



ENVIRONMENTAL PERFORMANCE



ENVIRONMENTAL PERFORMANCE

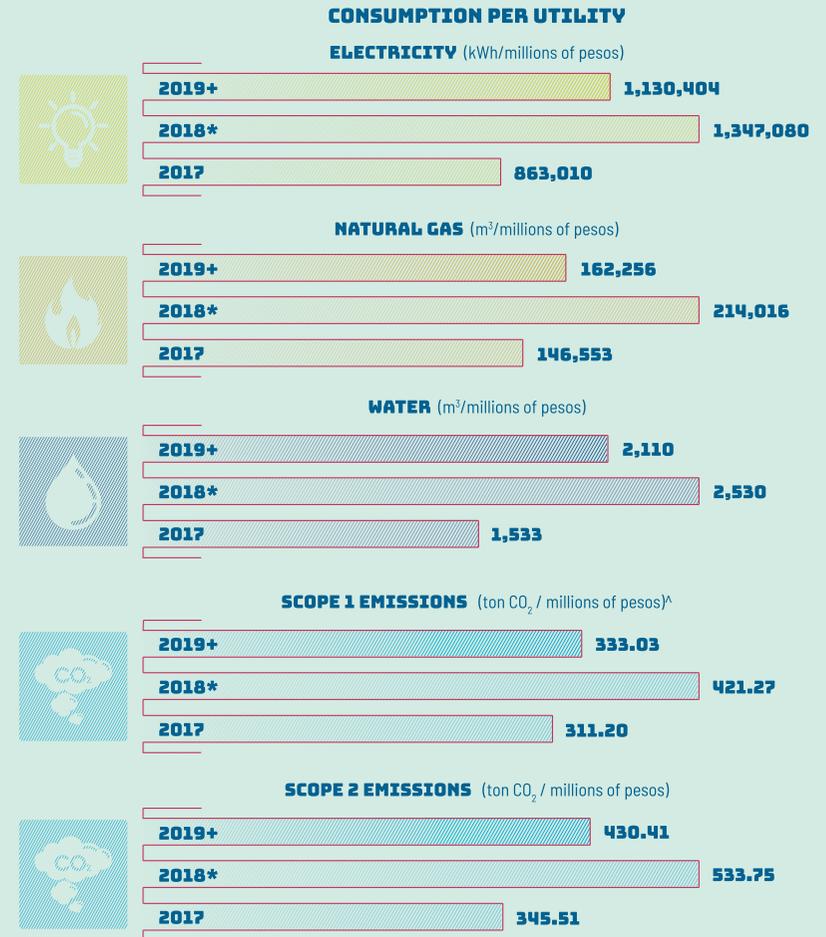
Sustainability hinges on economic, environmental, and social values. The UN's Sustainable Development Goals is the basis for determining the environmental aspects relevant to the operation of our businesses.

GIS values sustainable development. It is our springboard for designing actions aimed at promoting the care and use of energy resources, as well as the use of clean and efficient technologies that help preserve the ecosystem and generate savings, which also benefits our employees.

Each business has materially relevant priorities when it comes to the environment. The expectations and needs of our stakeholders center around three common areas of focus: energy consumption (electricity and natural gas), water management, and reducing emissions (CO₂)*.

Based on these three factors and the relationship between the use of these resources and the value generated with our products, we have adopted a transformation indicator that clarifies the relationship between use and the generated benefit.

*Note GRI 302, GRI 303, GRI 305



* The 2018 numbers include the resource consumption and financial results of Cinsa, Calorex, Draxton, Vitromex, and Evercast.
 + The 2019 numbers include the resource consumption and financial results of Cinsa, Draxton, Vitromex, and Evercast.
[^] In terms of electricity, country-specific factors are used for Scope 2 because there are variations for each supplier. For the fossil fuels in Scope 1, an average factor for all GIS facilities worldwide is used.

