



SUSTAINABILITY

REPORT 2015



SUSTAINABILITY



MESSAGE FROM THE CHIEF EXECUTIVE OFFICER

This message to Grupo Lamosa's diverse stakeholders presents the company's main 2015 objectives in the area of sustainability and the achievements made during the year. Grupo Lamosa's commitment to sustainability is reflected in its incorporation of economic, social and environmental objectives into its business strategy, disseminating them across the entire organization in order to assure their implementation and management.

For 125 years, Grupo Lamosa has been dedicated to manufacturing and marketing products which, because of their characteristics and the processes involved in their production, make the ceramic tile industry one of the sectors that most contributes to sustainability and the environment.

The company's products offer significant advantages for green and sustainable projects. Additionally, the technological advances that have been made over the past few years in their manufacture are making it possible for ceramic tiles to be used in new applications in an increasingly environmentally friendly way.

Grupo Lamosa reiterates its permanent commitment to voluntarily complying with the principles of the United Nations Global Compact, always seeking to support actions that promote human and labor rights, protect the environment, combat acts of corruption and disseminate a culture of legality across the organization.

ACTION AREAS

ECONOMIC DEVELOPMENT

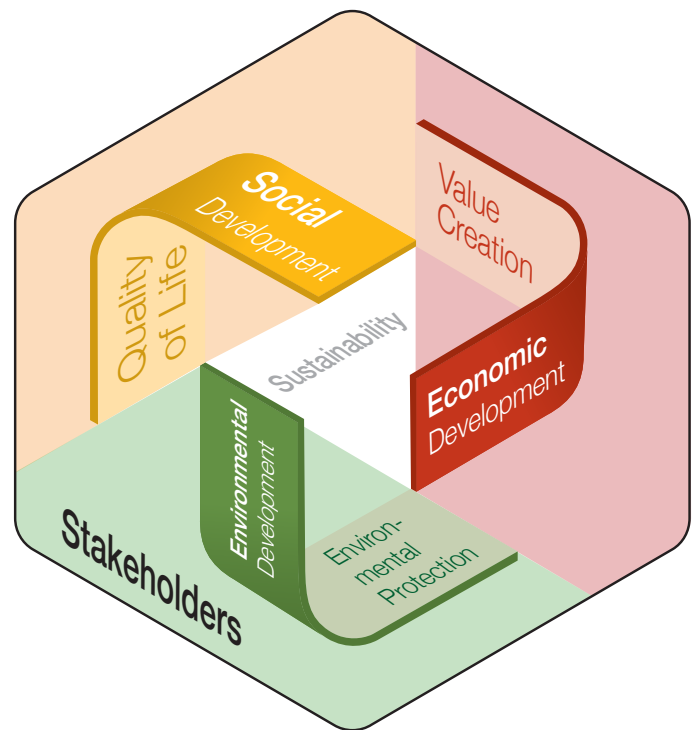
- Business model, product and process innovation
- Economic value creation
- Local supplier development
- Investment in the community

SOCIAL DEVELOPMENT

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

ENVIRONMENTAL DEVELOPMENT

- Innovation
- Energy
- Water
- Emissions reduction
- Product recovery



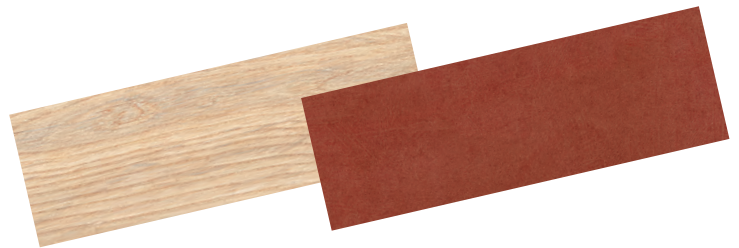
STAKEHOLDERS

Stockholders/Investors	Customers	Associates	Suppliers
<ul style="list-style-type: none"> • Stockholders' Assembly • Investor relations area • Transparency line • Meetings with analysts • Reports on results 	<ul style="list-style-type: none"> • Focus groups • Transparency line • Visits of commercial advisors • Internet page 	<ul style="list-style-type: none"> • Labor climate evaluation • Transparency line • Development plans 	<ul style="list-style-type: none"> • Transparency line • Signing of agreements and clauses protecting human rights and promoting sustainability • Development of local suppliers and SMEs (Small and Medium-sized Enterprises)
Community	Government	Academia	Communication media
<ul style="list-style-type: none"> • Transparency line • Donations program • Dialog with neighbors • Volunteer projects 	<ul style="list-style-type: none"> • Participation in meetings and forums on relevant topics • Relations with government entities 	<ul style="list-style-type: none"> • Agreements for research projects • Plant visits • Work experience opportunities for students 	<ul style="list-style-type: none"> • Press conferences • Participation in interviews and reports

LAMOSA PRODUCTS CONTRIBUTING TO THE ENVIRONMENT

Ceramic Tiles

1. **High Durability:** Offering the expectation of a useful life at least as long as that of the building where they are installed.
2. **Content of Recycled Materials:** Manufactured with processes that responsibly incorporate waste products.
3. **Cleanliness and Easy Maintenance:** Eliminating the environmental impact of aggressive chemicals.
4. **Hygiene and Sterility:** With technical characteristics that make them inhospitable to mites, fungi, bacteria and other microbes.
5. **Regional Availability:** Made from materials found close to the company's production centers, thereby promoting local suppliers and reducing the fuel consumption and atmospheric emissions associated with shipping.
6. **Energy Reduction:** Contributing to the energy efficiency of a building, because of their slow heat dissipation characteristics and therefore insulating capacity.



