

# GLOBAL COMPACT COMMUNICATION ON PROGRESS



This is our Communication on Progress in implementing the principles of the United Nations Global Compact and supporting broader UN goals.

We welcome feedback on its contents.

Principles	Progress	Goals	Page
<b>AREA: HUMAN RIGHTS   Vision: Human Rights Policy</b>			90
<b>1</b> Businesses should support and respect the protection of internationally proclaimed human rights	<ul style="list-style-type: none"> <li>1. In 2016, we reached 200,912 hours of training on policies and procedures related to human rights. In the Colombian Region, we also trained 100% of local authorities that safeguard operations in Colombia and 65 supplier companies.</li> <li>2. We launched an online human rights toolkit for local mining suppliers.</li> <li>3. We evaluated 637 suppliers in the Colombia, and the Caribbean and Central America Region on human rights areas such as labor practices, including the prohibition of child labor, forced labor, freedom of association and collective bargaining, health and safety, and other related topics such as environmental performance and anti-corruption and transparency practices.</li> <li>4. We disseminated the results of the human rights due diligence process to employees.</li> </ul>	<ul style="list-style-type: none"> <li>1. Continue raising human rights awareness among our stakeholders. In 2017, we will launch a human rights course on Educa that will be available to our employees in all three regions. In addition, we will continue to train suppliers and local authorities in order to ensure a supply chain that is both, responsible and sustainable and the development of alliances of trust at local operations.</li> </ul>	
<b>2</b> Make sure that the company is not complicit in human rights abuses	<ul style="list-style-type: none"> <li>5. When the due diligence process with employees showed that 48.2% of our country operations had high exposure to the human rights risk of "violation of life, liberty, health and personal safety," we continued with implementation of mitigation plans through the I Promise Project in all Argos operations.</li> <li>6. As a result of gaps identified in the HR due diligence process with employees, Argos adopted and disseminated a corporate due process procedure.</li> </ul>	<ul style="list-style-type: none"> <li>2. Continue to evaluate our suppliers on human rights through screening processes both before and after negotiations in order to monitor their performance.</li> </ul>	62 84 86
<b>AREA: LABOR   Vision: Talent Management Policy - Equality and Diversity Policies</b>			86
<b>3</b> Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining	<ul style="list-style-type: none"> <li>1. We respect the right to join or not join unions. There are 16 unions at Argos.</li> <li>2. We believe in dialogue. In 2016 Argos held 306 meeting with unions.</li> <li>3. We continued to build agreement through collective bargaining. In 2016 a total of 6 collective agreements were adopted.</li> <li>4. We believe in the importance of trusting relations with our employees. A total of 180 employees, including union members, the talent management team, and other employees, participated in the Workplace Studies Program event in the Colombia Region.</li> <li>5. Argos values the participation of unions in strategic processes. In 2016 unions actively participated in the implementation of the I Promise Project (health and safety) and in the Equipares Seal (gender equity)</li> </ul>	<ul style="list-style-type: none"> <li>1. Aware of the importance of preparing our employees to address business challenges and achieve our goals, we will continue to strengthen our Educa training model.</li> <li>2. Reinforce our pillars of culture in different geographical areas in which we operate and promote leadership styles that embody the pillar of respect.</li> <li>3. Continue to promote work-life balance initiatives.</li> </ul>	
<b>4</b> The elimination of all forms of forced and compulsory labor	<ul style="list-style-type: none"> <li>1. Argos continues to reaffirm its commitment the elimination of all forms of forced and compulsory labor. In 2016, a total of 200,744 hours of training on human rights policies and procedures was given.</li> <li>2. Argos consistently promotes work-life balance; in Colombia, we continued implementing the telecommuting program and the gradual return of maternity leave. In 2017, we launched a benefit for new parents in this Region, which grants paid leave of one hour a day during the month following of the birth of the child.</li> <li>3. The risk of forced and compulsory labor is monitored through the Human Rights Management Model; as a result of the analysis, no operation was identified as having a high exposure to this risk; however, there are opportunities for improvements in regarding the monitoring of overtime.</li> <li>4. We continued to raise awareness among our suppliers of the prohibition of forced and compulsory labor, and we continued to include this criterion as part of our selection and evaluation mechanisms. In 2016, a total of 637 suppliers were evaluated.</li> </ul>	<ul style="list-style-type: none"> <li>4. Continue strengthening trusting relationships with our unions, promoting dialogue and capacity-building initiatives.</li> <li>5. Because we believe diversity is a competitive advantage, we will continue to promote respect and intercultural mobility.</li> <li>6. Continue to disseminate the Transparency Hotline as, an anonymous mechanism available to all our stakeholders that allows remediation for human rights cases as well as labor practices, community and environmental impacts, and fraud.</li> </ul>	86

