

SUSTAINABILITY REPORT 2023

CONTENT





257
NEW HIRES

-51.13% LESS WASTE CENERATED PER TON PRODUCED, AS COMPARED TO 2022

16,679 MILLION MXP IN NET SALES

MORE IN PRODUCT RECOVERY VS. 2022

+812 IN OPERATING INCOME

-2.67% LESS KG OF CO₂ PER TON OF PRODUCT MADE VS. 2022

-3.5% OF TOTAL DEBT

LESS WASTE GENERATED PER TON PRODUCED VS. 2022

MORE IN WASTE RECOVERY RATE VS. 2022



MESSAGE FROM THE CEO

Dear readers.

It is a pleasure for me to address all of you at this stage of evolution and development for Elementia Materiales, and to present results for 2023 as concerns our commercial, economic, environmental, social, and governance performance, as well as some reflections and notable achievements regarding the business environment we faced during the year.

Starting with the United States, we observed general market stability despite challenges in the residential sector stemming from rising interest rates. This has negatively impacted the residential market, balanced by positive dynamism in the industrial and infrastructure sectors. Our focus on ESG aspects has been key, particularly in environmental and governance issues, as reflected in plant expansion projects with improvements in ESG indicators, as well as investments that have resulted in a reduction of our carbon footprint and contributions made to waste co-processing.

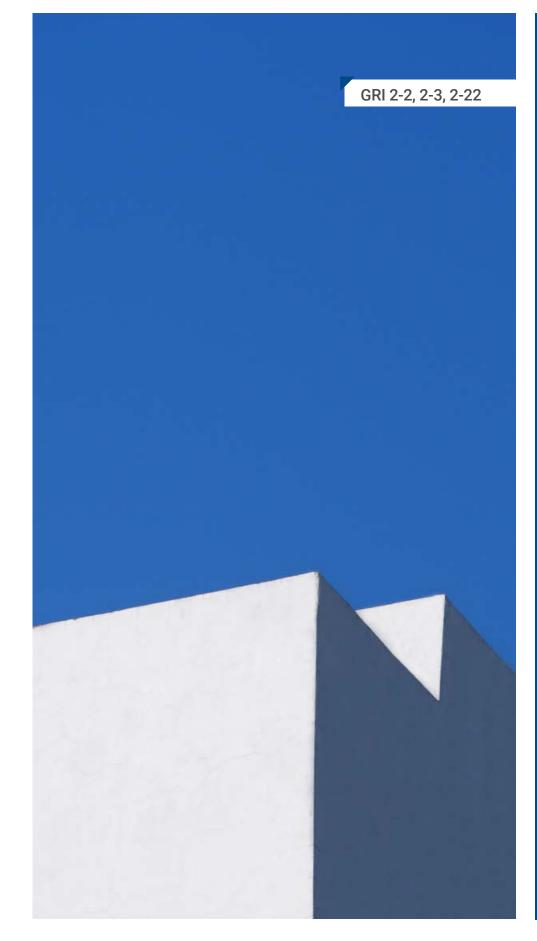
In Mexico, we have faced challenges similar to the previous year, with a marked focus on construction, commercial, and infrastructural aspects at both the macro and state levels. Investment in residential self-construction stands out, despite inflation and interest rates that

led to reduced cash availability. We remain committed to both informal and formal construction, residential, industrial, and commercial projects, as well as infrastructure.

In support of the disaster caused by Hurricane Otis in Guerrero at the end of 2023, we partnered with the Grupo Carso Foundation and other organizations to provide materials at preferential prices for reconstruction.

In Central and South America, diverse economic dynamics were noted -from substantial improvement in El Salvador to severe economic and social challenges in Bolivia and Ecuador. Nonetheless, the overall business dynamic in the region is positive. Additionally, we made solid progress in ESG, achieving Great Place to Work certification across the region and high customer satisfaction rates. Furthermore, we advanced in reducing water consumption in processes and using recycled materials, with Colombia standing out for its use of over 16,000 tons of recycled material.

Our people are our priority, focusing on their safety with a sustained reduction in lost days due to workplace accidents; and the time lost









per incident, improving year over year, achieving the best results in 2023.

Moreover, we accumulated more than 97,000 hours of training and included new courses on physical and mental health, such as "Loving Without Attachments," Health Week, Breast Cancer Prevention, and the "Fortalécete Challenge," where employees participated in a 54-day exercise and healthy eating program aimed at incorporating better habits into their daily lives.

> **ELEMENTIA MATERIALES** IS FULLY COMMITTED TO MAINTAINING A CONSTANT PACE THAT DRIVES LONG-TERM POSITIONING AS A COMPANY **OF GREAT QUALITY AND RECOGNITION**, REGARDLESS OF THE CHALLENGES WE FACE.

Globally, we face variability in social, political, and economic environments, requiring us to be tactical and flexible in our strategies. Fundamental to navigating these challenges has been our focus on improving environmental performance, the health and safety of our employees, and creating a positive work culture.

Amidst many changes and challenges throughout 2023, we had many opportunities to learn, grow, and solidify our market position. We will leverage this momentum to maintain a steady work pace and continue advancing toward our goals. Thank you for your dedication and ongoing commitment to excellence in everything we do.

JAIME ROCHA FONT

CEO









We are a Mexican company with international presence, specializing in the manufacturing of lightweight construction products and in the development of innovative construction solutions across all construction stages. Our two business units, Construsistemas and Metals, offer different solutions and supplies that set us apart, making us a benchmark for high quality in the construction industry, in addition to providing our distributors and customers with technical services and advice.

HOUSING,
INFRASTRUCTURE,
AGRONOMY, INDUSTRY,
AND HOSPITALITY ARE OUR
PRIMARY MARKETS.

DIVISIONS

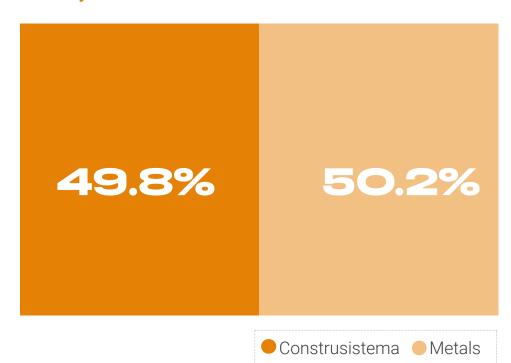
Construsistemas

We focus on the manufacturing and distribution of lightweight construction products, and business solutions geared to social needs for mid-income and residential housing and commercial premises.

Metals

We cater to the needs of the construction and industrial sectors by manufacturing solutions and applications for water and gas equipment and conduits. Additionally, we support original equipment manufacturers (OEMs) who require alloys and metal parts for the automotive, aerospace, textile, electrical, and electronics industries.





OUR COMPANIES

United States of America

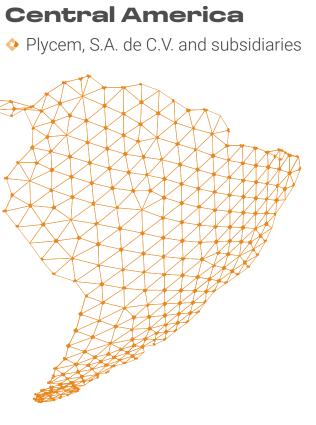
• Elementia USA, Inc. and subsidiaries
• Allura, S.A. de C.V. and subsidiaries

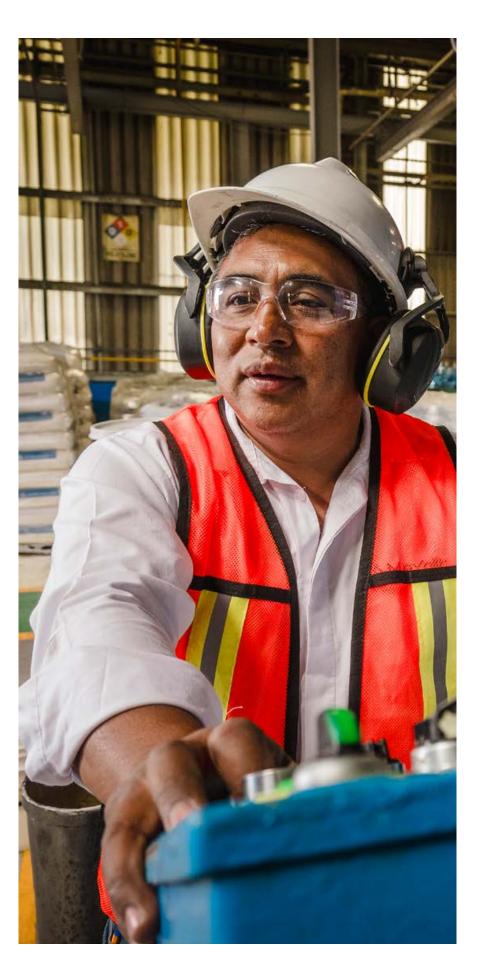
Mexico

- Mexalit Industrial, S.A. de C.V. and subsidiaries
- Nacional del Cobre, S.A. de C.V. and subsidiaries
- Distribuidora Promex, S.A. de C.V. and subsidiaries
- Frigocel, S.A. de C.V. and subsidiaries
- Comecop, S.A. de C.V. and subsidiaries
- Allura, S.A. de C.V. and subsidiaries
- Cempanel, S.A. de C.V. and subsidiaries
- Eureka, S.A. de C.V. and subsidiaries

South America

- ♦ Eternit, S.A. de C.V. and subsidiaries
- Duralit, S.A. de C.V. and subsidiaries
- Fibraforte, S.A. de C.V. and subsidiaries







PORTFOLIO

Fiber cement is cement-fiber mix with organic, mineral or synthetic fibers to provide strength against tension, torque, and compression forces; it is used in manufacturing panels and sheets.



https://www.mexalit.com/

A proudly Mexican company with over 70 years of experience in the construction industry, offering lightweight construction solutions, producing fiber cement roofs and panels, as well as water and paint storage systems. Our portfolio can be used to expand, remodel, and build housing, commercial, and industrial edifices.



https://www.frigocel.com.mx/

As a company, it has obtained renown within the plastics industry during the last 50 years, providing comprehensive solutions in multiple sectors, such as for construction, agriculture, advertising, pharmaceutics, food, automotive, household appliances, and interiors.



https://allurausa.com/

Its 75 years of experience in the USA has consolidated the company as one that guarantees beauty, durability, and strength for its panels, soffit tiles, and fiber cement products, which are all ideal for extreme climate conditions, humidity, and the elements.



https://www.eternit.com.co/

http://www.eternit.com.ec/

Eternit, with over 80 years of experience in Colombia and Ecuador, is a leading company in the market of fiber cement roofing, manufacturing and marketing products that meet domestic and international quality standards.



https://www.comecop.com.mx/

For 50 years, it has helped meet the needs of potable water supply by manufacturing prestressed concrete pipes, with and without steel cylinders, reinforced concrete pipes, and special pieces. Their products are essential for sanitary, storm, and industrial drainage discharges in various sectors.



http://www.fibraforte.com

For over 30 years it has been part of Peruvian homes. It is a leading company in manufacturing and marketing of construction materials, such as coating for rooftops, tanks, and flat fiber cement plates.



http://www.plycem.com/

Since its founding in 1964, it manufactures fiber cement and steel farming products, as well as offering construction solutions throughout Central America.



https://duralit.com/

With over 45 years in the market, the Company manufactures construction materials, and is a pioneer in Bolivia for top quality fiber cement products through the use of innovative and superior quality materials.



https://www.nacobre.com.mx/

With presence in 39 countries, this 100% Mexican company manufactures, markets, and distributes copper products for construction, industrial, and refrigeration products.

GRI 2-1

We have **22 production plants** throughout the Americas:



Construsistemas

We are divided into four regions:

USA Region

- United States
- **363** employees

Mexico Region

- Mexico
- **677** employees

Central America Region

- El Salvador
- Honduras
- Costa Rica
- **575** employees

Andean Region

- Colombia
- Ecuador
- Peru
- Bolivia
- 1,078 employees

Nacobre

- Mexico
- USAs
- **2,217** employees

Corporate

- Mexico
- 89 employees





ELEMENTIA CULTURE

With the aim of maintaining an ethical and responsible presence in the areas where we carry out our activities, our policies cover Human Rights and they establish essential criteria to ensure all our operations and business practices respect these rights.

At Elementia Materiales, we recognize the importance of our customers, consumers, distributors, suppliers, and employees. We direct all our actions towards meeting their needs and expectations.

