

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 Integrated Report



GRUPO ARGOS

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Bolívar, Colombia

Cementos Argos

Gran Manglar
Viaduct

ABOUT THIS REPORT

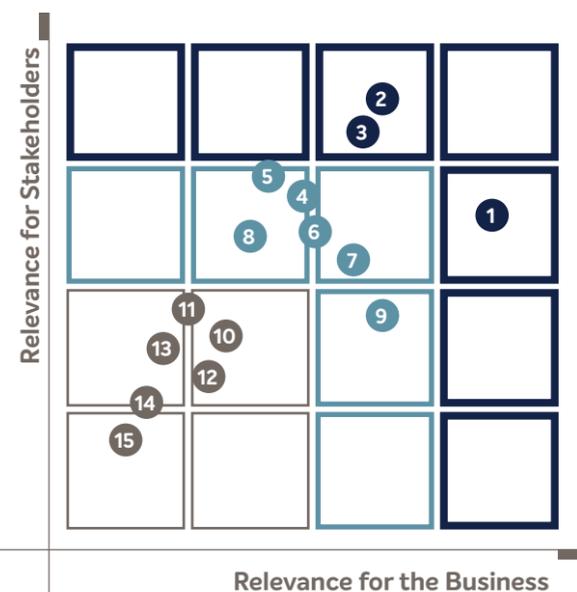
This report is the result of an exercise in transparency about the management of the most relevant economic, social and environmental issues for our company and for our stakeholders. It also ratifies our commitment to the Sustainable Development Goals (SDGs) of the United Nations.

PERIODICITY

[102-50, 102-51, 102-52] This document includes information on the period between January 1 and December 31, 2018. The last version was published in March 2018 and corresponds to the performance and results of 2017.

MATERIALITY

[102-47] The content focuses mainly on the issues identified as priority and relevant, within the framework of the Materiality Analysis that we carried out in 2018. The preparation process and the results of this exercise can be found in the chapter on Our Priorities (see page 54), as well as the contribution to the four prioritized Sustainable Development Goals (9, 11, 13 and 17).



REPORTING FRAMEWORKS

[102-54] This report has been prepared in accordance with the Global Reporting Initiative (GRI) standards, core option, and in turn follows the principles and guidelines of the Integrated Reporting Framework (IIRC), in order to provide our stakeholders complete information that demonstrates our ability to create value.

[102-55] The GRI Content Index and the self-declaration of compliance with the Integrated Reporting Framework are found in the annexes of the report (see pages 110 and 116).

Priority Issues

1. Responsible Operation Guidelines
2. Financial Success
3. Corporate Governance

Relevant Issues

4. Talent Management
5. Conscious Investment
6. Ethics, Conduct and Transparency
7. Working Model of the Business Group
8. Cutting-edge Practices
9. Promise of Value to Society

Emerging or Maintenance

10. Organizational Culture
11. Audit and Control
12. Corporate Citizenship
13. Working Practices
14. Administrative Management and Consolidation
15. Brand Management

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE



11 SUSTAINABLE CITIES AND COMMUNITIES



13 CLIMATE ACTION



17 PARTNERSHIPS FOR THE GOALS



The participation of the stakeholders in the Materiality Analysis was decisive for the prioritization of the relevant issues (see page 56).



Atlántico,
Colombia

Celsia

Plan 5 Caribbean

COVERAGE

[102-45, 102-46] This report gives an account of our focus in management, performance and main results as a matrix of infrastructure investments. It also offers relevant information about our strategic businesses: cement (Cementos Argos S.A.), energy (Celsia S.A. E.S.P.) and road and airport concessions (Odinsa S.A.). In addition, it includes investments in the urban development and coal business.

[102-49] Throughout this document, we specify the coverage of the indicators, that is, whether they correspond to an indicator of Grupo Argos as a holding, or to the consolidated Business Group. Figures in the management report are presented under the International Financial Reporting Standards (IFRS). To maintain a comparability with the figures we published in previous reports, we express them in pesos and dollars at a market representative rate (TRM) of COP 2,956.43.

EXTERNAL VERIFICATION

[102-32, 102-56] To verify the reliability of the information reported, we have submitted this publication to an accounting audit by an independent third party, the Deloitte & Touche firm, in its capacity as statutory auditor of the company. Senior management reviewed and approved the Integrated Report and also commissioned Deloitte & Touche with limited assurance of social, environmental and economic indicators. The correspond-

ing verification reports can be found in the annexes hereto (see pages 93, 106 and 114).

[102-48] Relevant information has not been restated in relation to previous reports. If the calculation methodology for an indicator has been updated, it is specified in the corresponding section.

[102-53] This document is published on the website www.grupoargos.com and is complemented with the information corresponding to the 2018 period, which can be consulted by scanning the following code:

The integrated reports of our subsidiaries can be consulted at: www.argos.com.co, www.celsia.com and www.odinsa.com



In case of concerns or comments regarding the content of this report, contact Cristina Arias, Sustainability manager, at the e-mail address cariase@grupoargos.com



01

OUR
COMPANY

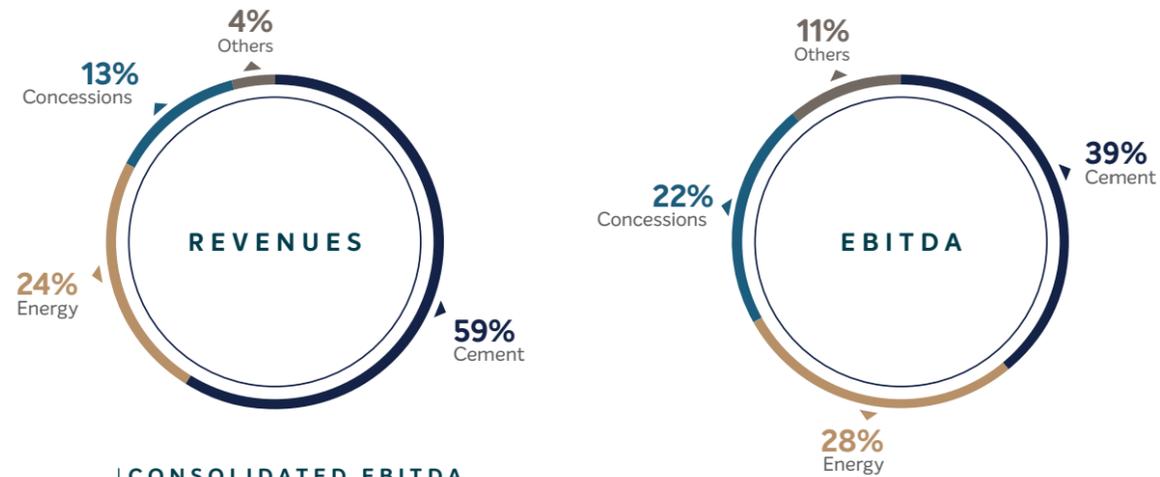
W. Virginia, United States

Cementos Argos

Martinsburg
Plant



Around 12,000 collaborators in the Business Group | Around 10,000 shareholder | Strategic focus in Cement, Energy and Road and Airport Concessions | Relevant player in Infrastructure in the American continent



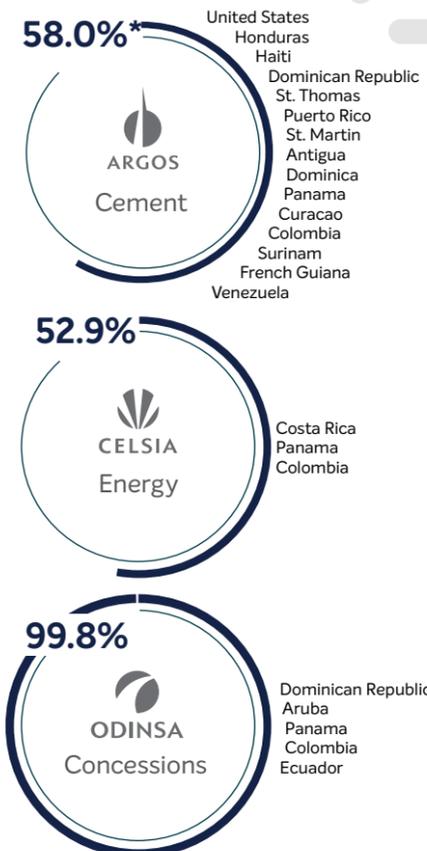
CONSOLIDATED EBITDA

Trillions of pesos



PRESENCE IN 18 COUNTRIES

OUR INVESTMENTS



* Common shares outstanding

PORTFOLIO

Real Estate



Financial Services



Food



** Interest in the private equity fund after the entry of Protección.

*** This interest corresponds to the interest held by Grupo Argos and its related companies.



BOARD OF DIRECTORS

[102-18, 102-19, 102-22, 102-26, 102-30] The 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, directed, at the same time, towards 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 pursuit of the best interest for the Company and its Shareholders. It is the responsibility of the Board of Directors to direct and support Senior Management in the management of the businesses and risks faced by the Company, particularly in economic, social and environmental matters.

- Competencies and experience related to economic, environmental and social impacts
- Shareholder of an important supplier or customer
- Percentage of meetings attended vs. meetings held

[102-23]

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

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

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

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

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



STEERING COMMITTEE

Grupo Argos, as an active holding, strategically manages the investments at its charge, and promotes cross-cutting practices for all the companies of the Group, aimed at maximizing the creation of value with a common DNA.

For this, it has a Steering Committee headed by the Grupo Argos CEO and its three Vice Presidents.

- 1 | JORGE MARIO VELÁSQUEZ**
CEO
- 2 | ALEJANDRO PIEDRAHITA**
Strategy and Corporate Finance Vice President
- 3 | CAMILO ABELLO**
Corporate Affairs Vice President
- 4 | SERGIO OSORIO**
Talent and Corporate Identity Vice President

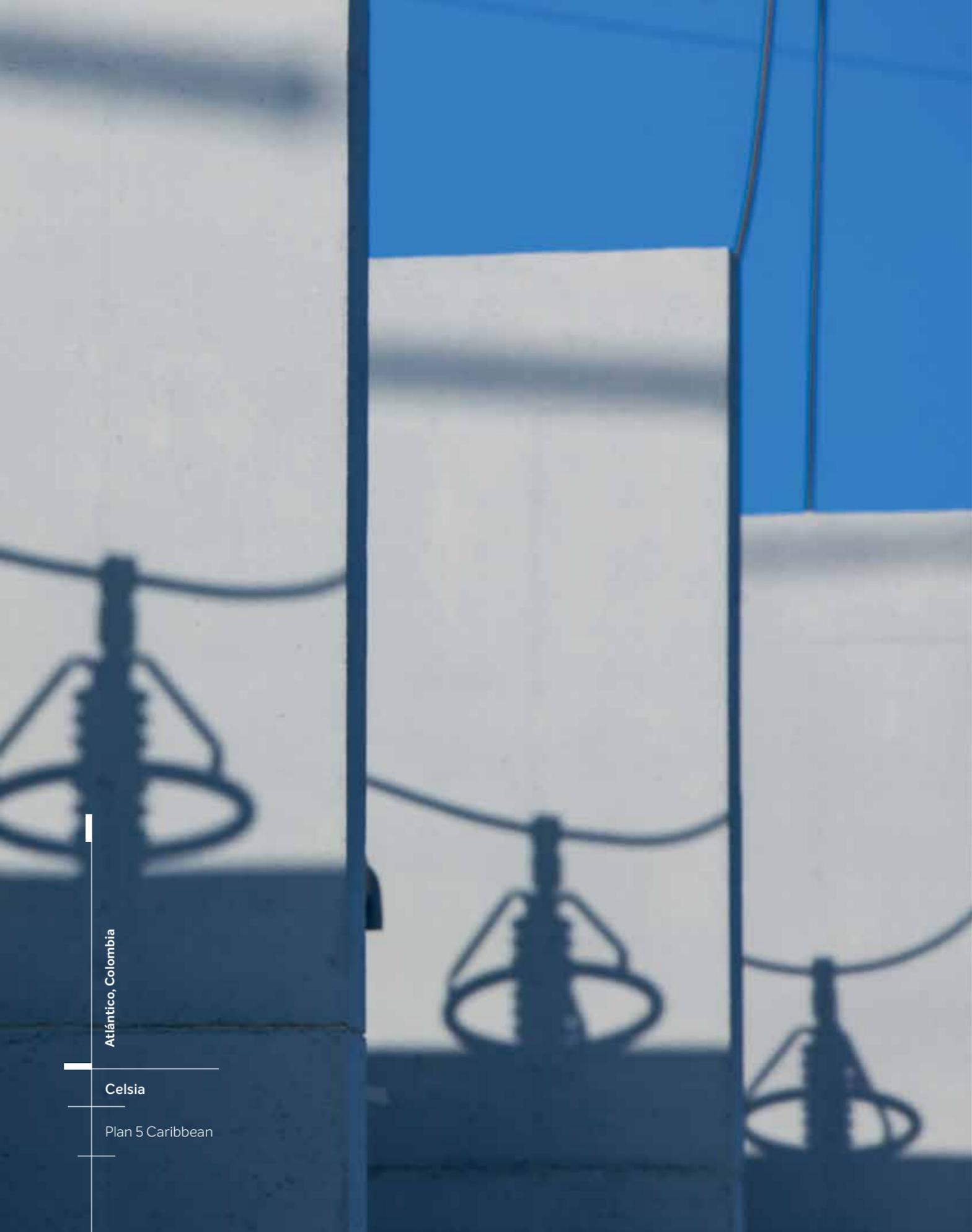


CEO COMMITTEE

One of the biggest challenges of any business group is to maintain an adequate alignment between all its companies, in order to pursue the strategic north and meet the expectations of the creation of value for all stakeholders.

To maintain this alignment, we have the CEO Committee, composed of all the CEOs of the strategic businesses of the Group and the Urban Development Business manager.

- 1 | JUAN ESTEBAN CALLE**
Cementos Argos CEO
- 2 | MAURICIO OSSA**
Odinsa CEO
- 3 | JORGE MARIO VELÁSQUEZ**
Grupo Argos CEO
- 4 | MARÍA CLARA ARISTIZÁBAL**
Urban Development Business Manager
- 5 | RICARDO SIERRA**
Celsia CEO



02

MANAGEMENT
REPORT

Atlántico, Colombia

Celsia

Plan 5 Caribbean

MANAGEMENT REPORT OF THE BOARD OF DIRECTORS AND THE CEO

[102-10, 102-14]

DEAR SHAREHOLDERS:



We defined 2018 as a year of strategic deepening

Welcome everyone to the Grupo Argos General Assembly of Shareholders. For the Board of Directors and the human team that I lead, it is an honor to present and bring to your consideration the results of the management of 2018.

Before referring to our management as a business group and to the performance of the businesses under our charge, I would like to thank the trust that you, the shareholders, have placed over the years in our company. That trust is the force that drives us to work with passion in the creation of sustainable value for your investments.

We define **2018 as a year of strategic deepening** in which we follow the traced route with coherence and discipline. Our goal is to become one of the most relevant actors in the infrastructure sector in the Americas, building a platform of dynamic, efficient and correlated businesses that share encouraging growth perspectives and that are managed from the standpoint of responsibility with all stakeholders.

Last year, we obtained positive results that confirm the power of the goal chosen, and that reflect an encouraging path of profitable growth both in Grupo Argos and in our main businesses: cement, concessions and energy.



The strategic north is to become a relevant holding company in the infrastructure sector in the Americas

Florida, United States

Cementos Argos

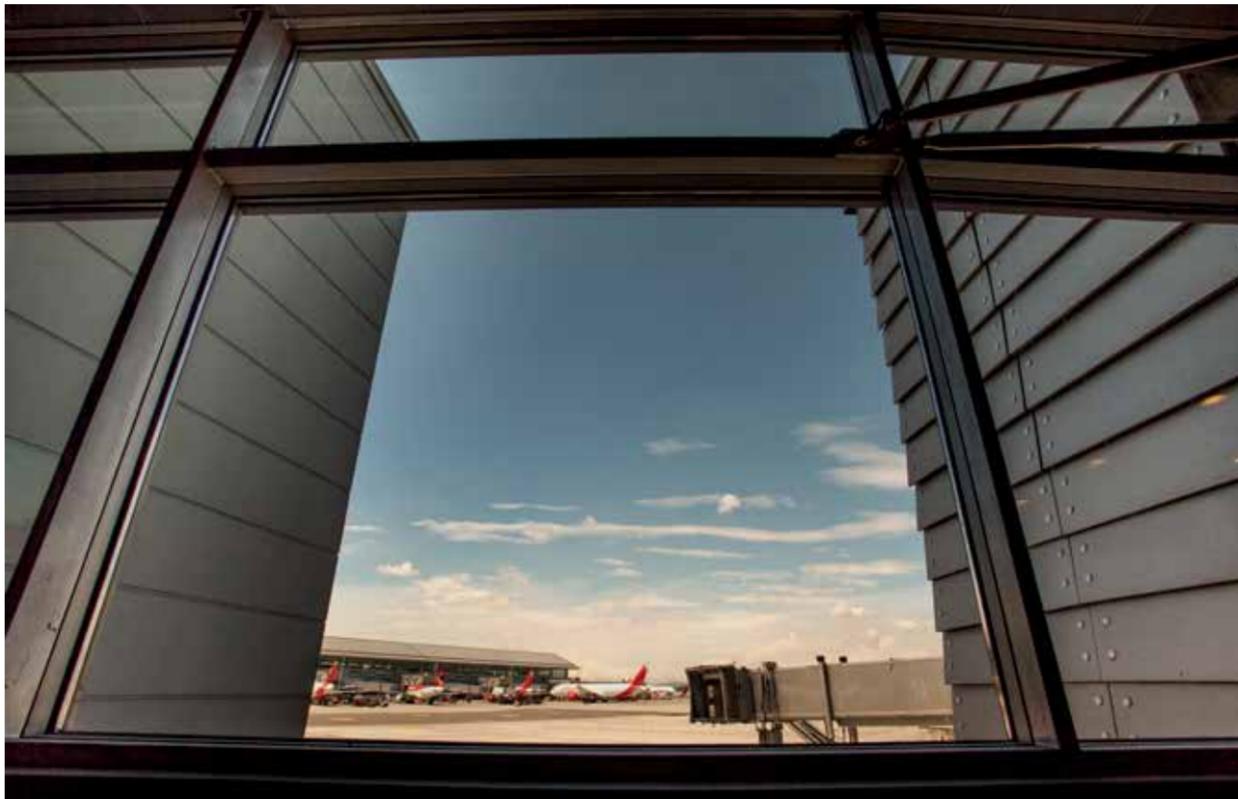
Newberry Plant

The results that we will see hereunder are harmoniously constructed with our conviction that it is fundamental to maintain the focus on both the financial results and the construction of a better society, together with the development of the people we impact and with respect for the planet.

These values, and this way of looking at business, are the DNA that identifies us as a cohesive business group with a common vision, around the higher purpose of transcending an outstanding economic result and creating the greatest shared value for all stakeholders, within a framework of deep responsibility, adherence to ethics and conviction for sustainability.

For this reason, I would like to share with you that, for the second consecutive year, the Dow Jones Sustainability Index has recognized **Grupo Argos as the most sustainable company in the world in the construction materials industry**, while at the same time recognizing our subsidiary Cementos Argos with the third position at a global level, and Celsia as a reference in Latin America, since it was included in the Dow Jones Sustainability Index for the Latin American Integrated Market, known as the MILA.

The work that we have been carrying out in the different ESG -environmental, social and governance- dimensions, and that can be observed throughout the document you have in your hands, **shows that sustainability issues are at the heart of the strategy of the Group**, reason why the aforementioned recognitions make us proud and also responsible, since we know that they are a key of trust for the markets and a sample of coherence with the history of this company and with the mandate that we have received from you, our shareholders.



Bogotá, Colombia

Odinsa

El Dorado International Airport

OUR STRATEGY

Our strategy is focused on the development of assets and competencies to become a leading actor in the infrastructure sector in the Americas, transforming capital, natural resources and talent into profitable and sustainable assets that offer a better quality of life to people who inhabit the countries where we are present. We do this by developing the housing where they live; the roads and airports with which they connect; the energy that drives their businesses and that is transformed to generate progress and equity in the territories.



Grupo Argos, the world's most sustainable company in the construction materials industry

We are convinced that one of the necessary conditions to develop the economies of the region is to build a broad access to world-class infrastructure, which allows their productive apparatuses to compete globally. This is the starting point of a virtuous circle of competitiveness, which will allow the generation of wealth in the regions and will result in a better quali-

ty of life for people. Thus, **competitiveness becomes a powerful tool of social equity.**

In Latin America, where we have a presence in 17 countries, the limited access to quality infrastructure for its nearly 650 million inhabitants offers great opportunities. The annual cement consumption in the region is around 300 kg per inhabitant per year, while the average of the countries in an accelerated development trajectory is around 500; the investment in road infrastructure does not reach 1% of the regional GDP and it is expected that investments

EBITDA
COP 4.0
 trillion
 the highest in the history of Grupo Argos

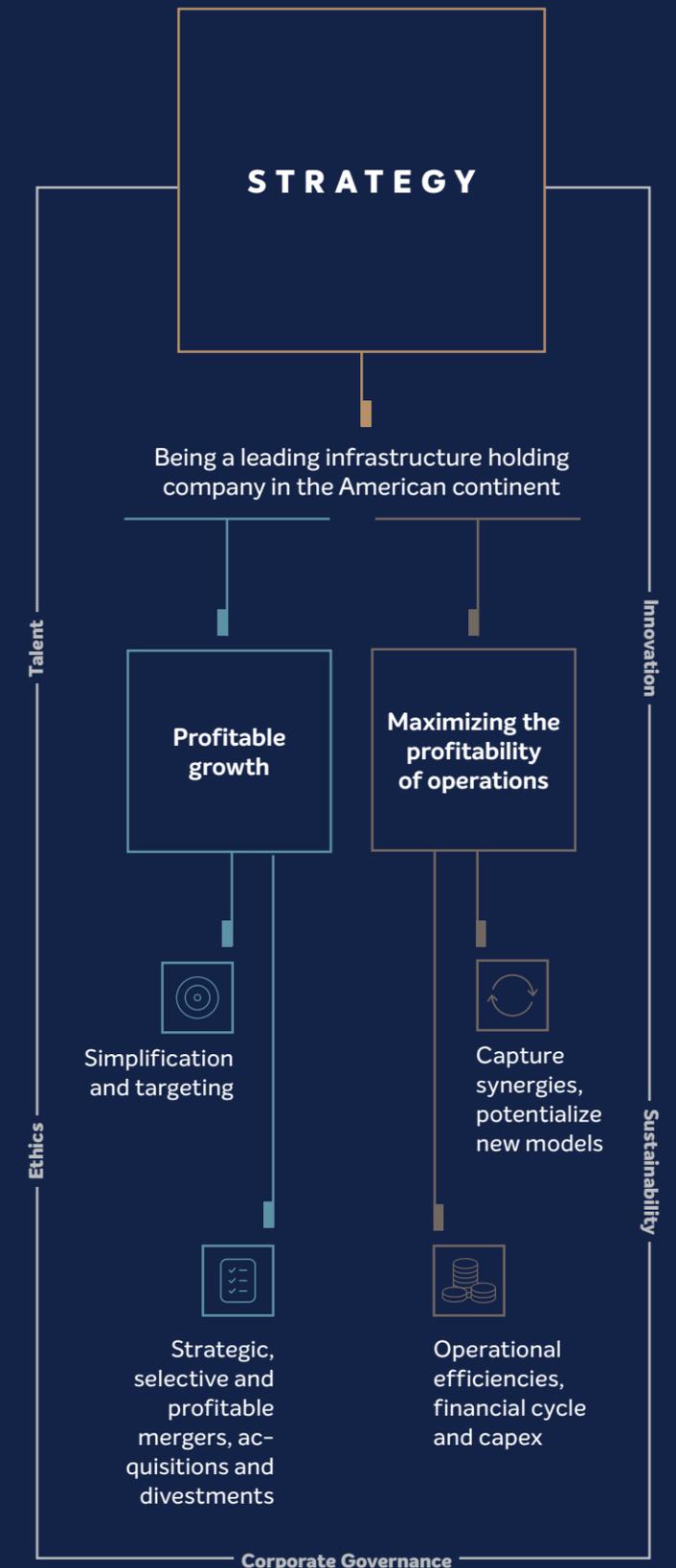
over USD 350 trillion will be required in the next 10 years to update the region in terms of road quality; the incorporation of close to 160 million inhabitants to the middle class in Latin America by 2030 will require the duplication of airport capacity, and, finally, the irreversible universal reality of the replacement of the consumption of fossil fuels by unconventional renewable energies brings huge opportunities, in a sector where the organization has also been taking on a relevant leadership role.

With this new environment in Grupo Argos, we have prepared ourselves to take advantage of the opportunities of our markets, while recognizing the necessity of competing in a business with actors with presence and access to global capitals, which has required us to adjust our strategy in order to be able to compete as equals in increasingly sophisticated markets, where our key to success is efficiency as a lever of profitability.

For this, our current strategy proposes two paths: **to grow selectively and profitably and, simultaneously, to strengthen the profitability of existing operations.**

This is how, in a consolidated manner in 2018, in the line of growth, we reassigned capital for more than COP 3.5 trillion in sales, mergers or acquisitions operations, as well as in simplification and targeting operations in our portfolio.

Regarding the pursuit of profitability –our second objective–, we obtained the highest consolidated Ebitda in the history of the organization, with a value close to COP 4 trillion and a margin that grew from 27% to 28%.



MAIN 2018 MILESTONES

The success of Grupo Empresarial Argos is based on teamwork, synchronized and respectful between the holding and its subsidiaries, seeking in the performance of each person that integrates this organization the acknowledgement of a shared culture, a higher purpose, and the principle of ethics as a pillar to produce excellence. We do this work through the development of a framework of joint work, articulated with our business units, and aimed at optimizing the use of our strategic resources and maximizing the value of our investments.

During the last 12 months, as a human team, we concentrated our work around **two pillars: the support to our subsidiaries in the materialization of their strategic initiatives, and the consolidation of the holding's role**, as the axis of the value creation model of the business group.

In relation to the first pillar, the actions that were carried out by each subsidiary in operational matters were strengthened by the role of Grupo Argos, which, as an active holding company, supported and coordinated several of these initiatives.

In **energy, and together with the Colombian stock market, we made progress in simplifying and optimizing the corporate structure of this business**, capturing relevant operational and financial synergies.



Bolívar, Colombia

Cementos Argos

Cartagena Plant

In the concessions business, we completed the integration of the company to the business group through the successful closing of a public offer to delist Odinsa, which led to a 99.8% ownership of this company.

These efforts were aimed at positioning Odinsa as a leading transport concessions platform, with a balanced and robust portfolio that allows us to continue participating in the growth of the infrastructure sector in the region.

Regarding **the cement and concrete business, I would like to highlight that we have made progress in the consolidation of the profitability** in our operations, where we highlight the results obtained in operational efficiency derived from multiple initiatives such as the consolidation of a lighter corporate structure, the implementation of alternative fuels systems in some of our plants and the advances in the use of alternative materials that seek to replace a percentage of clinker in cement grinding at a more efficient cost, which in turn reduces CO2 emissions.

I would also like to mention a relevant event in which the volatility of the stock market allowed us, from Grupo Argos, **to increase our equity ownership in the company, reaching 58% of the common shares**. With this investment, which amounted to around COP 300 billion, Grupo Argos sent a strong message of confidence with respect to the strategic execution of the cement business.

In relation to the second pillar of work, we highlight the consolidation of the role of Grupo Argos as an active holding company, by leading the strategic direction of the business group in order to strengthen our investments through the alignment of common policies and practices, but also to identify and facilitate the capture of value through the joint execution of business opportunities of common benefit.

Throughout 2018, we managed to consolidate the operations of our shared services and competencies center, created new cooperation and work schemes articulated among the group companies, integrated the corporate citizenship strategy and implemented the Ventures program which, through capital investments, allows us to explore new and fascinating businesses, related or complementary to the current ones, but which have a long and promising horizon of development.



Valle del Cauca, Colombia

Celsia

Electric Asset Management Center, NOVA

We are making a bet with the firm intent to expand the frontiers of knowledge in our current businesses and to be up to date with the world trends in order to create the models of the future, with the aim of accelerating our evolution.

Artificial intelligence applied to energy storage systems, space computing for the construction industry, and the creation of soft infrastructure through micromobility solutions are some of the most advanced technologies on the planet in which we are investing to solve real problems in our businesses and our cities.

Thus, our work teams have assessed more than 200 ventures at a global level, obtaining as a result an interest in the first four companies in which we are partners of the main investors of venture capital in the world, with a total investment of USD 5.6 million.

The possibilities we see within this program have no limits and allow us to dream of continuing to be the driving force of progress for future generations, which is why we have committed joint investments with our subsidiaries of USD 72 million for the next four years.

VENTURES ASSESSED
+200
companies at the global level

TOTAL INVESTMENT TO THE DATE
USD 5.6
million

2018-2021 INVESTMENT PROJECTION
USD 72
million

BEHAVIOR OF MARKETS AND OUR SHARES

The shares of Grupo Argos have not been alien to the behavior of capital markets, especially in emerging countries that, in 2018, were impacted by macroeconomic events and geopolitical tensions worldwide.

During this year, investors in the emerging world faced a strong dollar, as a result of a productive sector strengthened by fiscal stimuli in the United States. Growth in this country, together with a contractive monetary policy that put an end to low rates, prompted global capital flows to migrate their portfolios to this market.

The MSCI index for emerging markets dropped 14.6% in 2018, while the Colombian index, Colcap, decreased by 12.4%. This, however, was largely supported by the better performance of the oil sector, since most of the other sectors showed a negative behavior. If the positive effect on the Colcap from the shares of the oil sector were to be excluded, the drop would be even more abrupt.

In addition to international pressures, **the Colombian market was affected by the announcement of the exit of Latin America from an international fund with relevant positions in several Colombian companies, including Grupo Argos.** This exit, in addition to other factors, generated a significant pressure on the offer, which negatively affected the price of the shares of several issuers.

The bulk of these sales ended in mid-October 2018, ending the strong offer and allowing the shares of Grupo Argos to

18%
of common share valorization between Oct. 2018 and Feb. 2019

recover part of the lost ground, **with valuations that, by the middle of February 2019, amounted to 18% in common shares and 15% in preferred shares.**

Given the challenges of a Colombian market highly permeable to global movements, we have carried out actions not only to maintain a dynamic of communication with investors, but to actively participate in the discussions of the Capital Market Mission, timely convened by the National Government, to study the regulatory modifications that must be introduced to the public securities market, in such a way that it encourages the participation of more actors, and opens wide possibilities of investment to pension funds, among many other decisions that must be taken. We celebrate that people like Professor Roberto Rigobón, from MIT, are leading the analysis of the required changes.

Our current results and our long-term vision, as well as the regulatory changes that we hope will be introduced, will contribute to closing the value gap by recognizing a fair price for our securities. **Grupo Argos is currently one of the most interesting and recommended shares for local analysts.**

FINANCIAL RESULTS

We are pleased to report that at a separate and consolidated level, Grupo Argos achieved positive results, both in its revenue generation and in its profitability, which reinforce the trend of recent years. When analyzing the compound annual growth of revenues in the five-year period, it reaches a variation of 13%, while Ebitda does so by 16%, showing a positive value lever that evolves increasingly.

At a consolidated level, 2018 closed with **revenues that reached COP 14.3 trillion and the best Ebitda in the history of our business group, which reached COP 4.0 trillion**, for a 28% margin. If the non-recurring effect of the sale of the port business in 2017 is not taken into account, the year-on-year increase in Ebitda would be 6%.

Most of the businesses had a positive behavior in Ebitda, a figure in which the substantial increase in contributions to the consolidated one stands out, made by the concessions business with COP 138 billion and the cement business with COP 120 billion, which add to the good dynamics of the energy and real estate business.

The efficiencies achieved at a consolidated level, around the financial and structural expenses, allowed to achieve savings of COP 99 billion, in line with a level of indebtedness that decreased 1% to COP 16.2 trillion.

The sum of all these efforts resulted in a **net profit that grew from COP 907 billion to COP 1.2 trillion, with a 32% year-on-year variation**. Regarding the profit of the controlling company, it presents a positive 10% variation, benefited by a greater contribution from all the businesses, and closes in COP 671 billion.

On the balance sheet, assets at the consolidated level totaled COP 48.7 trillion, growing by 2.4%; liabilities decreased 1% to COP 23.1 trillion, which resulted in a 5.2% equity growth, reaching COP 25.6 trillion.