The reconfiguration that GIS has undergone recently due to the acquisition and divestiture of businesses, coupled with global economic and market conditions, has influenced the variability and consistency of environmental outcomes. However, we maintain our goal of strengthening a culture focused on the efficient use of resources to foster progress and well-being in the communities where we operate.

With the goal of using clean, affordable energy, our Draxton operations in Europe used more than 156 million kWh of electricity from 100% renewable sources.

In Mexico, we used more than 228,000 m³ of treated water, thereby reducing our dependence on natural water sources and helping to reduce the planet's water stress. To meet guidelines, we measure water consumption by specific source and monitor water released from our plants.

We understand that the first step in reducing emissions is to ensure that emissions are being calculated correctly. This is why eight of our plants in Mexico underwent a process to verify scope 1 and 2 greenhouse gas inventories. All of the plants obtained a positive opinion, indicating the reliability of the information and the validity of the calculation method used. In line with this measurement strategy, we are establishing systems to provide a more accurate inventory of scope 3 emissions.

In 2019, GIS facilities in Mexico reported as a conglomerate in the Carbon Disclosure Project (CDP) for the third time. The feedback we received confirms that we maintained positive and consistent results in the areas of climate change and water management.

For the third consecutive year, we supported students participating in the REDMIA (Reduction of Micro-Environmental Impact) project, which helps young people identify areas of opportunity and implement projects for the environment making sustainable use of natural resources and systematically measuring the generated benefits. For more information on this initiative and the participation of GIS, please visit www.redmia.com.mx.



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**GIS formally joined
the UN-backed "Clean
Seas" campaign.**

To achieve our sustainable development goals, GIS formally joined the UN-backed "Clean Seas" campaign to contribute to the goal of completely eliminating plastic sources that end up in the sea, with the goal of restoring the quality of underwater life.

We also continue our involvement in reforestation and adopt-a-tree campaigns. For all this to be possible, we count on the valuable support of GIS employees, who put our Vision and Mission into practice, along with Sustainable Development Goal #13: Climate Action.

One example is the reforestation of the Sierra Zapalinamé, in Saltillo, where companies, community organizations, and regional authorities came together to plant more than 10,000 trees, an activity involving 35 employees and their families. During our Safety and Environment weeks, we clean up public spaces and raise awareness about a number of topics, such as the use of solar panels. As an added benefit, our employees earned discounts toward the purchase of solar energy systems.

Investment projects that offer improved environmental performance are reviewed, weighted, and approved by the board of directors, based on the analysis and assessment of opportunities and risks identified by the operational leaders.

According to the evaluation criteria of the Internal Audit Department of GIS, no critical breach of Mexican environmental legislation was found in 2019 by Cinsa, Draxton, and Vitromex. There were also no spills of materials within our facilities that required a report to be issued to the competent authority.

**+10,000
TREES
PLANTED IN THE SIERRA
ZAPALINAMÉ IN SALTILLO.**



DRAXTON

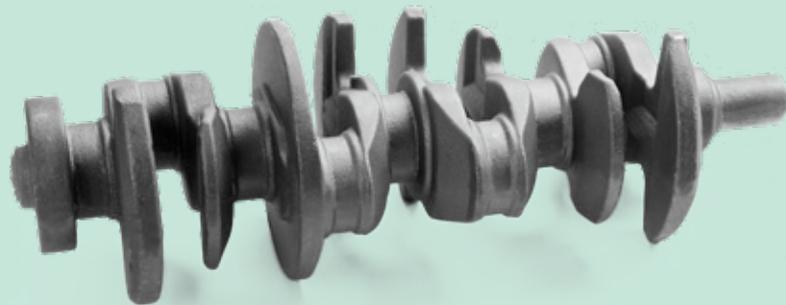
DRAXTON NORTH AMERICA

Draxton is a company dedicated to the casting of gray and ductile iron parts. Its main raw materials are metal consumables, which makes the company a major recycler of such materials, helping to convert them into products and extend their useful life. The company has operations in the cities of Saltillo, San Luis Potosí, and Irapuato in Mexico.

