



# SOCIAL PERFORMANCE

# ! SOCIAL PERFORMANCE

**GIS's mission is to create economic value** by generating opportunities for progress and wellness for all the individuals and institutions we interact with, including the communities where we operate.

Based on this mission and motivated by the humanist and philanthropic philosophy of Grupo Industrial Saltillo's founder, Don Isidro López Zertuche, we carry on his legacy with the guidance of a model of social responsibility that prioritizes our employees and guides our actions as corporate citizens.

Because our employees are the most important factor at GIS, we strive for a safe working environment and fair treatment that promotes development and growth. We create a sense of pride, build organizational capacities, and foster a commitment to achieving the goals of each business, while continuously aiming to strengthen work-life balance.

We have continued the Life Mentoring program, through which we provide emotional counseling to promote the personal well-being of our employees. The goal is to promote each employee's development in the workplace and with their family. In 2019, we logged more than 90,000 interactions.

On June 29, 2019, we officially established the GIS Foundation, A.C., whose objective is to focus and enhance the Group's social investment in the communities where we operate. Our priority is education with an emphasis on three areas: the environment, health, and citizenship. We are guided by the UN's Sustainable Development Goals and the needs of the regions where we have presence.

At the end of the year, our employees totaled more than 3,000 hours of volunteering in various projects and activities, including reforestation, community support, and children's services. With this effort, we generate a positive impact on more than 5,000 people in Mexico.

An example is the launch of the Draxton District in the city of Saltillo, an initiative to contribute to the development of neighborhood within a one kilometer radius of the productive facility. We have successfully involved GIS volunteers, authorities, and universities in this project.

As part of our GIS Decalogue, we continue to work with stakeholders in our value chain, including employees, suppliers, customers, consumers, the government, and shareholders, to achieve the common goal of sustainability.



# OUR EMPLOYEES

**O**ur employees are the heart of GIS and our greatest asset. That's why we are always looking to help their well-being by promoting sustained, inclusive, and sustainable economic growth, full and productive employment, and quality work for all, as set out by the UN in its Sustainable Development Goal #8.

Our businesses can take on their challenges only with a prepared and committed team, so we've implemented a number of actions aimed at developing and recognizing the skills, abilities, and competencies of our 6,539 employees.

We offer benefits such as life insurance, health insurance, a pension fund, a savings fund, disability coverage, maternity or paternity leave, flexible working hours, and special offers with businesses,

among other benefits. Together, these tangible and intangible benefits contribute to the overall progress of our employees.

## CONTINUOUS TRAINING AND STAFF DEVELOPMENT

In line with the operational and management requirements of the industries in which we are involved and to strengthen the overall development of our employees, we invested more than \$20 million pesos in training programs in Mexico, representing 2.5% of the total payroll. The decrease in this investment compared to 2018 is due to the challenges facing the business and especially the divestiture of the water heater business in April 2019.

## INVESTMENT IN TRAINING/% OF PAYROLL MÉXICO



In June 2019, we added 25 employees to the second generation of GIS's Top Performance Program. Participants received more than 2,000 hours of training focused on developing skills, attitudes, and values.



In our Europe and Asia operations, we invested more than \$4 million euros in training and programs for our plants located in China, the Czech Republic, Poland, and Italy. Also, in the businesses operating in Mexico and Europe, we hold competitions for creative activities, such as photography and drawing.

