



PURE MEXICAN PRIDE





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MESSAGE TO STAKEHOLDERS

GRI 102-14, 102-15



The year 2020 was unprecedented due to the challenges the COVID-19 pandemic posed to humanity and global activities. Despite the complex environment, the pandemic pushed us to improve skills, identify opportunities, and establish priorities.

At Corporación Moctezuma we assigned ourselves the task of quickly adapting our processes to ensure the well-being of our stakeholders and our operating resiliency. To achieve this goal, we implemented several activities geared around five principal axes:

AWARENESS

From the moment the pandemic was declared, we kept our personnel informed and updated about its impacts and development, and on the directives issued by the authorities, and the measures taken by the Company.

ANTICIPATION

Taking the instructions of the global and domestic health authorities to heart, we devel-

oped and implemented protocols in a timely manner, purchasing personal protective equipment and disinfecting products.

Together with our providers we defined strategies to ensure timely supply, and to safeguard both the continuity of the business and to protect all stakeholders who are part of the Company's value chain.

COMMITMENT

Employees are the priority at Corporación Moctezuma. In order to protect their health and safety at our plants, we implemented the necessary sanitary protocols, as well as the campaign "If you take care of yourself, you take care of all of us." The discipline and resilience that characterize our exceptional team were key factors in protecting people and avoiding contagion inside the organization.

We met our quality-of-life commitment to our employees, maintaining their levels of remuneration, even as many companies dropped theirs.

At Corporación Moctezuma **we immediately adapted processes to handle contingencies** and to ensure the well-being of our stakeholders and our operating resilience.

Furthermore, the continued development of major private and public construction projects in the country, in addition to the strategy of financial prudence that defines us, enabled us to meet our commitments. Our results for the year were excellent, thus emphasizing the fact that the trust our shareholders and investors place in us is merited.

ADAPTATION

Our efforts over many years to make our operations more efficient and agile have materialized into plans and programs that have resulted in teamwork in several areas, and technological tools have enabled us to adapt quickly to remote work, benefiting all areas of the organization.

OPPORTUNITY

In an effort to protect the health of all the groups with which we interact, in 2020 we suspended some social initiatives. Nevertheless, we continued working hard to be a good neighbor, and we consolidated ties with society through scholarship programs and specific types of aid to the communities surrounding our cement plants. We also provided support to several healthcare facilities in their fight in the front lines against the pandemic.

Globally, 2020 was an important year; not only because of the pandemic, but also because it kicked off the Decade of Action regarding Sustainable Development Goals (SDG). This initia-

tive began in 2015, when all Member States of the United Nations approved 17 goals as part of Agenda 2030. This year was the call to all international players—governments, companies, and society as a whole—to double down on efforts to implement measures as quickly and broadly as possible to end poverty, protect the planet, and improve the lives and perspectives of individuals all over the world.

At Corporación Moctezuma, we focus on the matters that are a priority for the Company and its stakeholders, many of which are part of the UN's agenda. One of these focus areas is gender equality, which we are pursuing through our signature program called Casco Rosa. Through

In 2020, we implemented our signature program known as Casco Rosa whose objective is to highlight and recognize the important role of women in the construction industry.



this program we highlight and recognize the role of women in the construction industry in Mexico, underlining their huge impact, and improving equal opportunities inside and outside of the organization.

We also support dignity of work by developing people's skills and supporting economic growth in the communities near the Company's plants, and pursuing our plans to incorporate personnel into Moctezuma's workforce.

In 2020, we continued to beef up industrial safety management. We included all employees as participants who are co-responsible for building a culture of safety, and in being on the path to achieving the goal of Zero Accidents that we have established within Corporación Moctezuma.

One of the world's principal concerns is also one of the Company's: to reduce one's environmental footprint. We are committed to contributing to decelerating climate change, thus we are constantly working to optimize our production processes, adopting new technologies, and using resources wisely.

In 2020, we moved decisively towards building an alternative fuels system at the Cerritos cement plant, and in starting up the phase prior to construction of a photovoltaic park at the same facility. We have no doubt that with these and other projects we will be able to keep our emissions and energy consumption levels low, and among the best worldwide.

These achievements have all been possible thanks to the commitment of our employees, the guidance and experience of the management team, the participation of providers, strategic partners and surrounding communities, and the confidence of our clients, shareholders and investors. Together we have made Corporación Moctezuma a company that is Proudly Mexican, a responsible corporate citizen, and an agent of change that is contributing to the sustainable development of Mexico.

José María Barroso

Chief Executive Officer Corporación Moctezuma



PROFILE OF CORPORACIÓN MOCTEZUMA

GRI 102-1, 102-2, 102-4, 102-5, 102-6, 102-7, 102-16



Corporación Moctezuma, S.A.B. de C.V. is a Mexican company that produces, distributes, and sells cement, concrete and aggregates under the registered brands Cementos Moctezuma, Agregados Moctezuma, and Lacosa, through the Cementos Moctezuma and Concretos Moctezuma business units.

We use state-of-the-art technology to produce our products, and we maintain high-quality standards in production, service, and customer care. At Corporación Moctezuma we are also keenly committed to maintaining a healthy quality of life at the Company, and to protecting the environment.

We have operations throughout Mexico, with three cement plants from which we distribute cement to 95% of Mexico, by means of nearly 30 distribution centers. Our Concretos Moctezuma business unit operates in 10 states, with 33 concrete-manufacturing plants.

The Cements Division has operations in five business regions throughout the country:



NORTHERN REGION

Coahuila
Durango
Zacatecas
Aguascalientes
San Luis Potosí
Veracruz Norte
Tamaulipas
Nuevo León

CENTRAL REGION

State of Mexico
Mexico City
Hidalgo

SOUTHERN REGION

Puebla
Tlaxcala
Guerrero
Morelos
Oaxaca

SOUTHEASTERN PENINSULA

Campeche
Chiapas
Quintana Roo
Tabasco
Veracruz
Yucatán

COASTAL REGION

Sonora
Sinaloa
Nayarit
Jalisco
Colima
Michoacán
Guanajuato
Querétaro

This year we met **the growing demand for bagged cement** in the do-it-yourself segment.

The Concrete Division serves two business regions in Mexico:



SOUTH CENTRAL REGION

State of Mexico
Mexico City
Morelos
Puebla
Veracruz
Tabasco

PACIFIC COAST REGION

Guanajuato
Querétaro
Tamaulipas
Jalisco

In 2020, we began **supplying concrete for floors, business parks, and industrial facilities.**

MISSION

To produce low-cost, competitively priced cement and concrete that meets the needs of our clients, providing a safe environment in which our personnel can develop; to be an environmentally aware company that has a healthy relationship with the surrounding community, pays its employees a fair wage, and adds value to the investment of its shareholders and clients.