At a separate level, **revenues reached COP 1.4 trillion, with an annual growth of 16%**, while **costs and expenses showed a decrease of 20%**, to close 2018 with a separate

EBITDA of COP 980 billion, with an increase of 56% with respect to 2017 and a 71% margin. This result was generated as a result of the movements of the portfolio, as well as the optimization of the capital structure and the decrease in operational expenses that, for this year, were of COP 141 billion, decreasing 14% with respect to the previous year, and that, when observed in a longer period of time, show a 4% annual decrease in real terms, in a sustained manner.

The efficiencies achieved in financial and structural expenses translated into a **separate net profit that grew 79% and reached COP 812 billion, with a 59% net margin**.

At the end of 2018, the separate debt of Grupo Argos closed at COP 1.6 trillion, with an average life of 5 years. The disciplined management of the stock of debt together with the growth in Ebitda resulted in a **net debt/Ebitda indicator that went from 1.9x in 2017 to 1.7x** in the current term, with financial costs that continue to decrease, as an example of the market confidence and the rigor of our treasury.

CONSOLIDATED REVENUES
COP 14.3
trillion

CONSOLIDATED EBITDA
COP 4.0
trillion

CONSOLIDATED NET PROFIT
COP 1.2
trillion

SEPARATED INCOME STATEMENT

COP Billions

	2017	2018	2017-2018 Variation
Revenues	1,190	1,380	16%
Ebitda	630	980	56%
Ebitda Margin	53%	71%	1,811 pbs
Net Profit	453	812	81%
Net Margin	38%	59%	2,078 pbs

56%
annual growth of the Ebitda

CONSOLIDATED INCOME STATEMENT

COP Billions

	2017	2018	2017 - 2018 Variation	2017 prof* (Ex Compas)	2018	2017 prof* (Ex Compas)
Revenues	14,574	14,314	-2%	14,171	14,314	1%
Ebitda	3,905	3,966	2%	3,752	3,966	6%
Ebitda Margin	27%	28%	91 pbs	26%	28%	196 pbs
Net Profit	907	1,194	32%	754	1,194	58%
Net Margin	6%	8%	212 pbs	5%	8%	317 pbs
Controlling Company Net Margin	611	671	10%	458	671	46%

46%
Net profit growth of controlling company, Ex Compas

* Consolidated Income Statement without effects of the Compas operation, proforma.

Bogotá, Colombia

Grupo Argos

Business Group offices

PERFORMANCE OF THE STRATEGIC BUSINESSES

CONCESSIONS

The disciplined application of the strategy, together with an efficient management of assets, allowed us to achieve positive results during the year. In 2018, we strengthened the strategic focus on roads and airports by investing in controlled assets, achieving a healthy balance between projects in structuring, construction and operation stages.

Our road concessions had a good operating performance with **growth in both traffic and revenues; vehicular traffic grew 1%, reaching 75,100 vehicles per day, and airport traffic grew 6% to total 37.9 million passengers, which resulted in consolidated revenues of about COP 790 billion, an EBITDA of COP 532 billion, which grew 12%, and a net profit of the controlling company of COP 135 billion, with a 28% increase.** These positive variations exclude the non-recurring effects of the divestments made in 2017 in the Santa Marta-Paraguachón concession and the Farallones Consortium.

We highlight the completion of the arbitration process of the ANI with the Autopistas del Café S.A. Concession, which confirmed the effectiveness of the concession agreement until 2027. This fact has allowed us to continue operating one of the five concessions with the highest vehicular traffic in Colombia, as well as ratify the seriousness of the arguments and the responsibility for the public, with which Grupo Argos and its subsidiaries face each of the challenges of the businesses under our responsibility.

In Pacífico 2, a concession that is part of the corridor that is being built to connect the central zone of the country with our two oceans, we have registered important milestones that make it an emblem in national infrastructure. As of December 31, 2018, **the work progress of Pacífico 2 reached an execution of 59%, 8% above the program, with an accumulated investment amounting to COP 537 billion.**

COP 532
BILLION
in Ebitda, 12%
more than in 2017

The Pacífico 2 concession reached a 59% progress, 8% above the schedule, with an accumulated investment of COP 537 billion

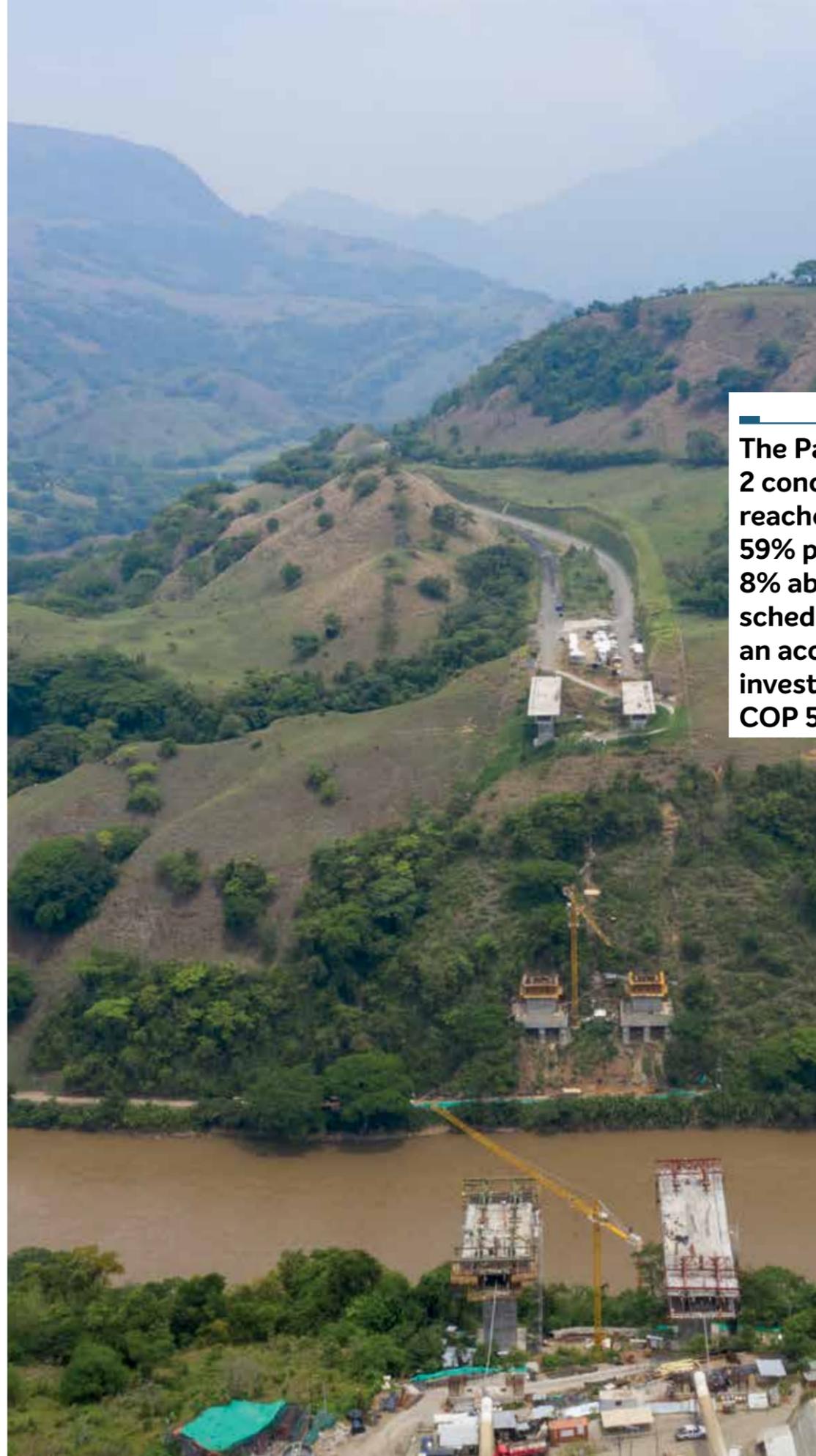
Regarding our international road concessions, I would like to highlight the final delivery of the construction works in the Green Corridor project in Aruba, with which this concession enters the operation and maintenance phase.

Regarding airport concessions, I would like to point out with special optimism the dynamic behavior of this sector, where we had a 6% growth in passenger traffic.

The Mariscal Sucre airport in Ecuador registered a 7% increase in the number of travelers, and increasing results in revenues and Ebitda, which resulted in a net profit of USD 57 million, 14% higher than the previous year. For its part, the El Dorado airport had a 6% passenger increase, driven mainly by international dynamics. The aforementioned resulted in an **increasing variation in EBITDA and in net profit, which increased by 32% and 190% respectively.**

Today, El Dorado is an airport at the forefront, that, thanks to the constant strengthening of its processes and services and the improvement of its infrastructure, is still positioned as the first airport in South America in cargo movement, third in passengers and the green airport of the region. We must draw attention, however, to the urgent need to define the future of the expansion of the Bogota Airport System, given that its traffic grows on average 2.5 times the GDP over long periods of time. The foregoing makes it foreseeable that the capacity of this strategic asset of the country will reach full use in a few years.

In this line, the organization has presented a private initiative project to expand this airport through the construction of a third runway and a second terminal, which would allow it to reach a capacity of close to 70 million passengers per year.



Antioquia, Colombia

Odinsa

Pacífico 2
Concession



Bogotá, Colombia

Odinsa

El Dorado International Airport

We have insisted that this initiative not only does not require public resources and can be financed entirely by the private sector, but it is also the most cost-efficient option for the country, postponing the construction of a second airport.

As part of our commitment to continue building a promising future, **in 2018 we advanced in the design and management of three completely strategic projects for the infrastructure of the country:** the aforementioned maximization plan of the airport infrastructure of Bogotá, the proposal for the construction of the new Cartagena airport and

the Perimetral de la Sabana road in western Bogotá. These projects are under evaluation by the competent authorities and, if approved, will require investments of close to USD 4 trillion over the next five years.

CEMENT

In 2018, Cementos Argos directed its efforts to improve its profitability and increase its financial flexibility, to sow the seeds that will allow it to successfully compete in the future. In terms of profitability, the implementation of its BEST program (Building Efficiency and Sustainability for Tomorrow) continued in the United States and the Caribbean and Central America regions, obtaining more than USD 50 million in reduction of costs and consolidated expenses.

In Colombia, savings were obtained through processes of operational transformation, efficiency and divestment of non-strategic assets. For its part, in the United States, a reduction of the total energy cost of more than 3% was achieved, as a result of the decrease in energy consumption, the increase in the use of alternative fuels and better conditions of electric power supply agreements.

These efforts resulted in an Ebitda that reached COP 1.54 trillion with a growth of 8%, for a consolidated Ebitda margin of 18.3%, improving 158 basis points with respect to 2017.

In the Colombia region, the construction sector began to show signs of recovery from the second semester, and evidenced a cement market that remains significantly stable with dispatches of around 12 million tons per year. Argos was positioned as a leader in infrastructure works, providing around 70% of the functional units awarded, which allowed a growth of 16.7% of the Ebitda contributed by this region.

In the Caribbean and Central America, despite a challenging environment in some countries, we have maintained our position of leadership in important markets such as

EBITDA OF
COP **1.54**
TRILLION
8% more than
in 2017

Honduras, Puerto Rico, Haiti and Panama. In total, dispatches amounted to 3.6 million tons in the region, growing by 2.6% in volume, and we commercialized 1.6 million tons of cement and clinker for export. This allowed revenues of USD 593 million and an Ebitda of USD 178 million, which grew by 3.4% with respect to the previous year, supported by a 9.5% decrease in the level of expenses.

We are optimistic about the future in the region, where we also achieved participation in important works such as the IV bridge over the Canal and the third Metro line in Panama, as well as the reconstruction in Puerto Rico after the 2017 hurricane season, to name just some examples.

For its part, in the United States, although the expansive cycle of the economy was impacted by the extreme weather conditions experienced during 2018, which did not allow growth in sales volumes, Cementos Argos achieved dispatches of 5.7 million tons of cement and 7.0 million cubic meters of concrete, slightly lower than those registered in 2017. We also participated in the construction of emblematic projects such as the Coca-Cola production plant, the Facebook data center and the Mercedes Benz stadium of Atlanta, where the 2019 edition of the Super Bowl was played.

In 2018, more than 30% of Cementos Argos' revenues came from innovation projects

Beyond the cyclical dynamics of the markets, we know that our sustainable and long-term competitive advantage in the cement business lies in understanding our customers, so that our portfolio is increasingly closer to their needs.

In this line, during 2018, an unprecedented effort was made in terms of digital transformation as a tool to generate an increasingly closer and simpler relationship with those who receive our products. **At the end of the year, 59% of cement orders and 40% of concrete orders in Colombia were made through the Argos ONE digital platform, launched at the end of 2017, which allows customers to order their products, follow-up on their dispatches and consult the quality results of the products acquired.**

This effort to transform our portfolio, bringing it closer to our customers, has led us to give special importance to innovation as a fundamental axis of growth, profitability and sustainability.

The results of this bet are tangible not only in revenues, but also in efficiency. **As of December 2018, more than 30% of Cementos Argos' revenues came from innovation projects, and savings of more than COP 25 billion** were produced through the implementation of innovative ideas from our collaborators. Today, innovation processes have not only led to the strengthening of the cement business, but also to the creation of companies in complementary sectors such as Agregados Argos, Greco and Caltek, among others.



Atlanta, Georgia,
United States

Cementos
Argos

Mercedes Benz Stadium,
Atlanta

3.7x

NET DEBT/EBITDA
4.6x in 2017

Among the ongoing initiatives, I would like to highlight the important advances in the calcined clays project at the Rioclaro Plant in Colombia, which, with an investment of close to USD 70 million, will increase the production capacity of this plant by approximately 30%, substantially improving its environmental footprint. This advance, in addition, will allow us to replicate a much more efficient and cleaner technology in several of our geographies around the continent.

Thus, during the year, Cementos Argos dispatched 16 million tons of cement and 10.3 million cubic meters of concrete, which represented consolidated revenues of COP 8.4 trillion, in line with what was recorded in 2017.

The Ebitda reached COP 1.5 trillion, growing by 8%, for a margin of 18.3%, based on the diversification strategy and the 6% decrease in administration and sales expenses.

We also highlight the significant improvement in levels of indebtedness, **where a net debt/Ebitda index plus dividends of 3.7 times was obtained, lower than the 4.6 times at the end of 2017**, as a result of the optimization of Capex, the effort in the release of working capital and the successful execution of divestments of non-strategic assets.

Likewise, it was possible to optimize the structure of the duration and the financial cost of the debt, with the placement of ordinary bonds for COP 500 billion and a syndicated loan for USD 600 million, which significantly improved the profile and the cost of the debt. As a result of the aforementioned operating and financial efforts, **profit before taxes closed at COP 414 billion, increasing 42.2%, and net profit closed at COP 179 billion**, substantially increasing compared to the previous year.



ENERGY

In Celsia, we advanced in 2018 in the deepening of the competitive strategy, focused on developing renewable energy projects in the region, consolidating and strengthening its operations in Colombia and Central America, and reaching a greater number of customers with a differentiated portfolio to provide them with an outstanding experience.

With this objective as guidance, **Celsia launched a successful issue of shares in early 2018, with which it raised COP 1.5 trillion that allowed it to strengthen its capital structure and increase its interest in Epsa until reaching 61.3%**, where Grupo Argos took part in the public tender offer to unify its share in the energy business in Celsia.

Likewise, Celsia made the sale of generation assets in Colombia to Epsa, consolidating its operation in the country and obtaining operational, fiscal and market efficiencies by integrating the different generation technologies into a single vehicle, which improved the flow of the company in order to respond to new growth opportunities.

As part of the efforts to maintain profitable growth and optimize the capital structure, we conducted the first green bond issue of the real estate sector in Colombia. **The issuance program for COP 420 billion is supported by the International Finance Corporation, IFC, and the National Development Finance, FDN.** The resources will finance the new solar farms in different parts of Colombia, thus contributing to a model of sustainable economic development.

Regarding the generation strategy through non-conventional renewable energies, in 2018 we continued to consolidate ourselves as the main agent of this market with **the construction of a new photovoltaic generation farm, Celsia Solar Bolívar, with a capacity of 8.1 MW and an investment of approximately USD 8 million.**

Guanacaste, Costa Rica

Celsia

Wind Farm



Valle del Cauca, Colombia

Celsia

Calima Hydroelectric Power Plant

Likewise, we increased the equity interest in the company Begonia Power S.A.S. E.S.P., reaching 58% of its ownership. This company currently has four wind generation projects in La Guajira for a total installed capacity of 330 MW that, added to the Celsia solar farms, with which we have the goal of adding about 220 MW of installed solar energy capacity by 2020, are proof of the **magnitude of the bet of our energy business for clean energy.**

Another important work front was the advance in the transmission and distribution business. In the framework of the Plan5Caribbean, the projects planned for 2018 were completed and all the works are expected to be delivered on the first quarter of 2019, in line with the dates agreed with the Commission for the Regulation of Energy and Gas, CREG. **The investments, close to half a trillion pesos, will improve the quality of service in the Caribbean region of Colombia.**

Likewise, the Company was awarded the Toluviyo substation, in the department of Sucre, and the transmission lines Chinú - Toluviyo and Toluviyo - Bolívar. These projects will require an investment of close to USD 70.5 million. The transmission and distribution business is a stable and predictable source of revenue and the company is taking decisive steps to grow this activity in the country.

NON-CONVENTIONAL GENERATION PROJECTS
+550 MW
in construction

In summary, during 2018, profound transformations were carried out that were reflected in solid financial results. We generated 3% more than the previous year, revenues reached COP 3.4 trillion and Ebitda COP 1.1 trillion.

The net profit of our energy business reached COP 351 billion in 2018, 40% higher than at the end of 2017, with significant advances in deleveraging that have resulted in an indicator of net debt/Ebitda of 2,7 times, proof of sufficient financial strength to solve the future growth in this sector.

PERFORMANCE OF THE REAL ESTATE BUSINESS

From several points of view, 2018 was a relevant year for the urban development business. On the one hand, **we increased the number and value of closed transactions that grew by 8.6% to reach COP 290 billion** and, on the other, we reached important milestones in Barú as the beginning of the construction of the Calablanca hotel project, which will operate under the Sofitel brand and leveraged on the dynamics and prestige of the Santa Clara Hotel in Cartagena, one of the best positioned in the country and the region. The development of this project also has the participation of one of the most important real estate funds in Colombia, demonstrating the credibility and confidence that this initiative has begun to generate in the main actors in the industry.

In Barranquilla, we continued to deliver first class urban planning and real estate development in the north of the city with the sale of 140 thousand square meters in Miramar 5, among several other transactions.



COP 140 billion in revenues from the sale of lots, 2.2 times more than the average between 2005-2017

For its part, Pactia closed with a portfolio of 72 assets under management, amounting to COP 3.5 trillion and presence in 14 departments of Colombia, Panama and the United States. 2018 was a year focused on the stabilization and maturation of the more than 200 thousand m2 of rentable area that entered the portfolio in 2017, and the divestment of three Viva shopping centers (Viva Villavicencio, Viva Sincelejo and San Pedro Plaza) where there was a minority interest.

As a result of the stabilization of the Fund, year on year, **gross income increased by 24%, reaching COP 277 billion; net operating income grew 75% and reached COP 191 billion, and Ebitda was COP 131 billion, 22% more than at the end of 2017.**

Atlántico, Colombia

Urban Development Business

Palmas del Río Park, in Barranquilla



WE CREATE VALUE FOR SOCIETY

We conceive our creation of value in a comprehensive manner, since we transform different types of capital through our business activities. Thus, we seek to create value both for the financial capital and for the operational, intellectual, human, social and natural capital for the benefit of our environment.

Within the Integrated Report you have in your hands, we have worked hard to include details about our actions, achievements and challenges in that search to generate shared and integral value.

Our management is framed within a sustainability strategy composed of three pillars. The first one refers to our processes of Conscious Investment, which integrate ESG (environmental, social and governance) criteria in our decision making. The second pillar, which we have called Cutting-edge Practices, consists of taking advantage of investment opportunities in new businesses, as well as strengthening current business models, which allows us to ensure future growth and, consequently, the generation of value in the long term. Finally, the third pillar of our sustainability strategy is related to the guarantee of a **Responsible Operation** of all our businesses and subsidiaries, which, while maintaining their individual development, share the objective of sustainability as a common purpose.

We firmly believe that by creating value for the company, we are also creating value for society. For this reason, we have set out to measure the positive and negative impacts derived from our activities

with a tool called the Value Added Statement to Society. By 2018, the implementation of this measure showed us that **Grupo Argos, as a holding company, delivered to society almost twice the value it retained in the same period.**

We are aware of the mandate given by you, our shareholders, to create economic value in an articulated manner with the construction of a better society. In that vein, **the integration of our corporate citizenship strategy into a single and powerful vehicle, the Grupo Argos Foundation, seeks to strengthen our actions of corporate philanthropy.**

With the Grupo Argos Foundation, we are making a positive impact on the life of communities and ecosystems, through corporate citizenship initiatives such as the planting of more than 1.2 million trees, the preservation of more than 4 million hectares of forests, the conservation of about 3 million hectares of river basins and the protection of more than 300 animal species in our biodiversity corridors. These initiatives are proof of our genuine interest in the sustainability and development of the country. You can consult the details of the actions and investments in 2018 in a separate report.

Valle del Cauca,
Colombia

Cementos
Argos

Yumbo School

OUR VISION OF THE FUTURE

We are optimistic about the dynamics and economic growth of the regions where we participate; we are convinced that the main instrument to generate countries with greater and sustainable growth over time is competitiveness. Investment in infrastructure is a fundamental factor in getting our countries to become exporters of high added value goods and services, generating better paid jobs.

Recent decisions, such as those made in Colombia, where the right incentives are generated for companies to invest in productive capital goods, are the way to achieve higher investments that boost economic growth above 4% of the GDP, thus generating macroeconomic stability with low interest rates, controlled inflation and a single digit unemployment rate.

Only with an ethical, solid and competitive private sector, and an efficient, transparent government that generates quality public policies, will it be possible to achieve a greater well-being for Colombians.

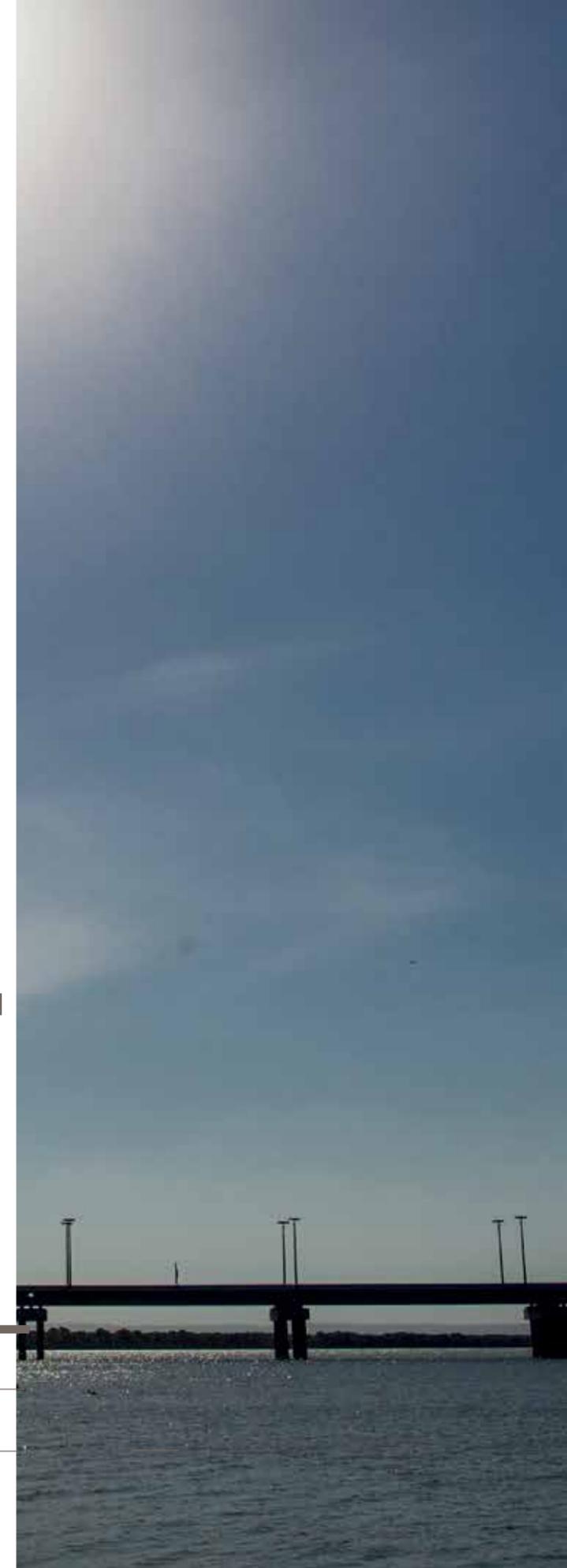
Therefore, at Grupo Argos, we continue to see infrastructure as a long-term commitment, intensive in capital investment and generating quality employment, with which it is possible to implement innovative ideas and attract new allies in our businesses, to achieve a better and more productive society for all.

In our road and airport concessions area, we continue to generate transformational projects with investments that, over the next 10 years, will reach USD 5 billion. In energy, the bet on renewable generation, where we currently have about 550 MW under construction, added to the more than one million customers that we expect to have in the distribution and marketing business in the

Bolívar, Colombia

Cementos Argos

Gran Manglar
Viaduct



We are building a leading organization in the infrastructure of the Americas: a country is built by building up companies

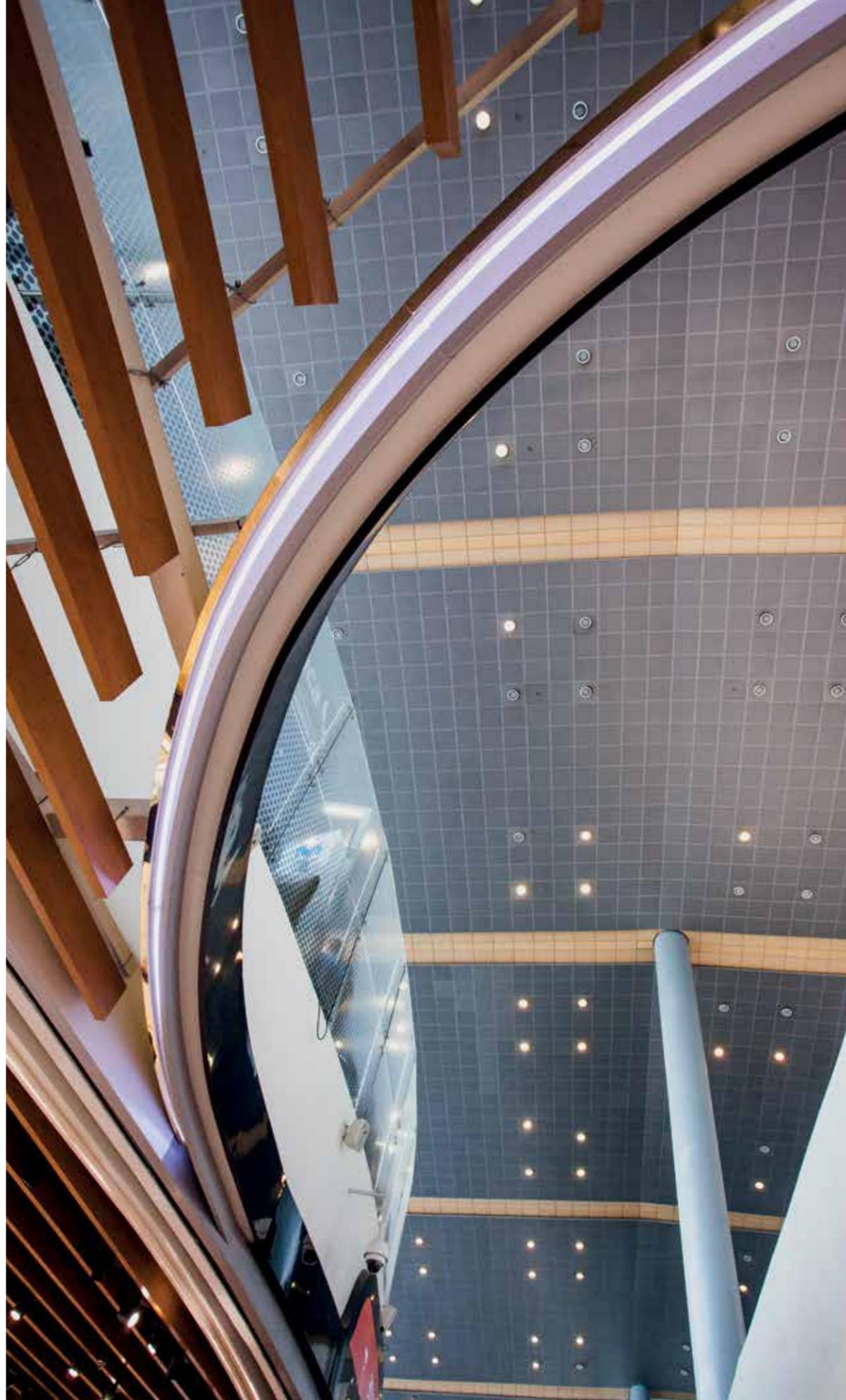
next 5 years, represent an investment opportunity of more than USD 1 trillion. In cements, we will continue to strengthen and consolidate our presence in the Americas, taking advantage of innovation opportunities, turning the business towards digital platforms and being first-hand actors in the transformation of constructive methods. This will allow us to double the 2018 Ebitda in 5 years, in a growing path of remuneration of the invested capital.

We are convinced that all these great opportunities that we envision in the future will be able to materialize in the hand of an exceptional, diverse and committed human team that we also want to thank and recognize today. They are our approximately 12 thousand direct collaborators in 18 countries who, with their work, have built the result that we transmit to you today.

With time, we have become increasingly convinced that **this company is valuable for its principles and for the people who live and represent them**, people with whom we are managing to maintain a positive trend, common to all our businesses: the strengthening of competitiveness as a lever for profitable and sustained growth.

We thank you infinitely, shareholders, for your permanent trust and support in the purpose of building a leading organization in the infrastructure sector in the Americas, managed from the deep conviction that a country is **built by building up companies**.

Thank you very much.



Bogotá, Colombia

Odinsa

El Dorado International Airport

ANNEXES

LEGAL AFFAIRS

Administrative and judicial proceedings and, in general, the legal situation of the Company, has developed normally without relevant decisions being made.

During 2018, no significant transactions were carried out with partners or managers. The detail of the transactions carried out with related parties is shown in the Special Business Group Report and in the notes to the consolidated and separate financial statements included in this Report.

The transactions referred to in article 446 of the Code of Commerce are provided in the attached file, and the detail of each one of such transactions, in this Integrated Report below. This document was part of the information that was available to shareholders during the period established by the Law for the exercise of the right of inspection.

The Corporate Governance Report referred to in the Circular Letter 028/2014 of the Finance Superintendence was available to shareholders during the period of the right of inspection, and the Country Code Implementation Report is available on our website. It should be highlighted that said report provides the details of the performance of the Board of Directors and their respective support committees (Audit, Finance and Risks Committee, Appointments and Remuneration Committee, and the Sustainability and Corporate Governance Committee). It should be noted that independent members participated in each of the committees and that they met with the periodicity established in the Action Plan approved for 2018.

The Company has strictly complied with the regulations governing intellectual property and copyright matters, for which it has designed and observed the policies and controls necessary to guarantee such compliance, and keeps the supporting documents that account for their application. Likewise, it is recorded that the Company allowed the free circulation of the invoices issued by sellers or suppliers.

Likewise, the operating capacity of the controls established in the Company has been verified and the existing systems for the disclosure and control of the financial information have been satisfactorily assessed, finding that they function properly.

Other than what is reported herein, the Company has not had true and definitive information about important events occurred between the date of accounting closure and the preparation of this report that could jeopardize its evolution or the equity of shareholders.



