

ANNUAL COMPLIANCE REPORT ON CORPORATE GOVERNANCE PRACTICES 2015

ARGOS





CEMENTOS ARGOS S.A.

ANNUAL COMPLIANCE REPORT ON CORPORATE GOVERNANCE PRACTICES

2015

Corporate governance, understood as the series of rules and policies regulating the structure of the governing bodies of Argos and the principles of action of its managers, constitutes a true commitment to maintaining relationships with our stakeholders, under the highest standards of transparency, respect and equal treatment of shareholders, employees, contractors and suppliers, communities and society in general.

Integrity, as an inspiring principle, is reflected in all actions of our daily activities. The Good Governance Code contains the regulations of the General Meeting of Shareholders and the Board of Directors, and adopts general measures with regard to governance and society, management practices, conduct of our employees, and truthful, fluent management of information. Shareholders have the right to inspect and interact with the Company, beyond the minimum requirements established by the Colombian law.

The Code contains stricter obligations than the minimum legal requirements in Colombia, heeding the advice of the Código País, the New York Stock Exchange (NYSE), the Companies Circle, and the Dow Jones Sustainability Index, among others, thus ensuring constant implementation of local and international best practices on the subject.



I.

CAPITAL STRUCTURE
AS AT DECEMBER 31, 2015

a) Capital and structure of the Company's property:

OUTSTANDING COMMON SHARES	1,151,672,310
REPURCHASED SHARES	63,575,575
SHARES WITH PREFERENTIAL DIVIDEND AND NO VOTING RIGHT	209,197,850
TOTAL	1,424,445,735

b) Identity of shareholders having direct or indirect significant interest as at December 31, 2015:

- Common Shares:

ID	Type	Name of Shareholder	Shares	Share %
8909002663	NIT	GRUPO ARGOS S.A.	637,323,670	55.34%
9008448224	NIT	HARBOR INTERNATIONAL FUND	62,617,411	5.44%
8903014430	NIT	AMALFI S.A.	62,593,875	5.44%
8002248088	NIT	FONDO DE PENSIONES OBLIGATORIAS PORVENIR MODERADO	62,168,901	5.40%
8002297390	NIT	FDO DE PENSIONES OBLIGATORIAS PROTECCION MODERADO	47,754,352	4.15%
8002279406	NIT	FONDO DE PENSIONES OBLIGATORIAS COLFONDOS MODERADO	23,990,514	2.08%
TOTAL	896,448,723		896.448.723	77,84%

- Shares with preferential dividend and no voting right:

Identification	Type	Name of Shareholder	Shares	Share %
8002248088	NIT	FONDO DE PENSIONES OBLIGATORIAS PORVENIR MODERADO	39,464,777	18.86%
8002297390	NIT	FDO DE PENSIONES OBLIGATORIAS PROTECCION MODERADO	33,039,277	15.79%
8001982815	NIT	FONDO DE PENSIONES PROTECCION	7,043,293	3.37%
9004318031	NIT	NORGES BANK-CB NEW YORK	6,944,731	3.32%
8002279406	NIT	FONDO DE PENSIONES OBLIGATORIAS COLFONDOS MODERADO	6,692,613	3.20%
TOTAL SHARES			93,184,691	44.54%

b) Information of shares directly (in a personal capacity) or indirectly (through companies or otherwise) owned by members of the Board of Directors and the voting rights they represent:

Identification	Type	Name of Shareholder	Shares	Type
14991634	CC	TEICHER GRAUMAN LEON ELIAS	1,150	COMMON

NOTE: These shares were acquired from October 2007.

c) Family, business, contractual or corporate relationships between significant shareholders and the company, or among significant shareholders.

Cementos Argos S.A. has no business or contractual relationships with significant shareholders. Relationships with its related parties are always built under the arm's length principle and in compliance with internal / external regulations governing the matter.

d) Negotiations conducted by members of the Board of Directors, the Senior Management and other Managers with shares and other securities issued by the company.

In 2015, there were no negotiations by members of the Board of Directors with shares and/or securities issued by the Company. Until the amendment to the Good Governance Code approved by the Board of Directors on December 29, 2016, the senior management was forbidden to acquire and/or deal in the securities issued by the Company. From such amendment, the senior management may purchase or sale shares in the company, insofar as they meet the special conditions set forth in the new Good Governance Code.

e) Summary of known agreements among shareholders.

The secretary's office of Cementos Argos S.A. has not received to date any agreements among shareholders.

f) Own shares hold by the company.

During 2015, there was no issue or repurchase of shares by the company. However, as noted above, the company has 63,575,575 repurchased shares.





II.

STRUCTURE OF THE COMPANY'S MANAGEMENT

a) Structure of the Board of Directors and identification of origin of each of the members and the Committees set up within it. Date of first and subsequent appointments.

The Board of Directors of Cementos Argos is composed of seven members, all of them principals, five of which meet the independence criteria established in both the Colombian law and the Good Governance Code. None of the members of the Board of Directors is an employee of the Company.



JOSE ALBERTO VÉLEZ CADAVID

Grupo Argos S. A.
President
Not independent

Board Committee to which he belongs
Appointment and Retribution
Number of other Boards of Directors to which he belongs
4
Name of the companies where he participates as a member of the Board of Directors
Cementos Argos S. A.
Grupo Suramericana S. A.
Bancolombia S.A.
Situm S. A.
Celsia S.A.
Number of Board meetings attended vs. number of Board meetings held
14/15



CLAUDIA BEATRIZ BETANCOURT AZCARATE

Amalfi S. A.
CEO
Independent

Board Committee to which she belongs
Audit, Risk and Finance
Number of other Boards of Directors to which she belongs
3
Name of the companies where she participates as a member of the Board of Directors
Cementos Argos S. A. Gases de Occidente Proenergía Promigas S. A.
Number of Board meetings attended vs. number of Board meetings held
15/15



ESTEBAN PIEDRAHITA URIBE

Cali Chamber of Commerce
President Independent

Board Committee to which he belongs
Audit, Risk and Finance
Number of other Boards of Directors to which he belongs
4
Name of the companies where he participates as a member of the Board of Directors Cementos Argos S. A. Amalfi S. A. Metrocali Emcali ConfeCámaras (Chambers of Commerce Network)
Number of Board meetings attended vs. number of Board meetings held
14/15

All members of the Board of Directors hold non-executive positions. They were reelected at the General Meeting in March 2014 and make part of the Board since March 2012, except for Ms. Claudia Betancourt, who has been a member since 2009.

They all have skills and experience related to economic, environmental, and social impacts and none of the members is a shareholder of any significant suppliers or customers.



CAMILO JOSE ABELLO VIVES

Grupo Argos S. A.
Vice President of Corporate Affairs
Not independent

Board Committee to which he belongs
Sustainability and Corporate Governance
Number of other Boards of Directors to which he belongs
1
Name of the companies where he participates as a member of the Board of Directors
Cementos Argos S. A.
Number of Board meetings attended vs. number of Board meetings held
12/15



CARLOS GUSTAVO ARRIETA PADILLA

Arrieta, Mantilla y Asociados Partner
Independent

Board Committee to which he belongs
Appointment and Remuneration
Number of other Boards of Directors to which he belong
3
Name of the companies where he participates as a member of the Board of Directors
Cementos Argos S. A.
Mapfre Seguros S. A.
Fiducor S. A.
Reficar S. A.
Number of Board meetings attended vs. number of Board meetings held
13/15



CECILIA RODRIGUEZ GONZALEZ RUBIO

Corporacion Bioparque
President
Independent

Board Committee to which she belongs
Sustainability and Corporate Governance
Number of other Boards of Directors to which she belongs
2
Name of the companies where she participates as a member of the Board of Directors
Cementos Argos S. A.
Bioparque Proyectos S.A.S.
Fundación Botánica y Zoológica de Barranquilla
Number of Board meetings attended vs. number of Board meetings held
14/15



LEON E. TEICHER GRAUMAN

Independent

Board Committee to which he belongs
Audit, Risk and Finance
Number of other Boards of Directors to which she belongs
4
Name of the companies where he participates as a member of the Board of Directors
Cementos Argos S. A.
Mirador S. A. S.
Xeon Colombia Ltda.
Continental Gold (Canada)
Verano Energy (Canada)
Number of Board meetings attended vs. number of Board meetings held
14/15

i. Support committees of the Board of Directors:

The Board of Directors has three support committees, as defined in our Good Governance Code, which are designated by it and composed by members of the Board and officials of the Company:

Audit, Finance and Risk Committee

Its role is to support the Board of Directors in supervising the effectiveness of the internal control system, the decision making in relation to control, and the improvement of activities of the Company, its managers and directors. It is currently made up of three members of the Board of Directors, including all those considered independent. Pursuant to the Colombian law, this Committee must meet at least once every quarter.

The committee does not substitute the roles of the Board of Directors or the Management in supervising and performing the internal control system, but it orders and monitors that internal control procedures adjust to the needs, goals, and strategies of Argos.

The duties of this committee were redefined in the Good Governance Code approved by the Board of Directors on December 29, 2015, seeking to strengthen the control architecture of the company.