VISION

To maintain our leadership position in efficiency and profitability, expanding our cement and concrete operations at the national level, and positioning our brand as the high-quality product that it is.

VALUES

Our values are the foundation on which we have built our corporate identity, as are the shared convictions that are part of our long-term strategy and the service we provide to the market.

Commitment

We know that our products are important in creating wealth. Clients are our driver, and we maintain a solid social commitment to each one.

Teamwork

We seek to make prompt and efficient decisions at all levels of the organization, and to ensure the harmony and continuity of the Company's business units.

Responsibility

We are responsible for maintaining and improving the Company's internal processes and structures to ensure quality and sustainability.

Quality

We guarantee the quality of our products and services, and continuous improvement.

Safety

We encourage a culture of prevention to mitigate risks and to protect the health and safety of our entire team.

Environmental protection

We are committed to protecting natural resources, preserving ecosystems, and minimizing our environmental impact.



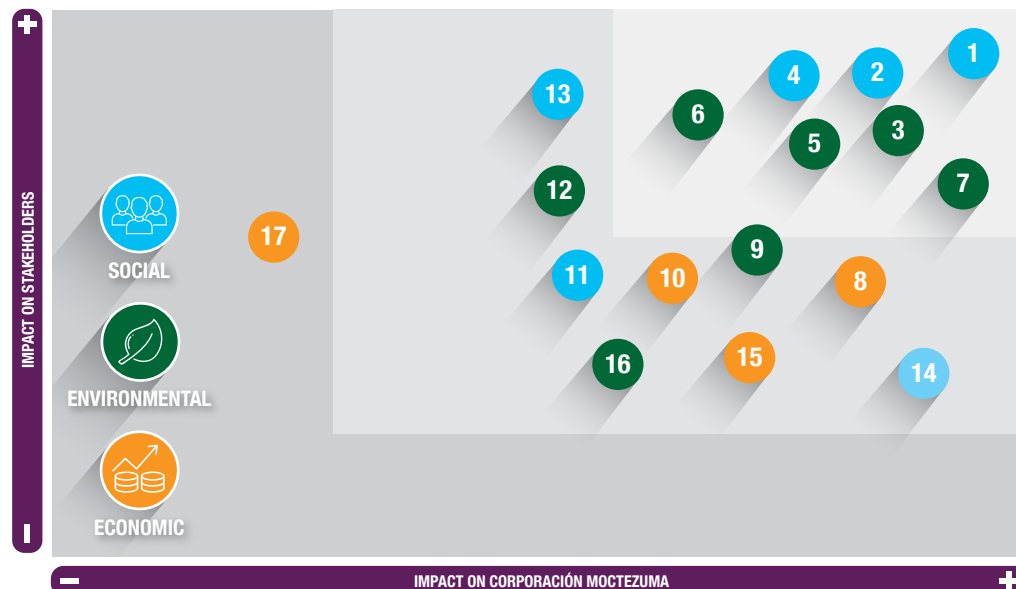
MATERIALITY ASSESSMENT

GRI 102-33, 102-44, 102-46, 102-47

Through our materiality assessment we have identified and prioritized the most relevant issues for the Company.

These issues have a direct or indirect impact on our ability to create economic, social and environmental value, value for the Company, our stakeholders, and society as a whole.

These material matters have been improved in our business strategy and are included in this report.



PRIORITY

1. Occupational health and safety
2. Legal compliance
3. Air quality
4. Anti-corruption practices
5. Water consumption and discharge
6. Waste management
7. Energy efficiency and alternate fuels

RELEVANT

8. Product quality and customer relationships
9. Quarry operations

10. Direct economic development
11. Industrial relationships
12. Protecting biodiversity in quarry operations
13. Developing local communities

EMERGING

14. Development of human capital
15. Supply chain management
16. Investments and expenses in environmental matters
17. Indirect economic development

OUR STAKEHOLDERS

GRI 102-21, 102-40, 102-42, 102-43

At Corporación Moctezuma, we have mapped out and prioritized the stakeholders we work with and with whom we have the commitment to maintain open dialogue; the purpose is to understand their needs and expectations regarding the Company's strategy, and to communicate with them on an ongoing basis through our various communication channels.

STAKEHOLDERS	DESCRIPTION	COMMUNICATION CHANNELS
Shareholders and investors	Shareholders and investors are an essential part of Corporación Moctezuma, as they have entrusted their resources to us. We run an exemplary business based on our organizational values, our Code of Ethical Conduct, best Corporate Governance practices, and on improving the Company's profitability. We comply with the stock market regulations that apply to us in a proper and timely manner, particularly in information to the investing public, the participation of independent board members, and protecting minority shareholders.	<ul style="list-style-type: none"> • Shareholders' Meeting • Publication of relevant events • Annual Report and Sustainability Report • Annual Report to the Mexican Stock Exchange • Quarterly reports • Website
Clients	Clients are our reason for being. Every day we focus our experience, knowledge, skills, investments and technological development to meet our clients' needs with the highest-quality products and excellent service.	<ul style="list-style-type: none"> • Sales Force Platform • Code of Ethical Conduct • Alza la Voz • Video conference calls • Telephone calls • Events and festivals • Sustainability Report • Communication media • Website
Authorities	We comply with stock market regulations, as well as the legislation and requirements applicable for all operations in our sector. We remain in close contact with the authorities at the three levels of government.	<ul style="list-style-type: none"> • Reports • Requirements • In-person and virtual meetings • Annual Report and Sustainability Report • Website
Employees	Employees are our most important asset. We strive for the well-being of our employees and that of their families, as well as their professional development, through occupational health programs, training, and career plans. We are a company with a strong feeling of belonging and focus on fulfilling organizational objectives.	<ul style="list-style-type: none"> • Code of Ethical Conduct • Alza la Voz Channel • Communication channels with Human Resources
Communities	We are good neighbors, and we strive to develop sustainably in the communities where we are present, creating well-paid jobs that contribute to social progress. We also engage in social activities that positively impact the quality of life of community inhabitants.	<ul style="list-style-type: none"> • Open day to communities in our facilities • Meetings with community leaders • Sustainability Report • Website
Providers	Our good relationships with providers, plus honest and committed work, have allowed us to establish solid, lasting business relationships over time.	<ul style="list-style-type: none"> • In-person and virtual meetings • Communication media • Code of Ethical Conduct • Alza la Voz Channel • Website

SOCIAL RESPONSIBILITY

GRI 102-12, 102-34

As a key company in the industry, Corporación Moctezuma is committed to supporting the economic and social progress of Mexico. To achieve these goals, we create value for society through several different projects in the communities where we operate.

In 2020, we communicated closely with the authorities at all three levels of government, and in the regions where we have operations, particularly in matters of health and safety related to the COVID-19 pandemic. We developed protocols to be close to our communities, which included constant dialogue with community and institutional leaders in the areas near our plants, thus serving the priority needs of the inhabitants.

