

2021 Sustainability Report



GCC's Message on Sustainability and Environmental Strategy

Dear Stakeholders,

GCC's vision is *to be the best cement company in North America with the proper balance of people, profit and the planet*. With planet at the core of our vision, every decision we make in our sustainability program ensures that the balance is maintained for future generations. As the lead for sustainability at GCC, I'm extremely proud of how we are laser-focused on our climate change strategy with an emphasis on reducing our CO2 emissions.

In 2021, GCC strengthened our commitment to reduce our CO2 emissions by validating our **Science Based Target** to the well-below two-degree (Celsius) curve, joining the Race to Zero and securing a **sustainability-linked bond** tied to our scope 1 emissions emitted per ton of cementitious material.

Senior management's compensation is now tied to meeting sustainability goals. This shift of corporate **remuneration** further shows GCC's commitment to meeting our sustainability targets.

GCC is expanding research into **carbon capture technology** which we believe will also help us reach our goals and long-term sustainability commitments. GCC is seeking a unified technology for all of our facilities.

For the size of our company and the regions in which we operate, these are very progressive commitments. I'm proud and excited to be a catalyst of progress toward a low carbon future.

By 2024, all of our cement operations will convert to **100% portland limestone cement (PLC)**. GCC's resources are being allocated to fill customer demand and also enable our customers to reach their sustainability targets. Together we are building more sustainable and resilient homes, businesses and communities.

We are very active in the regions where we operate. In 2021, we shared our industry's goals and targets with regulators, non-governmental organizations and various agencies. We educated them on what can and cannot be done with regards to CO2 emissions in the short, medium and long term to achieve our net zero commitment.

GCC is as committed to our **people** as we are to combating climate change. GCC's **diversity and inclusion** committee promotes equal opportunities for hiring and increases professional development for all regardless of race, gender, sexual orientation, religion or age. The committee is made up of representatives from all business units and areas where we operate.

GCC saw immediate gains from our strategic focus on diversity and inclusion as the percentage of women in management roles increased 25%. As a female leader, in a male-dominated industry, this increase is exciting and illustrates GCC's belief that a more diverse workforce means a stronger, better company for all of our stakeholders.

In 2021, we launched a **materiality assessment** to re-engage our stakeholders on environmental, social and governance (ESG) topics. This process ensured that GCC's priorities aligned with those of our stakeholders – internal and external. The findings are the foundation of our sustainability efforts. For more on the results of the assessment, please see pages 18-22.

Additionally, GCC constantly improves our sustainability reporting to increase transparency to our stakeholders. We actively listen to all our stakeholders and are working diligently to move our sustainability strategy forward faster.

Innovation will be key to the industry's ability to reach net zero. At GCC, our research and innovation are focused on clinker factor and on artificial intelligence for overall efficiency and transformational technologies.

GCC believes that innovative partnerships and creative solutions will help us reach our goals. **We can do it together!**

Gina Lotito
Corporate Vice President for Sustainability and Environmental Strategy



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Escalante Elected to GCCA Board

In the fourth quarter of 2021, GCC's CEO Enrique Escalante was elected to the Global Cement and Concrete Association's (GCCA) board of directors.

The GCCA's board of directors is elected from and by its member companies; the board sets and oversees the strategic work of the organization. Directors are responsible for the management of the association's business, in accordance with its objectives. Escalante said his contribution should be aligned to advance the GCCA's strategy and its execution, principally to become a net zero carbon industry by 2050.

He expects his biggest challenge will be to understand and adapt each member country's different national and local regulations as well as many different stakeholders who have multiple and diverse needs and interests. The challenge will be to understand how to align his contribution to the progress of the GCCA strategy between the member cement and concrete companies around the world.



“The GCCA is a CEO-led industry initiative. It’s members, Board of Directors, and Executive team are committed to sustainability – reducing the impacts of cement production and promoting the unique properties of concrete as a sustainable, durable and resilient building material – a material that will answer the needs of a growing and increasingly urban population that is set to exceed 9 billion people by 2050.”

– gccassociation.org

Sustainability Goals



Climate & Energy

GCC’s Science Based Targets initiative (SBTi) CO2 target for 2027 is based on well below the two-degree curve and is 605 gross kgCO2/ton cementitious material for scope 1. This target must be achieved by 2027 to ensure validation for the next five years on the 1.5-degree curve. GCC’s SBTi 2030 target of 538 gross kgCO2/ton cementitious material takes into account a CO2 reduction road map focusing on four key levers: blended cements, fuel switching, energy efficiency and biogenic fuels. Transformational technology will get us to the 2050 goal.

605kg
gross CO₂
emissions per ton of
cementitious material
(scope 1) by 2027



People

GCC is committed to a safe, inclusive workplace where everyone feels valued and respected. By diversifying our workforce, we believe that we create a stronger company and stronger communities.

We’re increasing our professional growth opportunities to our employees and vendors. And we want to continue to make GCC a great place to work – continuing to be certified through the GPTW institute in both Mexico and the U.S.

20%
women in workforce

25%
women in management

25hrs
training & development/employee
by 2030



Green CapEx

In order to reach our 2030 and 2050 targets, GCC will shift to 100% portland limestone cement (PLC) by 2024. The majority of our plants are shifting production, and plant upgrades will allow us to reach 100% production capacity.

GCC has committed more than \$25 million for capital expenditures to service the market needs. Planned upgrades will build on our four levers which reduce our CO2 emissions and enable us to reach our 2030 target.

100%
PLC by 2024

\$25+
million U.S. CapEx
committed in 2021

PERFORMANCE DATA



Performance Data

Revenue/Result	UNIT	2019	2020	2021	GRI
Total group revenue	USD million	934.1	937.8	1,038.8	102-7
Profit for the financial year (EBITDA)	USD million	292	308.3	337.9	102-7
Total employees	#	2,765	2,758	2,888	102-7
Net sales of sustainable products (note 2)	%	14.3	13.9	14.1	201-1
Net sales by region (North America)	USD million	681.9	693.1	750.4	102-7
Net sales by region (Mexico)	USD million	252.3	244.6	288.4	102-7
Group sales: cement	USD million	628	617	719.6	102-7
Group sales: concrete	USD million	193	194.6	194	102-7
Group sales: block	USD million	12	11.3	15.1	102-7
Group sales: aggregate	USD million	19	21.3	21.4	102-7
Group sales: other	USD million	82	93.5	88.7	102-7
Producing Assets	UNIT	2019	2020	2021	GRI
Cement sites	#	8	8	8	102-7
Cement distribution terminals	#	23	23	23	102-7
Aggregates sites	#	14	7	7	102-7
Asphalt sites	#	2	2	3	102-7
Ready-mix sites	#	99	94	95	102-7
Quarries operated (cement business)	#	28	29	32	102-7
Direct Economic Value Generated and Distributed	UNIT	2019	2020	2021	GRI
Revenues	USD million	934.1	937.8	1,038.9	201-1
Operating costs, administrative and sales general expenses	USD million	580.1	561.6	622.5	201-1
Employee wages and benefits	USD million	170.5	164.8	175.2	201-1

Units Key

Mt - million tons

MJ - million joules

M GJ - million gigajoules

Mm3 - million cubic meters

Direct Economic Value Generated and Distributed continued	UNIT	2019	2020	2021	GRI
Payments to providers of capital	USD million	47.3	33.0	36.3	201-1
Payments to government	USD million	15.3	14.3	16.2	201-1
Community investments (donations)	USD million	1.0	0.7	1.0	201-1
Economic value retained	USD million	119.9	163.4	187.7	201-1
Cement Type Portfolio & Products	UNIT	2019	2020	2021	GRI
Clinker produced	Mt/yr	4.08	3.84	4.12	201-1
Cement produced	Mt/yr	4.57	4.48	4.73	201-1
Ordinary portland cement	%	59.4	63.2	58.0	
Limestone cement	%	22.7	23.0	25.4	
Pozzolan cement	%	0.5	0.7	1.8	
Well cement	%	12.3	8.4	9.5	
Masonry	%	2.0	2.1	2.0	
Specialty cements	%	3.1	3.2	3.1	
Cementitious material produced (note 1)	Mt/yr	4.62	4.38	4.72	
Aggregates produced	Mt/yr	5.48	5.99	5.85	
Concrete produced	Mm3/yr	1,849	1,825	1,815	
CO2 & Energy	UNIT	2019	2020	2021	GRI
Cement business line					
Absolute gross CO2 emissions (scope 1) (note 2)	Mt/yr	3.483	3.266	3.567	305-1
Absolute net CO2 emissions (scope 1)	Mt/yr	3.436	3.212	3.516	305-1
Absolute indirect CO2 emissions (scope 2)	Mt/yr	0.296	0.278	0.261	305-2
Absolute emissions (scope 3), from 1,3,4,9,11 activities (note 3)	Mt/yr	1.188	1.249	1.266	305-3
Specific gross CO2 emissions (kg/tonne of cementitious material)	kgCO2/t	754.0	746.3	754.8	305-1

