GCC

2023

INTEGRATED REPORT

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GCC

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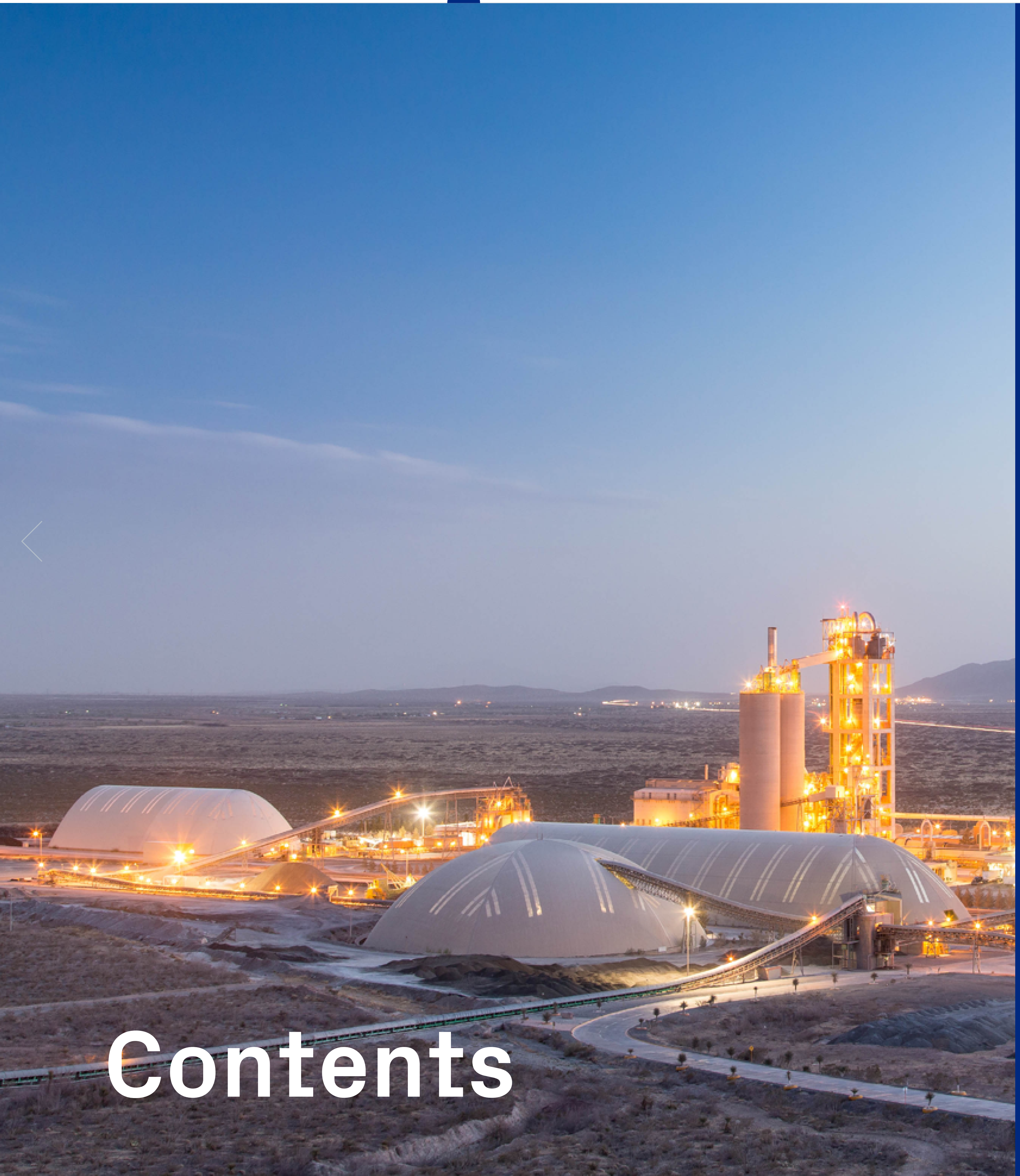
Overview

Our vision is to be the best cement company in North America with the proper balance of people, profit and the planet.



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1.1. 2023 Highlights

GCC achieved a triple financial record in 2023, with unprecedented total sales, EBITDA and net income. In our constant pursuit of growth and long-term excellence, and aligned with our vision to be the best cement company in North America with the proper balance of people, profit, and the planet, we utilized a portion of the cash generated to continue investing in our people, our production capacity expansion and efficiency, while at the same time reinforcing key sustainability initiatives such as safety culture and carbon emissions reduction.

1.1. 2023 Highlights

100%
Safety data coverage

26hours
Of training / employee

12%
Women in the workforce

14%
Women in management

550
New suppliers and contractors aligned to our Code of Ethics and Conduct and to our ISO 14001 environmental standards

Certified as
GREAT PLACE TO WORK

Recognized as a
SOCIAL RESPONSIBLE ENTERPRISE

1.1. 2023 Highlights

PROFIT

NET SALES
$1,363.9M

FREE CASH FLOW
$233.7M

EBITDA
$471.5M

TOTAL CAPEX
$163.5M

NET PROFIT
$295.5M

NET LEVERAGE RATIO
-0.99x

1.1. 2023 Highlights

PLANET

9.0%
Reduction in scope 1 CO_2 intensity compared to SBTi baseline

19.1%
Renewable energy

71.4%
Portland limestone cement

84.2%
Clinker factor

7.1%
Alternative fuels

US$87.2M
Low-carbon decarbonization CapEx

PRE-FEED STUDY FOR OUR CCUS
(Carbon Capture, Utilization and Storage) project completed

ENERGY STAR® CERTIFICATION
at our Pueblo and Rapid City plants

1.2. Letter to Stakeholders

Dear valued stakeholder:

We are very pleased to share GCC's inaugural Integrated Report; a significant step on the path to achieve our 2025 vision to be the best cement company in North America, with the proper balance of people, profit, and the planet. Since GCC was founded in 1941, we have become the regional leader in cement and concrete solutions in the center cut of the United States, expanding from one plant in Chihuahua, Mexico, to eight cement plants and 95 ready-mix facilities in Mexico and throughout the U.S.

Our growth is led by four pillars. First, our unwavering commitment to GCC's customers, which drives us to continually improve product and service quality. Second, our people, who are indispensable to GCC's continued growth and to the safety of our operation, enabled by our focus on advancing our team's professional development. The third pillar is innovation, a relentless focus on research and on the best technologies to develop new products and increase our overall efficiency. Finally, sustainability remains our compass to ensure we minimize any adverse impact we may have on the environment and the communities where we operate, in line with global cement and concrete industry commitments and best practices.

2023 was a year of record revenues and profits. We are more committed than ever to continued sustainable growth, guided by our solid values, business ethics, and by our people, profit and planet vision. As we look to the future, innovation remains central to achieving our business and sustainability goals.

Thank you for your continued partnership as we navigate this journey together.

FEDERICO TERRAZAS
Chairman of the Board of Directors

1.2. Letter to Stakeholders

ENRIQUE ESCALANTE
Chief Executive Officer

Dear valued stakeholder:

2023 represents a milestone year for our company. We achieved record net sales, EBITDA and net income, despite the adverse effects of volatile weather patterns and a weakened housing market. Our financial performance during the year underscores the company's commercial flexibility and integrated network connectivity, important competitive advantages which enable GCC to serve our clients and ensure product supply despite unexpected headwinds.

Another record achieved during 2023, was in greenhouse gas (GHG) emission intensity reduction, representing continued success on our decarbonization focus and progress towards the 2030 reduction target. Improving thermal efficiency, lowering clinker factor through blended cements, and flexible fuel strategies constitute our key medium-term decarbonization levers. Continued traction on GCC's carbon capture project during the year was another positive note, contributing to our long-term commitment to net zero.

We are cognizant of the important role we play to create more sustainable solutions for our customers, a safe environment for our workforce, and to support our communities. In 2023, we made significant investments in low-carbon decarbonization CapEx and strategic growth initiatives, demonstrating our unwavering commitment. Furthermore, we prioritized employee safety by providing comprehensive safety training programs, emphasizing our dedication to fostering a culture where safety reigns supreme. Additionally, we established the GCC Cement Training Institute to cultivate a highly skilled workforce tailored to the unique needs of each plant, aligning our employee development strategy with operational excellence.

GCC will continue to prioritize training, education, innovation and R&D as key elements of a sustainable future, aligned with our focus on long-term excellence.

Thank you for taking the time to read this report and for your continued support of our vision.

About this Report

This report has been prepared in reference to the Sustainability Accounting Standards Board (SASB) and Global Reporting Initiative (GRI) Standards for the construction materials industry (see Index of SASB and GRI contents here). The International Integrated Reporting Framework serves as a reference in compiling this report, including our value creation model. We also adhere to the sustainability and disclosure guidelines issued by:

This report, published in May 2024, covers the period between January 1 and December 31, 2023. Data and content in this report aims to provide an accurate and balanced account of GCC's 2023 performance in relation to our material topics, including the real and potential, positive or negative impact of our activities on our stakeholders, including human rights considerations. In this report, references to "GCC" or "the Company" refer to GCC, S.A.B. de C.V.

All data on this report is expressed using the metric system, with financial figures expressed in U.S. dollars (US$), except where otherwise specified.

We appreciate any feedback on this report. Please send your comments or questions to investors@gcc.com.

1.3. Who We Are

GCC is an international supplier and producer of cement, concrete, aggregates and construction-related services, serving customers in the United States and Mexico.

MISSION

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

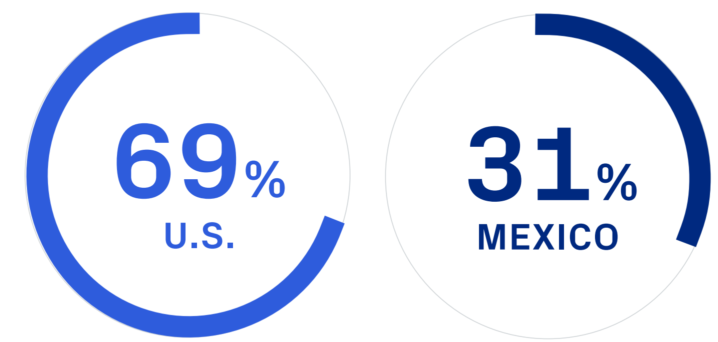
2025 VISION

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

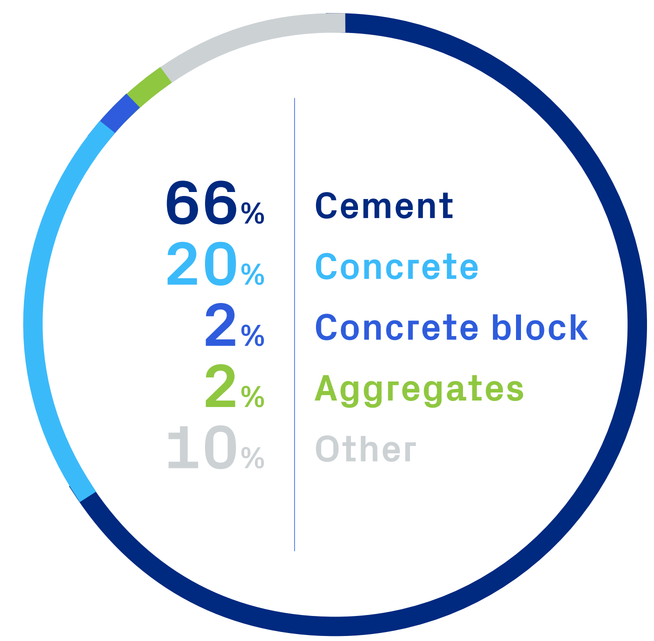
OUR VALUES

Health and Safety | Service | Integrity | Teamwork | Excellence

NET SALES BY REGION



SALES BY PRODUCT



We are very proud of the size and scope our company has achieved since our foundation **82 years** ago in Chihuahua, Mexico, with **29 years** of operations in the United States.

6MMT

Annual cement **production capacity**

The securities issued by GCC, S.A.B. de C.V., ticker GCC, are registered in the Securities Section and are traded in the Mexican Stock Exchange, Bolsa Mexicana de Valores, S.A.B. de C.V. For more information on our company structure, please visit the Who We Are section of the Annex attached to this document.

1.3. Who We Are

Vertically Integrated Operations

We are present at all stages of the cement and ready-mix supply chain.

Coal mine in Colorado, owned by us, is a relevant source of fuel for our cement plants, lowering costs and reducing price volatility.

Limestone quarries owned by us, can supply most of our cement, ready-mix and aggregates operations over the long-term.

8 Cement plants in the U.S. and Mexico close to our sources of raw materials.

95 Ready-mix plants supply almost 100% of the cement used in our ready-mix operations.

23 Rail-served cement distribution terminals

2 Distribution centers and transfer stations from Chihuahua, Mexico, to the U.S. - Canadian border.

+2,780 Leased railcars

+970 Mixer and haul trucks to transport cement, concrete, aggregates, and coal.

Fuel | Raw materials | Cement | Ready-mix | Cement terminals | Transport

1.3. Who We Are

Cement

6.0MMT

CEMENT PRODUCTION CAPACITY

3.5MMT

58%

42%

2.5MMT

0.4 MMT
Tijeras, NM
1992

1.1 MMT
Rapid City, SD
2001

1.1 MMT
Pueblo, CO
2008

0.5 MMT
Odessa, TX
2016

0.4 MMT
Trident, MT
2018

1.1 MMT
Chihuahua
1941

0.2 MMT
Juarez
1972

1.2 MMT
Samalayuca
1995

MMT: million metric tons

U.S. Mexico

1.3. Who We Are

Active in a wide range of business segments and products

We invest in research and development to constantly adapt to market needs, particularly in more sustainable products.

Cement

→ CEMENT

→ BLENDED CEMENTS[1]

Cement is produced by grinding clinker, gypsum and limestone into a fine powder. Clinker is an intermediary product, which results from heating a mixture of iron ore, silica, limestone and clay in a rotary kiln at a temperature of 1,450°C.

Concrete

→ READY-MIX CONCRETE

→ PRECAST CONCRETE

→ CONCRETE BLOCKS (MX)

Cement is mixed with aggregates and water to make concrete.
Precast concrete provides support infrastructure for commercial and industrial buildings.
Blocks are used in simple/structural masonry systems.

Energy and extractive materials

→ FOSSIL FUELS

→ AGGREGATES

We mine coal for use in some of our cement plants based on our fuel strategy. Aggregates such as stone, sand and gravel are added to concrete to create the final product. We also sell coal and aggregates to other companies.

PRODUCT USES AND CLIENTS

We offer a wide range of cement products for various uses and industries:

PORTLAND CEMENT is the most common type, it is made by grinding clinker with a small amount of gypsum.

BLENDED CEMENTS incorporate different supplementary cementitious materials to reduce the clinker factor, and therefore CO_2 emissions, while maintaining long-term durability.

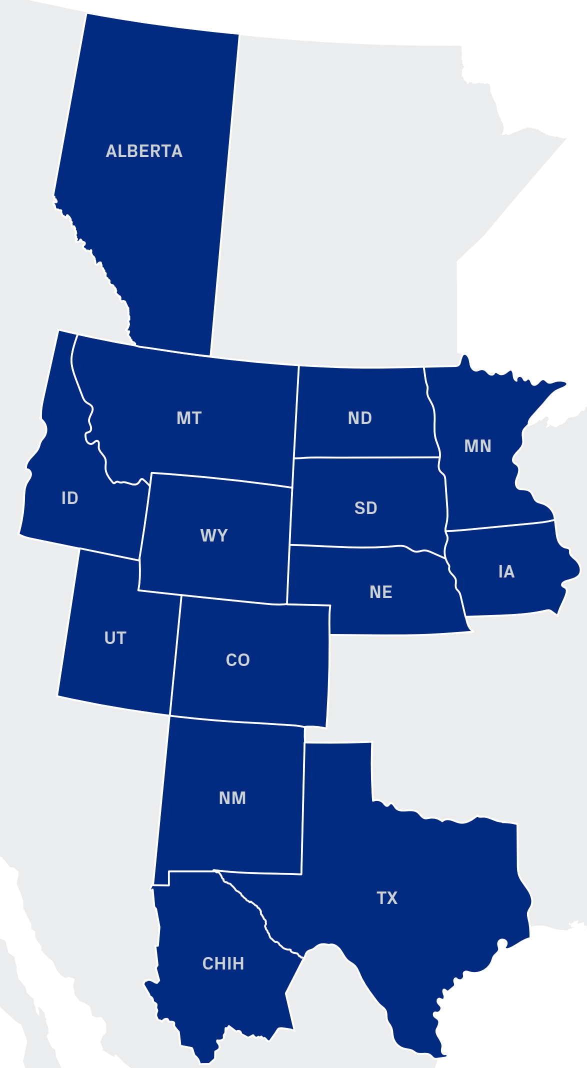
SPECIALTY CEMENTS are tailored to specific uses. For example, high-strength, quick set, resistant well cement for the oil and gas industry.

We have **RETAIL DISTRIBUTION** of cement bags and concrete blocks in Mexico, through our **Construred network.**

[1] For more information on our Sustainable Products and Innovation, please visit the Planet section.

1.4. What Makes us Different

Cement and ready-mix concrete operations across the "center cut" of North America.



Leading position and competitive moat in attractive markets

- #1 or #2 in core markets: U.S. regional markets and Chihuahua, Mexico.
- Landlocked states, insulated from seaborne competition.

Vertically integrated, with best-in-class production facilities, and stable, flexible and efficient logistics and energy sourcing

- GCC has the flexibility to efficiently distribute its products among its plants and distribution terminals to meet customer needs.
- Mexico operations provide a strong base and add operational flexibility and export capacity.
- Investment in energy sourcing flexibility (renewable energy, natural gas, coal and alternative fuels); resulted in more reliability, higher efficiency and lower emissions.
- +200,000 tons of capacity expansion in 2023 resulting in increased sustainable production capacity and enhanced potential for operating leverage.

Experienced and committed senior management

- +27 years of experience in the cement industry.
- Clear roles and responsibilities with compensation tied to short and long-term business and sustainability goals.

Increased free float and capital market liquidity

- Liquidity increased by 39.8% between 2022 and 2023, with an average daily trading volume of 425,027 shares in 2023.

Healthy balance sheet and strong free cash flow drive value creation

- Efficient and prudent capital structure. US$500 million 10-year Sustainability Linked Bond due 2032 extended debt maturity and reduced cost of debt.
- US$233.7 million of free cash flow generated in 2023.
- Cost and expense reductions throughout the organization.

1.5. Our Experienced Senior Leadership Team

+27 years cement and concrete industry experience.

Dedicated to driving innovation across the company and advancing our sustainability goals, our experienced senior leadership team is a key element of GCC's long-term success. More than two thirds of the team's annual compensation is variable, encouraging enhanced commitment and accountability. Our senior leadership team members participate in various cement and concrete national and international organizations, playing key roles as Directors or Chairs. Their activities are separated from those of the Board of Directors to improve transparency.

ENRIQUE ESCALANTE
CEO

24 years at GCC

GCCA Board of Directors
Sustainability and Ethics Committees

MAIK STRECKER
Chief Financial and Planning Officer

4 years at GCC

23 years industry experience

GINA LOTITO
Chief Sustainability and Innovation Officer

17 years at GCC
27 years industry experience

GCCA's Best Practice Group
Co-Chair
PCA's Environmental and Energy Committee
Chair

RON HENLEY
President of U.S. Division

12 years at GCC

PCA Board of Directors
Chairman of the Board 2021-2022

MARCOS RAMÍREZ
President of MX Division

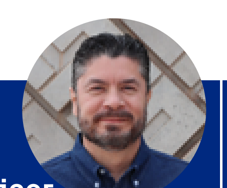
33 years at GCC

ROGELIO GONZÁLEZ
Chief Technical Operations Officer

51 years at GCC

CANACEM Board of Directors

DANIEL HELGUERA
Chief Human Resources and Communications Officer



9 years at GCC

12 years industry experience

LUIS AMAYA
Energy and Procurement Director

21 years at GCC

CESAR CONDE
General Counsel

17 years at GCC

LUIS CARLOS ARIAS
VP of Expansion Projects

27 years at GCC

For more information on our Senior Leadership Team, please visit the Senior Leadership Team section of the Annex of this report.

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STRATEGY AND GOVERNANCE

GCC's founding principles govern our decisions and actions.

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2.1. Our Sustainable Business Strategy and Commitments

Our mission is to be the supplier of choice in cement, concrete, and innovative solutions, with our 2025 vision focused on being recognized as the best cement company in North America with the proper balance between people, profit and planet.

To achieve this vision, our business strategy is to grow organically and inorganically, with a focus on providing quality customer service and continuously expanding product offerings through innovation, with particular emphasis on sustainable solutions.

To truly become a leader, we must attract and retain qualified talent, as well as optimally balance profitability with people and planet initiatives.

Our Business Strategy Pillars

2.1. Our Sustainable Business Strategy and Commitments

Our **sustainability strategy** focuses on climate protection, promoting social responsibility and ensuring economic sustainability for future generations.

We evaluate our progress on the company's sustainability strategy to achieve our 2030 targets multiple times every year:

- At our annual corporate planning session, we review the vision, plan strategic initiatives, and establish relevant action items.
- Our Senior Leadership Team meets monthly.
- Our CEO provides quarterly updates to the Board of Directors.

Since 1941, GCC has been developing a business model that not only focuses on maximizing shareholder value, but also contributes positively to the society and the environment. Our sustainability strategy was developed to reduce our overall impact on surrounding communities and the environment while creating value for all our stakeholders.

We understand that making a true impact in addressing society's challenges requires collaboration at scale. As such, our sustainability strategy not only is aligned with our 2025 vision, but it was also redesigned in 2018 to better align with the Global Cement and Concrete Association's (GCCA) Sustainability, including five pillars: climate change and energy, health and safety, social responsibility, and environment and nature.

Five Pillars

CLIMATE CHANGE AND ENERGY

SOCIAL RESPONSIBILITY

HEALTH AND SAFETY

ENVIRONMENT AND NATURE

CIRCULAR ECONOMY

In 2021, as part of our participation in GCCA, we came together with the global industry to state a collective ambition for a net zero concrete by 2050, in order to meet the global climate challenge.

2.1. Our Sustainable Business Strategy and Commitments

We also aligned our goals and targets with the United Nation's Sustainable Development Goals (SDGs), which address global challenges such as climate change, water and food crises, poverty, conflict, and inequality. Within these topics, we have identified 9 SDGs aligned with our 2030 sustainability targets. When compared to large cement and concrete peers, we differentiate ourselves by including in our alignment SDG 4, quality education, and SDG 7, affordable and clean energy. We currently focus on five of the nine SDG we align with, as key priorities for our 2025 vision:

Alignment with SDGs

PRIORITY SDGS

Please visit the People and Planet sections for more information on the progress we have made toward these goals.

In addition to our commitment to the SDGs, since 2021, we are part of the United Nations Race to Zero campaign, which focuses on rallying companies, cities, regions and institutions to take bold action to cut global emissions by 2030. We have also been a signatory and active participant in the United Nations Global Compact since 2007.

We actively collaborate with other partners in sustainability to help us improve our sustainability performance, as well as to contribute to a more comprehensive development of sustainability initiatives. We are members of various associations that represent member's interests in sustainability and promote an exchange with other companies and organizations with a common determination to achieve greater sustainability. Topics addressed focus on social and environmental issues, as well as more industry-specific topics such as policies for the secure supply of raw materials, energy conservation, occupational health and safety, and labor issues.

2.1. Our Sustainable Business Strategy and Commitments

Key Partnerships

	THE CEMENT INSTITUTE OF NEW YORK	To develop the GCC Cement Technical Institute's (GCTI) training programs.
	GLOBAL CCS INSTITUTE	International think tank to stay updated on Carbon Capture and Storage (CCS) technologies.
	ICAMI (CENTRO DE FORMACIÓN Y PERFECCIONAMIENTO DIRECTIVO)	In Mexico, to design our global leadership program.

Please visit the Sustainability Strategy and Commitments section of the Annex to see the complete list of organizations and our involvement with them.

2.1. Our Sustainable Business Strategy and Commitments

2.1.1. How We Create Value

We create value by continuing to strengthen our leadership in the markets in which we operate, as we enhance the solutions we offer to our customers, investing in our people and communities, and ultimately maximizing stakeholder value by implementing our business strategy and sustainably growing our business. Our business strategy is focused on increasing revenue and margins by leveraging our existing geographic footprint, vertically integrated operations, customer service, product offering, and the GCC team. Our strategy can be divided into the following key elements to show how we plan to continue delivering value to our stakeholders:

Our Strategy to Continue Creating Value

PEOPLE

- Further enhance **health and safety** by promoting a hazard exposure control mindset and fostering a H&S culture throughout the organization.
- Develop human capital and implement **education and training** initiatives.
- Enhance **gender diversity** in our workforce.
- Proactively **invest in local communities**, with a focus on education, sustainable development and vulnerable groups.

PROFIT

- Continue to **enhance margins** by further improving **cost efficiencies** and a **customer-focused go-to-market** strategy.
- Further strengthen and expand our **operational and geographical footprint.**
- Continue to develope and expand by **acquiring and integrating new businesses.**
- Provide **outstanding technical and logistical support** services to customers.
- Broaden product and service offerings through **innovative solutions** with higher margins.

PLANET

- **Reduce carbon emission** by using cleaner energy, improving thermal efficiency, and developing more sustainable products (blended cements).
- Increase the use of affordable and **clean energy** in our operations.
- Increase the use of **alternative fuels** utilizing recycled materials.
- Explore and implement technology for **carbon capture** alternatives.

2.1. Our Sustainable Business Strategy and Commitments

2.1.2. Materiality Analysis

In order to create value for all our stakeholders, and align our priorities, we evaluate which topics are material to them, as well as to GCC management. We use this materiality to establish our priorities for value creation. In 2023, we updated our 2022 in-depth materiality analysis to include any changes in the topics relevant to us and our stakeholders, and to gather insights and evaluate trends in global cement industry sustainability concerns.

For the update, we considered peer materiality SASB and GRI standards, ESG ratings and scores for GCC, as well as international and industry specific publications such as the Sustainability Yearbook and GCCA's 2023 publications. We also considered investor feedback, obtained during meetings with our Senior Management and Investor Relations Department during the year.

Following our assessment of all these sources, we confirmed that key material topics remain unchanged:

- BUSINESS ETHICS
- PRODUCT QUALITY, SAFETY AND CUSTOMER EXPERIENCE
- CLIMATE CHANGE AND GREENHOUSE GASES
- ENERGY MANAGEMENT
- AIR EMISSIONS
- HEALTH AND SAFETY
- EMPLOYEE ATTRACTION, TRAINING AND DEVELOPMENT
- SUSTAINABLE PRODUCTS INNOVATIONS AND DIGITAL TRANSFORMATION

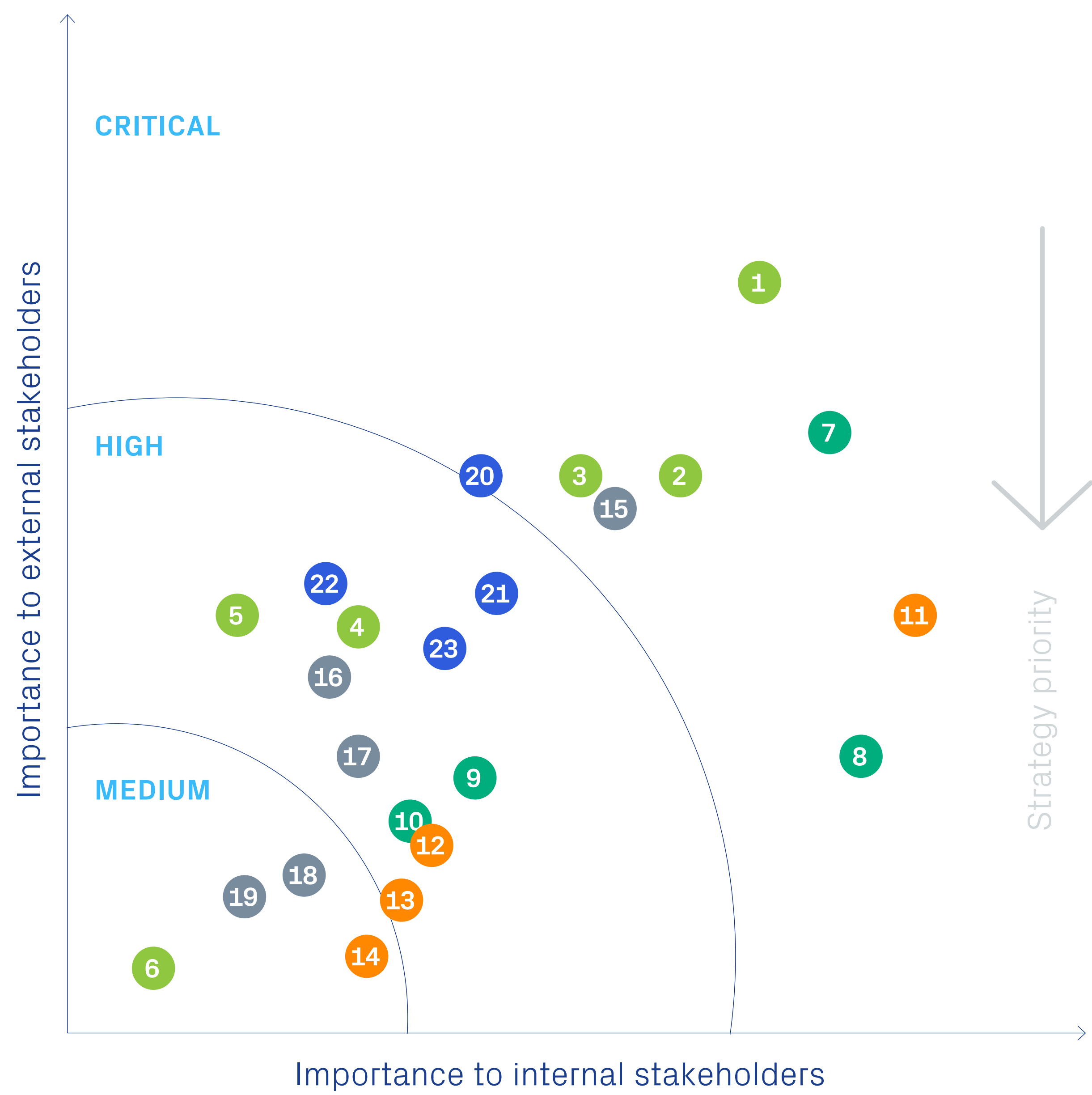
We also confirmed that the pillars of our sustainability strategy constitute the right path toward reducing our impact on people and the planet. As a result of the update, we adjusted some material topics to include wider concepts in alignment with industry trends.

Our materiality matrix is the result of the topics and concerns surveyed in-depth among internal and external stakeholders in 2022. It includes 23 topics across five areas.

Survey participants were asked to evaluate ESG factors based on their importance to our business strategy/financial success and our core values, as well as the perceived current state of the company's performance. Each stakeholder group was weighted equally in the materiality analysis. The results from the materiality assessment enabled us to align our sustainability strategy with our stakeholders' priorities, refining our decision-making and enhance our reporting and disclosures.

2.1. Our Sustainable Business Strategy and Commitments

Materiality Matrix



ENVIRONMENT

1. **Climate change and GHGs**
2. **Energy management**
3. **Air emissions**
4. Water management
5. Waste and materials management
6. Biodiversity

HUMAN CAPITAL

7. **Health and safety**
8. **Employee attraction, training and development**
9. Diversity, equity, and inclusion
10. Labor practices

SOCIAL CAPITAL

11. **Product quality and safety, and customer experience**
12. Data security and privacy
13. Human rights
14. Community relations

GOVERNANCE

15. **Business ethics**
16. Governance of “ESG”
17. Systemic risk management
18. Stakeholder engagement
19. Board independence and diversity

BUSINESS MODEL AND INNOVATION

20. **Sustainable products, innovation and digital transformation**
21. Competitive behavior
22. Product life cycle and circular economy
23. Supply chain management

2.1. Our Sustainable Business Strategy and Commitments

2.1.3. Stakeholder Engagement

Daily | As required | Quarterly, annually and request

STAKEHOLDER	HOW WE ENGAGE		FREQUENCY	RESPONSIBLE AREAS	OUTCOMES
GCC People	• Safety talks • Humand network • Surveys • Performance evaluations • Technology systems	• Negotiations • Team meetings • One-on-one meetings • Corporate website • Project assignments	Daily	Divisions, Human Resources and Corporate Communications	Engaging with our employees helps us to attract, develop, motivate and retain our most important asset, our people. During 2023, use of our internal communications platform Humand ascended to 1,360 new active users. New initiatives and company-wide engagement and synergies resulted from the exchange of information and projects on Humand.
Customers	• Surveys • Industry associations • Formal market research	• Corporate website • Product information • One-on-one engagement • Technical support	Daily	Commercial Area and Senior Leadership	Engaging with our customers and listening to their needs, leads us to deliver innovative solutions and develop products that meet their sustainability goals. During 2023, this exchange was particularly important as we assisted our clients in understanding blended cement performance.
Communities	• Local event assistance • Site tours • Website • Public meetings • Permit processes	• Community advisory groups/panels (U.S.) • Donations • Joint projects: reclamation, volunteering	As required	Multiple	GCC Foundation, along with our volunteer program and through our partnerships and memberships, developed a considerable number of events, donations and impacts. For more information, please visit the Communities section in this report.
Investors	• Annual and extraordinary general meetings • Non-deal road shows • One-on-one meetings	• Investor conferences • Quarterly reports and conference calls • Website • Telephone calls	Quarterly, annually and request	Investor Relations and Senior Leadership	Our investors help us to understand their expectations regarding our ESG performance and risk management. During 2023 we launched our first TCFD report, and in 2024, our first Integrated Report. **4** earnings calls **13** conferences and broker events **120** meetings attended
Government relations and NGOs	• Industry associations • Third party audits • Multi-stakeholder forums • Permit processes • Lobbying	• Public meetings • Local event participation • Presentations • Website • Meetings	As required	Multiple	Our engagement with local and national regulators, governments and industry associations, ensured that we contributed to issues relevant to our activities and improved our sustainability performance. We discussed our Health and Safety program with union leaders, who agreed with the changes we are implementing.
Suppliers	• Coupa portal • Suppliers portal • Negotiations • RFP/RFO	• Product information • Surveys • Corporate website	Daily	Multiple	New suppliers must align with GCC policies that apply ISO 45001, ISO 14001 and ISO9001, as well as with our 5S System, Code of Ethics and Conduct and Privacy Policy. Engagement through Coupa Portal simplified communications, onboarding and payments.

2.1. Our Sustainable Business Strategy and Commitments

2.1.4. GCC Commitments and Progress

PEOPLE

TRAINING (HOURS/EMPLOYEE)

2022	2023	2030 Target
18	26	25

WOMEN IN THE WORKFORCE

2022
11%

2023
12%

2030 Target
20%

WOMEN IN MANAGEMENT

2022
13%

2023
14%

2030 Target
25%

2.1. Our Sustainable Business Strategy and Commitments

Our climate and energy goals [1]

SCIENCE BASED TARGETS
DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

	BASE YEAR 2015	2023	2030
Scope 1 reduction		9.0%	30.7%
Kg net CO_2 | ton cementitious material	766.8	697.4	531.7
Scope 2 reduction		42.6%	57.0%
Kg CO_2 | ton cementitious material	77.0	45.0	33.0
Scope 3 (category 11) million ton CO_2	1.238	0.970	0.774

2050

Achieve net zero concrete along our concrete value chain by 2050.

[1] Scope 1, scope 2 and scope 3 were validated by SBTi in alignment with a well below 2°C scenario in January 2023.

	2015	2023	2030
Clinker factor	88.5%	84.2%	80.0%
Circular economy goals % Substitution for alternative fuels at GCC plants	5.9%	7.1%	25.0%

RATINGS AND ESG DISCLOSURE SCORING

S&P Global

CDP DISCLOSURE INSIGHT ACTION

SUSTAINALYTICS

2.1. Our Sustainable Business Strategy and Commitments

2.1.4. Disciplined Resource Allocation

During 2023, we invested a total of US$184 million in our operations to upgrade equipment, increase production capacity and improve logistics, a 45% increase when compared to 2022. Over the past three years, we have consistently increased our investments. In 2023, most of our investment was allocated to the Odessa cement plant expansion and to modernizing and automating our cement plants. A portion of the total investment in our plants was dedicated to more flexible and cleaner energy sourcing.

CONCEPT (US$ MILLION)	2023	2022	2021
Expansion of the Odessa, Texas, cement plant	80	13	0
Modernization and automation of cement plants	64	52	32
Transportation equipment	18	19	16
Debottlenecking at Samalayuca plant	8	22	4
Property and land investments	7	18	14
Solar plants	5	0	0
Information systems equipment	1	3	3
Total	**184**	**127**	**69**

Our investments reflect GCC's commitment to increasing return on capital and enhancing our asset portfolio, focusing on reinforcing our competitive advantages and long-term excellence and growth, by activating the following levers:

- **Expanding in existing markets:** increasing market share through higher vertical integration and more value-added products.
- **Productivity through efficiency and scale:** we invest in disciplined capacity expansion, efficiency improvements, and in optimizing our distribution network. This includes, for example, our successful debottlenecking of the Samalayuca plant in 2023.
- **Entering new markets:** continue our successful U.S. expansion and focus on synergistic contiguous markets.
- **Value accretive M&A:** to generate higher shareholder value, we analyze opportunities that can help us consolidate our network or create a new one.

2.1. Our Sustainable Business Strategy and Commitments

Our resource allocation framework involves disciplined and stringent long-term value analysis, as we remain focused on strengthening our integrated and flexible network. An example is our strategic realignment in the U.S. ready-mix business through network optimization in Oklahoma and Montana. In 2018, we started by exchanging our non-integrated ready-mix and transportation assets in Oklahoma and northwest Arkansas for our Trident, Montana cement plant without increasing debt. We continued by divesting the rest of our non-integrated ready-mix assets in that area as of 2020 and acquiring five ready-mix plants in the upper Midwest, which we integrated into our cement supply from the expanded Rapid City cement plant.

As a result, we have accumulated significant expertise in developing integrated cement and concrete ecosystems given our previous experience in investing in asset development, integrating acquisitions and adding synergies.

2.1.5. Economic Value Created and Distributed

During 2023, we generated US$1,363.9 million in direct economic value in the form of net sales, of which we retained US$260.7 million (19%), and distributed US$225.6 million in the form of employee wages and benefits; US$45.7 million to providers of capital in the form of interest and dividends. Additionally, we invested US$1 million in our communities and paid US$75.8 million in the form of taxes, US$59.4 million paid to the government of the United States and US$16.4 million paid to the Mexican government.

GCC's operations, and our overall business, are subject to various laws and regulations, as well as licenses, concessions and government permits. As of the date of this report, we are in full compliance with our tax obligations. Futhermore, we consider an important commitment to contribute to our societies in which we operate by paying our taxes as a local business.

In 2023, we returned US$37.8 million to shareholders through our dividend and share buyback program. We purchased 1,631,981 shares for an average price of Ps. 158.36 during the year.

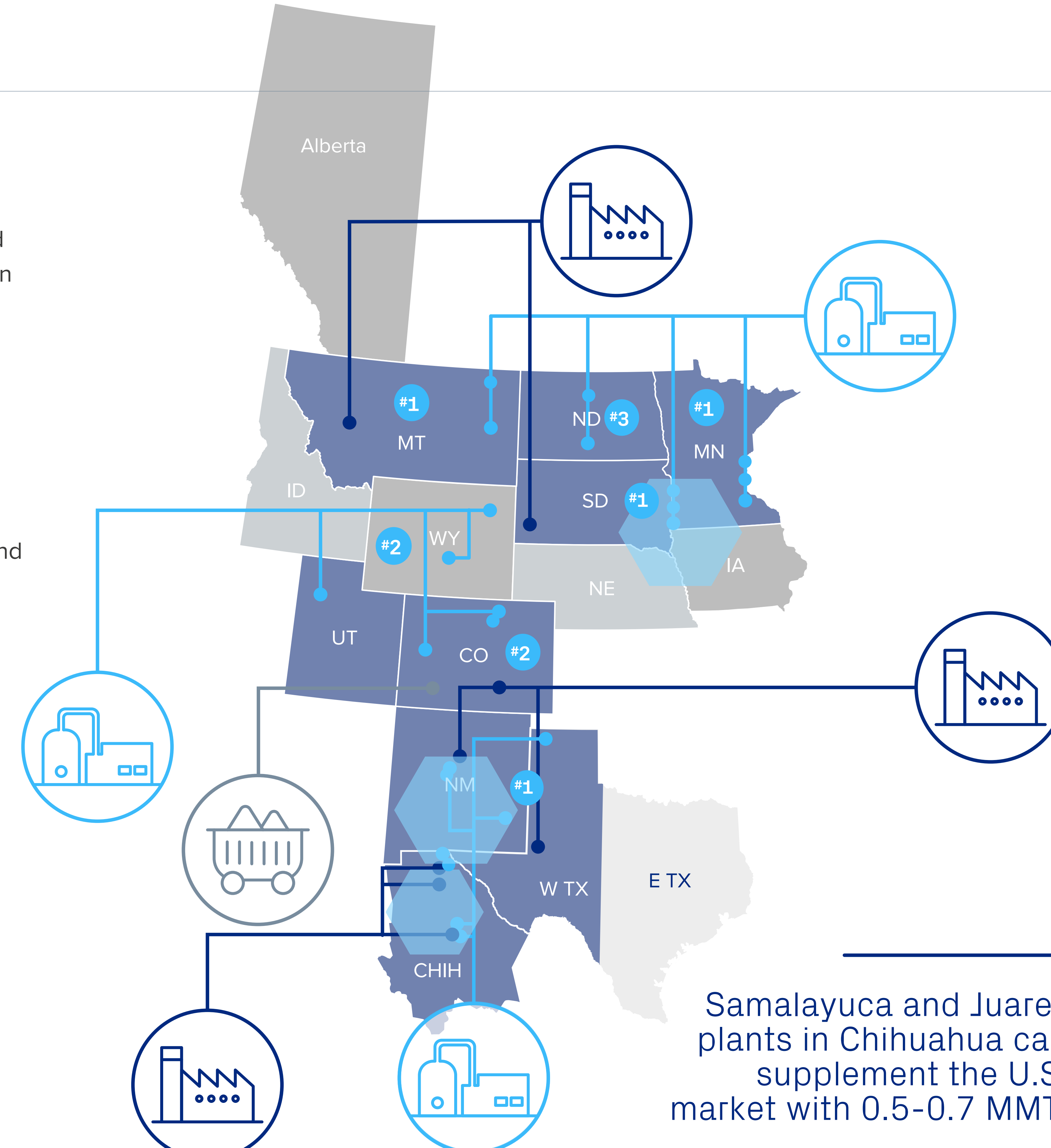
VALUE CREATED AND DISTRIBUTED (US$ MILLION)	2023	2022
Direct economic value generated: revenues	**1,363.9**	**1,168.3**
Economic value distributed: operating costs	**755.1**	**703.7**
• Employee wages and benefits	225.6	196.2
• Payments to providers of capital	45.7	37.6
• Payments to government – United States	59.4	18.1
• Payments to government – Mexico	16.4	8.8
• Community investments	1.0	1.0
Economic value retained	**260.7**	**202.9**

2.2. Risks and Opportunities

GCC is the regional leader in the U.S. center-cut markets, operating in 13 contiguous states. No other producer competes with GCC across our markets, which are diversified regional economies, with low unemployment, offering a clear upside to U.S. construction recovery.

We are the leading producer of cement and ready-mix concrete in the Mexican border state of Chihuahua. There are close economic ties between Chihuahua and the United States, which provide us with a clear benefit for cyclical recovery and, at the same time, makes us a foreign direct investment target. Our demand growth in Mexico is driven by the private sector. More importantly, the Mexico Division exports a large portion of its sales volume (32%), giving us with the flexibility to supply Texas and New Mexico demand from Samalayuca and Juarez plants. Our plant in Chihuahua also supports oil-well cement demand in Texas.

Main risks associated with this opportunity include country, operational and climate related risks.



Samalayuca and Juarez plants in Chihuahua can supplement the U.S. market with 0.5-0.7 MMT.

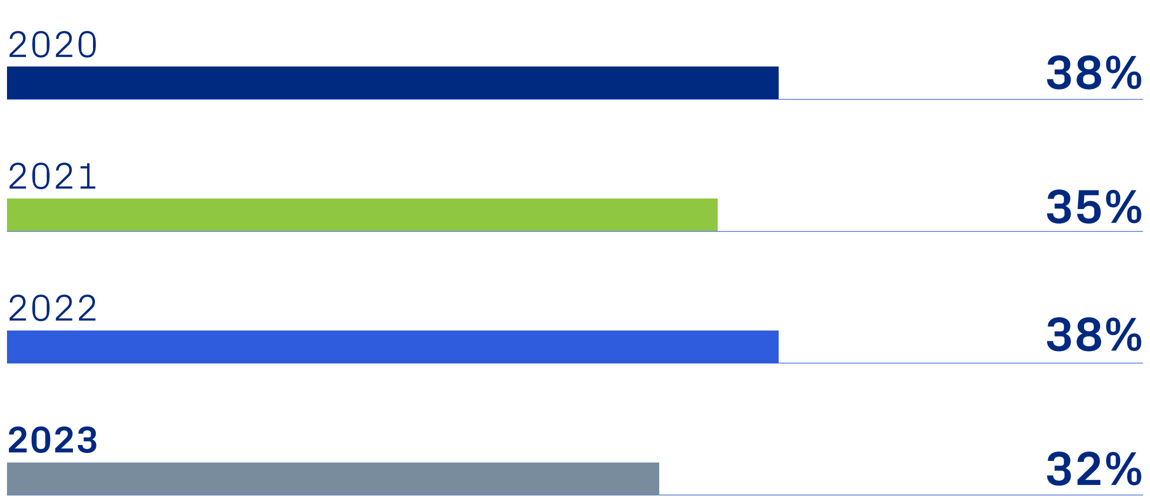
- Larger sales
- Mid sales
- Lower sales
- Concrete
- # Market position in each state
- Cement terminals
- Cement plant
- Coal mine

2.2. Risks and Opportunities

During 2023, our cement deliveries were adversely impacted by the U.S. shutdown of the border as a response to the migrant crisis along the Mexican-U.S. border. However, GCC's differentiated network connectivity enabled us to offset this effect by supplying cement from our Pueblo plant, replacing shipments from Mexico while protecting our market share.

This flexibility also helps us mitigate climate-related events. We have contingency plans in place to address these risks.

EXPORT SHARE OF MEXICO'S VOLUME SALES



2.2.1. Market Opportunities

GCC has a leading market position coupled with very fragmented competition in its core U.S. markets.

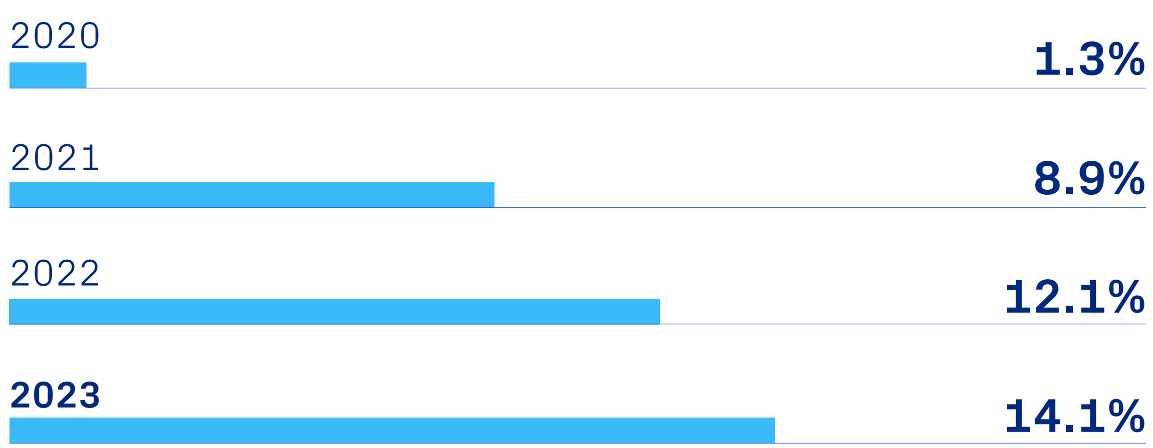
GCC MARKET POSITION AND COMPETITORS IN CORE MARKETS

	Colorado	N. Mexico	N. Dakota	S. Dakota	W. Texas	Wyoming	Montana
GCC market position	#2	#1	#3	#1	#1	#2	#1
GCC cement plant in state	✓	✓		✓	✓		✓
Competitor in-state plant	LHN,CX				BZU	EXP	CRH
Other principal competitors	EXP	LHN	HEI, LHN CRH	LHN, CRH	SRMG		

2.2. Risks and Opportunities

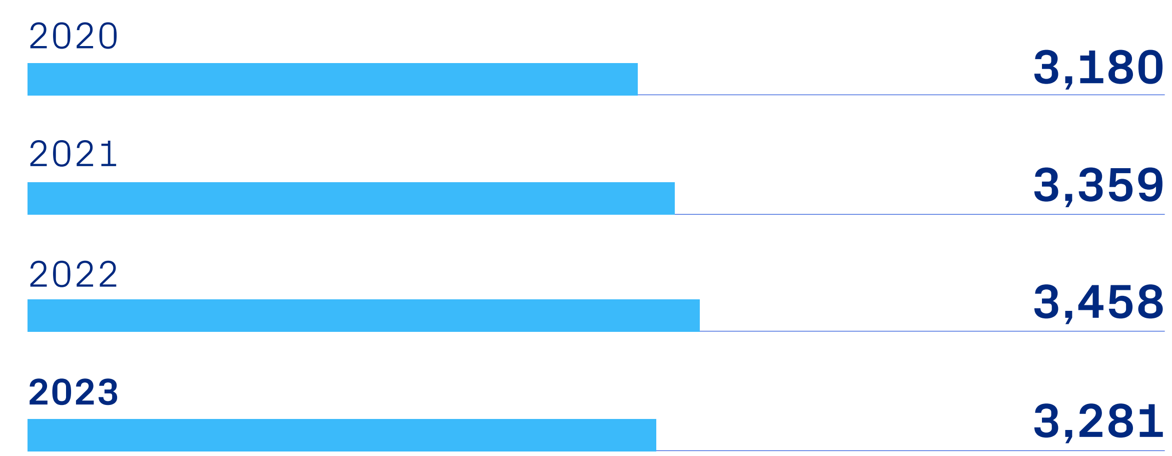
GCC U.S. CEMENT PRICES
(Change, year over year)

3yr CAGR +11.7%



GCC U.S. CEMENT SALES
('000 MT)

3yr CAGR +1.0%

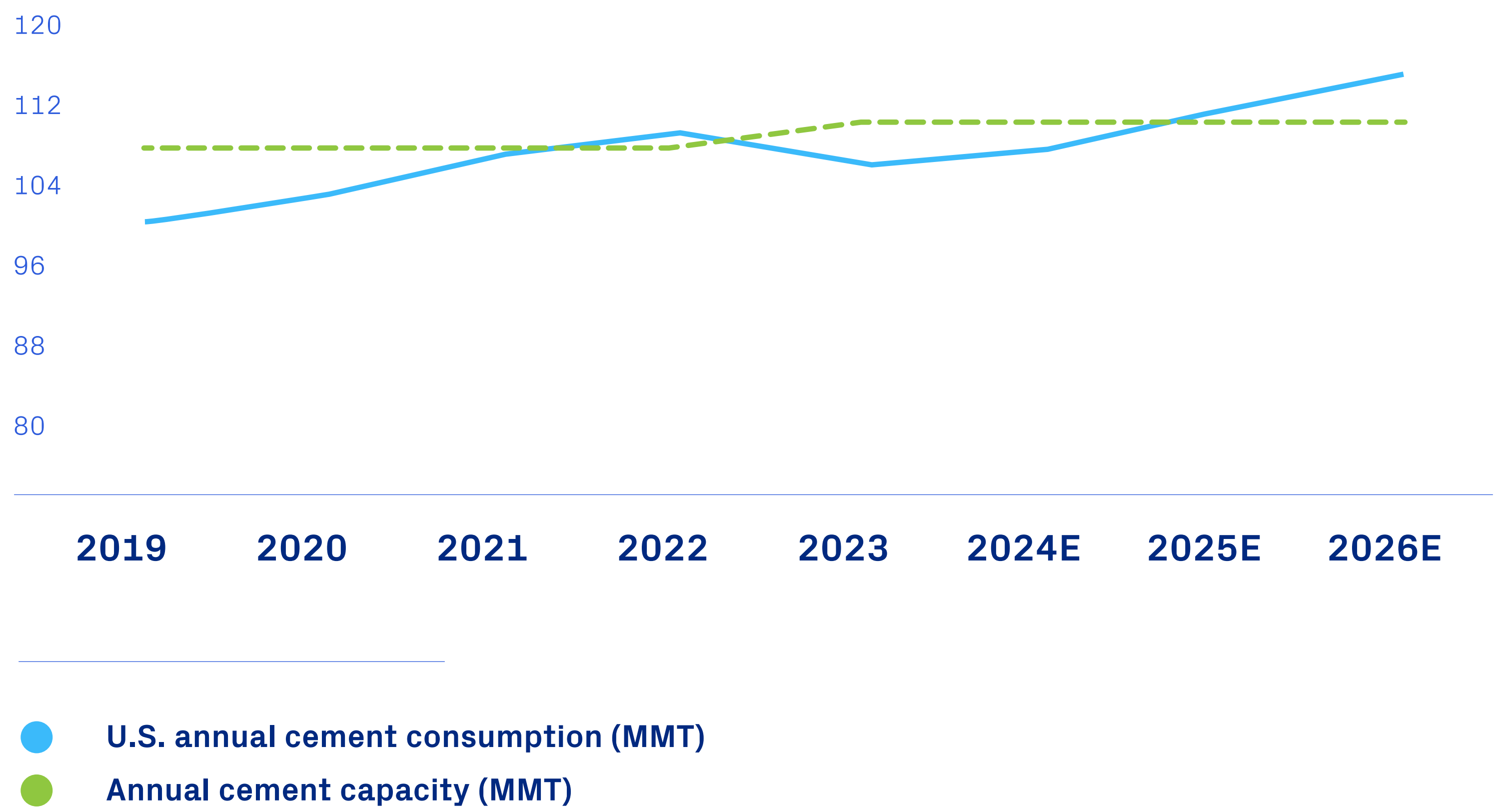


Our core markets represent a clear business opportunity, given their proven capacity for volume and price recovery. GCC's U.S. cement markets showed an 11.7% compounded annual recovery in prices in the last three years. Cement sales in the same markets showed a more moderate, yet constant, recovery in the same period: a compounded annual growth rate of 1% per year between 2021 and 2023.

The main opportunity looking forward is in the positive outlook for U.S. demand, as cement consumption in the U.S. is expected to outpace supply by 2025, driven by an expected increase in infrastructure spending. Apparent cement consumption in the U.S. during 2023 was still 18% below the 2005 peak of 128 million tons. Imports are expected to become a critical source of supply, and we are in a very favorable position to take advantage of the export potential of our Mexican operations.

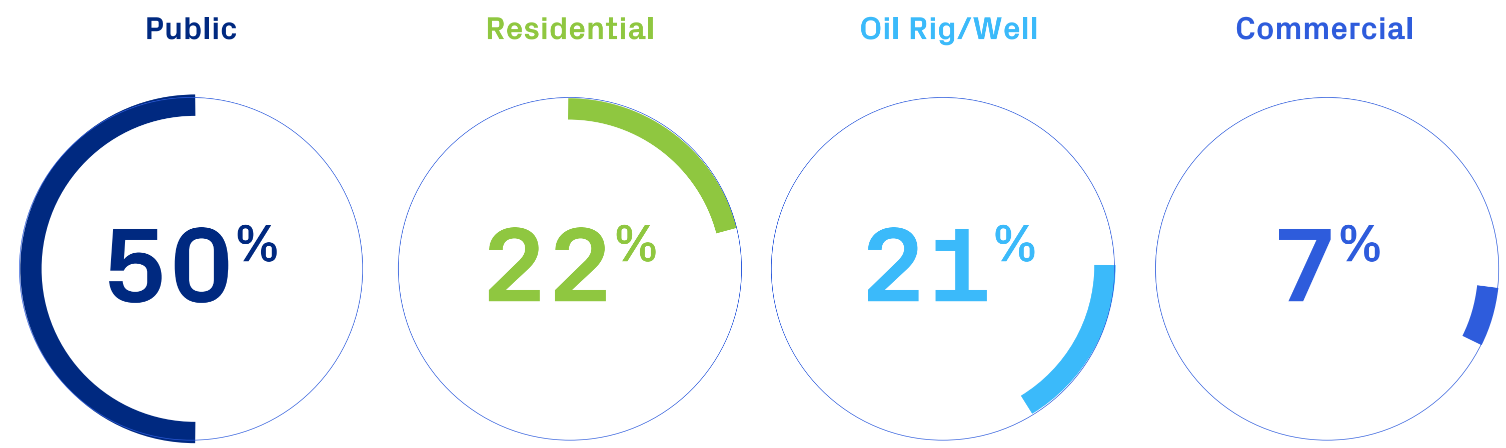
2.2. Risks and Opportunities

U.S. CEMENT DEMAND WILL OUTPACE SUPPLY BY 2025, IMPORTS WILL BE A CRITICAL SOURCE OF SUPPLY[1]



A key differential opportunity for GCC is our integrated and flexible network, which allows us to be able to quickly adapt production and distribution to supply those demand segments that show the most potential in the short-term.

U.S. SECTORS



Given our diversified business mix, we can adapt GCC's network to take advantage of quickly accelerating demand in some segments, while others show weaker demand. This was the case during 2023, as we swiftly shifted our network to supply higher demand for infrastructure and oil and gas, which compensated a softer residential market.

[1] Source: PCA Spring 2024 Forecast

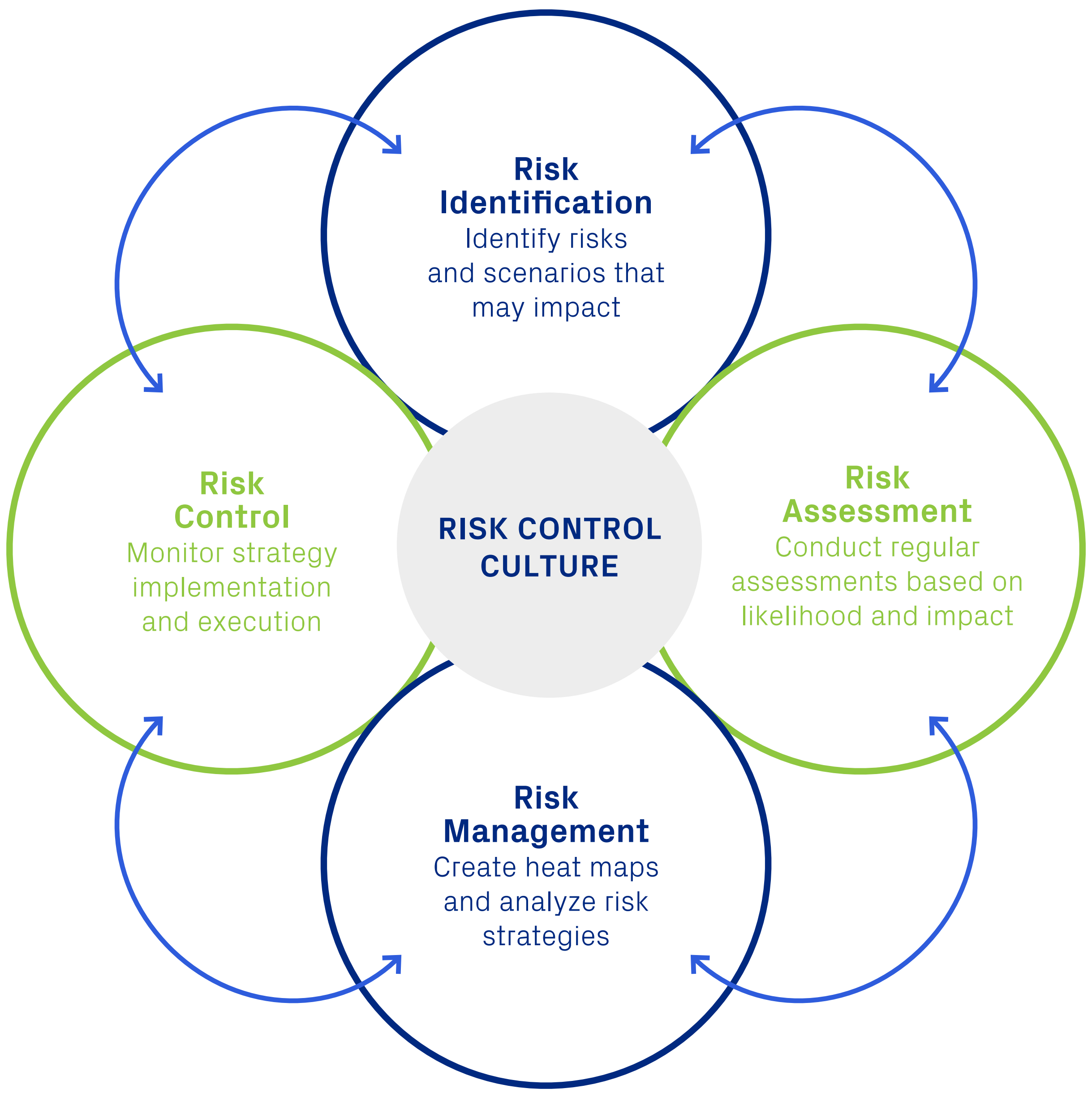
2.2. Risks and Opportunities

2.2.2. Potential Risks

Our business is exposed to a variety of external, internal, operational, climate, and financial risks and uncertainties. We make continuous efforts to identify, prevent, control and mitigate these risks to ensure our long-term stability and success. We have a coordinated, comprehensive approach to overseeing the enterprise-wide risk management responsibilities, and ensuring the full incorporation of climate considerations.

Supported by the appropriate governance and sustainable tools, we monitor, analyze and mitigate risk exposure. The board regularly reviews strategic threats and risks that emerge through this process. Our leadership is fully engaged in risk management and has made it a fundamental aspect of the company's strategy, operations and culture.

Through our risk control culture and processes, we identify, assess, mitigate, and monitor the company's overall risk exposure, while incorporating risk assessment into all strategic decisions.



Our risk management-oriented culture ensures protection of our assets and the success of our strategy.

2.2. Risks and Opportunities

These processes help us reduce the likelihood and impact of potentially adverse events, securing the involvement of our Internal Control Department when needed.

As disclosed in our Annual Report, our stakeholders should consider the risks and uncertainties related to:

- The countries GCC operates in
- The company
- GCC's shares

We have a risk management process in place to monitor, analyze and mitigate risk exposures.

Main risks related the countries where GCC operates

Operations are subject to political, economic, and reputational risks for conducting business in corrupt environments. A significant portion of our business is conducted in Mexico, which has elevated levels of corruption compared to the United States, according to the Transparency International's Corruption Perceptions Index. To mitigate this risk, we implemented an Anti-corruption Compliance Program, which includes enforcement of our Code of Ethics and Conduct, together with the policies and procedures that complement it. Additionally, we conduct annual employee training programs, to promote compliance with business ethics and local laws and regulations.

Our business, results of operations, and financial condition may be adversely affected by government contracting risks. GCC, as a supplier of cement and ready-mix concrete for use in operational projects, is subject to various laws and regulations applicable to third parties. In which, we may be affected by government changes or unilateral suspensions, as well as fines or sanctions. To monitor compliance with these laws and regulations, and avoid any potential disruptions, we put in place the appropriate procedures to prevent any investigations, as well as the possibility of any legal actions or fines.

2.2. Risks and Opportunities

Main risks related to the company

A disruption or delay in the supply chain or in the production at one of our production facilities. If one of GCC's production facilities or the supply chain were to cease production unexpectedly, our sales and financial results could be materially adversely affected. We mitigate this risk by keeping inventory at all of our terminals and shipping stations, and in certain regions, our cement plants and our network of ready-mix concrete plants can provide back up for other plants that might be affected by a disruption.

Failures or interruptions in our information systems. GCC depends on its information technology, which includes systems, to conduct business activities. The company has implemented cybersecurity controls, built-in redundancies and back up for all its IT systems to guarantee business continuity. New measures include (i) system updates and security tools, (ii) periodic cybersecurity releases and (iii) mandatory trainings for all employees.