We also worked to form alliances with foundations, donating personal protective equipment to medical personnel on the front lines fighting the COVID-19 pandemic, so that they would have the supplies necessary to continue helping the people who needed it most.

We continued granting excellence scholarships for students attending school in the communities that surround us. This year we remotely monitored our soccer school, fulfilling our commitment to support sporting activities.

Although we had to remain physically apart from our communities, with the use of innovative tools we were able to remain close.

Furthermore, thanks to operational continuity, the Company's results, and our commitment to our personnel, we were able to keep all of our employees fully employed, which helped support the economic development of the communities where we are present.



We formed alliances with foundations, in order to **donate personal protective equipment to medical personnel** on the front lines fighting the COVID-19 pandemic.

LABOR RESPONSIBILITY

GRI 102-7, 102-8, 102-15, 102-34, 102-35, 102-41, 405-1

As a company with a great sense of duty towards our employees, Corporación Moctezuma strives to develop employees' skills and to ensure their well-being.

In 2020, the vast majority of the world's population was impacted not only by the pandemic, but also as a result of the economic difficulties arising from it. Our solid foundations enabled us to successfully face the challenges posed by the COVID-19 pandemic.

We have an experienced and committed team that is highly focused on long-term goals. This allows us to run a profitable business that is not only capable of enduring, but also contributing to reactivation of the economy and to the well-being of society.

We strive to create a working space that ensures physical and emotional integrity and equal opportunities for all of our employees, with the objective of encouraging a sense of pride and belonging, as well as attracting and retaining the best talent.

We are also committed to supporting a cul-

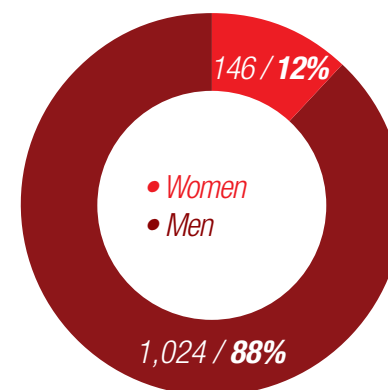
ture of equality. We believe in the importance of diversity of thought, beliefs and genders within the Company, and we have policies surrounding labor inclusion, prioritizing skills and abilities for the position to be performed without gender discrimination, which results in enrichment of the work teams. During the personnel selection process, we seek to balance the proposed candidates, promoting equality in compliance with the United Nations' International Agenda 2030, whose fifth objective is gender equality.

In 2020, we developed a solid commercial strategy with the goal of keeping our staff intact and ensuring their well-being. Due to our solid financial position and the commitment of our employees, we maintained our levels of efficiency, closely controlled expenses, and increased the Company's profitability.



1,170
employees
in 2020

Workforce by gender



Against the complex backdrop of 2020, we showed our resilience and commitment to our employees by expanding our workforce, by which we not only strengthened our Company, but also contributed to the economic recovery of the country and Mexican families. Based on a strategy of protection and increasing the professional level of operating personnel, we brought in personnel to operating positions that they had previously performed as contractors. These individuals are now part of our team, and we are proud to say that we have created a more solid and integrated Corporación Moctezuma.

We also respect the right to free association and collective bargaining, so we work with union representatives to improve the well-being of employees. In full compliance with the

close collaboration between the Company, the union, and workers, unionized workers ratified the current collective bargaining agreement that was in force, and they validated union leadership at the three cement plants.

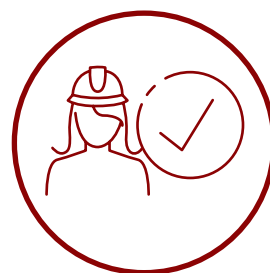
Also in 2020, we initiated a pilot program in partnership with Instituto Tecnológico y de Estudios Superiores de Monterrey (ITESM), through which the Company receives students in their last semesters of university study. These students provide project management support in different areas of the Company, and in return they reinforce skills and they gain experience in their respective professions and we strengthen our reputation as a good employer. As part of this program, some of our managers have lectured at ITESM.



201
new hires
in 2020;
96% men and 4% women



We were able to keep
100%
*of our talent, at their full salaries
and with all their social benefits*



+140
employees hired;
+8.5% workforce vs. 2019



44.1%
of employees
are unionized



CASCO ROSA

Worldwide, approximately one out of every ten people involved in the construction industry is a woman. In Mexico, there are more than 159,000 women working in the sector, of whom 96,000 are construction managers, and 70,000 are architects.

We know that inclusion and diversity are key factors for the recovery and sustainable development of the sector. We have therefore implemented initiatives and efforts in favor of equal opportunities and non-discrimination, creating inclusive and violence-free working spaces where the professional growth of all workers is ensured.

In 2020, we focused heavily on the “Casco Rosa” program that we launched in 2019, with the objective of highlighting and recognizing the work that women do in the construction industry, and to show the important role they play in the sector by sharing success stories of outstanding women, as well as statistics on their valuable contribution to construction in Mexico.

We held several television and radio interviews to raise awareness about this initiative and extend its reach, and we published articles in newspapers, advertisements, and so-

cial networks. Furthermore, since 2011, the women who work as operators of ready-mix concrete trucks have been certified through specialized training for women behind the wheel, provided by the Training Institute of the Mexican Chamber of the Construction Industry (ICIC).

Mayela is a chemical engineer with several specialties. Over the last seven years she has worked as a shift boss at the Cerritos Plant. She oversees more than 300 people in an operation that runs 365 days a year, and that boasts daily production of 12,000 tons of cement, breaking production records.

“It was difficult to change beliefs and paradigms. I believe that being a woman in an environment that is not the norm for us was never an obstacle, but it has certainly been a challenge. I came to understand that a woman has all of the skills to be in charge, and today we are changing history; although we still have much to do, we are opening the door for future generations... we are women who are Proudly Mexican!”

Mayela Hernández Castro

Shift Boss at the Cerritos Plant



120

women

*are part of our
distribution network*



56

women

*are operators of
ready-mix concrete trucks*

We strive to smash stereotypes, break down cultural barriers, increase awareness, and encourage gender equality to create a paradigm shift in the construction sector and to make it more equitable, attractive, and socially responsible.

HEALTH INITIATIVES

GRI 102-15, 102-34, 403-3, 403-5, 403-6

The pandemic caused by COVID-19 put humanity to the test. It also seriously challenged work teams as they sought to ensure the Company's operating continuity. Once construction activities and cement manufacturing were declared to be essential activities, we continued operating in strict compliance with the guidelines issued by the appropriate health authorities.

Our priority is to protect the members of the Moctezuma Family, including their health, stability and safety. We therefore implemented all hygiene protocols mandated by the authorities, as well as action plans to minimize the risks posed by the pandemic in the Company's production and sales. Some of the most notable actions were the following:

- We defined prevention as our priority action under the tagline, "If you take care of yourself, you take care of us all."