Elementia Principles



SAFETY IS NON-NEGOTIABLE



WE ARE A SUSTAINABLE COMPANY

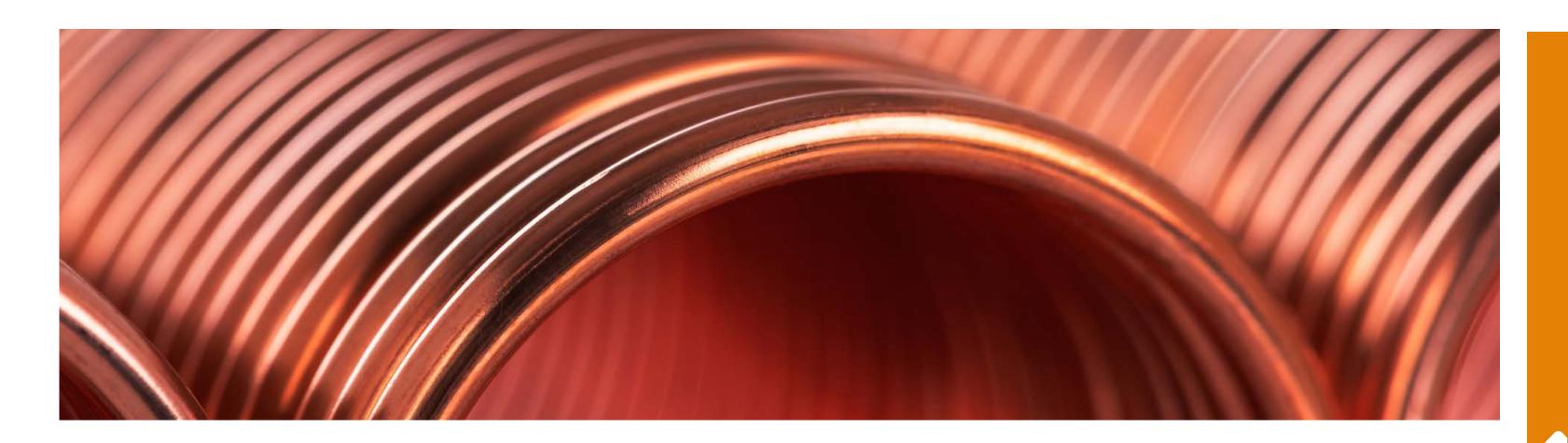


WE PROVIDE NO EXCUSES, WE PROVIDE RESULTS





WE DO MORE WITH LESS



Elementia Behaviors



- Integrity
- Honesty



- Proactive/agile
- Influence and persuasion



- Results-oriented
- Problem analysis and solution



- I use teamwork
- I engage in active listening



- Sense of belonging
- Enthusiasm

HUMAN **RIGHTS**

In Elementia Materiales we consider the respect for Human Rights as a fundamental part of the corporate culture, applying it in all activities. The goal is to maintain an ethical presence in the areas where we operate, which requires all members of the Organization to implement strategies and strengthen skills to ensure that our operations and business practices are respectful of Human Rights, both internally and externally. For this reason, there is a Human Rights Policy that applies to all members of Elementia Materiales and all subsidiaries where we have a presence, focusing primarily on employees, suppliers, the environment, and the community at large.

Regarding Employees:

- Relationships among all employees are based on respect for Human Rights
- Facilitation of the human and professional development of employees in harmony with the Organization
- All employees are treated with the same respect and dignity
- Respect for employees' right to join unions
- All activities are free from any systems entailing slavery, forced and compulsory labor, human trafficking, cruelty, or demeaning behavior
- No discrimination based on race, color, gender, language, nationality, religion, political opinion, sexual orientation, marital status, or other conditions
- Right to safe and healthy working conditions
- Remuneration with fair wages

Regarding the Environment:

- This Policy is promoted with suppliers and third parties with whom we have commercial and operational relationships
- Efforts are made to ensure that Human Rights are respected both in internal operations and throughout the value chain
- Suppliers are expected to comply with the laws of the country where they operate

Regarding the Community at Large:

- Relationships with the communities where we operate must be based on respect for the rights and freedoms of all individuals
- Relationships with the communities are based on mutual respect



?

SUSTAINABILITY FRAMEWORK

Our Sustainability Framework is the strategy that serves as the foundations for all our actions of value creation and benefit to stakeholders. Therefore, each year our efforts are aimed at strengthening its pillars with the goal of contributing to the development of the organization and the community.

These pillars are:



Social



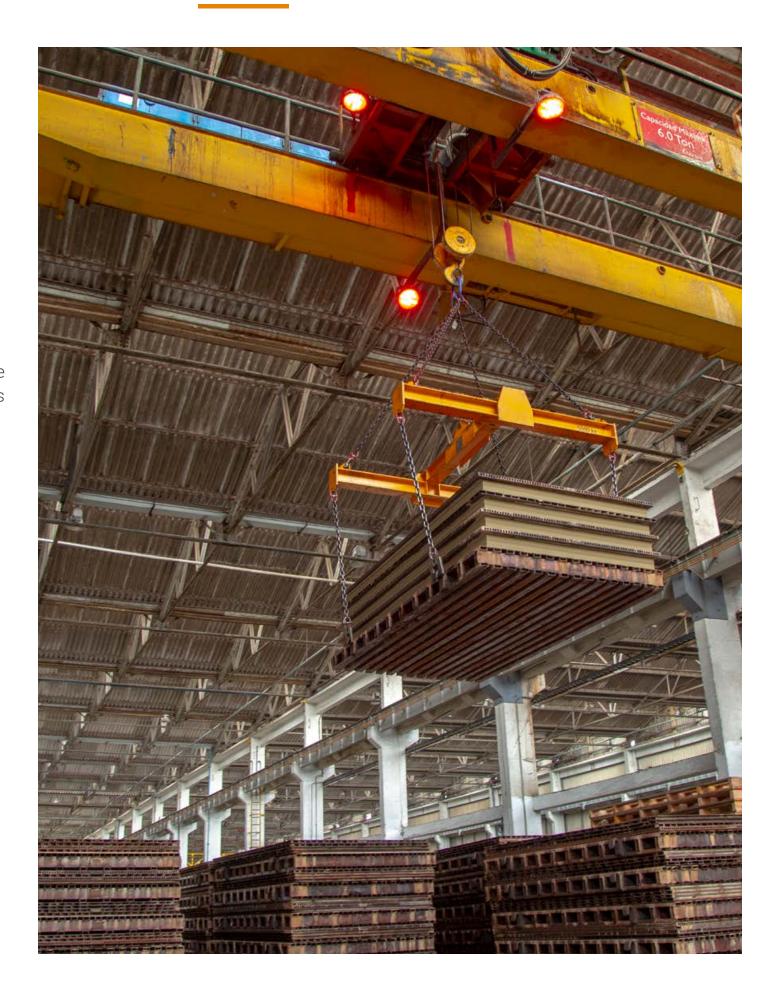
Environmental



Governance



Economy



VALUE CREATION MODEL

Primary Stakeholders:



Shareholders and Investors



Authorities



Employees





Distributors





Impacted Stakeholders:

Authorities

Employees

Added Value:

Shareholders and Investors

Structural Capital

across the organization

Strategic evaluation of risks

Reinforcement of ESG matters











Impacted Stakeholders:

- Shareholders and Investors
- Authorities
- Employees
- Suppliers
- Customers and Distributors

Added Value:

Financial Capital

- Sound financial and operational indicators
- Sustainable innovation



Impacted Stakeholders:

- Employees
- Suppliers
- Sectorial Associations and Chambers
- Communities
- Customers and Distributors

Added Value:

Human, social and relational capital

- Responsible employer
- Satisfied customers
- Positive impact on the community
- Social responsibility
- Disseminate and adopt best ESG practices
- Operational continuity









- Communities
- Authorities

Added Value:

Natural and industrial capital

- Energy efficiency
- Water management
- Waste management



Customers and



Communities





Value Ceneration Process



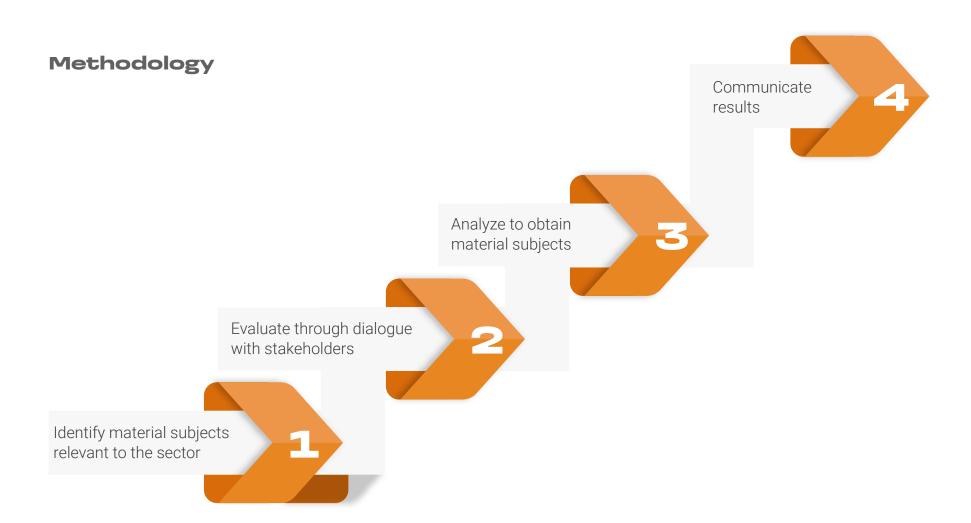
mapping prepared



affect Elementia Materiales' ability to create value over time. These stakeholders are:

MATERIALITY

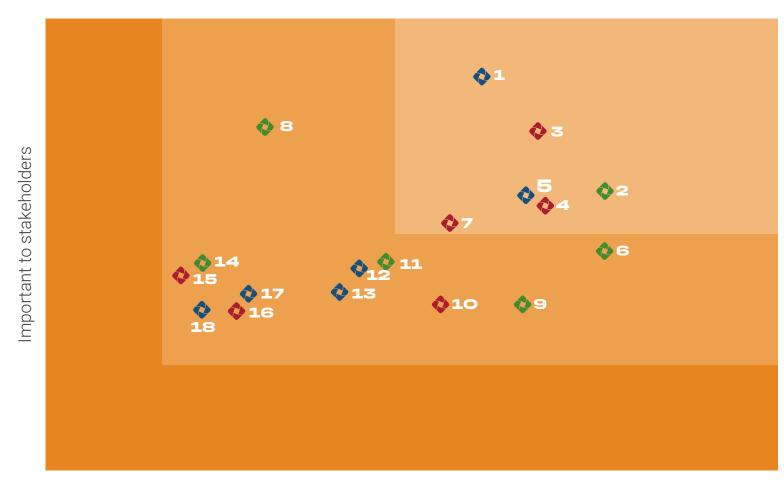
We conducted the first materiality study of Elementia Materiales in 2021, whose purpose was to identify the most relevant and significant topics for our Company. These results have been crucial to preparing our sustainability reports and making strategic business decisions for these past years, in addition to being a basic guide for understanding, approaching, and overcoming our greatest challenges. As of this period designed the we designed the Sustainability Framework and further reinforced the incorporation of environmental, social, and governance (ESG) aspects throughout the organization, thus pursuing our goal of making steady progress in our contribution to sustainable development.





Materiality results

The resulting material subjects were presented in the following matrix:

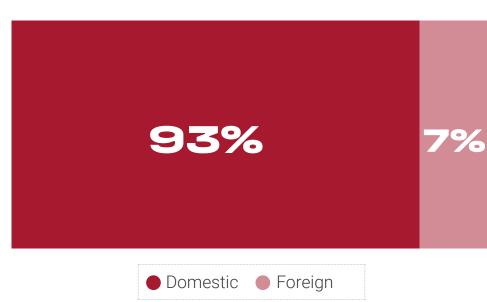


Important to Elementia

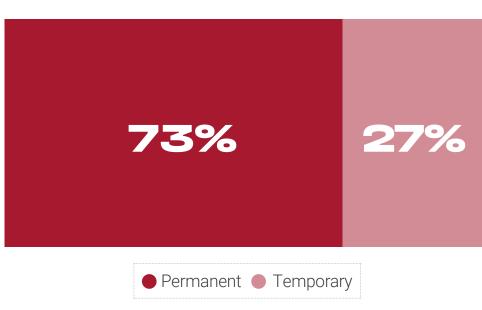
Priority	Material Subjects	Impact Level / Pages
1	Innovation	High
2	Operational and energy ecoefficiency	High
3	Human capital development	High
4	Talent attraction and retention	High
5	Business strategy and profitability	High
6	Circular Economy	High
7	Health, safety and well-being	Medium
8	Climate and environmental strategy	Medium
9	Recycling strategy	Medium
10	Community impact	Medium
11	Product management and sustainability	Medium
12	Supplier management	Medium
13	Governance, code of conduct, and transparency	Medium
14	Environmental policy and systems management	Low
15	Human rights and diversity	Low
16	Occupational practices KPIs	Low
17	Synergies with key local players and with the industry	Low
18	Corporate governance	Low

ETERNIT COLOMBIA WILL CONDUCT ITS FIRST MATERIALITY STUDY IN 2024 TO IDENTIFY ITS SOURCES OF VALUE CREATION, THE POSITIVE AND NEGATIVE IMPACTS, AND STAKEHOLDER PERCEPTIONS.











90 NEW SUPPLIERS

WERE ADDED IN 2023

Our suppliers play a crucial role in the success of Elementia Materiales, providing us with the products and services needed to meet customer needs. The bond we have established with over 1,500 suppliers in the nine countries where we operate has helped generate changes with a positive impact on business management and in social and environmental areas. We are committed to meeting our suppliers' expectations, such as maintaining a long-term relationship, complying with the Code of Ethics, prioritizing safety, and making them feel like an important part of our value chain.