Compliance with environmental, health and safety laws and regulations. Our operations are subject to strict laws and regulations governing environmental protection, and health and safety, which generally require us to obtain and comply with various permits, licenses, registrations, and other approvals. We have a team that monitors and executes all necessary activities to comply with laws and regulations, related permits and other requirements. Additionally, all company facilities comply with existing regulations.

Ability to attract and retain key employees. GCC's success depends on our ability to retain key executives with extensive experience in the cement industry. Our human capital priorities include health and safety, employee trainings and development, diversity, equity and inclusion, and best labor practices. We have contingency programs for key positions at our plants as explained in the Employee section.

2.2. Risks and Opportunities

Main risks related to GCC's share

The relative volatility and lack of liquidity in the Mexican stock market could substantially limit shareholders' ability to sell their common stock at the desired price and time. Investing in securities traded in emerging markets, such as Mexico, generally involves higher risks than investing in securities of issuers from other markets, which investments are considered more speculative. The Mexican stock market is substantially smaller and concentrated in a limited number of institutional participants and may be more volatile than other securities markets. We mitigate this risk by permanently engaging with investors and working to improve our liquidity.

Dividend distributions to holders of GCC's shares will be made in Mexican pesos. Any significant fluctuations in the exchange rates between Mexican pesos and U.S. dollars or other currencies could have an adverse impact on the U.S. dollar or other currency to the equivalent amounts of such translation received by the shareholders. In addition, the amount paid by the company in Mexican pesos may not be readily convertible into U.S. dollars or other currencies. Even though the Mexican government does not currently restrict the ability of Mexican or foreign individuals or entities to convert Mexican pesos into U.S. dollars or other currencies, the Mexican government could institute restrictive exchange control policy in the future.

2.2. Risks and Opportunities

2.2.3. Risk Governance

Our risk governance is carried out through a number of coordinated initiatives and subject to continuous improvement. Our Senior Leadership Team performs a detailed annual update and analysis of our risk heat map, which is then submitted to the Board of Directors for analysis and formal approval. The Audit and Corporate Practices Committee advises the Board on matters related to risk management. Responsibilities concerning risks are clearly defined for each country division, as well as at the corporate level, establishing management's responsibility for each risk.

Risks are identified and assessed according to significance and likelihood. Key risks are analyzed more in depth regarding their causes, and classified into:

STRATEGIC RISKS

- Leadership Team oversight
- ESG risk management approach
- Annual risk heat map
- More than 80 risks identified
- Scoring of Top 10 risks

OPERATIONAL RISKS

- Internal Audit oversight
- Annual risk plan presented to Audit Committee
- Focus on innovation and improvements
- Fraud monitoring
- Internal Control monitors risks

PROPERTY RISKS

- Risk management oversight
- Joint approach with external insurance company
- Annual assessment
- Risk maps and scoring per property

CYBERSECURITY RISKS

- IT committee oversight
- External penetration tests and maturity assessment level analysis
- ESG and SAP scopes

During 2023, we improved data security and privacy in Mexico, to comply with new data protection regulations. Additionally, we trained 83% of our employees who are computer users on cybersecurity.

Please visit the Education section in this report for more information.

2.2. Risks and Opportunities

2.2.4. How we Manage Risk

GCC's risk management is structured around several coordinated approaches, including bottom-up and top-down risk assessments, complemented with specific analyses addressing strategic needs.

STRATEGIC RISKS

Risk Management Approach

The Senior Leadership Team (SLT) assumes a pivotal role in the organization's strategic risk oversight by identifying and assessing over 80 strategic risks. Through this comprehensive evaluation, an annual risk heat map is generated to visually represent the likelihood and potential impact of each risk. From this extensive pool, the SLT discerns the top 10 risks that warrant concentrated attention and monitoring. Throughout the year, the SLT diligently monitors these top 10 risks, ensuring a proactive approach to risk management.

OPERATIONAL RISKS

Focus on Innovation and Process Improvement

The Internal Audit Department oversees operational risks and presents the annual plan to the Audit Committee for review, with regular follow-ups thereafter. This plan entails independent assessments of control effectiveness and surveillance of fraud risks. Additionally, the Internal Control Department formulates an annual plan encompassing risk analysis and enhancement of internal controls across business processes, including those related to IT.

PROPERTY RISKS

Insurance Approach with Risk Map and Scoring per Property

Our Risk Management Department along with our external insurance company, perform a joint risk review and assessment to address risks related to climate, property, and other asset contingencies. Annual assessments are performed to maintain an updated risk heat map, as well as scoring charts per asset, property and/or plants.

CLIMATE RISKS

Focus on Key Climate Objectives in Strategic Sustainability Plan

Our climate risk strategy has focused objectives to ensure the success of the company's sustainability, in connection with climate risks and impacts, including reduction of greenhouse gas emissions (CO_2), energy optimization through lower heat and power consumption, blended cement production, search and introduction of alternative energy sources and feasibility studies for research and early adoption of carbon capture technology.

2.2. Risks and Opportunities

2.2.5. Climate-related Risks

During 2023, we conducted our first Climate Scenario Analysis, with the purpose of understanding how different futures may result in diverse climates and how the resulting transition and physical risks impact us. Overseen by the CSO, the analysis was conducted following TCFD guidance and included key subject matter experts (SMEs) from analysis, legal, operations, finance, mining and the sustainability team, among others.

The scenario analysis is incorporated into our decision-making process and strategic management. The outcome of the analysis is a report and integration workshop where key stakeholders discuss how to integrate the findings into the business strategy. Results are then presented to senior management and include identified climate-related risks and opportunities, an assessment of our business strategy resiliency in the face of different climate scenarios, and recommendations for management.

For more information on climate-related risks and governance, please visit our Planet section.

Our climate scenario analysis is incorporated into our decision-making process and strategic management.

2.3. Corporate and Sustainability Governance

At GCC, we believe corporate governance plays a pivotal role in the enduring success of our business strategy. It is essential to ensure transparent decision-making, to uphold the highest standards of business ethics and to instill confidence among our stakeholders.

Business ethics is regarded as the most critical material corporate governance aspect by both the company and its stakeholders.

We acknowledge the interdependence of financial success, ethical conduct, and environmental and social responsibility. Our commitment to the triple bottom line of people, profit and planet is therefore inextricably linked to a strong corporate and sustainability governance framework. This framework encompasses our Board of Directors, our Committees and the Senior Leadership Team.

GCC's dedication to ethical conduct aligns seamlessly with regulatory expectations in both Mexico and the United States. Embedded sustainability governance ensures our international activities follow environmental and social responsibility principles, contributing to our reputation and strong relationships in the markets where we operate.

Our Code of Ethics and Conduct sums up GCC's principles for ethical conduct, and together with company policies, provides guidelines for our employees and suppliers to be in compliance with internal and external laws and regulations. Our Internal Control Department is currently in the process of reviewing and updating GCC's company policies. To further encourage accountability, senior leaders' remuneration is 69% performance-based and linked to the implementation and success of our sustainable business strategy and objectives.

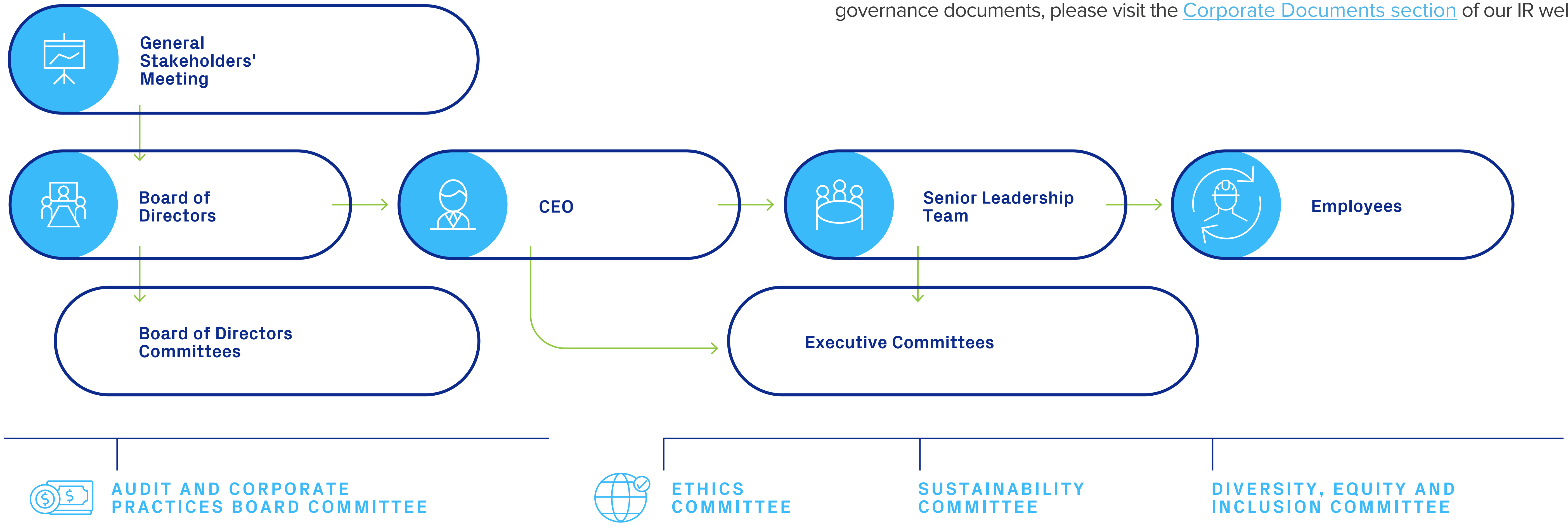
2.3. Corporate and Sustainability Governance

2.3.1. Corporate Governance

Corporate governance at GCC is led by the General Shareholders' Meeting, our highest governing body. In-between shareholder meetings, decisions are delegated to the Board of Directors, assisted by its Audit and Corporate Practices Board Committee. The CEO oversees the implementation of the strategy, together with the Senior Leadership Team, with emphasis on the topics reviewed by our three Executive Committees: Ethics, Sustainability, and Diversity, Equity and Inclusion.

To shape our corporate governance practices and internal norms, we abide by the legal and regulatory frameworks outlined by local laws in both Mexico and the United States. This includes the regulations set forth by the *Bolsa Mexicana de Valores* (BMV), establishing reporting, compliance and internal control guidelines, as well as auditing and reporting standards.

Corporate Governance bylaws, documents and policies are established by GCC, S.A.B. de C.V. and are aligned with local regulations and best practices. For a complete list of our public governance documents, please visit the Corporate Documents section of our IR website.



2.3. Corporate and Sustainability Governance

2.3.2. Board of Directors and Committees

2.3.2.1. Board of Directors

Our Board of Directors ensures equal treatment for all shareholders, respecting their rights and protecting their interests. At the same time, it considers the interests of all stakeholders, including customers and employees, in the decision-making process. The Board's role encompasses the following responsibilities:

- Establishing our business strategy.
- Overseeing management and operations.
- Approving financial results, transactions with related parties, extraordinary acquisitions, divestments, and other activities.
- Selecting key executives and reviewing their compensation.
- Managing strategic risks.
- Promoting a socially and environmentally responsible company.

Our board promotes socially and environmentally responsible objectives by maintaining high-level oversight of sustainability initiatives, including:

- Strategic risk management approach.
- ESG performance monitoring.
- Health and safety initiatives, labor standards and employee wellbeing.

Our Board of Directors meets at least every three months and on an as-needed basis. In 2023, our Board held six meetings and discussed sustainability-related topics at four of those meetings. Board Meetings are considered held if at least a majority of Board members attend, and resolutions shall be valid if approved by a majority of the members in attendance.

2023 GOVERNANCE ACHIEVEMENTS

- Quarterly reports to monitor sustainability metrics.
- Board review and approval of sustainability-related projects.
- Digitalization of corporate governance processes.
- Integral training for new Board Members, including on-site training at our plants.

6
Board meetings in 2023

67%
Board meetings included ESG topics in 2023

99%
Attendance by Directors to 2023 Board meetings

2.3. Corporate and Sustainability Governance

2.3.2.2. Board Composition and Skills

GCC's one-tier Board of Directors is organized considering the following criteria:

- No proprietary director holds a management position.
- The Chairman and CEO roles are separated.
- Proprietary directors suggest their alternate.
- GCC's CEO, Enrique Escalante, is an alternate director.

PROPRIETARY DIRECTORS	ALTERNATE DIRECTORS	INDEPENDENT	FEMALE
14	14	29%	14%

GCC Directors bring a variety of skills, experience and knowledge that contribute to the company's long-term success.

17 YEARS
AVERAGE BOARD TENURE

Approximately 29% of our board is independent, whether we consider proprietary or alternate directors. This is in compliance with Mexican Securities Market Law, which requires a minimum of 25% independent directors.

Our Board members bring invaluable expertise to our sustainability decision-making and risk analysis, significantly enhancing both.

- One of our board members is the leader of the Sustainability, Climate Action, Social Impact and Diversity Committee at Cemex.
- Our Board members also have experience in:
  - Effectively evaluating impact, for climate action and social initiatives, such as diversity programs and goals.
  - Identifying main sustainability-related risks and overseeing mitigating actions.
  - Sustainability-linked bonds, among Mexican issuers.

The members of the Board of Directors are elected or re-elected annually by the General Shareholders' Meeting. The elected Board Members hold office for a period determined by the shareholders, and in the absence of such determination, their term shall be until the next Annual General Meeting or until their successors are elected or appointed. Current directors were appointed in April 2024.

2.3. Corporate and Sustainability Governance

DIRECTOR	GENDER	POSITION	TENURE	TENURE > 10 YEARS	INDEPENDENT	% BOARD MEETING PARTICIPATION	EXECUTIVE EXPERIENCE	PARTICIPATION IN OTHER BOARDS OF DIRECTORS
Federico Terrazas	M	P	33	✓	No	100%	●	●
Fernando Ruiz	M	D	18	✓	Yes	100%	●	●
Luis Nicolau	M	D	5	-	Yes	100%	●	●
Armando García	M	D	33	-	Yes	100%	●	●
Luis Fernández	M	D	4	-	Yes	100%	●	●
Ramiro Villarreal	M	D	33	✓	No	100%	●	●
Fernando González	M	D	14	✓	No	100%	●	●
José Antonio González	M	D	11	✓	No	100%	●	●
Juan Romero	M	D	13	✓	No	100%	●	
Enrique Terrazas	M	D	33	✓	No	100%	●	●
Martha Márquez	F	D	33	✓	No	100%	●	●
Silvia Márquez	F	D	7	-	No	83%		●
Carolina Mares	F	D	5	-	No	100%	●	●
Luis Márquez	M	D	33	✓	No	100%	●	●
	21% Women		**Average of 20 years**		**29% Independent**	**99%**	**86%**	**79%**

Note: All GCC Directors are Mexican nationals.
* Mr. Cesar Conde is our Board Secretary since 2022 with a management position of General Counsel.
** At the Annual Shareholders' Meeting held on April 25, 2024, Jesús Olivas was appointed to the Board of Directors, replacing Fernando Ruiz.

2.3. Corporate and Sustainability Governance

BOARD SKILLS MATRIX	
	%
ACCOUNTING, AUDITING AND CONTROLLING	57%
BUSINESS STRATEGY	100%
CONSTRUCTION AND BUILDING MATERIALS	86%
CORPORATE GOVERNANCE	100%
CORPORATE FINANCE	100%
ENERGY	29%
ENVIRONMENT, CLIMATE CHANGE AND SUSTAINABILITY	43%
ETHICS AND COMPLIANCE	100%
HEALTH AND SAFETY	36%
HUMAN RESOURCES	57%
INFORMATION TECHNOLOGY AND CYBERSECURITY	29%
INNOVATION	29%
LEGAL AFFAIRS	71%
LOGISTICS	36%
M&A	64%
RISK MANAGEMENT	36%

2.3. Corporate and Sustainability Governance

	NATIONALITY	AGE	APPOINTED	OTHER ROLES AND ACTIVITIES
Federico Terrazas Chairman	Mexican	56	2013	Federico's leadership extends beyond GCC, as he holds chairmanship positions in several companies including: CAMCEM, IMIN de México, Control Administrativo Mexicano, and Servicios Hospitalarios de México. Additionally, he contributes his expertise to the Boards of Directors of the following companies: Abastecedora de Fierro y Acero, Grupo Ruba, Servicios de Previsión Integral, and Instituto Tecnológico y de Estudios Superiores de Monterrey (ITESM) in Chihuahua.
Fernando Ruiz Independent Director	Mexican	80	2006	Fernando brings his experience as a member of the boards of Fresnillo, Grupo Creatica, Grupo México, Grupo Nacional Provincial, Grupo Palacio de Hierro, Kimberly Clark de México, Rassini, and ArcelorMittal de México. Additionally, he is a founding partner and advisor of the firm Chevez, Ruiz, Zamarripa y Cía.
Luis Nicolau Independent Director	Mexican	63	2019	Luis provides his experience as a member of the boards of Coca-Cola FEMSA, Gentera, Grupo Posadas, Becle (Cuervo), and Grupo Coppel. Additionally, he is a partner and member of the Executive Committee at the law firm Ritch, Mueller y Nicolau. He is also a member of the Executive Committee at Promotora Social México.
Armando García Non-independent Director	Mexican	72	1991	Armando provides his expertise as a member of the boards of several companies including: CEMEX, Hoteles City Express, Innovación y Conveniencia, Universidad de Monterrey, Consejo Consultivo de Flora y Fauna del Estado de Nuevo León, and Parques y Vida Silvestre de Nuevo León. He is also the Honorary Consul of the Kingdom of Denmark in Monterrey, and the founder and chairman of the Council of Comenzar de Nuevo.
Luis Raúl Fernández Independent Director	Mexican	69	2020	Luis serves as CEO and chairman of the board of Frutas Concentradas. He holds chairmanship positions in several companies including: Axiscom, Materiales de Construcción de Mexicali, Fevaxis, Tenedora Fercam, Industrias Tecnológicas Fercam, FCEP Holding, Ferfarms, Human Tek Soluciones, and Agua y Puntos de Venta. Additionally, he contributes his expertise to the boards of Madata IT, Transtelco Holding, Fevisa, Aqua Salus, Sistema Axis, and Controladora Kanimi.
Ramiro Villarreal Non-independent Director	Mexican	76	1991	Ramiro contributes his experience as a member of the boards of CEMEX, Vinte Viviendas Integrales, and Andean Precious Metals Corporation. Additionally, he is a member of the advisory board of Arendal.
Fernando González Non-independent Director	Mexican	69	2010	Fernando has broad experience in the global building materials industry, as he serves as CEO of Cemex since 2014, where he has held various roles across strategic planning, finance and regional leadership. Additionally, he holds positions on the boards of Cemex, Axtel and Universidad TecMilenio.

2.3. Corporate and Sustainability Governance

	NATIONALITY	AGE	APPOINTED	OTHER ROLES AND ACTIVITIES
José Antonio González Non-independent Director	Mexican	54	2013	José Antonio is responsible for the Strategic Planning and Business Development area at CEMEX, where he has held several management positions in finance, strategic planning, legal, corporate communications and public affairs.
Juan Romero Non-independent Director	Mexican	67	2011	Juan concluded his tenure at CEMEX in June 2023, after holding various positions over a distinguished 30-year career in CEMEX's legal department.
Enrique Terrazas Non-independent Director	Mexican	88	1991	Enrique provides his expertise as a member of the boards of several companies including: Abadan, Aciarium Estructuras, Banamex, CAMCEM, IMIN de México, and Control Administrativo Mexicano, Copachisa, DEMEK, EMYCSA, ESJ, Grupo Punto Alto, Inmobiliaria Punto Alto, and Inmobiliaria Ruba.
Martha Márquez Non-independent Director	Mexican	61	1991	Martha brings her experience to the boards of Grupo Cofiasa, Inmobiliaria Ruba, and Promotora de Hospitales Mexicanos.
Silvia Márquez Non-independent Director	Mexican	52	2017	Silvia contributes her experience as a member of the boards of Inmobiliaria Ruba and Grupo Cofiasa. In addition to her professional endeavors, she volunteers in NGOs, such as Asociación Nacional Pro-Superación Personal, Misiones Coloniales de Chihuahua, and Fundación Cima.
Carolina Mares Non-independent Director	Mexican	37	2019	Carolina has gained experience in various industries, focusing on procurement, imports, and marketing. She brings this expertise to her role as a member of the board of Grupo Cofiasa.
Luis Márquez Non-independent Director	Mexican	57	2019	Luis provides advisory expertise to the general management of Grupo Cofiasa.

For additional information please visit the Board of Directors section of our website.

2.3. Corporate and Sustainability Governance

2.5.2.3. Our Executive and Board Committees

Complementing the Board of Directors and in accordance with best corporate governance practices, the company created two different types of Committees:

Committees

Board Committee
- Audit and Corporate Practices

Executive Committees
- Sustainability
- Ethics
- Diversity, Equity and Inclusion

Each Committee has defined roles and responsibilities and members are elected to fulfill the Committee's needs. Specifically, our Audit and Corporate Practices Committee, which is formed of 100% by independent directors, works in line with our integrity and transparency principles, as well as with best practices. In addition to reviewing financial statements and audit reports, its main responsibilities include analyzing and implementing improvements in corporate practices, and reviewing and executing recommendations on risk management, among others.

2.3. Corporate and Sustainability Governance

COMMITTEE	RESPONSIBILITIES	CHAIRMAN	MEMBERS	TYPE OF MEMBERS	COMPENSATION	MEETINGS
Audit and Corporate Practices Committee	• Review financial statements. • Improve corporate practices. • Review and execute recommendations on risk management. • Oversee compliance, evaluation, and compensation issues, external auditor evaluation, internal controls and audit systems. • Report any irregularities detected to the board.	Luis Nicolau	• Fernando Ruiz • Luis Nicolau • Armando García	3 Independent Directors and 3 Alternate Directors	Chairman $69,000 MXN Members $46,000 MXN	Quarterly at a minimum

COMMITTEE	RESPONSIBILITIES	TYPE OF MEMBERS
Sustainability Committee	• Assess impacts, risks and opportunities that may arise in social and environmental topics. • Develop and implement sustainability strategy.	8 members led by CEO and CSO
Ethics Committee	• Ensure proper disclosure and enforcement of the Code of Ethics and Conduct. • Promote values and behaviors. • Be the channel for ethics-related cases. • Be the consultation party for ethics-related cases. • Define corrective measures.	7 members led by CEO 2 permanent and 5 rotated periodically
Diversity, Equity and Inclusion Committee	• Ensure respectful treatment for all employees and vendors. • Ensure equal opportunities for recruitment, personal development, and professional and social growth.	16 core members and 41 champions

2.3. Corporate and Sustainability Governance

2.3.3. Senior Leadership Team Expertise

ENRIQUE ESCALANTE
Chief Executive Officer

- 1999 joined GCC as President of the Mexico Division.
- 2000 President of the U.S. Division.
- 2015 Chief Executive Officer.
- Prior experience: various senior management positions in commercial organizations in Mexico.
- Extensive experience from the Mexican wood products industry, where he held roles in finance, planning, sales and marketing.
- Actively involved in industry associations and boards: board member of the Global Cement and Concrete Association (GCCA) and of Banamex. Previously, Chairman of the Portland Cement Association (PCA) and of the Board of the Young Presidents Organization (YPO) in the Rocky Mountain Chapter in Colorado.

MAIK STRECKER
Chief Financial and Planning Officer

- 2020 joined GCC as Chief Planning Officer.
- 2022 Chief Financial and Planning Officer.
- Prior experience: +20 years of management experience, held various leadership positions at LafargeHolcim, Lafarge North America and Holcim Germany.
- Expertise in business development, growth and innovation, marketing, ready-mix and sales.

GINA LOTITO
Chief Sustainability and Innovation Officer

- 2006 joined GCC.
- Held various positions in the company including Quality, Shipping and Production Manager, Pueblo Plant Manager and VP of Energy and Sustainability for the U.S. Division.
- 2022 Chief Sustainability and Innovation Officer, she is also responsible of Health and Safety, Innovation and R&D.
- Prior experience: almost 10 years of quality, shipping and engineering experience at Holcim, where she held various positions.
- Expertise includes project management, quality control, thermal processes, process development and optimization, alternative fuels, co-processing, and environmental performance.

RON HENLEY
President of the U.S. Division

- 2012 joined GCC.
- 2015 President of the U.S. Division.
- Prior experience: 15 years in various leadership positions at Boral Industries, Inc.
- Extensive experience in operations, process optimization, project management, asset acquisitions and sales, business integration and expansion, financial management, technology transfer, and strategic planning.
- Actively involved in industry associations and boards: Chairman of the Board of Directors of the PCA in 2021 and 2022.

2.3. Corporate and Sustainability Governance

MARCOS RAMÍREZ
President of the Mexico Division

- 1990 joined GCC.
- Held various positions in the company including Head of Technical Sales, Government, Infrastructure and Construction segments.
- 2018 President of the Mexico Division.

ROGELIO GONZÁLEZ
Chief Technical Operations Officer

- 1973 joined GCC.
- Held various roles in the company including physicochemical, calcination and production, also manager of the Juarez and Samalayuca plants, where he oversaw the construction of the latter.
- 2018 Chief Technical Operations Officer.

DANIEL HELGUERA
Chief HR and Communications Officer

- 2015 joined GCC as Chief Human Resources Officer.
- 2022 assumed responsibility for the Corporate Communications Department.
- Prior experience: +25 years in HR management, executive, strategic and human capital transformation positions in various countries and industries, including construction, cement, steel, food and technology. Under his guidance, the companies he worked in received recognition as Top Companies by Grupo Expansión and certifications from the Great Place to Work Institute.

LUIS AMAYA
Energy and Procurement Director

- 2003 joined GCC as Planning and New Projects Manager.
- 2017 Planning Director.
- 2020 Energy Director.
- 2022 took charge of the Procurement Department.
- Prior experience: held positions in the credit and valuation areas of Citibanamex and Banco Santander.

CESAR CONDE
General Counsel

- 2006 joined GCC.
- Held various positions within the company's legal department in Mexico and the United States.
- 2022 General Counsel and Secretary of the Board of Directors.

LUIS CARLOS ARIAS
VP of Expansion Projects

- 1996 joined GCC as Corporate Planning Analyst.
- Held various positions in the company such as Project Assessment Manager and later took charge of Corporate Treasury and Investor Relations.
- 2017 Chief Financial Officer.
- 2022 assumed the role of VP of Expansion Projects to lead the expansion of the Odessa cement plant, the biggest project in GCC's history.

2.3. Corporate and Sustainability Governance

2.3.4. Sustainability Governance

Our sustainability governance structure ensures effective design, implementation and oversight of GCC's sustainability strategy:

GCC BOARD OF DIRECTORS	→ Assist our CEO and Senior Leadership Team regarding the company's strategic direction on sustainability.
CSO	→ Effectively implement sustainability programs and initiatives. → Review sustainability performance on a monthly basis. → Engage with policy makers and value chain members to manage sustainability-related issues.
SUSTAINABILITY EXECUTIVE COMMITTEE	→ Evaluate the sustainability model, priorities and key indicators. → Oversee deployment of GCC's sustainability strategy, goals and initiatives. → Monthly review of sustainability indicators.
CORPORATE SUSTAINABILITY AREA	→ Monitor and help implement GCC's sustainability strategy, goals and initiatives. → Cooperation with other areas of the company to identify, quantify, develop and monitor key sustainability initiatives. → Monthly report of sustainability indicators and year-end report of sustainability progress to comply with a changing regulatory landscape and to proactively engage with stakeholders on sustainability topics.

Our CSO, Gina Lotito has held several management and executive roles since joining GCC in 2006. In 2021, she was appointed Corporate Director of Sustainability, reporting directly to the CEO. In 2022, she became our Chief Sustainability and Innovation Officer, assuming responsibility for the Corporate Health and Safety, Innovation and R&D areas. The CSO role at GCC has evolved as we integrate sustainability into key areas of our business strategy.

The Sustainability Committee comprises experts from various business lines and disciplines to promote the exchange of information across GCC and ensure a holistic approach to climate and sustainability-related initiatives. Led by our CEO and our CSO, it includes five other members of our Senior Leadership Team: the Presidents of our U.S. and Mexico divisions, our Chief Technical Operations Officer, our Chief Financial and Planning Officer, our Energy and Procurement Director, and our Sustainability Manager. The Committee meets monthly to discuss the progress of GCC's climate strategy and reviews and approves sustainability performance.

Finally, GCC's Sustainability Team is responsible for monitoring and helping implement the company's sustainability strategy and low-carbon transition. A significant part of the team's responsibility is working collaboratively with other departments (Planning, Finance, Human Resources, Innovation, Research and Development, Energy, Sales, and Technical Operations, among others) to analyze social and climate-related risks and opportunities that the company may face. Working with, for example:

- → The corporate planning area to identify the main strategic initiatives related to the sustainability strategy.
- → The finance department to model costs related to emission reduction.
- → R&D and with our sales departments to explore new markets for blended cements.
- → Plant operations to reduce emissions.

The people responsible for approving this report are Enrique Escalante, Maik Strecker, and Gina Lotito.

2.3. Corporate and Sustainability Governance

2.3.5. Our Shareholders

The General Shareholders' meeting is held at least once a year, within the four months following the end of the fiscal year. Its main responsibilities and functions include decisions on the appointment and remuneration of Board members and members of the Audit and Corporate Practices Committee, as well as the approval of:

- Financial statements
- Dividend distributions and buyback program
- Performance reports presented by the CEO, Board of Directors and the Audit and Corporate Practices Committee
- Amendments to bylaws

General Shareholders' Meetings are considered held if at least the majority of shares are represented, and resolutions shall be valid if approved by the majority of the shareholders in attendance. Extraordinary Shareholders' Meetings are considered held if at least 75% of GCC's capital stock is represented.

We follow best practices to keep our investors updated on company events through the following information mechanisms, managed by our Investor Relations Department:

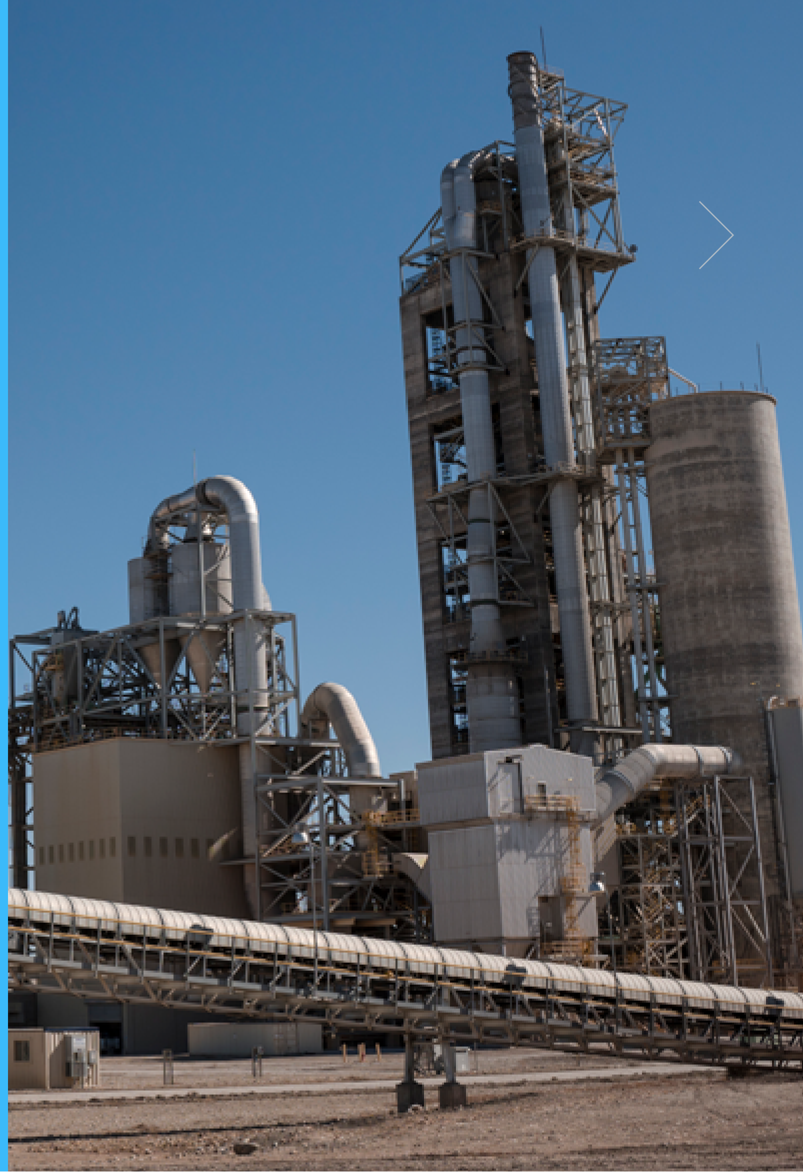
- Website available in English and Spanish
- Annual Shareholders' Meeting
- Quarterly earnings calls
- Press releases posted on the BMV, CNBV and GCC website
- Investor relations contact channel: investors@gcc.com

+50%
Minimum attendance quorum

Meeting call and information request
15
days in advance

79%
Quorum AGM 2023

Please visit our Stakeholder Engagement section for more information on how we engage with our shareholders and the investor community in general.



2.3. Corporate and Sustainability Governance

2.3.6. Board and Executive Compensation

Board of Directors' compensation was defined by the General Shareholders' Meeting at $92,000 pesos per board meeting, plus additional fees for assignments to the committee of the Board of Directors either as Chairperson or member. Board compensation is reviewed annually by shareholders.

The Executive Team's compensation scheme is reviewed and approved by the Board of Directors every year. Executive compensation at GCC is aligned with our strategy to reward long-term excellence and contribution to annual company objectives.

For this purpose, it includes a base salary, together with short and long-term incentives, which reward achievements in financial performance as well as in sustainability and health and safety objectives.

On average, 66% of the total direct compensation target is performance based. Long-term incentives are paid in stock, subject to a five-year vesting period and based on ROIC objectives. Annual (short-term) incentives are based on budgeted EBITDA growth and EBITDA margin, paying out between 0% and 205% of target. Fixed pay is approximately 34% of total compensation for the CEO and between 40% and 62% for key executives.

During the year, members of the Executive Team received a total of 476,235 shares in GCC, S.A.B. de C.V. under the company's long-term compensation scheme.

2.3. Corporate and Sustainability Governance

Fixed pay

BASE SALARY

Smallest component
of target TDC

CEO:

34%

Key executives:

40% - 62%

Variable pay

ANNUAL INCENTIVE

Based on:
- Budgeted EBITDA growth
- EBITDA margin
- Safety KPI
- Sustainability KPI

Pays out between
0% and 205% of target

31%

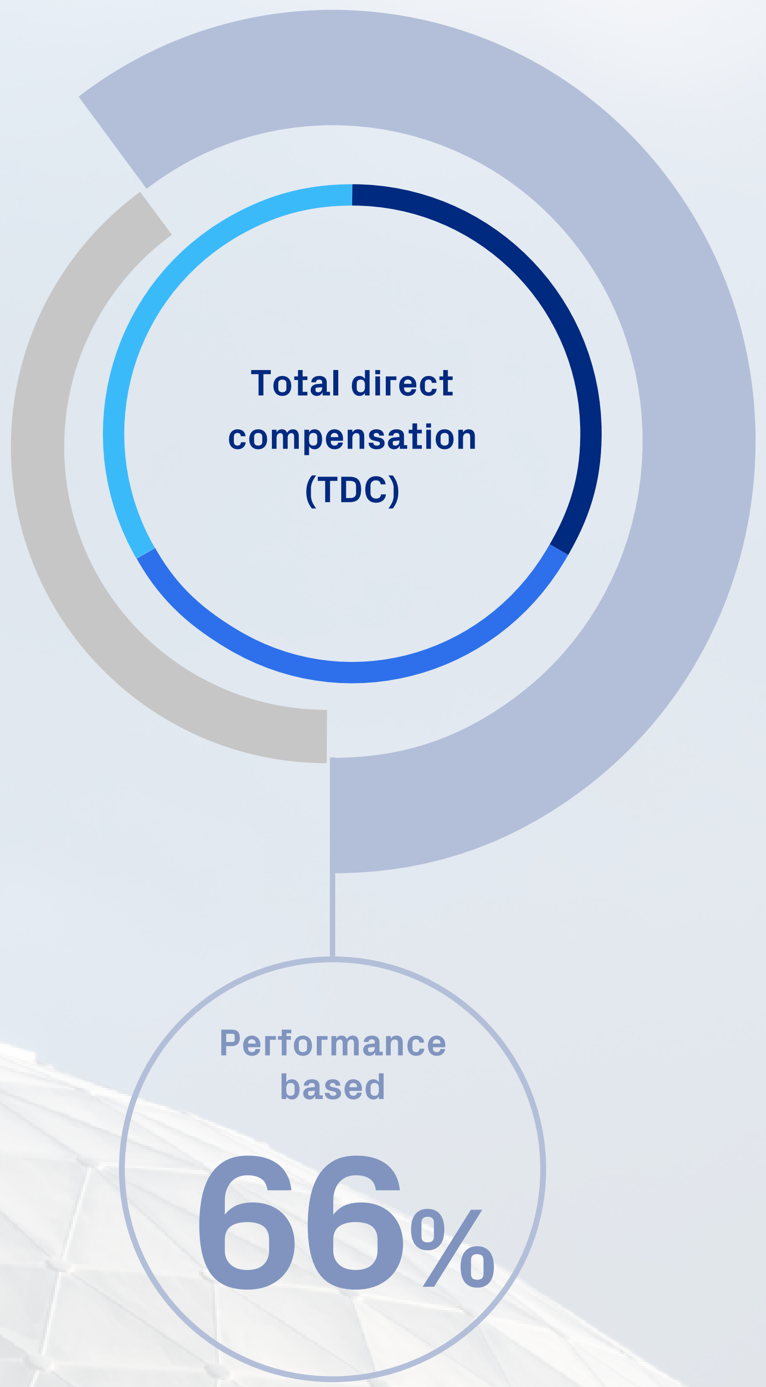
18% - 28%

LONG-TERM INCENTIVE

Largest component of target
TDC
Restricted stock
Based on ROIC
5 year vesting period

35%

15% - 34%



2.3. Corporate and Sustainability Governance

2.3.7. Compliance

Since it was founded in 1941, GCC has upheld high standards of business ethics. All our actions and behaviors are aligned with the company's values, which guide our behavior toward our customers, shareholders, suppliers, employees and the communities in which we operate.

Business ethics and compliance are the mechanisms that allow us to strengthen our risk management, encourage transparency, promote accountability and reinforce the company's relationship with all stakeholders, as well as our control of compliance risks. Please visit the Risk Management section of this report for additional information.

Leading with integrity is one of our core values. It means we are reliable and can always be counted upon to do the right thing, in the correct manner. Responsible business practices remain central to our operations and are embedded throughout each level of our organization. Our values unite us in the way we work, providing the foundation of our culture and strengthening our operational integrity. As we continue to navigate a changing world, our purpose-driven culture strengthens GCC's ability to overcome potential challenges.

New employees must complete Code of Ethics and Conduct training when they join GCC, and all employees reaffirm their commitment to the code every three years. We have a separate code dedicated to suppliers, and we require them to abide by the guidelines established there. In 2023, more than 330 employees attended business ethics-related trainings and we provided a total of 1.5 average training hours per person.

Aligned with our Compliance Program and Code of Ethics and Conduct, we enforce zero tolerance to any kind of improper payment as well as any dishonest conduct. To ensure compliance with laws and regulations, while continuously improving our processes, in 2023, GCC's Internal Control area began to compile all policies in its database, and validate them with the corresponding areas. This included the revision of more than 200 policies and procedures from all areas of the company. The official repository for policies is Enablon management software, which is also the approval management system. Our policies are reviewed through this system, providing authorization flows that allow traceability for audit purposes. The system also helps us manage policy expiration and updating, sending alerts three months before any of our policies expire.

Key policies and procedures related to compliance include:

- **Anti-corruption Policy**
- **Anti-fraud Policy**
- **Travel Expenses and Hospitality Policy**

2.3. Corporate and Sustainability Governance

To avoid any conflict between personal interests and the company's objectives, our Code of Ethics and Conduct establishes guidelines that all employees, including the Senior Leadership Team and Board Members, must comply with. Directors and officers who face a conflict of interest in any transaction or decision, must disclose the conflict to the Chairman or the Secretary of the Board of Directors and refrain from any deliberation and resolution. In 2023, no conflict of interest situations were reported.

Another key element of our Compliance Program is GCC's Ethics Line. Employees and third-parties can anonymously submit concerns and complaints about misconduct via email (gcc@ethic-line.com), a phone hotline (1-800-062-4008 in Mexico and 2-855-423-5422 in the U.S.), an independently-managed website (www.ethic-line.com/GCC) or through our Human Resources, Legal and Corporate Audit departments. PwC manages the process for responding to reports, concerns and suggestions received through the website and hotline and GCC does not have direct access to this information.

A total of 29 cases were reported through the Ethics Line in 2023; a total of 28 were resolved by the Ethics Committee, primarily related to situations of authority abuse, and the one remaining is under investigation.

Ethics line

Cases related with corruption **0%**

Cases received in 2023 **29**

2.3. Corporate and Sustainability Governance

During the last 8 years, we have worked to protect the integrity and values of GCC.

Some examples of the cases resolved are as follows:

- Abuse of authority - 12 cases
- Improper disposition and/or use of assets and/or resources - 3 cases
- Inappropriate conduct - 2 cases
- Favoritism - 2 cases

The following measures were implemented:

- Administrative action
- Verbal warning
- Legal measures
- Termination of employment
- New administrative procedures
- Training

If you are aware of any situation that goes against the company's values, please report it.

ETHICS COMMITTEE

www.ethic-line.com/gcc
gcc@ethic-line.com
01800-062-4008 (MX)
1-855-423-5422 (EUA)

Within the normal course of business, GCC conducts transactions with related parties. Unusual transactions must be submitted to the Audit and Corporate Practices Committee and approved by the Board of Directors. Transactions with related parties may create potential conflicts of interest, which GCC mitigates by performing a transfer pricing study to determine the value of the services and goods provided. In 2023, GCC did not carry out operations with related parties outside the normal course of business or out of market conditions.

In November 2023, GCC formed a strategic alliance with the USAID Pro-integrity program, supported by an experienced consulting firm and renowned leaders in corporate integrity.

This partnership will contribute to further enhancing our governance practices and is aligned with our commitment to foster an ethical and transparent business environment.

Under the leadership of our General Counsel and legal team, this initiative aims to renew our anti-corruption policy and reinforce the company's ethical principles in our interactions throughout the value chain, from engaging with suppliers to serving our clients.

GCC

We invest in our most important resource: our people.

3

PEOPLE

Contents

3.1. Our people

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3.3. Our people: we are one GCC
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3.3.4. Incentives and satisfaction

3.4. Stronger customer relationships
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3.4.3. Customer satisfaction

3.5. Improved supplier engagement
3.5.1. Procurement governance
3.5.2. Enhanced transparency and efficiency

3.6. Building long-term relationships with our communities

3.1. Our People

To truly become a leader, we must go further to attract and retain qualified talent, invest in local communities and foster sustainable development and innovation to provide our customers with products and solutions for their construction projects.

A fundamental part of the People strategy at GCC is the value of teamwork, which leads to continuous improvement and high performance. This philosophy is based on the belief that effective collaboration not only optimizes processes and results but also drives innovation and adaptation in a constantly changing business environment.

2030 People Commitments

WOMEN IN TOTAL WORKFORCE

20%

WOMEN IN MANAGEMENT

25%

25

Average hours of training per employee

3.2. Human Rights

As a company that values integrity, we seek to advance respect for human rights and recognize the importance of upholding and promoting fundamental principals across our operations. GCC's commitment to human rights constitutes an integral part of our Code of Ethics and Conduct. Our Code, as well as all our company guidelines, policies, and business strategies are in alignment with the United Nations Universal Declaration of Human Rights and the Fundamental Principles of the International Labor Organization (ILO). Our Supplier Ethics and Conduct guidelines make many of our commitments on human rights extensive to GCC suppliers.

GCC upholds workers' rights to freedom of association and collective bargaining, as a consequence it works closely with relevant union boards, which represent approximately 20% of our workforce in the U.S. and 49% of our workforce in Mexico. Employees at our Rapid City, Odessa and Trident plants are members of trade unions, including United Steelworkers and the International Brotherhood of Boilermakers. All our Mexican cement plants (Chihuahua, Juarez and Samalayuca) are unionized as part of the national Cement Industry Workers Union. Our agreements with these unions include crucial health and safety issues, along with other topics.

See our Annex for a complete List of Unions to which our employees are affiliated.

Collective Bargaining Agreements signed at our 3 Mexican plants and 3 out of 5 of our U.S. Plants (Trident, Rapid City, Odessa).

GCC'S COMMITMENT TO HUMAN RIGHTS

We uphold the fundamental human rights of our people, by:

- Complying with child and forced labor prohibitions, and never discriminating against others, based on their legally-protected traits.
- Making employment decisions based solely on merit, and not on any legally protected traits such as age, race, ethnicity, religion, disability, marital status, or sexual orientation, among other factors.
- Recognizing the right to freedom of association.
- Focusing on providing safe, healthy, productive work environments and humane working conditions.
- Improving our processes and procedures to minimize our impact on the environment and the communities where we operate.

2023
UNIONIZED EMPLOYEES

U.S.
20%

Mexico
49%

92.3%

Of our security personnel trained in human rights policies and procedures.

- Freedom of association and participation in collective bargaining agreements.
- Safe and healthy working conditions.
- We promote local community engagement and dialogue.

3.3. Our People: We are One GCC

Our workforce plays a vital role in realizing GCC's commitment to balancing people, profit and planet. GCC employs over 3,200 workers from the Northern Mexican state of Chihuahua to the U.S. border with Canada, encompassing the central region of the United States.

We prioritize the wellbeing of our people by creating an environment where everyone can thrive. Our human capital priorities, which coincide with those of our stakeholders, include:

GCC People Our 2030 Commitments

Health and safety, the most critical aspect of our human capital approach.

Diversity, equity and inclusion, of high importance to enrich our innovative approach.

Employee training and development, which contributes not only to mutual growth, but also very significantly to safety.

Labor practices are also considered material by all stakeholders.

	2022	2023	2030 Goal
TRAINING & DEVELOPMENT (hours/person)	18	26	25
% WOMEN (total workforce)	11%	12%	20%
% WOMEN (in management)	13%	14%	25%

3.3. Our People: We are One GCC

In alignment with these material topics, we prioritize first and foremost the health and safety of our people. Our people received 26 hours of training per person in 2023.

In 2023, we also launched Humand, an internal social network of communication with and among our workforce. The platform helps us encourage high performance, promote collaborative synergies and the exchange of best practices and contribute to the company culture and our one team approach.

TOTAL EMPLOYEES

3,287

Mexico	U.S.
57%	43%

3.3. Our People: We are One GCC

2023 New Hire Statistics

543 New Hires

RATE OF NEW EMPLOYEE HIRES

18.6%

RATE OF NEW WOMEN HIRES

23.2%

TOTAL GCC EMPLOYEES

2020	2,755
2021	2,920
2022	3,128
2023	3,287

We are proud of GCC's Great Place to Work® certification, with a consolidated 78.4% engagement in the survey:

Great Place To Work® Certified NOV 2023 - NOV 2024 México

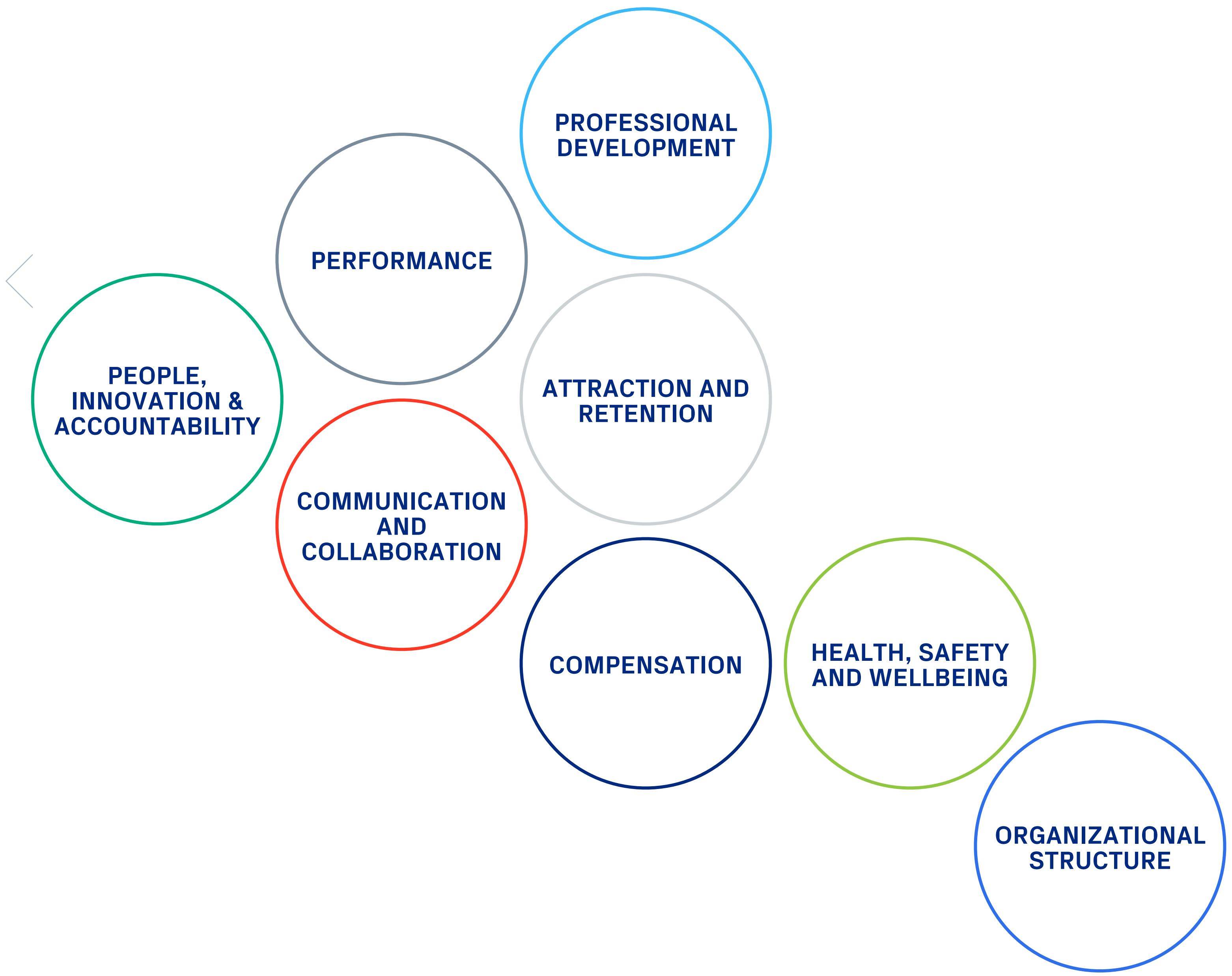
Great Place To Work® Certified JAN 2023-JAN 2024 USA

MEXICO	UNITED STATES
9th consecutive year	5th consecutive year

This certification underscores our commitment to fostering work-life balance, enhancing diversity, equity and inclusion, and bolstering employee morale and engagement.

3.3. Our People: We are One GCC

The 8 Pillars of our People Model



PROFESSIONAL DEVELOPMENT

We give our employees the tools to be responsible for their continuous development, encouraging learning experiences and mobility within the workspace. Our HR led talent processes encourages development by giving high visibility to those that strive to improve and grow.

ATTRACTION AND RETENTION

We endeavor to attract the best talent in the industry, looking for exceptional people outside GCC, who can bring change and improvement, aligned with our culture. At the same time, we identify and strive to retain high-performers within GCC.

COMPENSATION

Our approach to compensation and benefits is to be competitive, rewarding individual and team high performance and encouraging those that make a difference to achieve our goals.

HEALTH, SAFETY AND WELLBEING

We pioneer a healthy and safe work environment and provide training to encourage personal and professional health, safety and wellness objectives.

3.3. Our People: We are One GCC

The 8 Pillars of our People Model

ORGANIZATIONAL STRUCTURE	We strive to continuously expand our global mindset, elevate debates and provide better solutions to the increasingly diverse group of customers who use our products and interact with us. We encourage our workforce to understand and identify with different environments and perspectives.
PERFORMANCE	We evaluate individual and team performance, rewarding the efforts in proportion to their contributions to our collective goals.
COMMUNICATION AND COLLABORATION	Aligned with our One GCC approach, we encourage direct communication and collaboration without silos, independently of a person's function, location or role in the organization.
PEOPLE, INNOVATION & ACCOUNTABILITY	We empower our employees to be responsible. At GCC, we are all accountable for achieving company goals.

3.3. Our People: We are One GCC

3.3.1. Health and Safety: Proactively Controlling Exposure to Hazards

Safety is a key element of our strategy. It is part of our corporate values and operational philosophy. We are committed to creating a safety and occupational health culture to prevent injuries for our employees or anyone that interacts with our operations, inside or outside our facilities.

Our goal is that all our employees return home safe every day.

Given our commitment to long-term excellence, in 2022 we partnered with an international firm to create a strategic roadmap to further strengthen our safety management system. During 2023, our safety program was mainly focused on the implementation of our Serious Injury and Fatality (SIF) Prevention System and the strengthening of health and safety governance.

Implementation of a **SIF (Serious Injury and Fatality) Prevention System.**

Strengthening our health and safety **governance and communication**.

3.3. Our People: We are One GCC

3.3.1.1. Serious Injury and Fatality (SIF) Prevention System

We developed the first phase of a mitigation process focused on reducing SIF exposure by proactively controlling critical exposures and improving our responsiveness and corrective actions to incidents.

This is a cultural change that involves all employees across the company. To accomplish this, we enhanced and developed the skills of our leaders in five areas:

- Understanding SIF exposure.
- Identifying hazards.
- Verifying that critical controls are in place and functioning.
- Ensuring that resources and tools are available to do the job safely.
- Reinforcing the importance of pausing an activity if it is unsafe.

Our 2023 Corporate Safety Development Program included intensive training in these areas to more than 450 leaders-frontline supervisors to senior executives; this represented more than 5,850 training hours of classes and in-field coaching sessions. In addition, we implemented a new IT system to support our employees with this new process and in the analysis of information to help us make better decisions.

To support the implementation of our SIF Prevention System, we formed a multidisciplinary team representing all our operations and levels of the organization. This team of 20 leaders participated in various workshops and trainings that accounted for more than 1,000 hours.

3.3. Our People: We are One GCC

3.3.1.2. Health and Safety Governance

Our enhanced safety governance will enable the organization to achieve its safety goals through improving our communication, enhancing our resource allocation and decision-making processes and empowering our employees.

During 2023 we created the Executive Safety Committee formed with 18 top-senior executives from the Divisions and Corporate Areas to create awareness and commitment for the implementation of our safety strategy. We developed intensive workshops, personalized training and coaching sessions totaling more than 400 hours.

In addition, we established our GCC Safety Steering Committee in which our Chief Executive Officer, Divisional Presidents, Chief Financial Officer, Chief Human Resources Officer and Chief Sustainability Officer participate.

Another significant change we implemented was related to our organizational structure. As of 2023, the health and safety professionals report directly to the Environmental, Health and Safety (EHS) VP in the U.S. and the Corporate Manager in Mexico division, who report directly to the Divisional Presidents and indirectly to the Chief Sustainability Officer.

We work safely and proactively to control exposures that could endanger the safety and wellbeing of our teammates and others who interact with us.

20
Leaders from multidisciplinary areas

+1,000
Hours of workshops and training

- SIF Prevention System implementation
- Health and safety governance

450
Leaders across the organization

+5,850
Hours of training

- SIF Prevention System
- FVCC* Program

18
Top-senior leaders

+400
Hours of training

- Health and safety strategy
- SIF Prevention System
- Health and safety governance

*Field Verification of Critical Controls

3.3. Our People: We are One GCC

3.3.1.3. Health and Safety Performance

As a result of our efforts, our Lost Time Incident (LTI) Frequency Rate improved by 3% in 2023, compared to 2022, and three of our cement plants and our logistics business in the United States had zero LTI.

We report that during 2023 we had an incident in which one of our employees lost his life. We'll persist in our pursuit of our zero-fatality goal and reducing injuries by fortifying our strategies and practices. Additionally, we'll implement various programs geared towards enhancing the wellbeing of our employees.

Days without a LTI as of 2023

TRIDENT CEMENT PLANT	ODESSA CEMENT PLANT	PUEBLO CEMENT PLANT	LOGISTICS BUSINESS
1,894	1,837	831	909

3.3.1.4. Safety Driving Development Program

Drivers are the job category with the most employees at GCC, accounting for more than 30% of our operations. In addition to this, our drivers' responsibilities not only include their safety while driving and operating commercial vehicles, but also that of their colleagues, our customers and the general public. For this reason, we place special attention to ensure we provide additional training focused on safety and performance driving.

During 2023, our U.S. Ready-Mix Defensive Driving Program included in-class and on-the-road sessions with an average of 3.5 training hours per employee.

In 2023, 509 drivers and employees participated in this program representing more than 1,900 training hours. As a result, we considerably reduced U.S. ready-mix driving incidents:

2023 Driver Safety

	VEHICLE INCIDENTS	BACKING INCIDENTS
2023	9	44
2022	14	50
% change	-35%	-12%

3.3. Our People: We are One GCC

In Mexico, our Transportation business in the Chihuahua Region continued working with our Driving Simulation Program, powered by AI, which allows our employees to experience and learn through various driving scenarios. During 2023, we provided more than 150 hours of training to 63 drivers with an average of 2.5 hours per person. We also use this system to assess drivers before they join our company; 23 candidates participated this year, of which 20 were hired. For 2024, we plan to implement this program in our Juarez Region and incorporate our Mexico ready-mix business.

During 2023, we provided more than 150 hours of training to 63 drivers.

3.3. Our People: We are One GCC

3.3.1.5. Health and Safety Awards and Recognitions

In 2023, GCC was awarded and recognized for its safety efforts and performance by different organizations.

ORGANIZATION	AWARD/RECOGNITION	RECEIVED BY	RECEIVED FOR
Portland Cement Association (PCA)	Safety Innovation Award	Tijeras cement plant	Pyroprocessing project that reduces employees' exposure to high temperatures.
	Chairman's Safety Performance Award	Odessa cement plant	Not having reportable injuries or illness during the year.
National Ready-Mixed Concrete Association (NRMCA)	Excellence in Safety – Gold Level Award	27 of our ready-mix plants in the U.S.	Achieving an incident rate of zero during the year.
National Cement Chamber (CANACEM)	Health and Safety Innovations Awards	Chihuahua cement plant	Electronic Blasting System project that substantially reduces the exposure to explosives during the blasting process at the quarry.
		Chihuahua cement plant	Blasting Nebulizer project that suppresses the dust emissions from the blasting process at the quarry.
		Mexico Transportation Business	Safety Driving Technology System that monitors and supports the drivers by alerting them of potential road hazards and unsafe driving practices.
			Vehicle Safety Monitoring Program that monitors the physical and mechanical conditions of all customers' and contractors' vehicles that enter our aggregates quarries in Mexico.
		Mexico ready-mix business	Safety Gemba Walk App project that supports the communication and follow-up process of our safety walkarounds.
International Organization for Standardization (ISO)	Quality, Environmental and Safety certifications	The Mexico Division, and the Pueblo and Trident cement plants in the United States	Kept their certifications.

3.3. Our People: We are One GCC

3.3.2. Retaining and Developing our Talent

Professional Development is one of the key pillars of the GCC People Model. We want our people to work safely and responsibly in an environment that encourages them to develop their careers at our organization so that they can unleash their full potential and actively contributing to our organizational objectives.

We provide them with enablers for responsible development, transparently encouraging professional growth, offering mobility opportunities, as well as increasingly prioritizing educational programs as one of the cornerstones of our people-development strategy.

We believe in the power of continuous learning and provide our people with career development tools and upskilling opportunities.

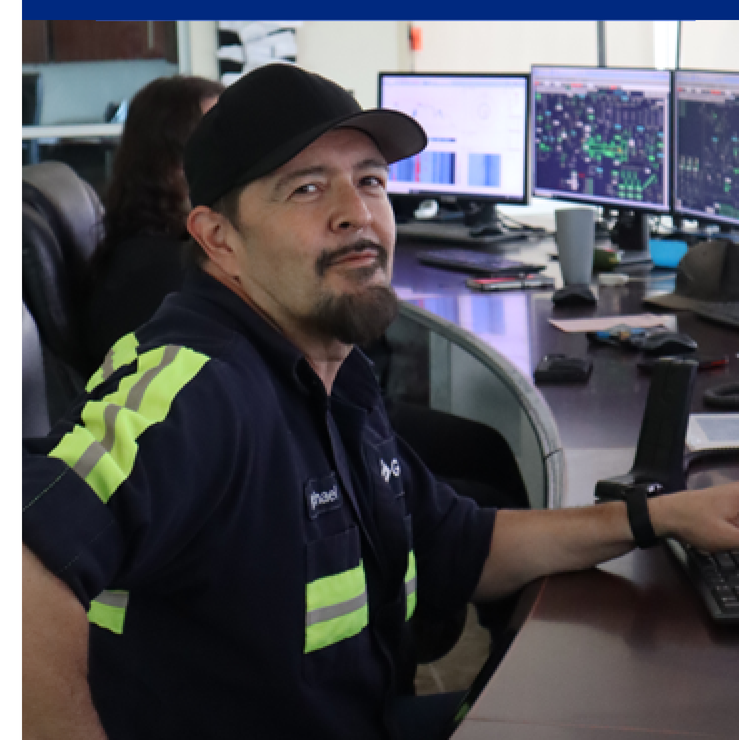
In 2023, we implemented specific initiatives to empower and develop current and future leaders.

2023 Talent and leadership development achievements

- Creation of the GCC Cement Technical Institute
- Creation of the GCC Leadership Program

PROMOTING INNOVATION IN OUR WORKFORCE

In 2023, we resumed our **High Impact Ideas initiative**, in which employees from diverse areas are encouraged to propose ideas to improve company processes. If implementation of the ideas proposed enable budget savings, the employee receives compensation for the innovation.



802 Ideas reviewed

8 Ideas paid

10 Ideas in progress

3.3. Our People: We are One GCC

3.3.2.1. Prioritizing Education for People Development

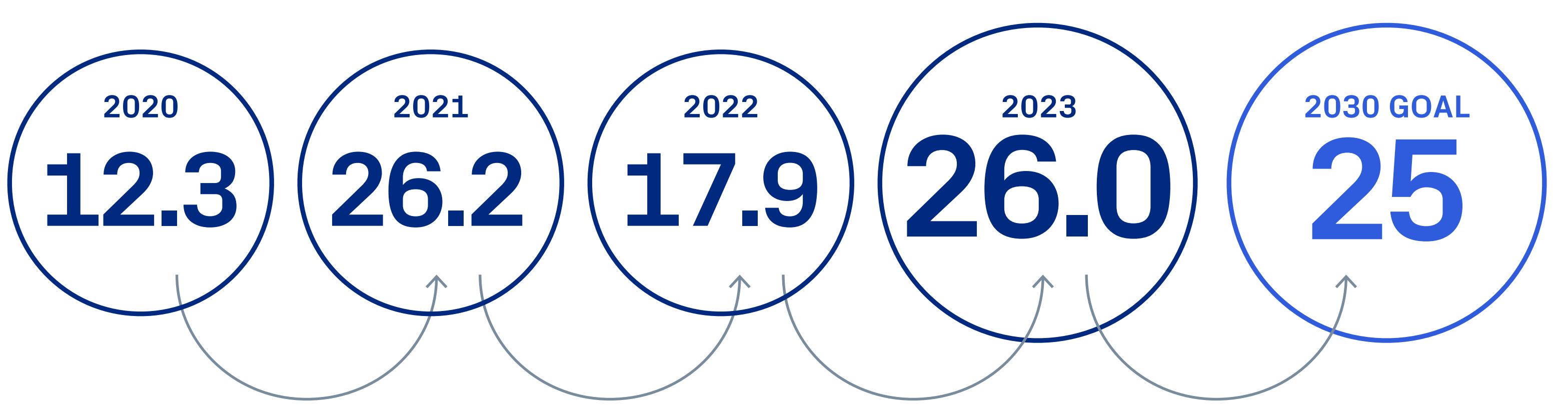
We believe training and education are key elements of our talent and leadership development effort to achieve long-term excellence. We provide training to better equip our teams for success at GCC, ensuring our employees feel supported from the start of their journey with us by offering them orientation training to cover topics like our Code of Ethics and Conduct, cybersecurity and an introduction to the Portland cement production process, our core product.

Aligned with our goal of reaching an average of 25 hours of training per employee by 2030. In 2023, we surpassed our 2030 target by increasing employee training hours to 26, totaling over 80,000 hours of company-wide training. Moving forward, our aim is to uphold this impressive achievement.