This business actions focus on three areas: efficient use of resources, operational excellence, and the use of energy from cleaner sources, with the goal of clean, affordable energy. In 2019, its three plants consumed more than 168 million kWh of clean energy from an efficient co-generation process that is certified and endorsed by Mexico's Energy Regulatory Commission.

More than 2,000 tons of waste were also recycled, thereby allowing the waste to be used for the production of new materials instead of being shipped to containment sites. We are therefore helping to achieve the objectives of responsible production and consumption.

Because waste generation is a material issue for Draxton, the casting area dust recovery project was awarded the State Workplace Merit Award by the government of the Mexican state of Guanajuato. The business also won the CLAUT Award, in the sustainability category, from the Automotive Cluster of Nuevo León.



DRAXTON[®]
MÉXICO

**Actions focus on three areas:
efficient use of resources,
operational excellence,
and the use of energy
from cleaner sources.**

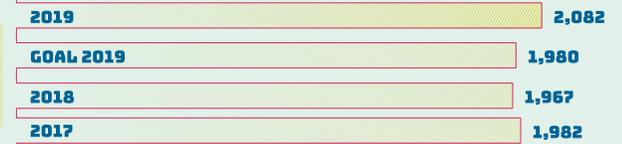
In 2018, the Saltillo and San Luis Potosí plants increased the consumption of treated water by 3%, totaling 141,000 m³, which means that we avoided using that amount of water from aquifers, thereby reducing our environmental footprint.

Draxton's environmental performance is based on its environmental management system, which aligns with the ISO 14001:2015 standard. In 2019, the Irapuato, Saltillo, and San Luis Potosí plants obtained recertification without reports of major non-conformity findings. This shows a clear understanding of environmental risk and opportunity management. Similarly, no critical findings were found in the internal audit guidelines.

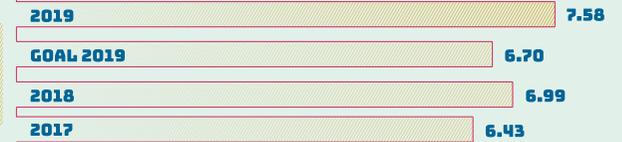
Constant variations in production scheduled in 2019, in response to the changing North American automotive industry, resulted in an increase in environmental indicators per unit of production, compared to 2018.

ENVIRONMENTAL AGENT

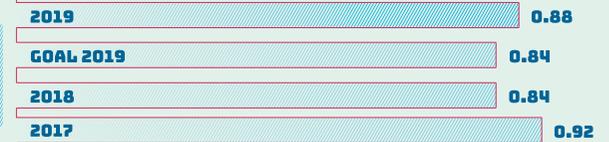
ELECTRICAL CONSUMPTION (kWh/ton produced)



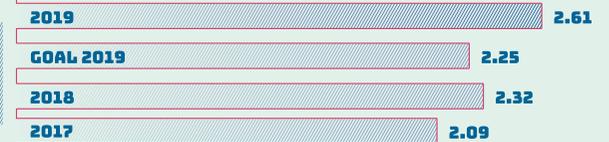
NATURAL GAS CONSUMPTION (m³/ton produced)*



CO₂ EMISSIONS (ton CO₂/ton produced)



TOTAL WATER CONSUMPTION (m³/ton produced)



* Consumption of the Saltillo and Irapuato plants.

THE SALTILLO AND SAN LUIS
POTOSÍ PLANTS USED 3% MORE
TREATED WATER THAN THE
PREVIOUS YEAR, TOTALING
141,000 M³.

EVERCAST

Located in the Mexican state of Guanajuato, Evercast is a company specialized in the casting and machining of parts. The product of a joint venture between GIS and its client and partner ZF, this production unit was designed to work with a high level of sustainability.

We started an expansion project in 2019 for the installation of a third casting line. This improvement represents an investment of more than \$2 million in emission control equipment to maintain excellent environmental performance.

