which aims to disseminate and promote the political, economic and social principles of a healthy free enterprise system. It was founded on September 11, 1944 in Medellín and, since then, it is the most important business guild in Colombia.	102,557	109,231
Private Competitiveness Council	Nonprofit organization	The Private Competitiveness Council (CPC) is a nonprofit organization whose purpose is to contribute directly to the articulation of strategies that allow achieving significant improvements in the competitiveness level of Colombia. The Private Competitiveness Council serves as an articulating actor and intermediary between the public sector, the private sector, the academy and other organizations interested in the promotion of competitiveness and related public policies.	143,680	99,200
Group of Fifty	Nonprofit organization	The Group of Fifty (G50) membership is comprised of a select group of business leaders who run some of the most successful and dynamic companies in the Americas.	59,460	72,346
TOTAL			607,491	766,044

CORPORATE CITIZENSHIP

Category	Percentage
Charitable Donations	14%
Community Investments	63%
Commercial Initiatives	23%
Total	100%

In 2018, Grupo Argos invested over \$9,000 million COP, especially in community programs through Grupo Argos foundation that focuses in the protection of natural capital. These investments have been more strategic for the company than the commercial initiatives because the community programs improve the relation with the stakeholders in critical operation areas and increase the acceptance of the community and the reputation of the Organization.

Type of contribution	Total amount (COP\$)
Cash contribution	\$7,877,000,000
Time: employee volunteering during paid working hours	414 hours
In-kind giving: product or services donations, projects/partnerships or similar	\$212,127, 614
Management overheads	\$3,336,000,000