We reach all GCC's employees with trainings on topics such as safety, ethics, leadership and management, among others. It is through **GCC University** that we keep track of training processes and ensure transparency.

In addition, our technical training is implemented through this platform, which provides 27 virtual courses for all our plants. Our Control Room Operator and Leader at GCC's Trident and Tijeras plants, as well as the young talent in training at our Engineers in Training program are currently learning through these courses.

AVERAGE HOURS OF TRAINING PER EMPLOYEE



Our objective is to maintain this average year after year.

3.3. Our People: We are One GCC

GCC University

GCC University oversees training, identifying and addressing development needs. Our training platform is available for all employees and offers online, bilingual courses and workshops to help enhance their industry knowledge and improve their technical skills. It was created to foster learning flexibility and adaptability.

In 2023, we implemented new trainings:

- **Cybersecurity 2.0:** Mandatory once a year for all employees who are computer users. It was taken by 83% of employees in 2023 and we are working on updating the training, according to current threats.
- **English lessons for Mexican workers:** In 2023 we did an open call for any employee to enjoy this benefit. 50 employees participated and 66 more took the assessment to start in 2024.

GCC's Engineers in Training Program

The Engineers in Training (EIT) Program is aimed at hiring young talent in a specialty needed by our cement plants (mechanical, mining, electrical, chemical or other process engineering).

Our EITs receive comprehensive training on the entire cement operation process for a period of 6 to 12 months and proceed to specialize in one area. Once they complete the program, they become part of our talent pool and assist our plants, key areas or special projects and eventually join one of our plants or corporate areas in a technical or strategic position.

We have 2 EITs per plant and a total of 22 EITs in the program, once one is placed in a higher position, we incorporate a new trainee. They have a training coordinator and a plant coach and learn in a self-guided mentored process, 38 employees have participated in the program, and 13 EITs were promoted in 2023. At present, we're actively engaged in training the second generation.

3.3. Our People: We are One GCC

Another way we are enhancing our training capabilities is with the use of new technologies, such as the **Hololens Remote Assist** program in our concrete plants. With the use of virtual reality lenses, we are able to remotely assist our plants for virtual training, plant tours and safer maintenance assistance when we do not have capabilities present or near our plants. During 2023, we provided 10 remote assistances for a total of 19 hours. Four people were trained, three lab technicians and one civil engineer.

Using this resource, we are also able to provide a quicker response and provide a more cost-effective solution for trainings, problem solving and maintenance at a distance.

With the use of virtual reality lenses, we are able to remotely assist our plants for virtual training.

3.3. Our People: We are One GCC

3.3.2.2. GCC Cement Technical Institute (GCTI)

During 2023, with the purpose of identifying specific training needs across our plants and aligning our training efforts with the present and future needs of our business, we carried out an exhaustive assessment process. As a result, we decided to strengthen our training structure and align our development strategy to the specific need of each of our plants. We created the **GCC Cement Technical Institute (GCTI)** with the objective of managing all our knowledge and training with an integral approach to develop the technical competencies for the future.

- This initiative started with an exhaustive assessment process we carried out in partnership with The Cement Institute (TCI) in New York.
- During the first quarter of 2023, we analyzed all areas and employees of all of our cement plants to establish the level of technical capacity of our workforce.
- After this process, our GCTI started to offer technical trainings to our plant's staff at all levels, led by GCC experts and external providers such as FLS, Thyssenkrupp and the Cement Institute itself.
- Each employee is evaluated before and after each training to keep track of their impact.
- Plant managers are involved in the design of the **Annual Training Plans** for 2024, which are customized for each plant.

During the second half of 2023, we developed a plan to keep improving our GCTI trainings and processes in 2024, focusing on:

- Improving GCTI Governance by incorporating a Training Executive Committee.
- Defining and standardizing competencies for each position at all plants.
- Improving communications among our plant managers to share and embrace best practices.
- Training our trainers: providing the workers with broader experience and knowledge about our plants.
- Reviewing and improving our onboarding process at the plants, with special focus on safety.
- Taking advantage of GCTI input in **Talent Review Meetings** at each plant to evaluate critical positions and other roles that could impact the operation.

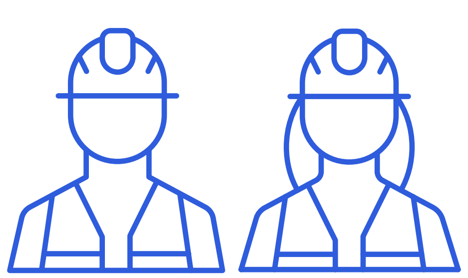
3.3. Our People: We are One GCC

3.3.2.3. Identifying and Developing our Future Leaders

Our main strategy is centered on internal promotion, where we prioritize the development and growth of our employees. This approach focuses on maximizing the potential of our employees, thereby fostering motivation, generating employee commitment, and retaining talent.

Our development strategy is guided by a long-term vision, that is why we developed programs to:

- Safeguard the professional growth of our talent and the future sustainability of GCC's operations with transparency.
- Keep track of critical positions in our plants to define potential successors.
- Ensure the early capture of potential talent to guarantee the future of our operations.



7 Talent Executive Committees

39 Members

21 Meetings in 2023

54 Key positions reviewed

Our **Talent Committees** ensure the professional growth of our talent, and centralize management of our development and mobility policy:

- Committees are formed by HR, operational leaders and C-Level executives.
- Members review GCC's key positions, from managers to the CEO, and work to identify talent across the organization to ensure smooth future succession processes.
- They evaluate the candidates with a 5-year perspective, from those ready to be promoted to high-potential ones. Committees are responsible for defining the activities and trainings each potential successor needs to be ready for the position and for emergency successions.
- All the information about the nominations is transparent and available to the Talent Committee members.
- All C-level positions are reviewed and approved by the Board of Directors, assisted by the Audit and Corporate Practices Committee.

3.3. Our People: We are One GCC

To complement the activities of the executive committees, in 2023 we started a new GCC Leadership Program, designed in partnership with ICAMI (Mexican Center for Integral Training and Management Development) to engage and retain top talent, and to ensure we identify, develop and retain the senior leadership talent required to meet our future business needs. The program focuses on early identification and development of people that demonstrate commitment, values, performance and high potential.

- The Senior Leadership Team selects the participants.
- 30 to 35 employees included simultaneously.
- The program consists of strategic, operative, and tactical training, which includes opportunities for special assignments and mentoring.

Additionally, to ensure seamless operations at all our plants in Mexico and the U.S., we conduct quarterly **Talent Review Meetings** to keep track of critical positions at the plants, define potential successors and carry out an individual development plan for them.

Talent review meetings

To keep track of critical positions

161

Potential candidates discussed

in 2023

To capture promising talent, we also carry out **professional internships** in all of GCC's divisions. These are 3 to 9-month programs for students, who receive training at a specific area of the company, with the objective of retaining and employing them upon graduation.

18

employees promoted

to critical positions

3.3. Our People: We are One GCC

3.3.3. Working Towards Diversity, Equity and Inclusion

GCC is committed to promoting diversity, providing equal opportunities for our people, and fostering an inclusive workplace. By cultivating an environment where all employees feel valued, respected, and empowered, we foster a culture of inclusion, while contributing to a more inclusive workforce within the cement industry.

Cement companies historically exhibit minimal female participation. It's our duty to create more inclusive opportunities. Our ongoing efforts involve strengthening our DE&I policy, commitments, governance and strategy to facilitate this endeavor.

We value diversity, strive for equity and promote inclusion.

To identify improvement opportunities and enhance GCC's DE&I, in 2023 we partnered with the Alliance for Diversity and Workplace Inclusion (ADIL, for its acronym in Spanish), a specialized consulting organization to support us in our DE&I strategic planning, analyses, trainings, events and communication. Additionally, since 2021, we have subscribed to the United Nations Women's Empowerment Principles (WEPs), which offers guidance on how businesses can empower women in the workplace and advance gender equality.

We've been making progress in the past three years, elevating the representation of women in management, especially within our middle and top management tiers.

% of Women

	2021	2022	2023
TOP MANAGEMENT	3.2%	6.9%	8.8%
MIDDLE MANAGEMENT	19.6%	20.7%	23.2%
JUNIOR MANAGEMENT	10.4%	10.6%	11.1%

In 2023, two employees from our HR department were certified in a 76-hour training given by Éntrale Institute to evaluate and review our processes related to adapting aspects of our talent attraction for people with disabilities.

Great Place to Work®

The employee satisfaction survey carried out by GPTW shows no gender differences in Mexico or the United States.

3.3. Our People: We are One GCC

3.3.3.1. DE&I Governance

In 2020, we formed our Diversity, Equity and Inclusion (DE&I) Executive Committee to align DE&I efforts with the broader business strategy.

- **Mission**: To build an inclusive and diverse workplace culture by promoting opportunities, training and a safe and equitable environment, throughout the company.
- **Vision:** Retain and develop diverse talent within GCC, valuing every individual and providing equal access to opportunities.
- 16 core members and 41 champions in Mexico and the U.S.
- +60 meetings in 2023.
- 14 hours of a training workshop in 2023.

Our Code of Ethics and Conduct specifies GCC's anti-harassment policy. In addition, during 2023, we updated GCC's DE&I policy, which supports a culture based on fairness and justice in the workplace, providing a safe environment where diversity is valued, and in which no one is excluded or marginalized based on gender, characteristics or beliefs that are not relevant to performance.

2023 DE&I achievements

- **Enhanced DE&I Policy.**
- **Increase % of women in our workforce.**
- **Training on inclusion of people with disabilities.**

3.3. Our People: We are One GCC

3.3.3.2. DE&I Strategy

Our DE&I Committee works with an interdisciplinary approach to support DE&I initiatives across our organization.

Communication	We build awareness, emphasize the fundamental importance of DE&I in shaping our workplace culture. We encourage active engagement and feedback from all employees, aiming to cultivate a dynamic workplace where diverse perspectives thrive, driving innovation, collaboration, and collective success.	
Training and Promoting Opportunities	DE&I training during 2023: → 14 hours on the DE&I Committee training. → 413 hours on the "Building an Inclusive Place to Work" training available for all GCC employees. → 45 hours of DE&I Training for our Leadership Team. → 87 hours of training to directors and managers across GCC. → 76 hours of "Labor Inclusion of People with Disabilities" training by two employees. → Leadership, directors and managers need to be an example for their teams, ensuring GCC's values are respected across the organization.	**635** **Hours of DE&I training in 2023**
Inclusion in Operations	We are making the changes needed for our operations to be more inclusive towards gender diversity. The DE&I committee works together with our plant managers to identify improvements opportunities and invests accordingly.	**In 2023, we invested in:** → Uniforms and security equipment ad hoc for women. → Improving of existing and construction of new women's locker room at our Trident plant.
Recruiting and Talent Search	We have initiatives to hire more women, including positions that have traditionally seen low numbers of women (such as Control Room Leader, Production Engineer, Driver, Plant Engineer and Warehouse Coordinator). In 2023, we developed a neutral-format job posting template for Mexico and confirmed the U.S. one was in accordance. In Mexico we also participated in the **National Job Fair for Women**, organized by the government of Chihuahua and the Federal Government.	In 2023, we incorporated women loaders at our Odessa plant, for the first time.
Internal Policies	→ Hiring manual and supervisor interview revision. → Definition and internal publication of our DE&I Policy. → Revision of all internal policies to make sure they are inclusive, and do not refer to dress codes, talent attraction, etc.	Our Ethics Committee received no confidential complaints of workplace discrimination in 2023.
Recognition	First edition of GCC Women Recognition in 2023, an award to appreciate and recognize members of our organization strongly committed to our values: 63 women nominated by their colleagues, 33 of them were recognized.	

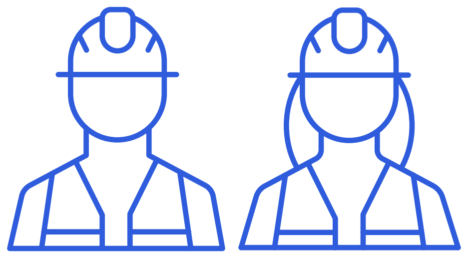
3.3. Our People: We are One GCC

3.3.4. Incentives and Satisfaction

We are looking to attract and retain the best talent in the industry. Our Human Resources team works to build a culture where employees and their families feel valued and supported.

To recognize the differential contribution each of our employees makes to the company, we have a compensation model based on the Performance Management Process (PMP). This process measures institutional and individual goals established at the start of the year, aligning them to our business strategy. The PMP operates on a sixteen-month cycle, fostering skill and knowledge development among employees to enhance performance, realize their potential and drive success, while advancing GCC's strategic goals.

Since 2018, we have annually recognized employees whose outstanding dedication and efforts significantly contributed to achieving their annual objectives. Led by our CEO and the Human Resources department, we host recognition events at each of our locations. In 2023, we held ten on-site celebrations and one virtual gathering for remote participants, honoring a total of 250 individuals for their outstanding work in both Mexico and the U.S.



Our compensation philosophy is oriented to generate value for the organization and the people, according to the market and the company's needs, contemplating four principles:

- Offer competitive salaries and benefits.
- Promote behaviors aimed at the consistent production of good results.
- Produce a significant degree of differentiation between employees with high and low performance.
- Attract the right candidates and retain employees with superior performance.

GCC's short-term incentive program is based on business and individual performance: its components are the standard bonus as a percentage of the employee's annual salary, their individual performance and the business performance.

3.3. Our People: We are One GCC

Great Place to Work®

We are certified by Great Place to Work in Mexico since 2015 and in the U.S. since 2019. The GPTW Model evaluates 15 competencies in five dimensions: **credibility, respect, impartiality, pride and companionship**.
In 2023, 96% of our Mexican workforce and 67% of our employees in the U.S. participated in the GPTW survey.

For this reason we have a holistic wellness approach that includes health care, work-life balance, and benefits beyond the legal requirements for our employees, in both our Mexico and U.S. operations. We also encourage our employees to implement a healthy lifestyle, promoting sports and activities for them and their families.

To identify gaps, engage with and listen to our people, we conduct annual surveys that measure the level of employee satisfaction in both Mexico and the United States. This helps us monitor the impact of our decisions. Results are shared with managers and their teams, and our HR Division utilizes them to identify improvement opportunities and to design an annual program aimed at maintaining and improving satisfaction across the different divisions. We do bimonthly follow ups during the year to track progress until the next survey.

We also carry out annual benchmarking and market research to ensure our compensations and benefits remain competitive.

3.3. Our People: We are One GCC

3.3.4.1. Employee Benefits and Wellness

The health and wellness of our employees and their families are a priority for GCC. We are committed to providing them with a benefits program that is both comprehensive and competitive.

In the United States, there are differences in these benefits across our operations depending on plant location, since country and state regulations may differ, as well as labor union agreements. We aim to offer our employees competitive benefits beyond legal requirements:

- Our program offers health, dental and vision coverage, as well as financial security.
- GCC employees are free to select any family medicine doctor or specialist they wish, and the company provides medical insurance to offset the majority of medical costs.
- Moreover, we offer access to free initial mental health assistance, as well as regular updates on smoking cessation and weight loss, among others.
- We offer an annual "Wellness Bonus Program" to employees if they complete an annual physical examination, including comprehensive blood screening, and at least one of the following preventive actions: vision or hearing exam, COVID booster, or dental cleaning.
- Employees are also offered free on-site annual flu inoculations.

In Mexico, we strive to go beyond legal requirements in paid vacations and annual bonus. We also implemented a new initiative that enables our employees to be paid for their latest vacation days not taken, if they choose to work. Additionally, we offer extra days off in case of important personal events, and provide a paid gift in cases of marriage, childbirth or an academic degree completion.

Furthermore, we develop activities for our employees and their families throughout the year to promote GCC's health and wellness culture.

In Mexico:

- We have an official GCC basketball team, and all employees are invited to be part of it and to compete in tournaments.
- We organize sports competitions such as billiards, softball and volleyball.
- We carry out a body and mindfulness workshop, focused on managing stress and restoring a healthy balance in life.

3.4. Stronger Customer Relationships

Providing quality customer service and continuously expanding our integrated and innovative solutions are key elements of GCC's 2025 vision to become the best cement company in North America with the proper balance between people, profit and planet. We understand that to become a true leader in our industry, we need to offer increasingly sustainable products and outstanding customer service. Developing more sustainable products and innovation were rated as high priority topics for us and for our stakeholders, in our materiality analysis.

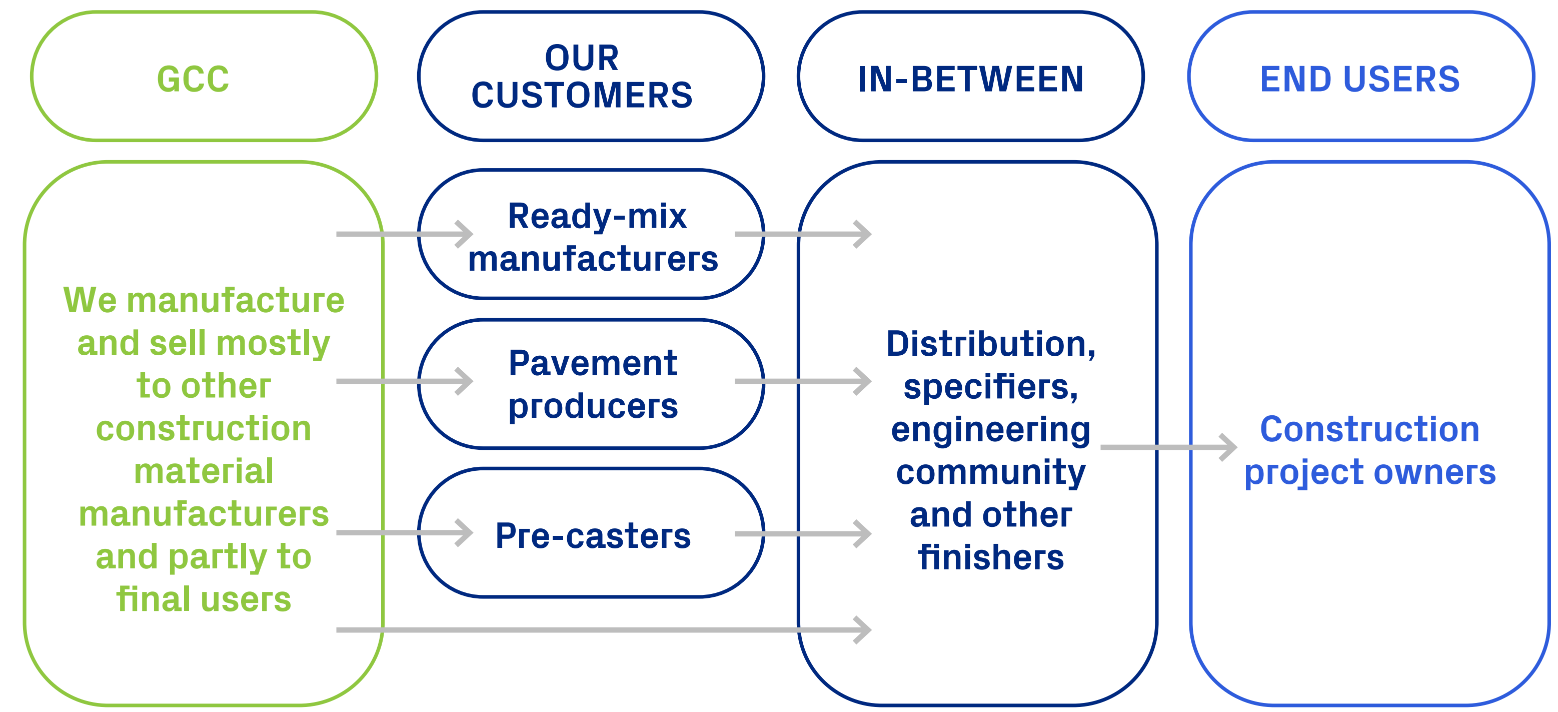
The capacity to develop strong customer relationships is one of GCC's core competitive advantages. During 2023, we worked to further strengthen these relationships, as a key element of our commercial strategy. Higher quality client relationships make us more resilient in the long-term and help us mitigate market risks through economic cycles. We take a proactive approach and work in close collaboration with our customer to develop solutions that better respond to their changing needs.

2023 Initiatives to strengthen customer relationships

- Increased production of more sustainable products
- Extended our collaborative approach to customer relationships further down the value chain
- Wide adoption of digital tools and more efficient processes to enhance the client experience

3.4.1. More Sustainable Products

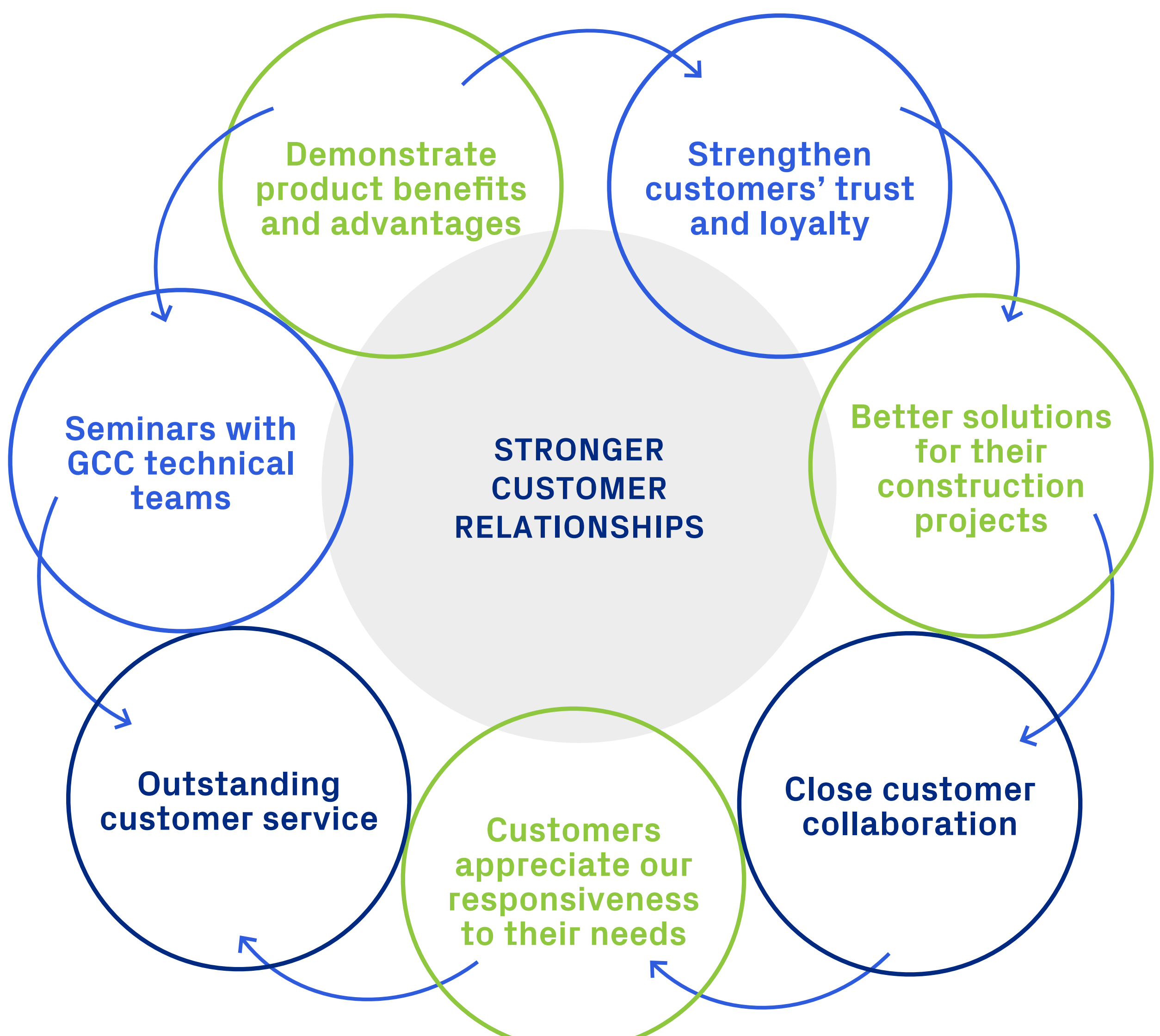
In the development of new product solutions, we need to be mindful of our production facilities and our participation in the value chain. GCC's products are (in part) a raw material for other manufacturers, who then sell them to distributors, contractors or other players further down the value chain, who in turn, sell them to the construction project owners, the final users.



GCC has a manufacturing-minded, customer-focused approach to innovation.

3.4. Stronger Customer Relationships

Many of our customers are themselves manufacturers, requiring that we work together with agents along the value chain to align expectations and technical aspects for our new products. In 2023, GCC doubled the supply of blended cements, within our cement product portfolio and we took a proactive approach to helping our clients understand and use the product. We created our own proprietary program in place to do that, including seminars to clearly communicate the adjustments and facilitate working with new products.



In the U.S., we are affiliated with the Portland Cement Association (PCA), with the president of our U.S. Division serving as a member of its board of directors. Throughout the year, we actively participate in approximately 10 meetings and events, where we contribute to industry leadership, shape strategic initiatives, and collaborate with peers to drive positive advancements in the cement sector, educate ourselves and convert our learning into client outreach. We also reach out to our different client groups in Mexico:

- **Construred distribution channel:** (29% of our sale volume), made up of 33 members who form a consultative panel with us. We meet three times per year. GCC sponsors one in-person meeting.
- **Concrete and mining clients:** we sponsor their participation in one key industry event per year, and our executives reach out and visit.
- **All segments:** we provide technical assistance, including the projects presented to the local government.
- **Engineer and architect associations:** we organize presentations to educate new generations of professionals on the construction systems we support so they continue to choose to work with us in the future.

3.4. Stronger Customer Relationships

3.4.2. Digital Tools and More Efficient Processes

We are dedicated to streamlining sales administration processes, making them more efficient and transitioning them towards digitalization. Currently, we are actively implementing initiatives aimed at enhancing the overall client experience, spanning from the point of purchase to product pick-up/reception. This includes optimizing order management systems and elevating customer service standards.

We are also working to incorporate more data processing capabilities that allow us to improve our commercial models, as well as improved technology, to optimize our logistics and automate pick up at our terminals.

DATA PROCESSING AND ANALYSIS TOOLS

- Developing a digital pricing model to have more tools to set pricing and better understand demand.

SINGLE POINT OF CONTACT CUSTOMER SERVICE

- Modernizing our call center.
- Implementing single point of contact with super app.

E-COMMERCE AND DIGITAL B2B PORTALS AND MARKETPLACES

- Online purchases enabled for most products.
- Order and account statements.
- New cement portal in the U.S. with improved functionalities + mobile app.
- Working on Construred marketplace.

LOGISTICS: INTELLIGENT TRUCKS, AUTOMATED TERMINALS AND PAPERLESS DELIVERY

- Samsara application including cameras in trucks to enhance security, logistics, and routes optimization. Pilot with 10 trucks in 2023. 100% of trucks in Mexico by end of Q1 2024.
- 24/7 PIN-enabled, automated service at Albertville and Irondale terminals.
- Digitalization of delivery notes for Mexican operations and a U.S. operations project for clients to sign on mobile devices, which will also allow the client to access to photos and geo-localization of delivery, helping to build trust.

3.4. Stronger Customer Relationships

3.4.3. Customer Satisfaction

In our Mexican Division, we perform monthly customer surveys to understand how our clients feel about GCC's products and services. With a 20-year traceability for our customer satisfaction indicator in the Mexican market, we collect data on factors considered critical by our clients, which we divide into business segments, such as construction, government and infrastructure, among others. During 2023, our clients satisfaction as measured by our customer survey remained unchanged at 78%.

In 2023, we restructured our customer survey by updating the evaluation of critical factors as part of a regular practice conducted every three years to stay up-to-date with our clients needs and requirements. Additionally, we train our customer service employees in Mexico through the program Hola GCC.

Satisfied customers were the result of our upgrade in client-facing digital tools and systems, as well as the streamlining and modernization in our customer service processes.

HOLA GCC
Customer service training in Mexico

This program ensures that all employees engage with customers professionally by equipping them with essential telephone customer service skills and protocols, including an audiovisual manual covering:

- Welcome and farewell protocols.
- Identifying and avoiding detrimental phrases.
- Handling objections and customer questions.
- Transferring calls appropriately.
- Managing complaints effectively.
- Other telephone etiquette tips.

3.5. Improved Supplier Engagement

At GCC, we believe that the success of our business lies in providing a compelling value proposition for each of our stakeholders. We guarantee equal opportunities for our suppliers, within a framework of confidentiality and respect. Our bid selection criteria are aligned with company values of integrity and collaboration. We promote equity and fairness in our relationships with suppliers.

Suppliers are required to comply with our Supplier Ethics Guidelines -aligned with our Code of Ethics and Conduct- in particular with our commitments to human rights, health and safety, and minimizing our impact on the environment and the communities where we operate. They are also required to sign our Privacy Policy. Separately, new suppliers who work on-site, must adhere to GCC policies and norms ISO 45001, ISO 14001 and ISO 9001, as well as our 5S system.

We utilize a platform to oversee our suppliers, ensuring their compliance with required training and up-to-date obligations concerning health and safety. In the U.S. we utilize the International Suppliers Network (ISN) platform and in Mexico we utilize the Integrated Security and Access Control platform (CISA, for its Spanish acronym).

In addition, we use COUPA software, which we strengthened in 2023. All our suppliers use this platform to receive purchase orders and submit invoices.

2023 Suppliers

50%
Local suppliers (by spend)

100%
Suppliers agreeing with GCC's Code of Ethics and Conduct

550
New suppliers screened using environmental criteria

Note: GCC defines local as located in the same state as the end user.

3.5.1. Procurement Governance

We have an Energy and Procurement Division to ensure the continuous supply of fuels, electricity, raw materials and equipment. Our procurement processes prioritize not only cost savings, but also efficiency, reliability, risk management and sustainability. This division reports directly to the CEO.

Apart from aligning with GCC policies, we require our suppliers who work on-site to have adequate health and safety training. This training is certified by a third party. In Chihuahua, we have an agreement with the Mining Cluster, to certify our suppliers who require safety training.

In the U.S., we implemented a project to collect and review contractors' safety documents and statistics through the integration of the ISNetworld supplier platform to our contractor-related information management. The project was implemented during 2021 and 2022, and in 2023 we reinforced these measures with a focus on increasing our contractor compliance to the health and safety processes and requirements established by GCC. This involves constantly reviewing and updating security standards, as well as implementing corrective measures when necessary.

As a result of this project, GCC has enhanced contractor safety management. Additionally, this initiative has promoted a proactive safety culture within GCC and among its contractors, which has led to an improvement in GCC's safety statistics.

Through solid collaboration between Procurement, Safety and the ISNetworld team, we continue to establish a clear and effective process for contractor management. This project has not only improved workplace safety but has also strengthened relationships with contractors and positioned GCC as a leader in industrial safety and contractor management.

3.5. Improved Supplier Engagement

3.5.2. Enhanced Transparency and Efficiency

In 2023, we continued with a comprehensive implementation of our supplier platform COUPA, which is helping us improve supplier experience together with our efficiency and transparency, as it allows for:

- Managing supplier catalogues online.
- Simpler and more streamlined processes, reducing new supplier incorporation from 15-20 days to less than five.
- Improved communication with suppliers.
- Timely payments: in Mexico suppliers can upload their invoices directly to the platform.
- Traceability and ability to detect deviations.
- More transparency with electronic bidding processes.
- Benchmarking with companies similar to GCC.

We are in the process of leveraging more of the platform's functionalities, particularly the data mining module. During 2023, we also initiated certification of our procurement team in Supply Chain Management, through an alliance with the U.S. Institute for Supply Management. By the end of 2023, we completed 75% of the process to achieve certification of our purchasing team in the U.S. for both ready-mix and cement operations. We expect to have 100% of our purchasing team certified by the end of 2025. By the end of 2028, we should have 100% of our procurement team, including the energy supply team certified. We believe education is the best way to improve our performance.

ISM
INSTITUTE FOR SUPPLY MANAGEMENT

3.6. Building Long-Term Relationships with Our Communities

Our eight state-of-the-art production facilities (five in the United States and three in Mexico), are all situated in close proximity to surrounding communities. We actively engage in and prioritize community wellbeing as a crucial aspect of our sustainability efforts.

We impact communities by providing:

→ **Employment and skill development opportunities:** we prioritize local hiring and skill development to empower community members.

→ **Private social investment:** we collaborate with local stakeholders, both governments and NGOs, to understand their needs and priorities, ensuring our operations align with community values.

Since its creation in 2006, the GCC Foundation has served as the cornerstone of our community engagement in Mexico, channeling investments in education and sustainable development initiatives. In 2023, our foundation revitalized its volunteer program, sponsoring participative activities among employees, their families and other local resident volunteers. It also organized some activities in coordination with our U.S. plants, an approach we are planning to further integrate into our social strategy going forward.

In the United States, each facility selects community partners to represent our values and those of our employees. Some of our plants have CSR committees or community action advisory teams, panels or boards that engage with communities to understand their needs and prioritize initiatives.

GCC supports local schools, scholarship programs and training initiatives, as well as organizations that help vulnerable groups.

The GCC Foundation and our U.S. plants also sponsor environmental stewardship programs in collaboration with local organizations, including planting trees and local biodiversity support.

95% of GCC employees are local hires.

3.6. Building Long-Term Relationships with Our Communities

Collaboration with NGOs, local governments and other institutions.

MEXICO

FUNDACIÓN GCC

Employee volunteers

UNITED STATES

U.S. plant managers

Empresa Socialmente Responsable

In 2023, GCC was recognized in Mexico as a Socially Responsible Enterprise for the

18th consecutive year

+54
ASSOCIATIONS SUPPORTED

$1.4M
DISTRIBUTED

9
SCHOLARSHIPS GRANTED

474
VOLUNTEER HOURS

3.6. Building Long-Term Relationships with Our Communities

Our goal is to contribute to the well-being of our communities, by actively investing in community development projects that prioritize support to:

Vulnerable groups

DONATIONS AND SUPPORT FOR CHILDREN IN NEED AND WITH DISABILITIES

- **Los Ojos de Dios:** a home and rehabilitation center for children with neurological and functional disabilities in Juarez City, with which GCC collaborates through GCC Foundation.
- **La Granja Hogar:** GCC contributes to this institution by offering a home and a dignified life to children in Chihuahua City.
  Around 200 children received healthcare, education, nutrition, and support for their integral development in 2023.
- **"Digger Day":** in collaboration with a local NGO, the Trident plant raises funds to finance activities for children with disabilities, such as engaging experiences such as sitting on an excavator and creating cement slabs.
- **#Kit Útil, "Juntos sin frío"–** the GCC Foundation collaborates with a public school and the local government to channel employee donations in Chihuahua.
  29 school kits + 200 winter coats were donated in 2023.
- **Toys and food donations, blood drives, fundraisers, honoring and cooking for veterans, senior citizens and Christmas trees:** among some of the activities organized by the U.S. plants together with the local Boys' and Girls' Club, local schools, senior centers, local food or blood banks.

Education

SCHOLARSHIPS

- **GCC Foundation:** provides college tuition support, plant visits and mentorship with the possibility to work at GCC after graduation.
  8 full college scholarships granted in 2023 (5 scholarships ongoing at the Rapid City plant, 2 at the Pueblo plant and 1 at the Chihuahua plant)
- **Leaders of Tomorrow:** a program in collaboration with Tecnológico de Monterrey.
- **Trident plant -** grants scholarships to high school graduates going into engineering or electrical trades.
  2 grants of US$750 each in 2023.

Sustainable Development

PARK REHABILITATION AND TREE PLANTING:

- **GCC Foundation -** in collaboration with BQ Gestión Ambiental in Chihuahua, identified parks for environmental restoration. 126 volunteers (108 employees + 18 other) participated in 2023 with a total of 474 hours.
  Rehabilitated 3 parks close to our Chihuahua plant in 2023.
- **Odessa plant:** planted trees around the facilities.
- **Tijeras plant:** donated US$5,000 to the city to complete budget for new community park. Contributed to the landscaping of a communal park, close to the plant. Reclamation of 22 acres at one of our quarries at the Tijeras plant as of December 2023.
- **Trident plant:** donated to the local Audubon Society for preservation of the Peregrine Falcon breeding ground across from the plant. Also donated some land for a bird (falcon)-watching area and facilitated beehives to promote springtime pollination down the river.
- **Community building activities in U.S. plants:** participation in sports and other events, Family Days, Earth Day, Community Day, Open House.
- **Fostering biodiversity.**

3.6. Building Long-Term Relationships with Our Communities

Domingos Felices

Weekly event for children every Sunday between March and December, sponsored by large companies at the Ciudad Deportiva park in Chihuahua, Mexico.

In collaboration with NGO: Chihuahua Feliz.
Its objective is that children in Chihuahua have the happiest childhood in Mexico.

+70 companies have sponsored this project since 2016.

2023

48
Events

5,191
Average visits per event

278,794
Total visitors

GCC'S STAND (WITH THE HELP OF VOLUNTEERS)

GCC holds LEGO tournaments during three Sundays in October.

9
Tournaments

8 for children and
1 for adults

225
Participants

4

PROFIT

We strive to maximize value generation by balancing optimal return.

Contents

4.1. Another record year for GCC

4.1.1. New record for key financial indicators.
4.1.2. The success of our strategy
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4.2.1. Strengthening our competitive advantages
4.2.2. Creating value for our shareholders
4.2.3. Efficient long-term funding and decarbonization
4.2.4. Preserving our investment grade credit rating
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4.1. Another Record Year for GCC

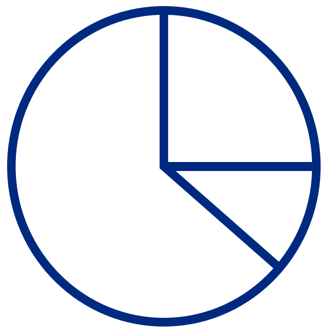
4.1.1. New Record for Key Financial Indicators

Despite the historical cyclicality of the cement industry, we believe GCC is at the nascent phase of a multi-year growth cycle, particularly within the markets we operate in. Record 2023 performance reflects a combination of positive trends in these markets and the success of our strategy — an important affirmation that we are on the right track. We advance guided by our long-term vision of becoming a more sustainable company, ensuring that we have a strategy in place to maintain the strengthened bottom line, year-on-year.

In 2023, GCC set a new record for three of its key financial indicators: net sales, EBITDA and net income. Our record financial performance contributed to further strengthening the company's solid financial position, as we ended the year with US$958.7 million in cash and cash equivalents and a net leverage ratio of -0.99 times, with no debt maturities through 2032.

NET INCOME

$295.5M



CASH AND EQUIVALENTS

$958.7M

4.1.2. The Success of our Strategy

Our record top-line growth was the result of GCC's successful commercial execution, including swiftly pivoting our supply to growing segments such as infrastructure and oil and gas, vis-à-vis a softer residential market, as well as prudent, but necessary price increases. During 2023, our consolidated net sales increased 16.7% year-on-year, to US$1,363.9 million.

Record Top-line Growth	**Commercial Execution**	→ Swiftly pivoting supply to growing segments → Successful commercial strategy → Increased production of blended cements → Strengthened customer relationships
Record Bottom-line Growth	**Cost Containment/ Optimization**	→ Leveraged fuel flexibility → Enhanced operational stability → Successful cash management and capital allocation

4.1. Another Record Year for GCC

We also registered record bottom-line growth, further enabled by our cost-optimization programs and culture. Our flexible fuel strategy has again proven to be one of our main competitive advantages. In addition, we adopted newer and more advanced technology and incipient digitalization, strengthening the overall productivity of our operations.

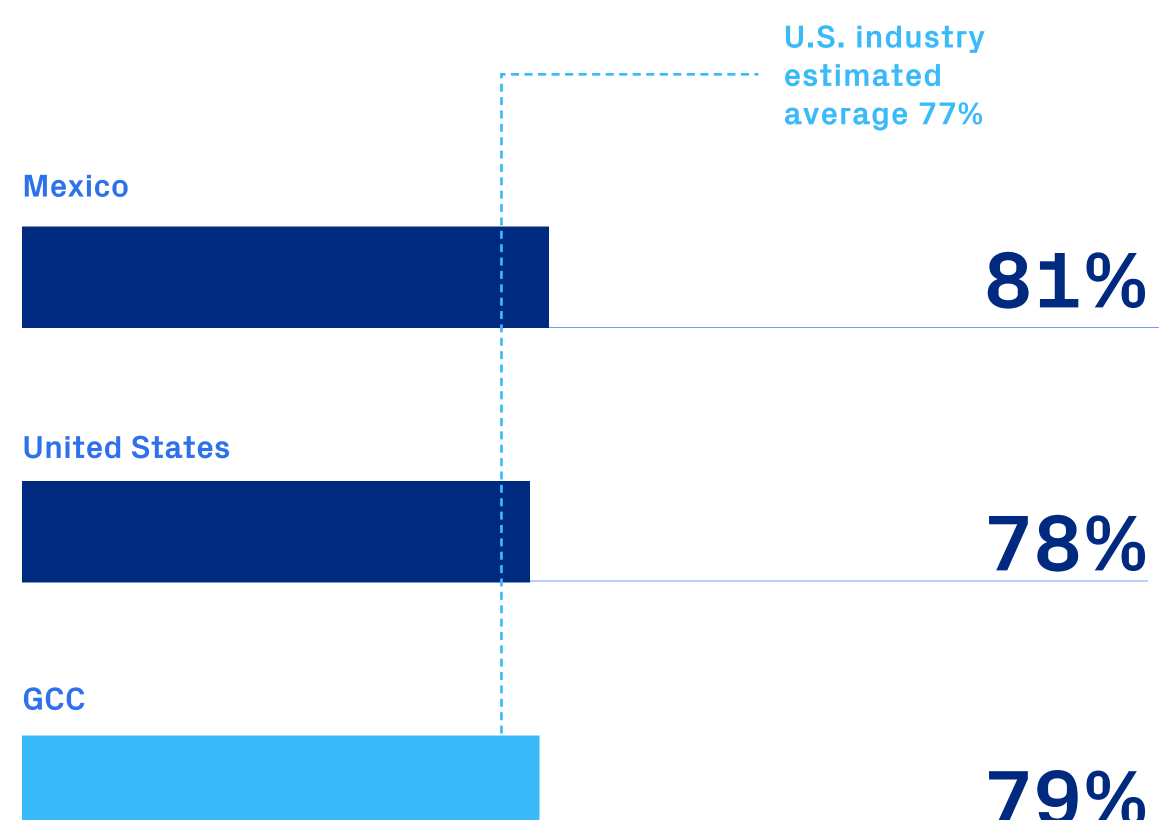
At GCC, we believe that reducing costs should be coupled with a focus on running our business flexibly, profitably and more efficiently, to create further value in the future ahead.

EBITDA rose 30.4% to US$471.5 million, our EBITDA margin expanded 360 basis points to 34.6%, and we delivered net income of US$295.5 million.

Free cash flow totaled US$233.7 million with a 49.6% free cash flow conversion rate.

The successful execution of our commercial strategy was an important driver of GCC's 2023 results, and was enabled by the flexibility of our operations, one of our key competitive advantages. We believe the company will continue to benefit from capturing operational leverage opportunities in the years ahead by running our plants close to maximum capacity in response to growing demand, while always prioritizing equipment care and timely maintenance based on global industry best practices.

Our Plant's Capacity Utilization



4.1. Another Record Year for GCC

Significant free cash flow generation enabled us to deliver strong sustainability performance on a consistent growth path, allocating funds to our growth and sustainability projects: the Odessa expansion, blended cements, alternative fuels, renewable energy, and other efficiencies.

$163.5M
TOTAL CAPEX

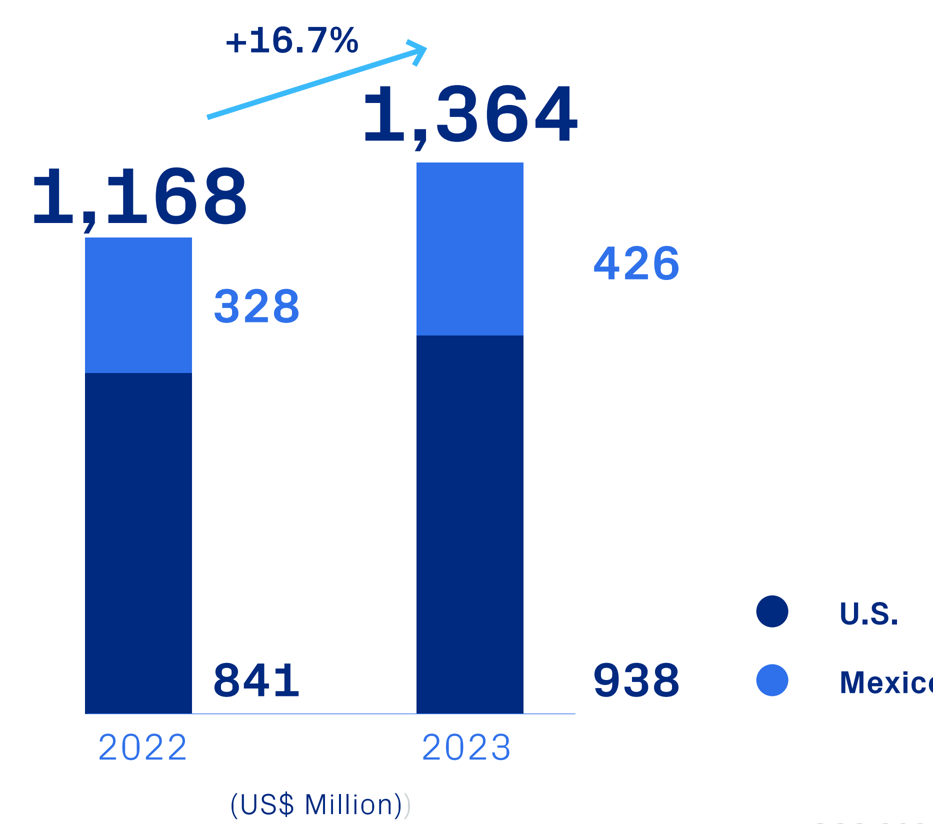
$87.2M
LOW-EMISSION DECARBONIZATION CAPEX

We are also responsibly leveraging our strong balance sheet for sustained growth that enables us to protect GCC's investment grade rating. Our credit record is fundamental to maintaining the financial flexibility that drives value creation for all our stakeholders: shareholders, local communities, employees, clients and suppliers.

4.1.3. Record Top-line Growth

Consumption of our primary products -cement, ready-mix concrete, and construction materials- is highly dependent on construction costs and on the industry as a whole, all of which are closely linked to overall macroeconomic conditions.
U.S. sales grew 11.6% during 2023, as cement and concrete prices rose 14.1% and 13.7%, respectively. U.S. concrete volumes increased 5.9%, partially offset by a 5.1% decrease in cement volumes compared to 2022.

In Mexico, sales increased 29.9% during the same period, reflecting a 2.2% and 5.2% increase in cement and concrete volumes, respectively. Mexico sales, excluding Mexican peso appreciation, increased by 15.8%. In Mexico, cement and concrete prices increased by 10.0% and 13.5%, respectively.



4.1. Another Record Year for GCC

CEMENT

Volumes

U.S. **-5.1%** | Mexico **2.2%**

Prices*

U.S. **14.1%** | Mexico **10.0%**

CONCRETE

Volumes

U.S. **5.9%** | Mexico **5.2%**

Prices*

U.S. **13.7%** | Mexico **13.5%**

*Prices in local currency

Inclement weather was the most substantial impact on the first semester 2023 results. Thanks to our team's hard work, we delivered outstanding service despite significant weather disruptions across the United States, which in some areas was the coldest winter since 1979, with exceptional amounts of snowfall. Climate events slowed shipments and impacted projects in specific regions where we operate. In Colorado, one of our largest markets, it rained more in June 2023 than it normally rains during the entire year, registering as Colorado's wettest month in recorded history.

We took measures to mitigate the impact of these events, such as ensuring alternate rail and truck routes to offset supply disruptions, staging product on the receiving side of possible threats and securing back-up from an alternate plant or terminal, to guarantee customer supply. We were only able to do this as the result of our continuous work on logistics and operational flexibility.

4.1. Another Record Year for GCC

In the United States, virtually all cement volume is sold in bulk, primarily for concrete and concrete block production, as well as contracting enterprises for roads and oil wells located in the geographic region that we supply.

GCC has a broad customer base in Mexico for all our business lines. Our main customers in this segment are distributors, construction companies, concrete block producers, manufacturers, state and municipal government, and the mining industry. GCC develops strategic alliances through the Construred retailer network, serving customers in the self-construction segment and contractors across various segments.

SALES BY SEGMENT

U.S.	2023
Concrete	65%
Oil wells and mining	21%
Precast, prestressed and block	4%
Distributors/packers	4%
Paving	3%
Ground stabilization	2%
Contractors	1%
Total	**100%**

SALES BY SEGMENT

MEXICO	2023
Construred/Distributors	28%
Construction companies	26%
Mining	14%
Export	10%
Housing	8%
Manufacturers	6%
Government and Infrastructure	5%
Agriculture	3%
Total	**100%**

4.1. Another Record Year for GCC

We're focused on further strengthening our customer relationships, one of our most significant competitive advantages. Our top 10 customers represented 16.1% and 16.3% of our 2023 and 2022 net sales, respectively. Our top two customers combined represented approximately 4.5% of 2023 net sales.

We constantly work to be aligned with customer needs. For instance, we are lowering our clinker factor firstly to lower our emissions, but also to respond to market trends. A more specific example is the blended cement we produce at our Tijeras plant, in New Mexico, which is blended with a natural pozzolan, that ensures a higher quality final product, mitigating the risk of certain reactions that our clients would previously mitigate by adding fly ash to their mix. Since fly ash is becoming increasingly scarce, we were able to develop a new product that eliminates the need for customers to incorporate it into their production process. Proving one more time how GCC is proactively addressing customer needs with highly targeted and relevant products. This new product has the added benefit of having lower CO_2 intensity, and it is also aligned with our profitability objective.

For further details on our approach to customers, please visit the Customer Experience section in this report.

Our blended cements help us reduce our clinker factor and expand the range of sustainable products.

4.1. Another Record Year for GCC

4.1.4. Operating Flexibility and Efficiency

Cement operations require substantial amounts of energy, particularly in the production process and, to a lesser extent, related to product distribution. The availability of energy and related inputs from utilities is also inherently volatile; vulnerable to political and economic effects and regulatory conditions not within GCC's control.

Our operating flexibility and efficiency improvement during 2023 focused on energy. We improved temperature controls, replaced equipment, and stabilized operations to reduce our overall energy consumption. Additionally, we successfully executed our flexible sourcing fuel strategy, investing throughout our cement plants to enable the possibility to use coal, natural gas or alternative fuels for cement production. Excluding our plants in Odessa, Texas, and Pueblo, Colorado, all our cement plants can alternate between natural gas or coal for clinker production supply dependent on price or availability. This allowed us to increase the use of natural gas by 33.2% in 2023.

We have increased our focus on implementing a flexible fuel approach throughout all of GCC's kiln systems. During the year, the Rapid City plant started burning alternative fuels, becoming the fifth plant within our system to adopt this capability. Apart from reducing our emissions by replacing coal with cleaner fuels, we saved US$12.2 million in fuel cost during the year. For the full year 2023, the cost of sales was 63.2% of revenues, a 560 basis points year-over-year decrease.

COST OF SALES

2023

$862M

2022

$804M

Cost of sales (% of revenues)

2023

63.2%

2022

68.8%

-560 BPS

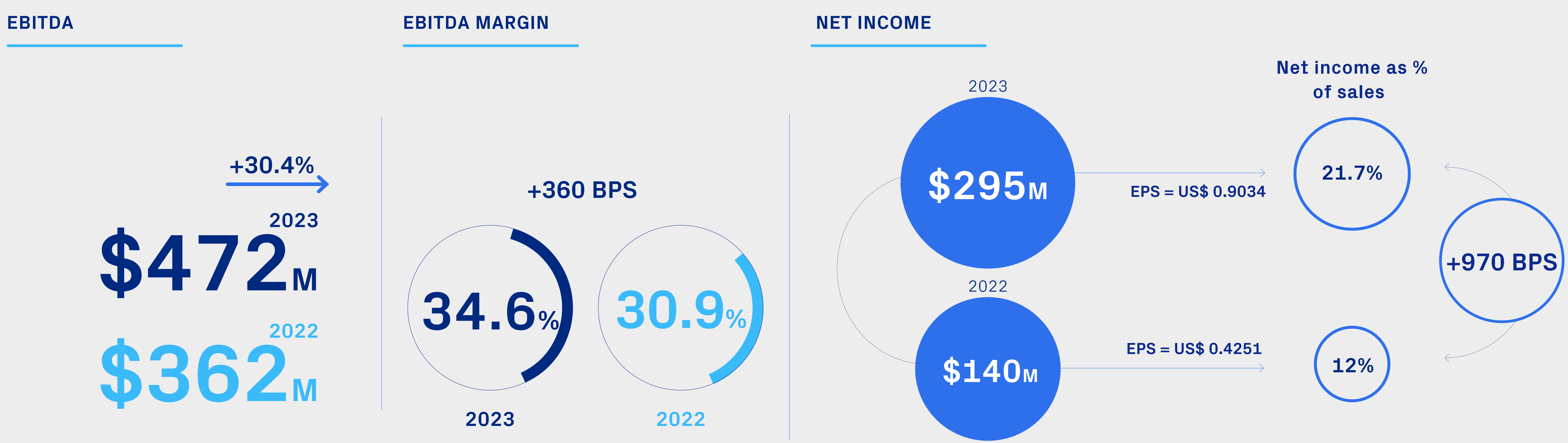
4.1. Another Record Year for GCC

4.1.5. Record EBITDA and Net Income

We are steadfastly committed to further strengthening our EBITDA margins by adopting a commercial strategy that enables us to offset the impact of inflation on our cost structure, while leveraging our operational efficiency, distribution network and flexible energy sourcing.

In 2023, our EBITDA margin ascended to 34.6%; showing a 360 basis points year-on-year increase. GCC's U.S. operations generated 76% of EBITDA, while Mexico generated the remaining 24%.

Consolidated net income also reached a new record, increasing 110.7% to US$295.5 million in 2023, compared to US$140.3 million for the same period of 2022. As a result, earnings per share increased 112.5% year-on-year, to US$0.9034.



4.1. Another Record Year for GCC

4.1.6. Negative Net Leverage Ratio

We further strengthened our balance sheet, ending 2023 with a cash position of US$958.7 million. As a result of the higher cash balance, we benefit from year-on-year increases in U.S. and Mexico treasury rates, increasing our financial income. GCC's only outstanding financial debt is related to our US$500 million Sustainability Linked Bond. This results in a positive net cash position and a negative net leverage ratio of 0.99 times.

4.2. A Bellwether for the Industry

4.2.1. Strengthening our Competitive Advantages

For GCC, 2023 was a year characterized not only by strong growth and margins, but also by the strengthening of our meaningful competitive advantages, a progress we expect to continue in 2024.

We work to consistently maintain the competitive advantages that allow us to have these high returns.

GCC also creates value for shareholders by way of an effective capital markets strategy, which has resulted in being included in most relevant indices and significantly increasing our liquidity. We also seek to maximize shareholder value with dividend distribution and share buybacks.

Our strategy is to combine a strong financial and operating performance with attractive shareholder returns, while we maintain a healthy leverage. Our solid financial strategy has allowed GCC to achieve an investment grade rating, which we strive to preserve. We also managed to lower the cost of our debt and extended maturity with the issuance of a US$500 million, 10-year, Sustainability-Linked Bond in 2022. The bond was an important step to continue solidifying our financial position, while at the same time providing additional funding for our growth and sustainability investments.

At GCC, we invest based on a capital allocation strategy that prioritizes return on capital. While our investments are led by project returns, with a focus on the efficiency and growth of our operations, a large portion of our investment projects during 2023 had the dual objective of growing profitably, while at the same time lowering our GHG emissions, to diminish the environmental impact of our operations.

4.2. A Bellwether for the Industry

4.2.2. Creating Value for our Shareholders

We create value for our shareholders through a successful capital markets strategy to enhance stock market liquidity. Our stock is included in the most relevant Mexican Stock Exchange indices, which has bolstered liquidity, providing a favorable context for our solid financial performance to propel our share price and deliver increased shareholder value.

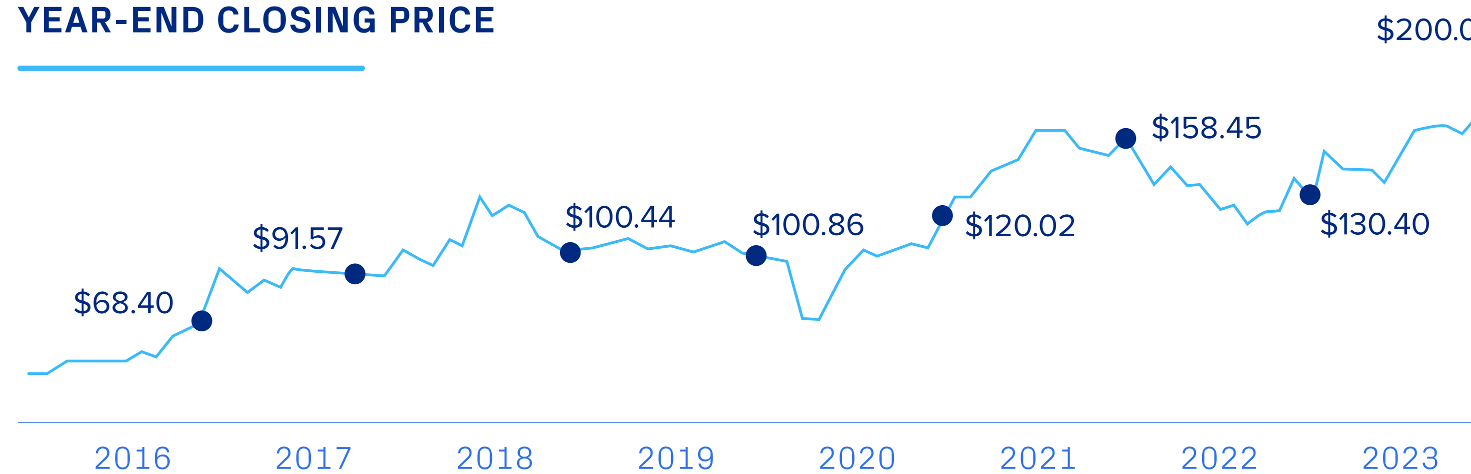
In 2023, we approved a dividend distribution 15% higher than in 2022 and allocated US$13.2 million towards share buybacks, further enhancing shareholder value, and demonstrating our confidence in the company's future prospects.

AVERAGE DAILY TRADING VOLUME, SHARES

Average before "re-IPO"	64,000	Jan 2016 – Feb 2017
Post "re-IPO"	278,000	Feb 2017 – Jun 2018
Post indexes inclusion	426,000	Jun 2018 – Dec 2023

BMV TICKER: GCC*

SHARE PRICE EVOLUTION YEAR-END CLOSING PRICE



Index / Index Family	S&P/BMV IPC	FTSE Mexico All Cap	FTSE BIVA
Date of Inclusion	September 2020	March 2019	September 2019

Buyback program

- 1,631,981 net shares
- 9.2 million shares repurchased
- 7.6 million shares sold
- Equivalent to US$13.2 million

Dividends

- $1.3364 pesos per share
- Declared in April paid on May 24, 2023
- 15% above previous year

4.2. A Bellwether for the Industry

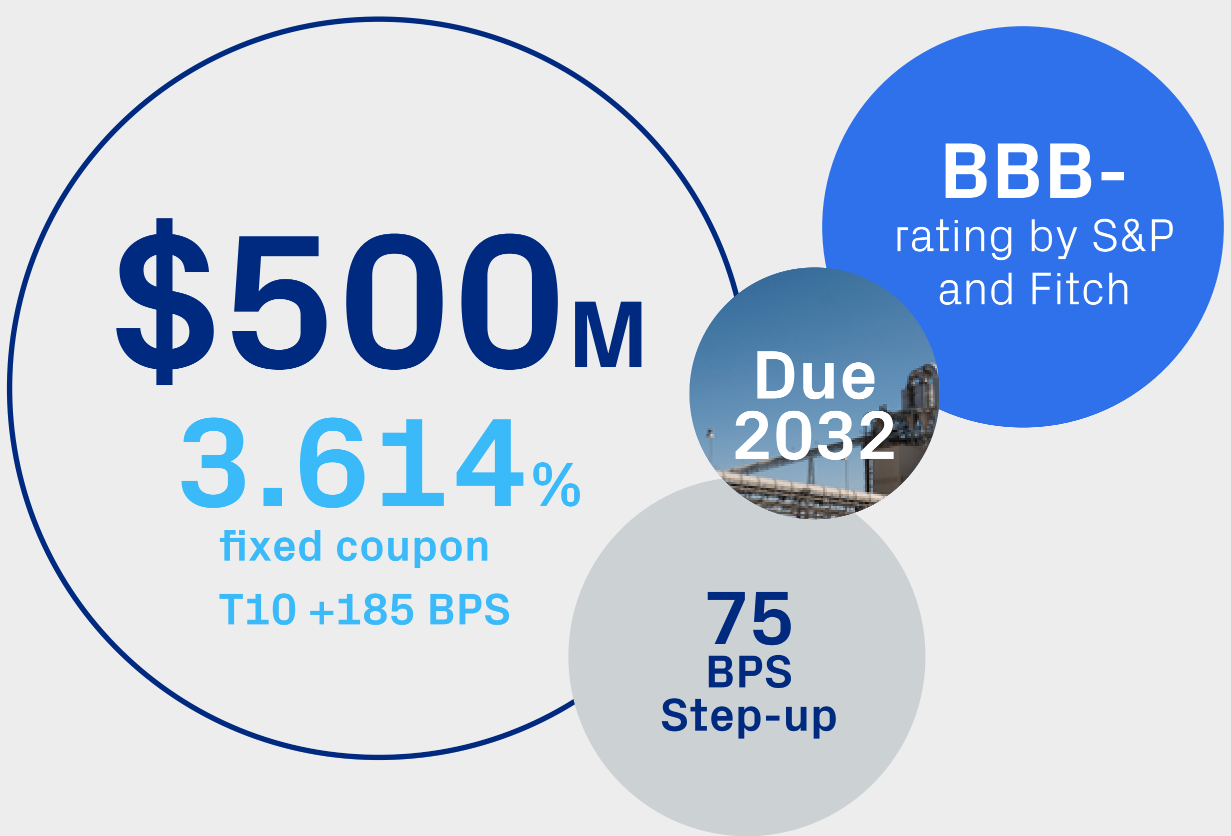
As of December 31, 2023, the total number of shares representing our capital stock is 337,400,000 of which 10,585,321 shares were held in GCC's treasury. CAMCEM owns 171,658,588 shares, representing 50.9% of the shares of our capital stock. The remaining 155,156,091 shares, equivalent to 46.0% of our outstanding capital stock, are distributed among the market. As of the date of this report, the capital stock is fully subscribed and paid.

Each share entitles the holder to one vote at Shareholders' Meetings and grants equal rights and obligations.