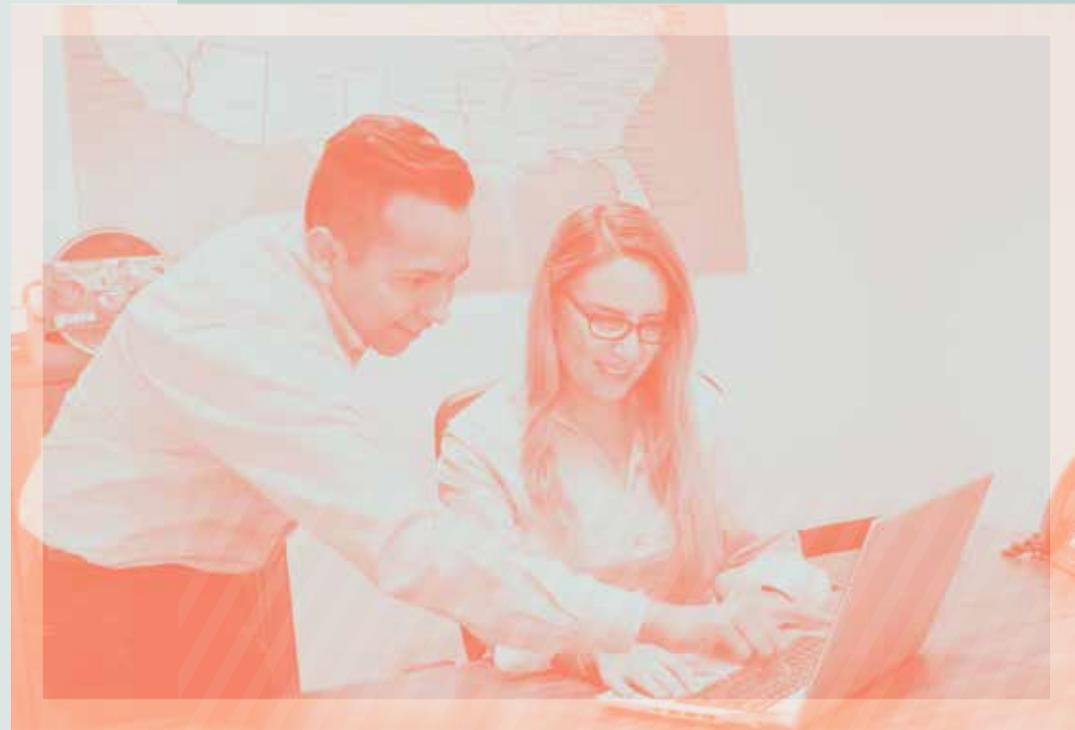
At Draxton Rovigo, 15- and 16-year-old technical school students were given the opportunity to participate in the working world to develop their professional skills. As a result of this initiative, the plant was recognized as part of the Italian School-Work Alternation program.

Knowing that achieving results stems from the foundation of economic value, we apply employee performance reviews to document annual goals and follow up twice a year through dialog and feedback sessions with their supervisors. This process, which is the basis for determining annual salary increases, involves 100% of non-union employees.

We also have a talent succession process aimed at strengthening the group's long-term sustainability. Here, employees are evaluated using various tools that measure their skills, abilities, and potential. Succession plans are established based on the results.

Encouraging the educational development of its employees, Evercast Irapuato helped six unionized employees to initiate the Open High School Program. Those who pass all the courses will receive their official certificate.

We also have our Accelerated Development Program, which offers critical experiences for young people with high potential. The idea is to build a talent pool for key positions in GIS business units.



**Achieving results is the foundation for our company's economic value, which is why we at GIS have a Performance Management Process.**

## A GREAT PLACE TO WORK

**U**nder GIS's certification as GPTW 2018-2019 (Great Place to Work), we continue to implement people-focused programs and actions to promote employee health, safety and work-life balance.

As for healthcare, IMSS prevention campaigns were carried out in all business units to detect high blood pressure, type 2 diabetes, and excess weight and to offer tetanus and flu vaccines. Over the course of the year, more than 3,200 employees were helped.

Also related to the UN's Sustainable Development Goal #3, more than 1,800 flu vaccines were administered during the winter season. In addition, 900 tetanus vaccines were administered, and 250 Pap smears and 300 mammograms were performed.

To further promote prevention, roughly 2,500 hours of physical activity were logged in all business in 2019, including activities such as yoga, functional training, running, and zumba.

As stated in our values, we are respectful of human rights. Our Code of Ethics clearly states that child labor and forced labor are prohibited. We comply with the Universal Declaration of Human Rights and the ILO Declaration on Fundamental Principles and Rights at Work.

We listen to our employees through staff satisfaction assessments and Quality of Life Committees, made up of volunteer employees, who collect the concerns of their colleagues, propose actions to improve the working environment, and speak with company management.

Thanks to these committees, actions were taken to improve events organized for employees and their families, and maternity and paternity benefits were also promoted.