One of the main duties of this Committee, with regard to sustainability, is to supervise the internal control structure of Argos in order to establish whether the designed procedures reasonably protect the company's assets and whether there are any controls to check if transactions are being appropriately authorized and recorded. In addition, it must ensure transparency in financial information prepared by the company and its adequate disclosure, promoting appropriate management of financial and other risks associated therewith. For this, it monitors that the necessary controls and adequate tools are in place to verify whether financial statements disclose the position of the company and the amount of its assets.



Currently, the members forming the Board of Directors are:

- Esteban Piedrahíta (Independent Member)
- León Teicher (Independent Member)
- Claudia Betancourt (meets independence requirements)

Appointment and Remuneration Committee

Its mission is to support the Board of Directors in its special duties of establishing policies and rules for the hiring, remuneration and development of the company's executive staff, in addition to continuously monitor the goals of the different compensation programs in relation to the performance of officials. It also decides on and recommends to the Board of Directors the adoption of different compensation and remuneration programs for the staff concerned, as well as the assessment of effectiveness of these programs.

The duties of this committee were redefined in the Good Governance Code approved by the Board of Directors on December 29, 2015, giving it a prominent role in the process of nominating members of the Board of Directors and drafting the Remuneration and Succession policy for this body.

With regard to sustainability, this Committee is in charge of designing the Remuneration and Succession policy for the Board of Directors, which shall be approved by the Meeting of Shareholders, and approving the succession scheme of the senior management, assessing the performance of the senior management, and proposing the

appointment and removal of the president of the company.
Currently, the members forming the Board of Directors are:

- Carlos Gustavo Arrieta (meets independence criteria)
- Jose Alberto Velez

Sustainability and Corporate Governance Committee

Its objective is so support the Board of Directors in aspects such as reviewing the performance of directors; promoting training of directors; supervising processes of the Board of Directors; enforcing the Good Governance Code, the Conduct Code and antifraud, anticorruption, anti-money laundering and anti-terrorism financing policies; and monitoring the purchase and sale of securities by directors and employees. It also has the duties of guiding, monitoring, and following up on best sustainability practices.

This Committee is made up of two members of the Board of Directors and meets quarterly.

Currently, the members forming the Board of Directors are:

- Cecilia Rodriguez (meets independence criteria)
- Camilo Jose Abello.

ii. Matrix of profiles and skills of the members of the Board of Directors

Our current Board of Directors covers all the required skills to be part of this body, according to the skills and profiles included in our Good Governance Code (Chapter 3), as detailed in the following matrix:

CEMENTOS ARGOS S.A.

MATRIX OF SKILLS OF THE MEMBERS OF THE BOARD OF DIRECTORS

DIRECTOR		ABILITY, EXPERIENCE AND EXPERTISE										DIVERSITY	
	Independence	Experience in other Boards	Risks	Internal control	Corporate finance	Commercial issues	Industry	Crisis management	Legal issues	Experience in ESG issues	Governance / Public policy	International	Place of origin	Gender
Jose Alberto Velez Cadavid		x			x	x	x	x		x		x	COL	M
Camilo Jose Abello Vives		x		x		x	x	x	x	x		x	COL	M
Cecilia Rodriguez Gonzalez Rubio	x	x					x	x		x	x	x	COL	F
Claudia Beatriz Betancourt Azcarate	x	x	x	x	x			x				x	COL	F
Leon E. Teicher Grauman	x	x	x	x	x	x	x	x		x		x	COL	M
Esteban Piedrahita Uribe	x	x			x	x		x			x	x	COL	M
Carlos Gustavo Arrieta Padilla	x	x						x	x	x	x	x	COL	M

b) Curricula vitae of the members of the Board of Directors.

Curricula vitae of the members of the Board of Directors of Cementos Argos S.A. may be consulted on our website: http://www.argos.co/ir/gobierno-corporativo/junta-directiva

c) Changes in the Board of Directors during the year.

In 2015, there were no changes in the structure of the Board of Directors.

d) Members of the Board of Directors of the Parent Company that are part of the Boards of Directors of Subordinate companies or hold executive positions therein (in case of Conglomerates).

There are no members of the Board of Directors of our parent company Grupo Argos S.A. in the Board of Directors of Cementos Argos S.A. or holding executive positions therein.

e) Policies approved by the Board of Directors during the reported period.

In 2015, the Board of Directors approved the following policies:

- Adjustments to the fixed asset policy
- Strategic risk quantification model
- Rating criteria and risk measurement
- Annual Internal Audit Plan
- Amendments to the bylaws to be proposed to the 2015 Meeting as part of the plan for implementing certain measures of the new Código País by the Financial Superintendency of Colombia
- Compliance Management in the Company and its subordinates
- Community relationship strategy

Aspects related to sustainability were present in all the meetings of this body, where environmental, industrial safety, occupational health, financial result, risk, audit and transparency issues, etc., were discussed. For example, all the sessions of the Board of Directors start with a report on industrial safety and occupational health. Additionally, the Sustainability and Corporate Governance Committee of the Board of Directors thoroughly reviews the performance of the Environmental Policy and is informed of the main social issues related to its operations. Furthermore, the Audit, Finance and Risk Committee analyzed the main risks to which we are exposed and their management from a strategic perspective, and monitored the internal control system of the company.

f) Process of appointing members of the Board of Directors.

Considering that the Board of Directors is the body in charge of defining the main long-term policies and strategies of the company, its members are the most important managers and promotors of corporate governance and compliance therewith. It is also responsible for ensuring that the company remains at the forefront in the implementation of the highest standards on the subject.





Pursuant to the Colombian regulations applicable to Argos, and the provisions in our Bylaws, the election of members of the Board is carried out by applying the electoral quotient system based on the lists of candidates submitted by shareholders, who consider aspects contained in the Good Governance Code in the nomination process, such as experience in participating in other boards of directors, professional specialties relevant to the Company's business, basic skills for appropriate performance, abilities to understand and question financial information and business proposals, and competencies to work in an international setting.

Additionally, it must be ensured that at least one of the members is an expert in corporate finance and/or internal control, and that at least half of them qualify as independent members, in the terms established in Law 964 of 2005 by legislation of the Colombian Stock Exchange. This percentage is well above that required by the Colombian standard (25%).

Our Board of Directors is composed of seven members (two of whom are women) without alternates, elected for periods of three years and indefinitely eligible for re-election. Nevertheless, the General Meeting of Shareholders may remove members individually at any time.



The Board of Directors is currently made up of individuals from different backgrounds and with different knowledge. To provide just a few examples, Carlos Gustavo Arrieta is a lawyer that has been a partner of the firm Arrieta Mantilla for many years, but also served as Attorney General of the Nation and Ambassador in the Netherlands. Cecilia Rodríguez is an expert in social and environmental affairs and was Minister of the Environment. Esteban Piedrahíta is an economist and held the position of National Director of Planning. Camilo Abello, lawyer, knows the cement industry in detail because, before becoming the Vice President of Corporate Affairs of Grupo Argos, he had worked in our Company for 20 years. León Teicher worked in the technology sector for many years and later served as president of Cerrejón. Claudia Betancourt has spent most of her career working in the financial sector and therefore is very knowledgeable in this field. José Alberto Vélez is an administrative engineer who has held many senior positions in the business world, having been CEO of Suramericana de Seguros, Cementos Argos and, currently, its parent company, Grupo Argos.

Thus, our Board of Directors is made up of people of different genders, with valuable track records and wide experience in both the public and private sectors.

We believe that the independence of most members of the Board of Directors is a factor that adds value to business management analysis and strategic planning of the company. Therefore, we established a rule according to which members lose their condition as independent when they have held their position for three consecutive periods, aiming to maintain high levels of independence among the members of the Board.

The members of the Board must certify that they do not have any conflicts of interests with the Company or the institutional funds that are shareholders thereof, disclosing any relationship that may influence their opinion or vote.

g) Remuneration policy of the Board of Directors.

The General Meeting of Shareholders establishes and sets the remuneration taking into account the structure of the Board of Directors and the obligations of its members, as well as their personal and professional qualifications, time devoted to their role, and size and complexity of the company's operations.

The amendment to the bylaws submitted to the General Meeting of Shareholders 2015 approved the preparation of the Remuneration and Succession Policy for the Board of Directors. It shall include all the remuneration components to be considered at the time of determining the remuneration for the members of the Board of Directors, according to their dedication and responsibility, as well as the components in functional and personal profiles, time and dedication necessary for the members of the Board to fulfill their obligations properly. This Policy shall be proposed to the Meeting by the Appointment and Remuneration Committee.

h) Remuneration of the Board of Directors and members of the Senior Management.

In 2015, the members of the Board received a monthly remuneration of 4.5 million Colombian peso, plus an additional compensation for their participation in the support committees of the Board of Directors (not applicable to members of Grupo Argos). While it is allowed by our Good Governance Code, as of this date the remuneration scheme of the Board of Directors does not have a variable component. These payments can be verified in the Annex to the 2015 integrated report containing the financial statements and their notes. http://www.reporteintegradoargos.com

Payments to senior management are also included in the Annex to the 2015 integrated report containing the financial statements and their notes, and in Article 446 of the same document. **http://www.reporteintegradoargos.com**

i) Quorum of the Board of Directors.

According to Article 48 of our corporate bylaws:

"**Article 48 –** The Board of Directors shall meet regularly at least once a month, in accordance with the annual calendar it approves, and may hold special meetings when it so decides or when convened by the President of the Company, the Statutory Auditor or three (3) of its members. Distance meetings will also be valid in the terms authorized by the Law.