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CO2 & Energy continued	UNIT	2019	2020	2021	GRI
Specific net CO2 emissions (kg/tonne of cementitious material)	kgCO2/t	743.9	734.0	744.1	305-1
Reduction net CO2 emissions/t cementitious material from 2005 baseline (internal target)	%	8.8	10.0	8.8	305-5
Reduction gross CO2 emissions/t cementitious material from 2018 baseline (SBTi target)	%	(0.02)	0.99	(0.13)	305-5
Specific CO2 emissions (scope 2) (kg/tonne of cementitious material)	kgCO2/t	63.9	64.1	55.2	305-2
Specific heat consumption of clinker production (MJ/ton clinker)	MJ/t	3,893	3,874	3,978	302-3
Reduction specific heat/t clinker from 2005 baseline (4,233 MJ/ton clinker)	%	8.0	8.5	6.0	302-1
Clinker factor (cementitious material)	%	88.1	88.0	87.3	
Thermal substitution rate in clinker production	%	9.1	11.5	10.2	302-1
Total energy consumption (thermal + electrical)	TJ	18,194	17,129	18,932	302-1
Total thermal energy consumption	TJ	15,884	14,865	16,404	302-1
Thermal energy consumption: fossil fuels (coal, natural gas)	TJ	14,437	13,150	14,731	302-1
Thermal energy consumption: waste-based fuels	TJ	578	657	610	302-1
Thermal energy consumption: biomass fuels (renewable energy)	TJ	872	1,059	1,063	302-1
Thermal energy mix of clinker production: % of fossil fuels	%	90.9	88.5	89.8	302-1
Thermal energy mix of clinker production: % biomass	%	3.6	7.1	6.5	302-1
Thermal energy mix of clinker production: % alternative fuels	%	5.5	4.4	3.7	302-1
Thermal energy consumption: fossil fuels (non-kiln)	TJ	254	271	388	302-1
Total electrical energy consumption	MWh	571,048	553,654	594,571	302-1
Electrical energy: non-renewable	MWh	542,492	516,644	510,876	302-1
Electrical energy: renewable	MWh	28,556	37,019	83,695	302-1
Electrical energy: renewable	%	5.0	6.7	12.4	
Electricity energy: specific consumption	Kwh/t cem	126.5	123.6	125.7	305-4

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Recycling and Waste Management	UNIT	2019	2020	2021	GRI
Total raw material consumption in cement	t/yr	7,114,889	6,838,620	7,297,439	301-1
Alternative raw material contained in cement	t/yr	147,666	161,966	184,569	301-2
Alternative raw material contained in cement	%	2.08	2.44	2.61	301-2
Recycled input materials in the kilns for energy recovery: residues	t/yr	38,296	28,347	26,019	306-05
Recycled renewable materials in the kilns for energy recovery: biomass	t/yr	39,729	59,555	58,427	306-05
Total waste with energy recovery by other industries: non-hazardous	t/yr	78,026	87,902	84,446	306-5
Total internal waste generated: non-hazardous, other	t/yr	3,690	3,920	4,231	306-3
Total internal waste generated: hazardous	t/yr	39	34	35	306-3
Total waste generated sent for disposal	t/yr	3,729	3,954	4,266	306-3
Water	UNIT	2019	2020	2021	GRI
% production plants in water-stressed area	%	38.0	37.6	37.1	303-1
% sales in risk water	%	28.9	27.6	29.6	303-1
Total freshwater withdrawal (note 4)	M m3	2.124	2.318	2.729	303-3
Freshwater withdrawal from municipal waters supplies	M m3	0.001	0.006	0.392	303-3
Freshwater withdrawal from quarry	M m3	0.017	0.026	0.026	
Freshwater withdrawal from fresh surface water (lakes, rivers)	M m3	nm	nm	nm	303-3
Freshwater withdrawal from ground water	M m3	2.106	2.286	2.234	303-3
Quarry water used (non-freshwater sources)	M m3	nm	nm	0.077	303-3
Total water discharge	M m3	0.941	0.937	0.933	303-4
Total water consumption	M m3	1.183	1.378	1.797	303-5
Specific water consumption (L/t of cementitious products)	L/t	256.2	315.7	379.7	306-1

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Biodiversity	UNIT	2019	2020	2021	GRI
Quarries with rehabilitation plan in place (note 5)	%	43	45	32	304-1
Quarries with high biodiversity importance with biodiversity management plan in place	%	0	0	0	304-3
Emissions Monitoring & Reporting	UNIT	2019	2020	2021	GRI
Overall coverage: Clinker produced by continuously and discontinuously monitored (particulate material, NOX, SO2, VOC/THC and heavy metals)	%	83.9	92.9	88.8	305-7
Coverage rate continuous measurement monitoring of dust, NOX and SO2	%	61.8	61.2	60.1	305-7
% of production with NOX emissions measurement (coverage clinker)	%	83.9	99.6	95.1	305-7
% of production with SO2 emissions measurement (coverage clinker)	%	83.9	99.6	95.1	305-7
% of production with dust emissions measurement (coverage clinker)	%	83.9	99.6	95.1	305-7
% of production with VOC measurement (coverage clinker)	%	83.9	85.2	95.1	305-7
% of production with mercury measurement (coverage clinker)	%	83.9	85.2	95.1	305-7
% of production with dioxins/furans measurement (coverage clinker)	%	83.9	78.5	88.8	305-7
% of production with HM1 measurement (coverage clinker)	%	77.5	78.5	88.8	305-7
% of production with HM2 measurement (coverage clinker)	%	77.5	78.5	88.8	305-7
Total absolute NOX emissions	ton	5,446	5,207	6,391	305-7
Total absolute SO2 emissions	ton	527	299	136	305-7
Total absolute dust emissions	ton	60.8	56.6	58.6	305-7
Total absolute VOC emissions	ton	599.4	453.8	785.1	305-7
Total absolute mercury emissions	kg	39.6	36.1	41.9	305-7
Total absolute dioxins/furans emissions	g	512.1	226.2	33.8	305-7

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Emissions Monitoring & Reporting continued	UNIT	2019	2020	2021	GRI
Total absolute HM1 emissions	ton	33.2	33.3	27.8	305-7
Total absolute HM2 emissions	ton	1,415	2,701	3,029	305-7
Specific NOX emissions (g/ton of clinker)	g/t	1,334.6	1,351.7	1,550.1	305-7
Specific SO2 emissions (g/ton of clinker)	g/t	129.0	77.5	33.1	305-7
Specific dust emissions (g/ton of clinker)	g/t	14.9	14.7	14.2	305-7
Specific VOC emissions (g/ton of clinker)	g/t	146.9	118.3	190.4	305-7
Specific mercury emissions (g/ton of clinker)	mg/t	9.7	9.4	10.2	305-7
Specific dioxins/furans emissions (ng TEQ/ton of clinker)	ng/t	52.3	59.0	8.2	305-7
Specific HM1 emissions (mg/ton of clinker)	mg/t	8.1	8.7	7.6	305-7
Specific HM2 emissions (mg/ton of clinker)	mg/t	346.9	704.0	734.7	305-7
Environmental Compliance	UNIT	2019	2020	2021	GRI
Environmental fines above US\$10,000	#	1	3	0	307-1
Fines and penalties paid	USD	23,242	165,500	0	307-1
Environmental Management Systems & Investments	UNIT	2019	2020	2021	GRI
Cement sites with an ISO 14001 certification	%	65.6	66.1	64.4	
Environmental capital investments	USD million	2.318	0.401	2.100	
Environmental operating expenses	USD million	3.595	2.523	2.800	
Total expenses (capital + operating expenses)	USD million	5.913	2.923	4.900	
Employees	UNIT	2019	2020	2021	GRI
United States	#	1,333	1,261	1,251	102-7
Mexico	#	1,432	1,497	1,637	102-7
Full-time employees	#	2,760	2,746	2,888	102-8
Share of male employees (group)	%	90.4	90.0	89.1	102-8
Share of female employees (group)	%	9.6	10.0	10.9	102-8

