

The background image shows an industrial facility. On the left, there is a tall, complex metal structure with many cross-braces, possibly a conveyor system or a large storage tank. In the center and right, there is a large, dome-shaped structure with a metallic, diamond-patterned surface. A semi-truck is parked in the foreground on the right side. The sky is a pale, hazy blue.

2022



SUSTAINABILITY REPORT

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S&P Global



TCFD TASK FORCE ON
CLIMATE-RELATED
FINANCIAL
DISCLOSURES



MSCI
ESG RATINGS

A MESSAGE TO OUR STAKEHOLDERS

Dear Stakeholders,

Three years ago, we unveiled our **2025 vision** to be the best cement company in North America with the **proper balance of people, profit, and the planet**. Every day, we tirelessly strive to realize this vision, building a stronger company and forging a resilient, sustainable, and equitable world.

Concrete remains indispensable in enhancing the lives of people worldwide, particularly as urbanization escalates, leading to increased demand for housing, transportation, and infrastructure. To meet this demand while safeguarding communities and the environment, we recognize the necessity of advancing the sustainability of our industry.

Our journey commences with our people. **We consider our employees as our most valuable resource**, and their unwavering commitment inspires me, fostering confidence that we will attain our vision. In 2022, we prioritized safety and initiated a strategic assessment of our safety processes and protocols to identify opportunities for significant improvement. **Our goal is to proactively prevent incidents and ensure the well-being of all individuals interacting with our operations.**

Furthermore, we are steadfast in our dedication to attracting and retaining a diverse workforce. We prioritize enriching their experiences and enhancing their expertise, offering competitive compensation, comprehensive training, and continuous investment in their growth as future leaders of our company.

By cultivating an environment where all employees feel valued, respected, and empowered, we foster a culture of inclusivity that enables them to reach their **full potential**.

Our commitment to the planet is the other pillar of our vision, recognizing that climate change poses one of the most pressing environmental challenges of our era. In response, we have pledged to achieve carbon neutrality across the entire concrete value chain by 2050. **We are working according to our roadmap to accomplish this ambitious goal, guided by Science-Based Targets that encompass all emissions scopes by 2030.**

We are fully aware of the urgency to accelerate our sustainability efforts, aligning with both our goals and the expectations of our stakeholders. We prioritize impactful approaches such as improving thermal efficiency, reducing our clinker factor, reducing fossil fuels, and investing in carbon capture and sequestration.

To fund our efforts, in January 2022, we issued a \$500 million sustainability-linked bond tied to reducing the emissions intensity of our production process.

While firmly grounded in the present, we remain future-oriented.

We will persistently pursue innovation, actively soliciting ideas from our “workforce, industry, and research” experts to support our goals. We believe deeply in the work we are doing and each member of the GCC team is committed to realizing our vision and creating value for all our stakeholders.

Thank you for joining us on this journey.

Sincerely,



Enrique Escalante
Chief Executive Officer

GOVERNANCE

Our approach to sustainability is rooted in strong governance. Our Board of Directors oversees sustainability initiatives at a high level, while our senior leadership team and committees spearhead our day-to-day activities and drive progress toward our sustainability goals.

BOARD OF DIRECTORS

Our Board of Directors meets at least every three months and on an as-needed basis. In 2022, our Board held 6 meetings and discussed sustainability-related topics during at least half of these meetings. These meetings are considered held if at least a majority of Board members attend and resolutions are valid if approved by a majority of the members in attendance.

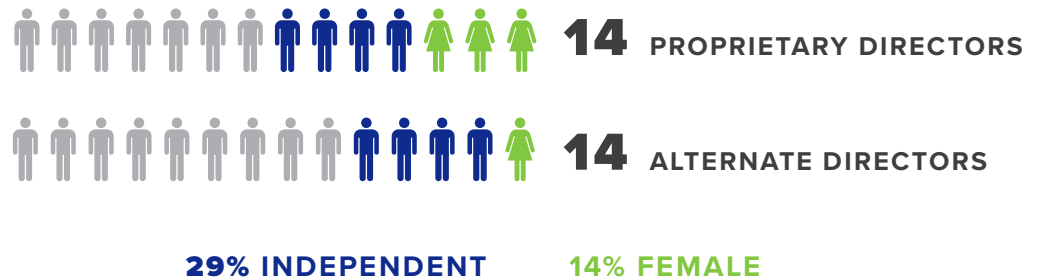
Main subjects involving sustainability:

- Strategic risk management.
- ESG performance.
- Promote a socially and environmentally responsible company.
- Sustainability performance: our efforts to manage our health and safety initiatives, labor standards and employee well-being.

Sustainability experience of the board members:

- One of the board members is the Leader of Sustainability, Climate Action, Social Impact and Diversity Committee at Cemex.
- GCC's CEO is a member of the GCCA Board Committee.
- Evaluating the effectiveness of sustainability and climate action, social impact, and diversity programs, goals and initiatives.
- Identifying the main risks concerning sustainability-related matters and overseeing mitigating actions.
- The characteristics of sustainability-linked bonds, the technical differences compared to other types of thematic bonds and the dynamism they've had in the last 5 years among Mexican issuers.

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



The Board of Directors ensures all shareholders are treated equally, respecting their rights and protecting their interests, and promotes that customers, employees and all stakeholders are considered in the decision-making process.

SENIOR LEADERSHIP TEAM

Our leadership team has decades of experience in the cement and concrete industry. The team is dedicated to driving innovation across the company and advancing GCC's sustainability goals – including carbon neutrality and our science-based targets.



“GCC is proud to be active in executing PCA’s and GCCA’s 2050 roadmap to achieve net zero concrete. In GCC, our 2050 roadmap is aligned with these industry leaders, and it guides our actions to build a net zero CO₂ world.”

-Enrique Escalante
Chief Executive Officer



“I’m proud to be part of a team that fosters innovation and is forward thinking enough to offer a solution for our part of climate change.”

-Gina Lotito
Chief Sustainability and Innovation Officer

COMMITTEES



ETHICS | 7 members who are rotated periodically | Meets quarterly

Oversees the code of ethics and fosters a culture of respect throughout the company, also refers cases to the appropriate company parties, consults on any ethical concerns and implements corrective measures to ensure global consistency in application of the code. They also confidentially examine and resolve any concerns, suggestions, complaints and questions submitted by employees.



AUDIT & CORPORATE PRACTICES | 3 members | Meets quarterly at minimum

The committee advises the Board of Directors on matters related to audit, risk management, best corporate practices, compliance, evaluation, and compensation. It is also in charge of evaluating the external auditor, the internal control and audit system, and informing the Board of any irregularities detected.



SUSTAINABILITY | Led by the CEO and integrated by 9 members | Meets monthly

Develops GCC's sustainability strategy, while identifying impacts, risks and opportunities that may arise in the social and environmental fields. Members consider implications of governmental regulations in Mexico and the U.S. to develop a strategy that maximizes resources and technologies to reach our sustainability goals.



DIVERSITY & INCLUSION | 12 core members & 41 champions | Meets bi-monthly

Ensures respectful treatment for all employees and vendors and equal opportunities for recruitment, personal development, and professional and social growth, regardless of race, gender, sexual orientation, physical abilities, religion, ideology, or age.

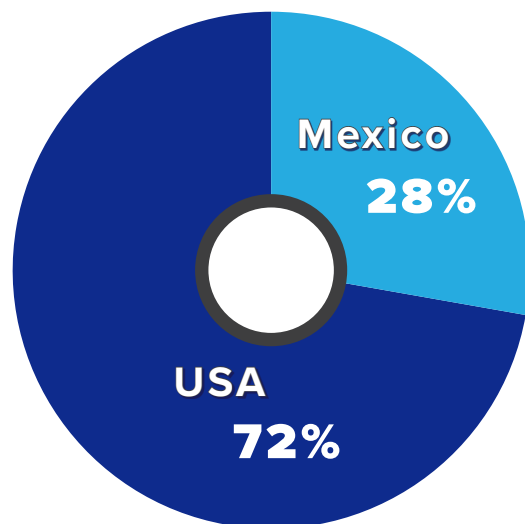


TALENT DEVELOPMENT | 7 core members & 39 members in total | Meets semestral at minimum

Evaluates job positions and reviews candidates in each committee, proposes new candidates and opportunities for their development and gives feedback on succession processes.

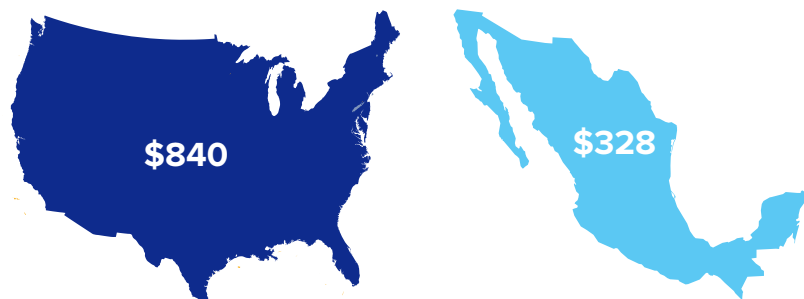
2022 PROFIT RECORD PERFORMANCE

Sales Distribution by Region

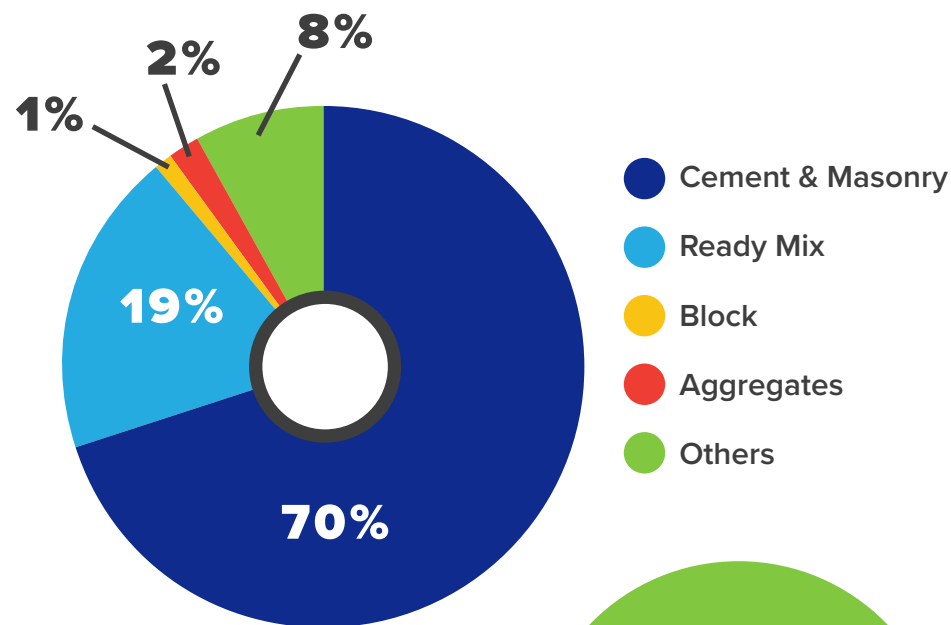


Net Sales by Region

(million dollars)



Sales Distribution by Product



Net
Leverage Ratio

-0.93x

Free Cash Flow

US\$826
million

2022 HIGHLIGHTS

RECORD PROFIT RESULTS



US \$30 million
Green Capex



Net Sales
US \$1.2 Billion



US \$362 million
EBITDA

PEOPLE



Worked with an international firm to develop guidelines for **a safety program**



20 hours
peer employee training



9% women in management
11% women in our overall workforce



3,109 employees & 306 new suppliers
aligned in Code of Business Conduct and environmental criteria

PLANET



Issued a **\$500 million** sustainability-linked bond connected to our 2030 Scope 1 SBTi emissions reduction target



Our 2030 climate target was validated by SBTi in the line with **Well-Below (WB) 2°C**



Our Pueblo and Rapid City cement plants achieved **ENERGY STAR certification**



Utilized renewable energy sources to provide **15%** of our operations' electricity demand



Calcliner upgrade increase alternative fuels utilization to improve combustion efficiency and reduce emissions at the Samalayuca plant



Alternative fuels trials in Rapid City were made to prepare for feeding the kiln system in 2023



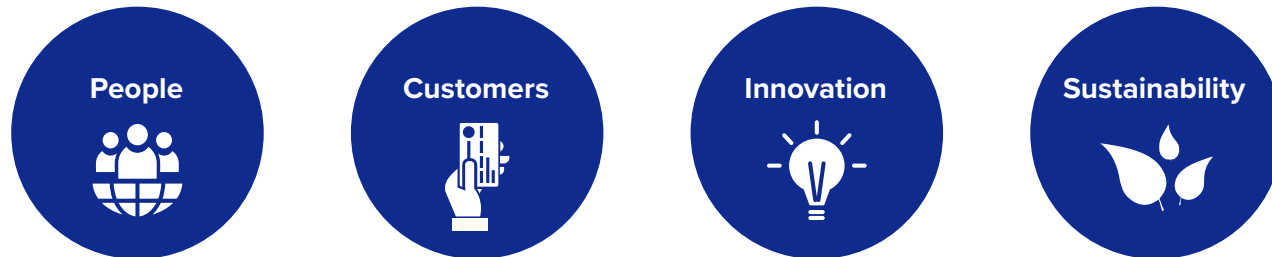
Projects in Pueblo, Rapid City & Samalayuca started producing **Type 1L Cement also known as Portland Limestone Cement**



Developed a CO2 capture screening study to pre-select which tech can fit in our plants, also we engaged in discussions with capture tech developers

2025 VISION

Our 2025 vision is our blueprint for becoming the industry leader in cement and concrete. We focus on providing quality customer service and continuously expanding product offerings as two foundational parts of achieving this vision. To truly become a leader, however, we must go further to attract and retain qualified talent, invest in local communities and foster sustainable development and innovation to provide our customers with products and solutions for their construction projects.



We evaluate our progress toward the 2025 strategy multiple times every year. At our annual Corporate Planning Session, we review the vision, plan initiatives and establish relevant action items. Our Senior Leadership Team meets monthly to discuss the vision and our CEO provides monthly updates to the Board of Directors.

Aligned with our 2025 Vision, our **sustainability strategy** is based on five pillars:



Mission

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

Vision

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

Values

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

OUR VALUES



Health & Safety



Service



Integrity



Teamwork



Innovation



Excellence

SUSTAINABILITY GOALS

SCIENCE-BASED TARGET

We established science-based targets (SBTi) to help us align our emissions reduction pathway with the Paris Climate Agreement.

These targets support our membership with the Business Ambition for 1.5°C campaign, an initiative led by the Science Based Targets initiative in partnership with the United Nations Global Compact and the We Mean Business Coalition. Our current approved targets align with a well-below 2 degrees Celsius ambition. We will revalidate our SBTis in 2027 and will align our carbon intensity reduction target with the Business Ambition curve of 1.5 degrees Celsius.

In addition to our SBTi, we have signed on to the Portland Cement Association's Roadmap to Carbon Neutrality and the Global Cement and Concrete Association's roadmap. Our goal is to reach carbon neutrality across our concrete value chain by 2050.