- We developed and implemented action protocols following the guidelines of the health authorities, and we also ensured compliance through an internal and external audit program.
- We protected workers in vulnerable groups, who remained at home in accordance with health regulations.
- We implemented our "Remote Work" program, allowing people to work from home when the nature of the activity allowed, and we provided the technological means and necessary work tools.
- We created a leadership team to spearhead handling the COVID-19 emergency, which included the corporate directors and strategic managers working together to handle impacts from the pandemic in the best way possible.
- We operated our facilities with reduced numbers of employees, in accordance with the epidemiological traffic light colors that the Mexican government implemented in relation to pandemic safety levels.

We made concerted efforts to provide **safe working conditions and to ensure the well-being of all workers** and to comply with occupational health and safety laws and regulations.





- We implemented different shift hours to prevent large gatherings of people.
- We shored up health teams with personnel specialized in health and safety, paramedics, medical supplies, COVID-19 detection tests, and everything necessary to take the best possible care of our employees.
- We implemented a campaign called "Use of Sanitary Protective Equipment," delivering kits with the supplies necessary to protect personnel and the environment.
- We launched a communication campaign with employees to keep them informed about contagion-prevention measures, and care in the event of contracting COVID-19.
- We improved and simplified the cement-loading process at our facilities in

order to reduce exposure by workers and operators to the risk of contagion.

Additionally, we set up sanitary filters and access controls where people's temperatures were taken; we installed sinks, antibacterial gel dispensers, and sanitizing carpets; we sent out questionnaires on the status of worker and visitor health to identify any risk factors in a timely manner; we took the measures necessary to socially distance inside the plants, and we provided the necessary safety equipment to our employees. We designated special areas to handle suspected cases of COVID-19 in the event of the appearance of any symptoms, where employees, contractors and visitors were administered lab tests.

We were pioneers in implementing health protocols, specifically in the use of serological testing, antigen and PCR tests to diagnose COVID-19. Thanks to the strict safety protocols that we implemented, **we completely avoided contagion inside our plants.**

INDUSTRIAL SAFETY

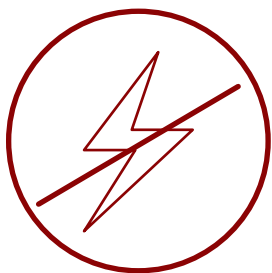
GRI 102-15, 102-34, 403-1, 403-2, 403-4, 403-5, 403-9

At Corporación Moctezuma we are committed to the well-being of our employees, and we monitor all operations and work spaces in order to prevent incidents, accidents, and to create a culture of prevention among our employees in their work areas. We are constantly evaluating the facilities, and we invest in equipment and signage to keep our plants in an excellent state of repair. Nevertheless, we have gone a step farther, deciding that the workforce should participate more actively in order to ensure safe operations.

In 2020, we initiated the project "Transformation into a Culture of Safety," whose goal

is to reduce the incidence of accidents and to reinforce personnel commitment to industrial safety. To achieve this transformation, we hired experts to advise us on the instrumentation of the nine lines of specific action we will be taking to achieve the established objectives. We train, assign responsibility, and encourage the commitment of all employees, so that everyone will be a visible leader who is focused on safety, their well-being, and that of their colleagues. This creates an interdependent culture of industrial safety.

We updated the crushing lines at the Cerritos and Apazapan Plants in a far-reaching modernization project to improve materials management and operational safety.



Zero
fatal accidents
at the Company
in 2020

Cementos Moctezuma

Frequency Index

0.71 vs 1.56

in 2019

Concretos Moctezuma

-57.1% accidents vs 2019

Frequency Index

1.27 vs 2.71

in 2019





TRAINING

One of our priorities is to provide ongoing training to our employees so they can perform their functions with the best preparation, professionalism, innovation, and in alignment with the sector's best practices.

We used technological tools to develop our remote training programs in light of the changed environment caused by the health measures adopted to prevent contagion from COVID-19.

Training Hours			
	Women	Men	Total
Executives and middle managers	147	847	994
Administrative employees	1,339	2,387	3,726
Operational employees	307	10,912	11,219
Total	1,793	14,146	15,939



We know that to ensure the Company's profitability we need to have the best talent. This includes aligning our goals in the short, medium and long term with our business strategy. To do this we have a performance evaluation process that measures and assesses fundamental components to ensure that employees are best able to fulfill their goals.

In 2020, for the second consecutive year we performed the "My Objectives" evaluation, in which non-unionized personnel recorded their objectives in the system, measured milestones reached, and completed their annual performance evaluation.

Of the total number of eligible employees, 100% were evaluated.

Our goal is to constantly improve the skills, knowledge and abilities of the Moctezuma Family to ensure their personal and professional growth, as well as the profitability of our business in the coming years.

ENVIRONMENTAL RESPONSIBILITY

GRI 102-11

As humanity focuses on overcoming the challenges posed by the COVID-19 pandemic, action plans will seek to take advantage of opportunities to create a resilient model of production that is cleaner, healthier, and safer.

Today more than ever, at Corporación Moctezuma we are ratifying our commitment to Mexico and the environment. The ability to adapt and continuously improve are key factors for our organization, therefore we will continue looking for solutions that allow us to be resilient to the benefit of society, by complying with environmental regulations, having efficient and high-quality operations, while keeping our levels of emissions and energy consumption among the lowest worldwide.

Our plants maintain ISO 14001 certification, which means we do an optimal job of managing environmental risks.

CEMENTOS MOCTEZUMA INNOVATION AND TECHNOLOGY

Today's global environmental situation requires the adoption of disruptive elements and sustainable technology that will acceler-

ate mitigation of environmental impacts and increase economic yield.

In line with this perspective, the National Cement Chamber (CANACEM) has established the objective of reducing the industry's carbon footprint to contribute to improving the environment. To back its commitment, it encourages investment in new equipment and technology that improves industry performance.

The competitive advantage of Corporación Moctezuma is innovation and technology, which allows us to contribute to the objectives of our industry. Our cement plants are considered to be among the most modern in the world, and they are operated by highly qualified personnel. We perform regular and scheduled preventive maintenance on the equipment, ensuring operating continuity, based on the highest quality standards.

We have several innovative projects at our cement plants that help us to optimize processes and be more efficient, such as:

- Updating the packaging line at the Tepetzin-go Plant.

We are a member of the National Cement Chamber (CANACEM) and the Global Cement and Concrete Association (GCCA), which are forums where member companies share sector best practices, including innovation and technology.

- Updating the crushing line at the Cerritos Plant.
- Adding a hammer to the crushing system to optimize materials handling and improve safety at the Apazapan Plant.