Ceramic Adhesives

Innovation and development of sustainable products

Crestuco Ecológico
an environmentally friendly product requiring less water



Perdura Pega Porcelánico Ecotech
an environmentally friendly, water-saving ceramic adhesive



Crest Blanco Ecológico
an environmentally friendly product requiring less water



Imperdura Ecotech
an environmentally friendly, water-based exterior waterproofing material that reflects the sun's radiation, reducing electricity consumption



ImperCrest Reductor
an ultra-heat-reducing exterior waterproofing material, which decreases heat transfer, lowering interior temperatures and energy consumption



Perdura Sellacril Ecotech
a water-based joint sealant that does not contain organic solvents



SOURCING

During 2016, Grupo Lamosa continued to develop Small and Medium-sized Enterprises (SMEs) as suppliers, incorporating them into the company's supply chain, promoting their strengths and helping them to overcome their weaknesses through company-organized advisory services and professionalization programs.

	2013	2014	2015	Main Topics
Diploma courses	10	6	5	Organizational culture, strategy, planning and innovation
Advisory services	21	27	35	Administration, markets, finances, business operating processes and human resources

Groupo Lamosa has a relationship with more than 1,000 SME suppliers across Mexico.



In 2015, more than 90% of Grupo Lamosa's suppliers were Mexican.

HEALTH AND SAFETY

During 2015, Grupo Lamosa promoted an environment of health and safety, offering training sessions on accident prevention at its different production centers. All businesses implemented Safety Week events with activities such as fire and evacuation simulations in the presence of emergency services and government agencies.

81 simulation-related events and Safety Weeks at plants and offices.



Participation of emergency and government services in the company's different safety events (police, fire brigade, DIF (child services), emergency medical, etc.).



Safety Week topics and activities:

- o Response to poisoning and smoke inhalation
- o Use of fire extinguishers
- o Burn prevention
- o Ergonomics
- o Caring for the environment
- o Medical examinations

34 sporting events with the participation of more than 2,200 employees.



TRAINING

In order to improve the performance of the company's associates in the workplace, in 2015 Grupo Lamosa implemented a range of training and development programs, organized on the basis of individualized plans and according to the specific needs of the company's diverse administrative and operating areas.

	2013	2014	2015
Hours of training	115,726	133,451	61,040
Amount invested (millions of pesos)	\$9.4	\$4.9	\$6.1

Training included areas such as competencies, techniques, management and academic topics.



DIVERSITY

Grupo Lamosa's operations at 23 production centers in different parts of Mexico give it a heterogeneous workforce comprising workers from very diverse communities with disparate customs, skills and talents.

	2015			2014	2013
	Non-unionized	Unionized	Total	Total	Total
Sex					
Total	2,120	2,543	4,663	5,600	5,521
Men	1,586	2,314	3,900	4,768	4,762
Female	534	229	763	832	759
Age range (years)					
Less than 20	-	21	21	46	44
20 - 29	326	767	1,093	1,613	1,518
30 - 39	907	960	1,867	2,299	2,106
40 - 49	624	585	1,209	1,221	1,364
50 - 59	246	199	445	387	461
More than 60	17	11	28	34	28
Nationality					
Mexican	2,108	2,543	4,651	5,588	5,517
Other	12	-	12	12	4

During the year, Grupo Lamosa promoted a culture of inclusion, integrating, wherever possible, the handicapped into its workforce. Moreover, the company's strategy to expand its operations outside Mexico will eventually give it a more plural and diverse workforce.

Handicapped at Grupo Lamosa		
Business/Work Area	No. of People	Type of Handicap
Adhesives/Sales	1	Motor
Tiles/Enameling	2	Motor
Tiles/Furnaces	2	Visual/Motor
Tiles/Maintenance	1	Visual
Tiles/Classification	1	Speech/Hearing
TOTAL	7	

CORRUPTION

In accordance with Grupo Lamosa's commitment to following the principles of the United Nations Global Compact, the company continues to promote the principles and values in its Code of Ethics.

Strengthening of the company's internal controls through careful attention to complaints received.

	Complaints resolved through the Transparency Line	Complaints related to corruption
2013	101	34
2014	97	27
2015	60	20

1,045 people trained in topics related to the Code of Ethics.

Participation of 4,267 employees and operators in the Grupo Lamosa Culture of Legality Program "Let's Do It Right" (Hagámoslo Bien).