Regular and special meetings of the Board of Directors shall be convened by any means without any specified term for convening.

There shall be quorum with the majority of its members and this absolute majority shall be needed to approve decisions."



j) Information of attendance at the meetings of the Board of Directors and the Committees.

During 2015, the Board of Directors met 15 times, both in person and remotely, with an average attendance rate of 91.43%. A breakdown by member of the Board is shown in the chart of Chapter II of this report. In the committees:

- **Audit, Finance and Risk**: 4 meetings were held with an average attendance of 91.67%
- **Appointments and Remunerations:** Four meetings were held with 100% attendance.
- **Sustainability and Corporate Governance:** Two meetings were held with 100% attendance.

k) Chairman of the Board of Directors (duties and key issues).

The chairman of our Board of Directors is Mr. Jose Alberto Velez, president of our parent company Grupo Argos S.A. His duties are defined in Article 47 of our bylaws

1. Convene meetings directly or by means of the Secretary of the Board of Directors.

2. Chair the meetings and manage debates.

3. Prepare the Agenda in cooperation with the President of the Company and the Secretary of the Board of Directors.

4. Ensure that the Board of Directors efficiently fixes and implements the strategic direction of the company.

5. Coordinate and plan the operation of the Board of Directors by establishing an annual work plan based on the assigned functions.

6. Ensure timely delivery of information to the members of the Board of Directors, directly or by means of the Secretary of the Board of Directors.

7. Ensure performance of the agreements of the Board of Directors and monitor its commissions and decisions.

8. Monitor active participation of the members of the Board of Directors.

9. Lead the annual assessment of the Board of Directors and Committees, except for their own assessment.

These duties were included in the amendment to the bylaws approved by the General Meeting of Shareholders 2015 as part of the plan for implementing certain measures of the new Código País by the Financial Superintendency of Colombia.

l) Secretary of the Board of Directors (duties and key issues).

The secretary of our Board of Directors is Mr. Juan Luis Múnera, Vice President of Legal and Institutional Affairs. His duties are defined in Article 61 of the Company's bylaws as follows: "Article 61 – The Company shall have a Secretary General who will act as Secretary of the General Meeting of Shareholders and the Board of Directors. His/her duties and powers shall be as stipulated in the Operating Rules of the Board of Directors.

The Secretary General will be a high-level employee of the Company appointed by the Board of Directors, as proposed by the President of the Company and based on the opinion of the Appointment and Remuneration Committee."

Some of the duties assigned to the Secretary in the Good Governance Code, 10.3, are:

a. Convene the meetings according to the Action Plan approved by the Board of Directors.

b. Deliver in timely manner the information to the Directors.

c. Retain corporate documentation, duly record the development of sessions on the book of minutes, and bear witness of the agreements of the corporate bodies.

d. Ensure that the actions of the Board of Directors adjust to the applicable regulations and guarantee that its procedures and governance rules are respected and regularly reviewed, as provided for in the Bylaws and other internal regulations of the Company.

e. Participate in the Support Committee of the Board of Directors to which it is designated.

f. Encourage and inform the Board of Directors of progress and trends concerning corporate governance matters.

g. Deal with conflicts of interests that may arise within the Company and are to be brought to the attention of the Board of Directors.

h. Inform the Board of Directors of the stock registration system and control situations in the company.

i. Provide legal advice to the Board of Directors and submit reports on legal matters of material importance to the business of the Company and the actions of managers.

j. Communicate the decisions of the Board of Directors to the different areas and officials of the Company.

k. Perform the duties delegated to it by the Board of Directors.

These duties were redefined in the Good Governance Code 2015 as part of the plan for implementing certain measures of the new Código País by the Financial Superintendency of Colombia.

m) Relationships of the Board of Directors with the Statutory Auditor, financial analysts, investment banks, and rating agencies during the year.

The Statutory Auditor attended 3 out of 4 meetings of the Audit and Finance Committee held in 2015.

n) External advice received by the Board of Directors.

As part of the annual training plan for members of the Board of Directors, during 2015, the Directors participated in a course given by the University of California, Berkeley, specially designed for this body; this course addressed the latest trends in innovation and human talent. Success stories were analyzed in terms of working modality platforms and new practices (e.g. crowdsourcing, telecommuting, etc.), as well as startup operation models and learning.

o) Information management by the Board of Directors.

Our Board of Directors has a special application that is run on a computer environment to allow further, friendlier interaction with our Directors, while confidentially storing documentation necessary for timely decision making by our Board. This application not only allows the Board to see relevant legal documentation or information, but also financial, technical and market information necessary for the fulfillment and exercise of its duties.

p) Activities of the Committees of the Board of Directors.

COMMITTEES	AUDIT AND FINANCE	APPOINTMENT AND REMUNERATION	SUSTAINABILITY AND CORPORATE GOVERNANCE
MAIN ISSUES 2015	Reports on Financial Statements	Succession process of the President of the Company	Plan for gradual adoption of corporate governance measures contained in the Código País issued by the Financial Superintendency of Colombia.
	Working capital	Talent and Human Resource Management Policy	Amendment to the bylaws 2015 to adopt certain measures of the Código País
	Report of the Statutory Auditor	Variable Remuneration System	Modification to the Good Governance Code
	Reports of the Internal Auditor / Annual Audit Plan	Academic Sponsorship Program	Dow Jones Sustainability Index – DJSI Result analysis
	Strategic risk management	Competitiveness study on compensation	Results of the Corporate Governance Study

q) Information on the conduct of assessment processes with the Board of Directors and the Senior Management, and summary of results.

In order to know the performance of the Board of Directors during certain period, we alternately conduct external assessments and self-assessments. Through these mechanisms, we examine the operation of the Board as a collegiate body and the performance of each of its members, rating their level of involvement and participation in the definition of the Company's strategy, including environmental, social, industrial safety and governance issues.

Our Good Governance Code 2015 changed the manner of assessing the performance of the Board of Directors, which was conducted in the middle and at the end of the period; now this system operates as set forth in Chapter III (17) of this document:

"The Board of Directors as a body and each Director considered individually will be assessed annually, alternating self-assessment with external assessment. The external assessment will be conducted by an independent firm and a summary of the conclusions of such assessment will be submitted to the General Meeting of Shareholders in the regular session for electing the Board, in addition to being published on the website of the company.

The assessment scheme adopted shall ensure the analysis of dedication and performance of Directors.

The General Meeting of Shareholders shall be informed by the management of the operation and main activities carried out by the Board of Directors, the Board committees and the President of the Company in the previous period."

The external assessment will be conducted by an independent firm and a summary of the conclusions is submitted to the General Meeting of Shareholders in the session for electing the Board. At the 2014 Meeting, where the current Board was reelected, the conclusions of the external assessment conducted in 2013 were presented. At the end of 2015, we started the self-assessment process, also with the support of the firm Prospecta.

In 2013, in compliance with the provisions of the Good Governance Code, the firm PROSPECTA was hired to carry out the external performance assessment of the Board of Directors of Cementos Argos S.A., which diagnosed the performance of the Board of Directors at the time of assessment and suggested opportunities for improvement in line with international best practices.

The factors taken into account by the Prospecta methodology were Structure/Government; Coordination; Interaction and Strategic Focus, which then were grouped into 37 specific performance items. These were assessed to obtain the status of compliance with international standards or best practices on the part of our Board of Directors.

As a result of the assessment, our Board was classified as a superior, young mandate body, where there is a good level of compliance with all areas analyzed. The Company's efforts for re-designing this body and being at the forefront of corporate governance issues were highlighted; therefore, our Board of Directors has solid foundations to demonstrate their fundamental strengths in teambuilding.

Based on the external assessment report, we defined some opportunities for improvement that have been implemented since 2013 and throughout 2014 and 2015, including, without limitation, changes in the roles and name of the Sustainability and Corporate Governance Committee; deepening of risk management; expanded corporate governance focus; and improvement of the platform for interacting with members of the Board of Directors, aiming at further prior information and friendlier access to documents of past and future meetings and real-time interaction during voting.



III.

RELATED PARTY TRANSACTIONS

a) Powers of the Board of Directors on such operations and conflicts of interest.

The duties of the Board of Directors regarding related party transactions and conflicts of interest include issue of an opinion by the Audit, Finance and Risk Committee, through a written report, on possible relevant transactions that are planned to entered into with related parties and are not part of the normal course of business, may occasionally take place in conditions other than arm's length, or may even alter equal treatment of shareholders. The authorization of such relevant transaction(s) is granted by the General Meeting of Shareholders based on this report. The Board of Directors approves other related party transactions that fall within its competence.

All related party transactions made are duly documented in our financial statements and their notes, as well as the Group Report under Article 29 of the Commercial Code.

With regard to conflicts of interest as required by our Good Governance Code, our Directors must:

a. Refrain from participating, on their own behalf or by proxy, for a personal benefit or in favor of a third party, in business involving competition with the Company or acts regarding which there is a conflict of interest.

b. Adequately disclose conflicts of interest with the Company. Be alert and careful in handling any of these events, describing the situation on a formal session of the Board of Directors, documenting the conflict and refraining from voting on the matter. To this end, members shall inform the Board of direct or indirect relationships among them or with the Company, suppliers, customers or any other stakeholder that may result in conflicts of interest or influence their opinion or vote.