Additionally, we promote open communication through emails, phone, in-person meetings, and the Supplier Portal, to ensure our relationship is solid and transparent, and to better understand our suppliers' needs and expectations. We also require strict adherence to our Code of Ethics and the specific terms of Purchase Orders, all of which helps establish healthy and beneficial business practices for both parties. In any case of non-compliance, Elementia Materiales immediately terminates the business relationship with the supplier in question.



The primary declarations for our Supplier Code of Ethics:





This year we worked on designing a tool to be launched this year, allowing us to evaluate suppliers based on criteria such as delivery time, quality, safety, and environmental impact. With this system, audits will be conducted to ensure legal compliance, payment of obligations, adherence to the Code of Ethics, among other things.

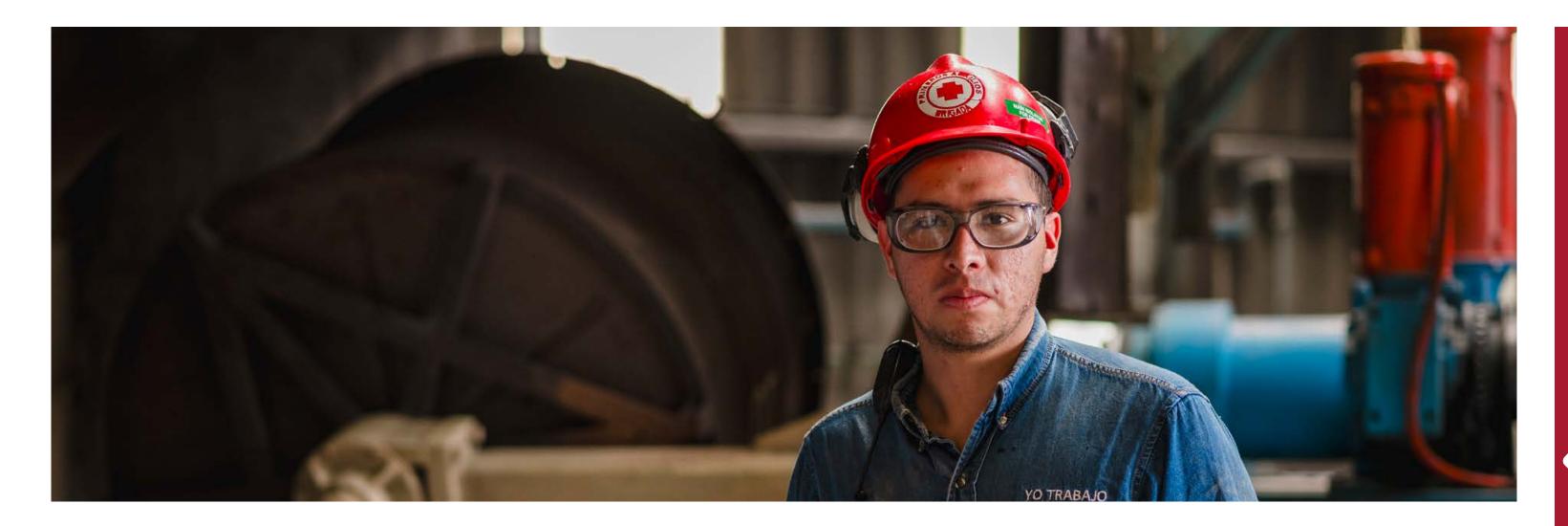
With the intention of developing our suppliers, we have begun implementing initiatives such as using the Supplier Portal, where they learn to interact with purchasing processes electronically, including purchase order confirmations, invoice uploads, and account status consultations. Additionally, a REPSE compliance team has been developed to ensure supplier compliance with their fiscal and labor documentation at all times.

In 2023, challenges were faced regarding sustainable practices implementations with our suppliers. Although the specificity and limited supply of suppliers is a reality, we are considering the possibility of requiring specific certifications, such as the FSB, as part of their commitment to sustainability. While we recognize the limited availability of certified suppliers as a challenge, we are committed to finding innovative solutions.

Furthermore, we are working to overcome complications in the sustainable transportation of raw materials, addressing the limitation in the age of transportation units and logistic complexities.

ELEMENTIA MATERIALES IS DETERMINED TO FOSTER SUSTAINABLE PRACTICES AMONG ITS SUPPLIERS AND MAKE POSITIVE CONTRIBUTIONS TO THE CORPORATE SUSTAINABLE ATMOSPHERE.





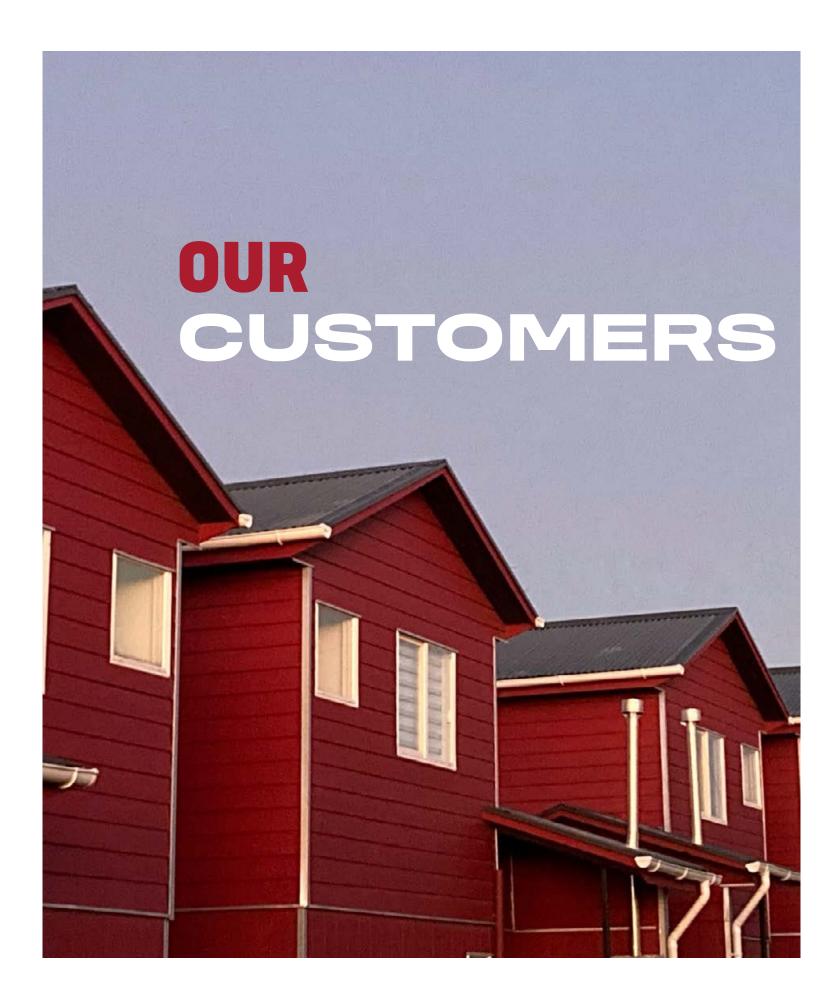
Transportation Supplier Safety

An internal process was implemented to guarantee the safety of all our transportation suppliers. Upon entering Elementia Materiales' plants and during their journeys they must:

- Complete a checklist that validates the EPP and vehicle conditions
- Be enrolled in IMSS and have vehicular insurance
- Conduct alcohol and drug testing
- Refrain from using toxic substances, as per the service agreement

ALL VEHICLES ARE MONITORED FROM THE MOMENT THEY LEAVE THE PLANT WITH LOADED MATERIAL UNTIL THE POINT WHEN THEY ARRIVE WITH THE CUSTOMER, THROUGH THE USE OF CPS ALERTS AT HIGH SPEED, SUDDEN BRAKING, AND DISCONNECTION OF EQUIPMENT.

To reinforce this, we share an induction plant video every six months to provide safety measures, and a card is issued that is renewed semi-annually. Additionally, road safety talks are given by specialists in preventing violence, assault, and robbery, and emergency numbers are provided.



Customers play a fundamental role at Elementia Materiales, as they drive our sustainable growth and success. We value them not only as users of our products but as strategic partners with whom we build strong, long-term relationships. The quality of our products, our focus on innovation to meet their changing needs, and exceptional customer service that seeks complete satisfaction are a reflection of our dedication to our customers. Customer loyalty is recognized as essential an essential element for economic and social viability, and therefore we are committed to listening to their feedback, anticipating their requirements, and working collaboratively to responsibly and sustainably achieving our mutual goals.

All our actions are directed towards having Satisfied Customers, which we measure with the Net Promoter Score (NPS) indicator. Through this tool, we use metrics to monitor customer retention and acquisition, in order to optimize decision-making and ensure their satisfaction.

Additionally, without our network of sellers and distributors, we could not achieve these goals. Therefore, we have designed an incentive program for the distribution network in specific areas. This program will reward the best promoters of our products, which will have a positive impact on distributor motivation. Furthermore, to expand growth opportunities and improve customer contact through technology, we continue to develop new distribution channels, such as e-commerce.

ETERNIT ECUADOR HAS A 72% CUSTOMER SATISFACTION INDEX SCORE; ETERNIT COLOMBIA SCORED 89.1%, BOTH THANKS TO THE STRENGTH OF OUR BRANDS.

Code of Ethics

The Code of Ethics is the framework that governs the conduct of all of us at Elementia Materiales, as it establishes the fundamental values, guidelines, and commitments in all interactions with our stakeholders. This year we updated the Code of Ethics again to incorporate new and important elements for the organization and to maintain our commitment to its review and improvement.

Employees, the Board of Directors, suppliers, and customers are informed about our Code of Ethics and Anti-Corruption Policy through internal communications, training, and reinforcement letters. The policies and codes can also be found on a portal available to all employees and stakeholders.

Subjects covered in the Codes of Ethics:

- Protection against reprisals
- Disciplinary actions and other sanctions stemming from Code violations
- Conflicts of interest
- Anti-monopoly
- Illicit payments and bribery
- Privacy
- Confidential information
- Privileged information security and handling
- Intellectual property rights
- Political neutrality

- Export controls
- Equal opportunities
- Non-discrimination
- Health and safety
- Environment

100% OF EMPLOYEES ARE INFORMED ON THE CODE OF ETHICS

GOVERNANCE

Ethics and Integrity

One of Elementia Materiales' priorities is to consistently maintain the highest standards in ethics and compliance. We aim to align with the applicable laws and regulations in force in all the countries where we operate, in addition to adhering to voluntary codes and self-regulation.

To reinforce our responsibility in these matters, employees are required each year to reaffirm their ethical commitment to Elementia Materiales by signing various mandatory letters, including the Conflict of Interest, Code of Ethics, and Supplier Relationships (only the Procurement area).

Various commitments and responsible business conduct policies are enforced, which include the following values and principles:

- ◆ Honest and ethical conduct: All employees are expected to act correctly, with good judgment, and honesty.
- **♦ Legal compliance:** We are firmly committed to working in full compliance with all laws, rules, and regulations in force in all the countries where we operate.
- ◆ Fair treatment: Each employee must strive to establish fair treatment with our representatives, suppliers, customers, competitors, and the general public.



Whistleblower Channel

It is essential for us to give our stakeholders the means and opportunity to report any behavior that seems to violate our principles or that involves non-compliance with laws, regulations, or provisions of our Code of Ethics. Therefore, we have a reporting channel through which they can inform the Manager or immediate Supervisor, any member of the Compliance Committee, the local Human Resources Department, the Legal team, Internal Audit, or the Internal Control Area of Elementia Materiales.

In addition to these channels, we also provide the opportunity to report, anonymously or not, through the following reporting channel means:





All reports made, regardless of the channel used, are sent to the Compliance Committee for investigation and/or actions to be undertaken.

Compliance

Elementia Materiales has achieved outstanding results thanks to our constant attention to national and international trends. In this way, we anticipate changes that may arise in the legislative environment and ensure compliance with all applicable regulations in force.

Corruption Prevention

Within the context where we operate, where corruption is widespread, we are aware of the serious damage it causes. For this reason, we have zero tolerance for any form of corruption, as specified in our Code of Ethics.

WE ARE FULLY ALIGNED WITH THE **PROVISIONS UNDER THE FCPA** (U.S. FOREIGN CORRUPT PRACTICES ACT).

All Elementia Materiales employees are obligated to act in the best interest of the Company, therefore conflicts of interest are forbidden and personal interests are not to oppose those of the Company.

OUR SUPPLIERS ARE ALWAYS IMPARTIALLY SELECTED

WITHOUT ANY CONSIDERATION

CIVEN TO ANYTHING THAT IS NOT

IN THE BEST INTERESTS OF

ELEMENTIA MATERIALES.

In this way, we have promoted an organizational culture based on integrity, transparency, and ethics over the years, thus helping to maintain our credibility and reputation with all our stakeholders.

100% OF THE BOARD DIRECTORS

AND OUR EMPLOYEES ARE INFORMED ON ANTICORRUPTION PRACTICES.



