



ANNUAL
REPORT
—
2018



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MESSAGE FROM THE PRESIDENT

Dear shareholders,

Cementos Molins celebrated its 90th anniversary in 2018. The activity, started in 1928 by Juan Molins Parera and Joaquín Molins Figueras, with quarries and open mines to produce lime and natural cement in the Barcelona's municipalities of Pallejà, Vallirana and Sant Vicenç dels Horts, is today an established company present in 9 countries and different businesses. I would like to express my warm thank to all those who made this transformation possible, as it is essential for future growth.

The 2018 Annual Report contains detailed information on the economic results for the year, as well as the environmental, social and good governance performance, showing the importance for Cementos Molins of the impacts generated and the integration of the organisation's activities into each of the financial, productive, intellectual, human, social and natural capitals.

The international economic context has been complex and has had a negative impact on some financial figures for the year, especially due to the situation in the Mexican and the Argentine markets, the negative performance of exchange rates vis-à-vis the euro, and the significant increase in the energy costs.

Despite this, the soundness of the business model and its diversification made it possible to absorb a large part of the negative impacts, obtaining a consolidated net profit of €85 million, 4% less than the previous year.

The investments that we are developing in Colombia and Argentina, with the construction of the new cement production plant in Sonsón and the increase in capacity of the San Luis plant, respectively, will allow us to increase sales volumes and results in the next years, and are in line with our growth and business development strategy.

The deployment of policies and procedures consolidates the foundations laid for a governance model focused on ensuring organizational compliance with standards and regulations regarding ethics and social responsibility. These are the basis to develop medium and long term strategies and action plans in order to address the existing challenges in the sector in economic, environmental, social and good governance.

On a final note, I would like to thank our shareholders, customers and suppliers for the trust placed in our company and, especially, our collaborators for their dedication and commitment in the face of the daily challenges and new opportunities for the future.



Juan Molins Amat
President

MESSAGE FROM THE CEO

For the first time, our 2018 Annual Report consolidates into a single document the contents we used to present in two different reports. With this, we intend to facilitate its reading and understanding by integrating all relevant information regarding our economic/financial, environmental, social and good governance performance of the company, in accordance with the main international reference standards in the matter.

Similarly, the non-financial information has been externally audited for the first time, strengthening the improvement and reliability of the data, as well as the consolidation of a cycle of continuous improvement linked to non-financial accountability.

Faced with a very complex macroeconomic and social environment at the world level, Cementos Molins has obtained some results that strengthen the soundness of our balance sheet and allow us to look to the future with optimism to further enhance the growth and business development plans defined in our strategic plan; in particular, it should be noted that our operational performance in the various countries has allowed us to continue improving the level of customer satisfaction, which is an essential factor in our long-term vision.

The inclusion of our company as a new member of the Global Cement and Concrete Association is one of the most important milestones of the year, and is consistent with our strategy of fostering sustainable growth by placing sustainability at the centre of Cementos Molins. Along with all the other members of the association, we are going to work in important areas, such as occupational health and safety, social and environmental action, sectoral innovation or the future of the construction sector and the contribution of cement and concrete to the sustainable development of society, among other initiatives.

I also think it is important to emphasise that, for the third year in a row, we have managed to achieve the global objectives defined in our sustainability barometer due to the good evolution of the occupational health and safety indicators, with a 30% reduction in direct occupational accidents, the continuous improvement in the satisfaction of our employees, and also due to the better efficiency in our electricity consumption and the reduction of CO₂ emissions per tonne produced..., but we need to keep improving, and therefore we are going to make every effort, especially in the field of thermal consumption, where we did not meet our ambitious targets this year.

On the other hand, we have given new impetus to collaboration programmes with local communities in the vicinity of our plants, focusing our social action projects on three axes: social health care to improve the quality of life, care for vulnerable young people and the improvement of equipment for social and health use.

The Report that you have in your hands, together with the rest of the corporate publications, expand the information related to Cementos Molins' performance during 2018. We are at your disposal to clarify any queries you may have.



