

ARGOS

## COUNTRY CODE REPORT - JANUARY 2018

**Issuer name:** CEMENTOS ARGOS S.A.

**Issuer TIN:** 890.100.251-0

**Legal Representative Name:** SANTIAGO JARAMILLO BOTERO

**Identification Document:** 71.799.476

**Period evaluated:** DEC - 31 - 2017

**Legal nature of the Entity:** S.A.

**SFC entity code assigned:** 43-5

### I. RIGHTS AND EQUITABLE TREATMENT OF SHAREHOLDERS

#### 1. Principle of equal treatment.

- 1.1. The Company gives equal treatment to all Shareholders who, within the same class of shares, are in the same conditions, without this implying access to privileged information of certain Shareholders with respect to others.**

**YES.** Since the incorporation of the company, Cementos Argos has given equal treatment to its Shareholders, so procedures, access to information, rights and obligations are the same for all Shareholders who are in the same conditions. It was expressly established in 2005 with our first Code of Good Governance.

Date of Implementation: 1944/14/08

Date of Modification: 2005/04/02

- 1.2. The Board of Directors has approved a specific procedure that defines the company's practices to interact with Shareholders of different conditions, in areas such as access to information, resolution of information requests, communication channels, forms of interaction between Shareholders and the company, its Board of Directors and other Managers.**

**YES.** Since its incorporation, Cementos Argos established the company's practices for interacting with Shareholders in matters such as access to information, resolution of information requests, communication channels, forms of interaction between Shareholders and the company, its Board of Directors and other Managers. This information was detailed and expanded in 2005 with the first Code of Good Governance.

Date of Implementation: 1944/14/08

Date of Modification: 2005/04/02

**2. Information about shares.**

- 2.1. On its website, the company clearly, accurately and completely discloses to the public the different classes of shares issued by the company, the number of shares issued for each class and the number of shares in reserve, as well as the rights and obligations inherent to each class of shares.**

**YES.** Our web page [www.argos.co/ir](http://www.argos.co/ir) clearly, accurately and completely shows the different types of shares issued by the company, the number of shares issued for each class and the number of shares in reserve, as well as the rights and obligations inherent to each class of shares. Likewise, information that is of interest for the market in general is disclosed, in accordance with what was established in the 2007 Code of Good Governance. Our page was adjusted in 2013 given the requirements of the BVC for the IR seal.

Date of Implementation: 2007/25/10

Date of last modification: 2013/25/06

**3. No dilution of capital.**

- 3.1. In operations that may result in the dilution of capital of minority Shareholders (such as a capital increase with a waiver of the right of first refusal for the subscription of shares, a merger, spin-off or segregation, among others), the company explains in detail to the Shareholders in a previous report of the Board of Directors, and with the opinion, on the terms of the transaction, of a recognized independent external adviser (fairness opinion) designated by the Board of Directors. These reports are made available to the Shareholders prior to the Assembly within the terms for the exercise of the right of inspection.**

**YES.** Since its incorporation, Cementos Argos, when submitting a merger or spin-off transaction or any corporate transformation that may lead to the dilution of capital of minority Shareholders for approval by the Shareholders' Assembly, the company explains in detail to the Shareholders in a prior report of the Board of Directors and in which a qualified external advisor always participates. These reports are made available to Shareholders prior to the Assembly within the terms for the exercise of the right of inspection.

Date of Implementation: 1944/14/08

**4. Information and communication with Shareholders.**

- 4.1. The company has a corporate website, in Spanish and English, with a link to the Corporate Code of Good Governance or a link regarding the relationship with Shareholders and investors or its equivalent, which includes financial and non-financial information under the terms**

**proposed in recommendations 32.3 and 33.3 and that, in any case, will not include confidential information of the company or information relating to industrial secrets, or information which disclosure may be used to the detriment of the company.**

**YES.** The company has a website called [www.argos.co/ir](http://www.argos.co/ir), which includes the specific section on Corporate Governance and is available in Spanish and English.

Date of Implementation: 2007/25/10

Date of last modification: 2013/25/06

- 4.2. The company has mechanisms in place for exclusively allowing permanent access and use to Shareholders, such as a link on the website to Shareholders for exclusive access, or an office for assistance or relationships with Shareholders and investors, periodic information meetings, among others, so that they can express their opinions or raise concerns or suggestions about the development of the company or those associated with their status as Shareholders.**

**YES.** The company has a website, [www.argos.co/ir](http://www.argos.co/ir), which includes information for our Shareholders and investors and is easily accessible. Additionally, we have an investor relations office established as an official service channel since the 2005 Code of Good Governance.

Date of Implementation: 2005/04/02

- 4.3. The company organizes quarterly results presentation events for its Shareholders and market analysts, which can be face-to-face or through remote communication means (conference, videoconference, etc.).**

**YES.** Since its incorporation, Cementos Argos has provided its Shareholders with the necessary information to be aware of the condition of the company and any other information that may be relevant to the decision-making process. Since 1962, when it obtained the status of securities market issuer in Colombia, the additional obligations established for said status in securities market regulations are being met, this includes the quarterly presentation of results, investor calls (conference call), events with investors such as the “Argos Best Day”, which took place in the United States in August 2017.

Date of Implementation: 1944/14/08

Date of last modification: 1962/01/02

- 4.4. The company organizes or participates in presentations, events or fixed income forums, mainly aimed at investors in debt instruments and market analysts, in which the issuer's business indicators are updated, the management of its liabilities, its financial policy, qualifications, behavior of the issuer regarding covenants, etc.**

**YES.** Since Cementos Argos is an issuer in the securities market, presentations, forums and calls are made with investors and Shareholders in which the business indicators of the company are updated, as well as the management of its liabilities, its financial policy, ratings and behavior with respect to covenants; it was expressly included in the 2005 Code of Good Governance.

Date of Implementation: 1962/01/02

Date of last modification: 2005/04/02

- 4.5. The Bylaws of the company stipulate that a Shareholder or group of Shareholders representing at least five percent (5%) of capital may request Specialized Audits on matters other than those audited by the company's Statutory Auditor. Depending on its capital structure, the company may determine a percentage lower than five percent (5%).**

**NO.** In accordance with the provisions of the Code of Good Governance, the Shareholder or group of Shareholders representing at least 10% or more of the total outstanding shares of the company may request the execution of this type of audits. This procedure was adjusted in the 2015 Code of Good Governance to include more details of the procedure. Specialized audits with the aforementioned percentage were implemented under the statutory reform of March 27, 2006.

Date of Implementation: Not Applicable

- 4.6. To exercise this right, the company has a written procedure that specifies:**

- **The reasons why the company defined a percentage lower than five percent (5%).**
- **The requirements demanded to request a Specialized Audit.**
- **The obligation of the company, through its Board of Directors, to reply in writing to the requesting Shareholders as soon as possible.**
- **The manner to designate the person responsible for its execution.**
- **Accurate deadlines for each of the stages or steps of the process.**

**YES.** The procedure for the execution of specialized audits is detailed in our 2015 Code of Good Governance as mandated by article 30 of our Bylaws.

Date of Implementation: 2006/27/03

Date of last modification: 2015/29/12

- 5. Action of the Managers upon exchange or takeover operations of the company.**

- 5.1 The members of the Board of Directors and the Senior Management have expressly accepted in their Letters of Acceptance or contracts, that from the time when they became aware of the presentation of a**

**public tender or other relevant transactions, such as mergers or spin-offs, there will be periods during which they undertake not to negotiate, directly or indirectly through a third party, the shares of the company.**

**YES.** Our directors, members of senior management and employees in general, have a detailed procedure in place for the negotiation of securities since our 2007 Code of Good Governance, which was updated in our 2015 Code of Good Governance. The Code of Good Governance must be mandatorily complied with by the members of senior management and the directors.

Date of Implementation: 2007/25/10

Date of last modification: 2015/29/12

## **6. Listing of companies integrated into Conglomerates.**

**6.1. Notwithstanding the independence of each individual company integrated into the Conglomerate and the responsibilities of their administrative bodies, there is an organizational structure of the Conglomerate that defines for the three (3) government levels – Shareholders’ Assembly, Board of Directors and Senior Management – the key individual bodies and positions, as well as the relationships between them, which is public, clear and transparent, and allows for the determination of clear lines of responsibility and communication, and facilitates strategic guiding, supervision, control and the effective management of the Conglomerate.**

**YES.** Our parent company Grupo Argos approved the Policy on Relationships between Related Companies and it was in turn approved by Cementos Argos.

Date of Implementation: 2015/16/12

**6.2. Under the aforementioned premise, the Parent Company and its most important Subordinates have defined a framework of institutional relations through the signing of a public agreement approved by the Board of Directors of each of said companies, which regulates the following:**

- The definition of the interest of the Conglomerate to which they belong, understood as the primary interest that all companies must pursue and defend.**
- The recognition and exploitation of synergies between the companies of the Conglomerate, under the premise of respect for minority Shareholders.**
- The respective activity areas and eventual business among them.**

- **The common services provided by the Parent Company, a Subordinate and/or by third parties.**
- **The criteria or way for determining the price and conditions of any business between the companies of the Conglomerate and of the common services provided by any of them or by third parties.**
- **The search for the cohesion of the Conglomerate, through a common and shared vision of the key positions of the Control Architecture, such as internal audit, external audit and risk management.**
- **The action and coordination of the Committees of the Board of Directors of the Parent Company and of the Committees to be conveniently or mandatorily created in the Boards of Directors of Subordinates.**
- **The mechanisms provided to solve any possible conflicts of interest between companies.**
- **The stipulation that when there are related operations between a security issuing Subordinate company and its Parent Company, whether it is an issuer or not, the conflict of interest management policy will be applied with special sensitivity and rigor, to ensure, among other issues, that operations tend towards market prices and conditions.**

**YES.** Our Parent Company Grupo Argos approved the Policy on Relationships between Related Companies and it was in turn approved by Cementos Argos.

Date of Implementation: 2015/16/12

## **7. Conflict Resolution.**

- 7.1 Except for disputes between Shareholders, or between Shareholders and the company or its Board of Directors, which due to an express legal attribution must necessarily be settled before the ordinary jurisdiction, the company's Bylaws include mechanisms for the resolution of disputes such as direct settlement, amiable composition, conciliation or arbitration.**

**YES.** Since our incorporation, in the Corporate Bylaws, Cementos Argos included conflict resolution mechanisms with its Shareholders.

Date of Implementation: 1944/14/08

## **II. GENERAL SHAREHOLDERS ASSEMBLY**

## **8. Functions and Competence.**

**8.1 In addition to the other functions attributed to the General Shareholders Assembly by the legal framework, the Bylaws expressly include the following functions of the General Shareholders Assembly and emphasize their exclusive and non-delegable nature:**

- a) The approval of the general remuneration policy of the Board of Directors, and in the case of the Senior Management when a variable component is recognized in the remuneration related to the value of the share.**
- b) The approval of the succession policy of the Board of Directors.**
- c) The acquisition, sale or encumbrance of strategic assets that in the opinion of the Board of Directors are essential for the development of the activity, or when, in practice, these operations may result in the effective modification of the corporate purpose. GA proposes to include a definition of strategic asset for the Board of Directors not to refer issues that are not so relevant to the AGA, it is proposed to take the definition of the segregation Bylaws.**
- d) The approval of the segregation (improper spin-off) of the company.**

**YES.** The General Shareholders Assembly, since our incorporation, has had its functions defined; however, they have suffered modifications seeking a better definition and scope thereof. They were supplemented in the 2015 amendment to the Bylaws.

Date of Implementation: 1944/14/08

Date of last modification: 2015/23/03

## **9. Regulations of the General Shareholders Assembly.**

**9.1 The company has Regulations in place for the General Shareholders Assembly, which regulate any such matters pertaining to it, from its call, the preparation of the information that Shareholders must receive, assistance, development and exercise of the political rights of Shareholders, so that they are thoroughly informed of the development of the meetings of the Assembly.**

**YES.** The Shareholders Assembly, since our incorporation, has regulated the aspects related to its call, information, assistance and rights, among others; however, they have suffered modifications seeking a better definition. Since our first Code of Good Governance in 2005, these regulations were expressly included as a chapter.