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<b>5</b> The effective abolition of child labor	<p><b>1.</b> Argos continues to reaffirm its commitment to the elimination of all forms of forced and compulsory labor. In 2016, a total of 200,744 hours of training on human rights policies and procedures was given.</p> <p><b>2.</b> The risk of child labor is monitored through the Human Rights Management Model; as a result of the analysis, no operation was identified as having high exposure to this risk.</p> <p><b>3.</b> We continued to raise awareness among our suppliers of the prohibition of child labor, and we continued to include this criterion as part of our selection and evaluation mechanisms. In 2016, a total of 637 suppliers were evaluated.</p>	<p><b>1.</b> Aware of the importance of preparing our employees to address business challenges and achieve our goals, we will continue to strengthen our Educa training model.</p> <p><b>2.</b> Reinforce our pillars of culture in different geographical areas in which we operate and promote leadership styles that embody the pillar of respect.</p> <p><b>3.</b> Continue to promote work-life balance initiatives.</p> <p><b>4.</b> Continue strengthening trusting relationships with our unions, promoting dialogue and capacity-building initiatives.</p> <p><b>5.</b> Because we believe diversity is a competitive advantage, we will continue to promote respect and intercultural mobility.</p> <p><b>6.</b> Continue to disseminate the Transparency Hotline as, an anonymous mechanism available to all our stakeholders that allows remediation for human rights cases as well as labor practices, community and environmental impacts, and fraud.</p>	86	
<b>6</b> The elimination of discrimination in employment and occupation	<p><b>1.</b> We continue to reaffirm our commitment to the promotion of equality and diversity. In 2016, a total of 200,744 hours of training on human rights policies and procedures was given.</p> <p><b>2.</b> The risk of discrimination is monitored through the Human Rights Management Model; as a result of the analysis, no operation was identified as having high exposure to this risk.</p> <p><b>3.</b> In 2016, we received the Equipares Silver Seal in recognition of our gender equality practices in the concrete business in Colombia, following up on the 2015 Equipares Silver Seal we obtained for the cement business in this region.</p> <p><b>4.</b> In collaboration with UC Berkely, we held the second session of the Leadership for Equality Program.</p>	<p><b>1.</b> We have established the following as 2025 goals:</p> <p><b>1.</b> Reach 18% of heat consumption substitution through use of alternative fuels.</p> <p><b>2.</b> Decrease heat consumption by 10% and electricity consumption by 15% (2012 baseline).</p> <p><b>3.</b> Reach 7% of alternative material use in cement business.</p> <p><b>4.</b> Reach 3% of alternative material use in concrete business.</p> <p><b>5.</b> 35% reduction in CO<sub>2</sub> emissions per ton of cementitious products by 2025.</p> <p><b>6.</b> 100% of active quarries with closure plans in place.</p> <p><b>7.</b> 85% reduction of dust emissions.</p> <p><b>8.</b> 65% reduction in SO<sub>2</sub> emissions.</p> <p><b>9.</b> Stabilization of NO<sub>x</sub> emissions. (1.35kg/t clinker).</p> <p><b>10.</b> Reduce specific water consumption by 30% for the cement business and 20% for concrete production.</p>	68	
<b>7</b> Businesses should support a precautionary approach to environmental challenges	<p><b>1.</b> 6.8% substitution of fossil fuels</p> <p><b>2.</b> 6.5% alternative materials substitution in cement and 2.3% in concrete</p> <p><b>3.</b> 29% reduction in CO<sub>2</sub> emissions per ton of cementitious products</p>	70		
<b>8</b> Undertake initiatives to promote greater environmental responsibility	<p>Other air emissions reductions:            88% reduction in dust emissions per ton of clinker            74% reduction in SO<sub>x</sub> emissions per ton of clinker            1.58 kg NO<sub>x</sub> per ton of clinker</p> <p><b>5.</b> 37% reduction in water consumption for cement and 13% for concrete</p> <p><b>6.</b> Closure plans in place for 78% of quarries</p>	72		
<b>9</b> Encourage the development and diffusion of environmentally friendly technologies		74		
<b>10</b> Businesses should work against corruption in all its forms, including extortion and bribery	<p><b>1.</b> 38,46% of our operations were analyzed for corruption risks.</p> <p><b>2.</b> 2,945 hours of training on transparency and anti-corruption issues for our stakeholders.</p> <p><b>2.</b> In 2016, 31 corruption cases were received, 45 were addressed (including pending cases from 2015), and 27 were resolved.</p>	76		
<b>AREA: ENVIRONMENT   Vision: Environmental Policy</b>				80
<b>AREA: ANTI-CORRUPTION   Vision: Antifraud Policy. Code of Business Conduct. Code of Good Governance</b>				113
<b>05 Appendix</b>				