As for conflicts of interest of our employees, the Business Conduct Code sets the criteria for identifying a conflict of interest and the procedure for disclosing it, the Audit, Finance and Risk Committee being the highest body for disclosure and handling of conflicts of interest of the senior management. The Board of Directors, the senior management and the officials of Cementos Argos must annually complete the form "Statement of Potential Conflicts of Interest" or every time there is a situation that could lead thereto.

b) Details of the most relevant Related Party transactions in the opinion of the company, including transactions among companies of the Conglomerate.

The breakdown of transactions made among the companies of Grupo Empresarial Argos is included in the Special Report prepared under Article 29 of Law 222 of 1995, which makes part of the documentation made available to shareholders for the right of inspection on the website of the Company: http://www.argos.co/ir/gobierno-corporativo/asamblea-de-accionistas, and shall be delivered to the shareholders with the documents of the Meeting.

c) Conflicts of interests occurred and actions of the members of the Board of Directors.

During 2015, a conflict of interest in the approval of an agreement was reported by one of the members of the Board of Directors who, accordingly, did not take part in that decision.

d) Mechanisms for resolving conflicts of interest among companies in the same Conglomerate and their application during the year.

All transactions with companies of Grupo Empresarial Argos must be made at arm's length and, when there is a significant transaction that does not meet this condition, it must be approved by the General Meeting of Shareholders. In any case, our Business Conduct Code establishes when we could be facing a potential conflict of interest and out duty to disclose it to the Company. In 2015, our parent company Grupo Argos, in compliance with the new measures of Código País, designed a Relationship Policy for the Grupo Empresarial Argos to provide further transparency to this mechanism, which is being reviewed for adoption by the Affiliates. During 2015, there were no conflicts of interest between Cementos Argos and the companies of Grupo Argos.





IV.

RISK MANAGEMENT SYSTEM OF THE COMPANY

Cementos Argos has adopted the COSO and COBIT models, which are internationally recognized as good practice, to design and manage our internal control system seeking to ensure efficiency and effectiveness of our operations, reliability of information we generate, and regulatory compliance in all our actions in a reasonable manner. Hence, our structure is supported by the roles of the Audit, Finance and Risk Committee of the Board of Directors, the Internal Audit Management Office, the Risk Management Office and the Compliance Management Office.

The duties of the Audit, Finance and Risk Committee of the Board of Directors include supporting the Board of Directors in supervising effectiveness of the Internal Control System by ordering and monitoring that internal control procedures adjust to the needs, objectives, goals, and strategies determined by the Company and are framed within the internal control objectives, that is, efficiency and effectiveness of operations and adequacy and reliability of financial reporting.

The Audit Committee quarterly provides guidance and monitoring on the elements, tools and management of the internal control system. The main aspects monitored by this Committee comprise work plans of Internal Audit and Statutory Audit, accounting policies, significant changes in the financial statements, assessment methodology of the internal control system, risk management methodology, results of assessments conducted by the Internal Audit and Statutory Audit of Cementos Argos and its subordinates, implementation of action plans, fraud prevention and response program, including behavior of the Transparency Hotline and resolution of cases reported through it.



The Audit Management Office conducts an independent assessment of governance, risk and control items needed to manage business processes permanently.

As a result of these assessments, we identified best practices taking place in the company as well as opportunities for improvement required to achieve the objectives of each process and the business itself. These improvements have been made or are being implemented, and are also subject to follow up by the audit team and the Senior Management.

In turn, and to achieve proper coordination and information flow on the risks of the organization, process owners (president, vice presidents and managers) have been designated as the persons responsible for risks at the different business units. Additionally, risk managers have been appointed in every vice presidency in order to have expert staff supporting risk management in processes and projects; they are essential to communication between different business units and the Risk Management Office, which directly reports to the Audit, Finance and Risk Committee and functionally depends on the Presidency.

Regarding the Compliance Management Office, it is responsible for promoting policies defined by government entities at a corporate level in relation to corporate governance, transparency and conduct; legal and regulatory compliance; anti-fraud, anti-corruption, anti-money laundering and anti-terrorism financing, thus promoting a culture of compliance in the Company.

Finally, an internationally prestigious firm appointed by the General Meeting of Shareholders was commissioned the Statutory Audit of Cementos Argos. To ensure its independence, the Statutory Auditor is forbidden to provide services other than those related with its position to companies of the Conglomerate. During 2014, the Statutory Auditor was not involved in any incompatibilities or disqualifications prescribed by the law.

In addition, it is contractually established that in the event of successive reelections, individuals appointed to serve as principal and alternate must be changed at least every 5 years and that such individuals may only serve as statutory auditors of the Company within at least 2 years of leaving office.



b) Description of the risk policy.

Risk management in our company is a fundamental tool to work with reasonable assurance on the development of our strategy and operations. It is supported by the Integrated Risk Management System (IRMS), based on the standards ISO 31000 and COSO Enterprise Risk Management and coordinated with the GRC (Governance, Risk and Compliance) model that we are currently implementing.

The IRMS is focused on identifying relevant risks from a strategic perspective, which results in risk management by processes, projects and facilities in all our operations, as well as in corporate governance, sustainability and business continuity. This focus allows to align relevant aspects, such as environmental management, communities, safety, regulations, and finance, etc., with a global management focus supporting successful performance of our strategy.

Strategic risks:

1. Decrease in market share and/or expected profitability due to inefficiency in the supply chain to meet the demand.
2. Failure to obtain, penalties on or loss of licenses, permits, certifications or concessions required for the operation due to breach of legal, mining or environmental parameters.
3. Impact on the safety of our employees, assets and facilities.
4. Environmental impacts due to mining and industrial activities.
5. Changes in applicable regulations and standards.
6. Impact on availability, integrity or confidentiality of information of the Company, its customers or suppliers.
7. Serious impact on reputation before the different stakeholders.
8. Penalties and impact on image derived from investigations under competition laws.
9. Interaction with communities in the areas of influence of the operations.
10. Market risks (competition, imports, new players, substitutes and prices).
11. Risks associated with global, national and regional geopolitical variables.
12. Risks associated with variables and financial management (liquidity, market, credit and exchange rate).
13. Impact on operations due to acts of God.
14. Risks of fraud and/or misconduct of customers, suppliers, officials, partners and/or third parties.
15. Risks associated with supply, reliability and cost variability of energy resources for operations and their efficient use.
16. Human resource management not aligned with the objectives and needs of the business.

The governance framework of the Integrated Risk Management System includes four essential bases for its sustainability, which annually give rise to different action plans for its strengthening:

- **The Risk Policy:** Establishes elements and general framework of action, expectations with regard to risk management, levels of attribution and responsibility for risk management and monitoring, which is complemented by the methodology set out in the Integrated Risk Management Manual.

- **The definition of roles and responsibilities for risk management:** Considers the duties of the Board of Directors and the Audit, Finance and Risk Committee, the President and the Steering Committee, the vice presidencies and process owners, the Risk and Internal Audit Management Office with regard to risk management in the company.

- **The IRMS methodology:** Focused on applying qualitative and semi-quantitative models in order for risk management to be homogeneous across business units and allow consolidation of corporate risks by using our tools (risk matrix, controls and control panel), where risks, their assessment and management are recorded. This methodology enables the creation of specific risk-based models that are management tools for specific, cross-cutting aspects of the organization, such as those related to processing of mining licenses, community relations and strategic project planning methodologies. In addition, quantitative models associated with risk of treasury.

- **The cultural component:** Key to achieving the objectives of our company's risk management model and subject to continuous strengthening through strategies of training, communication and involvement of employees from all levels.

To achieve proper coordination and information flow on the risks of the organization, process owners (president, vice presidents and managers) have been designated as the persons responsible for risks at the different business units.

Additionally, risk managers have been appointed in every vice presidency in order to have expert staff supporting risk management in processes and projects; they are essential to communication between different business units and the Risk Management Office, which directly reports to the Audit, Finance and Risk Committee and functionally depends on the Presidency.

d) Response and monitoring plans for main risks.