Date of Implementation: 1944/14/08

Date of last modification: 2005/04/02

**10. Call to the Assembly.**

- 10.1 To facilitate the exercise of the Shareholders' right to information, the Bylaws establish that the ordinary General Shareholders Assembly must be called no less than thirty (30) ordinary days in advance and extraordinary meetings must be called no less than fifteen (15) calendar days in advance. The foregoing notwithstanding the legal terms established for corporate reorganizations (for example, merger, spin-off or transformation).**

**YES.** For several years Cementos Argos has increased the legal minimums in terms of calling meetings of the Shareholders Assembly, among others. In the 2015 amendment to the Bylaws, periods of thirty (30) calendar days of advance were accepted for ordinary meetings and of no less than fifteen (15) calendar days in advance for extraordinary meetings.

Date of Implementation: 2015/23/03

- 10.2 In addition to the traditional and obligatory means established in the legal framework, the company ensures the maximum dissemination and publicity of the call through the use of electronic means, such as the corporate website, alert messages via individualized email and, even, if deemed pertinent, social media.**

**YES.** The company has a website called [www.argos.co/ir](http://www.argos.co/ir), which includes easily accessible information for our Shareholders and investors, and we also have the Assembly section on the Corporate Governance tab, which includes information and documents so that Shareholders can exercise their right in the meeting called. It was updated in 2013 to comply with the IR Seal requirements of the Colombia Stock Exchange.

Date of Implementation: 2007/25/10

Date of last modification: 2013/25/06

- 10.3 In order to increase the transparency of the decision-making process during the General Assembly, in addition to the Agenda of the meeting with the point-by-point statement of the topics that will be debated, the company has established that simultaneously with the call or at least fifteen (15) calendar days prior to the meeting, the Proposals of Agreement shall be made available to the Shareholders, which the Board of Directors shall submit to the General Shareholders Assembly for each item of the Agenda.**

**YES.** The calls, the proposals of the Management to each item of the agenda, as well as the relevant information for the decision making that can be known by the general public, are disclosed on the webpage of the company. This was expressly included in our 2013 Code of Good Governance.



Date of Implementation: 2013/07/06

- 10.4 An improper spin-off can only be analyzed and approved by the General Shareholders Assembly when this item has been expressly included in the call for the respective meeting.**

**YES.** Segregation is included in the Operating Regulations of the Assembly established in the Code of Good Governance as a function of competence of the Shareholders Assembly, which must be included in the call for the respective meeting.

Date of Implementation: 2007/25/10

- 10.5 The Agenda proposed by the Board of Directors contains precisely the contents of the topics to be addressed, avoiding that any issues of transcendence be hidden or masked under imprecise, generic, too general or broad mentions such as “others” or “propositions” and miscellaneous.**

**YES.** The proposals of the management must be included in the agenda from the call, since there can be no items such as “miscellaneous” or “other matters”, as expressly contemplated in our 2013 Code of Good Governance.

Date of Implementation: 2013/07/06

- 10.6 In the case of amendments to the Bylaws, each article or group of articles that are substantially independent is voted separately. In any case, an article is voted separately if a Shareholder or group of Shareholders representing at least five percent (5%) of the share capital so requests it during the Meeting, a right that is previously informed to the Shareholders.**

**YES.** This measure was accepted in our 2015 amendment to the Bylaws.

Date of Implementation: 2015/23/03

- 10.7 Notwithstanding the provisions of article 182 of the Code of Commerce, with the objective of strengthening and guaranteeing the right of inspection and information of Shareholders prior to the meeting of the Shareholders Assembly, the Bylaws recognize the right of Shareholders, regardless of their shareholding, to propose the introduction of one or more items to be discussed on the Agenda of the General Shareholders Assembly, within a reasonable limit and provided that the request for the new items is accompanied by a justification. The request by Shareholders must be made within five (5) calendar days following the publication of the call.**

**YES.** This measure was accepted in our 2015 amendment to the Bylaws.

Date of Implementation: 2015/23/03

- 10.8 If the request is rejected by the Board of Directors, it is required to answer in writing to such requests supported at least by a percentage of five percent (5%) of the share capital, or a lower percentage as established by the company according to the degree of concentration of ownership, explaining the reasons that motivate its decision and informing Shareholders of their right to submit their proposals during the holding of the Assembly in accordance with the provisions of the aforementioned article 182 of the Code of Commerce.**

**YES.** This measure was accepted in our 2015 amendment to the Bylaws.

Date of Implementation: 2015/23/03

- 10.9 In the event that the Board of Directors accepts the request, once the time of Shareholders to propose topics in accordance with the preceding recommendations has expired, a supplement to the call of the General Shareholders Assembly is published at least fifteen (15) calendar days before the meeting.**

**YES.** This measure was accepted in our 2015 amendment to the Bylaws.

Date of Implementation: 2015/23/03

- 10.10 Within the same period indicated in number 10.7., Shareholders may also submit new Proposals of Agreement in a well-founded manner on matters previously included in the Agenda. For these requests, the Board of Directors acts in a manner similar to that specified in numbers 10.8 and 10.9 above.**

**YES.** This measure was accepted in our 2015 amendment to the Bylaws.

Date of Implementation: 2015/23/03

- 10.11 The company undertakes to use electronic means of communication, mainly the corporate website with exclusive access to Shareholders, to provide them with the documents and information associated with each of the items on the Agenda of the meeting.**

**YES.** The company has a webpage called [www.argos.co/ir](http://www.argos.co/ir) that includes easily accessible information for our Shareholders and investors, and we also have the Assembly section on the Corporate Governance tab, which includes information and documents for Shareholders to exercise their right in the meeting called. It was updated in 2013 to comply with the IR Seal requirements of the Colombia Stock Exchange.

Date of Implementation: 2007/25/10

Date of last modification: 2013/25/06

**10.12 The Bylaws of the company recognize the right of Shareholders to request in advance the information or clarifications they deem pertinent through traditional channels and/or, where appropriate, new technologies, or to make in writing the questions that they deem necessary in relation to the matters included in the Agenda, the documentation received or the public information provided by the company. Depending on the term chosen by the company to call the General Shareholders Assembly, the company determines the period within which the Shareholders may exercise this right.**

**YES.** Since its incorporation, Cementos Argos has recognized to its Shareholders the right to have information related to the agenda of meetings, as well as to request - within legal limits - any information or clarifications they may consider pertinent to exercise their rights in the respective meeting.

Date of Implementation: 1944/14/08

Date of last modification: 2015/23/03

**10.13 The company has established that the information requested may be denied if, according to internal procedures, it can be classified as: i) unreasonable; ii) irrelevant to know the progress or interests of the company; iii) confidential, which will include privileged information in the field of the securities market, industrial secrets, operations in progress which completion for the company depends substantially on the secrecy of their negotiation; and iv) others which disclosure may put its competitiveness in imminent and serious danger.**

**YES.** This measure was accepted in our 2015 amendment to the Bylaws.

Date of Implementation: 2015/23/03

**10.14 When the answer given to a Shareholder may put him/her at an advantage, the company guarantees access to said answer to other Shareholders concomitantly, in accordance with the mechanisms established for that purpose and under the same conditions.**

**YES.** Since its incorporation, Cementos Argos has guaranteed Shareholders' access to information under the same conditions, without giving any Shareholders an advantage. This was expressly stated in our 2015 amendment to the Bylaws.

Date of Implementation: 1944/14/08

Date of last modification: 2015/23/03

## **11. Regulation of representation.**

**11.1 Notwithstanding the limits set forth in article 185 of the Code of Commerce, External Circular 24/2010 and any amending,**

**supplementing or replacing rules, the company does not limit the right of Shareholders to be represented at the General Shareholders Assembly, being able to delegate their vote onto any person, whether it is a Shareholder or not.**

**YES.** Since its incorporation, Cementos Argos has recognized the right of its Shareholders to be represented at Assembly meetings.

Date of Implementation: 1944/14/08

- 11.2 The company minimizes the use of blank voting delegations, without voting instructions, actively promoting the use of a standard model of a representation letter that the company itself sends to Shareholders or publishes on its website. The model includes the items on the Agenda and the corresponding Proposals of Agreement determined in accordance with the procedure previously established and which will be submitted to Shareholders for consideration, with the aim that Shareholders, if deemed appropriate, indicate, in each case, the meaning of their vote to their representative.**

**YES.** For several years, Cementos Argos has provided a model of power of attorney so that Shareholders who wish to use it may use it. It was expressly included in our 2015 Code of Good Governance. This is included on our website.

Date of Implementation: 2005/04/02

Date of last modification: 2015/29/12

**12. Assistance from other people besides the Shareholders.**

- 12.1 With the purpose of revitalizing the role of the General Assembly in shaping the corporate will and making it a much more participatory body, the Regulations of the company's Assembly require that the members of the Board of Directors and, most especially, the Chairmen of the Committees of the Board of Directors as well as the President of the company, attend the Assembly to answer the concerns of Shareholders.**

**NO.** The President of the company is the chairman of the Shareholders' Assembly meetings. The Chairmen of Board Committees are not required to attend the meetings of the Shareholders' Assembly.

Date of Implementation: Not Applicable

**III. BOARD OF DIRECTORS**

**13. Duties of the Board of Directors**

- 13.1 The Bylaws expressly indicate the duties that cannot be delegated to Senior Management, which include (...)**

**YES.** Since its incorporation, Cementos Argos has defined the duties reserved for the Board of Directors. Taking into account the legal, statutory or Code of Good Governance exceptions, the duties of the Board of Directors can only be delegated to the President of the company.

Date of Implementation: 1944/14/08

Date of last modification: 2015/23/03

- 13.2 Notwithstanding the autonomy of the governing bodies of Subordinate Companies, when the company acts as the parent company of a Conglomerate, the duties of the Board of Directors have a group focus and are carried out through general policies, guidelines or requests for information that respect the balance between the interests of the parent company and subordinates, and the interests of the Conglomerate as a whole.**

**YES.** The parent company of Cementos Argos is Grupo Argos S.A., a company that, respecting its autonomy and taking into account legal, statutory or Code of Good Governance restrictions, provides its subordinates with guidelines. The Relationship Policy was approved by Grupo Argos, which contains the matters in respect of which the parent company sets out guidelines to its subordinates; it was in turn approved by Cementos Argos.

Date of Implementation: 2015/16/12

**14. Regulations of the Board of Directors.**

- 14.1 The Board of Directors has approved the internal regulations that regulate its organization and operation, as well as the duties and responsibilities of its members, the Chairman and the Secretary of the Board of Directors, and their duties and rights. It is disseminated among Shareholders and it is binding for the members of the Board of Directors.**

**YES.** Since its incorporation, Cementos Argos has established the duties of the Board of Directors, Chairman and Secretary. In the 2015 amendment to the Bylaws, new duties were included to the Board so that they were sufficiently defined, according to the duties that had been carried out and that are framed in the best practices of Corporate Governance. The regulations of the Board of Directors were expressly included in the 2005 Code of Good Governance.

Date of Implementation: 1944/14/08

Date of last modification: 2015/23/03

**15. Alternate Members of the Board of Directors.**

- 15.1 The company has statutorily elected not to designate Alternate Members of the Board of Directors.**

**YES.** Since the March 2007 amendment to the Bylaws, alternates were eliminated.

Date of Implementation: 2007/03/16

## **16. Composition of the Board of Directors.**

**16.1 Based on the premise that once all the members of the Board of Directors have been elected, they will act for the benefit of the company, with utmost transparency, the company identifies the origin of the different members of the Board of Directors according to the following:**

- **Executive Member, the legal representatives or the representatives of the Senior Management that participate in the day-to-day management of the company.**
- **Independent Member, who, as a minimum, complies with the independence requirements established in Law 964/2005 or any amending or replacing rules, and other internal regulations issued by the company to be considered as such, regardless of the Shareholder or group of Shareholders who have nominated them and/or voted.**
- **Property Member, who does not have the status of independent members and are Shareholders who are natural persons or legal entities, or persons expressly nominated by a legal entity or natural person who is a Shareholder or group of Shareholders to be part of the Board of Directors.**

**YES.** This measure was accepted in our 2015 amendment to the Bylaws and is found in the Operating Regulations of the Board of Directors contained in the Code of Good Governance.