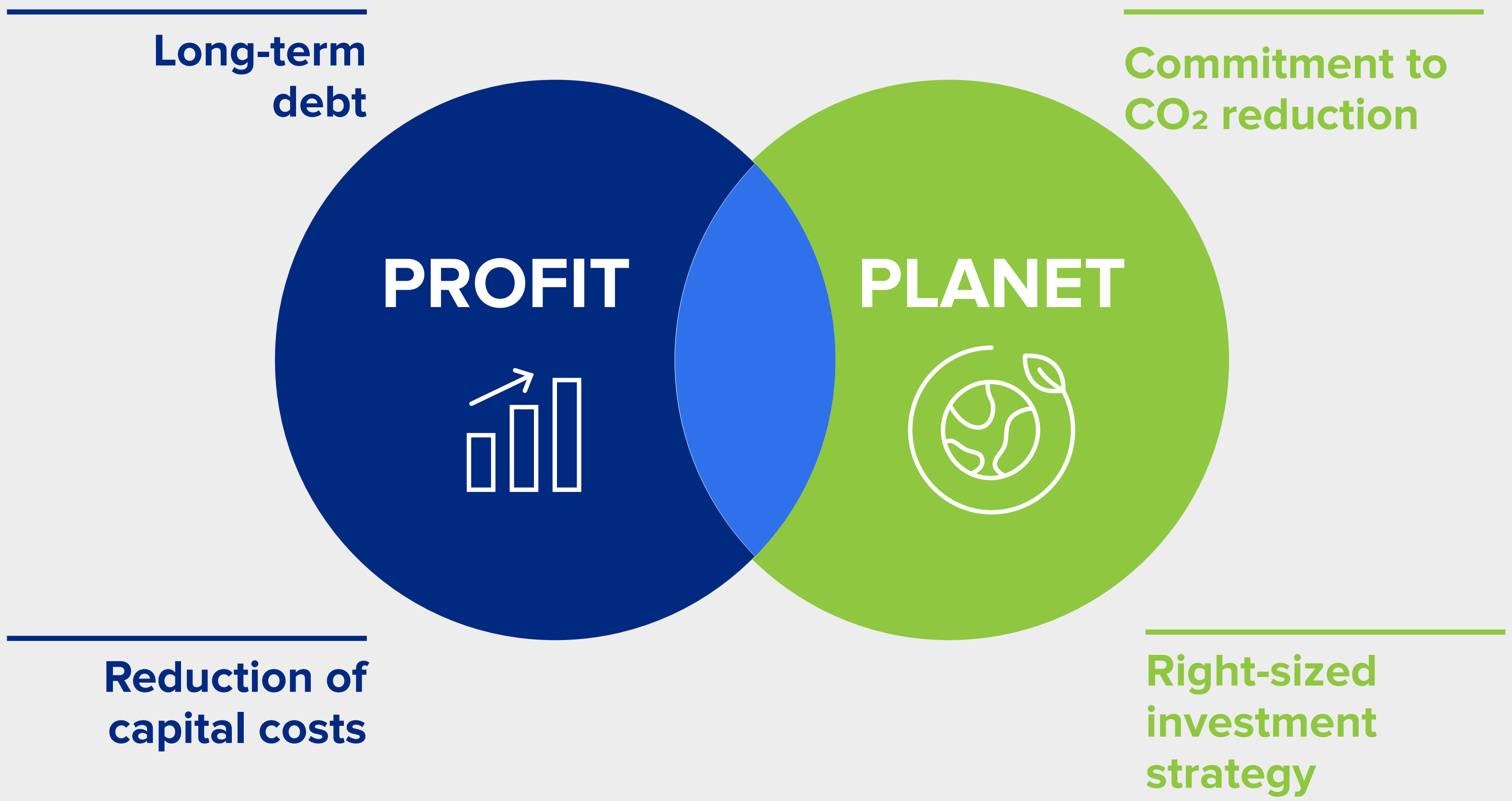
4.2. A Bellwether for the Industry

4.2.3. Efficient Long-Term Funding and Decarbonization

Our Sustainability-Linked 10-Year Bond, issued in January 2022, was our first investment grade issue, and it significantly contributed to lowering the company's cost of capital, achieving a 1.636 percentage point reduction in our interest coupon. It also reinforces our commitment to decarbonization, as the rate is tied to reducing the intensity of the emissions related to our production process. We were the first cement company in America to issue a Sustainability-Linked Bond and it was the largest US$ SLB by a cement company ever, positioning us at the forefront of the industry's decarbonization strategy.



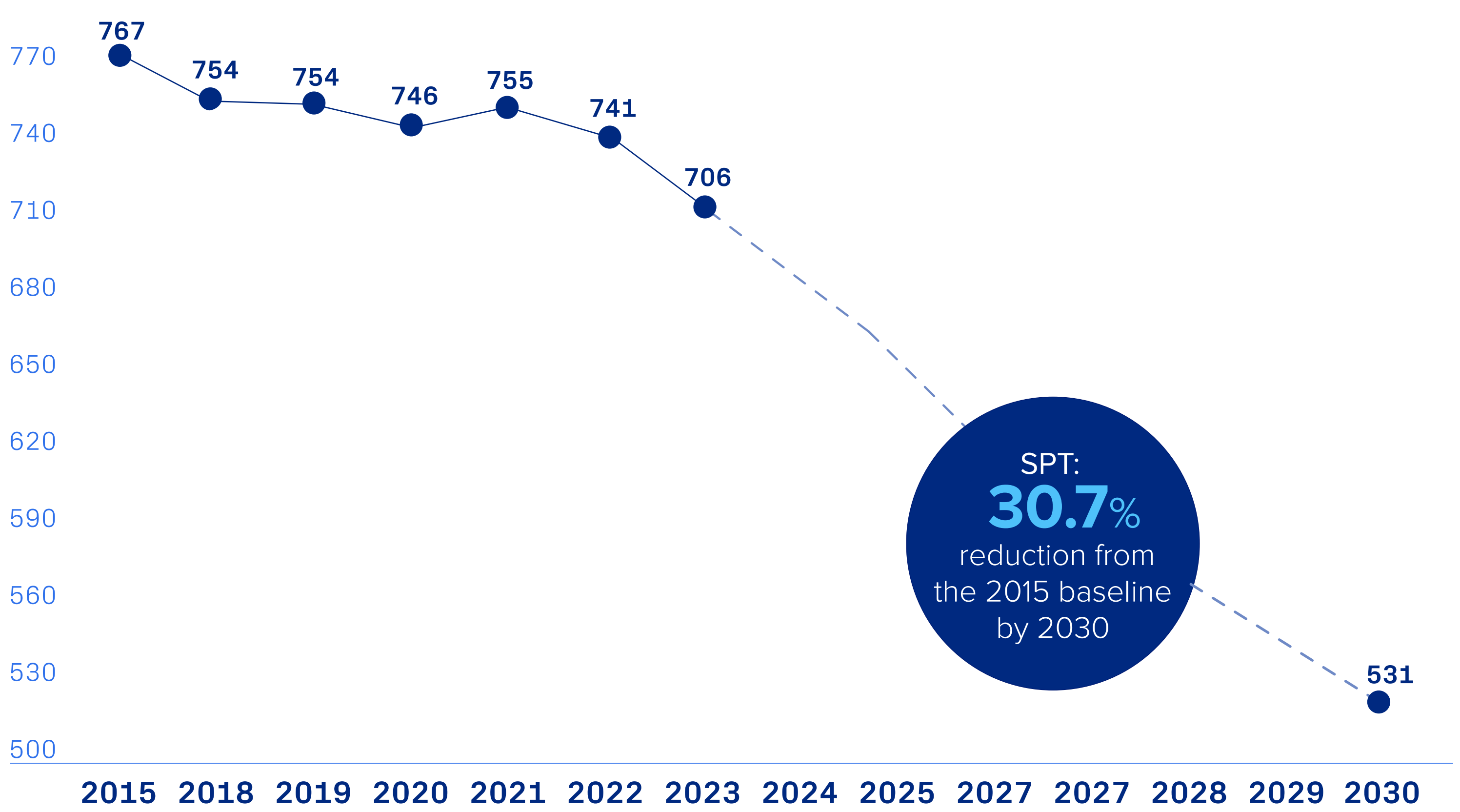
BUSINESS STRATEGY
SUSTAINABILITY STRATEGY



4.2. A Bellwether for the Industry

4.2.3.1. Sustainability Performance Target (SPT)

- Carbon intensity reduction, measured as specific gross kilograms of CO_2 (Scope 1) emissions emitted per ton of cementitious material.
- Target: 30.7% reduction by year-end 2030 from the 2015 baseline.
- Our target was validated by the Science-Based Target initiative (SBTi) in January 2023 and is aligned with the well-below 2°C curve.

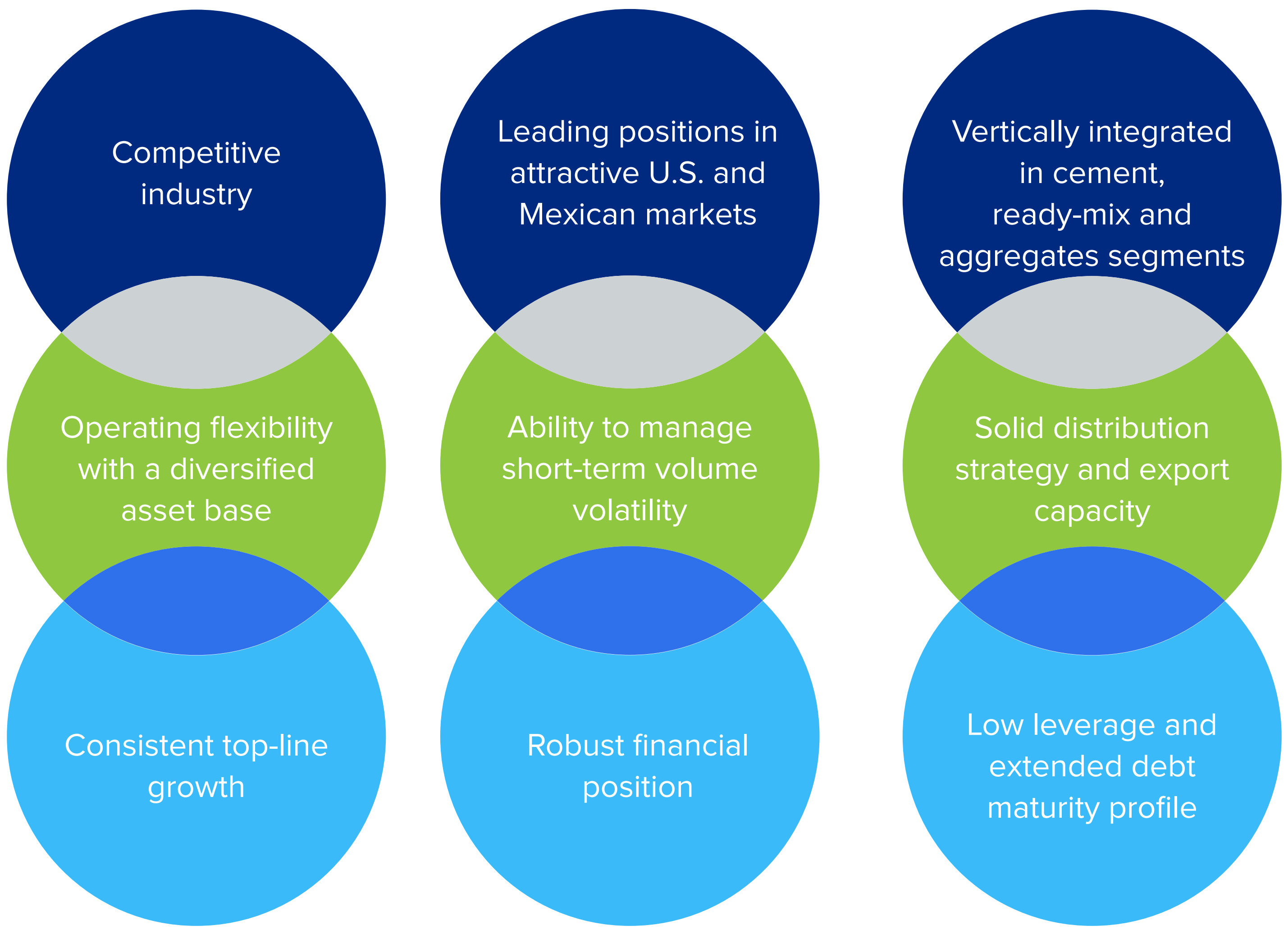


We plan to continue enhancing our business position in key markets, while maintaining a solid capital structure.

4.2. A Bellwether for the Industry

4.2.4. Preserving our Investment Grade Credit Rating

In 2021, we received investment grade ratings from both Fitch and S&P, upgrading our rating from BB+ to BBB-. Over the past three years, our rating has been affirmed, and in December 2022, Fitch revised our outlook from stable to positive, underscoring GCC's solid financial position, sound competitiveness and progress on sustainability. We have shown strong free cash flow generation through different economic cycles, reinforcing our commitment to enduring financial excellence.



Agency	Rating	Outlook	Date
FITCH	BBB-	Positive	Dec 23
S&P	BBB-	Stable	Jun 23

Positive credit ratings contribute to further enhancing the company's capital efficiency, which in turn, enables us to allocate more funds to operations optimization and sustainability-linked investment projects.

4.2. A Bellwether for the Industry

4.2.5. Capital Allocation Priorities: Growth and Sustainability

We base our capital allocation priorities on return on capital, prioritizing the profitability pillar, while at the same time applying long-term value creation criteria. Our 2023 capital allocation priorities were focused on growth, efficiency, flexibility and decarbonization. The Odessa plant expansion is a good example: while driven by our focus on growth and return on capital, the adoption of newer technology will significantly improve fuel efficiency at the plant, lowering our carbon footprint.

Efficiency and growth

$88.2M

- Odessa plant expansion
- Samalayuca plant debottlenecking

Return to shareholders

$37.8M

- US$ 24.6 million in dividends
- US$ 13.2 million in share repurchases

$98.6M

Total strategic and growth CapEx during 2023 ascended to US$98.6 million, with the largest portion dedicated to plant expansion, modernization and to increasing our blended cement production, followed by investment to expand our operational, logistics and energy supply flexibility.

INVESTMENT TYPE (US$ MILLION)	2023
Odessa, Texas cement plant expansion	80
Cement plant modernization and automation	64
Transportation equipment	18
Samalayuca plant debottlenecking	8
Property and land investments	7
Solar plants	5
Information systems equipment	1
Total	**184**

4.2. A Bellwether for the Industry

4.2.5.1. Capacity Expansion and Modernization

Odessa Expansion

This project, the largest in the history of GCC, will increase our annual cement production capacity by over 1 million tons and lower our greenhouse gas intensity by 12.5% by year-end 2025.

This expansion will optimize the cost structure and GCC's cement network by relocating cement shipped today to this region from Samalayuca, Chihuahua and Pueblo plants to other markets we serve with optimized freight cost.

Samalayuca Debottlenecking

The completion of this project in the first half of 2023 increased GCC's annual cement production capacity by 200,000 metric tons.

The tie-in process and related plant shutdown in the first quarter of 2023 required GCC to support our U.S. Southern network through shipments from our Tijeras and Pueblo facilities. This resulted in a one-time impact of US$2.8 million to our U.S. freight costs.

The US$30 million debottlenecking project enables the plant to increase the co-processing capacity using alternative fuels, which will eventually provide 60% of the total thermal energy required to produce clinker. Installation and ramp-up of the new equipment will continue throughout 2024.

Odessa

+1 million metric tons
(by 2025)

Samalayuca

+200K metric tons
(in 2023)

4.2. A Bellwether for the Industry

4.2.5.2. More Flexible, Lower Emission Logistics

During 2023, we further invested in our terminal network and completed our new terminal to strengthen GCC's position in the Minneapolis-Saint Paul area. Our terminal network provides us with higher logistics flexibility as we grow in our markets, while at the same time giving us the capacity to reduce emissions, as using railroads is considerably more sustainable than truck distribution. We are also assessing trucks with enhanced fuel-efficiency.

Additionally, as a result of our R&D effort, we are in the process of developing cellular or aerated concrete prototypes. Cellular concrete is a lighter, lower density concrete. It typically generates lower CO_2 emissions, compared to traditional concrete, since its production process involves using less cement per unit volume of material. Cellular concrete often incorporates lightweight aggregates or additives such as fly ash, which can further reduce the carbon footprint of the material. Additionally, because it is lighter, its transportation generates lower GHG emissions and allows it to be quicker; therefore, lower emission construction and even crates used in construction can be lower weight and thereby lower in emissions.

For a more detailed description of the impact of our investment on logistics, please visit our Planet section.

4.2.5.3. More Flexible, Cleaner Energy Supply

We continue to invest in equipping our plants to be able to operate with coal, natural gas, or alternative fuels, indistinctly, providing us with significant flexibility to opt for the most efficient solution to our energy needs at all times. Additionally, we also invested in the Montana solar power project during 2023, which was completed in January 2024 and is expected to supply 11% of the plant's electricity needs.

For a more detailed description of the impact of our energy initiatives, please visit our Planet section.

4.2.5.4. Inorganic Growth

We are optimistic about the opportunities we see ahead of us and continue to actively pursue value creation initiatives through acquisitions of cement assets located in the U.S. that can be connected to our network and which are aligned with our long-term strategic vision. We maintain strict M&A criteria with a focus on value for purchase, at a cost within strict pre-determined parameters. Our priority is to find opportunities within the areas where we operate.

In 2023, our Board of Directors authorized a broadened M&A scope, moving forward we will also proactively explore aggregate businesses opportunities within the United States.

4.2. A Bellwether for the Industry

DISCIPLINED APPROACH FOR GROWTH

Growth Framework

1	**Increase presence in existing markets**	• Increase market share • Vertical integration • Value-added products
2	**Increase productivity**	• Efficient investment strategy • Expand and scale capacity in a disciplined manner • Improve distribution network utilization
3	**Enter new markets**	• Continue successful U.S. expansion • Focus on synergic contiguous markets
4	**Value accretive M&A**	• Analyze opportunities that can generate shareholder value • Apply successful experience in integrating acquisitions to add synergies

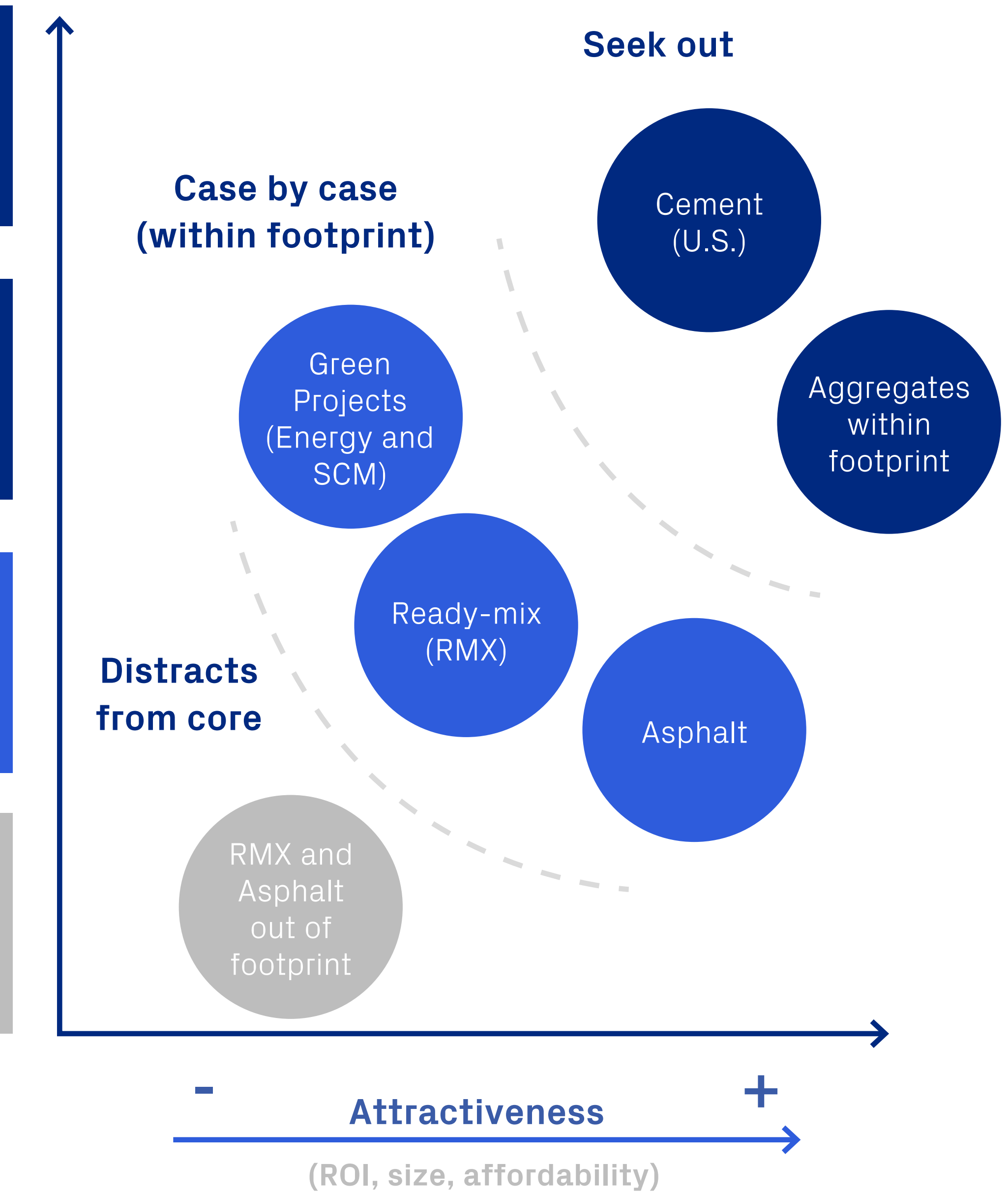
Strategic Priorization and Evaluation of Alternatives

1 **Cement opportunities**

2 **Aggregates opportunities with vertical integration**

3 **Green projects, Ready-mix and Asphalt with vertical integration**

4 **Standalone Ready-mix and Asphalt**



5

PLANET

At GCC, we are committed to environmental sustainability at all stages of our operations.

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5.1. Sustainability Strategy

Our Climate and Energy Goals

By 2030

SCOPE 1
Reduce net CO_2 emission
30.7%

SCOPE 2
Reduce scope 2 emission
57%

SCOPE 3
Reduce scope 3 emission
37.5%

By 2050

Collective ambition for net zero

CO_2 emission intensity targets are compared to our 2015 baseline.

5.1. Sustainability Strategy

UNDERSTANDING OUR CARBON FOOTPRINT

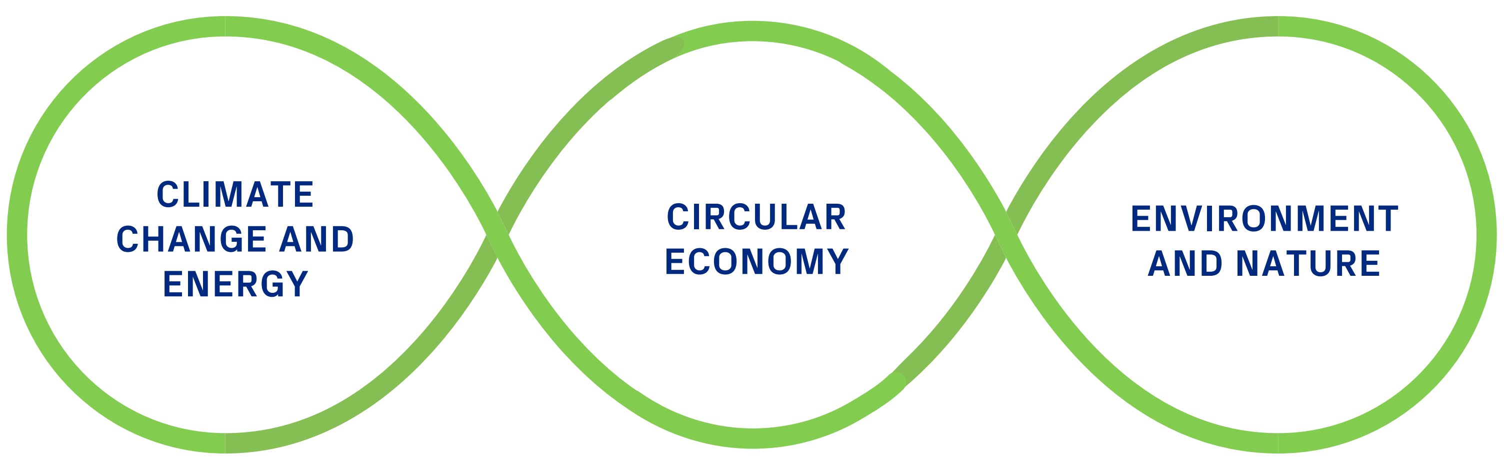
	SCOPE 1 Emissions directly tied to our operations	SCOPE 2 Indirect emissions from purchased electricity consumed in our operations	SCOPE 3 Indirect emissions generated in our supply chain
% of total GCC emissions in 2023	71.2%	4.5%	24.3%
Emissions intensity goals	531.7 kg CO_2/ton of cementitious material by 2030 ↓30.7% by 2030	33 kg CO_2/ton of cementitious material by 2030 ↓57% by 2030	773,905 ton CO_2 ↓37.5% by 2030
Strategic Levers	Thermal efficiency, use of lower carbon fuels, such as alternative fuels, and production of blended cements (lower clinker factor)	Expansion of renewable energy sources	Improve mining

Our environmental goals for 2030 and 2050 cover all three scopes of GHG emissions, encompassing all our operations, as well as our value chain, to address our total real and potential impacts on the environment.

All scopes were validated by the SBTi in alignment with a well-below 2°C scenario in January 2023.

5.1. Sustainability Strategy

At GCC, we are committed to environmental sustainability at all stages of our operations. Three of the five pillars of our sustainability strategy are climate related.



We have set a clear strategic route for the issues considered of critical importance by both the company and our stakeholders. These topics include GHG emissions, energy management and other air emissions.

As the world transitions to a net zero, nature-positive economy, we are working individually and collaboratively with the GCCA to establish a baseline, a clear methodology and a sound strategic roadmap for our high and medium priority material topics of water and waste materials management, and biodiversity.

The main objective of our environmental strategy is to reduce our emissions.

Our environmental strategy is aligned not only with the risks and opportunities that our key material topics represent, but also with the global cement industry's environmental strategy and goals. These are determined by the principles of the GCCA (of which we have been members since February 2012; previously known as CSI), in partnership with the World Business Council for Sustainable Development (WBCSD). As a result, we employ a sustainable management model that consists of continuous monitoring and evaluation of activities from an environmental, energy and social perspective. This approach aims to minimize the impacts on the environment, climate change and the communities in which we operate.

ENVIRONMENTAL MATERIALITY

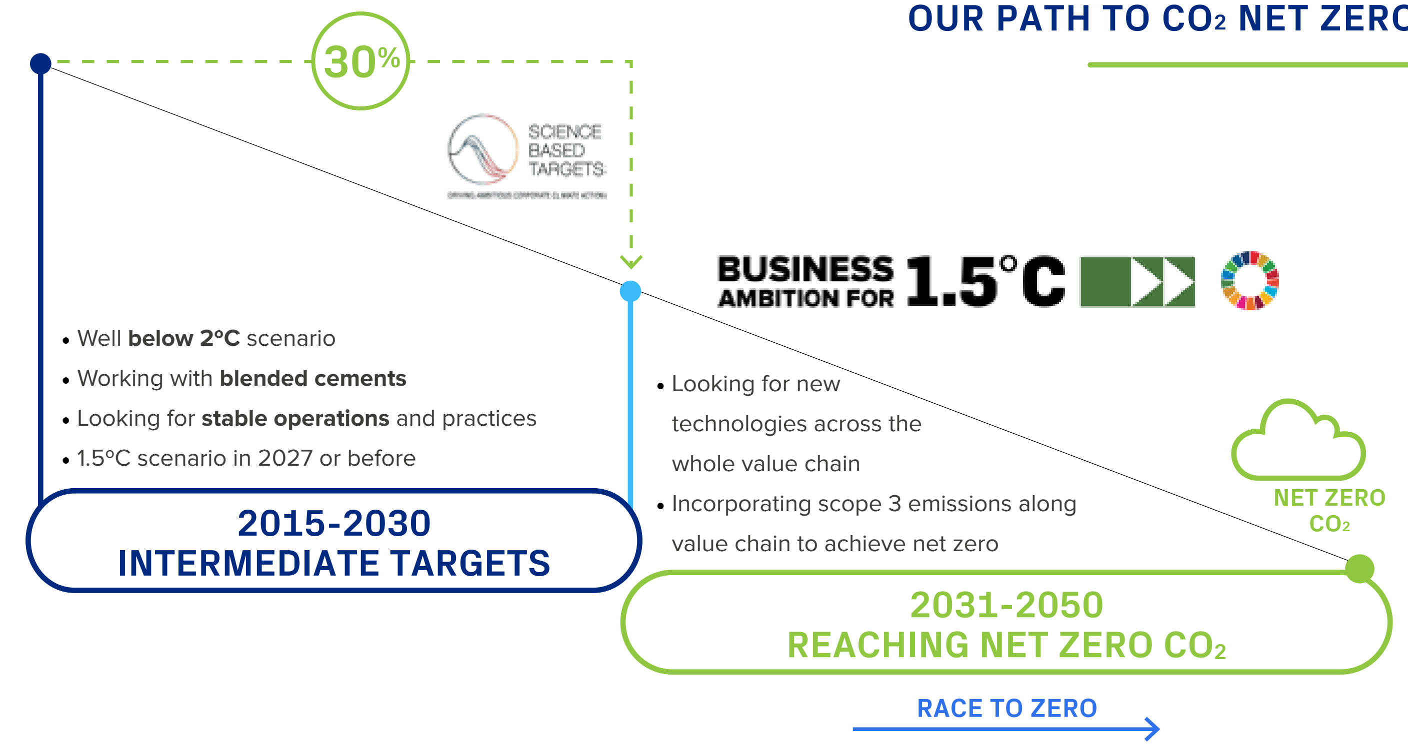
Priority	Topics
CRITICAL	• Climate change and GHGs • Energy management • Air emissions
HIGH	• Waste materials management • Water management
MEDIUM	• Biodiversity

5.1. Sustainability Strategy

To achieve our environmental goals, we have established a set of emission reduction targets and commitments, along with a strategic program to achieve them. Additionally, we have implemented an appropriate governance structure to oversee the execution of our program. A significant portion of the actions required to execute our strategic roadmap until 2030 are based on known technologies.

Conscious of the need to set a clear path compatible with our operations, that becomes embedded in our long-term operational excellence goal, we have taken continuous steps to strengthen our environmental strategy and commitments:

OUR PATH TO CO_2 NET ZERO



2015

Created our **Sustainability Committee**, with climate change as one of the main pillars.

2018

Joined GCCA as a core member and redesigned our **sustainability strategy** to better align it with GCCA's Sustainability Guidelines.

2020

Joined the **SBTi**, committing to set science-based emission reduction targets in line with climate science and the Paris Agreement, establishing a decarbonization pathway compatible with a temperature increase well-below 2°C.

2021

Came together with the global industry to state a collective ambition for **net zero concrete by 2050** to meet the global climate challenge. Additionally, GCC signed the PCA's Roadmap to Carbon Neutrality and joined the Race to Zero campaign under the UN's Framework Convention on Climate Change (UNFCCC).

2022

Issued our first **Sustainability-Linked Bond (SLB)**, binding our commitment to reduce the company's carbon intensity by 30.7% by the end of 2030, compared to our 2015 baseline.

Worked in the **CANACEM Roadmap**, outlining objectives for 2030. It was introduced in 2023.

2023

Obtained **validation from SBTi**, confirming that our emissions reduction targets for all three scopes align with the well-below 2°C curve.

Published our first **TCFD** report.

Designed our **One Planet, Committed to a Sustainable Tomorrow** environmental program.

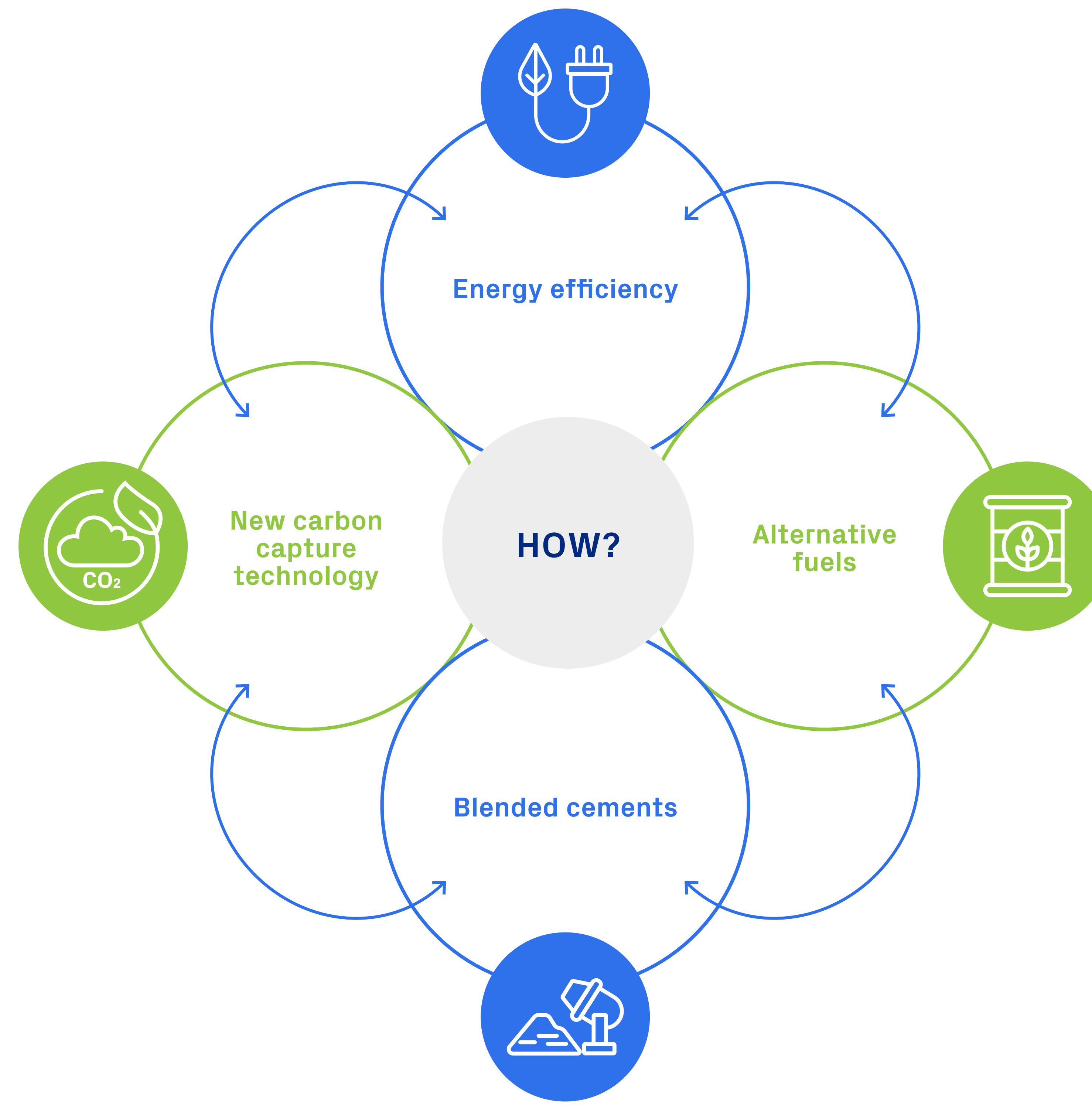
2027

Will revalidate our SBTis and align our carbon intensity reduction target with the Business Ambition for 1.5°C trajectory.

5.1. Sustainability Strategy

GCC is seeking to connect their international employee population with their sustainability actions. Specifically, GCC is looking to drive **engagement, awareness and understanding** of the progress that they have made towards industry-wide sustainability standards. Also looking to promote a **culture of sustainability** within the organization, with employees displaying a more sustainable mindset, enacting **sustainable behaviors** in their day-to-day roles, and feeling a sense of pride in the work they are doing to reduce their environmental impact.

As a result, in 2023, we initiated the design of our One Planet strategic communication program. This program is designed to drive employee engagement, excitement and commitment for sustainability at GCC.



ONE PLANET
COMMITTED TO A
SUSTAINABLE TOMORROW

5.1. Sustainability Strategy

As a result of our energy optimization efforts, two of our plants – Pueblo, Colorado and Rapid City, South Dakota – were awarded the ENERGY STAR® certification by the United States Environmental Protection Agency (EPA) in 2023, which is granted to the top 25% of companies with lower electricity consumption among similar facilities nationwide. By adhering to ENERGY STAR's strict standards, these plants are not only conserving energy and reducing costs, but also contributing to environmental preservation. Pueblo has maintained this certification for the sixth consecutive year and Rapid City for the fourth consecutive year.

Our One Planet decarbonization roadmap is led by each country division and executed through locally managed plans at each of our plants. The Sustainability Executive Committee oversees the development and implementation of GCC's sustainability strategy, advising the Board on climate-related risks and opportunities.

GCC recognizes that public policy is instrumental in helping the cement and concrete industry decarbonize. Through GCC's role as a member of the PCA, the company has advocated for a national Cap and Trade system in the United States and provided key feedback on emerging technologies that are funded by the Inflation Reduction Act. GCC works from the local level up to the federal level with industry partners, policy makers, government officials and national associations such as CANACEM in Mexico and PCA in the U.S., to create sustainable public policy related to climate change.

To advance our carbon emissions reduction and mitigation efforts, we have been working in a feasibility study for the adoption of carbon capture technology. Significant initial steps have already been taken and we have developed internal targets to ensure close collaboration with technology developers to identify the most suitable technology for each plant's operations. These measures are part of our broad-based sustainability strategy and entail a long-term process.

We are committed to minimizing the impact of our production on air quality. GCC operates under increasingly strict environmental regulations in the United States and Mexico. We consistently invest in maintaining our state-of-the-art production facilities, following the compliance requirements set forth by the National Emission Standards for Hazardous Air Pollutants (NESHAP) and the Clean Air Act in the United States, as well as adhering to Mexican environmental laws and regulations promoted by the Ministry of Environment and Natural Resources (SEMARNAT, by its acronym in Spanish).

Another way in which we work to reduce the impact we have on the environment, particularly in nearby communities, is through conscious water and waste management along with our efforts to restore biodiversity in the reclamation processes. As a member of the GCCA, we are committed to adopting their guidelines, and we adapt and measure the environmental indicators outlined in the GCCA charter. We measure and audit indicators in compliance with GCCA guidelines for: carbon emissions, other emissions, biodiversity, water and health and safety.[1]

GCC owns and operates a coal mine, providing a reliable energy source for our operations. A relevant factor that differentiates our coal is its thermal efficiency. It is a specialized, high heat value coal, ideal for this specific industrial process. While the use of coal provides an important advantage protecting margins from price volatility, we're fully committed to our vision of mining our coal reserves to depletion, aligned with our long-term sustainability goals.

[1] These indicators are marked as GCCA in the tables in our Annex.

5.2. Sustainability Governance

Ultimate oversight of climate-related risks and opportunities lies with our Board of Directors. During 2023, the board held a total of six meetings, with climate-related matters on the agenda of four of them. These discussions included sustainability metrics, targets, performance, and progress on CCUS projects, as well as reports and ratings. Additionally, the Board of Directors receives quarterly reports from the CEO.

The Chairman of the Board receives and reviews climate-related metrics monthly. Our CEO is an alternate Director of the Board with responsibility for climate-related issues. Leading the Sustainability Executive Committee, he oversees the monitoring of our climate strategy. Since October 2021, he has been a member of the Board of the GCCA, where he is dedicated to reducing the impacts of cement production, including advancing the industry-wide roadmap for net zero concrete.

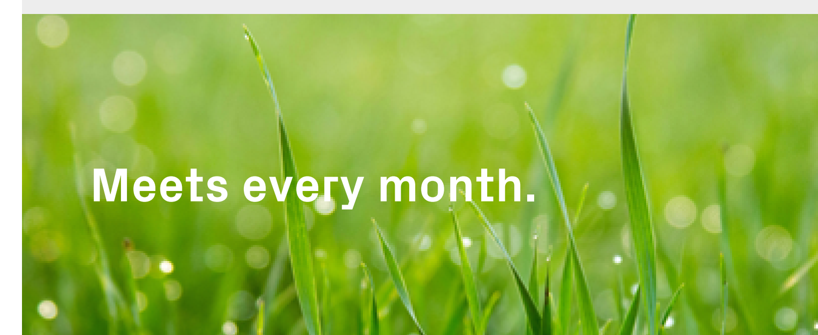
At GCC, our Sustainability Executive Committee oversees the development and implementation of GCC's sustainability strategy and advises the Board on climate-related risks and opportunities that have influenced our business strategy in relation to our products and services, operations, supply chain, and investment in research and development (R&D).

The Sustainability Executive Committee is integrated by our CEO, seven SLT members, and our Sustainability Corporate Manager. Additionally, we have a corporate Sustainability Team consisting of the R&D, Innovation and Climate Change Managers, as well as the U.S. and Mexican Environmental Directors. This team is responsible for overseeing and helping implement our low-carbon transition, led by our CSO, who is part of our Senior Leadership Team.

Senior Leadership members have specific annual goals related to climate targets, strategy and emissions reduction projects. Performance against these targets, climate transition plan KPIs and implementation of employee awareness campaigns on climate-related issues, is reported and considered in relation to compensation.

Sustainability executive committee

Established for eight years, since 2015.



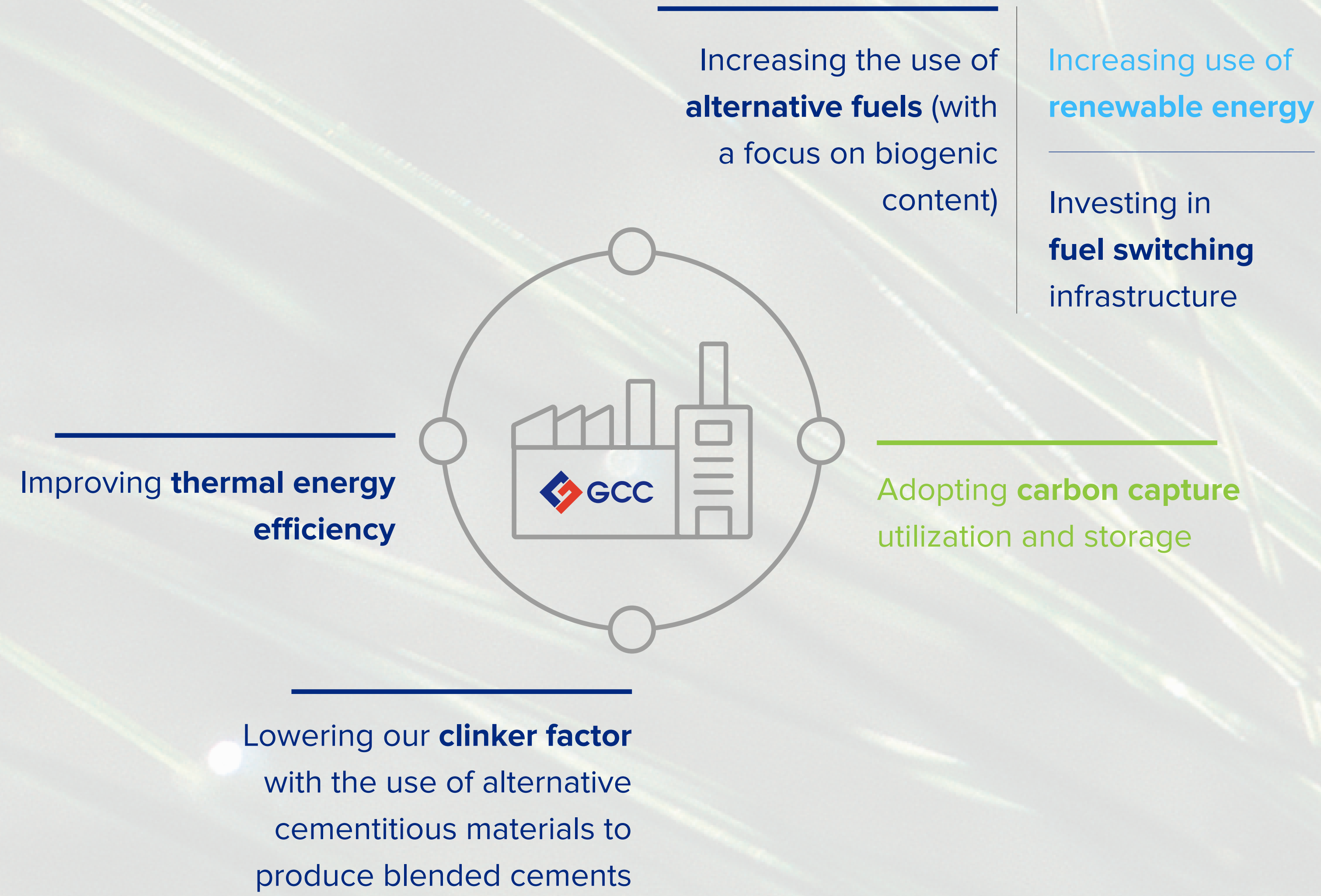
Monthly meetings with the Chairman of the Board.

Quarterly report to the Board of Directors.

Monitors sustainability performance.

5.3. Our Approach to Net Zero CO_2

In order to accomplish our mid-term goals by 2030, and ultimately achieve net zero by 2050. Our Net Zero CO_2 Roadmap is based on four pillars: Improving thermal efficiency, alternative fuels substitution, clinker factor reduction, and carbon capture. We expect these efforts to show results in reducing our **Scope 1 emissions by decarbonizing our operations.** Our **Scope 2 emissions by introducing more renewable energies into our energy matrix** and reducing remaining emissions through advancements in **carbon capture** in the long-term.



5.3. Our Approach to Net Zero CO_2

Our CO_2 reduction actions include all our cement operations, from the quarry to the finish mill:

CO_2 REDUCTION AND MITIGATION INITIATIVES

Production
Quarry

- Restoration

Production
Cement

- Decarbonated raw materials
- Renewable power
- Energy efficiency
- Alternative & biogenic fuels
- Fuel switching AI
- Hydrogen injection
- CO_2 capture
- Grinding admixtures and technologies
- Filters additions
- Supplementary cementitious materials

Plant
Ready-mix and aggregates

- Additions
- Binders
- Recycled aggregates
- Energy efficiency
- Low emissions fuels AI

Industrial, commercial, residential
Construction and demolition

- Natural recarbonization of concrete
- Recycled concrete

In alignment with the GCCA Roadmap to net zero concrete and the PCA Roadmap to Carbon Neutrality, we are working on clinker and cement mitigation levers.

In the mid-term, we focus in ready-mix production, construction, and re-carbonation of concrete.

In the future, our strategy includes the potential to incorporate CO_2 capture and more circular economy solutions, not only for energy, but also for intermediate and end products.

5.3. Our Approach to Net Zero CO_2

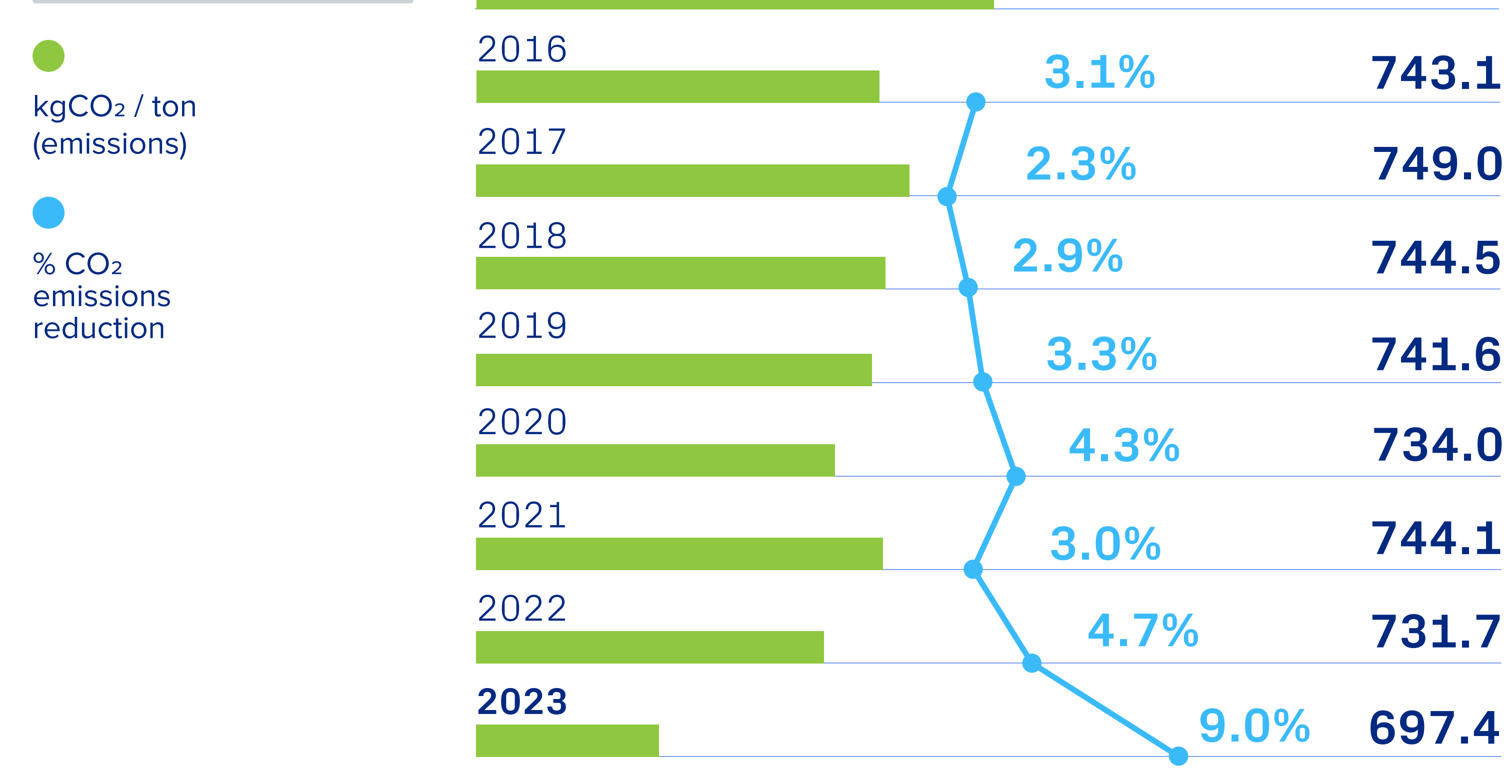
During 2023, we invested US$87.2 million in low-carbon decarbonization projects. Our top five decarbonization projects focused on thermal efficiency at Odessa, alternative fuels at Samalayuca and renewable energy at Trident.

TOP FIVE DECARBONIZATION PROJECTS

Plant	Mitigation lever	Project
ODESSA	Thermal efficiency	New kiln
SAMALAYUCA	AF Pre-processing	Area expansion for alternative fuels pre-processing
SAMALAYUCA	AF Co-processing	Capacity expansion Redesign of the calciner for lower CO_2 emissions
PUEBLO	Blended cement	Conditioning to produce 1L
TRIDENT	Renewable energy	Solar panel installation

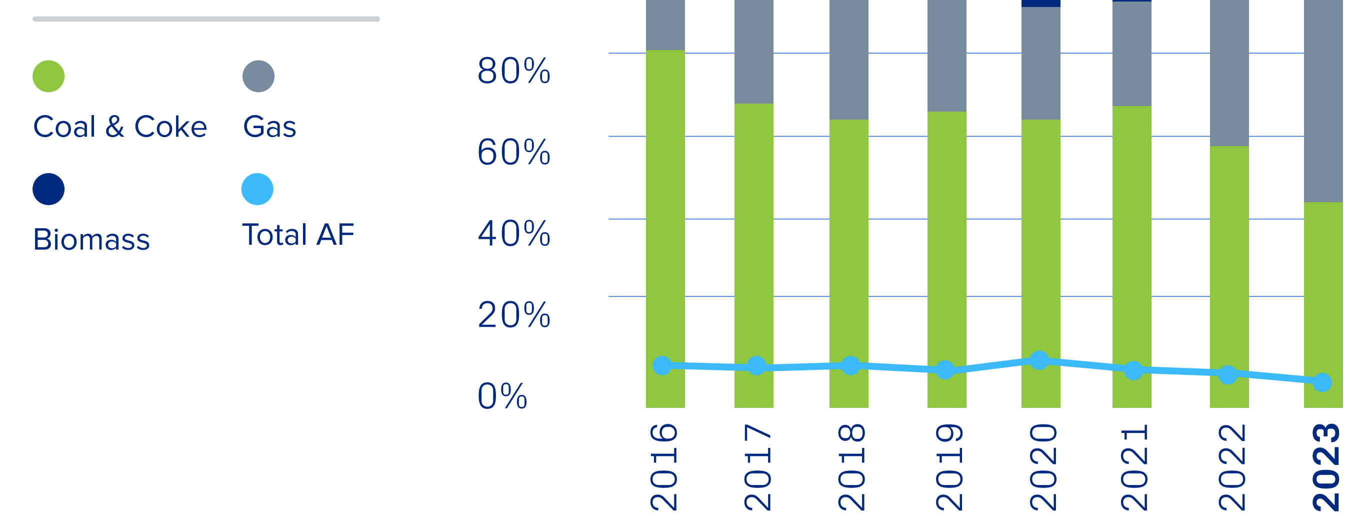
As a result of our efforts, we reduced CO_2 emission intensity by 4.7%, a record reduction compared to 2022. This was made by increasing the production of 1L Cement in Pueblo, Rapid City, Trident and Samalayuca plants. Also, in 2023 we used more natural gas in Mexico.

NET CO_2 EMISSIONS[1]



[1] 2015 is the baseline year for our SBTi validated CO_2 emissions reduction target.

FUEL SWITCHING



5.4. Decarbonization Roadmap

Our decarbonization efforts are concentrated on four areas of improvement, three of them in the mid-term (2030 goals) and carbon capture in the long-term.

Improving thermal energy efficiency	Lowering our clinker factor with blended cements
Increasing the use of alternative fuels (with a focus on biogenic content)	Adopting carbon capture

5.4.1. Improving Thermal Energy Efficiency

To produce clinker kilns need to be operating between 1,400°C and 1,500°C, requiring a significant amount of energy. By optimizing our thermal energy efficiency within our production process to maintain consistent operations, we can minimize waste energy that comes from heating up the kilns. The efficiency with which we use our energy depends on how we operate our plants, as well as our production technology and equipment.

The more stability we achieve in our cement production, the lower our CO_2 emissions. We are focused on the cement kilns' stabilization through continuous improvement and constant innovation. As an example, we introduced new technology to monitor vibrations in equipment at our Pueblo plant in order to prevent production disruption, which demands a higher thermal energy consumption.

5.4. Decarbonization Roadmap

5.4.2. Blended Cements with a Lower Clinker Factor

In GCC, we believe innovation is key to our sustainable development; this translates into supporting continuous improvements in our products and processes. In this regard, the R&D and Innovation departments work together with our operations and sales teams to incorporate innovative technologies and materials in our production units. These efforts lead to the development of new, more sustainable products and processes aimed to achieve our 2030 and 2050 CO_2 reduction and net-zero concrete targets. Aligned with this vision, in early 2023, the R&D department began reporting directly to the Chief of Sustainability and Innovation to enhance the research for initiatives aimed at reducing our clinker factor below 80%.

In our journey to reduce CO_2 emissions, our technical teams are constantly exploring innovative materials like natural pozzolans, by-products, and clays with the potential to substitute clinker while maintaining performance and enhancing the durability of our low-clinker cements.

In this endeavor, we collaborate with our customers and local agencies, including the Portland Cement Association (PCA), Departments of Transportation (DOTs), the National Ready Mix Association (NMRA), and others organizations, to develop our low-clinker cements that meet market requirements.

What is the clinker factor?

Clinker is an intermediate product in cement manufacturing produced by calcination of limestone and clayey minerals in a rotary kiln at temperatures close to 1,450°C.

Clinker factor is the percentage of clinker in cement (according to the WBCSD-CSI Cement CO_2 and Energy Protocol).

Our initiative to reduce the clinker factor in our cements includes steps like elevating limestone levels and adopting Supplementary Cementitious Materials (SCMs) such as natural pozzolans and calcined clays.

Published our first EPD

In 2023 we published the first **Environmental Product Declaration** for one of our products. We incorporated more during the year, following that milestone.

5.4. Decarbonization Roadmap

The following list of products highlights some achievements resulting from this collaboration:

- We launched our first pozzolanic cement in the New Mexico area from the Tijeras plant.
- In Mexico, we have transitioned our Portland Limestone Cements (produced since the early 2000s) into ternary blends through the utilization of local natural pozzolans as alternatives to partially replace clinker.

  Moreover, we manufacture two types of low-density calcined clays, which not only decrease carbon footprint but also enhance the mechanical strength and durability of the resultant ready-mixed concretes.

  Furthermore, these low-density materials enable us to tailor concrete formulations for specific market demands
- We are increasing the offer of blended cements by adding Supplementary Cementitious Materials (SCMs), improving the durability indicators and the life of structures built with them, and at the same time reducing our overall clinker factor.
- Blended cements represented a record 73% of cement production in 2023, more than double their participation in 2022.
- We started a project to modify our Tijeras plant to be capable of producing additional volume of lower-carbon cements.

Besides searching for the most suitable materials for our low-clinker cements, our technical teams are constantly exploring grinding alternatives, improving synergy with admixtures, and implementing more sustainable calcination technologies, among other initiatives.

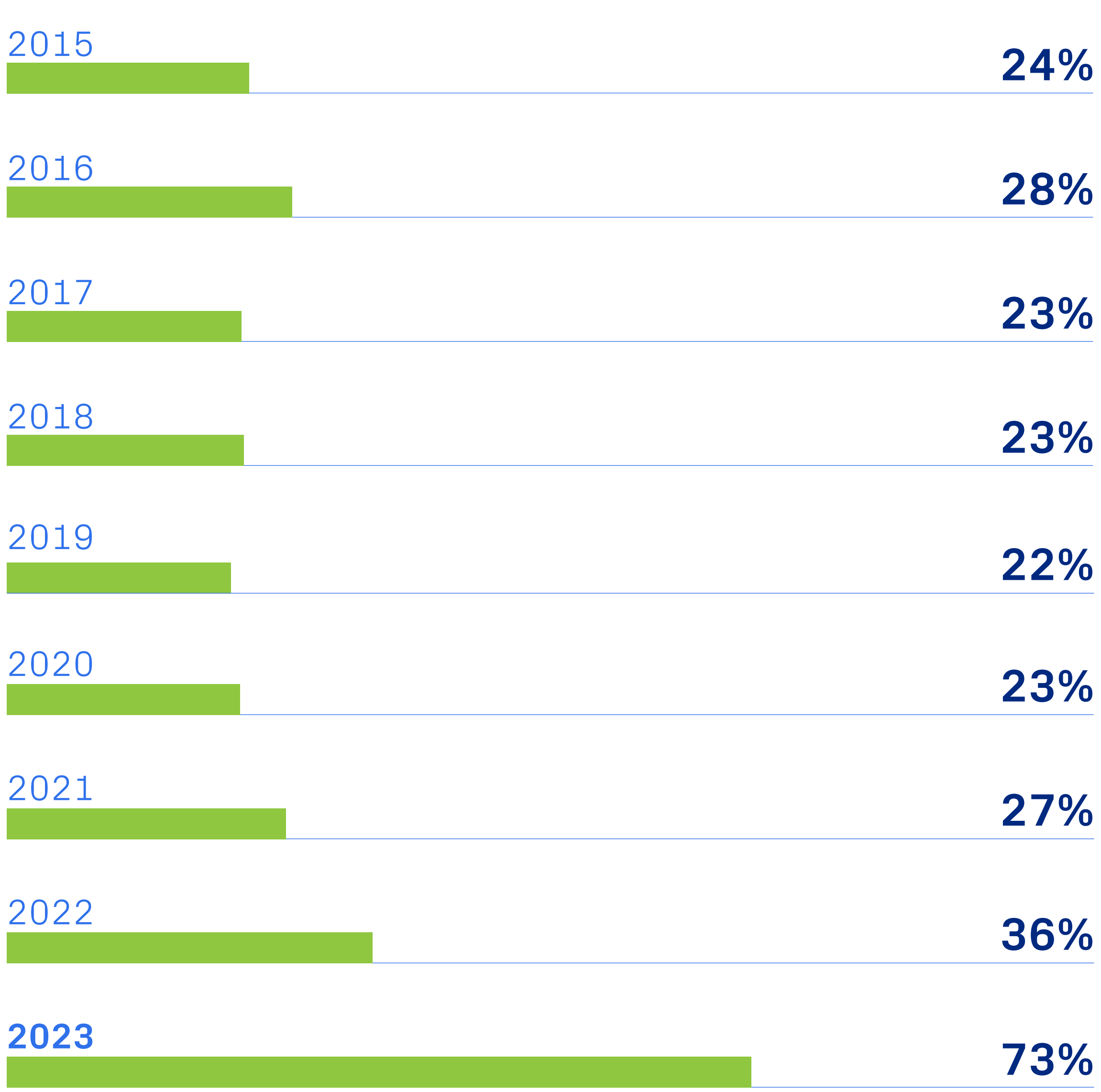
Our technical teams foster open communication with local companies, forming alliances geared towards achieving a circular economy in our products.

Our ongoing quest of materials is aligned with our overarching philosophy of reducing emissions throughout the entire lifecycle — from the extraction and production of raw materials, to their transportation, storage, and processing. These concerted efforts are in line with our commitment to the scope 3 methodology. We are committed to sourcing materials and implementing processes that minimize environmental impact at every stage, ensuring sustainability and responsibility in our operations.

GCC reduced clinker factor to a record 84.2% in 2023, 2 percentage points less than 2022, and 4 percentage points lower in the last three years.

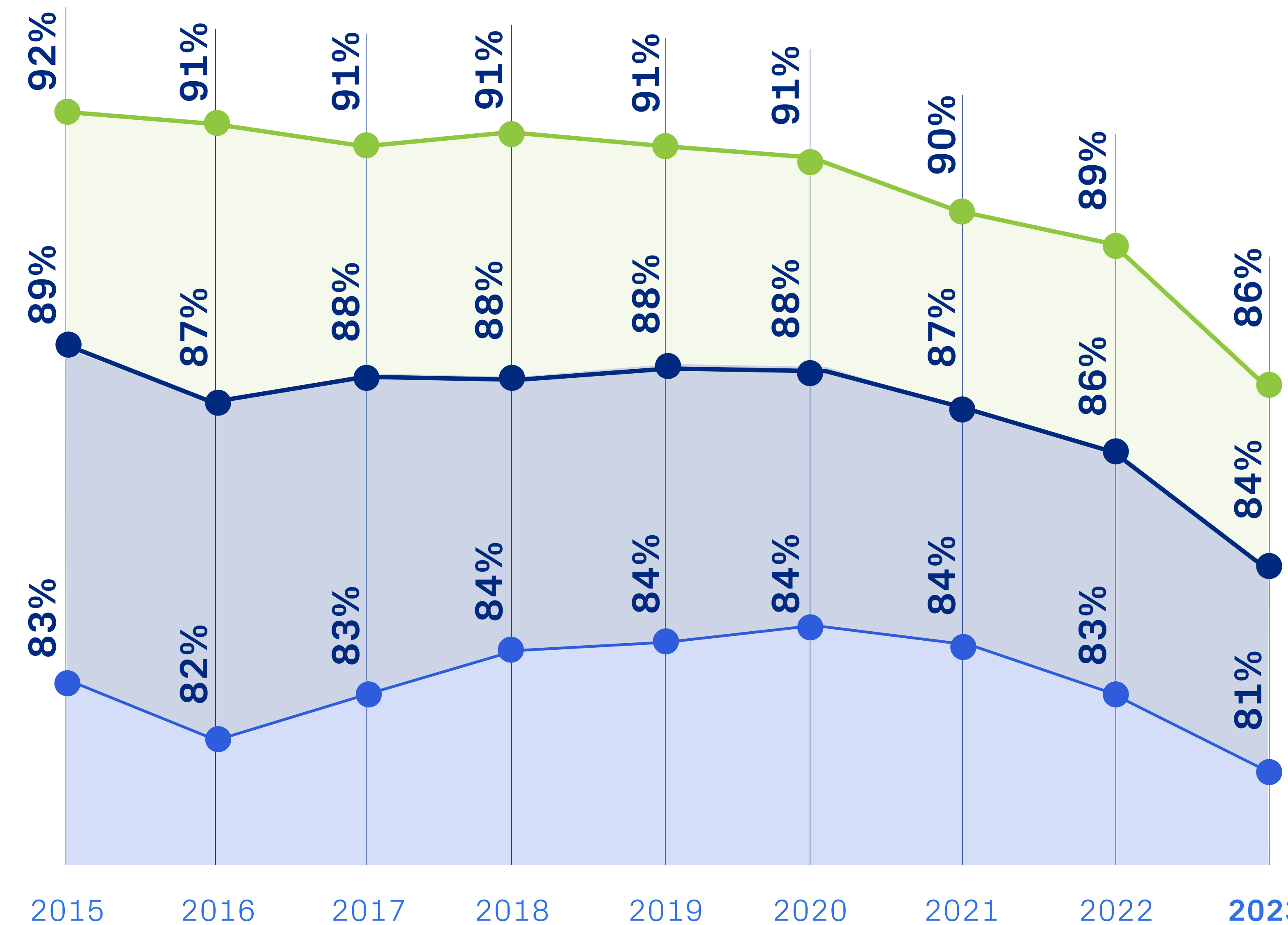
5.4. Decarbonization Roadmap

BLENDED CEMENT[1] PRODUCTION



GCC

% CLINKER FACTOR

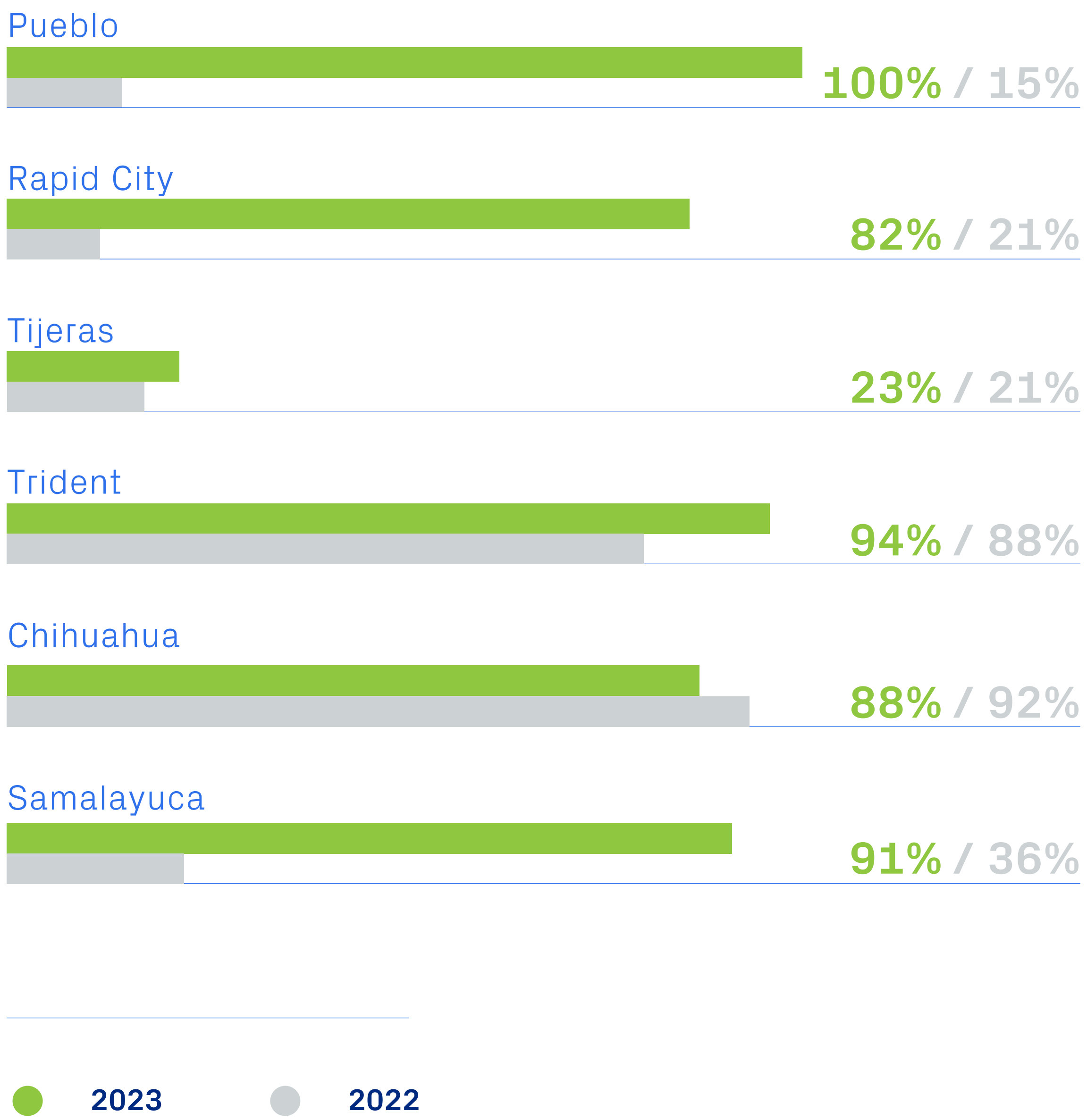


U.S. GCC Mexico

[1] Blended cement refers to PLC (Portland Limestone Cement) and pozzolanic cement.

