



# 2020 Sustainability Report





## Dear Stakeholders,

Early in 2020, we set out to chart the vision that will guide our company through 2025. At that time, we could not imagine the challenges we would face as a planet, a company and as the GCC family. Yet throughout that difficult year, I consistently came back to one word – Inspiration.

Personally, I find our 2025 Vision inspirational and aspirational.

*“To be the best cement company in North America with the proper balance of **people, profit and the planet**”*

I was inspired by my team and the commitment, hard work and dedication of all of our employees as we pivoted to quickly respond to the COVID-19 crisis. We found new ways to work together, solve problems and build an even stronger company.

In 2020, the proper balance was to shift all priorities to protect the health of our teammates above everything else. GCC set up a task force in March to guide the company’s response to the pandemic. The task force had three priorities:

- Protect the health and safety of our employees
- Ensure permanent employment
- Enable business continuity

The entire workforce gathered behind these priorities in alignment with the 2025 Vision. While the vision was clear, the virus proved a formidable foe. We lost some of our GCC family in Mexico. They will always be part of us as we keep them and their families in our thoughts and prayers.

Despite these deep losses, we found inspiration and motivation to further bolster health and safety throughout GCC. 2020 was the fifth consecutive year that we had no fatalities. Additionally, our lost time incident rate continues to drop year after year.

GCC partnered with the Global Cement and Concrete Association on the **climate ambition** to build a carbon neutral future by achieving carbon neutrality along the cement and concrete value chain by 2050. We tackled climate change with a renewed sense of purpose; by 2030 GCC **will reduce CO2/ton of cement by 22% from our 2018 baseline.**

Thanks to employees and to our customers, GCC had a very good year. They inspire me and the board to try new things and take new risks. Our employees are the reason we will reach our new vision and ensure the health of our planet.



I hope you’ll join us on this new path and share your inspirations with us.

Sincerely,  
Enrique Escalante  
Chief Executive Officer





# PEOPLE

*Most companies say that their employees are their greatest asset, and throughout the pandemic, we learned just how **strong** our GCC family truly is. We stood together (well, six feet apart); we figured out new ways to work - remotely, with new technology or in new ways at our facilities.*

*We enacted strict protocols in the first quarter of 2020 to keep everyone **safe** and prevent outbreaks. Our first priority was always the health and safety of our teammates. There were no outbreaks at any of our facilities.*

## COVID-19

GCC formed a multi-disciplinary task force in March 2020 as a response to the COVID-19 pandemic. Responsibilities of the task force include providing guidance, support, follow-up and solutions surrounding COVID-19 and the different critical scenarios that may affect the company directly or indirectly.

The task force is made up of senior leadership team members from both divisions, leaders from different business units and corporate areas, divisional staff and members of the information technology team.

With operations in three countries as well as multiple states and counties each with their own protocols and infection rates, the task force worked to standardize protocols that strengthen health and safety for our workforce, contractors and customers.

Non-essential projects were postponed. GCC offices closed, and remote work was implemented wherever possible. At our facilities, we varied shifts and safely operated with skeleton crews to ensure social distancing. GCC provided proximity devices which helped with contact tracing after any possible sign of exposure.

Sales teams met by telephone and video conference with customers or quarantined after short face-to-face visits. Our facilities increased cleaning schedules.





Open and active communication provided employees and customers with current, relevant information regarding GCC's response and operations. Our leadership spoke openly and honestly about the pandemic and its effects on our GCC family.

And of course, we masked up! Other health protocols included:

- Health screenings for those teammates who could not work remotely
- Periodic rapid antigen and PCR testing for employees and their families
- Distribution of face masks, thermometers, and oxygen and other medical devices
- Hiring an epidemiologist for our Mexico operations

We recognized that the economic uncertainty had a mental and emotional effect on our employees. GCC prioritized front-line employees and rewarded them for their extraordinary efforts with a bonus midyear.

With operations in two countries, COVID-19 site leaders were selected to share information relevant to their operational areas. These leaders reinforce and model safety protocols and act in tandem with the task force.

Their main responsibilities are:

- Ensuring that the safety protocols and procedures adopted by GCC are implemented
- Monitoring employee engagement and compliance
- Enforcing and training others on protocols, processes and the use of personal protective equipment

The decisions and hard work of these teams established a response strategy for future situations that might represent a threat to our operations.

Additionally, we lent a helping hand in the state of Chihuahua.

- Approximately 3,000 food kits for families in Chihuahua, Juárez, Delicias and Aldama
- Approximately 3,000 food kits for families in the Sierra Tarahumara
- Ventilator to the State of Chihuahua
- Rapid response to governments to build facilities and hospitals



## Health and Safety

Occupational health and safety are integral to GCC's values. We work responsibly and minimize risks that could endanger the safety of our employees and other people who interact with our operations, such as contractors. We reduce health and safety risks and exceed government regulations.

We focus on establishing a zero-incident culture with active employee engagement, driving standardization and operating sustainably to secure our long-term success. In 2020, we had an

**11% reduction** in lost time incident frequency and a **31% reduction** in severity rate.

These improvements make us more determined to reach our target of zero fatalities.

The Health and Safety Committee creates and manages strategic work plans to maintain employee safety and well-being. A health and safety functional organization is defined for each division, down to the site level. Each of our cement and ready-mix plants have a health and safety committee to achieve the safest possible performance on every job site and protect employees, contractors, customers and the public against any potential hazards related to our operations.

Our Global Health and Safety Management Process brings a structured approach to respond quickly to new health and safety challenges. Our health and safety performance is strongly linked to the success of our business. All GCC business units maintain a health and safety improvement plan. The plan is reviewed and updated regularly by the unit's manager who monitors progress. Senior leadership sign the

policy, ensure it is relevant and communicate the policy to all staff and stakeholders.

GCC's health and safety management process demonstrates our commitment to everyone in the organization. Behavior-based safety programs and consistent near-miss analysis create synergies between the U.S. and Mexico operations.

In order to ensure that health and safety is top of mind with employees and stakeholders, GCC regularly provides training, education and communications on health and safety topics through various channels.

Health and safety topics and case studies are featured in newsletters, on message boards and discussed in toolbox talks.

At GCC, health and safety is ultimately everyone's responsibility. Everyone is accountable for their safety and that of their teammates.



## *NRMCA Recognizes Safe Drivers*

The National Ready Mixed Concrete Association (NRMCA) recognized the concrete industry's front-line workers – ready-mixed concrete truck drivers – in October. GCC and the NRMCA celebrated several drivers for their safety and performance records.

GCC's award winners had received a GCC DriveCam Safe Driver Award for the last three consecutive years. That meant they had no incidents, no citations, have hauled a minimum of 400 loads and have no DriveCam coachable behaviors. One driver from each of our districts, selected via computer lottery, was featured on a video on the NRMCA [website](#).

These drivers are often the face of the company for our customers. It's their professionalism and dedication that make us a great company.



**Gabriel Murillo**  
*Las Cruces, New Mexico*



**Jason Roblewsky**  
*Aberdeen, South Dakota*



**Jerod Haaven**  
*Cherokee, Iowa*

## *Pueblo Plant Wins PCA Safety Award*

GCC's Pueblo Plant won the Portland Cement Association's (PCA) 2019 Chairman's Safety Performance Award which recognizes outstanding safety performance in the manufacturing of Portland cement.

"We're very proud of the Pueblo Plant for being recognized for its safety record," said Ron Henley, president of the U.S. division. "At GCC, we all take health and safety seriously so that everyone goes home safe and sound each day."

The winners were selected from more than 90 cement facilities across the U.S. found to be the highest performers in safety, based on total case incident rate. GCC's Pueblo Plant was one of three winners in the Small Category – less than 200,000 hours.

The awards were presented in a [video](#) from the U.S. Department of Labor's Mine Safety and Health Administration Assistant Secretary, David Zatezalo.



# Employee Relations

**Great  
Place  
To  
Work®**

## *A Great Place to Work - Before and During a Pandemic*

GCC turned to the Great Place to Work® Institute to assess our response to the global pandemic and our teammates' feelings around that response. In the survey, employees felt empowered to do their jobs and take care of our customers. They were confident that GCC was proactive in the response and looking out for their health and safety. GCC used input from that special survey to make further decisions and actions to ensure GCC maintained a strong financial footing and minimized risks of exposure to the virus.

The outcome from the annual survey was that for the fifth consecutive year, GCC was certified as one of Mexico's best companies by the Great Place to Work® Institute, an organization considered to be a global authority in workplace culture. GCC's Mexico Division ranked fourteenth out of 73 companies with 50-5,000 employees. In 2020, the U.S. Division received its second consecutive certification. (U.S.-based companies are not ranked as Mexican companies are.)

These certifications indicate that our employees believe GCC is a positive place to work and that we are strengthening diversity and equity. They can find a work-life balance at GCC and have the opportunity to grow with the company. GCC uses the teammate feedback to build new programs designed to improve employee morale and engagement.

The Great Place to Work® Institute evaluates a company with surveys and audits of corporate culture. Information is obtained about the level of trust that employees experience in their leaders, the level of pride they have in their jobs and the extent to which they enjoy their colleagues.

time different unique  
challenges family  
job good opportunities growth  
location team people leadership  
balance pay life benefits  
everyone home safety love

## Growing with GCC

GCC provides professional development opportunities to all employees and fosters a culture of continuous improvement and high performance through GCC University and through our continuous improvement program.

In 2020, GCC University provided more than 22,000 hours of training to 1,770 teammates. Cyber security and health and safety measures related to the pandemic were the top training topics of the year.

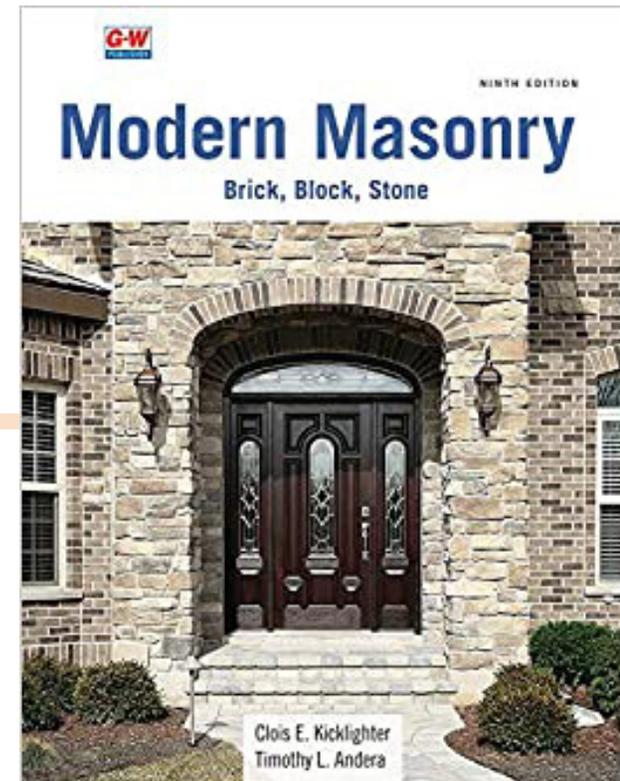
GCC University offers online, bilingual courses and workshops in a variety of areas including industry education, career development and technical training. Individual business units offer site-specific training to their teams.

### *GCC Ready Mix Collaborates on Textbook*

At GCC, we don't believe that education begins at the fence to our facility. In the U.S., GCC is creating a pipeline for skilled workers through partnerships with community colleges and universities. Sometimes we're even able to collaborate on what they learn.

Our ready-mix operations helped South Dakota State University Professor Timothy L. Andera, Ed. D. collect data and industry specifics to publish the ninth edition of "Modern Masonry: Brick, Block, Stone".

"Modern Masonry: Brick, Block, Stone" provides a broad understanding of the properties and applications of masonry materials. The book helps students learn about the industry and its careers as well as teaching safe, proper procedures for working with brick, block and stone. Coverage of concrete form construction and flatwork also is included. There's even a section on sustainability that addresses masonry's impact on the environment.



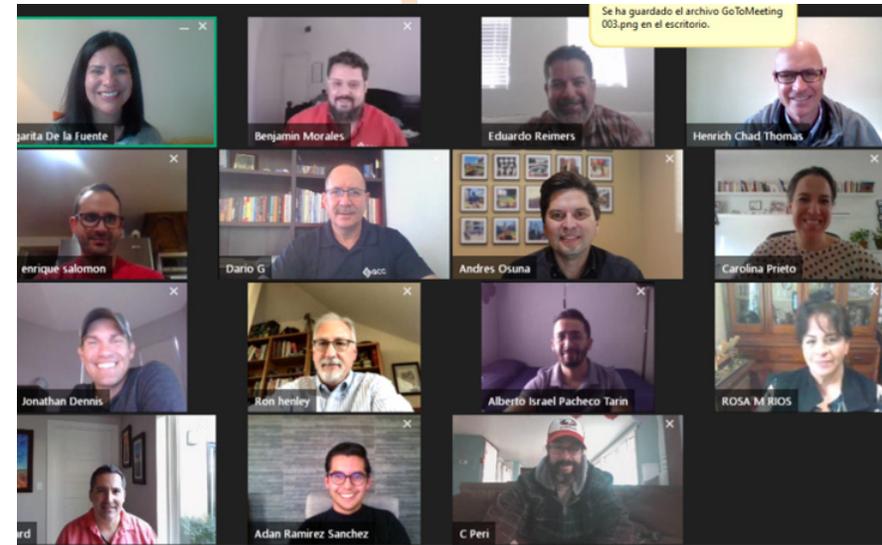
## Innovation Week

To provide continuing education opportunities, our Innovation department held Mexico's fifth Innovation Week and the inaugural Innovation Week for the U.S. Division.

Almost 500 participants converged online for eight webinars and 11 workshops on topics such as:

- Emotional Intelligence in Innovation
- Algae in the Construction Industry
- Green Concretes
- CO2 Capture

The discussions and information shared can lead to new processes and products for the company as well as new opportunities for our teammates.



## Diversity and Inclusion

GCC seeks to further embrace and celebrate the diversity of each employee and support a diverse and inclusive work environment that inspires, attracts and retains people from different backgrounds. In 2020, GCC formed the Diversity and Inclusion Committee to strengthen our diverse culture, promote labor inclusion and ensure equity for each employee.

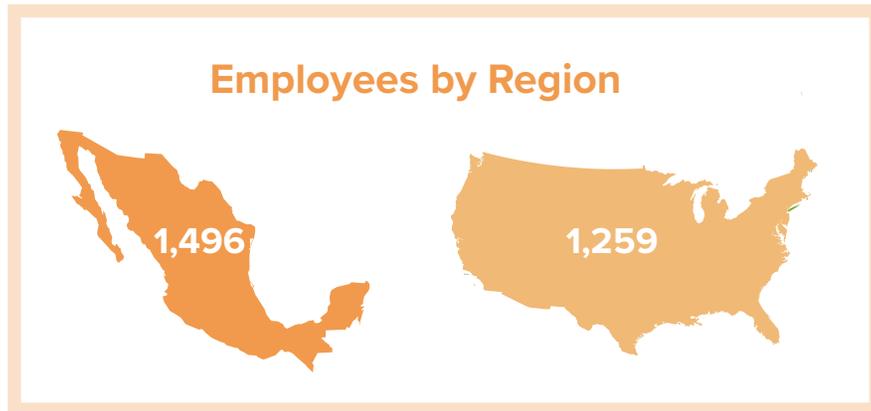
The role of the Diversity and Inclusion Committee is to ensure equal opportunity in recruitment, personal development and professional and social growth, regardless of race, gender, sexual orientation, physical abilities, religion, ideology or age.