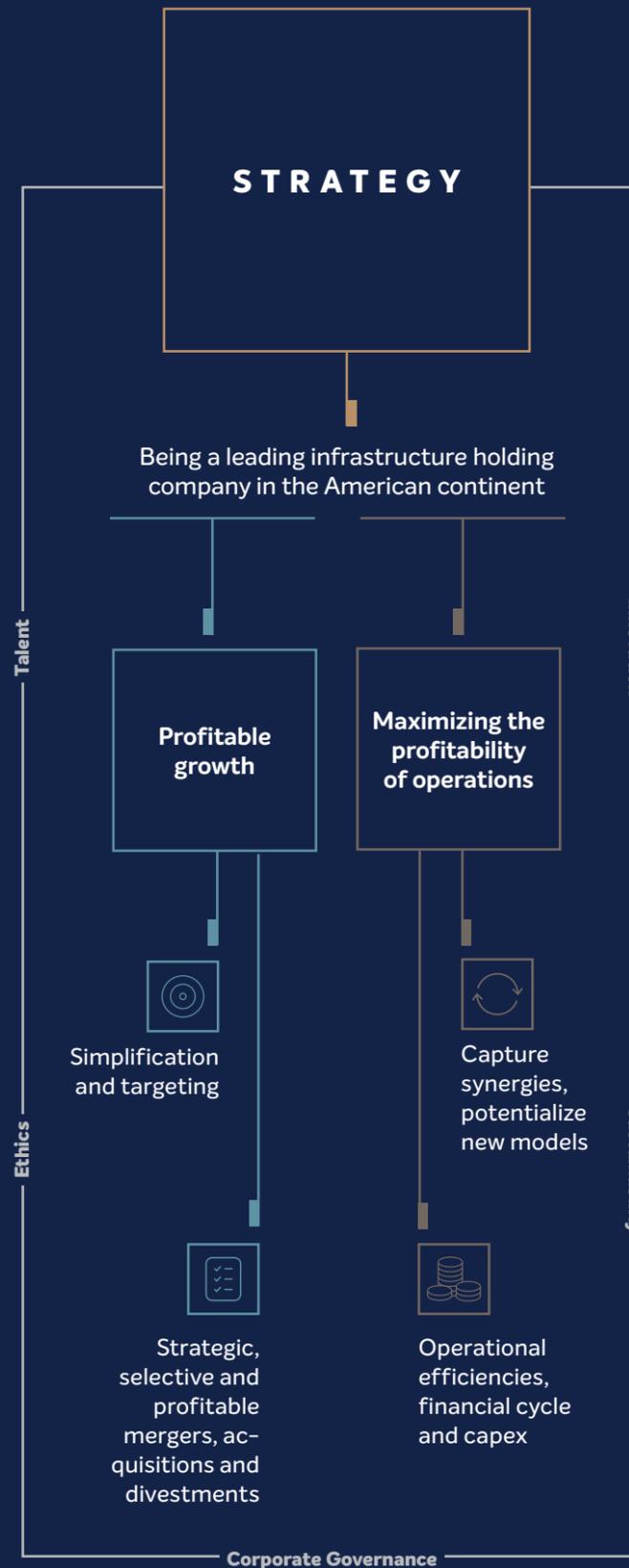
03

STRATEGIC
FRAMEWORK

Atlántico, Colombia

Negocio de
Desarrollo Urbano

Edificio zona norte,
Barranquilla



STRATEGY

Our goal is to consolidate ourselves as the main actor in Colombia and the region, focused on the development, consolidation and operation of platforms within infrastructure-related sectors, creating sustainable value for our shareholders.



STRATEGIC PILLAR

By defining the sectors we have decided to promote and the models for creating value that our investments deploy, at Grupo Argos we act as an active holding that directs and supports the strategy, development and cross-innovation of the subsidiaries.



FINANCIAL PILLAR

From the financial dimension, the tools we use to achieve the objective of maximizing the value of the portfolio are: the strategic allocation of capital (leading the mergers, acquisitions and divestments processes), the definition of an efficient capital structure and the implementation of a comprehensive risk management policy.



INSTITUTIONAL PILLAR

At Grupo Argos, we recognize that one of the pillars of a business model capable of creating value in a sustainable manner over time is the implementation of a solid corporate governance that guarantees the management of assets within a framework that integrates the impact, positive and negative, of its operations on all our stakeholders. We strengthen our relationship with public entities, regulators and associations, at the same time that we align our positioning as a Business Group.



MANAGEMENT PILLAR

To achieve the objectives and stand out in the sectors in which we participate, we attract and retain the best human talent and offer the opportunity to mobilize this talent through the businesses and regions. Additionally, we promote possibilities of efficiencies and transfer of knowledge and skills among subsidiaries.

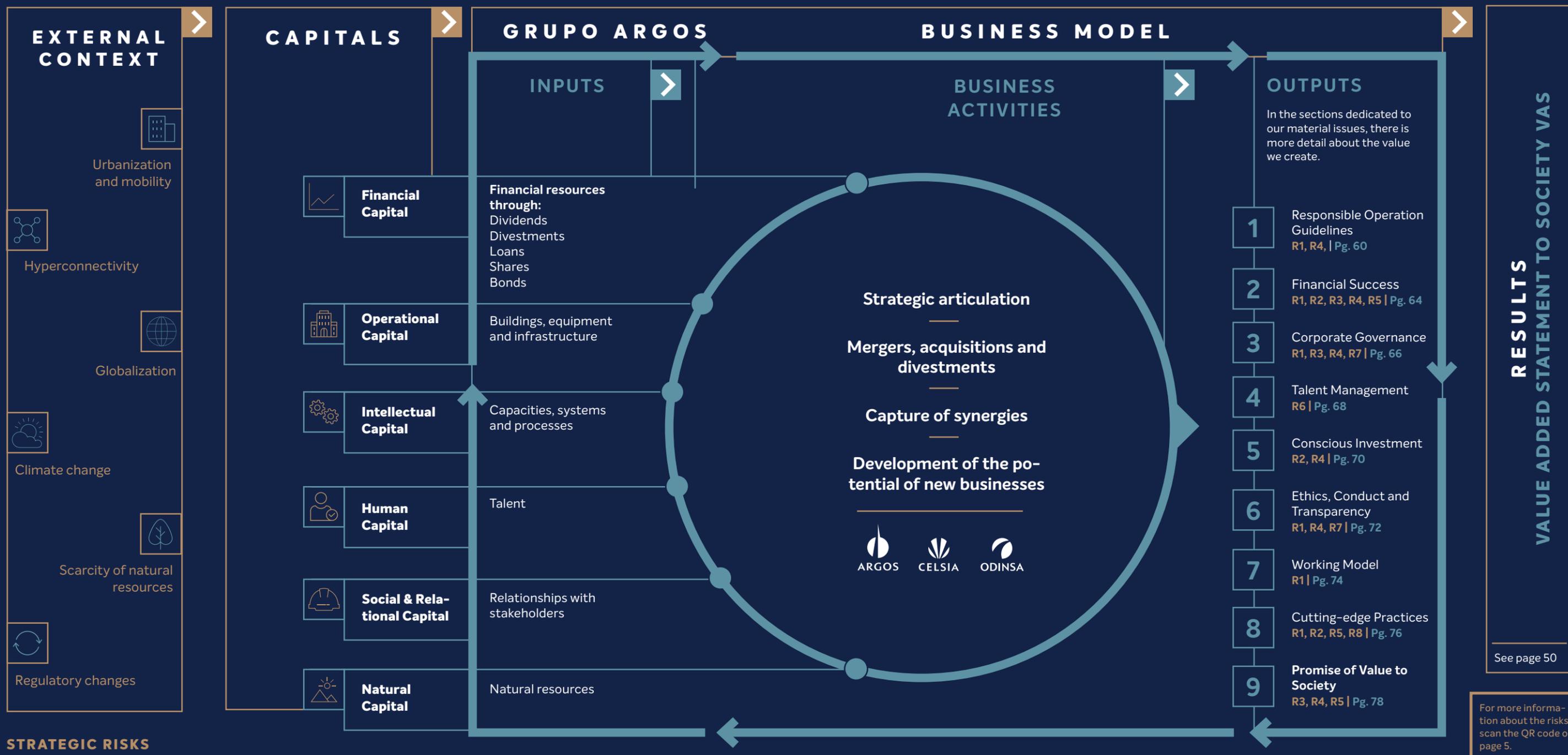
Caldas, Colombia

Odinsa

Coffee Highways

[102-15]
VALUE CREATION PROCESS

INVESTMENTS THAT TRANSFORM



STRATEGIC RISKS

R1. Compliance with business plans: 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.

R2. 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.

R3. 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.

R4. Reputation: significant impact on the image of companies that compromises the trust of any of the stakeholders.

R5. 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.

R6. Human talent management: difficulties in attracting, developing and retaining the human talent with the skills required in the companies.

R7. 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.

R8. 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.

SUSTAINABILITY

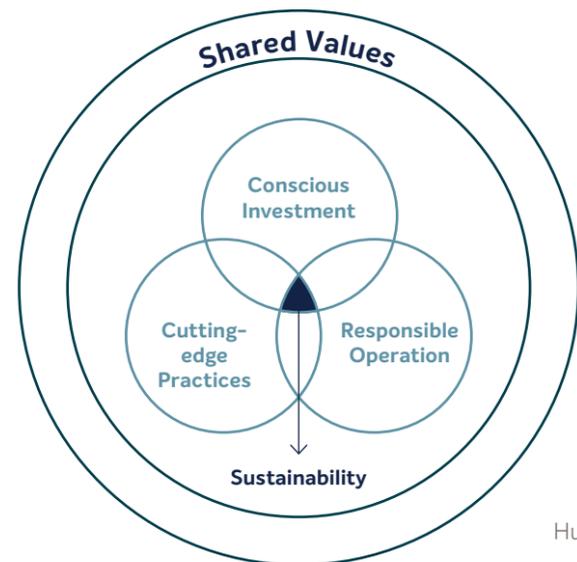
[102-11] At Grupo Argos, we always seek to give our environment more than we take from it, because we are aware that we have a great responsibility as agents of transformation of society. For this reason, we transcend the search for profitable growth, thanks to the fact that we make business decisions that contribute to the solution of global challenges in economic, environmental and social matters. This allows us to adequately manage and anticipate the risks and opportunities that arise therefrom for our business and investments, which guarantees the sustainability of our company over time.

SUSTAINABILITY POLICY

[103-1] At Grupo Argos, we transform capitals into products and services in a responsible manner and with a long-term vision. Our conscious investment, our cutting-edge practices and the responsible operation of all our businesses define us as a holding company of sustainable investments in infrastructure.

We share an ethical and transparent act with our stakeholders, with whom we build relationships of mutual benefit.

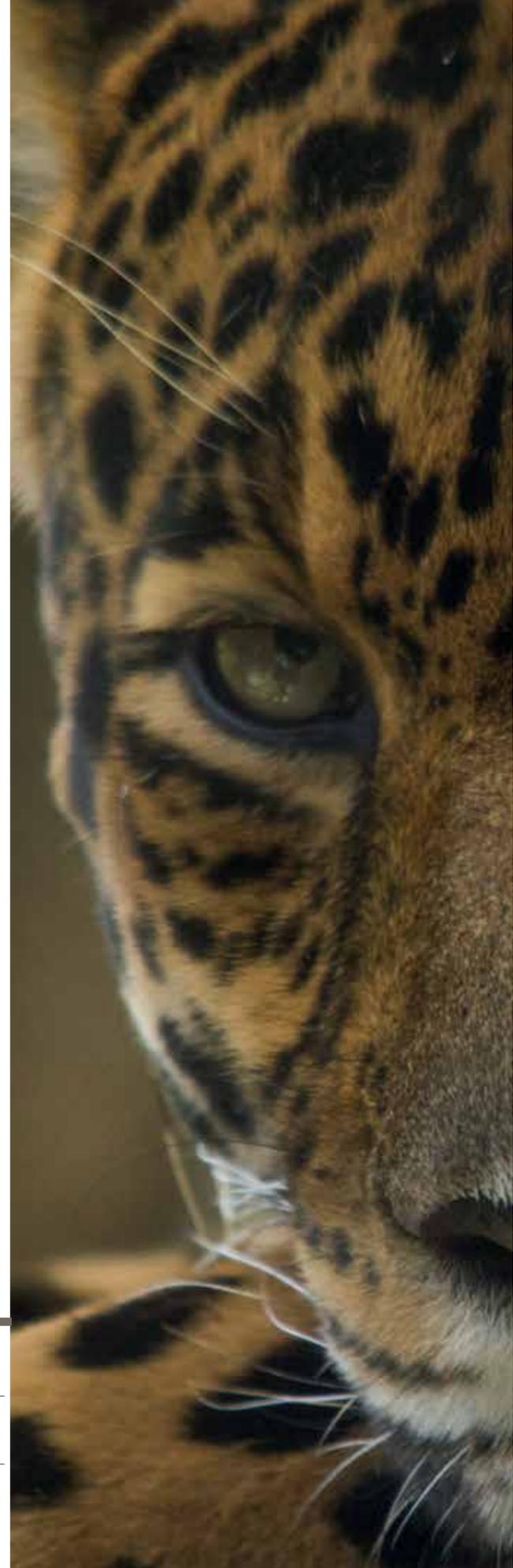
Our subsidiaries, maintaining their individual development, share the sustainability objective as a common purpose.



Antioquia, Colombia

Grupo Argos Foundation

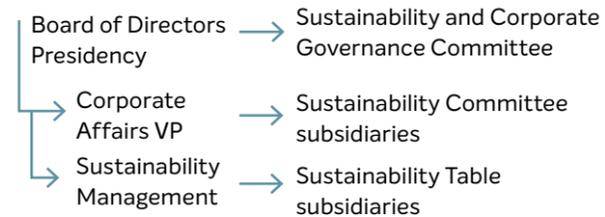
Huella Viva Project



GOVERNANCE

[102-19, 102-20, 103-2] Our Board of Directors, through its Sustainability and Corporate Governance Committee, establishes the general guidelines on sustainability and makes the decisions with the greatest impact in economic, environmental and social matters. Our Presidency establishes the sustainability strategy based on these guidelines, and the Corporate Affairs Vice Presidency, through its Sustainability Management, is responsible for leading and implementing it.

Within the framework of the Sustainability Committee and Table of the subsidiaries, elements applicable to our subsidiaries Cementos Argos, Celsia and Odinsa are defined, which enable the sustainability of the Business Group.



COMMITMENTS AND MEMBERSHIPS

[102-12, 102-13]

-  World Business Council for the Sustainable Development and its Colombian chapter, Cecodes.
-  Circle of Companies of the Latin American Corporate Governance Roundtable.
-  Global Reporting Initiative Gold Member.

SUSTAINABLE DEVELOPMENT GOALS

[103-3] In order to materialize our commitment to the 2030 Global Agenda, in 2018 we integrated the Sustainable Development Goals into our strategic management, aligning them with each of our material issues, on which we will focus in the next three years. Additionally, we continue to promote the creation of strategic alliances that enhance our individual contribution to the Global Agenda.

Within the framework of this agenda, the countries agreed on 169 specific goals. Below is an exercise of alignment of our material issues with the prioritized SDGs and their global goals:

	Global Goals*	Material Issues
	9.b 9.1 9.2 9.4	<ul style="list-style-type: none"> → Responsible operation guidelines → Financial success → Talent management → Conscious investment → Working model → Cutting-edge practices → Promise of value to society
	11.3 11.b	<ul style="list-style-type: none"> → Responsible operation guidelines → Working model → Promise of value to society
	13.2	<ul style="list-style-type: none"> → Responsible operation guidelines → Conscious investment → Promise of value to society
	17.2 17.3 17.16 17.17	<ul style="list-style-type: none"> → Financial success → Corporate governance → Working model → Ethics, conduct and transparency → Cutting-edge practices → Promise of value to society

* To consult the details of the alignment with the global goals, scan the QR code on page 5.

ACKNOWLEDGEMENTS



VALUE ADDED STATEMENT TO SOCIETY - VAS

At Grupo Argos, we conceive our value creation in an comprehensive manner. Through our business activities, we transform different types of capitals: financial, operational, intellectual, human, social and natural.

For this reason, we set out to measure the positive and negative impacts that derive from our operation in order to establish how much is the net value that we deliver to our environment, through a tool called **Value Added Statement to Society (VAS)**.

This provides us with an comprehensive vision of how we retain, add or reduce value for society in general, and provides us with the necessary information to maximize this value. This exercise was carried out with **3 strategic objectives**:



THE MODEL

Our model is designed to estimate the net value that we generate during a fiscal year. The results are expressed in monetary terms.

The starting point is the benefit that we retain as a company, after we make all the payments to different stakeholders. After this, the social benefits or costs derived from our most relevant economic, social and environmental externalities are calculated. These are expressed in dollars, and are computed to obtain the net value that we add to society.

Our model was developed in 2016 by our subsidiary Cementos Argos, based on the True Value methodology of KPMG.

Externality: all impact, positive or negative, generated by a company towards third parties. This represents a social benefit or cost that is not compensated in money, and is not reflected in the financial statements

ASSESSED EXTERNALITIES

For the separate analysis of the parent company, we calculate 9 externalities of an economic, social and environmental nature, which reflect our most relevant impacts. For its part, our subsidiary Cementos Argos calculates eleven externalities.

We are working to adapt the VAS methodology to all our subsidiaries, in order to establish their contribution to society and the value that we add to it in a consolidated manner.

Environmental

GREENHOUSE GAS EMISSIONS
Impact on climate change through GHG emissions (CO₂ emissions, scope 1 and 2).

AIR EMISSIONS*
Air pollution associated with NOx, SOx and particulate matter emissions.

WATER CONSUMPTION
Water shortage caused by consumption.

BIODIVERSITY
Positive or negative impacts on biodiversity from extraction operations and facilities, as well as compensation and rehabilitation programs.

GHG EMISSIONS PREVENTED*
(USE OF ALTERNATIVE MATERIALS AND FUELS)
Avoided impacts on climate change due to the replacement of fossil fuels and raw materials by other alternative ones.

Economic

WAGES AND BENEFITS
Dynamization of the economy by the remuneration given to collaborators.

INTERESTS AND DIVIDENDS
Dynamization of the economy by the payment of interests and dividends to financial institutions and investors.

TAXES
Dynamization of the economy by the payment of taxes to the State.

Social

TALENT DEVELOPMENT
Benefits derived from the additional wages of collaborators who receive training once they return to the labor market.

INVESTMENT IN COMMUNITIES
Benefits due to housing projects, community and educational infrastructure, scholarships, among others.

HEALTH AND SAFETY
Costs for workers and communities due to occupational accidents (injuries and fatalities) and diseases.

The Value Added Statement for Grupo Argos and for our subsidiary Cementos Argos is found on the next page. Both the results of each externality and the sum of all of them are reflected. The latter, in order to establish the net value that results from all our business activities.

* Calculated only by Cementos Argos.

Risaralda, Colombia

Odinsa

Coffee Highways

RESULTS

For more information, scan the QR code on page 5.

We have estimated that, in 2018, as the parent company, we added to society 1.8 times the benefit we retained, which is equal to USD 332.4 million.

In the economic dimension, we made payments of taxes, wages, interests and dividends thanks to which we revitalized the economy, boosting the productivity and competitiveness of the country. This represents 43% of the net value that we delivered to society. Our most significant positive impact was due to the payments we made to financial institutions and to our shareholders by way of interests and dividends, respectively. Thanks to these payments, which represent 36% of the net value that we added in 2018, the financial sector obtained higher inflows, which favors spending between sectors and finally activates the economy.

In the social dimension, our greatest contribution was due to the community infrastructure made by our urban development business, which is estimated to have benefitted the community in USD 5.2 million. This is added to the special care and promotion of the health and safety of our people, which allowed us to avoid a negative impact derived from injuries, fatalities and diseases. For its part, the development of talent had a minor positive impact, because a high number of collaborators continue to work with us, and therefore, the benefits associated with their training are considered a return for our company.

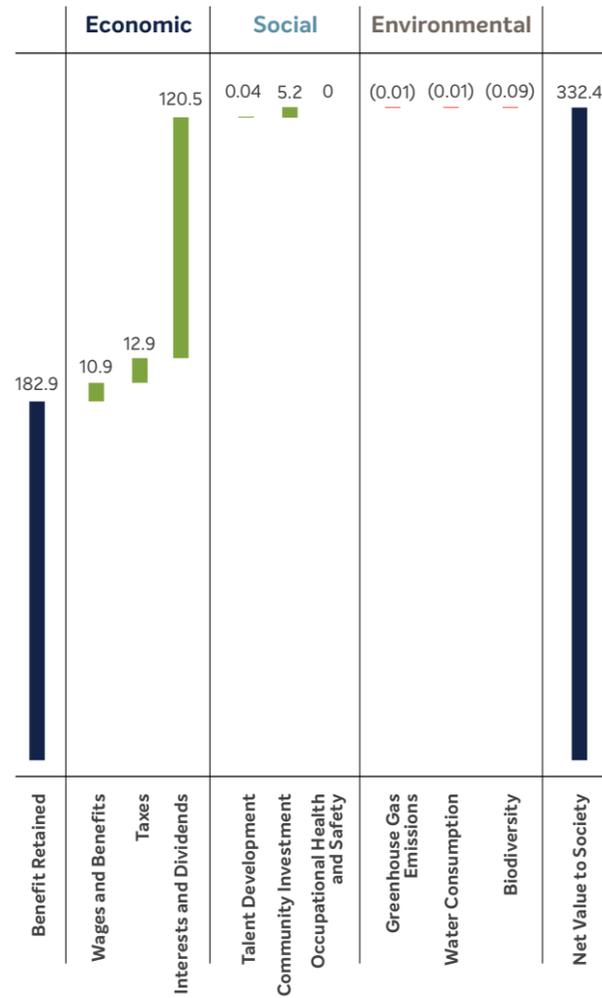
In the environmental aspect, our negative impacts are marginal, since our activity as a parent company is not intensive in the use of natural capital. However, we actively work to contribute to the conservation of ecosystems through the Grupo Argos Foundation.

APPLICATIONS

We are currently developing applications aimed at fulfilling the three objectives of our VAS model. Thus, we carried out the exercise for our urban development business, which allowed us to estimate that, in 2018, it added to the company 2.1 times the value it retained in the period.

Value Added Statement to Society Grupo Argos 2018

Positive Negative | Figures in millions USD



In 2019 we will integrate the VAS methodology into our due diligence processes, in order to ensure that our investment decision making is more conscious, objective and informed.

In 2016, Cementos Argos became one of the pioneer companies in the industry and the region in quantifying its externalities. In 2018, the net value added to society was estimated at USD 788 million, that is, 3.2 times the benefit it retained in the period. This ratio was reduced with respect to 2017, year in which it is estimated to have added 4.4 times the value retained. This is mainly due to the fact that, in 2018, said value increased 43%, from USD 170.5 million to USD 244 million.

In the economic dimension, its benefit to the environment is estimated at USD 871 million, which confirms its strong commitment to the economic development of the countries in which it operates. The dynamization of the economy it promotes through the payment of wages and benefits constitutes its most significant contribution.

Likewise, it generated a positive impact on the social aspect, which was estimated at USD 19.5 million. This represents an increase of 98.9% over the previous year, which is due to the increase in the benefits associated with its talent development programs and its community investments. Additionally, the social cost due to labor incidents and illnesses decreased considerably, from USD 3.3 million to USD 0.8 million.

In the environmental aspect, the improvements and investments made in its operations allowed reducing the social cost derived from its water consumption by 33.6%. Likewise, the damage derived from its air emissions decreased 24.7%, mainly due to the reduction in its particulate matter emissions.

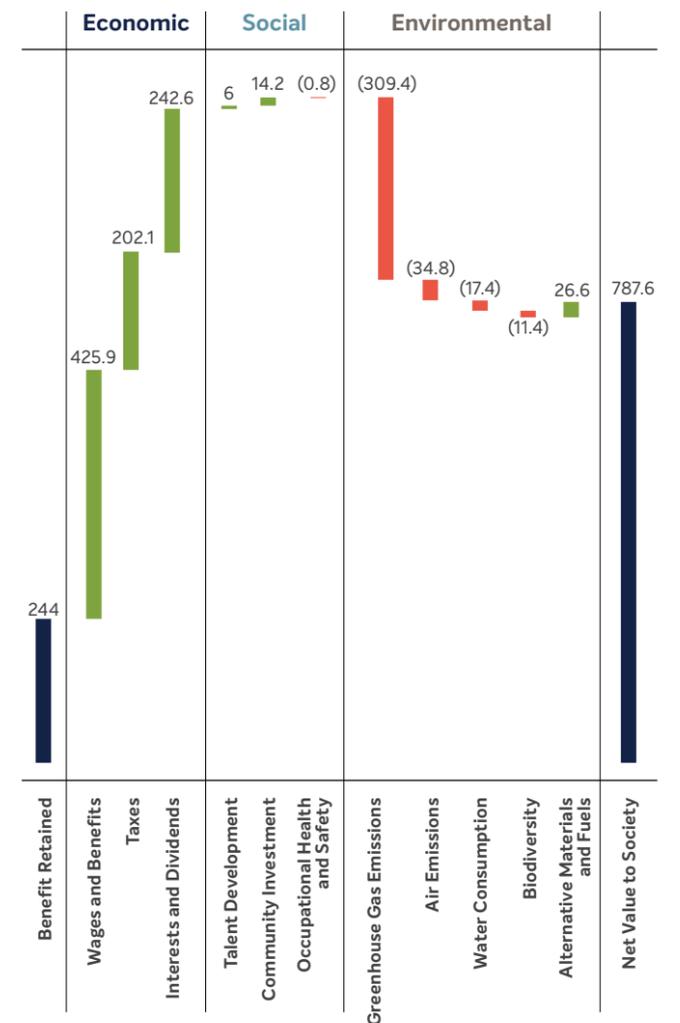
APPLICATIONS

During 2017 and 2018, Cementos Argos developed different applications of the model. On the one hand, it was proposed to determine its degree of exposure to water risk. Thus, it built a methodology that allows quantifying the potential impact of the future water scarcity on its financial results.

Its second application consisted of adapting the VAS model to its operations in Honduras. In this way, it was estimated that the value added to the Honduran society in 2017 was equivalent to USD 83 million, which is 2 times the profit it retained in the period.

Value Added Statement to Society Cementos Argos 2018

Positive Negative | Figures in millions USD



STAKEHOLDERS

[102-42] We maintain a continuous dialogue with our stakeholders. Our continuous and differentiated engagement is the basis for the generation of mutual trust, as well as for the effective implementation of our sustainability strategy.

In 2018, we updated our stakeholders in order to identify, prioritize and respond effectively to their expectations. We analyzed the level of involvement or closeness that different stakeholders have with the organization and the degree of incidence or potential impact of the issues towards them. This process was carried out following the principles suggested by the Stakeholder Engagement Standard of the Accountability organization (AA1000).

As a result of this exercise, we ratified 6 stakeholders and included our subsidiaries and our strategic partners.

The consultations with our stakeholders allow us to align our strategy with their expectations

ENGAGEMENT OBJECTIVES

[102-40]



Involve our **shareholders and investors** in the performance and strategy of the organization as customers and owners.



Establish equitable and sustainable commercial relations with our **suppliers**, promoting their development hand in hand with the organization.



Establish synergies with our **strategic partners** to take advantage of investment opportunities, combining experience and financial capacity.



Communicate our performance transparently to **opinion leaders**, recognizing them as a bridge for the generation of trust with all our stakeholders.



Attract, develop and retain the best talent, understanding that our **collaborators** are the key factor of our success as a company.



Act under a working model that adds value to our **subsidiaries** and businesses, exercising an active role that facilitates the compliance with their business strategies.



Maintain transparent and collaborative relationships with **authorities**, in order to contribute to institutional strengthening in the countries in which we operate.



Actively participate in **associations** of different natures in order to contribute to the strengthening of the institutions and the sustainable development of the industry.

[102-43, 102-44] In 2018 we consulted our stakeholders through different mechanisms, which allowed us to establish their issues of interest:

	Area in Charge	Engagement Mechanisms	Frequency							Issues of Interest	
			Permanent	Weekly	Monthly	Bimonthly	Quarterly	Annually	As needed		
Shareholders and Investors	Corporate Finance VP	Shareholders Assembly, Integrated Report and dialogues with stakeholders									<ul style="list-style-type: none"> - Responsible operation guidelines - Financial success - Corporate governance - Talent management - Conscious investment - Ethics, conduct and transparency - Cutting-edge practices - Promise of value to society
		Conference Call									
		Phone line and email									
		Webpage and social networks									
Strategic Partners	Corporate Finance VP	Steering Committee									<ul style="list-style-type: none"> - Financial success - Corporate governance - Conscious investment - Ethics, conduct and transparency - Working model - Cutting-edge practices - Promise of value to society
		Boards of Directors									
Collaborators	Talent and Corporate Identity VP	Grupo Argos Dialogues									<ul style="list-style-type: none"> - Responsible operation guidelines - Financial success - Corporate governance - Talent management - Ethics, conduct and transparency - Working model - Promise of value to society
		Axis Newsletter									
		Virtual billboards									
		Intranet									
		Webpage and social networks									
		Emails									
		Transparency Hotline									
Special bulletins											
Suppliers	Corporate Finance VP (suppliers of capital)	Integrated report and dialogues with stakeholders									<ul style="list-style-type: none"> - Responsible operation guidelines - Financial success - Conscious investment - Ethics, conduct and transparency - Promise of value to society
		Transparency Hotline									
		Phone line									
		Exclusive email									
Opinion Leaders	Corporate Affairs VP	Summa*									<ul style="list-style-type: none"> - Responsible operation guidelines - Financial success - Conscious investment - Ethics, conduct and transparency - Promise of value to society
		Webpage									
		Integrated report and dialogue with stakeholders									
		Conversations to meet requirements									
Authorities	Corporate Affairs VP	Webpage and social networks									<ul style="list-style-type: none"> - Responsible operation guidelines - Conscious investment - Ethics, conduct and transparency - Promise of value to society
		Transparency Hotline									
		Press releases									
Subsidiaries	Corporate Affairs VP	Follow-up meetings to agendas of topics of mutual interest									<ul style="list-style-type: none"> - Responsible operation guidelines - Corporate governance - Ethics, conduct and transparency - Promise of value to society
		Submission of reports and answers to requirements									
		Webpage									
		Boards of Directors									
Associations	Corporate Affairs VP	CEO Committee									<ul style="list-style-type: none"> - Responsible operation guidelines - Financial success - Corporate governance - Talent management - Conscious investment - Ethics, conduct and transparency - Working model - Cutting-edge practices - Promise of value to society
		VP Committees									
		Transparency Hotline									
		Synergy tables									
Asso-ciations	Corporate Affairs VP	Follow-up meetings									<ul style="list-style-type: none"> - Corporate governance - Ethics, conduct and transparency - Promise of value to society
		Submission of reports and answers to requirements									
		Webpage									



Caldas, Colombia

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04

OUR
PRIORITIES

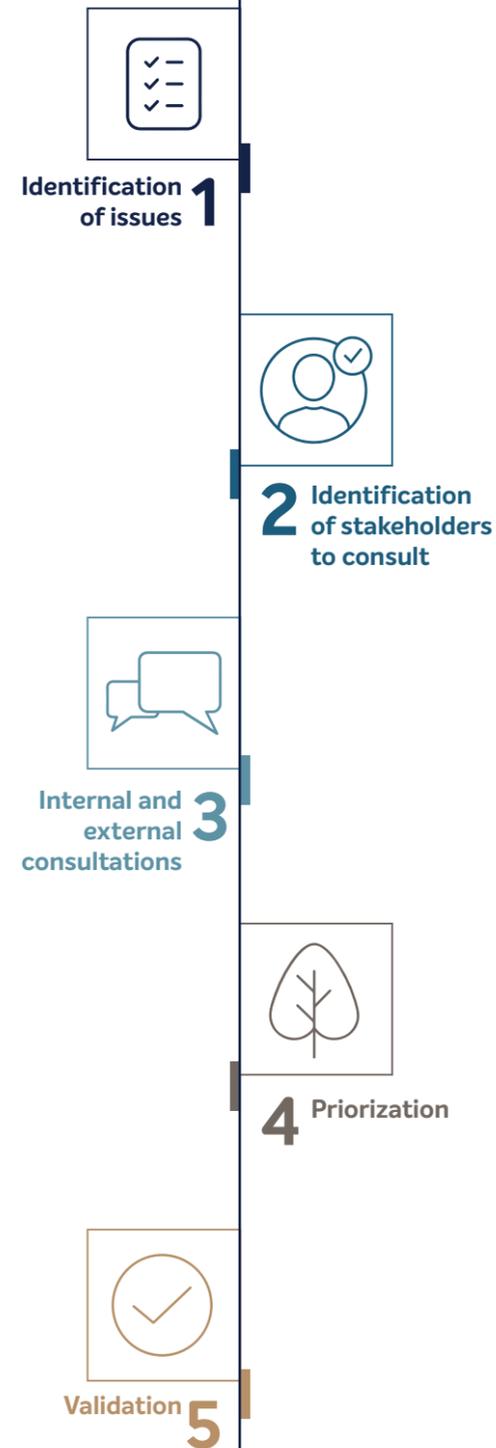
MATERIALITY ANALYSIS

[102-46] In order to adapt to changes in the environment, to market dynamics and the expectations of our stakeholders, we periodically carry out our Materiality Analysis, the roadmap in which our most important work focuses are reflected. Thus, in 2018 we identified the most relevant environmental, social and economic issues, which we must manage as a priority during the next 3 years.

