



# 2018 Sustainability Report



# GUIDING THE FUTURE OF GCC

## A Message from our Chief Executive

As I reflect back on our accomplishments in 2018, I am very proud how the GCC Family is building a more sustainable company and a more sustainable earth. Through hard work and dedication, each of our facilities contributes to making GCC a leader in the manufacturing and building industries.

Two of our cement plants in the United States earned the prestigious ENERGY STAR certification from the Environmental Protection Agency. Both plants were the only manufacturing facility, of any type, to receive the certification in their states. Our Pueblo, Colorado, plant scored a perfect 100 which truly cements GCC as leading the way in sustainability.

Our Health and Safety programs continue to grow with vendor training that aligns our suppliers with our Code of Ethics. We had no fatalities across the countries in which we operate and one of our U.S. drivers received national accolades for his safe-driving skills. Our loss-time accidents decreased by 27%.

We continued to invest in the communities where our employees live and where we operate. The GCC Foundation specifically targets sustainable living projects throughout Chihuahua and continues to do amazing work. GCC was again chosen a Great Place to Work® in Mexico.

GCC stock was included on the MSCI Emerging Index family of indexes. The MSCI Emerging Index represents the performance of large- and mid-cap securities in 24 emerging markets. GCC also was included in the benchmark S&P BMV IPC Index that measures the performance of the largest and most liquid stocks listed on the Mexican Stock Exchange.

GCC's presence in the center cut of the U.S. expanded when we bought a cement plant in Three Forks, Montana. We modernized our Rapid City, South Dakota, plant and worked with local authorities to reduce emissions. As we continue to grow through acquisition, we're looking at the impact of our strategic growth on sustainability initiatives.

In 2018, GCC joined the Global Cement and Concrete Association which aims to unify the industry and ensure concrete is recognized as the sustainable building material of choice. We participated in our first audit of our practices as part of the Cement Sustainability Initiative.



*Enrique Escalante, CEO*

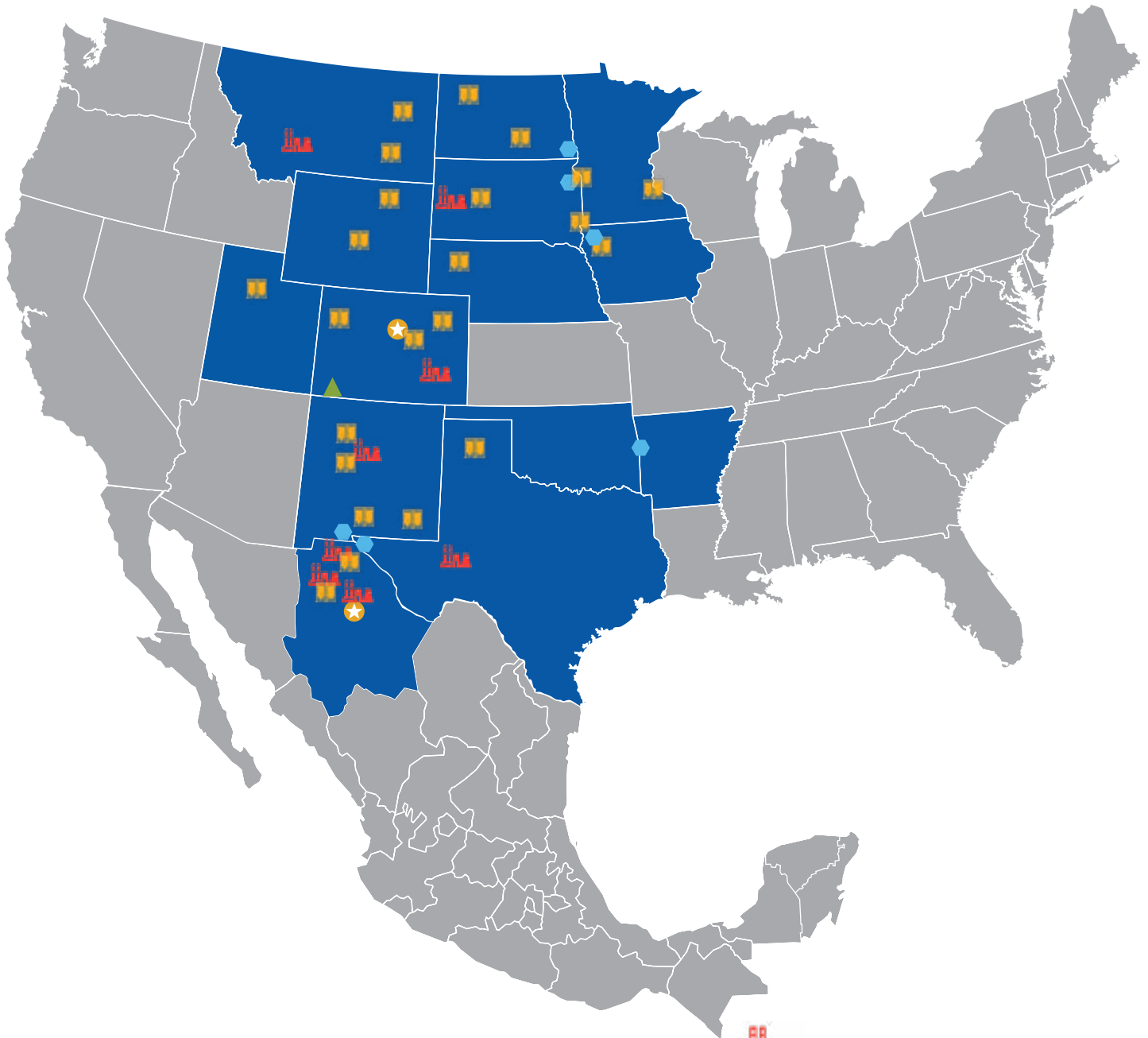
Through that audit, we saw our strengths and areas where we can improve. Using those metrics, ENERGY STAR standards and the United Nation's Sustainability Development Goals, GCC leadership is redesigning our sustainability strategy.


We've renewed our focus on innovative products and technologies to help us reach our 2030 sustainability goals.

At GCC, we are committed to building a stronger company and a stronger, more sustainable planet.

# ABOUT GCC

GCC is an international company founded in 1941 in Chihuahua, Mexico. We are a vertically-integrated company with assets in Mexico and the U.S. We produce gray Portland cement, mortar, ready-mix concrete, concrete blocks, plaster, aggregates, other construction materials and innovative solutions such as specialty cements. Our sales territory also includes Canada.



 **Corporate Offices**  
Chihuahua, Mexico  
Denver, Colorado, U.S.



**Cement Plants**



**Cement Terminals**


















**Ready-Mix Plants**



**Coal Mine**

# ASSETS

INSTALLED CEMENT CAPACITY		 <b>2.30</b> million tons	 <b>3.50</b> million tons	<b>TOTAL</b> <b>5.80</b> million tons
CEMENT PLANTS		 <b>3</b> - Chihuahua, Chih. - Ciudad Juarez, Chih. - Samalayuca, Chih.	 <b>5</b> - Odessa, Texas - Pueblo, Colorado - Rapid City, South Dakota - Three Forks, Montana - Tijeras, New Mexico	<b>TOTAL</b> <b>8</b>
	Ready-Mix Plants	<b>46</b>	<b>54</b>	<b>100</b>
	Aggregates Plants	<b>4</b>	<b>3</b>	<b>7</b>
	Gypsum Plant	<b>1</b>	<b>-</b>	<b>1</b>
	Concrete Block Plants	<b>6</b>	<b>-</b>	<b>6</b>
	Concrete Precast Plants	<b>2</b>	<b>-</b>	<b>2</b>
	Ready-Mix Trucks	<b>249</b>	<b>293</b>	<b>542</b>
	Transport Trucks	<b>146</b>	<b>92</b>	<b>238</b>
	Cement Terminals	<b>-</b>	<b>23</b>	<b>23</b>
	Construction Materials Distribution Centers	<b>2</b>	<b>-</b>	<b>2</b>
	Coal Mine	<b>-</b>	<b>1</b>	<b>1</b>
	Asphalt Plants	<b>-</b>	<b>2</b>	<b>2</b>

# PHILOSOPHY

## Mission

To be the supplier of choice in cement, concrete and innovative solutions.

## Vision

Our customers recognize us as a business partner that generates the most value for their construction projects. We are a growing company, a great place to work and a solid investment for our shareholders.

## GCC's Code of Ethics

We are committed to managing with integrity, so it is vital that all our employees and vendors follow our Code of Ethics. Our code guides our decisions and actions. The Code is based on the philosophy of the organization - our mission, vision and values. We extended the Code of Ethics to our suppliers. We have established several reporting channels, specifically the Human Resources Department, the Corporate Audit, email, an anonymous hot line and the Legal Department. The seven members of the Ethics Committee resolve complaints and conflicts of interest. In 2018, 20 cases were reported to the committee; 14 were resolved. The remaining cases are in the process. Thirty percent fewer reports were made in 2018; we believe this shows a strong commitment to our Code of Ethics.

## GCC Values

Our corporate values are present throughout the development of our activities and decision-making and guide us to achieve our vision.



### HEALTH AND SAFETY

We perform our jobs responsibly and minimize all risks that could endanger the safety of our employees and other people who interact with our operations.



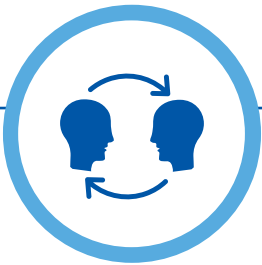
### SERVICE ATTITUDE

Our customers are a priority. Our systems allow us to anticipate and search for optimal solutions that satisfy our customer's needs. Doing business with GCC is easier.



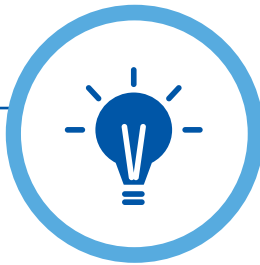
### INTEGRITY

Our behavior is ruled by honesty, respect and ethics. We responsibly uphold and honor all our commitments; we are aligned in our thoughts and our actions. We are open-minded to the ideas and reasonings of others.



### TEAM WORK

Our internal and external relationships are guided by the creation of synergies. We search for mutually beneficial solutions through continual, transparent dialogue. Collaboration is fundamental to achieving our objectives.



### INNOVATION

We create value by developing new products, services and processes that translate into better solutions. We encourage innovation and the implementation of improvements as if they were our own.



### EXCELLENCE

We feel proud of what we propose and do. We establish goals based on common agreement and commit to achieving results. In the quest for perfection, we execute our goals with passion, wholeheartedness and commitment.



# OUR COMPANY



## 2018 Game Changers

Sustainability and business must go hand in hand as GCC continues to grow and innovate in the construction materials space. Cement and concrete are the literal building blocks of our world. We understand that the decisions we make today have an effect on the future. Five key events shaped us in 2018.

### ENERGY STAR Certification

Two of GCC's plants received the U.S. Environmental Protection Agency (EPA) ENERGY STAR certification for superior energy performance. Both plants were the only manufacturing facility in their state to receive the prestigious award.

ENERGY STAR certified plants must perform in the top 25% of similar facilities across the nation. We're proud to say that our Pueblo, Colorado, plant scored a perfect 100, proving it is tops in energy efficiency in manufacturing. Our 60-year-old plant in Tijeras, New Mexico, also received the award.

By meeting ENERGY STAR's strict standards, our plants are saving energy, saving money and helping protect the environment. ENERGY STAR's industrial program provides industry-specific energy benchmarking tools and other resources for 19 different types of manufacturing plants, enabling plants to compare energy performance to others in the same industry and establish meaningful energy performance benchmarks and goals.

Pueblo and Tijeras were the only plants GCC put through the rigorous calculations in 2018. We will use the ENERGY STAR standards to improve our Sustainability Program across the U.S. and in Mexico.

Together, the 100 plants that received the certification in 2018 reduced their energy bills by more than \$400 million, saved more than 70 trillion British thermal units (BTU) of energy, and achieved broad emissions reductions, including 4.5 million metric tons of greenhouse gas emissions.

The energy savings are enough to meet the annual energy needs of nearly 440,000 American households.

## Portable Ready-Mix Plants

GCC's U.S. ready-mix division continued several partnerships to build wind farms in the Plains. The Wind XI project in Iowa will include as many as 1,000 wind turbines and provide enough wind energy to power more than 840,000 average Iowa homes. GCC is building wind farms in Iowa, Minnesota, North Dakota, South Dakota and Nebraska.

GCC sets up portable ready-mix plants on each site to meet the high demands of these types of projects. The efficiencies in operations save both companies time, energy and money. The environmental impact also is reduced because the portable ready-mix plant site is located near the center of the project. That proximity minimizes both the number of ready-mix trucks needed and trips to deliver the concrete yardage. Just-in-time delivery of ready-mix concrete and raw materials reduces overall project consumption of fossil fuels and reduces overage waste.

The wind farms themselves provide a renewable resource to power homes and reduce greenhouse gas emissions. GCC's portable ready-mix plants immediately reduce the environmental impacts and help build a more sustainable future.

## Chihuahua Kiln 2 and 3

GCC reactivated two kilns in the Chihuahua Plant to respond to the strong demand for cement in the Permian basin. These kilns were not in service for several years and were successfully recommissioned. Both kilns have burners that use gas and coal, resulting in increased energy intensity of the Chihuahua Plant. The company will actively research new technologies to reduce this intensity in the future.

## Trident Acquisition

In mid-2018, GCC purchased the Trident Cement Plant in Three Forks, Montana. The plant increases GCC's capacity by 315,000 metric tons. At the same time, GCC divested most of our ready-mix and transportation assets in Oklahoma and northwest Arkansas. The moves reduced 2018 net income but did not affect operating income, EBITDA or cash flow.

The calculations in this report factor in the 106-year-old plant. The wet-kiln technology and age of the plant mean that GCC will search for creative solutions to ensure we meet the United Nation's Sustainable Development Goals and other environmental goals of the Global Cement and Concrete Association.

## Rapid City Modernization

GCC significantly upgraded its Rapid City, South Dakota, cement plant in 2018. The plant was originally commissioned in 1925 and was operated by the State of South Dakota. When GCC purchased the plant in 2001, the plant was producing with two wet kilns and a preheater-precaciner.