The integration of the casting and machining process ensures a closed cycle for all metal waste within the plant, and decreasing the movement of materials reduces the environmental impact. We invested more than \$105,000 in a recovery system that separates a maximum amount of metal waste from the machining product. When added to the other actions, this boosted our annual waste recycling by 169 tons.

All environmental impact indicators applicable to the organization performed better than in 2018, thanks to greater efficiency and productivity. For example, LP gas consumption per ton was reduced by 26% due to improvements implemented to reduce the use of forklift equipment and optimize the preheating of pots.

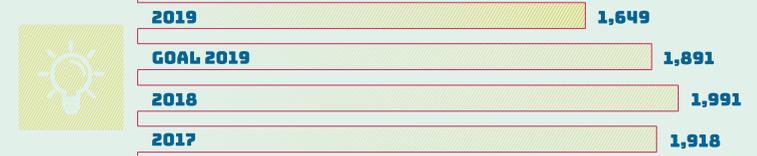
We also consolidated the reuse of treated water to irrigate the plant's green areas, which allowed us to reduce the consumption of well water per unit produced by 10% and use more than 10,000 m³ of treated water.

We also earned our first ISO 14001:2015 recertification without any major findings being detected in the internal audit. These advances are the result of the use of technological tools to better manage regulatory environmental compliance.

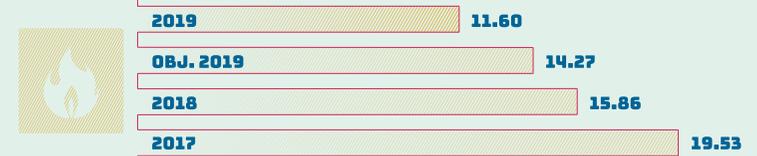


ENVIRONMENTAL AGENT

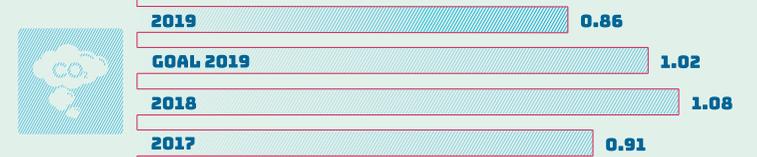
ELECTRICAL CONSUMPTION (kWh/ton produced)



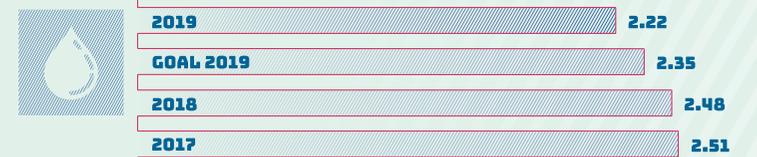
LP GAS CONSUMPTION (m³/ton produced)*



CO₂ EMISSIONS (ton CO₂/ton produced)



TOTAL WATER CONSUMPTION (m³/ton produced)



GISEDERLAN®

GISEDERLAN

Together with Fagor Ederlan, we made a 50% investment in a joint venture for the machining of iron parts. We have two operations: GISederlan in San Luis Potosí, Mexico and Infunderlan in Wuhu, China

In Mexico, we achieved a 30% improvement in the electricity consumption indicator per part because we increased equipment use efficiency in 2019.

Overall, both plants reported an improvement of 22% in electricity use. In addition, they optimized their CO2 emission indicator by more than 35% per part produced. For its part, the plant in China implemented various projects to use resources more efficiently and reduce the generation of waste in machining equipment.

At the San Luis Potosí plant, we conducted audits to ensure compliance with environmental legislation. This unit also obtained certification of its environmental management system under the ISO 14001:2015 standard, while the Chinese plant maintained its certification under the same standard.



IMPROVEMENT OF
30%
 IN THE INDICATOR
 POWER CONSUMPTION
 PER PIECE

DRAXTON EUROPE & ASIA

With operations in Spain, Italy, the Czech Republic, Poland, and China, Draxton is a global supplier of auto parts for the manufacture of brake, engine, and chassis systems.