CLIMATE CHANGE

GRI 102-15, 102-34, 305-1, 305-4, 305-5

Climate change is a consequence of human activity, and is a threat that requires international cooperation in rolling out the measures that will mitigate its impacts and allow the construction of a sustainable world.

In 2015, 197 countries adopted the Paris Agreement, the international treaty that encourages a global response to this threat. In this Agreement the signatory countries have agreed to step up their efforts to substantially reduce greenhouse gas (GHG) emissions, keeping the average global temperature increase in this century well below 2°C, and preferably below 1.5°C with respect to preindustrial levels, meaning temperatures recorded from 1850 to 1900.

Mexico has ratified the Paris Agreement, and has committed to reducing its greenhouse gas emissions by 22% by the year 2030. Among the measures established to reach this goal is implementation of an emissions-trading system, whose pilot phase was launched in January 2020.

In 2020, a large part of economic activity worldwide was interrupted due to restrictions imposed by the authorities on industries determined to be “non-essential,” and due to social distancing. These measures were put into place to prevent contagion from COVID-19. One of the results of these measures was reduced energy consumption and the consequent decrease in emissions; however, the average global temperature in 2020 was 1.2°C above pre-industrial levels, and the year went into the books as one of the hottest on record.

Humanity is at a turning point. It must act quickly to adopt sustainable and ambitious measures in industry, energy, and transportation to fight climate change. The corporate sector is working to come up with solutions to mitigate climate change through innovation

Corporación Moctezuma shares the commitment of the Global Cement and Concrete Association (GCCA) to **reduce the carbon footprint of operations and products, and to offer carbon-neutral concrete by the year 2050.**





and investment in energy-efficient technologies, and development with low carbon emissions.

Combating climate change is a priority issue for the Company, and as part of the Global Cement and Concrete Association (GCCA), at Corporación Moctezuma we share the sec-

tor's commitment to reduce the carbon footprint of operations and products, and offer carbon-neutral concrete by the year 2050.

To contribute to this objective, in addition to fully complying with the regulations in force, we have invested in process and equipment optimization for a clean operation.

In 2020, our **clinker/cement index was 0.8% lower than the result from the prior year, and 3.2% below** the baseline (2015).

1% reduction in intensity of emissions by cementitious product (kg CO₂/ton of product) vs. the prior year.



Energy

GRI 302-1, 302-3, 302-4

It is precisely technological innovation that has enabled us to position ourselves as the most efficient cement manufacturer in Mexico in terms of energy consumption, both thermal and electric.

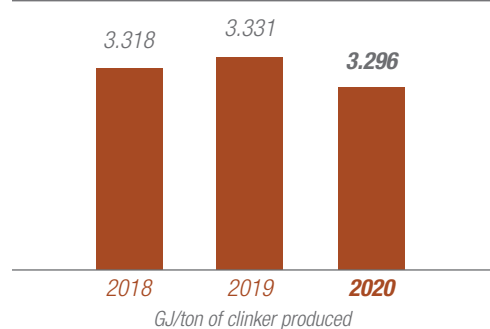
Monitoring the traceability of process and equipment efficiency is relevant for our operation. We monitor by measuring the intensity of energy consumption, defined as the amount of energy required to manufacture one ton of product.

At Corporación Moctezuma we know that energy consumption in each part of the process determines greenhouse gas emissions, therefore we are always searching for ways to increase our

energy efficiency. In 2020, we launched two projects that will increase our efficiency:

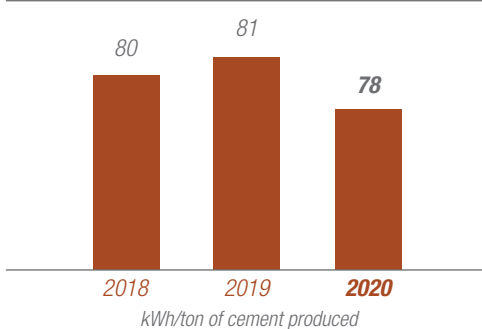
- Construction of a facility to receive and feed alternate fuels at the Cerritos Plant. This project will positively impact the contribution to mitigating climate change and waste management.
- The stage prior to construction of a photovoltaic park in San Luis Potosí, for which we project an investment of 11 million dollars, and whose objective is to provide electricity solely to our Cerritos Plant, not to sell it. With this project we will develop our capacities and have a source of renewable energy.

Thermal Consumption



3,296 GJ/ton of clinker produced in 2020;
1.1% reduction over 2019.

Electric Energy Consumption



78 kWh/ton of cement produced in 2020;
3.7% reduction over 2019.





EMISSIONS

GRI 305-7

Corporación Moctezuma is a proactive and purposeful organization. Our cement plants comply with NOM-040-SEMARNAT-2002, Environmental Protection-Manufacturing of Hydraulic Cement-Maximum Levels of emissions into the atmosphere. Furthermore, our plants' modern designs allow optimal environmental performance.

We also have a monitoring program that makes it easy to identify any event that might be reflected as a negative impact on the surrounding area. When performing this evaluation, we can design the corrective action plans necessary to comply with applicable legislation and the standards with which we comply.

In 2020, the intensity of emissions was as follows:

- 3.3 kg of NOx/ton of clinker
- 0.028 kg of SO₂/ton of clinker
- 0.124 kg of dust/ton of clinker

These results were due to the COVID-19 pandemic, as we could only measure emissions once prior to performing scheduled maintenance. Nevertheless, in conformance with continuous improvement in our processes and equipment, we registered maximum levels of emissions that were well below the maximum allowable limits established in the regulation.

In 2020, we continued developing two initiatives that positively impacted emissions reduction:

- Replacement of the transport fleet with new units that are more efficient and that have a smaller environmental impact.
- Expansion and improvement of the railway infrastructure, which means of transport allows us to move a larger volume of cement greater distances. This translates into fewer emissions into the atmosphere.

WASTE

GRI 306-2

Based on a circular economy model, at Cementos Moctezuma we work hard to manage

316 grams of waste generated
per ton of cement produced in 2020.

100% of waste water is treated and used to water green areas.

all waste from our operations adequately, from separation to determining its value. To do this we have implemented several actions, including:

- Separating waste at our plants to assess its value in external processes.
- Co-processing waste that cannot be used in other processes, thus avoiding dumping waste into landfills.
- Implementing an alternative fuels initiative, which will help us avoid soil contamination.
- Providing training to our distributors with the objective of educating them about the value of products, materials and resources, as well as about the importance of reducing waste generation as much as possible, and getting their cooperation in waste recovery.
- Using ecological bags for our products and promotions.
- Eliminating the use of PET bottles inside the organization.

WATER CONSUMPTION

GRI 303-1, 303-3, 303-5

According to data from the United Nations (UN), water scarcity impacts more than 40% of the global population, and this percentage is projected to increase. This is because although

we have a wide variety of water sources, consumption exceeds their ability to recharge. This is in addition to contamination and the effects that climate change has on this precious resource.