The plant needed a strategic and innovative expansion that better aligned with GCC's long-term vision. GCC upgraded the production capacity of Kiln 6 by 440,000 metric tons per year. This increase will meet regional demand growth of the customer base and solidify GCC's position in the market. This strategy was keenly tied to existing and future sustainability initiatives.



In the U.S., securing an environmental permit to increase production that results in emissions increases, is a long and time-consuming process. With that in mind, GCC identified a production and environmental win-win

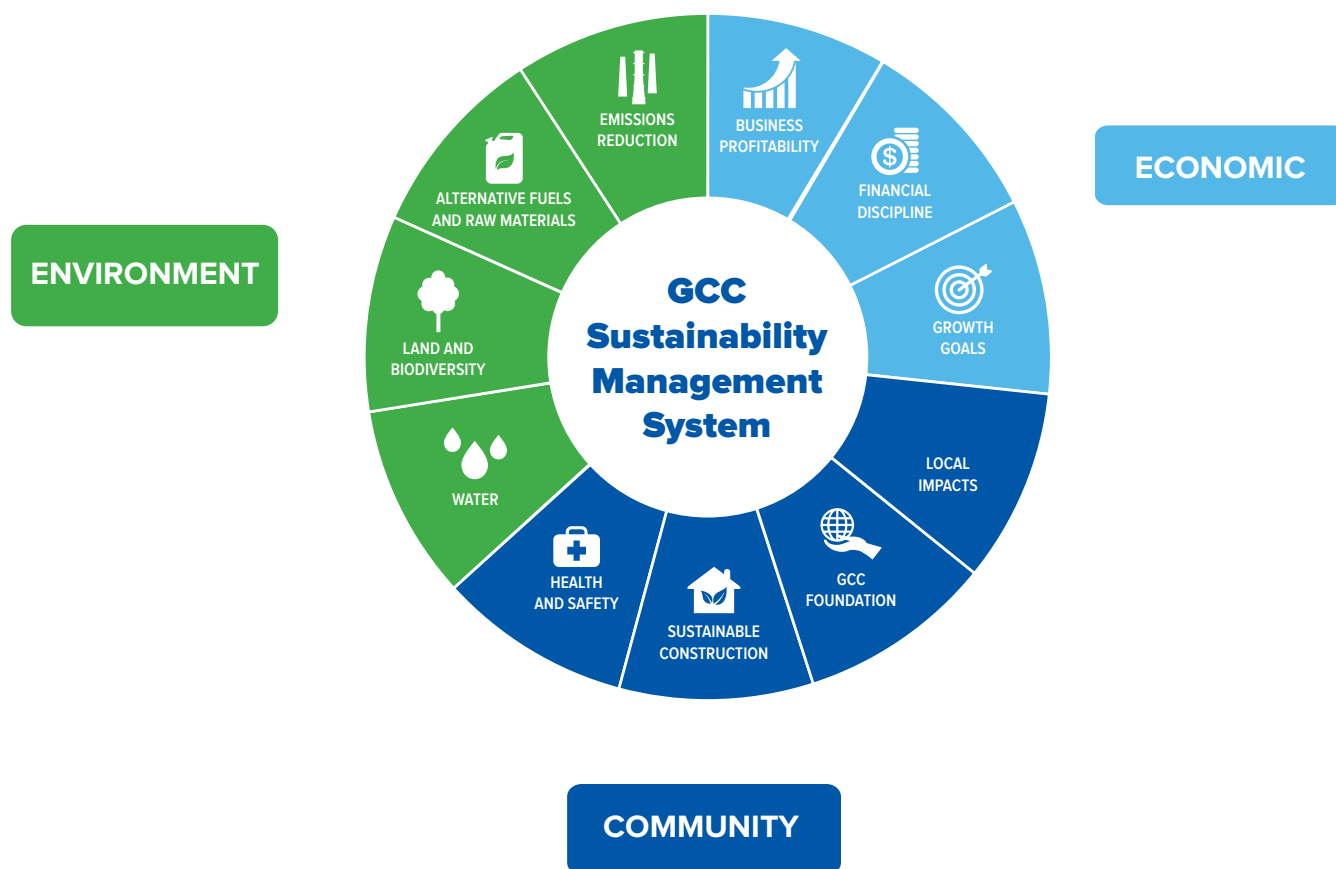
opportunity. Rapid City permanently shut down the two wet kilns and leveraged those permitted emissions to offset permit requirements needed for the expansion.

The Rapid City line upgrade was similar to the existing production line at GCC's Pueblo plant. As such, Pueblo's control room operators participated in a training exchange program to learn how to operate and maintain Rapid City's new equipment. Pueblo operators added to the training experience for all participants. This provided opportunity for GCC employees to expand their skill sets and expertise.



## GCC's Sustainability Strategy

Prior to 2018, GCC focused on finding the right balance among our economic, environmental and social goals. Our Environmental goals focused on implementing practices that mitigate negative impacts on the environment in order to continue producing and selling our products in the future. Economically, we sought to be a profitable and growing company that creates jobs and provides benefits to our shareholders. We aimed to protect the health and safety of our employees and contractors as well as build strong Communities.



In 2018, GCC joined the Global Cement and Concrete Association (GCCA), as a full member, along with other leading cement companies worldwide. The aim of the new organization is to unify the industry and ensure concrete is recognized as the sustainable building material of choice for today's needs and to meet the global challenges for future generations.



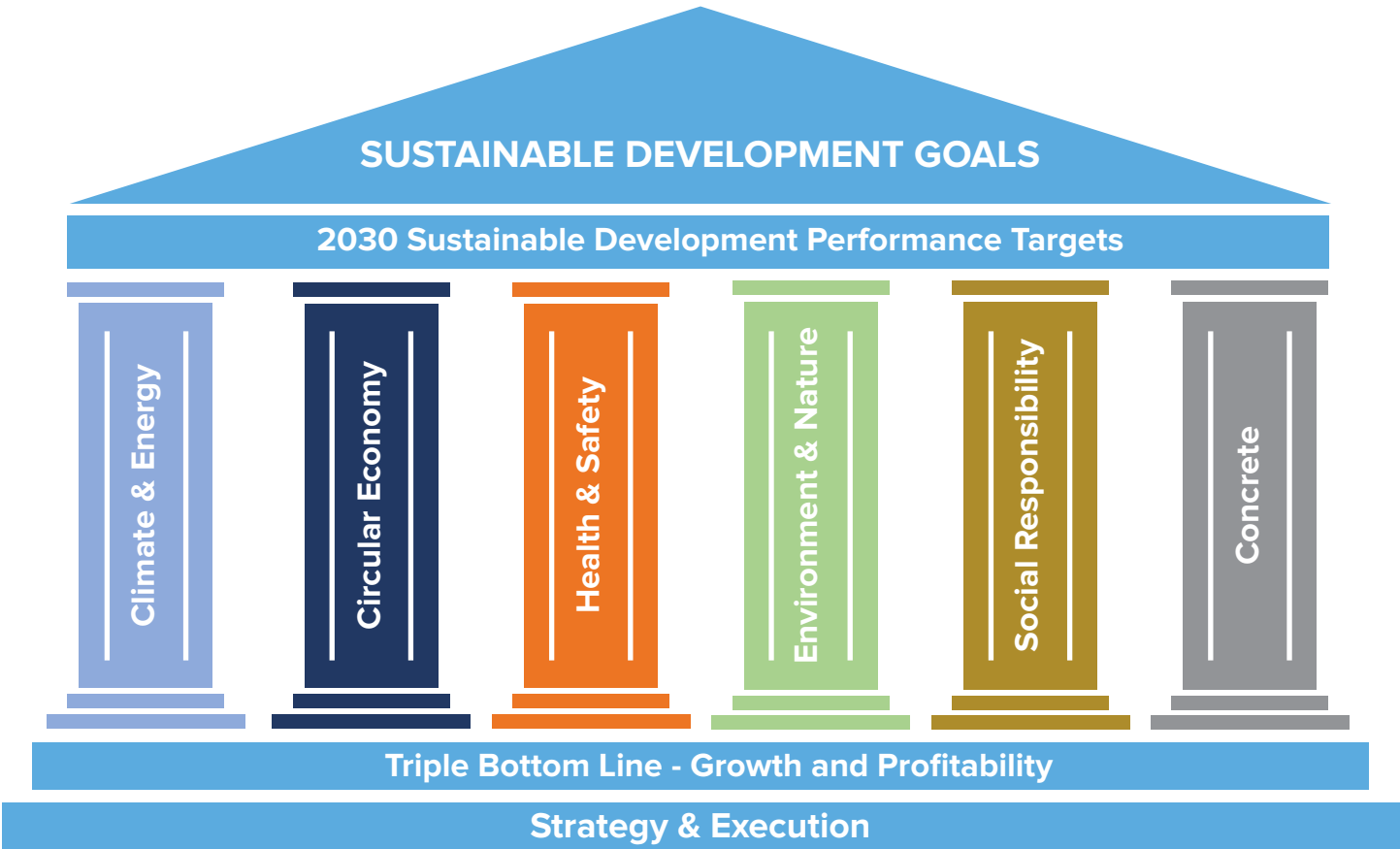
GCCA is a CEO-led organization of 30-member companies that represent 35% of global cement production. Membership is expected to grow to at least 50% of the global cement production capacity in the next few years. All full members must comply with GCCA’s Sustainability Charter.

In late 2018, GCC’s executive leadership committed to developing new objectives and targets based on the pillars of Climate & Energy, Circular Economy, Health & Safety, Environment & Nature and Social Responsibility. As GCCA builds out its sustainability program for Concrete, GCC will be part of the conversation.

Our new Sustainability Strategy will develop 2030 Sustainable Development Performance Targets which will align with the United National Sustainable Development Goals (SDG) focusing on:



GCC is already on track with SDG 12 (Responsible Consumption and Production). The U.S. EPA granted two of GCC’s plants ENERGY STAR certification.



# Products

GCC quarries, manufactures and sells products with different applications to meet the needs of our customers.



## CEMENTS

Cement is the main ingredient of ready-mix concrete. GCC offers a wide range of cement products for a variety of uses and industries.



## READY-MIX CONCRETE

Ready-mix concrete is a mixture of cement, stone aggregates and water. Concrete may contain chemical or mineral additives.



## AGGREGATES

Aggregates are the materials used for the main ingredients of concrete such as stone, sand and gravel.



## CONCRETE BLOCKS (MX)

A concrete block is a precast prism with at least one hollow core. Concrete blocks are used in simple and/or structural masonry systems.



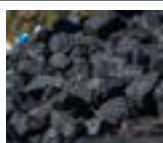
## PRECAST CONCRETE (MX)

Precast concrete provides the support infrastructure for commercial and industrial buildings.



## SPECIALTY CEMENTS

These specialized products solve construction problems for our customers.

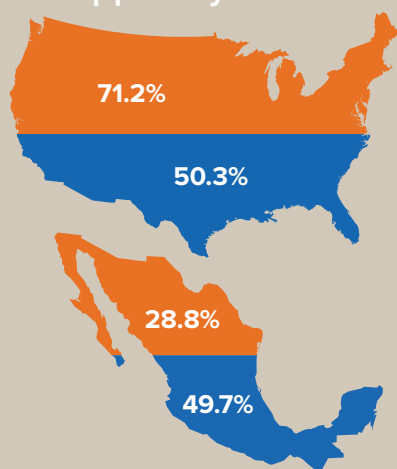


## COAL (U.S.)

Our coal is used in our cement plants, and we sell it to other cement companies. In a concerted effort to reduce our CO2 emissions, we are pursuing alternative fuels for our manufacturing process.

## Cement / Concrete

Shipped by Division



## Shipped Cement (million metric tons)



2016 - 3.47

2017 - 4.19

2018 - 4.36

## Shipped Concrete (million cubic meters)



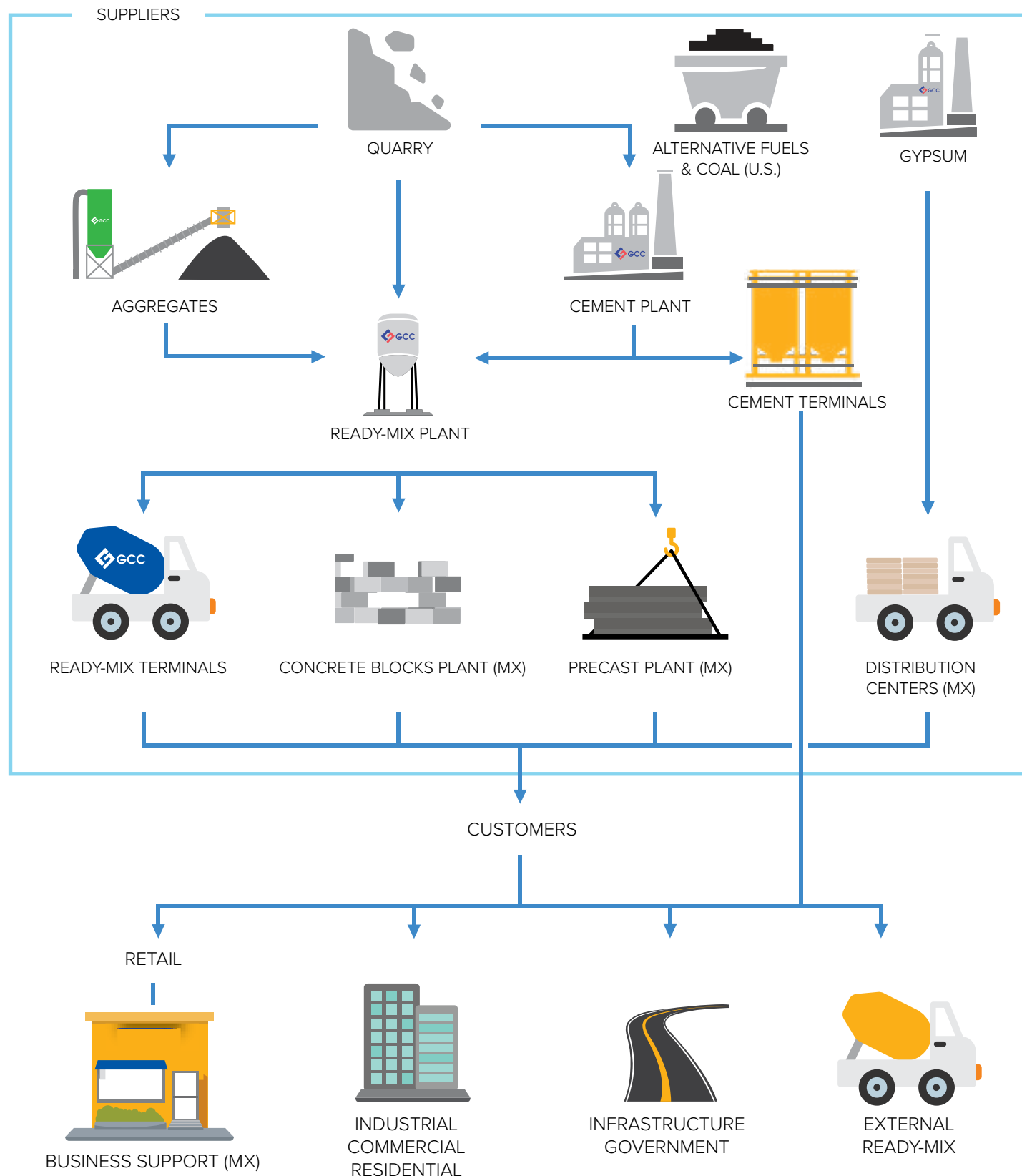
2016 - 2.52

2017 - 1.87

2018 - 1.82

# From Quarry to Construction

These are the main elements in our supply chain, activities, products and services.