GCC's Code of Conduct and Ethics reinforces our commitment to observe the highest standards for transparency and ethical behaviors. As such, gender equality is included in our Code of Ethics, promoting labor inclusion among employees and in the composition of its governing bodies.

CEO Enrique Escalante signed a letter of commitment for the Women Empowerment Principles, established by the United Nations to provide guidance to businesses on how to promote gender equality and women's empowerment.

## Talent Management

GCC assesses the performance of salaried employees through a program that sets objectives and annual goals. In addition, GCC's talent management program ensures we have a succession path for high potential teammates and high performers for 48 key positions.



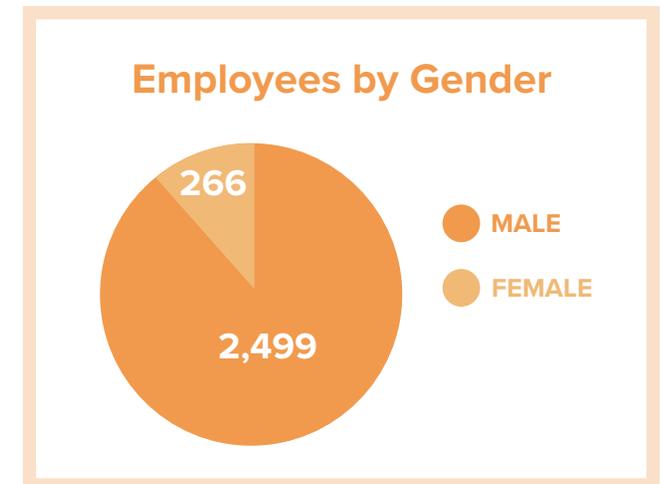
The program promotes employee development, encourages growth from within the company and creates opportunities for special assignments or projects. Talent committees, under the direction of the senior leadership team, identify staff for the program and create individual development plans to ensure they have the appropriate training.

## Workers' Rights

GCC supports workers' rights to exercise freedom of association and collective bargaining; we maintain productive relationships with union boards. Approximately 35% of our total 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, all of our cement plants (Chihuahua, Juarez and Samalayuca) are unionized. These unions are part of the national Cement Industry Workers Union. Formal agreements with trade unions include health and safety topics.



## Community

Despite stay-at-home orders and social distancing requirements, we found a way to give back to the communities where we operate and where employees live and work.

The GCC Foundation is the cornerstone of our community engagement efforts and embodies our commitment to contribute to social transformation in the communities where we operate. Contributions are monetary, non-monetary and pro-bono activities tailored to build more compassionate, unified communities. Through the Foundation, GCC invests in education and the development of sustainable construction projects, encouraging employees to volunteer their time.

In 2020, GCC refined the Foundation's purpose, vision and values, consolidating all community engagement into an organization-wide program. Internal systems were developed to evaluate, distribute and monitor in-kind and monetary contributions.

The Foundation relies on local community engagement committees to recommend and implement activities. Foundation activities were largely suspended in 2020 to ensure the well-being of employees during the pandemic. However, local community engagement efforts continued when we could do so safely.

Additionally, GCC awarded 61 scholarships in Mexico and is building a scholarship program in the United States.



## Social Responsibility

For the sixteenth consecutive year, GCC was 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 to organizations with socially responsible management and continuous improvement as part of their culture and business strategy.



# Giving Back

## Blood Donations Made Possible During Pandemic

Our Rapid City Plant hosted a blood drive for a local blood service provider. The drive was delayed until the U.S. Centers for Disease Control and Prevention safety guidelines were implemented to protect donors and blood bank workers. Each blood donor received a COVID-19 antibody test.

Staff met with donors outside of the donation bus. Dividers in the bus appropriately spaced donors and provided protection.



*Despite the pandemic, we found ways to **connect** with and **support** our neighbors. From blood drives to school playground renovations, we are **proud** to make a difference in communities where we live and work.*

## Chin Up Tijeras

GCC's Tijeras Plant stepped up to finish playground renovations at a local school. The school recently expanded and ran out of funds before they were able to complete playground upgrades. The Tijeras team volunteered to build a set of chin-up bars and repair a donated jungle gym.

The three-level chin up bars were built using materials leftover from a water well project. In addition to GCC staff, members of the community joined in the effort to complete renovations and provide children a nice place to have fun between classes.





### Exchange Club

GCC provided concrete for the Exchange Club garage where flags are stored, displayed and assisted with fundraising efforts for the local domestic violence center.



The Exchange Club is a national organization of 18,000 members dedicated to “unity for service” by keeping the American flag in the spotlight and “inspiring communities to become better places to live.” The Exchange Club also manages proper disposal of retired flags, bringing in hundreds of flags each year.

### United Way

Rapid City Plant employees pledged more than \$26,000 in support for the United Way of the Black Hills.

The pandemic has exacerbated chronic issues in the Black Hills community like food insecurity, lack of access to medicine and financial instability. For example, pre-pandemic, United Way launched a mental health initiative to address the number one need according to a community needs assessment: accessibility and affordability of mental health resources. The effects of COVID-19 such as isolation, job uncertainty and financial stress have exacerbated mental health issues like anxiety and depression.

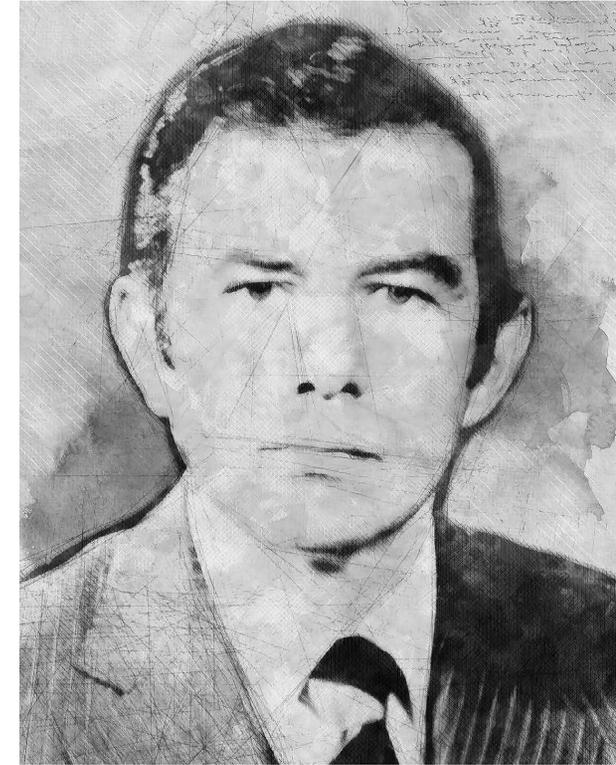
GCC employees recognized the community need and stepped up with an impressive donation that benefits nearly 50 partner non-profit organizations throughout the Black Hills.



## Editorial Collection

Each year GCC publishes a book reflecting on the culture and history of our operational areas or a person of significant importance to the region.

“Federico Terrazas Torres, Su legado” follows GCC’s chairman of 22 years and highlights his contributions to the fields of education, cultural history, industrial modernization and health services. The richly illustrated book is a compilation of voices from those who knew him well and remember his legacy as a man who fought to be a good citizen and above all, a great human being.



# Our Stakeholders

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

## GCC Family

Our employees are key to GCC's success. Their expertise and commitment give us a 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.



## Suppliers

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

## 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.



## Investors

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

## Government Relations and NGOs

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. The GCC Foundation is the cornerstone of our community engagement and embodies our commitment to contribute to social transformation in the communities where we operate.

# Stakeholder Engagement

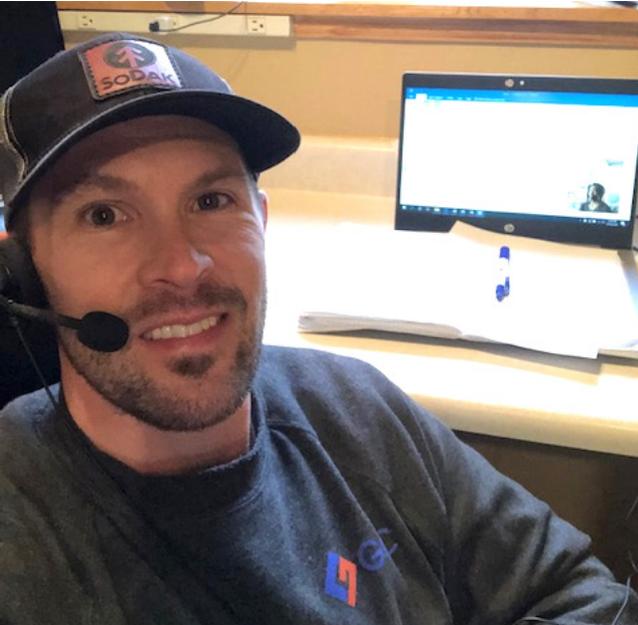
	KEY METHODS OF ENGAGEMENT		FREQUENCY OF ENGAGEMENT	AREA(S) RESPONSIBLE	OUTCOMES
<b>GCC Family</b> 	<ul style="list-style-type: none"> <li>• Safety talks</li> <li>• Newsletters</li> <li>• Team meetings</li> <li>• Surveys</li> </ul>	<ul style="list-style-type: none"> <li>• Negotiations</li> <li>• One-on-one meetings</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>Suppliers</b> 	<ul style="list-style-type: none"> <li>• Surveys</li> <li>• Negotiations</li> <li>• RFP/RFQ</li> </ul>	<ul style="list-style-type: none"> <li>• Corporate website</li> <li>• Information requests</li> </ul>	Daily	Procurement	Transparency and Contract Performance
<b>Customers</b> 	<ul style="list-style-type: none"> <li>• Surveys</li> <li>• Industry associations</li> <li>• Formal market research</li> </ul>	<ul style="list-style-type: none"> <li>• Corporate website</li> <li>• Product information</li> <li>• One-on-one engagement</li> </ul>	Daily	Commercial Area and Senior Executives	Customer Relationship
<b>Investors</b> 	<ul style="list-style-type: none"> <li>• Annual, extraordinary or one-on-one meetings</li> <li>• Telephone calls</li> </ul>	<ul style="list-style-type: none"> <li>• Investor conferences</li> <li>• Road shows</li> <li>• Website</li> <li>• Quarterly reports and conference calls</li> </ul>	Quarterly, Annually and Upon Request	Investor Relations	Transparency and Business 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>• Third party audits</li> </ul>	<ul style="list-style-type: none"> <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> </ul>	<ul style="list-style-type: none"> <li>• Citizen advisory groups (U.S.)</li> <li>• Permitting processes</li> <li>• Donations (monetary and in kind)</li> </ul>	As Required	Multiple	Community Issues

# Supplier and Contractor Relations

At GCC, we are proud of the good relationships we have with our vendors and contractors. One of the foundations of our business success is based on the quality of the goods and services we receive from more than 2,500 global, regional and local suppliers. We recognize our responsibility along our supply chain and consistently communicate the supplier code of conduct. Vendors are obligated to act in line with the principles defined in the code. We maintained and grew our supplier code of conduct throughout our Mexican operations.

## Proportion of Spending on Local Suppliers

	MEXICO			UNITED STATES		
	2018	2019	2020	2018	2019	2020
ACTIVE SUPPLIERS	1,739	1,688	1,582	3,375	2,999	2,660
LOCAL SUPPLIERS - #	1,159	1,140	1,065	2,432	2,051	1,780
LOCAL SUPPLIERS - %	66.6%	67.5%	67.3%	72%	68.4%	66.9%
SPENDING ON LOCAL SUPPLIERS - %	48.6%	47.9%	46.3%	62.7%	64%	62.5%



In 2020, GCC procured 33% of goods and services from local providers and spent 54.4% of total expenditures locally. These costs are distributed among the various categories like raw materials, consumables, energy and logistics. In all, 412 new suppliers were screened using environmental and social criteria.

To protect our teammates, we encouraged remote work options as early as March 2020. Our procurement team adjusted to this new reality and found new ways to connect with our customers and our vendors. Our suppliers were largely moved to a new cloud-based platform for invoicing and payments. This new system allowed collaboration and coordination throughout the company.

Our supply chain remained uninterrupted despite both the north and south borders of the United States closing to most traffic. We established contingency plans to operate safely and ensured uninterrupted supply to our customers, supported by our robust manufacturing and distribution network.

At GCC we are embracing our part of the challenge to build a **more sustainable planet**. We are adapting faster to the changes presented to us and creating **better strategies** across all of our business units.



# ECONOMICS

# Moving Forward



## Climate Ambition

In 2020, GCC committed to continue to drive down the CO<sub>2</sub> footprint of our operations and products while delivering carbon neutral concrete by 2050. It is the first time the industry has come together globally to state a collective ambition for a carbon neutral future. Over the last 30 years, the cement and concrete industries collectively reduced CO<sub>2</sub> emissions by 19% per ton of cementitious material, improved energy efficiency by 18% and increased the use of alternative fuels by more than nine times since 1990.

Our industry will work across the built environment value chain with architects, engineers and peers to deliver this aspiration in a circular economy whole life context. We also will work with governments, policy makers and a wide range of organizations and stakeholders who share our vision.

GCC is committed to a 22% reduction in carbon emissions by 2030 from 2018 levels. In 2020, we reached the significant milestone of reducing our net CO<sub>2</sub> emissions by 10% from 2005 levels.

GCC had a record year of Portland limestone cement sales (PLC) with six times growth over 2019 sales. PLC is similar to traditional cement; however, it features a percentage of limestone added to the clinker, making it a greener cement with lower CO<sub>2</sub> emissions. PLC provides our customers with equivalent performance and reduces, on average, our CO<sub>2</sub> emissions by 7%. We believe PLC could, and should, become the standard for general-use cements in our markets.

The quarrying of raw materials and the production of cement utilize natural resources which we must protect for future generations. Our target is to achieve a 25% substitution rate for alternative fuels by 2030. GCC works with local and regional companies to use their by-products as alternative raw materials and fuels to produce clinker and cement.

A road map to achieve carbon neutrality across the concrete value chain is under development by GCCA, PCA and Latin Cement, to facilitate its member companies achieving carbon neutrality across the concrete value chain by 2050.

*GCC is **committed** to sustainable development and moving towards the production of **carbon-neutral concrete**. This ambition complements our existing actions as a member of the Global Cement and Concrete Association (GCCA), the Camara Nacional del Cemento (CANACEM) and the Portland Cement Association (PCA).*



## Tire-Derived Fuels

When GCC acquired Colorado Energy Recyclers (CER) in 2009, the on-site monofill stored more than 20 million scrap tires and faced sanctions from regulatory agencies for poor environmental performance. Colorado monofills face a 2024 statutory deadline to reclaim all existing tire inventories.