The scope of this analysis corresponded to the activities of Grupo Argos as an investment holding company. For this exercise, we took into account the practices required by the Global Reporting Initiative (GRI) Standards, the Integrated Reporting framework, which focuses on the creation of value through different types of capitals, and the AA1000 Accountability standard for the engagement with stakeholders. Below, we give the details of the stages of the process that were carried out throughout 2018 within the framework of this process.

The materiality analysis allows us to identify the most relevant work focuses for the next 3 years

PROCESS STAGES



Guanacaste, Costa Rica

Celsia

Wind Farm

1. Identification of Issues

We conducted an analysis of various sources of information to identify global agenda issues, including the Sustainable Development Goals, mega trends, sector practices and initiatives, international adhesions and commitments, as well as current corporate policies, strategic and emerging risks to which we are exposed and the components of our corporate strategy.

Additionally, we conducted a press review on news related to Grupo Argos and companies in the sector and consulted environmental, social and good governance criteria relevant to rating agencies specialized in sustainability.

2. Identification of Stakeholders to Consult

We carried out an analysis of stakeholders to select key actors to consult, and defined a specific approach and dialogue methodology.

3. Internal and External Consultations

We carried out open dialogue interviews with executives of the holding company, shareholders and investors, collaborators, suppliers, authorities, subsidiaries and associations, who were asked to identify issues by which they may be impacted and that need to be therefore managed as a priority.

4. Prioritization

The inputs obtained in the previous stages allowed to qualify and assign a level of priority to each of the identified issues. To finish this stage, we built the materiality matrix and the relevant sections.

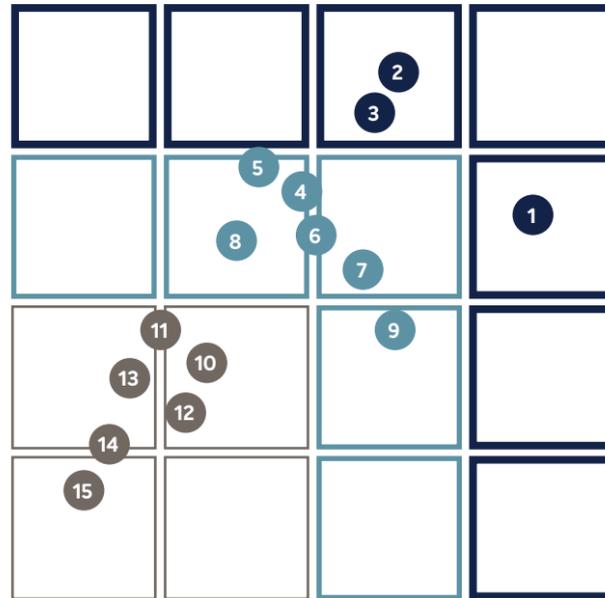
5. Validation

We presented and validated the materiality obtained and its components to senior management and the Board of Directors. The final result allows us to visualize the most relevant issues for the next three years, which we have classified into three groups: priority, relevant, and emerging or maintenance.

2019-2021 MATERIALITY MATRIX

[102-47]

Relevance for Stakeholders



Relevance for the Business

PRIORITY ISSUES

These are matters of high importance for our company and for our stakeholders, from which direct impacts can be derived, and therefore require strategic definitions in the short term.

1. Responsible Operation Guidelines

The framework of action that our subsidiaries and businesses must follow in priority economic, environmental and social matters, in order to guarantee the responsible operation of our Business Group.

2. Financial Success

The adequate management of the investment portfolio through the efficient allocation of capital, generating attractive returns and fostering profitable growth that, at the same time, guarantees financial flexibility and an adequate risk management.

3. Corporate Governance

The model that defines the correct management of the businesses of the holding company and that establishes the rules and principles that the companies that are part of our Business Group must observe, in order to guarantee that their actions comply with the highest standards of ethics, conduct and transparency.

RELEVANT ISSUES

They are the matters that we decided to actively manage because they are considered important by our stakeholders and by our company, given their potential impact in the medium term.

4. Talent Management

Strategies aimed at attracting, developing and retaining the best talent, with emphasis on the development of skills that promote mobility, attend to the needs of the businesses in a timely manner and guarantee a successful succession.

5. Conscious Investment

The investment decision making that incorporates the analysis of ESG (environmental, social and governance) criteria, which guarantees the adequate management of risks, opportunities and impacts related to our investments and divestments.

6. Ethics, Conduct and Transparency

The set of shared values that constitute the basis of the organizational culture in our Business Group and that guarantee relationships of trust with our stakeholders.

7. Working Model of the Business Group

The framework that regulates relationships between Grupo Argos, as the parent company, and its subsidiaries, which seeks to facilitate the achievement of the proposed objectives and the implementation of our corporate strategy.

8. Cutting-edge Practices

Our ability to identify and capitalize investment opportunities, as well as to potentiate new business models in our subsidiaries, in order to ensure growth and the creation of value.

9. Promise of Value to Society

Our ability to add value to society and be a relevant agent of change, capable of contributing to the development of our environment and to the solution of local and global challenges in economic, environmental and social matters.

EMERGING OR MAINTENANCE ISSUES

Emerging issues are those that do not have a current impact on our stakeholders, but that could have it on the long run. In turn, maintenance issues are those about which there are standards and practices of great trajectory and are common in our sector. These are:

10. Organizational Culture

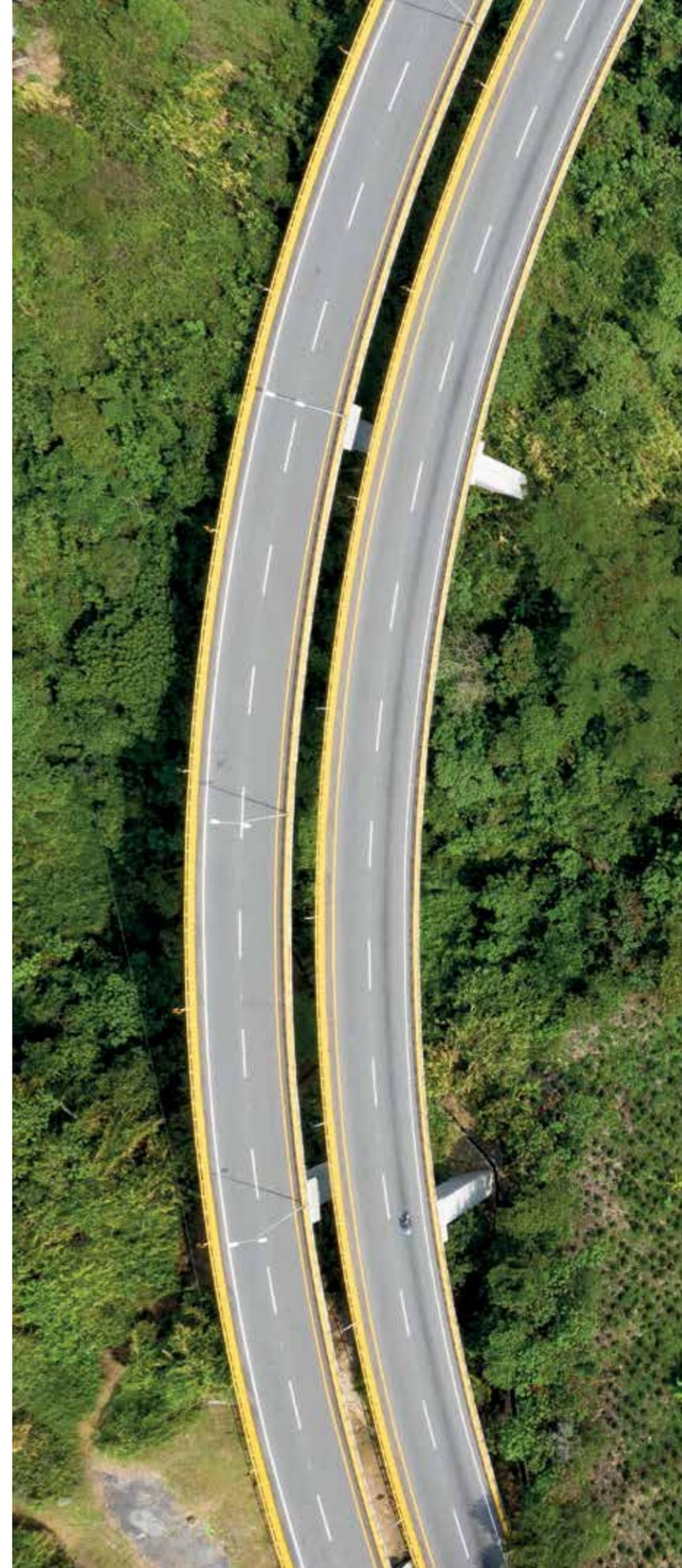
11. Audit and Control

12. Corporate Citizenship

13. Working Practices

14. Management and Administrative Consolidation

15. Brand Management



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For more information, scan de QR code on page 5.

RESPONSIBLE OPERATION GUIDELINES

THIS IS HOW WE MANAGE IT

[103-2] In order to define the scope, we set out to establish the specific issues that we must work on transversally in our Business Group, which transcend the particularity of each subsidiary and business and that constitute the most relevant economic, environmental and social impacts in an aggregate manner.

From this, it follows that, as the parent company, we must provide guidelines for the management of the following 7 issues:



It is the framework of action that our subsidiaries and businesses must follow in the prioritized economic, environmental and social issues, in order to guarantee the responsible operation of our Business Group.

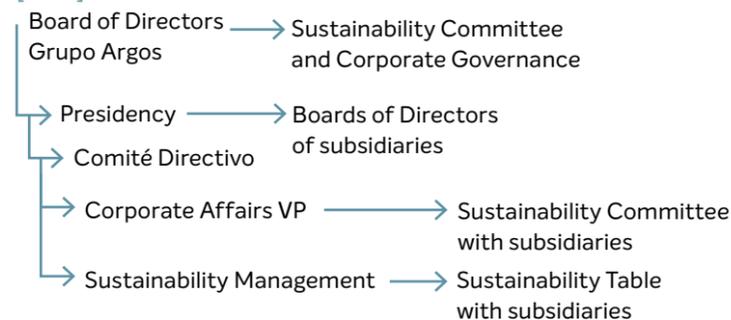
After our acquisitions culminate the integration process, they begin to participate in these responsible operation guidelines, against which we set long-term goals for the entire Business Group.

Our subsidiaries must manage each of the 7 issues according to their type of operation, having to measure their performance, set their own goals and design action plans to comply with them. This is done within the framework of the Working Model that we have established in relation to our subsidiaries (see page 74).

The monitoring of this cross-cutting issue is carried out in a monthly space called the Sustainability Table. Advances are discussed in the Sustainability Committee formed by the vice presidents in charge of the issue in each subsidiary, and later in the Board of Directors of Grupo Argos.

GOVERNANCE

[103-2]



RELEVANCE

[103-1] The management of a responsible operation allows us to transform, in a balanced manner, each of the capitals that we use as input for our activities: financial, industrial, natural, social, intellectual and human.

The responsible operation guidelines guarantee the alignment and monitoring of the prioritized issues in economic, environmental and social matters in our businesses. This leads them to operate in a responsible manner, minimizing the negative impacts of their activities and maximizing the positive impacts.

At the same time, it mitigates the strategic risks related to the fulfillment of business plans, to reputation and human talent, and contributes to the compliance with the Sustainable Development Goals (SDGs) of the United Nations.

RESPONSIBLE OPERATION GOALS

[103-2, 103-3]

	Climate Change	Water	Care of Ecosystems	Talent			Ethics, Conduct and Transparency
				Gender Diversity	Geographical Diversity	Commitment	
Goal to 2025	REDUCE 20% of direct CO2 emissions, per million COP in revenues (reach 0.75 tons of CO2/M COP of revenues)	REDUCE 50% of water consumption per million COP in revenues (reach 0.6 m3 of water consumed/M COP of revenues)	TAKE CARE OF 100% of the water supplies relevant to the operation and classified as high risk	INCREASE 6% the number of women in professional positions	INCREASE 15% of the geographical diversity in the key talent matrix	REACH 75% of score in the level of commitment of collaborators (engagement)	OBJECTIVE 100% of our employees complete the three transparency management mechanisms (permanent goal)
Base Line	2015 0.94 Ton CO2/M COP of revenues	2015 1.2 m ³ of water consumed/M COP of revenues	2018 Ten water supply sources relevant to the organization	2018 671 women in professional positions	2018 13 collaborators from other geographies	-	-
2018 Progress	-29% 0.66 Ton CO ₂ /M COP of revenues [305-4]	-42% 0.76 m ³ of water consumed/M COP of revenues [GA-LO1]	40% 4/10 supply sources cared for [GA-LO2]	0% 671 women in professional positions [405-1]	0% 13 collaborators from other geographies [GA-LO3]	N/A We will carry out the measurement in 2019 [GA-LO4]	100% completed the three transparency management mechanisms

2018 MILESTONES

[103-2, 103-3,]

We surpassed the fulfillment of the goal of emissions, because Celsia took advantage of the availability of the water resource to operate its hydroelectric plants, so it was not necessary to use the thermal plants, which operate as backup energy and emit a greater amount of CO2. We maintained the cumulative goal established for 2025, since this situation fluctuates due to external factors year after year.

We reduced the absolute emissions of the holding company by 61% with respect to 2015, which is equivalent to going from 889 to 345 tons of CO2.

CHALLENGES AND OPPORTUNITIES [GA-LO3]

- Ante las consecuencias inminentes del cambio climático, ratificamos nuestro compromiso como casa matriz para continuar dirigiendo esfuerzos que nos permitan prevenir, mitigar, reducir y compensar nuestras emisiones de CO₂ en cada uno de nuestros negocios y filiales. En este sentido, promovemos mecanismos para incrementar la eficiencia energética en nuestras operaciones, así como la adopción de nuevas tecnologías y mo-
- Dada nuestra incursión cada vez más decidida en el sector de la infraestructura, debemos mantener y reforzar nuestra posición de cero tolerancia frente a fatalidades, eventos de fraude y corrupción, así como frente a fallas en nuestro gobierno corporativo. Esto debido a la alta sensibilidad en el sector y en la región en la que operamos.
- delos de negocio bajos en carbono.

RESPONSIBLE OPERATION OF OUR SUBSIDIARIES



For more information about this issue, visit the following links:
www.argos.co/sostenibilidad/reporte-anual
www.celsia.com/es/sostenibilidad/reportes
www.odinsa.com/sostenibilidad/

ACKNOWLEDGED BY

CDP

for being among the three companies with the best climate strategy worldwide

EMISSION REDUCTION

-16%

2006 Base Line

GOAL

EMISSION REDUCTION

25%

(ton CO₂/ton of cementitious material) by 2025, 2006 base line

WE INCREASED

47%

the non-conventional renewable energy generation

EMISSION REDUCTION

-51%*

2015 Base Line

GOAL

EMISSION REDUCTION

25%

(ton CO₂/GWh) by 2025, 2015 base line

PHOTOVOLTAIC SYSTEM WILL PROVIDE

12%

of the energy consumption of Terminal 1 of El Dorado Airport

CERTIFICATION

Carbon Accreditation Programme

El Dorado Airport: Level 1 (Mapping)
 Mariscal Sucre Airport Level 3 (Optimization)

*Data for Celsia is found in the external verification process.

CLIMATE CHANGE

WATER

CARE OF ECOSYSTEMS

BIODIVERSITY Assessment of the net impact

with the methodology of the Cement Sustainability Initiative CSI

85% of liberated and rehabilitated in 2018

GOAL 100% of river quarries with the Rehabilitation Plan by 2025

85% of quarries of high value for biodiversity with Management Plan by 2025

ACKNOWLEDGEMENT

4th consecutive year, the IR seal of the BVC for adopting the best practices in information disclosure and investor relations

5th year certification as Known and Recurrent Issuer of the Financial Superintendencia of Colombia

OPTIMIZATION **21 million m³** in hydroelectric generation

WE REUSED **15%**

of water for thermal generation in the Zona Franca plant

GOAL

OPTIMIZE **124 million m³**

of water in hydroelectric generation between 2016 and 2020

ANNUALLY REUSE **15%**

of the water used for generation in Zona Franca

CONSUMPTION **-38% and -2%** with respect to 2017, for the cement and concrete businesses, respectively

EACH m³ OF WATER **1.26 times**

GOAL

REDUCE CONSUMPTION **256 L/t and 216 L/m³**

in cement and concrete respectively by 2025

CONSUMPTION **-20%** with respect to 2017, equal to 61,142 m³ of water, in the El Dorado International Airport

PROTECTION OF **1,900 ha**

We prioritized the Cartama, Piedras and Mulatos river basins, to comply with the obligation of compensation for biodiversity loss

WE HAVE PLANTED **2.6 million** trees with the ReverdeC Program

GOAL PLANT **10 million** trees by 2026 with the ReverdeC program

PRESERVE **4 species** Wax palm, river turtle, poison frog, golden frog, by 2020

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CONSUMPTION **-38% and -2%** with respect to 2017, for the cement and concrete businesses, respectively

EACH m³ OF WATER **1.26 times**

GOAL

REDUCE CONSUMPTION **256 L/t and 216 L/m³**

in cement and concrete respectively by 2025

CONSUMPTION **-20%** with respect to 2017, equal to 61,142 m³ of water, in the El Dorado International Airport

PROTECTION OF **1,900 ha**

We prioritized the Cartama, Piedras and Mulatos river basins, to comply with the obligation of compensation for biodiversity loss

WE HAVE PLANTED **2.6 million** trees with the ReverdeC Program

GOAL PLANT **10 million** trees by 2026 with the ReverdeC program

PRESERVE **4 species** Wax palm, river turtle, poison frog, golden frog, by 2020

OPTIMIZATION **21 million m³** in hydroelectric generation

WE REUSED **15%**

of water for thermal generation in the Zona Franca plant

GOAL

OPTIMIZE **124 million m³**

of water in hydroelectric generation between 2016 and 2020

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FINANCIAL SUCCESS

It refers to the adequate management of the investment portfolio through the efficient allocation of capital, generating attractive returns and fostering a profitable growth that, at the same time, guarantees financial flexibility and an adequate risk management.

RELEVANCE

[103-1] Financial success contributes to the permanence of our businesses over time, to our investments reflecting their potential value and to obtaining adequate returns that benefit our shareholders. At the same time, it allows us to contribute to the economic and social development in the countries where we operate.

With its management, we seek to simplify the corporate structure of the Group, focus and strengthen the competitive position of our strategic businesses and promote a profitable growth.

The management of this issue also mitigates the strategic risks of non-compliance with the business plans of the subsidiaries, the adverse changes in the economic and political environment, the inadequate allocation of capital and the loss of financial flexibility.

AT THIS IS HOW WE MANAGE IT

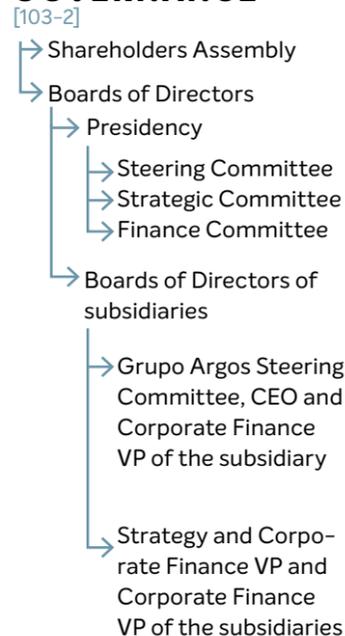
[103-2] Through the Steering Committee, the Strategic Committees of the Businesses and the Board of Directors of Grupo Argos and its subsidiaries, we continuously assess the performance of our strategic businesses and the management of their risks, to take measures that allow us to fully comply with the investment plans.

We review our capital allocation model annually to identify challenges and opportunities, and to formulate plans and initiatives that are endorsed by the boards of directors of the businesses. With its execution, we seek to improve our position in the strategic industries and increase the creation of value on the financial capital invested.

Likewise, we seek to optimize the capital structure so that the businesses have a financial flexibility that allows them to cover the capital needs at an efficient cost and adequately execute their medium and long-term strategies.

We reduced the weighted cost of the debt by 130 basis points

GOVERNANCE



2018 MILESTONES

[103-2, 103-3] In Grupo Argos, we obtained consolidated revenues of COP 14.3 trillion (-2%), an Ebitda of COP 4 trillion (+2%), net profit of COP 1.2 trillion (+32%).

[GA-EF01] In terms of financial flexibility, we reduced the weighted cost of the holding company's debt from 8.0% in 2017 to 6.7% in 2018, the lowest level since 2015, maintaining the average life of the debt at 5 years. Likewise, we closed with a Gross Debt/Adjusted Ebitda* indicator of 1.7x, the lowest in the history of the Group, and we maintained for the second consecutive year the debt rating in AA+, assigned by Fitch and Standard & Poor's.

We achieved savings in net financial expenses of close to COP 10 billion thanks to an efficient treasury management.

The controllable operating expenses of the holding company fell by 6.6%, reaffirming the trend observed since 2015, period from which constant decreases in real terms of 8.3% have been shown on an annual average.

We extended the difference in dividends received over dividends paid in the last 3 years, going from COP 20 billion in 2016 to COP 216 billion in 2018, thanks to the incursion in the concessions business, among other actions taken.

We progressed in the simplification of the corporate structure of the energy business. Celsia went on to control the interest that Grupo Argos had in EPSA and strengthened its capital structure through the issuance of shares for COP 1.5 trillion. In addition, EPSA was consolidated as an investment vehicle for assets in Colombia, to capture operational and financial synergies.

In Cementos Argos, we continued with the strategy of divestment of non-strategic assets, receiving cash for ~ USD 140 million. At the same time, advances in operational efficiency through the BEST program stand out, where we highlight: the implementation of the alternative fuels system in Cartagena, the consolidation of a lighter corporate structure and the progress in the calcined clays project in Rioclaro.

In Odinsa, we highlight the progress of Pacífico 2, the concession with the greatest investments in the year, with a Capex of COP 537 billion. Additionally, bonuses were paid for COP 79 billion and a reprofiling of the separated debt with a 150 basis point decrease in the cost of debt in pesos.

SUMMA was consolidated as the Shared Services Center of the companies of the Group, providing services in the 14 countries where it operates, with which we captured savings of COP 16 billion.

PROGRESS [103-3, GA-EF01]



GOALS

[103-2, 103-3]

■ To be achieved ■ Partial ■ Achieved

Short Term

- Maintain a Gross Debt/Adjusted Ebitda indicator below 3.5x per year.
- Maintain at the level of the separate one, the daily cash level close to COP 5 billion.

Medium Term

- Advance in the simplification of the structure of the holding company and the targeting of strategic businesses.
- Keep the credit rating in AA+.
- Achieve, in the next 5 years, savings in the services common to the companies through SUMMA for 100 billion, and a 0 growth effect on service costs in migrated processes.

Long Term

- Maintain the investment grade in the credit rating.

*Adjusted Ebitda = Ebitda (-) Equity method (+) Dividends received (+) Profit from divestments (-) NDU valorizations.

CHALLENGES AND OPPORTUNITIES

[103-2]

- Given the high competition in the strategic sectors, the growth through acquisitions implies challenges of integration and captures of synergies. Therefore, we will continue with a selective approach with the aim of taking advantage of opportunities that allow us to grow profitably.
- The above also requires us to maintain a strict control of operating expenses in order to ensure the maximization of value.



For more information, scan the QR code on page 5.

CORPORATE GOVERNANCE

It is the model that defines the structure for the correct management of the business of the holding company and establishes the rules and principles to be observed by the companies that are part of the Grupo Empresarial Argos, its directors, managers and employees in their economic, legal, management and operational relationships, in order to ensure that their actions comply with the highest standards of ethics, conduct and transparency.

RELEVANCE

[103-1] It is important to have a corporate governance system with high standards to achieve transparency in the performance of business activities and in decision-making. In it, the business parameters of Grupo Argos are established, so that those who have an interest in investing in securities issued by the company know the commitments it acquires. In the same way, thanks to this, respect for shareholders, including minority shareholders, is achieved.

These parameters make it possible to prevent, control or mitigate the risk of poor government management, inadequate capital allocation, non-compliance with business plans and any impact on the company's reputation.

THIS IS HOW WE MANAGE IT

[103-2] Grupo Argos adopted business parameters that are established in its Code of Good Governance, in order to generate bonds of trust and transparency with its shareholders, the market and society in general.

We constantly review this code so that our practices are at the forefront of the highest standards worldwide.

[102-20] The Board of Directors is the highest strategic management body and, as a result, it maintains a general and consolidated view of all the Business Group's businesses, while pursuing the identification of global trends.

GOVERNANCE

[103-2, 102-18]



General Assembly of Shareholders in Medellín



PROGRESS

[103-3]

Percentage of women in the Board of Directors
43%

Attendance of members to the Board of Directors
100%

Average seniority of the members of the Board of Directors
6.7 years

Average age of the members of the Board of Directors
59,8 years

Compliance of the standard information to have the Issuers Recognition - IR
88,4%

4 of the **7** members of the Board of Directors are independent

We obtained the IR seal of the BVC for the 6th consecutive year

2018 MILESTONES

[103-2, 103-3]

Our Board of Directors approved the Information Disclosure Policy and the amendments to the Code of Good Governance in order to close some of the gaps identified in the IR report.

The Policy for the Management of Transactions between Affiliated Companies was disclosed to 100% of the target public.

We are members of the Colombian Corporate Governance Institute.

We hosted the Annual Meeting of the Companies Circle of the Latin American Corporate Governance Roundtable.

CHALLENGES AND OPPORTUNITIES

[103-2]

With the expansion of the strategic businesses and of new investments, we see the need to consolidate an integrated and coordinated corporate governance model from Grupo Argos. For this, we have the Working Model of the Business Group, which facilitates the relationship with subsidiaries and the implementation of these initiatives. In this way we will be able to mitigate the risk in the execution of the governance model with the subsidiaries.

GOALS

[103-2, 103-3]

■ To be achieved ■ Partial ■ Achieved

Corto plazo

- Work on the construction, approval and implementation of an electronic documents management and handling policy.
- Continue with the implementation of the different policies and practices included in the new Country Code: Information Management and Disclosure Policy and Conflict Management and Solution Policy.
- Identify the global advances in corporate governance and the preparation of a proposal to close gaps.
- Train our Board of Directors members in good business practices, among which is good corporate governance.
- Implement the policy for the management of transactions between affiliated companies.

Medium Term

- Implement action plans to close gaps in Corporate Governance.

Long Term

- Maintain an active, local and regional participation in different forums such as the Companies Circle of the Latin American Corporate Governance Roundtable and the Issuers Committee of the Colombian Stock Exchange.
- Be at the forefront of the best corporate governance practices, according to the parameters of the Organization for Economic Cooperation and Development (OECD) and the World Bank.



For more information, scan the QR code on page 5.

TALENT MANAGEMENT

They are strategies aimed at attracting, developing and retaining the best talent, with emphasis on the development of skills that promote mobility, attend to business needs in a timely manner and guarantee successful succession.

RELEVANCE

[103-1] It is important to develop integral leaders, capable of inspiring a diverse team to leverage the sustainability of our business group.

We attract, develop, motivate and retain the best talent, to maximize the value of our investments. Talent management is one of our pillars and strategic risks to which we make a timely and constant follow-up.

GOVERNANCE

[103-2]



PROGRESS

[103-3]

GRUPO EMPRESARIAL ARGOS

887 collaborators assessed in skills (31% increase)

191 collaborators are part of the key talent matrix. 16% increase in the number of women.

14 programs of advanced development that had an impact on **275** collaborators.

432 Collaborators that mobilize between the subsidiaries in the last two years.

705 online courses in 11 knowledge areas.

0,75% Key Talent Turnover

With our sustainable mobility program, "The bicycle moves me" ("La bici me mueve"), we achieved:

27.213 km covered

6.579 trips made

4.273 kg CO₂ avoided

1.022 travel hours saved

GRUPO ARGOS

41 average hours of training

Work environment index: **95.3%** excellent category

100% of employees received a performance assessment

COLLABORATORS [102-7]		
GRUPO ARGOS*	CEMENTOS ARGOS	CELSIA
158	8,057	1,647
ODINSA	SUMMA	BUSINESS GROUP TOTAL
1,430	467	11,759

*Includes 45 employees of the coal business

THIS IS HOW WE MANAGE IT

[103-2] We work under the same corporate strategy, enabling the creation of value, strengthening confidence and autonomy in decisions. Our Human Talent strategy is based on the following focuses of work:

- Definition of the key talent and future talent.
- Validation of development plans for the key talent, according to the strategy.
- Cross-training programs for key talent and future talent.
- Design and execution of the Employer Brand positioning strategy and of the Diversity and Inclusion Strategy.
- Model for the measure of the work climate and commitment.
- Implementation of the model of leadership of the Group and of cross-cutting attributes.
- Corporate Compensation Strategy and global policy strategy.
- Management of the variable remuneration system (Premium for Organizational Results, PRO).
- Design of strategies to retain key talent and future talent.
- Management of the engagement model of Grupo Argos with the subsidiaries.
- Labor Risk Insurance.
- Accompaniment in the development and growth of the shared services center SUMMA 2019-2020.

2018 MILESTONE

[103-2, 103-3]

Recruitment of key talent:

We identified 34 people prepared to assume critical positions and 29 more who could be in such positions in the short term.

We executed advanced development programs such as coaching, mentoring, internships, project participation and academic sponsorships.

We strengthened corporate competencies of 162 people: engagement with others, communication skills and management of ambiguity.

Employer brand, culture, diversity and inclusion:

We launched the online recruitment portal.

We signed the concurrence of wills with the Ministry of Labor for the Equipares certification in Grupo Argos, Opain and Celsia.

We defined the value proposal for the Grupo Empresarial Argos.

We conducted the mentoring, coaching and a comprehensive management program for women in middle management.

We approved the teleworking policy.

Compensation and benefits:

We defined the philosophy, strategy and policy of corporate compensation.

We performed the salary competitiveness analysis.

We designed the Working Model of the Business Group.

We launched the customized benefits program, Beneflex.

Training:

We trained 55 participants in the Program of Global Management and Excellence in Strategic Execution of the Grupo Empresarial Argos - Harvard University

We granted 13 scholarships for studies abroad

We activated the Supply Chain, Finance and Technology schools in our training model Educa.

GOALS

[103-2, 103-3]

■ To be achieved ■ Partial ■ Achieved

Corto plazo

- Measure our work environment and organizational commitment under the Mercer-Sirota methodology, managing to locate ourselves in the 75th percentile.
- Implement the Employer Brand strategy for the Business Group.
- Define, strengthen and disclose the culture attributes for the Business Group.
- Implement three programs aimed at strengthening cultural and gender diversity.

Medium Term

- Cover 80% of vacancies in critical positions with internal staff.
- Be recognized in specialized rankings of measurement of employer brands as an attractive company to work for.

Long Term

- Increase by 6%, the presence of women in positions of coordination, middle management and senior management in the business group by 2025 (base line: 2017)
- Increase geographic diversity by 15% in the key talent matrix by 2025 (base line: 2017).

CHALLENGES AND OPPORTUNITIES

[103-2]

- Geographical and cultural diversity of the territories in which our strategic businesses operate requires us to be innovative and flexible, which must be harmonized with our vision of building a solid corporate culture as a differentiating element of our Business Group.



CONSCIOUS INVESTMENT

It is the investment decision making that incorporates the analysis of the ESG (environmental, social and governance) criteria, which guarantees the adequate management of risks, opportunities and impacts related to our investments and divestments.

RELEVANCE

[103-1] As an investment holding company, we play a key role in the positive transformation of society. Our investment or divestment decisions have the potential to impact, in a positive or negative way, our economy, our planet and the people who inhabit it.

The United Nations, through the Sustainable Development Goals of the 2030 Agenda, have set the goals to which we must contribute as a private company to ensure the welfare of future generations.

For this reason, we must make informed and objective decisions, in order to guarantee the creation of long-term integral value, while we contribute to the solution of current global challenges. This also leads us to avoid mistakes or omissions that may affect the performance of our portfolio.