Julio Rodríguez Izquierdo
CEO



PERFORMANCE SUMMARY 2018

Countries with industrial presence
9

Total number of plants
110

Total number of active quarries
33

Net Profit (millions of €)
85 **-4%**

Sustainability barometer



ECONOMIC PERFORMANCE

Income (millions of €)*

765 **-1.9%**

EBITDA (millions of €)*

181 **-6.2%**

Distributed economic value

83.4% **+0.9%**

(*) Proportionality criterion

SOCIAL PERFORMANCE

Workforce

Number of
workers

4,866 **+6.2%**

Percentage of women
in workforce

10.3% **-1.6%**

Percentage of workforce covered
by a collective agreement

67.5% **-2.9%**

Occupational Health and Safety

Fatalities

0

Lost Time Incident rate

4.7 **-37.1%**

Commitment to the Community

Contributions made (€)

1,366,897 **+55.2%**

ENVIRONMENTAL PERFORMANCE

Environmental expenses
(millions of €)

4.3

Environmental investments
(millions of €)

3.1

Consumption of Natural Resources and Climate Change

Total CO₂ emissions
(t)

9,731,084 **-5.1%**

Global energy
substitution rate

6.9% **+18.1%**

Percentage of water reused
compared to total

7.2% **-11.3%**

Waste and Circular Economy

Total waste generation
(t)

203,764 **-9.3%**

Percentage of waste reused, recycled
and recovered

83.5%



ORGANIZATIONAL AND GOVERNANCE STRUCTURE

Board of Directors

President

Mr. Juan Molins Amat

First Vice-President

Cartera de inversiones CMSA, represented by Mr. Joaquín M^a Molins Gil

Second Vice-President

Otinix, SL represented by Mrs. Ana M^a Molins López-Rodó (CA)

Chief Executive Officer

Mr. Julio Rodríguez Izquierdo

Members

Mr. Miguel del Campo Rodríguez (CR)

Mr. Eusebio Díaz-Morera Puig-Sureda (CA)

Mr. Juan Molins Monteys

Mr. Joaquín M^a Molins López-Rodó

Noumea SA, represented by Mr. José Ignacio Molins Amat (CA)

Foro Familiar Molins SL, represented by Mrs. Roser Ràfols Vives

Mr. Francisco Javier Fernández Bescós

Mrs. Andrea Kathrin Christenson (CA, CR)

Mrs. Socorro Fernández Larrea (CA, CR)

Mr. Rafael Villaseca Marco (CR)

Non-director Secretary

Mr. Ramon Girbau Pedragosa (CA, CR)

Non-director Vice-Secretary

Mrs. Ana M^a Molins López-Rodó

Are members of:

CA: Auditing and Compliance Committee (President: Mrs. Socorro Fernández Larrea)

CR: Remuneration and Appointments Committee (President: Mrs. Andrea Kathrin Christenson)

Composition of the Board of Directors at the date of printing of this Annual Report

Corporate Governance

The general principles that make up the Corporate Governance System are set out in the Ethical Code and in the Mission, Vision and Values of Cementos Molins. These principles are aligned with the obligations and duties of the Directors, as set out in the Capital Companies Act (LSC), and respond to the Good Corporate Governance and Corporate Social Responsibility practices of listed companies.

In order to comply with the Good Governance obligations contained in the Capital Companies Act (LSC) and the recommendations of the Unified Code of Good Governance, Cementos Molins has structured the Corporate Governance System into the following 5 pillars:

- **Articles of Association:** the Articles of Association of Cementos Molins, SA
- **Mission, Vision and Values of Cementos Molins:** describe the main principles necessary for the Group to operate smoothly.
- **Corporate Policies:** have the purpose of establishing the guidelines of each of the areas that form part of the Corporate Governance system as well as the action framework for the Group's employees. They are divided into the following sections: 1) Corporate Governance and Regulatory Compliance, 2) Risk Management and 3) Corporate Social Responsibility. To ensure a greater control environment on material issues, we have developed specific protocols that complement corporate policies, such as: on corruption in business, prevention of money laundering, equality, anti-discrimination and the environment.
- **Internal Regulations:** corresponding to the Group's operating rules. The General Shareholders' Meeting and Board of Directors Regulations are included. The latter includes the Auditing and Compliance Committee Regulations as well as the Remuneration and Appointments Committee Regulations.
- **Codes and Procedures:** the codes and procedures of Cementos Molins are the Ethical Code, the Ethics and Compliance Committee Regulations, the Internal Code of Conduct in Securities Markets, Internal Rules

for the Treatment of Insider Information, the Shareholders' Electronic Forum Regulation and the procedures related to the Internal Financial Information Control System (SCIIF). The Compliance Body must ensure compliance with the aforementioned codes and procedures.