5.4. Decarbonization Roadmap

Our Pueblo plant was fully converted to PLC in 2022. Trident and Rapid City have also been able to produce PLC since 2022, and Samalayuca has also produced and exported PLC since then. Chihuahua and Samalayuca began to use pozzolans in addition to limestone in 2023.



5.4.3. Innovation and R&D

Our Research and Development team conducts trials and studies oriented to reducing our clinker factor, which are reviewed by our Sustainability Committee. Leading to the development of new products and processes tailored to our customers' needs, and focuses on creating cements with lower carbon footprint.

We also invest in research through strategic partnerships: GCC joined the Cement Sustainability Initiative in 2012, and the Global Cement and Concrete Association in 2018. Since then, our R&D team has actively participated in Innovandi, the Global Cement and Concrete Research Network of the GCCA, which aims to accelerate global collaboration on cement and concrete innovation – a crucial step in climate action.

GCC's R&D team actively participates in Innovandi's three key programs initiatives: Open Challenge, Core Projects and Partner Projects.

5.4. Decarbonization Roadmap

→ **Open Challenge.** GCC is an active member of initiatives like the GCCA's Open Challenge, which aims to support startups working on relevant subjects within the construction industry. The goal is to accelerate the development of technologies that will help us achieve our emissions reduction target by 2050. GCCA members form partnerships with tech startups to decarbonize materials and processes, with a vision of achieving net-zero concrete by 2050.

- This collaboration started in 2021 and is renewed annually, seeking proposals aimed at mitigating emissions and addressing key sustainability challenges by presenting innovative solutions in areas such as carbon capture, utilization, and storage (CCU/CCS), low-carbon footprint materials, concrete recycling, additives, and supplementary cementitious materials.

- Since the first Open Challenge, our Research and Development team has been deeply involved in the comprehensive evaluation of more than 100 startups that have sought support through the application process. These startups aim to progress in various aspects such as the industrialization of their innovative concepts, the execution of pilot projects, the validation of business models, and other critical phases of development. Through this rigorous evaluation process, GCC's commitment to fostering innovation and supporting emerging businesses in the construction sector is exemplified.

GCC's R&D team participated in evaluating over 100 startups worldwide.

5.4. Decarbonization roadmap

- **Core Projects.** In addition to GCC's efforts within the Innovandi Open Challenge initiative, our technical champions participate in the review and evaluation of various proposals in both the Core and Partner projects. These initiatives bring together academic leaders with industrial mentors, technical experts, and the GCCA's scientific committee core projects. Currently, there are 10 Core Projects underway, featuring partners from various global regions. These projects cover topics such as artificial intelligence to optimize cement manufacturing, carbonation and corrosion of concrete, supplementary cementitious materials, and their influence in low-carbon cements' performance, among others.

- **Partner Projects** are also aligned with the Innovandi research map and funded in collaboration with academic partners. As an industrial player, GCC participates hand in hand with academia and other industrial mentors in the review and selection of projects tailored to the needs and challenges of the global cement industry. Each partner project is reviewed annually, with GCC collaborating alongside other industrial members to enrich the outcomes of these projects.

GCC and Local Research Networks

GCC plays an important role in the local research environment, evident in its collaboration with The Center for Research in Advanced Materials (CIMAV), a local research center affiliated with the National Council of Humanities, Sciences and Technologies (Conahcyt), and the Chihuahua State government. This collaboration reflects GCC's commitment to our vision pillars of people, profit, and planet.

Aligned with these pillars, GCC's R&D department conducts research projects focused on science materials, energy and technology aimed to improve industry and company profitability while nurturing high-level human resources.

Over nearly three decades of partnership, GCC's R&D team and CIMAV have supported the most numerous Master's and PhD students and gained insight on relevant topics for the company throughout numerous research projects, including:

- Alternative fuel
- Reactivity of supplementary cementitious materials (SCM's)
- Additive manufacturing
- Durability improvement in cementitious materials
- Alternative cementing materials
- Concrete recycling
- Caracterization flue gas emissions

In 2024, GCC is participating in the Chihuahua State government call for Science, Technology and Innovation. The project proposed by GCC's R&D team seeks to evaluate the effect of alternative fuels in the reduction of CO_2 emissions in the production of cement.

5.4. Decarbonization Roadmap

5.4.4. Alternative and Renewable Fuels

5.4.4.1. Heightening Energy Flexibility and Efficiency

We are continuously innovating to introduce reliable, lower carbon and optimal cost energy alternatives to our operations to replace carbon-intensive fuels. We are particularly focused on investing to provide all our plants with the option of using natural gas, alternative fuels that contain carbon-neutral biomass, as well as renewable energy sources.

Thermal energy efficiency plays a crucial role in mitigating Scope 1 emissions, while the adoption of renewable energy helps to reduce our Scope 2 emissions.

Given the importance of this strategic pillar for our environmental strategy, four years ago, we created a Corporate Energy department dedicated to energy supply and procurement. Two years later, we integrated the alternative fuels team into our Corporate Energy department. Additionally, our Technical and Operations departments collaborate closely with the Corporate Energy department, prioritizing energy efficiency programs.
In 2023, we invested US$9.2 million to introduce more flexible energy sourcing into our cement plants.

We place significant emphasis on improving thermal and electric energy consumption in our operations.

5.4.4.2. Fuel Switching Strategy

In 2023 we made significant advancements in our CO_2 emissions reduction strategy by using a higher portion of natural gas in our plants, lowest emissions of all fuels. We have the goal of providing all our cement plants with the capacity to work 100% powered by natural gas, and the flexibility to burn various types of fuels (coal, natural gas, biomass or alternative fuels), which contributes not only to our goal of lower emissions but also improves our competitiveness.

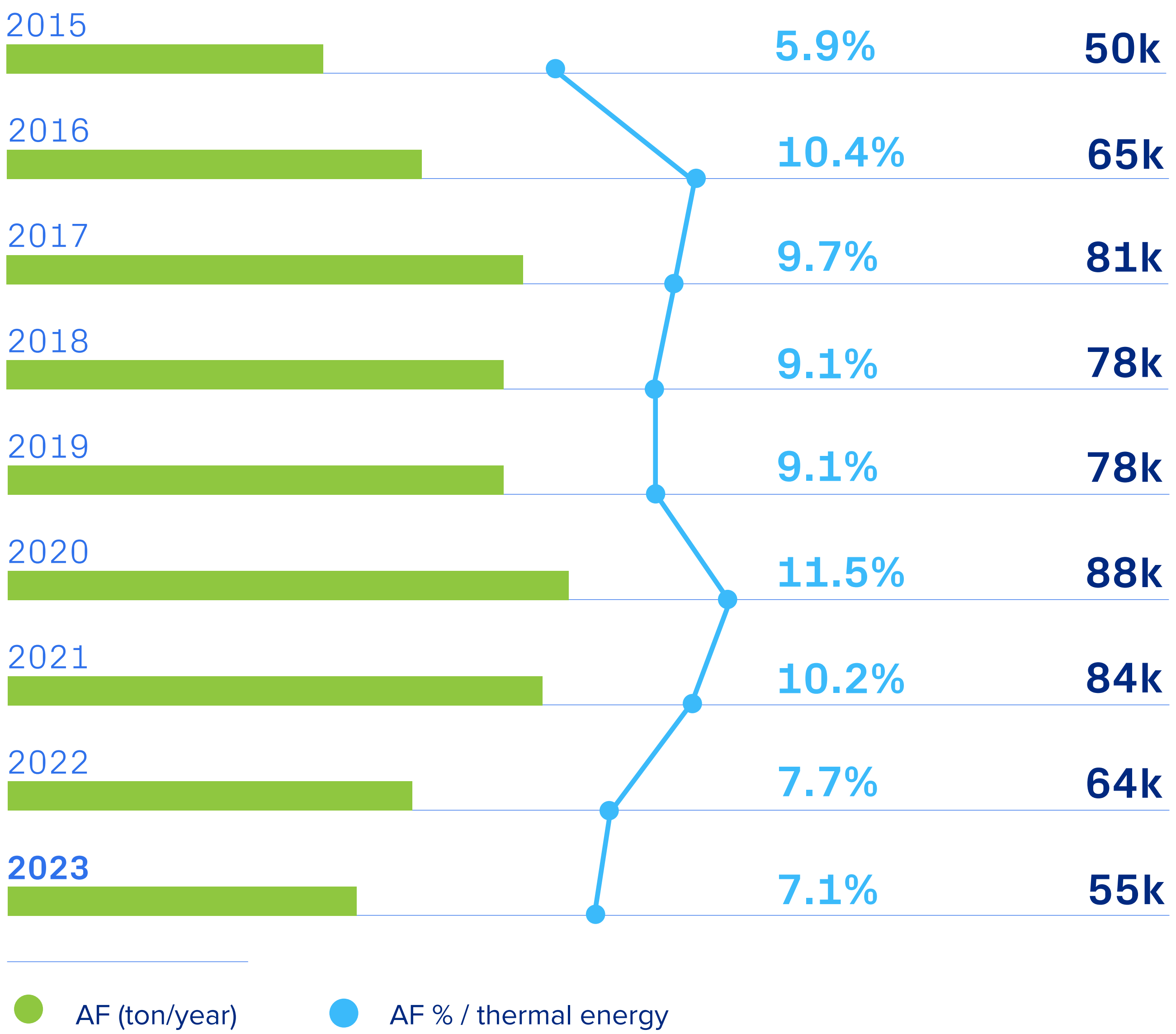
In 2023, approximately 48% of our total thermal energy came from natural gas, 13 percentage points more than in 2022, showing our fuel switching capacity. We are currently working so that by early 2026, all our U.S. plants will have the capacity to consume 100% natural gas when required.

5.4. Decarbonization Roadmap

5.4.4.3. Circular Economy: Alternative Fuels

We work with local and regional companies to utilize their non-recyclable materials as alternative fuels for clinker production, transforming material streams, that might otherwise end up in landfills, into energy. We are particularly focused on biomass which is carbon-neutral.

ALTERNATIVE FUELS (AF) USAGE



ALTERNATIVE FUELS (AF) ADVANTAGES

- AF are developed to be more economical than fossil fuels.
- AF conserves natural resources and landfill space. In 2023 over 54,000 tons were diverted from landfill and converted into AF.

Our goal is 25% of our thermal energy will come from biomass across all our plants by 2030.

5.4. Decarbonization Roadmap

We holistically explore ways to increase our fuel substitution rate, examining a variety of fuel sources and the infrastructure changes necessary to effectively utilize them.
In 2023, we made investments to process different alternative materials to incorporate new streams of alternative fuels such as plastics and plastic purges, sorghum and resinated wood. We also focused on amplifying our plants' capacities to process these materials, achieving an average substitution rate of approximately 7.1% of fossil fuels with AF, with some plants reaching up to 38% substitution.

We have developed and alternative fuels (AF's) strategy for each plant based on available materials in each region.

Also in 2023, our Juarez plant saw the kickoff of the first phase of an expansion project aiming at 38% of substitution with alternative fuels:

- The pre-processing area was equipped with two shredders capable of producing solid fuel under 35mm from resinated wood and medium-density fiberboard (MDF).
- A pilot micronizer was installed to manufacture solid fuel under 5mm from industrial waste plastics.

We expect to see the most meaningful increase in alternative fuel use at our Samalayuca plant, where to prepare for a 60% AF substitution in 2024, we incorporated the following equipment in 2023:

- A mobile tire shredder, capable of making 15,000 tons of TDF to satisfy increased plant AF requirements and combat illegal tire disposal in El Paso, Texas and Juarez, Mexico.
- A new quad-shaft shredder into the existing production line, which can produce an additional 100,000+ tons per year (15-20 TPH) of solid shredded fuel.

The Chihuahua pre-processing site was also enhanced by incorporating a new shredder capable of processing different types of materials previously not used in our formulations. The manufacturing industry is now offered zero landfill disposition services for textiles, high density plastics, fabrics, and urethanes.

In order to increase our waste co-processing and improve our technology, we work with regulatory authorities, producers and other stakeholders to develop optimal co-processing solutions. Best practices are shared among plants, and we work with stakeholders to increase our fuel substitution rates.

TIRE DERIVED FUEL (TDF)

Cement manufacturing is a very energy intensive process and requires large volumes of fossil fuel.

BENEFITS

- Lower emissions than fossil fuel and can reduce coal usage up to 25%.
- Saves 400 lbs of iron ore and equivalent of 100 gallons of fuel for every 100 tires burned.
- Keeps scrap tires out of landfill while recovering energy and utilizing raw materials.

5.4. Decarbonization Roadmap

5.4.4.4. Increasing Use of Renewable Electrical Energy

	RAPID CITY	ODESSA	MONTANA	SAMALAYUCA
Max. substitution	50%	100%	11%	1%
Source	Wind	Solar	Solar	Solar
Start date	2021	July 2022	Jan 2024	Dec 2022
Duration	15 years	10 years	25 years	30 years

5.4. Decarbonization Roadmap

We are continuously analyzing options to expand our use of renewable fuels. On the one hand, we have long-term agreements in place with renewable energy suppliers, covering 100% of the electricity consumed by our Odessa plant with solar energy and approximately 40% of the electricity consumption at our Rapid City plant with wind energy.

However, there were substantial developments in expanding our renewable electrical energy generation capacity during 2023.

These advancements will enable us to increase the use of renewable energy in 2024:

- According to our supplier, roughly 85% of the electricity consumed at the Trident plant comes from hydropower generation. Additionally, during 2024 this plant will also source up to 11% of its power requirements from its solar plant. Construction began during the second quarter of 2023, with full installation and commissioning completed in early 2024. We have plans to double the solar generation capacity in Trident by the end of 2024.
- We are focusing on installing solar distributed generated energy in Mexico. Our goal is to reach a solar generation capacity of 2.5 MW by Q2 2024.

5.5. Our Carbon Capture Project

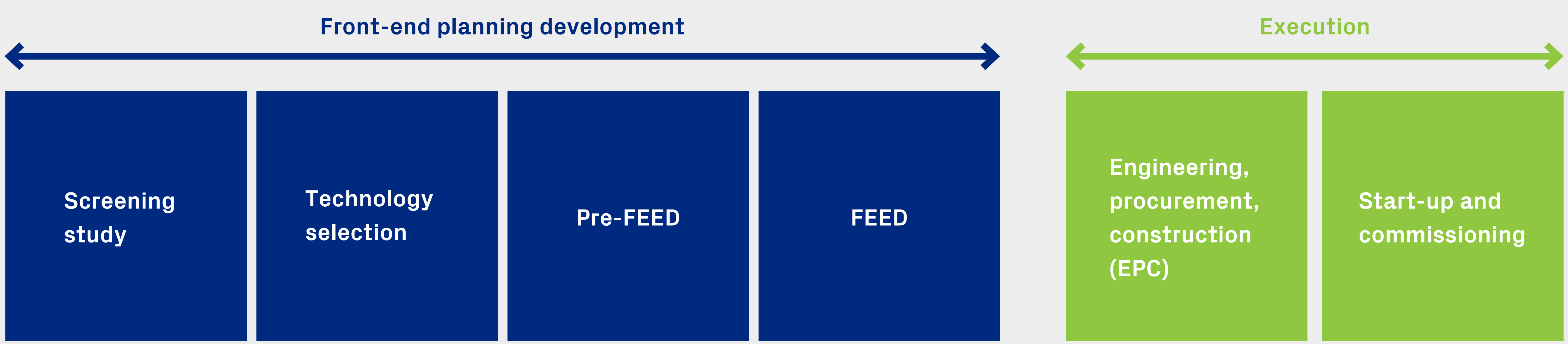
Due to high and unavoidable process emissions in the cement manufacturing process, GCC views carbon capture as a critical tool in reaching our net-zero ambitions.

We believe carbon capture is a viable long-term solution for the cement industry. For this reason, as of early 2020, we actively engaged in the process of developing our carbon capture strategy. Having already performed our research into carbon capture, utilization, and storage technologies (CCUS), we have finished the screening study and technology selection of the chart below. We also conducted a comprehensive study to identify the plants best suited for testing CCUS technology and to find suitable technology developers. In early 2023, we successfully completed the design and pre-FEED (Front End Engineering Design) study, and we identified our **Odessa and Pueblo plants as the best suited to move forward with CCUS** process design and FEED phase.

In the initial phase of the FEED study, we focused on identifying potential CO_2 capture technologies; their pros and cons; utility needs such as water, steam and power; technology readiness level; CO_2 removal efficiency; and experience. The next step of the FEED study involves a comprehensive assessment and analysis of the technical, economic, environmental, and regulatory aspects of implementing carbon capture, utilization, and storage technologies.

During the timeframe outlined in this report, we continued our efforts on the FEED study, providing us with valuable insights into the feasibility and potential benefits of implementing a CCUS project. We have also partnered with two developers to build pilot carbon capture plants in our Pueblo and Odessa facilities.

CCUS PROJECT DEVELOPMENT



5.6. Environmental Stewardship

The quarrying of raw materials and the production of cement utilize natural resources, which we must protect for future generations. Air quality, water, and waste management, together with biodiversity, are extremely important for us and our surrounding communities.

5.6.1. Air Emissions

GCC's approach to air emissions is focused on maintenance and compliance. We invest in maintaining our production facilities on an ongoing basis, in compliance with the requirements of regulatory agencies. We maintain transparent relationships with regulators, to meet the compliance requirements of the National Emission Standards for Hazardous Air Pollutants (NESHAP) and the Clean Air Act in the United States, as well as Mexican environmental laws and regulations set by the Mexican government's Ministry of Environment and Natural Resources (SEMARNAT).

We have a number of actions in place relative to our air emissions other than carbon: we monitor emissions, invest in abatement technologies and maintain equipment used in manufacturing to control such emissions. For instance, we incorporated more efficient filters into our dust collectors for PM emissions, ammonia injection for NOx emissions, and hydrated line injection for SOx emissions. Three out of five of our cement plants in the U.S. are equipped with selective non-catalytic reduction (SNCR) equipment to reduce NOx emissions.

Our 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 target limits.

In Samalayuca, because of the plant expansion, we identified the need to install a continuous monitoring system for emissions of other gases. Negotiations with the supplier for its implementation have been initiated, and it is planned that the commissioning and startup will occur during 2024.

5.6. Environmental Stewardship

5.6.2. Water Management

As a responsible cement and concrete producer, we understand that our water use, diversion, and discharge practices have significant implications for water availability in the future, for the sustainability of our operations, as well as for the well-being of our communities and surrounding ecosystems. We are committed to responsible and efficient water management and continuously seek opportunities to use renewable and recycled sources in our operations.

We are making water conservation efforts by reusing rainwater or introducing new products to reduce water usage. At our Pueblo plant, we received approval to use a dust suppressant product for paved roads, called Cementrol, which reduces our water usage for road watering.

We fully comply with water regulations in the jurisdictions where we operate. In Mexico, we comply with National Water Commission (CONAGUA, by its acronym in Spanish) about water quality requirements, and we also report our water extraction in cubic meters on a quarterly basis. Additionally, we strictly adhere to the national water law, federal rights law, applicable provisions on national water matters, and the regulation of national water. In the U.S., we adhere to regulations outlined in the Clean Water Act (CWA), which establishes the basic framework for water pollution regulation in the country.

Both in Mexico and the United States, regulations require sites to operate under either a general permit, applicable to all similar facilities or a site-specific permit such as the ones issued by the National Pollutant Discharge Elimination System (NPDES), which sets site-specific limits to maintain the health of the receiving water body and its aquatic species. Sites must also maintain a Storm Water Pollution Prevention Plan and conduct periodic sampling and reporting.

In November 2023, the GCCA launched its “Water Positivity Tool” to help companies in the sector calculate the ratio of water credit to debit. GCC is scheduled to participate in the technical webinars showcasing this valuable tool, and promoting best practices to improve water management and water risk assessment capabilities among GCCA members.

5.6. Environmental Stewardship

5.6.3. Biodiversity

We recognize the essential importance of natural capital and our relationship with nature for a sustainable world. For this reason, we have stated our climate ambitions and strive to incorporate good land stewardship and biodiversity practices into our actions.
As active members of the GCCA, we apply the mitigation hierarchy approach to the management of biodiversity risks and opportunities in our cement, concrete and aggregates operations. This means that our biodiversity principles are aimed at avoiding unacceptable impacts, minimizing any impacts that may occur and mitigating any residual impacts to the local biodiversity through rehabilitation.

Concrete has an essential role to play in the modern world, as population growth increases global demand for housing and infrastructure. This will increase pressure on land and natural capital. Concrete is vital to meeting these challenges, and for enabling sustainable development: it is fire, weather and flood resilient and offers the opportunity to reduce energy demand by users. It is also widely available and can be fully recycled. As responsible concrete producers, we consider it vital to properly manage the extraction of resources necessary to make concrete, so we ensure we do not have a negative impact on natural capital or biodiversity.

In addition, we are committed to formulating and executing effective and progressive quarry rehabilitation plans. During 2023 we successfully completed our first quarry rehabilitation project.

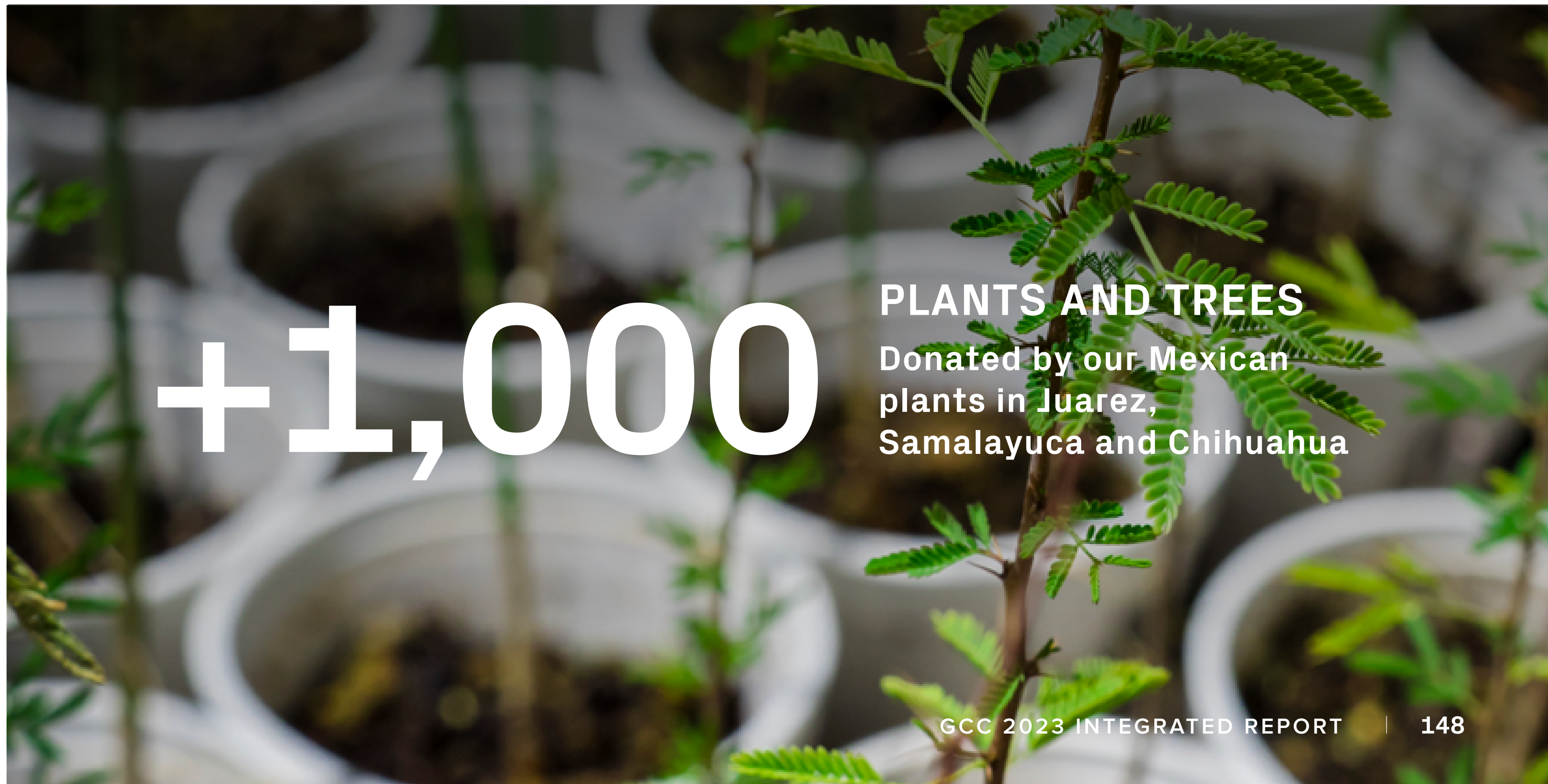
Fostering Biodiversity at the Tijeras Reclamation Project

22-acre reclamation project at Tijeras' oldest quarry, designed jointly with the local community as a recreational area that fosters biodiversity and contributes to bringing wildlife back into the area. Reclamation and close-out plans are required by state law.

We worked together with the community on the design of this five-year reclamation project, which was effectively finished as of December 2023.

The project took three years to complete. It was done with some external support, but mostly internal resources, and it includes:

- Intentional design to preserve habitat for wildlife:
  - High walls to promote bird nesting and lizard inhabitants.
  - Wildlife dens to provide animal shelter.
- The main sediment pond, that retains water, also serves as a drinking hole for wildlife in the area. There is also another area that collects water to be a source for the wild animals.



6

Annex

A world-class business with a sustainable future.

Contents

6.1. Who We Are

6.2. Our Sustainable Business Strategy and Commitments

6.3. Our People: List of Unions to which our employees are affiliated

6.1. Who We Are

	Unit	2023	2022	2021
GRI 2.1. Net Sales by Region				
United States	US$	938.3	840.6	750.4
Mexico	US$	425.6	327.7	288.4
Total	**US$**	**1,363.9**	**1,168.3**	**1,038.8**
United States	%	69%	72%	72%
Mexico	%	31%	28%	28%
Total	**%**	**100%**	**100%**	**100%**
GRI 2.1. Sales by Product				
Cement	US$	894.9	812.0	719.6
Concrete	US$	271.2	218.6	194.0
Concrete block	US$	23.5	17.5	15.1
Aggregates	US$	33.5	25.3	21.4
Other	US$	140.9	94.9	88.7
Total	**US$**	**1,363.9**	**1,168.3**	**1,038.8**
Cement	%	66%	70%	69%
Concrete	%	20%	19%	19%
Concrete block	%	2%	1%	1%
Aggregates	%	2%	2%	2%
Other	%	10%	8%	9%
Total	**%**	**100%**	**100%**	**100%**

	Unit	2023	2022	2021
GRI 2.1. Assets in Operation				
Cement sites	#	8	8	8
Cement distribution terminals	#	23	24	23
Aggregates sites	#	7	10	7
Asphalt sites	#	3	4	3
Ready-mix sites	#	95	96	95
Quarries operated (cement business)	#	27	28	32
GRI 2.1. Organizational Details				
GRI 2.2. Entities Included in our Sustainability Report				
GRI 2.3. Report Frequency				

6.1. Who We Are

Our legal entity name is GCC S.A.B.de C.V., GCC is our ticker symbol and the name we use for business and commercial purposes. The company's headquarters are located at Avenida Vicente Suarez y Sexta s/n Zona Industrial Nombre de Dios, C.P. 31105, Chihuahua, Chihuahua, Mexico. GCC is managed by two divisions, the Mexico Division and the U.S. Division. The chart below lists our main subsidiaries and how their operation is divided into the two divisions. We also have a corporate team that provides administrative, engineering, technology management, planning, human resource, finance and IT services to both divisions. The frequency of our Integrated Report is annual and the financial and sustainability data included in this report is the result of consolidating information from the following subsidiaries:

6.2. Our Sustainable Business Strategy and Commitments

OUR PARTNERS IN SUSTAINABILITY

Global Cement and Concrete Association	Representing 80% of the world's concrete industry outside of China, GCCA's mission is to position concrete to meet the world's needs for a material that can build and support growing, modern, sustainable and resilient communities. Innovation is a key part of the GCCA's mission. Driving, supporting and advocating innovation in the cement and concrete sector is key to improving its sustainability and lowering its CO_2 footprint. Innovandi is the GCCA's innovation arm, fostering innovation throughout the construction value chain, in collaboration with industry associations, as well as architects, engineers and innovators, to help the industry decarbonize and produce carbon neutral concrete by 2050. Innovandi formed the Global Cement and Concrete Research Network (GCCRN) to accelerate innovation through collaboration between industry and academia on groundbreaking research. GCC is part of GCCA, Innovandi and the GCCRN. Full members must implement sustainability initiatives and set targets for performance improvement to achieve compliance.
Portland Cement Association	Founded in 1916, it is the premier policy, research, education, and market intelligence organization serving America's cement manufacturers. PCA supports sustainability, innovation, and safety while fostering continuous improvement in cement manufacturing, distribution, infrastructure, and economic growth. PCA members represent 91% of U.S. cement production capacity with facilities in all 50 states.
Global CCS Institute	International think tank, whose mission is to accelerate the deployment of carbon capture and storage (CCS), a vital technology to tackle climate change and deliver climate neutrality. With a team of professionals working with and on behalf of its members, it drives the adoption of CCS as quickly and cost effectively as possible by sharing expertise, building capacity, and providing advice and support so that this vital technology can play its part in reducing greenhouse gas emissions.
Center for Research in Advanced Materials-Centro de Investigación en Materiales Avanzados (CIMAV)	Created in 1994, in the Mexican city of Chihuaha, it is one of the 26 institutions coordinated by the National Council of Science and Technology (Consejo Nacional de Humanidades, Ciencia y Tecnología, CONAHCYT). Its strategic objectives are to carry out research, development and innovation in science and technology with criteria of excellence in the areas of materials, energy and environment with the aim of boosting the country's development, and to form high-level human capital in areas of specialization through postgraduate studies.

6.2. Our Sustainable Business Strategy and Commitments

OUR PARTNERS IN SUSTAINABILITY

Cámara Nacional del Cemento		Represents, promotes and defends the interests of the Mexican cement industry, adopting 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.
American Concrete Institute (ACI) – Northwest Chapter		Established in 1904, in the state of Michigan, U.S., ACI is a leading authority and resource worldwide for the development, distribution and adoption of consensus-based standards, technical resources, educational programs, and proven expertise for individuals and organizations involved in concrete design, construction, and materials, who share a commitment to pursuing the best use of concrete. With a regional office in Dubai, UAE, and resource centers in Southern California, Chicago/Midwest and Mid-Atlantic, ACI has over 94 chapters, 244 student chapters, and 30,000 members spanning over 120 countries. Since its foundation, it has played a significant role in the construction industry, and is one of the main authorities in concrete technology worldwide. GCC has been an institutional member since 2019, taking part in its seminars and certifications both as audience and as speakers. During 2023, GCC organized two certifications: International Tilt-Up Certification 2023 and Industrial Floor Certification, both in Juarez City with the participation of both GCC employees and clients.
Instituto Mexicano del Cemento y del Concreto (IMCYC)		Founded in 1959, this non-profit organization is dedicated to researching, teaching and communicating cement and concrete application techniques. Its mission is to promote optimal utilization of cement and concrete, satisfying market needs with quality, productivity and opportunity, while contributing to the benefit of society, as well as the professional performance and financial benefit of the industry. IMCYC's teaching activities (technical conferences, courses, certifications, seminars, symposiums, congresses, etc.) are oriented to provide knowledge updates and specialization for construction professionals. GCC employees participates in these educational activities to stay up to date.
Asociación Mexicana de la Industria de la Construcción (AMIC)		Represents builders and suppliers in the Mexican construction industry, integrating 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.

6.2. Our Sustainable Business Strategy and Commitments

OUR PARTNERS IN SUSTAINABILITY		
	Cámara Mexicana de la Industria de la Construcción (CMIC)	Represents, supports and strengthens Mexico's construction industry through management, advice, training, professional training and integration of new technologies.
	National Ready-Mix Concrete Association (NRMCA)	Founded in 1930, it is the leading industry advocate for ready-mix concrete. Its mission is to create opportunities for our members and the industry to prosper through leadership in safety, environmental, operational excellence, promotion, advocacy, workforce development, and concrete technology advancements.
	Centro de Formación y Perfeccionamiento Directivo (Center for Integral Training and Management Development – ICAMI)	First comprehensive training and management center for middle management executives (managers, bosses and supervisors), with nationwide coverage and 50 years of experience. "Our mission is to collaborate with organizations in comprehensive training, for the improvement of managerial competences."

6.2. Our Sustainable Business Strategy and Commitments

Committed to Sustainability and Climate Action

SUSTAINABILITY	
U.N. Global Compact	The world's largest corporate sustainability initiative, it represents a call to companies to align strategies and operations with universal principles on human rights, labor, environment and anti-corruption, and take actions that advance societal goals. As a participant in the U.N. Global Compact, GCC has set in motion changes to business operations so that the Compact and its principles become part of our strategy, culture and day-to-day operations.
S&P Global CSA	Covering over 13,000 companies globally, the S&P Global Corporate Sustainability Assessment (CSA) is an annual evaluation of a company's sustainability practices. It enables companies to benchmark their performance on a wide range of industry-specific economic, environmental, and social criteria and helps them make the link between sustainability and their business strategies. GCC has completed the rating's questionnaire every year, since 2019 until today.
The Private Sector Studies Commission for Sustainable Development (CESPEDES)	Founded in 1994 to create awareness among business leaders and help overcome the challenges of sustainable development posed by the incorporation of Mexico into global markets, CESPEDES is the Mexican Chapter of the World Business Council for Sustainable Development (WBCSD). It is closely linked to the Consejo Coordinador Empresarial (CCE - Top National Enterprise Council), representing a variety of extraction, manufacturing and consumer-oriented businesses, that have a common interest in advancing to overcome the challenges of sustainable development.

6.2. Our Sustainable Business Strategy and Commitments

CLIMATE ACTION

BUSINESS AMBITION FOR 1.5°C	Initiative led by the Science-based targets Initiative (SBTi), in partnership with the U.N. Global Compact and the We Mean Business Coalition. GCC has been a member of the Business Ambition for 1.5°C campaign since 2021.
RACE TO ZERO	Campaign of the United Nations Framework Convention on Climate Change (UNFCCC), committed to reduce emissions across all scopes, swiftly and fairly in line with the Paris Agreement. GCC is a member and also has a goal to achieve carbon neutrality by 2050 across our concrete value chain.
SCIENCE BASED TARGETS DRIVING AMBITIOUS CORPORATE CLIMATE ACTION	Science-based targets provide companies with a clearly-defined path to reduce emissions in line with the Paris Agreement goals. On January 2023, we obtained validation of our targets as part of our alignment with the SBTi. Our targets are aligned to the well-below the two-degree curve of the Paris Agreement. We will revalidate our Science-Based Targets in five years, to align our carbon intensity reduction target with the Business Ambition curve of 1.5° degrees Celsius.
CDP B IN 2023 **Climate Disclosure Project**	Not-for-profit charity that runs the global disclosure system for investors, companies, cities, states and regions to manage their environmental impacts. GCC has been disclosing its climate impacts through CDP since 2020. During 2023, we maintained a B score for our climate impact disclosures and disclosed our water security impact through CDP for the first time.
TCFD **Task Force for Climate Disclosure**	The TCFD has developed a framework to help public companies and other organizations more effectively disclose climate-related risks and opportunities through their existing reporting processes. GCC released its first TCFD report in 2023, outlining our climate-related risks and opportunities for sustainable growth. Aligned with the Financial Stability Board's (FSB) 2022 recommendations, the report is structured around the four thematic areas of governance, strategy, risk management, and metrics and targets.

Task Force for Climate Disclosures

TCFD Alignment

TCFD Pillar	Recommended Disclosures	Report Reference
Governance Disclose the organization's governance around climate-related risks and opportunities.	(a) Describe the board's oversight of climate-related risks and opportunities.	**Board Oversight of Climate related Issues**
	(b) Describe management's role in assessing and managing climate-related risks and opportunities.	**Management's Oversight of Climate-related Issues**
Strategy Disclose the actual and potential impacts of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning where such information is material.	(a) Describe the climate-related risks and opportunities the organization has identified over the short-, medium- and longterm.	**Climate Impacts on Businesses, Strategy, and Financial Planning**
	(b) Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy and financial planning.	**Climate Impacts on Businesses, Strategy, and Financial Planning**
	(c) Describe the resilience of the organization's strategy, taking into consideration dierent climate-related scenarios, including a 2°C or lower scenario.	**Scenario Analysis and Strategy Resilience**
Risk Management Disclose how the organization identifies, assesses, and manages climate-related risks.	(a) Describe the organization's processes for identifying and assessing climate-related risks.	**Climate Risks Identification, Assessment, and Management Processes**
	(b) Describe the organization's processes for managing climaterelated risks.	**Climate Risks Identification, Assessment, and Management Processes.**
	(c) Describe how processes for identifying, assessing and managing climate-related risks are integrated into the organization's overall risk management.	**Climate Risks Identification, Assessment, and Management Processes**
Metrics and Targets Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.	(a) Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.	**Climate Risk and Opportunity Metrics**
	(b) Disclose Scope 1, Scope 2, and if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.	**Greenhouse Gas Emissions**
	(c) Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.	**Targets**

For more information on Task Force on Climate Disclosures, please visit our TCFD Report

Performance Data: Strategy

Economic Value Created and Distributed

	Unit	2023	2022	2021
GRI 201-1 Economic Value Created and Distributed				
Direct economic value generated: Revenues	US$ million	1,363.9	1,168.3	1,038.9
Economic valud distributed: Operating costs	US$ million	755.1	703.7	622.5
- Employee wages and benefits	US$ million	225.6	196.2	175.2
- Payments to providers of capital	US$ million	45.7	37.6	36.3
- Payments to government - United States	US$ million	59.4	18.1	2.8
- Payments to government - Mexico	US$ million	16.4	8.8	13.4
- Community investments	US$ million	1.0	1.0	1.0
Economic value retained	US$ million	260.7	202.9	187.7

Performance Data: Governance

Ethics and Compliance

	Unit	2023	2022	2021
GRI 205-1 Operations Assessed for Risks Related to Corruption				
Total number of operations	#	0	0	0
Percentage of operations	%	0	0	0
GRI 205-2 Communication and Training about Anti-corruption Policies and Procedures				
GRI 205-2.a. Anti-corruption Communications to Governance Body (same for both U.S. and Mexico)				
Governance body members	#	28	28	28
Governance body members the organization's anti-corruption policies and procedures have been communicated to	#	14	14	14
Governance body members the organization's anti-corruption policies and procedures have been communicated to	%	50	50	50
GRI 205-2.d. Anti-corruption Training for Governance Body (same for both U.S. and Mexico)				
Governance body members that have received training on anti-corruption	#	14	14	14
Governance body members that have received training on anti-corruption	%	50	50	50
GRI 205-2.b. Anti-corruption Communications to Employees				
United States	#	812	754	707
Mexico	#	996	925	869
Total employees that the organization's anti-corruption policies and procedures have been communicated to	**#**	**1,808**	**1,679**	**1,576**
United States	%	58	57	57
Mexico	%	53	52	52

	Unit	2023	2022	2021
Total employees that the organization's anti-corruption policies and procedures have been communicated to	**%**	**55**	**54**	**54**
Top Management	#	55	51	51
Middle Management	#	106	108	110
Junior Management	#	137	122	103
Top Management	%	1.7	1.6	1.7
Middle Management	%	3.2	3.5	3.8
Junior Management	%	4.2	3.9	3.5
GRI 205-2.e. Anti-corruption Training for Employees				
United States	#	216	156	1,246
Mexico	#	192	192	1,138
Total employees that have received training on anticorruption	**#**	**408**	**348**	**2,384**
United States	%	15	12	100
Mexico	%	10	11	68
Total employees that have received training on anticorruption	**%**	**12**	**11**	**82**
Top Management	#	6	4	46
Middle Management	#	8	2	103
Junior Management	#	10	12	103
Top Management	%	0.2	0.1	1.6
Middle Management	%	0.2	0.1	3.5
Junior Management	%	0.3	0.4	3.5

Performance Data: Governance

	Unit	2023	2022	2021
GRI 205-3.a. Confirmed Incidents of Corruption				
Total confirmed incidents of corruption	#	0	0	0
GRI 206-1 Anti-competitive Behaviour				
Number of legal actions pending or completed during the reporting period regarding anti-competitive behavior and violations of anti-trust and monopoly legislation in which the organization has been identified as a participant	#	0	0	0
GRI 406-1 Incidents of Discrimination:				
Total confirmed incidents of discrimination	#	0	0	0
GRI 2-27 Compliance with Laws and Regulations				
Significant instances of non-compliance with laws and regulations during the reporting period	#	0	0	0
i. instances for which fines were incurred	#	0	0	0
ii. instances for which non-monetary sanctions were incurred	#	0	0	0
Fines for instances of non-compliance with laws and regulations that were paid during the reporting period	#	0	0	0
Monetary value of fines for instances of non-compliance	US$	0	0	0
i. fines for instances of non-compliance with laws and regulations that occurred in the current reporting period	#	0	0	0
ii. fines for instances of non-compliance with laws and regulations that occurred in previous reporting periods	#	0	0	0

	Unit	2023	2022	2021
GRI 415-1 Political Contributions				
Total monetary value of financial and in-kind political contributions made directly and indirectly by the organization - United States	US$	0	0	0
Total monetary value of financial and in-kind political contributions made directly and indirectly by the organization - Mexico	US$	0	0	0
GRI 201-4 Financial Assistance Received from Government				
Total monetary value of financial assistance received by the organization from any government during the reporting period: United States	US$	0	0	0
Total monetary value of financial assistance received by the organization from any government during the reporting period: Mexico	US$	0	0	0
Code of Ethics Assessment				
Total employees participate on the code ethics assessment	%	100	100	100
Total contractors participate on the code ethics assessment	%	90	90	90
Ethics and Compliance Cases				
Ethics and compliance cases reported during the year (employees)	#	25	18	15
Ethics and compliance cases reported during the year (contractor)	#	1	2	2

Performance Data: People

Human Rights

	Unit	2023	2022	2021
GRI 407-1 Freedom of Association and Collective Bargaining				
Operations in which workers' rights to exercise freedom of association or collective bargaining may be violated or at significant risk	#	0	0	0
GRI 2-30 Employees covered by collective bargaining agreements (unions)	%	35%	36%	35%
Unionized employees	#	1,141	1,119	1,027
Non-unionized employees	#	2,146	2,009	1,893
Unionized employees: Women	#	11	7	5
Unionized employees: Men	#	1,130	1,112	1,022
Unionized employees by region: United States	#	224	214	204
Unionized employees by region: Mexico	#	917	905	823
Non-unionized employees by region: United States	#	1,181	1,119	1,046
Non-unionized employees by region: Mexico	#	965	890	847
GRI 402-1 Labor-management relations				
Minimum notice periods regarding operational changes	Weeks	4	4	4
GRI 408-1 Child Labor				
Operations identified as having a significant risk for incidents of child labor and young workers exposed to hazardous work	#	0	0	0

	Unit	2023	2022	2021
GRI 409-1 Forced or Compulsory Labor				
Operations identified as having a significant risk for incidents of forced or compulsory labor	#	0	0	0
GRI 410-1 Security Practices				
Security personnel who have received formal training in the organization's human rights policies or specific procedures and their application to security*	%	92	90	95
GRI 411-1 Rights of Indigenous People				
Identified incidents of violations involving the rights of indigenous peoples	#	0	0	0
GRI 412 Human Rights Assessment				
Human rights assessments conducted (own operations)	%	100	100	100

* Training requirements also apply to the third-party organization providing security personnel. The calculation is using the total number of security personnel + employees of third-party organizations

List of Unions to which our Employees are Affiliated and Collective Agreements at our Plants

Plant	Unions	Year of Latest Collective Agreements	Signed for
Odessa plant	United Cement, Lime, Gypsum and Allied Workers Division, Boilermakers International Union	2023	4 years
Rapid City plant	United Steel, Paper and Forestry, Rubber, Manufacturing, Energy, Allied Industrial and Service Workers International Union	2022	3 years
Trident plant	Cement, Lime, Gypsum and Allied Workers Division International Brotherhood of Boilermakers, Iron Ship Builders, Blacksmiths, Forgers and Helpers	2022	3 years

Performance Data: People

Our People

	Unit	2023	2022	2021
GRI 2-7 Employees by Region*				
United States	#	1,405	1,333	1,250
Mexico	#	1,882	1,795	1,670
Total	#	**3,287**	**3,128**	**2,920**
United States	%	43	43	43
Mexico	%	57	57	57
Total	%	**100**	**100**	**100**
GRI 2-7 Employees by Gender				
Women	#	379	342	306
Men	#	2,908	2,786	2,614
Total Employees	#	**3,287**	**3,128**	**2,920**
Women	%	12	11	10
Men	%	88	89	90
Total Employees	%	**100**	**100**	**100**

*Data restated due to more precise calculations.

	Unit	2023	2022	2021
GRI 2-7 Employees by Employment Contract and Gender				
Women with permanent (indefinite) contract	#	337	283	267
Men with permanent (indefinite) contract	#	2,206	2,068	1,988
Total Employees with Permanent (indefinite) Contract	#	**2,543**	**2,351**	**2,255**
Women with permanent (indefinite) contract	%	13	12	12
Men with permanent (indefinite) contract	%	87	88	88
Total Employees with Permanent (indefinite) Contract	%	**100**	**100**	**100**
Women with temporary (fixed term) contract	#	42	59	39
Men with temporary (fixed term) contract	#	702	718	626
Total Employees with Temporary (fixed term) Contract	#	**744**	**777**	**665**
Women with temporary (fixed term) contract	%	6	8	6
Men with temporary (fixed term) contract	%	94	92	94
Total Employees with Temporary (fixed term) Contract	%	**100**	**100**	**100**
Employees with non-guaranteed hours	#	**0**	**0**	**0**
GRI 2-7 Employees by Employment Type and Gender				
Women full-time employees	#	339	298	262
Men full-time employees	#	2,590	2,394	2,223
Total Full-time Employees*	#	**2,929**	**2,692**	**2,485**
Women full-time employees	%	12	11	11
Men full-time employees	%	88	89	89
Total Full-time Employees	%	**100**	**100**	**100**

Performance Data: People

	Unit	2023	2022	2021
Women part-time employees	#	40	44	44
Men part-time employees	#	318	392	391
Total Part-time Employees	**#**	**358**	**436**	**435**
Women part-time employees	%	11	10	10
Men part-time employees	%	89	90	90
Total Part-time Employees	**%**	**100**	**100**	**100**

	Unit	2023	2022	2021
GRI 2-7 Employees by Employment Contract and Geography				
Permanent (indefinite) contract: United States	#	1,167	1,113	1,033
Permanent (indefinite) contract: Mexico	#	1,376	1,238	1,222
Total Employees Permanent (indefinite) Contract	**#**	**2,543**	**2,351**	**2,255**
Permanent (indefinite) contract: United States	%	46	47	46
Permanent (indefinite) contract: Mexico	%	54	53	54
Total Employees with Permanent (Indefinite) Contract	**%**	**100**	**100**	**100**
Temporary (fixed term) contract: United States	#	238	220	217
Temporary (fixed term) contract: Mexico	#	506	557	448

	Unit	2023	2022	2021
Total Employees with Temporary (fixed term) Contract	**#**	**744**	**777**	**665**
Temporary (fixed term) contract: United States	%	32	28	33
Temporary (fixed term) contract: Mexico	%	68	72	67
Total Employees with Temporary (fixed term) Contract	**%**	**100**	**100**	**100**
Employees with non-guaranteed hours	**#**	**0**	**0**	**0**
GRI 2-7 Employees by Employment Type and Geography				
Full-time employees United States	#	1,398	1,327	1,240
Full-time employees Mexico	#	1,531	1,365	1,245
Total Full-time Employees*	**#**	**2,929**	**2,692**	**2,485**
Full-time employees United States	%	48	49	50
Full-time employees Mexico	%	52	51	50
Total Full-time Employees	**%**	**100**	**100**	**100**
Part-time employees United States	#	7	6	10
Part-time employees Mexico	#	351	430	425
Total Part-time Employees*	**#**	**358**	**436**	**435**
Part-time employees United States	%	2	1	2
Part-time employees Mexico	%	98	99	98
Total Part-time Employees	**%**	**100**	**100**	**100**

*Recalculated according to new, more refined methodology.

Performance Data: People

	Unit	2023	2022	2021
GRI 2-7 Employees by Type of Position and Gender				
Corporate Position	#	894	837	790
Technical Position	#	2,393	2,291	2,130
Corporate Position	%	27	27	27
Technical Position	%	73	73	73
Corporate Position Women	#	256	237	215
Corporate Position Men	#	638	600	575
Corporate Position Women	%	29	28	27
Corporate Position Men	%	71	72	73
Technical Position Women	#	123	105	91
Technical Position Men	#	2,270	2,186	2,039
Technical Position Women	%	5	5	4
Technical Position Men	%	95	95	96
GRI 2-8 Total number of workers who are not employees and whose work is controlled by the organization*	#	116	111	101

* Security Personnel

Health and Safety

For reporting of safety indicators, we use the GCCA' Sustainability Guidelines for the monitoring and reporting of safety in cement and concrete manufacturing.

	Unit	2023	2022	2021
GRI 403-4 Worker participation, consultation, and communication on occupational health and safety				
Workforce represented in health and safety committees	%	83	83	81
GRI 403-8 Workers covered by an occupational health and safety management system				
Total employees covered by such a system	#	3,352	3,256	2,911
Total employees covered by such a system	%	100	100	100
Employees who are covered by such a system that has been internally audited	#	3,352	3,256	2,911
Employees who are covered by such a system that has been internally audited	%	100	100	100
Employees who are covered by such a system that has been audited or certified by an external party	#	3,352	3,256	2,911
Employees who are covered by such a system that has been audited or certified by an external party	%	100	100	100
Sites certified with OSHA 18001/ISO 45001 (cement operations)	%	50	50	50

Performance Data: People

	Unit	2023	2022	2021		
GRI 403-9.a. Work-related Injuries for Employees						
Fatalities as a result of work-related injury	#	1	2	0	gcca	KPMG Assured
Fatalities by location: on-site	#	1	2	0		
Fatalities by location: off-site	#	0	0	0		
Fatalities per 10,000 directly employed (rate)	#	2.90	6.14	0.00	gcca	KPMG Assured
LTI frequency rate directly employed	#	10.73	11.07	6.84	gcca	KPMG Assured
LTISR employees (# of LTIs per million hours)*	#	184.74	307.11	225.27	gcca	KPMG Assured
LTISR employees (# of LTIs per 200,000 hours)*	#	36.95	61.42	45.05		
TRIR employees (# of incidents per 200,000 hours) / Rate of recordable work-related injuries	%	1.20	0.90	1.18		
TRIR employees (# of incidents per 1,000,000 hours) / Rate of recordable work-related injuries	%	5.99	4.48	5.88		

*Data restated due to more precise calculations.

Retaining and Developing our Talent

	Unit	2023	2022	2021
GRI 404-1 Average Hours of Training per Year per Employee				
Total number of training hours provided to employees	#	85,620	56,218	76,519
Average training hours per employee	#	26	18	26
Average amount spent per FTE on training and development	US$	661	282	187
GRI 404-1.a. Training per Year by Gender				
Training hours provided to employees by gender: Women	#	8,615	8,937	11,185
Training hours provided to employees by gender: Men	#	77,005	47,282	65,334
Average training hours per employee by gender: Women	#	23	26	37
Average training hours per employee by gender: Men	#	26	17	25

Performance Data: People

	Unit	2023	2022	2021
GRI 404-1.a. Training per Year by Age				
Training hours provided to employees by age: Under 30 years old	#	25,518	18,973	16,160
Training hours provided to employees by age: 30-50 years old	#	43,296	27,594	41,892
Training hours provided to employees by age: Over 50 years old	#	16,807	9,649	18,467
Average training hours per employee by age: Under 30 years old	#	36	30	29
Average training hours per employee by age: 30-50 years old	#	26	17	28
Average training hours per employee by age: Over 50 years old	#	19	11	21
GRI 404-1.a. Training per Year by Geography				
Training hours provided to employees by region: United States	#	25,167	15,580	19,646
Training hours provided to employees by region: Mexico	#	60,453	40,639	56,873
Average training hours per employee by region: United States	#	18	12	16
Average training hours per employee by region: Mexico	#	32	23	34

	Unit	2023	2022	2021
GRI 404-1.a. Training per Year by Position				
Training hours provided to non-management employees	#	75,201	52,569	70,226
Training hours provided to all management employees	#	10,419	3,650	6,293
- Training hours provided to top management employees	#	1,918	363	602
- Training hours provided to middle management employees	#	3,100	712	1,956
- Training hours provided to junior management employees	#	5,401	2,575	3,734
Average training hours per non-management employees	#	24	18	26
Average training hours per all management employees	#	50	18	34
- Average training hours provided to top management employees	#	56	13	19
- Average training hours provided to middle management employees	#	55	12	35
- Average training hours provided to junior management employees	#	46	23	39
GRI 404-1.a. Training per Year by Type				
Training hours provided to employees by type: Technical training	#	63,758	35,791	38,233
Training hours provided to employees by type: Non-Technical training	#	21,862	20,428	38,286
Average training hours per employees by type: Technical training	#	27	15	15
Average training hours per employees by type: Non-Technical training	#	17	18	14
GRI 404-2 Programs for upgrading employee skills and transition assistance programs				
Employees in program (mobility training program)*	#	30	17	4

*Recalculated according to new, more refined methodology.

Performance Data: People

	Unit	2023	2022	2021
GRI 401-1.a. New Employee Hires, by Age Group, Gender and Region				
New employee hires	#	680	668	543
Rate of new employee hires*	%	21	21	19
Percentage of open positions filled by internal candidates (internal hires)	%	21	27	26
New employee hires by gender: Women	#	50	74	71
New employee hires by gender: Men	#	630	594	472
Rate of new employee hires by gender: Women	%	13	22	23
Rate of new employee hires by gender: Men	%	22	21	18
New employee hires by age: Under 30 years old	#	280	282	238
New employee hires by age: 30-50 years old	#	330	327	255
New employee hires by age: Over 50 years old	#	70	59	50
Rate of new employee hires by age: Under 30 years old	%	40	45	43
Rate of new employee hires by age: 30-50 years old	%	19	20	17
Rate of new employee hires by age: Over 50 years old	%	8	7	6
New employees by region: United States	#	210	279	205
New employees by region: Mexico	#	470	389	338
Rate of new employees by region: United States	%	15	21	16
Rate of new employees by region: Mexico	%	25	22	20
New employee hires by management level: no management	#	674	656	534
New employee hires by management level: all management	#	6	12	9
- New employee hires by management level: top management	#	1	0	1
- New employee hires by management level: middle management	#	2	3	3
- New employee hires by management level: junior management	#	3	9	5

*Recalculated according to new, more refined methodology.

	Unit	2023	2022	2021
GRI 401-1.b. Employee Turnover by Age Group, Gender and Region				
Total number of employee turnover	#	521	460	381
Rate of employee turnover*	%	16	15	13
Rate of voluntary employee turnover*	%	6	7	6
Employee turnover by gender: Women	#	35	40	36
Employee turnover by gender: Men	#	486	420	345
Rate of employee turnover by gender: Women	%	9	12	12
Rate of employee turnover by gender: Men	%	17	15	13
Employee turnover by age: Under 30 years old	#	159	145	100
Employee turnover by age: 30-50 years old	#	262	233	174
Employee turnover by age: Over 50 years old	#	100	92	107
Rate of employee turnover by age: Under 30 years old	%	23	23	18
Rate of employee turnover by age: 30-50 years old	%	15	14	12
Rate of employee turnover by age: Over 50 years old	%	11	10	12
Employee turnover by region: United States	#	205	203	178
Employee turnover by region: Mexico	#	316	257	203
Rate of employee turnover by region: United States	%	15	15	14
Rate of employee turnover by region: Mexico	%	17	14	12
Employee turnover by management level: no management	#	509	450	367
Employee turnover by management level: all management	#	12	10	14
- Employee turnover by management level: top management	#	0	2	2
- Employee turnover by management level: middle management	#	6	1	3
- Employee turnover by management level: junior management	#	6	7	9

Note: turnover rates are calculated as follows: total turnover for the category (e.g. gender) / total headcount for the category * 100

Performance Data: People

	Unit	2023	2022	2021
Other Reasons for Termination				
Resignation by gender: Women	#	20	30	23
Resignation by gender: Men	#	187	177	163
Total Resignation	#	207	207	186
Dismissals by gender: Women	#	12	8	7
Dismissals by gender: Men	#	269	210	131
Total Dismissals	#	281	218	138
Retirement by gender: Women	#	3	2	5
Retirement by gender: Men	#	27	27	44
Total Retirement	#	30	29	49
Other by gender: Women	#	1	0	1
Other by gender: Men	#	3	6	7
Total Other	#	4	6	8

Working Towards Diversity and Inclusion

	Unit	2023	2022	2021
GRI 405-1.a. Diversity within Governance Bodies by Gender				
Board gender diversity: women	%	14	14	14
Board gender diversity: men	%	86	86	86
Total board	%	100	100	100
Women managers (includes top, middle and junior managers)	#	29	26	22
Men managers (includes top, middle and junior managers)	#	178	174	161
Total managers (includes top, middle and junior managers)	#	207	200	183
All management gender diversity: women (includes top, middle and junior)	%	14	13	12
All management gender diversity: men (includes top, middle and junior)	%	86	87	88
Top management gender diversity: women	%	8.8	6.9	3.2
Top management gender diversity: men	%	91.2	93.1	96.8
Middle management gender diversity: women	%	23.2	20.7	19.6
Middle management gender diversity: men	%	76.8	79.3	80.4
Junior management gender diversity: women	%	11.1	10.6	10.4
Junior management gender diversity: men	%	88.9	89.4	89.6
Women in management positions in revenue-generating functions (e.g. sales)*	%	7.7	7.1	6.3
Women in STEM-related positions**	%	5.1	4.6	4.3

Note on methodology: calculated based on GRI suggested methodology: (employees in each category by gender or age/total employees in each category of management positions) * 100
* As % of all such managers (i.e. excluding support functions such as HR, IT, Legal, etc.)
** As % of total STEM positions

Performance Data: People

	Unit	2023	2022	2021
GRI 405-1.a. Diversity within Governance Bodies by Age and Ethnicity				
Top management employees by age: Under 30 yeards old	%	0.0	0.0	0.0
Top management employees by age: 30-50 yeards old	%	20.6	17.2	22.6
Top management employees by age: Over 50 yeards old	%	79.4	82.8	77.4
Middle management employees by age: Under 30 yeards old	%	1.8	0.0	0.0
Middle management employees by age: 30-50 yeards old	%	37.5	41.4	41.1
Middle management employees by age: Over 50 yeards old	%	60.7	58.6	58.9
Junior management employees by age: Under 30 yeards old	%	4.3	3.5	0.0
Junior management employees by age: 30-50 yeards old	%	54.7	50.4	52.1
Junior management employees by age: Over 50 yeards old	%	41.0	46.0	47.9
Asian managers/all management positions*	%	0.7	1.1	1.1
Black or African American managers/all management positions	%	0.3	0.0	0.4
Hispanic or Latino managers/all management positions	%	13.4	13.2	11.7
White managers/all management positions	%	34.2	31.0	25.4
Indigenous or Native managers/all management positions	%	1.7	1.4	1.5
Other ethnicity** managers (specify)/all management positions	%	3.4	3.2	3.4

* Includes top, middle and junior management
** Two or more races / Not applicable

	Unit	2023	2022	2021
GRI 405-1.b. Total Workforce Diversity by Age and Ethnicity (see GRI 2-7 above for Gender)				
Under 30 years old	%	21.5	20.1	19.0
30-50 years old	%	51.6	51.6	51.0
Over 50 years old	%	27.0	28.3	30.0
Total workforce	**%**	**100.0**	**100.0**	**100.0**
Coverage data reported on as a % of FTEs*	%	36.1	34.9	32.7
Asian employees/total employees	%	0.1	0.2	0.3
Black or African American employees/total employees	%	0.7	0.7	0.6
Hispanic or Latino/total employees	%	16.2	15.5	15.2
White employees/total employees	%	16.6	16.0	14.9
Indigenous or Native employees/total employees	%	1.3	1.2	0.8
Other ethnicity** employees (specify)/total employees	%	1.2	1.4	1.0

* In Mexico the field is not mandatory
** Two or more races / Not applicable

	Unit	2023	2022	2021
GRI 405-2 Ratio of Basic Salary and Remuneration of Women to Men				
For top management	%	99.9	104.3	96.5
For middle management	%	90.0	85.5	86.9
For junior management	%	84.0	83.9	97.5

Performance Data: People

	Unit	2023	2022	2021
GRI 401-3 Parental Leave by Gender*				
Employees entitled to parental leave, by gender: women	#	250	224	202
Employees entitled to parental leave, by gender: men	#	1,632	1,571	1,468
Employees that took parental leave: women	#	9	5	8
Employees that took parental leave: men	#	14	11	5
Employees that returned to work after parental leave ended: women	#	9	5	8
Employees that returned to work after parental leave ended: men	#	14	11	5
Employees that returned to work after parental leave ended that were still employed 12 months after their return to work: women	#	9	5	4
Employees that returned to work after parental leave ended that were still employed 12 months after their return to work: men	#	13	6	4
Return to work rate: women	%	100	100	100
Return to work rate: men	%	100	100	100
Retention rate: women	%	100	100	50
Retention rate: men	%	93	55	80
Parental leave period granted: women	Days	84	84	84
Parental leave period granted: men	Days	5	5	5
Percentage of salary paid in the parental leave period: women	%	100	100	100
Percentage of salary paid in the parental leave period: men	%	100	100	100

* Only measured for Mexico Division

Incentives and Satisfaction

	Unit	2023	2022	2021
GRI 404-3 Employees Receiving Regular Performance and Career Development Reviews				
Employees evaluated on their performance	#	1,396	1,297	1,217
Employees evaluated on their performance	%	42	42	42
Employees evaluated on their performance: women	#	331	302	271
Employees evaluated on their performance: men	#	1,065	995	946
Employees evaluated on their performance: women	%	24	23	22
Employees evaluated on their performance: men	%	76	77	78
Non-management employees evaluated on their performance	#	1,189	1,097	1,034
Non-management employees evaluated on their performance	%	85	85	85
Total management employees evaluated on their performance	#	207	200	183
Total management employees evaluated on their performance	%	15	15	15
Top management employees evaluated on their performance	#	34	29	31
Top management employees evaluated on their performance	%	2	2	3
Middle management employees evaluated on their performance	#	56	58	56
Middle management employees evaluated on their performance	%	4	4	5
Junior management employees evaluated on their performance	#	117	113	96
Junior management employees evaluated on their performance	%	8	9	8

Performance Data: People

	Unit	2023	2022	2021
GRI 2-29 Approach to Stakeholder Engagement: Employee Engagement				
Employee engagement plans available and reviewed	%	100	100	100
Employee engagement method utilized (GPTW Institute survey)*	Index score	78	77	79
GRI 201-3 Contributions by employee to benefit and retirement plan				
Portion of salary contributed by employee for a benefit/retirement plan	%	10	10	11
GRI 202-2 Local Hiring				
% of senior management at significant locations of operation that are hired from the local community*	%	74	79	77
On-site work modality	#	3,287	3,128	2,920
Flexible working modality	#	0	0	0
Remote work modality	#	0	0	0
All work modalities	#	3,287	3,128	2,920
Work Modality				
On-site work modality by gender: Women	#	379	342	306
On-site work modality by gender: Men	#	2,908	2,786	2,614
On-site work modality by type of employee: Support	#	0	0	0
On-site work modality by type of employee: Departamental	#	2,989	2,847	2,656
On-site work modality by type of employee: Senior management	#	243	230	213
On-site work modality by type of employee: Executive management	#	55	51	51

*Data restated due to more precise calculations.