CER committed substantial resources to bring the monofill into regulatory compliance and obtained a Certificate of Designation as a tire recycler to process the tires into fuel for the Pueblo Plant. The resulting high throughput of tire-derived-fuel (TDF) at the Pueblo Plant has been essential to tire recycling efforts, and CER has made better than expected progress in reducing the legacy stockpiles.

Along with railroad tie chip fuel, in 2021 GCC's Pueblo plant will use 12,000-15,000 metric tons of TDF from CER. As a result, CER is the only tire monofill operator in Colorado that continues to meet the inventory reduction requirements and is the only monofill that is on pace to meet the 2024 deadline. With the TDF-use forecast for the Pueblo cement plant, CER expects to have

recovered and processed all tires suitable for TDF production by 2023.

## Plant Optimization

GCC concluded a decade-long, \$110 million project to upgrade the Rapid City Plant. In operation since the 1920s, the facility has undergone numerous upgrades in emissions control technology, capacity and efficiency.

To bring the plant into compliance with sustainability goals and improve its impact on the environment, GCC decommissioned two wet kilns and began a coordinated effort with the U.S. Environmental Protection Agency (EPA) and the South Dakota Department of Environment to permit, design, construct, commission and optimize an upgrade to its existing kiln.

The upgrade to the kiln capacity lowered production and maintenance costs and provides an additional 440,000 metric tons of cement per year. That enabled GCC to expand our service area, meet regional customer demands and solidify GCC's position in the market.



The new equipment design, allowing for higher throughput, improved the plant's thermal and electrical efficiency with an 8% decrease in fuel consumption and 15% less electricity per ton of clinker.

## ENERGY STARS

Two of GCC's cement plants earned the EPA 2020 ENERGY STAR® certification for superior energy performance. 2020's certification marks the third consecutive year for the Pueblo Plant and the first year for the Rapid City Plant.

According to the EPA, 95 industrial plants earned the ENERGY STAR certification in 2020. Compared to average facilities, these plants saved \$400 million on energy bills which is equal to the payroll value of more than 8,000 U.S. manufacturing jobs. These ENERGY STAR-certified plants also significantly helped our economy and environment by preventing more than 65 million metric tons of greenhouse gas emissions compared to average-performing facilities.

GCC's participation in ENERGY STAR's industrial program provides the company with benchmarking tools specific to the cement industry by comparing energy performance

with other similar plants. GCC uses the information to establish meaningful energy performance goals. As of 2019, 33 diverse industrial sectors worked with ENERGY STAR to manage their energy use, from cookie and cracker bakeries and cement plants to integrated steel mills and petroleum refineries. More than 1,800 sites participated in the certification process and only those plants in the top 25% of energy performance nationwide earned the prestigious certification.



## 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 process, email, an anonymous hotline and the Legal Department. The seven members of the Ethics Committee resolve complaints and conflicts of interest.

## Mission

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

## Vision

To be the best cement company in North America with the proper balance of people, profit and the planet

## Values

Our corporate values are present throughout our day-to-day activities and our decision-making. They serve as guides to achieve our vision.



### HEALTH & SAFETY

We work safely and responsibly to minimize risks that could endanger the safety of our teammates and others who interact with us.



### SERVICE

Our customers are a priority. We anticipate and search for the best solutions that satisfy our customers' needs. Doing business with GCC is easy.



### INTEGRITY

Our behavior is ruled by honesty, respect and trust. We uphold and honor our commitments; we are aligned in our thoughts and our actions. We are open-minded to others' ideas.



### TEAMWORK

We seek synergy in our internal and external relationships. We search for mutually beneficial solutions through continuous, transparent dialogue. Collaboration is fundamental.



### INNOVATION

We create value by developing new products, services and processes for better solutions. We encourage innovation and the implementation of improvements among all our teammates.



### EXCELLENCE

We are proud of what we do! We establish goals collectively and commit to achieving results. In the quest for perfection, we work with passion, wholeheartedness and commitment.

# Governance

## Board of Directors

The management of GCC is entrusted to the Chief Executive Officer and Board of Directors. The Board of Directors sets guidelines and the overall strategy to direct the business, shares perspectives, provides advice as well as monitors and assesses management's implementation.

GCC's Board of Directors consist of 14% women and 86% men. There are four independent members of the board in accordance with Mexican law and corporate bylaws. The company's code of ethics promotes labor inclusion regardless of gender in the composition of its governing bodies and among its employees.

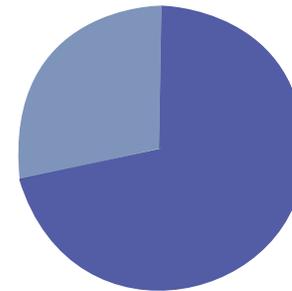
We seek to maximize stakeholder value and foster the company's growth through the implementation of our business strategy, always promoting empowerment and calling for accountability, providing security, impartiality and transparency in our decision-making processes.

Increasing shareholder value is as central to Board discussions as is creating long-term value. We have a coordinated, comprehensive approach to overseeing the enterprise-wide risk management responsibilities: identifying, assessing, monitoring and managing risk exposure. The Board regularly reviews strategic threats, opportunities, and risks (including growth opportunities, credit, market, liquidity, product, operational and cyber security risk). Leadership is fully engaged in risk management and has made it a fundamental aspect of company strategy, operations and culture.

The Board receives updates from committees which advise board members on economic, environmental and social impacts to the Company. These topics are discussed at Board meetings. The CEO reviews and approves reports; the vice president for energy and sustainability ensures that material topics are covered.

## BOARD MEMBERSHIP

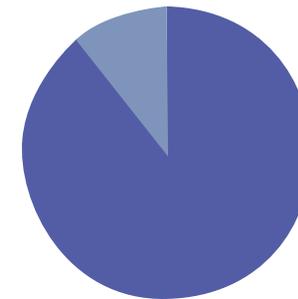
### Independence



**10** NON-INDEPENDENT

**4** INDEPENDENT

### Gender Diversity



**12** MALE

**2** FEMALE

# Committees

## *Sustainability Committee*

The Sustainability Committee identifies and manages the impacts, risks and opportunities that may arise in the social and environmental fields. The CEO-led committee develops the sustainability strategy which is then reviewed to ensure GCC is up to date with the implementation process of social and environmental practices. The committee is composed of key senior leaders from both divisions. The members consider implications of governmental regulations in Mexico and the U.S. and develop a strategy to maximize resources and technologies to reach our sustainability goals (see page 39).

In 2020, the Sustainability Committee focused on climate change initiatives to produce cements with a lower clinker factor and



increase alternative fuel use to lower our carbon footprint. The group established a commitment to reduce carbon emissions 22% by 2030. The Science Based Targets initiative will validate and publish this commitment in 2021.

## *Audit and Corporate Practices Committee*

The Audit and Corporate Practices Committee consists of three independent members and three alternate directors assigned by the Board of Directors, except for the committee chair who is elected by GCC's shareholders. The Committee advises the Board on matters related to audit, best corporate practices, risk management, compliance, evaluation and compensation. It is also in charge of evaluating the external auditor, the internal control and audit system, and informing the Board of any irregularities detected. In 2020, cyber security policies were updated based on regulations, standards and best practices to protect networks, devices, programs and data from attacks, damage and unauthorized access.

## *Diversity and Inclusion Committee*

In 2020, GCC formed the Diversity and Inclusion Committee to strengthen a diverse culture, promote labor inclusion and ensure equity for each employee. The role of the Diversity and Inclusion Committee is to ensure equal opportunity in recruitment, personal development and professional and social growth, regardless of race, gender, sexual orientation, physical abilities, religion, ideology or age. The Committee members represent various positions and multiple locations. In addition to the committee members, there are 30 diversity and inclusion "champions" to support the deployment of Committee projects and initiatives.

## Ethics Committee

The Ethics Committee is responsible for ensuring proper disclosure and enforcement of the Code of Ethics by promoting values and behaviors encouraged by the organization, channeling cases, being a consultation party and defining corrective measures. The Committee has quarterly meetings to confidentially analyze concerns, suggestions, complaints and inquiries submitted by employees through email, an anonymous hotline, an independently managed website or through the departments of human resources, legal and corporate audit.

## GCC Ethics Score

GCC was ranked in Corporate Integrity 500 (IC500), an evaluation of the presence, quality, publicity and transparency of the 500 most important companies in Mexico. IC500 qualifies the existence of codes of ethics and integrity policies of companies, scoring them based on transparency of the commitment against corruption. It gives higher scores to those companies that make their anti-corruption regulations public and

accessible, share their commitment with employees, managers, business partners and shareholders, and establish mechanisms to make them effective.



## Remuneration

The company's long-term share-based incentive plan (LTIP), which is reviewed by GCC's Audit Committee and affirmed by shareholders, is a component of the management and executive compensation program. The LTIP is tied to the Company's long-term success, is based on return on invested capital (ROIC) metric with a vesting period, and strikes an appropriate balance between short-term compensation and longer-term incentives.

It is aimed at fostering retention, aligning management's long-term interest with those of GCC's stakeholders, and recognizing and rewarding performance for individual contributions. Executives' total compensation is variable and performance based.

GCC's salaries and wages are competitive in the labor market. The Human Resources department reviews the labor market for changes in wages, salaries and benefits paid for a variety of jobs at GCC. This helps GCC attract and retain top talent.

# Financial Performance and Growth

GCC will continue to capitalize on improving market conditions with a disciplined approach to acquisition and growth. Opportunities stem from our leading competitive position, efficient operations and a solid financial standing.

## Net Sales by Region (millions)



Despite the challenges of the pandemic, GCC delivered strong financial and operational results in 2020. These results are due to a well-planned and coordinated response to adapt to the changing operational restrictions and ensure business continuity while safeguarding our workforce and communities. These positive results show GCC's adaptability and resilience in challenging times.

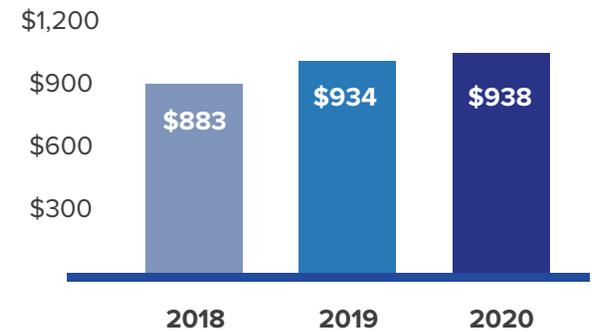
In 2020, GCC generated top-line growth, EBITDA, a strong cash flow and margin expansion, benefiting from the successful execution of a comprehensive plan to reduce costs and expenses. Non-essential projects were deferred to focus on quickly adapting operations and processes as the pandemic evolved.

***Despite the global plunge in oil prices, GCC had one of its strongest years financially.***

GCC faces fragmented competition from global cement companies with no one producer operating across all of the markets where we operate. 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, Mexico.

All stages of GCC's cement and ready-mix supply chain are vertically integrated. GCC owns the limestone quarries needed to supply cement and ready mix. Our cement plants are close to raw materials sources, and cement plants supply the product used in our ready-mix operations. GCC's King II coal mine provides fuel for some of our cement plants, which lowers our costs and reduces fuel price volatility.

## Net Sales by Year (millions)



GCC's state-of-the-art production facilities and logistics network provide an important competitive advantage. A robust distribution network enables us to locate cement inventories closer to customers, which reduces delivery times and allows us to better meet customer needs.

Operational efficiency levels supported a 5.6% increase of EBITDA growth to \$308.3<sup>1</sup> million, while net leverage (Net Debt/EBITDA) was reduced to 0.24 times. Net financial expenses decreased 21.5% to \$28.5 million due to lower interest rates on the variable portion of GCC's financial debt.

GCC's free cash flow increased 81.8% to \$250.6 million due to higher EBITDA generation after operating leases, lower interest expenses, decreased working capital requirements, as well as lower taxes and maintenance capital expenditures. Cash and equivalents reached a record high of \$562 million at the end of 2020.

With our financial flexibility due to increased liquidity, GCC remains committed to prudent capital allocation priorities. GCC's strong balance sheet enables us to prioritize strengthening our core cement business, either organically or inorganically, aligned with our strict merger and acquisition criteria.

<sup>1</sup>GCC's reporting currency in this report is U.S. dollars.

### Net Sales by Business (millions)

	2018	2019	2020
CEMENT	\$591	\$628	\$617
CONCRETE	\$175	\$193	\$195
CONCRETE BLOCK	\$11	\$12	\$11
AGGREGATES	\$22	\$19	\$21
OTHERS (coal, asphalt and building materials)	\$84	\$82	\$94
<b>TOTAL</b>	<b>\$883</b>	<b>\$934</b>	<b>\$938</b>



## Ready-Mix Assets Realigned

*GCC acquired five ready mix plants in the upper Midwest, which will be integrated into our cement supply from our **newly expanded** Rapid City, South Dakota, cement plant.*

*This acquisition came with the divestiture of our remaining assets in Arkansas and Oklahoma. The transaction creates synergies for our operations with all ready-mix assets now **integrated** into our cement distribution network.*

## Texas Moves to PLC

The Texas Department of Transportation (TxDOT) approved the use of GCC's Portland limestone cement (PLC) on Texas roadways. PLC can be used in key infrastructure projects and is better for the environment while still achieving our high standards. Sun City Materials, a division of GCC Ready Mix, will be the first producer to use this product in the U.S. PLC is produced at our Samalayuca Plant and has already been in use throughout the Mexico Division.

Cement is made by combining clinker, gypsum and limestone. Each ton of clinker produces  $\approx .76$  tons of CO<sub>2</sub>. The CO<sub>2</sub> comes from the chemical reactions of the materials in the kilns and the energy required to produce the clinker. The significant difference between Type I/II and PLC is clinker factor (the amount of clinker necessary to produce one ton of cement). To produce one ton of Type I/II cement requires  $\approx .92$  tons of clinker. To produce one ton of PLC requires  $.85$  tons of clinker.

To illustrate the impact, when we convert a customer who normally buys 10,000 tons of Type I/II to using PLC:

$(10,000 \text{ ton Type I/II}) * (.92/\text{ton}) * (.76 \text{ CO}_2/\text{ton}) = 6,992 \text{ tons}$

$\text{CO}_2 \text{ produced (10,000 ton PLC)} * (.85/\text{ton}) * (.76 \text{ CO}_2/\text{ton}) = 6,460 \text{ tons}$

$\text{CO}_2 \text{ total avoidance in CO}_2 = 532 \text{ tons CO}_2$

The average passenger vehicle emits about 5.06 tons/year of CO<sub>2</sub>.<sup>1</sup> For every 10,000 tons of cement customer we convert to PLC, it has the environmental impact of removing 105 vehicles from the roads.