Date of Implementation: 2015/29/12

**16.2 The company has a procedure in place, articulated through the Appointments and Remuneration Committee or any other body that carries out its duties, which allows the Board of Directors, through its own dynamics and the conclusions of annual evaluations, to achieve the following objectives:**

- I. To identify the possible composition of functional profiles (associated with aspects such as professional knowledge and experience) that are needed in the Board of Directors in each circumstance.**

- II. **To identify personal profiles (linked to career, recognition, prestige, availability, leadership, group dynamics, etc.) that are most convenient for the Board of Directors.**
- III. **To assess the time and dedication necessary for them to properly perform their duties.**

**YES.** The profiles of directors and the selection criteria can be found in our Code of Good Governance. Additionally, the Appointment, Remuneration and Succession Policy of the Board of Directors was approved at the ordinary meeting of the General Shareholders Assembly held on March 24, 2017.

Date of Implementation: 2005/04/02

Date of last modification: 2013/07/06

- 16.3 The professional profiles identified as necessary are reported by the Board of Directors to Shareholders, so that the different stakeholders, mainly controlling Shareholders, significant persons, families, groups of Shareholders and Institutional Shareholders, if any, and the Board of Directors itself, are able to identify the most suitable candidates.**

**YES.** Since the issuance of our first Code of Good Governance in 2005, the selection criteria of our directors were included. In our 2015 amendment to the Code of Good Governance, the verification function of said criteria was assigned to the Appointments and Remuneration Committee, which will be done in accordance with the provisions of the Code and the Appointment, Remuneration and Succession Policy of the Board of Directors approved at the ordinary meeting of the General Shareholders Assembly held on March 24, 2017.

Date of Implementation: 2005/04/02

Date of last modification: 2015/29/12

- 16.4 The company considers that the sole evaluation of the résumés by Shareholders is an insufficient resource to determine the suitability of candidates, for which reason it has an internal procedure in place to evaluate the legal incompatibilities and disqualifications and the suitability of the candidate with respect to the needs of the Board of Directors, through the evaluation of a set of criteria that must be met by the functional and personal profiles of candidates, and verification of compliance with some objective requirements to become a member of the Board of Directors and other additional requirements to be an Independent Member.**

**YES.** Since the issuance of our first Code of Good Governance in 2005, the selection criteria of our directors were included, which include criteria for a member to be considered as independent. In our 2015 amendment to the Code of Good Governance, the verification function of said criteria was assigned to the Appointments and Remuneration Committee, which will be done in accordance with the provisions of the Code and the Appointment,

Remuneration and Succession Policy of the Board of Directors approved at the ordinary meeting of the General Shareholders Assembly held on March 24, 2017.

Date of Implementation: 2005/04/02

Date of last modification: 2015/29/12

- 16.5 In addition to the independence requirements already specified in Law 964/2005, the company has voluntarily adopted a more rigorous definition of independence than that established in the aforementioned law. This definition has been adopted as a frame of reference through the Regulations of the Board of Directors, which includes, among other requirements that must be evaluated, the relationships or links of any nature of the candidate to become an Independent Member with controlling or significant Shareholders and their Related Parties, national and foreign, and requires a double declaration of independence: (i) the candidate before the company, its Shareholders and members of Senior Management, instrumented through his/her Letter of Acceptance and, (ii) the Board of Directors, regarding the independence of the candidate.**

**YES.** Since the issuance of our first Code of Good Governance in 2005, the independence criteria of the members of the Board of Directors were included; subsequently, they were adjusted in the 2007, 2013 and 2015 versions of the Code of Good Governance, always seeking to make them stricter than those provided by the law.

Date of Implementation: 2005/04/02

Date of last modification: 2015/29/12

- 16.6 The company, through its internal regulations, considers that the Board of Directors, through its Chairman and with the support of the Appointments and Remuneration Committee or whichever body fulfills its duties, is the most appropriate body to centralize and coordinate before the General Assembly the process of forming the administrative body. Therefore, Shareholders who, based on their shareholding, aspire to be part of the Board of Directors, can know the needs of the Board of Directors and raise their aspirations, negotiate stock balances and distributions among different categories of members, submit their candidates and accept that the suitability of their candidates be evaluated by the Appointments and Remuneration Committee before voting at the General Shareholders Assembly.**

**YES.** The procedure for the formation of the Board of Directors is established from our incorporation and is the same for all Shareholders, regardless of their shareholding. It has been updated in accordance with the applicable regulatory changes, and it is currently regulated in article 45 and following of our Bylaws and in the Operating Regulations of the Board of Directors of the Code of Good Governance.



Date of Implementation: 1944/14/08

- 16.7 The Regulations of the Board of Directors stipulate that the evaluation of the suitability of candidates is an activity which execution must be prior to the holding of the General Shareholders Assembly, so that Shareholders have sufficient information (personal qualities, suitability, track record, experience, integrity, etc.) about the candidates proposed to integrate it, with an advance that allows for their adequate evaluation.**

**YES.** Our Code of Good Governance, which contains the Regulations of the Board of Directors, establishes the role of the Appointments and Remuneration Committee to verify compliance with the requirements to be a candidate for the Board of Directors and the report to the Assembly in which such candidates are named. This report will be published on the company's website.

Date of Implementation: 2013/07/06

Date of last modification: 2015/29/12

**17. Functional structure of the Board of Directors.**

- 17.1 The Regulations of the Board of Directors stipulate that Independent and Property Members are always the majority with respect to Executive Members, which number, in the event of joining the Board of Directors, is the minimum necessary to meet the information and coordination needs between the Board of Directors and the Senior Management of the company.**

**YES.** Since our 2007 Code of Good Governance, a prohibition was established on the existence of decision-making majorities in the Board of Directors made up of a number of people related to the company by employment. It is clarified that Cementos Argos does not have executive members in its Board of Directors. In the modification of our 2015 Code of Good Governance, only the word "Executive Members" was adopted.

Date of Implementation: 2007/25/10

Date of last modification: 2015/29/12

- 17.2 Based on the minimum percentage of twenty-five percent (25%) of Independent Members established in Law 964/2005, the company analyzes and voluntarily adjusts, upwards, the number of Independent Members, taking into account, among others, that the number of independent members is related to the Floating Capital.**

**YES.** In our 2013 Code of Good Governance we increased the percentage to at least 50% of independent members as part of our Board of Directors.

Date of Implementation: 2013/07/06

**18. Organization of the Board of Directors.**

**18.1 The duties of the Chairman of the Board of Directors are indicated in the Bylaws and their main responsibilities are as follows:**

- I. Ensure that the Board of Directors sets and efficiently implements the strategic direction of the company.**
- II. Promote the governance actions of the company, acting as a link between Shareholders and the Board of Directors.**
- III. Coordinate and plan the operation of the Board of Directors through the establishment of an annual work plan based on the duties assigned.**
- IV. Call to meetings directly or through the Secretary of the Board of Directors.**
- IV. Prepare the Agenda of meetings, in coordination with the President of the company, the Secretary of the Board of Directors and other members.**
- V. Ensure the delivery, in due time and form, of information to the Members of the Board of Directors, directly or through the Secretary of the Board of Directors.**
- VII. Chair meetings and manage debates.**
- VIII. Ensure the performance of the agreements of the Board of Directors and follow up on its orders and decisions.**
- IX. Monitor the active participation of the members of the Board of Directors.**
- X. Lead the annual evaluation process of the Board of Directors and Committees, except for their own evaluation.**

**YES.** The duties of the President of the company are established from our incorporation. In the 2015 amendment to the Bylaws they were modified to be consolidated as the true leader of the administrative body.

Date of Implementation: 1944/14/08

Date of last modification: 2015/23/03

**18.2 The internal regulations of the company provide for the possibility that the Chairman of the Board of Directors may have a different treatment from other members, both in his/her obligations and in his/her remuneration, as a result of the scope of his/her specific functions and greater dedication of time.**

**NO.** The Chairman of the Board of Directors of Cementos Argos is the President of our parent company Grupo Argos, for which reason it was decided not to establish a difference in his/her remuneration with respect to the other members of the Board of Directors.

Date of Implementation: Not Applicable

**18. Organization of the Board of Directors: SECRETARY OF THE BOARD OF DIRECTORS**

**18.3 The Bylaws include rules for the appointment of the Secretary of the Board of Directors, which include:**

- i. When acting exclusively as Secretary of the Board of Directors, his/her appointment and removal is done by the Board of Directors, with a prior report from the Appointments and Remuneration Committee, if any.**
- ii. When the position of Secretary of the Board of Directors coincides with other executive positions in the company, its independence is safeguarded with respect to the company's President, so his/her appointment and removal corresponds to the Board of Directors at the proposal of the company's President, with a prior report from the Appointments and Remuneration Committee, if any.**
- iii. The possibility of being a member of the Board of Directors or not.**

**YES.** Since our incorporation, the procedure to appoint the General Secretary of the company was established. His/her election was updated in the 2015 amendment to the Bylaws.

Date of Implementation: 1944/14/08

Date of last modification: 2015/23/03

**18.4 The Regulations of the Board of Directors establish the duties of the Secretary, which include:**

- i. To call to meetings, according to the annual plan.**
- ii. To deliver in due time and form the information to the members of the Board of Directors.**
- iii. To keep the corporate documentation, duly reflect in the minutes books the development of meetings and attest to the agreements of corporate bodies.**

- iv. **To ensure the formal legality of the actions of the Board of Directors and ensure 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.**

**YES.** Since our incorporation, the duties of the General Secretary of the company have been established. His/her duties were detailed from the 2004 Code of Good Governance and were updated in the 2015 Code.

Date of Implementation: 1944/14/08

Date of last modification: 2015/29/12

**18. Organization of the Board of Directors: COMMITTEES OF THE BOARD OF DIRECTORS.**

**18.5 The Board of Directors has set up an Appointments and Remuneration Committee.**

**YES.** It was established in our 2013 Code of Good Governance, since it previously operated through that of our parent company Grupo Argos S.A. Its functions were modified in the 2015 Code of Good Governance.

Date of Implementation: 2013/07/06

Date of last modification: 2015/29/12

**18.6 The Board of Directors has set up a Risks Committee.**

**YES.** We have the Audit, Finance and Risks Committee, which was statutorily established since 2005. In the 2015 amendment to the Bylaws, its functions were modified and its name was changed to include “risks”, considering the duties it had been carrying out in this area and the new duties assigned by the Assembly.

Date of Implementation: 2005/29/07

Date of last modification: 2015/23/03

**18.7 The Board of Directors has set up a Corporate Governance Committee.**

**YES.** It was established in our 2013 Code of Good Governance, since it previously operated through that of our parent company Grupo Argos S.A. Its duties were modified in the 2015 Code of Good Governance.

Date of Implementation: 2013/07/06

Date of last modification: 2015/29/12

**18.8 If the company has considered that it is not necessary to set up all these Committees, their duties have been distributed among those that exist or have been assumed by the Board of Directors in full.**

**N.A.** We have three Support Committees for the Board of Directors:

1. Audit, Finance and Risks (2005 Bylaws)
2. Sustainability and Corporate Governance (2013 Code of Good Governance)
3. Appointments and Remuneration (2013 Code of Good Governance)

As modified by the 2015 Code of Good Governance.