Stronger Customer Relationships

More Sustainable Products

	Unit	2023	2022	2021
GRI 2-1 - SASB EM-CM-410a.1 Products				
Net sales of sustainable products*	%	6.7	3.4	1.5

*Data restated due to more precise calculations.

Customer Satisfaction

	Unit	2023	2022	2021
GRI 416-2 Incidents of non-compliance concerning product and service information and labeling				
Incidents of non-compliance with regulations resulting in a fine or penalty	#	0	0	0
Incidents of non-compliance with regulations resulting in a warning	#	0	0	0
Incidents of non-compliance with voluntary codes	#	0	0	0
Total Incidents of non-compliance with regulations and/or voluntary codes concerning product and service information and labeling	**#**	**0**	**0**	**0**
GRI 417-2 Incidents of non-compliance concerning product and service information and labeling				
Incidents of non-compliance with regulations resulting in a fine or penalty	#	0	0	0
Incidents of non-compliance with regulations resulting in a warning	#	0	0	0
Incidents of non-compliance with voluntary codes	#	0	0	0
Total Incidents of non-compliance concerning product and service information and labeling	**#**	**0**	**0**	**0**

Performance Data: People

	Unit	2023	2022	2021
GRI 418-1 Customer Privacy				
Substantiated complaints received concerning breaches of customer privacy	#	0	0	0
Total number of identified leaks, thefts, or losses of customer data	#	0	0	0
Total Incidents concerning customer privacy	**#**	**0**	**0**	**0**

Improved Supplier Engagement

	Unit	2023	2022	2021
GRI 204-1 Proportion of Spending on Local Suppliers				
Suppliers from national markets (% of total suppliers)	%	58.6	64.8	47.7
Spending on local** suppliers	%	44.7	41.1	50.2
GRI 414-1 Supplier Social Assessment				
Suppliers with Supplier code of conduct as part of contractual agreement	%	100	100	100

	Unit	2023	2022	2021
Supplier Code of Conduct				
Does your company have a Supplier Code of Conduct?		Yes	Yes	Yes
Does it include:				
- Child labor		x	x	x
- Industrial safety and health at work		x	x	x
- Occupational health and safety		x	x	x
- Discrimination		x	x	x
- Equity and fairness in relationships with suppliers		x	x	x
- Environmental responsability		x	x	x
- Anti-corruption and conflict of interest		x	x	x
- Anti-competitiveness		x	x	x
GRI 308-1 Supplier Environmental Assessment				
New Suppliers that were screened using environmental criteria	#	460	306	550

* In process of being included
** Local means located in the same state as the facility making the purchase

Performance Data: People

	Unit	2023
Supplier ESG Program		
We publicly disclose the measures below related to supplier ESG programs.		No
• Purchasing practices are continuously reviewed to ensure alignment with the Supplier Code of Conduct and to avoid potential conflicts with ESG requirements.		Yes
• Training for company's buyers and/or internal stakeholders on their roles in the supplier ESG program.		No
Supplier Screening		
Do you apply supplier screening to systematically identify significant suppliers?		Yes
Which of the following aspects are considered in your screening process for significant suppliers?		
• Commodity-specific risk		Yes, diesel and raw materials
Supplier Assessment and Development		
Does your company have a publicly available supplier assessment and development process in place?		No
KPIs for Supplier Screening		
Does your company monitor and report on coverage and progress of your supplier screening program?		Contractors only

Communities

	Unit	2023	2022	2021
GRI 413-1 Operations with local community engagement, impact assessments, and development programs				
Charitable Donations	%	21	20	23
Community Investments (Social investment projects)*	US$	1,119,651	1,101,017	1,036,250
Community Investments (Social investment projects)*	%	79	80	77
Investments by category:				
- Education	US$	229,535	202,122	161,133
- Community	US$	384,302	413,333	381,105
- Vulnerable Groups	US$	291,570	272,384	308,227
- Organizations	US$	505,814	485,562	494,012
Total number of beneficiaries consolidation year	#	58	54	55
Employee volunteering during paid working hours	Hours	474	75	135

Note: includes only information for Mexico
*Data restated due to more precise calculations.

Performance Data: Planet

	Unit	2023	2022	2021		
GRI 305 Emissions						
GRI 305-1 Direct (Scope 1) GHG Emissions from our Cement Business						
Gross direct (Scope 1) GHG emissions*	Million $MtCO_2$	3.386	3.555	3.567	gcca	KPMG Assured
Net CO_2 emissions (Scope 1)	Million $MtCO_2$	3.344	3.510	3.516	gcca	KPMG Assured
GRI 305-2 Energy Indirect (Scope 2) GHG emissions from our Cement Business						
Gross location-based energy indirect (Scope 2) GHG emissions**	Million $MtCO_2$	0.260	0.274	0.261		
Gross market-based energy indirect (Scope 2) GHG emissions**	Million $MtCO_2$	0.212	0.234	N/A	gcca	KPMG Assured
GRI 305-3 Other Indirect (Scope 3) GHG Emissions from our Cement Business						
Gross indirect (Scope 3) GHG emissions**	Million $MtCO_2$	1.141	1.242	1.240		
Upstream Scope 3 emissions	Million $MtCO_2$	0.091	0.206	0.201		
- Category 1. Purchased Goods and Services	Million $MtCO_2$	0.031	0.113	0.122	gcca	KPMG Assured
- Category 3: Fuel and energy related	Million $MtCO_2$	0.009	0.004	0.005		
- Category 4: Upstream transport	Million $MtCO_2$	0.051	0.089	0.074	gcca	KPMG Assured
Downstream scope 3 emissions	Million $MtCO_2$	1.050	1.037	1.039		
- Category 9: Downstream transport	Million $MtCO_2$	0.079	0.042	0.013		
- Category 11: Use of Sold Products	Million $MtCO_2$	0.970	0.994	1.026		
Total GHG Emissions	**tCO_2**	**4.697**	**4.968**	**5.043**		

*Gross CO_2 emissions are the total emissions resulting from the chemical decarbonization of limestone and the emissions resulting from the burning of fossilbased fuels and alternative fossil fuels. Compared with gross CO_2 emissions, net CO_2 emissions do not include CO_2 from alternative fossil fuels.
**Recalculated according to new, more refined methodology.

Environmental Governance

	Unit	2023	2022	2021
Environmental Compliance*				
Environmental fines above US$10,000	#	3	4	2
Fines and penalties paid	US$	325,000	250,000	60,000
Environmental Management Systems and Investments				
Cement sites with an ISO 14001 certification*	%	59.1	60.8	64.9
Environmental capital investments	US$ million	87.2	30.0	7.5
Environmental operating expenses	US$ million	2.5	2.1	2.8
Total expenses (capital + operating expenses)	US$ million	89.7	32.1	10.3

*Data restated due to more precise calculations.

Our Approach to Net-Zero

	Unit	2023	2022	2021		
GRI 305-4 GHG Emissions Intensity						
Gross CO_2 (Scope 1) emissions/production of cementitious material	$kgCO_2/t$	706.1	741.2	754.8	gcca	KPMG Assured
Net CO_2 (Scope 1) emissions/production of cementitious material	$kgCO_2/t$	697.4	731.7	744.1	gcca	KPMG Assured
CO_2 (Scope 2) emissions/production of cementitious material	$kgCO_2/t$	44.2	57.1	55.2	gcca	
GRI 305-5 Reduction of GHG emissions as a result of reduction initiatives						
Reduction gross CO_2 (Scope 1) emissions/t cementitious from 2015 (SBTi target)	%	7.9	3.4	1.6		
Reduction CO_2 (Scope 2) emissions/t cementitious material from 2015 baseline	%	42.6	25.9	28.3		
Reduction CO_2 (Scope 3) emissions/t from 2015 baseline category 11	%	21.7	19.7	17.1		

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

Performance Data: Planet

Decarbonization Roadmap

	Unit	2023	2022	2021		
GRI 302-1 Energy Consumption Within the Organization						
Thermal Energy						
Thermal substitution rate in clinker production	%	7.1	7.7	10.2	gcca	KPMG Assured
Thermal energy consumption: fossil fuels (coal, coke, natural gas)	TJ	14,770.4	15,406.4	14,731.0		
Thermal energy consumption: biomass fuels (renewable energy)	TJ	504.7	721.8	1,063.0		
Thermal energy consumption: waste-based fuels	TJ	491.2	554.7	610.0		
Total thermal energy consumption	**TJ**	**15,900.4**	**16,682.9**	**16,404.0**		
Thermal energy mix: % fossil fuels (coal and coke) in clinker production	%	45.2	57.3	66.3		
Thermal energy mix: % fossil fuels (natural gas) in clinker production	%	47.6	35.0	23.5		
Thermal energy mix: % biomass in clinker production	%	3.9	4.3	6.5	gcca	KPMG Assured
Thermal energy mix of clinker production: % alternative fuels	%	3.2	3.3	3.7	gcca	KPMG Assured
Total thermal energy consumption	**%**	**100**	**100**	**100**		
Thermal energy consumption: fossil fuels (non-kiln)	TJ	624.2	279.2	387.6		KPMG Assured

	Unit	2023	2022	2021		
Electricity						
Electricity: non-renewable	%	80.9	90.5	91.0		
Electricity: renewable	%	19.1	9.5	9.0	gcca	KPMG Assured
Total electricity energy consumption (cement business line)	**%**	**100.0**	**100.0**	**100.0**		
Electricity: non-renewable	MWh	482,694.0	557,934.9	541,210.9		
Electricity: renewable	MWh	113,946.0	58,238.2	53,559.9		
Total electricity energy consumption (cement business line)	**MWh**	**596,640.1**	**616,173.2**	**594,570.0**		
Total electricity consumption (concrete business line)	MWh	9,500.1	9,933.9	9,136.3		
Total electricity consumption (aggregates business line)	MWh	7.9	9.1	9.4		
Total electricity energy consumption in all business (Electrical)*	**MWh**	**603,715.7**	**626,116.2**	**606,148.1**		
Total electricity energy consumption in all business (Thermal + Electrical)*	**TJ**	**18,577.4**	**18,936.9**	**18,082.5**		
GRI 302-3 Energy Intensity						
Heat consumption intensity (clinker production)	MJ/t	3,924.5	4,019.6	3,978.4	gcca	KPMG Assured
Electric consumption intensity (cement business line)	KWh/t cem	126.6	129.8	125.7		
Electric consumption intensity (concrete business line)	KWh/m^3	4.7	5.1	5.0		
Electric consumption intensity (aggregates business line)	KWh/t	1.2	1.5	1.6		
GRI 302-4 Reduction of energy consumption						
Reduction in heat/t clinker from 2015 baseline (4,233 MJ/tck)	%	7.3	5.0	6.0		

*We updated these figures to add the thermal energy used outside of the kiln.

Performance Data: Planet

Blended Cements with a Lower Clinker Factor

	Unit	2023	2022	2021		
GRI 2-1 Products						
Clinker produced	Metric Ton	4.1	4.2	4.1		
Cement produced	Metric Ton	4.7	4.7	4.7		
Ordinary portland cement	%	8.2	41.3	58.4		
Limestone cement	%	71.4	38.7	25.2		
Pozzolan cement	%	1.9	2.2	1.8		
Well cement	%	13.5	12.8	9.5		
Masonry	%	1.9	2.0	2.0		
Specialty cements	%	3.2	3.0	3.1		
Cementitious material produced*	Metric Ton	4.8	4.8	4.7		
Concrete produced	Million m^3	2,036.2	1,930.0	1,814.6		
Aggregates produced**	Metric Ton	6.4	6.1	5.9		
Clinker / cement (equivalent) factor	%	84.2	86.4	87.3	gcca	KPMG Assured
Reduction clinker factor from 2015 baseline (88.5%)	%	4.9	2.4	1.4		

*Cementitious material defined following the CSI/GCCA definition: Total clinker produced plus mineral components consumed for blending and production of cement substitutes.
**Data restated due to more precise calculations.

Environmental Stewardship

Air Emissions

	Unit	2023	2022	2021		
GRI 305-7 NOx, SOx and Other Significant Air Emissions: Measurement Scope and Intensitys						
Total absolute NOx emissions*	Metric Ton	7,088.6	8,070.5	6,391.0	gcca	KPMG Assured
Total absolute SOx emissions	Metric Ton	368.8	461.0	136.4	gcca	KPMG Assured
Total absolute Dust emissions	Metric Ton	170.5	105.5	58.6	gcca	KPMG Assured
Total absolute Volatile Organic Compounds (VOC) emissions	Metric Ton	2,007.3	1,002.3	785.0		
Total absolute HM1 emissions	kg	12.4	7.2	27.8		
Total absolute HM2 emissions	kg	3,299.5	3,187.2	3,029.4		
Total absolute Mercury emissions	kg	76.0	40.8	41.9		
Total absolute Dioxins/furans emissions	mg	3.5	31.1	33.8		
Total NOx, SOx and other significant air emissions	**Metric ton**	**13,027**	**12,905**	**10,504**		

*We reassessed and made an adjusment in all emssion figures since 2019 given GCCA Guidelines recommend to do a conversion based on P,T,O_2 and humidity. In 2021 we used two kilns in Chihuahua that did not operate continuosly where we considered the production of these kilns and the emissions average of all other kilns to calculate the NO_x, SO_x and dust emissions.

Performance Data: Planet

	Unit	2023	2022	2021		
GRI 305-7 NOx, SOx and Other Significant Air Emissions: Measurement Scope and Intensity						
% clinker production with continuous and discontinuous particulate material, NO_x, SO_x, VOC/THC and heavy metal emission monitoring*	%	78.6	89.2	88.8	gcca	KPMG Assured
% production with continuous monitoring of dust, NO_x and SO_x	%	44.5	45.0	44.0	gcca	KPMG Assured
% clinker production with NO_x emissions measurement	%	83.8	95.0	95.1	gcca	
% clinker production with SO_x emissions measurement	%	83.8	86.7	95.1	gcca	
% clinker production with dust emissions measurement	%	83.8	95.0	95.1	gcca	
% clinker production with VOC measurement (coverage clinker)	%	83.8	95.0	95.1		
% clinker production with HM1 measurement	%	78.6	89.2	88.8		
% clinker production with HM2 measurement	%	78.6	89.2	88.8		
% clinker production with mercury measurement	%	83.8	95.0	95.1		
% clinker production with dioxins/furans measurement	%	68.2	79.3	88.8		
NO_x emissions intensity (clinker)	g/metric ton	1,749.6	1,944.5	1,550.1	gcca	KPMG Assured
SO_x emissions intensity (clinker)	g/metric ton	91.0	111.1	33.1	gcca	KPMG Assured
Dust emissions intensity (clinker)	g/metric ton	42.1	28.1	14.2	gcca	KPMG Assured
VOC emissions intensity (clinker)	g/metric ton	495.5	254.1	200.3		
HM1 emissions intensity (clinker)	mg/metric ton	3.1	2.0	7.6		
HM2 emissions intensity (clinker)	mg/metric ton	814.4	861.0	827.7		
Mercury emissions intensity (clinker)	mg/metric ton	18.8	10.3	10.7		
Dioxins/furans emissions intensity (clinker)	mg/metric ton	0.9	8.4	9.2		

*We reassessed all the overall coverage according with GCCA Guidelines

Water Management

	Unit	2023	2022	2021		
GRI 303-1 Interactions with Water as a Shared Resource						
% production plants in water-stressed area	%	66.2	36.7	37.1		
% sales in risk water	%	47.5	26.5	29.6		
GRI 303-3 Water Withdrawal						
Total freshwater withdrawal*	Million m^3	2.977	3.050	2.729	gcca	
Freshwater withdrawal from municipal waters supplies	Million m^3	0.007	1.035	0.392		
Freshwater withdrawal from quarry	Million m^3	0.000	0.004	0.026		
Freshwater withdrawal from fresh surface water (lakes, rivers)	Million m^3	n.m.	n.m.	n.m.		
Freshwater withdrawal from ground water	Million m^3	2.897	1.939	2.234		
Quarry water used (non-freshwater sources)	Million m^3	0.000	0.072	0.077		
External wastewater (non-freshwater sources)	Million m^3	0.073	0.000	0.000		
GRI 303-4 Water Discharge						
Total water discharge	Million m^3	0.782	0.732	0.933		
GRI 303-4 Water Consumption						
Total water consumption (cement business line)	Million m^3	2.196	2.319	1.797	gcca	KPMG Assured
Total water consumption (concrete business line)	Liter/m^3	411.37	317.67	n.m.		
Total water consumption (aggregates business line)	Liter/m^3	0.009	0.009	0.008		
Water usage per metric ton of cementitious products**	Liter/metric ton	457.9	483.4	380.2	gcca	KPMG Assured

* We used the WRI Aqueduct Water Tool to asesss risks areas.
**We adjusted 2021 data because of an error in calculation.

Performance Data: Planet

Waste Management

	Unit	2023	2022	2021		
GRI 301-1 Materials used by Weight or Volume						
Total raw material consumption in cement	Metric Ton	7,324,807	7,375,097	7,297,439		KPMG Assured
GRI 301-2 Recycled Input Materials Used						
Alternative raw material contained in cement	Metric Ton	171,740	184,844	184,569		KPMG Assured
Alternative raw material contained in cement	%	2.4	2.6	2.6	gcca	KPMG Assured
GRI 306-3 Waste Generated						
Internal waste generated: hazardous	Metric Ton	35	38	35		
Internal waste generated: non-hazardous, other	Metric Ton	5,642	4,027	4,231		
Total internal waste generated	**Metric Ton**	**5,677**	**4,065**	**4,266**		
Total internal waste generated: hazardous	%	0.6	0.9	0.8		
Total internal waste generated: non-hazardous, other	%	99.4	99.1	99.2		
Total internal waste generated	%	**100.0**	**100.0**	**100.0**		
GRI 306-4 Waste Diverted from Disposal*						
Recycled input materials in the kilns for energy recovery: residues	Metric Ton	21,660	24,301	26,019		
Recycled renewable materials in the kilns for energy recovery: biomass	Metric Ton	32,917	39,628	58,427		
Total waste recycled for energy recovery: non-hazardous	Metric Ton	54,577	63,929	84,446		
GRI 306-5 Waste Directed to Disposal						
Total waste generated sent for disposal	Metric Ton	5,677	4,065	4,266		

*The waste recycled corresponds to waste generated by other industries.

Biodiversity

	Unit	2023	2022	2021		
GRI 304-1 Operational Sites Owned, Leased, Managed in, or Adjacent to, Protected Areas and Areas of High Biodiversity Value Outside Protected Areas						
Quarries with high biodiversity importance with biodiversity management plan in place	%	n.m.	n.m.	0	gcca	
GRI 304-3 Habitats Protected or Restored						
Quarries with rehabilitation plan in place*	%	48.1	46.4	53.1	gcca	KPMG Assured

*We assessed the quarries at the cement plants.

Units keys Mt - million tons MJ - million joules M GJ - million gigajoules Mm^3 - million cubic meters n.m. - not measured

gcca categories are from GCCA **KPMG assured** - categories are assured based on GCCA guidelines

Performance Data: Planet

Environmental data collection and reporting methodologies

- For reporting Scope 1 CO_2 cement emissions we use the GCCA 'Sustainability Guidelines for the monitoring and reporting of CO_2 from cement manufacturing' and the accompanying Excel spreadsheet, 'Cement CO_2 and Energy Protocol, Version 3.1, CO_2 Emissions and Energy Inventory, which has a default emission factors from IPCC 2006, 2006 IPCC Guidelines for National Greenhouse Gas Inventories.

- We calculate Scope 2 CO_2 emissions from electricity in line with the method of the World Resources Institute Greenhouse Gas Protocol Scope 2 Guidance (2015), using Environmental Protection Agency (EPA). (2023). Power Profiler Zip Code Tool and *Factor de Emisión de la Secretaría de Energía* (FESEN, for its acronym in spanish) in 2023 for emissions factors.

- We calculate Scope 3 CO_2 emissions in line with the GHG Protocol's Scope 3 Standard and the GHG Protocol's Scope 3 Standard for cement companies and according to WBCSD-CSI Scope 3 methodology. The methodology recommends the cement industry to consider at least the following 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.

  GCC has reaffirmed that the following categories are the most relevant for our business; Category 1: Purchased goods and services (including capital goods); Category 3: Fuel and energy related activities; Category 4: Upstream transportation and distribution; Category 9: Downstream transportation and distribution and Category 11: use of sold fuels. We added and calculate category 11 in 2021, due to the fact that we have a coal business. For the 2023 calculations, we reassigned emissions previously categorized under category 4 (upstream transport and distribution) to category 3 (fuel-related activities). This adjustment was made to reflect the transport associated with fuel consumption within the process. Scope 3 emissions are calculated based on the GHG Protocol, and methodologies for calculations are determined using the Cement Sector Scope 3 GHG Accounting and Reporting Guidance. Calculation tools are only used for category 4 and 9, the Mobile Combustion GHG Emissions Calculation Tool Version 2.6.

- For reporting co-processing fuels and raw materials, we use the GCCA Sustainability Guidelines for co-processing fuels and raw materials in cement manufacturing.

- Raw material substitution rate is expressed as the quantity of alternative raw materials and fuels used, expressed as a percentage of the total virgin and alternative materials and fuels used.

- For reporting air emissions, we use the GCCA 'Sustainability Guidelines for the monitoring and reporting of emissions from cement manufacturing.

- For reporting of water, we used the GCCA Sustainability Guidelines for the monitoring and reporting of water in cement manufacturing.

- For reporting the number of Locations in Physical Climate Risk (drought severity) we identify the number of locations (prior year location geocoordinate data) which are at "High" risk of drought severity expressed as a percentage of the total number of locations using the World Resource Institute's (WRI) Aqueduct Risk Atlas.

- For reporting local impacts, we use the GCCA 'Sustainability Guidelines for Quarry Rehabilitation and Biodiversity Management.

Assurance Statement

Independent Limited Assurance Report on Key Sustainability Performance Indicators (Non-Financial Information)

To the Board of Directors of GCC, S.A.B. de C. V.:

We were engaged by the Management of GCC, S.A.B. de C. V. (hereinafter "GCC") to report in the form of an independent conclusion of limited assurance on Key Sustainability Performance Indicators (Non-Financial Information) prepared and presented by the Sustainability Corporate Management of GCC, that are detailed in the Annex A attached to this report (the "Indicators"), and have been included in the GCC Integrated Report 2023 ("the Report") for the period from January 1 to December 31, 2023.

Management responsibilities

The Sustainability Corporate Management of GCC is responsible for the preparation and presentation of the Indicators included in the Annex A of this report, in accordance with the standards of the Global Cement and Concrete Association ("GCCA") and the Green House Gas Protocol (GHG) (jointly the "Criteria"); as well as the information included in them, and to establish and maintain appropriate internal control systems from which the information subject to our review is derived.

The Management of GCC is responsible for preventing and detecting fraud, and for identifying and ensuring that GCC complies with the laws and regulations applicable to its activities.

The Sustainability Corporate Management of GCC is also responsible for ensuring that the personnel involved in the preparation and presentation of the Indicators are adequately trained, the information systems are duly updated and that any changes in the presentation of data and/or in the form of reporting, include all significant reporting units.

Our responsibilities

Our responsibility is to carry out a limited assurance engagement and express an independent conclusion of limited assurance based on the work performed and evidence obtained. We carry out our work in accordance with International Standard on Assurance Engagements (ISAE) 3000, "Assurance Engagements Other than Audits or Reviews of Historical Financial Information," issued by International Auditing and Assurance Standards Board, this standard requires that we plan and perform our procedures to obtain a limited assurance regarding whether, based on our work and the evidence obtained, nothing has come to our attention that causes us to believe that the Indicators contained in the Report for the period from January 1 to December 31, 2023, are not presented in all material respects, in accordance with the Criteria.

KPMG Cárdenas Dosal, S. C. ("the firm") applies the International Standard on Quality Control 1 and, therefore, maintains a comprehensive system of quality control, including policies and procedures on compliance with ethical requirements, professional standards, and applicable legal and regulatory requirements.

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality, and professional behavior.

The procedures selected depend on our knowledge and experience of the Indicators and other circumstances of the work, and our consideration of the areas in which material errors may occur.

Assurance Statement

KPMG

When obtaining an understanding of the Indicators, contained in the Report, and other work circumstances, we have considered the process used to prepare and present the Indicators, in order to design assurance procedures that are appropriate in the circumstances, but not for the purpose of expressing a conclusion as to the effectiveness of GCC's internal control over the preparation of the Indicators presented in the Report.

Our engagement also includes assessing the appropriateness of the main subject, the suitability of the criteria used by GCC in the preparation and presentation of the Indicators, assessing the appropriateness of the methods, policies, and procedures, as well as models used.

The procedures performed in a limited assurance engagement vary in nature, timeliness, and scope than in a reasonable assurance engagement, and consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained in the case of a reasonable assurance engagement.

Criteria

The criteria on which the preparation of the Key Sustainability Performance Indicators has been evaluated refer to the established requirements in the GCCA standards.

Conclusion

Our conclusion has been formed based on, and is subject to, the matters outlined in this report.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusions.

Based on our review and the evidence obtained, nothing has come to our attention that causes us to believe that the Key Sustainability Performance Indicators detailed in the Annex A attached to this assurance report, prepared by the Sustainability Corporate Management of GCC and contained in the GCC Integrated Report 2023, are not prepared in all material aspects, in accordance with the Criteria for the period from January 1 to December 31, 2023.

Restriction of use of our report

Our report should not be regarded as suitable to be used or relied on by any party to acquire rights against us other than the Board of Director and the Sustainability Corporate Management of GCC for any purpose or in any other context. Any party other than the Board of Directors and the Sustainability Corporate Management of GCC who obtains access to our report or a copy thereof and chooses to rely on our report (or any part thereof) will do so at its own risk. To the extent permitted by law, we do not accept or assume any responsibility and disclaim any liability to any party other than GCC for our work, for this independent limited assurance report, or for the conclusions we have reached.

KPMG CÁRDENAS DOSAL, S. C.

Joaquin Aguilera
Partner

Mexico City, May 30, 2024.

Assurance Statement

KPMG

Annex A

The indicators considered as the underlying subject matter of our assurance engagement are the following:

GCCA Guidelines	Theme
CO_2 emissions from cement manufacturing	
	Total direct CO_2 emissions – gross
	Total direct CO_2 emissions – net
	Specific CO_2 emissions – gross
	Specific CO_2 emissions – net
	Indirect CO_2 emissions – Scope 2
	Percentage of Renewable Energy
	CO_2 emissions from cement manufacturing – Scope 3 Category 1: Purchased goods and services
	CO_2 emissions from cement manufacturing – Scope 3 Category 4: Emissions from transportation
Emissions from cement manufacturing	
	Overall coverage rate
	Coverage rate continuous measurement
	Emission data pollutant (absolute and specific):
	Absolute NO_x emissions
	Absolute SO_2 emissions
	Absolute particulate material emissions
Fuel and raw materials in cement manufacturing	
	Alternative fuel rate (kiln fuels)
	Biomass fuel rate (kiln fuels)
	Specific heat consumption for clinker production

GCCA Guidelines	Theme
	Alternative Raw Materials rate (% ARM)
	Clinker/Cement (equivalent) factor
Safety in cement and concrete manufacturing	
	Fatality rate, directly employed
	Number of fatalities (directly employed, contractors/subcontractors, third parties).
	LTI frequency rate, directly employed
	LTI severity rate, directly employed
Biodiversity	
	Percentage (%) of quarries where rehabilitation plan is implemented
Water	
	Water withdrawal - water discharge = water consumption
	Amount of water consumption per unit of product

GRI Content Index

Statement of use
GCC has reported the information cited in this GRI content index for the period 1 January 2023 to 31 December 2023 with reference to the GRI Standards.

GRI 1 used
GRI 1: Foundation 2021

GRI STANDARD	DISCLOSURE	PAGE, COMMENT, PERFORMANCE
GRI 2: General disclosures 2021	2-1 Organizational details	11, 151-152, 177
	2-2 Entities included in the organization's sustainability reporting	152
	2-3 Reporting period, frequency and contact point	11, 152
	2-4 Restatements of information	Clarifications of restatements of information are included as notes in corresponding indicators.
	2-5 External assurance	
	2-6 Activities, value chain and other business relationships	12-13, 15-16, 90-91, 94
	2-7 Employees	163-165
	2-8 Workers who are not employees	165
	2-9 Governance structure and composition	44-47, 51-52
	2-10 Nomination and selection of the highest governance body	44, 46
	2-11 Chair of the highest governance body	46

GRI STANDARD	DISCLOSURE	PAGE, COMMENT, PERFORMANCE
GRI 2: General disclosures 2021	2-12 Role of the highest governance body in overseeing the management of impacts	40, 44-46, 52, 55
	2-13 Delegation of responsibility for managing impacts	52, 55
	2-14 Role of the highest governance body in sustainability reporting	55
	2-15 Conflicts of interest	60
	2-16 Communication of critical concerns	45, 60
	2-17 Collective knowledge of the highest governance body	46, 48, 55
	2-19 Remuneration policies	43, 57-58
	2-20 Process to determine remuneration	57-58
	2-22 Statement on sustainable development strategy	9-10
	2-23 Policy commitments	20-21, 24, 56, 59-60, 65
	2-24 Embedding policy commitments	21, 45, 52, 55
	2-25 Processes to remediate negative impacts	55, 59-61
	2-26 Mechanisms for seeking advice and raising concerns	59-61
	2-27 Compliance with laws and regulations	161
	2-28 Membership associations	153-157
	2-29 Approach to stakeholder engagement	27, 56, 172
	2-30 Collective bargaining agreements	65, 162

GRI Content Index

GRI STANDARD	DISCLOSURE	PAGE, COMMENT, PERFORMANCE
GRI 3: Material Topics 2021	3-1 Process to determine material topics	25-26
	3-2 List of material topics	26
Climate Change & GHGs		
GRI 3: Material Topics 2021	3-3 Management of material topics	20-22, 24-26, 29, 41-42, 123-132, 145
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	175, 180
	305-2 Energy indirect (Scope 2) GHG emissions	175, 180
	305-3 Other indirect (Scope 3) GHG emissions	29, 175, 180
	305-4 GHG emissions intensity	175
	305-5 Reduction of GHG emissions	
Energy Management		
GRI 3: Material Topics 2021	3-3 Management of material topics	20-22, 24-26, 29, 119, 125-132, 133-135, 140-144
GRI 302: Energy 2016	302-1 Energy consumption within the organization	176
	302-2 Energy consumption outside of the organization	176
	302-3 Energy intensity	176
	302-4 Reduction of energy consumption	176
	302-5 Reductions in energy requirements of products and services	134-136

GRI STANDARD	DISCLOSURE	PAGE, COMMENT, PERFORMANCE
Air emissions		
GRI 3: Material Topics 2021	3-3 Management of material topics	20-22, 24-26, 146
	305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	177-178
Health & Safety		
GRI 3: Material Topics 2021	3-3 Management of material topics	20-22, 24-26, 66, 69, 71-76
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	71-72
	403-2 Hazard identification, risk assessment, and incident investigation	71-75
	403-3 Occupational health services	71, 73, 89
	403-4 Worker participation, consultation, and communication on occupational health and safety	165
	403-5 Worker training on occupational health and safety	73, 75
	403-6 Promotion of worker health	71, 73, 89
	403-8 Workers covered by an occupational health and safety management system	165
	403-10 Work-related ill health	166

GRI Content Index

GRI STANDARD	DISCLOSURE	PAGE, COMMENT, PERFORMANCE
Employee Attraction, Training & Development		
GRI 3: Material Topics 2021	3-3 Management of material topics	20-22, 24-26, 77-83, 87-89
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	168
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	88, 89
	401-3 Parental leave	171
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	166-167
	404-2 Programs for upgrading employee skills and transition assistance programs	77-83, 167
	404-3 Percentage of employees receiving regular performance and career development reviews	171
	202-2 Proportion of senior management hired from the local community	172
Product Quality & Safety, and Costumer Experience		
GRI 3: Material Topics 2021 GRI 416: Customer Health and Safety 2016	3-3 Management of material topics	20-22, 24-26, 90-94
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	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	172
Business Ethics		
GRI 3: Material Topics 2021	3-3 Management of material topics	20-22, 24-26, 59-61

GRI STANDARD	DISCLOSURE	PAGE, COMMENT, PERFORMANCE
GRI 205: Anti-corruption 2016	205-1 Operations assessed for risks related to corruption	160
	205-2 Communication and training about anti-corruption policies and procedures	160
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Water Management		
GRI 3: Material Topics 2021	3-3 Management of material topics	20-22, 24-26, 125, 147, 157
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	147, 178
	303-2 Management of water discharge-related impacts	147
	303-3 Water withdrawal	178, 180
	303-4 Water discharge	178
	303-5 Water consumption	178
Waste & Materials Management		
GRI 3: Material Topics 2021	3-3 Management of material topics	20-22, 24-26, 125, 128
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	301-2 Recycled input materials used	179
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	125, 128
	306-2 Management of significant waste-related impacts	125, 128
	306-3 Waste generated	179
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GRI Content Index

GRI STANDARD	DISCLOSURE	PAGE, COMMENT, PERFORMANCE
Biodiversity		
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GRI 304: Biodiversity 2016	304-1 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	148, 179, 180
	304-2 Significant impacts of activities, products and services on biodiversity	148
	304-3 Habitats protected or restored	179, 180
Diversity, Equity, & Inclusion		
GRI 3: Material Topics 2021	3-3 Management of material topics	20-22, 24-26, 65-66, 69-70, 84-86
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	169-170
	405-2 Ratio of basic salary and remuneration of women to men	170
Labor Practices		
GRI 3: Material Topics 2021	3-3 Management of material topics	20-22, 24-26, 66-70
GRI 402: Labor/Management Relations 2016	402-1 Minimum notice periods regarding operational changes	162
Data Security & Privacy		
GRI 3: Material Topics 2021	3-3 Management of material topics	20-22, 24-27, 40-41, 94
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	173

GRI STANDARD	DISCLOSURE	PAGE, COMMENT, PERFORMANCE
Human Rights		
GRI 3: Material Topics 2021	3-3 Management of material topics	20-22, 24-26, 65-66, 84-86, 156, 162
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	161
GRI 407: Freedom of Association and Collective Bargaining 2016	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	65, 162
GRI 408: Child Labor 2016	408-1 Operations and suppliers at significant risk for incidents of child labor	162
GRI 409: Forced or Compulsory Labor 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	162
GRI 410: Security Practices 2016	410-1 Security personnel trained in human rights policies or procedures	162
Community Relations		
GRI 3: Material Topics 2021	3-3 Management of material topics	20-22, 24-26, 96-99, 146-148
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	96-99, 174
	413-2 Operations with significant actual and potential negative impacts on local communities	146-148
GRI 203: Indirect Economic Impacts 2016	203-1 Infrastructure investments and services supported	96-99, 174
	203-2 Significant indirect economic impacts	96-99, 174
Governance of “ESG”		
GRI 3: Material Topics 2021	3-3 Management of material topics	20-22, 24-26, 31, 55

GRI Content Index

GRI STANDARD	DISCLOSURE	PAGE, COMMENT, PERFORMANCE
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	31, 159
	201-4 Financial assistance received from government	161
GRI 415: Public Policy 2016	415-1 Political contributions	161
Systemic Risk Management		
GRI 3: Material Topics 2021	3-3 Management of material topics	20-22, 24-26, 32-42
GRI 201: Economic Performance 2016	201-2 Financial implications and other risks and opportunities due to climate change	41-42, 158
Stakeholder Engagement		
GRI 3: Material Topics 2021	3-3 Management of material topics	20-22, 24-27, 56, 68, 96
Board Independence & Diversity		
GRI 3: Material Topics 2021	3-3 Management of material topics	20-22, 24-26, 44, 46-47
Sustainable Products, Innovation & Digital Transformation		
GRI 3: Material Topics 2021	3-3 Management of material topics	15, 20-22, 24-26, 77, 90-91, 134-135, 137-139
Competitive Behavior		
GRI 3: Material Topics 2021	3-3 Management of material topics	20-22, 24-26, 30, 88-89, 111
GRI 206: Anti-competitive Behavior 2016	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	161
Product Life Cycle & Circular Economy		
GRI 3: Material Topics 2021	3-3 Management of material topics	20-22, 24-26, 125-127, 131, 141-143

GRI STANDARD	DISCLOSURE	PAGE, COMMENT, PERFORMANCE
Supply Chain Management		
GRI 3: Material Topics 2021	3-3 Management of material topics	20-22, 24-26, 94-95
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	94, 173
GRI 308: Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria	173
GRI 414: Supplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria	173

GCC - SASB

Sustainability Disclosure Topics & Metrics

Topic	Metric	Page, comment, performance	Code
Greenhouse Gas Emissions	Gross global Scope 1 emissions	p. 124, 175, 180	EM-CM-110a.1
	Percentage covered under emissions-limiting regulations	This data is covered in the annual CDP disclosure, section C5 Emissions Methodology. In 2023 GCC's methodology for calculating our Scope 2 emissions has improved to include activities outside of our cement operations within our boundary. Scope 2 emissions now include all business operations, including cement, aggregates, and ready mix. Our Scope 1 emissions continue to only include emissions from our cement operations, the most significant and material source of GCC's emissions.	EM-CM-110a.1
	Discussion of long-term and short-term strategy or plan to manage scope 1 emissions, emissions reduction targets and an analysis of performance against those targets	p. 22, 24, 29, 41-42, 123-128, 130-145	EM-CM-110a.2
Air Quality	Air emissions of the following pollutants: (1) NOx (excluding N2O), (2) SOx, (3) particulate matter (PM10), (4) dioxins/furans, (5) volatile organic compounds (VOCs), (6) polycyclic aromatic hydrocarbons (PAHs) and (7) heavy metals	p. 177, 178 All emissions stated in absolute and specific figures. GCC reports annually on all emissions with the exception of polycyclic aromatic hydrocarbons (PAH) in this report. We also report specific emissions by clinker material.	EM-CM-120a.1

Topic	Metric	Page, comment, performance	Code
Energy Management	Total energy consumed	p. 176, 180	EM-CM-130a.1
	Percentage grid electricity	99.95% of the energy consumed for cement production comes from the grid, not including the energy that GCC also produces for cement production.	
	Percentage alternative	p. 176	
	Percentage renewable	p. 176	
Water Management	Total water withdrawn	p. 178	EM-CM-140a.1
	Total water consumed	p. 178	
	Percentage of each in regions with High or Extremely High Baseline Water Stress	p. 178	
Waste Management	Amount of waste generated	p. 179	EM-CM-150a.1
	Percentage hazardous	p. 179	
	Percentage recycled	0%	
Biodiversity Impacts	Percentage of products that qualify for credits in sustainable building design and construction certifications	p. 98, 125, 128, 148	EM-CM-160a.1
	Total addressable market and share of market for products that reduce energy, water or material impacts during usage or production	Information not available. We report the percentage of quarries with a rehabilitation plan in place 46.4%.	EM-CM-160a.2
Workforce Health & Safety	• Total recordable incident rate (TRIR) • Near miss frequency rate (NMFR) for (a) full time employess • Near miss frequency rate (NMFR) for (b) contract employess	p. 166 GCC is establishing policies to collect and analyze this information.	EM-CM-320a.1
	Number of reported cases of silicosis	GCC has no reported cases.	EM-CM-320a.2

GCC - SASB

Topic	Metric	Page, comment, performance	Code
Product Innovation	Percentage of products that qualify for credits in sustainable building design and construction certifications	p. 172 GCC currently does not collect this information. However, we report % sales of sustainable products	EM-CM-410a.1
	Total addressable market and share of market for products that reduce energy, water or material impacts during usage or production	Data is covered in the annual CDP disclosure, section C9. Additional metrics	EM-CM-410a.2
Pricing Integrity & Transparency	Total amount of monetary losses as a result of legal proceedings associated with cartel activities, price fixing, and anti-trust activities	p. 161	EM-CM-520a.1

Activity Metrics

Activity Metric	Page, comment, performance	Code
Production by major product line	p. 177	EM-CM-000.A

KPMG

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Independent auditors' report

(Translation from Spanish Language Original. In the event of discrepancy, the Spanish – language version prevails)

To the Board of Directors and Stockholders

GCC, S.A.B. de C. V. (formerly Grupo Cementos de Chihuahua, S.A.B. de C.V.):

(Thousands of US dollars)

Opinion

We have audited the consolidated financial statements of GCC, S.A.B. de C.V. and subsidiaries ("the Group"), which comprise the consolidated statements of financial position as at December 31, 2023 and 2022, the consolidated statements of operations, comprehensive income, changes in stockholders' equity and cash flows for the years then ended, and notes, comprising material accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of GCC, S.A.B. de C.V. and subsidiaries as at December 31, 2023 and 2022, and its consolidated results and its consolidated cash flows for the years then ended, in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Mexico, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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Evaluation of the goodwill impairment	
See Note 5 (c) and 29 (b) to the consolidated financial statements	
The key audit matter	**How the matter was addressed in our audit**
At December 31, 2023 the Group is involved in legal proceedings in the normal course of its operations. The Group records provisions for legal proceedings when it is probable that an outflow of resources will be required to settle a present obligation and when the outflow can be reliably estimated. The Group discloses a contingency for legal proceedings whenever the likelihood of loss from the proceedings is considered possible or when it is considered probable, but it is not possible to reliably estimate the amount of the outflow of resources. Legal processes provisions and contingencies is a key audit matter because it requires challenging auditor judgment and audit effort, due to the nature of the estimates and assumptions, including judgments about the likelihood of loss and the amounts that would be paid in the event of loss.	Our audit procedures for this key audit matter included the following, among others: • We evaluated the competence and capabilities of the lawyers of the Group that assessed the likelihood of loss and the estimate of the outflow of resources. • Involvement of our legal specialists to assist in the evaluation of the status of the legal processes and Inspecting letters received from the Group's external lawyers that assessed the likelihood of loss and the amounts that would be paid in the event of loss. • Evaluate the judgments applied to resolutions obtained during and after the year end related to legal processes, as well as assessed the adequacy of the disclosures in the consolidated financial statements.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended December 31, 2023 and 2022, to be filed with the National Banking and Securities Commission (Mexico) (Comisión Nacional Bancaria y de Valores) and the Mexican Stock Exchange (Bolsa Mexicana de Valores) ("the Annual Report") but does not include the consolidated financial statements and our auditors' report thereon. The Annual Report is expected to be made available to us after the date of this auditors' report.

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

KPMG

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matter

The consolidated financial statements of GCC, S.A.B. de C. V. and subsidiaries as at and for the year ended December 31, 2021, were audited by another auditor who expressed an unmodified opinion on those consolidated financial statements on April 14, 2022.

KPMG Cárdenas Dosal, S.C.

C.P.C. Gabriel Vazquez Paez
Chihuahua, Chihuahua, April 25, 2024.

GCC, S.A.B. de C.V. and Subsidiaries
(Formerly Grupo Cementos de Chihuahua, S.A.B. de C.V.)

Consolidated statements of financial position

(Amounts in thousands of U.S. dollars ($))

		As of December 31,		
	Note	2023	2022	2021
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	6	$958,725	$826,227	$682,962
Accounts receivable:				
Trade accounts receivable, net	7	142,458	105,129	102,878
Other accounts receivable	7	30,283	31,826	34,103
Due from related parties	8	2,216	5,700	3,196
		174,957	**142,655**	**140,177**
Inventories	9	183,467	146,101	131,467
Prepaid expenses	12	14,029	12,739	12,852
Total current assets		**1,331,178**	**1,127,722**	**967,458**
NON-CURRENT ASSETS				
Investments in associates, joint ventures and other investments	13	30,174	23,050	21,888
Property, plant and equipment, net	14	1,147,881	1,002,294	934,110
Right of use assets, net	10	27,020	21,223	19,803
Goodwill	15	212,598	212,598	212,598
Intangible assets, net	16	50,448	57,423	62,751
Other assets	17	13,794	9,864	17,582
Total non-current assets		**1,481,915**	**1,326,452**	**1,268,732**
TOTAL ASSETS		**$2,813,093**	**$2,454,174**	**$2,236,190**

		As of December 31,		
	Note	2023	2022	2021
LIABILITIES AND SHAREHOLDERS' EQUITY				
CURRENT LIABILITIES				
Accounts payable and current portion of long-term financial debt	20	$ -	$ -	$176,000
Trade accounts payable	18	155,278	149,604	111,873
Due to related parties	8	989	2,547	2,702
Short-term employee benefits	19	47,580	37,127	39,007
Accrued expenses and taxes payable	21	83,621	67,533	47,677
Provisions	21	3,753	44,009	2,167
Right of use liability	11	9,443	9,010	14,352
Total current liabilities		**300,664**	**309,830**	**393,778**
NON-CURRENT LIABILITIES				
Long-term financial debt	20	496,986	496,684	363,383
Right of use liability	11	18,419	12,114	2,057
Employee benefits obligations	19	33,186	31,479	39,830
Environmental obligations	21	25,797	25,781	23,247
Other long-term liabilities		-	1,941	2,423
Income taxes payable	22	-	-	676
Deferred tax liabilities	22	173,790	152,533	99,814
Total non-current liabilities		**748,178**	**720,532**	**531,430**
TOTAL LIABILITIES		**$1,048,842**	**$1,030,362**	**$925,208**

GCC, S.A.B. de C.V. and Subsidiaries

(Formerly Grupo Cementos de Chihuahua, S.A.B. de C.V.)

Consolidated statements of financial position

(Amounts in thousands of U.S. dollars ($))

		As of December 31,		
	Note	2023	2022	2021
STOCKHOLDER'S EQUITY	23			
Common stock		$32,070	$32,044	$32,070
Additional paid-in capital		148,365	148,365	148,365
Legal reserve		22,659	22,659	22,659
Retained earnings		1,758,803	1,499,427	1,402,880
Accumulated other comprehensive loss		(198,614)	(279,644)	(295,623)
Equity attributable to owners of the Company		**1,763,283**	**1,422,851**	**1,310,351**
Non-controlling interest		968	961	631
Total stockholders's equity		**1,764,251**	**1,423,812**	**1,310,982**
TOTAL LIABILITIES AND STOCKHOLDER'S EQUITY		**$2,813,093**	**$2,454,174**	**$2,236,190**

See accompanying notes to consolidated financial statements.

Consolidated statements of profit

(Amounts in thousands of U.S. dollars ($))

		For the years ended December 31,		
	Note	2023	2022	2021
Net sales	27	$1,363,917	$1,168,319	$1,038,804
Cost of sales	25	862,205	803,844	707,484
Gross profit		501,712	364,475	331,320
General, administrative and selling expenses	25	119,405	96,131	90,236
Operating income before other expenses		**382,307**	**268,344**	**241,084**
Other expenses, net	25	6,639	50,622	9,507
Operating income		**375,668**	**217,722**	**231,577**
Financial expenses	26	28,109	38,611	35,397
Financial income – interest income		57,967	22,124	7,228
Foreign exchange (loss) gain, net		(4,529)	(1,780)	333
Share of profit of associates and joint venture	13	3,300	3,284	2,990
Income before income taxes		404,297	202,739	206,731
Income tax expense	22	108,832	62,478	54,877
Net income for the year		**$295,465**	**$140,261**	**$151,854**
Consolidated net income for the year attributable to:				
Owners of the Company		295,462	140,258	151,852
Non-controlling interests		3	3	2
Net income for the year		**$295,465**	**$140,261**	**$151,854**

GCC, S.A.B. de C.V. and Subsidiaries
(Formerly Grupo Cementos de Chihuahua, S.A.B. de C.V.)

Consolidated statements of profit
(Amounts in thousands of U.S. dollars ($))

	Note	For the years ended December 31, 2023	2022	2021
Basic and diluted earnings per share:				
Weighted average outstanding shares (thousands)		$326,815	$327,970	$331,195
Basic and diluted earnings per share (in dollars)		$0.90	$0.43	$0.46

See accompanying notes to consolidated financial statements.

Consolidated statements of other comprehensive income
(Amounts in thousands of U.S. dollars ($))

	Note	For the years ended December 31, 2023	2022	2021
Net income for the year		**$295,465**	**$140,261**	**$151,854**
Other comprehensive income:				
Items that are or may be reclassified to net income (loss) in the future:				
Cumulative translation adjustments	23	78,611	10,592	(4,202)
Items that will not be reclassified to net income (loss) in the future:				
Remeasurements of employee benefits	23	3,385	7,696	7,516
Income taxes effect	23	(1,016)	(2,309)	(2,255)
Total comprehensive income		81,030	15,979	1,059
Net comprehensive income for the year		**$376,495**	**$156,240**	**$152,913**
Net comprehensive income for the year attributable to:				
Owners of the Company		$376,492	$156,239	$152,912
Non-controlling interests		3	1	1
		$376,495	**$156,240**	**$152,913**

See accompanying notes to consolidated financial statements.

GCC, S.A.B. de C.V. and Subsidiaries
(Formerly Grupo Cementos de Chihuahua, S.A.B. de C.V.)

Consolidated statements of cash flows
(Amounts in thousands of U.S. dollars ($))

		For the years ended December 31,		
	Note	2023	2022	2021
Operating activities				
Consolidated net income for the year		$295,465	$140,261	$151,854
Adjustments for:				
Increase in pensions plan and seniority premium	19	8,868	6,538	7,833
Share of profit of associates and joint venture		(3,300)	(3,284)	(2,990)
Depreciation	14	70,181	72,337	73,442
Depreciation for right of use asset	10	12,373	13,791	12,951
Amortization	16	6,675	7,119	10,200
Gain on sale of property, plant and equipment		1,080	202	648
Income tax	22	108,832	62,478	54,877
Financial expenses - interest	26	28,109	38,611	35,397
Financial income - interest		(57,967)	(22,124)	(7,228)
(Payment of) Arbitration procedure provision	25	(41,000)	50,035	8,522
Change in assets				
Trade accounts receivable		(37,329)	4,493	(14,065)
Due from/to related parties		1,926	(2,504)	(169)
Other accounts receivable		3,101	2,277	10,880
Other assets		-	-	192
Inventories		($37,366)	($14,634)	$1,271
Prepaid expenses		(1,290)	113	(325)
Trade accounts payable		5,674	37,730	22,794
Direct benefits paid to employees	19	(6,858)	(5,066)	(6,046)
Accruals and liabilities		(10,142)	993	(504)
Cash provided by operating activities		347,032	389,366	359,534
Income tax paid		(76,285)	(15,059)	(11,812)
Net cash provided by operating activities		270,747	374,307	347,722
Investing activities				
Interest collected		57,967	22,124	7,228
Purchases of property, plant and equipment and other assets		(163,592)	(96,378)	(51,492)
Proceeds from sale of property, plant and equipment		2,780	2,426	1,140
Net cash provided (used) in investing activities		($102,845)	($71,828)	($43,124)

GCC, S.A.B. de C.V. and Subsidiaries
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Consolidated statements of cash flows
(Amounts in thousands of U.S. dollars ($))

		For the years ended December 31,		
	Note	2023	2022	2021
Financing activities				
Payments of short-term and long-term financing	20	$ -	($540,000)	($92,000)
Long-term financing		-	500,000	
Payment of leases	11	(12,234)	(14,925)	(16,038)
Repurchase of own shares		(13,216)	(26,443)	-
Commission for long-term debt prepayment		-	(8,911)	-
Interest paid		(21,051)	(18,460)	(11,810)
Dividends paid	23	(24,617)	(19,125)	(24,511)
Net cash used in financing activities		(71,118)	(127,864)	(144,359)
Net increase (decrease) in cash and cash equivalents		96,784	174,615	160,239
Adjustment to cash flows for variations in exchange rates		35,714	(31,350)	(39,421)
Cash and cash equivalents - Beginning of year		826,227	682,962	562,144
Cash and cash equivalents End of year		**$958,725**	**$826,227**	**$682,962**

See accompanying notes to consolidated financial statements.

GCC, S.A.B. de C.V. and Subsidiaries
(Formerly Grupo Cementos de Chihuahua, S.A.B. de C.V.)

Consolidated statements of changes in stockholders' equity
(In thousands of U.S. dollars ($))

		Common stock	Additional paid-in capital	Legal reserve	Retained earnings	Accumulated other comprehensive (loss)	Equity attributable to owners	Non-controlling interest	Total stockholders' equity
Balance as of January 1, 2021		$32,070	$148,365	$22,659	$1,268,100	($296,682)	$1,174,512	$630	$1,175,142
Net income for the year		-	-	-	151,852	-	151,852	2	151,854
Dividends paid	23	-	-	-	(17,072)	-	(17,072)	-	(17,072)
Other comprehensive loss		-	-	-	-	1,059	1,059	(1)	1,058
Balance as of December 31, 2021		$32,070	$148,365	$22,659	$1,402,880	($295,623)	$1,310,351	$631	$1,310,982
Net income for the year		-	-	-	140,258	-	140,258	3	140,261
Dividends paid	23	-	-	-	(19,154)	-	(19,154)	-	(19,154)
Repurchase of own shares		(26)	-	-	(24,557)	-	(24,583)	-	(24,583)
Other comprehensive loss		-	-	-	-	15,979	15,979	327	16,306
Balance as of December 31, 2022		$32,044	$148,365	$22,659	$1,499,427	($279,644)	$1,422,851	$961	$1,423,812
Net income for the year		-	-	-	295,462	-	295,462	3	295,465
Dividends paid	23	-	-	-	(24,926)	-	(24,926)	-	(24,926)
Repurchase of own shares		(26)	-	-	(11,108)	-	(11,134)	-	(11,134)
Other comprehensive loss		-	-	-	-	81,030	81,030	4	81,034
Balance as of December 31, 2023		**$32,018**	**$148,365**	**$22,659**	**$1,758,855**	**($198,614)**	**$1,763,283**	**$968**	**$1,764,251**

See accompanying notes to consolidated financial statements.

GCC, S.A.B. de C.V. and Subsidiaries
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Notes to the consolidated financial statements
For the years ended December 31, 2023, 2022 and 2021 (Amounts in thousands of U.S. dollars ($))

1. Description of activities

Description of activities

GCC, S. A. B. de C. V. (formerly Grupo Cementos de Chihuahua, S. A. B. de C. V.) is a holding company that is organized under the laws of Mexico and whose subsidiaries are principally engaged in the production and sale of hydraulic cement, concrete and aggregates in the markets of Mexico (state of Chihuahua) and the United States of America (in the central corridor from the state of Texas and New Mexico to Montana and North Dakota). GCC, S. A. B. de C. V. is listed on the Mexican Stock Exchange (BMV, by its acronym in Spanish) and is a subsidiary of CAMCEM, S. A. de C. V. (direct holding), an entity that owns 50.8% of its shares and 49.2% is traded on the BMV with the symbol GCC*.

Hereinafter the terms “GCC” or the “Company” are used to refer to GCC, S. A. B. de C. V. and Subsidiaries.

The corporate offices are located at Avenida Vicente Suarez and calle Sexta s/n, Colonia Zona Industrial Nombre de Dios, C.P. 31105, Chihuahua, Chihuahua, Mexico.

At the Extraordinary General Shareholders’ Meeting held on March 23, 2021, the change of company name to GCC, S. A. B. de C. V., formerly Grupo Cementos de Chihuahua, S. A. B. de C. V., was approved.

2. Application of new and amendments International Financial Reporting Standards (“IFRS” or “IAS”).

a. New and amendments IFRS Standards that are effective for the current year

In the year, GCC has applied new and revised IFRS Standards, issued by the International Financial Reporting Standards Board (IASB), which are mandatory for accounting periods beginning on or after January 1, 2023. Its adoption has not had a material impact on the disclosures or amounts reported in these consolidated financial statements.

IFRS 17	“Insurance contracts”
IAS 1 and IFRS Practice Statement 2	“Disclosure of Accounting Policies”
Amendments to IAS 8	“Definition of Accounting Estimates”
Amendments to IAS 12	“Deferred Tax related to Assets and Liabilities arising from a Single Transaction”

IFRS 17 - *Insurance Contracts*

IFRS 17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts and supersedes IFRS 4 Insurance Contracts.

IFRS 17 outlines a general model, which is modified for insurance contracts with direct participation features, described as the variable fee approach. The general model is simplified if certain criteria are met by measuring the liability for remaining coverage using the premium allocation approach.

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The general model uses current assumptions to estimate the amount, timing and uncertainty of future cash flows and it explicitly measures the cost of that uncertainty, it considers market interest rates and the impact of policyholders' options and guarantees.

In June 2020, the IASB issued Amendments to IFRS 17 to address concerns and implementation challenges that were identified after IFRS 17 was published. The amendments defer the date of initial application of IFRS 17 (incorporating the amendments) to annual reporting periods beginning on or after January 1, 2023. At the same time, the IASB issued Extension of the Temporary Exemption from Applying IFRS 9 (Amendments to IFRS 4) that extends the date of the temporary exemption from applying IFRS 9 in IFRS 4 to annual reporting periods beginning on or after January 1, 2023.

IFRS 17 must be applied retrospectively unless impracticable, in which case the modified retrospective approach or the fair value approach is applied.

For the purpose of the transition requirements, the date of initial application is the start if the annual reporting period in which the entity first applies the Standard, and the transition date is the beginning of the period immediately preceding the date of initial application.

Amendments to IAS 1 and IFRS Practice Statement 2 - *Disclosure of Accounting Policies*

In February 2021 the IASB issued amendments to IAS 1 Presentation of Financial Statements and an update to IFRS Practice Statement 2 Making Materiality Judgements to help companies provide useful accounting policy disclosures.

The key amendments to IAS 1 include:

- Requiring companies to disclose their material accounting policies rather than their significant accounting policies;
- Clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed; and
- Clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a company's financial statements.

The IASB also amended IFRS Practice Statement 2 to include guidance and two additional examples on the application of materiality to accounting policy disclosures.

The amendments are consistent with the refined definition of material:

"Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements".

The amendments are effective from January 1, 2023.

Amendments to IAS 8 - *Definition of Accounting Estimates*

The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty".

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The definition of a change in accounting estimates was deleted. However, the Board retained the concept of changes in accounting estimates in the Standard with the following clarifications:

- A change in accounting estimate that results from new information or new developments is not the correction of an error.
- The effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors.

The Board added two examples (Examples 4-5) to the Guidance on implementing IAS 8, which accompanies the Standard. The Board has deleted one example (Example 3) as it could cause confusion in light of the amendments.

The amendments are effective for annual periods beginning on or after January 1, 2023 to changes in accounting policies and changes in accounting estimates that occur on or after the beginning of that period, with earlier application permitted.

Amendments to IAS 12 - *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

The amendments introduce a further exception from the initial recognition exemption. Under the amendments, an entity does not apply the initial recognition exemption for transactions that give rise to equal taxable and deductible temporary differences.

Depending on the applicable tax law, equal taxable and deductible temporary differences may arise on initial recognition of an asset and liability in a transaction that is not a business combination and affects neither accounting nor taxable profit. For example, this may arise upon recognition of a lease liability and the corresponding right-of-use asset applying IFRS 16 at the commencement date of a lease.

Following the amendments to IAS 12, an entity is required to recognize the related deferred tax asset and liability, with the recognition of any deferred tax asset being subject to the recoverability criteria in IAS 12.

The Board also adds an illustrative example to IAS 12 that explains how the amendments are applied.

The amendments apply to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, at the beginning of the earliest comparative period an entity recognizes:

- A deferred tax asset (to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilized) and a deferred tax liability for all deductible and taxable temporary differences associated with:
  - Right-of-use assets and lease liabilities
  - Decommissioning, restoration and similar liabilities and the corresponding amounts recognized as part of the cost of the related asset
- The cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at that date.

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The amendments are effective for annual reporting periods beginning on or after January 1, 2023.

b. Application of new and amendments International Financing Reporting Standards (“IFRS” or “IAS”) issued but not yet effective

At the date of authorization of these financial statements, the Group has not applied the following new and revised IFRS Standards issued but not yet effective:

Amendments to IAS 1	“Classification of Liabilities as current or non-current and non-current liabilities with covenants”
Amendments to IAS 7 and IFRS 7	“Supplier Finance Arrangements”

The Company’s management does not expect that the adoption of the Standards mentioned above will have a material impact on the consolidated financial statements of the Company in future periods, except as noted below:

Amendments to IAS 1 – *Classification of Liabilities as current or non-current and non-current liabilities with covenants*

The amendments, as issued in 2020 and 2022, aim to clarify the requirements on determining whether a liability is current or non-current, and require new disclosures for non-current liabilities that are subject to future covenants. The amendments apply for annual reporting periods beginning on or after 1 January 2024.

As disclosure in Note 20, the Company has secured bank loan that is subjet to specific covenants. While both liabilities are classified as non-current at December 31, 2023, a future breach of the related covenants may require the Group is in the process of assessing the potential impact of the amendments on the classification of these liabilities and the related disclosure.

Amendments to IAS 7 and IFRS 7– *Supplier Finance Arrangements*

The amendments introduce new disclosures relating to supplier finance arrangements that assist users of the financial statements to assess the effects of these arrangements on an entity’s liabilities and cash flows and on an entity’s exposure to liquidity risk. The amendments apply for annual periods beginning on or after 1 January 2024.

As disclosured in Note 18, the Company participates in a supply chain financing arrangement for which the new disclosures will apply. The Company is in the process of assessing the impact of the amendments, particularly with respect to the collation of additional information needed to meet the new disclosure requirements.

Other accounting standards

The following new and amended accounting standards are not expected to have a significant impact on the Company’s consolidated financial statements:

- Lease liability in a sale and leaseback (Amendments to IFRS 16)
- Lack of Exchangeability (Amendments to IAS 21)

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3. Functional and presentation currency

The functional currency is the currency of the main economic environment in which the entity operates, that in which it generates and uses cash. GCC's operations are mainly located in the United States of America and are carried out in US dollars ("US dollars" or "$"), so this currency has been designated as a functional currency.

The Company's reporting currency for purposes of the presentation of its consolidated financial statements, including the comparative amounts and the notes, is the US dollar (dollars or "$"). The aforementioned is due to the fact that the economic environment in which the Company operates is mostly in US dollars, so the consolidated financial statements expressed in US dollars reflect the results and the financial situation of the Company more adequately and reading the financial information in a global reference currency.