<sup>1</sup><https://www.epa.gov/greenvehicles/greenhouse-gas-emissions-typical-passenger-vehicle>



# Financial Implications, Risks and Opportunities Due to Climate Change

Severe weather, rising seas, higher temperatures, global pandemics and other effects that may be attributable to climate change could have adverse material effects on GCC's business, results of operations and financial condition including:

- Increases in pricing of raw materials as well as energy and fuel costs
- An interruption in the supply of raw materials
- Decreased demand from lowered construction activity
- Cancellation or delay of projects
- Disruption or delay in production at GCC facilities
- Disruption in transportation logistics
- Damaged GCC infrastructure and production facilities
- New environmental laws and regulations

GCC maintains a risk management policy to monitor, analyze and mitigate risk exposures. For example, GCC internally sources a significant portion of its fuel requirements through its own coal mine and sources a significant portion of other raw materials from quarries and mines that the company either owns or leases.

In addition, GCC's vertically integrated supply chain helps manage costs; a sophisticated distribution network leverages a contiguous market footprint that reduces the risk of supply disruption and provides operational flexibility.

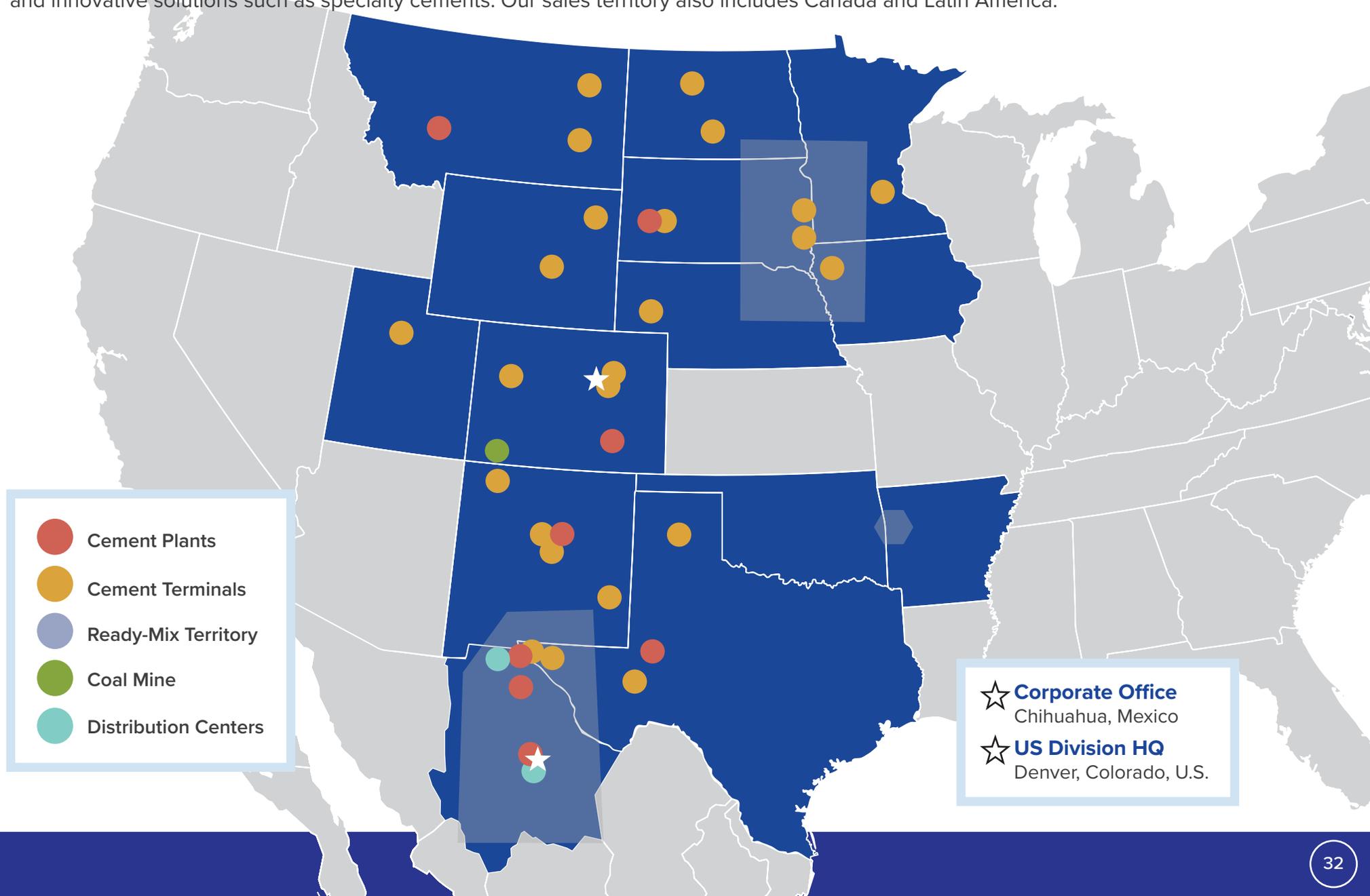
Climate-related opportunities for GCC stem from the adoption of new technologies and products.

- GCC is transitioning electrical needs towards renewable energy sources such as wind and solar. GCC currently utilizes renewable energy at the Odessa, Texas plant. In 2020, GCC signed a fifteen-year fixed priced wind energy agreement to provide 50% of the electricity consumed at our Rapid City cement plant. This agreement will reduce the plant's annual CO2 emissions by 50,000 metric tons. The wind farm came online late in the fourth quarter of 2020.
- Our blended cement increases our product offering and enables us to meet anticipated customer demand.
- GCC's Portland limestone cement (PLC) was approved by The Texas Department of Transportation for use on Texas roadways. The PLC production process emits 7% lower CO2 emissions than general use cement.
- GCC is investing in permits and processing equipment to increase our use of alternative fuels which will reduce our overall carbon footprint.

*A complete list of risks is available in GCC's 2020 Annual Report.*

# 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, aggregates, other construction materials and innovative solutions such as specialty cements. Our sales territory also includes Canada and Latin America.



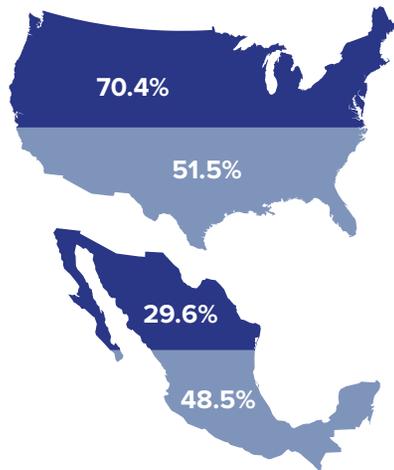
## CEMENT CAPACITY



## CEMENT PLANTS



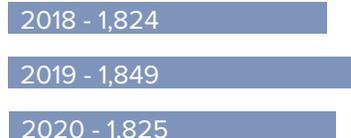
## Cement / Concrete Shipped by Division



## Shipped Cement (million metric tons)



## Shipped Concrete (million cubic meters)



# 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.

## SPECIALTY & BLENDED CEMENTS

As we help build sustainable communities, we work to reduce the CO2 produced in the manufacture of our product. Our suite of lower CO2/ton products provide long-term durability for our customers.



## READY-MIX CONCRETE

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

## PRECAST CONCRETE

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



## 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.

## COAL (U.S.)

The coal we mine is used in some of 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.

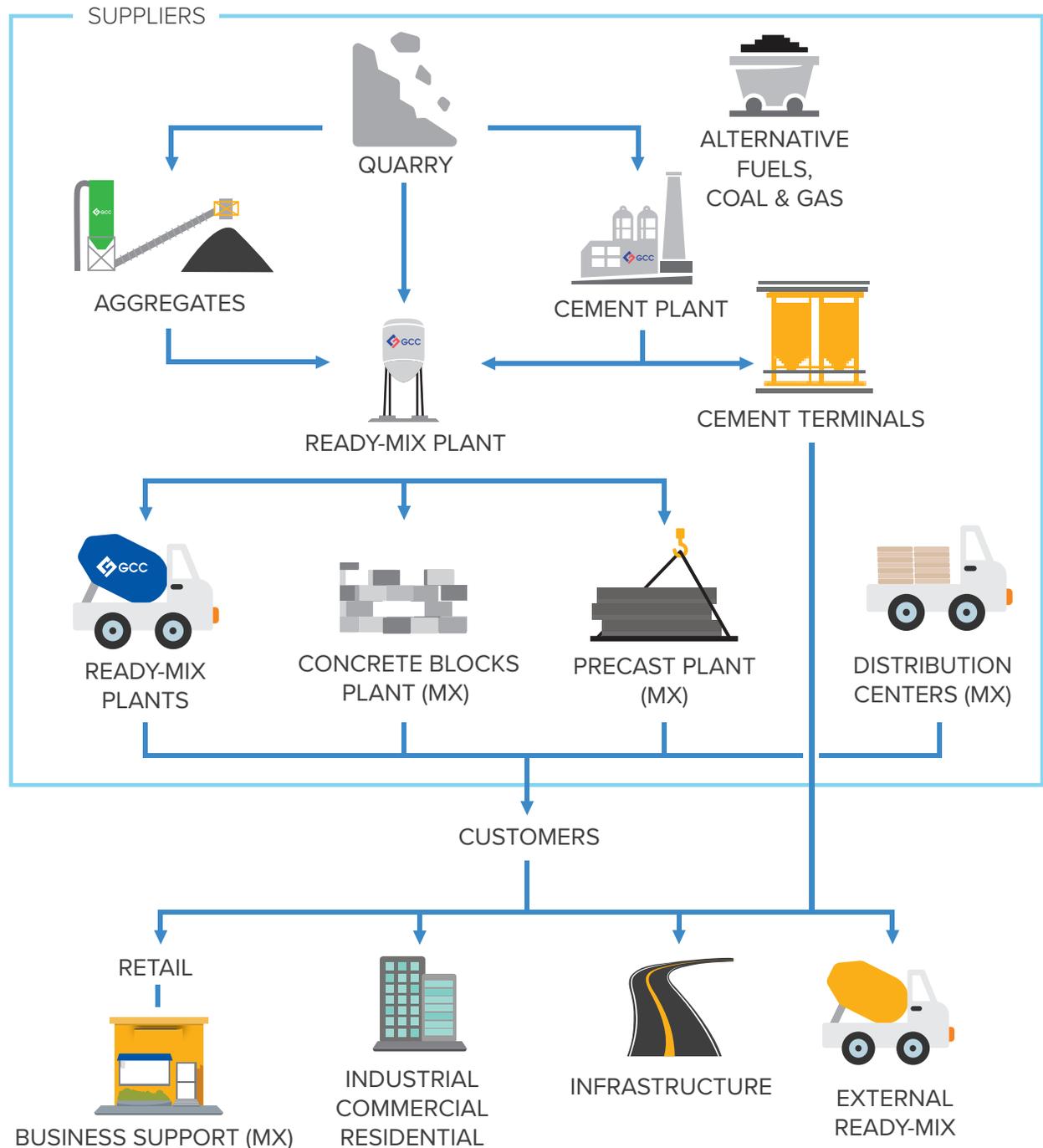


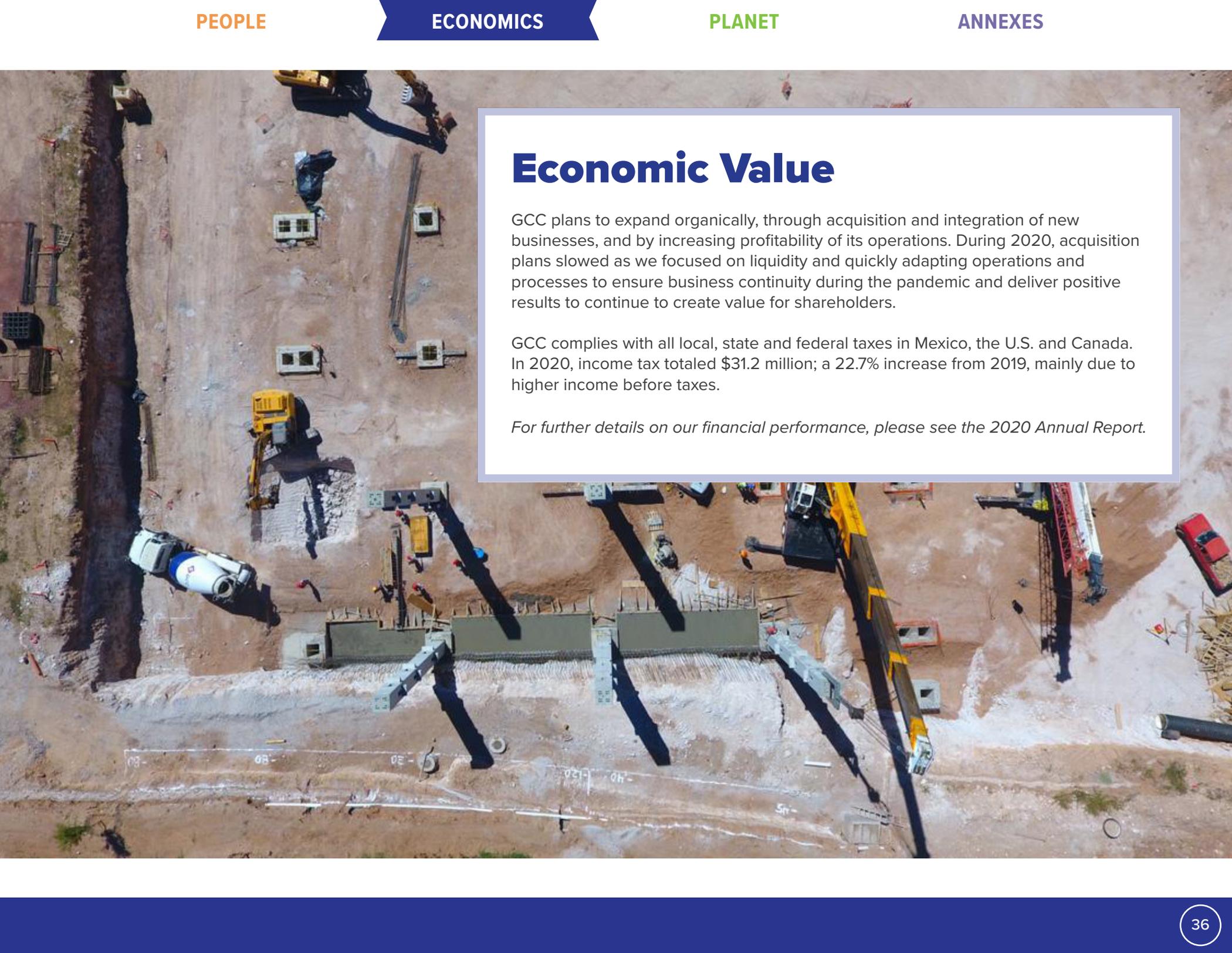
## AGGREGATES

Aggregates such as stone, sand and gravel are added to concrete for the final product.

**From Quarry  
to  
Construction**

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



An aerial photograph of a large-scale construction site. The ground is a mix of dirt and concrete. Several pieces of heavy machinery are visible, including yellow excavators, a concrete mixer truck, and a large crane. There are also some temporary structures and rebar grids laid out on the ground. The overall scene is one of active construction.