SCIENCE
BASED
TARGETS

DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

**BUSINESS
AMBITION FOR 1.5°C**





CLIMATE & ENERGY

by
2027**605kg**gross CO₂ emissions per ton of cementitious material**15%** in 2022by
2030**80%**

Clinker Ratio

27.3% in 2022by
2030Reduce specific gross CO₂, Scope 1 emissions per ton of cementitious material by**30.7%****10.8%** in 2022

Reduce specific Scope 2 emissions per ton of cementitious material by

57%**45.2%** in 2022

Reduce absolute Scope 3 greenhouse emissions from use of sold products by

37.5%**52.5%** in 2022SCIENCE
BASED
TARGETS

DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

% Target achieved to baseline 2015by
2050

Achieve carbon neutrality along our cement & concrete value chain

CIRCULAR
ECONOMYby
2030**25%**

substitution rate for alternative fuel at all GCC plants

9.4% in 2022**% Target achieved to baseline 2015**

GREEN CAPEX

In 2022,

GCC invested more than

\$30 million

in capex to reduce emissions.



PEOPLE

by
2030**20%**

women in workforce

11% in 2022**25%**

women in management

9% in 2022**25hrs**

training & development per employee

20 hrs in 2022

SAFETY GOAL

0 Fatalities

as our compromise with 2030 goals

CONTRIBUTION TO THE United Nations Sustainable Development Goals

We know that making a true impact in addressing society's challenges requires collaboration at scale. As such, GCC aligned its goals and targets with the United Nations Sustainable Development Goals (SDGs), which address global challenges such as climate change, water and food crises, poverty, conflict and inequality. Within these topics, our goals aim to increase the use of clean energy, contribute to resilient industrialization, support sustainable cities and communities, advance the circular economy and address climate change, among others.

Please see [the People](#) and [Planet](#) sections for information on our efforts to make progress toward these goals.



In addition to our commitment to the SDGs, GCC also joined the United Nations Race to Zero campaign, which focuses on rallying companies, cities, regions and institutions to take bold action to cut global emissions by 2030. We have also been a signatory and active participant in the United Nations Global Compact since 2007. See more information on our memberships in the [Committed to Climate Action section](#).



15% Total electricity used in 2022 was consumed from renewable resources.



5.3% The absolute reduction in Scope 1 and Scope 2 GHG in 2022.



In Odessa our Power Purchase Agreement started in the second semester of 2022 and will cover **100%** of renewable energy for the plant in 2023.



7 Scholarships were given to employees and their children.



52 Institutions and support centers were supported.



Focusing on increasing the use of alternative fuels and materials within our production operations.



All US plants were required to have reclamation plans in place.

MATERIALITY ANALYSIS

The survey included 23 topics across five areas: Governance, Social Capital, Environment, Human Capital, and Business Model & Innovation. Among both internal and external stakeholders, the following topics ranked the highest:



Business Ethics



Product Quality and Safety



Climate Change and Greenhouse Gases



Energy Management



Air Emissions



Health & Safety



Employee Training & Development



Sustainable Products & Innovations

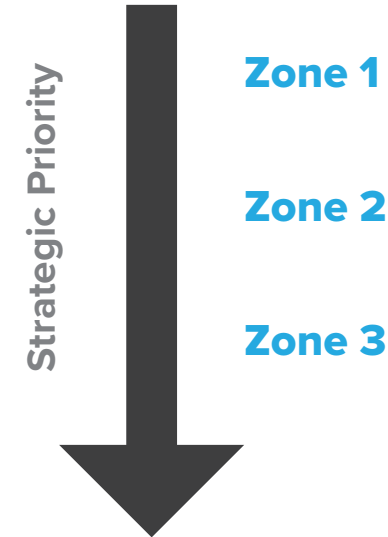
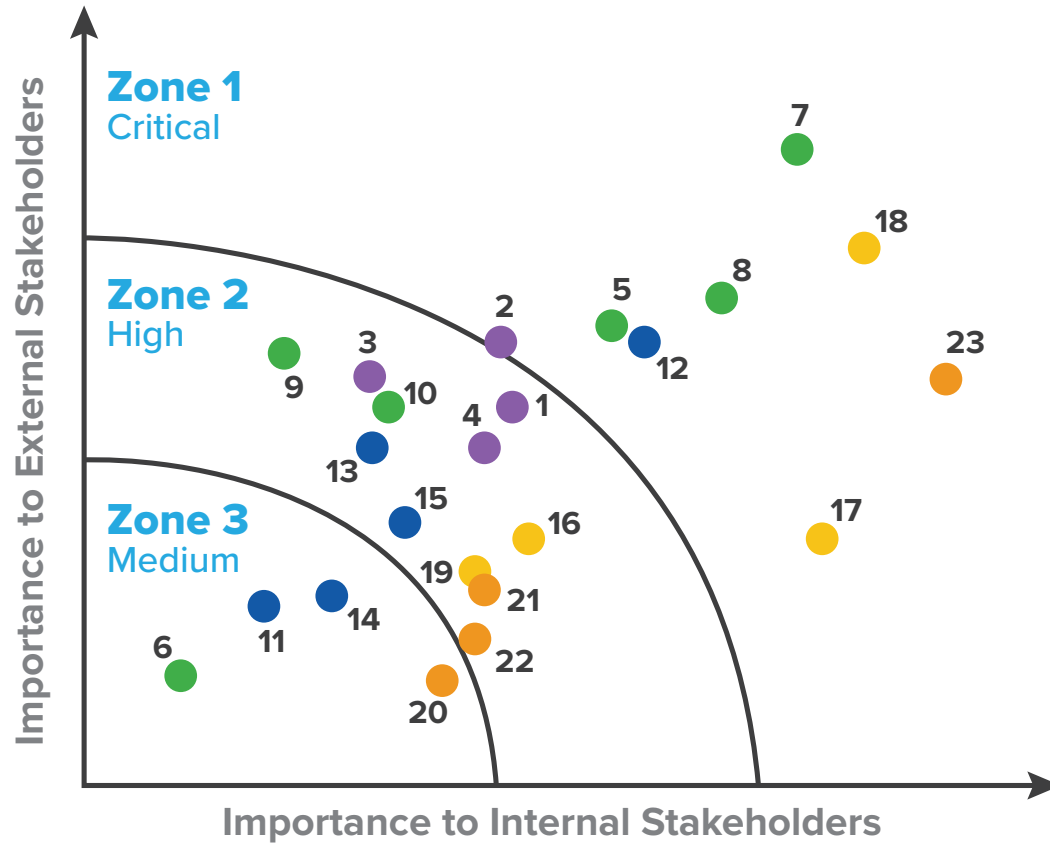
The results from the materiality assessment enable us to align our ESG strategy with our stakeholders' priorities, refine our decision-making and enhance our disclosures in the years to come.

Sustainable Accounting and Standards Board (SASB) and International Integrated Reporting Council (IIRC) also developed materiality guidelines.

For GCC is important to identify the ESG factor areas most relevant to the long-term financial sustainability also to evaluate trends to develop strategic insights and inform ESG factor prioritization, as a result of this in 2022, we conducted a materiality assessment to gauge the importance of environmental, social and governance (ESG) issues to our internal and external stakeholders. This assessment helped us to determine the areas most relevant to our company's near- and long-term success. Survey participants were asked to evaluate ESG factors based on their importance to GCC's business strategy/ financial success, importance to GCC's core values, and the perceived current state of GCC's performance. Each stakeholder group was weighted equally in the materiality analysis.



MATERIALITY MATRIX PRIORITY ZONES



Business Model & Innovation

1. Competitive Behavior
2. Sustainable Products & Innovation
3. Product Life Cycle & Circular Economy
4. Supply Chain Management

Environment

5. Air Emissions
6. Biodiversity
7. Climate Change & GHGs
8. Energy Management
9. Waste & Haz. Materials
10. Water Management

Governance

11. Board Independence & Diversity
12. Business Ethics
13. Governance of "ESG"
14. Stakeholder Engagement
15. Systemic Risk Management

Human Capital

16. Diversity, Equity, & Inclusion
17. Employee Training & Development
18. Health & Safety
19. Labor Practices

Social Capital

20. Community Relations
21. Data Security & Privacy
22. Human Rights
23. Product Quality & Safety

****Topics in green are the most significant**

OUR BUSINESS SEGMENTS

GCC is active in the following markets:



CEMENT

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



SPECIALTY & BLENDED CEMENTS

Cements produced with less CO₂, lowering the environmental impact while maintaining long-term durability.



READY-MIX CONCRETE

Concrete consists of cement, stone aggregates and water for a variety of uses.



PRECAST CONCRETE

Concrete that provides support infrastructure for commercial and industrial buildings.



CONCRETE BLOCKS (MX)

Blocks used in simple/structural masonry systems.



FOSSIL FUELS

We mine coal for use in some of our cement plants. We also sell coal to other customers.



AGGREGATES

Aggregates such as stone, sand and gravel are added to concrete to create the final product. We also sell these aggregates to other companies.

For information on our sustainable products and innovations, please refer to the [Planet section](#).

OUR MODEL FOR GROWTH & VALUE CREATION

Our business model focuses on maximizing shareholder value while contributing positively to society and the environment through four objectives: customer service, people, innovation, and sustainable growth. From the quarry to constructions these are the **main elements to reduce emissions** in our supply chain, activities, products, and services.

CO₂ REDUCTION ACTIONS



QUARRY PRODUCTION

QUARRY

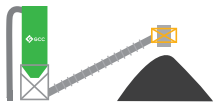
- Reforestation



CEMENT PRODUCTION

CEMENT

- Decarbonated Raw Materials
- Renewable Power
- Energy Efficiency
- Alternative & Biogenic Fuels
- Switching fuels
- Hydrogen Injection
- Capture CO₂
- Grinding Admixtures & Technologies
- Fillers additions
- Supplementary cementitious materials



AGGREGATES



READY-MIX PLANT



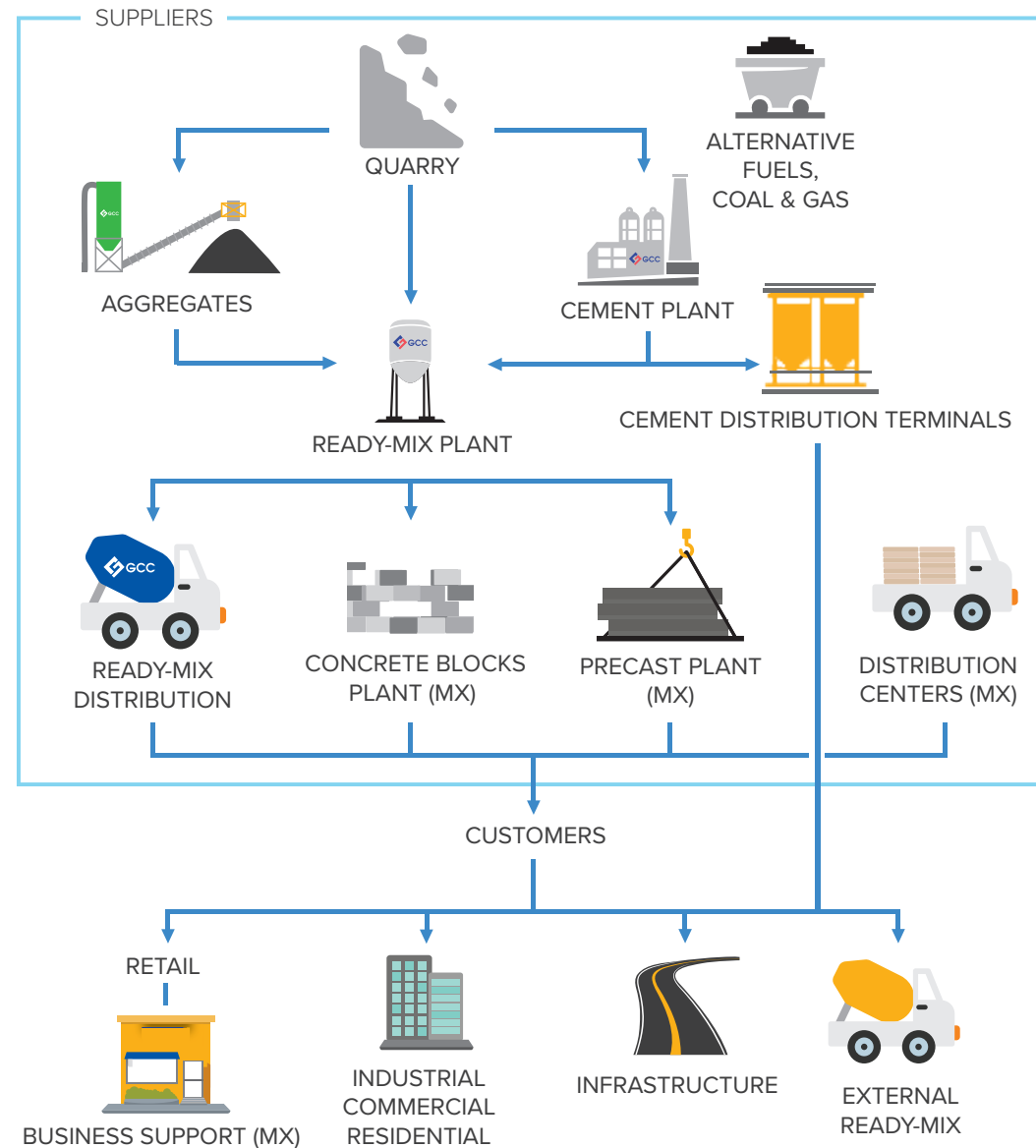
INDUSTRIAL, COMMERCIAL, RESIDENTIAL

READY-MIX & AGGREGATES

- Additions
- Binders
- Recycled Aggregates
- Low CO₂ fuels
- Routes optimization

CONSTRUCTION & DEMOLITION

- Natural Carbonation of Concrete
- Recycled Concrete



STAKEHOLDER ENGAGEMENT

We regularly engage our stakeholders to share updates and gather feedback on our ESG strategy.



GCC FAMILY

We prioritize the well-being of our people by creating an environment where everyone can thrive. We provide a safe workplace, offer training and development and provide programs to promote wellness. Some of our employees are represented by trade unions.



SUPPLIERS

We collaborate with suppliers to ensure their values match ours, specifically on topics like environmental performance and human and labor rights. New suppliers must align with GCC policies that apply ISO 450001, ISO 14001 and ISO 9001, as well as our 5's system, our code of conduct and our privacy policy.



CUSTOMERS

We strive to provide our customers with excellent service, strong product quality and superior product delivery. Engaging with our customers and listening to their needs helps us deliver innovative solutions and develop products to meet their sustainability goals.



INVESTORS

We work to generate value and returns for all our shareholders. Our shareholders are represented through our Board of Directors and at our annual shareholder meeting.















GOVERNMENT RELATIONS AND NGOs

We partner with regulatory agencies and governments in the U.S. and Mexico to uphold human rights, improve environmental performance and run our operations effectively and efficiently. Leaders from our U.S. cement plants also seek advice and cooperation from citizen advisory groups on various topics.



COMMUNITIES

We endeavor to enrich the communities where we operate by partnering with organizations focused on education, social welfare and culture. The GCC Foundation is the cornerstone. Learn more in [the Employee Community Engagement & Support section](#).

