



# 2023

## **CORPORATE GOVERNANCE REPORT**

GCC strives to be the supplier of choice in cement, concrete and innovative solutions, with a vision focused on being recognized as the best cement company in North America with the proper balance of people, profit and the planet.

Operating in three different countries, we recognize the importance of corporate governance and strong leadership. We seek to maximize stakeholder value, enhance our value proposition and foster the company's growth through the implementation of our business strategy, always promoting accountability, providing security, impartiality and transparency in our decision-making processes.

Corporate governance is part of GCC's culture and we are committed to behave ethically, meet the highest corporate governance standards, and recognize our obligations to all stakeholders; our shareholders, customers, employees, and the communities where we operate.

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# SHAREHOLDING STRUCTURE

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**\$134.9** MILLION PESOS  
SUBSCRIBED AND PAID UP CAPITAL

represented by

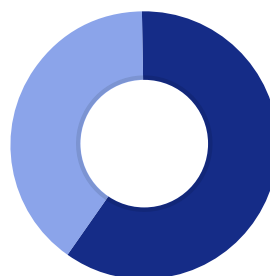
**337.4** MILLION SHARES  
NOMINATIVE, COMMON,  
CLASS I, SINGLE SERIES

**327,598,003**  
outstanding shares

**9,801,997**  
repurchased shares

**49.1%**  
FREE FLOAT

**50.9%**  
CAMCEM



**60%**  
Chihuahua  
investors

**40%**  
CEMEX

GCC has an ownership threshold of 3% or more of total outstanding shares; a position equal to or greater requires prior approval from the Board of Directors.

## ONE SHARE ONE VOTE

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

# BOARD OF DIRECTORS

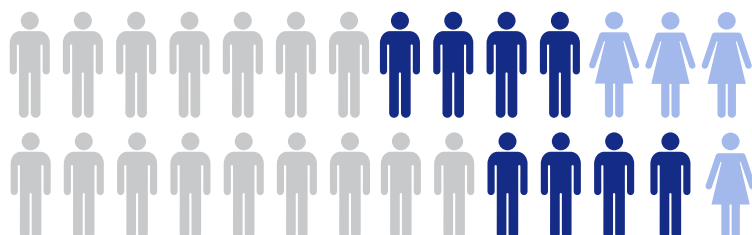
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The management of GCC is entrusted to the Chief Executive Officer and the Board of Directors. The Board sets guidelines and the overall strategy to direct the business, shares perspectives, provides advice, and monitors and assesses management's implementation.

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

“

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



**14 PROPRIETARY DIRECTORS**

**14 ALTERNATE DIRECTORS**

**29% INDEPENDENT**      **14% FEMALE**

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.

**51%**  
QUORUM



## BOARD MEETINGS

Board meetings are held at least every three months and may be summoned as often as needed. Meetings are considered held if at least a majority of its members attend and resolutions shall be valid if approved by a majority of the members attending the meeting.

## INFORMATION MANAGEMENT

Directors receive the necessary information for decision making three days prior to meetings.

**\$80,000 MXN**  
PER MEETING



## BOARD COMPENSATION

Compensation is reviewed annually by the Shareholders Meeting and had not changed since 2017.

## BOARD MAIN ACTIVITIES

- Establish the business strategy
- Oversee management and operation
- Approve financial results, transactions with related parties, unusual acquisitions, divestments and other activities
- Select key executives and review their compensation
- Manage strategic risks
- Promote a socially and environmentally responsible company

Senior management activities are separated from those of the Board of Directors to improve transparency.



## BOARD MEMBERS

The Board composition is reviewed annually by the Shareholders' Meeting. Current Directors were appointed in the meeting held in April 2023.

### CHAIRMAN

Federico Terrazas  
since 2013

### SECRETARY

César Conde  
since 2022

### DIRECTORS' RESUMES



### NON-EXECUTIVE DIRECTORS

Federico Terrazas

Carolina Mares

Silvia Márquez

Enrique Terrazas

Martha Márquez

Luis Márquez

Fernando González

José A. González

Ramiro Villarreal

Juan Romero

### INDEPENDENT DIRECTORS

Armando García

Fernando Ruiz

Luis Fernández

Luis Nicolau

## CHANGES IN 2023

Silvia Márquez was appointed Director,  
replacing Miguel Márquez.