## Economic Value

GCC plans to expand organically, through acquisition and integration of new businesses, and by increasing profitability of its operations. During 2020, acquisition plans slowed as we focused on liquidity and quickly adapting operations and processes to ensure business continuity during the pandemic and deliver positive results to continue to create value for shareholders.

GCC complies with all local, state and federal taxes in Mexico, the U.S. and Canada. In 2020, income tax totaled \$31.2 million; a 22.7% increase from 2019, mainly due to higher income before taxes.

*For further details on our financial performance, please see the 2020 Annual Report.*

Over the past five years, GCC has invested \$574 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.

In 2020, GCC spent \$20 million on the preservation, **maintenance and modernization** of its cement plants. Additionally, we implemented a data storage system and updated our enterprise resource planning software.

### Infrastructure Investments and Services Supported (millions)

	2018	2019	2020
TRIDENT CEMENT PLANT ACQUISITION	\$74	\$0	\$0
RAPID CITY CEMENT PLANT MODERNIZATION	\$54	\$10	\$2
REGULATORY COMPLIANCE IN CEMENT PLANTS	\$36	\$27	\$20
TRANSPORTATION EQUIPMENT	\$14	\$12	\$7
COAL MINE IMPROVEMENTS	\$6	\$2	\$1
AGGREGATES PLANTS	\$1	\$0	\$0
INFORMATION SYSTEMS EQUIPMENT	\$1	\$1	\$2
DISTRIBUTION CENTERS	\$2	\$1	\$0
LOTS AND BUILDINGS	\$4	\$5	\$1
<b>TOTAL</b>	<b>\$192</b>	<b>\$58</b>	<b>\$33</b>

\*2018 and 2019 data is corrected from previous reporting periods.

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

	2018	2019	2020
REVENUE	\$883.2	\$934.1	\$937.8
OPERATING COSTS, ADMINISTRATIVE AND SALES GENERAL EXPENSES	\$558.7	\$580.1	\$561.6
EMPLOYEE WAGES AND BENEFITS	\$154.7	\$170.5	\$164.8
PAYMENTS TO PROVIDERS OF CAPITAL	\$52.7	\$47.3	\$33
PAYMENTS TO GOVERNMENT	\$13.4	\$15.3	\$14.3
COMMUNITY INVESTMENTS	\$0.9	\$1	\$0.7
ECONOMIC VALUE RETAINED	\$102.8	\$119.9	\$163.4



# PLANET

# Sustainability Strategy

GCC's sustainability strategy focuses on environmental responsibility, climate protection and social responsibility; it ensures economic sustainability for generations to come. In 2020, the company created a new vision statement to lead us through 2025. One theme of GCC's new vision is our environmental impact on the planet.

The sustainability strategy we began designing in 2018 will help us reach our company vision. GCC's sustainability strategy was developed to reduce our overall impact on surrounding communities and the environment while creating value for all of our stakeholders.

Each of GCC's divisions take responsibility for implementing the sustainability strategy, including compliance with legal and regulatory requirements. Responsibilities also include the required capture and reporting of production, operations, consumption and emissions data as well as voluntary commitments as a member of the Global Cement and Concrete Association (GCCA), the Portland Cement Association (PCA) and Camara Nacional del Cemento (CANACEM). At the site level, plant managers are responsible for energy consumption, use of alternative fuels, health and safety, and a plant's overall environmental performance.

In 2018, our sustainability strategy was redesigned to better align with GCCA's Sustainability Guidelines. GCC's sustainability pillars are: Climate and Energy, Circular Economy, Health and Safety, Environment and Nature, and Social Responsibility. In 2020, GCC focused largely on climate change and health and safety.

## SUSTAINABLE DEVELOPMENT GOALS

### 2020 Sustainable Development Performance



**Climate & Energy**

**734kg**  
net CO2  
emissions per  
ton of cement  
(scope 1)



**Circular Economy**

**87,000**  
tons waste  
reused in  
operations



**Health & Safety**

**0**  
fatalities



*Read about our 2030 Sustainability Targets on the next page.*

**2030  
Target**

22% reduction in CO2 emissions from 2018 baseline (scope 1)

## Climate and Energy

Cement production is an energy-intensive process that releases CO2 emissions into the atmosphere due to energy required and the calcination process. The desire for the industry to move to a low carbon economy has resulted in focused efforts to reduce our overall carbon footprint by using alternative fuels with a focus on carbon intensity, switching to natural gas, reducing energy consumption, utilizing renewable energy and producing blended cements. GCC has committed to keeping the global rise in temperature to less than 2°C by having our 2030 reduction target verified by the Science Based Target initiative (SBTi).

## Circular Economy

GCC works with local and regional companies to use their waste materials as alternative raw materials and fuels for the production of clinker and cement. Innovative technicians who understand clinker and cement production are responsible for sourcing and procuring these alternative fuels and raw materials.

**2030  
Target**

25% substitution rate for alternative fuel

**2030  
Target**

Zero fatalities

## Health and Safety

Occupational health and safety is one of GCC's top priorities. We use targeted measures to improve technical and organizational safety standards and raise awareness of safe working practices through sharing of best practices within the company and the industry. We are committed to not only the health and safety of our employees but also that of our customers and third parties at our facilities and job sites.



## Renewable Ready

In line with our commitment to reduce CO2 emissions and increase our renewable energy use, GCC entered into a long-term agreement with Black Hills Energy to supply wind power to the Rapid City, South Dakota, cement plant. The 15-year, fixed-priced agreement will provide approximately 50% of the electricity consumed at the plant.

This agreement reduces the plant's annual CO2 emissions by 50,000 metric tons, the equivalent of taking 11,000 cars off the road each year, based on estimates made by the U.S. Environmental Protection Agency (EPA). The Wyoming wind farm came online in the fourth quarter of 2020.

By choosing low-cost, renewable-energy to power operations, we're able to advance our business goals and sustainability objectives while also supporting the expansion of affordable, renewable energy development in the region.

## United Nations Sustainable Development Goals (SDG)

GCC's goals and targets align with the United Nations' sustainable development goals that address global challenges the world faces; poverty, inequality, climate change, environmental degradation, peace and justice. GCC has developed 2030 SDG targets for Climate and Energy, Health and Safety, and Circular Economy.

Our focus on these SDGs present a real opportunity for GCC's sustainability program - fostering new opportunities and building relationships with stakeholders, while contributing to the resolution of societal challenges and protecting the environment.



# GCC's 2050 Ambition for a Carbon Neutral Future

In 2020, we tackled climate change with a renewed sense of purpose. We are committed to building a carbon neutral future by setting an ambition to achieve carbon neutrality along the cement and concrete value chain by 2050. At GCC, we set a 2030 target of 576 kg CO<sub>2</sub>/ton of cement in our scope 1 emissions. This is a 22% reduction from our 2018 baseline as determined by Science Based Target initiative (SBTi).

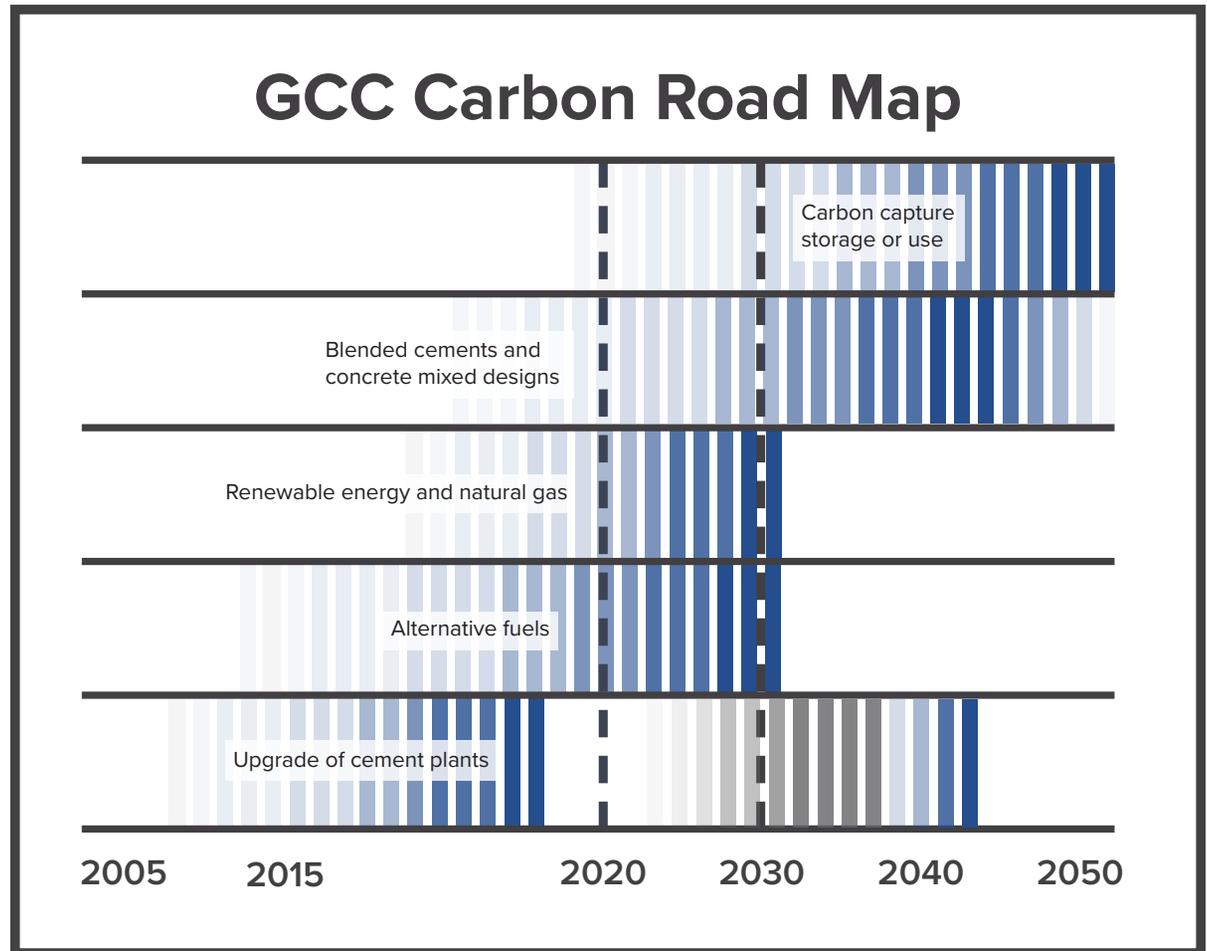
This target is in line with the Paris Agreement on Climate Change of limiting our impact to 2C or less to the global temperature rise. SBTi will validate our target and it will be published by January 1, 2022.

In order to fulfill our 2030 commitment, a team will implement and review, on a monthly basis, our levers to reduce our carbon intensity. These four levers take advantage of proven technologies and use our expertise to create value for our customers while reducing our carbon footprint.

We are accelerating our efforts on **alternative fuels** by targeting a fuel substitution rate of at least 40% in all our precalciner kilns by investing in co-processing equipment, permits and process improvements. This circular approach of substituting coal with non-recyclables and biomass fuels will reduce our carbon emission by 42 kg CO<sub>2</sub>/ton cement by 2030.

When looking at our **fuel mix**, we anticipate another 133 kg CO<sub>2</sub>/ton cement reduction of greenhouse gases by switching our plants away from coal to natural gas by 2030.

The increased production of **blended cement** reduces our clinker content from its current 88% to 80% by 2030. Replacing the clinker used in our final product with alternative materials such as limestone and/or calcined clay will result in a 37 kg CO<sub>2</sub>/metric ton cement avoidance in our carbon emissions helping us achieve our 2030 target.



# NET ZERO

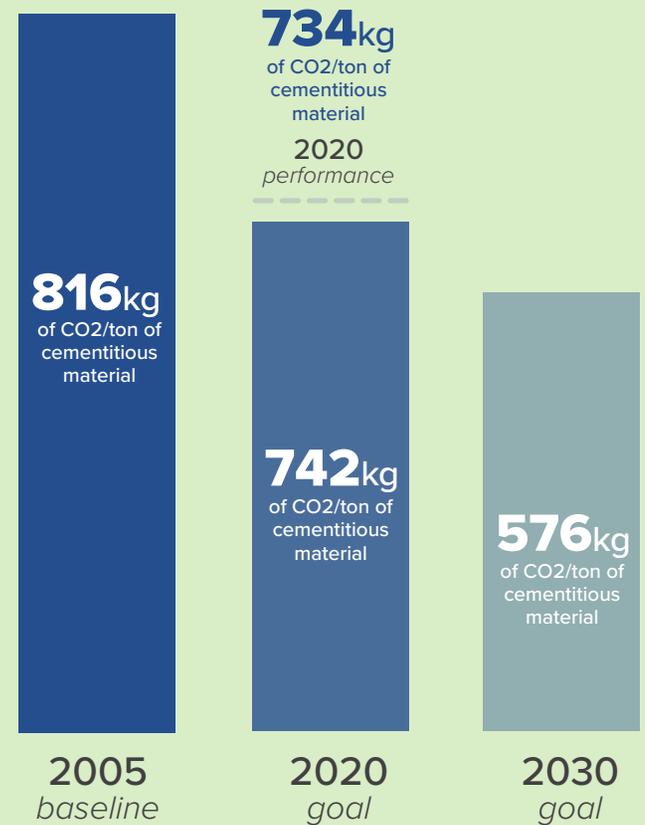
*Building the Future*

As we are laser focused on our 2030 target for the short to midterm basis, we are keeping our sights on our 2050 net zero ambition. Achieving our ambition will require an effective **carbon capture, usage and storage** (CCUS) since about 48% of our total CO<sub>2</sub> footprint is created from the chemical reaction when the raw material (limestone) calcinates within the kiln. We are actively researching and engaging different CCUS companies so that when a new technology becomes available, we can act quickly to implement the best solution for each of our plants.

**usage and storage** (CCUS) since about 48% of our total CO<sub>2</sub> footprint is created from the chemical reaction when the raw material (limestone) calcinates within the kiln. We are actively researching and engaging different CCUS companies so that when a new technology becomes available, we can act quickly to implement the best solution for each of our plants.



## Reducing Our Carbon Footprint



## *Pozzolans Replace Fly Ash in New Cement*

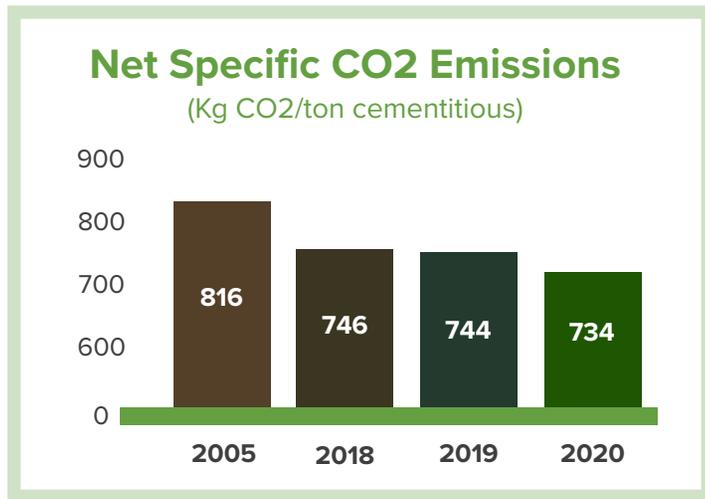
In 2020, GCC launched a new cement - 1P - from our Tijeras Plant. The cement is made by adding a natural pozzolan to the existing mix of materials used to make cement. The result is a cement that offers improved long-term durability and produces less CO<sub>2</sub> than traditional cements.