	KEY METHODS OF ENGAGEMENT	FREQUENCY	AREA(S) RESPONSIBLE	OUTCOMES
GCC Family 	<ul style="list-style-type: none"> • Safety talks • Humand • Team meetings • Surveys • Negotiations • One-on-one meetings • Corporate website • Project assignments 	Daily 	Human Resources, Corporate Communications and Industrial Relations	Engaging with our employees helps us to attract, develop motivate and retain our most important value, our workforce. For us Cybersecurity is a top priority. In 2022, 100% of our employees completed a training course.
Suppliers 	<ul style="list-style-type: none"> • Surveys • Negotiations • RFP/RFQ • Corporate website • Information requests • Coupa Portal • Suppliers Portal 	Daily 	Procurement	New suppliers must align with GCC policies that applied ISO 450001, ISO 14001 and ISO 9001, 5's System and the code of conduct and privacy policy.
Customers 	<ul style="list-style-type: none"> • Surveys • Industry associations • Formal market research • Corporate website • Product information • One-on-one engagement 	Daily 	Commercial Area and Senior Executives	Engaging with our customers, and listening to their needs lead us to deliver innovative solutions and develop products to meet their sustainability goals.
Investors 	<ul style="list-style-type: none"> • Annual, extraordinary or one-on-one meetings • Telephone calls • Investor conferences • Road shows • Website • Quarterly reports and conference calls 	Quarterly, Annually and Upon Request 	Investor Relations	Our investors help us to understand their expectations of our risk management and our ESG performance. During 2022 we started working to launch our first Task Force on Climate-Related Financial Disclosure (TCFD) in 2023.
Government Relations & NGOs 	<ul style="list-style-type: none"> • Presentations • Website • Meetings • Industry associations • Third party audits • Multi-stakeholder forums • Permitting processes • Lobbying • Public meetings • Participation in local events 	As Required 	Multiple	
Communities 	<ul style="list-style-type: none"> • Participation in local events • Site tours • Website • Public meetings • Citizen advisory groups (U.S.) • Permitting processes • Donations (monetary and in kind) 	As Required 	Multiple	Though our memberships, partnerships and our foundation we continue to be involved in developing industry best practices.

PEOPLE





At GCC, we are dedicated to fostering a safe and inclusive workplace environment where every individual is valued and respected. We achieve this by placing a strong emphasis on health and safety measures, investing in the development and training of our employees, and upholding a culture rooted in integrity.

Recognizing that our employees are our most valuable asset and integral to our success, we strive to create an **atmosphere that promotes professional growth and accomplishment**. It is our objective to ensure that each employee can perform at their highest potential and experience a sense of pride in their work. Additionally, we are proud to maintain for the 18th consecutive year our certification from the Great Place to Work® Institute in Mexico, and 7th consecutive years in the US. This certification underscores our commitment to fostering work-life balance, enhancing diversity and equity, and bolstering employee morale and engagement.



HEALTH & SAFETY

The health and safety of our employees, and others who interact with our operations, is our top priority and a key part of our strategy, corporate values and organizational philosophy. We strive for zero incidents through health and safety protocol standardization, a strong safety governance structure with oversight and employee training and engagement. **GCC is committed to create a culture of safety that aims to prevent injuries to our employees and everyone who interacts with our operations** – both inside and outside our facilities through a program that focuses on being predictive, corrective, and preventive.

STRATEGY

In 2022, we partnered with an international firm to create strategic roadmap for our safety program over the next three years. During this process, we engaged more than 60% of our employees and subject matter experts participated in assessing our current safety culture, performance and procedures. As a result of this effort, we are focusing on two main projects in 2023:

1. Enhancing our safety governance at the group level to improve our safety communication throughout the organization, empower our local safety committees and prioritize GCC's safety resources and investments.
2. Implementing a Serious Injury and Fatality Prevention System to proactively control critical exposures.



HEALTH & SAFETY GOVERNANCE

GCC's company-wide Health and Safety Committee works with each division and facility to oversee health and safety-related strategic work plans. Each plant also has its own local committee comprised of hourly and salaried employees. These local committees meet monthly to discuss safety issues, review incidents and identify corrective actions. They also conduct facility walkthroughs to identify risks and propose mediation steps.

All GCC business segments have a tailored health and safety improvement plan that is approved by the unit's manager who also reviews and verifies progress. All GCC senior leadership sign the plan and it is communicated to all staff and stakeholders.

If a health and safety issue occurs, our Global Health and Safety Management Process guides the response.



2022 DATA

GCC follows the Global Cement and Concrete Association's Sustainability Guidelines to monitor and share best practices. In 2022, we saw an increase in our incident rate from 2.4 to 3.1, primarily due to an increase in incidents in our ready-mix and transportation businesses, and sadly report that we had one incident that resulted in two employee fatalities, our first work-related fatalities since 2010.

Going forward, **we will strive every day to achieve zero fatalities and reduce incidents by strengthening our practices and procedures aimed to become a World Class company that has internalized safety as part of our culture.**

SAFETY AWARDS

In 2022, the following organizations recognized GCC's health and safety initiatives:

- The Portland Cement Association awarded our Rapid City cement plant the Chairman's Safety Award, which recognizes the best total reportable incident rate among all member locations.
- Two of our U.S. ready-mix plants were awarded Top Safety Awards by the Iowa Ready-Mix Concrete Association, and twelve other plants garnered honorable mentions.
- More than 25 GCC ready-mix plants received honorable mentions for safety performance at the National Ready-Mix Concrete Association annual awards.
- We were recognized by the National Cement Association in Mexico for the following projects we implemented in 2021:
 - Road safety signaling for raw materials: Chihuahua Plant.
 - Blocking and labeling dangerous energy sources: Mexico Division.
 - Electronic verification of safety requirements for trucks, cranes, heavy machinery and tools to access our sites.



**In the US, we
presented 98
internal Safe
Driver Awards for
safe operation
during 2022.**

TRAINING SAFE DRIVERS

GCC is improving training programs to teach defensive driving techniques. Our U.S. ready-mix business implemented an artificial intelligence solution that includes onboard camera systems to improve driving practices and measure performance. Our Mexico division also acquired a driving simulation system that helps our transportation and ready-mix drivers improve their driving skills and increase safety awareness.

DIVERSITY, EQUITY & INCLUSION



In addition to developing our current talent, we are also working to attract diverse talent to GCC and to offer equal access to opportunities. Our diversity, equity and inclusion (DE&I) committee continues to increase engagement by supporting our employee resource groups, meeting monthly to align DE&I efforts with the broader business strategy.

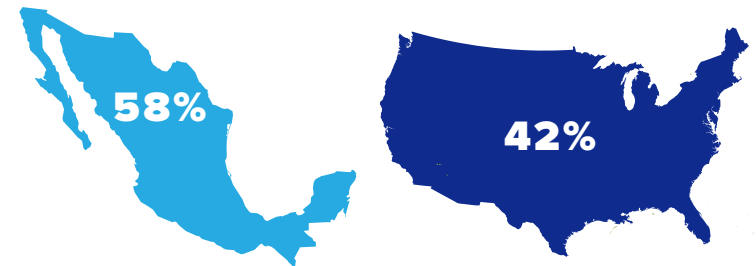
In 2021, we committed to the United Nations

Women's Empowerment Principles, which offers guidance on how businesses can empower women in the workplace and advance gender equality. We aim to increase the percentage of women in our workforce to 20% overall and 25% in management positions by 2030. In 2022, we achieved more than 10 hours of training inclusive leadership and DE&I.

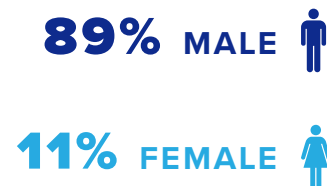


In 2022, we achieved **11%** women representation overall and **9%** in management.

Employees by Region



Employees by Gender



TRAINING OUR EMPLOYEES



GROWING WITH GCC

We believe in the power of continuous learning. We provide our employees with career development tools and upskilling training to better equip them for success at GCC. We also ensure our employees feel supported from their first day at GCC, providing them with orientation training that covers topics like our code of ethics, cybersecurity and an introduction to Portland cement – one of our key products.

Throughout their careers at GCC, employees can utilize our training platform, GCC University, which offers online, bilingual courses and workshops that help them enhance their industry knowledge and hone their technical skills. Business

unit teams also receive site-specific training that is tailored to their unique needs.

Our goal is to achieve 25 hours of training and development per employee by 2030. In 2022, we reached more than 20 hours of training per employee through GCC University and continued to offer new programs that help us close gaps. For example, we launched an expat program for internal mobility and development. This program helped us identify areas where we can enhance the number of women participating in training.

**In 2022, we
achieved more
than 20 hours
of training per
employee.**



TALENT MANAGEMENT

To further support employee development, our talent committee and senior leadership team select individuals to participate in our talent management program each year. Through this program, participants receive individualized plans detailing the training and skills needed for their professional advancement. Additionally, we ensure business continuity and preparedness through a succession plan for high potential teammates and high performers for 51 key positions.

DEVELOPING OUR LEADERSHIP

We integrate core leadership competencies into our performance management and leadership development programs. These skills, abilities and behaviors are integrated into our performance management and leadership development programs. To further support employee development, our talent committee and senior leadership team select individuals to participate in our talent management program each year. Through this program, participants receive individualized plans detailing the training and skills needed for professional advancement. Additionally, we ensure business continuity and preparedness through succession plans that identify high-potential teammates and high performers for future promotion.



HIGH PERFORMANCE RECOGNITION EVENT

In addition to training, feedback is also critical for employee development. As a part of the initiatives that make up GCC culture, sessions are organized annually to recognize employees who had an outstanding performance in their objectives and goals, including the completion of development programs from the previous year. Our CEO, Enrique Escalante, is always present to personally congratulate everyone and thank them for their effort. In 2022, 250 employees along Mexico and the US were recognized as high effective employees; in this event the participants shared their knowledge and how they achieved to be recognized.



INNOVATION WEEK

Every year, our Innovation Department hosts Innovation Week, a program that provides continuing education for employees. During the week, employees across the whole company work together to develop new ideas – from culture enhancements to environmental sustainability initiatives. Our areas of focus in 2022 included cloud-based mixed reality solutions, artificial intelligence in logistics, green ready-mix concretes and our path to zero incidents. In 2022, U.S. employees spent 143 hours participating in Innovation Week, participating in 15 webinars.

WORKER'S RIGHTS

GCC upholds workers' rights to freedom of association and collective bargaining, and works closely with relevant union boards, which represent approximately 48% of our workforce in Mexico and 18% of our workforce in the U.S.

Employees at our Rapid City, Odessa and Trident plants are members of trade unions, including United Steelworkers and the International Brotherhood of Boilermakers. All our Mexican cement plants (Chihuahua, Juarez and Samalayuca) are unionized as part of the national Cement Industry Workers Union. Among other areas, our agreements with these unions include crucial health and safety topics.

48% of our
workforce in Mexico
and **18%** of our
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U.S. work with union
boards.

WHY CHOOSE GCC?



"The cement industry is facing a challenge to decarbonize its operations, I really feel proud and grateful to be part of GCC's journey to mitigate our emissions to reach the Net Zero by 2050."

(Ismael, Sustainability Manager)



"The importance of the actions we take now to achieve our sustainability goals cannot be overstated. We've set a high bar for ourselves and I'm honored to be a part of the team working to meet it."

(Sarah, Environmental Director)

NET ZERO
Building the Future

CORPORATE SOCIAL RESPONSIBILITY

In 2022, the Mexican Center for Philanthropy recognized GCC's efforts to promote ethical behavior with the Empresa Socialmente Responsable award for the 18th year in a row. This award highlights our company's commitment to socially responsible management and continuous improvement as part of our culture and business strategy. This includes criteria such as:

- Business ethics and governance.
- Quality of life in the company (social dimension of work).
- Linkage and commitment to the community and its development.
- Care and preservation of the environment.



EMPLOYEE COMMUNITY & SUPPORT

GCC Foundation

Our GCC foundation is also an important aspect of the Company's overall sustainability program, as the main propose is to contribute to education, the community and sustainable development. Sustainability is concerned with ensuring the needs from today, it does not compromise the ability of future generations to meet their own needs. This broad-spectrum project embraces the activities of the Foundation in the way it seeks to engage with employees and other stakeholders in their communities.

In 2022 GCC Foundation supported more than 50 Foundations and sponsorships, 20 institutions engaged with community development and more than 15 vulnerable groups. Since 2019 we donated 14,000 destertic trees to the Secretary of Urban Development and Ecology in Chihuahua and also more than 1,200 plants are donated yearly for the community including parks, residential areas, schools and to our employees.



Family Fun Race

In October, Chihuahua and Juarez GCC organized a Family Race to create awareness of physical activity among GCC employees, their families, and pets. In each race we had more than 500 participants, every member of the race received a t-shirt to participate, and after the race medals were distributed to the participants, and also received a box lunch, in addition, there were recreational activities, stands for health-related services.

Earth Day

In honor of the Earth Day, GCC employees from our Iowa ready mix operations, ready mix operations took part in cleaning up the highway in front of the plant. The team collected bags of trash with items ranging from plastic water bottles to plastic bags, masks and even coil shocks from a car. It was a great teambuilding experience and hopefully inspired the cars driving by as they watched the GCC team and some members of their family work to keep their environment beautiful and contribute with the community where they live.



Wellness Program

At GCC, we lead with our culture of safety and deliver solutions with safety in mind every step of the way. We are firmly committed to prioritizing the health, safety and well-being of all those who come into contact with our operations. GCC leaders support this ambition and help to foster safe and healthy work environments at each of our locations.

The Mexico Division have a nutrition area. One of their objectives is the prevention and treatment of diseases or conditions derived from a deficient or inadequate diet, which affect both the health of the employee, the development and performance of their work tasks, as well as absences caused by disability in these patients. To attend this concerns, the nutrition area has projects to improve the Health Index and contributing to achieving a healthy culture at GCC.

In US GCC's Wellness Program is a part of our commitment to your health and wellbeing. Completing the wellness challenge shows GCC care about their employees and their family. This program will include one annual physical and two preventive care screening. These positive actions also earn a \$600 wellness incentive.

BUSINESS ETHICS

Code of Ethics

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

New employees must complete code of ethics training when they join GCC and all employees reaffirm their commitment to the code every two years. We also require that suppliers abide by the code.



Reporting Concerns

Employees have the option to anonymously submit concerns and complaints about misconduct through [email](#), a hotline (1-800-062-4008), an independently-managed [website](#) or through our Human Resources, Legal and Corporate Audit Departments. A third party manages the process of responding to these concerns and suggestions and collaborates with the Ethics Committee to address and resolve the issues.

In 2022, the Ethics Committee resolved 20 cases, primarily related to conflicts of interest, abuse of authority, and ethical concerns.

PLANET



Climate change is recognized as one of the most significant environmental challenges for both the world and our company. At GCC, we are fully committed to being a part of the solution by actively working towards carbon neutrality in concrete production and achieving our Science-Based Targets (SBTi). We are dedicated to achieving these goals through various means, including the use of blended cements, alternative fuels, and biogenic content in our production processes. Additionally, we are transitioning to renewable energy sources and exploring the implementation of carbon capture and utilization technology. Through these concerted efforts, we aim to contribute to the development of a more sustainable construction industry.

SUSTAINABILITY GOVERNANCE

Sustainability is one of our four strategic priorities and permeates every aspect of our business. For this reason, in 2016 we formed a Sustainability Committee with some members of our Senior Leadership Team who reports directly to the CEO, who on a monthly basis evaluates and guides GCC's efforts to achieve the sustainability objectives:

- Support our Sustainability Model, priorities and KPIs.
- Assess the effectiveness of sustainability initiatives and their implementation.
- Guide the CEO and the Executive Committee on strategic sustainability decisions.