THIS IS HOW WE MANAGE IT

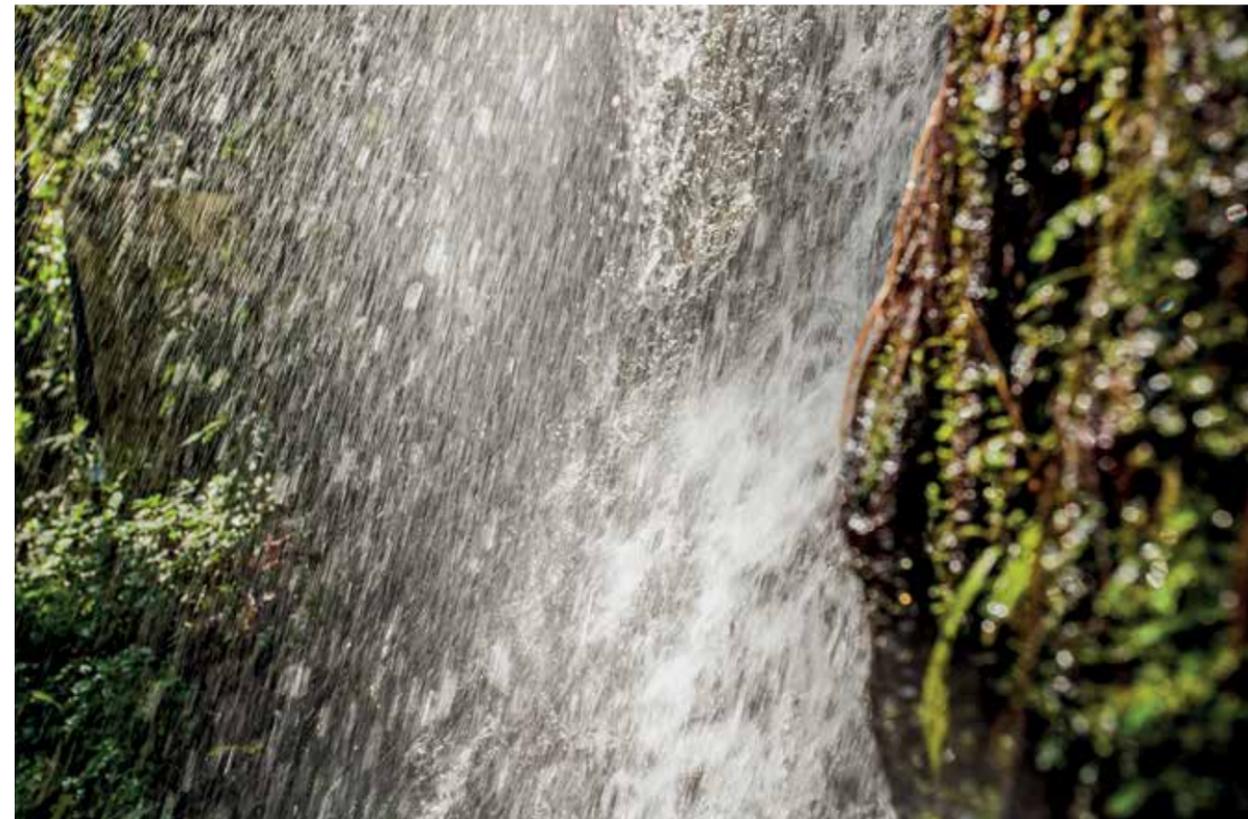
[103-2] BWe base our investment decisions on 3 pillars: strategic discipline, creation of value and assessment of ESG criteria.

Our team, accompanied by external consultants, incorporates them in all the phases of the process, which includes from the mapping and structuring of the project, to the integration with our current operations.

We choose to partner with investors who share our conscious investment philosophy and our long term vision.

In divestment processes, we analyze the possible effects that our decision may have on the different stakeholders, and implement action plans to prevent, mitigate, correct or compensate them.

Our objective is to create value in the long term, while we contribute to the solution of global challenges through our investments within the framework of the 2030 Agenda of the United Nations.



Valle del Cauca, Colombia

Celsia

Waterfall near the Calima hydroelectric power plant

PROGRESS

[103-3]



GOVERNANCE

[103-2]



2018 MILESTONES

[103-2, 103-3]

[GA-IC01] During 2018, we participated in 8 due diligence processes, and we integrated environmental, social and corporate governance criteria in all of them.

We articulated the capacities of our subsidiaries to enhance the knowledge of our Business Group and achieve efficiencies in the assessment of ESG criteria.

Celsia, Odinsa and Opain joined forces to invest in a solar generation project at the El Dorado airport in Bogotá, in order to reduce the energy consumption of Terminal 1 by approximately 12% and prevent the emission of about 1,357 tons of CO₂.

Our subsidiaries Celsia and Cementos Argos jointly invested in a potential renewable energy project for the cement operations located in Honduras.

We developed a plan to quantify the economic, social and environmental impacts associated with potential acquisitions within the framework of our due diligence processes.

Our subsidiary Celsia issued green bonds for COP 420 billion to develop projects low in carbon emissions and resilient to climate change

GOALS

[103-2, 103-3]

■ To be achieved ■ Partial ■ Achieved

Short Term

■ Incorporate the qualitative analysis of ESG (environmental, social and governance) criteria in 100% of our investment, divestment and association processes.

Medium Term

■ Design a mechanism that allows quantifying the economic, social and environmental impacts of the investments under analysis, thanks to a tool designed specifically for this purpose, based on our methodology of Value Added Statement to Society (see page 50).

Long Term

■ Carry out a comparative analysis and look for possible synergies with other actors to develop generally accepted mechanisms for assessing ESG criteria jointly.

CHALLENGES AND OPPORTUNITIES

[103-2]

- We must evolve in tandem with the global trend towards responsible investment. This requires changes in our processes, which must be adapted to be at the forefront of the best global practices in the field. To achieve this, we must develop new tools and competencies in our teams, which can lead to additional costs in the short term.
- The global trend towards responsible investment is also an opportunity to the extent that we differentiate ourselves from other actors and identify investment opportunities in sustainable and innovative business models. This would allow us to actively contribute to the 2030 Agenda of the United Nations and capitalize on the business opportunities that are derived therefrom.



For more information, scan the QR code on page 5.

ETHICS, CONDUCT AND TRANSPARENCY

It refers to the set of shared values that constitute the basis of the organizational culture in our Business Group, whose guiding principle is integrity.

The Code of Business Conduct was modified, in order to be aligned with the best practices and standards.

RELEVANCE

[103-1] Good acting is part of the sustainability of our businesses. A challenging and changing regulatory environment requires us to remain at the forefront of the best practices and to strive for a Compliance System that allows us not only to define an expected performance parameter for the entire Business Group, but also to effectively monitor our operations.

This way we can prevent and anticipate the occurrence of events that could put our reputation or the business continuity at risk. The prevention of money laundering and terrorism financing, fraud, bribery and corruption, and the respect for competition rules are part of the risks we manage from this work focus.

THIS IS HOW WE MANAGE IT

[103-2] The Compliance System is structured on the basis of clear and unequivocal statements contained in the Code of Business Conduct regarding our commitment to transparency in the businesses.

[102-17] We also established mechanisms to support the system, which are summarized in having an adequate governance system, the commitment of the Organization's Directors, an effective management of the Transparency Hotline, as well as the monitoring of the disciplinary and/or corrective sanctions that may derive from the complaints presented to it. Likewise, the Reputation Committee analyzes and takes action against the most relevant issues related to the management of the Compliance System.

[102-16] Integrity, ethics and transparency belong to everyone, which is why we strive for a unique experience of these values throughout the entire Business Group.

GOVERNANCE



PROGRESS

[103-3]

216
senior management collaborators completed the Statement of Assets and Income. This is equal to 100% of Grupo Argos and 86% of the target public, including subsidiaries

[205-2]
WE TRAINED 100%
of collaborators in matters of ethics, conduct and transparency

100%
of collaborators completed the Annual Statement of Potential Sources of Conflict of Interest

2018 MILESTONES

[103-2, 103-3]

We designated the people responsible for the Compliance area in each subsidiary, defining an articulated working model with unified criteria throughout the Business Group.

[205-2] We formulated and updated the policies about respect for free competition, and trained 100% of Grupo Argos' collaborators.

We carried out an active management of the Statements of Potential Sources of Conflicts of Interest, covering 100% of collaborators.

We reviewed the policy of engagement with third parties, establishing general control parameters applicable to the entire Business Group.

To guarantee transparency in the process of issuance of Celsia shares, the independent members of the Board of Directors selected the investment banks responsible for structuring the operation. Details of this transaction can be found in the chapter on Financial Success, pg. 64.

METAS

[103-2, 103-3]

■ To be achieved ■ Partial ■ Achieved

Short Term

- Establish a compliance control board, articulating the functions of Compliance with those of Control and Audit.
- Have a policy of engagement with public servants.
- Formulate a policy of investigations of complaints against level 0 of the Organization and a review of the Transparency Hotline Investigation Manual.
- Maintain the system at the forefront of international standards such as the FCPA (USA) and the UK Bribery Act (United Kingdom).

Medium Term

- Have a data analytics system that allows monitoring the compliance control board in real time, timely identifying the gaps and risks for the Organization.

Long Term

- Standardize and automate our Compliance System, which allows a real-time monitoring of findings, so that the necessary corrections can be established in a shorter time.

CHALLENGES AND OPPORTUNITIES

[103-2]

- Regulatory trends are being oriented to establish increasingly drastic sanctions before the commission of acts contrary to the law in the development of the businesses, which may even compromise their continuity. Our commitment to transparency, the adequate dissemination of a clear message about an organizational culture based on integrity, as well as the zero tolerance for corrupt practices and the constant monitoring of cases that affect the reputation of companies in the region, allow us to continue to develop a sustainable business model, manage potential risks and have the right talent to ensure the experience of our values and principles.
- The above imposes the challenge of strengthening our compliance, risk, audit and control systems, and gives us a great opportunity to continue transmitting our vision on how to conduct businesses responsibly and in accordance with the law.

Antioquia, Colombia

Cementos Argos

Decorative concrete



WORKING MODEL OF THE BUSINESS GROUP

Es el marco que regula las relaciones entre Grupo Argos, como casa matriz, y sus filiales, el cual busca facilitar el logro de los objetivos propuestos y la implementación de nuestra estrategia corporativa.

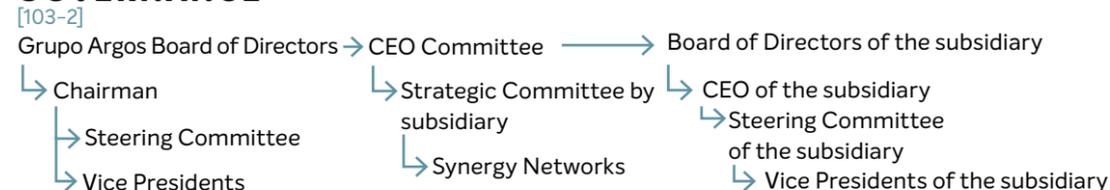
RELEVANCE

[103-1] Our articulated work structure leads to the strengthening of our organization through the improvement of the strategic position of the businesses, the diversification of risks and the financial and operational benefits that result from its implementation.

This tool allows us to identify opportunities for collaboration both between Grupo Argos and its subsidiaries, and among subsidiaries directly.

The proposed model drives us as actors of progress and development of the countries in which we have a presence, contributing, in turn, to the mitigation of the implicit risk in the fulfillment of the business plans of each subsidiary.

GOVERNANCE



10 INTERRELATED AND INTERDEPENDENT OPERATING PRINCIPLES

- 1 Ability to provide value and enable the creation of value
- 2 We are one, in an environment of trust.
- 3 More decisions in more people.
- 4 Autonomy in a context and without sub-optimization as a group.
- 5 Clarity in philosophy, purposes and priorities.
- 6 People with information, in an collaborative environment.
- 7 Taking advantage of the similarities and differences.
- 8 Collective construction and cross-pollination.
- 9 Continuous learning and improvement.
- 10 Active leadership of the group, subject to the corporate governance.

THIS IS HOW WE MANAGE IT

[103-2] NOur ability to manage our identity as a Business Group allows us to guide the strategy of the subsidiaries, providing them with value and a long-term sustainable vision and recognized Corporate Governance and Sustainability practices. The above, in a collaborative environment and with a reputational and financial support.

For its development and management, the model has the following committees and networks:

- **CEO Committee of Grupo Argos and its subsidiaries:** responsible for advising the Grupo Argos CEO in decisions of the Business Group and coordinating efforts of the Synergy Networks and the co-direction of vehicles of the Business Group.
- **Strategic Committee of each subsidiary:** responsible for aligning the definitions of the subsidiary with those of the Business Group and ensuring a common understanding of the subsidiary's strategy in its alignment with the Business Group's strategy.
- **Synergy Networks:** responsible for constructing the definitions of the Business Group, under the direction of the CEO Committee.

PROGRESS

[103-3]
Communication of the Working Model of Grupo Argos and its Subsidiaries.

Creation of Committees and Networks for the operation of the Working Model.

[GA-MT01]
100%
100% adjustment of the responsibilities of areas and positions in Grupo Argos, in accordance with the definitions of the Working Model.

2018 MILESTONES

[103-2, 103-3] We defined a total of 12 processes that are grouped into three issues considered relevant and strategic, and which are the basis of everyone's work:

Strategy and Finance

1. Strategy
2. Capital
3. Mergers, Acquisitions and Divestments
4. Consolidation and Taxes
5. Risks
6. Innovation

Legal and Sustainability

7. Corporate Governance
8. Sustainability
9. Audit

Talent and Identity

10. Talent
11. Identity
12. Synergies



GOALS

[103-2, 103-3]
■ To be achieved | ■ Partial | ■ Achieved

Short Term

- Review and adjust the composition and dynamics of the committees and networks. Ensure a true joint management of SUMMA, the Grupo Argos Foundation and other vehicles.

- Analyze the needs of exchange of information between the companies to make the necessary formal information exchange agreements.

Medium Term

- Achieve greater efficiency in the allocation of capital of Grupo Argos, for which we will focus on tax management and optimization, and we will accompany the management of material impact risks.
- Strengthen innovation processes and creation of new businesses.
- Ensure excellence in corporate governance and sustainability.
- Carry out a joint management, between Grupo Argos and subsidiaries, of the key talent, the corporate alignment of compensation and the analysis of strategic level structures.

CHALLENGES AND OPPORTUNITIES

- The operation in different sectors and geographies, as well as the environmental challenges faced by each business, make the alignment of the strategy of each subsidiary with that of the business group a challenge. To face it, we are unified around a purpose, we have the existence of effective dialogue and relationship mechanisms, and the quality of talent.

Bogotá, Colombia

Grupo Argos

Grupo Empresarial Argos Offices

[103-2]



CUTTING-EDGE PRACTICES

They are those that determine our ability to identify and capitalize investment opportunities, as well as to potentiate new business models in our subsidiaries, in order to ensure growth and the creation of value.

RELEVANCE

[103-1] The new transforming forces of businesses such as smart cities, construction automation, digitization of the built environment, demographic changes, consumer empowerment and low carbon economies are a reality thanks to the rapid adoption of technology.

This is where cutting-edge practices play a fundamental role as an opportunity for business transformation and growth. For this, we must remain connected to the macro trends of the sector, develop capacities, rethinking and offering new solutions and developing new business models.

Being at the forefront helps us to manage the risks related to the fulfillment of the business plans of the subsidiaries and the optimal management of projects for the use of synergies.

THIS IS HOW WE MANAGE IT

[103-2] We believe that production models are business-specific, therefore, our innovation management focuses on the development of a transversal and decentralized corporate competence. Innovation in our subsidiaries is focused on processes and products. At the same time, the holding company focuses on the development of new business models with opportunities for cooperation among the subsidiaries, seeking to transform them and create value in the region.

With an open innovation or corporate venture, we focus on strategic and profitability projects, a co-investment model between Grupo Argos, our subsidiaries and an investor ally. The program is developed jointly and its operation is based on the formulation of thematic theses, currently led by the strategic businesses: Cementos Argos, Celsia and Odinsa. Its objective is based on the transformation of its industry and the adjacencies between businesses.

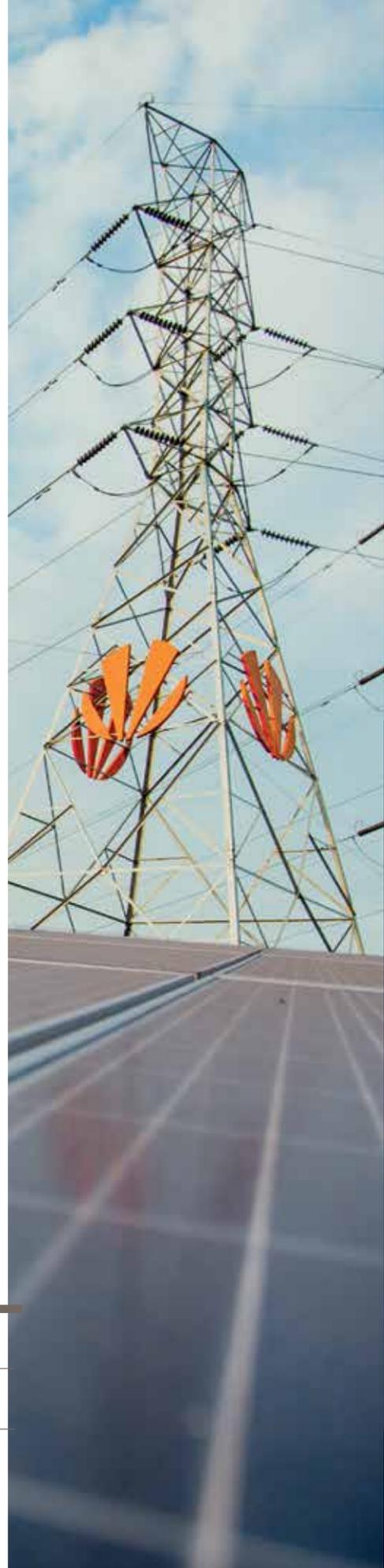
Actors of the Ventures model:

- **Grupo Argos:** diversified investment portfolio aligned with its role.
- **Subsidiaries:** diversified investment portfolio aligned with its industry.
- **Veronorte (investment manager):** diversified investment portfolio, aligned with Grupo Argos and its strategic businesses.

Valle del Cauca, Colombia

Celsia

Yumbo Solar Farm



GOVERNANCE

[103-2]

- **Assessment Committee**
 - Grupo Argos
 - Specialized teams of the businesses
- **Investment Committee**
 - Grupo Argos and subsidiaries (decision makers)
 - Investment manager and innovation leaders (they propose opportunities to the Committee)
- **Steering Committee**
 - CEO Committee

PROGRESS

[GA-PS1]

More than 200 innovative ventures assessed



2018 MILESTONES

[103-2, 103-3]

We designed a process structured by phases, which allows us to optimize progressive efforts, the involvement of subsidiaries, the segregation of functions, and having shared tools.

We completed the 6 initial stages of the Grupo Argos Ventures Corporate Venture Program, from its initial discussions to the investments made:

1. Preliminary Analysis
2. Pilot
3. Establishment of the Operating Model
4. Establishment of the Engagement Model
5. Approval of the Program (Boards of Directors Grupo Argos, Cementos Argos, Celsia and Odinsa)
6. Initiation of 2 investments

For each company, we defined and approved the structure of the portfolio in: size, level of diversification, average investment.

We defined the governance model that includes: a quarterly monitoring, reports, a quarterly committee and a valuation of new investment or disinvestment alternatives.

CHALLENGES AND OPPORTUNITIES

[103-2]

- The dynamics of markets and consumer preferences lead us not only to focus on incremental innovations, but also on radical and disruptive innovations. Therefore, the sustainability of a Corporate Venture Capital or high risk capital model must adequately consider factors such as: the alignment with the strategy, the governance, the ability to capture value, the management of risks, the speed and adaptability.

100% completion of the Due Diligence process for ventures

GOALS

[103-2, 103-3]

■ To be achieved ■ Partial ■ Achieved

Short Term

- Consolidate the program and complete the portfolio as defined in the risks analysis.
- Achieve the co-creation among the actors of the venture model in order to develop disruptive products or services. Ensure in this way that our businesses can have a dynamic of transformation at the pace of the evolution of their industries.

Medium Term

- Analyze the progress of the investments to date, to determine possible re-investments or the rotation of the portfolio.

Long Term

- Develop and implement new technologies and business models at a strategic and operational level.



For more information, scan the QR code on page 5.

PROMISE OF VALUE TO SOCIETY

It refers to our ability to add value to society and be a relevant agent of change, capable of contributing to the development of our environment and to the solution of local and global challenges in economic, environmental and social matters.

The net value delivered to society by Grupo Argos, as a holding company in 2018, is equal to USD 332.4 million

RELEVANCE

[103-1] The private sector is a fundamental driver of development, since it is the main source of employment and investment, a fertile ground for innovation and the main agent that generates wealth. In this sense, it is a key actor in the fulfillment of the Sustainable Development Goals of the 2030 Agenda.

However, due to phenomena such as corruption, undue influence in the political sphere and the little awareness of social inequalities, widespread questions have been raised about the productive sector. Society increasingly demands the decisive participation of the private sector in the solution of the problems that most afflict it.

By actively working to maximize the benefits that we deliver to society and to demonstrate them, we contribute to confirm the fundamental role played by the private company, while mitigating the risks associated with financial flexibility, reputation and changes in the economic and political environment.

THIS IS HOW WE MANAGE IT

[103-2] The value we deliver to society is reflected in our financial statements, which demonstrate the contribution we make as a private company to the competitiveness and productivity of the countries in which we operate.

However, we also create value for society because we boost the economy, minimize our environmental impacts and contribute to social development. In order to maximize these intangible contributions, we set out to quantify the net value that we add to society in terms of the benefit we retain each year, in a tool we have called the Value Added Statement to Society, VAS. This value is the result of the responsible operation of our businesses, as well as our performance as a strategic articulator.

As a parent company, we promote shared values in the Business Group, giving special importance to ethics, good conduct and transparency, which is the basis for responsible decision-making and contributes to the change of conscience through example. Additionally, we make alliances with companies, associations and organizations, and maintain a transparent relationship with the State, with which we share a vision of the future that results in a greater well-being for all.

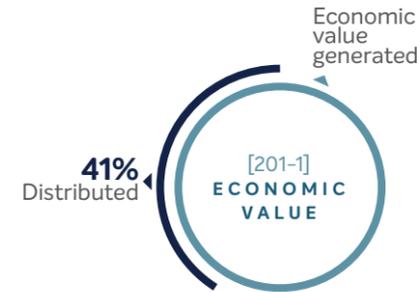
GOVERNANCE



PROGRESO

[103-3]

GRUPO ARGOS



CONTRIBUTION TO DEMOCRACY

650 million

CONTRIBUTIONS TO ASSOCIATIONS AND ORGANIZATIONS

980 million

Greatest contributions:
Greatest contributions:
World Business Council for Sustainable Development, WBCSD: COP 256 million

National Business Association of Colombia, ANDI: COP 110 million

VALUE ADDED TO SOCIETY

Number of times of the benefit retained

Grupo Argos 1.8x

Cementos Argos 3.2x

4 millones de árboles sembrados

2018 MILESTONES

[103-2, 103-3]

We made the measurement of impacts or externalities in our Urban Development Business, for which we built a Value Added Statement to Society (VAS), in which 9 economic, social and environmental externalities were valued (see page 50).

The net value we delivered to society was equivalent to USD 332.4 million; 1.82 times the benefit we retained in the same period. Our subsidiary Cementos Argos delivered USD 787.6 million to society; 3.23 times the benefit it retained.

After prioritizing the Sustainable Development Goals number 9, 11, 13 and 17, in 2018 we made progress in aligning our action focuses to them, and in determining the specific contribution we make to achieve their compliance (see page 47).

In 2018, we contributed to different political parties in order to promote institutional strengthening, plurality of opinions, economic freedom and business activity.

GOALS

[103-2, 103-3]

■ To be achieved ■ Partial ■ Achieved

Short Term

■ Apply the VAS methodology to all our subsidiaries in 2019, in order to build a consolidated Value Added Statement, VAS, for the Business Group.

Medium Term

■ Actively collaborate with companies inside and outside the sector in order to build a standardized methodology for the measurement of impacts.

Long Term

■ Maximize the value added to society in each of the businesses.

[103-2]

CHALLENGES AND OPPORTUNITIES

→ The measurements of impacts are still complex to understand for stakeholders, reason why we will continue working on the adequate dissemination and explanation thereof.

→ Investors are increasingly integrating economic, environmental and social information into their decision making. We want to actively respond to this trend, which is increasingly becoming an opportunity, to the extent that we improve our performance in sustainability and our response capacity before stakeholders.

05

CONSOLIDATED
FINANCIAL
STATEMENTS

Atlántico, Colombia

Cementos Argos

Concrete bench in the
Barranquilla Malecón

GRUPO ARGOS S.A. AND SUBSIDIARIES
CONSOLIDATED STATEMENT
OF FINANCIAL POSITION

As of December 31 | In millions of Colombian pesos

	Notes	2018	2017
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	6	2,647,532	2,625,892
Derivative financial instruments	7	10,392	176
Trade accounts and other accounts receivable	8	2,124,022	2,348,488
Inventories, net	9	1,291,909	1,086,669
Tax assets	10	410,799	365,361
Biological assets	20	9,360	134
Other financial assets	11	72,948	45,371
Expenses paid in advance and other non-financial assets	12	244,963	228,103
CURRENT ASSETS		6,811,925	6,700,194
Non-current assets held for sale	13	40,030	49,925
TOTAL CURRENT ASSETS		6,851,955	6,750,119
NON-CURRENT ASSETS			
Trade accounts and other accounts receivable	8	2,632,020	2,619,430
Inventories, net	9	36,747	47,275
Commercial credit	14	3,142,650	2,974,358
Intangibles, net	15	3,958,849	4,221,769
Properties, plant and equipment, net	16	19,332,437	18,481,446
Investment properties	17	2,298,386	2,203,222
Investments in associates and joint ventures	18	8,653,207	8,258,210
Derivative financial instruments	7	309	2,533
Deferred tax	10	555,133	573,316
Biological assets	20	48,225	54,129
Other financial assets	11	1,193,298	1,358,463
Expenses paid in advance and other non-financial assets	12	11,137	23,678
TOTAL NON-CURRENT ASSETS		41,862,398	40,817,829
TOTAL ASSETS		48,714,353	47,567,948

GRUPO ARGOS S.A. AND SUBSIDIARIES
CONSOLIDATED STATEMENT
OF FINANCIAL POSITION

As of December 31 | In millions of Colombian pesos

	Notes	2018	2017
LIABILITIES			
CURRENT LIABILITIES			
Financial obligations	21	2,613,133	2,874,332
Liabilities for employee benefits	24	241,141	210,547
Provisions	25	337,855	340,185
Trading liabilities and other accounts payable	26	2,348,111	2,116,725
Tax liabilities	10	237,356	189,664
Derivative financial instruments	7	525	3,622
Bonds and compound financial instruments	27	665,719	704,251
Other non-financial liabilities	28	586,007	667,596
CURRENT LIABILITIES		7,029,847	7,106,922
Liabilities associated to non-current assets held for sale	13	-	824
TOTAL CURRENT LIABILITIES		7,029,847	7,107,746
NON-CURRENT LIABILITIES			
Financial obligations	21	6,364,008	6,499,405
Deferred tax	10	1,385,211	1,562,383
Liabilities for employee benefits	24	435,568	494,531
Provisions	25	306,615	304,360
Trading liabilities and other accounts payable	26	278,509	237,324
Derivative financial instruments	7	22,750	-
Bonds and compound financial instruments	27	6,854,570	6,653,888
Other non-financial liabilities	28	464,538	401,163
TOTAL NON-CURRENT LIABILITIES		16,111,769	16,153,054
TOTAL LIABILITIES		23,141,616	23,260,800

GRUPO ARGOS S.A. AND SUBSIDIARIES CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As of December 31 | In millions of Colombian pesos

	Notes	2018	2017
EQUITY			
Capital stock	29	53,933	53,933
Issue premium	29	1,354,759	1,354,759
Retained profits		9,147,229	9,045,006
Reserves	30	3,001,515	2,829,844
Profit for the year		671,327	610,659
Other components of equity	31	(178,650)	(7,225)
Other comprehensive result	30	2,375,778	2,159,131
EQUITY ATTRIBUTABLE TO CONTROLLERS		16,425,891	16,046,107
Non-controlling interests	33	9,146,846	8,261,041
TOTAL EQUITY		25,572,737	24,307,148
TOTAL LIABILITIES AND EQUITY		48,714,353	47,567,948

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

GRUPO ARGOS S.A. AND SUBSIDIARIES CONSOLIDATED INCOME STATEMENT

Years ended on December 31 | In millions of Colombian pesos, except earnings per share

	Notes	2018	2017
INCOME FROM ORDINARY ACTIVITIES	34	14,314,013	14,573,579
Cost of ordinary activities	35	(10,211,393)	(10,492,135)
GROSS PROFIT		4,102,620	4,081,444
Administrative expenses	36	(1,350,938)	(1,448,782)
Sales expenses	37	(262,184)	(257,535)
STRUCTURE EXPENSES		(1,613,122)	(1,706,317)
Other income (expenses), net	38	129,551	145,406
PROFIT FROM OPERATIONAL ACTIVITIES		2,619,049	2,520,533
Financial expenses, net	39	(1,082,024)	(1,079,085)
PROFIT BEFORE TAXES		1,537,025	1,441,448
Income tax		(342,907)	(534,865)
NET PROFIT		1,194,118	906,583
Attributable to:			
CONTROLLING INTEREST		671,327	610,659
Non-controlling interests		522,791	295,924
EARNINGS PER SHARE FROM CONTINUING OPERATIONS (*)	40		
Attributable to common shareholders of the controlling company:			
Basic (*)		783	712
Diluted (*)		783	712

(*) Figures expressed in Colombian pesos
The accompanying notes are an integral part of the financial statements.