Pozzolan is a material that provides a pozzolanic reaction with hydration. There are natural pozzolans (such as pumice, ignimbrite, metakaoline and shale) and human-made pozzolans (such as fly ash and silica fume). The pozzolanic reaction is when the (pozzolan) material consumes available calcium hydroxide (CH) and water in concrete; over time it transforms into calcium silicate hydrate (CSH). This promotes long-term strength gain and limits damaging behaviors of CH in concrete. The typical damaging behaviors include: alkali silica reaction, sulfate attack and chloride penetration.

GCC Tijeras 1P was recently used on a project to replace the port of entry between Colorado and New Mexico in Raton, New Mexico. An intra-state port of entry serves primarily as a weigh station and inspection point for commercial, heavy-load traffic (semi-trucks). The project has high durability and strength requirements; it was a great opportunity to showcase GCC Tijeras 1P capabilities.

We take great pride in the quality of our products and the communities where we operate. Fly ash is becoming less consistent and less available while our customers need a solution that provides additional durability. GCC Tijeras 1P provides the customer a solution while also improving our CO<sub>2</sub> footprint. GCC Tijeras 1P ensures our customers are able to place high quality concrete now and for many years to come.





## Progress on CO2 Emissions

GCC achieved a significant milestone towards reaching our 2030 target to reduce CO2 emissions by 22% from 2018 levels. In 2020 we reached our first benchmark by reducing net CO2 emissions by 10% from 2005 levels. Our initial objective was to reduce by 9%. The reduction stems from our goal to source 25% of thermal energy consumption from alternative fuels.

Between 2005 and 2020, we reduced the specific net CO2 emissions by 10% to 734 kg CO2 per metric ton of cement. In 2020, we achieved a 1.34% reduction from 2019 levels. This reduction came despite the COVID-induced lack of readily available alternative fuels for our Mexico plants because of the strong total substitution rate of alternative fuels at the Pueblo Plant in the United States. Through increased production of blended cements and optimizing our operations for heat and energy consumption, we still achieved a reduction.

We report CO2 emissions according to the Getting the Numbers Right Reporting protocol developed by the Cement Sustainability Initiative and the World Business Council for Sustainable Development.

## Other Air Emissions

In addition to CO2, the kiln combustion process emits other substances such as nitrogen oxides (NOx), sulfur oxides (SO2) and particulate matter (PM). NOx and SO2 are a product of the combustion of fuels used to produce our intermediate product called clinker. PM emissions are from quarrying, open storage of materials, transfer of materials through uncovered conveyors, loading and unloading operations, etc.

For these emissions, we exceed regulatory mitigation requirements. Mitigation actions include using more efficient filters in our dust collectors for PM emissions, utilizing covered/closed conveyors, ammonia injection for NOX emissions and hydrated lime injection for SO2 emissions.

GCC monitors stack emissions, invests in abatement technologies and regularly maintains emissions equipment used in the manufacturing operation. Continuous monitoring equipment is utilized in U.S. plants to monitor emissions. For plants in Mexico, measurements are taken with precise, periodic tests for monitoring. For this report, we use the approach established by the Cement Sustainability Initiative, "Guidelines for Emissions Monitoring and Reporting in the Cement Industry." The emissions listed in this report represent U.S. plants where continuous emission monitors are in use.

Three of five cement plants in the U.S. are equipped with selective non-catalytic reduction (SNCR) equipment to reduce NOx emissions. GCC's U.S. cement plants lead the cement manufacturing industry in improving visibility due to haze and in optimizing the use of ammonia to control NOX emissions and stay below our regulated target limits.

GCC cement plants are among the lowest emitters of SO2 in the U.S. cement industry, with two out of the five cement plants equipped with hydrated lime systems.

*177% decrease  
in specific sulfur  
emissions at Rapid City  
Plant because of **raw  
material optimization***

## *Innovation in Energy and Environment*

GCC's Odessa Plant received the Portland Cement Association (PCA) 2020 Energy and Environment Award for Innovation. The plant completed installation of a selective non-catalytic reduction (SNCR) system for NOx emission reduction. An optimization protocol was executed to define the most efficient operational conditions, which both maximized NOx reduction and minimized ammonia slip. In order to make this determination, GCC developed a unique approach to the programming of the SNCR system control loop, resulting in a more stable emission control and lower ammonia emissions while maintaining the required NOx emission limit.



PCA's Energy and Environment Awards recognizes outstanding environmental and community relations efforts that go above and beyond what is required and represent good examples of a company's commitment to sustainability and energy efficiency.

## Biodiversity

Population growth means that there is an increasing need for infrastructure such as housing and roads, along with systems for clean water and sanitation. Concrete is vital to meeting those needs through sustainable development because of concrete's fire, weather and flood resistance. It is also readily available, versatile and can reduce energy demands. When comparing the life cycle of concrete to other building materials, concrete is the material of choice.

However, the first step in cement and aggregates production - the extraction of raw materials from the earth's crust - inevitably has an impact on the surrounding natural and social environment.

## Net Positive

In simple terms, net positive (or net gain) is an approach to development and land management that leaves biodiversity in a measurably better state than before – by first avoiding and then minimizing harm.



Tools are being developed to enable measurement of biodiversity value before and after development of all types. The metrics will put a value on habitats based on their area and quality (distinctiveness, condition, strategic significance and connectivity).

Rehabilitation of quarries, progressively during extraction and on completion of operations, offers significant opportunities for enhancement of biodiversity by creating more enhanced, thriving and connected habitats than were present before operations began.



This can and does result in net positive impacts for biodiversity as well as other components of natural capital (e.g., water storage and landscape enhancement). The industry has a long track record of delivery on this; however, the net has not been measured routinely.

GCC has established quarry rehabilitation and future land-use plans for a majority of its operating quarries. We are committed to the continued integration of the Global Cement and Concrete Association sustainability guidelines for quarry rehabilitation and biodiversity management into our present and future operations.



# ANNEXES

# About This Report

We present to the GCC stakeholders the annual Sustainability Report that provides the corporation's main results and our progress on sustainability goals from January 1- December 31, 2020. The report has been formally reviewed and approved by the CEO and released to the public before the 2021 Annual Shareholders Meeting.

## Aligned to the Global Reporting Initiative

This report has been prepared in accordance with the Global Reporting Initiative (GRI) Standards: Core option, without external verification.

Data collection and reporting methodologies:

- **CO2 and power:** We use the GCCA Sustainability Guidelines for the monitoring and reporting of CO2 emissions from cement manufacturing to calculate CO2 emissions between the 2005 baseline and the reporting year. The reporting coverage of the CO2 data is 100% in cement sites. Default CO2 emissions factor for fuels are taken from GCCA's Cement Sustainability Initiative guidelines.
- **Other Emissions:** We use the GCCA Sustainability Guidelines for the monitoring and reporting of emissions from cement manufacturing. Emission levels can be measured continuously or based on spot measurement. Information is always available at kiln level. If an emission component has not been measured in 2020, the 2019 measurement has been used to estimate the 2020 performance at kiln level.
- **Water:** The GCCA Sustainability Guidelines for the monitoring and reporting of water in cement manufacturing has been used as a reference to measure the water performance of the company. The coverage of the water data is, on average, 100%.
- **Biodiversity and quarries:** The GCCA Sustainability Guidelines for quarry rehabilitation and biodiversity management has been used as a reference to track improvements and progress in our quarries.
- **Health and Safety:** We use the GCCA Sustainability Guidelines (November 2018) for the monitoring and reporting of safety in cement manufacturing. Health and Safety data are gathered at site level and further consolidated at division or country reporting unit level and covers all business segments and their industrial production sites (cement, ready mix, aggregates, etc.).



GCC welcomes feedback or questions regarding this report. Please email us at [corporate.communication@gcc.com](mailto:corporate.communication@gcc.com).

# Associations



## Asociación Mexicana de la Industria de la Construcción

Asociación Mexicana de la Industria de la Construcción (AMIC) represents builders and suppliers in the Mexican construction industry. AMIC unifies the industry by forming a network of material and service suppliers and promoting their progress so that they remain at the forefront of social, economic and technological changes in the country.



Cámara Mexicana de la Industria de la Construcción

## Camara Mexicana de la Industria de la Construcción

Camara Mexicana de la Industria de la Construcción (CMIC) is the institution in charge of representing, supporting and strengthening Mexico's construction industry through management, advice, training, professional training and integration of new technologies.



## Camara Nacional del Cemento

La Cámara Nacional del Cemento (CANACEM) represents, promotes and defends the interests of the national cement industry and adopts programs that contribute to the development and expansion of economic activities, safety, sustainability and innovation. CANACEM serves as a consultative and collaborative body for the requirements, programs, problems and activities of the cement industry in Mexico. It is responsible for the design and execution of policies, programs and instruments that facilitate and promote the expansion of general economic activity.



## CESPEDES

The Private Sector Studies Commission for Sustainable Development (CESPEDES) was founded to face the challenges of sustainable development posed by the incorporation of Mexico into global markets. CESPEDES is the Mexican chapter of the Business Council for Sustainable Development, WBCSD (World Business Council for Sustainable Development) and belongs to the Business Coordinating Council (CCE). CESPEDES represents a variety of extraction, manufacturing and consumer businesses that have a common interest in facing the challenges of sustainable development.



**Centro  
Mexicano de  
la Filantropía  
(Cemefi)**

For 16 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 to organizations with socially responsible management and continuous improvement as part of their culture and business strategy. The ESR® distinction is given every year to ensure companies maintain a culture of social responsibility.



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

The Global Cement and Concrete Association (GCCA) is the trusted, authoritative global voice for the cement and concrete sector. GCCA is dedicated to developing and strengthening the sector's contribution to sustainable construction. GCCA aims to foster innovation throughout the construction value chain in collaboration with industry associations as well as architects, engineers, and innovators. In this way, the association demonstrates how concrete solutions can meet global construction challenges and sustainable development goals while showcasing responsible industrial leadership in the manufacture and use of cement and concrete. Full members must implement sustainability initiatives and set targets for performance improvement to achieve compliance.

GCC is part of GCCA's Innovandi initiative. Innovandi – the Global Cement and Concrete Research Network, has been formed by the GCCA to accelerate global collaboration on cement and concrete innovation, an important step in taking climate action. Innovandi is a large industry led consortium that ties together the cement and concrete industry with scientific institutions to drive and support global innovation with actionable research.



**Instituto  
Mexicano del  
Cemento y  
del Concreto**

Instituto Mexicano del Cemento y del Concreto (IMCYC) is a nonprofit association dedicated to the research, teaching and dissemination of cement and concrete application techniques. Its mission is to promote the optimal use of cement and concrete to meet the needs of the market with quality, productivity and opportunity, helping to improve professional performance, development and economic benefit of the industry as well as society.



**National  
Ready Mixed  
Concrete  
Association**

The National Ready Mixed Concrete Association (NRMCA) is the leading industry advocate for ready mix concrete, providing research, education and advocacy to its members. NRMCA has several committees where members and professional staff work together to support the mission, including sustainability initiatives to uphold principles of sustainable development.



### United Nations Global Compact

As the world's largest corporate sustainability initiative, the United Nations (U.N.) Global Compact is a voluntary initiative based on CEO commitments to implement universal sustainability principles and to undertake steps to support U.N. goals. The Compact requires companies to align strategies and operations with universal principles on human rights, labor, environment and anti-corruption, and to take actions that advance societal goals. As a participant in the U.N. Global Compact, a company sets in motion changes to business operations so that the Compact and its principles become part of strategy, culture and day-to-day operations.



### 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 91% of U.S. cement production capacity with facilities in all 50 states. PCA promotes safety, sustainability and innovation in all aspects of construction; it fosters continuous improvement in cement manufacturing and distribution. The PCA generally promotes economic growth and sound infrastructure investment.

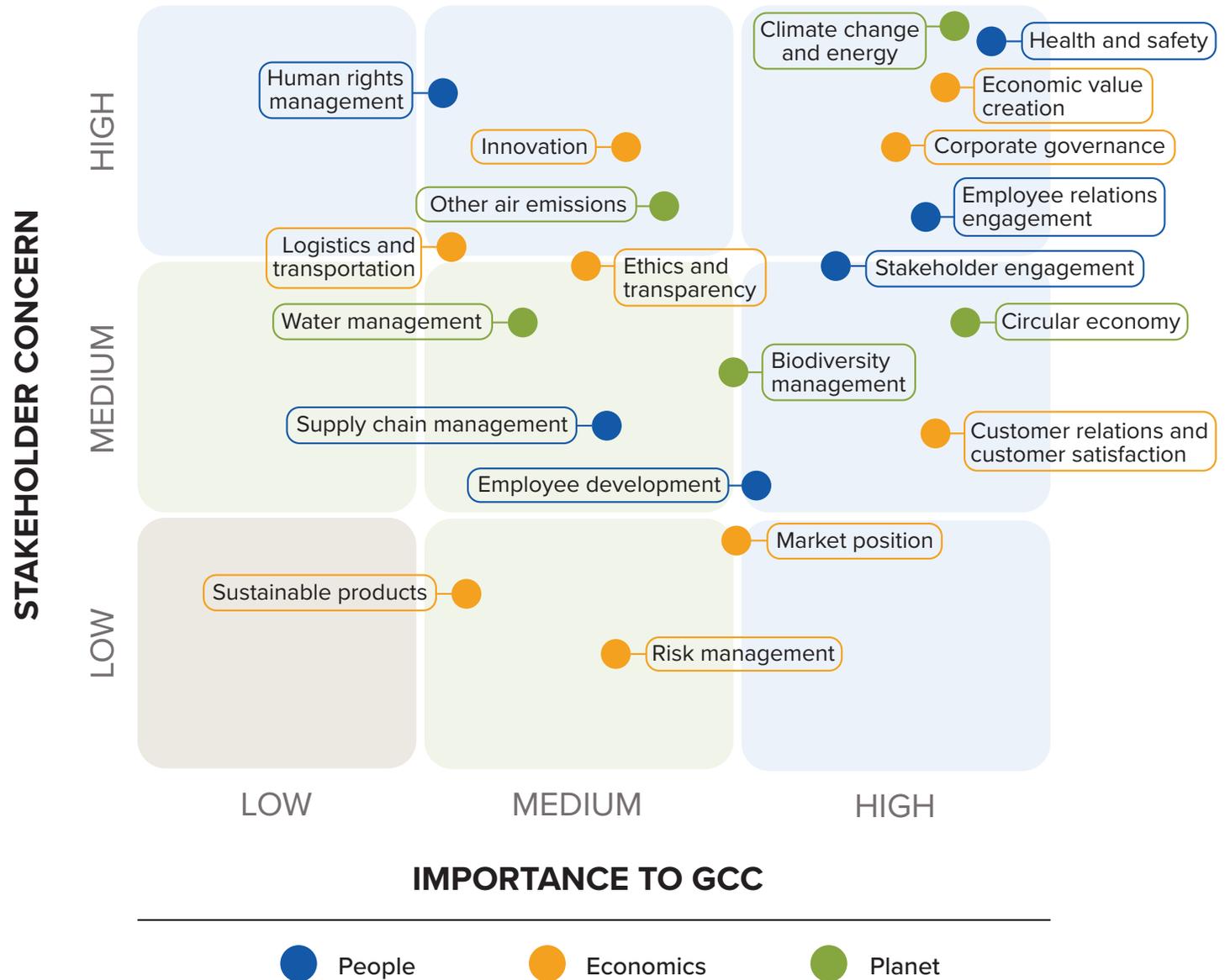


# Materiality

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 determined the social, economic and environmental impact of our business activities.