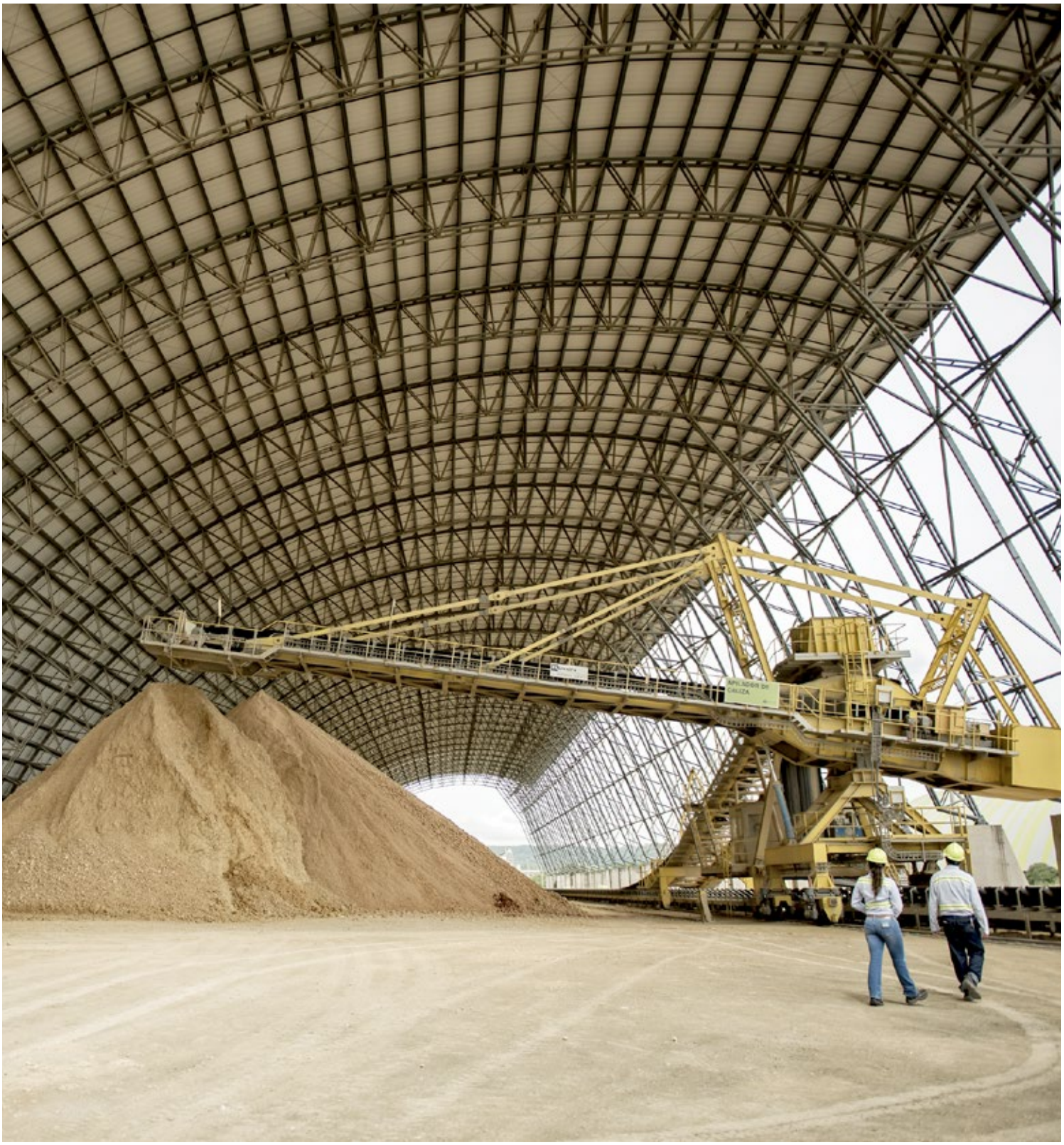
Based on the 16 strategic risks previously identified by the Company, mitigation strategies are developed at the strategic, tactical and operating levels through the identification of correlations among strategic risks, project risks, processes and facilities, and respective actions at each level. Thus, we ensure that operations carry out activities aimed at preventing the occurrence of risks that directly affect achievement of objectives and sustainability in the short, medium and long term. The risk management model is supported by the responsibility of the process owners to manage their own risks. Below are the strategic risks and key mitigation actions implemented in the organization:

STRATEGIC RISK	BRIEF DESCRIPTION	MITIGATION ACTIONS	POSSIBLE CONSEQUENCES
Supply chain Decrease in market share and/or expected profitability due to inefficiency in the supply chain to meet the demand.	Risk stemming from not having the necessary production capacity available (raw materials, production infrastructure, logistic resources and distribution channels) to meet the demand in a timely and efficient manner in the markets where we operate, in order to obtain / maintain the market share and expected profitability.	- Sales forecast model, which is periodically tested for adjustment. - Integrated processes of supply chain planning and production planning - Methodology for strategic project planning (Master Plan) - Planning of long- and short-term mining resources - Insurance coverage scheme for insurable risks	- Decrease in market share - Decrease in profitability due to excessive operating costs - Stoppage of operations due to an insufficient chain supply of raw materials - Loss of customers - Impact on reputation
Loss of licenses or titles Failure to obtain, penalties on or loss of licenses, permits, certifications or concessions required for the operation due to breach of legal, mining or environmental parameters.	Risk of not having the licenses, permits, certifications or concessions required for the operation, due to non-granting, expiry, loss or penalty for breach of parameters associated to mining titles, environmental licenses, BASC certifications, ISPS certifications, free-trade zone licenses or otherwise.	- Monitoring of compliance with authorizations required for the operation and associated obligations. - Power scheme for decision-making based on levels of risk exposure. - Committee for monitoring mining titles with a quarterly report to the Steering Committee and the participation of multidisciplinary, cross-cutting teams.	- Cessation of operations due to a lack of operating licenses or permits. - Shortages of raw materials and aggregates - Impact on reputation due to loss or denial of licenses or declaration of revocation. - Penalties, fines and legal actions related to breaches associated with licenses or concessions
SISO and security Impact on the safety of our employees, assets and facilities	Comprising risks of industrial safety and occupational health, and security of people, assets and facilities.	- Ongoing excellence project on Industrial Safety and Occupational Health. - SISO policies and standards, training, assessment and monitoring of permanent compliance. - Identification, rating and prioritization of Occupation Risk control. - Definition and disclosure of emergency plans and safety protocols for people and facilities.	- Loss of human lives, disability or injuries due to the operations. - Impact on reputation related to the safety of employees, assets and facilities. - Interruption of operation due to lack of safety conditions - Losses due to physical impact on assets and facilities
Impact on the environment Environmental impacts due to mining and industrial activities.	Risks associated with environmental impacts caused by our operation. Comprises negative effects due to land use, impact on biodiversity and water resources, in addition to emission of air pollutants, including greenhouse gases contributing to phenomena like weather change.	- Definition, dissemination and monitoring of the environmental policy. - Monitoring and update of compliance with legal and voluntary Environmental Commitments. - Dissemination and training program on the environmental component in the Argos culture. - Implementation of projects for preventing, mitigating, correcting and compensating environmental impacts.	- Impact on reputation due to environmental impacts caused - Penalties, fines and legal actions related to environmental impacts - Interruption of operations

STRATEGIC RISK	BRIEF DESCRIPTION	MITIGATION ACTIONS	POSSIBLE CONSEQUENCES
Changes in regulations Changes in applicable regulations and standards	Risks derived from changes in current regulations in the countries where we operate and the industry standards that position as best practices. These regulations or standards may be environmental, mining, tax, monetary, etc.	- Permanent monitoring of regulatory change projects and changes of regulations through media subscriptions and specialized external advisors. - Links with SCI, DJSI, CEO Water Mandate and other industry programs that allow to anticipate changes in standards. - Active participation and leadership in industry associations. - Information system and permanent communication with ICONTEC	- Interruption of operations or loss of license due to failure to comply with new regulations or standards - Penalties, fines or legal actions due to breach of new regulations - Financial impact as a result of increased costs or investments for complying with new regulations
Information Security Impact on availability, integrity or confidentiality of information of the company, its customers or suppliers.	Risk associated with events affecting availability, integrity or confidentiality of information of the company, its customers or suppliers, as well as loss or leakage of information managed electronically or physically.	Definition, performance and dissemination of Document Management by process. - Management of centralized logic access, identity administration and action against information leakage. - Identification and classification of information assets. - Strategy for strengthening information security culture.	- Interruption of operation due to loss of information affecting processes - Errors or inaccuracies in the financial information of the company - Penalties, fines or legal actions due to loss of customer information or leakage of sensitive information. - Impact on reputation due to information leakage. - Impact on reputation due to loss of third parties' information - Internal or external fraud
Impact on reputation Serious impact on reputation before the different stakeholders	Risk derived from any event that may negatively affect the reputation or image of the company. This risk may be the result of the materialization of any other risk of the company.	- Crisis management manual considering scenarios associated with events occurred in productive processes. - Relationships with control and surveillance entities. - Media plan and authorized spokespersons. - Sustainability dialogs / relationship with communities.	- Loss of customers and market share - Impact on the value of the Company's shares. - Negative image among shareholders, investors and stakeholders
Competition laws Penalties and impact on image derived from investigations under competition laws.	Risk derived from unfavorable opinions regarding commercial or business actions that authorities deem contrary to the regulations and good customs of fair competition and free market competition.	- Commercial and competition policies defined and disseminated. - Training of sales force. - Pricing committee. - Program for compliance with competition regulations	- Penalties, fines and legal actions related to competition laws against the company and its executives - Impact on finance and the value of the Company's shares. - Negative image among shareholders, investors and stakeholders