In addition, the CEO present the sustainability performance to the Board of directors' oversight of Environmental, Social and Governance (ESG) issues. Meanwhile, the Director of Sustainability and GCC's divisions directors coordinate with regional and country representatives to ensure consistent operation and progress in sustainability strategy. Our senior management is also incentivized to reach our short-term sustainability goals.

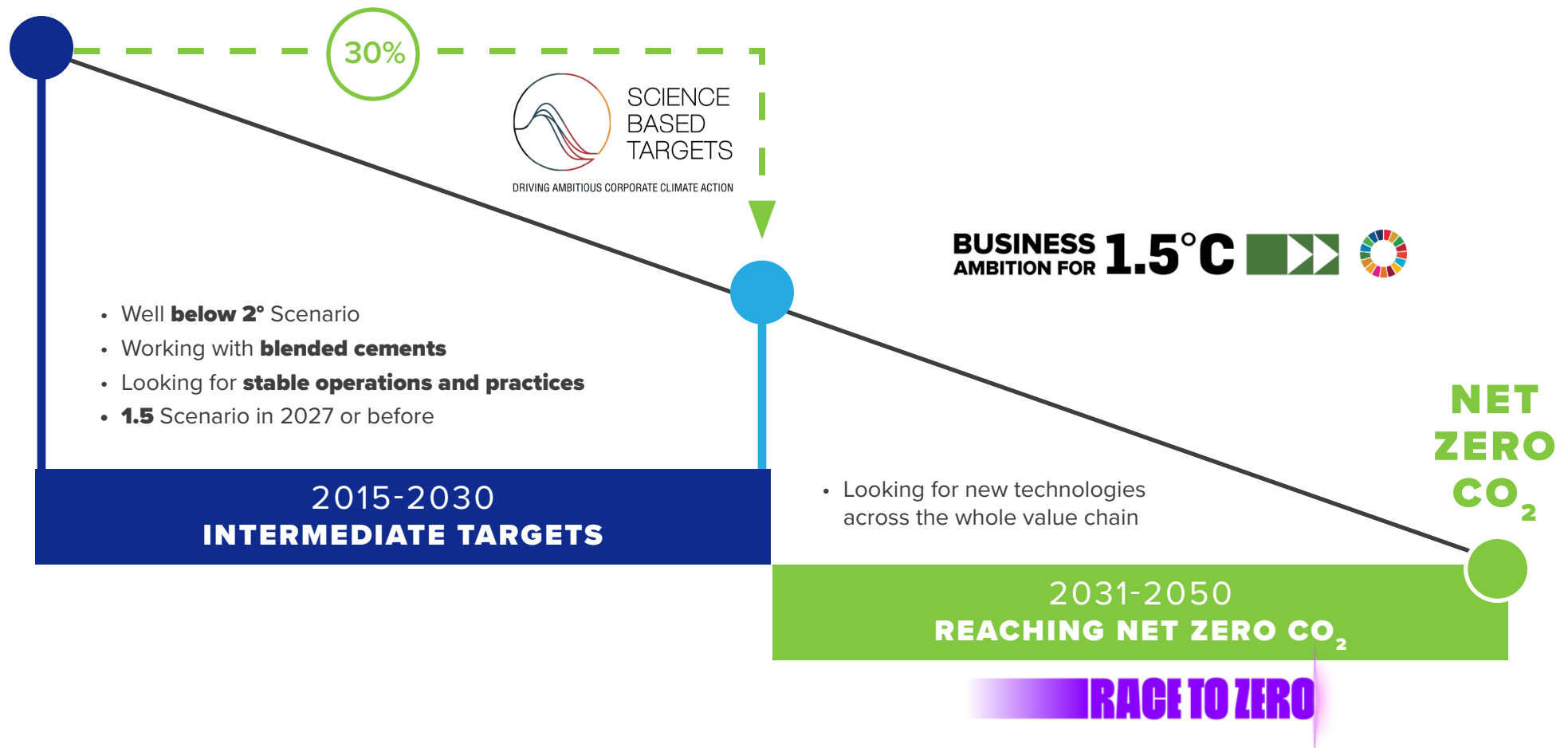


GCC PATH TOWARD NET-ZERO CO₂

Our 2030 goals and commitments are aligned and have been validated by the Science Based Targets initiative according to the Well Below 2°C Scenario. Additionally, we signed for the Business Ambition for 1.5°C so that our targets beyond 2030 are fully aligned with the Paris Agreement goals.

GCC's ultimate goal is to deliver net-zero CO₂ concrete globally by 2050. To ensure we are on the right track, we have set ambitious 2030 targets in the cement industry.

A significant portion of the actions required to deliver on the 2030 roadmap are based on known technologies. GCC established operational excellence programmes and activities in which GCC has worked. Our decarbonization roadmap is led by each country division and executed through locally managed plans at each plant.



COMMITTED TO CLIMATE ACTION



GCC is a member of the [Business Ambition for 1.5°C campaign](#), an initiative led by the Science Based Targets initiative (SBTi) in partnership with the UN Global Compact and the We Mean Business Coalition.



GCC is a member of [The Race To Zero campaign](#) of the United Nations Framework Convention on Climate Change (UNFCCC), committed to reduce emissions across all scopes, swiftly and fairly in line with the Paris Agreement. We also have a goal to achieve carbon neutrality by 2050 across our concrete value chain.



United Nations
Global Compact

GCC is part of Global Compact Mexico from the United Nations coalition for the SDGs, the world's largest corporate sustainability initiative.



Since 2020, we have been participating in the global environmental disclosure system from CDP to measure and manage risks and opportunities on climate change, and we proudly achieved a B score in 2022.



**SCIENCE
BASED
TARGETS**

DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

On January 2023 we obtained the validation for Science-Based Target as part of our alignment with the SBTi. Our targets are aligned to the well-below the two-degree curve according to the Paris Agreement we will revalidate our Science-Based Targets (SBTi) in five years from our initial assessment and align our carbon intensity reduction target with the Business Ambition curve of 1.5 degrees Celsius.



GCC has strengthened climate related financial disclosures in governance, strategy, and in metrics and targets validated by SBTi. In 2023 we will disclose the risk management to launch our TCFD.

UNDERSTANDING OUR CARBON FOOTPRINT

Our 2030 and 2050 targets cover all three scopes of GHG emissions, which cut across our operations and value chain to address our direct and indirect impact.

Scope 1

Scope 1 emissions encompass all emissions directly tied to our operations, which account for roughly 70.1% in 2022 of our overall GHG emissions. Our goal is to reach 605 kg gross CO₂ (Scope 1) emissions per ton of cementitious material by 2027. In 2022, we achieved 741 kg of CO₂ per ton of cementitious material. We also have a goal to reduce our Scope 1 emissions per ton of cementitious material by 30.7% compared to our 2015 baseline by 2030. We are using alternative fuels, thermal efficiency, blended cements, carbon capture and fuel switching to reduce our Scope 1 emissions.



Scope 2

Scope 2 emissions include indirect emissions from the generation of purchased electricity consumed in our operations and account for 5.4% of GCC's 2022 overall GHG emissions. Our goal is to reduce our Scope 2 emissions per ton of cementitious material by 57% compared to our 2015 baseline by 2030. We aim to achieve this goal through the expansion of renewable electrical energy.



Scope 3

Approximately 24.5% of our overall GHG emissions fall under Scope 3, which include all indirect emissions generated in our supply chain. We are committed to reducing our Scope 3 emissions by 37.5% from the use of sold products by 2030 (2015 baseline).

We established baseline emissions for our ready-mix facilities and continued benchmarking emissions to better identify focus areas.



OUR ROADMAP TO **DECARBONIZATION**

In 2022, we accelerated our efforts to reduce CO₂ emissions. We focused on the following areas:



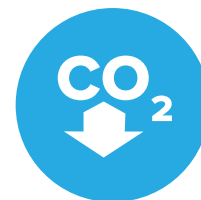
Improving thermal energy efficiency



Increasing the use of alternative fuels (with a focus on biogenic content)



Lowering our clinker factor with blended cement



Adopting carbon capture



THERMAL EFFICIENCY

At GCC the energy efficiency in production processes is a relevant contributor to reducing the demand for energy and lowering energy-related emissions. According to one of our four key levers, one of our goals is to reduce thermal energy by 2030. We are focused on the kilns stabilization through continuous improvement and constant innovation that enables us to leverage opportunities to capture savings and reduce energy consumption across our cement plant operations.

ENERGY STAR



Our longstanding partnership with the EPA's ENERGY STAR Industrial Program enables us to track energy consumption, set short-term reduction goals and compare our overall progress to our peer group. GCC also participates in the ENERGY STAR certification program, which awards buildings making strides in energy efficiency and operating in the top 25% of similar facilities across

the U.S. **In 2022, our Pueblo plant achieved the ENERGY STAR certification designation for the fifth consecutive year, and our Rapid City plant achieved the ENERGY STAR certification for the third consecutive**

year. We're proud that GCC's cement plants made up 20% of all cement plant ENERGY STAR certifications in 2022.

**GCC plants
made up
20% of all
cement plant
ENERGY STAR
certifications.**



ENERGY MANAGEMENT

GCC recognizes the significance of sustainable development and consistently explores opportunities to reduce the greenhouse gas emissions footprint of our operations. **Energy efficiency plays a crucial role in mitigating emissions in Scope 1, while the adoption of renewable energy helps to reduce emissions in Scope 2.** We have placed a strong emphasis on improving the thermal and electric energy consumption in our operations to enhance overall efficiency.

Our Energy department focuses on increasing the use of renewable energy sources, while the Technical and Operations departments prioritize energy efficiency measures. To reduce emissions in Scope 1, we are engaged in several projects aimed at enhancing energy efficiency. This includes measures such as equipment stabilization to minimize short stops through predictive maintenance, investment in monitoring technologies, and conducting energy verifications and audits to identify and reduce unnecessary power usage.



To reduce Scope 2 emissions, we are transitioning our electrical needs to renewable energy sources like wind and solar power. Our dedicated renewable energy team oversees our renewable energy efforts and 2030 roadmap. They regularly communicate with site managers and provide monthly updates to the Sustainability Committee.

In 2022, approximately 15% of GCC's overall electricity consumption came from renewable sources, amounting to nearly 90,000,000 KW/h. We take pride in the fact that our Odessa plant is powered by 42% renewable sources, and with our Power Purchase Agreement (PPA), we will be fully relying on renewable energy for the plant in 2023. Additionally, 47% and 72% of the power consumed at our Rapid City and Trident plants, respectively, came from renewable sources.

Our Power Purchase Agreements (PPAs) in Rapid City and Odessa will result in an estimated annual reduction of approximately 116,000 metric tons of CO₂, based on estimates from the Environmental Protection Agency (EPA). In 2023, the PPA in Odessa will cover 100% of the energy used by the plant.

To expedite our transition to renewable energy, we are actively engaging in Power Purchase Agreements (PPAs) and deploying renewable energy technologies throughout our operations.

We are currently installing solar panels at our Trident plant which will produce **12%** of the plant's required energy.



ALTERNATIVE FUELS & BIOGENIC CONTENT

We are continuously innovating to introduce an energy alternative to our operations, such as replacing carbon-intensive fuels with lower carbon options, including alternative fuels. Especially, we will be working with those that contain carbon-neutral waste biomass. By 2030 our goal is that 25% of our energy will come from alternative fuels across all plants.

We use alternative and biogenic fuels to replace coal in cement kilns.

In 2022, five of our plants used alternative fuels sourced from local and regional companies.

Our desert region plants (Chihuahua, Samalayuca, Juarez and Pueblo) used the waste distribution of locally grown pecan nut shells, and our Pueblo and Rapid City plants used railroad ties (biomass). These efforts resulted in a total fuel substitution rate of approximately 40% at our Juarez plant, 18% at our Samalayuca plant, 18% at our Pueblo plant and 6% at our Chihuahua plant.

We are looking holistically at ways to increase our fuel substitution rate, including examining a variety of fuel sources and the infrastructure changes necessary to effectively utilize these sources. We created a temporary portal system at our Rapid City plant to assess the use of woodchips, and in 2023, we will create a permanent system for the plant. We also continued construction at our Samalayuca plant which will help the plant reach a 60% fuel substitution rate by 2024.

7.7%
alternative fuels
substitution in
2022.

5/8 of our plants
use biomass from
local & regional
companies to
source alternative
fuels.



TIRES AS A FUEL SOURCE

Cement kilns require high temperatures for cement production and typically use coal for operation. Tire-Derived Fuel provides raw ingredients for cement manufacturing and has a higher heat value than coal, allowing kilns to reach high temperatures at a faster rate.

Every 100 tires burned:

- Saves between 1-1.5 tons of coal.
- Saves 100 gallons of fuel.
- Saves 200 pounds of steel or 400 pounds of iron ore.



BLENDED CEMENTS



In 2022 our operations focused on creating blended cement with a lower clinker factor that will help us meet our CO₂ reduction targets by producing Portland Limestone Cements (PLCs) in some of our US Cement plants. In our Mexico plants, we use raw natural pozzolan materials which include volcanic rocks, sedimentary clays, and shales, to replace a portion of the clinker content. **To help drive down more CO₂, we are actively engaged in research and development to decrease the clinker ratio below 80% by making tests using supplementary cementitious materials (SCMs) like raw pozzolan for the moment.** With the supplementary cementitious materials (SCMs) we are looking to have the same strength, resilience, and durability performance as traditional cement and the subsequently produced concrete. The supplementary cementitious materials can include limestone, coal ashes, slag, natural pozzolans, calcined clays, and others.

The actions made to achieve this goal are that in ours Rapid City, Trident, and Pueblo plants have been adequate to be able to produce PLC, Samalayuca added pozzolan material in some of their products and has also been adequate to be able to produce PLC.

GCC
decreased
clinker content
from **88%** to
86% in 2022
with blended
cements.

GROWING PORTLAND LIMESTONE CEMENT PRODUCTION IN PUEBLO

The current growth phase of PLC usage in the US, started since 2020 when the Portland Cement Association (PCA) launched a dedicated website to encourage the utilization of blended cement by discussing its applications and benefits. Also PLC encouraged the PCA's Roadmap to Carbon Neutrality released in 2021.

PLC is a type of blended cement that contains between 5-15% limestone and performs the same as traditional cement. By replacing a portion of the energy-intensive clinker in cement with limestone, we are reducing our carbon emissions significantly. **In November 2022, our Pueblo plant started the conversion producing 100% PLC**, this change marks the latest example in an ongoing trend of US-based cement companies where GCC is part of. Recent developments demonstrate that a large change is coming towards the US cement market in the update of blended cements, in spite of that the US cement sector should see a fall in its emissions due to PLC's 10% reduction in CO₂ emissions compared to ordinary Portland Cement.



CARBON CAPTURE



Decarbonization presents a tremendous opportunity for innovation, growth, and long-term value creation. To tackle this global challenge, we are actively driving research efforts to bring innovative technologies into mainstream use.

Collaborating with academia and partners in the cement and concrete industries, we are working diligently to enhance our adaptability to an ever-changing world and accelerate the decarbonization of the construction industry in the most efficient and timely manner use.