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Social Relations (Freedom of Association)	UNIT	2019	2020	2021	GRI
% of employees covered by collective bargaining agreements	%	33.0	34.7	29.9	102-41
Type of Philanthropic Activities (Communities)	UNIT	2019	2020	2021	GRI
Charitable donations (note 6)	%	36	33	33	201-1
Community investments (social investment projects) (note 6)	%	64	67	67	201-1
Total number of beneficiaries consolidation year (note 6)	#	53	55	55	201-1
Time: employee volunteering during paid working hours	Hrs	205	40	135	
Turnover	UNIT	2019	2020	2021	GRI
Overall employee turnover rate	%	21.8	16.9	20.0	401-1
Voluntary employee turnover rate	%	16.3	13.2	11.7	401-1
Hirings (%)	%	18	11	20	401-2
Occupational Health and Safety	UNIT	2019	2020	2021	GRI
Workforce represented in health and safety committees	%	100.0	100.0	100.0	403-1
Number of fatalities per 10,000 directly employed (rate)	#	0.0	0.0	0.0	
Number of fatalities (directly employed)	#	0.0	0.0	0.0	403-2
Number of fatalities (directly employed) by location: on-site	#	0.0	0.0	0.0	403-2
Number of fatalities (directly employed) by location: off-site	#	0.0	0.0	0.0	403-2
Number of fatalities (contractors/subcontractors)	#	0.0	0.0	0.0	403-2
Number of fatalities (third parties, indirectly employed)	#	0.0	0.0	0.0	403-2
LTIFR employees (# of LTIs per million hours) (note 7)	#	8.9	6.7	6.8	403-2
LTIFR contractors and subcontractors onsite (# of LTIs per million hours)	#	NA	NA	NA	403-2

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Occupational Health and Safety continued	UNIT	2019	2020	2021	GRI
LTISR employees (# of LTIs per million hours) (note 7)	#	275.2	159.4	243.7	
Sites certified with OSHA 18001/ISO 45001 (cement operations)	%	50	50	50	
TRIR employees (# of incidents per 200,000 hours)	%	3.22	2.47	2.54	
Development (Training & Development Inputs)	UNIT	2019	2020	2021	GRI
Average hours per employee of training and development	#	6.8	6.1	16.3	404-1
Employees receiving regular performance and career development reviews	%	33	33	40.2	404-3
Employees in program (mobility training program)	#	98	30	71	
Gender Diversity	UNIT	2019	2020	2021	GRI
Females in/at management level	%	11.8	11.8	16.9	405-1
Females in junior management level	%	12.5	17.0	15.7	405-1
Females in total workforce	%	9.6	10.0	10.9	405-1
Employees under the age of 30 (male/female)	%	19.6	16.5	14.8	405-1
Employees between 30 and 50 (male/female)	%	51.2	51.9	53.9	405-1
Employees above age 50 (male/female)	%	29.2	31.6	31.3	405-1
Human Rights (Ethics and Compliance)	UNIT	2019	2020	2021	GRI
Total employee participation on the code ethics assessment	%	100	100	100	412-2
Total contractor participation on the code ethics assessment	%	70	90	90	205-3
Ethics and compliance cases reported (employees)	#	15	13	15	412-2
Ethics and compliance cases reported (contractors)	#	3	5	2	205-3

Employee Engagement	UNIT	2019	2020	2021	GRI
Employee engagement plans available and reviewed	%	100	100	100	
Employee engagement method utilized (GPTW Institute survey)	Index score	76.4	80.3	78.6	
Human rights assessments conducted (own operations)	%	100	100	100	
Suppliers	UNIT	2019	2020	2021	GRI
Suppliers from national markets (% of total suppliers)	%	68.1	67.1	58.6	204-1
Expenses in local suppliers	%	56.0	54.4	44.7	204-1
Suppliers with Supplier code of conduct as part of contractual agreement	%	100	100	100	414-1
New Suppliers that were screened using environmental criteria	#	452	412	460	308-1

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Note 1: Cementitious material is defined in accordance with the Cement Sustainability Initiative (CSI) and the Global Cement and Concrete Association (GCCA) definition: Total clinker produced plus mineral components consumed for blending and production of cement substitutes.

Note 2: Gross CO₂ emissions are the total emissions resulting from the chemical decarbonization of limestone and the emissions resulting from the burning of fossil-based fuels and alternative fossil fuels. Compared with gross CO₂ emissions, net CO₂ emissions do not include CO₂ from alternative fossil fuels.

Note 3: CO₂ emissions from fuels: Scope 3 emissions were assessed according to the World Business Council for Sustainable Development (WBCSD) and CSI scope 3 methodology. The methodology recommends the cement industry consider at least these four categories to determine 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. In 2021, GCC added category 11 (products sold from the coal business unit) into our calculations.

Note 4: This figure was updated to add the thermal energy use out of the kilns.

Note 5: GCC used the World Resources Institute (WRI) aqueduct water tool to assess risk areas.

Note 6: Quarries at GCC's cement plants were assessed.

Note 7: Overall coverage was reassessed in accordance with the Global Cement and Concrete Association's (GCCA) guidelines.

Note 8: Emission figures since 2019 were reassessed and adjusted based on GCCA guidelines for a conversion of pressure, temperature, oxygen and humidity. In 2021, we used two kilns in Chihuahua that do not operate continuously where we considered the production for the emissions calculations of these kilns along with the emissions average of all other kilns in order to calculate the absolute NO_x, SO₂ and dust emissions.

Note 9: Data represents information provided from the GCC Foundation and may not include specific plant-level information.

Data Collection & Reporting Methodologies

CO2 and power We use the GCCA Sustainability Guidelines for the monitoring and reporting of CO2 emissions from cement manufacturing to calculate CO2 emissions between the 2005 baseline and the reporting year. Calculations for CO2 are generated from the Getting the Numbers Right spreadsheet developed by the Cement Sustainability Initiative (CSI). CO2 data in this report covers GCC's cement business unit. Default CO2 emissions factors for fuels are taken from the CSI guidelines.

Other emissions We use the GCCA Sustainability Guidelines for the monitoring and reporting of emissions from cement manufacturing. Emission levels can be measured continuously or based on spot measurements. In the U.S., this emission data is maintained at the plant level on a continuous basis.

Water The GCCA Sustainability Guidelines for the monitoring and reporting of water in cement manufacturing has been used as a reference to measure the water performance of the company.

Biodiversity and quarries The GCCA Sustainability Guidelines for the quarry rehabilitation and biodiversity management has been used as a reference to track the progress of improvements in our quarries.

Health & Safety We use the GCCA Sustainability Guidelines for the monitoring and reporting of safety in cement manufacturing and ready-mix production, issued November 2018. Health & Safety data are gathered at site level and consolidated at the division and/or country reporting unit level. The data covers all business segments and their industrial production sites.

Human Resources SuccessFactors and Dayforce are used to track and maintain employee information. GCC collaborates with the Great Place to Work institute to measure employee engagement and satisfaction. GCC University is the platform for employees development and tracks training hours per employee.



MATERIALITY ASSESSMENT



Materiality Assessment

As GCC deepened its commitment to its stakeholders, the company conducted a materiality assessment among the stakeholders to gauge alignment in light of the ever-shifting sustainability landscape. We believe that only through ongoing assessment and dialogue with our stakeholders can we continue to grow the company in the right ways and create value for our communities and investors.

The purpose of the materiality assessment was to:

- Identify the environmental, social and governance (ESG) areas most relevant to the long-term financial sustainability of GCC
- Assess each ESG factor and its importance to both internal and external stakeholders
- Evaluate trends to facilitate strategic alignment and inform our decisions on how GCC can prioritize advancing ESG capabilities and enhance disclosure to align with stakeholder expectations

We surveyed employees including senior leadership and the board of directors, vendors, customers and investors. The survey was bilingual (English and Spanish) and sent in the appropriate language to the appropriate stakeholders. The insights from the survey were layered alongside leading ESG frameworks and standards as well as ESG rating agencies. The results will help GCC build the foundation for our ESG strategy for the next three to five years. GCC's leadership team now has the priority factors that will advance our ESG capabilities and enhance our disclosures.

Internal survey participants (employees, executive managers, senior executives and the board of directors) were asked to evaluate ESG factors through three dimensions:

- Importance to GCC's business strategy/financial success
- Importance to GCC's core values
- Perceived current state of GCC's performance

Each stakeholder group was weighted equally in the materiality analysis. Human capital and social capital factors were typically the most important to internal stakeholders; however, the other themes did not lag far behind.

External survey participants were asked to evaluate ESG factors on their importance for GCC's long-term success. External stakeholders included investors, customers and suppliers.

Methodologies from leading frameworks, standards, rating agencies and industry best practices were analyzed to evaluate the importance of each ESG factor.

Five areas were identified for the survey with a total of 23 topics under the five areas.