Making individual and collective decisions to conserve water is therefore a pressing concern. CANACEM promotes the adoption of processes and certifications in water resource management issues, validating the cement industry's commitment to preserve this resource.

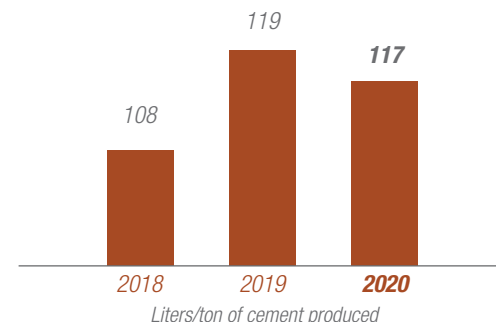
Although cement production process does not require much water, Corporación Moctezuma has implemented several water-use strategies, thus contributing to global water safety and the water safety of our surrounding communities.

Water use at the Company is in a closed-cycle cooling system, and dining and sanitary facilities, the latter of which reports the highest consumption. Waste water is treated and re-used to water green areas.

117 liters of water/ton of cement consumed in 2020; reduction of 1.1% over the previous year.



Water Consumption





CONCRETOS MOCTEZUMA

GRI 301-2, 306-4, 306-5

In 2020, we took several steps at Concretos Moctezuma that will contribute to reducing emissions. One major initiative was to continue purchasing new ready-mix cement trucks and front loaders, while older equipment received proper maintenance to ensure it is in excellent working condition.

We continued driving the recovery of ag-

gregates and ash used at six of our plants, contributing to waste management and use, as well as the resilience and sustainability of cities and communities.

We continued working to optimize water consumption. One of the measures implemented was the use of recycled water in washing vats.

This year we added another plant to the facilities that have a complete industrial water recovery system and a rainwater treatment system; these now total 22.



7

ready-mix concrete trucks

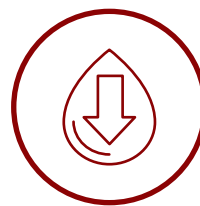
acquired for large-scale concrete casting, which will help reduce CO2 emissions caused by materials transport by 50%



11.6%

reduction

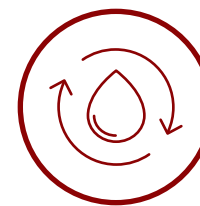
in CO2 emissions over 2019



9.6%

decrease

in consumption of water per cubic meter of concrete in relation to the prior year



9.4

liters of recycled water

per cubic meter of concrete produced in 2020

ECONOMIC RESPONSIBILITY

GRI 102-34, 201-1

Due to the construction industry's relevance to the domestic economy, the authorities decided it was an essential activity.

Once the decree was published that construction is an essential industry, all our employees displayed their leadership and commitment, as they performed a key role in ensuring oper-

ational continuity, implementation of all health safety protocols, and the consolidation of a sustainable culture.

OUR RESULTS

Indicator	2020	2019	% Variation
Total Assets	12,374	11,393	8.6%
Total Liabilities	2,656	2,166	22.6%
Total Net Equity	9,719	9,227	5.3%
Net Sales	14,069	12,788	10.0%
Gross Income	8,818	7,652	15.2%
Gross Margin	62.7%	59.8%	
Operating Income	5,860	4,832	21.3%
Operating Margin	41.7%	37.8%	
EBITDA*	6,497	5,437	19.5%
EBITDA Margin	46.2%	42.5%	
Consolidated Net Income	4,220	3,399	24.2%
Consolidated Net Margin	30.0%	26.6%	
Consolidated Income	4,217	3,394	24.3%
Consolidated Margin	30.0%	26.5%	
Dividend per Share	4.00	4.70	(14.9%)

(*) Earnings before interest, taxes, depreciation, amortization, and impairment

In 2020, the COVID-19 pandemic posed unprecedented challenges that our leaders and employees working together have been able to turn into opportunities. With commitment, awareness, anticipation, and resilience we have been able to adapt successfully to the new reality.

As part of the construction and cement-manufacturing industries, our activities were con-

We are participating in the **largest private and public construction projects in Mexico.**

We maintained our **levels of efficiency, expense control, and the Company's profitability.**

sidered to be essential, thus we were able to continue our operations, abiding by all of the health and safety protocols imposed by the authorities and the World Health Organization.

The excellent results at Corporación Moctezuma were achieved due to the discipline and financial prudence that define us, continuation of the government's infrastructure projects, increased remittances during the year, and increased construction due to lockdowns prompting people to make improvements to their homes.

DEVELOPMENT

GRI 102-7, 102-9, 102-10, 204-1

One of our main challenges was to ensure the supply of personal protective equipment, and guaranteeing the availability of supplies for our operations. We built up an adequate inventory in terms of both cost and opportunity necessary to keep operating.

Developing our supply chain and remaining in constant contact with our providers is essential for the Company. We always try to negotiate conditions that are mutually beneficial, and we work hard to build long-term relationships, all in complete accordance with our Code of Ethical Conduct. We also provide our suppliers

with training in several areas, and there was no decrease to these efforts in 2020.

We implemented the Ariba system, which allows our nearly 7,000 providers to log in, update their information efficiently, and automate various functions of the Procurement Department, which helps improve service to our internal and external clients.

In 2020, in order to ensure timely and efficient delivery of our product, we worked closely with our transport providers, focusing on increasing the profitability of their operations. We reorganized operations at three cement plants, adapting procedures to decrease product loading time, striving for greater efficiency, increasing shipment sizes, improving the profitability of the transporters, and maintaining control over expenses.

We ensured **personnel safety and the continuity of our operations** with the supply and provision of raw materials.





75% reduction in cement loading time for self-transport at the plants, **benefiting the health and profitability of the providers and their operators.**



654

active providers

*in 2020; 594 of whom are local,
which is equal to 90.5%*



82.9%

**of goods and services
acquired in 2020**

were provided by local suppliers



36.1%

of providers

*have signed their commitment to our
Code of Ethical Conduct; we acquired
42.2% of our goods and services from
these providers in 2020*

+1,000

clients

in the cement business

+500

clients

in the concrete business

RESPONSIBLE CORPORATE GOVERNANCE

GRI 102-18, 102-19, 102-20, 102-22, 102-23, 102-33

For us, transparency and integrity in governance are fundamental; therefore we have an Internal Audit Department, which fulfills the function of independent assurance and consultation within the Company. It is responsible for overseeing execution of the Corporation's objectives and strategies, and for evaluating and improving the efficacy of risk management, internal control, and Corporate Governance.

Our Board of Directors is comprised of a higher number of independent members than what is stipulated in the Securities Market Law. All members of our governance entities

are excellent professionals with ample experience in the industry, who through their vision and responsible leadership guide the Company with ethics and integrity.