The cement industry's contribution to limiting greenhouse gas (GHG) levels in line with the goals of the Paris Agreement hinges on the successful future development and widespread implementation of carbon capture, utilization, and sequestration (CCUS) technologies on a commercial scale. In GCC, this aspect has garnered significant attention due to its crucial role in reducing greenhouse gas emissions within our operations and helping us achieve our emissions reduction targets. **We firmly believe that the adoption of CCU or CCS technologies can effectively contribute to achieving net-negative emissions, thus playing a vital role in accomplishing our sustainability objectives.**

Carbon capture, usage, and storage (CCUS) technology plays an increasingly integral role as a key mitigation lever in our carbon reduction strategy. We have embarked on a multi-year plan to incorporate CCUS technology at select GCC plants. Beginning in 2020, we actively engaged in this area and conducted a comprehensive study to identify the plants best suited for testing CCUS technology and to find suitable technology developers.

As a result of the study, we have decided to move forward with CCUS technology implementation at our Odessa and Pueblo plants. To ensure successful integration, we have established internal targets to maintain close collaboration with technology developers. Together, we are carefully assessing the right technology to fit each plant's specific requirements.

In 2022, we furthered our efforts by conducting a screening metrics study to identify the most adaptable technology options for our operations. This proactive initiative aligns with our commitment to achieve our emissions reduction goals.

By embracing CCUS technology, we are actively working towards a more sustainable future, reducing our carbon footprint, and contributing to global efforts to combat climate change. The implementation of CCUS is a crucial step in realizing our emission reduction targets and enhancing our environmental stewardship.



AIR EMISSIONS

We are working to address the air pollution resulting from concrete and cement production that poses health risks for communities and contributes to climate change. The kiln combustion process used to create cement emits carbon as well as nitrogen oxides (NOx), sulfur oxides (SO₂) and particulate matter (PM). While NOx and SO₂ emissions are from the production of clinker, PM emissions are from the remainder of the process which includes, but isn't limited to, obtaining raw material, crushing it into a powder, and transferring it from storage locations, into the raw mill and finish mill process to the shipping of the of the final product.

GCC's approach to air emissions is focused on maintenance and compliance. In the U.S., we are committed to maintaining our performance in alignment with the targets set for plants by regulatory agencies. This includes air dispersion modeling targets set by the National Ambient Air Quality Standards. We maintain transparent relationships with regulators and meet the compliance requirements of the National Emission Standards for Hazardous Air Pollutants, the Clean Air Act in the United States and Mexican environmental laws and regulations promoted by the Secretariat of Environment and Natural Resources (Secretaría de Medio Ambiente y Recursos Naturales).

To maintain our progress, we monitor stack emissions, invest in abatement technologies and maintain emissions equipment used in manufacturing operations. In 2022, we implemented projects to improve pollution control devices and emission monitoring practices in Mexico. We are in the process of updating the calciner in our Samalayuca plant, which will be completed in 2023. **We have invested over \$7 million in this upgrade to improve the combustion efficiency of the system and reduce emissions.** We also began the process of implementing Continuous Emission Monitoring Systems (CEMS) at our Samalayuca plant, which will be completed by 2024. The CEMS is already required at our Pueblo plant and is one of the most stringent requirements in the U.S.

Three of our five U.S. plants have selective non-catalytic reduction equipment to reduce NOx emissions. Our Odessa plant maintained its award-winning results in 2022 for maximizing NOx reduction, having previously received the Portland Cement Association 2020 Energy and Environment Award for Innovation.





ENVIRONMENTAL STEWARDSHIP

BIODIVERSITY

Biodiversity refers to the variety of living species situated in one area, and it is fundamental for the well-being on life on earth and to the proper function of the ecosystems that provides the essential commodities to people, business, and economies all around the world.

As population grows, there is an increasing need for infrastructure such as housing and roads, along with systems for clean water and sanitation. Concrete is vital to meeting those needs through sustainable development because of concrete's fire, weather, and flood resistance. It is also readily available, versatile and can reduce energy demands. When comparing the life cycle of concrete to other building materials, concrete is the material of choice. However, the first step in cement and aggregates production - the extraction of raw materials from the earth's crust - inevitably has an impact on the surrounding natural and social environment.

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

Our commitment to the Global and Concrete Association (GCCA) sustainability guidelines assist us to accentuate the importance of this objective. GCC has established quarry rehabilitation and future land-use plans for most of its operating quarries.



BIODIVERSITY CONTINUED

In 2022 we continued implementing our strategy focused on biodiversity in and around our quarries, including the implementation of rehabilitation plans and conservation initiatives.

In Odessa plant, partnered with Haley's Haven for their 80th anniversary. Haley's Haven is the only non-profit wildlife rescued in West Texas (excluding city or state resources). The Odessa Plant is a certified wildlife haven. The Donation will be used to help injured wildlife with medical bills, vetting and food.

At the plants in Mexico, we develop nurseries that support projects to sustain biodiversity in our quarries and the communities where we operate. We have a production sequence for ornamental and forestry species with controlled conditions that favor their germination and growth.

In Samalayuca on May, 16 acres of flora were defined for rescuing, managing to relocate 1,149 plants from 6 different types, the majority was cacti. An essential part for the specimens survival is the selection of the relocation area, the area that was used has the same characteristic for vegetal distribution than the extraction area. In this area, there was no fauna to relocate.

Therefore, GCC will continue to improve our diversity management by integrating best practice through all our operations.



WATER

In GCC, we fully recognize the vital importance of water availability to the future well-being of our communities and the sustainability of our operations.

Water is a crucial resource utilized in various aspects of our activities, including production, maintenance activities, environmental controls, and reclamation efforts. As a responsible corporate entity, we are fully aware that our water use, diversion, and discharge practices have significant implications for the surrounding communities and the ecosystems.

At the moment, we fully comply with every water regulation in the states where we operate. However, we are committed to responsible and efficient water management and continuously seek opportunities to use renewable and recycled sources in our operations. Currently, we are addressing water-related issues in the following ways:

- **Measurement of consumption:** It is measured by meter readings from different wells, which are properly calibrated for maintenance to ensure reliable readings.
- **Monitoring of risks associated with water:** We assess locations close to areas with water stress and biodiversity problems, among other risks. For example, even though Ciudad Juárez is in a desert area, it does not lack in water resources, as it has significant underground aquifers.
- **Audits:** In Mexico, we report our water extraction in m³ on a quarterly basis to CONAGUA. We also conduct water studies through an external laboratory. Additionally, we strictly adhere to the national water law, federal rights law, applicable provisions on national water matters, and the regulation of national water.

Through these practices, we strive to ensure transparency, compliance, and effective water management in our operations, contributing to environmental sustainability and community welfare.

Compliance with water quality requirements under CONAGUA is a critical aspect of GCC's environmental stewardship.

In the U.S., we also adhere to regulations outlined in the Clean Water Act (CWA). This law, as amended, establishes the basic framework for regulating water pollution in the United States. While we make significant efforts to reuse and recycle water in our processes, we do have discharges at some of our locations. In such cases, we have obtained permits under the National Pollutant Discharge Elimination System (NPDES), which sets site-specific limits to maintain the health of the receiving water body and its aquatic species.

Both in Mexico and the United States, these regulations require sites to operate under either a general permit applicable to all similar facilities or a site-specific permit based on various factors. The storm-water permitting system is designed to minimize and reduce pollution in runoff from industrial facilities. Sites must maintain a Storm Water Pollution Prevention Plan, implement Best Management Practices, and conduct certain sampling and reporting.



ANNEXES



TASK FORCE FOR CLIMATE DISCLOSURES

Climate change is a material issue for GCC, therefore GCC supports the voluntary recommendations and guidance of the Financial Stability Board (FSB) Task Force on Climate-Related Financial Disclosures (TCFD). **In 2022, a strategic priority to advance capabilities and disclosures aligned with TCFD was identified, including conducting a scenario analysis.** As a result, we conducted our first Climate Scenario Analysis with the purpose of understanding how different futures may result in different climates, and how the resulting transition and physical risks impact GCC.

Therefore, scenario analysis is a major mechanism within GCC's processes for the identification of climate-related risks and opportunities. During the analysis, a core working group within the company was established to conduct the analysis and a list of subject matter experts (SME) and our Chief Sustainability Officer overseeing this process.

Scenario analysis is incorporated into the organization's decision-making process and strategic management. The analysis outcome is a report and an integration workshop where key stakeholders discuss how to integrate the findings into the business strategy. Results are then presented to upper management and include identified risks and opportunities, an assessment of GCC's business strategy resiliency in the face of different climate scenarios, and recommendations for management to address climate-related financial disclosure in 2023.

For this analysis, the time horizons were determined according to existing strategies and climate disclosures for GCC.

Short-term Strategy	Medium-term Strategy	Long-term Strategy
5-7 years	10-15 years	Beyond 15 years
It is related to the company's regular financial and business planning, and helps understand actions needed before 2030.	It is defined as the time beyond regular business planning for the company and allows the consideration of transitions that will be required between 2030 and 2050	It is the time frame considered by the company for long term investments like carbon capture and focuses on needs beyond 2050 for a 1.5°C world.

Category of Risk	Description	Types
Transitional Risks	Relate to the changes that will occur in legislation, customer preferences, liability, technology and other regulatory matters as the climate changes	<ul style="list-style-type: none"> Policy and Legal Technology Market Reputation
Physical Risks	Encompass the risks encountered from a different climate and weather event	<ul style="list-style-type: none"> Chronic (heat waves, sea level rise, droughts) Acute (hurricanes, freezes, wildfires)

For this analysis GCC used third-party, published scenarios to understand climate risks and opportunities and their impact on the focal questions outlined above. Climate-related risks and opportunities can be categorized as transitional risks and physical risks. The table to the left outlines what each category refers to.

The scenarios included in the evaluation of our strategy resiliency four scenarios chosen were the IEA NZE and STEPS scenarios and the IPCC RCP 4.5 and 1.6 scenarios. IEA scenarios were used mainly to focus on transitional risks while IPCC scenarios were used mainly to consider physical risks. A short summary of the scenarios follows.

Scenario Name	Stated Policies	NET ZERO EMISSIONS BY 2050	Representative Concentration Pathways	Representative Concentration Pathways
Short name- external reference scenario	IEA STEPS	IEA NZE	RCP 1.9	RCP 4.5
Source	International Energy Agency (IEA)	International Energy Agency (IEA)	Intergovernmental Panel on Climate Change (IPCC)	Intergovernmental Panel on Climate Change (IPCC)
Reference temperature Scenario	2.7 °C in 2100 (with a 50% probability)	>1.5°C in 2050	>1.5°C by 2100 (with a 50% probability)	>2.4°C in 2100
Category of Risk	Transitional risks	Transitional risks	Physical risks	Physical risks

CLIMATE-RELATED RISK ASSESSMENT

Current regulation	Relevant, always included	<p>GCC's industry has become subject to a series of new and more stringent environmental requirements in the United States. The EPA has promoted more stringent Clean Air Act permit requirements and efforts to address climate change and reduce the emissions of GHGs through federal and state laws and regulations and regional initiatives in the United States, as well as through international agreements and the laws and regulations of other countries.</p> <p>We see the tightening of GHG emissions regulations that require CAPEX. In the US there is concern from a lack of a federal policy on the price on carbon which will lead to the States developing inconsistent policies from carbon reduction. This will have an impact on leakage if not addressed properly.</p>
Emerging regulation	Relevant, always included	<p>In the future, to comply with the commitments of the 2030 Agenda, it is possible that both the United States and Mexico authorities will reduce the emission limit allowed by entity, which will accelerate the commitments to combat climate change, particularly in the United States, and another, that a carbon tax or market based carbon price is generated.</p> <p>Being aware of the emerging regulations will allow us to be prepared to comply with them. It is important to follow global standards because many of them are often future guidelines for these new regulations.</p> <p>Within the US we are lobbying the different States we operate in to understand and help formulate regulations for climate reductions at State level. We are also active members within the Portland Cement Association and are heavily involved in any Federal action on carbon pricing.</p>

Technology	Relevant, always included	<p>Having obsolete technology increases the operational cost when compared with new technologies, which makes us less efficient and less competitive in the market.</p> <p>Old technology produces more CO₂ for high utilization of Alternative Fuels which limits our CO₂ reduction.</p>
Legal	Relevant, always included	<p>GCC is at constant risk of being involved in lawsuits and administrative proceedings, resulting directly or indirectly from the imposition of legislative or regulatory controls, as well as from violations of GHG emission limits. To the extent that financial markets view climate change and GHG emissions as a financial risk, this could have a significant adverse effect on the cost and access to capital. Example: In recent years, by means of a Section 114 information request under the Clean Air Act, the EPA imposed multimillion-dollar penalties on several companies operating cement plants in the United States. Most of these penalties were for various violations of Prevention of Significant Deterioration (“PSD”) permitting requirements, focused on emissions of sulfur dioxide and nitrogen oxides. In addition, the EPA or other environmental regulatory authorities have assessed approximately 12 penalties against GCC since 2015. These assessed penalties were all less than US\$100,000 each. GCC cannot predict if it will be subject to additional fines and, if so, whether such fines will be material.</p> <p>Failure to comply with the legislation (environmental laws included) can cause fines and penalties, which can lead to financial losses for the company.</p>
Market	Relevant, always included	<p>Increases in pricing of raw materials as well as energy and fuel costs, an interruption in the supply of raw materials, decreased demand from lowered construction activity, and cancellation or delay of projects may affect our position in the market.</p> <p>GCC’s vertically integrated supply chain helps manage costs; a sophisticated distribution network leverages a contiguous market footprint that reduces the risk of supply disruption and provides operational flexibility.</p> <p>GCC maintains a risk management policy to monitor, analyze and mitigate risk exposures. For example, GCC internally sources a significant portion of its fuel requirements through its own coal mine and sources a significant portion of other raw materials from quarries and mines that the company either owns or leases.</p>
Reputation	Relevant, always included	<p>Since we are a publicly traded company, reputation is important to maintain or improve the value of the stock. Also, considering an efficient management of environmental topics is key to our reputation.</p> <p>We surveyed external stakeholders for our Materiality Assessment and climate change was the most important ESG factor to our external stakeholders, so we understand its integral role in our reputation.</p> <p>Our reputation is also derived from the sales of products we sell through various brand names. GCC also holds patents in the United States and Mexico for its process to achieve particular thermal insulation properties and eco-friendly characteristics in certain prefabricated products. Any unauthorized use of GCC’s brands, trademarks, or other intellectual property rights by third parties could adversely affect the Company’s business, reputation, and market share.</p>

Acute physical	Relevant, always included	<p>In addition to the risks identified above arising from actual or potential statutory and regulatory controls, severe weather, rising seas, higher temperatures, and other effects that may be attributable to climate change may impact any manufacturing sector in terms of direct costs (e.g., property damage and disruption to operations) and indirect costs (e.g., disruption to customers and suppliers and higher insurance premiums). To the extent that such conditions negatively affect GCC's operations, they could have a material adverse effect on its business, results of operations, and financial condition.</p> <p>In addition, flooding, severe weather, or natural disasters not only delay and lead to the cancellation of projects, but also disrupt transportation logistics, particularly by rail, and could also delay the Company's production. For example, production at the Rapid City, South Dakota plant and at the Three Forks, Montana plant are subject to much greater variation in winter conditions than in southern regions. Natural disasters, such as tornadoes, could impede operations, damage GCC's infrastructure, or adversely affect its production facilities. Any such weather condition or natural disaster in the areas in which it operates could adversely affect its business, results of operations, and financial condition, especially in the event that they occur with unusual intensity, during abnormal periods, for periods lasting longer than usual or during peak periods of construction activity.</p> <p>Increasing the severity of natural disasters may mean that damages are greater and recovery times are prolonged, which could be reflected in an interruption in our supply chain and operations, as well as damage in our infrastructure and production facilities.</p>
Chronic physical	Relevant, always included	<p>Construction activity, and therefore the demand for GCC's products, significantly decreases during periods of cold weather, snow, and prolonged or intense rain. Consequently, demand for its products is significantly lower during the winter and rainy seasons. Winter weather significantly reduces the Company's sales of cement and concrete during the first quarter and, to a lesser extent, during the fourth quarter. However, in the event the weather remains mild through late October into November, it can supply cement and ready-mix concrete to projects until the first hard freeze or snow. Sales in markets with harsh winter weather conditions generally improve during the second and third quarters due to an improvement in such conditions. However, high rain levels or other adverse weather could negatively affect its operations during these periods.</p>

The company also has a strong program to identify, reduce, and manage physical risks anchored by a well-recognized provider, FM Global.