We are continuing to develop actions and initiatives to adapt our workspaces and the way we work to today's competitive business environment. Senior management is committed to promoting the development, training, recognition, and growth of our employees, which is critical to achieving our business goals.



ABOUT  
**2,500**  
HOURS OF PHYSICAL ACTIVITY  
WERE LOGGED IN ALL BUSINESS,  
WITH ACTIVITIES LIKE YOGA,  
FUNCTIONAL TRAINING, RUNNING,  
AND ZUMBA.



We recognize the loyalty and commitment of our employees and celebrate those who reach 5 to 40 years of seniority. In extraordinary cases, as in 2019, we pay tribute to employees celebrating 45 years of uninterrupted work.

We incentivize the outstanding results of our employees through our annual GIS Awards, a program that recognizes three people or teams from each business who exhibit outstanding results based on our pillars: Grow, Execute, and Cultivate. Nominations are made by a candidate's coworkers.

In addition, we award the GIS Award, our highest award, to an employee who stands out for their commitment to the organization and for their embodiment of our culture. In 2019, Marco Antonio Castor of Vitromex, who has a career of more than 40 years with GIS, was recognized for this award.



**WE RECOGNIZE  
THE LOYALTY AND  
COMMITMENT OF OUR  
EMPLOYEES.**



**GIS AWARDS OUR  
HIGHEST AWARD FOR  
A HIGHLY COMMITTED  
EMPLOYEE.**



## LIFE MENTORING

**K**nowing that well-being and emotional peace of mind drive human development and the achievement of results, we have the Life Mentoring program to offer emotional support to all of our employees working in Mexico. The goal is to help identify and resolve personal situations that may limit human and professional potential.

In three years, we formed a group of 27 mentors who offer emotional support through counseling, which contributes to a better quality of life inside and outside the company.

In 2019, this program logged more than 90,000 interactions with employees. These approaches foster an environment of trust and support that has positive effects on a personal level and translates into higher productivity, better job performance, and a strong commitment to the organization.

All the above, boosted by the Life Mentoring program and the work of the Quality of Life Committees, the monitoring of the Integrity Process, and improvements to the workplace environment, allowed us to close 2019 with an average monthly voluntary rotation of 2% in Mexico, an indicator that shows an improvement of 0.5% compared to the previous year.



EMPLOYEES	2019	2018	2017
Organization	6,539	8,335	8,549
Non-operations employees	1,841	2,328	2,302
Operations employees	4,698	6,007	6,247



## INTEGRITY PROCESS AND CODE OF ETHICS

**W**ith 17 years of experience and trust since GIS instituted the Integrity Process and the Code of Ethics, the organization has strengthened its independence and professionalism.

The GIS Code of Ethics is a behavioral guide that establishes guidelines to ensure the proper functioning of the group's business, its adherence to the policies, procedures, rules, laws, and regulations, and acceptance of the company's values.

Through the Integrity Process, GIS ensures compliance with the Code of Ethics. The process is administered by the Central Integrity Committee, composed of level one managers, and the Business Integrity Committees, which deal with compliance and issue recommendations to correct deviations based on criteria for determining penalties.

GIS's globalization efforts motivated the adaptation of the Code of Ethics to an international environment. This new version was introduced to all employees in Europe in early 2019, which included online training for all employees in each country's own language.

Through the Integrity Process, we received 146 complaints in 2019, of which 68% were anonymous. Of the total, 4.1% required a clarification of facts and 12.3% recommended termination or suspension. 36.3% of the complaints did not proceed, and for 37% of the cases, a call for attention was recommended. 10.3% of the total complaints received were still pending at the end of December 2019

INTEGRITY PROCESS	2019	2018	2017
Number of complaints/ Total employees	2.79%	3%	1.98%
Did not proceed	36.3%	23%	35%
Facts clarified	4.1%	11%	12%
Called to attention	37%	38%	19%
Suspended or terminated contract	12.3%	20%	16%
Escalation process	10.3%	8%	18%



With industrial, occupational, and environmental safety as a priority, we hold monthly meetings within each business, in which the Steering Committee also participates. We ended 2019 without any fatal accidents in our operations.