STRATEGIC RISK	BRIEF DESCRIPTION	MITIGATION ACTIONS	POSSIBLE CONSEQUENCES
Communities Interaction with communities in the areas of influence of the operations.	Refers to events affecting the performance or maturity of the market because of arrival of new competitors, strengthe-ning or expansion of current competitors, pricing behavior and strategies of competitors, international price volatility affecting the behavior of imports, and the incidence or development of new products that could replace cement and concrete.	- Monitoring of markets through business intelligence - Strategy for strengthening sales force - Expansion projects for cement and concrete plants, fleets, operations in intermediate cities. - Pricing committee and public affair committee.	- Decrease in market share - Loss or reduction of income due to increased competition, substitutes or changes in market prices - Stoppage in operations owing to market variables such as low demand, prices or substitute products - Decrease in income due to impact on turnover and market prices.
Competition, import, players Market risks (competition, imports, new players, substitutes and prices).	Refers to events affecting the performance or maturity of the market because of arrival of new competitors, strengthening or expansion of current competitors, pricing behavior and strategies of competitors, international price volatility affecting the behavior of imports, and the incidence or development of new products that could replace cement and concrete.	- Monitoring of markets through business intelligence - Strategy for strengthenin sales force - Expansion projects for cement and concrete plants, fleets, operations in intermediate cities. - Pricing committee and public affair committee.	- Decrease in market share - Loss or reduction of income due to increased competition, substitutes or changes in market prices - Stoppage in operations owing to market variables such as low demand, prices or substitute products - Decrease in income due to impact on turnover and market prices.
Country Risk Risks associated with global, national and regional geopolitical variables.	Risks derived from socio-politi-cal conditions, currents and decisions of the countries and regions where we operate	- Monitoring of regulatory changes through expert third parties. - Monitoring of market and competitor behavior through the business intelligence process - Inclusion of macroeconomic and geopolitical variables in the Master Plan analyses. - Active participation and leadership in industry associations. - Legislative management	- Interruption of operations due to country risk such as security or expropriation. - Decrease in demand and sales owing to economic slowdown, political uncertainty or social factors
Liquidity, Credit, Financial Statements and Taxes Risks associated with variables and financial management (liquidity, market, credit and exchange rate)	Risks stemming from changes and impacts caused by the behavior of different macroecono-mic variables present in the countries and regions where we operate, as well as the financial decisions made by the company in order to interact with these markets. These risks can be grouped in liquidity, marked and credit, also including risks associated with financial reporting.	- Individual and consolidated cash flow forecast model. - Credit lines approved as liquidity contingency. - Investment manual. - Issuer quota model. - Periodic monitoring of customer account statement (credit limits, turnover and receivables balance).	- Impact on reputation due to negative financial performan-ce or poor reporting - Losses due to unrecoverable receivables - Financial impact due to tax planning aspects

STRATEGIC RISK	BRIEF DESCRIPTION	MITIGATION ACTIONS	POSSIBLE CONSEQUENCES
Acts of God Impact on operations due to acts of God.	Interruption of operations due to natural disasters or weather conditions, such as snow, rain, hurricanes, earthquakes, flooding and tornadoes, etc.	- Model for measuring exposure and quantifying impact of acts of God - Formulation, implementation and assessment of emergency response plans. - Insurance schemes - Emergency and Joint Occupational Health Committee	- Loss of human lives, injuries or diseases due to natural disasters. - Interruption of operations - Losses due to impact on assets and facilities - Negative effect on reputation due to impact on employees, assets, environment or facilities caused by a natural disaster or inadequate response strategies.
Fraud, Corruption and ML/TF Risks of fraud and/or misconduct of customers, suppliers, officials, partners and/or third parties	Misconduct by employees, customers, suppliers, partners or third party in relation to acts of fraud, corruption or money laundering and terrorism financing (ML/TF).	- Internal regulations and good governance code. - Corporate Conduct Code and Business Conduct Committee. - Transparency hotline. - Anti-fraud policy and fraud prevention program. - ML/TF prevention model. - Procurement Committee and Procurement Manual. - Training and internal and external communication plan.	- Serious impact on reputation - Penalties, fines and legal actions against the Company and its executives - closing of operations, prison for executives - Impact on the value of shares. - Loss of customers
Energy resources Risks associated with supply, reliability and cost variability of energy resources for operations and their efficient use	Risks associated with supply and cost variation of energy resources per ton of cement for operations such as coal, gas, petcoke, alternate fuels, electric energy and alternate energy, and efficient use thereof.	- Energy policy - Co-processing projects. - Monitoring of energy and heat consumption at plants - Alternative sources for heat energy (gas, coal). - Installed self-generation capacity and connection to the National Electric Grid. - Impact analysis and strategies to face climate change.	- Decrease in profitability due to high operating costs related to price variability of energy resources - Interruption of operations due to shortage of energy resources or high costs - Environmental impact due to inefficiencies in the use of energy resources
Talent, knowledge and human rights Human resource management not aligned with the objectives and needs of the business.	Risks associated with attraction, retention, development and management of talent, knowledge management and human rights.	- Organizational Culture Project. - Talent management policy. - Risk-based human right model - Virtual training platform EDUCA. - Internal customer satisfaction survey. - Training and education policies and programs, Academic Committee and sponsorship (corporate and technical). - Performance Management Program. - Collective bargaining agreement. - Attraction and recruitment program PILOS and Promoting Excellence.	- Impact on operating efficiency due to improper human resource management - Impact on reputation and penalties due to violation of human rights - Loss of knowledge



V.

GENERAL MEETING OF SHAREHOLDERS

a) Operation differences of the Meeting between the minimum requirements of current regulations and that defined by the Bylaws and regulations of the Company's Meeting.

As best practices, Cementos Argos takes the following measures established for the benefit of our shareholders and in compliance with our commitment to transparency and respect for the rights of our shareholders and investors, as contained in our Good Governance Code, which raised its standards for 2015:

- For regular meetings, no less than 30 calendar days' notice shall be given and, for special meetings, no less than 15 calendar days' notice.

- In any case, points such as "Miscellaneous," "Other Matters" or otherwise that prevent from knowing previously and exactly all the business to be transacted at the respective meeting will not be included. This does not impede the inclusion of a point so that shareholders submit the proposals they deem appropriate.

- During the terms for convening, shareholders may consult on the website and the Secretary General of the Company, the documents related to the session of the respective Meeting, including the minutes of the previous meeting.

- When a meeting is intended for electing members of the Board of Directors, the information available to the shareholders shall contain the proposed candidates to such Board. For this purpose, the shareholders shall send their proposal for setting up the Board no less than five business days prior to the date of meeting. The proposed list of candidates for setting up the Board of Directors shall have attached a copy of the candidates' curriculum vitae and the Statement of Independence signed by the individuals in such condition.



- In the event that the Meeting is intended for addressing a substantial change in the corporate purpose, waiver of the preemptive right in the subscription of common shares, change of principal place of business, early dissolution, or divestment of the Company, such issues shall be expressly stated in the notice of convening. Additionally, these events will allow the right of withdrawal in the same terms and conditions as set forth by the law for events such as merger or spin-off.

- The Company broadcasts the sessions of the Meeting via streaming (through a link on our website) so that those shareholders that cannot attend it are aware of its development.

b) Action taken during the year for fostering the participation of shareholders.

Cementos Argos has the website web www.argos.co, where our shareholders may find all the information related to our Company and its performance. Moreover, this website has a mini site called "Corporate Governance - Meeting of Shareholders" that includes prior information for the Meeting of Shareholders and methods for contacting the Company. For the 2015 Meeting, all the Company's personnel received a communication by the Vice President of Legal and Institutional Affairs containing actions to ensure compliance with Memo 024 of 2010 issued by the Financial Superintendency of Colombia, which details behaviors from which legal representatives, administrators and other official must refrain for holding the General Meeting of Shareholders.

c) Information to and communication with the shareholders.

Cementos Argos informs and communicates with its shareholders by the following means:

- Website: www.argos.co
- Shareholder Service Center of Fiduciaria Bancolombia on the phones:
  + (57 4) 404 2371 | + (57 4) 404 2362 | + (57 4) 404 2453
  + (57 4) 404 2451 | + (57 4) 404 2452
- Investor Relationship Management under the responsibility of Gustavo Uribe (guribe@argos.com.co)
- Website of the Financial Superintendency through which Relevant Information is disclosed to the market: www.superfinanciera.gov.co.
- Investor application (App)

d) Number of requests and matters on which shareholders have required information from the company.

CEMENTOS ARGOS - CONSULTATIONS / PROCEDURES WITH SHAREHOLDERS 2015	
GENERAL CERTIFICATES	34
HISTORICAL CERTIFICATES	1
ATTACHMENTS AND RELEASES	1
DATA UPDATES	1
DIVIDEND PAYMENT UPDATES	27
TAX CERTIFICATES	1932
CHANGE OF DEPOSITOR	44
TRANSFER OF SHARES	6
CALLS	195
VISITS OF SHAREHOLDERS	32
BROKERS	10
TOTAL	**2283**



Calls were to consult about:

- How to buy and sell shares in the Company
- Share price
- How to make transaction outside the stock exchange
- Dividends
- How to obtain the tax certificate
- How to change depositors
- Meeting of Shareholders

e) Information of attendance at the General Meeting of Shareholders.

Our regular session of the General Meeting of Shareholders took place in Barranquilla on March 20, 2015 at 3:00 p.m., at Hotel Dann, Calle 98 No. 58B-10 according to the convening performed under legal and bylaw requirements.

We had the following quorum at this meeting:

SUMMARY CHART OF THE REGULAR MEETING OF SHAREHOLDERS CEMENTOS ARGOS	
Total Shareholders	340
Total Attendees	28
Total Shares Represented	1,075,809,060
Total Outstanding Shares	1,151,672,310
Percentage of Represented Shares	**93.41%**

f) Details of the main agreements reached.