The following table shows alignment with the Task Force on Climate-related Financial Disclosures (TCFD) regarding the potential financial impacts of climate-related risks and opportunities. The date of this index is Jul 25, 2023.

TCFD Element	Description	Recommended Disclosures	GCC's Disclosure in the CDP Climate survey
Governance	Disclose the organization's governance around climate-related risks and opportunities	a) Describe the board's oversight of climate-related risks and opportunities.	C1.1a, C1.1b
		(b) Describe management's role in assessing and managing climate-related risks and opportunities.	C1.2
Strategy	Disclose the actual and potential impacts of climate-related risks and opportunities on the organization's business, strategy and financial planning	(a) Describe the climate-related risks and opportunities the organization has identified over the short, medium and long term.	C2.1a, C2.3, C.2.3a, C2.4, C2.4a
		(b) Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy and financial planning.	C.2.3a, C2.4a, C3.1, C3.2a, C3.2b, C3.3, C3.4
		(c) Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2° or lower scenario.	C3.2, C3.2a, C3.2b
Risk Management	Disclose how the organization identifies, assesses and manages climate-related risks.	(a) Describe the organization's processes for identifying and assessing climate-related risks.	C2.1, C2.2, C2.2a
		(b) Describe the organization's processes for managing climate-related risks.	C2.1, C2.2
		(c) Describe how processes for identifying, assessing and managing climate-related risks are integrated into the organization's overall risk management.	C2.1, C2.2
Metrics & Targets	Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities	(a) Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.	C4.2, C4.2a, C4.2b, C9.1
		(b) Disclose Scope 1, Scope 2, and if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.	C6.1, C6.3, C6.5, C6.5a
		(c) Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.	C4.1, C4.2a, C4.1b, C4.2, C4.2a, C4.2b

ESG PERFORMANCE

Revenue/Result	UNIT	2020	2021	2022	GRI
Total group revenue	USD million	937.8	1,038.8	1,168.3	2-1
Profit for the financial year “ebitda”	USD million	308.3	337.9	361.6	2-1
Total Employees	#	2,758	2,888	3129	2-1
Net sales of sustainable products	%	13.9	14.1	22.1	2-1
Net sales by region (North America)	USD million	693.1	750.4	840.6	2-1
Net sales by region (Mexico)	USD million	244.6	288.4	327.7	2-1
Group sales: CEMENT	USD million	617	719.6	812	2-1
Group sales: CONCRETE	USD million	194.6	194	218.6	2-1
Group sales: BLOCK	USD million	11.3	15.1	17.5	2-1
Group sales: AGGREGATE	USD million	21.3	21.4	25.3	2-1
Group sales: OTHERS	USD million	93.5	88.7	94.9	2-1
Producing Assets	UNIT	2020	2021	2022	GRI
Cement sites	#	8	8	8	2-2
Cement distribution terminals	#	23	23	24	2-2
Aggregates sites	#	7	7	10	2-2
Asphalt sites	#	2	3	4	2-2
Ready-mix sites	#	94	95	96	2-2
Quarries operated (Cement business)	#	29	32	28	2-2
Direct Economic Value Generated and Distributed	UNIT	2020	2021	2022	GRI
Revenues	USD million	937.8	1,038.9	1,168.3	201-1
Operating costs, administrative and sales general expenses	USD million	561.6	622.5	703.7	201-1




Units Key

Mt - million tons

MJ - million joules

M GJ - million gigajoules

Mm³ - million cubic meters

Direct Economic Value Generated and Distributed Cont.	UNIT	2020	2021	2022	GRI
Employee wages and benefits	USD million	164.8	175.2	196.2	201-1
Payments to providers of capital	USD million	33.0	36.3	37.6	201-1
Payments to government	USD million	14.3	16.2	26.9	201-1
Community investments (donations)	USD million	0.7	1.0	1.0	201-1
Economic value retained	USD million	163.4	187.7	202.9	201-1
Cement Type Portfolio & Products	UNIT	2020	2021	2022	GRI
Clinker produced	Mt/yr	3.84	4.12	4.15	
Cement produced	Mt/yr	4.48	4.73	4.75	
Ordinary portland cement	%	63.2	58.0	41.3	
Limestone cement	%	23.0	25.4	38.7	
Pozzolan cement	%	0.7	1.8	2.2	
Well cement	%	8.4	9.5	12.8	
Masonry	%	2.1	2.0	2.0	
Specialty cements	%	3.2	3.1	3.0	
Cementitious material produced (note 1)	Mt/yr	4.38	4.72	4.80	
Aggregates produced	Mt/yr	5.99	5.85	6.37	
Concrete produced	Mm ³ /yr	1,825	1,815	1,930	
CO₂ & Energy	UNIT	2020	2021	2022	GRI
Cement bussines line:					
Absolute gross CO ₂ emissions (Scope 1) (note 2)	Mt/yr	3.266	3.567	3.555	305-1 
Absolute net CO ₂ emissions (Scope 1)	Mt/yr	3.212	3.516	3.510	305-1 
Absolute Indirect CO ₂ emissions (Scope 2)	Mt/yr	0.278	0.261	0.274	305-2
Absolute emissions (Scope 3), from 1,3,4,9 Activities (note 3)	Mt/yr	1.249	1.266	1.242	305-3
Specific gross CO ₂ emissions (kg/tonne of cementitious)	kgCO ₂ /t	746.3	754.8	741.2	305-4 

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CO ₂ & Energy Cont.	UNIT	2020	2021	2022	GRI	
Specific net CO ₂ emissions (kg/tonne of cementitious material)	kgCO ₂ /t	734.0	744.1	731.7	305-4	gc ca
Reduction gross CO ₂ emissions/t cementitious from 2015 (SBTi target)	%	2.7	1.6	3.4	305-5	
Specific CO ₂ emissions (scope 2) (kg/tonne of cementitious)	kgCO ₂ /t	64.1	55.2	57.1	305-4	
Reduction CO ₂ emissions/t cementitious material from 2015 baseline	%	16.8	28.3	25.8	305-5	
Specific heat consumption of clinker production (MJ/ton clinker)	MJ/t	3,874	3,978	4,020	302-3	gc ca
Reduction specific heat/t clinker from 2015 baseline (4,233 MJ/tck)	%	8.5	6.0	5.0	302-4	
Clinker factor (cementitious material)	%	88.0	87.3	86.4		gc ca
Reduction clinker factor from 2015 baseline (88.8%)	%	0.9	1.7	2.7		
Thermal substitution rate in clinker production	%	11.5	10.2	7.7	302-1	
Total energy consumption (thermal + electrical)	TJ	17,129	18,932	19,182	302-1	
Total thermal energy consumption	TJ	14,865	16,404	16,683	302-1	
Thermal energy consumption: fossil fuels (coal, natural gas)	TJ	13,150	14,731	15,406	302-1	
Thermal energy consumption: waste-based fuels	TJ	657	610	555	302-1	
Thermal energy consumption: biomass fuels (renewable energy)	TJ	1,059	1,063	722	302-1	
Thermal energy mix of clinker production: % of fossil fuels	%	88.5	89.8	92.3	302-1	
Thermal energy mix of clinker production: % biomass	%	7.1	6.5	4.3	302-1	gc ca
Thermal energy mix of clinker production: % alternative fuels	%	4.4	3.7	3.3	302-1	gc ca
Thermal energy consumption: fossil fuels (non-kiln)	TJ	271	388	279	302-1	
Total electrical energy consumption	MWh	553,654	594,571	616,173	302-1	
Electrical energy: non-renewable	MWh	516,644	510,876	527,284	302-1	
Electrical energy: renewable	MWh	37,019	83,695	88,908	302-1	
Electrical energy: renewable	%	6.7	12.4	14.4	302-2	
Electricity energy: specific consumption	Kwh/t cem	123.6	125.7	129.8	302-3	

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Recycling and Waste Management	UNIT	2020	2021	2022	GRI
Total raw material consumption in cement	t/yr	6,838,620	7,297,439	7,375,097	301-1
Alternative raw material contained in cement	t/yr	161,966	184,569	184,844	301-2
Alternative raw material contained in cement	%	2.44	2.61	2.56	301-2
Recycled input materials (Residues)	t/yr	28,347	26,019	24,301	306-4
Recycled renewable materials (Biomass)	t/yr	59,555	58,427	39,628	306-4
Total waste recycled or used from other Industries (Non-Hazardous)	t/yr	87,902	84,446	63,929	306-4
Total internal waste generated (Non-Hazardous, other)	t/yr	3,920	4,231	4,027	306-3
Total internal waste generated (Hazardous)	t/yr	34	35	38	306-3
Total waste generated sent for disposal	t/yr	3,954	4,266	4,650	306-5
Water	UNIT	2020	2021	2022	GRI
% production plants in water-stressed area	%	37.6	37.1	36.7	303-1
% Sales in risk water	%	27.6	29.6	26.5	303-1
Total Freshwater withdrawal (note 4)	M m ³	2.318	2.729	3.050	303-3
Freshwater withdrawal from municipal waters supplies	M m ³	0.006	0.392	1.035	303-3
Freshwater withdrawal from quarry	M m ³	0.026	0.026	0.004	303-3
Freshwater withdrawal from Fresh surface water (lakes, rivers)	M m ³	nm	nm	nm	303-3
Freshwater withdrawal from ground water	M m ³	2.286	2.234	1.939	303-3
Quarry water used (non-freshwater sources)	M m ³	nm	0.077	0.072	303-3
Total water discharge	M m ³	0.937	0.933	0.732	303-4
Total water consumption	M m ³	1.378	1.797	2.319	303-5
Specific water consumption (lt/tonne of cementitious products)	L/t	312.4	380.2	483.4	306-1

Biodiversity	UNIT	2020	2021	2022	GRI	
Quarries with rehabilitation plan in place (note 5)	%	45	32	46.4	304-3	gc ca
Quarries with high biodiversity importance with biodiversity management plan in place	%	0	0	nm	304-1	gc ca
Emissions Monitoring & Reporting	UNIT	2020	2021	2022	GRI	
Overall coverage: Clinker produced by monitored and discontinuously (particulate material, NOX, SO2, VOC/THC, heavy metals)	%	92.9	88.8	89.2	305-7	gc ca
Coverage rate continuous measurement monitoring of dust, NOx, SOx	%	54.6	51.9	53.4	305-7	gc ca
% of production with NOX emissions measurement (coverage ck)	%	99.6	95.1	95.0	305-7	gc ca
% of production with SO2 emissions measurement (coverage ck)	%	99.6	95.1	95.0	305-7	gc ca
% of production with dust emissions measurement (coverage ck)	%	99.6	95.1	95.0	305-7	gc ca
% of production with VOC measurement (coverage ck)	%	85.2	95.1	95.0	305-7	
% of production with Mercury measurement (coverage ck)	%	85.2	95.1	95.0	305-7	
% of production with Dioxins/furans measurement (coverage ck)	%	78.5	88.8	79.3	305-7	
% of production with HM1 measurement (coverage ck)	%	78.5	88.8	89.2	305-7	
% of production with HM2 measurement (coverage ck)	%	78.5	88.8	89.2	305-7	
Total absolute NOX emissions	ton	5,207	6,391	8,070	305-7	gc ca
Total absolute SO2 emissions	ton	299	136	461	305-7	gc ca
Total absolute dust emissions	ton	56.6	58.6	105.5	305-7	gc ca
Total absolute VOC emissions	ton	453.8	785.1	1,002.3	305-7	
Total absolute mercury emissions	kg	36.1	41.9	40.8	305-7	
Total absolute dioxins/furans emissions	gTEQ	226.2	33.8	31.3	305-7	
Total absolute HM1 emissions	ton	33.3	27.8	7.2	305-7	
Total absolute HM2 emissions	ton	2,701	3,029	3,187	305-7	

Emissions Monitoring & Reporting Cont.	UNIT	2020	2021	2022	GRI	
Specific NOX emissions (g/ton of clinker)	g/t	1,351.7	1,550.1	1,994.5	305-7	gc ca
Specific SO2 emissions (g/ton of clinker)	g/t	77.5	33.1	111.1	305-7	gc ca
Specific dust emissions (g/ton of clinker)	g/t	14.7	14.2	28.1	305-7	gc ca
Specific VOC emissions (g/ton of clinker)	g/t	118.3	190.4	254.1	305-7	
Specific mercury emissions (g/ton of clinker)	mg/t	9.4	10.2	10.3	305-7	
Specific dioxins/furans emissions (ng TEQ/ton of clinker)	ng/t	59.0	8.2	8.4	305-7	
Specific HM1 emissions (g/ton of clinker)	mg/t	8.7	7.6	2.0	305-7	
Specific HM2 emissions (g/ton of clinker)	mg/t	704	734	861	305-7	
Environmental Compliance	UNIT	2020	2021	2022	GRI	
Environmental fines above US \$10,000	#	3	0	0	307-1	
Fines and penalties paid	USD	165,500	0	0	307-1	
Environmental Management Systems & Investments	UNIT	2020	2021	2022	GRI	
Cement sites with an ISO 14001 certification	%	66.1	64.4	66.8		
Environmental Capital Investments	USD million	nm	7.834	30.027		
Environmental Operating Expenses	USD million	2.523	2.800	2.109		
Total Expenses (Capital + Operating expenses)	USD million	2.923	4.900	32.136		
Employees	UNIT	2020	2021	2022	GRI	
United States	#	1,261	1,251	1,303	2-7	
Mexico	#	1,497	1,637	1,806	2-7	
Full-time employees	#	2,746	2,888	3,104	2-7	
Part-time employees	#	9	9	5	2-7	
Share of Male employees (Group)	%	90.0	89.1	89.1	2-7	
Share of Female employees (Group)	%	10.0	10.9	10.9	2-7	