HUMAN RIGHTS

During 2015, Grupo Lamosa continued to promote respect for human rights in all the company's activities, reviewing different areas in order to promote and prevent any discriminatory acts.

Audits during the year confirmed that there were no discriminatory acts committed within the company.

Additionally, through its legal department and internal working procedures, Grupo Lamosa ensured that any new supply contracts contained clauses protecting human rights, such as the forbidding of forced and child labor.

Grupo Lamosa supports its workers' freedom to associate and has a variety of collective contracts with diverse labor organizations in Mexico.

All Grupo Lamosa plants operate with collective labor contracts.

SOCIAL INVESTMENT

During 2015, the company made donations in cash and kind, benefitting 42 non-profit, educational and religious institutions.

In 2015, Grupo Lamosa's businesses presented a list of objectives related to the implementation of voluntary social investment projects to help its neighboring communities. The diverse initiatives implemented were adapted to the specific needs of the different locations, with a continuously rising number of participants and families.



Lamosa personnel getting together with children from CAYAM (Center to help children at risk)

In 2015, 22 voluntary projects were carried out, including:

Business	Plant/Offices	Volunteer Project	Activities
Tiles	Mexico City Offices	Support for AMANC (Mexican Association to Help Children with Cancer)	Visiting children and giving them clothes, toys and food
Tiles	Tlaxcala Pavilion Plant	Improvement of sports facilities	Cleaning and painting football fields in San Luis Teolocholco
Tiles	Tlaxcala Pavilion Plant	Grocery donations	Handing out food and grocery packages to the needy in San Luis Teolocholco
Tiles	Tlaxcala Gres Plant	School maintenance	Cleaning and maintenance of three schools in Magdalena Tlatelulco
Tiles	San Luis Potosi Plant	Support for CEMUVA (SLP Multidisciplinary Rehabilitation Center, Vallarta)	Participating in the Kilometrón and donating resources to handicapped children, young people and adults
Tiles	Tlaxcala Porcel Plant	Work experience program	Implementing a program to support students in coordination with the Universidad Iberoamericana in Puebla
Adhesives	Guadalajara Niasa Plant	Reforestation	Carrying out tree planting activities at the Centinela Forest in Zapopan, Jalisco
Adhesives	Chihuahua Crest Plant	Maintenance and improvement of children's home	Improving and repairing the facilities of the Guardian Angel Children's Home
Adhesives	Navojoa Niasa Plant	Improvement of hospital family accommodation building	Maintenance of the Holy Trinity Home in Huatabampo, Sonora
Adhesives and Corporate	Santa Catarina Crest Plant and San Pedro Garza García Offices	Support for children from CAYAM (Children's support center)	Supporting more than 50 CAYAM children with clothes, toys and social events



Support for families in San Luis Teolocholco, Tlaxcala



"Committed to the Student Community" program



Improvements at the Guardian Angel Children's Home



Maintenance work at the Holy Trinity Home

PRODUCT RECOVERY

During the year, Grupo Lamosa continued to promote a culture of collecting and recycling products such as paper, cardboard, wood and PET, in order to optimize the use of these resources and protect the environment.

	2013	2014	2015
Wood	1,104,626	898,790	1,217,213
Cardboard/ Paper	932,750	832,961	986,712
Metal	540,895	424,451	738,158
Plastics	242,400	225,623	268,432
Other	55,668	30,213	26,269
Total material recovered (Kg.)	2,876,339	2,412,038	3,236,783

ENERGY, WATER AND CO₂ EMISSIONS

In 2015, Grupo Lamosa built a cogeneration plant in the state of Nuevo León in order to continue increasing the energy efficiency of its wall and floor tile production facilities.

More than US\$12 million invested in cogeneration projects.

During the year, the company acted on the results of energy diagnostics, implementing initiatives such as the change of lighting to more efficient technology and the optimization of the power factor of company plants.

"Green Squared" recertification of Grupo Lamosa's tile plants in Benito Juárez, N.L., San Luis Potosí, S.L.P, and Querétaro, Qro.

Grupo Lamosa continues its interest in operating with Clean Industry Certification from the Mexican Environmental Protection Agency (PROFEPA) and made important progress during the year, underscoring its commitment to caring for the environment. This certification covers topics related to water, the control of emissions and environmental management systems, as well as others.

Clean Industry Certification for Grupo Lamosa's Porcel Tile Plant in Tlaxcala.



For the second consecutive year, Grupo Lamosa implemented its "Ponte las Pilas" battery collecting and disposal campaign. This initiative is designed to avoid the pollution of rivers and lakes by collecting and correctly confining batteries from the homes of employees and workers from its offices and plants in the state of Nuevo León.

Year	Total number of batteries recovered	Environmental impact (millions of liters of water * not contaminated)
2014	4,892	817
2015	4,696	784

* Estimate assuming that an alkaline battery contaminates 167 thousand liters of water.

During 2015, Grupo Lamosa worked on a pallet-recycling program with a home centers channel client at the company's plants in the State of Tlaxcala.

1,749 pallets recycled, resulting in approximately 625 trees saved from the woodchopper's axe.