

SUSTA INABI LITY

REPORT 2014



SUSTAINABILITY

MESSAGE FROM THE CEO

Since Grupo Lamosa believes that it is very important to report on the company's social and environmental activities, as well as on financial aspects, for the second consecutive year it is presenting a report on sustainability.

In 2014, in accordance with GRI (Global Reporting Initiative) guidelines, specific objectives were set for all economic, social and environmental indicators contained in Grupo Lamosa's Sustainability Model. These objectives were disseminated across all levels of the organization, enabling their appropriate implementation and periodic monitoring.

Important actions were implemented during the year in this area, underscoring the company's commitment to sustainable development and promoting a culture of transparency and accountability toward the different stakeholders.

During the fourth quarter of the year, Grupo Lamosa formally committed to the United Nations Global Compact, one of the world's most important and effective sustainability initiatives that boasts more than 8,000 member companies from 135 nations. This entirely voluntary commitment implies an ongoing pledge to work to promote human rights, labor rights and environmental protection and to combat corruption.

Grupo Lamosa's track record in the construction industry for more than a century would not have been impossible if, from the very beginning, the company had not placed sustainability as a focus of its actions. This focus, incorporated into the company's vision and strategy, has positioned it to meet the demands of investors who expect an increasing amount of information on the social and environmental effects of the company's activities.

LAMOSA SUSTAINABILITY MODEL

ACTION AREAS

ECONOMIC DEVELOPMENT

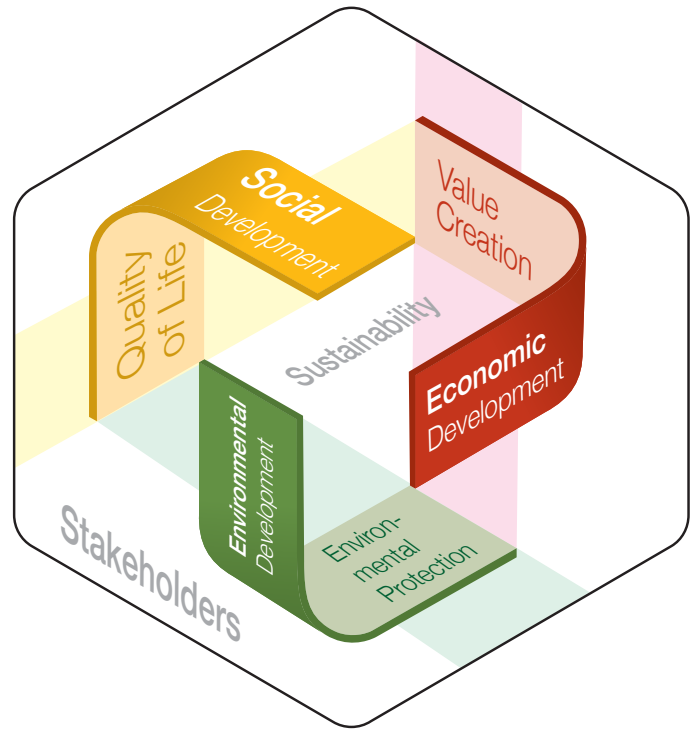
- Innovation in business model, products and processes
- Creation of economic value
- Development of local suppliers
- Investments in the community

SOCIAL DEVELOPMENT

- Quality of life for associates and their families
- Respect for human rights and diversity
- Anti-corruption initiatives
- Social investment

ENVIRONMENTAL DEVELOPMENT

- Innovation
- Energy
- Water
- Reduction of emissions, spills and waste
- Product recovery



STAKEHOLDERS

Stockholders/Investors	Customers	Employees and workers	Suppliers
<ul style="list-style-type: none"> • Stockholders' meetings • Area of investor relations • Transparency line • Meetings with analysts • Reports on results 	<ul style="list-style-type: none"> • Focus groups • Transparency line • Visits by commercial advisors • Website 	<ul style="list-style-type: none"> • Evaluation of the work environment • Transparency line • Career development plans 	<ul style="list-style-type: none"> • Transparency line • Signing of agreements and clauses in favor of human rights and sustainability • Development of local suppliers and Small and Medium-sized Enterprises
Community	Government	Academia	Communication media
<ul style="list-style-type: none"> • Transparency line • Donations program • Dialogs with neighbors • Volunteer projects 	<ul style="list-style-type: none"> • Participation in meetings and consultation forums on sustainability • Relations with government agencies 	<ul style="list-style-type: none"> • Agreements related to research projects • Plant visits • Support for students through work experience programs 	<ul style="list-style-type: none"> • Press conferences • Participation in interviews and reporting

SOURCING

During 2014, Grupo Lamosa's nationwide network of production facilities allowed it to continue to drive the development of new alternatives for the sourcing of goods and services in the regions where it operates. New suppliers of raw materials, such as clay, pallets and cardboard boxes, were incorporated during the year and the company made agreements with new suppliers of spare parts and services to satisfy the needs of its plants.