Increased electricity consumption from renewable sources at Draxton's plants in Europe allowed us to reduce our carbon footprint per ton produced. This represented an improvement of almost 9% compared to 2018. The Teruel and Atxondo plants, both in Spain, deserve special mention because 100% of the energy they use comes from clean sources, thereby promoting the use of affordable, non-polluting energy.

We invested more than €66,000 to optimize electricity consumption through the implementation of numerous projects, including the replacement of lights, the purchase of high efficiency equipment, automation, improvements in process controls, and the installation of energy monitoring systems.

In 2019, we consolidated the recycling project developed by the Lleida and Teruel plants in Spain. Applying circular economy concepts, the waste from one plant is reused as raw material by the other. In the same vein, the production units in Brno, Czech Republic and Atxondo, Spain implemented an initiative to recycle sand, which can be reused as a consumable in another process. Both projects are clear examples of GIS's commitment to protecting the environment.

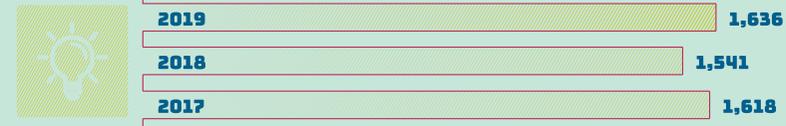
All our operations receive regular visits from the relevant authorities to verify compliance in waste management, wastewater, emergency response, and air emissions. As a result of these audits, the Draxton Europe and Asia plants were re-certified under ISO 14001:2015.

Controlling air emissions is one of the key elements of our climate initiative. We have invested more than €170,000 in projects aimed at improving, optimizing, and installing new equipment at Draxton Europe & Asia plants.

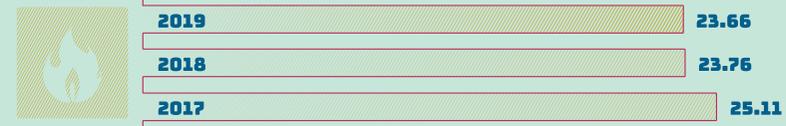
Air quality is one of the key elements of our climate initiative. We have invested more than €170,000 in projects aimed at improving, optimizing, and installing new equipment at Draxton Europe & Asia plants.

ENVIRONMENTAL AGENT

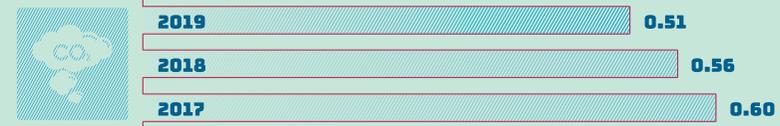
ELECTRICAL CONSUMPTION (kWh/ton produced)



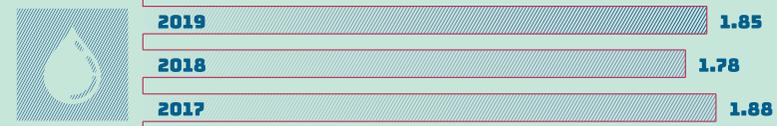
NATURAL GAS CONSUMPTION (m³/ton produced)



CO₂ EMISSIONS (ton CO₂/ton produced)



TOTAL WATER CONSUMPTION (m³/ton produced)



VITROMEX

Specializing in the production of ceramic and porcelain floor and wall coverings, Vitromex has four production units in Chihuahua, San Luis Potosí, and San José Iturbide, Guanajuato.

Because the main consumable for the manufacture of our products are stone materials, Vitromex is committed to help improve and preserve biodiversity in the communities where it operates. For that reason, our plants are located outside of protected areas to obtain stone resources, and we take measures to conserve and restore sources of materials.

In 2019, we planted 600 trees to help care for the ecosystem and conserve biodiversity, and we rescued native species found in sources of materials and mills. By doing this, we helped ensure their survival and reintegration into the natural environment.

Over the course of the year, Vitromex plants used more than 43,000 m³ of treated water, thereby reducing the environmental impact of our operations, since we stopped consuming that same amount of water from aquifers and non-renewable sources. Through these measures, we help achieve the goal of sustainable development for clean water and sanitation.