Governance

- ◆ Business Ethics
- ◆ Systemic Risk
- ◆ Management
- ◆ Stakeholder Engagement
- ◆ Board Independence & Diversity
- ◆ Governance of ESG



Social Capital

- ◆ Data Security & Privacy
- ◆ Human Rights
- ◆ Product Quality & Safety
- ◆ Community Relations



Environment

- ◆ Climate Change & GHGs
- ◆ Energy Management
- ◆ Waste and Hazard Materials Management
- ◆ Air Emissions
- ◆ Water Management
- ◆ Biodiversity



Human Capital

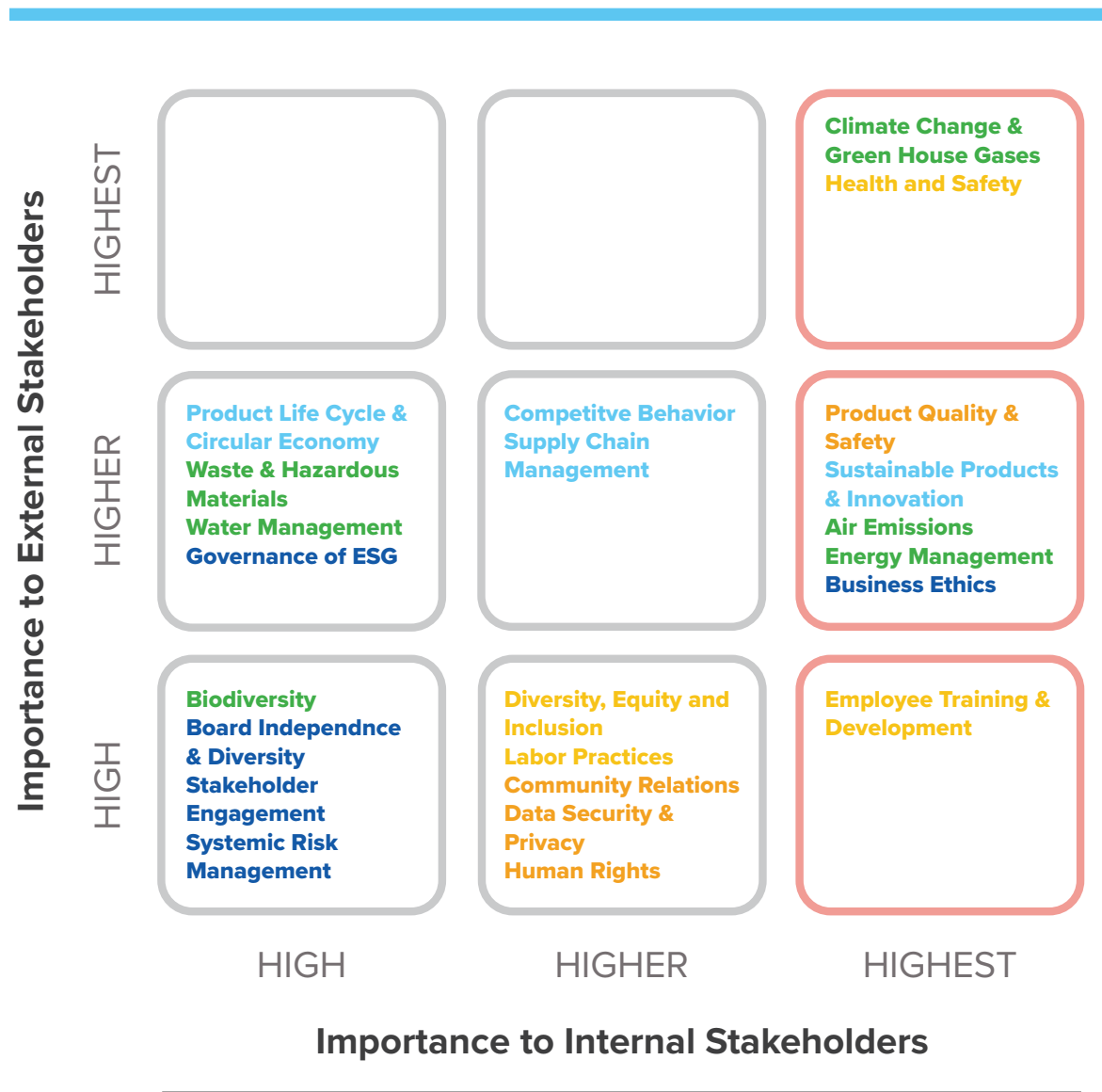
- ◆ Health and Safety
- ◆ Diversity, Equity, & Inclusion
- ◆ Employee Training & Development
- ◆ Labor Practices



Business Model & Innovation

- ◆ Competitive Behavior
- ◆ Supply Chain Management
- ◆ Product Life Cycle & Circular Economy
- ◆ Sustainable Products & Innovation

Survey results were analyzed and the 23 topics were prioritized according to their criticality to both internal and external stakeholders.



- Governance
- Human Capital
- Environment
- Business Model & Innovation
- Social Capital

Strategic priorities and critical ESG factors

Eight critical factors rose to the top for both audiences.

Business Ethics

Defined as: Ensuring the company’s values, standards and norms are ethical and managed throughout business operations. These may include policies or practices relating to the code of conduct, anti-corruption, grievance mechanisms, compliance, levels of executive compensation, audits and more.

Product Quality and Safety

Defined as: Promoting and protecting customer well-being through product offerings. This may include safety features, quality controls, incident mitigation and transparency and customer welfare initiatives, among others.

Climate Change and Greenhouse Gases

Defined as: Mitigating the company’s impacts on climate change and managing the risks that climate change has on GCC’s operations. This may include measuring our GHG emissions, carbon reduction goals, planning for the physical risks from natural disasters, carbon pricing and more.

Energy Management

Defined as: Measuring and minimizing the usage and impacts from energy consumption wherever feasible throughout the life cycle of the company’s products and services. This may include efforts that promote renewable energy, energy efficiency, energy conservation among others.

Air Emissions

Defined as: Measuring and minimizing air pollution impacts wherever feasible throughout the life cycle of the company’s products and services. This may include disclosing relevant air pollutants, mitigation strategies, environment and health impacts assessments.

Health & Safety

Defined as: Ensuring the health and well-being for all employees. This may include providing a safe work environment, injury and incident transparency, promoting a work-life balance, emergency preparedness and more.

Employee Training & Development

Defined as: Implementing programs and policies that attract and retain talent. This may involve opportunities for job growth within the company, incentives to pursue new knowledge or skill sets, continual training to support employees, among others.

Sustainable Products & Innovations

Defined as: Researching, developing, and offering products that integrate ESG considerations and take advantage of consumer trends and interests in sustainability. This may include customer education on ESG-related products, efforts to develop and promote the sales of low carbon cement and other topics as they arise.



Refining and Advancing GCC's Approach

Based on their different vantage points, GCC's internal and external stakeholders may have differing expectations. Our job is to seek out the commonalities and find bridges to span the differences. Our job also is to clear up any misconceptions or confusions through education internally and externally. GCC will accomplish this through:

Strategic Alignment

- Mitigate risks and take advantage of ESG-related opportunities
- Align ESG strategy with internal/external stakeholder priorities
- Integrate ESG into business model with leadership oversight

Developing Capabilities

- Leverage ESG working group to break down silos and advance initiatives
- Allocate resources to advance initiatives based on return on investment (ROI)
- Measure progress through metrics and data collection

Enhanced Disclosure

- Illustrate the company's commitment to ESG to various stakeholders
- Evolve with changing regulations, frameworks and ESG ratings

Next Steps For GCC

With internal alignment, increased resources and more focused communication of ESG, GCC is well positioned to reach our 2030 and 2050 targets.

Based on the results of this materiality assessment, GCC will establish an ESG working group to:

- Break down silos and advance initiatives, and to
- Prioritize future work and allocate resources to advance initiatives based on return on investment

Additionally, GCC will:

- Facilitate awareness and alignment through communications with GCC's employees and the senior leadership team
- Integrate GCC's core mission and long-term financial strategy into an ESG approach
- Expand policies, programs and initiatives linked to critical ESG factors
- Continue measuring progress through metrics and data collection to demonstrate year-over-year progress
- Further develop key performance indicators and action plans for each target



ASSURANCE STATEMENT





Assurance Statement

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 on Key Indicators of Sustainability Performance (Non-Financial Information), prepared and presented by the Sustainability Corporate Management of GCC, included in the GCC 2021 Sustainability Report for the period from January 1 to December 31, 2021 (“the Report”), that are detailed in Annex A attached to this report (the “Contents”), in the form of an independent conclusion of limited assurance, regarding whether, based on the procedures performed and the evidence obtained, nothing has come to our attention that causes us to believe that the Contents are not prepared in all material respects, in accordance with the criteria established in the Standards of the Global Cement and Concrete Association (“GCCA”), as well as with the internal procedures of GCC for the management of sustainability aspects (collectively, the “Criteria”).

Management Responsibilities

The Management of GCC, through its Sustainability Corporate Department is responsible for the preparation and presentation of the information subject to our review and the information and statements contained within it.

Sustainability Corporate Department of GCC is responsible for designing, implementing, and maintaining the relevant internal control for the preparation and presentation of the information subject to our review, which is free from material errors, whether due to fraud or error.