Date of Implementation: Not Applicable

**18.9 Each of the Committees of the Board of Directors has Internal Regulations in place that regulates the details of its composition, the matters, the duties on which the Committee must work, and its operations, paying special attention to communication channels between the Committees and the Board of Directors and, in the case of Conglomerates, to relationship and coordination mechanisms between the Committees of the Board of Directors of the Parent Company and those of Subordinated Companies, if any.**

**YES.** The regulations of the Board of Directors and its Support Committees can be found in the Code of Good Governance.

Date of Implementation: 2005/29/07

Date of last modification: 2015/29/12

**18.10 The Committees of the Board of Directors are comprised exclusively of Independent or Property Members, with a minimum of three (3) members and are chaired by an Independent Member. In the case of the Appointments and Remuneration Committee, the Independent Members are always the majority.**

**NO.** Our Support Committees for the Board of Directors are exclusively made up of independent and property members of our Grupo Argos (there are no executive members). Notwithstanding the above, the Appointments and Remuneration Committee is made up of 3 members of the Board of Directors, one of which is a property member.

Date of Implementation: 2005/29/07

**18.11 The Committees of the Board of Directors can obtain support, specifically or permanently, from the members of the Senior Management with experience on the matters of their competence and/or from external experts.**

**YES.** The Board of Directors can count on the support, specifically or permanently, of the members of the Senior Management with experience in

the matters of their competence and/or from external experts. This was included from our 2005 Code of Good Governance.

Date of Implementation: 2005/04/02

**18.12 For the integration of its Committees, the Board of Directors takes into consideration the profiles, knowledge and professional experience of the members in relation to the subject matter of the Committee.**

**YES.** For the integration of its Committees, the Board of Directors takes into consideration the profiles, knowledge and professional experience of the members in relation to the subject matter of the Committee.

Date of Implementation: 2005/04/02

**18.13 Minutes are drawn up of the meetings of Committees, a copy of which is sent to all the members of the Board of Directors of the company. If the Committees have delegated powers for decision-making, the minutes are adjusted according to the provisions of articles 189 and 431 of the Code of Commerce.**

**YES.** Minutes are drawn up from the meetings of the Committees, which decisions are recorded in minutes that are sent to all the members of the Board of Directors of the company in accordance with the Operating Regulations of the Board of Directors contained in the Code of Good Governance. The delegated powers of the Committees for decision-making are recorded in minutes that conform to the requirements of articles 189 and 431 of the Code of Commerce.

Date of Implementation: 2005/04/02

**18.14 Unless the applicable legal or regulatory framework requires their establishment, in the case of Conglomerates, the internal regulations provide that the Boards of Directors of Subordinate Companies may choose not to establish specific Committees for the management of certain matters and these tasks will be assumed by the Committees of the Board of Directors of the Parent Company, without this implying a transfer to the Parent Company of the responsibility of the Boards of Directors of subordinate companies.**

**YES.** Until 2013, Cementos Argos had the Audit, Finance and Risks Committee, since the other two Committees operated from the parent company; however, since 2013 they operate independently in each company. The duties of all Committees were modified in the 2015 Code of Good Governance.

Date of Implementation: 2005/29/07

Date of last modification: 2015/29/12

**18. Organization of the Board of Directors: AUDIT COMMITTEE.**

**18.15 The main task of the Audit Committee is to assist the Board of Directors in its supervisory role by evaluating accounting procedures, the relationship with the Statutory Auditor and, in general, the revision of the company's Control Architecture, including the audit of the risk management system implemented by the company.**

**YES.** The Committee was created with the purpose of supporting the Board of Directors in the supervision of the effectiveness of the internal control system for decision-making in relation to the control and improvement of the activity of the company, its managers and directors. Its duties were modified in 2015 to strengthen the review of the company's control architecture.

Date of Implementation: 2005/04/02

Date of last modification: 2015/29/12

**18.16 The members of the Audit Committee have accounting, financial and other associated knowledge, which allows them to make statements rigorously on the topics of competence of the Committee with a sufficient level to understand their scope and complexity.**

**YES.** Since the 2004 Code of Good Governance, the profiles of the members of this Committee were included and our 2013 amendment included that at least one must be an expert in corporate finance and/or internal control.

Date of Implementation: 2005/04/02

Date of last modification: 2013/07/06

**18.17 At the request of the Chairman of the Assembly, the Chairman of the Audit Committee informs the General Shareholders Assembly about specific aspects of the work carried out by the Committee, such as the analysis of the scope and contents of the Statutory Auditor's Report.**

**YES.** The President of the company is the chairman of the Shareholders Assembly as mandated by the Bylaws, and in that regard, he/she may invite the Chairmen of the Committees of the Board of Directors to attend in order to render any report.

Date of Implementation: 1944/14/08

**18.18 The Internal Rules of the Committee has given it the following duties:**

**YES.** The Committee was created with the purpose of supporting the Board of Directors in the supervision of the effectiveness of the internal control system for decision-making in relation to the control and improvement of the activity of the company, its managers and directors. The Operating Regulations of the Board contained in the Code of Good Governance include the duties suggested in recommendation 18.18 of the Country Code.

Additionally, the Regulations of the Audit, Finance and Risks Committee have attributed these duties to it.

Date of Implementation: 2005/04/02

Date of last modification: 2015/29/12

**18. Organization of the Board of Directors: APPOINTMENTS AND REMUNERATION COMMITTEE.**

**18.19 The main objective of the Appointments and Remuneration Committee is to support the Board of Directors in the exercise of its decision-making or advisory duties associated with the appointment and remuneration of the members of the Board of Directors and Senior Management and to supervise the observance of the rules of Corporate Governance, periodically reviewing compliance therewith, recommendations and principles (in cases in which this duty is not expressly attributed to another committee of the company).**

**YES.** This Committee has the special duty of determining the policies and rules for the hiring, compensation and development of the company's management personnel. In our amendment to the 2015 Code of Good Governance, we assigned the duty of preparing and proposing to the Board of Directors the Appointment and Remuneration Policy of the Board of Directors for approval by the Shareholders Assembly, which was carried out at the ordinary meeting of the General Shareholders Assembly held on March 24, 2017.

Date of Implementation: 2013/07/06

Date of last modification: 2015/29/12

**18.20 Some members of the Appointments and Remuneration Committee have knowledge in strategy, human resources (recruitment and selection, hiring, training, administration or management of personnel), salary policy and related matters, with a sufficient level to understand the scope and complexity of these matters in the company.**

**YES.** Our Appointments and Remuneration Committee is composed of people with extensive knowledge in strategy, human resources, extensive experience in personnel management and legal aspects, among others.

Date of Implementation: 2013/07/06

**18.21 At the request of the Chairman of the Assembly, the Chairman of the Appointments and Remuneration Committee may inform the General Shareholders' Assembly about specific aspects of the work carried out by the Committee, such as monitoring the remuneration policies of the Board of Directors and Senior Management.**

**YES.** The President of the company is the chairman of the Shareholders Assembly as mandated by the Bylaws, and in that regard, he/she may invite



the Chairmen of the Committees of the Board of Directors to attend in order to render any report.

Date of Implementation: 1944/14/08

**18.22 The Internal Regulations of the Appointments and Remuneration Committee has given it the following duties:**

**YES.** This Committee has the special duty of determining the policies and rules for the hiring, compensation and development of the company's management personnel, among others. In our amendment to the 2015 Code of Good Governance, we assigned the duty of preparing and proposing to the Board of Directors the Appointment and Remuneration Policy of the Board of Directors for approval by the Shareholders Assembly, which was carried out at the ordinary meeting of the General Shareholders Assembly held on March 24, 2017.

Date of Implementation: 2013/07/06

Date of last modification: 2015/29/12

**18. Organization of the Board of Directors: RISKS COMMITTEE.**

**18.23 The main objective of the Risks Committee is to assist the Board of Directors in fulfilling its supervisory responsibilities in relation to risk management.**

**YES.** We have the Audit, Finance and Risks Committee, statutorily established since 2005. In the 2015 amendment to the Bylaws, its duties were modified and its name changed to include "risk", considering the duties it had been carrying out in this area and the new duties assigned by the Assembly. In addition, the Code of Good Governance indicates the supervision of the Comprehensive Risk Management System as one of the strategic objectives of this Committee.

Date of Implementation: 2005/04/02

Date of last modification: 2015/29/12

**18.24 At the request of the President of the Assembly, the Chairman of the Risks Committee may inform the General Shareholders Assembly about specific aspects of the work carried out by the Committee.**

**YES.** The President of the company is the chairman of the Shareholders Assembly as mandated by the Bylaws, and in that regard, he/she may invite the Chairmen of the Committees of the Board of Directors to attend in order to render any report.

Date of Implementation: 1944/14/08

**18.25 With the adjustments that may be necessary to distinguish between companies that belong to the financial sector or the real sector of**

**economy, and notwithstanding the duties assigned to this committee by the regulations in force, the Internal Regulations of the Risks Committee has given it the following duties:**

- i. To inform the General Shareholders Assembly about the questions posed by the Shareholders in matters within its competence.**
- ii. To review and evaluate the integrity and adequacy of the company's risk management function.**
- iii. To review the adequacy of the economic and regulatory capital, in cases where this may be the case, of each company and its allocation to the different business lines and/or products.**
- iv. To review risk limits and risk reports, making the pertinent recommendations to the Board of Directors and/or the Audit Committee.**
- v. To propose to the Board of Directors the company's risk policy.**
- vi. To systematically assess the company's general risk strategy and policies, translated into the establishment of limits by type of risk and business, with the disaggregation level established by business, business or economic groups, customers and activity areas.**
- vii. To analyze and assess the ordinary risk management in the company, in terms of limits, risk profile (expected loss), profitability, and capital map (capital at risk).**
- viii. To analyze and evaluate the risk control systems and tools of the company.**
- ix. To formulate the improvement initiatives deemed necessary on the infrastructure and internal control and risk management systems.**
- x. To submit to the Board of Directors proposals for delegation rules for its approval regarding the different types of risk that must be assumed by it or by other lower levels of the organization.**
- xi. To inform the Board of Directors about the operations that it must authorize, when they exceed the powers granted to other levels of the company.**
- xii. At the request of the Board of Directors, inform it about the operations that it must authorize by law or by regulation or by any internal or external provision.**

- xiii. **To evaluate and follow the indications made by the supervisory authorities in the exercise of their function.**
- xiv. **To promote the adaptation of risk management in the company with an advanced model that allows the configuration of a risk profile consistent with the strategic objectives and the monitoring of the adequacy level of the risks assumed with respect to that profile.**

**YES.** We have the Audit, Finance and Risks Committee, statutorily established since 2005. The 2015 amendment to the Bylaws modified its duties and changed its name to include “risk”, considering the duties it had been carrying out in this area and the new duties assigned by the Assembly.

Date of Implementation: 2005/04/02

Date of last modification: 2015/29/12

## **18. Organization of the Board of Directors: GOVERNANCE COMMITTEE**

**18.26 The main task of the Corporate Governance Committee is to assist the Board of Directors in its duties related to proposals and the supervision of the Corporate Governance measures adopted by the company.**

**YES.** The duties of the Sustainability and Corporate Governance Committee include ensuring compliance with the Code of Good Governance and related codes and policies, in accordance with the provisions of the Operating Regulations of the Board of Directors contemplated in the Code of Good Governance.

Date of Implementation: 2013/07/06

Date of last modification: 2015/29/12

**18.27 The Internal Regulations of the Corporate Governance Committee has given it the following duties:**

**YES.** We have the Sustainability and Corporate Governance Committee which objective is to recommend to the Board of Directors systems for the adoption, monitoring and improvement of corporate governance practices in the company.