- **More than 90% of Grupo Lamosa's suppliers are domestic.**

Grupo Lamosa, through institutions such as the Mexican Chamber of Industry (CAINTRA) and the Mexican Center for Competitiveness (CCMX), continued to actively participate in the promotion of programs for the development and professionalization of Small and Medium-sized Enterprises (SMEs). In partnership with CCMX in Tlaxcala, Querétaro, Tizayuca and Monterrey, the company was involved in different kinds of advisory services and training events, with the participation of suppliers to the Wall and Floor Tiles and Adhesives Businesses.

Participation of Grupo Lamosa suppliers in diploma courses and professionalization programs:

	2013	2014	Main Topics
Diploma Courses	10	6	Organizational culture, strategy, planning and innovation
Advisory Services	21	27	Administration, markets, finance, business operating processes and human resources



Health Day at the Perdura Adhesives Plant in Guadalajara



Brigades and simulations at the Italgres II Tile Plant in Guanajuato



Training in WSA techniques and machinery risks at the Porcel Tile Plant in Tlaxcala

HEALTH AND SAFETY

During the year, all Grupo Lamosa's production facilities, across its different business units, presented clear objectives and goals for activities related to health and safety.

The main initiatives carried out in 2014 include:

- **Safety Week.** Topics related to health and best safety practices were promoted during this event, which included campaigns for the early detection of health problems, such as high blood pressure, cholesterol, color-blindness and diabetes. Some facilities, such as the Perdura Adhesives Plant in Guadalajara, received support from government institutions, including the Jalisco Health Ministry, the State Council against Addiction and the State Council against Accidents and Disasters, for this initiative.
- **Safety Training.** Grupo Lamosa personnel were trained in Work Safety Analysis (WSA) during 2014, helping them to identify potential workplace risks and develop solutions to eliminate or control these risks. Best practices were promoted in such areas as how to lift heavy objects and the use of masks and safety glasses.

- **Brigades and Simulations.** The company set up safety brigades and held simulations to train employees and workers in how to behave in times of crisis, covering such topics as what to do in a fire, first aid, evacuations, search and rescue, and the use and handling of extinguishers. In some cases, municipal and state authorities took part in the simulations, such as at the Benito Juárez Tile Plant where the initiative involved the participation of Civil Protection and the Health Ministry of the state of Nuevo León.
- **Sports Events.** Sports events were held for operating and administrative personnel, with the promotion of family togetherness through Family Day, Children's Day, the Safety Week Marathon, summer courses and family visits to work centers.



Sports events at the Kerámika Tile Plant in the state of Tlaxcala



2014 Loyalty Recognition Event



Grupo Lamosa retirees visit the Benito Juárez Tile Plant

DIVERSITY

The implementation of personnel recruiting and selection practices based solely on the requirements of the different jobs in question has given the company's workforce diversity and the flexibility to adapt effectively to the changing environment.

Grupo Lamosa Personnel

	2014			2013
	Employees	Union Workers	Total	Total
Total personnel	2,220	3,380	5,600	5,521
Men	1,716	3,052	4,768	4,762
Women	504	328	832	759
By age range				
Less than 20 years old	1	45	46	44
20-29 years	428	1,185	1,613	1,518
30-39 years	958	1,341	2,299	2,106
40-49 years	536	685	1,221	1,364
50-59 years	272	115	387	461
More than 60 years old	25	9	34	28
Nationality				
Mexican	2,208	3,380	5,588	5,517
Other	12	0	12	4

- **Implementation of actions and initiatives to promote a culture of inclusion.**

The company's workforce includes handicapped employees and workers.

No. of people	Kind of handicap	Area
7	Physical, motor, visual or auditory	Enameling, furnaces and warehouse

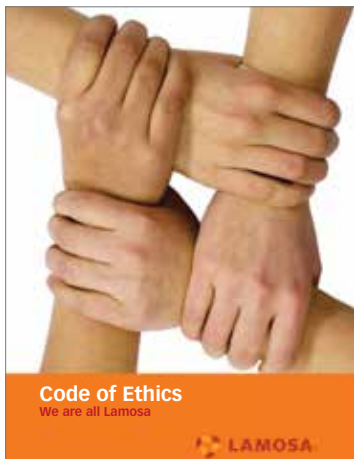
During 2014, Grupo Lamosa held a ceremony to recognize workers and employees with 10 or more years of service, thanking them for their efforts and dedication and promoting employee and worker loyalty.

In addition, different events were held to recognize the participation of women in the company's operations and the contribution of retired workers to the growth of the organization.

RECOGNITION



The Mexican Ministry of Labor and Social Welfare recognized the Pavilion Tile Plant in Tlaxcala as an "Inclusive Company."



CORRUPTION

In order to promote the values and principles included in the Grupo Lamosa Code of Ethics, during the year diverse activities were held to strengthen institutional practices in relation to conflicts of interest and complaints mechanisms.

- Lamosa personnel reiterated their written commitment to abide by the guidelines of the Code of Ethics.
- People who were new to the company were given instruction on the standards of conduct that they must observe while working at Grupo Lamosa.
- Electronic complaints mechanisms related to the Transparency Line were improved during the year.