OUR **ALLIANCES**

The partnerships we have formed over the years at Elementia Materiales have enabled us to push the development of our business strategy forward, and to achieve economic, environmental, social, and governance objectives. Through these synergies with organizations, chambers, and associations in the various countries where we operate, we have had the opportunity to build meaningful relationships, support and share resources. This allows us to access valuable knowledge and technologies and face challenges together. These alliances promote diversity, inclusion, and innovation, making us a more equitable and resilient organization.

WE ACTIVELY PARTICIPATE IN INDUSTRIAL CHAMBERS SUCH AS THE NATIONAL CHAMBER OF CEMENT (CANACEM) AND THE NATIONAL CHAMBER OF THE TRANSFORMATION INDUSTRY (CANACINTRA).

Mexico

- Business Council of Mexico (CMN)
- Communication Council
- Mexican Center of Philanthropy (CEMEFI)
- Mexican Chamber of Commerce
- Mexican Chamber of the Construction Industry (CMIC)
- National Chamber of the Transformation Industry (CANACINTRA)
- ♦ Éntrale Alliance for the Labor Inclusion of People with Disabilities
- National Agency for Construction and Building Normalization and Certification (ONNCCE)
- Industrial Union of the State of Mexico (UNIDEM)

Bolivia

- Cochabamba Chamber of Industry, Commerce, and Services
- Recycling Foundation
- Made in Bolivia Foundation
- Departmental Chamber of Industry
- Chamber of Exporters

Costa Rica

- Costa Rican Chamber of Construction
- Chamber of Industries of Costa Rica
- Costa Rica Green Building Council
- Chamber of Commerce of Costa Rica

Ecuador

- Chamber of the Construction Industry
- UN Global Compact
- Chamber of Industries and Production

Colombia

- ASCOLFIBRAS
- National Entrepreneurial Association of Colombia
- Construction Chamber of Commerce
- Colombian-Mexican Chamber
- CAEM Environmental Corporation of Business
- UN Global Compact

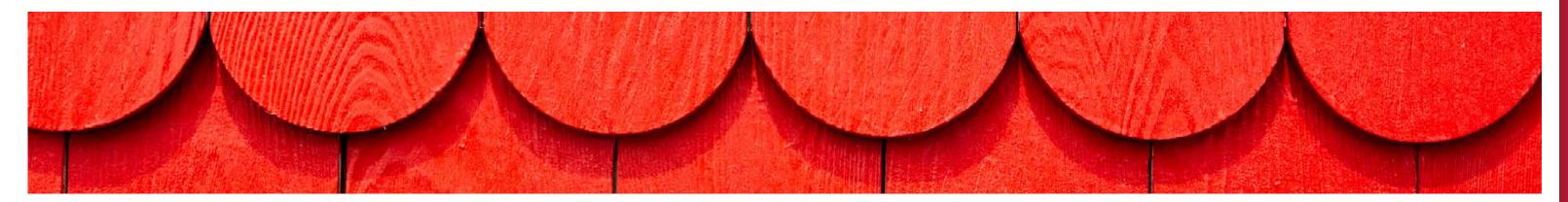
Peru

- Chilca Chamber of Commerce
- Plastic Industry Association of Peru
- Nacional Industrial Society

El Salvador

- Chamber of Industrial Commerce of El Salvador
- American Chamber of Commerce of El Salvador
- Salvadoran Chamber of Construction

CORPORATE



The strength of our corporate governance, combined with the diversity of skills and experience of its members, is one of the most valuable qualities of Elementia Materiales. It efficiently guides our organization, making our company able to implement long-term value generating strategies.

One of our greatest commitments over the years has been to ensure integrity, business ethics, and corporate responsibility. Our governance structure is a direct reflection of these values and it represents our essence and future direction.

Corporate Governance Practices

- Integrity
- Commitment
- Innovation
- Respect
- Results-oriented philosophy
- Safety and teamwork

Board of Directors

The primary responsibility of our Board of Directors is to establish the organization's strategic vision and oversee the performance of the Management Team. It is guided by policies that grant it the authority to review and evaluate the Group's operations. Board members are chosen based on their experience in economic, business, and commercial matters, all with an environmental, sustainable, and social focus; their knowledge of the sector is also taken into consideration. The Board is composed of seven members, two of whom are independent.

To avoid conflicts of interest, all Board members must declare any action that may unduly influence them personally and that goes against the organization's best interests. They must also refrain from participating in any deliberation or voting related to such matters.

The General Assembly of Shareholders has the authority to appoint the members of the Board of Directors through a majority voting process.

Board of Directors

Juan Pablo del Valle Perochena	Chairman and Director	
Francisco Javier del Valle Perochera	Director	
Tomás Espinosa Braniff Céspedes	Independent Director	
Gerardo Kuri Kaufmann	Director	
Juan Rodríguez Torres ²	Independent Director	
Antonio Gómez García	Director	
Alfonso Salem Slim	Director	
Juan Pablo del Río Benítez¹	Secretary	
Diego Cortina Escalante¹	Asst. Secretary	

For information on the profile and experience of the members of the Board of Directors:

https://investors.elementiamateriales.com/consejo-adminis-tracion_auuQPF.html

Audit Committee

Audit Committee works closely with the Board of Directors, supporting it in carrying out its duties. One of this Committee's responsibilities is to evaluate internal control auditing systems and identify areas of opportunity within the Company and its subsidiaries. Additionally, the ACP Committee must monitor preventive and corrective measures taken when any non-compliance with financial and operational guidelines and policies is detected, including legal and technological matters. Likewise, it oversees full compliance with shareholder meeting resolutions and Board of Directors agreements.

Members of the Audit Committee

Tomás Espinosa Braniff Céspedes	President
Juan Rodríguez Torres	Member
Ernesto Moya Pedrola	Secretary (without being a member)



Management Team

Our Executive Team is composed of highly qualified members with extensive experience in their respective areas. They are responsible for managing economic, financial, environmental, and social matters, as well as creating initiatives that address each issue and implementing strategies to ensure the organization meets its business objectives.

Members of the Steering Committee

Jaime Emilio Rocha Font	CEO		
María de Lourdes Barajas Flores	Director of Administration and Finance		
Miguel Fernando Rangel Galvis	Director of Construsistemas		
Hugo Alberto Gómez Sierra	General Manager of the Metals Division		
Kevin Potthoff	Director of Construsistemas USA		
Gabriel Pérez Kohler	Director of Construsistemas Mexico		
Randall Fco. Foseca Calderón	Director of Construsistemas Central America		
Paulina Hernández López	Director of Human resources and Sustainable Development		
Alberto Novoa Nito	Director of Supply Chain		

For information on the profile and experience of the members of the Steering Committee:

https://investors.elementiamateriales.com/funcionarios_H1hSHo.html

COMMUNICATION WITH STAKEHOLDERS

Stakeholders are a fundamental part of our sustainability strategy, so ensuring constant and open dialogue with them is one of our priorities; through this exchange we are able understand their concerns and needs, and can work to address them.

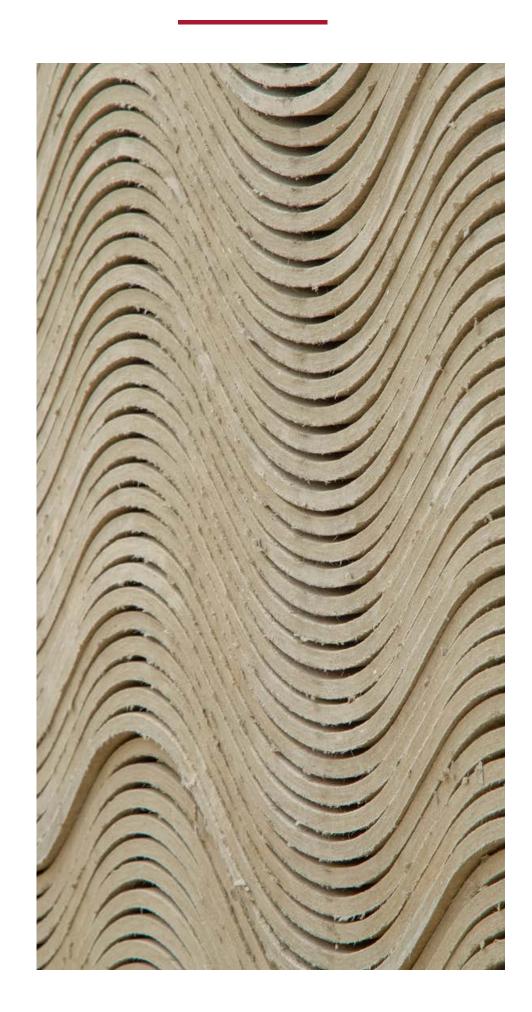
Stakeholder	Relationship Objectives	Communication Channels	Communication Frequency	
Shareholders and investors	Access to relevant financial and sustainability information to make timely and transparent decisions		Monthly, quarterly, and annually	
Authorities	Compliance with applicable regulations in each country where operations are conducted		Monthly, quarterly, and annually	
Employees	Personal and professional development and quality of life at work		Daily	
Customers and distributors	Product and service quality and competitive prices		Weekly and monthly	
Suppliers	Ethical business relationships and long-term collaboration for value creatin		Weekly and monthly	
Communities	Institutional support to maximize the positive impact generated on chosen social causes through volunteerism and/or donations		Monthly, quarterly, and annually	
Email, calls, and meetingsPerformance evaluation syCalls with the commer	vstem Employee satisfaction survey In-house magazine cial team Website Social media Customer s	ervice hotline Satisfaction survey Ema	d complaint box	
	 Calls and emails with the local 	I Sustainability and HR areas		

EFFICIENCY AND PROFITABILITY

During 2023, we had to create various strategies to counteract the economic impact of reduced hiring in the United States, which directly affected our exports. The strategy centered around ensuring the quality of our products and meeting customer demand. Additionally, we integrated sustainability elements related to water management, waste, and emissions into all our processes.

Income Statement	Jan - Dec Proforma				
Indicadores	December 2023	December 2022	December 2021	Δ% 2023 vs. 2022	
Net Sales	16,679	22,395	20,006	16.5%	
Cost of Goods Sold	13,582	18,179	16,231	25.2%	
Gross Profits	3,097	4,216	3,775	26.5%	
% of Net Sales	19%	19%	19%	0%	
General Expenses	2,214	2,884	2,469	23.2%	
Operating Income (Loss)	883	1,332	1,306	33.7%	
% of Net Sales	5%	6%	7%	16.6%	
EBITDA (Earnings Before Interest, Taxes, Depreciation, and Amortization)	1,508	2,305	2,020	34.5%	
% of Net Sales	0%	10%	10%	100%	
Net Comprehensive Financing Result	1,048	707	187	48.2%	
Profits (Loss) Before Taxes	165	625	1,119	73.6%	
Tax on profits	384	239	402	60.6%	
Consolidated Net Profits (Loss)	549	386	717	43%	

Amounts in millions of MxP



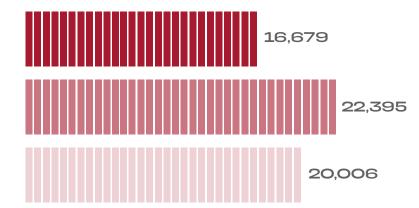




Balance Sheet	Jan - Dec Proforma			
Indicators	December 2023	December 2022	December 2021	Δ% 2023 vs. 2022
Cash and cash equivalents	1,638	1,460	1,502	12.1%
Customers, net	2,134	2,479	2,947	13.9%
Inventory, net	3,093	4,053	4,139	23.6%
Suppliers	1,252	1,397	2,243	10.3%
Total debt	6,001	6,222	4,183	3.5%
Net debt	4,363	4,762	2,681	8.3%
Net worth	8,311	9,263	11,473	10.2%
Non-controlling Shareholders' Equity Interest	38	35	42	8.5%

Monetary amounts in millions of MxP

Net Sales



Net sales for the 2023 period showed a **16.5%-reduction** as compared to 2022, going from \$22.395 billion MxP to \$16.679 billion MxP.

1,508

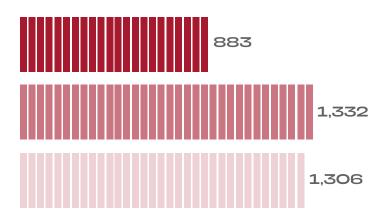
EBITDA _____

EBITDA dropped from \$2.305 billion MxP to \$1.508 billion MxP, representing a **reduction of 34.5%**.

●2023 **●**2022 **●**2021

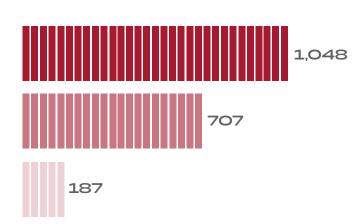
31





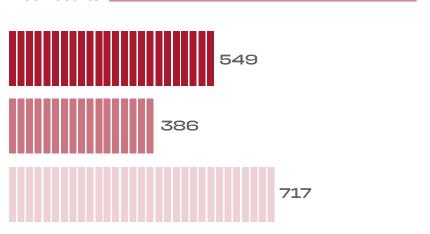
Operating income amounted to \$883 million MxP, representing a **reduction of 33.7%.**

Comprehensive Financing Costs



Comprehensive financing costs increased by 48.2%.