# Our Stakeholders

At GCC, we are committed to building and maintaining a healthy, educated and happy workforce. We are dedicated to each community where we do business. When we collaborate with our employees, customers and the community, we become stronger together.



## GCC Family

Our employees are the most important asset at GCC. Their expertise and commitment give us the competitive advantage. We invest in our employees through on-the-job training, GCC University, as well as safety and wellness programs. Some of our employees are represented by trade unions.



## Customers

Our mission is to be the supplier of choice. We strive to exceed our customers' expectations by anticipating their needs. We use only the most effective methods in customer service, quality and product delivery.



## Suppliers

We are proud to contract with the highest quality suppliers in the industry. Each supplier abides by our Code of Ethics. Because we are a vertically-integrated company, we can largely ensure that GCC upholds human and labor rights throughout our supply chain.



## Government Relations and NGOs

GCC operations require good government relations everywhere we operate. Our company observes a strict code of ethics internally and externally. In the U.S., each of our five cement plants seeks the advice and cooperation of citizen advisory groups. In both countries, we work with local, state and regional regulatory agencies and governments to protect our people, efficiently run our operations and protect the environment.



## Community







Throughout GCC's history, we have partnered with organizations promoting education, social welfare, infrastructure and culture. In Mexico, the GCC Foundation is the cornerstone of our community collaboration. In the U.S., each facility chooses community partners to represent the employees and GCC.



## Investors

Our stockholders are represented through the Board and the annual shareholder meeting. GCC provides quarterly reports to stockholders. The Committee on Audit and Corporate Practices analyzes data to properly handle risk management and to implement good governance practices.

# Stakeholder Engagement

	KEY METHODS OF ENGAGEMENT	FREQUENCY OF ENGAGEMENT	AREA(S) RESPONSIBLE	OUTCOMES
<b>GCC Family</b> 	<ul style="list-style-type: none"> <li>• Meetings</li> <li>• Newsletters</li> <li>• Team meetings</li> <li>• One-on-one meetings</li> <li>• Negotiations</li> <li>• Surveys</li> <li>• Corporate website</li> <li>• Project assignments</li> </ul>	As Required	Human Resources, Corporate Communications and Industrial Relations	Employee Education, Employee Retention & Engagement
<b>Customers</b> 	<ul style="list-style-type: none"> <li>• Surveys</li> <li>• Industry associations</li> <li>• Formal market research</li> <li>• Corporate website</li> <li>• Product information</li> <li>• One-on-one engagement</li> </ul>	Daily	Commercial Area and Senior Executives	Customer Relationship
<b>Suppliers</b> 	<ul style="list-style-type: none"> <li>• Surveys</li> <li>• Negotiations</li> <li>• RFP/RFQ</li> <li>• Corporate website</li> <li>• Information requests</li> </ul>	Daily	Procurement	Transparency and Contract Performance
<b>Government Relations and NGOs</b> 	<ul style="list-style-type: none"> <li>• Presentations</li> <li>• Website</li> <li>• Meetings</li> <li>• Industry associations</li> <li>• Audits</li> <li>• Multi-stakeholder forums</li> <li>• Permitting processes</li> <li>• Lobbying</li> <li>• Public meetings</li> <li>• Participation in local events</li> </ul>	As Required	Multiple	Transparency, Human & Labor Rights, Regulatory Compliance, Growth
<b>Community</b> 	<ul style="list-style-type: none"> <li>• Participation in local events</li> <li>• Site tours</li> <li>• Website</li> <li>• Public meetings</li> <li>• Citizen advisory groups (U.S.)</li> <li>• Permitting processes</li> <li>• Donations (money &amp; time)</li> </ul>	As Required	Multiple	Community Issues
<b>Investors</b> 	<ul style="list-style-type: none"> <li>• Annual general meeting</li> <li>• One-on-one meetings</li> <li>• Telephone calls</li> <li>• Investors conferences</li> <li>• Road shows</li> <li>• Website</li> <li>• Quarterly reports and conference calls</li> </ul>	Quarterly & Annually	Investor Relations	Transparency and Business Performance

# Supplier and Contractor Relations

A large part of our success is because of strong relationships with suppliers and contractors. GCC is proud of our long-term relationships with many vendors. The foundation of our relationships is based on mutual trust and respect. Suppliers and contractors understand our Code of Ethics and adhere to it as well.

We strive to ensure contracts with suppliers are transparent and grounded in equal opportunity and integrity. This year, our plants in Mexico instituted the Control Integral de Seguridad y Accesos Initiative. The program streamlines credentials, expectations and the procurement process for any supplier that is granted access to our cement plants.

Together, GCC and its suppliers work to reduce risk, improve vertical integration, as well as create a consistent and safer work environment for all.

## Proportion of Spending on Local Suppliers

	MEXICO		UNITED STATES	
				
	2017	2018	2017	2018
ACTIVE SUPPLIERS	1,719	1,739	3,009	3,375
LOCAL SUPPLIERS - #	1,128	1,159	1,991	2,432
LOCAL SUPPLIERS - %	65.6%	66.6%	66%	72%
SPENDING ON LOCAL SUPPLIERS - %	43.7%	48.6%	57.5%	62.7%

## Contractor Training in Mexico

GCC expects its contractors to operate in an economically, environmentally and socially responsible way.

As part of the 24-member, international Cement Sustainability Initiative (CSI), GCC helped create a database to track work-related fatalities. The data showed that over a five-year period, 60% of all cement-plant related fatalities were suffered by contractors.

Our U.S. division has provided contractor training for several years; however, our plants in Mexico did not. Many of our contractors work in high-risk areas such as industrial cleaning and maintenance of the kilns. Generally, the cement industry is considered high-risk because our work can be at great heights, in high temperatures and around large amounts of dust.

GCC wanted to bring all its Mexico plants up to CSI Good Practice standards. Thus, the Control Integral de Seguridad y Accesos Initiative (Integral Control of Security and Access Initiative), or CISA, was born. GCC requires contractors and their employees to sign our Code of Ethics. We also developed an innovative software system to track relevant data on our contractor’s qualifications.

Every person who works for a GCC contract company must submit their social security card, proof of work licensure and answer an extensive safety questionnaire about their job and the risks associated with it.

All of the above must be completed, revised and reviewed by the Planning and Control area before a person has access to a plant. During 2018, GCC’s Mexico division trained 40 contract companies encompassing 460 people.





# ECONOMICS

GCC’s decisions to grow and to acquire new businesses balances the bottom line with environmental sustainability. As we expand, our operational efficiencies improve across the company. We will grow when and where it makes sense – for the investors, our employees and the environment.

## Governance

### Board of Directors

The Board of Directors leads GCC, governs the company and oversees our success. At the end of 2018, GCC had one board vacancy which will be filled at the 2019 Annual Shareholders Meeting. The board members all originate from Mexico. At the end of 2018, 11% are female and 89% are male. Our Code of Ethics encourages diversity in both its governance and among staff. There are eight independent members on the board which exceeds the bylaw requirement of 25%.

#### BOARD MEMBERSHIP - INDEPENDENCE -



#### BOARD MEMBERSHIP - GENDER DIVERSITY -



There are 14 primary board members with 14 alternates.

## Sustainability Committee

The CEO-led Sustainability Committee develops the sustainability strategy. The Committee considers implications of governmental regulations in Mexico and the U.S.

When GCC joined the Global Cement and Concrete Association (GCCA) in 2018, the Board of Directors re-aligned the Committee under the auspices of the Vice President of Energy and Sustainability. The Committee is comprised of engineers from each location who strive to maximize resources and technologies to help us reach GCCA's 2030 and 2050 goals (see page 8).

In 2018, the Sustainability Committee focused on implementing the circular economy concept through our alternative fuels strategy (see page 23), applying for the EPA's ENERGY STAR certification (see page 6) and our first external audit following the charter of GCCA's Cement Sustainability Initiative (CSI).

## Sustainability Audit

In 2018, GCC participated in CSI's third-party audit. DNV-GL, an international accredited registrar and classification society with offices based in both London and Mexico, conducted the audit.

The audit compared individual member results with the aggregate and offered suggestions for improvement, identified areas where the charter needs to be clarified and strengthened CSI's credibility with other stakeholders.

The audit identified GCC's strengths in CO<sub>2</sub> and energy management as well as fuels and materials use. Identified areas of improvement include local impacts, biodiversity and governance. In 2019, GCC will further improve the general findings of the CSI guidelines and roll them into the new GCCA work streams.

## Financial Performance and Growth

While GCC faced challenges in 2018, we had a dynamic and successful year. Sales increased 7% to \$883 million because of successful integration of new facilities, divestment of ready-mix facilities and an increased capacity for meeting strong market demand in the U.S. and Mexico.

In 2018, GCC refinanced the company debt to improve loan terms and debt conditions as well as lower debt interest rates; this reduced annual interest expenses by \$10 million. The newly negotiated, five-year \$400 million loan has a variable interest rate spread of 1.25% to 2% over LIBOR, based on GCC's debt to EBITDA ratio. The initial margin will be 1.75% and includes a non-guaranteed, revolving line of credit worth \$50 million. A revolving line of credit provides capital and improves our financial flexibility. Our bond interest coupon rate decreased to 5.250% from 8.125%, and the maturity date was extended four years.

Operational efficiency levels supported EBITDA growth to \$256 million, while net leverage (Net Debt/EBITDA) reduced 1.59 times. Notably, S&P Global Ratings upgraded GCC's global credit and corporate debt rating to BB+ because of the promising outlook from rapid asset integration and the accelerated decline in financial leverage.



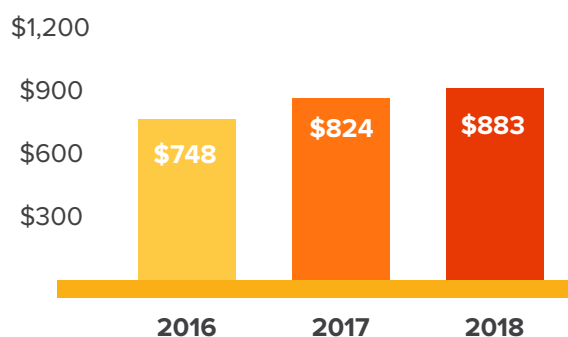
The modernization of the Rapid City cement plant was successful (see page 20). In addition, we acquired the Trident Cement Plant in Three Forks, Montana. The Trident acquisition is part of our growth strategy to expand products and services through the northern region of the U.S. and into Canada. It provides for growth in our network of solidly integrated distribution facilities. The successful operational integration of the Trident plant increased production capacity by 315,000 metric tons.

As part of the Trident acquisition, GCC divested ready-mix operations in Oklahoma and much of Northwest Arkansas along with the transportation asset, Alliance Transportation. This divestiture reduced our employee headcount by 340.

For the first time, GCC stock is now included on the MSCI Emerging Index family of indexes, including MSCI Mexico Small Cap, Emerging Markets Small Cap Index, Emerging Markets Latin America IMI, Value Weighted, and Emerging Markets Latin America ex Brazil Small and Mid-Cap Growth. The MSCI Emerging Index is a fund for investors and represents the performance of large- and mid-cap securities in 24 emerging markets that represent 10% of world market capitalization. By becoming part of the MSCI Indexes, GCC has access to a diverse group of investors and funds, providing us an ideal opportunity to grow our portfolios. GCC also is included in the benchmark S&P BMV IPC Index that measures the performance of the largest and most liquid stocks listed on the Mexican Stock Exchange.



### Net Sales by Year (millions)



### Net Sales by Business (millions)

	2016	2017	2018
CEMENT	411	539	591
CONCRETE	151	168	175
CONCRETE BLOCK	11	12	11
AGGREGATE	13	27	22
OTHERS (coal, asphalt, and building materials)	59	78	84
<b>TOTAL</b>	<b>645</b>	<b>824</b>	<b>883</b>

### Net Sales by Region (millions)



## Key Impacts, Risks and Opportunities

GCC is poised to grow and to capitalize upon improving market conditions. Opportunities stem from our leading competitive position, efficient operations, improved economies and a solid financial standing. GCC's strong balance sheet and cash flow generation are key for us to act on potential strategic acquisitions.

**Strong Competitive Position** As a leading supplier of cement, concrete, aggregates and construction-related services, GCC faces fragmented competition with no one producer operating in the same markets. We hold a leadership position in the center cut of the U.S., and we are the sole producer of cement and the leading producer of ready-mix concrete in the State of Chihuahua. The Permian Basin oil patch is growing into the largest oil patch in the world. GCC's centralized operations provide a strong base to meet that increasing demand in Texas and New Mexico.