GCC Management is also responsible for ensuring that the personnel involved in the preparation of the Contents are adequately trained, the information systems are duly updated and that any change 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 on the information concerning the Contents included in the Report and to express an independent conclusion of limited assurance based on the evidence obtained. We carry out our work based on the International Standard on Assurance Engagements (ISAE) 3000, “Assurance Engagements Other than Audits or Reviews of Historical Financial Information”, issued by the International Auditing and Assurance Standards Board, that standard requires that we plan and perform the engagement to obtain limited assurance about whether, based on our work and the evidence obtained, nothing has come to our attention that causes us to believe that the Contents included in the Report for the period from January 1 to December 31, 2021, are not prepared in all material respects, in accordance with the criteria established in the Standards of the Global Cement and Concrete Association (“GCCA”) and with the internal procedures of GCC for the management of sustainability aspects.

KPMG CARDENAS DOSAL S.C. (the “Firm”) applies International Standard on Quality Control 1 and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding 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 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 Contents presented in the Report and other circumstances of the work, and our consideration of the areas in which material errors may occur.

When obtaining an understanding of the Contents included in the Report, and other work circumstances, we have considered the processes used to prepare the Contents, 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 and presentation of the Contents included in the Report.

Our engagement also included assessing the appropriateness of the main subject, the suitability of the criteria used by GCC in the preparation of the Contents, 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 and timing from, and are less in extent than for, 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 performing a reasonable assurance engagement.

Criteria

The criteria on which the preparation of the Contents has been evaluated refer to the established requirements and in accordance with the criteria established in the Standards of the Global Cement and Concrete Association ("GCCA") and with the internal procedures of GCC for the management of sustainability aspects.

Inherent Limitations

Due to the inherent limitations of any internal control structure, it is possible that errors or irregularities in the information presented in the Report may occur and not be detected. Our engagement is not designed to detect all weaknesses in the internal controls over the preparation and presentation of the Report, as the engagement has not been performed continuously throughout the period and the procedures performed were undertaken on a test basis.

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 the procedures performed and the evidence obtained, as described above, nothing has come to our attention that causes us to believe that the Contents detailed in Annex A attached to this assurance report, prepared by the Sustainability Corporate Management of GCC and included in the Report for the period from January 1 to December 31, 2021, are not prepared in all material aspects, in accordance with the criteria established in the Standards of the Global Cement and Concrete Association ("GCCA") and the internal procedures of GCC for the management of sustainability aspects.

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 Management of GCC, for any purpose or in any other context. Any party other than 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 fullest extent permitted by law, we accept or assume no responsibility and deny any liability to any party other than GCC for our work, for this independent limited assurance report, or for the conclusions we have reached.

Our report is released to GCC, on the basis that it shall not be copied, referred to or disclosed, in whole or in part, without our prior written consent.

KPMG CARDENAS DOSAL S.C.



Juan Carlos Reséndiz Muñiz
Partner

Mexico City, 29 July 2022

<i>GCCA STANDARDS</i>	<i>THEME</i>
CO2 emissions from cement manufacturing	
KPI 1	Total direct CO2 emissions – gross
KPI 2	Total direct CO2 emissions – net
KPI 3	Specific CO2 emissions - gross
KPI 4	Specific CO2 emissions – net
KPI 5	Indirect CO2 emissions (scope 2)
Emissions from cement manufacturing	
KPI 1	Overall coverage rate
KPI 2	Coverage rate continuous measurement
KPI 3	Emission data pollutant (absolute and specific) <ul style="list-style-type: none"> • NOX emissions • SO2 emissions • Particulate material emissions
Fuel and raw materials in cement manufacturing	
KPI 1	Alternative fuel rate (kiln fuels)
KPI 2	Biomass fuel rate (kiln fuels)
KPI 3	Specific heat consumption for clinker production
KPI 4	Alternative raw materials rate (% ARM)
KPI 5	Clinker/cement (equivalent) factor
Safety in cement and concrete manufacturing	
KPI 1	Fatality rate, directly employed
KPI 2	LTI frequency rate, directly employed
KPI 3	LTI severity rate, directly employed

Annex A

to the Independent Limited Assurance Report on Key Indicators of Sustainability Performance (Non-Financial Information) performed by KPMG.

Description of the Contents object of the limited assurance engagement.

GRI INDEX



Global Reporting Initiative Index

FOUNDATIONS

GRI STANDARD	DESCRIPTION	PAGE, COMMENT, PERFORMANCE
101	Reporting principles	This report has been prepared in accordance with Global Reporting Initiative (GRI) standards, core option, with external verification of the performance data and the materiality assessment.
	Use of GRI standard to draft sustainability reports	
	Claims related to the use of GRI standards	

ORGANIZATIONAL PROFILE

GRI STANDARD	DESCRIPTION	Web	AR	SR	PAGE, COMMENT, PERFORMANCE
102-1	Name of the organization	◆	◆		GCC, S.A.B. de C.V.
102-2	Activities, brands, products and services	◆	◆		AR pages 49 and 51
102-3	Location of headquarters	◆	◆		AR page 44 and cover
102-4	Location of operations	◆	◆		Mexico and the United States of America
102-5	Ownership and legal form		◆		AR page 44 - GCC, S.A.B. de C.V.
102-6	Markets served	◆	◆		AR pages 51-53 and 58-63
102-7	Scale of the organization		◆		AR pages 14-15, 48-49, 54 and 63-74
102-8	Information on employees and other workers		◆		AR page 54
102-9	Supply chain		◆		AR pages 49-54 Line of business and segments
102-10	Significant changes to the organization and its supply chain		◆		AR pages 10-11 and 49-54 Line of business and segments
102-11	Precautionary principle or approach	◆	◆		AR pages 11-12 GCC is committed to mitigating any environmental impacts from our operations by managing emissions, biodiversity, water, etc.
102-12	External initiatives	◆	◆		AR https://www.ir.gcc.com/en
102-13	Membership of associations		◆	◆	AR https://www.ir.gcc.com/en SR pages 45-47

STRATEGY

GRI STANDARD	DESCRIPTION	Web	AR	SR	PAGE, COMMENT, PERFORMANCE
102-14	Statement from senior decision-maker			◆	SR page 2-3
102-15	Key impacts, risks and opportunities		◆		AR pages 16-23 - Environmental performance AR page 55-58 - ESG 186

ETHICS AND INTEGRITY

GRI STANDARD	DESCRIPTION	Web	AR	SR	PAGE, COMMENT, PERFORMANCE
102-16	Values, principles, standards and norms of behavior	◆			Code of Ethics Web: https://www.gcc.com/corporate-governance/
102-17	Mechanisms for advice and concerns about ethics	◆			Code of Ethics Web: https://www.gcc.com/corporate-governance/

GOVERNANCE

GRI STANDARD	DESCRIPTION	Web	AR	SR	PAGE, COMMENT, PERFORMANCE
102-18	Governance structure	◆			Web: https://www.gcc.com/corporate-governance/
102-19	Delegating authority				The chair of the Board of Directors delegates authority for economic, social and environmental issues to the chief executive officer.
102-20	Executive-level responsibility for economic, environmental and social topics	◆	◆		Web: https://www.gcc.com/corporate-governance/ AR pages 87-89
102-21	Consulting stakeholders on economic, environmental and social topics			◆	SR pages 18-22 Materiality assessment
102-22	Composition of the highest governance body and its committees	◆	◆		Web: https://investorcloud.s3.amazonaws.com/gcc/GobiernoCorporativo/GCC_Corporate_governance_report_2022.pdf AR pages 87-89
102-23	Chair of the highest governance body	◆	◆		Web: https://investorcloud.s3.amazonaws.com/gcc/GobiernoCorporativo/GCC_Corporate_governance_report_2022.pdf AR pages 87-89
102-24	Nominating and selecting the highest governance body	◆			Web: https://investorcloud.s3.amazonaws.com/gcc/GobiernoCorporativo/GCC_Corporate_governance_report_2022.pdf