Net Results _____

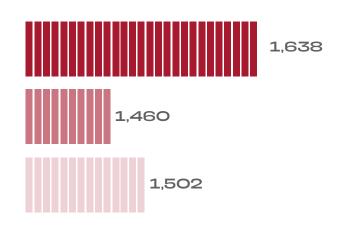


Comprehensive net profits amounted to \$549 million MxP, reflecting an **increase of 43%** compared to results posted for the previous year.

MEXALIT ACHIEVED THE HIGHEST OPERATING INCOME PER TON IN EIGHT YEARS

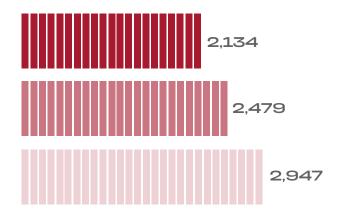


Cash and Cash Equivalents _____



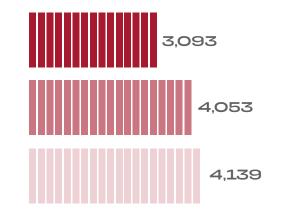
The **increase** in cash and cash equivalents was **12.1%**, as compared to 2022.

Accounts Receivable _____



There was a **13.9% reduction** in the balance for accounts receivable, going from \$2.479 billion MxP to \$2.134 billion MxP.

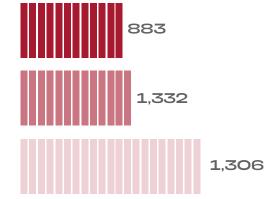
Inventories _____



Inventories dropped by 23.6%.

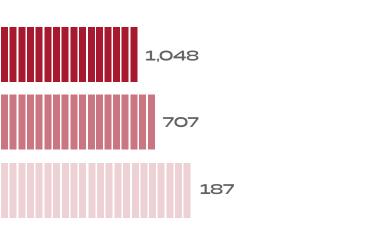






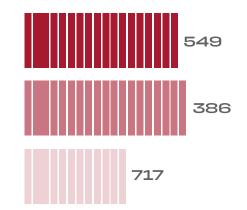
Accounts payable balance for suppliers totaled \$1.252 billion MxP upon close of 2023, vs \$1.397 billion MxP in 2022, thereby representing a **reduction of 10.3%.**

Net Worth _____



Net worth closed 2023 at \$8.311 billion MxP, which is **10.2% lower** than figures posted for 2022.

Total Debt _____



Total debt at closing of 2023 was \$6.001 billion MxP, which is **3.5% lower** than in 2022.



SASB EM-CM-110a.1, EM-CM-110a.2, EM-CM-130a.1, EM-CM-140a.1, EM-CM-150a.1





In response to the support received in 2022, this year we began implementing eight new environmental impact indicators for our report, thereby establishing a solid foundation for Construsistemas performance measurements. Moreover, since January 2023, we have implemented a monthly presentation of these indicators in results meetings, highlighting the cross-sectional importance of these data in financial, operational, and sales matters. Annual sustainability goals have been set, albeit working to enhance the goal-setting process and make it more robust and aligned with our strategic objectives.

WE ACHIEVED THE FULL ESTABLISHMENT AND USE OF THESE INDICATORS, MAKING SIGNIFICANT PROGRESS IN THE CULTURE OF ELEMENTIA MATERIALES.

In 2024, we plan to maintain the indicators established this year, with the incorporation of new ones related to waste management, thus demonstrating an evolution in environmental impact measurement and management.

Our greatest challenge entails improving the processes for setting more robust sustainability goals, moving away from goals based solely on budgets and advancing towards more ambitious objectives aligned with our long-term vision. The purpose is to make progress in setting long-term goals, emphasizing the importance of working towards goals set for the year 2030.





CIRCULARITY APPROACH

For years, the purpose at Elementia Materiales has been to consume and produce sustainably to generate higher quality goods with fewer resources. We accomplish this through reduction, reuse, and recycling, which involves reducing pollution. This focus on the circular economy is fundamental to optimizing resource use, reducing waste, complying with environmental regulations, and meeting the expectations of stakeholders impacted by our environmental performance.

BY ADHERING TO SDG 12 WE ENSURE
SUSTAINABLE CONSUMPTION AND
PRODUCTION PATTERNS, THEREBY
MAINTAINING THE LIVELIHOODS OF CURRENT
AND FUTURE GENERATIONS.

Our Circularity Approach enables Elementia Materiales to contribute to environmental protection and develop a more sustainable and equitable economy.



The particular nature of our products sometimes makes their substitution difficult, which is why we constantly seek solutions for more efficient use. For example, one of the main materials in our production system is cellulose, which we obtain from virgin sources and processes carried out by third parties.

On the other hand, we strive to identify industries near our facilities to map out the waste that could be reused in our operations. Additionally, we implement practices within our facilities such as cutting materials, whose waste is reintegrated into the process for reuse, not only increasing efficiency through the

reduced need for raw materials but also preventing these materials from becoming waste.

Our wastes are recovered through reuse and recycling initiatives, aiming for medium-term management at 100% of our facilities. Furthermore, we collaborate with other business units within our corporate group and with external partners to promote a circular economy and generate synergies that drive sustainable practices in the industry.

THESE STRATEGIES HAVE PROVIDED THE

OPPORTUNITY TO **IMPROVE EFFICIENCY**,

REDUCE COSTS, AND MEET INCREASINGLY

STRINGENT ENVIRONMENTAL AND

SOCIAL STANDARDS.

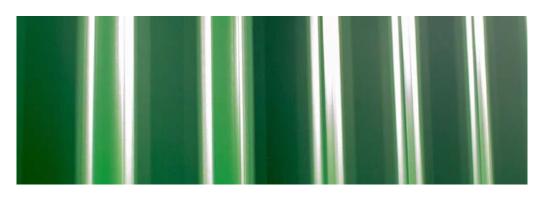
MEXALIT ACHIEVED 100% RECOVERY AND

REINCORPORATION OF POLYETHYLENE TANKS AND CISTERNS THROUGHOUT 2023. ADDITIONALLY,

A 2.21%-INCREASE IN THE SUBSTITUTION
OF VIRGIN RAW MATERIALS WITH
RECYCLED MATERIALS WAS ACHIEVED.







We are well aware of the need to incorporate additional indicators, such as the reutilization rate of wasted generated, for more detailed and comparative measurements, thus committed to improving this aspect in the coming years.

USING 100% RECYCLED POLYPROPYLENE,
ETERNIT ECUADOR SET UP A PRODUCTION PLANT
FOR MANUFACTURING PLASTIC ROOFTOPS.

ETERNIT COLOMBIA RECYCLED 530 TONS AND REUSED 16,000 TONS OF WASTE IN 2023.

RECYCLED RAW MATERIALS ARE
INCORPORATED INTO THE FORMULATION OF
OUR PRODUCTS INSTEAD OF USING VIRGIN RAW
MATERIALS (CELLULOSE AND POLYETHYLENE).

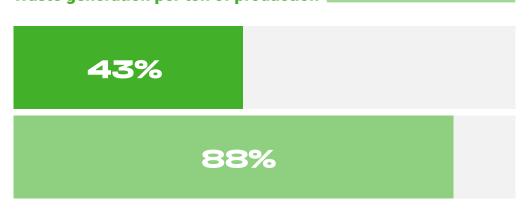


Construsistemas

Substitution rate _____



Waste generation per ton of production _____

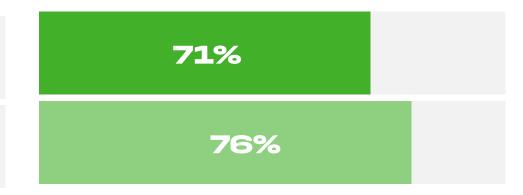


Waste reutilization rate _____

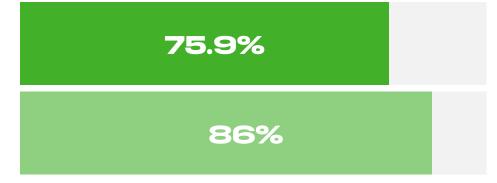


Nacobre

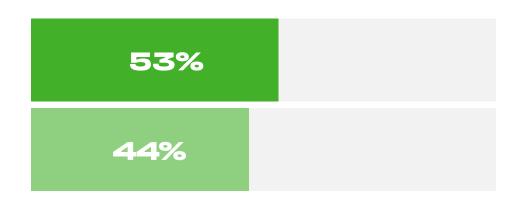
Substitution rate _____



Waste generation per ton of production _____



Waste reutilization rate _____



2023 **2**022

CLIMATE AND ENVIRONMENTAL STRATEGY

At Elementia Materials, we evaluate our carbon footprint, which includes direct emissions linked to fuel use for thermal purposes and indirect emissions from electricity consumption. Our commitment focuses on optimizing energy efficiency through the adoption of innovative technologies and the implementation of preventive and corrective maintenance, leading to the reduction of both direct and indirect emissions. These measures not only have a positive impact on the environment, but also generate economic benefits by improving Company profitability.

Our strategies are aimed at addressing the major global issues of climate change. We are aware that companies have a fundamental role in mitigating the impact of climate change, and therefore we align with global objectives to adopt measures that can reduce our carbon footprint and protect the environment.

IN ALIGNMENT WITH **SDG 13**, WE ADOPT URGENT MEASURES TO MITICATE CREENHOUSE CAS EMISSIONS.

Throughout 2023, we worked on providing a more robust structure for measuring environmental aspects so as to clearly define what needed to be measured and how. Additionally, significant progress was made in involving all levels of the Organization to better understand and measure

indicators. This helped underscores the fact that these important issues were not exclusive responsibility of the environmental team, but rather business aspects requiring the participation of everyone; as well as the importance of a comprehensive sustainability approach, encompassing environmental, social, and economic pillars, and emphasizing that good performance in these three subjects is essential for the overall success of Elementia Materiales.

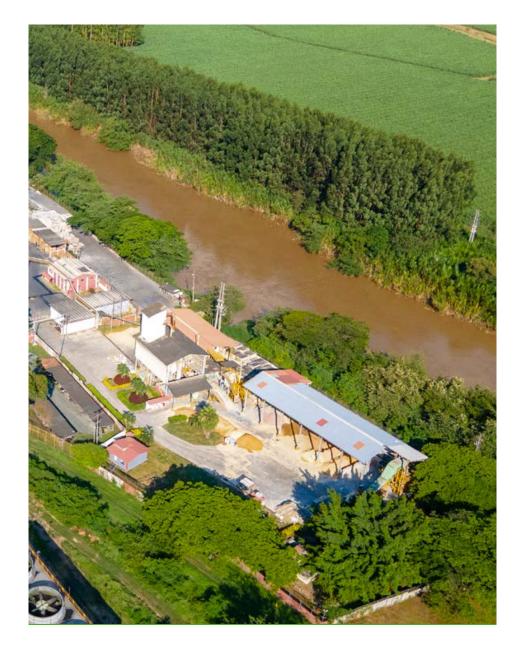
EACH AREA UNDERSTANDS THE VALUE BEHIND SUSTAINABLE PRACTICES, GOING BEYOND REGULATORY REQUIREMENTS.

WE KEEP A RECORD OF THERMAL ENERGY
CONSUMPTION, INCLUDING GAS AND
OTHER FUELS NOT FOCUSED ON
ELECTRICAL ENERGY.

We are deeply committed to energy efficiency, constantly seeking projects and technologies that can improve thermal and electrical consumption efficacy. This not only contributes to environmental aspects but also to operational efficiency and cost control.

ETERNIT ECUADOR SWITCHED FROM DIESEL TO GAS, THUS REDUCING
THEIR CO₂ EMISSIONS.

IN 2023, MEXALIT INSTALLED NEW DUST COLLECTORS TO INCREASE DUST SUCTION AND COLLECTION EFFICIENCY, THEREBY REDUCING ELECTRICITY CONSUMPTION AND ATMOSPHERIC EMISSIONS.





38



Thermal consumption per ton of product produced



1,074



1,031

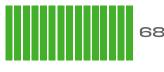
Electricity consumed per ton of product produced





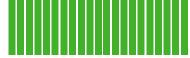
151

Kg of CO₂ per ton of product produced (Scope 1)



65

Kg of CO₂ per ton of product produced (Scopes 1 and 2)



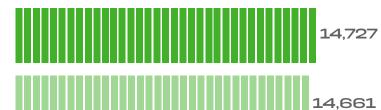


2023 **2**022

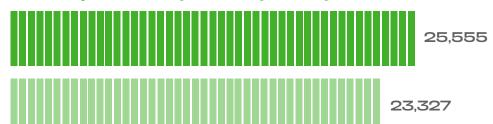


Nacobre

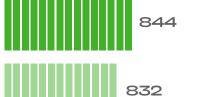
Thermal consumption per ton of product produced



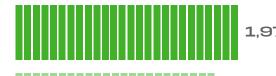
Electricity consumed per ton of product produced



Kg of CO₂ per ton of product produced (Scope 1)



Kg of CO₂ per ton of product produced (Scopes 1 and 2) _

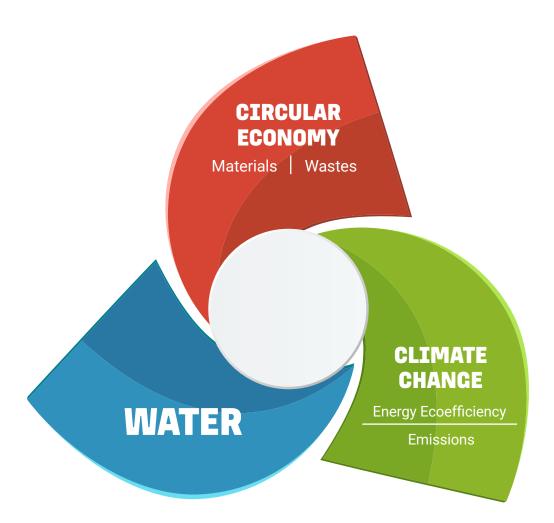




2023 **2**022

NVIRONMENTAL POLICY

We are aware of the impact our operations have on our surroundings and the urgent need to join international initiatives for environmental protection, aligning with the Sustainable Development Goals (SDGs) of the 2030 Agenda. We are committed to acting in favor of reducing this impact and implementing sustainable activities, while also monitoring the most critical environmental aspects.