**Integrated Operations** All stages of the cement and ready-mix supply chain are vertically integrated. Our coal mine provides a significant source of fuel for GCC cement plants; that supply chain lowers our costs and reduces fuel price volatility. GCC owns limestone quarries needed to supply cement and ready-mix. Cement plants in the U.S. and Mexico are

close to raw materials sources, and cement plants supply nearly 100% of the cement used in our ready-mix operations. Our eight cement plants, 23 cement terminals and 100 ready-mix concrete plants span from Chihuahua to Montana.

**Improving Economies** GCC continues to benefit from the robust pace of growth and increased infrastructure spending. This growth is fueling recovery in the construction industry which relies heavily on cement and concrete.

**Financial Health** We are on a path of financial transformation, as evidenced by an upgraded rating by S&P and Fitch Ratings on our long-term corporate debt and senior unsecured notes - from BB to BB+. The debt refinancing strengthens our financial position with a \$10 million reduction in annual interest expenses. GCC has a disciplined approach to acquisition and growth. Sustainability initiatives also have resulted in direct economic benefits.

Risk factors faced by GCC include: Risks related to the countries where we operate, risks related to company operations and risks related to GCC stock. In order to mitigate risk exposures, we maintain risk management policies, as well as monitor and analyze exposures by degree and magnitude. A complete list of risks is available in GCC's Annual Report.

## Economic Value

GCC plans to expand organically, through acquisition and integration of new businesses and by increasing profitability of its operations. The table below shows economic value generated and distributed (EVG&D) accrued to 2018, including the basic components for global operations, such as revenue, operating costs, employee wages and benefits, payments to capital providers and governments and donations.

### Direct Economic Value Generated and Distributed (millions)

	2016	2017	2018
REVENUES	644.7	824.1	883.2
OPERATING COSTS, ADMINISTRATIVE AND SALES GENERAL EXPENSES	385.1	494.3	558.7
EMPLOYEE WAGES AND BENEFITS	142.4	169.0	154.7
PAYMENTS TO PROVIDERS OF CAPITAL	42.7	75.6	52.7
PAYMENTS TO GOVERNMENT	7.5	9.5	13.4
COMMUNITY INVESTMENTS	0.8	0.7	0.9
ECONOMIC VALUE RETAINED	66.1	75.0	102.8

## Upgrade Generates Economic Value

In order to increase production capacity and support increasing demand for cement, GCC modernized our South Dakota cement plant. Production capacity for the plant is 1,167,000 metric tons of clinker, providing capacity for an additional 440,000 metric tons of cement.

The \$106 million upgrade allows us to better serve customers, improve efficiencies in our cement logistics network and reduce variable production costs. Upgrades include new kiln equipment for cement production, use of alternative fuels to optimize the production process and improvement in the plant's shipping operations.

With 130 full-time employees and \$65 million in wages and benefits paid since 2014, the plant provided a significant contribution to Rapid City and South Dakota economies. The expansion created 10 permanent, full-time jobs and six temporary jobs. During the upgrade, an additional 133 full-time employees and hundreds of construction workers injected more than \$14 million to the local

economy. In support of the project, South Dakota's Board of Economic Development is working with GCC on a rebate for a portion of state taxes related to the plant upgrade.







## Investment in Infrastructure and Types of Services

Since 2015, GCC has invested \$482 million in infrastructure and services to meet increasing demand for products and to strengthen our logistics network. This includes acquisition of new facilities, products and equipment, upgrades to existing plants and improvements to our information systems equipment.

### Infrastructure Investments and Services Supported (millions)

	2016	2017	2018
TRIDENT CEMENT PLANT ACQUISITION			74
RAPID CITY CEMENT PLANT MODERNIZATION	14	32	54
REGULATORY COMPLIANCE IN CEMENT PLANTS	13	19	36
TRANSPORTATION EQUIPMENT	20	18	14
COAL MINE IMPROVEMENTS	5	5	6
AGGREGATES PLANTS	0	2	1
INFORMATION SYSTEMS EQUIPMENT	3	1	1
DISTRIBUTION CENTERS	2	0	2
LOTS AND BUILDINGS	1	0	4
READY-MIX AND AGGREGATES ACQUISITION	155	0	0
<b>TOTAL</b>	<b>213</b>	<b>77</b>	<b>192</b>



# ENVIRONMENT

The cement industry faces several environmental challenges such as the extraction of raw materials from quarries, high energy consumption and emissions generated in the manufacturing process. GCC is committed to mitigating the environmental impact of our operations on the planet. Our Sustainability Strategy is being redesigned in 2019 to align better with the Global Cement and Concrete Association's strategy. GCC's Sustainable Development Performance Targets are: Climate & Energy, Circular Economy, Health & Safety, Environment & Nature, and Social Responsibility.





# Alternative Resources Strategy

GCC refined its strategic approach to the integration of alternative fuels and raw materials, together referred to as alternative resources (AR). Broadly, our AR strategy seeks to reduce reliance on traditional fossil fuels and reduce our carbon footprint by substituting waste materials as fuel or raw material replacements. As a result, resource extraction impacts are reduced, materials that would be discarded otherwise are placed into beneficial use and community disposal costs are reduced. The AR strategy encompasses fundamental business principles: Economic value, environmental benefits, product quality and business operations.

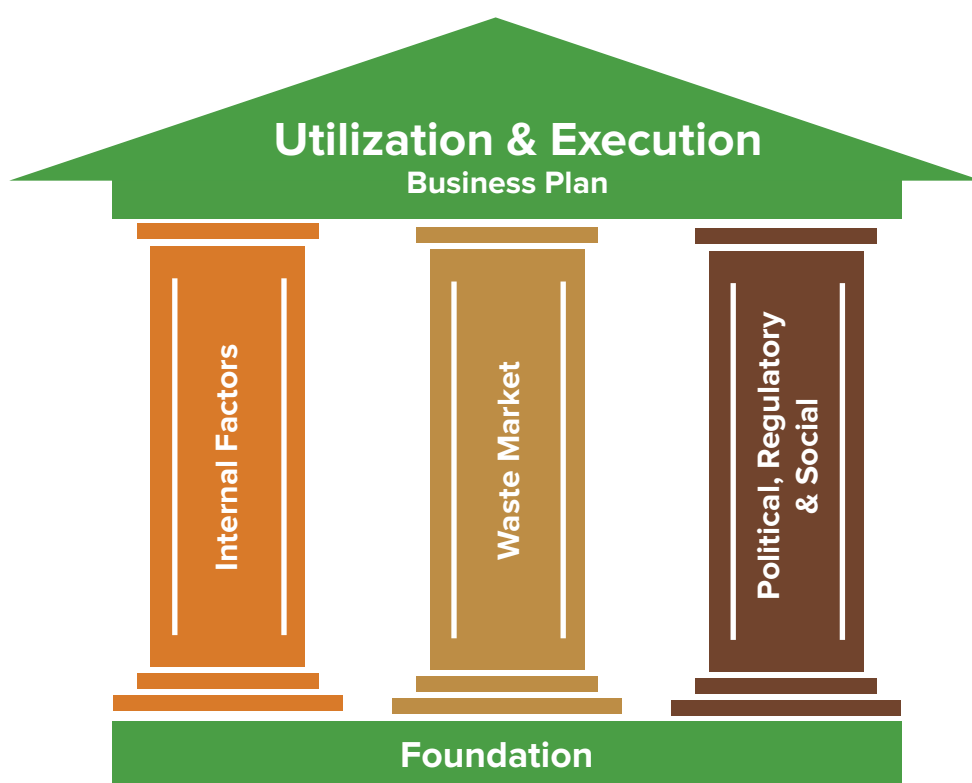
The AR strategy is based on a foundation of strategic oversight, ensures top-level commitment and establishes fundamental business principles. The refined plan includes timelines and milestones with actionable goals as well as accountability to executive leadership. The AR strategy is supported through internal factors, waste market knowledge and political, regulatory and social objectives.

**Internal Factors** Process control, process knowledge, product quality, quality assurance/quality control, delivery systems, operations support, regulatory compliance, training and communications systems and documentation. The strategic plan recognizes and formalizes operational-level practical considerations.

**Waste Market** Knowledge of local, regional, national and international waste markets, understanding of the dynamic nature of waste markets, supply chain, competition, value chain and opportunity. In 2017 and 2018, GCC conducted waste fuel market evaluations in Colorado, South Dakota, New Mexico and Texas to establish the basis of program economics for the plants in those states.

**Political, Regulatory & Social** Permit requirements, legal standards, social perception, stakeholder engagement, professional relationships and alliances, regulatory systems and active regulatory engagement. GCC has worked closely with regulatory agencies to develop permits within existing programmatic latitudes and to maximize flexibility. GCC's use of continuous emissions monitoring has opened the ability to adopt performance-based emissions permits. In a performance-based system, permit structure relies on pollution mitigation performance rather than regulating the choice of fuels or raw materials.

With the data in place from the AR framework, GCC created a solid business plan using market and manufacturing economics and risks, standards of business operations, market and logistics, contractual relationships, pro forma modeling, investment recommendations and operating plans.



The AR business plan supports the utilization or the tactical side of the program. Utilization is the execution, administration of permits, infrastructure and system construction, training, performance monitoring and quality assurance.

Recent examples of utilization are:

1) In 2018, GCC expanded the Pueblo plant's alternative fuels capability beyond tire-derived fuel (TDF) when it obtained final approval of the permits, allowing a flexible variety of traditional scrap materials as alternative fuel. The flexibility reflects our adoption of performance-based permitting. In 2019, the Pueblo plant plans to regularly use scrap railroad ties, fiber from furniture and mattress recycling, non-recyclable plastics and wood scrap from many industrial and commercial activities to fuel the kiln. By the end of 2018, GCC's Pueblo plant consumed more than three million tires, helping pull the material from landfills.

2) A similar regulatory and commercial framework is being finalized for the Rapid City cement plant. A flexible fuel permit is in the final stages of drafting after nearly two years of permit development work.

3) An early milestone in the AR strategy came in 2017 when GCC secured a flexible fuel permit for the Odessa cement plant's future Kiln 3. Initial evaluation of the waste market indicates a ready supply of potential alternative fuel resources.



*Before (below): Tall piles of old, dirty tires filled cells in the monofill in El Paso County, Colorado.*

*After (left): CER shreds the tires for use in the kilns. Then the land is recovered and reclaimed.*



## Colorado Energy Recyclers

In 2008, GCC purchased a monofill in El Paso County. Colorado Energy Recyclers (CER) collects scrap tires and shreds them for fuel mix for our kilns. GCC invested more than \$5.5 million on compliance and to build a state-of-the-art flexible-fuel feed system at the Pueblo plant to replace up to 40% of traditional fuels.

In 2017, CER purchased a shredder to produce TDF in the harsh conditions of the CER monofill. The new shredder processes up to 12 tons of tires per hour, a significant increase over the four tons per hour from traditional shredders. With equipment that is now able to process approximately 120 tons

of tires per day of 80mm chips, the Pueblo plant could consume more than half of Colorado's tires disposed of each year.

When scrap tires are not properly managed they can cause an even greater environmental hazard. Because of this, many states have developed regulations for disposing of and managing tires. Colorado has one of the most effective scrap tire management systems in the U.S. Since 2010, GCC has helped craft Colorado's robust system of legislation, rules and regulations, governance and enforcement for the management of scrap tires.



## Alternative Fuels in Mexico

In 2018, GCC's Mexico plants made significant progress in burning alternative fuels in a sold-out cement market. The Chihuahua Plant completed the implementation of the project known as Fraccion Residual Organica de Eficiencia Energetica (FROEE) (Organic Residual Fraction of Energy Efficiency). FROEE is an engineered fuel made from non-hazardous plastics, wood and fabric. In 2018, the plant installed equipment to receive shredded material from the primary and secondary shredders. Weighing and dosing systems deliver material to a new burner designed to use alternative fuels.

Another alternative fuel used in Chihuahua is pecan shells. Pecan processing companies put down roots in Juárez, Chihuahua; El Paso, Texas; and Las Cruces, New Mexico, and are cracking thousands of tons of pecan shells per month. If these shells were thrown away, they would biodegrade into particulates that could contaminate the air and create a public health problem. GCC implemented a win-win situation to use pecan shells as a biomass - organic fuel.

Chihuahua is informally known as King of the Pecan. Not only is the state the principal producer of pecans

for Mexico but also for the entire world. Chihuahua produces more than 70,000 tons of pecans per year, according to estimates by the Pecan Association of Chihuahua. It is the principal producer and exporter of pecans.

The Juárez plant substituted approximately 38% of traditional fuels with 9,000 tons of pecan shells. The use of pecan shells as biomass fuel has two advantages: First, during the combustion of biomass fuel, any emission is considered to have a neutral balance of carbon which means that biomass combustion doesn't contribute to the greenhouse gas effect. Second, pecan shells, when compared to traditional fuels can be acquired at a lower cost.

Perhaps the most interesting twist in this new fuel strategy is the "trash into treasure" phenomenon of the pecan shells in the El Paso/Chihuahua region. Prior to pecan shells being used as biomass fuel, they were usually thrown away. Now, in the same region, they are a commodity and have become part of GCC's fuel mix.



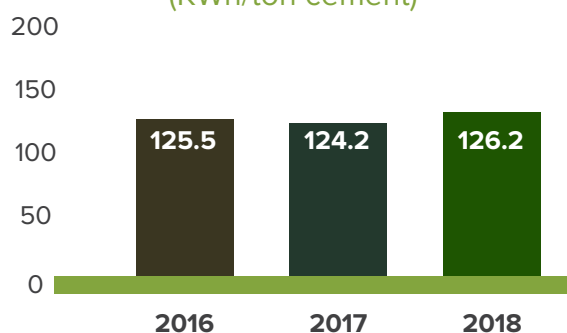
# Energy Consumption

In 2018, GCC's electric power consumption was 126.2 kWh per ton of cement, including electric power consumed from the reception of raw materials into the cement silo. Total electric power consumption was 553 thousand MWh. The increase in power consumption was a result of the integration of the Trident cement plant. Additionally, during the modernization of the Rapid City Plant, the long outage for the Kiln 6 tie-in negatively affected power consumption, this negative effect will not repeat in future years. The Pueblo plant's power consumption is world-class with 93.3 Kwh per ton and was recognized by the EPA.