Our shareholders at the General Meeting of Shareholders 2015 approved:

- The Report of the Board of Directors and the President
- The Financial Statements as at December 31, 2014.
- The Profit Distribution Project
- Plan for implementing some measures of the Código País issued by the Financial Superintendency by an amendment to Articles 36, 38, 47, 48, 50, 61 and 80 of the Bylaws.
- Implementation of the wealth tax charged to the equity reserves of the company in the terms of Article 10 of Law 10 of 1739.
- Remuneration of the Statutory Audit
- Funds for social benefit

Moreover, progress of the implementation plan for adopting IFRS were presented.

Extract from minutes of the regular session of the 2015 General Meeting of Shareholders may be consulted on the Company's website: http://**www.argos.co/ir/en/corporate-governance/shareholders-meeting**





VI.

TRANSPARENCY, ETHICS AND COMPLIANCE

The Business Conduct Code and the Anti-Fraud Policy are mandatory for all employees, directors and related parties of Argos, regardless of geography, regional office, or country where they are located. Thus, we ensure that all stakeholders are covered by these guidelines and policies, which shall always be observed.

Breaches of the Business Conduct Code by our employees involve application of procedures set out in the Internal Regulations in relation to penalties and even termination of the employment contract.

In 2015, we started the implementation of changes made in 2014 to our money laundering prevention system and the respective trainings of the manual implementing the Risk Self-Management System for Money Laundering and Terrorism Financing (SAGRLAFT, after its initials in Spanish), which includes policies and guidelines to prevent the performance of illicit activities in Argos and subordinate companies.

In addition, we conducted for the first time an audit on the guidelines of the Conduct Code in order to have the governance framework comprehensively audited, and we are implementing the improvements suggested. Regarding the Good Governance Code, we conducted the annual audit in 2015 where we monitored commitments previously made and verified strict compliance with the standards contained in such code.

We have defined an internal structure to manage governance, transparency and conduct issues, led by the Governance and Procurement Committee made up of five of our nice vice presidents and the conduct official's secretary, which generally establishes the measures to be taken depending on the type of misconduct and defines the strategy to address these issues, among others.

We remain committed to the fight against corruption; thus, in 2015, we devoted our week of sustainability to disclose and teach about the best management of this risk and to reaffirm the commitment we made in August 2014, when we signed the Anti-Corruption Call to Action of the United Nations Global Compact. This initiative promotes the adoption of measures to combat corruption and the implementation of policies to establish good governance systems as a foundation of a global, sustainable, inclusive economy.

Since January 2015, we started the implementation of changes made to the Risk Self-Management System for Money Laundering and Terrorism Financing (SAGRLAFT) contained in the Manual approved by the Board of Directors in December 2014. As part of this implementation, we provided training to employees and suppliers and validated the effectiveness of controls associated with various processes.



a) Political Contributions.

In the interest of strengthening democratic and electoral processes in the country and addressing 2015 regional elections, the Board of Directors, in compliance with Law 130 of 1994 and related provisions, approved grants that did not exceed, in any case, the maximum allowable limits specified in Article 108 of the Colombian Constitution as amended by legislative act 1 of 2003. Such grants did not exceed COP 382 million in aggregate for certain political parties, political movements, candidates and/or significant groups of citizens, according to the provisions of the political campaign financing act and existing resolutions of the National Electoral Council of Colombia.

b) Transparency and claim mechanisms.

During the last years, we have consolidated the Transparency Hotline as an efficient channel to report claims for irregular actions occurring in the conduct of business and as a consultation tool so that any person who has questions about our transparency and conduct processes may freely express their opinions, in their own name or anonymously.

This hotline may be accessed and used by employees, stakeholders and third parties, under the same conditions, thus facilitating reports in the regions where we operate.

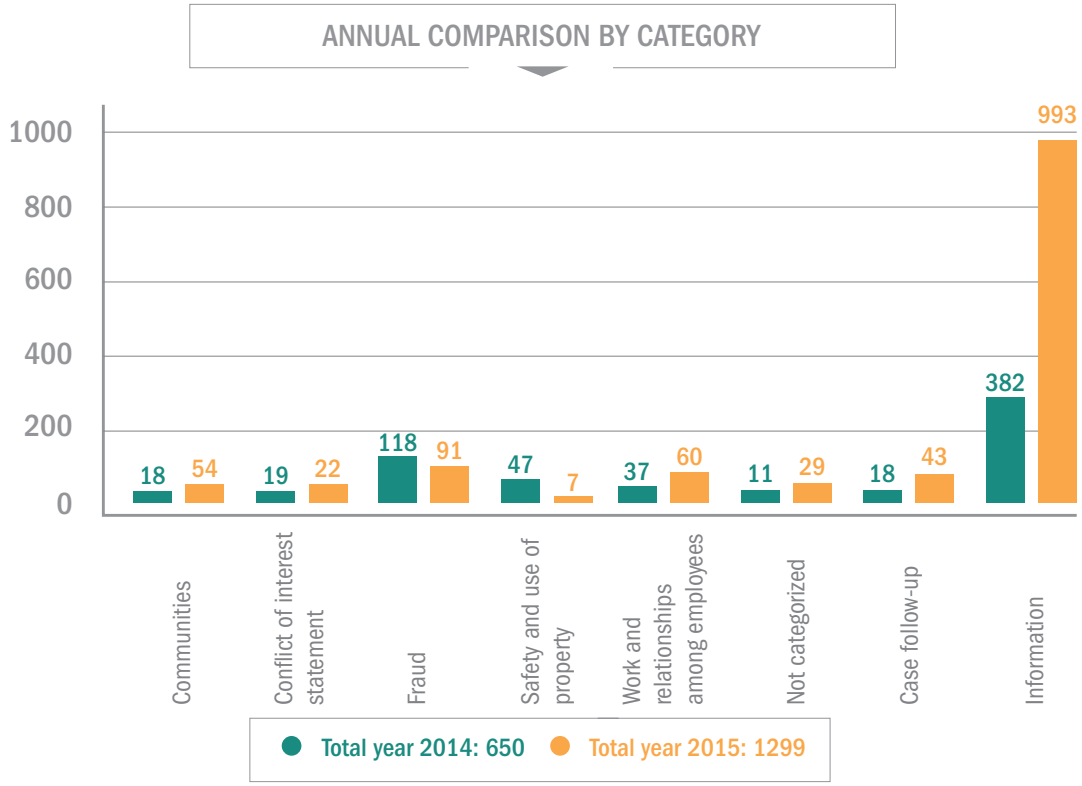
Upon receiving reports from the Transparency Hotline, they are assigned, according to their category, to investigation officials appointed by the Governance and Procurement Committee, and the business conduct official is informed of such appointments. Officials are responsible for examining the cases brought to their attention, which, according to their relevance, shall be debated by the Conduct Operating Committee and/or the Governance Committee, whose members shall make the appropriate decisions pursuant to the guidelines defined.

c) Results of the Transparency Hotline - 2015.

During 2015, we received 1949 communications resulting in 261 cases classified into the categories “Fraud,” “Labor Relations,” “Safety and Use of Property,” “Conflict Statements” and “Communities,” as follows:

Fraud	91
Labor Relations	60
Safety and Use of Property	7
Conflict of Interest Statement	51
Communities	52
Monitoring	44
Information	993

i. Communications by categories 2015 vs. 2014



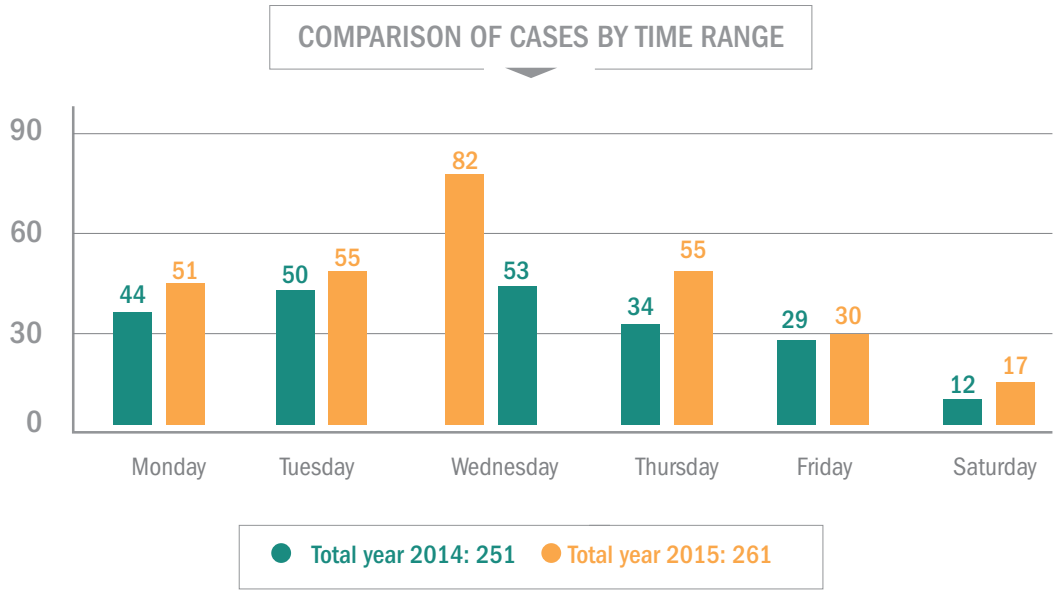
ii. Conflicts of interest.