The consolidated financial statements are presented in US dollars ($), all values have been rounded up to thousands (000), except when another situation is mentioned.

4. Material accounting policies

a) Statement of compliance

The consolidated financial statements have been prepared in accordance with IFRS issued by the International Accounting Standards Board (IASB), adopted by the public entities in Mexico in accordance with the Rules for Public Companies and other Participants of the Mexican Stock Market, stablished by the National Commission of bank and stock.

On April 25, 2024, Maik Strecker (Chief Financial Officer), authorized the emission of the Financial Consolidated Statements.

b) Basis of presentation

The consolidated financial statements represent the last three years to facilitate the analysis to the reader, mostly to the foreign analysts, holders of the debt bond placed in the international markets and to facilitate possible debt and capital collocations in different markets.

The Company adopted Disclosure of Accounting Policies (Amendments to IAS 1) starting January 1, 2023. The amendments require the disclosure of "material" rather than "significant" accounting policies. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general-purpose financial statements make on the basis of those financial statements. The Company reviewed the accounting policies and made updates to the information disclosed in Note 4 Material Accounting Policies (2022: Significant Accounting Policies) in certain cases in accordance with the modifications.

c) Basis of preparation

The consolidated financial statements were prepared on a historical cost basis, except for the liability for employee benefits and right-of-use liabilities, which are measured at present value.

Historical cost

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

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Fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability, if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for the transactions of stock-based payments that are within the scope of IFRS 2, leasing transactions that are within the scope of IFRS 16, and measurements that have some similarities to fair value but are not fair value, such as net realizable value in IAS 2 or value in use in IAS 36.

In addition, for financial reporting purposes, fair value measurements are categorized into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 - inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company can access at the measurement date;
- Level 2 - inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 - inputs are unobservable inputs for the asset or liability.

d) Basis of consolidation

The consolidated financial statements include the financial statements of the Company and those of entities controlled by the Company (its subsidiaries). Control is achieved when GCC:

- Has power over the investee;
- Is exposed, or has rights, to variable returns from its involvement with the investee; and
- Has the ability to affect such returns through its power over the company in which it invests.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than the majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company’s voting rights in an investee are sufficient to give it power, including:

- The size of the Company’s holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- Potential voting rights held by the Company, other vote holders or other parties;
- Rights arising from other contractual arrangements; and

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- Any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to align their accounting policies with the Company's accounting policies.

All assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Company are eliminated on consolidation.

Non-controlling interests in subsidiaries are identified separately from the Company's equity therein. Those interests of non-controlling shareholders that are present ownership interests entitling their holders to a proportionate share of net assets upon liquidation may initially be measured at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement is made on an acquisition-by-acquisition basis. Other non-controlling interests are initially measured at fair value. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Company's ownership interests in existing subsidiaries

Changes in the Company's ownership interests in subsidiaries that do not result in the Company losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Company's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to owners of the Company.

When the Company loses control of a subsidiary, a gain or loss is recognized in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts formerly recognized in other comprehensive income in relation to that subsidiary are accounted for as if the Company had directly disposed of the related assets or liabilities of the subsidiary (i.e., reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable IFRS). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IFRS 9, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

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The subsidiaries included in the consolidated financial statements are presented as follows:

Subsidiaries	% Ownership As of December 31,		
	2023	2022	2021
Direct equity interest in Mexican subsidiaries:			
Cementos de Chihuahua, S. A. de C. V.	99.999	99.999	99.999
GCC Cemento, S. A. de C. V.	99.999	99.999	99.999
GCC Corporativo, S. A. de C. V.	99.990	99.990	99.990
Indirect equity interest in Mexican subsidiaries:			
Materiales Industriales de Chihuahua, S. A. de C. V.	99.964	99.964	99.964
GCC Concreto, S. A. de C. V.	99.998	99.998	99.998
Minera Rarámuri, S. A.	99.990	99.990	99.990
Construcentro de Chihuahua, S. A. de C. V.	99.990	99.990	99.990
GCC Edificaciones y Servicios, S. A. de C. V.	99.990	99.990	99.990

Subsidiaries	% Ownership As of December 31,		
	2023	2022	2021
GCC Transporte, S. A. de C. V.	99.950	99.950	99.950
GCC Comercial, S. A. de C. V.	99.990	99.990	99.990
Urbanizaciones Contemporáneas, S. A. de C. V.	99.990	99.990	99.990
GCC Latinoamérica, S. A. de C. V.	99.990	99.990	99.990
GCC Mercantil, S. A. de C. V.	99.990	99.990	99.990
GCC Generación, S. A. de C. V.	99.990	99.990	99.990
GCC Solar Samalayuca, S. A. de C. V.	99.990	99.990	99.990
AMD Transportes, S. A. de C. V.	51.000	51.000	51.000
GCC Gasoductos, S. A. de C. V.	99.990	99.990	99.990

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	2023	2022	2021
Indirect equity interest in foreign subsidiaries (located mainly in the United States of America):			
GCC of America, Inc.	100.000	100.000	99.999
GCC Rio Grande, Inc. (GCCRG)	100.000	100.000	99.999
GCC Dacotah, Inc. (Dacotah)	100.000	100.000	99.999
GCC Ready Mix, LLC. (GCCRM)	100.000	100.000	99.999
Mid Continent Concrete Company, Inc. (Midco)	100.000	100.000	99.999
Alliance Transportation, Inc. (Alliance)	100.000	100.000	99.999
American Investments Company, LLC.	100.000	100.000	99.999
GCC Energy, LLC. (GCCE)	100.000	100.000	99.999
Consolidated Ready Mix, Inc. (CRM)	100.000	100.000	99.999
Materiales (Hungary) Investment Group Financing, Ltd.	100.000	100.000	99.999
GCC Alliance Concrete, Inc. (GCCAC)	100.000	100.000	99.999
Colorado Energy Recyclers, LLC.	100.000	100.000	99.999

	2023	2022	2021
Indirect equity interest in foreign subsidiaries (located mainly in the United States of America):			
GCC Technology and Processes, S. A.	100.000	100.000	99.999
GCC Investment, Ltd.	100.000	100.000	99.999
GCC Premium Transloaders, LLC.	100.000	100.000	99.999
Cross Border Logistics, LLC.	49.999	49.999	49.999
Sunset Properties, LLC.	100.000	100.000	99.999
NM Energy, LLC.	100.000	100.000	99.999
GCC Permian, LLC.	100.000	100.000	99.999
GCC Sun City Materials, LLC.	100.000	100.000	99.999
New Materiales Investment, LLC.	100.000	100.000	99.999
GCC Trident, LLC. (GCCTF) (formerly GCC Three Forks, LLC.)	100.000	100.000	99.999
GCC Canadian Holding, Inc.	100.000	100.000	99.999

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The financial statements of the subsidiaries and associates are prepared using the same reporting period as the Company, using consistent accounting policies. Intercompany balances, investments and transactions were eliminated in the consolidated financial statements.

e) Cash and cash equivalents

Cash and cash equivalents are financial assets. Cash and cash equivalents are readily convertible into a known amount of cash with original maturities of three months or less. For the purpose of the statement of cash flows, cash and cash equivalents comprise cash on hand and in banks, deposits held on call with banks and other short-term, highly liquid investments, net of outstanding bank overdrafts.

f) Financial instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

g) Financial assets

In initial recognition, financial assets are classified into the following categories, according to the business model and the characteristics of their contractual flows, such as:

- Accounts receivable
- Financial instruments to charge principal and interest
- Financial instruments to collect or sell
- Negotiable financial instruments

All regular purchases or sales of financial assets are recognized and derecognized on a trade date basis. Regular purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognized financial assets are measured subsequently in their entirety at either amortized cost or fair value, depending on the classification of the financial assets.

Classification of financial assets

Debt instruments that meet the following conditions are measured subsequently at amortized cost:

→ The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

→ The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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Debt instruments that meet the following conditions are measured subsequently at fair value through other comprehensive income:

- The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are measured subsequently at fair value through profit or loss.

Despite the foregoing, the Company may make the following irrevocable election / designation at initial recognition of a financial asset:

- The Company may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if certain criteria are met (see (iii) below); and
- The Company may irrevocably designate a debt investment that meets the amortized cost or fair value through other comprehensive income (FVTOCI) criteria if doing so eliminates or significantly reduces an accounting mismatch (see (iii) below).

(i) Amortized cost and effective interest method

The effective interest method is a method of calculating the amortized cost of a debt instrument and of allocating interest income over the relevant period.

For financial assets other than purchased or originated credit-impaired financial assets (i.e. assets that are credit-impaired on initial recognition), the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition. For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortized cost of the debt instrument on initial recognition.

The amortized cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortized cost of a financial asset before adjusting for any loss allowance.

Interest income is recognized using the effective interest method for debt instruments measured subsequently at amortized cost and at FVTOCI. For financial assets other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below).

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For financial assets that have subsequently become credit-impaired, interest income is recognized by applying the effective interest rate to the amortized cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognized by applying the effective interest rate to the gross carrying amount of the financial asset.

For purchased or originated credit-impaired financial assets, the Company recognizes interest income by applying the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition. The calculation does not revert to the gross basis even if the credit risk of the financial asset subsequently improves so that the financial asset is no longer credit-impaired.

Interest income is recognized in profit or loss and is included in the "finance income - interest income" line item.

(ii) Equity instruments designated as at FVTOCI

In the initial measurement, the Company may make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as at fair value through other comprehensive income. Designation at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination.

A financial asset is held for trading if:

- It has been acquired principally for the purpose of selling it in the near term; or
- On initial measurement it is part of a portfolio of identified financial instruments that the Company manages together and has evidence of a recent actual pattern of short-term profit-taking; or
- It is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

Investments in equity instruments at fair value through other comprehensive income are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in the investment's revaluation reserve. The cumulative gain or loss is not being reclassified to profit or loss on disposal of the equity investments, instead, it is transferred to retained earnings.

Dividends on these investments in equity instruments are recognized in profit or loss in accordance with IFRS 9, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included in the “finance income” line item in profit.

The Company has designated all investments in equity instruments that are not held for trading as at fair value through other comprehensive income on initial application of IFRS 9.

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(iii) Financial assets at fair value through profit or loss (FVTPL)

Financial assets that do not meet the criteria for being measured at amortized cost or FVTOCI (see (i) to (iii) above) are measured at FVTPL. Specifically:

- Investments in equity instruments are classified as at FVTPL, unless the Company designates an equity investment that is neither held for trading nor a contingent consideration arising from a business combination as at FVTOCI on initial recognition (see (iii) above).
- Debt instruments that do not meet the amortized cost criteria or the FVTOCI criteria (see (i) and (ii) above) are classified as at FVTPL. In addition, debt instruments that meet either the amortized cost criteria or the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency (so called “accounting mismatch”) that would arise from measuring assets or liabilities or recognizing the gains and losses on them on different bases. The Company has not designated any debt instruments as at FVTPL.

Foreign exchange gains and losses

The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period. Specifically;

- For financial assets measured at amortized cost that are not part of a designated hedging relationship, exchange differences are recognized in profit or loss in the “Exchange (loss) gain, net”;
- For debt instruments measured at FVTOCI that are not part of a designated hedging relationship, exchange differences on the amortized cost of the debt instrument are recognized in profit or loss in the “Exchange (loss) gain, net Other exchange differences are recognized in other comprehensive income in the investments revaluation reserve;
- For financial assets measured at FVTPL that are not part of a designated hedging relationship, exchange differences are recognized in profit or loss in the “Exchange (loss) gain, net”; and
- For equity instruments measured at FVTOCI, exchange differences are recognized in other comprehensive income in the investments revaluation reserve.

Impairment of financial assets

The Company recognizes an allowance and loss for expected credit losses on investments in debt instruments that are measured at amortized cost or at FVTOCI, cash and cash equivalents, lease receivables, trade receivables and contract assets, as well as on financial guarantee contracts. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Company always recognizes lifetime expected credit losses (ECL) for cash and cash equivalents, trade receivables, contract assets and lease receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Company’s historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Company recognizes lifetime expected credit losses when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial

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recognition, GCC measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

Lifetime expected credit losses represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month expected credit losses represents the portion of lifetime expected credit losses that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

(i) Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Company compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition. In making this assessment, GCC considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Company's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organizations, as well as consideration of various external sources of actual and forecast economic information that relate to the Company's core operations.

In particular, the following information is considered when assessing whether credit risk has increased significantly since initial recognition:

- An actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- Significant deterioration in external market indicators of credit risk for a particular financial instrument, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor, or the length of time or the extent to which the fair value of a financial asset has been less than its amortized cost;
- Existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- An actual or expected significant impairment in the operating results of the debtor;
- Significant increases in credit risk on other financial instruments of the same debtor;
- An actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Regardless of the outcome of the above assessment, the Company presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Company has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, the Company assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if:

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(1) The financial instrument has a low risk of default,

(2) The debtor has a strong capacity to meet its contractual cash flow obligations in the near term, and

(3) Adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfill its contractual cash flow obligation.

The Company considers a financial asset to have low credit risk when the asset has an external credit rating of "investment grade" in accordance with the globally understood definition or if an external rating is not available, the asset has an internal rating of "performing". Performing means that the counterparty has a strong financial position and there are no past due amounts.

For financial guarantee contracts, the date that the Company becomes a party to the irrevocable commitment is considered to be the date of initial recognition for the purposes of assessing the financial instrument for impairment. In assessing whether there has been a significant increase in the credit risk since the initial recognition of a financial guarantee contract, the Company considers the changes in the risk that the specified debtor will default on the contract.

The Company regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them accordingly to ensure that the criteria are able to identify a significant increase in credit risk before the amount becomes past due.

(ii) Definition of default

The Company considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that financial assets that meet either of the following criteria are generally not recoverable:

- When there is a breach of financial covenants by the debtor; or;
- Information generated internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Company, in full (without taking into account any collateral held by the Company).

Regardless of the above analysis, GCC considers that default has occurred when a financial asset is more than 90 days past due unless GCC has reasonable and reliable information to demonstrate that a more lagging default criterion is more appropriate.

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

a. significant financial difficulty of the issuer or the borrower;
b. a breach of contract, such as a default or past due event (see (ii) above);
c. the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
d. it is becoming probable that the borrower will enter bankruptcy or other financial reorganization; or
e. the disappearance of an active market for that financial asset because of financial difficulties.

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(iv) Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default), and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date; for financial guarantee contracts, the exposure includes the amount drawn down as at the reporting date, together with any additional amounts expected to be drawn down in the future by default date determined based on historical trend, the Company's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive, discounted at the original effective interest rate. For a lease receivable, the cash flows used for determining the expected credit losses are consistent with the cash flows used in measuring the lease receivable in accordance with IFRS 16 "Leases".

For a financial guarantee contract, as the Company is required to make payments only in the event of a default by the debtor in accordance with the terms of the instrument that is guaranteed, the expected loss allowance is the expected payments to reimburse the holder for a credit loss that it incurs less any amounts that the Company expects to receive from the holder, the debtor or any other party.

If the Company has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Company measures the loss allowance at an amount equal to 12-month ECL at the current reporting date, except for assets for which simplified approach was used.

The Company recognizes an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognized in other comprehensive income and accumulated in the investment revaluation reserve, and does not reduce the carrying amount of the financial asset in the consolidated statement of financial position.

Derecognition of financial assets

The Company derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, GCC recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

Upon derecognition of a financial asset measured at amortized cost, the difference between the book value of the asset and the sum of the consideration received and receivable is recognized in profit or loss. In addition, upon derecognition of an investment in a debt instrument classified as at FVTOCI, the cumulative gain or loss formerly accumulated in the investment revaluation reserve is reclassified to profit or loss.

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In contrast, in the decrease of an investment in a capital instrument that the Company chose in the initial recognition to measure fair value through other comprehensive income, the cumulative gain or loss formerly accumulated in the investment revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings.

h) Financial liabilities and equity

Classification as debt or equity
Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments
An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognized at the proceeds received, net of direct issuance costs.

Repurchase of the Company's own equity instruments is recognized and deducted directly in equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Compound financial instruments
The components of the convertible loan titles issued by the Company are classified separately as financial liabilities and capital, according to the content of the contractual agreements and the definitions of a financial liability and capital instrument. A conversion option that will be settled by exchanging a fixed number of the Company's own equity instruments is an equity instrument.

At the issuance date, the fair value of the liability component is estimated using the prevailing market interest rate for a similar non-convertible instrument. This amount is recorded as a liability on an amortized cost basis using the effective interest method until it is extinguished at the time of the conversion or on the expiration date of the instrument.

The conversion option classified as capital is determined by deducting the amount of the liability component from the fair value of the entire compound financial instrument. This is recognized and included in the net equity, net of income tax effects, and is not measured again later. In addition, the conversion option classified as equity will remain in the equity until the conversion option is exercised, in which case, the balance recognized in the equity will be transferred to another equity. When the conversion option is not exercised on the expiration date of the convertible loan title, the balance recognized in the equity will be transferred to another equity. No gain or loss in profit or loss is recognized after the conversion or expiration of the conversion option.

Transaction costs related to the issuance of convertible loan securities are allocated to the liability and equity components in proportion to the allocation of incomes. Transaction costs related to the equity component are recognized directly in equity. Transaction costs related to the liability component are included in the carrying amount of the liability component and are amortized over the life of the convertible loan notes using the effective interest method.

Financial liabilities
The financial liabilities are classified as financial liabilities to fair value through change in profit or as other financial liabilities.

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Other financial liabilities

Other financial liabilities (including borrowings and trade and other payables) are subsequently measured at amortized cost using the effective interest method.

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statements of financial position if, and only if (i) there is currently a legally enforceable right to offset the recognized amounts, and (ii) the intention is to settle on a net basis or to realize the assets and settle the liabilities in a simultaneously amount.

Long-term financial debt

After initial recognition, long-term financial debt and notes payable are subsequently measured at amortized cost using the effective interest rate. Gains and losses are recognized in the consolidated statement of other comprehensive income when the liabilities are derecognized as well as through the amortization process of the effective interest rate.

Amortized cost is calculated taking into account any discount or premium on acquisition and fees and costs that are an integral part of the effective interest rate. The amortization is included under the caption financial expenses in the consolidated statements of other comprehensive income.

Exchange gain and loss

For financial liabilities that are denominated in a foreign currency and are measured at amortized cost at the end of each reporting period, gains and losses in foreign currency are determined based on the amortized cost of the instruments. These gains and losses in foreign currency are recognized under the heading “Exchange (loss) gain, net” in results for financial liabilities that are not part of a designated hedging relationship. For those who are designated as a hedging instrument for a hedge of foreign currency risk, gains and losses in foreign currency are recognized in other comprehensive income and accumulated in a separate component of equity.

The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and converted at the exchange rate at the end of the reporting period. For financial liabilities that are measured at fair value through profit or loss, the foreign currency component is part of the fair value gains or losses and is recognized in profit or loss for financial liabilities that are not part of a designated hedging relationship.

Derecognition of financial liabilities

The Company derecognizes financial liabilities when, and only when, the Company’s obligations are discharged, canceled or they expire. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

i) Hedge accounting

The Company continually evaluates the possibility of designating derivatives as hedging instruments with respect to foreign currency risk and interest rate risk in fair value hedges, cash flow hedges or hedges of net investments in foreign operations, to hedge these

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risks. Foreign exchange risk hedges in firm commitments are recorded as cash flow hedges.

For the years ended December 31, 2023, 2022 and 2021, the company does not have financial instruments of any kind.

j) Inventories and cost of sales

Inventories are stated at the lower of cost and net realizable value. The cost of inventories includes all the purchase and production costs incurred to provide them with their current location and condition, and is valued as follows:

- Raw material: at acquisition cost according to the average cost formula.
- Finished goods and work in process: at acquisition cost in accordance with the average cost formula, includes payments incurred in their purchase, production or conversion costs and other costs incurred to have them in their current condition and location, excluding financial costs.
- Finished goods on sale: at cost based on the average cost.
- Spare parts and supplies: at cost based on the average cost.

Net realizable value is the sale price estimated in the ordinary course of operations, less applicable sale expenses. The inventories line item includes developed lands that are traded as part of the normal operating activities, which are recorded at their acquisition cost, which does not exceed net realizable value.

k) Prepaid expenses

Prepayments are recognized for the amount paid, less any subsequent amortization during the period that services or related goods are provided. The Company recognizes advance payments as an asset when it has the right to receive goods or services in the future.

l) Property, plant and equipment

Property, plant and equipment and their significant components with useful lives different from the other assets that compose a group of fixed assets, are initially recognized at acquisition value and are presented net of the accumulated depreciation and accumulated losses for impairment.

The acquisition value of the property, plant and equipment components include costs initially incurred to be acquired or constructed, and those incurred subsequently to replace them or increase their potential service or productivity.

Property, plant and equipment are presented using the cost model as required by IAS 16 "Property, Plant and Equipment". Depreciation is recognized for expensing the cost or valuation of assets (other than land and properties under construction) less their residual value and is calculated using the straight-line method based on the estimated useful life of the assets, which is estimated according to the period in which the benefits derived from their use will be received. The useful life, residual value and depreciation method are reviewed periodically by management of the Company and the effect of any changes in the registered estimate is recognized on a prospective basis.

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Depreciation begins when the asset is available for use and is calculated based on the following annual rates, which are allocated according to their estimated useful life:

	Percentage
Buildings	2.00% - 4.00%
Machinery and equipment	3.33% - 10.00%
Vehicles	10.00% - 25.00%
Furniture and equipment	10.00% - 33.33%

Construction in progress
Construction in progress includes the costs associated with the construction of property, plant and equipment. Once construction is complete, these assets are classified as property, plant and equipment and depreciation begins as of the date they are capitalized, which is when their period of use begins.

Maintenance and repairs
Major repair and maintenance costs are capitalized, and a useful life and depreciation rate are estimated similarly as the other components of the same Company or class, with similar lives, and, lastly, the part of the replaced component is written off.

Property, plant and equipment sales and disposals
Property, plant and equipment are written off upon their sale or when future economic benefits are not expected from their use or sale. Any profit of loss upon write off of the asset (calculated as the difference between the net income arising from the sale of the asset and its carrying amount), is included in the consolidated statement of comprehensive income in the period in which it occurs.

Environmental Obligations
The present value of the initial estimate of the place decommissioning and remediation obligation of the assets subject to this type of legal obligation is included in the Company's property cost. Changes in the measurement of a provision that result from changes in the estimated timing or amount of cash outflows, or a change in the discount rate, are added to, or deducted from, the cost of the related fixed asset.

m) Intangible assets

Intangible assets acquired separately
Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortization and accumulated impairment losses. Amortization is recognized on a straight-line basis over their estimated useful lives. The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

The costs of development are recognized at the acquisition cost less the amortization and the impairment loss. The amortization is recognized according to the exhaustion of the estimated reserve.

The amounts for the mining rights for the extraction of coal used as fuel for cement plants and for sale to third parties are depreciated according to depletion of estimated reserves.

Internally-generated intangible assets - research and development expenditure
Expenditure on research activities is recognized as an expense in the period in which it is incurred.

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An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognized if, and only if, all of the following have been demonstrated:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale.
- The intention to complete the intangible asset and use or sell it.
- The ability to use or sell the intangible asset.
- How the intangible asset will generate probable future economic benefits.
- The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset.
- The ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognized for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognized, development expenditure is recognized in profit or loss in the period in which it is incurred.

Subsequent to initial recognition, an intangible asset that is generated internally is recognized at cost less accumulated amortization and any accumulated impairment losses on the same basis as intangible assets acquired separately.

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination and recognized separately from goodwill are initially recognized at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortization and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

Derecognition of intangible assets

An intangible asset is derecognized on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, and are recognized in profit or loss when the asset is derecognized.

n) Goodwill

Goodwill arising on an acquisition of a business is carried at a cost as established at the date of acquisition of the business less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Company's cash-generating units (or Companies of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit.

Any impairment loss for goodwill is recognized directly in profit or loss. An impairment loss recognized for goodwill is not reversed in subsequent periods.

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On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

o) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

p) Impairment of tangible and intangible assets other than goodwill

At the end of each reporting period, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified. The Company performs the impairment test considering assets groups that constitute cash generating units (CGU).

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in profit.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit.

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q) Investments in associates and joint ventures

An associate is an entity over which the Company has significant influence. Significant influence is the power to participate in deciding the financial and operating policies of the Company in which it invests, but does not imply a control or joint control over those policies.

A joint venture is a contractual arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control in a business, which exists when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The results, assets and liabilities of associates and joint ventures are incorporated into the consolidated financial statements using the equity method, unless the investment is classified as held for sale, in which case it is accounted for in accordance with IFRS 5, "Assets Non-current Held for Sale and Discontinued Operations". Under the equity method, investments in associates or joint ventures are initially recognized in the consolidated statement of financial position at cost and adjusted for subsequent changes to the acquisition by the Company's participation in the profit or loss and of the associate or joint venture. When the participation of the Company in the losses of an associated entity or joint venture exceeds the participation of the Company in the associate or joint venture, the Company ceases to recognize its share of losses. Additional losses are recognized only to the extent that the Company has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

These assets are tested for impairment upon the occurrence of internal or external indicators of impairment affecting the asset, or derecognized in the results of operations, to determine whether their carrying value will not be recovered. An impairment loss is recognized within "Other expenses, net" for the excess of the asset's carrying amount over its recoverable amount.

When the Company carries out transactions with its associate or joint venture, the profit or loss resulting from such transactions with the associate or joint venture are recognized in the consolidated financial statements of the Company only to the extent of participation in the associate or set that is not related to the Company.

r) Right of use assets

The Company as lessee

The Company evaluates whether a contract contains a lease at its source. The Company recognizes a right-of-use and a corresponding lease liability with respect to all lease agreements in which it is a lessee, except for short-term leases (12 months or less) and low-value assets (such as electronic tablets, personal computers and small office furniture and telephone). For these leases, the Company recognizes rental payments as an operating expense under the straight-line method throughout the term of the lease, unless another method is more representative of the pattern of time in which the economic benefits from the consumption of leased assets.

The lease liability is initially measured at the present value of rent payments that are not paid on the start date, discounted by the rate implied in the contract. If this rate cannot be easily determined, the Company uses incremental rates.

The rent payments included in the measurement of the lease liability consist of:

- Fixed rent payments (including fixed payments in substance), less any lease incentives received;

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- Variable income payments that depend on an index or rate, initially measured using the index or rate on the start date;
- The expected amount to be paid by the lessee under residual value guarantees;
- The exercise price of call options, if the lessee is reasonably certain to exercise the options; and
- Payments for penalties resulting from the termination of the lease, if the lease period reflects the exercise of a lease termination option.

The lease liability is presented as a separate concept in the consolidated statement of financial position.

The lease liability is subsequently measured with the increase in carrying amount to reflect the interest accrued on the lease liability (using the effective interest method) and reducing the carrying amount to reflect the rental payments made.

The Company redeems the lease liability (and makes the corresponding adjustment to the asset for related use rights) provided that:

- The lease term is modified or there is a significant event or change in the circumstances of the lease resulting in a change in the evaluation of the purchase option exercise, in which case the lease liability is measured by discounting the updated rent payments using an updated discount rate.
- Rent payments are modified as a result of changes in rates or rates or a change in the expected payment under a guaranteed residual value, in which cases the lease liability is revalued by discounting the updated rent payments using the same discount rate (unless the change in rent payments is due to a change in a variable interest rate, in which case an updated discount rate is used).
- A lease is amended, and the modification of the lease is not accounted for as a separate lease, in which case the lease liability is revalued based on the lease term of the modified lease, discounting the updated rent payments using an updated discount rate at the effective date of the modification.

The Company did not realize any of the adjustment mentioned on the periods presented.

Assets for rights of use consist of the initial measurement of the corresponding lease liability, rent payments made on or before the start date, minus any lease incentive received and any initial direct costs. Subsequent valuation is cost less accumulated depreciation and impairment losses.

If the Company incurs an obligation arising from costs of dismantling and removing a leased asset, restore the place in which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision measured in accordance with IAS 37 must be recognized. To the extent that costs are related to an asset for use rights, costs are included in the asset for related use rights, unless such costs are incurred to generate inventories.

The right-of-use assets depreciate over the shortest period between the lease period and the useful life of the underlying asset. If a lease transfer ownership of the underlying asset or the cost of the asset for rights of use reflects that the Company plans to exercise a purchase option, the right-of-use asset will depreciate over the useful life. Depreciation begins on the start date of the lease.

Right-of-use assets are presented as a separate concept in the consolidated statement of financial position.

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The Company applies IAS 36 to determine if a right-of-use asset is impaired and accounts for any impairment loss identified as described in the "Property, plant and equipment, net" policy.

Leases with variable incomes that do not depend on an index or rate, they are not included in the measurement of the lease liability and the right-of-use asset. Related payments are recognized as an expense in the period in which the event or condition that triggers the payments occurs and is included in the concept of "Other expenses" in the consolidated statement of profit (see Note 26).

s) Transactions in foreign currencies

Transactions in currencies other than the Company's functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions. Assets and liabilities in foreign currencies are translated in functional currency at the rates prevailing at consolidated financial statement's date and exchange fluctuations are recognized in the year's statement, excepting the balances with related parties in foreign currency, in which case it's payment has not been planned and it is not anticipate to pay in the future as a result, it's balances are permanent investment. Exchange differences on monetary items are recognized in "Other Comprehensive Income" in the period as part of the result from translation.

In preparing the financial statements of each individual entity, transactions in currencies other than the Company's functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items carried at fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not translated.

The differences in currencies are recognized in the profit statement, except for the differences in currencies that come from transactions relates to risk management rates.

For the purposes of presenting these consolidated financial statements, the assets and liabilities of the Company's foreign operations are translated into U.S. dollars using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognized in other comprehensive income and accumulated in equity (and attributed to non-controlling interests as appropriate).

The exchange rates used in the conversion are presented below:

MXN	December 31, 2023	December 31, 2022	December 31, 2021
Closing exchange rate	16.9220	19.4143	20.5835
Average exchange rate	17.7597	20.1222	20.2832

The exchange rate at the date of issuance of the consolidated financial statements is $17.1098 pesos per U.S. dollar.

v) Short-term and other long-term employee benefits and statutory employee profit sharing "PTU"

Employee benefits for pension and retirement

Contributions to the defined benefit retirement benefit plans are recognized as expenses at the time the employees have rendered the services that grant them the right to

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contributions. Contributions made to the benefit plan of the state pension scheme are accounted for as payments for the contribution plans of the Company's obligations, this under the plans that are equivalent to the contributions of the pension benefit plan.

For defined benefit retirement benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding interest), is reflected immediately in the consolidated statements of financial position with a charge or credit recognized in other comprehensive income in the period in which they occur. Remeasurement recognized in other comprehensive income is reflected immediately in other comprehensive income and is not subsequently reclassified to profit or loss. Past service cost is recognized in profit or loss in the period of a plan amendment.

Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorized as follows:

- Service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements),
- Net interest expense,
- Remeasurement.

The Company presents the first two components of defined benefit cost in the consolidated statement of income according to their respective nature. Gains and losses for service reduction are recognized as costs for past services.

The retirement benefit obligation recognized in the consolidated statements of financial position represents the actual deficit or surplus in the Company's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

Any termination obligation is recognized at the time that the Company can no longer withdraw the compensation offer and/or when the Company recognizes the related restructuring costs. Gains and losses on service reduction are recognized as past service costs. In Mexico, termination benefits consist of a single payment equivalent to three months of salary plus 20 days for each year of service, in case of unjustified dismissal.

Defined benefits plan and seniority premiums granted to employees of subsidiaries in Mexico

The Company has a defined benefit pension covering all employees in the Mexican subsidiaries. Pensions are determined based on the compensation of employees in their final year of service, years of service in the Company and the age at retirement. Additionally, it is required to cover the employees with seniority premiums in Mexico, which are determined based on the provisions of the Federal Labor Law. Under Mexican law, the payment is equivalent to twelve days' salary for each year of service, where an employee becomes entitled to benefits after fifteen years of service. The cost of pension and seniority premiums are recognized based on calculations by independent actuaries using the projected unit credit method.

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Defined benefit plans and seniority premiums granted to employees of subsidiaries in the United States

The subsidiaries of the Company, GCC Rio Grande, Inc. (GCCRG) and GCC Dacotah, Inc. (Dacotah), have established the following pension plans and benefits:

GCCRG and Dacotah, have both established defined benefit plans and supplemental executive retirement plans, determined based on actuarial calculations using the projected unit credit method and nominal financial assumptions.

The employees of GCCRG and Dacotah are not beneficiaries of this plan until they have a seniority of five and three years, respectively. When they fulfill such terms, they are 100% beneficiaries of the plan. Additionally, GCCRG, Dacotah, CRM, GCCE, Midco, GCCAC, GCC Three Forks, GCC Permian, GCC Sun City and Alliance have a defined contribution plan, which qualifies as a 401(k) plan and covers substantially all of their employees. The Company matches contributions up to 4.0% of their salary paid. Dacotah also has a sick leave plan as described in Note 19. All gains and losses from remeasurements associated with changes in actuarial assumptions and losses are recognized in other comprehensive income for all defined benefit plans and are not reclassified to earnings in future periods. The financial cost component that is part of the net periodic cost is presented in financial expenses in the consolidated statements of profit.

Short-term and other long-term employee benefits

A liability is recognized for benefits accruing to employees with respect to wages and salaries, annual leave and sick leave in the period of service in which it is provided for the undiscounted amount for the benefits expected to be paid for that service.

Liabilities recognized for short-term employee benefits are valued at the amount not discounted for the benefits expected to be paid for that service.

Liabilities recognized for other long-term benefits are valued at the present value of the estimated future cash disbursements that the Company expects to make related to the services provided by the employees at the reporting date.

Contributions from employees or third parties to defined benefit plans

Discretionary contributions made by employees or third parties reduce the cost of service by paying these contributions to the plan.

When the formal terms of the plans specify that there will be contributions from employees or third parties, accounting depends on whether contributions are linked to the service, as follows:

- If contributions are not tied to services (for example, contributions are required to reduce a deficit arising from losses on plan assets or from actuarial losses), reflected in the new measurement of net defined benefit liability (asset).
- If contributions are linked to services, they reduce service costs. By the amount of contribution that depends on the number of years of service, the Company reduces the cost of service by attributing contributions to service periods, using the attribution method required by IAS 19 paragraph 70 for gross profit. For the amount of the contribution that is independent of the number of years of service, the Company reduces the cost of service by attributing contributions to employee service periods, in accordance with IAS 19 paragraph 70.

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Statutory employee profit sharing (PTU)

PTU is recorded in the profit (loss) for the year in which it is incurred and presented under operating expenses in the consolidated statements of profit.

As a result of the Income Tax Law of 2014, as of December 31, 2023, 2022 and 2021, the PTU is determined based on the taxable income under Section I of Article 9 of the same Law.

w) Share-based payments arrangements

Share-based payment transactions of the Company

Equity-settled share-based payment to employees is measured at the fair value of the equity instruments at the date they are granted. Details regarding the determination of the fair value of equity-settled share-based transactions are presented in Note 24.

The fair value determined at the date granting the payments based on shares that can be settled through equity instruments is recorded as an expense on a straight-line basis during the vesting period, based on the Company's estimate of the equity instruments that they will eventually be awarded with a corresponding increase in equity. At the end of each period, the Company reviews its estimates of the number of equity instruments that are expected to be forfeited. The effect of the change in the original estimates, if any, is recognized in the results of the period so that the cumulative expense reflects the revised estimate, with the corresponding adjustment to equity.

x) Income taxes

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current income tax

The effect on the Income Statement caused by income taxes recognize the amounts caused on the period, as well as deferred income taxes, determined according by the tax legislation, reflecting, uncertainty on tax treatments.

Current income tax is payable on the taxable base of the year. Taxable income differs from net income as reported in profit or loss because it excludes components of income or expenses that are cumulative or deductible in other years and excludes components that have never been cumulative or deductible. The Companys liabilities for the taxes caused are calculated using the tax rates that have been decreed at the end of the reporting period.

A provision is recognized for those reasons where the tax determination is uncertain, but it is considered probable that there is a future outflow of funds for a tax authority. Provisions are valued at the best amount expected to become payable. The evaluation is based on the judgment of tax experts supported by previous experiences of the Company in these types of activities and in some cases based on the consultation of an independent tax specialist.

Deferred income tax

Deferred income taxes are recognized on temporary differences between the book value of the assets and liabilities included in the financial statements and the corresponding tax bases used to determine the fiscal result, to which the corresponding tax rate is applied. Differences and, if applicable, include the benefits of the tax losses to be amortized and of some tax credits. The deferred income tax asset or liability is generally recognized for all temporary tax differences. A deferred tax asset will be recognized for all deductible temporary differences, to the extent that it is probable that the Company will have future

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taxable profits against which these deductible temporary differences may apply. These assets and liabilities are not recognized if the temporary differences arise from goodwill or from the initial recognition (different from the business combination) of other assets and liabilities in an operation that does not affect the fiscal result or the accounting result.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right that allows offsetting current tax assets against current tax liabilities and when they are related to income taxes collected by the same tax authority and the Company has the intention to settle your current tax assets and liabilities on a net basis.

Income tax for the year

Current and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity, respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

y) Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, considering the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, it carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

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When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, an account receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the account receivable can be measured reliably.

Restoration provisions

Provisions for the costs of restoring plant assets leased to their original condition, as stipulated in the terms and conditions of the lease, are recognized when the obligation is incurred, either on the start date of the lease or as a consequence having used the underlying asset during a particular period of the lease for the amount that management reasonably estimates will be required to restore the assets. The estimates are reviewed on a regular basis and are appropriately adjusted to the new circumstances that arise.

z) Revenue recognition

Revenue is recognized at a point in time or over time in the amount of the price, before tax on sales, expected to be received by the Company's subsidiaries for goods and services supplied as a result of their ordinary activities, as contractual performance obligations are fulfilled, and control of goods and services passes to the customer. Revenues are decreased by any trade discounts or volume rebates granted to customers. Transactions between related parties are eliminated in consolidation.

Variable consideration is recognized when it is highly probable that a significant reversal in the amount of cumulative revenue recognized for the contract will not occur and is measured using the expected value or the most likely amount method, whichever is expected to better predict the amount based on the terms and conditions of the contract.

Revenue and costs from trading activities, in which the Company acquires finished goods from a third party and subsequently sells the goods to another third party, are recognized on a gross basis, considering that the Company assumes ownership risks on the goods purchased, not acting as agent or broker.

When revenue is earned over time as contractual performance obligations are satisfied, which is the case of construction contracts, the Company applies the stage of completion method to measure revenue, which represents: a) the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs; b) the surveys of work performed; or c) the physical proportion of the contract work completed, whichever better reflects the percentage of completion under the specific circumstances. Revenue and costs related to such construction contracts are recognized in the period in which the work is performed by reference to the contract's stage of completion at the end of the period, considering that the following have been defined: a) each party's enforceable rights regarding the asset under construction; b) the consideration to be exchanged; c) the manner and terms of settlement; d) actual costs incurred and contract costs required to complete the asset are effectively controlled; and e) it is probable that the economic benefits associated with the contract will flow to the Company.

Progress payments and advances received from customers (contract liabilities) do not reflect the work performed and are recognized as a short-term or long-term advanced payments, as appropriate.

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aa) Earnings per share

Net earnings per share result from dividing the consolidated net income attributable to controlling interest for the year by the weighted average of outstanding shares during the year. To determine the weighted average of the outstanding shares, the shares repurchased by the Company are excluded.

Earnings (loss) per share should reflect in both the numerator and denominator the assumption that convertible instruments can be converted, that options can be exercised, or ordinary shares subject to specified conditions are issued, to the extent that such assumption results in a reduction in basic earnings per share or increase in basic loss per share, otherwise, the effects of potential shares are not considered because they generate antidilution.

ab) Treasury shares

The Company recognizes a reserve for repurchase of its own shares and it is presented within retained earnings in the consolidated financial statements. In the event that the sale price is greater than the cost, the difference is recorded as contributed capital within additional-paid-in capital.

ac) Presentation of the consolidated statements of profit

The costs and expenses reflected in the consolidated statements of profit of the Company were classified according to their function, in Note 25, costs and expenses by nature are disclosed. The gross profit is presented because it shows an objective assessment of operating margin, considering the industry in which the Company operates.

The line “Other expenses, net” on the Consolidated statements of profit is integrated mostly by incomes and expenses that are not related directly with the principal activities of the Company.

The Company chose to present the earnings in two statements: the first includes only the net earning or loss and is denominate “Consolidated Statements of profit”, and the second statement that includes net earnings or loss that concludes the profit statements and presents the other incomes and the participation of affiliates. It is called the “Consolidated statement of other comprehensive income”.

ad) Presentation of the Consolidated statement of Cash Flow.

The Consolidated statement of Cash flow of the Company is represented using the indirect method.

ae) Segment information

Operating segments are defined as components of a Company that develop activities and which economic benefits and results obtained are reviewed by management on a regular basis for decision making.

The Company’s management analyzes geographical segment information by country and by product. Consequently, management evaluates the performance of its operating results for Mexico and the United States of America for the following products: cement, ready mix concrete and the rest of the segments are grouped in “Other” (see Note 27).

Under the concept "Other" are included products with similar characteristics related to the core business such as the sale of aggregates, concrete blocks and other building materials.

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5. Key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in Note 4, the management of the Company is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Changes to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the change affects both current and future periods.

Key sources of estimation uncertainty

The following are the key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

a) Useful lives of property, plant and equipment. - The Company reviews the estimated useful life of property, plant and equipment at the end of each annual period. The degree of uncertainty related to the estimated useful lives is related to the changes in the market and the use of assets for production volumes as well as technological developments.

b) Impairment of non-financial assets. - When testing assets for impairment, the Company estimates the value in use assigned to property, plant and equipment, and of its cash generating units. The calculations of value in use require the Company to determine future cash flows generated by cash generating units and an appropriate discount rate to calculate the present value thereof. The Company uses cash inflow projections using estimated market conditions, determination of future prices of products and volumes of production and sale. Similarly, for discount rate and perpetuity growth purposes, the Company uses market risk premium indicators and long-term growth expectations of markets where the Company operates.

c) Contingencies. - The Company is subject to contingent transactions or events on which it uses professional judgment in the development of estimates of occurrence probability. The factors considered in these estimates are the current legal situation as of the date of the estimate, and the legal advisors' opinion.

d) Deferred income tax. - Deferred tax assets are recognized for all tax loss carry forwards to the extent that management believes that recovery is probable through the generation of future taxable income, which are estimated using future flows.

e) Discount rates used to determine the carrying amount of the Company's defined benefit obligations and the right-of-use assets. - The determination of the benefits of borrowed obligations and right-of-use assets depend on some assumptions, they include the selection and calculation of the discount rates:

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The discount rate for the benefits of borrowed obligations – is determined by reference to market performance at the end of the period in corporate bonds. Significant assumptions need to be made when setting criteria for the bonds and must be included in the yield curve. The most important criteria to consider for bond selection includes the current size of corporate bonds, the quality and identification of the guidelines that are excluded.

The discount rate for right-of-use assets - is determined by estimating the interest rate that a lessee would have to pay to borrow for a similar term and with a similar guarantee, the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment.

These assumptions are considered as keys to the estimation of uncertainty, as they may have a significant effect on the Entity's Financial Statements for the following year.

f) Lease terms. - The Company has the option to renew some of its lease agreements, particularly those related to rail cars. As there is a reasonable certainty that these leases will be renewed, management has estimated the lease period most probable of being utilized. Additionally, these contracts are historically renewed under market conditions at the expiration date, which impacts the estimate associated with the lease liability and right of use asset.

g) Uncertain tax positions. - The Company evaluates uncertain tax positions separately or in conjunction with one or more uncertain tax positions based on the relevant circumstances. Management estimates the expected resolution of the uncertainty and recognizes a provision based on the amount that is not probable to be sustained based on all legal avenues available. Due to the uncertainty associated with such tax positions, there is a possibility that at the ultimate result could differ from the amount recognized.

6. Cash and cash equivalents

For purposes of the consolidated statements of cash flows, cash and cash equivalents include cash on hand and in banks and investment instruments in the money market with original maturities of less than three months as of December 31, 2023, 2022 and 2021, as follows:

	2023	2022	2021
Cash and bank balances	$265,900	$309,677	$255,697
Short term deposits	692,825	516,550	427,265
	$958,725	**$826,227**	**$682,962**

7. Trade accounts receivable and other accounts receivable

Balances receivable from customers and allowance for doubtful accounts as of December 31, 2023, 2022 and 2021, are as follows:

	2023	2022	2021
Accounts receivable	$150,194	$112,929	$109,934
Expected credit loss	(7,736)	(7,800)	(7,056)
	$142,458	**$105,129**	**$102,878**

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Movements in the Expected credit loss are as follows:

	2023	2022	2021
Beginning balance	($7,800)	($7,056)	($9,251)
Increases during the year	(2,502)	(5,074)	(5,912)
Write-offs	3,187	4,577	7,979
Translation effect	(621)	(247)	(128)
	($7,736)	**($7,800)**	**($7,056)**

The impairment loss on financial assets, included on the accounts receivables, are recognized using expected credit loss assessment (ECL) for all the entire lifetime of the asset in their initial recognition, and in subsequent period, even in the absence of a loss, considering for their measure on past events and actual conditions, based on moderate expectations that affects the collectability. We segment our accounts receivables by country, customer type or credit risk and we determined for each segment an average rate of impairment loss, considering the real experience of credit loss of the last 24 months and the possible future bad debt, that is applied to each balance of the accounts receivable. The average rate of the impairment loss increases in each segment of days of bad debt up to 100% for 365 or more days.

The credit risk in accounts receivable from clients is diversified as the Company has a broad client base that is geographically dispersed in both Mexico and the United States of America, which is why their management of the credit and collection is based on the commercial practices in each country.

In Mexico, the management is responsible and has the ability to establish the processes and procedures for the administration of the guarantees that support the existing credit lines. A client's credit is suspended when it account reaches the credit limit granted, if it presents past due balances or if there is potential risk of non-collection. The Company's management can authorize payment plans with clients up to four months and at a competitive rate according to the market, to validate past due accounts.

In the United States of America, the average credit term on the sale of goods is 60 days. There is no interest charge on accounts receivable from customers for the first 60 days after billing. After that date, 18% annual interest is charged on the outstanding balance. The Company has recognized an allowance for doubtful accounts for 95% of all accounts receivable that are 120 days old or more, because from experience accounts receivable overdue for more than 120 days are not recovered. For accounts receivable that are between 60 and 120 days old, an allowance for doubtful accounts is recognized based on irrecoverable amounts determined by the counterparty default experiences and an analysis of their current financial position.

There has been no change in the estimation of the techniques or assumptions made during the period.

Before accepting any new client, the Company uses an internal credit rating system to assess the credit quality of the potential client and defines the credit limits per client. The limits and ratings attributed to clients are reviewed once a year or at the end of each project, when this is the case. 55% of accounts receivable from customers that are not due or impaired have the highest attributable credit rating according to the internal credit rating system used by the Company.

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From the balance of accounts receivable from customers at year-end, the customer with the most significant balance as of December 31, 2023, 2022 and 2021, owes $6,240, $5,318 and $4,716 respectively. No other customer accounts for more than 4.9% of the total balance of accounts receivable.

The balance of other accounts receivable are as follows:

	2023	2022	2021
Recoverable taxes	$24,662	$26,705	$30,668
Other	5,621	5,121	3,435
	$30,283	$31,826	$34,103

8. Balance and transactions with related parties

a) As of December 31, 2023, 2022 and 2021, the accounts receivable from related parties are as follows:

Accounts receivable	2023	2022	2021
Inmobiliaria Ruba, S. A. de C. V.	$1,018	$1,486	$1,218
Copachisa, S. A. de C. V.	969	3,465	1,169
Abastecedora de Fierro y Acero, S. A. de C. V.	188	606	682
Cemex, S. A. B. de C. V.	41	143	127
	$2,216	$5,700	$3,196

Balances due from related parties are considered recoverable, this is evaluated according to the impairment loss on financial assets described in Note 7. Accordingly, for the years ended December 31, 2023, 2022 and 2021, there was no expense resulting from the uncollectible balances due from related parties, considering their expected credit loss.

b) As of December 31, 2023, 2022 and 2021, accounts payable to related parties are as follows:

Accounts payable	2023	2022	2021
Cemex, S. A. B. de C. V.	$74	$1,902	$1,586
Madata IT, S. A. de C. V.	882	610	979
Abastecedora de Fierro y Acero, S. A. de C. V.	33	35	137
	$989	$2,547	$2,702

c) During the years ended December 31, 2023, 2022 and 2021, the Company had transactions with related parties, as follows:

Sales of cement and construction materials	2023	2022	2021
Inmobiliaria Ruba, S. A. de C. V.	$11,618	$8,349	$6,054
Copachisa, S. A. de C. V.	13,700	10,602	3,127
Abastecedora de Fierro y Acero, S. A. de C. V.	3,083	2,543	1,705
Cemex, S. A. B. de C. V.	-	199	21
	$28,401	$21,693	$10,907

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Purchases of inventories and other services	2023	2022	2021
Madata IT, S. A. de C. V.	$6,449	$5,834	$5,277
Cemex, S. A. B. de C. V.	7,775	8,572	5,524
Abastecedora de Fierro y Acero, S. A. de C. V.	742	736	380
	$14,966	$15,142	$11,181

d) An analysis of employee benefits granted to the Company's directors and senior management for the years ended December 31, 2023, 2022 and 2021, is as follows:

	2023	2022	2021
Short-term benefits	$9,901	$9,547	$6,699
Long-term benefits	$2,301	$2,347	$1,142

9. Inventories

An analysis of this line item as of December 31, 2023, 2022 and 2021, is as follows:

	2023	2022	2021
Finished goods	$47,313	$34,162	$32,719
Work in process	33,295	26,542	20,559
Raw materials and spare parts	65,516	49,533	44,965
Developed land for sale	37,343	35,864	33,224
	$183,467	$146,101	$131,467

The amount of inventories that was recognized in cost of sales in 2023, 2022 and 2021 amounted to $862,205, $803,844 and $707,484, respectively.

During the years ended December 31, 2023, 2022 and 2021, there were no decreases in inventory due to impairment.

10. Right of use assets

The Company leases various assets, including rail cars, heavy machinery and vehicles. The average lease term is five years for 2023, 2022 and 2021.

The main contracts entered into by the Company as a lessee do not have the option of buying the leased assets for a nominal amount at the end of the lease period. The obligations of the Company are secured by the title of the lessor to the assets leased in such leases.

New leases replaced overdue contracts with identical underlying assets. This resulted in the additions of lease right of use assets as of December 31, 2023, 2022 and 2021, for $18,168, $18,627 and $4,800, respectively. For 2023, the additions were of rail cars for $12,602, machinery and equipment for $2,017, vehicles for $1,759 and properties for $1,792. For 2022, the additions were rail cars for $12,489, machinery and equipment for $2,132, vehicles for $2,389 and properties for $1,617. For 2021, additions were railcars for $4,714, machinery and equipment for $20, transportation equipment for $66.

The lease right of use asset recognized in the consolidated statement of financial position as of December 31, 2023, 2022 and 2021, is integrated as follows:

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Right of use asset	Rail cars	Machinery and equipment	Vehicles	Property	Total
As of December 31, 2021	$14,584	$2,252	$1,607	$1,360	$19,803
As of December 31, 2022	$14,894	$1,486	$2,925	$1,918	$21,223
As of December 31, 2023	$18,403	$1,846	$3,829	$2,942	$27,020
Depreciation expense 2023	($9,575)	($698)	($1,330)	($770)	($12,373)
Depreciation expense 2022	($9,430)	($2,252)	($1,019)	($1,090)	($13,791)
Depreciation expense 2021	($10,751)	($851)	($1,254)	($95)	($12,951)

During the years ended December 31, 2023, 2022 and 2021, low-value asset leases, short-term lease and leases with variable payments, are not relevant.

The weighted average incremental rates on which the minimum payments of the lease agreements within the scope of IFRS 16 for the 2023, 2022 and 2021 contracts were discounted to present value were 3.61%, 3.61% and 3.31% respectively.

11. Lease liability

As of December 31, 2023, 2022 and 2021, changes in the lease liability related to the finance activities in accordance with the consolidated statement of cash flows are integrated as follows:

	2023	2022	2021
Beginning balance as of January 1,	$21,124	$16,409	$26,511
New contracts	18,168	18,627	4,800
Adjustments to the liability balance	-	-	135
Interest expense for lease liabilities	804	1,013	1,001
Lease payments	(12,234)	(14,925)	(16,038)
End balance	**$27,862**	**$21,124**	**$16,409**

The leases liability are integrated by:

	2023	2022	2021
Short-term	9,443	9,010	14,352
Long-term	18,419	12,114	2,057
End balance	**$27,862**	**$21,124**	**$16,409**

The total of future fixed payments of leases that include un-accrued interest is analyzed as follows:

Maturity analysis	
2024	$11,196
2025	7,839
2026	4,296
2027	2,298
2028	1,278
2029 and subsequent	1,998
	28,905
Un-accrued interest	(1,043)
	$27,862

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The Company does not face a significant liquidity risk with respect to its lease liabilities. The Company's treasury department monitors lease liabilities.

12. Prepaid expenses

An analysis of this line item as of December 31, 2023, 2022 and 2021, is as follows:

	2023	2022	2021
Advances to suppliers	$10,814	$9,511	$6,430
Prepaid expenses	3,215	3,228	6,422
	$14,029	**$12,739**	**$12,852**

13. Investments in associates, joint ventures and other investments

a) An analysis of this line item as of December 31, 2023, 2022 and 2021, is as follows:

	% Equity Interest	2023	2022	2021
Associated companies:				
Operadora y Tenedora de Acciones, S. A. de C. V.	17.5	$17,706	$12,587	$11,914
Servicios de Previsión Integral, S. A. de C. V.	33.3	8,221	6,721	5,733
Total associates		$25,927	$19,308	$17,647
Joint ventures:				
Madata IT, S. A. de C. V.	58.0	$2,924	$2,578	$2,269
Desarrolladora de Infraestructura Productiva, S. A. de C. V.	50.0	642	630	726
Total joint ventures		$3,566	$3,208	$2,995
Other investments		681	534	1,246
		$30,174	**$23,050**	**$21,888**

b) The net income of the entities are recognized under the equity method in 2023, 2022 and 2021 as follows:

	2023	2022	2021
Associates:			
Operadora y Tenedora de Acciones, S.A. de C.V.	$2,844	$2,003	$2,233
Servicios de Previsión Integral, S.A. de C.V.	476	1,015	717
Total associates	$3,320	$3,018	$2,950
Joint ventures:			
Madata IT, S.A. de C.V.	(29)	318	99
Desarrolladora de Infraestructura Productiva, S.A. de C.V.	9	(52)	(59)
Total joint ventures	($20)	$266	$40
	$3,300	**$3,284**	**$2,990**

During the years 2023, 2022 and 2021, associates do not distributed dividends.

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14. Property, plant and equipment

An analysis of this line item as of December 31, 2023, is as follows:

	December 31, 2022	Additions	Disposals	Transfers	Depreciation	Translation effect	December 31,2023
Property	$373,324	$2,858	($707)	$13,304	$-	$16,448	$405,227
Machinery and equipment	1,096,498	15,139	(2,174)	18,282	-	55,759	1,183,504
Vehicles	158,176	12,693	(2,863)	4,047	-	9,716	181,769
Furniture and equipment	33,330	719	(101)	1,540	-	2,647	38,135
Accumulated depreciation	(1,101,284)	-	4,692	-	(70,181)	(64,438)	(1,231,211)
Net carrying amount	560,044	31,409	(1,153)	37,173	(70,181)	20,132	577,424
Land	202,541	968	(2,812)	21	-	8,520	209,238
Investments projects in process	239,709	150,979	-	(37,814)	-	8,345	361,219
	$1,002,294	$183,356	($3,965)	($620)	($70,181)	$36,997	$1,147,881

An analysis of this line item as of December 31, 2022, is as follows:

	December 31, 2021	Additions	Disposals	Transfers	Depreciation	Translation effect	December 31,2022
Property	$365,800	$1,006	$-	$203	$-	$6,315	$373,324
Machinery and equipment	1,052,272	16,396	(2,802)	8,943	-	21,689	1,096,498
Vehicles	144,598	13,634	(6,188)	2,749	-	3,383	158,176
Furniture and equipment	30,518	1,563	(31)	342	-	938	33,330
Accumulated depreciation	(1,015,092)	-	8,429	-	(72,337)	(22,284)	(1,101,284)
Net carrying amount	578,096	32,599	(592)	12,237	(72,337)	10,041	560,044
Land	197,983	1,277	(1)	-	-	3,282	202,541
Investments projects in process	158,031	92,697	-	(12,277)	-	1,258	239,709
	$934,110	$126,573	($593)	($40)	($72,337)	$14,581	$1,002,294

An analysis of this line item as of December 31, 2021, is as follows:

	December 31, 2020	Additions	Disposals	Transfers	Depreciation	Translation effect	December 31,2021
Property	$366,917	$3,526	($1,266)	$103	$-	($3,480)	$365,800
Machinery and equipment	1,049,104	15,412	(692)	5,863	-	(17,415)	1,052,272
Vehicles	140,414	10,393	(5,007)	508	-	(1,710)	144,598
Furniture and equipment	28,757	1,625	(8)	594	-	(450)	30,518
Accumulated depreciation	(959,283)	-	5,480	-	(73,442)	12,153	(1,015,092)
Net carrying amount	625,909	30,956	(1,493)	7,068	(73,442)	(10,902)	578,096
Land	190,185	7,721	(292)	1,048	-	(679)	197,983
Investments projects in process	139,498	31,535	-	(12,819)	-	(183)	158,031
	$955,592	$70,212	($1,785)	($4,703)	($73,442)	($11,764)	$934,110

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As of December 31, 2023, construction in progress is mainly related to improvements in the cement plants for $361,219, which are distributed in the United States of America and Mexico for $282,751 and $78,468, respectively. In addition to the installation of the furnace 3 in the United States of America for $132,495 and the increase in production capacity on plant Samalayuca, Mexico.

The capitalized borrowing costs are included in the category of property, plant and equipment and depreciated over the useful life of such assets.

The balances of construction in progress for the years ended December 31, 2023, 2022 and 2021 is as follows:

Cumulative amount of	
	Investment for the acquisition of qualifying assets
Construction in progress 2023	$150,979
Construction in progress 2022	$92,697
Construction in progress 2021	$31,535

The depreciation expense recognized in net income statement for the years ended December 31, 2023, 2022 and 2021 was $70,181, $72,337 and $73,442, respectively.

Machinery and equipment include strategic spare parts of $23,907, $19,887 and $19,078 as of December 31, 2023, 2022 and 2021, respectively.

15. Goodwill

As of December 31, 2023, 2022 and 2021, this line item is as follows:

	2023	2022	2021
Beginning balance	$212,598	$212,598	$212,598
Ending balance	**$212,598**	**$212,598**	**$212,598**

The main cash generating units (CGU) with goodwill and their book values as of December 31, 2023, 2022 and 2021 are described as follows:

	2023	2022	2021
Cement and energy division (USA)	$136,913	$136,913	$136,913
Concrete division (USA)	75,685	75,685	75,685
	$212,598	**$212,598**	**$212,598**

Assessment of goodwill impairment

The behavior of the economic and competition trends in the markets where the Company operates have a significant impact in the assessment of goodwill impairment and the determination of recovery values of its cash-generating units. The total goodwill balance arose from business combinations in the United States of America.

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The following factors are considered to assess the recoverable value:

- Market share and expected price levels
- Size of the market where the Company operates for purposes of estimating the recoverable values
- Behavior of main costs of raw materials and inputs, and the expenses necessary to maintain fixed assets in operational conditions
- The specific discount rate of the country where the Company operates, based on the weighted cost of capital and variables of market conditions as of the measurement date
- Estimated perpetuity growth rate

Below are the parameters used to measure the recoverable value of the cash-generating units to which goodwill is assigned:

- Cash flow projections of the next five years based on the estimates performed during the last quarter of the year of the assessment date, considering the budget approved by Management as a baseline, which includes the most recent trends
- A discount rate of the country where the Company operates, which considers specific market risks
- Perpetuity growth rate for the business segment and the market where the Company operates

Below are the discount and perpetuity growth rates corresponding to the United States of America market used for the periods ended December 31, 2023, 2022 and 2021:

	2023	2022	2021
Discount rate	9.5%	8.3%	5.9%
Perpetuity growth rate	2.0%	2.2%	2.4%

As of December 31, 2023, the Company performed a sensitivity analysis on the impact of a possible increase or decrease of one percentage point in the discount rate and the perpetuity growth rate for the Cash Generating Units and is as follows:

Cash generating unit	Excess recoverable value over carrying amount	Impact on decrease or increase			
		Discount rate		Perpetuity growth rate	
		+ 1%	- 1%	+ 1%	- 1%
Cement and energy division	$2,505	$2,123	$2,998	$2,669	$2,381
Concrete division (USA)	$158	$115	$214	$186	$137

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16. Intangible assets

As of December 31, 2023, this item is as follows:

	Useful life	December 31, 2022	Investments	Amortization	Translation effect	December 31, 2023
Customer relations	20 and 15	$57,330	$ -	$ -	$ -	$57,330
Non-compete agreements	5	25,258	-	-	(657)	24,601
Software licenses	5	26,318	293	-	2,273	28,884
Leasehold improvements	5 and 15	20,808	111	-	320	21,239
Mining rights		2,626	-	-	207	2,833
Installation expenses		1,629	-	-	-	1,629
Accumulated amortization		(76,546)	-	(8,999)	(523)	(86,068)
		$57,423	$404	($8,999)	$1,620	$50,448

As of December 31, 2022, this item is as follows:

	Useful life	December 31, 2021	Investments	Amortization	Translation effect	December 31, 2022
Customer relations	20 and 15	$57,330	$ -	$ -	$ -	$57,330
Non-compete agreements	5	25,258	-	-	-	25,258
Software licenses	5	25,348	114	-	856	26,318
Leasehold improvements	5 and 15	19,738	1,037	-	33	20,808
Mining rights		2,546	-	-	80	2,626
Installation expenses		1,629	-	-	-	1,629
Accumulated amortization		(69,098)	-	(7,119)	(329)	(76,546)
		$62,751	$1,151	($7 ,119)	$640	$57,423

As of December 31, 2021, this item is as follows:

	Useful life	December 31, 2020	Investments and amortization	Amortization	Translation effect	December 31, 2021
Customer relations	20 and 15	$57,330	$ -	$ -	$ -	$57,330
Non-compete agreements	5	25,258	-	-	-	25,258
Software licenses	5	23,789	1,982	-	(423)	25,348
Leasehold improvements	5 and 15	16,052	3,704	-	(18)	19,738
Mining rights		2,588	-	-	(42)	2,546
Installation expenses		1,629	-	-	-	1,629
Accumulated amortization		(59,880)	-	(10,200)	982	(69,098)
		$66,766	$5,686	($10,200)	$499	$62,751

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17. Other assets

As of December 31, 2023, 2022 and 2021, this item consists of the following:

	2023	2022	2021
Long-term accounts and notes receivable	$3,957	$2,594	$10,846
Operation permits and others	8,114	5,811	5,045
Guarantee deposits	1,040	1,105	1,026
Restricted cash	683	354	665
	$13,794	$9,864	$17,582

Restricted cash consists of cash deposited in an escrow account required by the State of Colorado's Mined Land Reclamation Board, in the United States of America, that the company will keep until a construction project that is in progress in that state and a cash deposit on a special account for the insurance supplier that has agreed to keep.

18. Accounts payable

Accounts Payable are integrated mostly to outstanding amounts for business purchases and ongoing costs. The average Credit period for the purchase of certain goods is 3 months. The entity has implemented a financial risk management policy to ensure the payment of the Accounts Payable in accordance with pre-agreed Credit terms.

To ensure fast access to credits, GCC has negotiated Credit lines, agreed in consequence of the factoring, so the suppliers can decide to use it. The agreements allow suppliers to discount their invoices with the Banks, the discount represents less than the commercial cash discount. GCC will pay to the Banks the amount of the invoice according to the pay date required. GCC will not claim any commission or receive any economic Benefit, also will not pay any interest or commission for the Credit agreement.

The administration considers that the Account Receivable carrying value approximate to their fair value.