# Performance Data

Revenue/Result	UNIT	2018	2019	2020	GRI
TOTAL GROUP REVENUE	USD million	883.2	934.1	937.8	102-7
PROFIT FOR THE FINANCIAL YEAR "EBITDA"	USD million	256.4	292.0	308.3	102-7
TOTAL EMPLOYEES	#	2,729	2,765	2,758	102-7
NET SALES OF SUSTAINABLE PRODUCTS	%	13.8	14.3	13.9	201-1
NET SALES BY REGION (UNITED STATES)	USD million	646.7	681.9	693.1	102-7
NET SALES BY REGION (MEXICO)	USD million	236.5	252.3	244.6	102-7
GROUP SALES: CEMENT	USD million	591.0	628.0	617.0	102-7
GROUP SALES: CONCRETE	USD million	175.0	193.0	194.6	102-7
GROUP SALES: BLOCK	USD million	11.0	12.0	11.3	102-7
GROUP SALES: AGGREGATE	USD million	22.0	19.0	21.3	102-7
GROUP SALES: OTHERS	USD million	84.0	82.0	93.5	102-7
Producing Assets	UNIT	2018	2019	2020	GRI
CEMENT SITES	#	8	8	8	102-7
CEMENT DISTRIBUTION TERMINALS	#	23	23	23	102-7
AGGREGATES SITES	#	7	14	7	102-7
ASPHALT SITES	#	2	2	2	102-7
READY-MIX SITES	#	100	99	94	102-7
QUARRIES OPERATED (CEMENT BUSINESS)	#	25	28	29	102-7
Direct Economic Value Generated and Distributed	UNIT	2018	2019	2020	GRI
REVENUES	USD million	883.2	934.1	937.8	201-1
OPERATING COSTS, ADMINISTRATIVE AND SALES GENERAL EXPENSES	USD million	558.7	580.1	561.6	201-1
EMPLOYEE WAGES AND BENEFITS	USD million	154.7	170.5	164.8	201-1
PAYMENTS TO PROVIDERS OF CAPITAL	USD million	52.7	47.3	33.0	201-1
PAYMENTS TO GOVERNMENT	USD million	13.4	15.3	14.3	201-1
COMMUNITY INVESTMENTS (DONATIONS)	USD million	0.9	1.0	0.7	201-1
ECONOMIC VALUE RETAINED	USD million	102.8	119.9	163.4	201-1

Cement Type Portfolio and Products	UNIT	2018	2019	2020	GRI
CLINKER PRODUCED	Mt/yr	3.93	4.08	3.84	201-1
CEMENT PRODUCED	Mt/yr	4.36	4.57	4.48	201-1
ORDINARY PORTLAND CEMENT	%	57.6	59.4	63.2	
LIMESTONE CEMENT	%	22.6	22.7	23.0	
POZZOLAN CEMENT	%	0.9	0.5	0.7	
OIL WELL CEMENT	%	13.4	12.3	8.4	
MASONRY	%	2.0	2.0	2.1	
SPECIALTY	%	3.4	3.1	3.2	
CEMENTITIOUS MATERIAL PRODUCED (NOTE 1)	Mt/yr	4.45	4.62	4.38	
CONCRETE PRODUCED	Mm3/yr	1,824	1,849	1,825	
CO2 & Energy	UNIT	2018	2019	2020	GRI
CEMENT BUSINESS LINE:					
ABSOLUTE GROSS CO2 EMISSIONS (SCOPE 1) (NOTE 2)	Mt/yr	3.358	3.483	3.266	305-1
ABSOLUTE NET CO2 EMISSIONS (SCOPE 1)	Mt/yr	3.324	3.436	3.212	305-1
ABSOLUTE INDIRECT CO2 EMISSIONS (SCOPE 2)	Mt/yr	0.289	0.296	0.278	305-2
ABSOLUTE EMISSIONS (SCOPE 3), FROM 1,3,4,9 CATEGORIES (NOTE 3)	Mt/yr	0.614	0.634	0.594	305-2
SPECIFIC GROSS CO2 EMISSIONS (KG/METRIC TON OF CEMENTITIOUS)	kgCO2/t	753.8*	754.1	746.3	305-1
SPECIFIC NET CO2 EMISSIONS (KG/METRIC TON OF CEMENTITIOUS)	kgCO2/t	746.2*	743.9	734.0	305-1
REDUCTION NET CO2 EMISSIONS/T CEMENTITIOUS FROM 2005 BASELINE	%	8.5	8.8	10.0	305-5
SPECIFIC CO2 EMISSIONS (SCOPE 2) (KG/TON OF CEMENTITIOUS)	kgCO2/t	65.0	63.9	64.1	305-2
SPECIFIC THERMAL HEAT CONSUMPTION OF CLINKER PRODUCTION (MJ/TON CLINKER)	MJ/t	3,997	3,893	3,874	302-3
REDUCTION SPECIFIC HEAT/t CLINKER FROM 2005 BASELINE (4,233 MJ/TON CLINKER)	%	5.6	8.0	8.5	302-1
CLINKER FACTOR (CEMENTITIOUS)	%	87.8	88.1	88.0	
ALTERNATIVE FUELS IN CLINKER PRODUCTION	%	9.1	9.1	11.5	301-2
ENERGY CONSUMPTION TOTAL (THERMAL + ELECTRICAL)	TJ	17,684	17,940	16,858	302-1
TOTAL THERMAL ENERGY CONSUMPTION	TJ	15,694	15,884	14,865	302-1
THERMAL ENERGY CONSUMPTION FOSSIL FUELS (COAL, NATURAL GAS)	TJ	14,273	14,437	13,150	302-1

\*2018 data is corrected from previous reporting periods

CO2 & Energy (Continued)	UNIT	2018	2019	2020	GRI
THERMAL ENERGY CONSUMPTION WASTE-BASED FUELS	TJ	407	578	657	302-1
THERMAL ENERGY CONSUMPTION BIOMASS FUELS (RENEWABLE ENERGY)	TJ	1,013	872	1,059	302-1
THERMAL ENERGY MIX OF CLINKER PRODUCTION: % FOSSIL FUELS	%	90.9	90.9	88.5	302-1
THERMAL ENERGY MIX OF CLINKER PRODUCTION: % BIOMASS	%	2.6	3.6	7.1	302-1
THERMAL ENERGY MIX OF CLINKER PRODUCTION: % ALTERNATIVE FUELS	%	6.5	5.5	4.4	302-1
TOTAL ELECTRICAL ENERGY CONSUMPTION	MWh	552,680	571,048	553,654	302-1
ELECTRICAL ENERGY NON-RENEWABLE	MWh	552,680	542,492	516,644	302-1
ELECTRICAL ENERGY RENEWABLE	MWh		28,556	37,019	302-1
ELECTRICAL ENERGY RENEWABLE	%		5.0	6.7	
SPECIFIC ELECTRICAL ENERGY CONSUMPTION	KWh/t cem	126.2	126.5	123.6	305-4
Recycling & Waste Management	UNIT	2018	2019	2020	GRI
TOTAL RAW MATERIAL CONSUMPTION IN CEMENT	Mt/yr	6.932	7.115	6.839	301-1
ALTERNATIVE RAW MATERIAL CONTAINED IN CEMENT	Mt/yr	0.144	0.148	0.162	301-2
ALTERNATIVE RAW MATERIAL CONTAINED IN CEMENT	%	2.03	2.08	2.44	301-2
RECYCLED INPUT MATERIALS (RESIDUES)	Mt/yr	0.0347	0.0383	0.0283	
RECYCLED RENEWABLE MATERIALS (BIOMASS)	Mt/yr	0.0437	0.0397	0.0596	
TOTAL WASTE GENERATED (NON-HAZARDOUS, HAZARDOUS, OTHER)	Mt/yr	0.0002	0.0004	0.0004	306-2
TOTAL WASTE RECYCLED OR USED FROM OTHER INDUSTRIES (NON-HAZARDOUS)	Mt/yr	0.0784	0.0780	0.0879	306-2
TOTAL WASTE SENT FOR DISPOSAL	Mt/yr	0.0002	0.0004	0.0004	306-2
Water	UNIT	2018	2019	2020	GRI
% PRODUCTION PLANTS IN WATER-STRESSED AREA (%) (NOTE 4)	%	39.4	38.0	37.6	303-1
% SALES IN RISK WATER	%	29.7	28.9	27.6	303-1
TOTAL FRESHWATER WITHDRAWAL	Mm3	2.129	2.125	2.318	303-3
FRESHWATER WITHDRAWAL FROM MUNICIPAL WATERS SUPPLIES	Mm3	0.033	0.001	0.006	303-3
FRESHWATER WITHDRAWAL FROM QUARRY	Mm3	0.054	0.017	0.026	303-3
FRESHWATER WITHDRAWAL FROM GROUND WATER	Mm3	2.043	2.106	2.286	303-3

Water (Continued)	UNIT	2018	2019	2020	GRI
TOTAL WATER DISCHARGE	Mm3	1.026	0.941	0.937	303-4
TOTAL WATER CONSUMPTION	Mm3	1.104	1.183	1.378	303-5
SPECIFIC WATER CONSUMPTION (LT/TON OF CEMENTITIOUS PRODUCTS)	L/t	247.7	256.2	315.7	306-1
Biodiversity	UNIT	2018	2019	2020	GRI
QUARRIES WITH REHABILITATION PLAN IN PLACE (NOTE 5)	%	44	43	45	304-1
QUARRIES WITH HIGH BIODIVERSITY IMPORTANCE WITH BIODIVERSITY MANAGEMENT PLAN IN PLACE	%	0	0	0	304-3
Emissions Monitoring & Reporting	UNIT	2018	2019	2020	GRI
% CLINKER PRODUCED WITH MONITORING (PARTICULATE MATERIAL, NOX, SO2, VOC/THC, HEAVY METALS)	%	84	100	100	305-7
% CLINKER PRODUCED WITH CONTINUOUS MONITORING OF DUST, NOX, SO2	%	58	62	61	305-7
% OF PRODUCTION WITH NOX EMISSIONS MEASUREMENT (COVERAGE CK)	%	58	62	62	305-7
% OF PRODUCTION WITH SO2 EMISSIONS MEASUREMENT (COVERAGE CK)	%	58	62	61	305-7
% OF PRODUCTION WITH DUST EMISSIONS MEASUREMENT (COVERAGE CK)	%	58	62	61	305-7
% OF PRODUCTION WITH VOC MEASUREMENT (COVERAGE CK)	%	58	62	61	305-7
% OF PRODUCTION WITH MERCURY MEASUREMENT (COVERAGE CK)	%	30	62	61	305-7
% OF PRODUCTION WITH DIOXINS/FURANS MEASUREMENT (COVERAGE CK)	%	51	55	54	305-7
% OF PRODUCTION WITH HM1 MEASUREMENT (COVERAGE CK)	%	21	55	54	305-7
% OF PRODUCTION WITH HM2 MEASUREMENT (COVERAGE CK)	%	21	55	54	305-7
TOTAL ABSOLUTE NOX EMISSIONS	ton	3,768	3,883	3,545	305-7
TOTAL ABSOLUTE SO2 EMISSIONS	ton	325	464	155	305-7
TOTAL ABSOLUTE DUST EMISSIONS	ton	22.0	33.0	46.7	305-7
TOTAL ABSOLUTE VOC EMISSIONS	ton	181.8	580.6	419.9	305-7
TOTAL ABSOLUTE MERCURY EMISSIONS	Kg	30.4	30.0	26.1	305-7
TOTAL ABSOLUTE DIOXINS/FURANS EMISSIONS	gTEQ	38.5	57.3	75.0	305-7
TOTAL ABSOLUTE HM1 EMISSIONS	Kg	4.3	3.9	4.0	305-7
TOTAL ABSOLUTE HM2 EMISSIONS	Kg	1,374	2,897	2,944	305-7

Environmental Compliance	UNIT	2018	2019	2020	GRI
ENVIRONMENTAL FINES ABOVE \$10,000	#	1	1	3	307-1
FINES AND PENALTIES PAID	USD	54,600	23,242	165,500	307-1
Environmental Management Systems & Investments	UNIT	2018	2019	2020	GRI
CEMENT SITES WITH AN ISO 14001 CERTIFICATION	%	38	50	50	
ENVIRONMENTAL CAPITAL INVESTMENTS	USD million	1,451	2,318	401	
ENVIRONMENTAL OPERATING EXPENSES	USD million	3,604	3,595	2,523	
TOTAL EXPENSES (CAPITAL + OPERATING EXPENSES)	USD million	5,054	5,913	2,923	
Employees as of December 31, 2020	UNIT	2018	2019	2020	GRI
UNITED STATES	#	1,292	1,333	1,259	102-7
MEXICO	#	1,437	1,432	1,496	102-7
FULL-TIME EMPLOYEES	%	2,720	2,760	2,746	102-8
PART-TIME EMPLOYEES	%	9	5	9	102-8
SHARE OF MALE EMPLOYEES (GROUP)	%	89.8	90.4	90.0	102-8
SHARE OF FEMALE EMPLOYEES (GROUP)	%	10.2	9.6	10.0	102-8
Social Relations (Freedom of Association)	UNIT	2018	2019	2020	GRI
EMPLOYEES COVERED BY COLLECTIVE BARGAINING AGREEMENTS	%	30.5	33.0	34.7	102-41
Type of Philanthropic Activities (Communities)		2018	2019	2020	GRI
CHARITABLE DONATIONS	%	36	36	33	201-1
COMMUNITY INVESTMENTS (SOCIAL INVESTMENT PROJECTS)	%	64	64	67	201-1
COMMERCIAL INITIATIVES	%	0	0	0	201-1
TOTAL NUMBER OF INSTITUTIONS BENEFICIARIES CONSOLIDATION YEAR	#	51	53	55	201-1
TIME: EMPLOYEE VOLUNTEERING DURING PAID WORKING HOURS	Hrs	160	205	40	