Relating to conflict of interest statements, namely, the good faith of employees or third parties in voluntarily declaring their potential conflicts of interest, 22 communications were received.

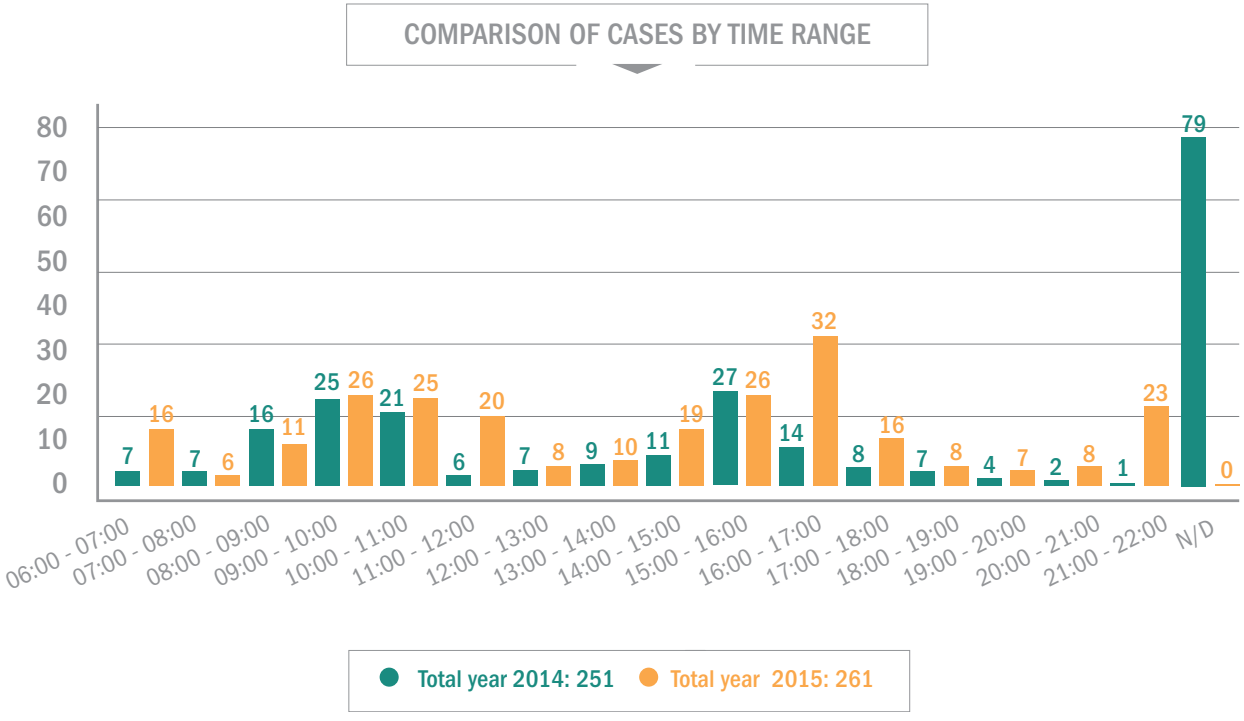
This type of reports are considered positive since they show the level of commitment of employees who make these inquiries to prevent behaviors that are contrary to the policies of Cementos Argos.



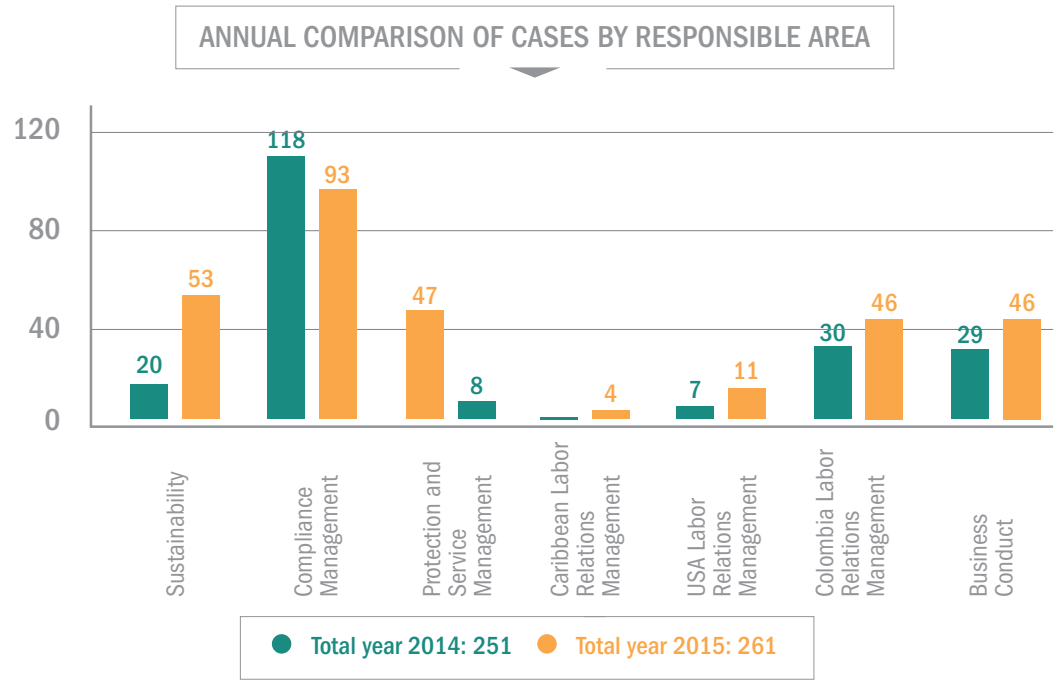
iii. Number of cases a day (2015 vs. 2014)



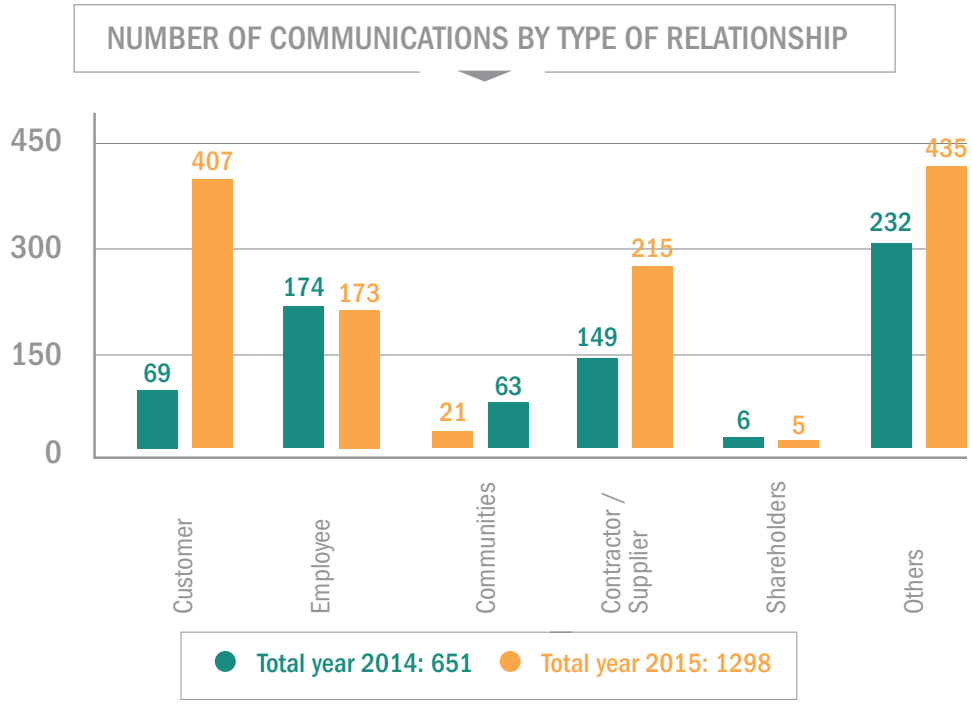
iv. Number of cases by time range (2015 vs. 2014)



v. Number of communications by reported company (2015 vs. 2014)



vi. Number of communications by type of relationship (2015 vs. 2014)



vii. Conclusions from the statistics of the Transparency Hotline.

Of the items presented in this report, we highlight the following aspects:

- Out of 1,949 communications received in the last two years, 29.4% were related to the objective of the Hotline, namely, to centralize the report of irregular conduct. However, it is encouraging that stakeholders resort to this tool and see it as a communication channel with the company.

- It is good that the Hotline has had a steady growth since it started operating, recording its highest peak during 2015 when 13% more new cases were reported compared to 2014.

- The Fraud category remains at the forefront in terms of number of reports received; however, during 2015 the category recording the highest growth was Communities since all the reports received from Sustainability Leaders were centralized on the Hotline. These communications did not necessarily result in the opening of cases.

- Of the 91 cases reported in the Fraud category, 29 were considered as cases of possible internal corruption. However, out of these 29, only five were proven misconduct and therefore action was taken to terminate employment contracts and, in three cases, workers were penalized upon confirmation of their participation in such conduct. In the remaining



21 cases, while there might be misconduct, it did not involve the employees of the Company or its subsidiaries.

- We highlight the receipt of communications by companies from the operations located in the different regions where the Company operates as it demonstrates effectiveness of trainings and displays with data from the transparency line as well as trust in this means.


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