Vitromex plants consumed more than 76 million kWh of clean energy from a co-generation process that is certified and endorsed by Mexico's Energy Regulatory Commission. We also invested more than \$205,000 in numerous projects, including changes to the lighting system, which involved replacing obsolete lights with more efficient options.

Emissions control equipment is a key element in ensuring environmentally-friendly operations, which is why we spent more than \$180,000 on upgrading this equipment.

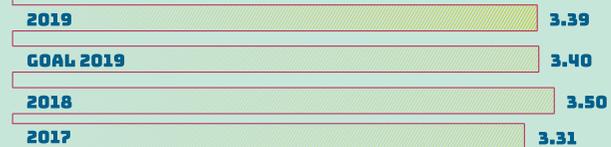
The operational restructuring plan implemented by Vitromex during the second half of 2019 allowed us to improve our energy performance and water consumption, compared to the previous year, a progress that must be continued through the following year. Natural gas consumption improved by more than 10% per square meter produced.

To ensure compliance with environmental regulations, we use technological control tools in all of our plants and undergo periodic audits by our customers.

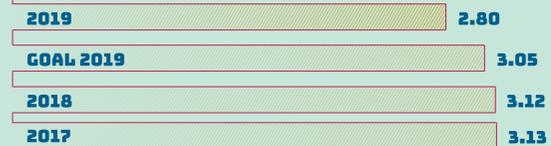
The San Luis Potosí operation obtained Green Squared recertification from the Tile Council of North America, which recognizes the sustainability of coatings manufactured by Vitromex. It also maintained the Clean Industry certification granted by Mexico's Federal Agency of Environmental Protection (PROFEPA).

ENVIRONMENTAL AGENT

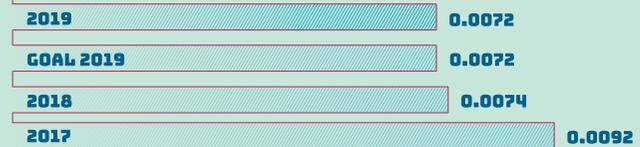
ELECTRICAL CONSUMPTION (kWh/m² produced)



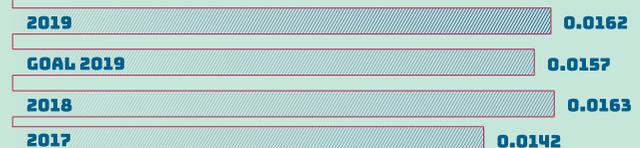
NATURAL GAS CONSUMPTION (m³/m² produced)



CO₂ EMISSIONS (ton CO₂/m² produced)



TOTAL WATER CONSUMPTION (m³/m² produced)





CINSA

Cinsa has five operating units. Three of the plants produce pots, pans, and kitchen cookware made from glazed steel and aluminum. The fourth plant manufactures ceramic tableware, and the fifth assembles food processing products (PPA). Four are located in Saltillo, Coahuila, and the other is in the city of San Luis Potosí.

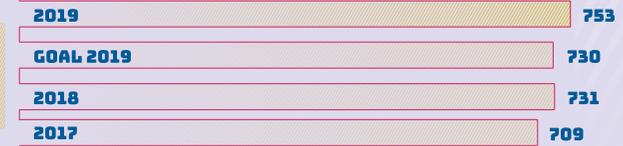
In 2018, the kitchen and table plants increased their consumption of treated water by 6%. This is a savings of 43,000 m3 of water from natural sources.

One of the key issues affecting Cinsa is the generation of waste in its production plants. Here, 100% of the steel scrap, which accounts for more than 2,000 tons of waste per year, is sent directly to Draxton's production units for reuse as a consumable for the manufacture of auto parts. With this process, more than 90% of waste from the kitchenware plants is recycled.