Date of Implementation: 2013/07/06

Date of last modification: 2015/29/12

## **19. Operation of the Board of Directors**

**19.1 The Chairman of the Board of Directors, with the assistance of the Secretary and the President of the company, prepares a work plan for the Board of Directors for the evaluated period, a tool that facilitates**

**the determination of the reasonable number of ordinary meetings per year and their estimated duration.**

**YES.** The Board's Action Plan is approved on an annual basis, which sets the dates of ordinary meetings and the main topics to be discussed in each of them. The Operating Regulations of the Board contained in the Code of Good Governance expressly establish that at the first meeting held by the Board of Directors, after the ordinary meeting of the General Shareholders Assembly, the Action Plan for the relevant year will be defined, establishing dates of meetings throughout the year and the topics to be dealt with in each of them.

Additionally, one of the duties of the Chairman of the Board indicated in the Bylaws is to coordinate and plan the operation of the Board through the establishment of a work plan. This duty is fulfilled in practice with the assistance of the President and Secretary of the company.

Date of Implementation: 2004/02/04

Date of last modification: 2015/29/12

**19.2 Except for the entities subject to supervision that, due to their regime, are required to hold at least one (1) meeting per month, the Board of Directors of the company holds between eight (8) and twelve (12) ordinary meetings per year.**

**YES.** A monthly meeting was expressly included in the 2015 amendment to the Bylaws. The average number of company meetings in the last three years is approximately 16 meetings per year.

Date of Implementation: 2005/04/02

Date of last modification: 2015/29/12

**19.3 One (1) or two (2) meetings per year of the Board of Directors have a focus clearly oriented to the definition and monitoring of the company's strategy.**

**YES.** When the annual meeting schedule of the Board of Directors is established, the type of meeting is included (follow-up, strategy, etc.). This was included in our 2005 Code of Good Governance.

Date of Implementation: 2005/04/02

**19.4 The Board of Directors approves a specific schedule of ordinary meetings, notwithstanding the fact that, on an extraordinary basis, it may meet as many times as necessary.**

**YES.** In accordance with the bylaws, the Board of Directors will meet ordinarily at least once a month in accordance with the annual schedule approved by it, and it may meet extraordinarily when so determined.

Date of Implementation: 2005/04/02

- 19.5 Together with the call to the meeting and, at least, five (5) calendar days in advance, the documents or information associated with each item of the Agenda are delivered to the members of the Board of Directors, for its members to actively participate and make decisions in a reasoned manner.**

**YES.** The Code of Good Governance established that the information required for decision-making in each of the meetings will be made available to the members of the Board of Directors at least five (5) calendar days in advance of the scheduled date for the meeting.

Date of Implementation: 2005/04/02

Date of last modification: 2015/29/12

- 19.6 The President of the Board of Directors assumes, with the approval of the Secretary of the Board of Directors, the ultimate responsibility for members to receive the information sufficiently in advance and for information to be useful, so quality should be prioritized over quantity in the set of documents to be delivered (Board of Directors' dashboard).**

**YES.** Our 2005 Code of Good Governance included the obligation to deliver information in a clear, precise and timely manner. In addition, the bylaws included as a duty of the Chairman of the Board to ensure the delivery, in due time and form, of information to the members of the Board of Directors, directly or through the Secretary of the Board of Directors. In practice, the members of the Board of Directors have a technological tool (Tablet with its corresponding software) to facilitate the knowledge of the information dealt with in different meetings.

Date of Implementation: 2005/04/02

Date of last modification: 2015/29/12

- 19.7 The ultimate responsibility for the preparation of the Agenda for the meetings of the Board of Directors corresponds to the Chairman of the Board of Directors and not to the President of the company, and it is structured according to certain parameters that allow following a logical order of presentation of topics and debates.**

**YES.** Duty assigned to the Chairman of the Board of Directors in the amendment to the 2015 Code of Good Governance.

Date of Implementation: 2015/29/12

- 19.8 In the Annual Corporate Governance Report and on the corporate website, the company publishes the attendance of members to the meetings of the Board of Directors and its Committees.**

**YES.** According to the provisions of the Code of Good Governance, the

Annual Corporate Governance Report includes the attendance of the members of the Board of Directors at ordinary and extraordinary meetings and the meetings of Committees. Likewise, in the Integrated Report, the company publishes the attendance to the meetings of the Board of Directors. Both the Annual Corporate Governance Report and the Integrated Report are available on our website [www.argos.co/ir](http://www.argos.co/ir).

Date of Implementation: 2013/05/03

- 19.9 On an annual basis, the Board of Directors evaluates the effectiveness of its work as a collegiate body, as well as the effectiveness of its Committees and individual members, including evaluation by peers, as well as the reasonableness of its internal rules and the dedication and performance of its members, proposing, where appropriate, modifications to its organization and operation deemed pertinent. In the case of Conglomerates, the Board of Directors of the parent company requires the evaluation process to be also carried out in the Boards of Directors of Subordinate Companies.**

**NO.** The evaluation scheme of the Board of Directors has been adopted in the Code of Good Governance since 2005. Every year, the operation of the Board as a collegiate body is evaluated, alternating from one year to another a self-evaluation and an evaluation carried out by an independent external firm. The results and suggestions of these evaluations are taken into account for the design of Action Plans and the scheduling of training sessions, as well as for the adoption of any corrective measures considered necessary, if applicable. The parent company encourages this type of evaluation to be also carried out by the other companies that make up the Business Group.

Date of Implementation: 2005/04/02

Date of last modification: 2015/29/12

- 19.10 The Board of Directors alternates the internal self-evaluation technique with the external evaluation carried out by independent advisors.**

**YES.** The performance evaluation of the Board of Directors was considered from the 2005 Code of Good Governance. The 2013 Code included the external evaluation and the self-evaluation as an alternative to it. The annual rotation between the two types of evaluations was included in the 2015 Code of Good Governance.

Date of Implementation: 2005/04/02

Date of last modification: 2015/29/12

## **20. Duties and Rights of the members of the Board of Directors.**

- 20.1 The Regulations of the Board of Directors supplement the provisions of the regulatory framework in relation to the duties and rights of the members of the Board of Directors.**

**YES.** Our Code of Good Governance has established duties for the Board of Directors that supplement the framework of the applicable law, in relation to the duties and rights of our directors.

Date of Implementation: 2005/04/02

Date of last modification: 2015/29/12

**20.2 The Regulations of the Board of Directors develops the understanding of the company regarding the following duties of the members of the Board of Directors:**

- **Duty of diligence or care.**
- **Duty of loyalty.**
- **Duty of non-competition.**
- **Duty of secrecy.**
- **Duty of non-use of social assets.**

**YES.** Our Code of Good Governance establishes the principles of action of our directors.

Date of Implementation: 2004/04/02

**20.3 The Regulations of the Board of Directors expands on the content of the following rights of the members of the Board of Directors:**

- i. Right of information.**
- ii. Right to receive assistance from experts.**
- iii. Right of remuneration.**
- iv. Right of guidance and permanent training.**

**YES.** Measure adopted in the 2015 Code of Good Governance.

Date of Implementation: 2015/29/12

**21. Conflicts of Interest.**

**21.1. The company has a policy and procedure defined and formalized in the internal regulations for the knowledge, management and resolution of conflicts of interest, whether direct or indirect through Related Parties, which may affect the members of the Board of Directors and other Managers.**

**YES.** It is included in our Code of Good Governance since 2005. Its development was made in our Code of Business Conduct and was also updated in the 2015 Code of Good Governance.

Date of Implementation: 2005/04/02

Date of last modification: 2015/29/12

- 21.2. The procedure for the management of conflicts of interest makes a distinction regarding the nature of the conflicts of interest, differentiating between sporadic or permanent conflicts of interest. If the conflict of interest is sporadic, the applicable procedure indicates the rules and steps to be followed, which must be relatively easy to manage and difficult to avoid for the affected party. In the case of conflicts of interest of a permanent nature, the procedure states that if this situation affects all of the company's operations, it should be considered as a cause for the mandatory resignation of the affected party since it makes it impossible for him/her to exercise his/her position.**

**NO.** The Codes of Good Governance and Business Conduct establish the procedure for the management of conflicts of interest, but there is no express difference in these documents between sporadic and permanent conflicts, although the internal resolution bodies of these conflicts do differentiate them and measures are taken according to the case. However, when a conflict is known, it is studied whether it is permanent or temporary for purposes of the management or administration of the situation.

Date of Implementation: Not Applicable

- 21.3. The members of the Board of Directors, Legal Representatives, members of Senior Management and other Managers of the company periodically inform the Board of Directors of the relationships, direct or indirect, they maintain among themselves, or with other entities or structures belonging to the Conglomerate of which the issuer is part, or with the issuer, or with suppliers, or with clients or with any other Stakeholders, from which conflicts of interest may arise or that may influence their opinion or vote, thus building a "Map of Related Parties" of Managers.**

**YES.** The members of the Board of Directors and senior management fill out the "declaration of potential conflicts of interest" form on an annual basis. These ethical guidelines were included in the 2007 Code of Good Governance.

Date of Implementation: 2007/25/10

- 21.4. Relevant conflicts of interest considered as those that would force the affected party to refrain from attending a meeting and/or voting, including the members of the Board of Directors and other Managers, have been included in the public information published on an annual basis by the company on its website.**



**YES.** It is included in the Annual Corporate Governance Report that is published on our website.

Date of Implementation: 2010/01/04

**21.5. For these purposes, the definition of a Related Party applied by the company is consistent with International Accounting Standard No. 24 (IAS 24).**

**NO.** The definition accepted by the business group differs slightly from that established in IAS 24 because it was appropriate to adjust it to the reality of the business group. In this sense, the following are considered as a Related Party: (i) the entities of the business group to which the company belongs, and (ii) the Directors, managers or administrators of the company, their spouses or relatives up to the second degree of consanguinity or affinity.

Date of Implementation: Not Applicable

**22. Transactions with related parties.**

**22.1. The company has a policy in place that defines the specific procedure for the valuation, approval and disclosure of operations with Related Parties, including outstanding balances and relationships between them.**

**NO.** Our Bylaws and Code of Good Governance define the duties of the Board of Directors for operations with related parties; however, we are in the process of approving the policy.

Date of Implementation: Not Applicable

**22.2. The company's policy on operations with related parties addresses the following aspects:**

**i. Assessment: the knowledge and assessment of the transaction corresponds to the Audit Committee. The conclusions of the assessment are recorded in a report issued by the Committee to the Board of Directors where the following is established:**

**i. The qualitative or quantitative criteria used to determine the materiality of the operation.**

**ii. The respect of the operation of equal treatment to Shareholders.**

**iii. The price or value of the operation and respect for market conditions.**

**iv. The time of disclosure.**

- ii. **Approval: the operations with related parties are approved by the Board of Directors with the exclusion of the interested party, and depending on the volume or complexity of the operation, the policy may raise the option of requesting the express approval of the General Shareholders Assembly.**

**A qualified majority in the Board of Directors is required for the approval of these operations, in addition to the previous report, at least for the most relevant operations. This majority must be equal to three quarters of it and the affirmative vote of the Independent Members.**

- iii. **Disclosure: For the subsequent disclosure of operations between Related Parties belonging to the ordinary course of business that are recurrent and at market prices, the company provides the market with additional information regarding the scheme proposed by the IFRS and does so at least once a year through the financial statements.**

**NO.** Our Bylaws and Code of Good Governance define the duties of the Board of Directors for operations with related parties, however, we are in the process of approving the policy.

Date of Implementation: Not Applicable

- 22.3. **The policy stipulates that express authorization from the Board of Directors is not required for recurrent operations with related parties in the ordinary course of business carried out under adhesion agreements, or general framework agreements, which conditions are perfectly standardized and are applied massively and are carried out at market prices, set in general terms by those who act as suppliers of the goods or services in question, and which individual amount is not relevant to the company.**

**YES.** The duties of the Board of Directors include: Art. 50 Number 35 of the Bylaws. To know and approve the operations carried out by the company with Related Parties, Significant Shareholders, with members of the Board of Directors, with other managers of the company or with Related Parties of any of the aforementioned persons, when these have a Material Impact or are carried out outside the ordinary course of business or under non-market terms. Additionally, the Policy on Relationships between Related Companies states that operations with related parties must be carried out in accordance with the Bylaws, and in any case, on market terms.