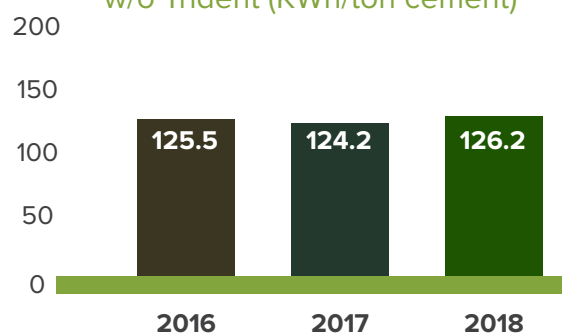
## Energy Consumption for Cement Production

					W/O TRIDENT
	UNITS	2016	2017	2018	2018
SPECIFIC ELECTRICAL ENERGY CONSUMPTION	MWh	439,727	519,330	552,680	511,568
THERMAL ENERGY CONSUMPTION	TJ	11,493	13,917	15,694	13,831
FOSSIL FUEL THERMAL ENERGY CONSUMPTION	TJ	10,298	12,399	14,273	12,411
ALTERNATIVE FUEL THERMAL ENERGY CONSUMPTION	TJ	1,195	1,518	1,421	1,421
% THERMAL ENERGY SUBSTITUTION	%	10.4%	10.9%	9.1%	10.3%
SPECIFIC THERMAL ENERGY CONSUMPTION	MJ/t clinker	3,769	3,797	3,997	3,806
SPECIFIC ELECTRICAL ENERGY CONSUMPTION	Kwh/t cem	125.5	124.2	126.2	126.2

### Specific Electrical Energy Consumption (KWh/ton cement)



### Specific Electrical Energy Consumption w/o Trident (KWh/ton cement)



# Raw Materials

Raw materials used to create cement include limestone, shale, clay, sand, iron and gypsum. Coal and natural gas are the traditional fuels. To reduce dependence on non-renewable materials, we continuously seek alternative raw materials and fuels. We also use secondary raw materials from other industrial processes. In 2018, GCC used 144,000 tons of waste material from other industrial processes to produce cement - a 2% substitution rate. Our total substitution rate slightly declined in 2018 because GCC acquired the Trident plant. However, when Trident is taken out of the equation, our usage improved slightly from 2017. Our Mexico plants have the highest usage of AR because they are close to AR material sources and have different cement standards and environmental regulations.

## Raw Materials Used for Cement Production (thousand metric tons)

	2016	2017	2018	W/O TRIDENT 2018
NON-RENEWABLE RAW MATERIALS	5,335	6,611	6,932	6,383
RENEWABLE RAW MATERIALS	111	139	144	142
PERCENTAGE OF RECYCLED RAW MATERIALS	2.08%	2.10%	2.03%	2.20%
NON-RENEWABLE AUXILIARIES (COAL)	375	423	413	388
RENEWABLE AUXILIARIES (RESIDUES)	65	81	78	78

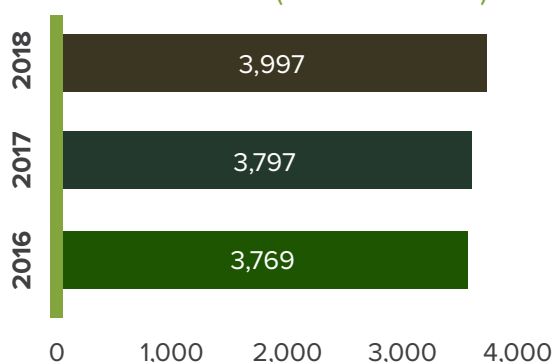
## Fuel Consumption

Consumption of thermal energy in cement kilns was 3,997 MJ per ton of clinker, higher over the past two years because of an increase in natural gas consumption and the addition of a wet process technology at the Trident plant. The increase in fuel consumption is attributed to the production of specialty cements in Odessa, Tijeras and Chihuahua. The tie-in and commissioning of the Kiln 6 project negatively affected fuel consumption in the last quarter of 2018. Total thermal energy consumption was 15,694 thousand TJ, with 1.4 thousand TJ coming from the use of coal and natural gas with alternative fuels.

In 2018, more than 9% of our traditional fuel was substituted with alternative fuel; this is a lower rate than 2017 substitution levels. Our rate declined because of our acquisition of the Trident plant and because Pueblo did not use as many tires as as planned. However, AR performance in Mexico was higher with the use of biomass, TDF and mixed fuels.

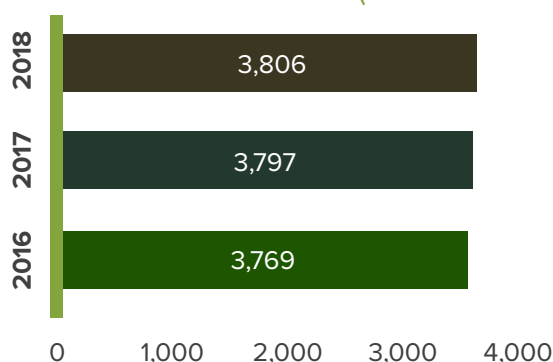
### Specific Thermal Energy Consumption

(MJ/ton clinker)

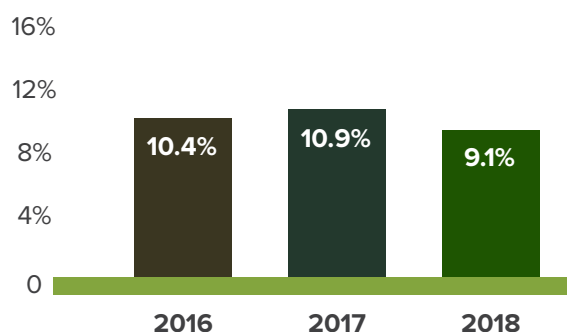


### Specific Thermal Energy Consumption

w/o Trident (MJ/ton clinker)

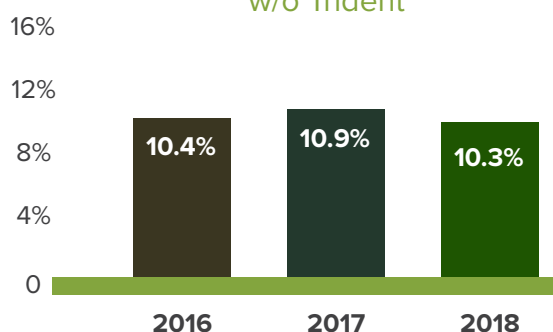


### Fossil Fuel Substitution



### Fossil Fuel Substitution

w/o Trident



# Emissions

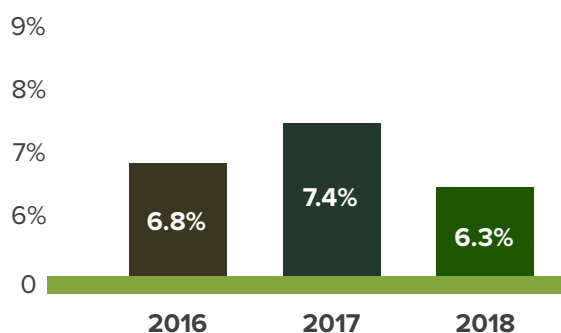
GCC is committed to reducing greenhouse gas emissions through energy optimization, less reliance on traditional fuels and with innovative blended cements. Our goal is to reduce net CO<sub>2</sub> emissions 9% by 2020, as compared to our 2005 baseline. In 2018, we achieved a 7.6% reduction in CO<sub>2</sub> per ton of cement, without considering the Trident plant, by using alternative fuels in our Mexico and Pueblo plants, increasing our production of blended cements, and optimizing our operations for heat and energy consumption. Our CO<sub>2</sub> emissions have increased with the addition of Trident and additional kilns at Chihuahua. We are optimistic about reducing our overall CO<sub>2</sub> emissions in the future.

## CO<sub>2</sub> Direct and Indirect Emissions (thousand tons)

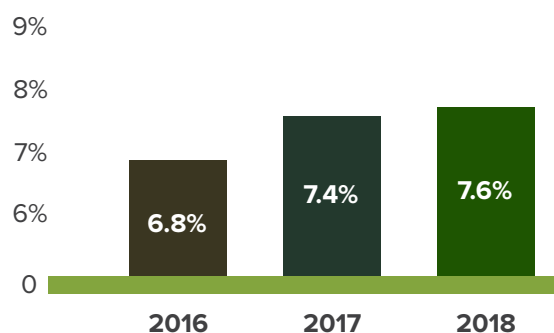
	UNITS	2005	2016	2017	2018	W/O TRIDENT 2018
GROSS CO <sub>2</sub> EMISSIONS	thousand tons	2,448	2,641	3,130	3,358	3,073
NET CO <sub>2</sub> EMISSIONS	thousand tons	2,439	2,596	3,085	3,324	3,039
INDIRECT CO <sub>2</sub> EMISSIONS	thousand tons	382	314	392	399	387
CEMENTITIOUS PRODUCT	thousand tons	3,060	3,493	4,177	4,449	4,127
NET SPECIFIC CO <sub>2</sub> EMISSIONS/TON CEMENT	KgCO <sub>2</sub> /t cem	797	743	738	747	736
CO <sub>2</sub> EMISSIONS REDUCTION / BASE YEAR	%		6.8%	7.4%	6.3%	7.6%



### Net CO<sub>2</sub> Emissions Reduced



### Net CO<sub>2</sub> Emissions Reduced w/o Trident





## Air Emissions

Greenhouse gas (GHG) emissions stem from organizational activities and also from sources outside of the organization. Other GHG emissions result from the processing of waste.

In addition to CO<sub>2</sub>, the kiln combustion process emits other substances such as nitrogen oxides (NO<sub>x</sub>), sulfur oxides (SO<sub>x</sub>) and dust. For these emissions, we strive to go beyond the legal requirements. Therefore, we carry out mitigation actions such as the use of ammonia, activated carbon and more efficient sleeves in the dust collectors.

For gas measurement in U.S. plants, we use continuous emission monitors. In Mexico, we use measurements with precise tests for our plants. For the consolidated report, we use the approach established by CSI's "Guidelines for Emissions Monitoring and Reporting in the Cement Industry." The emissions listed in this report represent U.S. plants only. Our total emissions rate increased because of our acquisition of the Trident plant. However, when reviewing our numbers without Trident considered, NO<sub>x</sub> emissions decreased by 15% with the implementation and optimization of selective non-catalytic reduction (SNCR) system at our Odessa plant. Three of the five plants, in the U.S., are equipped with SNCR which is a best-available control technology in reducing NO<sub>x</sub> emissions. Our cement plants are among the lowest emitters of SO<sub>x</sub> in the U.S.

### Absolute Atmospheric Emissions (metric ton/year)

	2016	2017	2018	W/O TRIDENT 2018
NO <sub>x</sub>	2,732	3,726	3,768	2,777
SO <sub>x</sub>	273	288	325	322
Dust	13	20	22	20



### Specific Atmospheric Emissions (grams/clinker metric ton)

	2016	2017	2018	W/O TRIDENT 2018
NO <sub>x</sub>	1,479	1,643	1,654	1,398
SO <sub>x</sub>	148	127	143	163
Dust	7.2	8.8	9.6	10

## Odessa Plant Reduces NOx Air Emissions

GCC focused on the reduction of nitrogen oxides (NOx) and ammonia usage at our Odessa, Texas, cement plant by installing and optimizing a selective non-catalytic reduction (SNCR) pollution control device on Kiln 2. The components of the system include a 30,000-gallon aqueous ammonia storage tank, a pump skid and injection lances with adjustable spray nozzles. The SNCR process injects an aqueous ammonia solution into the pyroprocess.

Optimally, we want to destroy as much NOx and use as little ammonia as possible. Many factors affect kiln operational stability and NOx generation rates, so GCC installed continuous emission monitoring systems (CEMS) on the kiln exhaust stack. An automatic control loop then uses the CEMS output to adjust the ammonia injection rate based on actual emissions.

Before the SNCR system, Kiln 2 operated at a NOx emission level of five to seven pounds per ton of clinker. After implementing this control technology, NOx emissions were reduced by more than 50%. However, ammonia usage and costs were very high. In 2018, we set out to improve the efficiency of the Odessa plant system and reduce the total volume of ammonia.

Temperature plays a vital role in reducing NOx. At temperatures below the acceptable range, ammonia and NOx remain unreacted. At temperatures above this range, additional NOx emissions can be formed from the ammonia. Through testing of different injection locations using several ammonia flow rates, GCC believed we could meet our goals. Our systematic tests resulted in permanent relocation of the injection lances and development of a nozzle control protocol that will eventually be tied into the existing auto control loop.

Since implementing these changes, ammonia consumption decreased by 50% and NOx emissions remained at the same low level. Not only have we reduced NOx emissions, but by lowering our ammonia consumption we've reduced the amount of hazardous materials throughput at our site and shrunk our carbon footprint for manufacturing and transportation.

A reduction in excess ammonia use also avoids the formation of ammonium chloride which can have a corroding effect on downstream equipment. This vastly improves GCC's short- and long-term reliability and sustainability of kiln equipment and emissions controls.







# People & Community

GCC strives to be an integral part of the community where we do business. We invest time and money to improve the quality of life for our employees, customers and the community.

At work, we invest in our most important resource - our people. We are firmly committed to fostering a safe and productive work environment. We encourage and offer professional development opportunities to all our employees and favor promotion from within. GCC recognizes that employees have the right to engage in collective bargaining and maintains productive relationships with unions.





# Health and Safety

Occupational health and safety are our top priorities and are integral to GCC's values. Since 2015, the Health and Safety Committee manages strategic work plans to maintain employee safety and well-being. In addition, we continue to reduce health and safety risks and strive to exceed government regulations. Throughout 2018, the Health and Safety Committee focused on minimizing and controlling risks and increasing contractor safety.

## ***GCC Ready-Mix Driver Receives National Safety Award***

The National Ready Mixed Concrete Association named 42-year-veteran driver Mike Salo as runner up for the Ready Mixed Concrete Delivery Professional Driver of the Year. Salo drives for GCC Ready-Mix in Aberdeen, South Dakota, and has an impressive safety record including never having an on-the-job accident or rejected load.

This is an outstanding achievement considering there are more than 50,000 concrete mixer trucks operating in the U.S.