To promote a safety culture, GIS awards the "Isidro López Zertuche" Safety Prize, which went to Vitromex Plant 2 in San José Iturbide, Guanajuato, for the second consecutive year. The Draxton plant in Saltillo, Coahuila, stood out for achieving an accident rate of 0.22%, GIS's lowest in Mexico in 2019. Cinsa's Esvimex department, which celebrated 15 uninterrupted years without any accidents, also deserves recognition.

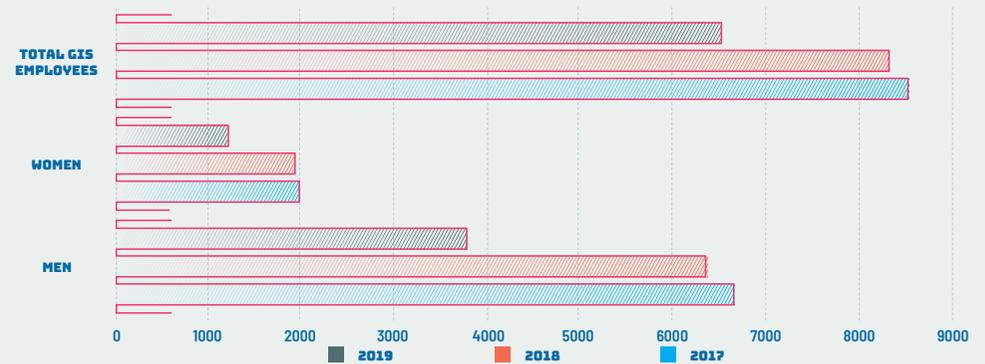
In all our production units in Mexico, we recognize those who reach their first anniversary with the company without missing any work. Also, in our businesses operating in Mexico and Europe, we hold competitions for photography and drawing.

The government of the state of Guanajuato awarded the Labor Merit Award to Draxton and Evercast for implementing projects aimed at improving the competitiveness, productivity, quality, safety, sustainability, gender equity, labor equality, organizational climate, and the development of workplace innovations.

By voluntarily and publicly making the commitment to work with socially responsibility and continuous improvement as part of its business culture and strategy, GIS and all its operations in Mexico were recognized for the ninth consecutive year with the distinction of being a Socially Responsible Company, awarded by the Mexican Center for Philanthropy and the Alliance for Corporate Social Responsibility. The organization was certified in the 6-10 year category.

Prioritizing human rights and the diversity of gender, beliefs, social class and political affiliation and for creating an inclusive environment for people with different abilities, GIS operations in Mexico had a total of 6,539 employees in 2019, of which 24% are women. The company works continuously to promote the equal participation of men and women (Sustainable Development Goal #5).

In our Europe and Asia operations, we had 1,527 employees last year. Of this total, 78% are men and 22% are women, which is 2% less than in 2018. Particularly noteworthy is the plant in Poland, where 32% of the employees are women.



The decrease in the number of GIS employees is mainly due to the sale of the water heater business in April 2019.



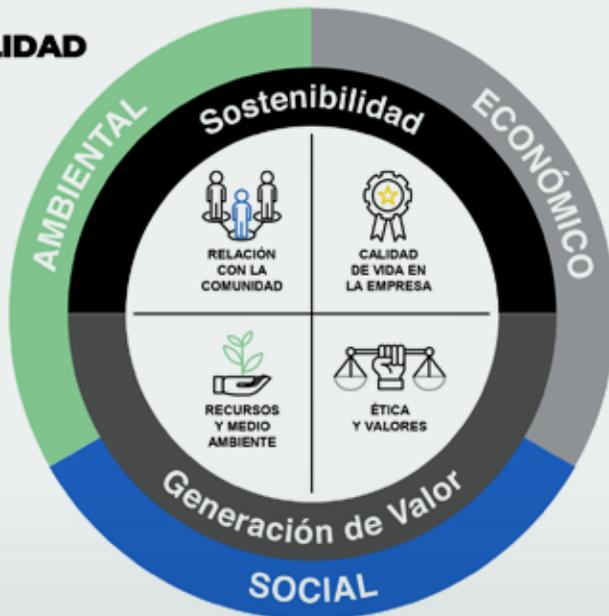
# OUR FAMILIES, COMMUNITIES, AND STAKEHOLDERS

In honor of the philosophy of our founder, Don Isidro López Zertuche, GIS has been a corporate citizen since its foundation, committed to the development of the communities in which we operate.