# COMMITTEES

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## AUDIT & CORPORATE PRACTICES COMMITTEE TO THE BOARD

### 3 INDEPENDENT DIRECTORS & 3 ALTERNATE DIRECTORS

The Committee advises the Board on matters related to audit, best corporate practices, risk management, 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.

The Board appoints committee members and each member selects his alternate. Shareholders appoint the Chairman and define compensation. The Committee meets quarterly as a minimum.

#### CHAIRMAN

Fernando Ruiz

#### MEMBERS

Fernando Ruiz

Luis Nicolau

Armando García

Compensation is reviewed annually and had not changed since 2015

Chairman \$60,000 MXN\* / Members \$40,000 MXN\*

## SUSTAINABILITY COMMITTEE

### 9 MEMBERS LED BY THE CEO AND THE CORPORATE VP OF SUSTAINABILITY

The Committee identifies and manages the impacts, risks and opportunities that may arise in the social and environmental fields, and is in charge of developing and implementing GCC's sustainability strategy.

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.



*GCC's sustainability strategy focuses on environmental responsibility and climate protection, fostering social responsibility and ensuring economic sustainability.*

## ETHICS COMMITTEE

7 MEMBERS LED BY THE CEO; 2 PERMANENT AND 5 ROTATED PERIODICALLY

The Committee ensures proper disclosure and enforcement of the Code of Ethics by promoting values and behaviors encouraged by the organization, channeling cases, being a consultation party and defining corrective measures.

Employees submit their concerns, suggestions, complaints and inquiries through email, an anonymous hotline, an independently managed website or through the departments of human resources, legal and corporate audit.

**DURING  
2022**

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

## DIVERSITY & INCLUSION COMMITTEE

12 CORE MEMBERS & 41 CHAMPIONS

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

Champions support the execution of projects and initiatives throughout GCC.

GCC is committed to transparency and honesty. We encourage you to report any irregularities you are aware of. PwC manages the website and hotline, and GCC doesn't have direct access to the information.



gcc@ethic-line.com  
www.ethic-line.com/gcc



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# TRANSACTIONS WITH RELATED PARTIES

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Within the normal course of business, GCC conducts transactions with related parties. Unusual transactions must be submitted to the Audit and Corporate Practices Committee and approved by the Board of Directors.

Transactions with related parties may create potential conflicts of interest, which GCC mitigates by performing a transfer pricing study to determine the value of the services and goods provided.

**IN 2022**

GCC did not carry out operations with related parties outside the normal course of business or out of market conditions.

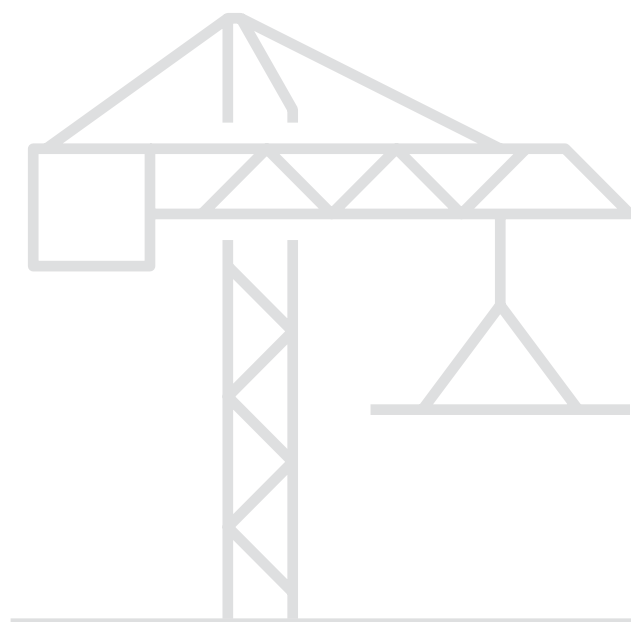
## POTENTIAL CONFLICTS OF INTEREST

Directors and officers who have a conflict of interest in any transaction or decision must disclose it to the Chairman or the Secretary of the Board of Directors and refrain from any deliberation and resolution.