Date of Implementation: 2015/29/12

## **23. Remuneration of the members of the Board of Directors.**

- 23.1. The company has a remuneration policy for the Board of Directors, approved by the General Shareholders Assembly and revised every year, which identifies all the remuneration components that can effectively be met. These components can be fixed or variable. They may include fixed fees for being a member of the Board of Directors, fees for attendance at meetings of the Board and/or its Committees and other emoluments of any kind accrued during the year, regardless of their cause, in cash or in kind, as well as the obligations assumed by the company in the matter of pensions or in the payment of life insurance premiums, or other items, with respect to both old and current members, as well as insurance premiums for civil liability (D&O policies) taken by the company for the members of the Board of Directors.**

**YES.** The company has an Appointment and Remuneration Policy in place for the Board of Directors approved at the ordinary meeting of the Shareholders Assembly held on March 24, 2017. The Policy identifies all the remuneration components of the members of the Board of Directors.

Date of Implementation: 2017/24/03

- 23.2. If the company adopts remuneration systems through the recognition of a variable component linked to the sound performance of the company in the medium and long term, the remuneration policy incorporates limits to the amount that can be distributed to the Board of Directors and, if the variable component is related to the benefits of the company or other management indicators at the end of the evaluated period, it must take into account any exceptions appearing in the Statutory Auditor's report and that could reduce the results of the period.**

**N.A.** The current remuneration of the Board of Directors does not include variable components linked to the sound performance of the company in the medium and long term.

Date of Implementation: Not Applicable

- 23.3. The Property and Independent Members of the Board of Directors are expressly excluded from remuneration systems that incorporate stock options or a variable remuneration linked to the absolute variation of the share price.**

**NO.** The Appointment and Remuneration Policy of the Board of Directors does not contemplate a restriction in this regard.

Date of Implementation: Not Applicable

- 23.4. For each period evaluated, within the framework of the remuneration policy, the General Shareholders Assembly approves a maximum cost of the Board of Directors for all approved remuneration components.**

**NO.** The Shareholders Assembly approves the total cost of the fees of the members of the Board of Directors.

Date of Implementation: Not Applicable

- 23.5. The total effective cost of the Board of Directors during the evaluated period, which includes all the remuneration components provided to the members of the Board of Directors as well as the reimbursement of expenses, is known by Shareholders and published on the company's website, with the disaggregation and detail level approved by the Board of Directors.**

**NO.** From the date of the call of the Assembly, the cost of the fees of the Board of Directors in the immediately preceding year is disclosed. Other costs associated with the Board of Directors have not been disclosed to date in a specific and disaggregated manner, although it should be noted that the company does not recognize additional expenses except for the travel expenses required to attend meetings.

Date of Implementation: N/A

**24. The President of the company and Senior Management.**

- 24.1. The governance model of the company establishes an effective separation between the administration or government of the company (represented by the Board of Directors) and the ordinary course of business (responsibility of Senior Management with the leadership of the President of the company).**

**YES.** Since our incorporation, separate duties have been established for the Board of Directors and the President of the company. The duties were updated in our 2015 Code of Good Governance.

Date of Implementation: 1944/14/08

Date of last modification: 2015/29/12

- 24.2. In general, the policy of the Board of Directors consists in delegating the ordinary course of business to the Senior Management team, concentrating its activity on the general functions of strategy, supervision, governance and control.**

**YES.** Since our incorporation, separate duties have been established for the Board of Directors and the President of the company, reserving strategy, supervision, governance and control functions to the Board of Directors. Such functions were updated in our 2015 Code of Good Governance.

Date of Implementation: 2005/04/02

Date of last modification: 2015/29/12

- 24.3. As a general rule, the members of the Senior Management are identified, evaluated and appointed directly by the President of the company since they are his/her direct collaborators. Alternatively, the company may opt for the members of the Senior Management to be appointed by the Board of Directors at the proposal of the President of the company. Regardless of who makes the final designation, the candidates to occupy key executive positions in the company are known and evaluated by the Appointments and Remuneration Committee of the Board of Directors, who must express its opinion.**

**YES.** In accordance with the provisions of the Bylaws and the Code of Good Governance, the Board of Directors, directly, or through the Appointments and Remuneration Committee, is responsible for appointing and removing Senior Management members at the proposal of the President of the Company.

Date of Implementation: 2013/07/06

Date of last modification: 2015/29/12

- 24.4. The company has a clear policy in place for the delegation of duties approved by the Board of Directors and/or a scheme of powers of attorney that allows knowing the level of empowerment of the President of the company and of the other members of Senior Management.**

**YES.** Since our incorporation, separate duties have been established in the Bylaws for the Board of Directors and the President of the company. These duties were updated in our 2015 Code of Good Governance.

Date of Implementation: 1944/14/08

Date of last modification: 2015/29/12

- 24.5. The Board of Directors, through the Appointments and Remuneration Committee, or whoever performs its functions, carried out annually the evaluation of the performance of the President of the company and examines the evaluations of the other members of Senior Management.**

**YES.** Since our 2013 Code of Good Governance, the performance evaluation of the company's President and Senior Management was included as a function of the Appointments and Remuneration Committee. In 2015, it was modified in the new Code of Good Governance.

Date of Implementation: 2013/07/06

Date of last modification: 2015/29/12

- 24.6. The company has a remuneration policy in place for the President of the company and the other members of Senior Management, approved by the Board of Directors, which identifies all the remuneration components that can be effectively met, conditioned on the fulfillment of long-term objectives and risk levels.**

**YES.** We have a Variable Remuneration System in place approved by the Board of Directors that is applicable to the President of the company and to Senior Management (in addition to other levels).

Date of Implementation: 2007/02/01

**24.7. If the remuneration of the President of the company includes a fixed component and a variable component, its technical design and calculation method prevents the variable component from exceeding the maximum limit established by the Board of Directors.**

**YES.** We have a Variable Remuneration System in place approved by the Board of Directors that is applicable to the President of the company and to Senior Management (in addition to other levels), which guarantees that the variable component does not exceed the maximum limit established by the Board of Directors.

Date of Implementation: 2007/02/01

#### **IV. CONTROL ARCHITECTURE**

##### **25. Control Environment.**

**25.1. The Board of Directors is ultimately responsible for the existence of a solid control environment within the company, suited to its nature, size, complexity and risks, so that:**

- i. A culture of risk and control is promoted throughout the company, to reach the entire organization.**
- ii. Roles and responsibilities are defined around risk management, internal control and evaluation, with clearly established reporting lines.**
- iii. The risks derived from the strategic definition of the company and the business processes are considered in order to carry out an adequate monitoring, evaluation and management thereof.**

**YES.** Our Bylaws and our Code of Good Governance have defined that the Board of Directors is ultimately responsible for the control environment in the company. Its functions were modified in the 2015 Code of Good Governance so that they were sufficiently defined, in accordance with the functions that are being carried out and that are framed in the best practices of Corporate Governance and that strengthen the control architecture of the company.

Date of Implementation: 1944/14/08

Date of last modification: 2015/29/12

- 25.2. In the case of Conglomerates, the Board of Directors of the Parent Company will be geared towards the existence of a Control Architecture with a consolidated and formal scope, which covers all Subordinated companies, establishing responsibilities with respect to policies and guidelines on this matter at conglomerate level and defining clear reporting lines that allow having a consolidated view of the risks to which the Conglomerate is exposed and the adoption of the corresponding control measures.**

**YES.** The Code of Good Governance of our parent company, Grupo Argos, has established that the Board of Directors of Grupo Argos is responsible for the existence of a Control Architecture with a consolidated and formal scope, which covers all Related companies, establishing responsibilities regarding policies and guidelines on this matter at Conglomerate level and defining clear reporting lines that allow having a consolidated view of the risks to which the Conglomerate is exposed and the adoption of the corresponding control measures.

Additionally, the Policy on Relationships between Related Companies establishes that Grupo Argos is expected to promote appropriate corporate behavior, transparent and efficient management and disclosure, always in compliance with the laws of the geographical areas where it operates.

Date of Implementation: 2015/25/11

**26. Risk Management.**

- 26.1. In the company, the risk management objectives are as follows:**

- i. The identification of the risks derived from the strategy defined by the company.**
- ii. Risk assessment and measurement of the degree of exposure to them.**
- iii. Effective risk management, which includes making management decisions in terms of avoiding, controlling, mitigating, sharing or accepting such risks.**
- iv. Monitoring of risks, understood as the assessment that decisions on risk assumption are in line with the risk policy approved by the Board of Directors and with the maximum exposure limits defined by it.**
- v. Regular report to the Board of Directors and Senior Management on risk management.**

**YES.** In the company, the Comprehensive Risk Management System is focused on the identification of the most relevant risks that are found in: the development of the strategy, processes, projects and facilities, taking into

account their possible impact and the criticality of their impacts on strategic objectives.

The Code of Good Governance of the company establishes the general guidelines developed in specific documents, such as the Risk Policy and the Manual of the Comprehensive Risk Management System. The Risk Policy establishes the elements and the general framework for action, as well as the expectations of the company regarding risk management and the scope of the model implemented. The Policy is supplemented by the specific guidelines established in the Manual of the Comprehensive Risk Management System, which clearly determines the methodology that must be followed in the company to ensure that risk management is carried out in the best way possible according to world-class guidelines.

The Manual establishes the objectives, which include “establishing the methodology to be able to identify, measure, control, communicate and monitor risks”.

Date of Implementation: 2005/04/02

Date of last modification: 2015/23/03

**26.2. The company has a risk map understood as a tool for identifying and monitoring the financial and non-financial risks to which it is exposed.**

**YES.** The Code of Good Governance of the company establishes the general guidelines developed in specific documents, such as the Risks Policy and the Manual of the Comprehensive Risk Management System. The Manual establishes the need to draw up the Strategic and Emerging Risk Map of the company, which responds to the strategy defined by Senior Management and the Board of Directors and is aligned with the strategic objectives of the company.

Date of Implementation: 2005/04/02

Date of last modification: 2015/29/12

**26.3. The Board of Directors is responsible for defining a risk management policy as well as for setting maximum exposure limits for each risk identified.**

**YES.** The Code of Good Governance of the company establishes the general guidelines developed in specific documents, such as the Risks Policy and the Manual of the Comprehensive Risk Management System, which were approved by the Audit, Finance and Risks Committee, in its capacity as Support Committee to the management of the Board of Directors.

In addition, the maximum risk exposure limits are set out in the Annexes of the Comprehensive Risk Management Manual. All of the above is based on the risk level that the company is willing to assume, according to its comprehensive system.



Date of Implementation: 2005/04/02  
Date of last modification: 2015/29/12

- 26.4. The Board of Directors is aware of and periodically supervises the effective exposure of the company to the maximum risk limits defined, and proposes correction and follow-up actions in case of deviations.**

**YES.** The Board has the duty of supervising and monitoring risk management. The Audit, Finance and Risks Committee closely monitors deviations and proposes corrective actions.

Date of Implementation: 2005/04/02  
Date of last modification: 2015/29/12

- 26.5. Within the framework of the risk management policy, the Senior Management is the owner of the processes and is responsible for risk management, i.e. to identify, assess, measure, control, monitor and report risks, defining methodologies, and ensuring that the risk management is consistent with the strategy, the defined risk policy and the maximum limits approved.**

**YES.** The Senior Management is responsible for risk management, i.e. to identify, assess, measure, control, monitor and report risks, defining methodologies and ensuring that the risk management is consistent with the strategy. In addition, the maximum risk exposure limits are set out in the Annexes of the Comprehensive Risk Management Manual. All of the above is based on the risk level that the company is willing to assume, according to its comprehensive system.