In 2019, we made significant progress in strengthening our reputation as a socially responsible company by developing initiatives that foster interaction between business units and their neighbors and by encouraging GIS employees to volunteer.

## MODELO DE RESPONSABILIDAD SOCIAL GIS.

- Plan Estratégico 
- Visión 
- Misión 
- Decálogo 



## #JUNTOS POR EL BIENESTAR.

-  Código de Ética
-  Cultura de trabajo
-  Competencias
-  Plan de Medio Ambiente



We have formed Social Responsibility Committees in all our business units in Mexico. Additionally, we created and taught a one-year certificate program in which 62 employees from various GIS companies received more than 5,300 hours of training.

To align the social, environmental, and economic objectives of our operations in Mexico, we held the First Annual Social Responsibility Meeting, which was attended by the committees representing all the businesses.

For community development, we focused our efforts on awarding scholarships to technical high school students at Intec Don Bosco and children at Casa Hogar San José. We also allocated resources to promote education on desert culture and environmental care and to support the Educational Opportunities Foundation.

In September 2019, we started the Draxton District Program in Saltillo, Coahuila. The goal is to connect the company with its neighbors by promoting the overall environmental, social, and economic development of the community. We started by understanding the problems and needs of the surrounding communities to seek solutions together. Various public institutions are also involved in this project.

The initiative is led by GIS, which has created alliances with the Mexican Ministry of the Environment, PROFEUNA, A.C., the Directorate of Ecology, the Autonomous University of Coahuila, Ignacio Zaragoza College, and the NGO Cañón de San Lorenzo, A.C., along with other agencies, departments, and institutions. The purpose is to strengthen the means for making progress, which is Sustainable Development Goal #17.

Across the Draxton District, we are implementing projects targeting elementary students, teens, adults, and senior citizens to ensure an inclusive, equitable, and quality education, thereby promoting lifelong learning opportunities for all (Sustainable Development Goal #4).

In 2019, Cinsa led the Materiality Strategic Alignment Project, whose purpose was to promote sustainability and prioritize the business's key economic, environmental, and social issues.

To help reduce the consumption of plastic containers (Sustainable Development Goal #12), we distributed more than 1,700 reusable bottles to non-union employees in all businesses. We also joined the project "Warriors for Life," led by the DIF of the municipality of Ramos Arizpe, Coahuila, to provide bottle caps to support those fighting cancer.