GOVERNANCE continued

GRI STANDARD	DESCRIPTION	Web	AR	SR	PAGE, COMMENT, PERFORMANCE
102-25	Conflicts of interest	◆	◆		Web: https://investorcloud.s3.amazonaws.com/gcc/GobiernoCorporativo/GCC_Corporate_governance_report_2022.pdf AR page 96
102-26	Role of highest governance body in setting purpose, values and strategy	◆			Web: https://investorcloud.s3.amazonaws.com/gcc/GobiernoCorporativo/GCC_Corporate_governance_report_2022.pdf
102-27	Collective knowledge of highest governance body	◆	◆		Web: https://investorcloud.s3.amazonaws.com/gcc/GobiernoCorporativo/GCC_Corporate_governance_report_2022.pdf AR pages 87-89
102-28	Evaluating the highest governance body's performance				
102-29	Identifying and managing economic, environmental and social impacts	◆			Web: https://investorcloud.s3.amazonaws.com/gcc/GobiernoCorporativo/GCC_Corporate_governance_report_2022.pdf
102-30	Effectiveness of risk management processes	◆			Web: https://investorcloud.s3.amazonaws.com/gcc/GobiernoCorporativo/GCC_Corporate_governance_report_2022.pdf
102-31	Review of economic, environmental and social topics				The senior leadership team meets monthly to review progress on economic, environmental and social initiatives. The board of directors meets quarterly.
102-32	Highest governance body's role in sustainability reporting				The CEO approves the sustainability report.
102-33	Communicating critical concerns				Board of Directors meetings are held quarterly and as needed to address critical concerns.
102-34	Nature and total number of critical concerns				
102-35	Remuneration policies			◆	SR pages 2-3
102-36	Process for determining remuneration				The board of directors and senior leadership establish remuneration based on responsibilities. In 2021, senior leadership tied incentives to sustainability initiatives.
102-37	Stakeholders' involvement in remuneration				The Board of Directors establish remuneration.
102-38	Annual total compensation ratio				
102-39	Percentage increase in annual total compensation ratio				

STAKEHOLDER ENGAGEMENT

GRI STANDARD	DESCRIPTION	Web	AR	SR	PAGE, COMMENT, PERFORMANCE
102-40	List of stakeholder groups			◆	SR pages 18-22 SR 2020 pages 17-18
102-41	Collective bargaining agreements			◆	SR page 14
102-42	Identifying and selecting stakeholders			◆	SR pages 18-22 SR 2020 pages 17-18
102-43	Approach to stakeholder engagement			◆	SR 2020 pages 17-18
102-44	Key topics and concerns raised			◆	SR pages 18-22

REPORTING PRACTICE

GRI STANDARD	DESCRIPTION	Web	AR	SR	PAGE, COMMENT, PERFORMANCE
102-45	Entities included in the consolidated financial statements		◆		AR https://www.ir.gcc.com/en
102-46	Defining report content and topic boundaries			◆	SR pages 18-22
102-47	List of material topics			◆	SR pages 18-22
102-48	Restatements of information			◆	SR page 16
102-49	Changes in reporting			◆	SR page 16
102-50	Reporting period				January 1 - December 31, 2021
102-51	Date of most recent report				July 29, 2022
102-52	Reporting cycle				Annually
102-53	Contact point for questions regarding the report				GCC welcomes feedback or questions regarding this report. Please email us at corporate.communications@gcc.com .
102-54	Claims of reporting in accordance with the GRI Standards				This report has been prepared in accordance with the Global Reporting Initiative (GRI) Standards: Core option, without external verification.
102-55	GRI content index			◆	SR pages 27-40
102-56	External assurance			◆	SR pages 23-26, Performance data letter of assurance

MANAGEMENT APPROACH

GRI STANDARD	DESCRIPTION	Web	AR	SR	PAGE, COMMENT, PERFORMANCE
103-1	Explanation of the material topic and its boundaries	◆			Web: https://www.gcc.com/corporate-governance/
103-2	The management approach and its components	◆			Web: https://www.gcc.com/es/gobierno-corporativo/
103-3	Management approach assessment	◆			Web: https://www.gcc.com/es/gobierno-corporativo/

ECONOMIC PERFORMANCE

GRI STANDARD	DESCRIPTION	Web	AR	SR	PAGE, COMMENT, PERFORMANCE
201-1	Direct economic value generated and distributed		◆		AR pages 72-74
201-2	Financial implications and other risks and opportunities due to climate change		◆		AR page 39
201-3	Defined benefit plan obligations and other retirement plans		◆		AR pages 143-145 and 159-163 GCC has implemented procedures to meet retirement plan goals.
201-4	Financial assistance received from government				Financial support is available on select projects from Mexico's CONACYT agency.

MARKET PRESENCE

GRI STANDARD	DESCRIPTION	Web	AR	SR	PAGE, COMMENT, PERFORMANCE
202-1	Ratios of standard entry level wage by gender compared to local minimum wage				GCC makes no gender distinction; no positions earn minimum wage.
202-2	Proportion of senior management hired from the local community				

INDIRECT ECONOMIC IMPACTS

GRI STANDARD	DESCRIPTION	Web	AR	SR	PAGE, COMMENT, PERFORMANCE
203-1	Infrastructure investments and services supported		◆		AR page 49
203-2	Significant indirect economic impacts		◆		AR https://www.ir.gcc.com/en

PROCUREMENT PRACTICES

GRI STANDARD	DESCRIPTION	Web	AR	SR	PAGE, COMMENT, PERFORMANCE
204-1	Proportion of spending on local suppliers			◆	SR page 16 - 44.7%

ANTI-CORRUPTION

GRI STANDARD	DESCRIPTION	Web	AR	SR	PAGE, COMMENT, PERFORMANCE
205-1	Operations assessed for risks related to corruption		◆		AR page 23 All of GCC's companies are ruled by the Federal Law of Prevention and Identification of Operations with Resources from Illegal Origin.
205-2	Communication and training about anti-corruption policies and procedures	◆			Web: https://www.gcc.com/wp-content/uploads/2020/08/GCC-of-America-Antitrust-compliance-policy.pdf
205-3	Confirmed incidents of corruption and actions taken				Our subsidiaries are ruled by the Federal Law of Prevention and Federal Law for Identification of Operations with Resources from Illegal Origin.

ANTI-COMPETITIVE BEHAVIOR

GRI STANDARD	DESCRIPTION	Web	AR	SR	PAGE, COMMENT, PERFORMANCE
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices		◆		AR https://www.ir.gcc.com/en

TAX

GRI STANDARD	DESCRIPTION	Web	AR	SR	PAGE, COMMENT, PERFORMANCE
207-4	Country-by-country reporting		◆		AR https://www.ir.gcc.com/en

MATERIALS

GRI STANDARD	DESCRIPTION	Web	AR	SR	PAGE, COMMENT, PERFORMANCE
301-1	Materials used by weight or volume			◆	SR page 11
301-2	Recycled input materials used			◆	SR page 11
301-3	Reclaimed products and their packaging materials				

ENERGY

GRI STANDARD	DESCRIPTION	Web	AR	SR	PAGE, COMMENT, PERFORMANCE
302-1	Energy consumption within the organization			◆	SR pages 9-10
302-2	Energy consumption outside of the organization				
302-3	Energy intensity			◆	SR page 10
302-4	Reduction of energy consumption			◆	SR page 10
302-5	Reductions in energy requirements of products and services				

WATER

GRI STANDARD	DESCRIPTION	Web	AR	SR	PAGE, COMMENT, PERFORMANCE
303-3	Water withdrawal by source			◆	SR page 11
303-4	Water sources significantly affected by withdrawal of water				No affected water sources have been identified.
303-5	Water recycled and reused			◆	SR page 11 Recycled water is used at the plants to water trees and irrigate roads.

BIODIVERSITY

GRI STANDARD	DESCRIPTION	Web	AR	SR	PAGE, COMMENT, PERFORMANCE
304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas			◆	SR page 12
304-2	Significant impacts of activities, products and services on biodiversity				
304-3	Habitats protected or restored				
304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations				

EMISSIONS

GRI STANDARD	DESCRIPTION	Web	AR	SR	PAGE, COMMENT, PERFORMANCE
305-1	Direct (scope 1) GHG emissions			◆	SR page 9 3.567 Mt
305-2	Energy indirect (scope 2) GHG emissions			◆	SR page 9 0.261
305-3	Other indirect (scope 3) GHG emissions			◆	SR page 9 1.266
305-4	GHG emissions intensity			◆	SR page 9 754.8 kgCO2/t cem
305-5	Reduction of GHG emissions			◆	SR page 10 8.8%
305-6	Emissions of ozone-depleting substances (ODS)				No ODS is produced.
305-7	Nitrogen oxides (NOX), sulfur oxides (SO2) and other significant air emissions			◆	SR page 12

EFFLUENTS AND WASTE

GRI STANDARD	DESCRIPTION	Web	AR	SR	PAGE, COMMENT, PERFORMANCE
306-1	Water discharge by quality and destination				The majority of water is discharged to municipal sewage.
306-2	Waste by type and disposal method				
306-3	Significant spills				No significant spills during reporting period
306-4	Transport of hazardous waste				GCC does not produce hazardous waste.
306-5	Water bodies affected by water discharges and/or runoff				No impacts to bodies of water by discharge or runoff

ENVIRONMENTAL COMPLIANCE

GRI STANDARD	DESCRIPTION	Web	AR	SR	PAGE, COMMENT, PERFORMANCE
307-1	Non-compliance with environmental laws and regulation				No significant non-compliance

SUPPLIER ENVIRONMENTAL ASSESSMENT

GRI STANDARD	DESCRIPTION	Web	AR	SR	PAGE, COMMENT, PERFORMANCE
308-1	New suppliers that were screened using environmental criteria				GCC's procurement team is adding environmental criteria to vendor contracts.
308-2	Negative environmental impacts in the supply chain and actions taken				

EMPLOYMENT

GRI STANDARD	DESCRIPTION	Web	AR	SR	PAGE, COMMENT, PERFORMANCE
401-1	New employee hires and employee turnover			◆	SR page 14
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees				Health insurance, wellness program, supplementary insurance, seniority awards, retirement program, employee discounts
401-3	Parental leave				GCC does not currently offer parental leave; however, the company continues to look at benefits that are of value to employees.