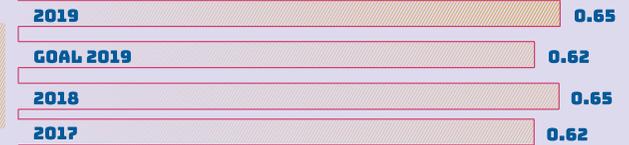


ENVIRONMENTAL AGENT (Kitchenware Products Plant)

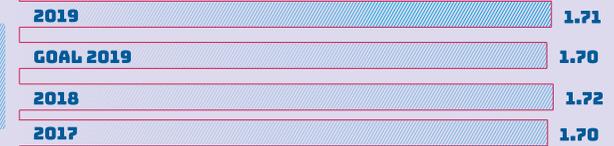
ELECTRICAL CONSUMPTION (kWh/ton produced)



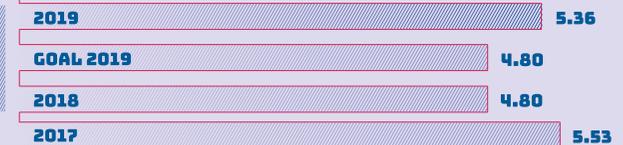
NATURAL GAS CONSUMPTION (mm³/ton produced)



CO₂ EMISSIONS (ton CO₂/ton produced)



TOTAL WATER CONSUMPTION (m³/ton produced)



+90%
OF WASTE GENERATED IN
KITCHENWARE PLANTS IS
RECYCLED.

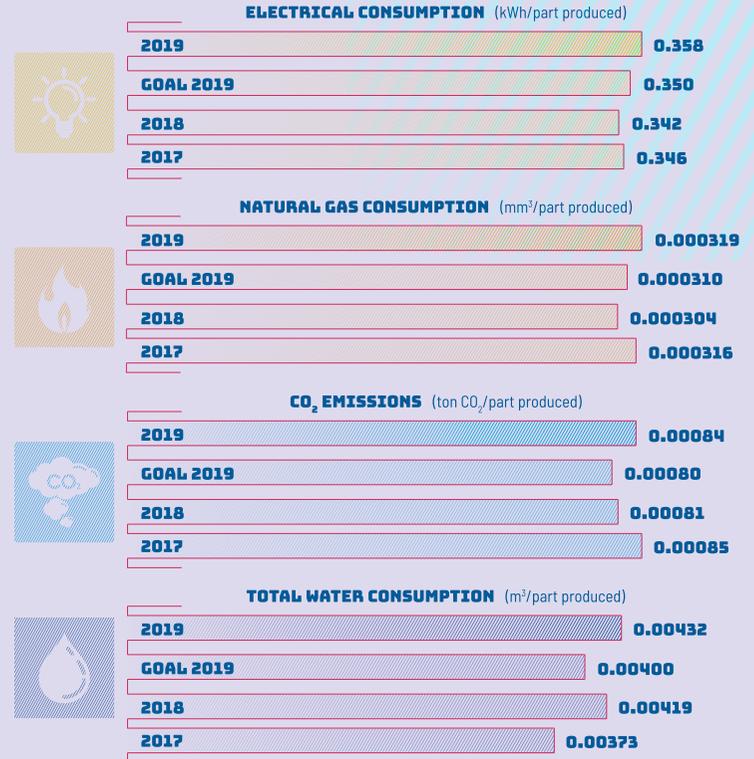
Based on the Sustainable Development Value, we planted pine trees to help reforest the region around the table plant. The goal is to improve the quality of green areas and also to promote nature conservation among our employees.

In 2019, the plant for Food Processing Products integrated environmental indicators to track their performance over time. With this data, its results could be added to the business's indicators.

The kitchenware and tableware plants recorded an increase in energy consumption per unit produced due to the change in products, models, and operating plans implemented as part of Cinsa's commercial and operating policy.



ENVIRONMENTAL AGENT
(Tableware Products Plant)



IN 2019, THE KITCHENWARE AND TABLEWARE PLANTS TOGETHER USED 6% MORE TREATED WATER IN THEIR OPERATIONS THAN IN THE PREVIOUS YEAR.