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Social Relations (Freedom of Association)	UNIT	2020	2021	2022	GRI
% of employees covered by collective bargaining agreements	%	34.7	29.9	34.2	2-30
Type of Philanthropic Activities (Communities)	UNIT	2020	2021	2022	GRI
Charitable Donations (note 6)	%	33	33	33	201-1
Community Investments (Social investment projects) (note 6)	%	67	67	67	201-1
Total number of beneficiaries consolidation year (note 6)	#	55	55	54	201-1
Time: employee volunteering during paid working hours	Hrs	40	135	75	
Turnover	UNIT	2020	2021	2022	GRI
Overall employee turnover rate	%	16.9	20	23.3	401-1
Voluntary employee turnover rate	%	13.2	11.7	10.9	401-1
Hirings (%)	%	11	20	30	401-1
Occupational Health and Safety	UNIT	2020	2021	2022	GRI
Workforce represented in Health and Safety committees	%	100.0	100	100	403-4
Number of fatalities per 10,000 directly employed (rate)	#	0	0	6.1	403-9
Number of fatalities (directly employed)	#	0	0	2	403-9
Number of fatalities (directly employed) by location - Onsite	#	0	0	2	403-9
Number of fatalities (directly employed) by location - Offsite	#	0	0	0	403-9
Number of fatalities (contractors/subcontractors)	#	0	0	0	403-9
Number of fatalities (third parties, "indirectly employed")	#	0	0	0	403-9
LTIFR employees (# of LTIs per million hours) (note 7)	#	6.7	6.8	11.1	403-9
LTIFR contractors and subcontractors onsite (# of LTIs per million hours)	#	NA	NA	NA	403-9
LTISR employees (# of LTIs per million hours) (note 7)	#	159.4	243.7	204.7	403-9
Sites certified with OSHAS 18001 / ISO 45001 (Cement operations)	%	50	50	50	50
TRIR employees (# of incidents per 200,000 hours)	%	2.47	2.54	2.21	

Development (Training & Development Inputs)	UNIT	2020	2021	2022	GRI
Average hours per employee of training and development	#	6.1	16.3	20.6	404-1
Employees receiving regular performance and career development reviews	%	33	40.2	41.8	404-3
Employees in program (movility training program)	#	30	71	151	404-2
Gender Diversity	UNIT	2020	2021	2022	GRI
Gender diversity – Females management level	%	11.8	16.9	14.4	405-1
Female in junior management level	%	17.0	15.7	15.9	405-1
Women in total workforce	%	10.0	10.9	10.9	405-1
Employees under the age of 30 (male/female)	%	16.5	14.8	19.8	405-1
Employees between 30 and 50 (male/female)	%	51.9	53.9	51.9	405-1
Employees above 50 (male/female)	%	31.6	31.3	28.3	405-1
Human Rights (Ethics and Compliance)	UNIT	2020	2021	2022	GRI
Total employees participate on the code ethics assessment	%	100	100	100	
Total contractors participate on the code ethics assessment	%	90	90	90	205-3
Ethics and compliance cases reported during the year (employees)	#	13	15	18	
Ethics and compliance cases reported during the year (contractor)	#	5	2	2	205-3
Employee Engagement	UNIT	2020	2021	2022	GRI
Employee engagement plans available and reviewed	%	100	100	100	
Employee engagement method utilized (WPTG Institute survey)	Index score	76.4	80.3	76.5	
Human rights assessments conducted (own operations)	%	100	100	100	

Suppliers	UNIT	2020	2021	2022	GRI
Suppliers from national markets (% of total suppliers)	%	67.1	58.6	64.8	204-1
Expenses in local suppliers	%	54.4	44.7	41.1	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	#	412	460	306	308-1

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Mm³ - million cubic meters

categories are from GCCA and KPMG assured

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

Note 2: 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 have been assessed according to WBCSD-CSI Scope 3 methodology. The methodology recommends the cement industry to consider at least these four categories to determine the scope 3 emissions: I. emissions due to clinker/cement bought, II. fuel- and energy-related activities (not included in Scope 1 and 2), III. upstream transportation, and IV. downstream transportation and distribution, in 2021 we add and calculate the category 11 which is sold products due we have a coal business.

Note 4: We updated this figures due we add the thermal energy using out of the kiln

Note 5: We use to assess the risks areas the WRI Aqueduct Water Tool

Note 6: We assessed the quarries at the cement plants.

Note 7: We reassess all the overall coverage according with the GCCA Guidelines

Note 8: We reassess and made an adjustment in all emission figures since 2019 due the GCCA Guidelines where recommend to do a conversion in base a P,T,O₂ and humidity, in 2021 we use two kilns in Chihuahua that does not operate continuously where we considered the production of these kilns and the emissions average of all others kilns to calculate the NOS, SOX and dust emissions.

Note 9: We only use the GCC Foundation figures

REPORTING SCOPE & BASIS

We published our first report on our sustainability performance in April 2017. This Sustainability Report, published in Jul 2023, covers our activities during 2022 and KPIs cover the period January 2022 to December 2022. It is GCC's 7th annual report on sustainability.

Independent assurance

Our report has been independently assured by KMPG in a second year in row, to which Chief Sustainability Officer has delegated primary responsibility for monitoring developments related to sustainability. You can find this year's detailed assurance statement on this report.

Reporting standards

This report has been prepared in accordance with the Global Reporting Initiative (GRI) Standards: Core option, with external verification for the GCCA charter, The GRI content index is provided on this report. In addition, selected indicators have been prepared and reported in accordance with the Industry standard Construction Materials Sustainability Accounting Standard 2018, prepared by the Sustainability Accounting Standards Board (SASB).

Data collection and reporting methodologies

For reporting Scope 1 CO₂ cement emissions we use the GCCA 'Sustainability Guidelines for the monitoring and reporting of CO₂ from cement manufacturing' and the accompanying Excel spreadsheet, 'Cement CO₂ and Energy Protocol, Version 3.1, CO₂ Emissions and Energy Inventory

We calculate Scope 2 CO₂e emissions from electricity in line with the method of the World Resources Institute Greenhouse Gas Protocol Scope 2 Guidance (2015), using 'International Energy Agency (2022) Emissions Factors (published in 2022) and eGRID2020 'Summary Table' for emissions factors (published in 2022)

Scope 3 CO₂e emissions, GCC has reaffirmed that the following categories are the most relevant for our business; Category 1: Purchased goods and services (including capital goods); Category 3: Fuel and energy related activities; Category 4: Upstream transportation and distribution; Category 9: Downstream transportation and distribution and Category 11: use of sold fuels. We calculate Scope 3 CO₂e emissions estimations in line with the GHG Protocol's Scope 3 Standard and the GHG Protocol's Scope 3 Standard for cement companies.

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

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

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

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

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

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

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



FOUNDATIONS

GRI STANDARD	DESCRIPTION	Web	AR	SR	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				

GENERAL DISCLOSURES

GRI STANDARD	DESCRIPTION	Web	AR	SR	PAGE, COMMENT, PERFORMANCE
2-1	Organizational details	◆	◆	◆	About GCC AR: p. 8 - Executive summary SR: p.15 - Our Presence
2-2	Entities included in the organization's sustainability reporting		◆		AR: p. 57-58 - Main assets
2-3	Reporting period, frequency and contact point		◆	◆	AR: p. 4 - Company information SR: p. 62 - Reporting Scope & Basis & p. 82 - Investor, Media, & Sustainability Info
2-4	Restatements of information			◆	SR: p. 56 - ESG Performance (Specific water consumption Change in GCCA Water KPI 2, due to correction in the calculation. & p. 57 - ESG Performance (Coverage rate continuous measurement monitoring) due to change in the calculation methodology.
2-5	External assurance		◆	◆	AR: p. 67 - External auditors & p. 96 - Independent Auditors Report SR: p. 76 - Assurance Statement
2-6	Activities, value chain and other business relationships	◆	◆	◆	GCC website AR: p. 45-48 - Business description SR: p. 16 - Our Business Segments, p. 17 - Our Model for Growth & Value Creation & p. 18 - Stakeholder Engagement
2-7	Employees		◆	◆	AR: p. 8 - Executive summary SR: p. 24 - Diversity, Equity & Inclusion & p. 53 - ESG Performance, Employees
2-8	Workers who are not employees				Information unavailable
2-9	Governance structure and composition	◆	◆	◆	Board of Directors AR: p. 68-81 - Management and shareholders SR: p. 4-6 - Governance

2-10	Nominating and selecting the highest governance body	◆			Corporate Governance Report 2022
2-11	Chair of the highest governance body.	◆	◆		Board of Directors AR: p. 70 - Board of Directors
2-12	Role of the highest governance body in overseeing the management of impacts		◆		AR: p. 70-76 -8 Management and shareholders
2-13	Membership of associations		◆	◆	The chair of the Board of Directors delegates authority for economic, social and environmental issues to the chief executive officer.
2-14	Role of the highest governance body in sustainability reporting			◆	SR: p. 4 - Governance
2-15	Conflicts of interest	◆	◆		Corporate Governance Report 2022 AR: p. 69 - Management and shareholders, p. 76-77 - Main shareholders, & p. 86 - Conflicts of interest
2-16	Communication of critical concerns				Board of Directors meetings are held quarterly and as needed to address critical concerns.
2-17	Collective knowledge of highest governance body			◆	SR: p. 4 - Governance
2-18	Evaluation of the performance of the highest governance body				Information unavailable
2-19	Remuneration policies	◆	◆		Corporate Governance Report 2022 AR: p. 80 - Executives compensation plan
2-20	Process to determine remuneration	◆			Corporate Governance Report 2022 The board of directors and senior leadership establish remuneration based on responsibilities. In 2021, senior leadership tied incentives to sustainability initiatives.
2-21	Annual total compensation ratio				Information unavailable
2-22	Statement on sustainable development strategy	◆	◆	◆	Sustainability AR: p. 11-12 - Planet SR: p. 3 - A Message to Our Stakeholders, p. 9 - 2025 Vision & p. 10 - Sustainability Goals
2-23	Policy commitments	◆		◆	Code of Conduct and Ethics & Vendor Code of Ethics SR: p. 30 - Business Ethics
2-24	Embedding policy commitments	◆		◆	Code of Conduct and Ethics SR: p. 6 - Committees & p. 30 - Business Ethics
2-25	Processes to remediate negative impacts			◆	SR: p. 18-19 - Stakeholder Engagement & p. 30 - Business Ethics
2-26	Mechanisms for seeking advice and raising concerns	◆		◆	Code of Conduct and Ethics SR: p. 18-19 - Stakeholder Engagement & p. 30 - Business Ethics

2-27	Compliance with laws and regulations		◆	◆	AR: p. 58-60 - Legal proceedings SR p. 30 - Business Ethics
2-28	Membership associations			◆	SR: p. 77-79 - Associations
2-29	Approach to stakeholder engagement			◆	SR: p. 18 - Stakeholder Engagement
2-30	Collective bargaining agreements			◆	SR: p. 59 - ESG Performance, Social Relations

MATERIAL TOPICS

GRI STANDARD	DESCRIPTION	Web	AR	SR	PAGE, COMMENT, PERFORMANCE
3-1	Process to determine material topics			◆	SR: p. 13 - Materiality Analysis & SR: p. 14 - Materiality Matrix
3-2	List of material topics			◆	SR: p. 13 - Materiality Analysis & SR: p. 14 - Materiality Matrix
3-3	Management of material topics			◆	SR: p. 13 - Materiality Analysis & SR: p. 14 - Materiality Matrix

ECONOMIC PERFORMANCE

GRI STANDARD	DESCRIPTION	Web	AR	SR	PAGE, COMMENT, PERFORMANCE
201-1	Direct economic value generated and distributed		◆	◆	AR: p. 64-66 - Operating results SR: p. 7 - 2022 Profit Record Performance & p. 53-54 - ESG Performance, Direct Economic Value Generated and Distributed
201-2	Financial implications and other risks and opportunities due to climate change			◆	SR: p. 48-52 - Task Force for Climate Disclosures
201-3	Defined benefit plan obligations and other retirement plans		◆		AR: p. 133 - Employee benefits for pension and retirement & p. 150 - Employee benefits 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				Information unavailable

INDIRECT ECONOMIC IMPACTS

GRI STANDARD	DESCRIPTION	Web	AR	SR	PAGE, COMMENT, PERFORMANCE
203-1	Infrastructure investments and services supported			◆	SR: p. 28 - Employee community & support
203-2	Significant indirect economic impacts			◆	SR: p. 28 - Employee community & support

PROCUREMENT PRACTICES

GRI STANDARD	DESCRIPTION	Web	AR	SR	PAGE, COMMENT, PERFORMANCE
204-1	Proportion of spending on local suppliers			◆	SR: p. 61 - ESG Performance, Suppliers

ANTI-CORRUPTION

GRI STANDARD	DESCRIPTION	Web	AR	SR	PAGE, COMMENT, PERFORMANCE
205-1	Operations assessed for risks related to corruption		◆		AR: p. 21 - Risk factors related to the countries in which GCC operates 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	◆			Antitrust Compliance Policy
205-3	Confirmed incidents of corruption and actions taken			◆	SR: p. 60 - ESG Performance, Human Rights

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: p. 21 - Risk factors related to the countries in which GCC operates & p. 27 - Risk factors related to the Company

TAX

GRI STANDARD	DESCRIPTION	Web	AR	SR	PAGE, COMMENT, PERFORMANCE
207-1	Approach to tax				Information unavailable
207-2	Tax governance, control, and risk management				Information unavailable
207-3	Stakeholder engagement and management of concerns related to tax				Information unavailable
207-4	Country-by-country reporting		◆		AR: p. 61 - Financial Information

MATERIALS

GRI STANDARD	DESCRIPTION	Web	AR	SR	PAGE, COMMENT, PERFORMANCE
301-1	Materials used by weight or volume			◆	SR: p. 56 - ESG Performance, Recycling and Waste Management
301-2	Recycled input materials used			◆	SR: p. 56 - ESG Performance, Recycling and Waste Management
301-3	Reclaimed products and their packaging materials				Information unavailable

ENERGY

GRI STANDARD	DESCRIPTION	Web	AR	SR	PAGE, COMMENT, PERFORMANCE
302-1	Energy consumption within the organization			◆	SR: p. 37 - Thermal Efficiency, p. 38 - Energy Management, p. 39 - Alternative Fuels & Biogenic Content & p. 55 - ESG Performance, CO ₂ & Energy Cont.
302-2	Energy consumption outside of the organization				Information unavailable
302-3	Energy intensity			◆	SR: p. 55 - ESG Performance, CO ₂ & Energy Cont.
302-4	Reduction of energy consumption			◆	SR: p. 55 - ESG Performance, CO ₂ & Energy Cont.
302-5	Reductions in energy requirements of products and services			◆	SR: p. 40 - Blended Cements

WATER & EFFLUENTS

GRI STANDARD	DESCRIPTION	Web	AR	SR	PAGE, COMMENT, PERFORMANCE
303-1	Interactions with water as a shared resource			◆	SR: p. 46 - Water & p. 56 - ESG Performance, Water
303-2	Water sources significantly affected by withdrawal of water			◆	SR: p. 46 - Water & p. 56 - ESG Performance, Water GCC complies with the GCCA Sustainability Guidelines for the monitoring and reporting of water in cement manufacturing
303-3	Water withdrawal			◆	SR: p. 56 - ESG Performance, Water
303-4	Water discharge			◆	SR: p. 56 - ESG Performance, Water
303-5	Water consumption			◆	SR: p. 56 - ESG Performance, Water