Turnover	UNIT	2018	2019	2020	GRI
OVERALL EMPLOYEE TURNOVER RATE	%	24.7	21.8	16.9	401-1
VOLUNTARY EMPLOYEE TURNOVER RATE	%	18.5	16.3	13.2	401-1
HIRINGS	%	29	18	11	401-2
Occupational Health and Safety	UNIT	2018	2019	2020	GRI
WORKFORCE REPRESENTED IN HEALTH & SAFETY COMMITTEES	%	100	100	100	403-4
NUMBER OF FATALITIES PER 10,000 DIRECTLY EMPLOYED (RATE)	#	0	0	0	
NUMBER OF FATALITIES (DIRECTLY EMPLOYED)	#	0	0	0	403-9
NUMBER OF FATALITIES (DIRECTLY EMPLOYED) BY LOCATION - ON SITE	#	0	0	0	403-9
NUMBER OF FATALITIES (DIRECTLY EMPLOYED) BY LOCATION - OFF SITE	#	0	0	0	403-9
NUMBER OF FATALITIES (CONTRACTORS/SUBCONTRACTORS)	#	0	0	0	403-9
NUMBER OF FATALITIES (THIRD PARTIES, "INDIRECTLY EMPLOYED")	#	0	0	0	403-9
LTIFR EMPLOYEES (# OF LTIS PER MILLION HOURS)	#	10.0	8.7	7.8	403-9
LTISR EMPLOYEES (# OF LTIS PER MILLION HOURS)	#	197.68	267.57	183.84	
CEMENT SITES CERTIFIED WITH OSHA 18001/ISO 45001	#	38	50	50	408-8
Development (Training & Development Inputs)	UNIT	2018	2019	2020	GRI
AVERAGE HOURS PER FTE OF TRAINING AND DEVELOPMENT	#	2.0	6.8	6.1	404-1
EMPLOYEES RECEIVING REGULAR PERFORMANCE AND CAREER DEVELOPMENT REVIEWS	%	33	33	33	404-3
EMPLOYEES IN PROGRAM (MOBILITY TRAINING PROGRAM)	#	121	98	30	
Gender Diversity	UNIT	2018	2019	2020	GRI
GENDER DIVERSITY – FEMALES MANAGEMENT LEVEL	%	10.0	11.8	11.8	405-1
FEMALE IN JUNIOR MANAGEMENT LEVEL	%	10.0	12.5	17.0	405-1
WOMEN IN TOTAL WORKFORCE	%	10.2	9.62	10.0	405-1
EMPLOYEES UNDER THE AGE OF 30 (MALE/FEMALE)	%	19.2	19.6	16.5	405-1
EMPLOYEES BETWEEN 30 AND 50 (MALE/FEMALE)	%	51.3	51.2	51.9	405-1
EMPLOYEES OVER THE AGE OF 50 (MALE/FEMALE)	%	29.5	29.2	31.6	405-1

Human Rights (Ethics and Compliance)	UNIT	2018	2019	2020	GRI
TOTAL EMPLOYEES PARTICIPATE IN THE CODE OF ETHICS ASSESSMENT	%	100	100	100	412-2
TOTAL CONTRACTORS PARTICIPATE IN THE CODE OF ETHICS ASSESSMENT	%	65	70	90	205-3
ETHICS AND COMPLIANCE CASES REPORTED (EMPLOYEES)	#	20	15	13	412-2
ETHICS AND COMPLIANCE CASES REPORTED (CONTRACTOR)	#	0	3	5	205-3
Employee Engagement	UNIT	2018	2019	2020	GRI
EMPLOYEE ENGAGEMENT PLANS AVAILABLE AND REVIEWED	%	100	100	100	
EMPLOYEE ENGAGEMENT METHOD UTILIZED (GPTW INSTITUTE SURVEY)	Ranking	30	14	14	
HUMAN RIGHTS ASSESSMENTS CONDUCTED (OWN OPERATIONS)	%	100	100	100	
Suppliers	UNIT	2018	2019	2020	GRI
SUPPLIERS FROM NATIONAL MARKETS (% OF TOTAL SUPPLIERS)	%	70.2	68.1	67.1	204-1
EXPENSES IN LOCAL SUPPLIERS	%	55.7	56.0	54.4	204-1
SUPPLIERS WITH SUPPLIER CODE OF CONDUCT AS PART OF CONTRACTUAL AGREEMENT	%	100	100	100	414-1
NEW SUPPLIERS THAT WERE SCREENED USING ENVIRONMENTAL/SOCIAL CRITERIA	#	659	452	412	308-1

**Units Key**

Mt/yr - million tons per year      M m3 - million cubic meters      TEQ - toxic equivalents      TJ - terajoules

**Note 1:** Cementitious material is defined following the CSI/GCCA definition: Total clinker produced plus mineral components consumed for blending and production of cement substitutes.

**Note 2:** CO<sub>2</sub> emissions from fuels” Scope 3 emissions have been assessed according to WBCSD-CSI Scope 3 methodology. For the moment, we estimate our emissions in base the methodology who indicates the average of the cement industry in scope 3 are 17% of the total emissions, The methodology recommends the cement industry to consider at least these four categories to determine the scope 3 emissions: I. emissions due to clinker/cement bought, II. fuel- and energy-related activities (not included in Scope 1 and 2), III. upstream transportation, and IV. downstream transportation and distribution.

**Note 3:** Gross CO<sub>2</sub> emissions are the total emissions resulting from the chemical decarbonization of limestone and the emissions resulting from the burning of fossil-based fuels and alternative fossil fuels. Compared with gross CO<sub>2</sub> emissions, net CO<sub>2</sub> emissions do not include CO<sub>2</sub> from alternative fossil fuels.

**Note 4:** Using the WRI Aqueduct Water Tool

**Note 5:** We assessed the quarries at the cement plants.

# 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	32-34	
102-3	Core	Location of headquarters		Chihuahua, Chihuahua, Mexico
102-4	Core	Location of operations	32	Mexico, United States
102-5	Core	Ownership and legal form		Grupo Cementos de Chihuahua, S.A.B. de C.V.
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102-8	Core	Information on employees and other workers	12	
102-9	Core	Supply chain	35	
102-10	Core	Significant changes to the organization and its supply chain	29, 37	
102-11	Core	Precautionary Principle or approach		GCC is committed to mitigating the environmental impacts from our operations by managing emissions, biodiversity and water
102-12	Core	External initiatives	9, 11, 21, 23, 39, 41, 42	
102-13	Core	Membership of associations	51-53	
<b>STRATEGY</b>				
102-14	Core	Statement from senior decision-maker	2	
102-15		Key impacts, risks, and opportunities	31	
<b>ETHICS AND INTEGRITY</b>				
102-16	Core	Values, principles, standards, and norms of behavior	24	
102-17		Mechanisms for advice and concerns about ethics	24, 27	

GRI STANDARD	DESCRIPTION	PAGE	COMMENT
<b>GOVERNANCE</b>			
102-18	Core Governance structure	25	
102-19	Delegating authority		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	25-27	
102-21	Consulting stakeholders on economic, environmental, and social topics	25-27	
102-22	Composition of the highest governance body and its committees	25-27	
102-23	Chair of the highest governance body	25	
102-24	Nominating and selecting the highest governance body	25	
102-25	Conflicts of interest	24	
102-26	Role of highest governance body in setting purpose, values, and strategy	24, 25	
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	25	
102-30	Effectiveness of risk management processes workers		Managed by the Audit and Corporate Practices Committee
102-31	Review of economic, environmental, and social topics		The management team and shareholders meet monthly to review progress on economic, environmental or 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	61	
102-35	Remuneration policies	27	

GRI STANDARD		DESCRIPTION	PAGE	COMMENT
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		GCC does not collect this data.
102-39		Percentage increase in annual total compensation ratio		GCC does not collect this data.

### STAKEHOLDER ENGAGEMENT

102-40	Core	List of stakeholder groups	17-18	
102-41	Core	Collective bargaining agreements	12	
102-42	Core	Identifying and selecting stakeholders	17	
102-44	Core	Key topics and concerns raised	18	
102-43	Core	Approach to stakeholder engagement	18	

### REPORTING PRACTICE

102-45	Core	Entities included in the consolidated financial statements		See Annual Report
102-46	Core	Defining report content and topic boundaries	50	
102-47	Core	List of material topics	54	
102-48	Core	Restatements of information	37, 56	
102-49	Core	Changes in reporting		No significant scope or boundary change
102-50	Core	Reporting period	50	
102-51	Core	Date of most recent report	50	
102-52	Core	Reporting cycle	50	
102-53	Core	Contact point for questions regarding the report	50	
102-54	Core	Claims of reporting in accordance with the GRI Standards	50	
102-55	Core	GRI content index	62	
102-56	Core	External assurance	50	

GRI STANDARD	DESCRIPTION	PAGE	COMMENT
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## Management Approach

103-1	Explanation of the material topic and its boundary	54	
103-2	The management approach and its components	4, 20, 39	
103-3	Evaluation of the management approach	4, 20, 39	

## Economics

### ECONOMIC PERFORMANCE

201-1	Direct economic value generated and distributed	36-37	
201-2	Financial implications and other risks and opportunities due to climate change	37	
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		No significant assistance

### 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	25	

### INDIRECT ECONOMIC IMPACTS

203-1	Infrastructure investments and services supported	37	
203-2	Significant indirect economic impacts		See Annual Report

### PROCUREMENT PRACTICES

204-1	Proportion of spending on local suppliers	19	
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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
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GRI STANDARD	DESCRIPTION	PAGE	COMMENT
205-2	Communication and training about anti-corruption policies and procedures	24, 27	
205-3	Confirmed incidents of corruption and actions taken	61	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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**TAXES**

207-4	County-by-country reporting	36	See Annual Report
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**Environment****MATERIALS**

301-1	Materials used by weight or volume	56-58	
301-2	Recycled input materials used	42, 57	
301-3	Reclaimed products and their packaging materials		Most of our products are delivered in bulk.

**ENERGY**

302-1	Energy consumption within the organization	42, 45, 56, 57	
302-2	Energy consumption outside of the organization		No energy consumption outside the organization
302-3	Energy intensity	56	
302-4	Reduction of energy consumption	42, 56	
302-5	Reductions in energy requirements of products/services		GCC does not centrally collect this information.

**WATER AND EFFLUENTS**

303-3	Water withdrawal	47, 57	
303-4	Water discharge	47, 58	No affected water sources have been identified to date
303-5	Water consumption	47, 58	

GRI STANDARD	DESCRIPTION	PAGE	COMMENT
<b>BIODIVERSITY</b>			
304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	47, 48	
304-2	Significant impacts of activities, products, and services on biodiversity	47, 48	
304-3	Habitats protected or restored	47, 48, 58	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		GCC does not centrally collect this information.
<b>EMISSIONS</b>			
305-1	Direct (Scope 1) GHG emissions	45, 58	
305-2	Energy indirect (Scope 2) GHG emissions	45, 58	
305-3	Other indirect (Scope 3) GHG emissions	56	
305-4	GHG emissions intensity	56	
305-5	Reduction of GHG emissions	56	
305-6	Emissions of ozone-depleting substances (ODS)		No ODS is produced
305-7	Nitrogen oxides (NOX), sulfur oxides (SO2), and other significant air emissions	58	
<b>EFFLUENTS AND WASTE</b>			
306-1	Water discharge by quality and destination	58	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		GCC does not centrally collect this information.
306-5	Water bodies affected by water discharges and/or runoff		No impacts to bodies of water by discharge or runoff
<b>ENVIRONMENTAL COMPLIANCE</b>			
307-1	Non-compliance with environmental laws and regulations	59	

GRI STANDARD	DESCRIPTION	PAGE	COMMENT
<b>SUPPLIER ENVIRONMENTAL ASSESSMENT</b>			
308-1	New suppliers that were screened using environmental criteria	61	
308-2	Negative environmental impacts in the supply chain and actions taken		

## People & Community

<b>EMPLOYMENT</b>			
401-1	New employee hires and employee turnover	60	
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		

<b>LABOR/MANAGEMENT RELATIONS</b>			
402-1	Minimum notice periods regarding operational changes		GCC complies with notice periods defined in bargaining agreements

<b>OCCUPATIONAL HEALTH AND SAFETY</b>			
403-4	Worker participation, consultation, and communication on occupational health and safety	6, 60	
403-8	Workers covered by an occupational health and safety management system	6	
403-9	Work-related injuries	60	
403-10	Work-related ill health		The Organization is working on occupational health to identify such diseases

<b>TRAINING AND EDUCATION</b>			
404-1	Average hours of training per year per employee	10	
404-2	Programs for upgrading employee skills and transition assistance programs	12	
404-3	Percentage of employees receiving regular performance and career development reviews	12, 61	

GRI STANDARD	DESCRIPTION	PAGE	COMMENT
<b>DIVERSITY AND EQUAL OPPORTUNITY</b>			
405-1	Diversity of governance bodies and employees	25, 60	
405-2	Ratio of basic salary and remuneration of women to men		GCC does not centrally collect this information.
<b>NON-DISCRIMINATION</b>			
406-1	Incidents of discrimination and corrective actions taken		No incidents of discrimination during reporting period
<b>FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING</b>			
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk		GCC does not centrally collect this information.
<b>CHILD LABOR</b>			
408-1	Operations and suppliers at significant risk for incidents of child labor		GCC does not centrally collect this information.
<b>FORCED OR COMPULSORY LABOR</b>			
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor		GCC does not centrally collect this information.
<b>SECURITY PRACTICES</b>			
410-1	Security personnel trained in human rights policies or procedures		Human rights addressed in Code of Ethics, which applies to all staff
<b>RIGHTS OF INDIGENOUS PEOPLES</b>			
411-1	Incidents of violations involving rights of indigenous peoples		No incidents related to rights of indigenous peoples
<b>HUMAN RIGHTS ASSESSMENT</b>			
412-1	Operations that have been subject to human rights reviews or impact assessments		GCC does not centrally collect this information.
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		GCC does not centrally collect this information.

GRI STANDARD	DESCRIPTION	PAGE	COMMENT
<b>LOCAL COMMUNITIES</b>			
413-1	Operations with local community engagement, impact assessments, and development programs	13	
413-2	Operations with significant actual and potential negative impacts on local communities		No significant negative impacts to local communities during reporting period
<b>SUPPLIER SOCIAL ASSESSMENT</b>			
414-1	New suppliers that were screened using social criteria	61	
414-2	Negative social impacts in the supply chain and actions taken		GCC does not centrally collect this information.
<b>PUBLIC POLICY</b>			
415-1	Political contributions		No political contributions were made
<b>CUSTOMER HEALTH AND SAFETY</b>			
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
<b>LOCAL COMMUNITIES</b>			
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
<b>CUSTOMER PRIVACY</b>			
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data		No substantiated complaints during reporting period
<b>SOCIOECONOMIC COMPLIANCE</b>			
419-1	Non-compliance with laws and regulations in the social and economic area		No incidents of non-compliance during reporting period