The Board of Directors establishes guidelines for transactions with related parties and reviews unusual transactions.



For more detail on transactions with related parties, refer to section 4.b of the annual report.



# RISK MANAGEMENT

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GCC recognizes the importance of the different risks and uncertainties related to its operations and the countries in which it operates, therefore, we developed a risk management process to monitor, analyze and mitigate risk exposures, and thus ensure the company's long-term stability and success.

## **RISK IDENTIFICATION**

GCC constantly works on identifying risks and scenarios that could materially and negatively impact the company's business, results of operations or financial condition.

## **RISK ASSESSMENT**

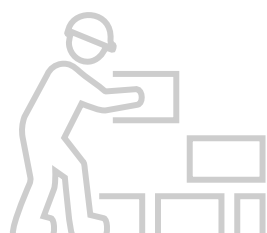
GCC conducts regular assessments of identified risks based on their likelihood and impact, to be aware of any changes in relevance.

## **RISK MANAGEMENT**

GCC creates heat maps to review risk materiality, improve visualization and analysis to develop risk management strategies.

## **RISK CONTROL**

GCC constantly monitors strategy implementation and execution to reduce or eliminate threats, prevent losses and optimize resources.



For more detail on risks and uncertainties, refer to section 1.c of the annual report.



# SHAREHOLDERS' MEETINGS

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**15** DAYS  
IN ADVANCE

## **CALLS AND INFORMATION MANAGEMENT**

The meetings are called at least 15 days in advance and from that moment on, shareholders can request the information and documents related to the items to be discussed in the meeting.

Meetings may be summoned by shareholders representing at least 10% of GCC's equity.



## **MEETINGS**

The shareholders' meeting are held at least once a year within the 4 months following the end of the fiscal year.

**51%**  
QUORUM

## **ANNUAL SHAREHOLDERS' MEETINGS**

Meetings are considered held if at least a majority of shareholders attend and resolutions are valid if approved by a majority of the shareholders attending the meeting.



## **PROXY VOTING**

Shareholders may grant proxies and give specific voting instruction for each resolution in respect of which the proxy-holder has to vote on behalf of the shareholder.

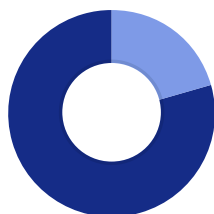
**75%**  
QUORUM

## **EXTRAORDINARY SHAREHOLDERS' MEETINGS**

Meetings are considered held if at least 75% of GCC's capital is represented and resolutions are valid if approved by a majority of shareholders attending the meeting.



**79.4%**  
QUORUM



**267,895,432 SHARES REPRESENTED**

## RESOLUTIONS PASSED AT THE MEETING

Approval of:

- CEO's report on 2022 performance
- Board of Directors' opinion on the CEO's report
- 2022 financial statements
- Audit and Corporate Practices Committee's report
- Amendments to bylaws

Appointment and remuneration of:

- Members of the Board of Directors
- Members of the Audit and Corporate Practices Committee

## **2023** DIVIDEND

A dividend of Ps. 1.3364 per share was declared at the meeting and paid on May 24, 2023.

## **BUYBACK** **PROGRAM**

Shareholders approved the allocation of up to \$1.5 billion pesos (\$1,500,000,000) to the shares buyback program.