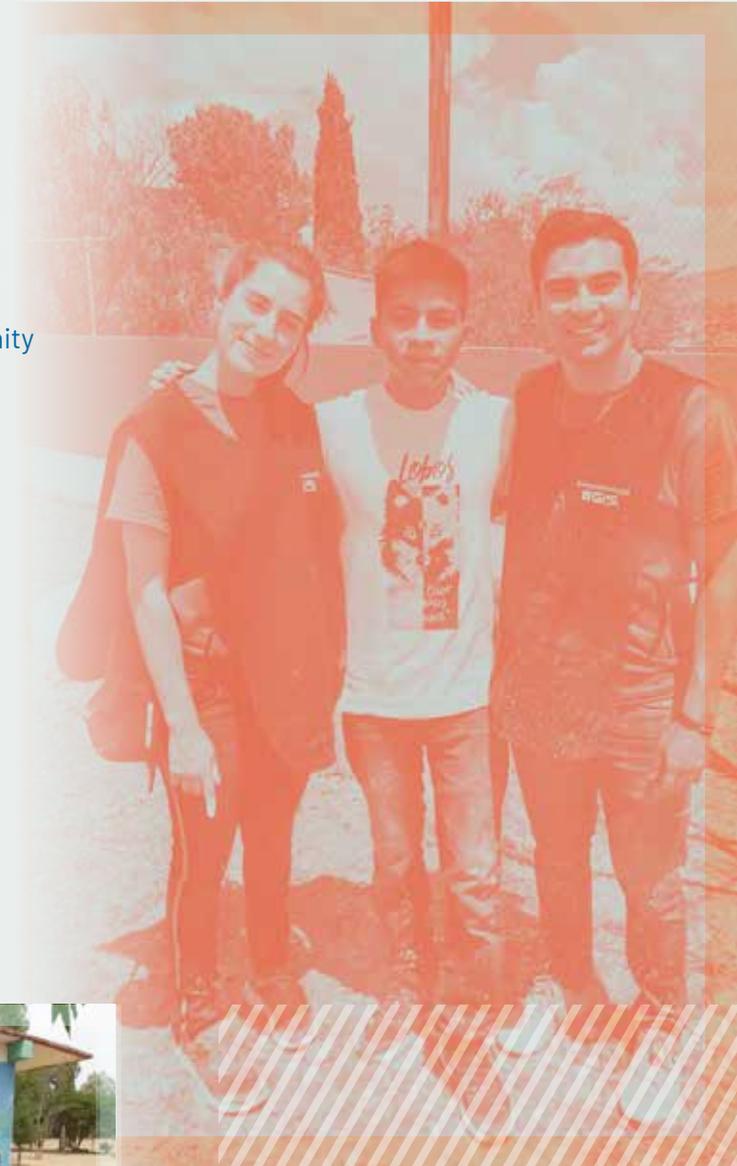
By strengthening the culture of social responsibility and integrating the committees into all businesses operating in Mexico, we had a positive impact on more than 5,000 people through 315 GIS employees who volunteered 3,072 hours during eight institutional events held in six cities.

These events include Christmas for All, benefiting children from different schools thanks to the voluntary donation of gifts by our employees. In 2019, we held the second such event everywhere in Mexico where we have productive operations.

We keep our employees informed and motivated through a monthly social responsibility newsletter and encourage volunteering through GIS Volunteering. We also promote awareness of the UN's Sustainable Development Goals by sharing infographics.

Volunteering activities:

- #Yoteabrigo
- Reforestation
- Environmental education
- #Yocuidomiplaneta
- Academic excellence
- Cleaning brigades
- Grandparent's Day (community celebrations)
- CAM



In Europe, we continue to support the Axtondo community through URGEBI, to benefit vulnerable people. We also participate in the Immigrant Fair in Wrocław, Poland and in sports and school tournaments in Rovigo, Italy.

We offer programs and events aimed at strengthening family and social ties because human development is one of our values.

We also offer activities that encourage employee involvement in holidays such as Three Kings' Day, Candlemas, Children's Day, Mother's Day, and Father's Day, along with monthly birthday events.

We hold the annual San Isidro 15K race, a sporting event held in Saltillo that has become a tradition in the community because of the founder of GIS's legacy. The 44th edition of the race was attended by more than 3,400 runners and around 130 GIS employees from all our businesses in Mexico. People with varying levels of ability are also involved in this competition.

To encourage teamwork, we held the InterGIS Tournament in Saltillo. Teams of men and women competed in soccer, volleyball, and softball tournaments. In 2019, we had more than 330 employees organized into 21 teams.

Our businesses promote sports activities throughout Mexico. An example is Evercast, which put together 10 teams with 90 employees for a soccer tournament from September to November 2019.

Cinsa's Occupational Health Department launched the Healthy Living campaign in Saltillo. Through various startup, medical review, and counseling programs, we raise awareness among employees of the importance of healthcare in the prevention of disease and to improve quality of life.

To promote knowledge about biodiversity, more than 1,700 employees and their families had the opportunity to visit, free of charge, the Desert Museum in Saltillo, a cultural institution that was founded 20 years ago with the help of GIS.



More than 15 years ago, we collaborated with the National Association for Self-Improvement, A.C. (ANSPAC) in Saltillo. In 2019, more than 50 employees and their wives who are mothers attended training and empowerment activities to learn techniques and activities for personal and family improvement.

In Mexico, GIS is a pioneer in the development and implementation of the Mexican Dual Training Program, whose purpose is to promote technical students to specific projects in companies. Since its inception in 2016, we have had 88 students in seven generations.