JORGE MARIO VELÁSQUEZ JARAMILLO
CEO | Legal Representative
See attached certification

CLAUDIA PATRICIA ÁLVAREZ AGUDELO
Accountant | T.P. 69447-T
See attached certification

DANIEL AUGUSTO BERNAL JARAMILLO
Statutory Auditor appointed by Deloitte & Touche Ltda.
T.P. 94411-T | See attached report

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GRUPO ARGOS S.A. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

Years ended on December 31 | In millions of Colombian pesos

	Notes	2018	2017
NET PROFIT		1,194,118	906,583
ITEMS THAT WILL NOT BE RECLASSIFIED SUBSEQUENTLY TO PROFIT AND LOSS OF THE PERIOD		(175,185)	156,993
Profits and losses of equity investments		(192,300)	132,570
Deferred taxes on equity investments		(493)	66
New measurements of obligations for defined benefits to employees		236	(16,034)
Deferred taxes for defined benefits to employees		1,998	(186)
Profits and losses for revaluation of property, plant and equipment		391	13,532
Deferred taxes for revaluation of property, plant and equipment		109	(2,934)
Net equity in associates and joint ventures		14,874	29,979
ITEMS THAT WILL BE RECLASSIFIED SUBSEQUENTLY TO PROFIT AND LOSS OF THE PERIOD		763,477	173,958
Net income from instruments in cash flow hedges		(95,218)	(2,229)
Deferred taxes on cash flow hedges		60,741	(14,039)
Exchange differences by translation of businesses abroad		816,306	(9,586)
Deferred taxes by translation of businesses abroad		4,344	(5,414)
Net equity in associates and joint ventures		(22,696)	205,226
OTHER COMPREHENSIVE INCOME, NET OF TAXES		588,292	330,951
TOTAL COMPREHENSIVE INCOME		1,782,410	1,237,534
Attributable to:		-	-
CONTROLLING INTEREST		893,673	927,602
Non-controlling interests		888,737	309,932

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



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GRUPO ARGOS S.A. AND SUBSIDIARIES

ESTADO DE CAMBIOS EN EL PATRIMONIO CONSOLIDADO

Años que terminaron a 31 de diciembre | En millones de pesos colombianos

	Capital and Issue Premium	Legal Reserve	Other Reserves	Other Comprehensive Income	Income Accrued and of the Period	Other Components of Equity	Attributable to Owners of the Controlling Company	Non-controlling Interests	Total Equity
BALANCE AS OF JANUARY 1, 2017	1,408,692	29,665	2,714,099	1,987,756	9,487,921	(21,305)	15,606,828	8,027,768	23,634,596
Income for the period	-	-	-	-	610,659	-	610,659	295,924	906,583
Other comprehensive income for the period, net of tax	-	-	-	316,943	-	-	316,943	14,008	330,951
COMPREHENSIVE INCOME OF THE PERIOD	-	-	-	316,943	610,659	-	927,602	309,932	1,237,534
Issuance of capital and convertible instruments	-	-	-	-	-	-	-	-	-
Ordinary dividends declared in cash	-	-	-	-	(200,074)	-	(200,074)	(354,919)	(554,993)
Preferred dividends declared in cash	-	-	-	-	(65,666)	-	(65,666)	(23,107)	(88,773)
Appropriation of reserves	-	-	86,080	-	(86,080)	-	-	(5)	(5)
Equity method of associates and joint ventures	-	-	-	-	-	(176,600)	(176,600)	-	(176,600)
Transfer from other comprehensive income to accrued earnings	-	-	-	(127,790)	-	127,790	-	-	-
Purchases and sales to non-controlling interests	-	-	-	-	-	1,204	1,204	(25,939)	(24,735)
Business combinations	-	-	-	-	-	-	-	457,138	457,138
Other variations	-	-	-	(17,778)	(91,095)	61,686	(47,187)	(129,827)	(177,014)
BALANCE AS OF DECEMBER 31, 2017	1,408,692	29,665	2,800,179	2,159,131	9,655,665	(7,225)	16,046,107	8,261,041	24,307,148

GRUPO ARGOS S.A. AND SUBSIDIARIES CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Years ended on December 31 | In millions of Colombian pesos

	Capital and Issue Premium	Legal Reserve	Other Reserves	Other Comprehensive Income	Income Accrued and of the Period	Other Components of Equity	Attributable to Owners of the Controlling Company	Non-controlling Interests	Total Equity
BALANCE SUBMITTED AS OF JANUARY 1, 2018	1,408,692	29,665	2,800,179	2,159,131	9,655,665	(7,225)	16,046,107	8,261,041	24,307,148
Accumulated effect of the adoption of new standards	-	-	-	-	(21,284)	-	(21,284)	(4,076)	(25,360)
Accumulated effect of the adoption of new standards by equity method of associates and joint ventures	-	-	-	-	(33,388)	-	(33,388)	(4,562)	(37,950)
ADJUSTED BALANCE AS OF JANUARY 1, 2018	1,408,692	29,665	2,800,179	2,159,131	9,600,993	(7,225)	15,991,435	8,252,403	24,243,838
Income for the period	-	-	-	-	671,327	-	671,327	522,791	1,194,118
Other comprehensive income for the period, net of tax	-	-	-	222,346	-	-	222,346	365,946	588,292
COMPREHENSIVE INCOME OF THE PERIOD	-	-	-	222,346	671,327	-	893,673	888,737	1,782,410
Issuance of capital and convertible instruments	-	-	-	-	-	-	-	697,513	697,513
Ordinary dividends declared in cash	-	-	-	-	(211,691)	-	(211,691)	(405,744)	(617,435)
Preferred dividends declared in cash	-	-	-	-	(69,479)	-	(69,479)	(23,174)	(92,653)
Appropriation of reserves	-	-	171,671	-	(171,671)	-	-	-	-
Equity method of associates and joint ventures	-	-	-	-	-	4,036	4,036	631	4,667
Transfer from other comprehensive income to accrued earnings	-	-	-	(5,708)	-	5,708	-	-	-
Purchases and sales to non-controlling interests	-	-	-	-	-	(172,982)	(172,982)	(212,084)	(385,066)
Business combinations	-	-	-	-	-	-	-	-	-
Other variations	-	-	-	9	(923)	(8,187)	(9,101)	(51,436)	(60,537)
BALANCE AS OF DECEMBER 31, 2018	1,408,692	29,665	2,971,850	2,375,778	9,818,556	(178,650)	16,425,891	9,146,846	25,572,737

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


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GRUPO ARGOS S.A. AND SUBSIDIARIES CONSOLIDATED CASH FLOW STATEMENT

Years ended on December 31 | In millions of Colombian pesos

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
NET PROFIT	1,194,118	906,583
Adjustments by:		
Income from dividends and investments	(55,103)	(24,392)
Expenses by income tax recognized in income for the period	342,907	534,865
Equity in income of associates and joint ventures	(485,181)	(435,724)
Financial expenses recognized in income for the period	1,097,145	1,111,264
Interest income recognized in income for the period	(259,291)	(253,085)
Expenses recognized with respect to employee benefits and provisions	140,752	11,964
Net profit from sale of properties, plant and equipment	(103,627)	(97,165)
Net loss (profit) for sale of investments	7,065	(171,677)
Net profit from disposal of investment properties	(42,426)	(1,782)
Net profit from fair value arising on investment property	(143,873)	(123,023)
Net loss arising from sale of non-current assets available for sale and other assets	3,060	24,502
Net profit for valuation of financial instruments, measured at fair value	(13,293)	(5,192)
Net profit of fair value arising on biological assets	(6,297)	(1,601)
Net profit of fair value arising on investments in associates or joint ventures	(32,820)	(18,168)
Net profit of the appraisal of prior investment	-	(95,672)
Net profit for purchase in advantageous terms	-	(12,349)
Impairment, net of financial assets	4,491	73,736
Impairment, net of non-current assets and inventory	12,216	13,408
Depreciation and amortization of non-current assets	1,346,956	1,344,325
Unrealized exchange difference, recognized in income, on financial instruments	(7,432)	104,796
Other adjustments to reconcile income for the year	(61,167)	(47,889)
	2,938,200	2,837,724
CHANGES IN WORKING CAPITAL OF:		
Trade accounts receivable and other accounts receivable	922,834	47,167
Inventories	(144,616)	37,234
Other assets	(1,896)	53,204
Trade accounts payable and other accounts payable	(407,666)	400,361
Provisions	(9,127)	6,103
Other liabilities	(78,280)	48,740
CASH GENERATED BY OPERATIONS	3,219,449	3,430,533
Wealth tax paid	-	(39,933)
Income tax paid	(409,816)	(451,196)
Dividends received	150,519	116,312
NET CASH FLOW FROM OPERATING ACTIVITIES	2,960,152	3,055,716

GRUPO ARGOS S.A. AND SUBSIDIARIES

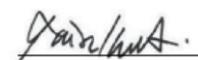
CONSOLIDATED CASH FLOW STATEMENT

Years ended on December 31 | In millions of Colombian pesos

	2018	2017
CASH FLOW FROM INVESTMENT ACTIVITIES		
Financial interests received	43,671	54,770
Acquisition of properties, plant and equipment	(1,173,265)	(1,250,619)
Proceeds from sale of properties, plant and equipment	183,907	91,591
Acquisition of investment properties	(242)	(12,380)
Proceeds from the sale of investment properties	41,965	15,960
Acquisition of intangible assets	(98,947)	(284,761)
Proceeds from the sale of intangible assets	3,922	-
Acquisition of other non-current assets	-	(2,744)
Proceeds from the sale of other non-current assets	24,088	5,760
Acquisition of control of subsidiaries and other businesses	-	(24,196)
Sale of businesses with loss of control	245,145	-
Acquisition of interests in associates and joint ventures	(114,524)	(140,386)
Proceeds from the sale of interests in associates and joint ventures	-	469,154
Acquisition of financial assets	(87,639)	(165,545)
Proceeds from the sale of financial assets	38,400	394,283
(Payments) collections from financial derivative agreements	(1,628)	-
Other cash inflows/outflows	115,969	101,222
NET CASH FLOW USED IN INVESTMENT ACTIVITIES	(779,178)	(747,891)
CASH FLOWS FROM FINANCING ACTIVITIES		
Issue of shares and other capital instruments	674,283	-
Bond issue	638,747	2,680,477
Payment of bonds and commercial papers	(648,490)	(736,797)
Increase of other financing instruments	6,517,699	238,820
Decrease of other financing instruments	(7,394,049)	(1,911,007)
Purchase of ownership interests of subsidiaries that do not result in obtainment of control	(383,021)	(20,377)
Proceeds from the sale of ownership interests in subsidiaries that do not result in loss of control	81	-
Restitution of subordinate debt	(66,481)	(49,772)
Dividends paid common shares	(562,710)	(611,185)
Dividends paid preferred shares	(114,794)	(49,266)
Interests paid	(997,750)	(1,062,286)
Other cash inflows/outflows	38,351	(78,590)
NET CASH FLOW GENERATED BY FINANCING ACTIVITIES	(2,298,134)	(1,599,983)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(117,160)	707,842
Cash and cash equivalents at the beginning of the period	2,632,400	1,927,980
Effects of variations in exchange rates on cash and cash equivalents held in foreign currency	132,292	(3,422)
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD (Note 6)	2,647,532	2,632,400
Minus cash and banks included in a group of assets held to be distributed to shareholders	-	6,508
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD* (NOTE 6)	2,647,532	2,625,892

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

*Without cash or banks included in a group of assets held to be distributed to shareholders.



JORGE MARIO VELÁSQUEZ JARAMILLO
CEO | Legal Representative
See attached certification



CLAUDIA PATRICIA ÁLVAREZ AGUDELO
Accountant | T.P. 69447-T
See attached certification



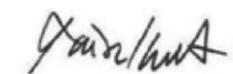
DANIEL AUGUSTO BERNAL JARAMILLO
Statutory Auditor appointed by Deloitte & Touche Ltda.
T.P. 94411-T | See attached report

CERTIFICATION OF THE LEGAL REPRESENTATIVE OF THE COMPANY

Medellín, February 22, 2019

To the shareholders of Grupo Argos S.A. and the general public

In my capacity as Legal Representative, I certify that the consolidated financial statements as of the closing date of December 31, 2018 that have been made public do not contain any vices, inaccuracies or material errors that could prevent knowing the true financial position or the operations carried out by Grupo Argos S.A. during the corresponding period.



JORGE MARIO VELÁSQUEZ JARAMILLO
CEO | Legal Representative
See attached certification

CERTIFICATION OF THE LEGAL REPRESENTATIVE AND THE ACCOUNTANT OF THE COMPANY

Medellín, February 22, 2019

To the Shareholders of Grupo Argos S.A.

The undersigned Legal Representative and the Accountant of Grupo Argos S.A. (hereinafter the Company), certify that the consolidated financial statements of the Company as of December 31, 2018 and 2017 have been faithfully taken from the accounting books and that, before making them available to you and third parties, we have verified the following statements contained therein:

- a) The assets and liabilities included in the financial statements of the Company as of December 31, 2018 and 2017 exist, and all transactions included in said statements have been made during the years ended on such dates.
- b) The economic events carried out by the Company during the years ended on December 31, 2018 and 2017 have been recognized in the financial statements.
- c) The assets represent probable future economic benefits (rights) and the liabilities represent probable future economic sacrifices (obligations), obtained or at the expense of the Company as of December 31, 2018 and 2017.
- d) All items have been recognized for their appropriate values in accordance with the Accounting and Financial Reporting Standards accepted in Colombia.
- e) All economic events affecting the Company have been correctly classified, described and disclosed in the financial statements.



JORGE MARIO VELÁSQUEZ JARAMILLO
CEO | Legal Representative
See attached certification



CLAUDIA PATRICIA ÁLVAREZ AGUDELO
Accountant | T.P. 69447-T
See attached certification

STATUTORY AUDITOR'S REPORT

Deloitte.

February 22, 2019

TO THE SHAREHOLDERS OF GRUPO ARGOS S.A.: Report on the Consolidated Financial Statements

I have audited the accompanying financial statements of GRUPO ARGOS S.A., which comprise the statement of financial position as of December 31, 2018, the statement of income and other comprehensive income, of changes in net equity and cash flows for the year ended on that date, and a summary of significant accounting policies, as well as other explanatory notes.

Management's Responsibility for the Financial Statements

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

Statutory Auditor's Responsibility

My responsibility is to express an opinion on said financial statements based on my audit. I conducted the audit in accordance with the International Auditing Standards accepted in Colombia. Such standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of significant errors. An audit involves developing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the professional judgment of the auditor, including its assessment of the risks of significant errors in the financial statements. In the risk assessment, the auditor considers the Company's internal control that is relevant to the reasonable preparation and presentation of the financial statements, in order to design audit procedures that are appropriate according to the circumstances. An audit also includes assessing the accounting policies used and the significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

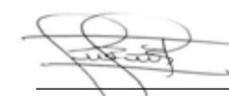
I consider that the audit evidence obtained provides me with a reasonable basis to state my opinion.

Opinion

In my opinion, the accompanying financial statements, taken from the accounting books, reasonably present, in all significant aspects, the financial position of GRUPO ARGOS S.A. as of December 31, 2018, the results of its operations and its cash flows for the year ended on that date, in accordance with the Accounting and Financial Reporting Standards accepted in Colombia.

Other Issues

The financial statements as of December 31, 2017, which are included for comparative purposes only, were audited by me, and I expressed my opinion on the same without reservations on February 21, 2018.



DANIEL AUGUSTO BERNAL JARAMILLO
Statutory Auditor appointed by Deloitte & Touche Ltda. | T.P. 94411-T



Valle del Cauca, Colombia

Celsia

Calima Hydroelectric
Power Plant

06

SEPARATE
FINANCIAL
STATEMENTS

GRUPO ARGOS S.A.

SEPARATE STATEMENT
OF FINANCIAL POSITION

As of December 31 | In millions of Colombian pesos

	Notes	2018	2017
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	6	4,850	299,082
Derivative financial instruments	7	2,932	-
Trade accounts and other accounts receivable	8	166,415	195,573
Inventories, net	9	172,868	164,685
Tax assets	10	6,284	2,860
Other financial assets	11	-	13,692
Expenses paid in advance and other non-financial assets	12	1,656	3,660
TOTAL CURRENT ASSETS		355,005	679,552
NON-CURRENT ASSETS			
Trade accounts and other accounts receivable, NET	8	107,903	11,965
Inventories, net	9	36,747	47,275
Intangibles, net	13	119,633	3,329
Properties, plant and equipment, net	14	2,022	10,723
Investment properties	15	2,105,213	2,083,575
Investments in associates and joint ventures	16	5,072,386	5,132,978
Investments in subsidiaries	17	9,070,962	8,290,280
Other financial assets	11	1,076,533	1,263,873
TOTAL NON-CURRENT ASSETS		17,591,399	16,843,998
TOTAL ASSETS		17,946,404	17,523,550

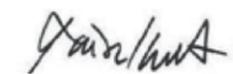
GRUPO ARGOS S.A.

SEPARATE STATEMENT
OF FINANCIAL POSITION

As of December 31 | In millions of Colombian pesos

	Notes	2018	2017
LIABILITIES			
CURRENT LIABILITIES			
Financial obligations	18	119,106	3,728
Liabilities for employee benefits	20	11,414	12,683
Provisions	21	701	515
Trading liabilities and other accounts payable	22	90,551	83,789
Tax liabilities	10	23,811	45,668
Derivative financial instruments	7	175	-
Bonds and compound financial instruments	23	121,691	367,340
Other non-financial liabilities	24	25,419	62,970
TOTAL CURRENT LIABILITIES		392,868	576,693
NON-CURRENT LIABILITIES			
Financial obligations	18	738,047	458,039
Deferred tax	10	182,086	162,692
Liabilities for employee benefits	20	1,865	11,908
LP derivative financial instruments	7	85	-
Bonds and compound financial instruments	23	655,517	769,075
TOTAL NON-CURRENT LIABILITIES		1,577,600	1,401,714
TOTAL LIABILITIES		1,970,468	1,978,407
EQUITY			
Capital stock	25	53,933	53,933
Issue premium	25	1,354,759	1,354,759
Retained profit		8,686,431	8,696,987
Reserves	26	3,001,515	2,829,844
Profit for the year		811,676	452,841
Other components of equity	27	374,968	592,604
Other comprehensive income	26	1,692,654	1,564,175
TOTAL EQUITY		15,975,936	15,545,143
TOTAL LIABILITIES AND EQUITY		17,946,404	17,523,550

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



JORGE MARIO VELÁSQUEZ JARAMILLO
CEO | Legal Representative
See attached certification



CLAUDIA PATRICIA ÁLVAREZ AGUDELO
Accountant | T.P. 69447-T
See attached certification



DANIEL AUGUSTO BERNAL JARAMILLO
Statutory Auditor appointed by Deloitte & Touche Ltda.
T.P. 94411-T | See attached report

GRUPO ARGOS S.A.
SEPARATE INCOME STATEMENT

Years ended on December 31 | In millions of Colombian pesos, except earnings per share

	Notes	2018	2017
INCOME FROM ORDINARY ACTIVITIES	29	1,379,703	1,190,196
Cost of ordinary activities	30	(308,397)	(397,533)
GROSS PROFIT		1,071,306	792,663
Administrative expenses	31	(139,750)	(162,804)
Sales expenses	32	(1,581)	(2,313)
STRUCTURE EXPENSES		(141,331)	(165,117)
Other income (expenses), net	34	27,750	(19,833)
PROFIT FROM OPERATIONAL ACTIVITIES		957,725	607,713
Financial income (expenses), net	35	(111,050)	(116,347)
PROFIT BEFORE TAXES		846,675	491,366
Income tax	10	(34,999)	(38,525)
NET PROFIT		811,676	452,841
EARNINGS PER SHARE FROM CONTINUING OPERATIONS (*)			
Attributable to common shareholders			
Basic	36	947	528
Diluted	36	947	528

(*) Figures expressed in Colombian pesos.
 The accompanying notes are an integral part of the financial statements.



JORGE MARIO VELÁSQUEZ JARAMILLO
 CEO | Legal Representative
 See attached certification



CLAUDIA PATRICIA ÁLVAREZ AGUDELO
 Accountant | T.P. 69447-T
 See attached certification



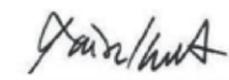
DANIEL AUGUSTO BERNAL JARAMILLO
 Statutory Auditor appointed by Deloitte & Touche Ltda.
 T.P. 94411-T | See attached report

GRUPO ARGOS S.A.
SEPARATE STATEMENT OF OTHER COMPREHENSIVE INCOME

Years ended on December 31 | In millions of Colombian pesos

	Notes	2018	2017
NET PROFIT		811,676	452,841
ITEMS THAT WILL NOT BE RECLASSIFIED SUBSEQUENTLY TO PROFIT AND LOSS OF THE PERIOD	26.2	(299,427)	24,521
Profits and losses of equity investments		(195,418)	132,025
New measurements of obligations for defined benefits to employees		2,145	4,168
Deferred taxes for defined benefits to employees		(1,152)	(967)
Net share in other comprehensive income of subsidiaries		(105,002)	(110,705)
ITEMS THAT WILL BE RECLASSIFIED SUBSEQUENTLY TO PROFIT AND LOSS OF THE PERIOD	26.2	431,783	(19,483)
Effect of cash flow hedge instruments		189	-
Deferred taxes on cash flow hedge instruments		(47)	-
Net share in other comprehensive income of subsidiaries		431,641	(19,483)
OTHER COMPREHENSIVE INCOME, NET OF TAXES	26.2	132,356	5,038
TOTAL COMPREHENSIVE INCOME		944,032	457,879

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



JORGE MARIO VELÁSQUEZ JARAMILLO
 CEO | Legal Representative
 See attached certification



CLAUDIA PATRICIA ÁLVAREZ AGUDELO
 Accountant | T.P. 69447-T
 See attached certification



DANIEL AUGUSTO BERNAL JARAMILLO
 Statutory Auditor appointed by Deloitte & Touche Ltda.
 T.P. 94411-T | See attached report

GRUPO ARGOS S.A.
SEPARATE STATEMENT OF CHANGES IN EQUITY

Years ended on December 31 | In millions of Colombian pesos

	Capital and Issue Premium	Legal Reserve	Other Reserves	Other Comprehensive Income	Income Accrued	Profit for the Year	Other Components of Equity	Total Equity
SALDO AL 1 DE ENERO DE 2017	1,408,692	29,665	2,714,099	1,559,137	8,699,863	351,820	466,622	15,229,898
Resultado del período	-	-	-	-	-	452,841	-	452,841
Otro resultado integral del período, neto de impuesto	-	-	-	5,038	-	-	-	5,038
RESULTADO INTEGRAL DEL PERÍODO 2017	-	-	-	5,038	-	452,841	-	457,879
Dividendos ordinarios decretados en efectivo	-	-	-	-	(200,074)	-	-	(200,074)
Dividendos preferenciales decretados en efectivo	-	-	-	-	(65,666)	-	-	(65,666)
Apropiación de reservas	-	-	86,080	-	(86,080)	-	-	-
Transferencias desde el otro resultado integral hacia ganancias acumuladas	-	-	-	-	351,820	(351,820)	-	-
Otras variaciones	-	-	-	-	(2,876)	-	125,982	123,106
SALDO AL 31 DE DICIEMBRE DE 2017	1,408,692	29,665	2,800,179	1,564,175	8,696,987	452,841	592,604	15,545,143
SALDO AL 1 DE ENERO DE 2018	1,408,692	29,665	2,800,179	1,564,175	9,149,828	-	592,604	15,545,143
Resultado del período	-	-	-	-	-	811,676	-	811,676
Otro resultado integral del período, neto de impuesto	-	-	-	132,356	-	-	-	132,356
RESULTADO INTEGRAL DEL PERÍODO 2018	-	-	-	132,356	-	811,676	-	944,032
Dividendos ordinarios decretados en efectivo	-	-	-	-	(211,691)	-	-	(211,691)
Dividendos preferenciales decretados en efectivo	-	-	-	-	(69,479)	-	-	(69,479)
Apropiación de reservas	-	-	171,671	-	(171,671)	-	-	-
Transferencias a las ganancias acumuladas	-	-	-	1,795	(1,795)	-	-	-
Efecto acumulado de la adopción de nuevas normas reconocido por método de participación	-	-	-	-	(8,761)	-	-	(8,761)
Otras variaciones	-	-	-	(5,672)	-	-	(217,636)	(223,308)
SALDO AL 31 DE DICIEMBRE DE 2018	1,408,692	29,665	2,971,850	1,692,654	8,686,431	811,676	374,968	15,975,936

Las notas que se acompañan son parte integrante de los estados financieros


JORGE MARIO VELÁSQUEZ JARAMILLO
CEO | Legal Representative
See attached certification


CLAUDIA PATRICIA ÁLVAREZ AGUDELO
Accountant | T.P. 69447-T
See attached certification


DANIEL AUGUSTO BERNAL JARAMILLO
Statutory Auditor appointed by Deloitte & Touche Ltda.
T.P. 94411-T | See attached report

GRUPO ARGOS S.A.
SEPARATE CASH FLOW STATEMENT

Years ended on December 31 | In millions of Colombian pesos

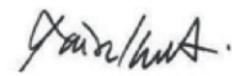
	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
NET PROFIT	811,676	452,841
Adjustments by:		
Income from dividends and investments	(129,234)	(99,209)
Expenses by income tax recognized in income for the period	34,999	38,525
Equity method in income of subsidiaries	(436,069)	(270,210)
Net profit of reasonable value arising on investment properties	(76,743)	(115,329)
Financial expenses recognized in income for the period	116,488	134,204
Interest income recognized in income for the period	(6,392)	(9,833)
Loss recognized with respect to employee benefits and provisions	22	85
Loss due to disposal of properties, plant and equipment	638	810
Loss due to disposal of intangibles	-	10
Net profit for sale of investments	(362,254)	(220,773)
Net profit from fair value arising on investments on associates or joint ventures	(32,820)	(43,659)
Loss arising from sale of non-current assets available for sale and other assets	41	2
Profit from disposal of investment properties	(42,369)	(5,965)
Valuation of financial instruments	(1,056)	(5,295)
Net recovery for provisions recognized in the income for the period	-	(762)
Depreciation and amortization of non-current assets	22,102	18,450
(Recovery) loss by impairment, net of non-current assets recognized in the income for the period	(27)	17
Unrealized exchange difference, recognized in income on financial instruments	(253)	272
Other adjustments	294	25,405
	(100,957)	(100,414)
CHANGES IN WORKING CAPITAL OF:		
Trade accounts and other accounts receivable	25,101	148,396
Inventories	2,344	31,285
Other assets	15,653	(10,691)
Trade accounts and other accounts payable	(5,457)	1,529
Provisions	-	(430)
Other liabilities	(49,080)	15,714
CASH (USED) GENERATED BY OPERATIONS	(112,396)	85,389
Dividends received	432,150	351,403
Income and wealth taxes, paid	(30,987)	(11,206)
NET CASH FLOW GENERATED BY OPERATING ACTIVITIES	288,767	425,586

GRUPO ARGOS S.A.
SEPARATE CASH FLOW STATEMENT

Years ended on December 31 | In millions of Colombian pesos

	2018	2017
CASH FLOW FROM INVESTMENT ACTIVITIES		
Financial interests received	7,074	9,567
Acquisition of properties, plant and equipment	(93)	(1,402)
Proceeds from the sale of investment properties	41,547	6,564
Acquisition of intangible assets	(262)	-
Acquisition of subsidiaries	(1,083,930)	(505,863)
Acquisition of interests in associates and joint ventures	(588)	(15,892)
Proceeds from the sale of interests in subsidiaries	659,583	1,753
Proceeds from the sale of interests in associates and joint ventures	-	402,807
Acquisition of financial assets	(8,147)	(99,752)
Proceeds from the sale of financial assets	-	99,471
Recovery of subordinate debt	57,000	-
Recovery of contributions	100,945	48,744
NET CASH FLOW USED IN INVESTMENT ACTIVITIES	(226,871)	(54,003)
CASH FLOWS FROM FINANCING ACTIVITIES		
Bond issue	-	350,000
Payment of bonds and commercial papers	(350,000)	(132,250)
Increase of other financing instruments	1,179,276	345,000
(Decrease) of other financing instruments	(786,799)	(437,000)
Interests paid	(121,732)	(119,992)
Dividends paid	(276,880)	(257,604)
NET CASH FLOW USED IN FINANCING ACTIVITIES	(356,135)	(251,846)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(294,239)	119,737
Cash and cash equivalents at the beginning of the period	299,082	179,358
Effects of variations in exchange rates on cash and cash equivalents held in foreign currency	7	(13)
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	4,850	299,082

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



JORGE MARIO VELÁSQUEZ JARAMILLO
 CEO | Legal Representative
 See attached certification



CLAUDIA PATRICIA ÁLVAREZ AGUDELO
 Accountant | T.P. 69447-T
 See attached certification



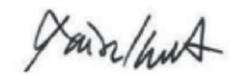
DANIEL AUGUSTO BERNAL JARAMILLO
 Statutory Auditor appointed by Deloitte & Touche Ltda.
 T.P. 94411-T | See attached report

CERTIFICATION OF THE LEGAL REPRESENTATIVE OF THE COMPANY

Medellín, February 22, 2019

To the shareholders of Grupo Argos S.A. and the general public

In my capacity as Legal Representative, I certify that the Separate Financial Statements as of the closing date of December 31, 2018 that have been made public do not contain any vices, inaccuracies or material errors that could prevent knowing the true financial position or the operations carried out by Grupo Argos S.A. during the corresponding period.



JORGE MARIO VELÁSQUEZ JARAMILLO
 CEO | Legal Representative
 See attached certification

CERTIFICATION OF THE LEGAL REPRESENTATIVE AND ACCOUNTANT OF THE COMPANY

Medellín, February 22, 2019

To the Shareholders of Grupo Argos S.A.

The undersigned Legal Representative and the Accountant of Grupo Argos S.A. (hereinafter the Company), certify that the Separate Financial Statements of the Company as of December 31, 2018 and 2017 have been faithfully taken from the accounting books and that, before making them available to you and third parties, we have verified the following statements contained therein:

- a) The assets and liabilities included in the financial statements of the Company as of December 31, 2018 and 2017 exist, and all transactions included in said statements have been made during the years ended on such dates.
- b) The economic events carried out by the Company during the years ended on December 31, 2018 and 2017 have been recognized in the financial statements.
- c) The assets represent probable future economic benefits (rights) and the liabilities represent probable future economic sacrifices (obligations), obtained or at the expense of the Company as of December 31, 2018 and 2017.
- d) All items have been recognized for their appropriate values in accordance with the Accounting and Financial Reporting Standards accepted in Colombia.
- e) All economic events affecting the Company have been correctly classified, described and disclosed in the financial statements.



JORGE MARIO VELÁSQUEZ JARAMILLO
 CEO | Legal Representative
 See attached certification



CLAUDIA PATRICIA ÁLVAREZ AGUDELO
 Accountant | T.P. 69447-T
 See attached certification

Bogotá, Colombia

Grupo Argos

Business Group
 Offices



STATUTORY AUDITOR'S REPORT

Deloitte.

February 22, 2019

TO THE SHAREHOLDERS OF GRUPO ARGOS S.A.:

Report on the Separate Financial Statements

I have audited the accompanying financial statements of GRUPO ARGOS S.A., which comprise the statement of financial position as of December 31, 2018, the statement of income and other comprehensive income, of changes in net equity and cash flows for the year ended on that date, and a summary of significant accounting policies, as well as other explanatory notes.

Management's Responsibility for the Financial Statements

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

Statutory Auditor's Responsibility

My responsibility is to express an opinion on said financial statements based on my audit. I conducted the audit in accordance with the International Auditing Standards accepted in Colombia. Such standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of significant errors. An audit involves developing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the professional judgment of the auditor, including its assessment of the risks of significant errors in the financial statements. In the risk assessment, the auditor considers the Company's internal control that is relevant to the reasonable preparation and presentation of the financial statements, in order to design audit procedures that are appropriate according to the circumstances. An audit also includes assessing the accounting policies used and the significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In my opinion, the accompanying financial statements, taken from the accounting books, reasonably present, in all significant aspects, the financial position of GRUPO ARGOS S.A. as of December 31, 2018, the results of its operations and its cash flows for the year ended on that date, in accordance with the Accounting and Financial Reporting Standards accepted in Colombia.

Other Issues

The attached financial statements were prepared to comply with the legal provisions of statutory information the Company is subject to as an independent legal entity and, therefore, they do not include the necessary adjustments and eliminations for the presentation of the financial situation and the consolidated results of the Company and its subordinates. These financial statements should be read together with the consolidated financial statements of GRUPO ARGOS S.A. and its subordinates.

The financial statements as of December 31, 2017, which are included for comparative purposes only, were audited by me, and I expressed my opinion on the same without reservations on February 21, 2018.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

According to the scope of my audit, I report that the Company has undertaken their accounting in accordance with the legal standards and the accounting technique; the operations recorded in the accounting books, the correspondence, receipts of accounts and the minutes books and stock ledgers are duly kept and preserved; the management report from managers is properly aligned with the basic financial statements and includes the record from Management of not having hindered the free circulation of invoices issued by the sellers or suppliers; and the information contained in the statements of self-payment of contributions to the Comprehensive Social Security System, specially that relating to members and their base income for contribution, has been taken from the accounting records and supports. As of December 31, 2018, the Company is not in default in the payment of contributions to the Comprehensive Social Security System. Likewise, the mechanisms for the prevention and control of money laundering have been implemented in accordance with the provisions of the Finance Superintendence.

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

Based on the evidence obtained in the development of my statutory audit, during 2018, in my opinion, nothing has caught my attention to make me think that: a) the acts of the company's managers are not in accordance with the bylaws and/or the decisions of the General Assembly of Shareholders and b) the measures of internal accounting control, conservation and custody of the assets of the Company or of third parties in its possession do not exist or are not adequate.