LABOR-MANAGEMENT RELATIONS

GRI STANDARD	DESCRIPTION	Web	AR	SR	PAGE, COMMENT, PERFORMANCE
402-1	Minimum notice periods regarding operational changes				GCC complies with notice periods defined in bargaining agreements.

OCCUPATIONAL HEALTH AND SAFETY

GRI STANDARD	DESCRIPTION	Web	AR	SR	PAGE, COMMENT, PERFORMANCE
403-4	Worker participation, consultation and communication on occupational health and safety			◆	SR pages 14-15
403-8	Workers covered by an occupational health and safety management system			◆	SR pages 14-15
403-9	Work-related injuries			◆	SR pages 14-15
403-10	Work-related ill health				GCC is expanding its focus on occupational health.

TRAINING AND EDUCATION

GRI STANDARD	DESCRIPTION	Web	AR	SR	PAGE, COMMENT, PERFORMANCE
404-1	Average hours of training per year per employee			◆	SR pages 6, 15
404-2	Programs for upgrading employee skills and transition assistance programs			◆	SR page 15
404-3	Percentage of employees receiving regular performance and career development reviews			◆	SR page 15

DIVERSITY AND EQUAL OPPORTUNITY

GRI STANDARD	DESCRIPTION	Web	AR	SR	PAGE, COMMENT, PERFORMANCE
405-1	Diversity of governance bodies and employees	◆			Web: https://investorcloud.s3.amazonaws.com/gcc/GobiernoCorporativo/GCC_Corporate_governance_report_2022.pdf
405-2	Ratio of basic salary and remuneration of women to men				

NON-DISCRIMINATION

GRI STANDARD	DESCRIPTION	Web	AR	SR	PAGE, COMMENT, PERFORMANCE
406-1	Incidents of discrimination and corrective actions taken				No incidents of discrimination during reporting period

FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING

GRI STANDARD	DESCRIPTION	Web	AR	SR	PAGE, COMMENT, PERFORMANCE
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk				

CHILD LABOR

GRI STANDARD	DESCRIPTION	Web	AR	SR	PAGE, COMMENT, PERFORMANCE
408-1	Operations and suppliers at significant risk for incidents of child labor				

FORCED OR COMPULSORY LABOR

GRI STANDARD	DESCRIPTION	Web	AR	SR	PAGE, COMMENT, PERFORMANCE
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor				

SECURITY PRACTICES

GRI STANDARD	DESCRIPTION	Web	AR	SR	PAGE, COMMENT, PERFORMANCE
410-1	Security personnel trained in human rights policies or procedures	◆			Human rights are addressed in GCC's Code of Ethics which applies to all staff. https://www.gcc.com/wp-content/uploads/2020/09/1_4_GCC_Code_of_conduct_and_ethics.pdf

RIGHTS OF INDIGENOUS PEOPLES

GRI STANDARD	DESCRIPTION	Web	AR	SR	PAGE, COMMENT, PERFORMANCE
411-1	Incidents of violations involving rights of indigenous peoples				No incidents during reporting period

HUMAN RIGHTS ASSESSMENT

GRI STANDARD	DESCRIPTION	Web	AR	SR	PAGE, COMMENT, PERFORMANCE
412-1	Operations that have been subject to human rights reviews or impact assessments				
412-2	Employees training on human rights policies or procedures				All employees receive training on the Code of Ethics.
412-3	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening				

LOCAL COMMUNITIES

GRI STANDARD	DESCRIPTION	Web	AR	SR	PAGE, COMMENT, PERFORMANCE
413-1	Operations with local community engagement, impact assessments and development programs				
413-2	Operations with significant actual and potential negative impacts on local communities				No significant negative impacts to local communities

SUPPLIER SOCIAL ASSESSMENT

GRI STANDARD	DESCRIPTION	Web	AR	SR	PAGE, COMMENT, PERFORMANCE
414-1	New suppliers that were screened using social criteria				
414-2	Negative social impacts in the supply chain and actions taken				

PUBLIC POLICY

GRI STANDARD	DESCRIPTION	Web	AR	SR	PAGE, COMMENT, PERFORMANCE
415-1	Political contributions				GCC does not make political contributions.

CUSTOMER HEALTH AND SAFETY

GRI STANDARD	DESCRIPTION	Web	AR	SR	PAGE, COMMENT, PERFORMANCE
416-1	Assessment of the health and safety impacts of product and service categories				PRO-NOM-OO6-STPS-2017 is currently under assessment for materials handling
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services				None

MARKETING AND LABELING

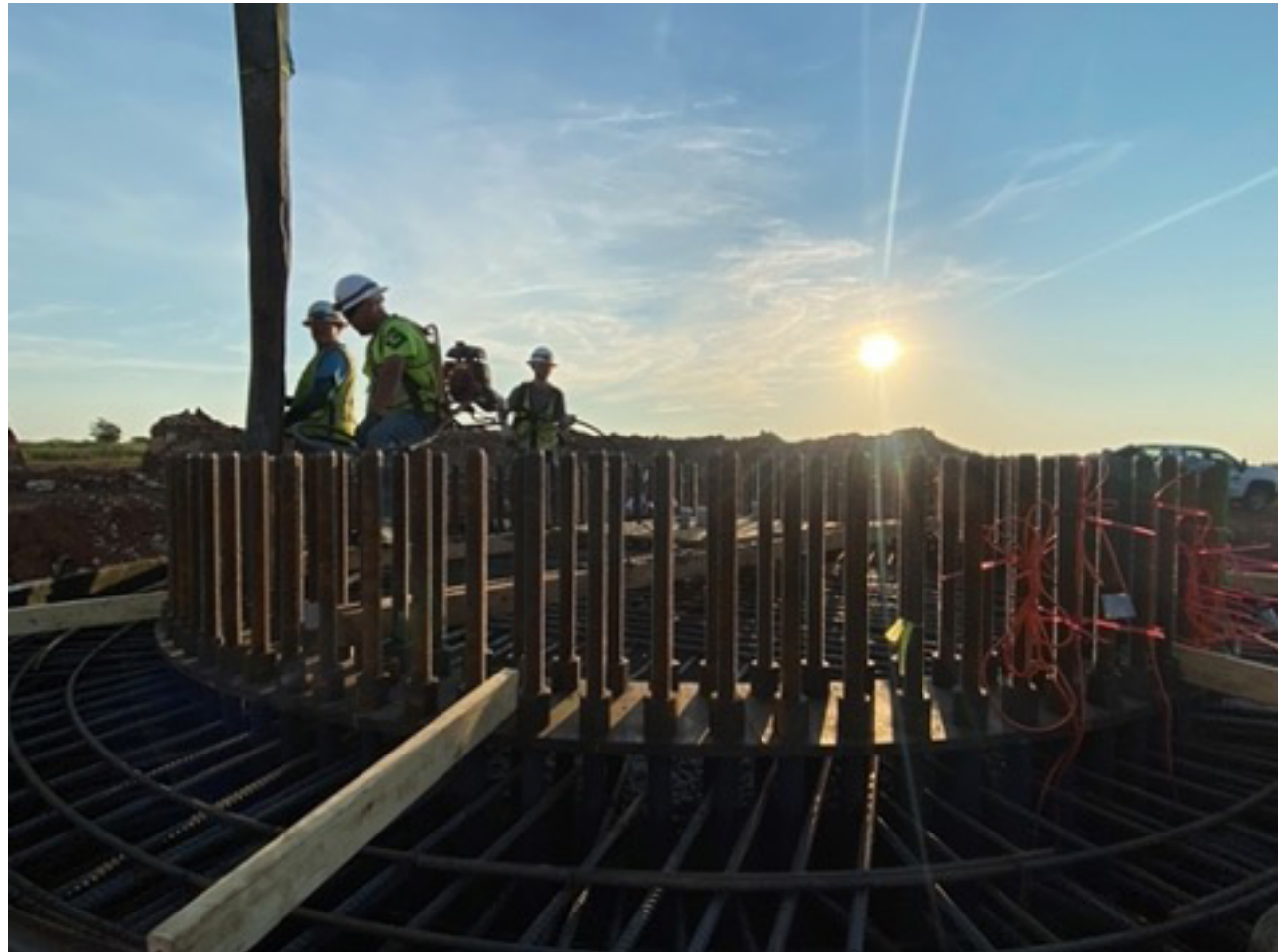
GRI STANDARD	DESCRIPTION	Web	AR	SR	PAGE, COMMENT, PERFORMANCE
417-1	Requirements for product and service information and labeling	◆			Cement sack labeling requirements in Mexico Mill certificates at https://www.gcc.com/mill-certificates/
417-2	Incidents of non-compliance concerning product and service information and labeling				No incidents during reporting period
417-3	Incidents of non-compliance concerning marketing communications				No incidents during reporting period