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: p. 57 - ESG Performance, Biodiversity
304-2	Significant impacts of activities, products, and services on biodiversity			◆	SR: p. 44 - Environmental Stewardship
304-3	Habitats protected or restored			◆	SR: p. 45 - Biodiversity Continued & p. 57 - ESG Performance, Biodiversity
304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations				Information unavailable

EMISSIONS

GRI STANDARD	DESCRIPTION	Web	AR	SR	PAGE, COMMENT, PERFORMANCE
305-1	Direct (Scope 1) GHG emissions			◆	SR: p. 54 - ESG Performance, CO ₂ & Energy
305-2	Energy indirect (Scope 2) GHG emissions			◆	SR: p. 54 - ESG Performance, CO ₂ & Energy
305-3	Other indirect (Scope 3) GHG emissions			◆	SR: p. 54 - ESG Performance, CO ₂ & Energy
305-4	GHG emissions intensity			◆	SR: p. 35 - Understanding our Carbon Footprint & p. 54-55 - ESG Performance, CO ₂ & Energy
305-5	Reduction of GHG emissions			◆	SR: p. 11 - Climate & Energy, p. 35 - Understanding our Carbon Footprint & p. 54-55 - ESG Performance, CO ₂ & Energy
305-6	Emissions of ozone-depleting substances (ODS)				No ODS is produced.
305-7	Nitrogen oxides (NOX), sulfur oxides (SO ₂), and other significant air emissions			◆	SR: p. 43 - Air Emissions & p. 57 - ESG Performance, Emissions Monitoring & Reporting

WASTE

GRI STANDARD	DESCRIPTION	Web	AR	SR	PAGE, COMMENT, PERFORMANCE
306-1	Waste generation and significant waste-related impacts			◆	SR: p. 56 - ESG Performance, Recycling and Waste Management
306-2	Management of significant waste-related impacts				Information unavailable
306-3	Waste generated			◆	SR: p. 56 - ESG Performance, Recycling and Waste Management

306-4	Waste diverted from disposal			◆	SR: p. 56 - ESG Performance, Recycling and Waste Management
306-5	Waste directed to disposal			◆	SR: p. 56 - ESG Performance, Recycling and Waste Management

SUPPLIER ENVIRONMENTAL ASSESSMENT

GRI STANDARD	DESCRIPTION	Web	AR	SR	PAGE, COMMENT, PERFORMANCE
308-1	New suppliers that were screened using environmental criteria			◆	SR: p. 61 - ESG Performance, Suppliers
308-2	Negative environmental impacts in the supply chain and actions taken				Corporate Procurement Department is also working on measuring this type of indicators.

EMPLOYMENT

GRI STANDARD	DESCRIPTION	Web	AR	SR	PAGE, COMMENT, PERFORMANCE
401-1	New employee hires and employee turnover			◆	SR: p. 59 - ESG Performance, Turnover
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.

OCCUPATIONAL HEALTH AND SAFETY

GRI STANDARD	DESCRIPTION	Web	AR	SR	PAGE, COMMENT, PERFORMANCE
403-1	Occupational health and safety management system			◆	SR: p. 59 - ESG Performance, Occupational Health and Safety
403-2	Hazard identification, risk assessment, and incident investigation			◆	SR: p. 21 - Health & Safety
403-3	Occupational health services			◆	SR: p. 22 - Health & Safety Governance
403-4	Worker participation, consultation and communication on occupational health and safety			◆	SR: p. 21 - Health & Safety & p. 55 - ESG Performance, Occupational Health and Safety
403-5	Worker training on occupational health and safety			◆	SR: p. 23 - Training Safe Drivers
403-6	Promotion of worker health			◆	SR: p. 21 - Health & Safety, p. 22 - Health & Safety Governance & p. 29 - Wellness Program

403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships				Information unavailable
403-8	Workers covered by an occupational health and safety management system			◆	SR: p. 59 - ESG Performance, Occupational Health and Safety
403-9	Work-related injuries			◆	SR: p. 59 - ESG Performance, Occupational Health and Safety
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		◆	◆	AR: p. 9-10 - People SR: p. 8 - 2022 Highlights, p. 25 - Training our Employees & SR: p. 60 - ESG Performance, Development
404-2	Programs for upgrading employee skills and transition assistance programs			◆	SR: p. 23 - Training Safe Drivers & p. 60 - ESG Performance, Development
404-3	Percentage of employees receiving regular performance and career development reviews			◆	SR: p. 26 - Developing our Leadership, High Performance Recognition Event & p. 60 - ESG Performance, Development

DIVERSITY AND EQUAL OPPORTUNITY

GRI STANDARD	DESCRIPTION	Web	AR	SR	PAGE, COMMENT, PERFORMANCE
405-1	Diversity of governance bodies and employees	◆	◆	◆	Corporate Governance Report 2022 AR: p. 70 - Management and shareholders SR: p. 4 - Governance & p. 24 - Diversity, Equity & Inclusion & p. 60 - ESG Performance, Gender Diversity
405-2	Ratio of basic salary and remuneration of women to men				Information unavailable

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	◆			Code of Conduct and Ethics SR: p. 30 - Business Ethics

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

LOCAL COMMUNITIES

GRI STANDARD	DESCRIPTION	Web	AR	SR	PAGE, COMMENT, PERFORMANCE
413-1	Operations with local community engagement, impact assessments, and development programs	◆		◆	Community SR: p. 28-29 - Employee Community & Support & p. 59 - ESG Performance, Type of Philanthropic Activities
413-2	Operations with significant actual and potential negative impacts on local communities				No significant negative impacts to local communities were identified during the reporting year

SUPPLIER SOCIAL ASSESSMENT

GRI STANDARD	DESCRIPTION	Web	AR	SR	PAGE, COMMENT, PERFORMANCE
414-1	New suppliers that were screened using social criteria			◆	SR: p. 61 - ESG Performance, Suppliers
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
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



SASB PERFORMANCE & INDEX

The Sustainability Accounting Standards Board (SASB) is an independent, non-profit, public interest organization established to develop high-quality, understandable, enforceable, and globally accepted which sets standards to connect business 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 areas as the material issues:



This 2022 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.

SASB Ref	DESCRIPTION	Web	AR	SR	PAGE, COMMENT, PERFORMANCE
Greenhouse Gas Emissions					
EM-CM-110a.1	Gross global Scope 1 emissions			◆	SR: p. 35 - Understanding our Carbon Footprint & p. 54 - ESG Performance, CO2 & Energy 3.555 Mt CO2/year
	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. CDP
EM-CM-110a.2	Discussion of long-term and short-term strategy or plan to manage scope 1 emissions, emissions reduction targets and an analysis of performance against those targets		◆	◆	AR: p. 12 - Planet & p. 50 - Environmental performance SR: p. 9-10 - 2025 Vision, Sustainability Goals, p. 11 - Climate & Energy & p. 55 - ESG Performance, CO2 & Energy Cont.

SASB Ref	DESCRIPTION	Web	AR	SR	PAGE, COMMENT, PERFORMANCE
Air Quality					
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 (PM10) • Dioxins/furans • Volatile organic compounds (VOCs) • Heavy metals 			◆	SR: p. 57 - ESG Performance, Emissions Monitoring and Reporting 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.

SASB Ref	DESCRIPTION	Web	AR	SR	PAGE, COMMENT, PERFORMANCE
Energy Management					
EM-CM-130a.1	Total energy consumed			◆	SR: p. 55 - ESG Performance, CO2 & Energy Cont. Currently, GCC measures only cement energy consumption. - Total energy consumption 19,182 TJ - Thermal energy total: 16,684 TJ - Power energy total: 2,219 TJ - Non-kiln energy total: 279 TJ
	Percentage grid electricity			◆	SR: p. 55 - ESG Performance, CO2 & Energy Cont. 100% of the power energy consumed in the production of cement from the “grid operator” which transfers electrical energy generated.
	Percentage alternative			◆	SR: p. 55 - ESG Performance, CO2 & Energy Cont. Thermal energy mix of clinker production (biomass): 4.3% Thermal energy mix of clinker production (alternative fuels): 3.3% Total thermal substitution rate: 7.7%
	Percentage renewable			◆	SR: p. 55 - ESG Performance, CO2 & Energy Cont. Total electrical energy consumed (renewable): 14.4%
SASB Ref	DESCRIPTION	Web	AR	SR	PAGE, COMMENT, PERFORMANCE

Water Management

EM-CM-140a.1	Total water withdrawn			◆	SR: p. 56 - ESG Performance, Water 3.050 Mm3 for cement operations identified from the main sources.
	Total water consumed			◆	SR: p. 56 - ESG Performance, Water 2.319 Mm3 for cement operations identified from the main sources.
	Percentage of each in regions with High or Extremely High Baseline Water Stress			◆	48.0% of the total water withdrawn 62.0% of the total water consumption

SASB Ref	DESCRIPTION	Web	AR	SR	PAGE, COMMENT, PERFORMANCE
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Waste Management

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.
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SASB Ref	DESCRIPTION	Web	AR	SR	PAGE, COMMENT, PERFORMANCE
Biodiversity Impacts					
EM-CM-160a.1	Description of environmental management policies and practices for active sites			◆	SR: p. 57 - ESG Performance, Biodiversity & p. 44-45 - Biodiversity
EM-CM-160a.2	Terrestrial acreage disturbed Percentage of impacted area restored				We report the percentage of quarries with a rehabilitation plan in place 46%
SASB Ref	DESCRIPTION	Web	AR	SR	PAGE, COMMENT, PERFORMANCE
Workforce Health & Safety					
EM-CM-130a.1	<ul style="list-style-type: none"> Total recordable incident rate (TRIR) Near miss frequency rate (NMFR) for (a) full time employess Near miss frequency rate (NMFR) for (b) contract employess 			◆	SR: p. 59 - ESG Performance, Occupational Health & Safety TRIR: 2.21% 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.
SASB Ref	DESCRIPTION	Web	AR	SR	PAGE, COMMENT, PERFORMANCE
Product Innovation					
EM-CM-410a.1	Percentage of products that qualify for credits in sustainable building design and construction certifications			◆	SR: p. 53 - ESG Performance, Revenue/Result 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 or material impacts during usage or production	◆		◆	CDP, SR: p. 40 - Blended Cements This data is covered in the annual CDP disclosure. We list the impact of blended cements on our annual emissions with a base product.
SASB Ref	DESCRIPTION	Web	AR	SR	PAGE, COMMENT, PERFORMANCE
Pricing Integrity & Transparency					
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: p. 58-60 - Legal proceedings
SASB Ref	DESCRIPTION	Web	AR	SR	PAGE, COMMENT, PERFORMANCE
Activity Metric					
EM-CM-000.A	Production by major product line			◆	SR: p. 54 - ESG Performance, Cement Type Portfolio & Products

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 provide limited assurance on Key Sustainability Performance Indicators (Non-Financial Information), detailed in the Appendix A attached to this report, and included in the Sustainability Report of GCC 2022 (“the Report”) for the period from January 1 to December 31, 2022.

Management’s responsibilities

Management of GCC, through the Sustainability Corporate Management is responsible for the preparation and presentation of the Key Sustainability Performance Indicators included in the Report, in accordance with the Global Cement and Concrete Association (“GCCA”) standards (“the Criteria”); and the information included in them, and for establishing and maintaining appropriate performance management and internal control systems from which the reported performance information subject to our review is derived.

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

Management of GCC, through the Sustainability Corporate Management is also responsible for ensuring that the staff involved with the preparation and presentation of the Key Sustainability Performance Indicators included in the Report are properly trained, information systems are properly updated and that any changes in the presentation subject matter information encompass all significant business units.

Our responsibilities

Our responsibility is to examine a limited assurance engagement and to express an independent conclusion of limited assurance based on the work performed and evidence obtained. We conducted our engagement in accordance with 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 our procedures 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 Key Sustainability Performance Indicators contained in the Report for the period from January 1 to December 31, 2022, are not presented in all material respects, in accordance with the Criteria.

KPMG Cárdenas Dosal, S. C. applies International Standard on Quality Management 1, which requires the firm to design, implement and operate a system of quality management including policies or 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 International Ethics Standards Board for Accountants’ International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), 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 Key Sustainability Performance indicators presented in the Report and other engagement circumstances, and our consideration of areas where material misstatements are likely to arise.

In obtaining an understanding of the indicators contained in the Report, and other engagement circumstances, we have considered the process used to prepare and present the Key Sustainability Performance indicators, in order to design assurance procedures that are appropriate in the circumstances, but not for the purpose of expressing a conclusion as to the effectiveness of GCC's internal control over the preparation and presentation of the Key Sustainability Performance indicators included in the Report.

Our engagement also includes assessing the appropriateness of the underlying subject matter, the suitability of the criteria used by GCC in preparing and presenting the subject matter information, 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, timing, and scope from, and are less in extent than for a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

Criteria

The criteria on which the preparation of the indicators has been evaluated refers to the requirements established in the standards of the Global Cement and Concrete Association (GCCA).

Conclusion

Our conclusion has been formed on the basis of, 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 evidence obtained, nothing has come to our attention that causes us to believe that the Key Sustainability Performance indicators detailed in the Appendix A attached to this limited assurance report, prepared by the Sustainability Corporate Management of GCC and contained in the Sustainability Report of GCC 2022, for the period from January 1 to December 31, 2022, are not prepared and presented, in all material aspects, in accordance with the Criteria.

Restriction of use of our report

Our report should not be regarded as suitable to be used or relied on by any party to acquire rights against us other than the Board of Directors and the Sustainability Corporate Management of GCC for any purpose or in any other context. Any party other than the Board of Directors and the Sustainability Corporate Management of GCC who obtains access to our report or a copy thereof and chooses to rely on our report (or any part thereof) will do so at its own risk. To the 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.

KPMG Cárdenas Dosal, S. C.



Joaquín Aguilera

Partner

Mexico City, July 31, 2023

Appendix A

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

GCCA Standards	Theme
CO2 emissions from cement manufacturing	
KPI 1	Total direct CO2 emissions – gross
KPI 2	Total direct CO2 emissions – net
KPI 3	KPI 3 Specific CO2 emissions – gross
KPI 4	KPI 4 Specific CO2 emissions – net
KPI 5	KPI 5 Indirect CO2 emissions (Scope 2)
Emissions from cement manufacturing	
KPI 1	Overall coverage rate
KPI 2	KPI 2 Coverage rate continuous measurement
KPI 3	Emission data pollutant (absolute and specific): <ul style="list-style-type: none"> • Absolute NOX emissions • Absolute SO2 emissions • Absolute particulate material emissions
Fuel and raw materials in cement manufacturing	
KPI 1	Alternative fuel rate (kiln fuels)
KPI 2	KPI 2 Biomass fuel rate (kiln fuels)
KPI 3	KPI 3 Specific heat consumption for clinker production
KPI 4	KPI 4 Alternative Raw Materials rate (% ARM)
KPI 5	KPI 5 Clinker/Cement (equivalent) factor
Safety in cement and concrete manufacturing	
KPI 1	Fatality rate, directly employed
KPI 3	KPI 3 LTI frequency rate, directly employed
KPI 5	KPI 5 LTI severity rate, directly employed
Biodiversity	
KPI 2	Quarries where rehabilitation plan is implemented
Water	
KPI 1	Total water withdrawal - water discharge = water consumption
KPI 2	KPI 2 Amount of water consumption per unit of product

ASSOCIATIONS



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



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



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.



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.



For 18 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.



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 (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.



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.



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.



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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