In addition, Salo twice won GCC's Safe Driver Award in the U.S. Division. Chad Henrich, GCC South Dakota General Manager wrote in the nomination,



"His character and professionalism are a shining example for all our delivery driver professionals."

A panel of industry judges selected Salo as one of three runners-up from a group of outstanding applicants across the U.S. When asked what the key is to successful driving records, his response is simple: Slow down. No matter how long the drive, slow down and assess the situation.



***Doug Roark, GCC U.S. VP of Ready-Mix, Mike Salo (center) and Dale Kotzea, GCC Ready-Mix Director of Safety, pick up the award in Florida.***



## Drive-Cams Eliminate Ready-Mix Rollovers

In 2012, our Health and Safety Committee and Production teams began tracking a recurring problem: An increase in ready-mix truck rollovers. At the peak of the problem in 2014, seven trucks rolled over.

Ready-mix trucks are extremely apt to rollover because of the dynamic load of the materials being continually mixed while driving with a high center of gravity. On average, one in every 100 ready-mix trucks rolls over.

GCC's Drive-Cam program began in 2016 and was fully operational by 2017. Cameras in the cab of ready-mix trucks capture driver behavior and incidents. The footage is uploaded to the Lytx-DriveCam system. Experts review and score the driving and arrange a coaching session with the driver, as needed. During these sessions, drivers receive feedback on their strengths and areas for improvement.

In 2016, GCC saw five ready-mix truck rollovers. By the next year, when the new program was in full

gear, only one rollover occurred. In 2018, through extensive teamwork and coaching, GCC drivers didn't have a single rollover.

"This is not a big brother concept. We do this to help our ready-mix drivers become better at their jobs, not to discipline them," commented Bobby Doyle, North Central Region Safety Manager. "Furthermore, the cameras collect data. Before, we had no data to back up our drivers in case of a collision. The camera allows us to collect the correct data."

The Drive-Cam program produced a 224% return on investment. Savings came from:

- Less wear and tear on the brakes and tires by eliminating sudden braking
- Less maintenance because of reduced wear and tear on trucks
- Lower fuel consumption because of the elimination of sudden acceleration
- No collisions and the associated expenses

***Tomorrow is your reward for working safely today.***

***-Bobby Doyle***

# Employee Relations

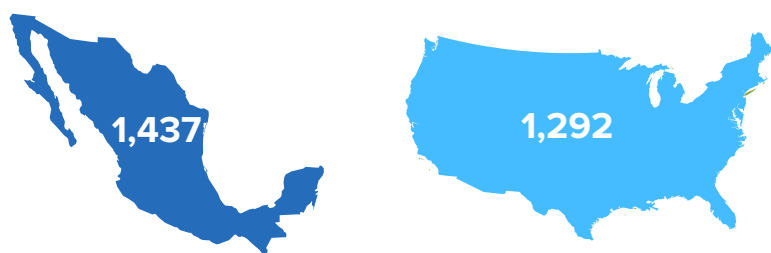
In 2018, GCC divested ready-mix operations in Oklahoma and parts of Arkansas and acquired a cement plant in Montana. We also purchased two ready-mix facilities in South Dakota. These strategic decisions account for a small decrease in headcount in U.S. operations from 2017 levels.

GCC assesses the performance of salaried employees through a performance-management program that sets objectives and annual goals. We have a skills-certification program for professional development for operations teams in Mexico. GCC University offers courses in both English and Spanish.

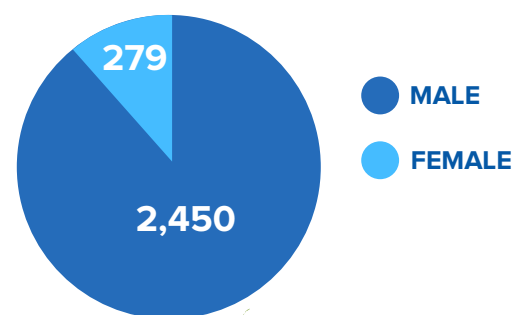
GCC supports workers' rights to exercise freedom of association and collective bargaining. Approximately 28% of our workforce is unionized. Employees in three U.S. plants are represented by trade unions: Rapid City, Odessa and Trident. Trade unions representing those employees include United Steelworkers, North America's largest industrial union, and the International Brotherhood of Boilermakers.

In Mexico, the three cement plants (Chihuahua, Juarez and Samalayuca) are unionized. These unions are part of the national Cement Industry Workers Union. In fact, the leader of the national union, Felipe Sosa, is a proud GCC employee. Formal agreements with trade unions include health and safety topics.



## Employees by Region



## Employees by Gender



## New Hires by Age, Gender and Region

	MEXICO		UNITED STATES	
				
AGE	MALE	FEMALE	MALE	FEMALE
UNDER 30	133	22	56	10
30 TO 50	118	8	130	14
OVER 50	7	1	47	8
<b>TOTAL</b>	<b>258</b>	<b>31</b>	<b>233</b>	<b>32</b>
<b>RATE</b>	9.5%	1.1%	8.5%	1.2%

## Growing Talent from Within



***GCC has prepared me with the right training, mentoring and resources throughout my career.***

**- Alex Alarcón**

When Alejandro “Alex” Alarcón, plant manager of GCC’s Pueblo plant, was in middle school, he would walk by the Chihuahua City plant and often wonder what happened there. One day, he picked up a piece of concrete and used it as a door stopper for his childhood bedroom. “Since then, I think the cement business has literally been in my blood,” Alarcón chuckled.

His career has taken many twists and turns. Alarcón started with GCC at the Samalayuca plant as a control room operator in 1994. While there, he studied continuous improvement processes with a subject matter expert. Twelve years later, Alarcón and his family relocated to Pueblo, Colorado, where he was instrumental in building the plant.

In 2008, he returned to Chihuahua City to learn the SAP business software, a critical new technology. Alarcón then shared his knowledge with all of GCC’s U.S. plants on how to implement and use software. In 2012, Alarcón furthered his skills by leading the project to bring the Pueblo plant into compliance with EPA’s National Emission Standards for Hazardous Air Pollutants (NESHAP).

In October 2015, Alarcón and family moved to New Mexico to assume the plant manager role in Tijeras.

As of this year, he rejoined his beloved Pueblo plant. A chemical engineer with an MBA, Alarcón will celebrate 25 years at GCC in November.

Talent Profile is GCC’s internal system to help us identify leaders early and help them grow. The profile captures an employee’s work experience, education, skills, willingness to move, licensures and other pertinent information.

This approach promotes employee development and encourages growth from within the company. With Talent Profile, GCC leaders can create individual development plans for employees as well as identify potential professional gaps. The tool opens opportunities for special assignments, projects and chances to study with subject matter experts.

“GCC has prepared me with the right training, mentoring and resources throughout my career,” Alarcón said.





# GCC Again Ranked Top Employer in Mexico

For the last three years, GCC ranked among the top 100 best companies to work for in Mexico. The accolades are based upon the pride and commitment we bring to our work, the environment of collaboration we display every day and the trust we place in our contractors.

The Great Place to Work Institute evaluates a company with surveys and audits of corporate culture. Information is gathered about a company's credibility, respect, fairness, camaraderie and pride in work.

To maintain our competitive position in the international market and continue to grow, our culture must be one of collaboration, respect, innovation and teamwork. We are proud to be One GCC.



## Community

Throughout GCC's history we have contributed to the communities where employees live and work. We believe it is our responsibility to give back to local, regional and national charities because they affect each and every one of us. We partner with community organizations that promote education, social welfare, infrastructure and culture.

In Mexico, the GCC Foundation is the cornerstone of our community collaboration. The GCC Foundation invests in projects that address specific needs of a community through actions, programs and channeling resources. In the U.S., each facility selects community partners that represent employees and GCC's values.

GCC has received the Socially Responsible Company Award from the Mexican Center for Philanthropy (Centro Mexicano para la Filantropía, Cemefi) and AliaRSE for 13 consecutive years.

# Giving Back

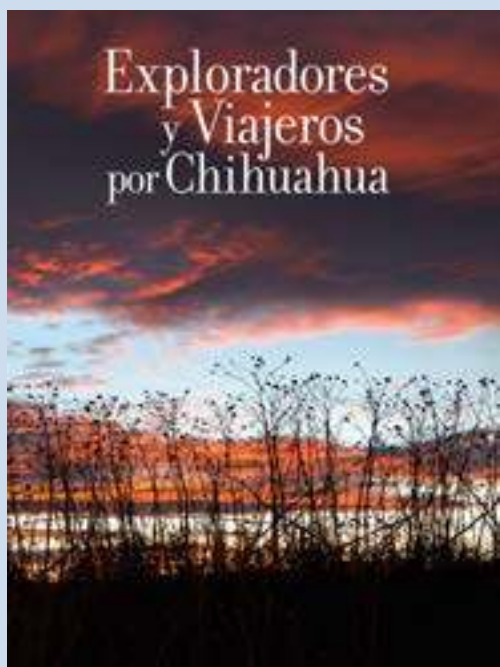
## South Dakota Game, Fish and Parks

GCC owns 12,000 acres of scenic pasture, canyon and hill property bordering the beautiful Black Hills National Forest. For more than 15 years, GCC has partnered with South Dakota Game, Fish and Parks to forge the Walk-In Area Program, providing public access to hunting, hiking and wildlife habitat.



## Explorers and Travelers Throughout Chihuahua

GCC is proud to present the 2018 edition of its editorial collection, “Explorers and Travelers Throughout Chihuahua” (Exploradores y viajeros por Chihuahua). This publication gathers the testimonies of people who, over the course of more than four centuries, walked the deserts, meadows, mountains, valleys and canyons of the state of Chihuahua.



The explorers observed and rediscovered the vast territory of Chihuahua, its people, past and even its present. The book shares the visions of these historical figures and their work and valuable testimonies, helping us understand the history and development of this territory, long before it received the name Chihuahua. This book is part of a collection GCC has published for more than two decades. Each book shares the history and culture of Chihuahua and its people.

## Baseball in Chihuahua

For more than 20 years, GCC has sponsored the State Baseball League of Chihuahua. With more than 10 teams, it is one of the best semi-professional leagues in Mexico.





## *Trident-Peregrine Trail*

GCC's Trident plant partnered with the Montana Fish, Wildlife & Parks Department, the Sacajawea Audubon Society and Montana State University Landscape Design to build and maintain a trail along the Missouri River. The Trident-Peregrine Birding Trail in Missouri Headwaters State Park winds through a designated Important Birding Area. The trail offers the best vantage point for viewing the Peregrine and Prairie falcons along the towering limestone cliffs.

The falcons aren't the only neighbors; many species of birds nest in the cliffs, rivers and shoreline vegetation. Birders come from all across the globe to visit the state park. Area schools use the Trail as an outdoor classroom. Trailside interpretive panels and a unique shelter and benches, designed by local architect Ken VanDeWalle, add to the educational value and beauty of the trail.

We also sponsor the annual Bridger Raptor Festival held in Bozeman, Montana. The free festival centers around the largest known Golden Eagle migration in the U.S. Since 1991, a raptor migration count occurs every fall at the Bridger Bowl ski area in the Gallatin National Forest. Festival activities include raptor viewing, the Wildlife Film Festival, interpretive programs with live raptors, nature walks and talks, face painting, storytelling, education and entertainment programs.





# Building a Sustainable Chihuahua

Building a Sustainable Chihuahua is the brainchild of sustainability and construction experts in government, academics and business. The program is run by the GCC Foundation which invests in projects that resolve many social and environmental challenges by financing sustainable development projects.

Every year, Building a Sustainable Chihuahua awards approximately \$155,000 to non-profits dedicated to improving Chihuahua. In 2018, the initiative funded seven projects.

## Ecología y Comunidad Sostenible, A.C.

Ecología y Comunidad Sostenible received \$21,900 to build water collection systems in nine indigenous communities. These new systems will collect rainwater and make water safe for human consumption. The money also will be used to build nine bio-digesters and a composting system that produces a type of gas that can be harnessed for heating.



## **Instituto Internacional de Recursos Renovables, A.C.**

Located in the high sierra at Guachochi, Chihuahua, Instituto Internacional de Recursos Renovables will use \$22,130 to build 18 rainwater catchment systems. The systems will capture water for the Tarahumara people throughout the year.

## **Centro de Acopio para la Tarahumara, A.C.**

Centro de Acopio para la Tarahumara, A.C. (CAPTAR) works to increase the quality of life, well-being and safety of the Tarahumara people, especially those living in extreme poverty.

In 2018, CAPTAR received \$22,130 to strengthen basic household structures with galvanized sheet metal roofs and to build a new rainwater catchment system. The catchment includes a traditional water filter to ensure potability. The water tank has a capacity of 2,500 liters which is filled at least four times a year, securing 10,000 liters of safe drinking water for the community.

## **Astrum Ingeniería**

Astrum Ingeniería received a grant of \$22,400 to develop a sustainable dehydrator powered by solar energy to convert jalapeño pepper into chipotle pepper. Potential processing capacity of the pilot plant is 500kg of chipotle pepper per day. This project will reduce emissions and costs associated with chipotle pepper production.

## **Centro de Desarrollo Alternativo Indígena, A.C.**

A non-profit organization in the sierra of Chihuahua, Centro de Desarrollo Alternativo Indígena (CEDAIN), focuses its efforts on supporting the indigenous Tarahumara people of the region who have been left out of the economic, educational, political and scientific advances which the rest of Chihuahua enjoys.

CEDAIN will use its award of \$22,130 to fund a two-pronged project. The first part focuses on teaching women business principles to sell their traditional handwork. The second part is a partnership with the cooperative agricultural school to train communities how to grow and sell healthy food.