BOARD OF DIRECTORS

Board Members

Acting Board Members

Enrico Buzzi (Chairman)
Julio Rodríguez Izquierdo
Pietro Buzzi
Salvador Fernández Capo

Alternate Board Members

Luigi Buzzi
Ignacio Manuel Machimbarrena Gutiérrez
Benedetta Buzzi
Jorge Bonnin Bioslada

Independent Board Members

Acting Board Members

Roberto Cannizzo Consiglio
Antonio Cosío Ariño
Guillermo Simón Miguel
Carlo Bartolomeo Cannizzo Reniú
Marco Cannizzo Saetta (*)
Secretary of the Board of Directors
(*) non member of the Board of Directors

Alternate Board Members

Adrián Enrique García Huerta
Antonio Cosío Pando
Stefano Amato Cannizzo

Corporate Practices and Audit Committee

Roberto Cannizzo Consiglio Chairman
Guillermo Simón Miguel Member
Carlo B. Cannizzo Reniú Member

The Board of Directors of Corporación Moctezuma is supported by the **Corporate Practices Committee**, and by our **Chief Executive Officer**.



Our management team, which is responsible for handling Corporación Moctezuma’s economic, social and environmental matters is comprised of the following people:

MANAGEMENT TEAM	
José María Barroso	Chief Executive Officer
Luis Rauch	Chief Financial Officer
Huberto Alfonso de la Vega	Director of Concrete
Frank Brouwers	Director of Operations
Miguel Ángel Gómez	Commercial Cement Director
Gerardo Gabriel González	Director of Human Resources and Industrial Relations
Belén Molins	Director of Legal and Government Matters
Juan Carlos Gutiérrez	Director of Logistics
José Alejandro Salinas	Director of Procurement
Luis María Ovando	Director of Internal Audit
Octavio Adolfo Senties	Director of the Apazapan Plant
Rocco de Canio	Director of the Tepetzingo Plant
Miguel Ángel Medina	Director of the Cerritos Plant

Due to the domestic emergency caused by the COVID-19 pandemic, and in order to safeguard the health and safety of our team, the majority of activities were performed remotely. This situation was not an impediment to carrying out our audit plan efficiently and in full compliance with all requirements.

Thanks to digital tools and the cooperation and willingness displayed by all of our employees, we complied with the audit plan projected for 2020 without any setbacks.

ETHICS

GRI 102-16, 102-17, 205-2

CODE OF ETHICAL CONDUCT

For Corporación Moctezuma, the honest and transparent conduct of everyone is of vital importance. We are guided by our Code of Ethical Conduct, which establishes proper conduct for those who are part of the Moctezuma Family. This document describes the Company's values, the rights and obligations of each stakeholder, and the expected conduct of every representative of the Corporation.

The Code of Ethical Conduct is public and available for consultation at <https://www.cmoctezuma.com.mx/corporacion/inversionistas/codigo-de-conducta.htm>. It covers matters such as guidelines for conduct in the work environment, anti-corruption measures inside and outside of Corporación Moctezuma, free competition, protection of information and assets, communication channels, corrective and disciplinary actions, among others. We have also distributed the Code to clients and providers, whose obligation is to observe and abide by the rules.

In 2020, we communicated our Anti-Corruption Policy* to all of our employees and provided training. This year there were no incidents of corruption or violations of human rights within the organization.

For more information on this and other policies, please go to the following web page: <https://www.cmoctezuma.com.mx/corporacion/inversionistas/gobierno-corporativo.htm>.

ALZA LA VOZ

We have a communication channel we call Alza la Voz (Speak Out), which is available to all our internal and external stakeholders, through which they can report any doubts and concerns related to ethical matters, and they can report activities that might violate our Code. This channel provides anonymity, confidentiality, and transparent and effective attention.

E-mail: tuvoz@alzalavozmoctezuma.com

Telephone: 800-10-TU VOZ (88-869)

Web site: www.alzalavozmoctezuma.com



In 2020, we distributed our new Reporting Management Policy approved by the Board of Directors, and provided training to our employees in this new policy.

ABOUT THE SUSTAINABILITY REPORT

GRI 102-10, 102-48, 102-49, 102-50, 102-54



Corporación Moctezuma's Sustainability Report shows the results of our performance in social, labor, environmental, economic, and corporate governance matters from January 1, 2020 to December 31, 2020.

This report has been prepared in conformance with GRI Standards: Essential Option. It covers the most relevant issues identified in the materiality assessment, guaranteeing compliance with the principles of quality reporting and definition of content established by the Global Reporting Initiative (GRI).

We present our principal stakeholders, and the manner in which we interact with them, in order to respond to their needs and expectations.

In financial matters, in 2020 the cost of sales and sales expenses lines were reclassified. The expenses related to transporting our inventory of finished product and commissions were reclassified as sales expenses, where they previously formed part of the cost of sales. The financial numbers in these lines were modified for the year 2019, in order to make them comparable with 2020 numbers.

Note that variations in the indicators were a result of process optimization, although operating reductions during the COVID-19 pandemic could have had an impact on performance in this area.

Except for the foregoing, no substantial changes have occurred within the Company; therefore the information presented is comparable to that from the prior year.

GRI 102-55

GRI TABLE OF CONTENTS

GRI Standard	Table of Contents		Page / URL / Direct Response			
	GRI 101: FOUNDATIONS					
	GRI 102: GENERAL CONTENTS					
GRI 102: General Contents 2016	Profile of the Organization					
	102-1	Name of the organization	6			
	102-2	Activities, brands, products and services	6			
	102-3	Location of headquarters	Our main offices are located at Monte Elbruz number 134, P.H., Colonia Lomas de Chapultepec, Alcaldía Miguel Hidalgo, C.P. 1100, in Mexico City			
	102-4	Location of operations	6			
	102-5	Ownership and legal structure	6 See Annual Report 2020, available at www.cmoctezuma.com.mx			
	102-6	Markets served	6			
	102-7	Size of the organization	6, 12, 27			
	102-8	Information on employees and other workers	12.			
			Workforce by general and labor category			
				Women	Men	Total
			Operational employees	29	760	798
			Administrative employees	106	198	304
			Middle management	11	42	53
			Executives	0	15	15
			Total	146	1,024	1,170
	102-9	Supply chain	27. See 2020 Annual Report available at www.cmoctezuma.com.mx			
	102-10	Significant changes in the organization and its supply chain	27, 32			
	102-11	Principle or focus of precaution	19. The philosophy of Corporación Moctezuma focuses on not causing harm with its operations, and the Company guides its efforts towards minimizing its impact.			
	102-12	External initiatives	11			
	102-13	Affiliation with associations	Visit the Company's web page at: https://www.cmoctezuma.com.mx/corporacion/la-compania/afiliaciones.htm			