Date of Implementation: 2005/04/02  
Date of last modification: 2015/29/12

- 26.6. The company has a risk delegation policy in place, approved by the Board of Directors, which establishes the risk limits that can be managed directly by each level in the company.**

**YES.** The risk map was expressly included since the issuance of our first Code of Good Governance in 2005. Today we have a Comprehensive Risk Management System (SGIR) in place, which was expressly included in the amendment of the 2015 Code of Good Governance.

In addition, the Comprehensive Risk Management Manual includes the matrix that determines the levels of monitoring and approval according to the level of exposure, respecting the powers and attributions of the Board of Directors.

Date of Implementation: 2005/04/02  
Date of last modification: 2015/29/12

- 26.7. In Conglomerates, risk management must be carried out at a consolidated level so as to contribute to the cohesion and control of the companies that comprise it.**

**YES.** In the Policy on Relationships between Related Companies approved by our parent company Grupo Argos, it has been established that Grupo Argos, the parent company of the Business Group, is responsible for overseeing the Comprehensive Risk Management System of the holding company and its affiliates, for reviewing and evaluating the efficiency and integrity of the Internal Control System and for the definition of the risk appetite and tolerance according to the strategic definitions of the company.

Date of Implementation: 2015/25/11

Date of Modification: 2015/16/12

- 26.8. If the company has a complex and diverse structure of businesses and operations, the position of Risk Manager (CRO Chief Risk Officer) with competence at Conglomerate level exists in the case of integrated companies in control and/or business group situations.**

**NO.** Although there is no position as the Risk Manager of the Conglomerate, there is the General Corporate Comptroller's Office, which, in accordance with the provisions of the Code of Good Governance of Grupo Argos, is responsible for the design and coordination with Related Companies of the elements that make up the Control Architecture. Additionally, in Cementos Argos we have a Risk Manager for this company and its subordinates.

Date of Implementation: Not Applicable

## **27. Control activities.**

- 27.1. The Board of Directors is responsible for ensuring the existence of an adequate internal control system, suited to the company and its complexity and consistent with current risk management processes.**

**YES.** The Bylaws and our Code of Good Governance have defined that the Board of Directors is ultimately responsible for the control environment of the company. Its duties were modified in the 2015 Code of Good Governance so that they were sufficiently defined and framed in the best practices of Corporate Governance, in order to strengthen the control architecture of the company.

Date of Implementation: 1944/14/08

Date of last modification: 2015/29/12

- 27.2. The Board of Directors is responsible for supervising the effectiveness and suitability of the internal control system, which may be delegated to the Audit Committee, without the Board losing its supervisory responsibility.**

**YES.** The Bylaws and our Code of Good Governance have defined that the Board of Directors is ultimately responsible for the control environment of the company. Its duties were modified in the 2015 Code of Good Governance so that they were sufficiently defined and framed in the best practices of Corporate Governance, in order to strengthen the control architecture of the company. The Audit, Finance and Risks Committee has specific duties in relation to the supervision of the control architecture of the company without the Board losing its responsibility in the matter.

Date of Implementation: 1944/14/08

Date of last modification: 2015/29/12

- 27.3. The principle of self-control is applied and demanded in the company, understood as the “capacity of the people who participate in the different processes to consider control as an inherent part of their responsibilities, fields of action and decision-making processes”.**

**YES.** In accordance with the provisions of our Code of Good Governance, the company has a control structure that includes the implementation of a Comprehensive Risk Management System (SGIR). This system incorporates the principle of self-control in processes, projects, facilities and in all the operations of the company, as well as in the continuity of operations.

Date of Implementation: 2005/04/02

Date of last modification: 2015/29/12

## **28. Information and Communication.**

- 28.1. In the company, the risk culture, philosophy and policies as well as the approved exposure limits are communicated downwards and horizontally, so that the organization as a whole considers the risks and control activities.**

**YES.** The communications plan of the risk area started in 2012. The risk culture is a fundamental pillar within the risk model adopted and it is the fundamental premise to ensure that the risk management function operates as a dynamic model in the company.

This campaign is complemented by training, workshops, internal methodologies for the evaluation and delegation of risks and through surveys of maturity and risk culture that allow the company to focus on strategies to strengthen risk control and prevention. Additionally, we have the role of risk managers who are responsible for spreading the culture of risk self-management in each of the areas of the company.

Date of Implementation: 2012/02/01

- 28.2. In the company there is a mechanism for reporting information upwards (to the Board of Directors and Senior Management), which is**

**truthful, comprehensible and complete, so that it supports and allows informed decision-making and risks management and control.**

**YES.** The internal audit, risk and compliance areas submit their reports to the Board of Directors and/or the Audit, Finance and Risk Committee.

Date of Implementation: 2005/04/02

Date of last modification: 2015/29/12

**28.3. The communication and reporting mechanism of the company allows:**

- i. Senior Management to involve the entire company highlighting its responsibility to risk management and the definition of controls.**
- ii. The staff of the company to understand their role in risk management and in the identification of controls, as well as their individual contribution in relation to the work of others.**

**YES.** In accordance with the Code of Good Governance, the Board of Directors must strive for the risk and control culture of the company and the general secretary must ensure that the decisions taken by the Board of Directors in order to promote a sound control environment be communicated to the company personnel. This allows, in the exercise of the principle of self-control, each process owner to understand his/her role in risk management and carry out the decisions of the directors. Additionally, the company has several monitoring mechanisms in place to ensure that risk management is adequate and efficient:

- Information system that custodies risk matrices and management plans.

- Risk-based audits led by the audit area of Cementos Argos.

- Hiring of external consultants to evaluate the effectiveness of the risk management and internal control systems.

- Remuneration indicators associated with risk management.

Date of Implementation: 2013/15/04

**28.4. There are internal whistleblower lines that allow employees to anonymously communicate any illegal or unethical behavior or behaviors that may be contrary to the risk management and control culture in the company. The report on these complaints is examined by the Board of Directors of the company.**

**YES.** We have the transparency line through which concerns, complaints or possible violations of the Code of Business Conduct and in general any violations of our policies or internal documents or those that according to

the law must be met by us are reported. Reports are periodically submitted to the Board of Directors or its Committees on this matter.

Date of Implementation: 2011/12/12

**29. Monitoring of the control architecture**

**29.1. In the company, the Board of Directors, through the Audit Committee, is responsible for supervising the effectiveness of the different components of the Control Architecture.**

**YES.** The Committee was created with the purpose of supporting the Board of Directors in the supervision of the effectiveness of the internal control system, for decision-making in relation to the control and improvement of the activity of the company, its managers and directors. Its duties were modified in 2015 to strengthen the review of the company's control architecture.

Date of Implementation: 1944/14/08

Date of last modification: 2015/29/12

**29.2. In the company, the monitoring task intended to provide assurance on the effectiveness of the Control Architecture mainly involves the internal audit area in collaboration with the Statutory Auditor in the matters of his/her competence and in particular with regard to the financial information produced by the company.**

**YES.** From our 2005 Code of Good Governance, the duties of the internal audit area were included with respect to the assurance of the effectiveness of the internal control architecture. Additionally, the Corporate Bylaws establish the duties of the Statutory Auditor, which include the review of financial information.

Date of Implementation: 2005/04/02

Date of last modification: 2015/29/12

**29.3. The internal audit function of the company has an Internal Audit Code, approved by the Audit Committee, which expressly includes the scope of its functions in this matter, which include:**

- i. The autonomy and independence necessary for the exercise of its duties.**
- ii. The task related to the evaluation and assurance of risk management processes.**
- iii. The evaluation and assurance that risks are being correctly evaluated.**

iv. **The evaluation of the reporting mechanisms of key business risks.**

v. **The review of the management of key risks by managers.**

**YES.** We have an Internal Audit Code in place, which defines - among others - its duties.

Date of Implementation: 2005/29/07

Date of Modification: 2017/22/06

**29.4. The head of the internal audit area maintains a relationship of professional independence with respect to the Senior Management of the company or the Conglomerate that has hired him/her, through his/her exclusive functional dependency on the Audit Committee.**

**YES.** From our 2005 Code of Good Governance, it was expressly included that the Internal Audit area will depend directly on the Audit, Finance and Risks Committee. The Internal Auditor Code is also available.

Date of Implementation: 2005/04/02

**29.5. In the company, the appointment and the removal of the person responsible for the internal audit is a responsibility of the Board of Directors, at the proposal of the Audit Committee, and his/her removal or resignation is communicated to the market.**

**YES.** Our 2005 Code of Good Governance expressly included the appointment of the internal auditor by the Audit Committee. This measure was completed in our amendment of the 2015 Code of Good Governance.

Date of Implementation: 2005/04/02

Date of last modification: 2015/29/12

**29.6. The Statutory Auditor of the company or Conglomerate maintains clear independence with respect to the latter, which must be declared in the respective audit report.**

**YES.** In his/her reports, the statutory auditor declares his/her independence with respect to the company; similarly, the Code of Good Governance includes the capacities and requirements of independence to become a statutory auditor of the company.

Date of Implementation: 2005/04/02

**29.7. If the company acts as the Parent Company of a Conglomerate, the Statutory Auditor is the same for all companies, including off-shore companies.**

**NO.** In accordance with the Code of Good Governance, the Statutory Auditor

must be a firm of recognized international and independent prestige, and preferably it is the same firm in all companies. However, given the diversity of geographies in which the conglomerate has a presence, it cannot be guaranteed that the audit will always be carried out by the same firm.

Date of Implementation: N/A

**29.8. The company has a policy in place for the appointment of the Statutory Auditor, approved by the Board of Directors and disseminated among Shareholders, which includes:**

- i. Some rules for the selection of the Statutory Auditor, based on criteria of professionalism, experience and honesty, which provide that the Board of Directors may not propose for appointment to the General Shareholders Assembly firms that have been subject to disqualification, suspension or any other type of sanction due to the exercise of financial audit services, imposed by a judge or a regulatory and/or supervisory authority of the countries in which the Conglomerate operates. The evaluation and assurance of risk management processes.**
- ii. Maximum duration of the contract and applicable extensions.**
- iii. The formation and capacities of the work team that accompany the Statutory Auditor.**

**YES.** In accordance with the provisions of the Code of Good Governance, neither the Statutory Auditor nor natural persons or legal entities related to him/her, may perform or provide services other than those inherent to their position, neither for the parent company nor for any of its subordinates. The Code of Good Governance establishes a limit for the natural persons that can be appointed to exercise the position of principal and alternate, according to which they must be changed at least every five (5) years and that said persons may only return as statutory auditors for ARGOS at least two (2) years after their removal from office.

Date of Implementation: 2005/04/02

**29.9. In order to avoid excessive links between the company and the Statutory Audit firm and/or its teams and maintain its independence, the company establishes a maximum contract term that ranges from five (5) to ten (10) years. In the case of the Statutory Auditor that is a natural person not related to a firm, the maximum term of contract is five (5) years.**

**NO.** The Code of Good Governance establishes a limit for natural persons designated to occupy the position of principal and alternate, according to which they must be changed at least every five (5) years and that said persons may only return as statutory auditors for ARGOS at least two (2) years after their removal from office. An amendment to our Code of Good

Governance is being approved to include a 10-year limit to the contract with the Statutory Audit firm.

Date of Implementation: N/A

**29.10. Within the maximum term of the contract, the company promotes the rotation of the partner of the Statutory Audit firm assigned to the company and its work teams in the middle of the period, at which completion the rotation of the firm must necessarily take place.**

**YES.** Our Code of Good Governance included the obligation that the contract entered into by the company with the Statutory Auditor must establish that, in the event of successive re-elections, the natural persons appointed to occupy the position of principal and alternate must be changed at least every five (5) years and that said persons may only return as statutory auditors for ARGOS at least two (2) years after their removal from office.

Date of Implementation: 2013/07/06

**29.11. In addition to the current prohibition against contracting with the Statutory Auditor professional services other than those related to financial auditing and other functions recognized in the current regulations, the company extends this limitation to persons or entities related to the Statutory Audit firm, which include the companies of its group as well as companies in which there is a broad coincidence of partners and/or managers with those of the Statutory Audit firm.**

**YES.** Our Code of Good Governance establishes that neither the Statutory Auditor nor the natural persons or legal entities related to it may perform or provide services other than those inherent to their position neither for ARGOS nor for any of its subordinate companies.