## **Club Rotario Industrial Juárez, A.C.**

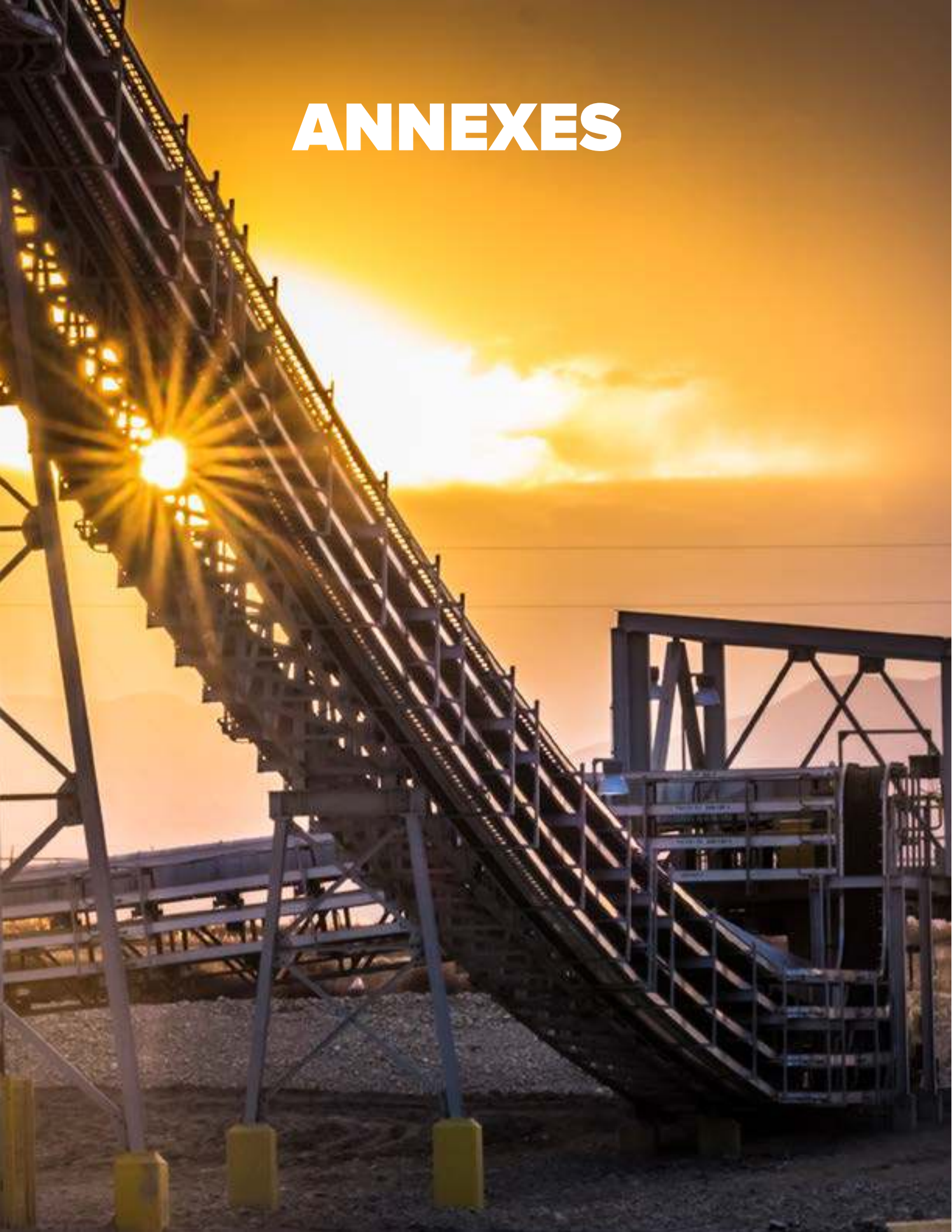
The City of Juárez, Chihuahua, continually suffers from flash flooding and contamination because of poor urban planning. Club Rotario Industrial Juárez, A.C. is using its \$23,130 grant to focus on three sites in the city.

The project will fix flooding problems by replacing old concrete and asphalt structures with well-engineered, green infrastructure. The planned flood control is a sustainable solution for generations to come.

For more information, visit [www.chihuahuasustentable.org](http://www.chihuahuasustentable.org)



# ANNEXES





# About This Report

Our annual Sustainability Report provides GCC's main results and progress towards reaching our sustainability goals. This report focuses on activities during 2018.

Our report is written for our stakeholders in Mexico and the U.S. This report has been formally reviewed and approved by our CEO and officially released in April 2019 at the GCC Shareholder Meeting.

## Aligned to the Global Reporting Initiative

This report was prepared using Global Reporting Initiative (GRI) principles and foundations regarding the definition of its contents, including stakeholders, sustainability context, materiality and comprehensiveness. In order to clearly communicate sustainability efforts to stakeholders, we apply the GRI Guidelines and Standards (GRI Standards) using the "in accordance" core option, without external verification.

GCC's Sustainability Committee is responsible for the content of this Report. To ensure the accuracy of Report content, the Committee analyzes and approves each topic.

Sustainability reporting is a continuous process of analyzing data, reporting our performance standards and using best practices. We strive to improve our sustainability reporting each year and to strengthen this area of our communication strategy.

## Sustainability Highlights

1. The GCC Pueblo Plant received a 100 out of a possible 100 points in their ENERGY STAR evaluation.
2. A third-party audit applauded GCC operations on "strong carbon reduction, energy management, fuel and material usage".
3. Our Sustainability Strategy is being redesigned in 2019 to align with the Global Cement and Concrete Association's 2030 targets.
4. Several strong sustainability initiatives gained steam including:
  - Use of tire-derived fuel in our Pueblo plant to reduce dependence on non-renewable materials
  - The reduction of NOx air emissions in the Odessa plant with the installation of a selective non-catalytic reduction pollution control device
  - Use of biomass fuel in the Juárez plant, reducing CO2 emissions by 38%

GCC welcomes any feedback or questions from stakeholders regarding this Report. Email us at [corporate.communication@gcc.com](mailto:corporate.communication@gcc.com).

# Associations



**Global Cement  
and Concrete  
Association  
(GCCA)**

GCCA is the globally trusted, authoritative platform and voice for the cement and concrete sector. The aim of GCCA is to unify the industry, ensure concrete is recognized as the sustainable building material of choice and to meet global challenges for future generations. GCCA is a CEO-led organization with 40-member companies representing 35% of global cement production. GCCA's Sustainability Charter guides the documentation of sustainability initiatives to improve the sustainability performance of global cement and concrete sectors. Full members must comply with GCCA's Sustainability Charter.

**Note:** In 2018, the previously known Cement Sustainability Initiative was transferred from the World Business Council for Sustainable Development (WBCSD) to GCCA. Those activities now reside under GCCA's Sustainability Charter.



**CESPEDES**

CESPEDES was formed in 1994 by entrepreneurs to advance sustainable business strategies and practices in Mexico. CESPEDES is a member of the WBCSD network, the Mexican Business Coordinating Council and is closely linked to the Consejo Coordinador Empresarial (Top National Enterprise Council). CESPEDES represents a variety of extraction, manufacturing and consumer businesses that have a common interest in managing scarce natural resources and promoting economic development.



**United  
Nations Global  
Compact**

The United Nations Global Compact is a non-binding pact to encourage businesses worldwide to adopt sustainable and socially responsible policies and report on their implementation. The Compact promotes the implementation of universal principles on human rights, labor, environment and anti-corruption.



**Mexican  
Chamber of  
Cement**

The Mexican Chamber of Cement (CANACEM) is an autonomous body recognized by the Mexican Secretary of Economy to represent the cement sector and adopt programs that contribute to the development and expansion of economic activities, safety, sustainability and innovation within the existing legal framework. CANACEM serves as a consultative and collaborative body in everything related to the needs, problems and activities of the cement industry, as well as the design and execution of policies, programs and instruments that facilitate and promote the expansion of general economic activity.



**Portland  
Cement  
Association**

The Portland Cement Association (PCA) is the premier policy, research, education, and market intelligence organization serving America's cement manufacturers. PCA members represent 93% of U.S. cement production capacity with facilities in all 50 states. PCA promotes safety, sustainability, and innovation in all aspects of construction, fosters continuous improvement in cement manufacturing and distribution, and generally promotes economic growth and sound infrastructure investment.



**Socially  
Responsible  
Company**

For 14 years, GCC has been recognized by the Mexican Center for Philanthropy (Cemefi) and the Alliance for Corporate Social Responsibility (AliaRSE) as a socially-responsible business. The voluntary and publicly committed ESR® distinction is given annually to organizations with socially responsible management as part of their culture and business strategy.

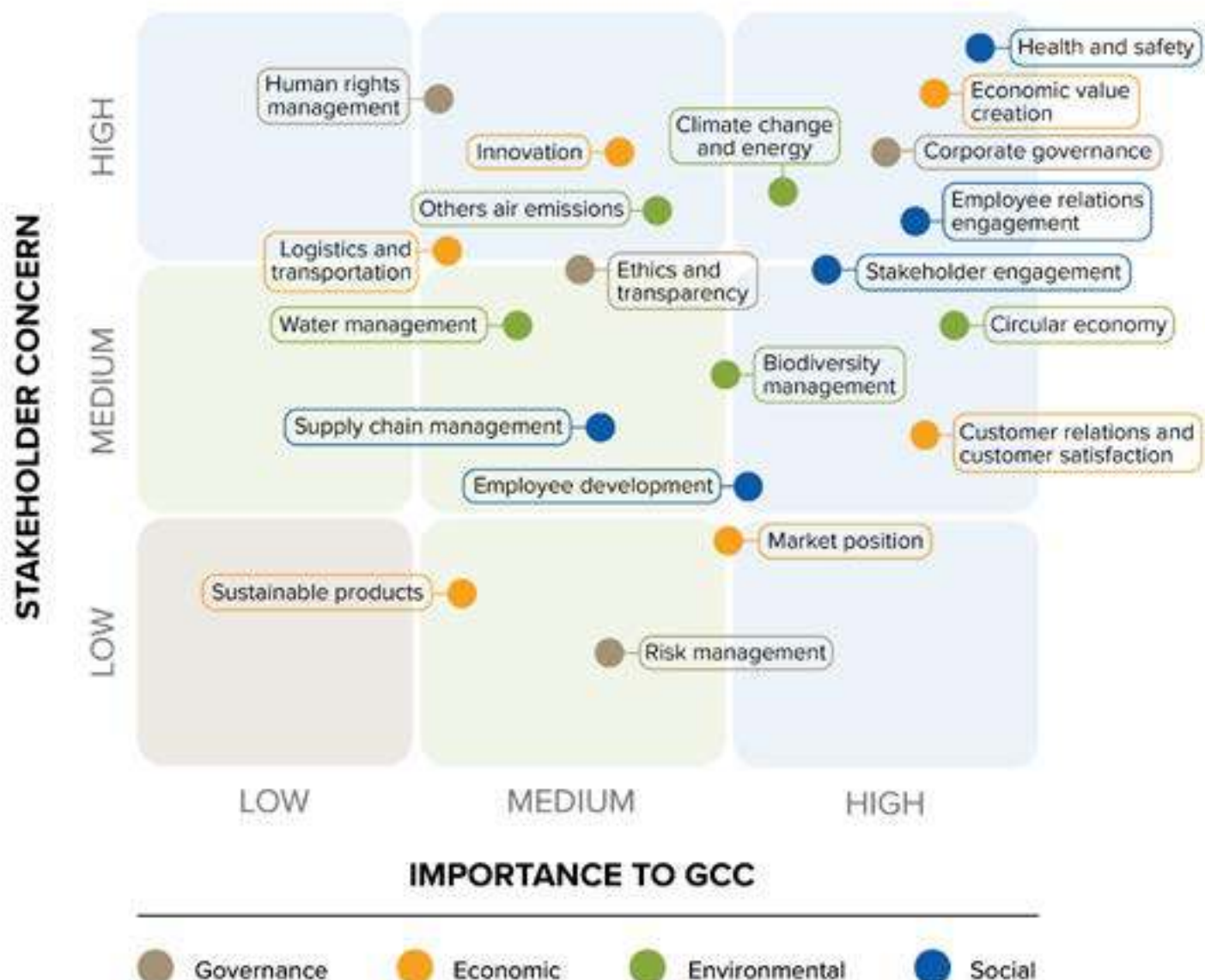
# Materiality

We use a materiality analysis to determine how important individual sustainability issues are for GCC's stakeholder groups. The analysis helps us identify and evaluate issues and trends that are critical for our success today and in the future.

To determine relevant topics for GCC, we considered our strategic objectives, compared sustainability topics in the cement industry, identified the topic series of the GRI Standards and examined the relevance of other industry requirements to the business. This resulted in 20 action areas that we structured, consolidated and allocated to the relevant GRI topic areas.

We conducted an analysis from the stakeholder perspective and determine the social, economic and environmental impact of our business activity.

*The diagram below shows key issues identified from the review.*





# Performance Data

The information in this table was compiled using the Key Performance Indicators from the Cement Sustainability Initiative.