There are various measures in place to address each of these pillars. First, we have a system to collect and analyze data on the environmental aspects we manage. This allows us to identify the most relevant issues and develop specific strategies for each plant. Addi-

tionally, each plant has a unique roadmap based on the evaluation of its environmental aspects and improvement opportunities. As a reflection of our commitment to these issues, environmental guidelines are received from the corporate office, which are supported by the Company's top management team.

WATER MANAGEMENT

Due to the nature of our business, water management is one of our top priorities. Although companies worldwide must ensure water availability and sustainable management. In the making of our products, we must ensure even greater water use efficiency to minimize the impact on the ecosystems where our plants are located.

IN LINE WITH **SDG 6**, WE STRIVE TO ENSURE **WATER AVAILABILITY**, ITS SUSTAINABLE MANAGEMENT, AND REMEDIATION.

At Elementia Materiales, we are committed to aligning with these objectives. The necessary water-use permits for our facilities have been obtained, some of which are shared with neighboring communities.

All our plants monitor water consumption, focusing on closed-loop systems where water is recycled up to six or seven times in the process to minimize extracting water from wells. A clear differentiation is made between the volume consumed and the volume used due to efficient reuse during production. Additionally, we integrate water treatment systems into our recirculation process to separate the water from the waste generated.

WE INSTALLED A PRIMARY WATER TREATMENT PLANT THAT SETTLES THE SLUDGE AND REINTEGRATES WATER INTO THE MAIN MANUFACTURING PROCESS.

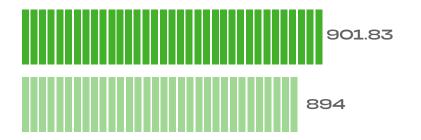
2 WATER TREATMENT PLANTS

WERE BUILT IN ETERNIT COLOMBIA

Wastewater from the production process is not recyclable in Mexico, but we comply with the necessary standards for its final disposal by certified suppliers. In other countries, we conduct thorough analyses of wastewater to ensure its quality before discharging into the public sewer system.

MEXALIT INSTALLED A RAINWATER HARVESTING AND RECOVERY SYSTEM.

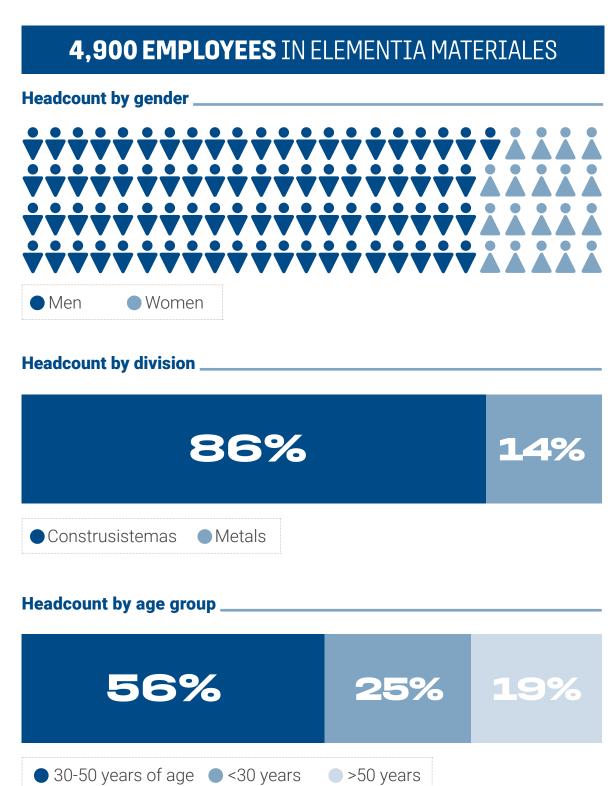
m³ of water extracted per ton of product in Construsistemas







HEADCOUNT



26 EMPLOYEES IN
EXECUTIVE POSITIONS,
8% OF WHOM ARE
WOMEN

EMPLOYEES IN

MANAGERIAL

POSITIONS, 19% OF

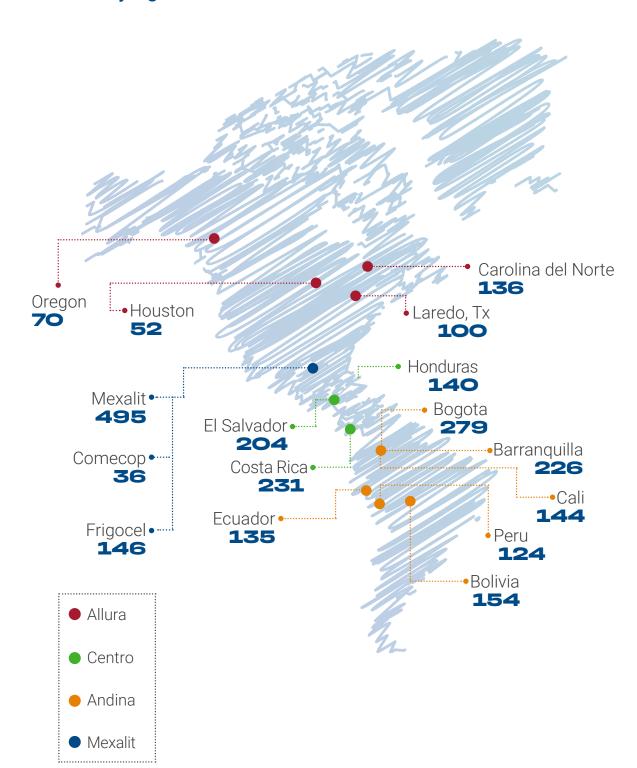
WHOM ARE WOMEN

607 HOLDING MIDDLE
MANAGEMENT
POSITIONS, 26% OF
WHOM ARE WOMEN

27% OF OUR STAFF AND OPERATIONAL PERSONNEL ARE WOMEN

697 EMPLOYEES IN NACOBRE

Headcount by region





At Elementia Materiales, we strive to have the best talent among our employees—honest professionals who are committed, highly knowledgeable, passionate about their work, and have extensive experience and the necessary skills for effective decision-making.

257 NEW HIRES IN 2023

We rely on our talent, so we aim to fill new vacancies with internal promotions to ensure that we have the best employee in the right position.

252 VACANT POSITIONS FILLED WITH INTERNAL TALENT

Moreover, in compliance with the laws in the areas where we operate, we respect our employees' right to join or not join trade unions according to their will. This is a fundamental right that allows them to organize collectively to negotiate fair labor conditions.

Positive relationships are nurtured with the unions to which our employees are affiliated and, to date, we have neither identified any operations or suppliers that violate workers' rights to freedom of association and collective bargaining, nor that represent a significant risk in this regard.

Respecting employees' right to unionize is essential for promoting a fair, equitable, and collaborative work environment benefiting both the workers and the Organization alike.

68% OF OUR EMPLOYEES ARE UNIONIZED

Maintaining close communication with our employees is essential to showing them that they are our greatest asset. Therefore, we seek and build various channels through which we can interact, including: mailings, annual virtual strategic-planning meetings, quarterly results meetings, a quarterly magazine, messages on screens and boards, and a digital suggestion and idea box where we invite our employees to propose any initiative, idea, or project.



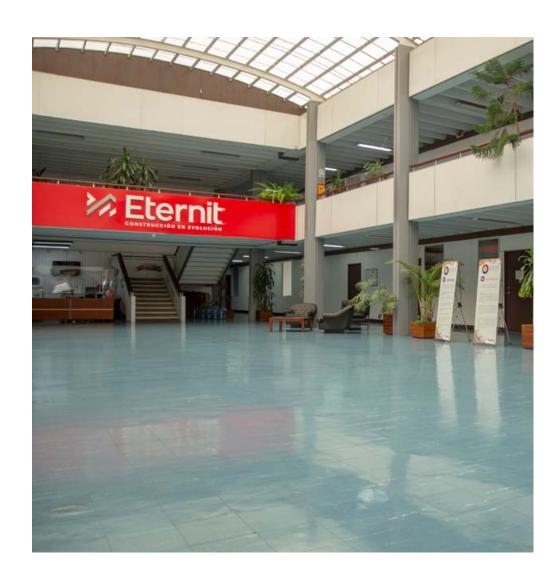


Benefits

We offer our employees fair and competitive compensation relative to the market in each of the countries where we operate. Compensation includes a base salary plus benefits, commissions, and bonuses. Through the following benefits, we manage our talent attraction and retention strategy:

Good Conditions _

We provide comfortable facilities, well-maintained equipment, health coverage, social security, and continuous training.



Recognition of Achievements _____

We encourage employees to perform their work to the best of their ability and cultivate their attitudes and values to achieve their goals.



Emotional Salary _

We organize various extracurricular activities throughout the year to promote integration in a healthy and positive environment. We have sports activities that encourage and promote personal care and a healthy lifestyle.





EQUAL OPPORTUNITIES

Diversity is a fundamental principle at Elementia Materiales, which is why our selection processes guarantee respect for equal opportunities, equality, and non-discrimination, eliminating any distinction based on gender, race, color, religion, nationality, age, disability status, pregnancy, marital or family status, sexual orientation, or any other legally protected condition.

IN LINE WITH SDG 5, WE STRIVE FOR GENDER EQUALITY AND EMPOWER ALL OUR FEMALE EMPLOYEES.

Our commitment entails the requirement at least one female candidate must be among those appearing for recruitment processes, thus ensuring gender equality is a comprehensive consideration from the onset of selection processes and promoting more equitable representation of the work teams.

As part of our commitment to promoting equal opportunities and diversity, we are a member of "Éntrale," an alliance for the inclusion of persons with disabilities in the workforce. This initiative is sponsored by the Mexican Business Council as a way to encourage the Mexican business sector to commit to work inclusion programs and hire persons with disabilities.

AT ETERNIT ECUADOR, WE HAVE **INCLUSION**PROGRAMS FOR **WOMEN** IN OPERATIONAL,
STAFF, AND LEADERSHIP POSITIONS.



HUMAN CAPITAL DEVELOPMENT

Training

Training our employees allows us to enhance their skills and competencies, which directly contributes to increasing the productivity and efficiency of the organization. As a contribution to talent retention, we continuously strive to develop the skills and knowledge of our workforce, empowering them to view themselves as agents of change and inspiring them to innovate.

Training has been a key element of our success, as it has fostered the development of a highly competent team of operators and the development of executives who will lead our future generations of managers.

We work closely with various educational institutions to provide several courses to employees in key positions within the organization.

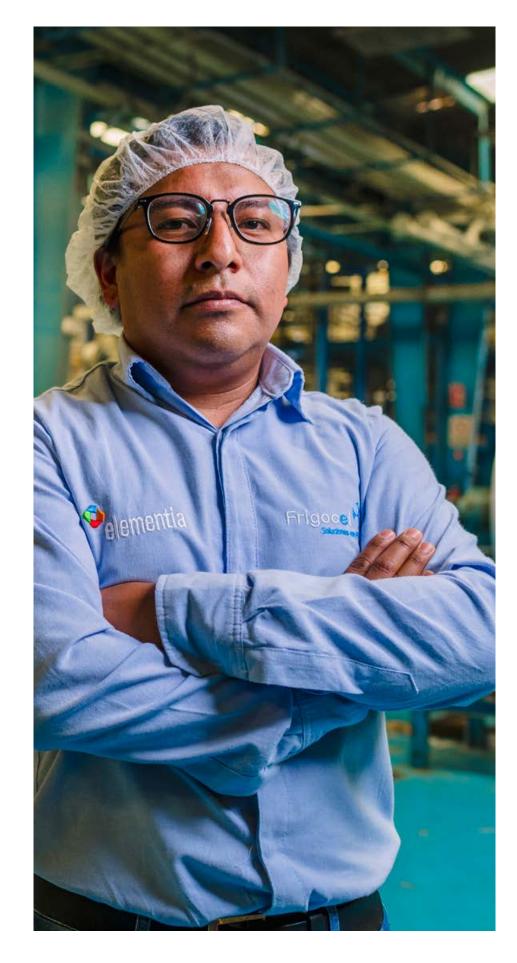
2023 has been designated as the "Financial Year," with our main focus on improving our employees' financial education. We offered an online workshop on personal finance for the entire Spanish-speaking organization.