Date of Implementation: 2007/25/10

**29.12. In its public information, the company discloses the total amount of the contract with the Statutory Auditor as well as the proportion represented by the fees paid by the company with respect to the total income of the firm related to its statutory audit activity.**

**YES.** The amounts paid to the statutory auditor are disclosed every year, in accordance with the approval of the remuneration made by the Shareholders Assembly.

Date of Implementation: 2005/04/02

## **V. TRANSPARENCY AND FINANCIAL AND NON-FINANCIAL INFORMATION**

### **30. Information disclosure policy.**



**30.1. The Board of Directors has approved an information disclosure policy, which identifies, as a minimum, the following:**

- i. The identification of the department or unit within the company responsible for preparing the information disclosure policy.**
- ii. The information to be disclosed.**
- iv. The manner in which information must be disclosed.**
- v. The person to whom the information must be disclosed.**
- vi. Mechanisms to ensure the highest quality and representativeness of the information disclosed.**
- vii. A procedure for classifying information as reserved or confidential and for the management of such information in respect to the disclosure requirements of the current regulations.**

**NO.** The information disclosure policy is being drawn up.

Date of Implementation: Not Applicable

**30.2. In the case of Conglomerates, disclosure of information to third parties is integral and transversal, in reference to the set of companies, which allows external third parties to have a well-founded opinion about the reality, organization, complexity, activity, size and governance model of the Conglomerate.**

**YES.** The structure of the business group is found on the website of Grupo Argos and the web pages of the companies related to the conglomerate include information on the complete structure of the conglomerate, business objectives, financial statements, policies, beneficial owners, main activities and government bodies, among others.

Date of Implementation: 2005/19/12

### **31. Financial Statements.**

**31.1. If there are exceptions in the report of the Statutory Auditor, these and the actions proposed by the company to solve the situation will be subject to the Shareholders meeting at the General Assembly, by the Chairman of the Audit Committee.**

**YES.** This measure was adopted in the 2015 Code of Good Governance and was supplemented in the amendment to the 2017 Code of Good Governance.

Date of Implementation: 2015/29/12

Date of Modification: 2017/30/11

- 31.2. When there are exceptions and/or paragraphs of emphasis by the Statutory Auditor, the Board of Directors considers that it must maintain its criterion; this position is adequately explained and justified by means of a written report submitted to the General Assembly, specifying the contents and scope of the discrepancy.**

**YES.** This measure is included in the functions of the Audit, Finance and Risks Committee as established in our Code of Good Governance, which was supplemented in the amendment to the 2017 Code of Good Governance.

Date of Implementation: 2015/29/12

Date of Modification: 2017/30/11

- 31.3. Transactions with or between Related Parties, including transactions between companies of the Conglomerate that, by means of objective parameters such as the volume of the operation, percentage on assets, sales or other indicators, are classified as material by the company, are included in detail in public financial information as well as the mention of carrying out off-shore operations.**

**YES.** We publish the Group report of article 29 of the Code of Commerce which details the operations between related parties of the previous year, which is part of the documents concerning the right of inspection for the ordinary meeting of the Assembly. The detail of the transactions carried out with related companies is shown in the notes to the separate and consolidated financial statements.

Date of Implementation: 1971/26/03

## **32. Information to markets.**

- 32.1. Within the framework of the information disclosure policy, the Board of Directors (or the Audit Committee), adopts the necessary measures to ensure that all financial and non-financial information on the company required by current legislation be conveyed to financial and capital markets, as well as any information deemed relevant to investors and customers.**

**YES.** Although the information disclosure policy is being drawn up, all the information that must be disclosed according to the law or under the Code of Good Governance is disclosed to the market.

Date of Implementation: 2007/25/10

Date of last modification: 2013/25/06

- 32.2. The company's website is organized in a friendly way, so that it is easy for users to access the information associated with or related to Corporate Governance.**

**YES.** The company has a website, [www.argos.co/ir](http://www.argos.co/ir), which includes easily-accessible information for our Shareholders and investors, we also have the Assembly section on the Corporate Governance tab, in which we include information and documents for Shareholders to exercise their right in the meeting called. It was updated in 2013 to comply with the IR Seal requirements of the Colombia Stock Exchange.

Date of Implementation: 2007/25/10

Date of last modification: 2013/25/06

**32.3. In this regard, the company's website includes, at least, the following or similar links:**

- i. About the company: history, main data, vision and values, business model, business structure, governance model; and in the case of Conglomerates: the relationships between the parent company and subordinates, etc.**
- ii. Shareholders: listing, capital, coverage of analysts, relevant events reported to the RNVE, financial information (audited financial statements and report or opinion of the Statutory Auditor, annual report, management report, presentation of interim results, economic and financial indicators, etc.), Shareholders' agenda (informative meetings, Assemblies, dividend payments, etc.), General Assembly (call, agenda, proposals of agreement, information associated with agenda items, representation model, etc.), historical dividends per share paid, data from the Shareholders' contact office, frequently asked questions, etc. (FOLLOWS)**
- iii. Investor relations: results, presentations (of results, operations, conferences, events, etc.), financial reports (annual report, management report, quarterly reports, risk management report, information to supervisory bodies, significant news, periodic public information, etc.), characteristics of current debt issues, ratings report, etc.**
- iv. Corporate Governance: Bylaws, General Shareholders Assembly and its Regulations, Corporate Code of Good Governance, composition of the Board of Directors and its Regulations, Committees of the Board of Directors, Annual Corporate Governance Report, Reports of Committees, information rights, Shareholders' agreements, Code of Conduct, Code of Ethics, copy of the last five (5) Country Code Surveys completed and/or Implementation Report, main policies of the company, etc.**
- v. Sustainability: corporate social responsibility policies, relationships with stakeholders, community, environment, etc.**

**YES.** The company has a website, [www.argos.co/ir](http://www.argos.co/ir), which includes easily-accessible information for our Shareholders and investors, we also have the Assembly section on the Corporate Governance tab, in which we include information and documents for Shareholders to exercise their right in the meeting called. It was updated in 2013 to comply with the IR Seal requirements of the Colombia Stock Exchange.

Date of Implementation: 2007/25/10

Date of last modification: 2013/25/06

**32.4. The supporting documents to communicate information to the markets used by the company in general are documents that can be printed, downloaded and shared.**

**YES.** The company has a website, [www.argos.co/ir](http://www.argos.co/ir), which includes easily-accessible information for our Shareholders and investors, we also have the Assembly section on the Corporate Governance tab, in which we include information and documents for Shareholders to exercise their right in the meeting called. It was updated in 2013 to comply with the IR Seal requirements of the Colombia Stock Exchange.

Date of Implementation: 2007/25/10

Date of last modification: 2013/25/06

**32.5. If the company is a large and complex company, it annually publishes on its website an explanatory report on the organization, methods and procedures of the Control Architecture implemented with the purpose of providing correct and sound financial and non-financial information, safeguarding the assets of the entity and the efficiency and security of its operations. The information on the Control Architecture is supplemented by a risk management report.**

**YES.** The company publishes every year a comprehensive report that meets the GRI standard, in which, among many other things, the information suggested in recommendation 32.5 is included.

Date of Implementation: 2013/05/03

**33. Annual Corporate Governance Report.**

**33.1. The company prepares on an annual basis a Corporate Governance Report, which content is the responsibility of the Board of Directors, after being reviewed and approved by the Audit Committee, which is submitted along with the rest of year-end documents.**

**YES.** The Annual Corporate Governance Report of the company is submitted by the Board of Directors to the Shareholders Assembly and is published on the company's website.

Date of Implementation: 2010/19/03

- 33.2. The Annual Corporate Governance Report of the company is not a mere transcription of the Corporate Governance rules included in the Bylaws, internal regulations, Code of Good Governance or other corporate documents. It is not intended to describe the governance model of the company but to explain the reality of its operation and any relevant changes that may take place during the year.**

**YES.** The Annual Corporate Governance Report describes in detail the corporate governance structure of the organization and the degree of compliance with each of the aspects contemplated in said structure, as well as the activities carried out during the year.

Date of Implementation: 2015/23/03

- 33.3. The Annual Corporate Governance Report of the company contains year-end information that describes the manner in which the Corporate Governance recommendations adopted by the company were implemented and the main changes that took place during the year.**

**The structure of the Annual Corporate Governance Report of the company is as follows:**

- i. Ownership structure of the company or Conglomerate:**
  - a) Capital and ownership structure of the company.**
  - b) Identity of the Shareholders that have significant, direct and indirect participations.**
  - c) Information on the shares directly (in a personal capacity) or indirectly (through companies or other vehicles) owned by the members of the Board of Directors and the voting rights they represent.**
  - d) Family, commercial, contractual or corporate relationships that exist between the holders of significant shares and the company or between the holders of significant shares among themselves.**
  - e) Negotiations made by the members of the Board of Directors, Senior Management and other Managers with the shares and other securities issued by the company.**
  - f) A summary of the agreements known between Shareholders.**

- g) The shares held by the company.**
- ii. Management structure of the company or Conglomerate:**

  - a) Composition of the Board of Directors and identification of the origin of each of the members and the Committees created within it. Date of first appointment and subsequent appointments.**
  - b) Résumés of the members of the Board of Directors.**
  - c) Changes in the Board of Directors during the year.**
  - d) Members of the Board of Directors of the Parent Company integrated in the Boards of Directors of Subordinate companies or occupying executive positions in such companies (as in the case of Conglomerates).**
  - e) The policies approved by the Board of Directors during the reporting period.**
  - f) Appointment process of the members of the Board of Directors.**
  - g) Remuneration policy of the Board of Directors.**
  - h) Remuneration of the Board of Directors and members of the Senior Management.**
  - i) Quorum of the Board of Directors.**
  - j) Data on the attendance to meetings of the Board of Directors and the Committees.**
  - k) Chairman of the Board of Directors (duties and key issues).**
  - l) Secretary of the Board of Directors (duties and key issues).**
  - m) Relationships during the year of the Board of Directors with the Statutory Auditor, financial analysts, investment banks and rating agencies.**
  - n) External advice received by the Board of Directors.**
  - o) Management of the information of the Board of Directors.**
  - p) Activities of the Committees of the Board of Directors.**

- q) **Information on the performance of evaluation processes to the Board of Directors and Senior Management, as well as a summary of the results.**

**iii. Operations with related parties:**

- a) **Attributions of the Board of Directors regarding this type of operations and conflicts of interest.**
- b) **Details of the operations with Related Parties that are most relevant in the company's opinion, including transactions between companies of the Conglomerate.**
- c) **Conflicts of interest occurred and actions by the members of the Board of Directors.**
- d) **Mechanisms to solve conflicts of interest between companies of the same Conglomerate and the application thereof during the year.**

**iv. Risk management systems of the company or Conglomerate:**

- a) **Explanation of the Internal Control System (SCI) of the company or Conglomerate and its modifications during the year.**
- b) **Description of the risk policy and its application during the year.**
- c) **Materialization of risks during the year.**
- d) **Response and supervision plans for the main risks.**

**v. General Shareholders Assembly:**

- a) **Differences in the operation of the Assembly between the minimum regime of the regulations in force and that defined by the Bylaws and the regulations of the Assembly of the company.**
- b) **Measures adopted during the year to promote the participation of Shareholders.**
- c) **Information to Shareholders and communication with them.**
- d) **Number of requests and matters on which the Shareholders have requested information from the company.**

**e) Data on the attendance to meetings of the General Shareholders Assembly.**

**f) Details of the main agreements entered into.**

**YES.** The Corporate Governance compliance report has been structured since 2015 with the objective of fulfilling all the requirements of the Country Code.

Date of Implementation: 2015/23/03