DANIEL AUGUSTO BERNAL JARAMILLO

Statutory Auditor appointed by Deloitte & Touche Ltda. | T.P. 94411-T



07

Valle del Cauca, Colombia

CELSIA

Yumbo Solar Farm

ANNEXES

GRUPO ARGOS

GRI CONTENT INDEX

2018 INTEGRATED REPORT

"In accordance - Core" Option with the GRI standard

GRI	Description	Location	External Verification
101	Foundations: a. Reporting principles, b. Using the GRI Standard for the Integrated Report, c. Claims of the use of the GRI Standard.		✓
ORGANIZATIONAL PROFILE			
102-1	Name of the organization	Grupo Argos S.A.	✓
102-2	Activities, brands, products and services	Pg. 8 and 9	✓
102-3	Location of headquarters	Carrera 43A, # 1A Sur 143. Medellín, Colombia	✓
102-4	Name of countries where the organization operates or where it carries out significant operations	Pg. 8 and 9	✓
102-5	Nature of ownership regime and legal form	Grupo Argos S.A.	✓
102-6	Markets served (with a geographical breakdown, by sectors and types of customers and beneficiaries).	Pg. 8 and 9	✓
102-7	Scale of the organization (employees, operations, sales, capitalization, products and services offered)	Pg. 8, 9 and 68	✓
102-8	Information on employees	Pg. 8 and 9	✓
102-9	Organization's supply chain	Pg. 44 and 45	✓
102-10	Significant changes occurred during the reporting period subject of analysis in the organization's size, structure, ownership or supply chain	Pg. 16, 64 and 65	✓
102-11	Precautionary principle	Pg. 46	✓
102-12	External initiatives	Pg. 47	✓
102-13	Associations	Pg. 47	✓
STRATEGY			
102-14	Statement from the main decision-maker of the organization about the relevance of sustainability to the organization	Pg. 16	✓
102-15	Description of key impacts, risks and opportunities	Pg. 44 and 45	✓
GA-ES01	Strategic risks	Pg. 44 and 45, Risks Annex	✓
GA-ES02	Emerging risks	Risks Annex	✓
ETHICS AND INTEGRITY			
102-16	Organization's values, principles, standards and norms of behavior	Pg. 72	✓
102-17	Internal and external mechanisms for advice about ethics	Pg. 72	✓
CORPORATE GOVERNANCE			
102-18	Governance structure of the organization, including committees of the highest governance body	Pg. 10, 66, Corporate Governance Annex	✓
102-19	Process by which the highest governance body delegates its authority to senior executives and certain employees for economic, environmental and social matters	Pg. 47, and Corporate Governance Annex	✓
102-20	Executive-level positions or positions with responsibility for economic, environmental and social issues	Pg. 47 and 66	✓
102-21	Processes for consultation between stakeholders and the highest governance body on economic, environmental and social issues	Corporate Governance Annex	✓
102-22	Composition of the highest governance body and its committees	Pg. 10, and Corporate Governance Annex	✓
102-23	Indicate whether the chair of the highest governance body is also an executive officer	Corporate Governance Annex	✓
102-24	Nomination and selection processes for the highest governance body and its committees	Corporate Governance Annex	✓

GRI	Description	Location	External Verification
102-25	Processes by which the highest governance body avoids and manages possible conflicts of interest	Corporate Governance Annex	✓
102-26	Highest governance body's and senior executives' roles in the development, approval, and updating of the organization's purpose, values or mission statements, strategies, policies, and goals related to economic, environmental, and social impacts.	Pg. 10, and Corporate Governance Annex	✓
102-27	Measures taken to develop and enhance the highest governance body's collective knowledge of economic, environmental, and social issues	Corporate Governance Annex	✓
102-28	Processes for evaluating the highest governance body's performance with respect to governance of economic, environmental, and social issues. Indicate whether such evaluation is independent and the frequency with which it is conducted	Corporate Governance Annex	✓
102-29	Highest governance body's role in identifying and managing impacts, risks, and opportunities of economic, environmental and social nature.	Corporate Governance Annex	✓
102-30	Highest governance body's role in reviewing the effectiveness of the organization's risk management processes for economic, environmental, and social issues.	Pg. 10, and Corporate Governance Annex	✓
102-31	Indicate the frequency of the highest governance body's review of impacts, risks, and opportunities of economic, environmental and social nature	Corporate Governance Annex	✓
102-32	Indicate the highest committee or position that reviews and approves the organization's sustainability report and ensures that all material issues are reflected.	Corporate Governance Annex	✓
102-33	Process for communicating critical concerns to the highest governance body	Corporate Governance Annex	✓
102-34	Nature and number of critical concerns that were communicated to the highest governance body; also, describe the mechanisms used to address and resolve them	Corporate Governance Annex	✓
102-35	Remuneration policies for the highest governance body and senior executives	Corporate Governance Annex	✓
102-36	Processes for determining remuneration	Corporate Governance Annex	✓
102-37	Explain how stakeholders' views are sought and taken into account regarding remuneration, including, if applicable, the results of votes on remuneration policies and proposals related to this matter	Corporate Governance Annex	✓
STAKEHOLDER ENGAGEMENT			
102-40	List of stakeholders of the organization	Pg. 52	✓
102-42	Identifying and selecting stakeholders	Pg. 52	✓
102-43	Organization's approach to stakeholder engagement	Pg. 53	✓
102-44	Key topics and concerns that have been raised through stakeholder engagement	Pg. 54	✓
REPORTING PRACTICE			
102-45	Entities included in the organization's consolidated financial statements or equivalent documents, and which are not included in the scope of the current report	Pg. 5	✓
102-46	Process followed to determine the report content and the coverage of each issue	Pg. 5 and 54	✓
102-47	Material issues of the organization	Pg. 4 and 54	✓
102-48	Restatements of information in previous reports and their reasons	Pg. 5	✓
102-49	Significant changes in the scope and coverage of each issue with respect to previous reports	Pg. 5	✓
102-50	Reporting period	Pg. 4	✓
102-51	Date of most recent report	Pg. 4	✓
102-52	Reporting cycle	Pg. 4	✓
102-53	Contact point to answer questions that may arise on the content of the report	Pg. 5	✓
102-54	Option in accordance with the GRI Standard	Pg. 4	✓
102-55	GRI Content Index	Pg. 110	✓
102-56	External verification	Pg. 114	✓

Specific Contents			External Verification
GRI	Description	Location	✓
MATERIAL ISSUE 1: RESPONSIBLE OPERATION GUIDELINES			
103	Management approach (DMA)	Pg. 60 and 61	✓
103-1	Explanation of the material issue and its boundaries	Pg. 60 and 61	
103-2	The management approach and its components	Pg. 60 and 61	
103-3	Evaluation of the management approach	Pg. 60 and 61	
302-1	Energy consumption within the organization	Environmental Annex	
302-3	Energy intensity	Environmental Annex	
303-3	Water withdrawal by source	Environmental Annex	
305-1	Direct (Scope 1) GHG emissions	Environmental Annex	✓
305-2	Indirect (Scope 2) GHG emissions	Environmental Annex	✓
305-4	Direct GHG emissions intensity	Pg. 61 and Anexo Ambiental	
405-1	Diversity of governance bodies and employees	Pg. 61, and Anexo Talento	
403-1	Representation of workers in formal employer-company health and safety committees	Talent Annex	
403-2	Accident types and frequency rates of accidents, occupational diseases, days lost, absenteeism and # of work-related fatalities or occupational diseases	Talent Annex	
GA-LO1	Water consumption (m3)/million COP of revenues	Pg. 61 and Environmental Annex	✓
GA-LO2	Number of water supply sources with management measures/Number of water sources at high risk	Pg. 61 and Environmental Annex	
GA-LO3	Internal mobility	Pg. 61	
GA-LO4	Employee commitment	Talent Annex	
MATERIAL ISSUE 2: FINANCIAL SUCCESS			
103	Management approach (DMA)	Pg. 64 and 65	✓
103-1	Explanation of the material issue and its boundaries	Pg. 64 and 65	
103-2	The management approach and its components	Pg. 64 and 65	
103-3	Evaluation of the management approach	Pg. 64 and 65	
GA-EF01	Gross Debt/Ebitda	Pg. 65	
MATERIAL ISSUE 3: CORPORATE GOVERNANCE			
103	Management approach (DMA)	Pg. 66 and 67	✓
103-1	Explanation of the material issue and its boundaries	Pg. 66 and 67	
103-2	The management approach and its components	Pg. 66 and 67	
103-3	Evaluation of the management approach	Pg. 66 and 67	
MATERIAL ISSUE 4: TALENT MANAGEMENT			
103	Management approach (DMA)	Pg. 68 and 69	✓
103-1	Explanation of the material issue and its boundaries	Pg. 68 and 69	
103-2	The management approach and its components	Pg. 68 and 69	
103-3	Evaluation of the management approach	Pg. 68 and 69	
102-41	Collective bargaining agreements	Talent Annex	
401-1	New employee hires and employee turnover	Talent Annex	✓
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Talent Annex	
401-3	Parental leave	Talent Annex	
402-1	Minimum notice periods regarding operational changes	Talent Annex	
404-1	Average hours of training per year per employee	Talent Annex	✓
404-3	Percentage of employees receiving regular performance and career development reviews	Pg. 68, Talent Annex	✓
405-1	Diversity of governance bodies and employees	Pg. 61, and Talent Annex	

			Verificación externa
GRI	Description	Location	✓
405-2	Ratio of basic salary and remuneration of women to men	Talent Annex	
412-2	Employee training on human rights policies or procedures	Talent Annex	
TEMA MATERIAL 5: INVERSIÓN CONSCIENTE			
103	Management approach (DMA)	Pg. 70 and 71	✓
103-1	Explanation of the material issue and its boundaries	Pg. 70 and 71	
103-2	The management approach and its components	Pg. 70 and 71	
103-3	Evaluation of the management approach	Pg. 70 and 71	
GA-IC01	Number of due diligence processes assessed with ESG criteria	Pg. 71	✓
MATERIAL ISSUE 6: ETHICS, CONDUCT AND TRANSPARENCY			
103	Enfoque de gestión (DMA)	Pg. 72 and 73	✓
103-1	Explanation of the material issue and its boundaries	Pg. 72 and 73	
103-2	The management approach and its components	Pg. 72 and 73	
103-3	Evaluation of the management approach	Pg. 72 and 73	
205-1	Operations assessed for risks related to corruption	Ethics, Conduct and Transparency Annex	✓
205-2	Communications and training about anti-corruption policies and procedures	Pg. 73	✓
205-3	Confirmed incidents of corruption and actions taken	Ethics, Conduct and Transparency Annex	✓
206-1	Legal actions for anti-competitive behavior, and anti-trust and monopoly practices	Ethics, Conduct and Transparency Annex	
307-1	Non-compliance with environmental laws and regulations	Ethics, Conduct and Transparency Annex	
419-1	Non-compliance with laws and regulations in the social and economic area	Ethics, Conduct and Transparency Annex	
MATERIAL ISSUE 7: WORKING MODEL OF THE BUSINESS GROUP			
103	Management approach (DMA)	Pg. 74 and 75	✓
103-1	Explanation of the material issue and its boundaries	Pg. 74 and 75	
103-2	The management approach and its components	Pg. 74 and 75	
103-3	Evaluation of the management approach	Pg. 74 and 75	
GA-MT01	Adjustment plan for responsibilities and positions according to the Working Model	Pg. 75	✓
MATERIAL ISSUE 8: CUTTING-EDGE PRACTICES			
103	Management approach (DMA)	Pg. 76 and 77	✓
103-1	Explanation of the material issue and its boundaries	Pg. 76 and 77	
103-2	The management approach and its components	Pg. 76 and 77	
103-3	Evaluation of the management approach	Pg. 76 and 77	
GA-PV01	Number of ventures assessed	Pg. 77	✓
MATERIAL ISSUE 9: PROMISE OF VALUE TO SOCIETY			
103	Management approach (DMA)	Pg. 78 and 79	✓
103-1	Explanation of the material issue and its boundaries	Pg. 78 and 79	
103-2	The management approach and its components	Pg. 78 and 79	
103-3	Evaluation of the management approach	Pg. 78 and 79	
201-1	Economic value generated and distributed	Pg. 79	✓
415-1	Contribution to political parties and/or representatives	Promise of Value to Society Annex	✓
GA-PS01	Paid taxes table	Promise of Value to Society Annex	

REPORT OF INDEPENDENT REVIEW

Independent Verification of the 2018 Grupo Argos Integrated Report

SCOPE OF OUR WORK

We have reviewed the adaptation of the contents of the 2018 Grupo Argos Integrated Report of the Consolidated Set of GRI Standards for the preparation of Sustainability Reports of the Global Reporting Initiative (GRI Standards).

VERIFICATION STANDARDS AND PROCESSES

We have conducted our work in accordance with the ISAE 3000 standard - International Standard on Assurance Engagements Other than Audits or Reviews of Historical Financial Information issued by the International Auditing and Assurance Standard Board (IAASB) of the International Federation of Accounts (IFAC). Our review work consisted of formulating questions to the Management, as well as to the various Grupo Argos departments that have participated in the preparation of the 2018 Integrated Report and in the application of certain analytical procedures and sampling review tests described below:

- Interviews with Grupo Argos collaborators in order to know the principles, systems and management approaches applied to prepare the report.
- Analysis of how, based on the materiality exercise, the report content, structure and indicators are defined, according to the suggestions of the GRI Standards.
- Analysis of the processes used to collect and validate the data presented in the report.
- Checking, by means of review tests based on the selection of samples of quantitative and qualitative information corresponding to GRI and own contents included in the Sustainability Report and its proper compilation from the data provided by information sources of Grupo Argos.

It is confirmed that the 2018 Grupo Argos Integrated Report has been prepared according to the GRI Standard in its "in accordance" Core option.

General Basic Contents:

It is confirmed that the report meets the requirements of the core option "in accordance" with the GRI standards in terms of the general basic contents.

Specific Basic Contents:

We reviewed the management approach and GRI contents of the following material issues:



Responsibilities of Grupo Argos and Deloitte Management

- The preparation of the 2018 Grupo Argos Integrated Report, as well as its content, is the responsibility of the organization, which is also responsible for defining, adapting and maintaining the management and internal control systems from which the information is obtained.
- Our responsibility is to issue an independent report based on the procedures applied in our review.
- This Report has been prepared exclusively in the interest of the organization in accordance with the terms of our service proposal. We do not assume any liability to third parties other than the company's Management.
- We have carried out our work in accordance with the standards of independence required by the Code of Ethics of the International Federation of Accountants (IFAC).
- The scope of a limited review is substantially lower than that of an audit. Therefore we do not provide an audit opinion on the Integrated Report.



JORGE ENRIQUE MÚNERA D.
Deloitte & Touche Ltda. | Partner
Medellín, March 2019

Material Issues	GRI and/or Grupo Argos Specific Indicator *1
Responsible Operation Guidelines	GA-LO1 Water consumption (m3)/million COP of revenues
	305-1 Direct (Scope 1) GHG emissions
	305-2 Indirect (Scope 2) GHG emissions
	403-2 Accident types and frequency rates of accidents, occupational diseases, days lost, absenteeism and number of work-related fatalities or occupational diseases
	DJSI 3.3.1 Commitment in Human Rights
Talent Management	DJSI 3.3.3 Human Rights disclosure
	401-1 New employee hires and employee turnover
	404-1 Average hours of training per year per employee
Conscious Investment	404-3 Percentage of employees receiving regular reviews
	GA-IC01 Number of due diligence processes assessed with ESG criteria
Ethics, Conduct and Transparency	205-1 Operations assessed for risks related to corruption
	205-2 Communication and training about anti-corruption policies and procedures
	205-3 Confirmed incidents of corruption and actions taken
Working Model of the Business Group	GA-MT01 Percentage of compliance with the role adjustment plan
PCutting-Edge Practices	GA-PV01 Number of ventures assessed
	201-1 Economic value generated and distributed
Promise of Value to Society	415-1 Contribution to political parties and/or representatives

CONCLUSIONS

As a result of our review, there has been no evidence to suggest that the Grupo Argos 2018 Integrated Report contains significant errors or has not been prepared in accordance with the Consolidated Set of GRI Standards for the preparation of sustainability reports, Core "in accordance" option.

Main observations & recommendations with respect to GRI and WBCSD² principles

Materiality

General Comments: The company's commitment to developing a sustainability strategy aligned with its strategic management is highlighted.

Recommendations

It is suggested to continue strengthening this practice and to integrate the sustainability management as part of the company's Balance Score Card, so that all relevant issues can be managed in a much more strategic way.

Likewise, it is recommended that the issuance of the Grupo Argos Integrated Report and the verification process of all the companies of the Group begin earlier than planned so that they all have verified figures when consolidating the information of the Group.

Commitments and Goals

General Comments: It is highlighted that Grupo Argos has identified challenges that it faces around its material issues.

Recommendations

It is suggested to establish goals in the short, medium and long term around the management of its material issues, which allow to measure the performance and progress of the organization with respect to sustainability management, in order to make an annual balance on goals exceeded or not achieved, and define related action plans.

ANNEX 1 DECLARATION OF INDEPENDENCE

Deloitte is one of the largest companies in the provision of professional services in auditing, taxes, consulting and financial and sustainability advice to public and private organizations in various industries. With a global network of member Firms in more than 150 countries, Deloitte provides its world-class capabilities and high-quality service to its customers. Approximately 286,000 professionals commit themselves to be the standard of excellence.

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

*1 The verified figures correspond only to Grupo Argos as a company, the figures of each member company are verified independently and can be consulted in their Reports. | ² "World Business Council for Sustainable Development".

SELF-EVALUATION OF THE APPLICATION OF PRINCIPLES AND CONTENTS OF THE INTEGRATED REPORT FRAMEWORK

We have prepared the 2018 Integrated Report following the principles and elements of the International Integrated Reporting Council, IIRC1, in order to adequately communicate to our stakeholders the material issues that influence our ability to create value and their articulation with our strategy and the business model, taking into account the strategic risks and opportunities that arise in the Business Group.

INTEGRATED REPORT GUIDELINES APPLIED

Strategic Approach and Future Orientation

In our report, in the Strategic Framework section, we present the value creation process in the short, medium and long term, through our business model. In the Our Priorities chapter, we describe the management of our material issues, the relevant milestones and the actions we take to comply with the organization's objectives. Additionally, we clearly disclose long-term goals and present our vision of the challenges and opportunities we will face in the coming years.

Information Connectivity

This report has been structured to give a holistic approach to the combinations, interrelations and dependencies between the factors that affect the ability of the organization to create value over time, as well as its connections with the objectives and performance of the company around the material issues. These issues incorporate the strategic guidelines of Grupo Argos for its subsidiaries and our management as a holding company in each material issue. Additionally, we have incorporated the results, presenting qualitative and quantitative information more adjusted to each materi-

al issue and to the impacts, both positive and negative, and the way in which these are taken into account in the value creation process and in investment or disinvestment decisions.

Relations with Stakeholders

In 2018, we carried out a review of the process of identification and prioritization of our stakeholders with which we interact, which in turn strengthens our materiality analysis and the management of each of its prioritized issues. In this report we provide information on the nature, mechanisms and quality of our relations with key stakeholders, including how and to what extent the organization understands, takes into account and responds to their legitimate expectations and interests to generate a value proposal and maintain permanent dialogues. Likewise, the way the management of the material issues responds to these expectations and interests is highlighted throughout the report.

Materiality

In 2018 we conducted a new materiality analysis in which we consulted representatives of various stakeholders, as well as sources of information on various applicable local and international practices and standards. Likewise, the process was aligned with the company's strategy, strategic risks and our commitment to the 2030 agenda and its Sustainable Development Goals, SDGs. This analysis allowed us to identify priority, relevant and emerging/maintenance issues.

Concision

We present a report in which we communicate more clearly and concisely the most significant issues for our organization, the business model, the strategy and the way in which we create value in the short, medium and long term, as well as the stakeholders that are impacted with the management of the material issues.

Flexibility and Completeness

In order to verify the reliability of the information reported, we have submitted this publication to the accounting audit by an independent third party, the Deloitte & Touche firm, in its capacity as statutory auditor of the company. Senior management reviewed and approved the Integrated Report and charged Deloitte & Touche with the limited assurance of the social, environmental and economic indicators included in this report. The corresponding verification report can be found in the annexes to this document.

Compatibility and Consistency

By applying the GRI Standard guidelines of the Global Reporting Initiative (GRI) framework in its Core in accordance option, information has been reported on a basis that is constant over time and in a way that allows a historical comparison. Below, we present the elements of the Integrated Report framework that we have applied in the construction of this report.

CONTENT ELEMENT

	Aspects Included	Section
Overview of the Organization and the External Environment	Business model and its relation to the creation of value	Strategic Framework - Value Added Statement to Society, VAS
	Grupo Argos share portfolio	Management Report
	Geographical presence of companies of the holding	Our Company
Corporate Governance	Structure of the Board of Directors and Steering Committee Committees and responsibilities of the Board of Directors	Our Company
	Good practices with the Board of Directors: appointment, election, remuneration, training and assessment of the Board of Directors	Corporate Governance
	Codes and guidelines for ethical behavior in the holding	Ethics, Conduct and Transparency
Business Model	Business model and its relation to the creation of value	Strategic Framework
	Strategic risks and mitigation activities of the holding	Strategic Framework
Risks and Opportunities	Risks and opportunities of the holding in ESG aspects	Responsible Operation Guidelines Conscious Investment Working Model of the Business Group
	Business model and value creation Sustainability strategy	Strategic Framework
Strategy and Resource Allocation	Business model and value creation	Strategic Framework
	Sustainability strategy	Strategic Framework
Performance	Relevant performance figures	Management Report Financial Success Financial Statements
	Performance and results for the holding and its subsidiaries on economic, social and environmental issues	Strategic Framework Our Priorities
Future Projection	Challenges of short, medium and long term. In the engagement with stakeholders	Stakeholders
	In the management of our material issues	Management Report Our Priorities
Preparation and Presentation Bases	Contextualization and progress of the integrated report	About This Report
	Identification of material issues in terms of sustainability and value creation	Strategic Framework Materiality Analysis



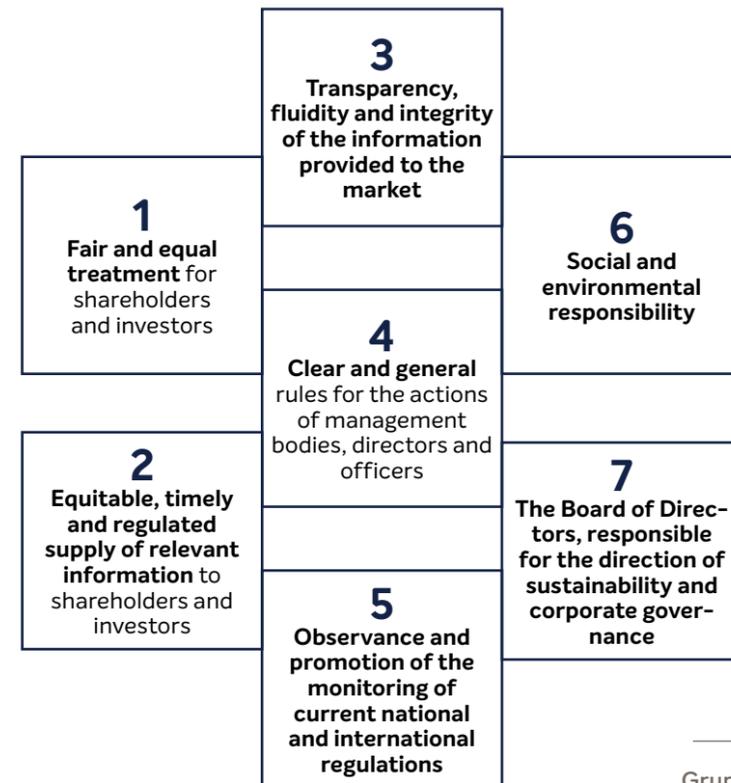
CAMILO ABELLO VIVES
Corporate Affairs Vice President

ANNUAL CORPORATE GOVERNANCE REPORT

Below, we present a summary of the compliance with the commitments established in our Code of Good Governance.

Our corporate governance practices provide a **constant process of review and updating, in order to implement the highest international standards and go beyond the minimum legal requirements.** As a holding of Grupo Empresarial Argos, we lead the corporate governance agenda of the Group's companies, promoting the adoption of the best practices in all our subsidiary companies.

PRACTICES BASED ON PRINCIPLES:



Grupo Argos
Grupo Empresarial Argos Offices

Bogotá, Colombia



RELEVANT EVENTS

During 2018, we continued evolving in our corporate governance practices, emphasizing the following advances:

Approval of the Information Disclosure Policy.

Update of the Code of Good Governance in order to close some of the gaps identified in the IR Report.

Response to the Country Code Survey, 141 measures implemented of the 148 recommended. This shows an implementation that is much higher than the average of other issuers.

Obtaining IR Recognition by the Colombian Stock Exchange. 88.4% of measures adopted according to the CESA study.

100% disclosure to the target public of the Policy for the Management of Operations with Affiliated Companies.

We were accepted as members of the Colombian Corporate Governance Institute.

We hosted the Annual Meeting of the Companies Circle of the Latin American Corporate Governance Roundtable.

CHALLENGES

- Maintain and improve the rating in the IR Recognition of the Colombian Stock Exchange.
- Construct, approve and implement an Electronic Documents Management and Handling Policy.
- Maintain an active participation, local and regional, in forums such as the Companies Circle of the Latin American Roundtable and the Issuers Committee of the Colombian Stock Exchange.
- Identify global advances in Corporate Governance and prepare a proposal to close gaps.

ACKNOWLEDGEMENTS

88,4%
adoption of IR practices according to the CESA study

6th
consecutive year in the Dow Jones Sustainability World Index

1st place
ARC (Annual Report Competition) Awards, as the best annual report in a language other than English

OWNERSHIP STRUCTURE

Grupo Argos S.A. is the parent company of Grupo Empresarial Argos, which includes companies that have a presence in several countries of the American continent, with active participation in the cement, energy, real estate and road and airport concessions businesses.

Grupo Argos is the controlling shareholder of Cementos Argos S.A., Celsia S.A. E.S.P., Odinsa S.A. and owns 50% of the capital stock of Pactia S.A.S. Through the aforementioned subsidiaries, Grupo Argos controls more than 90 companies.

CAPITAL STOCK

	Common Shares	Preferred Shares
Subscribed Shares	651,102,432	211,827,180
Outstanding Shares	645,400,000	211,827,180
Par Value	COP 62.5	COP 62.5
Repurchased Shares		5,702,432
Total Shares in Reserve		337,070,388

COMMON SHARE

Holders of significant shares¹

	Shares	% Ownership
Grupo de Inversiones Suramericana S.A.	229,295,179	35.53%
Grupo Nutresa S.a.	79,804,628	12.37%
Amalfi S.A.	36,324,221	5.63%
Porvenir Moderate Mandatory Pension Fund	32,358,692	5.01%
Protección Moderate Mandatory Pension Fund	27,632,466	4.28%

¹For the purposes of this Report, significant shareholdings are those greater than 5% of the total outstanding shares.

PREFERRED SHARE

Holders of significant shares¹

	Shares	% Part.
Protección Moderate Mandatory Pension Fund	49,043,472	23.15%
Porvenir Moderate Mandatory Pension Fund	44,929,889	21.21%
Colfondos Moderate Mandatory Pension Fund	14,552,524	6.87%

¹For the purposes of this Report, significant shareholdings are those greater than 5% of the total outstanding shares.

Grupo Argos

Grupo Empresarial
Argos Offices

Bogotá, Colombia

Relations of a family, commercial, contractual or corporate nature between holders of significant shares and the company or between holders of significant shares among themselves.

Grupo Argos does not have direct commercial or contractual relations with any of the significant shareholders in its capital. Grupo Argos directly and indirectly holds 35.9% of Grupo de Inversiones Sura S.A. and 9.83% of Grupo Nutresa S.A. Some of the members of the Board of Directors are, in turn, members of the boards of Grupo Sura and Grupo Nutresa.

Additionally, the Company has commercial relations with some of the subsidiary companies of Grupo de Inversiones Sura S.A. and Grupo Nutresa S.A., which are developed at market conditions.

The following employees of Grupo Argos participate in the boards of Grupo Sura S.A. and Grupo Nutresa S.A.

PARTICIPANTS IN OTHER BOARDS

	Position in Grupo Argos	Board of Directors in Which They Participate
Jorge Mario Velásquez	CEO	Grupo Sura S.A.
Alejandro Piedrahita	Corporate Finance Vice President	Grupo Sura S.A.
María Clara Aristizabal	Urban Development Business Manager	Grupo Nutresa S.A.

Negotiations that the members of the Board of Directors, Senior Management and other Managers have carried out with the shares and other securities issued by the company

During 2018 there were no negotiations of this nature.

Summary of known agreements between shareholders

Currently, the company has not been notified of the execution of any shareholder agreement.

Own shares held by the company and issues during the period

During 2018, no new share issues were made. As indicated above, the company has 5,702,432 repurchased shares.



Atlántico, Colombia

Cementos Argos
Malecón, Barranquilla

MANAGEMENT STRUCTURE

Composition of the Board of Directors and its Support Committees

The Grupo Argos Board of Directors is composed of seven members, all of whom are main, and four of whom meet the independence criteria established both in the Colombian law and in the Code of Good Governance. None of the members of the Board are employees of the company. The Board is chaired by Rosario Córdoba, an independent member of this body.

COMPOSITION OF THE BOARD

	Member Type	Start Date
Rosario Córdoba	Independent member and Chairman of the Board of Directors	March 23, 2011
Claudia Betancourt	Executive member	April 16, 2018
David Bojanini	Executive member	March 20, 2004
Carlos Ignacio Gallego	Executive member	March 26, 2014
Ana Cristina Arango	Independent member	March 25, 2009
Armando Montenegro	Independent member	March 25, 2015
Jorge Uribe	Independent member	March 25, 2015

The Board of Directors has three committees in support of its work, made up of Independent or Executive Members and chaired by an Independent Member. For the selection of the members, it is important that the profiles, knowledge and professional experience are related to the purpose of each Committee. Additionally, some officers of the Company's senior management are part of the committees, with voice but no vote.

	Audit, Finance and Risks Committee	Appointments and Remuneration Committee	Sustainability and Corporate Governance Committee
CONFORMATION	3 Independent members of the Board, with accounting and financial knowledge. At least one with experience in corporate finance issues and/or matters related to internal control systems.	3 members, of which at least one must be an Independent Member. The members must have knowledge in strategy, human resources and/or matters related to wage and related policies.	3 members, of which at least one must be an Independent Member.
PURPOSE	Evaluation of accounting procedures, management of the relationship with the Statutory Auditor and supervision of the effectiveness of the control architecture and the risk management system.	Support the Board of Directors in the functions associated to the appointment and remuneration of the members of the Board of Directors and Senior Management.	Assist the Board of Directors in its role of proposing and supervising the Sustainability and Corporate Governance measures of the company.
MEMBERS	Armando Montenegro Committee President and Independent Member Rosario Córdoba Chairman of the Board and Independent Member Ana Cristina Arango Independent Member	Jorge Uribe Committee President and Independent Member Rosario Córdoba Chairman of the Board and Independent Member David Bojanini Executive Member	Rosario Córdoba Committee President, Chairman of the Board and Independent Member Claudia Betancourt Executive Member Carlos Ignacio Gallego Executive Member
MANAGEMENT ATTENDEES	- CEO - Corporate Finance Vice President - Internal Auditor - Statutory Auditor - Corporate Affairs Vice President (Secretary)	- CEO - Human and Administrative Management (Secretary)	- CEO - Corporate Affairs Vice President (Secretary)

Changes in the Board of Directors during the financial year

In the General Assembly of Shareholders held in 2018, an election of the Board of Directors was made. All members were re-elected with the exception of Mario Scarpetta Gnecco, who resigned from the position to devote to his personal activities. Dr. Scarpetta was replaced by Claudia Betancourt, a person with extensive experience in corporate finance and board management. Claudia Betancourt's resume can be found on the Company's website (www.grupoargos.com).

Members of the Board of Directors of the Parent Company that make up the Boards of Directors of the Subordinate Companies or that hold executive positions therein.

In the Boards of Directors of the subordinate companies of Grupo Argos, there is no presence of members of the Board of Directors of the parent company, nor do they hold executive positions in these companies.

Policies approved by the Board of Directors during the period

In development of the commitment to maintain the highest standards in corporate governance, in November, the Board of Directors approved the Information Disclosure Policy, as well as some modifications to the Code of Good Governance aimed at raising the standards of information disclosure, addressing some of the suggestions made by the Colombian Stock Exchange when carrying out the pertinent evaluation for the granting of the IR Recognition.

Appointment process of the members of the Board of Directors

The basic principles, the general and specific competencies, and the limitations of the candidates to integrate the Grupo Argos Board of Directors, are contained in the Bylaws, the Code of Good Governance and the Appointments, Remuneration and Succession Policy of the Board of Directors.

Requirements of the members of the Board of Directors:

Directors cannot be older than 72 years and must have: (i) experience in participation in boards of directors, (ii) a professional specialty that is relevant to the activity performed by the company, (iii) basic skills that allow to exercise an adequate performance of their functions, within which are: analytical and managerial skills, a strategic vision of the business, objectivity and ability to present their point of view, and ability to evaluate superior managerial cadres, (iv) ability to understand and be able to question financial information and business proposals and work in an international environment.

In addition to the basic competencies, each Board member will have other specific competencies, which will allow them to contribute in one or more dimensions, due to their special knowledge of the industry, of financial aspects and risks, and of legal, commercial and crisis management matters..

The Directors may be (i) Executive Members ("Ejecutivos"), persons employed by the Company, (ii) Independent Members, persons who prove compliance with the requirements set forth in letter e of numeral 4 of Chapter III of the Code of Good Governance, or (iii) Executive Members ("Patrimoniales"), persons who do not have the status of Independent Members and are Significant Shareholders of the Company or persons expressly nominated by a Significant Shareholder or group of Significant Shareholders.

When integrating the Board of Directors, there will be a tendency for there to be Independent Directors with experience in corporate finance and/or internal control, who must be appointed to the Audit Committee.