Also, through our auto parts businesses in Mexico, we signed agreements with the Universidad Autónoma de Nuevo León and the Instituto Tecnológico de Saltillo to collaborate on research and development projects related to casting and metallurgy. Our goal with this is to generate a pool of Mexican talent.

Draxton San Luis and Evercast Irapuato held an awards event for academic excellence to encourage the children of our employees who finished the academic year with an average of 9.5.

In Spain, we maintain our link with universities by supporting regional research projects carried out by students in higher and postgraduate education. We have been working with numerous schools, such as the IK4-AZTERLAN Technology Center, the Novia Salcedo Foundation, the University of Basque Country, the Institute of Secondary Education of Utrillas, and the Lazaro Carreter Institute.

Community involvement helps us to know and understand the community's needs. It also gives us the opportunity to help strengthen society, the company, and the industries in which we operate. GIS therefore encourages the participation of its employees in associations and community organizations.

In 2019, GIS executives got involved and served leadership positions in associations like Coparmex Nacional, Coparmex Coahuila Southeast, SumaRSE Network, and ARHCOS, among others.

#### **Community associations in Mexico:**

Coparmex / Mexican Confederation of Employers  
Caintra / National Association of the Transformation Industry  
SumaRSE Network / Socially Responsible Business Network  
Coahuila Citizen's Civil Council  
ANFAD / Association of Pewter and Aluminum Cookware Manufacturers

#### **Community organizations in Europe and Asia:**

Euskalit / Advanced management of best labor practices in Axtondo and Boroa, Spain  
CUMI / Care for people with disabilities in Rovigo, Italy  
FEAF / Spanish Federation of Casting Companies  
FVEM / Biscayan Federation of Metal Companies  
TABIRA / Casting Institute  
AIC / Automotive Intelligence Center

#### **Clusters:**

Coahuila Energy Cluster  
Chihuahua Mining Cluster  
Nuevo León Automotive Cluster  
Guanajuato Automotive Cluster



## CUSTOMER FOCUS

One of GIS's key strengths is "Astonishing the Customer." We recognize that aligning all of our employees to meet the needs of our consumers, distributors, and customers is fundamental to the growth and development of the company.

This approach allows us to remain the preferred choice for our customers, in addition to strengthening our brands.

Vitromex and Cinsa undergo numerous customer audits each year to verify the compliance of our businesses in the areas of environmental and social responsibility, factors that are integral to the sustainability culture of our operations.

Our auto parts businesses focus on engineering, research, and development to meet the needs of customers with new casting materials that provide safety to brake and engine systems, while making vehicles more lightweight.

# CERTIFICATIONS

BUSINESS	CERTIFICATION	DESCRIPTION	AWARDED BY:
<b>DRAXTON MEXICO</b>	IATF 16949	International standard of quality management systems for the automotive industry	International Organization for ISO Standards
	ISO 14001	International standard for environmental management systems	
	GPTW	Great Place to Work July 2018 - June 2019	Great Place to Work Institute
	ESR	Socially responsible company	CEMEFI
<b>VITROMEX</b>	ISO 9001:2015	International standard of quality management systems	International Organization for ISO Standards
	ONNCCE	Certification of technical documents of products	National Organization for Standardization and Certification of Construction and Building
	PTCA	Standard of porcelain coatings	Porcelain Coatings Certification Agency
	Green Squared	Certification of accreditation as sustainable coatings	Ceramic Council of North America
	Industria Limpia	National Environmental Certification SLP	PROFEPA
	ESR	Socially responsible company	CEMEFI
	GPTW	Great Place to Work July 2018 - June 2019	Great Place to Work Institute
	C-TPAT	Certification for security in the supply chain and borders E.E.U.U.	Office of Customs and Border Protection
<b>CINSA</b>	NOM	Official regulation on design and characteristics of products and processes	Official Journal of the Federation
	ANCE	Certification for product marketing	Association for Standardization and Certification, A.C.
	GPTW	Great Place to Work July 2018 - June 2019	Great Place to Work Institute
	ESR	Socially responsible company	CEMEFI