Additionally, at ITAM (the Autonomous Technological Institute of Mexico) a finance course specifically designed for Spanish-speaking managers and directors was offered for our non-financial executives.

We also conducted training sessions through Scotiabank, on Afores, specifically focused on Mexico. The topics covered included understanding Afores, retirement planning, and selecting the best retirement savings fund.

Furthermore, sustainability training was given, providing a deeper understanding of the importance of these issues and how they impact both individually and collectively. As a result, employees gained insight into what is measured and why, making them feel more empowered to contribute from their individual roles. There was a notable shift in mindset, with our employees now asking questions about how to reduce their consumption and innovate in their operations.





ETERNIT COLOMBIA OFFERED INTERNAL
AND EXTERNAL TRAINING FOR OUR EMPLOYEES
IN SUBJECTS SUCH AS LEAN MANUFACTURING,
EXCEL, POWER BI, LEADERSHIP SKILLS,
SOFT SKILLS, BRIGADES, WORKING WITH
HEIGHTS, AND FIRST AID.

Training conducted throughout 2023:

- Basic and intermediate Excel
- Language courses (English)
- Neuroscience programs focused on safety
- Ethics and Conduct
- What harassment is and how to eliminate it.

In addition, we have platforms such as Odilo and Capacítate Carso, where our employees cand develop skills through different means like Ebooks, audiobooks, podcasts, courses, blogs, among others.

ALL OUR TRAINING SESSIONS ARE FREE OF ANY GENDER BIAS.

Performance Evaluation

Our results-based strategy is grounded in SMART objectives: Specific, Measurable, Achievable, Reasonable, and Time-based. Using this tool, each employee defines their goals with their direct supervisor at the beginning of each year. At the end of the year, performance evaluations are conducted through the Success Factors system. Each employee performs a self-assessment of their objectives, gathers evidence, and presents the results to their direct supervisor. The supervisor then evaluates and provides feedback directly and transparently, both in person and through the platform. At the end of the process, the employee receives the report, signs it to confirm, and the results are recorded in the system.

1,566 OF OUR EMPLOYEESRECEIVED PERIODIC PERFORMANCE

CEIVED PERIODIC PERFORMANCE EVALUATIONS IN 2023

Occupational safety, health, and well-being have always been fundamental pillars at Elementia Materiales, reflecting our commitment to sustainability and the care of our employees. However, in 2023, we identified it as one of our most crucial challenges.

A FUNDAMENTAL PILLAR OF OUR CORPORATE CULTURE IS THE PRINCIPLE OF "SAFETY IS NON-NEGOTIABLE."

Our comprehensive approach to these aspects translates into the implementation of policies and practices that ensure a safe work environment, promote the physical and mental health of our people, and foster their well-being in all areas of their lives. We recognize that a healthy and safe team not only improves productivity and the quality of work but also strengthens our organizational culture and makes positive contributions to the sustainable development of the communities where we operate. For this reason, our priority is to adhere to the most rigorous safety standards, ensuring that the facilities are safe, thus preventing accidents.



WE ARE COMMITTED TO PROVIDING A HEALTHY AND SAFE WORK ENVIRONMENT

FOR ALL OUR EMPLOYEES, SUPPLIERS,
SPECIALIZED SERVICE PROVIDERS, AND ANY
OTHER PERSON WHO VISITS ELEMENTIA
MATERIALES' FACILITIES.

Our main line of prevention is driven by the authentic and committed leadership of our CEO, executives, and operational managers. It is based on preventing any serious or fatal accidents, occupational diseases, and enhancing continuous learning and improvement in the field of prevention, focusing on exposure reduction. The CEO analyzes incidents that occurred in the previous month to identify the root causes and develop preventive actions.

WE PROMOTE SHARED RESPONSIBILITY, WHERE **EACH EMPLOYEE ACTIVELY CONTRIBUTES TO ORGANIZATION SAFETY.**

We hold monthly talks led by our CEO, Jaime Rocha, open to the entire organization. These sessions involve direct dialogue with employees from all areas, providing a personal space for questions about safety, experience sharing, and direct leadership advice.

NO EMPLOYEE IS OBLICATED TO PERFORM ANY ACTIVITIES IF THEY DO NOT FEEL COMPLETELY SAFE DOING SO

We have a Safety Policy, eight safety rules, and Basic Controls, which assist us in preventing serious or fatal accidents, operational interruptions, or damage to the Company's reputation.





Safety Rules





Our Safety Policy and these eight safety rules are reinforced by:

- Elementary Controls: Contribute to preventing serious or fatal incidents, operational disruptions, or negative impacts on the Company's image.
- Corporate System: Documents and analyzes all incidents and accidents occurring in our operational activities.
- ◆ Accountability Level: Is led with great discipline and responsibility by our CEO and the Corporate Human Resources Department, who provide feedback and apply lessons learned after incidents.

FIELD LEADERSHIP, SUPPORTED BY A
MANACEMENT SYSTEM AND THE PARTICIPATION
OF VARIOUS COMMITTEES, CONSTITUTES
THE BASIS FOR ENSURING COMPLIANCE
WITH, AND RESPECT FOR, ESTABLISHED
PROCESSES AND INSTRUMENTS

We implement a comprehensive safety and health program each year that helps us achieve our goal of zero accidents. It includes awareness activities, training, inspections, our annual Health Week, and the development of safety leaders. We also reinforce the necessary competencies according to critical roles in operations, ensuring the proper assignment of personnel to each position.





Road Safety

Road safety is a crucial subject at Elementia Materiales, as we recognize our responsibility both within our facilities and along the roads and routes where we operate. Our commitment to road safety is reflected in the implementation of controls that ensure the safe operation of our moving units with the aim to prevent accidents and promote responsible and safe driving. We understand that road safety not only protects our employees and business partners, but also contributes to societal well-being by reducing risks and improving efficiency in our logistics operations.

Basic Controls for Road Safety:



Managing fatigue



Moving equipment



Managing distractions



Warning systems



Onboard protection



Vehicular segregation



Speed limits and distance between vehicles



Vehicular and traffic safety



Preop inspection



Inspection and maintenance system

Wellness

At Elementia Materiales, we implement unique health and satisfaction initiatives for our employees that directly impact our ability to operate sustainably. We are committed to providing a stimulating work environment and providing work-life balance. Additionally, we offer a wide range of benefits and compensations, including health and wellness programs, professional and personal development, and competitive compensation plans. We are firm believers that investing in our employees' well-being improves their quality of life and strengthens our corporate culture.

In 2023, we achieved Great Place to Work certification in eight of the nine countries where we operate, a clear reflection of our commitment to human capital management. Only 40% of organizations achieve certification on their first attempt, providing us with a solid foundation for future certifications and recognitions, and motivating us to implement initiatives that maintain and exceed the standards of this recognition.

MEXALIT ADAPTED SEVERAL SPACES
IN ITS PLANTS TO CONVERT THEM INTO
BREASTFEEDING ROOMS, THUS IMPROVING
THE WELL-BEING OF FEMALE EMPLOYEES
WHO REQUIRE THIS OPPORTUNITY.

Promoting Health

We provide periodic health checkups for all employees, including new hires, at each of our locations. These exams are administered by a team of professionals who help us monitor health trends within our workforce, based on which we design campaigns aimed at improving overall well-being. Additionally, each facility has the option of establishing alliances with clinics or laboratories for physical and mental health prevention.

IN LATIN AMERICA, WE **PROVIDE FREE, UNLIMITED, AND CONFIDENTIAL PSYCHIATRIC SUPPORT** FOR EMPLOYEES
AND THEIR FAMILIES.

Committed to the physical and emotional well-being of our collaborators, we conducted events and training such as:

"Strengthen
Loving Without Health Week Breast Cancer Yourself"
Attachments 2023 Prevention Challenge



Our goal is to raise awareness and sensitivity across the Corporate team about the hard work and effort put in daily by our operational staff to successfully make our products. To achieve this, we developed integration visits "*Te enchulamos la planta*" (We Beautify the Plant). This activity involves Corporate staff visiting and engaging in some production activities alongside our experts, promoting interaction, and recognizing plant personnel. At the end of the tour, the Corporate team performs maintenance tasks in the plants and engages in reforestation, concluding with a gathering where they share learnings and knowledge acquired about our processes and products.

WE GENERATED EXPERIENCES THAT **FOSTERED AN EMOTIONAL CONNECTION AND UNDERSTANDING** AMONG EMPLOYEES.

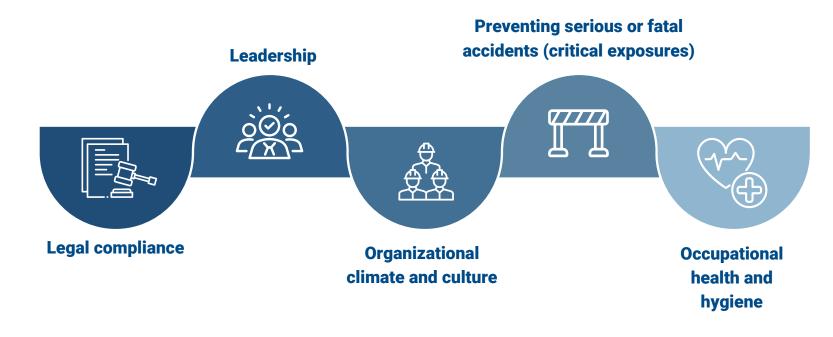
We were pleased to see positive acceptance from our collaborators towards these events and to perceive the impact on their perception of daily work, creating a sense of collaboration and contribution.

H&S Strategy 2023-2030

This year, we implemented a health and safety strategy aimed at complying with legal requirements, preventing serious accidents, and improving the organizational climate and culture in the long term.



At this moment, we are in the first stage, which is guided by five key pillars:







Legal Compliance

We aim to ensure compliance with all legal requirements for health and safety at each workplace. This will be achieved through legal requirement evaluations, action plans, compliance reviews, and internal audits.

GOALS:

LEGAL COMPLIANCE IN SAFETY AND HEALTH

ABOVE 80%

ZERO FINES FOR LEGAL NON-COMPLIANCE



Leadership

We focus on supervising all those who manage personnel and generating indicators for safety supervision. Using Safety Tests we assess personnel operating critical equipment (cranes, forklifts, ovens, moving equipment, boilers, autoclaves). Additionally, we develop our H&S staff to certify them as professional health and safety coaches.

GOALS:

FIELD LEADERSHIP

PROACTIVE INTERVENTION

TO PREVENT ACCIDENTS





Organizational Climate and Culture

Our goal is to increase positive perceptions of safety by 10% from the last organizational climate survey. The road to achieve this includes exchanges between leaders and subordinates, fair procedures, management credibility, inter-group relationships, teamwork, organizational value for safety, and engagement.

We have incorporated additional actions from the corporate level to foster this culture, such as corporate video contests, corporate safety weeks, safety film clubs, and photography contests.

GOALS:

CREATE A NEW CULTURE WITH INCREASINGLY LONGER PERIODS WITHOUT ACCIDENTS FROM THE BASELINE.

INCREASE REPORTING OF EXPOSURES

WITHOUT FEAR OF RETALIATION.



Preventing serious or fatal accidents

It is a priority to control critical exposures that could cause fatalities, serious accidents, or catastrophes. We focus on order and cleanliness, risk analysis, operational manuals, procedures, change control, consequence balance, industrial hygiene, and emergency plans.

WE PAY SPECIAL **ATTENTION TO VULNERABLE GROUPS WITHIN THE ORGANIZATION**: CLEANING

STAFF, SECURITY PERSONNEL,

CONTRACTORS, NEW EMPLOYEES,

OR THOSE WORKING ALONE

GOALS:

ZERO SEVERE, FATAL, OR CRITICAL INJURIES

ZERO AMPUTATIONS

LTIFR < 1.0

TIFR < 1.5

SR < 15

Regarding industrial hygiene, we control occupational exposure groups (lighting, temperature, noise, dust, vibration, and ergonomics) based on the hierarchy of controls; we conduct pending-hygiene studies and follow-up with exposure trends based on annual medical studies and psychosocial factors.

GOALS:

ACHIEVE ZERO OCCUPATIONAL DISEASES RELATED TO INDUSTRIAL HYCIENE.

SAFETY IS THE MAXIMUM EXPRESSION OF LEADERSHIP

OF PERSONAL **PROTECTION EQUIPMENT** (PPE).

Indicators		Construsistemas			Metals		
		2022	2021	2023	2022	2021	
Rate of days lost due to occupational accidents		0.19	0.35	2.64	4.26	2.62	
Rate of time lost due to incidents		0.07	0.14	0.67	1.16	0.59	
Severity rate		2.2	6.12	83.73	46.17	27.34	
Personnel affected by incapacitating injuries		24	24	18	36	18	







Risk and Crisis Management

Risk management allows us to anticipate, assess, and mitigate potential negative impacts on our operations, employees, communities, and the environment. By taking a proactive approach to identifying and addressing risks, we can ensure the continuity of our activities, minimize losses, and maximize opportunities. Additionally, effective risk management helps us meet legal requirements, build stakeholder trust, and strengthen our organization's resilience to adverse events. It is a critical component of our sustainability strategy, ensuring responsible and enduring performance over time.