CUSTOMER PRIVACY

GRI STANDARD	DESCRIPTION	Web	AR	SR	PAGE, COMMENT, PERFORMANCE
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data				None

SOCIOECONOMIC COMPLIANCE

GRI STANDARD	DESCRIPTION	Web	AR	SR	PAGE, COMMENT, PERFORMANCE
419-1	Non-compliance with laws and regulations in the social and economic area				No incidents of non-compliance during reporting period



SASB INDEX

The Sustainability Accounting Standards Board (SASB) is an independent, non-profit organization that sets standards to connect businesses and investors on the financial impacts of sustainability as well as environmental, social and governance (ESG) matters. SASB standards identify the subset of ESG issues most relevant to financial performance broken down into industry-specific standards by sector. GCC falls under the construction materials sector (Version 2018-10). For this sector, SASB identified the following as the material issues:

- GHG emissions
- Air quality
- Energy management
- Water and waste water management
- Waste and hazardous materials management
- Ecological impacts
- Employee health and safety
- Product design and life-cycle management
- Competitive behavior

This 2021 Sustainability Report marks the first time GCC is reporting on SASB Standards. Data collection was conducted in the cement division of the company. Key figures are checked for completeness and accuracy. However, we cannot completely exclude the possibility that this report includes erroneous information.

In July 2021, SASB merged with the IFRS Foundation. Together they have formed the Value Reporting Foundation, a global, non-profit organization to help businesses and investors create a shared understanding of enterprise long-term value and to drive improved performance. The new alliance, the International Sustainability Standards Board (ISSB), intends to deliver a comprehensive global baseline of disclosure standards to inform investors about a company's sustainability-related risks and opportunities.

GCC will follow this merger and report on any new standards developed as a result.



Sustainability Accounting Standards Board Index

Greenhouse Gas Emissions

SASB Ref	DESCRIPTION	Web	AR	SR	PAGE, COMMENT, PERFORMANCE
EM-CM-110a.1	Gross global scope 1 emissions	◆	◆	◆	AR pages 11 and 52 SR page 9, 3.567 Mt CO2/year 2020 SR, pages 42-46 at GCC.com/sustainability
	Percentage covered under emissions-limiting regulations	◆			This data is covered in the annual CDP disclosure. We list the Mexico pilot trading system regulation which impacts our operations and the percentage of scope 1 emissions covered by this pilot regulation.
EM-CM-110a.2	Discussion of long-term and short-term strategy or plan to manage scope 1 emissions	◆	◆	◆	AR pages 11 and 52 SR pages 2-3 and 6 2020 SR pages 42-46 at GCC.com/sustainability
	Emissions reduction targets and an analysis of performance against those targets	◆	◆	◆	AR pages 11 and 52 SR page 10, 8.8% reduction against 2005 2020 SR pages 42-46 at GCC.com/sustainability

Air Quality

SASB Ref	DESCRIPTION	Web	AR	SR	PAGE, COMMENT, PERFORMANCE
EM-CM-120a.1	GCC reports on air emissions of the following pollutants <ul style="list-style-type: none"> • NOX (excluding N2O) • SO2 • Particulate matter (Dust - PM10) • Dioxins/furans • Volatile organic compounds (VOC) • Heavy metals 			◆	SR page 12-13 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.

Energy Management

SASB Ref	DESCRIPTION	Web	AR	SR	PAGE, COMMENT, PERFORMANCE
EM-CM-130a.1	Total energy consumed			◆	SR page 10 Currently ,GCC measures only cement energy consumption. <ul style="list-style-type: none"> Total energy consumption 18,932 TJ Thermal energy total: 16,404 TJ Power energy total: 2,140TJ Non-kiln energy total: 388 TJ
	Percentage grid electricity			◆	SR page 10 100% of the power energy consumed in the production of cement from the “grid operator” which transfers electrical energy generated.
	Percentage alternative energy			◆	SR page 10 <ul style="list-style-type: none"> Thermal energy mix of clinker production (biomass): 6.5% Thermal energy mix of clinker production (alternative fuels): 3.7% Total thermal substitution rate: 10.2%
	Percentage renewable			◆	SR page 10 Total electrical energy consumed (renewable): 12.4%

Water Management

SASB Ref	DESCRIPTION	Web	AR	SR	PAGE, COMMENT, PERFORMANCE
EM-CM-140a.1	Total fresh water withdrawn			◆	SR page 11 2.79 Mm3 for cement operations identified from the main sources.
	Percentage recycled			◆	SR page 11 Recycled water is used at cement plants to water trees and irrigate roads, but we do not currently measure the volume of water recycled.
	Percentage in regions with high or extremely high baseline water stress			◆	SR page 11 We measure and report on the number of sites located in medium to extremely high water risk areas according to the WRI Aqueduct tool. 37.1% of our cement sites were located in such areas.

Waste Management

SASB Ref	DESCRIPTION	Web	AR	SR	PAGE, COMMENT, PERFORMANCE
EM-CM-150a.1	<ul style="list-style-type: none"> Amount of waste generated Percentage hazardous Percentage recycled 			◆	SR page 11 GCC does not generate hazardous waste. GCC uses waste materials from other companies as a fuel source.

Biodiversity Impacts

SASB Ref	DESCRIPTION	Web	AR	SR	PAGE, COMMENT, PERFORMANCE
EM-CM-160a.1	Description of environmental management policies and practices for active sites			◆	SR page 12 32%
EM-CM-160a.2	Terrestrial acreage disturbed				
	Percentage of impacted area restored				

Workforce Health & Safety

SASB Ref	DESCRIPTION	Web	AR	SR	PAGE, COMMENT, PERFORMANCE
EM-CM-130a.1	<ul style="list-style-type: none"> Total recordable incident rate (TRIR) Near miss frequency rate (NMFR) for (a) full time employees Near miss frequency rate (NMFR) for (b) contract employees 			◆	SR page 15 TRIR: 2.54% GCC is establishing policies to collect and analyze this information.
EM-CM-320a.2	Number of reported cases of silicosis				GCC has no reported cases.

Product Innovation

SASB Ref	DESCRIPTION	Web	AR	SR	PAGE, COMMENT, PERFORMANCE
EM-CM-410a.1	Percentage of products that qualify for credits in sustainable building design and construction certifications			◆	SR page 8 GCC currently does not collect this information. However, 14.1% of 2021 sales were of sustainable products.
EM-CM-410a.2	Total addressable market and share of market for products that reduce energy, water, and/or material impacts during usage and/or production				

Pricing Integrity & Transparency

SASB Ref	DESCRIPTION	Web	AR	SR	PAGE, COMMENT, PERFORMANCE
EM-CM-520a.1	Total amount of monetary losses as a result of legal proceedings associated with cartel activities, price fixing, and anti-trust activities		◆		AR pages 60-61 Detailed description of ongoing legal precedings
EM-CM-000.A	Production by major product line			◆	SR page 8, all main products

ASSOCIATIONS



Asociacion Mexicana de la Industria de la Construccion

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



Cámara Mexicana de la Industria de la Construcción

Camara Mexicana de la Industria de la Construccion

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



Camara Nacional del Cemento

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



CESPEDES

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



Centro Mexicano de la Filantropía (Cemefi)

For 16 years, GCC has been recognized by the Mexican Center for Philanthropy (Cemefi) and the Alliance for Corporate Social Responsibility (AliaRSE) as a socially responsible business. The voluntary and publicly committed ESR® distinction is given to organizations with socially responsible management and continuous improvement as part of their culture and business strategy. The ESR® distinction is given every year to ensure companies maintain a culture of social responsibility.



Global Cement and Concrete Association (GCCA)

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

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



Instituto Mexicano del Cemento y del Concreto

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



National Ready Mixed Concrete Association

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



United Nations Global Compact


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



Portland Cement Association

The Portland Cement Association (PCA) is the premier policy, research, education, and market intelligence organization serving America’s cement manufacturers. PCA members represent 91% of U.S. cement production capacity with facilities in all 50 states. PCA promotes safety, sustainability and innovation in all aspects of construction; it fosters continuous improvement in cement manufacturing and distribution. The PCA generally promotes economic growth and sound infrastructure investment.





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