	Complaints handled through the Transparency Line	Complaints related to acts of corruption handled during the year
2013	101	34
2014	97	27



Training on carrying heavy loads at the Italgres II Tile Plant in Guanajuato

TRAINING

To guarantee equal opportunities and in accordance with Grupo Lamosa's employee and worker development plans, during 2014 personnel from the different business units participated in training programs on topics related to their work area and focused on the competencies they require to carry out their different function.

	2013	2014
Hours of training	115,726	133,451
Amount invested (millions of Mexican pesos)	Ps \$ 9.4	Ps \$ 4.9

HUMAN RIGHTS

Grupo Lamosa is committed to voluntarily aligning its strategies and operations to the principles of the United Nations Global Compact. Being a member of the Global Compact means the company endorses the principles of the agreement and promotes a culture of transparency and accountability in human rights, labor rights, corruption and environmental protection.

Adhesion to the United Nations
Global Compact in 2014





Personnel from the Crest Santa Clara Plant enjoying time with children at the Center for Children's Adaptation and Attention (CAYAM)



Personnel from the Perdura Plant in Guadalajara visiting and helping to repair the facilities of the Escalar Children's Home

SOCIAL INVESTMENT

Grupo Lamosa's sustainability objectives for 2014 defined a wide range of volunteer and social investment projects focused on helping the company's neighboring communities. These initiatives were implemented with the active participation of personnel from the different plants and company support.



Personnel from the Porcel Tile Plant helping to repair a nursery school in San Marcos Contla, Tlaxcala

Business	Plant	Project	Location	Activities
Adhesives	Santa Catarina Crest Plant	Support for the Center for Children's Adaptation and Attention (CAYAM)	Nuevo León	Administrative and operating personnel took part in Children's Day activities and helped distribute toys to more than 50 children.
Adhesives	Tizayuca Crest Plant	Support for the Rosas Rojas Children's Home	Hidalgo	Employees and workers collected food, clothes and toys for 70 mistreated, abandoned or orphaned children.
Adhesives	Guadalajara Perdura Plant	Support for the Escalar Children's Home	Jalisco	Plant personnel took part in wall- and fence-painting activities at the Escalar Children's Home (dedicated to the rehabilitation of at-risk children).
Adhesives	Chihuahua Niasa Plant	Renovation of a local primary school	Chihuahua	Plant personnel donated materials and labor for school repair.
Adhesives	Navojoa Niasa Plant	Support for the San Juan de Dios Home	Sonora	Plant personnel visited senior citizens with motor difficulties.
Tiles	Tlaxcala Porcel Plant	Renovation of a local pre-school	Tlaxcala	Plant personnel helped to repair a pre-school in San Marcos Contla.
Tiles	Tlaxcala Pavillion Tile Plant	Participation in a food bank program	Tlaxcala	In coordination with the San Luis Teolocholco municipal authorities, plant personnel took part in a program for donating food to people in a vulnerable position.
Tiles	Tlaxcala Kerámika Plant	Visit to the Edad de Oro Old People's Home	Tlaxcala	Plant personnel visited an Old People's Home in San Judas Tadeo, with a population of 80 people.
Tiles	San Luis Potosí Tile Plant	Participation in activities of the Rino-Q Foundation	San Luis Potosí	Plant personnel took part in activities of the Rino-Q Foundation to help children with burn injuries.



ENERGY, WATER AND CO₂ EMISSIONS

In 2014, Grupo Lamosa carried out and evaluated activities and projects to enhance its energy efficiency, including:

- Cogeneration systems.
- The use of electricity from renewable sources.
- The implementation of recommendations in energy diagnostics.
- The installation of LED lighting.

During the year, a battery collection and recycling campaign (Ponte las Pilas Lamosa – 2014) was instituted at the company's plants and offices in Nuevo León, with the active participation of employees and workers.

Total number of batteries collected	Environmental impact
4,892	817 million liters of water * (that were not contaminated)

* Estimation based on one alkaline battery contaminating 167 liters of water.

Grupo Lamosa continued its reforestation activities in 2014, with personnel from the Crest Plant in Guadalajara, together with their families, planting trees in the Centinela Forest in Jalisco in partnership with the Mexican National Forestry Commission and the Zapopan municipal authorities.

- 450 trees planted.

Grupo Lamosa continues to take part voluntarily in the Mexican National Environmental Audit Program. In 2014, the Kerámica Tile Plant in the state of Tlaxcala was certified as a Clean Industry.

During the year, the company implemented initiatives across its different businesses to identify areas of opportunity for reducing the consumption of wooden pallets.

- In conjunction with a client from the Home Centers channel, the Tlaxcala tile business introduced a program for recycling pallets.
- The Niasa Adhesives Plant in Navojoa introduced a pallet reuse program, reducing consumption by 10%.

PRODUCT RECOVERY

All Grupo Lamosa plants operate with programs for recovering materials in accordance with internally established procedures. At its corporate headquarters, in 2014 the company continued the program for recycling paper, cardboard, aluminum and PET in conjunction with Copamex Reciclados.

	2013	2014
Wood	1,104,626	898,790
Cardboard / paper	932,750	832,961
Metal	540,895	424,451
Plastics	242,400	225,623
Other	55,668	30,213
Total material recovered (Kg)	2,876,339	2,412,038