Elementia Materiales employs comprehensive risk management throughout the organization. We have established a policy and procedure for the Contingency Action Plan, which aims to ensure the continuity of operations and services for the organization and its subsidiaries. This plan identifies the necessary measures to prevent, reduce, and, where possible, avoid interruptions in operations due to the occurrence of any risk.

To identify and assess organizational risks, we analyze our processes and identify key factors that may have negative impacts. These are evaluated with the process owners to weigh them according to frequency and impact. Once potential negative impacts are identified, we create a risk and control matrix that is assessed to ensure proper design, implementation, and operational effectiveness. Additionally, we work closely with communities neighboring our operations to identify needs and create sustainable development programs that contribute to proper coexistence and well-being.

ALL OUR BOARD MEMBERS HAVE **EXPERIENCE IN RISK MANAGEMENT**

We have a Continuity Contingency Plan, which aims to ensure the continuity of operations and services through a response model that helps General Management determine the necessary actions that prevent, avoid, or mitigate possible interruptions to Elementia Materiales operations. There is a Corporate Continuity Committee and a Local Continuity Committee in each business unit; they address human, technical, or natural events that affect or could affect operation continuity. Additionally, they are tasked with determining actions based on the scope, impact, and risk of the event to eliminate any contingency.



COMMUNITY IMPACT

Recognizing that our operations have significant impact on the areas where we work, we strive to create positive and sustainable impacts. This includes a commitment to local socioeconomic development, fostering positive relationships with neighboring communities, creating employment and development opportunities, and supporting social and environmental responsibility initiatives. The geographic area for hiring local employees is defined, in addition to maintaining open and transparent communication so as to understand the needs and expectations of our facilities' neighboring communities.

Our goal is to contribute to the well-being and prosperity of the communities where we operate by maintaining open and transparent dialogue with their members, understanding their needs and concerns, and incorporating their opinions into our business decisions. Each of our plants is responsible for nurturing relationships with nearby communities, as they are the ones who can provide direct attention to the needs of each stakeholder group.

IN 2023, ETERNIT COLOMBIA DONATED TOYS AND FORMED PARTNERSHIPS WITH SCHOOLS TO

REINFORCE HEALTH PROGRAMS AND CAMPAIGNS.



FOR THE THIRTEENTH CONSECUTIVE YEAR, IN 2023 WE RECEIVED ESR RECOGNITION BY THE MEXICAN CENTER FOR PHILANTHROPY

(CEMEFI) AND THE ALLIANCE FOR CORPORATE SOCIAL RESPONSIBILITY (ALIARSE).

This year, we partnered with the Grupo Carso and Grupo Kaluz foundations to raise funds for the reconstruction of Acapulco after Hurricane Otis. We take pride in how all employees got involved in the fundraising efforts and the agility and coordination with which we were organized. In record time, we distributed materials at preferential prices to those affected by the hurricane, contributed to the reconstruction of roofs for about 200 houses in Guerrero, and sent trucks with lime to the affected areas.

Mexalit, on the other hand, set up a distribution center in Chilpancingo, Guerrero, which provided easy access to its products as a more economical option for the reconstruction of the damaged areas.





The Sustainability Report for Elementia Materiales S.A.B. de C.V. (Elementia Materiales) outlines the financial, economic, social, environmental, and governance achievements attained during the period from January 1 to December 31, 2023. This annual report is the responsibility of the Human Resources and Sustainable Management Director, who uses information supplied by the areas responsible for managing material aspects, and is validated by the CEO.

The report follows GRI Standards and adheres to the principles for determining the content and quality of the report according to the Global Reporting Initiative (GRI). It also reflects our adherence to the guidelines of the Sustainability Accounting Standards Board (SASB) for the Mining and Processing Sector, Construction Materials Subsector, as well as the 2030 Agenda for Sustainable Development established by the UN through the 17 Sustainable Development Goals (SDGs).

The structure of the report herein is based on Elementia Materiales' materiality study.

During the reporting period, there were neither changes in policies nor modifications in the calculation of the indicators presented.

Elementia Materiales, S.A.B. de C.V. has reported the information cited in this GRI content index for the period from January 1 and 31 december, 2023.

GRI 1 used

GRI 1: Foundation 2021

GRI Standard		Disclosure	Location		
		GRI 1: Foundation 2021			
GRI 2: General Disclosures 2021					
	2-1	Organizational details			
	2-2 Entities included in the organization's sustainability reporting				
	2-3	Reporting period, frequency and contact point			
2-4 2-6		Restatements of information			
		Activities, value chain and other business relationships			
	2-7	Employees			
GRI 2 General Disclosures 2021	2-8	Workers who are not employees	Fortaleza Materiales has no employees who are not directly hired by the Company.		
	2-9	Governance structure and composition			
	2-10	Nomination and selection of the highest governance body			
2-11		Chair of the highest governance body			
	2-12	Role of the highest governance body in overseeing the management of impacts			
	2-13	Delegation of responsibility for managing impacts			

GRI Standard		Disclosure	Location
	2-14	Role of the highest governance body in sustainability reporting	
	2-15	Conflicts of interest	
	2-16	Communication of critical concerns	
	2-18	Evaluation of the performance of the highest governance body	
	2-22	Statement on sustainable development strategy	
	2-23	Policy commitments	
GRI 2 General Disclosures 2021	2-24	Embedding policy commitments	
OTAL 2 GENERAL PROGRESSION CO. 2021	2-25	Processes to remediate negative impacts	
	2-26	Mechanisms for seeking advice and raising concerns	
	2-27	Compliance with laws and regulations	Fortaleza Materiales complies with all applicable laws and regulations and did not incur in any corresponding penalties or fines.
	2-28	Membership associations	
	2-29	Approach to stakeholder engagement	
	2-30	Collective bargaining agreements	
		GRI 3 Material topics 2021	
	3-1	Process to determine material topics	
GRI 3 Material Topics 2021	3-2	List of material topics	
3-3		Management of material topics	
		Operational and energy eco-efficiency	
GRI 3 Material Topics 2021	3-3	Management of material topics	
	302-1	Energy consumption within the organization	
GRI 302 Energy 2016	302-2	Energy consumption outside of the organization	
	302-3	Energy intensity	

GRI Standard		Disclosure	Location		
GRI 302 Energy 2016 302-4		Reduction of energy consumption			
	Human capital development				
GRI 3 Material Topics 2021	3-3	Management of material topics			
	404-1	Average hours of training per year per employee			
GRI 404 Training and Education 2016	404-2	Programs for upgrading employee skills and transition assistance programs			
	404-3	Percentage of employees receiving regular performance and career development reviews			
		Attraction, management, and retention of tale	ent		
GRI 3 Material Topics 2021	3-3	Management of material topics			
	401-1	New employee hires and employee turnover	39% turnover rate.		
GRI 401 Employment 2016 401-2		Benefits provided to full-time employees that are not provided to temporary or part-time employees			
Business strategy and profitability					
GRI 3 Material Topics 2021	3-3	Management of material topics			
CDI 201 Foonemia	201-1	Direct economic value generated and			
GRI 201 Economic Performance 2016	201-4	Financial assistance received from government the government. Elementia Materiales receives no financial assistance whatso			
GRI 203 Indirect Economic Impacts 2016	203-2	Significant indirect economic impacts			
GRI 415 Public Policy 2016	415-1	Political contributions Elementia Materiales does not make such contributions.			
		Circular economy			
GRI 3 Material Topics 2021	3-3	Management of material topics			
CDI 306 Waata 2020	306-1	Waste generation and significant waste-related impacts			
GRI 306 Waste 2020 306-2		Management of significant waste-related impacts			

GRI Standard		Disclosure	Location	
Health, safety, and well-being				
GRI 3 Material Topics 2021	3-3	Management of material topics		
	403-1	Occupational health and safety management system		
	403-2	Hazard identification, risk assessment, and incident investigation		
	403-3	Occupational health services		
	403-4	Worker participation, consultation, and communication on occupational health and safety		
GRI 403 Occupational Health	403-5	Worker training on occupational health and safety		
and Safety 2018	403-6	Promotion of worker health		
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships		
	403-8	Workers covered by an occupational health and safety management system		
	403-9	Work-related injuries		
		Climate and environmental strategy		
GRI 3 Material Topics 2021 3-3 Management of material topics		Management of material topics		
	305-1	Direct (Scope 1) GHG emissions		
	305-2	Energy indirect (Scope 2) GHG emissions		
	305-3	Other indirect (Scope 3) GHG emissions		
GRI 305 Emissions 2016	305-4	GHG emissions intensity		
	305-6	Emissions of ozone-depleting substances (ODS)		
	305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	Information not available. Such emissions exist but are negligible.	

GRI Standard		Disclosure	Location	
Recycling strategy				
GRI 3 Material Topics 2021	3-3	Management of material topics		
	301-1	Materials used by weight or volume		
GRI 301 Materials 2016	301-2	Recycled input materials used		
	301-3	Reclaimed products and their packaging materials	Not applicable. No packaging materials are used.	
GRI 306 Waste 2020	306-3	Waste generated		
		Community impact		
GRI 3 Material Topics 2021	3-3	Management of material topics		
413-1 GRI 413 Local Cummunities 2016 413-2		Operations with local community engagement, impact assessments, and development programs		
		Operations with significant actual and potential negative impacts on local communities		
Product management and sustainability				
GRI 3 Material Topics 2021	3-3	Management of material topics		
416-1 GRI 416 Customer Health		Assessment of the health and safety impacts of product and service categories		
416-7		Incidents of non-compliance concerning the health and safety impacts of products and services	During the reporting period, there were no instances of non-compliance of this type.	
		Supplier management		
GRI 3 Material Topics 2021	3-3	Management of material topics		
GRI 204 Procurement Practices 2016	204-1	Proportion of spending on local suppliers		
GRI 407Freedom of Association and Collective Bargaining 2016	407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk and collective bargaining is at risk.		
GRI 408 Child Labor 2016	408-1	Operations and suppliers at significant risk for incidents of child labor	There are no operations or suppliers where there is a significant risk of child labor cases.	







SASB INDEX

Extractives & Minerals Processing industry: Construction Materials Sustainability Disclosure Topics & Metrics Topic Metric **Unit of measure** Code Location Gross global Scope 1 emissions, percentage covered Metric tonnes (t) CO₂-e, Percentage (%) EM-CM-110a.1 under emissionslimiting regulations Greenhouse Discussion of long- and short-term strategy or plan to Gas Emissions manage Scope 1 emissions, emissions reduction targets, N/A. EM-CM-110a.2 and an analysis of performance against those targets Air emissions of the following pollutants: (1) Nox (excluding N2O), (2) SOx, (3) particulate Information not available. Such emissions matter (PM10), (4) dioxins/ furans, (5) volatile organic Air Quality Metric tonnes (t) EM-CM-120a.1 exist but are negligible. compounds (VOCs), (6) polycyclic aromatic hydrocarbons (PAHs) and (7) heavy metals (1) Total energy consumed, (2) percentage grid electricity, XX. Thermal and electricity consumption per **Energy Management** Gigajoules (GJ), Percentage (%) EM-CM-130a.1 (3) percentage alternative and (4) percentage renewable ton of product is reported. (1) Total water withdrawn, (2) total water consumed; XX. The volume of water extracted per ton percentage of each in regions with High or Extremely Thousand cubic metres (m³), Percentage (%) Water Management EM-CM-140a.1 of product is reported. High Baseline Water Stress Amount of waste generated, percentage hazardous XX. The amount of waste generated per ton Metric tonnes (t), Percentage (%) Waste Management EM-CM-150a.1 and percentage recycled of product is reported.



Topic	Metric	Unit of measure	Code	Location
Diadicarcity bases as to	Description of environmental management policies and practices for active sites	N/A.	EM-CM-160a.1	Non-material indicator.
Biodiversity Impacts	Terrestrial land area disturbed, percentage of impacted area restored	Hectares (ha), Percentage (%)	EM-CM-160a.2	Non-material indicator.
Workforce Health & Safety	(1) Total recordable incident rate (TRIR) and (2) near miss frequency rate (NMFR) for (a) direct employees and (b) contract employees	Rate	EM-CM-320a.1	
	Number of reported cases of silicosis	Number	EM-CM-320a.2	No cases of silicosis were identified.
	Percentage of products that qualify for credits in sustainable building design and construction certifications	Percentage (%) by annual sales revenue	EM-CM-410a.1	Non-material indicator.
Product Innovation	Total addressable market and share of market for products that reduce energy, water or material impacts during usage or production	Pesos mexicanos (MXN), Porcentaje (%)	EM-CM-410a.2	Non-material indicator.
Pricing Integrity & Transparency	Total amount of monetary losses as a result of legal proceedings associated with cartel activities, price fixing, and antitrust activities	Mexican pesos (MXN)	EM-CM-520a.1	During the reporting period, there were no financial losses due to these procedures.

		Activity me	etrics
Activity metric	Category	Code	Location
Production by major product line	Metric tonnes (1)	EM-CM-000.A	Indicators are reported per ton of product made.

CONTACTS

GRI 2-1, 2-3

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