Strategy

102-14	Statement by upper management responsible for decision-making	3
102-15	Principal impacts, risks and opportunities	3, 12, 15, 17, 20

Ethics and integrity

102-16	Values, principles, standards, and rules of conduct	6, 31
102-17	Mechanisms of guidance and ethical concerns	31

Governance

102-18	Governance structure	29
102-19	Delegation of authority	29. See 2020 Annual Report available at www.cmoctezuma.com.mx
102-20	Responsibility at the executive level for economic, environmental and social matters	29. See 2020 Annual Report available at www.cmoctezuma.com.mx
102-21	Consultation of stakeholders on economic, environmental and social matters	10
102-22	Composition of the highest entity of governance and its committees	29
102-23	Chairman of the highest governance entity	29
102-24	Nomination and selection for the highest governance entity	See 2020 Annual Report available at www.cmoctezuma.com.mx
102-25	Conflict of interest	See 2020 Annual Report available at www.cmoctezuma.com.mx
102-26	Function of the highest governance entity in the selection of proposals, values and strategy	See 2020 Annual Report available at www.cmoctezuma.com.mx
102-27	Collective knowledge of the highest governance entity	See 2020 Annual Report available at www.cmoctezuma.com.mx
102-28	Performance evaluation of the highest governance entity	See 2020 Annual Report available at www.cmoctezuma.com.mx
102-29	Identification and management of economic, environmental and social impacts	See 2020 Annual Report available at www.cmoctezuma.com.mx
102-30	Efficacy of risk management processes	See 2020 Annual Report available at www.cmoctezuma.com.mx
102-31	Evaluation of economic, environmental and social issues	See 2020 Annual Report available at www.cmoctezuma.com.mx
102-32	Function of the highest governance entity in preparation of sustainability reports	See 2020 Annual Report available at www.cmoctezuma.com.mx
102-33	Communication of critical concerns	9, 29
102-34	Type and total number of critical concerns	11, 12, 15, 17, 20, 26
102-35	Remuneration policies	12. See 2020 Annual Report available at www.cmoctezuma.com.mx
102-36	Process for determining remuneration	See 2020 Annual Report available at www.cmoctezuma.com.mx
102-37	Stakeholder involvement in remuneration	See 2020 Annual Report available at www.cmoctezuma.com.mx

	102-38	Ratio of total annual compensation	The ratio is equal to 14/1
	102-39	Ratio of percentage increase of total annual compensation	See 2020 Annual Report available at www.cmoctezuma.com.mx
Stakeholder participation			
	102-40	List of stakeholders	10
	102-41	Collective bargaining agreements	12
	102-42	Identification and selection of stakeholders	10
	102-43	Focus for stakeholder participation	10
	102-44	Key subjects and concerns mentioned	9
Report preparation practices			
	102-45	Entities included in the consolidated financial statements	See 2020 Annual Report available at www.cmoctezuma.com.mx
	102-46	Definition of the contents of the reports and coverage of the matter	9
	102-47	List of material issues	9
	102-48	Restatement of information	32
	102-49	Changes to report preparation	32
	102-50	Target period of the report	32
	102-51	Date of last report	2019
	102-52	Frequency of report preparation	Annual
	102-53	Contact information for questions about the report	38
	102-54	Statement on report preparation in conformance with GRI standards	32
	102-55	GRI table of contents	33
	102-56	External verification	The data contained in this report is reviewed internally, thus there is no external verification.
Social Focus			
GRI 205: Anti-Corruption 2016	205-2	Communication and training on anti-corruption policies and procedures	31
	205-3	Cases of confirmed corruption and measures taken	No cases of corruption were presented.
GRI 406: Non-discrimination 2016	406-1	Cases of discrimination and corrective actions taken.	No cases of discrimination were presented.

GRI 408: Child labor 2016	408-1	Operations and providers with significant risk of cases of child labor	Corporación Moctezuma works in full compliance with the legislation, and does not allow child labor in any form.
GRI 409: Forced or slave labor 2016	409-1	Operations and providers with significant risk of forced or slave labor	Corporación Moctezuma works in full compliance with the legislation, and does not allow forced of slave labor in any form.
GRI 411: Rights of indigenous peoples 2016	411-1	Cases of violations of the rights of indigenous peoples	During the reporting period that were no cases of any violation to the rights of indigenous peoples.
GRI 416: Client health and safety 2016	416-1	Evaluation of the impacts to the health and safety of categories of products or services	The products that Corporación Moctezuma manufactures do not pose any risk to the health of its clients.
GRI 419: Socio-economic compliance 2016	419-1	Breach of laws and regulations in the social and economic spheres	During the reporting period there was no breach whatsoever of laws and regulations regarding social and economic matters
Labor Focus			
GRI 403: Occupational health and safety 2018	403-1	Occupational health and safety system	17
	403-2	Identification of dangers, risk evaluation, and incident investigation	17
	403-3	Occupational health services	15
	403-4	Worker participation, consultation and communication on occupational health and safety	17
	403-5	Worker training in occupational health and safety	15, 17
	403-6	Promotion of worker health	15
	403-9	Work-related injuries	17
GRI 405: Diversity and equal opportunity 2016	405-1	Diversity in governance entities and among employees	12
	405-2	Ratio of base salary and remuneration of women as compared to men	There is no salary difference between women and men at Corporación Moctezuma.

Environmental Focus

GRI 301: Materials 2016	301-2	Recycled materials	25
GRI 302: Energy 2016	302-1	Energy consumption within the organization	22
	302-3	Energy intensity	22
	302-4	Reduction of energy consumption	22
GRI 303: Water and effluents 2016	303-1	Interactions with water as a shared resource	24
	303-3	Water extraction	24
	303-5	Water consumption	24
GRI 305: Emissions 2016	305-1	Direct emissions of GEI (scope 1)	20
	305-4	Intensity of GEI emissions	20
	305-5	Reduction of GEI emissions	20
	305-7	Nitrogen oxides (NOx), sulfur oxides (SOx) and other significant emissions into the air	23
GRI 306: Waste 2020	306-2	Management of impacts related to waste generation	23
	306-4	Waste sent for reuse, recycling, or other types of recovery	25
	306-5	Waste sent for incineration with or without energy recovery, dumping, or other types of disposal	25
GRI 307: Environmental compliance 2016	307-1	Breach of environmental legislation and standards	During the reporting period there was no breach whatsoever of environmental laws and regulations.

Economic Focus

GRI 201: Economic performance 2016	201-1	Direct economic value created and distributed	26
	201-4	Financial assistance received from the government	Corporación Moctezuma does not receive any government assistance.
GRI 204: Acquisition practices 2016	204-1	Proportion of expenses at local providers	27

Corporate Governance

Please refer to the general information provided in 102-18 to 102-39.



CONTACT

GRI 102-53

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