# BEST PRACTICES

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## INFORMATION MECHANISMS

Website available in English and Spanish

Annual Shareholders' Meetings

Quarterly earnings calls hosted by GCC's CEO and CFO

Press releases posted on the BMV, CNBV and GCC website

Investor relations contact:

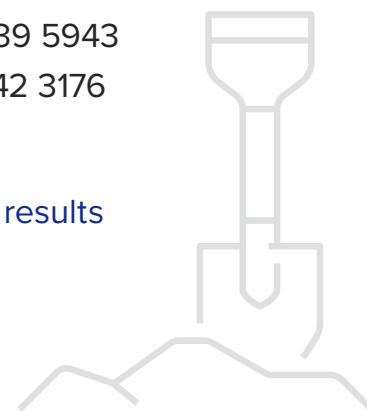


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## COMMUNICATION WITH THE FINANCIAL COMMUNITY IN 2022

**4** EARNINGS  
CALLS

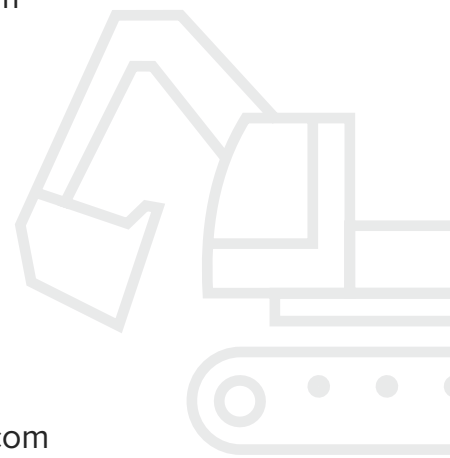
**15** CONFERENCES  
& BROKER EVENTS

**+100** MEETINGS  
ATTENDED

## 14 ANALYSTS COVERING GCC'S STOCK



<b>ACTINVER</b>	rortiz@actinver.com.mx
<b>BANK OF AMERICA</b>	carlos.peyrelongue@bofa.com
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GCC was recognized by the Institutional Investor magazine for one of the best management and investor relations programs in the cement and construction sector.



## LONG-TERM INCENTIVE

Largest component of target, based on ROIC and paid in restricted stock with a 5-year vesting period

CEO: 36%    Key executives: 15% - 34%

## ANNUAL INCENTIVE

Based on budgeted EBITDA growth and EBITDA margin  
Pays out between 0% and 205% of target

CEO: 33%    Key executives: 18% - 28%

## FIXED PAY

Smallest component of target compensation  
Base salary

CEO: 31%    Key executives: 40% - 62%

**69%**  
**PERFORMANCE  
BASED**

“

*GCC seeks to align pay with company performance and value creation over the short- and long-term.*



## ABOUT GCC

GCC is a leading supplier and producer of cement, concrete, aggregates and construction-related services in the United States, Mexico and Canada, with an annual cement production capacity of 6.05 million metric tons.

## SAFE HARBOR STATEMENT

This report has been prepared by GCC, S.A.B. de C.V. (together with its subsidiaries, “GCC”). Nothing in this report is intended to be taken by any person as investment advice, a recommendation to buy, hold or sell any security, or an offer to sell or a solicitation of offers to purchase any security.

This report is a compendium of data from our archives, for more detail please refer to the original documents located in [www.gcc.com](http://www.gcc.com) inside the investor relations section.W

GCC is not responsible for errors and/or omissions with respect to the information contained herein. Due to rounding, numbers presented throughout this report may not add up precisely to the totals provided and percentages may not precisely reflect the absolute figures.

## FORWARD LOOKING STATEMENTS

This report may contain forward looking statements. All statements that are not clearly historical in nature are forward-looking, and the words “anticipate,” “believe,” “expect,” “estimate,” “intend,” “project” and similar expressions are generally intended to identify forward-looking statements. These statements are subject to risks and uncertainties including, among others, changes in macroeconomic, political, legal, public health crises including COVID-19, governmental or business conditions in the markets where GCC operates; changes in interest rates, inflation rates and currency exchange rates; performance of the construction industry; and pricing, business strategy and other factors. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may differ materially from the beliefs, projections and estimates described herein.

The information in this report, including but not limited to forward-looking statements, applies only as of the date of this report. GCC expressly disclaims any obligation or undertaking to update or revise the information contained in this report.

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