## CO2 and Energy Management

	UNITS	2016	2017	2018
TOTAL CO2 EMISSIONS - GROSS	million metric tons/year	2.64	3.13	3.36
TOTAL CO2 EMISSIONS - NET	million metric tons/year	2.6	3.08	3.32
SPECIFIC CO2 EMISSIONS - GROSS	kg/ton cementitious emissions	756	749	755
SPECIFIC CO2 EMISSIONS - NET	kg/ton cementitious emissions	743	738	747

## Fuels and Materials Use

	UNITS	2016	2017	2018
SPECIFIC HEAT CONSUMPTION OF CLINKER PRODUCTION	MJ/ton	3,769	3,797	3,997
ALTERNATIVE FUELS RATE	%	4.8%	3.9%	2.6%
BIOMASS FUEL RATE	%	5.6%	7.0%	6.5%
ALTERNATIVE RAW MATERIALS RATE	%	2.1%	2.1%	2.0%
CLÍNKER/CEMENT RATIO	%	87.4%	87.8%	87.8%

## Occupational Health and Safety

	2016	2017	2018
NUMBER OF FATALITIES (DIRECTLY EMPLOYED)	0	0	0
FATALITY INDEX FOR DIRECT EMPLOYEES	0	0	0
NUMBER OF FATALITIES IN CONTRACTORS (INDIRECTLY EMPLOYED)	0	0	0
NUMBER OF FATALITIES (THIRD PARTY)	0	0	0
NUMBER OF LOST TIME INJURIES (DIRECTLY EMPLOYED)	50	71	52
LOST TIME INJURY FREQUENCY RATE FOR (DIRECTLY EMPLOYED)	9.5	12.8	10.2
NUMBER OF LOST TIME INJURIES (INDIRECTLY EMPLOYED & CONTRACTORS)	NA	NA	NA

## Emissions Monitoring and Reporting

	UNIT	2016	2017	2018
ABSOLUTE NOX EMISSIONS	ton NOx/year	2,732	3,726	3,768
SPECIFIC NOX EMISSIONS	g ton NOx/ton clinker	1,479	1,643	1,654
ABSOLUTE SO2 EMISSIONS	ton SO2/year	273	288	325
SPECIFIC SO2 EMISSIONS	g ton SO2/ton clinker	148	127	143
ABSOLUTE PARTICULATE MATERIAL (PM) EMISSIONS	ton PM year	13.3	20.0	22.0
SPECIFIC PARTICULATE MATERIAL EMISSIONS	g ton PM/ton clinker	7.2	8.8	9.6
OVERALL COVERAGE RATE OF CLINKER PRODUCED WITH MONITORING OF ALL POLLUTANTS	%	80%	85%	84%
COVERAGE RATE CONTINUOUS MEASUREMENT OF CLINKER PRODUCED WITH CONTINUOUS MONITORING OF MAIN POLLUTANTS	%	62%	62%	58%

## Local Impacts

	2016	2017	2018
SITES WITH QUARRY REHABILITATION PLANS IN PLACE	57%	57%	63%
SITES WITH COMMUNITY ENGAGEMENT PLANS IN PLACE	100%	100%	100%

## Biodiversity

	UNITS	2016	2017	2018
QUARRIES WITHIN, CONTAINING, OR ADJACENT TO AREAS DESIGNATED FOR THEIR HIGH BIODIVERSITY VALUE	#	0	0	0
QUARRIES WITH HIGH BIODIVERSITY VALUE WHERE BIODIVERSITY MANAGEMENT PLANS ARE ACTIVELY IMPLEMENTED	%	0	0	0

## Water

	UNITS	2016	2017	2018
TOTAL WATER WITHDRAWAL	lt/ton cement	505.3	570.7	498.7
TOTAL WATER DISCHARGE	lt/ton cement	286.1	366.8	240.2
TOTAL WATER CONSUMPTION	lt/ton cement	219.2	203.9	258.4
FACILITIES WITH WATER RECIRCULATION SYSTEMS	%	14.3%	14.3%	12.5%

# GRI Content Index

GRI STANDARD		DESCRIPTION	PAGE	COMMENT
<b>General Disclosures</b>				
<b>ORGANIZATIONAL PROFILE</b>				
102-1	Core	Name of the organization		Grupo Cementos de Chihuahua, S.A.B. de C.V.
102-2	Core	Activities, brands, products, and services	4	
102-3	Core	Location of headquarters		Chihuahua, Chih., Mexico
102-4	Core	Location of operations	3	Mexico, United States
102-5	Core	Ownership and legal form		Grupo Cementos de Chihuahua, S.A.B.de C.V.
102-6	Core	Markets served	3	
102-7	Core	Scale of the organization	4, 17, 18, 35	
102-8	Core	Information on employees and other workers	35	
102-9	Core	Supply chain	11	
102-10	Core	Significant changes to the organization and its supply chain	7, 21	
102-11	Core	Precautionary Principle or approach	10	We are committed to mitigating the environmental impacts our operations by managing emissions, biodiversity and water
102-12	Core	External initiatives	8, 14, 17	
102-13	Core	Membership of associations	44	
<b>STRATEGY</b>				
102-14	Core	Statement from senior decision-maker	2	
102-15		Key impacts, risks, and opportunities	19	
<b>ETHICS AND INTEGRITY</b>				
102-16	Core	Values, principles, standards, and norms of behavior	5	
102-17		Mechanisms for advice and concerns about ethics	5	
<b>GOVERNANCE</b>				
102-18	Core	Governance structure	16, 17	
102-19		Delegating authority	16, 17, 33	The President of the Board of Administration delegates authority for economic, social and environmental issues to the General Director
102-20		Executive-level responsibility for economic, environmental, and social topics	16	
102-21		Consulting stakeholders on economic, environmental, and social topics workers	16	
102-22		Composition of the highest governance body and its committees	16	



102-23		Chair of the highest governance body	16	
102-24		Nominating and selecting the highest governance body vices	16	
102-25		Conflicts of interest	5	
102-26		Role of highest governance body in setting purpose, values, and strategy	5, 16	
102-27		Collective knowledge of highest governance body		See Annual Report: Members of the Management Board have experience in economic, environment and social affairs
102-28		Evaluating the highest governance body's performance		Information on performance assessment unavailable
102-29		Identifying and managing economic, environmental, and social impacts	16	
102-30		Effectiveness of risk management processes workers		Managed by the Risk Management and Internal Audit
102-31		Review of economic, environmental, and social topics		The management team and shareholders meet monthly to review progress on economic, environmental and social initiatives
102-32		Highest governance body's role in sustainability reporting and its supply chain		The Chairman of the Board evaluates and approves the Sustainability Report
102-33		Communicating critical concerns		Board of Directors meetings held monthly to address critical concerns
102-34		Nature and total number of critical concerns		
102-35		Remuneration policies		There is no policy; remuneration agreement is established for individual compensation
102-36		Process for determining remuneration and its supply chain		The Directors establish remuneration based on responsibilities
102-37		Stakeholders' involvement in remuneration		The Directors establish remuneration based on responsibilities
102-38		Annual total compensation ratio		Information unavailable
102-39		Percentage increase in annual total compensation ratio		Information unavailable

## STAKEHOLDER ENGAGEMENT

102-40	Core	List of stakeholder groups	12	
102-41	Core	Collective bargaining agreementsvices	12	
102-42	Core	Identifying and selecting stakeholders	12	
102-43	Core	Approach to stakeholder engagement	12	
102-44	Core	Key topics and concerns raised	12	

GRI STANDARD		DESCRIPTION	PAGE	COMMENT
REPORTING PRACTICE				
102-45	Core	Entities included in the consolidated financial statements		See Annual Report
102-46	Core	Defining report content and topic boundaries	43	
102-47	Core	List of material topics	45	
102-48	Core	Restatements of information		We had environmental, social and economic effect restatement of information by Trident Plant acquisition
102-49	Core	Changes in reporting		Because of our acquisition of the Trident plant, we have (or are in the process of) recalculating all base criteria.
102-50	Core	Reporting period	43	
102-51	Core	Date of most recent report	43	
102-52	Core	Reporting cycle	43	
102-53	Core	Contact point for questions regarding the report	43	
102-54	Core	Claims of reporting in accordance with the GRI Standards and its supply chain	43	"In accordance" core option.
102-55	Core	GRI content index	49	
102-56	Core	External assurance	43	

## Management Approach

103-1		Explanation of the material topic and its boundary	45	
103-2		The management approach and its components	22-24	
103-3		Evaluation of the management approach	22-24	

## Economics

ECONOMIC PERFORMANCE				
201-1		Direct economic value generated and distributed	19	
201-2		Financial implications and other risks and opportunities due to climate change		See Annual Report
201-3		Defined benefit plan obligations and other retirement plans		GCC has implemented procedures to meet retirement plan goals
201-4		Financial assistance received from government		Financial support is available on select projects from Mexico's CONACYT agency

## MARKET PRESENCE

202-1		Ratios of standard entry level wage by gender compared to local minimum wage		GCC makes no gender distinction. Currently, there are no positions earning minimum wage
202-2		Proportion of senior management hired from the local community	16	

## INDIRECT ECONOMIC IMPACTS

203-1		Infrastructure investments and services supported	21	
203-2		Significant indirect economic impacts		See Annual Report

## PROCUREMENT PRACTICES

204-1		Proportion of spending on local suppliers	14	
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## ANTI-CORRUPTION

205-1		Operations assessed for risks related to corruption		All of our subsidiaries are ruled by the Federal Law of Prevention and Federal Law for Identification of Operations with Resources from Illegal Origin
205-2		Communication and training about anti-corruption policies and procedures	5	
205-3		Confirmed incidents of corruption and actions taken		All of our subsidiaries are ruled by the Federal Law of Prevention and Federal Law for Identification of Operations with Resources from Illegal Origin

## ANTI-COMPETITIVE BEHAVIOR

206-1		Legal actions for anti-competitive behavior, anti-trust, and monopoly practices		See Annual Report
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## Environment

### MATERIALS

301-1		Materials used by weight or volume	27, 46	
301-2		Recycled input materials used	27, 47	
301-3		Reclaimed products and their packaging materials		Information unavailable

### ENERGY

302-1		Energy consumption within the organization	26, 27, 46	
302-2		Energy consumption outside of the organization		No energy consumption outside the organization
302-3		Energy intensity	26	
302-4		Reduction of energy consumption	26	
302-5		Reductions in energy requirements of products and services		Information unavailable



**WATER AND EFFLUENTS**

303-1		Water withdrawal	47	
303-2		Water discharge	47	No affected water sources have been identified to date
303-3		Water consumption	47	Recycled water is used at the plants to water trees and irrigate roads

**BIODIVERSITY**

304-1		Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	47	
304-2		Significant impacts of activities, products, and services on biodiversity		There is an impact on biodiversity at cement plant quarries
304-3		Habitats protected or restored	39	Reclamation plans exist for cement plant quarries
304-4		IUCN Red List species and national conservation list species with habitats in areas affected by operations		

**EMISSIONS**

305-1		Direct (Scope 1) GHG emissions	28-30, 47	
305-2		Energy indirect (Scope 2) GHG emissions	28-30, 47	
305-3		Other indirect (Scope 3) GHG emissions		Consolidated information on indirect emissions (CH <sub>4</sub> , HFC, etc.) is unavailable
305-4		GHG emissions intensity	28-30, 47	
305-5		Reduction of GHG emissions	28-30, 47	
305-6		Emissions of ozone-depleting substances (ODS)		No ODS is produced
305-7		Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions	29, 47	

**EFFLUENTS AND WASTE**

306-1		Water discharge by quality and destination	47	Majority of water is discharged to municipal sewage
306-2		Waste by type and disposal method		A consolidated report of the waste generated is unavailable
306-3		Significant spills		No significant spills during reporting period
306-4		Transport of hazardous waste		Not available
306-5		Water bodies affected by water discharges and/or runoff		No impacts to bodies of water by discharge or runoff

**ENVIRONMENTAL COMPLIANCE**

307-1		Non-compliance with environmental laws and regulations		No significant non-compliance
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## SUPPLIER ENVIRONMENTAL ASSESSMENT

308-1		New suppliers that were screened using environmental criteria		Procurement Department is working on the new agreements to add environmental criteria and measure this indicator.
308-2		Negative environmental impacts in the supply chain and actions taken		Corporate Procurement Department is also working on measuring this type of indicators

## People & Community

### EMPLOYMENT

401-1		New employee hires and employee turnover	35	
401-2		Benefits provided to full-time employees that are not provided to temporary or part-time employees		Health insurance, wellness program, supplementary insurance, seniority awards, retirement program, scholarships, employee discounts
401-3		Parental leave		Human Resources Department is also working on measuring this type of indicators

### LABOR/MANAGEMENT RELATIONS

402-1		Minimum notice periods regarding operational changes		GCC complies with notice periods defined in bargaining agreements
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### OCCUPATIONAL HEALTH AND SAFETY

403-1		Workers representation in formal joint management-worker health and safety committees	33, 34	
403-2		Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	33, 35	
403-3		Workers with high incidence or high risk of diseases related to their occupation		The Organization is working on occupational health to identify such diseases
403-4		Health and safety topics covered in formal agreements with trade unions		Health and safety issues are covered in labor agreements

### TRAINING AND EDUCATION

404-1		Average hours of training per year per employee		A consolidated report of hours of training is unavailable
404-2		Programs for upgrading employee skills and transition assistance programs	35, 36	
404-3		Percentage of employees receiving regular performance and career development reviews	35, 36	

### DIVERSITY AND EQUAL OPPORTUNITY

405-1		Diversity of governance bodies and employees	16	
405-2		Ratio of basic salary and remuneration of women to men		Information unavailable

**NON-DISCRIMINATION**

406-1		Incidents of discrimination and corrective actions taken		No incidents of discrimination during reporting period
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**FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING**

407-1		Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk		Information unavailable
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**CHILD LABOR**

408-1		Operations and suppliers at significant risk for incidents of child labor		Information unavailable
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**FORCED OR COMPULSORY LABOR**

409-1		Operations and suppliers at significant risk for incidents of forced or compulsory labor		Information unavailable
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**SECURITY PRACTICES**

410-1		Security personnel trained in human rights policies or procedures		Human rights addressed in Code of Ethics, which applies to all staff
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**RIGHTS OF INDIGENOUS PEOPLES**

411-1		Incidents of violations involving rights of indigenous peoples		No incidents related to rights of indigenous peoples
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**HUMAN RIGHTS ASSESSMENT**

412-1		Operations that have been subject to human rights reviews or impact assessments		Information unavailable
412-2		Employee training on human rights policies or procedures		All employees receive training on Code of Ethics
412-3		Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening		Information unavailable

**LOCAL COMMUNITIES**

413-1		Operations with local community engagement, impact assessments, and development programs	32,37-40	
413-2		Operations with significant actual and potential negative impacts on local communities		No significant negative impacts to local communities during reporting period

**SUPPLIER SOCIAL ASSESSMENT**

414-1		New suppliers that were screened using social criteria		Information unavailable
414-2		Negative social impacts in the supply chain and actions taken		Information unavailable

**PUBLIC POLICY**

415-1		Political contributions		No political contributions were made
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## CUSTOMER HEALTH AND SAFETY

416-1		Assessment of the health and safety impacts of product and service categories		PRO-NOM-OO6-STPS-2017 is currently under assessment for materials handling
416-2		Incidents of non-compliance concerning the health and safety impacts of products and services		No incidents during reporting period

## LOCAL COMMUNITIES

417-1		Requirements for product and service information and labeling		Cement sack labeling requirements in Mexico
417-2		Incidents of non-compliance concerning product and service information and labeling		No incidents during reporting period
417-3		Incidents of non-compliance concerning marketing communications		No incidents during reporting period

## CUSTOMER PRIVACY

418-1		Substantiated complaints concerning breaches of customer privacy and losses of customer data		No substantiated complaints during reporting period
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## SOCIOECONOMIC COMPLIANCE

419-1		Non-compliance with laws and regulations in the social and economic area		No incidents of non-compliance during reporting period
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