19. Employee benefits

Short-term benefits

Short-term employee benefits as of December 31, 2023, 2022 and 2021, are as follows:

	2023	2022	2021
Salaries and wages payable	$29,304	$23,846	$25,625
Vacations and vacation bonus	8,237	7,104	6,232
Social security contributions and other taxes	1,814	1,342	2,909
Other benefits	8,225	4,835	4,241
	$47,580	$37,127	$39,007

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Post-retirement benefit obligation

a) Retirement benefits are granted through defined pension plans that cover all workers of the Mexican subsidiaries. Pensions are determined based on employees' salaries in their last year of work, seniority in the Company, and their age upon retirement. Seniority premiums are paid to personnel based on the provisions of the Mexican Labor Law.

b) The components of the net cost of the period charged to profit or loss for the years ended December 31, 2023, 2022 and 2021, as well as the employee benefit obligations as of such dates are integrated as follows:

Net cost of the year	2023	2022	2021
Mexico	$5,120	$3,064	$4,370
United States of America	3,748	3,474	3,463
	$8,868	$6,538	$7,833

The employee benefit obligation as of December 31, 2023, 2022 and 2021, is as follows:

Defined benefit obligations	2023	2022	2021
Mexico	$21,332	$15,584	$16,473
United States of America	11,854	15,895	23,357
	$33,186	$31,479	$39,830

Balances as of December 31, 2023, are as follows:

Defined benefit obligations (DBO)	Seniority premium	Pension plan	Total Mexico	Pension plan USA
DBO present value as of January 1, 2023	$1,058	$14,525	$15,583	$54,157
Service cost	69	1,818	1,887	1,190
Interest cost	94	1,607	1,701	2,558
Early retirement or settlement	416	1,116	1,532	-
Net cost of the period	$579	$4,541	$5,120	$3,748
Actuarial remeasurement	72	818	890	(53)
Benefits paid	(667)	(3,980)	(4,647)	(2,168)
Translation effect	-	4,386	4,386	-
	($595)	$1,224	$629	($2,221)
DBO present value as of December 31, 2023	$1,042	$20,290	$21,332	$55,684
Fair value of plan assets	-	-	-	(43,830)
Net liability	$1,042	$20,290	$21,332	$11,854

Plan assets (PA) are recognized at fair value; as of December 31, 2023, the changes to these assets are as follows:

2023	Mexico	USA
PA fair value as of January 1, 2023	($63)	($38,262)
Contributions made by the Company	-	(2,000)
Benefits paid	-	2,168
Expected return on assets	63	(5,736)
PA fair value as of December 31, 2023	$ -	($43,830)

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Balances as of December 31, 2022, are as follows:

Defined benefit obligations (DBO)	Seniority premium	Pension plan	Total Mexico	Pension plan USA
DBO present value as of January 1, 2022	$1,182	$15,291	$16,473	$70,580
Service cost	69	1,527	1,596	1,622
Interest cost	77	1,273	1,350	1,852
Early retirement or settlement	9	109	118	-
Net cost of the period	$155	$2,909	$3,064	$3,474
Actuarial remeasurement	113	(1,754)	(1,641)	(17,686)
Benefits paid	(391)	(2,463)	(2,854)	(2,211)
Translation effect	-	542	542	-
	($278)	($3,675)	($3,953)	($19,897)
DBO present value as of December 31, 2022	$1,058	$14,525	$15,584	$54,157
Fair value of plan assets	-	-	-	(38,262)
Net liability	**$1,058**	**$14,525**	**$15,584**	**$15,895**

Plan assets (PA) are recognized at fair value; as of December 31, 2022, the changes to these assets are as follows:

2022	Mexico	USA
PA fair value as of January 1, 2022	($63)	($47,202)
Contributions made by the Company	-	(2,000)
Benefits paid	-	2,211
Expected return on assets	63	8,729
PA fair value as of December 31, 2022	**$ -**	**($38,262)**

Balances as of December 31, 2021, are as follows:

Defined benefit obligations (DBO)	Seniority premium	Pension plan	Total Mexico	Pension plan USA
DBO present value as of January 1, 2021	$1,318	$18,138	$19,456	$71,829
Service cost	73	1,441	1,514	1,817
Interest cost	75	1,216	1,291	1,646
Early retirement or settlement	184	1,381	1,565	-
Net cost of the period	$332	$4,038	$4,370	$3,463
Actuarial remeasurement	(67)	(754)	(821)	(2,454)
Benefits paid	(322)	(3,445)	(3,767)	(2,279)
Translation effect	(79)	(2,686)	(2,765)	-
	($468)	($6,885)	($7,353)	($4,733)
DBO present value as of December 31, 2021	$1,182	$15,291	$16,473	$70,559
Fair value of plan assets	-	-	-	(47,202)
Net liability	**$1,182**	**$15,291**	**$16,473**	**$23,357**

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Plan assets (PA) are recognized at fair value; as of December 31, 2021, the changes to these assets are as follows:

2021	Mexico	USA
PA fair value as of January 1, 2021	($63)	($41,348)
Contributions made by the Company	-	(2,680)
Benefits paid	-	2,279
Expected return on assets	63	(5,453)
PA fair value as of December 31, 2021	**$ -**	**($47,202)**

The fair value of pension plan assets of the Company in its division in USA as of December 31, 2022, 2021 and 2020, is as follows:

	2023	2022	2021
Cash equivalents	$1,232	$921	$2,997
Listed Shares:			
USA companies	15,867	15,452	18,278
International companies	7,595	7,256	8,584
Fixed income exchange traded funds:			
Corporate bonds	16,097	11,922	13,930
USA government bonds	171	416	460
Other exchange traded funds	2,868	2,295	2,953
Total	**$43,830**	**$38,262**	**$47,202**

Level 1.- Quoted prices in active markets for identical assets

Fixed income consists of corporate bonds, government securities, and fixed income share funds. Government securities are measured by third party pricing sources. Corporate bonds are measured using either the yields currently available on comparable securities of issuers with similar credit ratings or using a discounted cash flows approach that utilizes observable inputs, such as current yields of similar instruments, but includes adjustments for certain risks that may not be observable, such credit and liquidity risks. Fixed income share funds are measured at the net asset value per share multiplied by the number of shares held as of the measurement date. Hedge funds are investments structures that contain an array of investments strategies with a wide range of different securities, including derivatives instruments.

The most significant assumptions selected in the determination of the Company's labor obligations are as follows:

Actual rates	2023	2022	2021
Mexico			
Discount rates	10.20%	10.30%	8.40%
Salary increase rate	5.00%	5.00%	5.00%
United States of America			
Discount rates	4.76%	4.96%	2.67%
Salary increase rate	4.95%	4.93%	4.89%

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The liability for employee benefits is sensitive to the movements of the interest rates used to discount the obligations, below, a sensitivity analysis is presented with scenarios of an increase and a decrease of 1% in the discount rate and salary increases, assuming that all other actuarial assumptions remain unchanged:

Sensitivity Analysis	Mexico	USA
DBO present value	$17,852	$55,684
+ 1 % Discount rate	16,108	50,046
- 1 % Discount rate	17,852	61,935

Plan assets in the United States of America:

The Company's investment policy for its pension plan is to balance the risk and return using a diversified portfolio consisting primarily of high-quality equity and fixed-income securities. Plan assets are managed by outside investment managers. Dacotah's Employee Pension Plan Committee provides oversight of the investments and the performance of the investment managers.

Equity securities consist of publicly traded U.S. companies and international companies. Publicly traded securities are valued at the closing prices reported in the active market in which the individual securities are traded.

These investments are made through funds-of-funds (commingled, multi-manager fund structures) and through direct investments in individual hedge funds. Hedge funds are primarily valued by each administrator based upon the valuation of the underlying securities and instruments and mainly by applying a market or income valuation methodology as appropriate depending on the specific type of security or instrument held. "Funds-of-funds" are valued based upon the net asset values of the underlying investments in hedge funds.

The Company's funding policy in the United States of America, is as follows:

The Company funds its pension plan and no contributions are made by employees.
The Company funds the plan annually by making a contribution of at least the minimum amount required by applicable regulations and as recommended by the Company's actuary. However, the Company also may fund the plan in excess of the minimum required amount. Cash contributions in subsequent years will depend on a number of factors including the performance of plan assets.

401(k) Plans

GCCRG, GCC Dacotah, CRM, GCCE, Midco, GCCAC, GCC Permian, GCC Sun City, GCC Three Forks and Alliance, have defined contribution benefit plans (the Plans), which qualify as 401(k) plans and are based on the tax laws of the United States of America. The plans are available to substantially all employees. The Company matches contributions up to 4.0% of their salary paid. The Company's contributions to the plans recorded in the consolidated statements of profit for the years ended of December 31, 2023, 2022 and 2021, amounted to $3,173, $2,888, and $2,675, respectively.

Bonus Plan

The Company has a bonus plan. As of December 31, 2023, 2022 and 2021, the Company has provisioned for this purpose $10,342, $7,802, and $7,435, respectively.

Sickness Disability Plan

GCC Dacotah has a sickness disability leave plan, which pays employees 25% of their unused sick leave at their current pay rate, not to exceed 550 hours in total, per employee.

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20. Financial instruments

Capital risk management

The objectives of the Company's capital management are primarily focused on ensuring that the financial requirements are met to continue as a going concern and to meet its growth objectives in order to maximize profits for shareholders, provide benefits for other stakeholders and to maintain an optimal capital structure. The Company manages the capital structure and makes adjustments considering the changes in economic conditions, its business, investment and growth plans and risk characteristics of the underlying assets.

The Company's management reviews monthly the ratios of financial debt and interest expense against the operating cash flow (adjusted EBITDA, which equals operating income before other expenses plus depreciation and amortization) for the purposes of complying with contract requirements and to maintain the net debt and interest rate hedging ratios. The Company's overall strategy remains consistent for all years presented.

Debt ratio

The debt ratio for the reporting period is as follows:

	2023	2022	2021
Financial debt (i)	$496,986	$496,684	$539,383
Cash and cash equivalents	958,725	826,227	682,962
Net debt	($461,739)	($329,543)	($143,579)
Stockholders' equity (ii)	$1,764,251	$1,423,812	$1,310,982
Net debt to equity ratio	**(26%)**	**(23%)**	**(11%)**

(i) Debt is defined as long and short-term loans, as described in Notes 4.h and 20.b.

(ii) Stockholders' equity includes all reserves and capital stock of the Company that are managed as capital.

Company's management actively manages the debt to equity, which has decreased significantly as of December 31, 2023 due to the amounts of cash and cash equivalents that the Company maintains.

Financial instruments category

	2023	2022	2021
Financial assets:			
Cash and cash equivalents	$958,725	$826,227	$682,962
Trade accounts receivable	142,458	105,129	102,878
Others	5,621	5,121	3,435
Due from related parties	2,216	5,700	3,196
Long-term accounts and notes receivable	3,957	2,594	10,846
Restricted cash	683	354	665
Financial liabilities at amortized cost:			
Trade accounts payable	$155,278	$149,604	$111,873
Due to related parties	989	2,547	2,702
Payables and financial debt	496,986	496,684	539,383
Lease liability	27,862	21,124	16,409

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Financial risk management objectives

The Company's Corporate Treasury function provides services to businesses, coordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Company through internal risk reports, which analyze exposures by degree and magnitude of risks. These risks include market risk (including currency risk, interest rate risk and other price risk), credit risk, liquidity risk and risk of interest rate of the cash flow.

The Corporate Treasury function applies the policies authorized by the Board of Directors to mitigate risk exposures.

The main risks associated with the financial instruments of the Company are:

- Market risks
- Credit Risk
- Liquidity Risk

The Board of Directors, upon recommendation from the Audit and Corporate Practices Committee, reviews and approves the risk management policies of the Company. For the years ended December 31, 2023, 2022 and 2021, the Company has not contracted any derivative financial instrument.

i) Market Risk: interest rate

Market risk is the risk of the market prices changes, for example, on the conversion rates, interest rates or shares prices that affect the Company's incomes or in the financial instruments values. The goal of the risk management is to manage and control the exposure to the risk in reasonable parameters and at the same time optimize the profitability.

ii) Interest Rate Risk

The Company's interest rate risk in the financial instruments for the years ended December 31, 2023, 2022 and 2021, are as follows:

	2023	2022	2021
Financial assets	$1,131,466	$963,182	$819,943
Financial liabilities	(685,173)	(846,119)	(716,273)
Net asset position	**$446,294**	**$117,063**	**$103,670**

Fair value sensitivity analysis for fixed rate instruments- The Company does not record fixed rate financial assets and liabilities at fair value through profit and loss, and does not designate derivates (interest rate swaps) as hedging instruments according to a fair value hedge. Therefore, a variation in interest rates at the date of the financial statements would not affect the result.

iii) Market Risk: Foreign currency

The Company's exposure to the volatility of the Mexican peso exchange rate against the U.S. dollar is shown as follows as of December 31, 2023, 2022 and 2021:

	2023	2022	2021
Financial assets	$381,237	$264,383	$197,571
Financial liabilities	(97,725)	(83,044)	(70,714)
Net asset position	**$283,512**	**$181,339**	**$126,857**

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As mentioned in Note 4.g, the Company designates its net investment in a foreign operation as an investment hedge, whereby the exchange fluctuations arising from financial debt denominated in U.S. dollars, associated to its investment in subsidiaries in the United States of America, is recognized in other comprehensive income.

The following table shows a sensitivity analysis of the financial assets and liabilities based on a possible fluctuation of the Mexican peso compared to the U.S. dollar, showing the effects in the consolidated statements of profit and the consolidated statements of stockholders' equity as of December 31, 2023, 2022 and 2021:

Sensitivity analysis:	Results	Equity (1)
2023		
Mexican peso appreciation 10%	$34,526	$8,884
Mexican peso depreciation 10%	(42,198)	(10,858)
2022		
Mexican peso appreciation 10%	$24,035	$7,549
Mexican peso depreciation 10%	(29,376)	(9,227)
2021		
Mexican peso appreciation 10%	$17,961	$6,429
Mexican peso depreciation 10%	(21,952)	(7,857)

(1) The effect of the resulting devaluation of financial long-term debt will be offset by the effect of the revaluation or appreciation of foreign investment since the investment is considered as a hedge of cash flows.

The Company assumes that a 10% change in the exchange rate is reasonably possible for purposes of performing the sensitivity analysis.

iv) Credit risk

Credit risk represents the potential loss due to the failure of the counterparty to meet all its payment obligations.

Financial instruments that could potentially bind the Company to significant credit risk are cash and cash equivalents and accounts receivable. Cash and cash equivalents of the Company are held in various financial institutions with high credit quality. The Company's policy is designed to limit its exposure to any single financial institution or counterparty.

The credit risk on accounts receivable is diversified because the Company has a broad customer base that is geographically dispersed in both Mexico and the United States. As of December 31, 2023, 2022 and 2021, no individual customer represents a significant amount of reported net sales or accounts receivable balance.

The Company periodically evaluates the creditworthiness of its customers and, if necessary, guarantees are required from them to ensure the recovery of receivables.

The carrying amount of financial assets represents the maximum credit exposure, at December 31, 2023, 2022 and 2021, is as follows:

	2023	2022	2021
Cash and cash equivalents	$958,725	$826,227	$682,962
Trade accounts receivable:			
Mexico	46,967	33,908	35,570
United States	95,491	71,221	67,308
Other accounts receivables	30,283	31,826	34,103

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Cash and cash equivalents

An analysis of the credit ratings of financial institutions where the Company maintains cash and cash equivalents at the close of each period is as follows:

	As of December 31		
	2023	2022	2021
MXAAA rating institutions	$222,751	$116,839	$91,123
AA rating institutions	170,899	-	-
AA- rating institutions	170,253	251,014	308,783
A- rating institutions	129,954	831	216
MXAA rating institutions	76,218	72,810	48,957
A+ rating institutions	65,172	89,921	72
BBB+ rating institutions	45,862	178,788	130,354
MXA rating institutions	35,564	37,206	-
MXAA- rating institutions	1,080	965	1,065
MXBBB rating institutions	-	-	77,143
MXA+ rating institutions	-	-	24,293
A rating institutions	-	-	956
Not applicable	40,972	77,853	-
	$958,725	$826,227	$682,962

Impairment of cash and cash equivalents has been measured based on the 12-month expected credit loss and reflects the short-term maturities of the exposures. The Company considers that its cash and cash equivalents have a low credit risk based on the external credit ratings of counterparties, therefore an estimate for impairment has not been considered.

Trade accounts receivable

Below is an analysis of the aging of trade accounts receivable as of December 31, 2023, 2022 and 2021:

	Maturities:						
Year	Current	1-30 days	31-60 days	61-90 days	91-120 days	Over 121 days	Total
2023	$122,020	$15,468	$4,768	$928	$762	$6,248	$150,194
2022	$85,946	$8,049	$8,479	$2,425	$1,461	$6,569	$112,929
2021	$72,684	$21,015	$4,532	$2,268	$1,553	$7,882	$109,934

i) Liquidity risk

Cash generated from operations is used to make debt payments and capital expenditures. The management of the Company administers liquidity and establishes adequate working capital policies to manage the short, medium and long-term financing. The Company handles liquidity risk by maintaining adequate reserves, banking facilities and authorized credit lines to obtain credits through continuous monitoring of actual and projected cash flows, and reconciling the maturity profiles of financial assets and liabilities. The contractual maturities of financial debt instruments and other financial liabilities as of December 31, 2023, are shown in the following table:

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2023						
Line item	Contractual maturities:					
	1 year	2 years	3 years	4 years	More than 5 years	Total
Trade accounts payable	$155,278	$ -	$ -	$ -	$ -	$155,278
Due to related parties	$989	$ -	$ -	$ -	$ -	$989
Financial debt	$ -	$ -	$ -	$ -	$500,000	$500,000
Leases	$11,196	$7,839	$4,296	$2,298	$3,276	$28,905
Interest	$18,070	$18,070	$18,070	$18,070	$81,315	$153,595

2022						
Line item	Contractual maturities:					
	1 year	2 years	3 years	4 years	More than 5 years	Total
Trade accounts payable	$149,604	$ -	$ -	$ -	$ -	$149,604
Due to related parties	$2,547	$ -	$ -	$ -	$ -	$2,547
Financial debt	$ -	$ -	$ -	$ -	$500,000	$500,000
Leases	$9,192	$6,986	$3,810	$1,900	$414	$22,303
Interest	$18,070	$18,070	$18,070	$18,070	$99,385	$171,665

2021						
Line item	Contractual maturities:					
	1 year	2 years	3 years	4 years	More than 5 years	Total
Trade accounts payable	$111,873	$ -	$ -	$ -	$ -	$111,873
Due to related parties	$2,702	$ -	$ -	$ -	$ -	$2,702
Financial debt	$176,000	$104,000	$260,000	$ -	$ -	$540,000
Leases	$16,380	$2,694	$1,970	$1,037	$536	$22,617
Interest	$17,718	$14,528	$6,825	$ -	$ -	$39,071

As of December 31, 2023, 2022 and 2021, the Company had access to lines of credit up to an amount of $275,909, $275,151 and 270,000, respectively, which were undrawn at the end of these years. Additionally, as of December 31, 2023, 2022 and 2021, the Company had contracted letters of credit for $11,683, $13,377, and $12,604, respectively, which are primarily used to ensure the payment of deductibles in connection to insurance programs of the Company in the United States and as collateral for bonds issued in the United States and to ensure its natural gas supply.

a) Fair value of financial instruments

Except as for the detail in the following table, management believes that the carrying amounts of assets and liabilities recognized at amortized cost in the consolidated financial statements, approximates their fair value given their short-term maturities.

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The fair value of financial instruments presented below has been determined by the Company using available market information or other valuation techniques that require judgment in developing and interpreting the estimates of fair values, and uses assumptions based on market conditions existing at each of the dates in the consolidated statements of financial position.

The fair value of the Company's debt financial instruments included in the disclosure presented in the following table is determined per unit of account; for the international bond, the fair value was determined considering the market price of the instrument prevailing at the date of the consolidated statements of financial position, while borrowings with banks was estimated using the present value of discounted cash flows at market rates as of December 31 of each year, which is located in level 2 of the fair value hierarchy.

Their book values and their fair values as of December 31, 2023, 2022 and 2021, are as follows:

Payables and financial liabilities recognized at amortized cost:

	Carrying amount	Fair value
December 31, 2023	$496,986	$430,000
December 31, 2022	$496,684	$415,000
December 31, 2021	$539,383	$546,739

b) Payables and financial debt

(i) As of December 31, 2023, 2022 and 2021, the financial debt is as follows:

As of December 31, 2023			Maturities		
Loans	Currency	Interest rates	Amounts	Current portion of the long-term debt	Long-term debt
International bond					
10 years	U.S. Dollars	3.614%	$500,000	$ -	$500,000
Issuance costs			(3,014)	-	(3,014)
			$496,986	**$ -**	**$496,986**

As of December 31, 2022				Maturities	
Loans	Currency	Interest rates	Amounts	Current portion of the long-term debt	Long-term debt
International bond					
10 years	U.S. Dollars	3.614%	$500,000	$ -	$500,000
Issuance costs [1]			(3,316)	-	(3,316)
			$496,684	**$ -**	**$496,684**

(1) All issuance costs are totally related to the Syndicated loan.

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As of December 31, 2021				Maturities	
Loans	Currency	Interest rates	Amounts	Current portion of the long-term debt	Long-term debt
International bond					
7 years	U.S. Dollars	5.250%	$260,000	$ -	$260,000
Syndicated loan					
5 years	U.S. Dollars	LIBOR + 1.75% (margin range: 2.00% - 1.25%)	280,000	176,000	104,000
Issuance costs			(617)	-	(617)
			$539,383	$176,000	$363,383

(ii) In January 2022, GCC, S.A.B. de C.V. issued successfully an international bond associated with sustainability for $500,000, with rate of 3.614% and expiration date of April 2032. This bond has the goal to perform the central, relevant and material sustainability, as the CO2 reduction. The resources that were used to discharge the credit of GCC with rate of 5.250% and expiration date of 2024, by an amount of $260,000, as well as resources of their own to prepay the residual syndicated loan issued by 2018.

(iii) Loan agreements establish specific clauses relating to the sale of assets, investments, additional financing and debt payments, as well as the obligation to maintain certain specific financial ratios (net financial leverage ratio and net interest coverage), which in case of non-compliance, would lead to a breach of contract allowing the creditor to require the advance payment of the corresponding loan. As of December 31, 2022, the Company has complied with these conditions. The financial ratios required and / or permitted by the contracts for the period ended December 31, 2022 are as follows:

	2023	Required / Permitted
Net leverage ratio [1]	(0.99)	3.50
Interest coverage [2]	(12.08)	3.50

(1) Net leverage - means the number of times net debt (debt with financial cost) less cash over adjusted EBITDA.

(2) Interest coverage - means the number of times adjusted EBITDA on financial expenses.

For the year ended December 31, 2023, the weighted average interest rate of the international bonds was 3.614%

For the year ended December 31, 2022, the weighted average interest rate of the international bonds was 3.614%

For the year ended December 31, 2021, the weighted average interest rate of the international bonds was 5.25% and the weighted average interest rate of bank loans was 1.85%.

The average life of the financial debt as of December 31, 2023 was approximately 8.3 years.

The Company's subsidiaries, GCC Cemento, S. A. de C. V., Cementos de Chihuahua, S. A. de C. V. and GCC of America, Inc., are guarantors for the current debts.

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c) The following is a reconciliation of obligations derived from financing activities:

	January 1, 2023	Disposals	Payments made (capital)	Accrued interest	Payments made (interest)	December 31, 2023
International bond 2022	503,514	-	-	18,070	(18,070)	503,514
	$503,514	**$ -**	**$ -**	**$18,070**	**($18,070)**	**$503,514**

	January 1, 2022	Disposals	Payments made (capital)	Accrued interest	Payments made (interest)	December 31, 2022
International bond 2017	$260,265	-	($260,000)	$910	($1,175)	$ -
Syndicated loan	280,218	-	(280,000)	327	(545)	-
International bond 2022	-	500,000	-	17,066	(13,552)	503,514
	$540,483	**$500,000**	**($540,000)**	**$18,303**	**($15,272)**	**$503,514**

	January 1, 2021	Disposals	Payments made (capital)	Accrued interest	Payments made (interest)	December 31, 2021
International bond 2017	$260,265	$ -	$ -	$13,650	($13,650)	$260,265
Syndicated loan	372,331	-	(92,000)	6,525	(6,638)	280,218
	$632,596	**$ -**	**($92,000)**	**$20,175**	**($20,288)**	**$540,483**

Accrued interest payable derived from the financial debt is presented in accrued expenses and taxes other than income taxes in the consolidated statement of financial position for 2023, 2022 and 2021, amounting to $18,070, $18,303 and $20,175, respectively.

21. Accrued expenses and taxes and provisions

a) Accrued expenses and taxes

Accrued expenses and taxes as of December 31, 2023, 2022 and 2021, are as follows:

	2023	2022	2021
Taxes payable	$35,589	$30,101	$27,412
Customer advances	32,491	20,343	13,599
Other accounts payable	12,036	13,584	6,183
Interest payable	3,505	3,505	483
	$83,621	**$67,533**	**$47,677**

b) Provisions

	2023	2022	2021
Beginning balance	$44,009	$2,167	$2,116
Increase during the year	24,986	56,708	8,117
Payments made	(65,468)	(14,939)	(8,015)
Translation effect	226	73	(51)
Ending balance	**$3,753**	**$44,009**	**$2,167**

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c) Provision for environment restoration

The Mining Law of the State of New Mexico in the USA requires the Company to incur costs to restore operations affected by raw material extraction where the plant is located at the end of operations in the same area. Measures have been planned for the incremental and simultaneous implementation of the plan over a period of forty years, with more than half of the surface disturbed, the same being recovered during the operational life of the plan area. The Company has recognized a long-term provision for the estimated costs to be incurred in restoring the site at present value, using the discount rates 3.6140%, 3.6031% and 3.2998% for years 2023, 2022 and 2021, respectively. As of December 31, 2023, 2022 and 2021, the USA Division has recognized a provision of $22,794, $22,795, and $21,793, respectively, for such liquidation measures.

Additionally, for the Mexican division there is an obligation under the General Law of Ecological Equilibrium and Environmental Protection, which states that whoever carries out activities that affect the environment is required to prevent, minimize or repair the damage involved. The Act establishes the obligation to perform an environmental impact assessment. As of December 31, 2023, 2022 and 2021, the Mexican division has recognized a provision of $3,003, $2,052 and $1,454, respectively, for such restoration activities.

Movements in the provision for environmental restoration are as follows:

	Balances as of January 1, 2023	Increases during the year	Interest cost	Balances as of December 31, 2023
Restoration provision	$25,781	$ -	$16	$25,797
	Balances as of January 1, 2022	**Increases during the year**	**Interest cost**	**Balances as of December 31, 2022**
Restoration provision	$23,247	$2,429	$105	$25,781
	Balances as of January 1, 2021	**Decreases during the year**	**Interest cost**	**Balances as of December 31, 2021**
Restoration provision	$18,921	$4,372	($46)	$23,247

22. Income taxes

The Company in Mexico is subject to ISR whose rate for 2023, 2022 and 2021 was 30% and will continue at 30% for subsequent years. The Company caused ISR on a consolidated basis until 2013 with its Mexican subsidiaries. Due to changes in the income tax law in effect as of December 31, 2013, the tax consolidation regime was eliminated, therefore, the Company and its subsidiaries have the obligation to pay the deferred tax determined at that date during the following ten annual periods from 2014, as shown below.

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Income taxes of the subsidiaries in the United States of America are determined on a consolidated basis with their direct holding company GCC of America, Inc., The income tax rate, for the Swiss subsidiary, used for 2019 was 9.6%, and in accordance with the Swiss tax reform that eliminated the privileged mixed tax status and entered into force on January 1, 2020, a temporary increase will be applied with a profit tax rate of 11.9% from 2020 to 2024, and from 2025 the profit tax rate will be 14.0%.

While the 2014 Tax Law repealed the tax consolidation regime, an option was established to calculate ISR together in groups of companies (under a tax integration regimen). The new system allows for consolidated companies owned directly or indirectly by more than 80% to have certain benefits in their tax determination (when within the integrated group of companies there are some with profits or losses in the same year), which may defer for three years and reported at the filing date of the tax return corresponding to the tax year following the completion of the aforementioned three-year period.

The Company and its Mexican subsidiaries opted to join the integration regimen, so income tax for the year 2023, 2022 and 2021 was determined as a group.

The following are the tax rates on taxable income in countries where the Company operates:

Country	2023	2022	2021
Mexico	30%	30%	30%
United States of America	24%	24%	24%
Switzerland	14%	11.9%	11.9%

a) For the years ended December 31, 2023, 2022 and 2021, income tax expense charged to results is as follows:

	2023	2022	2021
Current income tax	($76,832)	($26,871)	($16,201)
Deferred income tax	(32,000)	(35,607)	(38,676)
Total income taxes	**($108,832)**	**($62,478)**	**($54,877)**

b) Deferred taxes in the consolidated statements of financial position

The main items composing the deferred income taxes are:

Mexico	December 31, 2023	December 31, 2022	December 31, 2021
Deferred tax assets:			
Provisions and allowances	$16,812	$12,382	$19,253
Customer advances and other	1,251	755	446
Tax loss carry forwards	59,483	76,258	73,214
	77,546	89,395	92,913
Deferred tax liabilities:			
Property, plant and equipment	(105,803)	(111,238)	(92,427)
Inventories	(409)	(433)	(477)
Prepaid expenses and other	(5,400)	(3,988)	(2,932)
	(111,612)	(115,659)	(95,836)
Deferred tax liability	**($34,066)**	**($26,264)**	**($2,923)**

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USA	December 31, 2023	December 31, 2022	December 31, 2021
Deferred tax asset:			
Provisions and allowances	$24,933	$34,997	$30,482
Tax loss carry forwards	7,271	290	11,433
	32,204	35,287	41,915
Deferred tax liability:			
Property, plant and equipment	(159,306)	(150,117)	(133,479)
Prepaid expenses and other	(11,829)	(10,700)	(4,710)
	(171,135)	(160,817)	(138,189)
Deferred tax liability	**($138,931)**	**($125,530)**	**($96,274)**

Switzerland	December 31, 2023	December 31, 2022	December 31, 2021
Deferred tax asset (liability): Accounts receivable	(793)	(739)	(617)
Deferred tax asset (liability)	**($793)**	**($739)**	**($617)**

Total deferred income tax liability	**($173,790)**	**($152,533)**	**($99,814)**

c) The main items for which the sum of the current income tax and deferred income tax for the period differs from the statutory rate are as follows:

	December 31, 2023	December 31, 2022	December 31, 2021
Income before income tax	$404,024	$202,739	$206,731
Statutory rate	30%	30%	30%
Income tax based on statutory rate	(121,207)	(60,822)	(62,019)
Other items:			
Non-deductible expenses	(3,324)	(17,536)	(1,917)
Adjustment for inflation	1,038	(826)	(11,619)
Recognition of deferred tax assets	2,058)	-	(2,546)
Effects of inflation on non-monetary items	(2,048)	10,145	14,363
Effect of different tax rates in effect in foreign entities	14,651	6,561	8,861
Tax benefit	12,375	(1,656)	7,142
Income taxes	**($108,832)**	**($62,478)**	**($54,877)**

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d) As of December 31, 2023, the Company's tax loss carryforwards, are as follows:

	Mexico		United States of America	
Year of loss	Amounts restated as of December 31, 2023	Effect on deferred income tax	Amounts as of December 31, 2023	Effect on deferred income tax
2024	$180,079	$54,024	-	-
2025	20,595	6,178	-	-
2026	1,539	462	-	-
2027	49,513	14,854	-	-
2028	6,629	1,989	-	-
2029	137	41	-	-
2030	62,870	18,861	-	-
2031	14,124	4,237	-	-
2032	179	54	-	-
	$335,665	$100,700	$ -	$ -
USA state tax loss	-	-	-	8,495
Unrecognized deferred taxes	(137,389)	(41,217)	(7,877)	(1,224)
Deferred tax assets for tax loss	**$198,276**	**$59,483**	**($7,877)**	**$7,271**

e) As December 31, 2023, the Company's deferred tax balances, are integrated as follows:

	December 31, 2022	Income Statement	Stockholders' equity	OCI	December 31,2023
Deferred tax assets:					
Provisions for liabilities and other	$12,280	$127	$ -	$ -	$12,407
Other assets	33,488	(12,004)	-	-	21,484
Customer in advance	787	2,294	-	-	3,081
NOL's(i)	120,249	(19,356)	-	-	100,893
Valuation allowance	(44,683)	10,544	-	-	(34,139)
Estimated Credit Loss	1,268	641	-	-	1,909
	$123,389	**($17,754)**	**$ -**	**$ -**	**$105,635**
Deferred tax liabilities:					
Fixed assets	($158,708)	$11,511	$ -	$ -	($147,197)
Prepaids	(1,769)	(2,162)	-	-	(3,931)
Inventory of spare parts and taxable inventory	(422)	88	-	-	(334)
Exchange rate effect	(109,527)	(23,721)	10,745	-	(122,382)
Other liabilities	(5,619)	38	-	-	(5,581)
	(276,045)	**(14,246)**	**10,745**	**-**	**(279,425)**
Deferred tax, net	**($152,656)**	**($32,000)**	**$10,745**	**$ -**	**($173,790)**

(i) Net Operating Losses (carried forward)

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As December 31, 2022, the Company's deferred tax balances, are integrated as follows:

	December 31, 2021	Income Statement	Stockholders' equity	OCI	December 31,2022
Deferred tax assets:					
Provisions for liabilities and other	$12,720	($440)	$ -	$ -	$12,280
Other assets	39,722	(6,234)	-	-	33,488
Customer in advance	505	282	-	-	787
NOL's(i)	134,644	(14,395)	-	-	120,249
Valuation allowance	(45,891)	1,208	-	-	(44,683)
Estimated Credit Loss	(44)	1,312	-	-	1,268
	$141,656	**(18,267)**	**$ -**	**$ -**	**$123,389**
Deferred tax liabilities:					
Fixed assets	($163,269)	$4,561	$ -	$ -	($158,708)
Prepaids	(1,237)	(532)	-	-	(1,769)
Inventory of spare parts and taxable inventory	(494)	73	-	-	(421)
Exchange rate effect	(72,021)	(20,272)	(17,112)	-	(109,405)
Other liabilities	(4,449)	(1,170)	-	-	(5,619)
	(241,470)	**(17,340)**	**(17,112)**	**-**	**(275,922)**
Deferred tax, net	**($99,814)**	**($35,607)**	**($17,112)**	**$ -**	**($152,533)**

(i) Net Operating Losses (carried forward)

As December 31, 2021, the Company's deferred tax balances, are integrated as follows:

	December 31, 2020	Income Statement	Stockholders' equity	OCI	December 31,2021
Deferred tax assets:					
Provisions for liabilities and other	$14,094	($1,374)	$ -	$ -	$12,720
Other assets	32,852	6,870	-	-	39,722
Customer in advance	1,901	(1,397)	-	-	504
NOL's(i)	160,340	(25,697)	-	-	134,643
Valuation allowance	(27,188)	(18,702)	-	-	(45,890)
Estimated Credit Loss	1,312	(1,357)	-	-	(45)
	$183,312	**($41,656)**	**$ -**	**$ -**	**$141,656**
Deferred tax liabilities:					
Fixed assets	($152,966)	($10,303)	$ -	$ -	($163,269)
Prepaids	(3,163)	1,926	-	-	(1,237)
Inventory of spare parts and taxable inventory	(558)	64	-	-	(494)
Exchange rate effect	(77,606)	11,490	(5,905)	-	(72,021)
Other liabilities	(4,252)	(198)	-	-	(4,450)
	(238,545)	**2,980**	**(5,905)**	**-**	**(241,470)**
Deferred tax, net	**($55,233)**	**($38,676)**	**($5,905)**	**$ -**	**($99,814)**

The summarized items refer to those temporary items that had a taxable effect on the company's results.

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Due to the nature of its operations, the company maintains significant balances in non-current assets and tax loss carryforwards.

The deferred tax liability related to investments in subsidiaries was not recognized because the Group controls the dividend policy of its subsidiaries – i.e. the Group controls the timing of reversal of the related taxable temporary differences and management is satisfied that they will not reverse in the foreseeable future.

23. Stockholders' equity

a) As of December 31, 2023, 2022 and 2021, common stock is variable and its fixed minimum amount with no right to withdrawal is $10,921, represented by 337,400,000 registered shares with no par value and is summarized as follows:

	Shares	Amount
Authorized and issued capital	337,400,000	$10,921
Shares repurchased	(10,581,321)	(343)
	326,814,679	**$10,578**

b) According to the General Law of Mercantile Companies, at least 5% of the net income for the year must be separated to increase the legal reserve until it reaches 20% of share capital.

c) If the Company pays dividends that come from the Net Tax Profit Account (CUFIN, by its acronym in Spanish), the Company shall not be liable to pay income tax. However, this balance can be applied only once the balance of the Net Reinvested Tax Profit Account (CUFINRE, by its acronym in Spanish) has been fully utilized.

When dividends arise from CUFINRE, 5% will be paid for those decreed from earnings in years 2001 and 2000, and 3% for earnings in 1999. The amount distributed as dividends that exceeds CUFIN will be subjected to the payment of corporate income tax, charged to the Company at the current tax rate at that time.

d) In the ordinary general meeting of the shareholders held on April 28, 2023, a payment of dividends was declared for $24,926 ($0.074 dollars per share) were paid in May 24th 2023; a treasury stock repurchase fund was also approved for $82,921 (equivalent to MX$1,500 million pesos). During 2023, the company acquired 1,631,981 shares at average price of $13,169.

During the year ended December 31, 2023, the Company made the following repurchases and sales of its own shares:

	Shares	Amount
Repurchase of own shares	(9,190,210)	($82,809)
Sale of own shares	7,558,229	69,640
	(1,631,981)	**($13,169)**

During 2023, 2022 and 2021 the amount of own net shares repurchased by GCC, through the Bolsa Mexicana de Valores, ascended to 1,631,981, 4,018,404 and 1,404,798, respectively. The total amount paid to acquire shares was of $13,169, $24,583 and $5,176, respectively, which amounts were decreased in the stockholder's equity and retained earnings. During 2021, as part of the adopted measures by GCC, to ensure the minimum of financial impact caused by COVID crisis, and support to ensure the continuity of the business and preserve the company cash, GCC suspended the repurchase shares program.

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e) In the ordinary general meeting of the shareholders held on April 28, 2022, a payment of dividends was declared for $19,154 ($0.058 dollars per share) of which were paid in May 17 2022; a treasury stock repurchase fund was also approved for $48,583 (equivalent to MX$1,000 million pesos). As of December 31, 2022, there are 4,018,404 shares in treasury repurchased with a cost of $26,463.

During the year ended December 31, 2021, the Company made the following repurchases and sales of its own shares:

	Shares	Amount
Repurchase of own shares	(19,000)	($136)
Sale of own shares	1,000	6
	(18,000)	**($130)**

f) In the ordinary general meeting of the shareholders held on April 29, 2021, a payment of dividends was declared for $17,072 ($0.050 dollars per share) of which $ 16,694 were paid in August 2021; a treasury stock repurchase fund was also approved for $48,583 (equivalent to MX$1,000 million pesos). As of December 31, 2021, there are 6,223,205 shares in treasury repurchased with a cost of $10,554, leaving a repurchase fund of $38,029 available.

g) The balance of the cumulative translation adjustment of foreign subsidiaries as of December 31, 2023, 2022 and 2021, is as follows:

	2023	2022	2021
Initial balance	($302,486)	($313,079)	($308,876)
Translation effect of the year	41,229	(37,182)	(7,585)
Net investment hedge in foreign operations	53,474	68,249	4,832
Income taxes	(16,042)	(20,475)	(1,449)
Exchange effect in foreign transactions- net	78,661	10,592	(4,202)
Ending balance with translation effect in foreign operations	($223,825)	($302,486)	($313,078)

h) The balance of the remeasurements of actuarial liabilities associated with the Company's defined benefit plans and the related tax effect as of December 31, 2023, 2022 and 2021, is as follows:

	2023	2022	2021
Beginning balance of remeasurement gains (losses)	$22,842	$17,455	$12,194
Actuarial remeasurement for employee benefits	3,385	7,696	7,516
Income tax	(1,016)	(2,309)	(2,255)
Ending balance of actuarial gains (losses)	$25,211	$22,842	$17,455
Total cumulative amount of other items of comprehensive income (g) + (h)	**($198,614)**	**($279,644)**	**($295,623)**

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24. Share-based payments

Long-term employee incentive plan

The long-term incentive plan (PILP, by its acronym in Spanish) was established and developed through an external specialist with extensive global experience in executive level compensation systems. This plan was implemented in order to compensate eligible executives that ensures talent retention and is in line with market practices for executives of that level, to achieve the strategic objectives of GCC that improve the value of the Company over time and, at the same time to ensure the sustainability of GCC. According to the terms of the plan, this scheme is applicable to key executives and certain employees.

The number of shares granted is calculated according to the formula based on the number of months of salary corresponding to the executive and the performance approved by the Chairman of the Board formerly. The number of months is in accordance with the individual compensation and the organizational level of the executive. The formula rewards executives and key personnel based on formerly established achievements, judged with both quantitative and qualitative criteria.

Considering the premises and objectives described above, GCC has two types of long-term incentive plans in order to align the employees' objectives and results and to retain talent to positively impact the Company's culture focus, which are described below:

Real stock plan (Performance Shares) linked with a criterion of number of months of salary of the executive and a minimum level of performance that will direct the efforts to achieve the expected results. This plan is granted annually, with the vesting period between four years and five years for which the executive must have an employment relationship with the Company and / or its subsidiaries to receive the shares. The performance indicator is designated annually by the Chairman of the Board of Directors, with is linked to the creation of value and growth of the Company. For 2022, 2021 and 2020, the "Return on Capital Investment" (ROIC) was established for this purpose. This indicator may change annually and can consider both quantitative and qualitative criteria. The total shares allocated for this plan and the related expense for 2023, 2022 and 2021 were 428,722, 502,964 and 476,447, and $5,012, $ 1,774, and $2,060, respectively.

Additional option plan "Matching" provides benefits linked to the short-term incentive plan whereby an employee can choose the option to purchase in shares of GCC with the Company matching a certain percentage. The purchase of shares, by the eligible employee, will be utilized through the use of part or the total cash value of their short-term incentive benefit, with a three-year sale restriction period. This plan is also granted annually. The Company will match an equivalent amount of shares to the employee's investment in the short-term incentive plan according to the following criteria:

i. Up to 50% - Matching of 100%
ii. From 50.1% to 75% - Matching of 125%
iii. More than 75% - Matching of 150%

For the Company's matching portion, the shares will be exercised at a price equal to the market price quoted on the grant date. For the period of 2023, 2022 and 2021, the matching will be effective in 2026, 2025 and 2024, respectively. The total of shares acquired in 2023, 2022 and 2021 by employees in this plan 134,065, 206,227 and 161,999 for which the Company is required to match 200,764, 304,799 and 241,516 additional shares, respectively.

For the plan of real shares granted in 2023, 2022 and 2021, the share price utilized to determine the grant date fair value was $8.01, $6.60 and $6.34 dollars per share.

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25. Cost of sales and operating expenses by nature

a) Cost of sales

The breakdown of cost of sales for the years ended December 31, 2023, 2022 and 2021, is integrated as follows:

	2023	2022	2021
Employee benefits	$172,099	$153,660	$135,240
Raw materials cost	159,899	137,037	120,610
Energy cost	131,766	143,926	126,673
Depreciation and amortization	64,133	80,299	68,410
Depreciation for right of use asset	12,373	13,791	12,951
Maintenance expenses	88,120	69,750	61,389
Distribution expenses	92,159	82,285	72,421
Other expenses	141,656	123,096	109,790
	$862,205	$803,844	$707,484

b) General, administrative and selling expenses

The breakdown of operating expenses for the years ended December 31, 2023, 2022 and 2021 is integrated as follows:

	2023	2022	2021
Employee benefits	$54,786	$42,572	$39,961
Depreciation and amortization	12,723	12,948	15,233
Professional services	22,762	16,147	15,157
Other expenses	29,134	24,464	19,885
	$119,405	$96,131	$90,236

c) Employee benefit expenses

The employee benefit expenses for the years ended December 31, 2023, 2022 and 2021, are integrated as follows:

	2023	2022	2021
Salaries and wages	$163,616	$141,511	$126,300
Employee benefits from retirement	7,611	6,582	5,877
Social security contributions	22,682	19,617	17,515
Social welfare	16,888	14,606	13,041
Other salaries and benefits	16,088	13,912	12,468
	$226,885	$196,232	$175,201

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d) Other expenses, net

Other operating expenses for the years ended December 31, 2023, 2022 and 2021, are integrated as follows:

	2023	2022	2021
Arbitration procedure provision	$4,395	$50,035	$8,522
Charitable contributions	1,006	675	985
Others	1,238	(88)	-
	$6,639	**$50,622**	**$9,507**

On March 10th, GCC reached a conciliation agreement with CIMSA, in which both parties mutually exempt each other from responsibility and put an end to the disputes between both parties.

26. Financial expenses

The financial expenses for the years ended December 31, 2023, 2022 and 2021, are integrated as follows:

	2023	2022	2021
Interest expenses	$25,844	$29,881	$30,176
Cancellation and amortization of debt issuance costs	-	-	2,531
Other financial expenses	2,265	8,730	2,690
	$28,109	**$38,611**	**$35,397**

27. Segment information

The Company is a Mexican entity that manufactures and sells hydraulic cement, ready-mix concrete and aggregates. The Company's operations in the United States of America are mainly performed by three subsidiaries with an ownership interest of 100%.

Inter-segment revenues are eliminated upon consolidation and reflected in the "eliminations and other adjustments" column. All other adjustments and eliminations are part of detailed reconciliations presented further below.

In the following information, the column representing Mexico includes all domestic transactions. Information for the years ended December 31, 2023, 2022 and 2021, is as follows:

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2023				
	Mexico	United States of America	Eliminations and other adjustments	Consolidated
Net sales:				
External customers	$425,595	$938,322	$ -	$1,363,917
Intercompany sales	43,666	5,082	(48,748)	-
	469,261	943,404	(48,748)	1,363,917
Operating income before other expenses	101,208	281,099	-	382,307
Profit before income taxes	325,525	78,772	-	404,297
Depreciation and amortization	24,132	65,097	-	89,229
Financial income	33,607	24,360	-	57,967
Financial expenses	2,673	25,436	-	28,109
Foreign exchange income, net	(4,489)	(40)	-	(4,529)
Goodwill	-	212,598	-	212,598
Property, plant and equipment, net	305,870	842,011	-	1,147,881
Total assets	**$904,205**	**$1,908,888**	**$ -**	**$2,813,093**
Total liabilities	**$247,807**	**$801,035**	**$ -**	**$1,048,842**
Non-cash expenditures	**$1,121**	**$37,260**	**$ -**	**$38,381**

2022				
	Mexico	United States of America	Eliminations and other adjustments	Consolidated
Net sales:				
External customers	$327,720	$840,599	$ -	$1,168,319
Intercompany sales	58,815	12,550	(71,365)	-
	386,535	853,149	(71,365)	1,168,319
Operating income before other expenses	73,228	195,116	-	268,344
Profit before income taxes	244,593	(41,854)	-	202,739
Depreciation and amortization	20,088	73,159	-	93,247
Financial income	14,696	7,428	-	22,124
Financial expenses	4,883	33,728	-	38,611
Foreign exchange (income) loss, net	(621)	(1,159)	-	(1,780)
Goodwill	-	212,598	-	212,598
Property, plant and equipment, net	246,272	756,022	-	1,002,294
Total assets	**$726,238**	**$1,727,936**	**$ -**	**$2,454,174**
Total liabilities	**$203,791**	**$826,571**	**$ -**	**$1,030,362**
Non-cash expenditures	**$7,511**	**$44,483**	**$ -**	**$51,994**

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2021				
	Mexico	United States of America	Eliminations and other adjustments	Consolidated
Net sales:				
External customers	$288,433	$750,371	$ -	$1,038,804
Intercompany sales	48,794	15,044	(63,838)	-
	337,227	765,721	(63,838)	1,038,804
Operating income before other expenses	80,034	161,050	-	241,084
Profit before income taxes	152,131	54,600	-	206,731
Depreciation and amortization	18,624	77,969	-	96,593
Financial income	6,571	657	-	7,228
Financial expenses	1,893	33,504	-	35,397
Foreign exchange loss, net	(86)	419	-	333
Goodwill	-	212,598	-	212,598
Property, plant and equipment, net	204,336	729,774	-	934,110
Total assets	**$730,130**	**$1,506,060**	**$ -**	**$2,236,190**
Total liabilities	**$93,514**	**$831,694**	**$ -**	**$925,208**
Non-cash expenditures	**$8,106**	**$13,345**	**$ -**	**$21,451**

Net sales information by country and by product for the years ended as of December 31, 2023, 2022 and 2021, is presented in the following table:

2023					
Country	Cement	Concrete	Other	Eliminations	Consolidated
Mexico	$285,520	$145,978	$72,479	($78,382)	$425,595
United States of America	815,939	144,026	124,456	(146,099)	938,322
	$1,101,459	**$290,004**	**$196,935**	**($224,481)**	**$1,363,917**

2022					
Country	Cement	Concrete	Other	Eliminations	Consolidated
Mexico	$226,585	$107,642	$32,819	($39,327)	$327,719
United States of America	749,904	118,737	87,181	(115,222)	840,600
	$976,489	**$226,379**	**$120,000**	**($154,549)**	**$1,168,319**

2021					
Country	Cement	Concrete	Other	Eliminations	Consolidated
Mexico	$207,014	$90,847	$26,728	($36,156)	$288,433
United States of America	662,830	110,795	79,489	(102,743)	750,371
	$869,844	**$201,642**	**$106,217**	**($138,899)**	**$1,038,804**

The column “Other” includes mainly aggregates, concrete blocks, prefabricated products, developed land, coal and other materials for construction.

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28. Commitments and contingencies

a) Provision for environmental restoration. The Company's subsidiaries GCCRG, Dacotah, GCCE and GCCTF are required to fulfill reclamation requirements to the applicable state regulatory agencies. The estimated remediation costs from these plans are $34,799. As of December 31, 2023, 2022 and 2021, the Company has recorded a liability for these obligations of $17,869, $18,158 and $17,291 respectively, which corresponds to the present value of its future obligations.

The Company recorded remediation liabilities related with a closure and post-closure plan filed with the Texas Commission of Environmental Quality for a permit to operate a disposal site and related with the estimated remediation costs from an operating permit of a leased aggregate quarry over a 15-year and 9-year period, respectively. As of December 31, 2023, 2022 and 2021, the Company has recorded a liability for these obligations of $4,925, $4,637 and $4,502, respectively, which corresponds to the present value of its future obligations.

The Company has included these obligations in the Consolidated statement of financial position as long-term liabilities. The adjustments are included on the asset related cost and the accrual expenses associated with the reversal of the discount effects are recognized as financial expenses.

The reconciliation of the beginning and ending balance of the liability is as follows:

Liability reconciliation	
Balance as of December 31, 2019	$22,796
Change in estimated cash flows	(1,144)
Additions	130
Accrued expense	1,192
Payments made in the period	(180)
Balance as of December 31, 2023	**$22,794**

GCC has guaranteed $7,890 in the event that GCCRG fails to successfully complete the reclamation obligations. In addition, GCCRG, GCCE, and GCCTF have several bonds to meet the regulatory requirements. The following details the bonds by company and the government entity that it is assigned to:

Company	Government agency	
GCCRG	United States Department of Agriculture, Forest Service	$70
GCCRG	State of Colorado	2,722
GCCRG	State of New Mexico	2,674
GCCE	Colorado Dept. of Reclamation, Mining and Safety	1,299
GCCE	United States Department of the Interior	1,076
GCCE	La Plata County	1,253
GCCTF	State of Montana Dept. of Environmental Quality	7,319
		$16,413

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b) On October 8, 2015, the Company signed a strategic agreement for three years with Madata It, S. A. de C. V. (“MADATA") (related party-joint venture), whereby MADATA provides business process and information technology services (“IT"). The original contract term was for three years and renews every year until the Company decides not to renew and is expected to generate savings to GCC, during these periods. The contract includes data processing services and infrastructure services, support and maintenance of IT applications in different locations of the Company. The amount of the services paid recognized in the consolidated statement of income as of December 31, 2023, 2022 and 2021, are presented in Note 8.

c) GCC, S.A.B. de C.V. (formerly Grupo Cementos de Chihuahua, S.A.B. de C.V.) and its subsidiaries GCC Cemento, S.A. de C.V. and Cementos de Chihuahua, S.A. de C.V., were audited in Mexico by the Mexican Tax Administration System (SAT) in connection with the treatment of certain income and deductions under the Income Tax Law, for which they are subject to several audits as direct subjects of such tax and for income subject to preferential tax regimes obtained through foreign entities or legal entities.

In March 2021, GCC Cemento, S.A. de C.V. was notified of the determination of a tax credit as a direct taxpayer of ISR for the 2014 tax year, for declaring tax losses greater than those determined by the SAT for allegedly having improperly deducted foreign exchange losses and royalties. The tax credit is a penalty in the amount of $5.4 million dollars corresponding to 30% of the difference between the tax loss declared and the corresponding amount according to the SAT. In May 2021, GCC Cemento, S.A. de C.V. filed an appeal to challenge the resolution of such tax credit, considering that it was not issued taking into account the tax and legal provisions in effect for the year under review, which is pending resolution by the federal tax authority.

In August 2021, GCC, S.A.B. de C.V. (formerly Grupo Cementos de Chihuahua, S.A.B. de C.V.) and GCC Cemento, S.A. de C.V. were notified of the determination of tax assessments as direct income taxpayers, with income subject to preferential tax regimes obtained through foreign entities or legal entities for the 2014 tax year. The tax assessments for $32.3 and $68.2 million, respectively, correspond to the alleged amortization of tax loss carryforwards from prior years and the alleged deduction of the annual inflation adjustment in an improper manner, including in the amount the omitted tax and its accessories (updates, surcharges and fines). In September 2021, both companies filed their appeals to challenge the resolutions of the tax assessments corresponding to the 2014 tax year, considering that they were not issued taking into account the tax and legal provisions in force in the year under review, which are pending resolution by the federal tax authority.

In December 2021, Cementos de Chihuahua, S.A. de C.V. was notified of the determination of a tax credit as a direct taxpayer for income tax purposes for the 2016 tax year, for declaring tax losses greater than those determined by the SAT for allegedly having deducted a tax cost in the sale of accounts receivable portfolio in an improper manner. The tax credit is in the amount of US$752.0 million, including the omitted tax and its accessories. In February 2022, Cementos de Chihuahua, S.A. de C.V. filed an appeal to challenge the resolution of such tax credit, considering that it was not issued taking into account the tax and legal provisions in effect in the year under review, which is pending resolution by the SAT.

In December 2021, GCC, S.A.B. de C.V. (formerly Grupo Cementos de Chihuahua, S.A.B. de C.V.) was notified of the determination of a tax credit as a direct taxpayer for income tax purposes, with income subject to preferential tax regimes obtained through foreign entities

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or legal entities for the 2015 tax year. The tax credit for $11.8 million dollars, corresponds to the alleged amortization of tax losses from previous years and the alleged deduction of the annual inflation adjustment in an improper manner, including in the amount the omitted tax and its accessories. Currently, the Company filed an appeal for revocation to challenge the resolution of the tax credit corresponding to the 2015 tax year, considering that it was not issued considering the tax and legal provisions in force in the year under review, which is pending resolution by the federal tax authority.

In January and April 2022, GCC Cemento, S.A. de C.V. was notified of the determination of tax credits as a direct taxpayer for income tax purposes, with income subject to preferential tax regimes obtained through foreign entities or legal entities for the tax years 2015, 2016, 2017 and 2018. The tax credits of $27.3, $31.4, $37.4 and $92.8 million, respectively, correspond to the alleged amortization of tax losses from prior years and the alleged deduction of the annual inflation adjustment and other deductions in an improper manner, including in the amount the omitted tax and its accessories (updates, surcharges and fines). In March, May and June 2022, GCC Cemento, S.A. de C.V. filed an appeal to contest the resolutions of such tax assessments, considering that they were not issued taking into account the tax and legal provisions in effect for the year under review, which is pending resolution by the SAT.

In September and April 2022, GCC, S.A.B. de C.V. (formerly Grupo Cementos de Chihuahua, S.A.B. de C.V.) was notified of the determination of tax credits as direct taxpayers for income tax purposes, with income subject to preferential tax regimes obtained through foreign entities or legal entities for the 2016, 2017 and 2018 tax years. The tax credits for $16.3, $16.5, $77.0 million, respectively, correspond to the alleged amortization of tax losses from prior years and the alleged deduction of the annual inflation adjustment and other deductions in an improper manner, including in the amount the omitted tax and its accessories (updates, surcharges and fines). Currently, the Company filed an appeal for revocation to contest the resolutions of the corresponding tax assessments, considering that they were not taking into account the tax and legal provisions in effect for the year under review, which is pending resolution by the federal tax authority.

By means of a writ filed on January 12, 2022 in the proceedings of the Amparo Indirecto A.I. 1437/2014 of the index of the First District Court of the Auxiliary Center of the First Region, with residence in Mexico City, GCC, S.A.B. DE C.V., GCC Cemento, S.A. DE C.V. and Cementos de Chihuahua S.A. DE C.V., promoted an incident for excess or defect in the compliance of the definitive suspension, granted to the aforementioned companies by the referred District Court through the interlocutory judgment of June 7, 2016 issued in the records of the incidental notebook of the aforementioned amparo lawsuit.

In March 2022, the interlocutory ruling issued by the District Court that heard the incident of violation of the definitive suspension of the indirect injunction 1437/2014, filed by GCC, S.A.B de C.V. (formerly Grupo Cementos de Chihuahua, S.A.B. de C.V.), GCC Cemento, S.A. de C.V. and Cementos de Chihuahua, S.A de C.V., was issued through which it resolved that the tax authority did not comply with the definitive suspension granted for not using the tax mailbox as a means of communication, since such authority communicated to them several acts of inspection, such as orders for the exercise of inspection powers corresponding to several fiscal years, through the desk review, information and documentation requests, observations, tax credit resolutions, among others. Therefore, the authorities were required to comply with the definitive suspension granted to the plaintiff and rectify the errors incurred in complying with it, or in its case, correct the related deficiencies, in order to avoid incurring in contempt of court.

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Subsequently, by order dated April 26, 2022, issued in the incident for excess or default in compliance with the definitive suspension of the decision filed by GCC, S.A.B. DE C.V. (formerly Grupo Cementos de Chihuahua, S.A.B. DE C.V.), GCC Cemento, S.A. DE C.V. and Cementos de Chihuahua, S.A. DE C.V., the First District Court of the First Auxiliary Center of the First Region, with residence in Mexico City, analyzed a new alleged and purported compliance given by the responsible authorities with respect to what was ordered in the interlocutory judgment of March 1, 2022, resolving that "...there is no place to consider as complied with the resolution in question...", determining that "...in order for this court to consider that the resolution in question has been complied with, it is necessary that the aforementioned authorities go back to the moment in which the aforementioned resolution was issued, that is, as if the acts they performed had never taken place, which implies, of course, that, based on their powers, they should leave unconstitutional only those acts whose performance was prohibited."

As a result of the ruling and determination of April 26, 2022 referred to above, the responsible tax authorities filed two appeals, which were forwarded to the Fourth Collegiate Circuit Court of the Auxiliary Center of the First Region, located in Mexico City, under file numbers QA. 1140/2022 and QA. 1141/2022.

The resolution of the Complaints in charge of the Fourth Collegiate Circuit Court of the Auxiliary Center of the First Region, in Mexico City, to whom they were turned to for such purpose, were concluded on April 13, 2023, dismissing them as inadmissible, and therefore the obligation remains firm to "...rollback things to the moment in which the aforementioned incidental resolution was issued" this is to say, leaving without effect all the acts and proceedings that violated the suspension granted to the companies, in favor of GCC.

d) ESG (environmental, social and governance) Integration Risks: The integration of environmental, social and governance (ESG) factors are part of GCC's comprehensive strategy to fulfill its 2025 vision: To be the best cement company in North America with the proper balance of people, profit and the planet.

In the business or investment decision-making process, GCC weighs the impacts and benefits of all stakeholders to ensure the implementation of a business model that not only focuses on maximizing shareholder value, but also contributes positively to society, the environment and corporate governance best practices. GCC sustainability goals focus on implementing practices that mitigate negative impacts on the environment. We aim to protect the health and safety of our employees and contractors as well as build strong communities. GCC's sustainability strategy focuses on environmental responsibility, climate protection, fosters social responsibility and ensures economic sustainability for our generation and future generations. All of the above by implementing the best corporate governance practices.

Sustainability is a key element of GCC's business strategy, which is defined by the Board of Directors and the senior leadership team. A member of the board of directors leads the Sustainability Committee and is responsible for establishing the sustainability strategy. Each of GCC's divisions takes responsibility for implementing the sustainability strategy, including compliance with legal and regulatory requirements. This also includes the required capture and reporting of production, operation, consumption and emissions data as well as voluntary commitments made as a member of the Global Cement and Concrete Association (GCCA).

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GCC's sustainability strategy was redesigned to better align with global sustainability guidelines. GCC's sustainability pillars are: Climate & Energy, Circular Economy, Health & Safety, Environment & Nature and Social Responsibility.

GCC is committed to set science-based emission reductions targets in line with the level of de-carbonization required to keep global temperature increase well-below 2 degrees Celsius by joining the Science Based Targets Initiative. Moreover, GCC announced that it has come together with the global industry to state a collective objective for carbon neutral concrete by 2050 in order to meet the global climate challenge.

e) Greenhouse Gas Emissions and Energy Management for Manufacturers in the State of Colorado (GEMM)

This rule became effective starting December 15, 2021 and requires facilities to regularly audit their GHG emitting processes to ensure GHG Best Available Emission Control Technologies (BAECT) and Energy Best (Energy BMPs) Management Practices are being used and to annually achieve a 5% reduction on total Green House Gas (GHG) emissions. The audit is required every 5 years and must analyze whether the facility is using the current BAECT and Energy BMPs for controlling GHGs.

Colorado Air Pollution and Control Division must approve plans for the audit and concur with the result. GCCRG's cement plant in Pueblo, Colorado is subject to this rule.

During 2023 and as part of the compliance action plan with the State, GCC completed and obtained approval on a plan to operate using BAECT and reduce GHG emissions to comply with the rule for the first 5-year audit cycle. GCC projects to invest in capital projects $2,900 approximately to comply with the plan. GCC has also agreed to reimburse a supplier for pre-construction and exploration costs incurred initially in the event a related project cannot be completed for any reason other than those in control of the supplier. The expected pre-construction and exploratory costs are $714.

The company must perform audits every 5 years through 2037 and the required investments to comply with this rule for future audits is unknown and not possible to estimate.

29. Operations that do not generate cash flows

During the years ended December 31, 2023, 2022 and 2021, the Company conducted operations that did not generate cash flows from investing activities and therefore are not reflected in the consolidated statements of cash flows:

	2023	2022	2021
Acquisition of property, plant and equipment	$19,764	$32,264	$16,571
Leases	$18,168	$19,730	$4,880

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30. Subsequent events

On January 3, 2024, in connection with the resolutions issued by the different authorities of the Central Administration of Large Taxpayers' Litigation, through which the appeals for revocation filed by GCC, S.A.B. de C.V., GCC Cemento, S.A. de C.V., and Cementos de Chihuahua, S.A. de C.V. were resolved against the different tax assessments issued for the tax years 2014, 2015, 2016, 2017 and 2018, respectively, the companies have a period of 30 business days from the date of notification thereof to file the Federal Administrative Litigation Proceedings before the Federal Court of Administrative Justice with respect to each of the aforementioned resolutions.

In this regard, our advisors believe that the nullity trials that will be filed, both with respect to each of the resolutions that resolved the appeals for revocation filed, as well as the resolutions determining the tax credits of each company, have a high probability that they will be resolved in favor of GCC, S.A.B. de C.V., GCC Cemento, S.A. de C.V. and Cementos de Chihuahua, S.A. de C.V.

In January and February of 2024, the annulment proceedings in the litigation process were filed under each tax credit established by the tax authority. Correspondingly, the financial guarantees filed by GCC, S.A.B. de C.V., were accepted on January 29 and February 9, 2024, and on March 13, 2024 for GCC Cemento, S.A. de C.V., and Cementos de Chihuahua, S.A. de C.V

31. Authorization to issue the consolidated financial statements

On April 25, 2024, the accompanying consolidated financial statements were authorized for their issuance by Maik Strecker, Chief Financial Officer; consequently, they do not reflect events occurred after that date and are subject to the approval of the Company's ordinary shareholders' meeting where they may be modified, based on provisions set forth in the Mexican General Corporate Law.

The consolidated financial statements as of December 31, 2022 were approved by the general meeting of shareholders held on April 27, 2023.

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