At least 50% of the Directors elected for a certain period must comply with the requirements to be considered as Independent Members, and they must declare so at the moment they accept their inclusion. Independent Members will lose their status as such when they have maintained such status for three consecutive three-year periods. It should be noted that, currently, 4 of the 7 Members meet the requirements to be considered independent.

Ineligibilities and incompatibilities to be a Director:

Candidates who directly or through an interposed person participate in activities that involve competition with the Company or any of its subsidiaries or in acts in respect of which there is a conflict of interest.

Candidates who are employees or partners or spouses or have a relationship of kinship up to the third degree of consanguinity, second of affinity or first civil with litigious counterparts of the company or any of its subsidiaries, or employees or partners of litigious counterparts of the company or any of its subsidiaries.

Candidates who at the time of the election have the status of member of the Board of Directors in five (5) corporations, unless they expressly state their intention to resign in case of being elected.

Candidates who, if elected, would form a majority within the Board with persons with whom they are bound by marriage, or by kinship within the third degree of consanguinity or second of affinity or first civil.

According to our self-regulation, at least 50% of the members of the Board of Directors must be independent

The election procedure is as follows:

Prior to the call, Shareholders are informed through the Company's website of the professional profiles that candidates are recommended to have, according to the evaluation made by the Appointments and Remuneration Committee. The evaluation carried out for the purposes of the 2018 election can be reviewed on the Company's website (www.grupoargos.com).

The proposals for the election of members of the Board of Directors are presented by Shareholders at least 5 business days prior to the date set for the General Assembly of Shareholders at which the respective election will be held. In 2018, only the Grupo de Inversiones Suramericana shareholder submitted a proposal for the conformation of the Board of Directors, and it was approved by 96.18% of the shares present at the meeting.

In order to ensure that the profile of the Directors proposed by the Shareholders complies with the criteria indicated in the Code of Good Governance, the Appointments and Remuneration Committee is responsible for evaluating and, in advance of the respective Assembly meeting, issue its opinion about the proposals presented. This opinion will be published on the company's website. The evaluation report issued by the aforementioned Committee for the purposes of the 2018 election can be consulted on the Company's website (www.grupoargos.com).

Atlántico, Colombia

Celsia

Plan 5 Caribbean

Remuneration Policy of the Board of Directors

The remuneration of Directors is set by the Shareholders Assembly, in accordance with the structure, obligations and responsibilities of the Board, as well as the personal and professional qualities, the time of dedication and the experience of the members.

Directors receive a remuneration for their services composed of the following elements:

- A monthly fixed fee whose value will be determined each year by the Shareholders Assembly.
- A fixed amount determined by the Shareholders Assembly for the participation in the committees of support to the Board.

The internal regulations provide that the Appointments and Remuneration Committee, when it deems it appropriate, may submit to the Shareholders Assembly a remuneration scheme through which the Directors receive, as part of the compensation for their services, shares of the company or its subordinates, without them being able to reach by this means more than 1% of the total outstanding shares. To date, this faculty has not been used.

In the event that the adoption of a remuneration scheme such as the one described is chosen, the applicable methodology for its determination must be measurable in an objective manner and, therefore, susceptible to being audited, and it must be disclosed on the website of the company.

In the event that an Executive Member participates in the Board, they will not receive additional remuneration for their condition as Director.

Although in accordance with the provisions of the Code of Good Governance, the Chairman of the Board, at the decision of the Shareholders Assembly, may have a higher remuneration than that of the other Directors, to date a different remuneration has not been established.

Remuneration of the Board of Directors and members of Senior Management

In accordance with the approval of the ordinary meeting of the 2018 General Assembly of Shareholders, from April 2018 to March 2019, monthly fees of COP 7,200,000 were paid to the members of the Board of Directors. For the same period, the fee for participation in the Committees was set at the sum of COP 7,200,000 for each committee session, regardless of the attendance or lack thereof by the respective member. This is because the work of the members is much broader than simply attending a meeting.

The Chairman of the Board of Directors is independent and 43% of our Board is composed of women

Regarding the remuneration of the members of Senior Management, it is disclosed in the breakdown of the data provided in accordance with article 446 of the Code of Commerce, information that is part of the financial statements and can be consulted on the Company's website (www.grupoargos.com).

Data of Attendance to Board of Directors Meetings

AMOUNT AND TYPE OF MEETINGS HELD

	Number of Meetings
In-person	12
Distance	3
Total Meetings	15

ATTENDANCE

	Attendance Percentage
Rosario Córdoba	100,0%
David Bojanini	100,0%
Carlos Ignacio Gallego	100,0%
Claudia Betancourt	100,0%
Ana Cristina Arango	100,0%
Jorge Uribe	100,0%
Armando Montenegro	100,0%
Average General Attendance	100,0%

Chairman of the Board of Directors

In accordance with the provisions of the Code of Good Governance, only one of its members who has the status of Independent Member can be elected and serve as Chairman of the Board of Directors.

Rosario Córdoba Garcés is the current Chairman of the Board.

The Chairman of the Board of Directors is in charge of the following functions:

Enable the Board of Directors to efficiently establish and implement the strategic management of the company.

Coordinate and plan the operation of the Board of Directors through the establishment of an annual working plan based on the assigned functions.

Conduct the convening of meetings, directly or through the Secretary of the Board of Directors.

Prepare the agenda of the meetings, in coordination with the CEO of the company and the Secretary of the Board of Directors.

Ensure the timely delivery of information to the members of the Board of Directors, directly or through the Secretary of the Board of Directors.

Chair the meetings and handle the debates.

Ensure the execution of the agreements of the Board of Directors and follow up on their orders and decisions.

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

Lead the annual assessment process of the Board of Directors and the Committees, except for its own assessment.

Secretary of the Board of Directors

According to the provisions of the Bylaws, the Secretary General will be a high level employee of the Company, appointed by the Board of Directors at the proposal of the CEO of the Company and with the prior opinion from the Appointments and Remuneration Committee.

Camilo Abello, Corporate Affairs Vice President, is the current Secretary General.

The Code of Good Governance states that the functions of the Secretary General, in addition to those established by law, the Bylaws, the Board of Directors, the CEO of the company, and other regulations or internal codes, are the following:

Keep the corporate documentation, duly reflect in the minute books the development of the meetings, and attest to the agreements of the corporate bodies.

Ensure that the actions of the Board of Directors comply with applicable regulations and guarantee that its governance procedures and rules are respected and regularly reviewed, in accordance with the provisions of the Bylaws and other internal regulations of the company.

Process the conflicts of interest that arise in the company and that should be made known to the Board of Directors.

Inform the Board of Directors about the share registration system and the situations of control in the entity.

Provide legal advice to the Board of Directors and render reports on the legal matters of material importance for the Company's activity and the management of Directors.

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

Fulfill the functions delegated by the Board of Directors.

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

During 2018, the Statutory Auditor participated in all the meetings held by the Audit, Finance and Risks Committee.

Advice was given to different investment banks for the evaluation and structuring of projects, including BNP Paribas and BBVA Investment Banking.

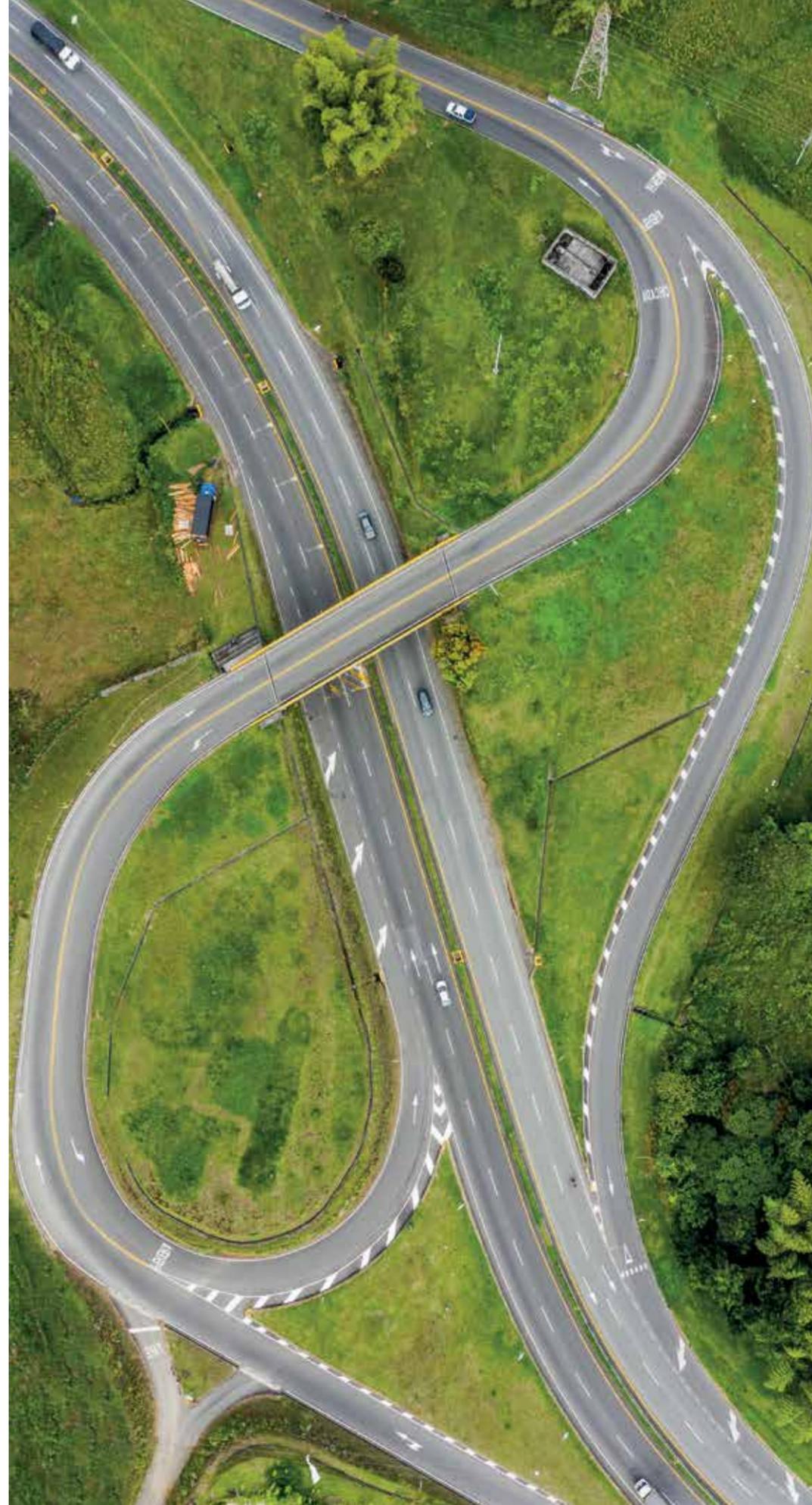
During the first quarter of 2018, the rating agencies BRC Investor Services S.A. and Fitch Ratings conducted an evaluation visit and made their concepts public through the relevant information mechanism. The concepts issued by these agencies can be consulted in the Relevant Information chapter of the website of the Finance Superintendence of Colombia (www.superfinanciera.gov.co).

External advice received by the Board of Directors

During 2018, meetings were scheduled with experts in each of the sectors in which the Company has its main investments. Thus, in May, a detailed presentation was made on the cement business in U.S.A; In June, the Cementos Argos Innovation Vice President made a detailed presentation of the innovation strategy in the cement business, and the manager of Business Management presented the new Ventures scheme that has been implemented to support innovation in all the businesses; and in September, a visit was made to the Pacifico II concession so that the members of the Board could have a direct knowledge of the project.

Information management of the Board of Directors

In order to guarantee a fluid, timely and confidential communication channel, since 2014 there was a special application (app) in which information was shared with the members of the Board of Directors; however, due to new developments and internal facilities in 2017, a site was developed on the company's intranet, which, as of 2018, replaced the aforementioned application. This site is friendlier and easier to use. This channel is confidential and exclusive for members of the Board and Senior Management, and allows to store and share all the information necessary for the development of the functions of the members of the Board of Directors.



Audit, Finance and Risks Committee	Appointments and Remuneration Committee	Sustainability and Corporate Governance Committee
ATTENDANCE %		
100%	100%	100%
ISSUES COVERED		
<ul style="list-style-type: none"> - Approval of the financial statements to be disclosed. - Review of audit reports. - Definition of the 2018 fee proposal for the Statutory Auditor. - 2018-2019 Transition Plan of the Statutory Auditor. - Risk Report Analysis. - Definition of the process for the request of offers for the change of the Statutory Auditor firm. - Approval of the Annual Audit Plan. - Analysis of internal control gaps. 	<p>Corporate Governance:</p> <ul style="list-style-type: none"> - Modification proposal of the Code of Conduct. - Gap analysis and IR Recognition action plan. <p>Sustainability:</p> <ul style="list-style-type: none"> - Strategic Context and sustainability plan. - Sustainability Policy Proposal. - Assessment of externalities. - Responsible business operation. - Matrix of engagement with stakeholders. - Due diligence in human rights. - Green growth mission. 	<ul style="list-style-type: none"> - 2017 metrics compliance analysis. - Profiles of members of the Board of Directors. - Definition of the Grupo Argos compensation strategy. - Board of Directors training program.

Information on the completion of the processes of assessment of the Board of Directors and Senior Management, as well as a summary of the results

The Board of Directors is assessed annually, alternating external evaluations with self-evaluations. The external evaluation is carried out by an independent firm selected by the Sustainability and Corporate Governance Committee. These evaluations take into account both quantitative and qualitative aspects and are the basis for adopting corrections or modifications, as well as for establishing the members' training plan.

The Code of Good Governance establishes that: (i) the summary with the conclusions of the evaluations will be published on the company's website, (ii) the evaluation scheme analyzes the reasonableness of the internal regulations, as well as the dedication and performance of the Directors and (iii) the Ordinary General Assembly of Shareholders must be informed by Management about the operation and the main activities developed by the Board of Directors, the Board Committees and the Presidency of the company in the previous period.

In January 2018, the self-evaluation process of the management carried out during 2017 was performed. A copy of the results report can be reviewed on the company's website (www.grupoargos.com).

Caldas, Colombia

Odinsa

Coffee Highways

OPERATIONS WITH RELATED PARTIES

Attributions of the Board of Directors regarding this type of transactions and situations of conflicts of interest

In accordance with the provisions of the Bylaws, one of the functions of the Board of Directors is to authorize transactions with related parties, when applicable.

For its part, the Code of Good Governance establishes as one of the main functions of the Audit, Finance and Risks Committee, among others: (i) to know and recommend to the Board the approval of the transactions that the company carries out with Related Parties, Significant Shareholders or with members of the Board of Directors, Managers of the company or with Related Parties of any of the above when they have a Material Impact, are outside the ordinary course of business or are in conditions different from the usual market conditions and (ii) evaluate and inform the Board of Directors of possible conflicts of interest that may arise between the company and its Related Parties or among Affiliated Companies and propose mechanisms to manage the situation.

Management of transactions between affiliated companies

In 2015, Grupo Argos, together with its subsidiaries, developed the Policy of Engagement between Companies Related to the Grupo Empresarial Argos, in which an express statement is made of the unified purpose that should guide the actions of all the companies that make up the business group and whose purpose is the establishment of the rules and principles to be observed by the companies that are part of the Grupo Empresarial Argos, its Directors, Managers and Employees in their economic, legal, administrative and operational relations.

Since 2015, Grupo Argos and its subsidiaries have a Policy of Engagement between Companies Related to the Business Group

In the Policy for the Management of Transactions between Affiliated Companies (POSV) approved in December 2017, it is established that in order to carry out Transactions between Affiliated Companies, the following procedure must be followed:

When two Affiliated Companies intend to enter into any type of Transaction with each other, they must analyze whether it is a Material or Non-Material Transaction in accordance with the definitions established in the POSV.

If it is a Non-Material Transaction, the Companies can negotiate, execute and perform it freely, and then, the Audit, Finance and Risks Committees are to be informed of its execution.

If it is a Material Transaction or if there is doubt as to whether it is or is not, the CEO's of the respective Companies must inform it sustainably to their Audit, Finance and Risk Committees and it can only be held after complying with the procedure describe below.

The Audit, Finance and Risks Committees must analyze the Material Transaction and prepare a report addressed to the respective Board of Directors in which, at least, the following is indicated:

- The Affiliated Companies that, directly or indirectly, intend to contract with each other.
- Value of the Transaction (hereinafter "Transaction Value") determining whether or not it regards market conditions and whether or not it is a High Incident Material Transaction.
- Possible effects that, on the occasion of the execution of the Material Transaction, are adverse to the equal treatment due to the shareholders.
- The creation of value for the Companies.
- Recommendation to the Board of Directors regarding whether or not its execution must proceed.
- Results of the external evaluation in case it has been requested.



Valle del Cauca, Colombia

The Board of Directors of each of the Affiliated Companies must analyze the report prepared by its Audit, Finance and Risk Committee and decide on the approval of the Material Transaction submitted for its consideration.

If any of the members of the respective Board of Directors is an Interested Person, they will be prevented from participating in the discussion and decision and therefore cannot be summoned to the respective meeting and, if they have been summoned, they must withdraw from the meeting before the respective Material Transaction is submitted for consideration.

The Board of Directors, in its analysis of the Material Transaction, will determine the officer of each of the Companies in charge of annually reviewing the terms of the Material Transaction when said Transaction is a continuing-performance contract or has a term of more than 5 years.

The approval of the Material Transaction must have the favorable vote of all the Independent Members of the Board of Directors when they are enough to constitute the quorum and the deciding legal and statutory majority.

In the event that the Independent Members are not enough to constitute the quorum or to validly adopt the decision, to prevent the decision from being adopted by Interested Parties, the Board of Directors, meeting under the legal and statutory quorum, will vote unanimously on the decision in the sense unanimously indicated by the Independent Members.

Once the Boards of Directors approve the Material Transaction, the Affiliated Companies may execute and perform the respective Material Transaction, as well as all the acts, operations and agreements required for said execution and performance

Celsia

Electrical power in Palmira

Management of conflicts of interest of Members of the Board and Senior Management

On the other hand, the Grupo Argos Code of Conduct, approved by the Board of Directors establishes the parameters for the identification, disclosure and prevention of potential conflicts of interest. As established by this Code, in the face of an identification of a conflict of interest or a situation that may eventually generate a conflict of interest, Directors and officers of the Company must make a timely and appropriate disclosure, describing the situation in a complete and detailed manner, documenting the event and providing all the information that is relevant for the respective decision making.

For purposes of the disclosure of conflicts of interest, the Company requires all employees to annually complete a Statement of Potential Sources of Conflicts of Interest. In the event that the situation arises in the period between two annual statements, the Business Conduct Officer must be informed, through the completion of the formats established for this purpose, who will decide based on the parameters generally established the Business Conduct Committee. If it is a situation outside these parameters, the Business Conduct Officer must take it to the Business Conduct Committee. The Conflicts of Interest will be resolved by strictly applying the following principles: when the interest of the Grupo Empresarial Argos is opposite to that of its Shareholders, Managers or a third party linked to it, the interest of the Grupo Empresarial Argos will always prevail; when the interests of the Shareholders and their Managers or that of a third party linked to it come into opposition, the interest of the Shareholders will prevail.

Detail of the most relevant transactions with Related Parties according to the company's judgment, including transactions between companies in the Conglomerate

During 2018, several transactions were carried out between affiliated companies, among which, given that they are transaction known as Material Transactions in the Policy for the Management of Transactions between Affiliated Companies, it is important to highlight the following:

Sale of Shares of EPSA S.A. E.S.P. to Celsia S.A. E.S.P.

In January 2018, Celsia S.A. E.S.P. made an issue of common shares which were offered to the shareholders in development of the right of preference. Given that Grupo Argos holds the status of shareholder of Celsia, through the minute dated January 30, 2018 the Board of Directors authorized the legal representatives to acquire shares in said issue. This transaction meant an outlay of COP 782 billion for Grupo Argos.

Subsequently, and as an transaction linked to the one described above, Celsia S.A. E.S.P. decided to submit a Public Tender Offer (PTO) to acquire shares of EPSA S.A. E.S.P. Because Grupo Argos was the holder of shares of the latter company, in order to prevent the existence of any type of conflict of interest or the use of privileged information, it was established that the employees of Grupo Argos S.A. that are part of the Board of Directors of Celsia should refrain from participating in all the meetings in which decisions are made regarding the development of said PTO and especially in those in which the price at which the purchase should be offered is discussed.

Additionally, in order to have absolute clarity about the convenience or not of Grupo Argos participating in this PTO as a seller, the opinion of two investment banks (BNP Paribas and Inverlink) was requested to advise the Board on whether the purchase price offered was adequate for the interests of Grupo Argos and its shareholders.

After the aforementioned procedure, on February 14, 2018, the Board of Directors authorized the legal representatives to answer the aforementioned PTO and, consequently, sell the shares that it owned in EPSA S.A. E.S.P., which meant a revenue higher than COP 650 billion for Grupo Argos.

Consolidation of electric assets in EPSA S.A. E.S.P.

On November 20, 2018, Celsia carried out a business reorganization, consolidating its operating assets in Epsa, which will be the company dedicated to the generation, transmission and distribution of energy that will concentrate the electric assets in Colombia. The transaction consisted of the sale of some generation assets and the commercial representation of Meriléctrica (167 MW) to Epsa.

Advice was received from investment banks in order to carry out this transaction, which determined the market price at which it should be made, assessments that were known by the respective Shareholders Assemblies at the time of approving the transaction.

The breakdown of the transactions carried out between the companies of the Grupo Empresarial Argos can be found in the Special Report made pursuant to article 29 of Law 222/1995, which is part of the documentation made available to shareholders during the inspection right and is an integral part of this Report as Annex No. 1.

Conflicts of interest presented and actions by the members of the Board of Directors

In the Board meeting held in August, David Bojanini, in reason of the interest that some of the companies linked to Grupo Sura S.A. could have, declared himself unable to participate in the discussions, to have access to information or take part in the decisions of a possible sale of one of the significant investments that Grupo Argos has under what was called the Dédalo Project. To prevent conflicts of interest decisions from being taken in the development of said project in the same meeting, the Board of Directors approved a Special Information Management Protocol applicable exclusively to that project.

In the meeting held in September, and considering that BTG Pactual could also have an interest in participating as a purchaser in the Dédalo Project, Armando Montenegro, referring to his status as Chairman of said firm, also declared himself unable to participate in the discussions, to have access to information or take part in the decisions related to the project mentioned.

In November, the Board of Directors was informed of the intention of Carlos Solarte and CSS to sell their interest in Opaín S.A., against which Armando Montenegro declared having a conflict of interest, since he has advised the Solarte family in some businesses, especially the widow of Carlos Solarte's brother. Due to the above, the Board accepted the declaration of the conflict and it was therefore established that Director Montenegro will refrain from participating in the discussions, having access to information or taking part in the decisions related to an eventual purchase of shares of said company.

Atlántico, Colombia

Cementos Argos

Concrete floor

RISK MANAGEMENT SYSTEM

Explanation of the Internal Control System (SCI) and its modifications during the financial year

The Internal Control System of Grupo Argos is supported by a solid structure composed of the Audit, Finance and Risks Committee, the Internal Audit, the Compliance Department, the Statutory Auditor and the Risk Area. Additionally, in 2015, the Grupo Argos General Corporate Comptroller's Office was created, in order to strengthen the Internal Control System through the design and coordination with the Affiliated Companies of the elements that make up the Control Architecture.

The Board of Directors tends to the existence of a solid control environment in the Business Group, where the homologation of the bases of the internal control system is sought, promoting a culture of risk prevention with clearly established reporting lines.

One of the roles of the Audit, Finance and Risks Committee is to support the Board of Directors in supervising the effectiveness of the different components of the Control Architecture applicable to the business group. Likewise, it is in charge of supervising the efficiency of the regulatory compliance function and the prevention of money laundering and terrorist financing activities.

For its part, the Internal Audit, through the development of its independent activity, is responsible for evaluating the quality and effectiveness of the control system in an objective manner and for providing consultancy and advice to add value in the execution of the operations of the company. In order to guarantee its independence, the Internal Audit depends directly of the Audit, Finance and Risks Committee.

In the Risk Area, the risk matrices are consolidated and the risks that may affect the achievement of the strategic objectives of the conglomerate are monitored. The Comprehensive Risk Management includes all types of risks, including social, environmental and economic aspects, as a fundamental part of the strategy and the company's vision in sustainability. Grupo Argos monitors the status of the main risks of its subsidiaries through the Finance, Audit and Risks Committee on a quarterly basis.

The Statutory Auditor of Grupo Argos is in charge of a firm of recognized international prestige designated by the General Assembly of Shareholders. In order to guarantee its independence, the Statutory Auditor is prohibited from performing or rendering services different from those of its position to the companies of the Conglomerate.

During 2018, the Statutory Auditor did not present incompatibilities or disqualifications provided by law.

The Code of Good Governance establishes that in the contract entered into by the company with the Statutory Auditor, it must be indicated that, in the event of successive re-elections, the maximum term of the total contractual relationship will be 10 years, and the natural persons designated to exercise the position of principal and alternate must be changed at least every 5 years, and said persons may only return as statutory auditors of Grupo Argos once at least 2 years have elapsed since their retirement from the position.

Description of the risk policy and its application during the fiscal year, and response and supervision plans for the main risks

Grupo Argos has a Comprehensive Risk Management Model that is integrated with all areas of the organization in order to interact with the subsidiaries through the Control Architecture of the Business Group. During 2018, the risk management model continued to be strengthened, mainly by advancing in the consolidation of the plan for the management of the identified risks and in the impact quantification activities, as well as in the sensitivity studies, which allow visualizing the medium and long term in the treatment of risks.

The risk policy is unified for the entire business group and is complemented by a series of complementary policies and guidelines that seek to frame the strategy, projects and processes within the best corporate governance and sustainability standards. The risk strategy proposed for the organization contains four fundamental pillars: governance, culture, methodology (best practices) and information technology.



Each of these elements is the basis for the analysis of risks for their further treatment. As part of the organization's efforts to consolidate risk management in the Business Group, in 2018 an information system was adopted for all the subsidiaries, whose purpose was to provide a single base of documentation of risks, of the action plans and the monitoring of the activities carried out, in such a way that the collective vision could be used to anticipate and deal with the risks to which the Group is exposed.

The risk culture is a fundamental pillar within the model adopted and it is the fundamental premise to ensure that risk management functions as a dynamic model in the company. The risk culture strategy, called "to be aware is to take reliable steps" together with workshops

to identify risks in each of the areas of the organization, seeks to promote the recognition of risk factors that affect the strategy, projects, processes and facilities, at different levels of the organization. This campaign is complemented by trainings, internal methodologies for the assessment and delegation of risks and surveys of maturity and risk culture. As part of the variable remuneration schemes for Grupo Argos collaborators, in 2018 all the areas were required to document the action plans to manage risks, complying with 100% of this assigned goal. Additionally, in order to strengthen the risk management culture, awareness workshops were held in the Shared Services Center of the Business Group, which is a tool to take the best practices across all subsidiaries.

COMPLIANCE SYSTEM

Explanation of the Compliance System

La Ética y la Transparencia, son pilares de la actividad empresarial y fundamentales para la generación de valor sostenible en el largo plazo.

Nuestro Código de Conducta Empresarial establece un marco de actuación y conducta que fomenta una cultura organizacional basada en un principio rector: la integridad.

La gestión activa de un Sistema de Cumplimiento permite que nuestras decisiones estén siempre alineadas con el buen actuar y nuestros valores.

Un entorno regulatorio retador y cambiante, nos exige mantenernos a la vanguardia de las mejores prácticas, por lo que estamos en constante revisión de nuestras políticas de tal forma que podamos prevenir y anticiparnos a hechos que puedan poner en riesgo nuestra reputación o la misma continuidad de los negocios.

La prevención del lavado de activos y financiación del terrorismo, el fraude, soborno y corrupción y el respeto por las las normas sobre competencia, hacen parte de los riesgos que gestionamos desde el Sistema de Cumplimiento.

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.

GENERAL ASSEMBLY OF SHAREHOLDERS

Differences in the functioning of the Assembly between the minimums regime of the current regulation and that defined by the Bylaws and regulations of the Assembly of the company

The following are best practices established in the different corporate documents of Grupo Argos, which have been adopted by the company to ensure greater transparency and respect for the rights of shareholders in the development of the General Assembly of Shareholders:

The summon for ordinary meetings is made at least 30 calendar days in advance and for special meetings not less than 15 common days in advance.

In no case are points such as "Miscellaneous" or "Other Matters" or similar included in the summoning, which prevent accurately knowing in advance all the topics to be discussed in the respective meeting. The foregoing does not preclude the inclusion of a point for shareholders to present proposals they consider pertinent.

During the term of the summon, shareholders can consult the website and, in the offices of the Company's management, the documents relating to the meeting of the respective Assembly, including the minute of the previous meeting. During the same term, at the express and written request of any shareholder, a copy of the documents that are specifically indicated in the request may be consulted in any place in which the company has administrative offices.

When a meeting provides for the election of members of the Board of Directors, the information available to shareholders must contain the proposal of candidates to be part of said Board. For this purpose, the shareholders must send their proposals for the conformation of the Board no less than five business days in advance to the date set for the meeting. A copy of the resumes of the members, as well as the Declaration of Independence signed by the persons that have such status and the Statement of Conflicts of Interest must be attached to the board proposal for the integration of the Board of Directors.

In the events in which the Assembly intends to deal with a substantial change of corporate purpose, waiver of the right of preference in the subscription of common shares, change of place of business, early dissolution or segregation of the company, such issues have to be expressly indicated in the summon. Additionally, in these events, the right of retirement will be allowed in the same terms and conditions that are established in the law for events like mergers and spin-offs.

During the summon period, the financial information of the subordinated companies must be available to the shareholders.

The Company places at the disposal of the shareholders electronic means that allow the disclosure of the development of the meeting during the same, so that shareholders who can not attend know what occurs therein.

Measures taken during the financial year to encourage shareholder participation

In order to promote an active and enriching communication with shareholders, the Company has been advancing for some years several strategies for the knowledge of its shareholders. Within these strategies, it has implemented a CRM platform (computerized system to support the management of relations with customers or any stakeholder), thus having a systematized management and handling of shareholder data. Likewise, and based on what was established in the Company's Dialogue System with Stakeholders, during the month of November, several focus group sessions were held with different stakeholders, among which were shareholders of the Company. These sessions are spaces that allow establishing effective communication channels with different stakeholders, seeking to know their main interests and needs.

Information to shareholders and communication with them

The channels used by Grupo Argos to communicate with its shareholders and deliver information are:

- Webpage: www.grupoargos.com.
- Shareholder Service Center of Fiduciaria Bancolombia, at the phone numbers: +(57 4) 404 2371,
- +(57 4) 404 2362, +(57 4) 404 2453, +(57 4) 404 2451, +(57 4) 404 2452.
- Investor Relations Office, which is managed by the Corporate Finance Vice President (apriedrahita@grupoargos.com) and the Director of Investor Relations (nagudelop@grupoargos.com).
- Website of the Finance Superintendencia through which the Relevant Information is disclosed to the market: www.superfinanciera.gov.co.

Number of requests and matters on which shareholders have requested information from the company

REQUESTS	
Type	Amount
Tax Certificates	1430
Change of Depositor	94
Dividend Payment Update	34
Dematerialized Transfer	19
General Certificate	18
Historical Certificates	17
Data Update	11
Cautionary Measure	2
Rights to Petition	2
Total Shareholder Requests	1627
Means	
Phone Call	161
Visit to Service Office	78
Total Shareholders Assisted	239

Data of attendance to the General Assembly of Shareholders

Below is the most relevant data regarding the attendance to the ordinary meeting of the 2018 Shareholders Assembly:

2018 ORDINARY MEETING GENERAL ASSEMBLY OF SHAREHOLDERS

	Total
Shareholders Represented	647
Attendees	226
Shares Represented	547,614,785
Outstanding Shares	645,400,000
Percentage of Shares Represented	84.84%

Breakdown of the main agreements made

During the ordinary meeting of the General Assembly of Shareholders, held in 2018, the following issues were approved:

- Approval of the Management Report of the Board of Directors and the CEO
- Approval of the Financial Statements as of December 31, 2017
- Approval of the Profit Distribution Project
- Election of the Board of Directors
- Approval of fees of the Board of Directors
- Election of Statutory Auditor
- Approval of fees of the Statutory Auditor
- Approval of resources for social responsibility

The minute of the ordinary meeting of the 2018 General Assembly of Shareholders can be consulted, during the term of the right of inspection, on the website of the Company.

Bolívar, Colombia

Celsia

Santa Rosa de Lima Solar Farm

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