On the basis of this structure, the Corporate Governance model of Cementos Molins is defined according to certain internal entities that differentiate the functions of ordinary management and effective management from those of supervision and control. The entities mentioned are those listed below:

- The Board of Directors of Cementos Molins, SA is responsible for adopting and effectively executing an organizational and management model that includes appropriate surveillance and control measures to prevent bad practice. This translates into the approval of corporate policies and the strategy of Cementos Molins within this area, as well as supervision of the proper functioning of internal controls established for this purpose.
- The Auditing and Compliance Committee's function is to support the Board of Directors in the periodic preparation of regulated information, the Group's internal controls and the independence of the Company's External Auditor. In turn, it oversees the Ethics and Compliance area and the Internal Audit area, which ensure the proper functioning of Cementos Molins IT, internal control and regulatory compliance systems.
- The Remuneration and Appointments Committee must propose to the Board of Directors the remuneration policy for Directors and general managers or those who perform senior management functions under the direct authority of the Board of Directors, Executive Committees or Managing Directors. Likewise, the Remuneration and Appointments Committee must periodically review the established remuneration policy and ensure that conflicts of in-



terest do not prejudice the independence of external advice provided to the Committee.

- The Board of Directors of Cementos Molins, SA has entrusted all delegable functions to the Managing Director.
- The Board of Directors of Cementos Molins, SA has delegated the supervisory and advisory tasks of the Corporate Governance system to the Ethics and Compliance Committee, which in turn reports to the Auditing and Compliance Committee. The Ethics and Compliance Committee must monitor the corporate policies developed, ensure that the information posted on the website is correct, accurate and up to date at all times.
- The General Management is responsible for implementing those measures which may be necessary for the proper functioning of the Group's Corporate Governance system.

In this regard, it should be noted that Cementos Molins complies with 88% of the recommendations of the Unified Code of Good Governance of the CNMV.

For more details, consult the Cementos Molins' Annual Corporate Governance Report available on the Company's corporate website, which indicates the status of these recommendations.

Cementos Molins aims to develop a sustainable business model, generating value and meeting the expectations of interested parties. This is all based on a structure of Good Corporate Governance which, aligned with the values of the company, promotes integrity and business ethics in the development of our activities.

In this respect, during fiscal year 2018, we established a system of internal control and developed corporate policies and principles, both nationally and internationally.

At the national level, an internal control system has been implemented through the identification and achievement of key controls derived, on the one hand, from the corporate policies and protocols of the Crime Prevention Model and, on the other hand, from the redesign of the Internal Control System for Financial Information. This has meant the design, implementation and evaluation of 214 controls, and

the drawing up of 97 action plans during 2018. Likewise, we gave 332 hours of specific training to 166 professionals in charge of ensuring the realization and evaluation of controls.

Furthermore, we designed a new Ethics Channel (EthicsPoint) managed by an independent organization. In this way, we can guarantee the total anonymity and confidentiality of the communications received through it. We believe that our employees are our most valuable asset and by creating open communication channels we can foster a positive work environment and maximize productivity.

In addition, we are convinced that an effective complaints system will increase the success of our efforts to promote a culture where decision making is honest and ethical. It should be noted that this channel is open both for internal communications (employees) and for our interested parties through the corporate website. This channel is open to everyone both electronically and via telephone calls that are answered 24 hours a day, 365 days a year.

All the activities described have been periodically passed on to the executive teams of Cementos Molins' national companies to ensure proper alignment from the management. This was carried out in different sessions held on a quarterly basis with 98 managers attending per session.

During 2018 at the international level, by coordinating between the Global Ethics and Compliance Committee and the local committees in each country, we transposed the principles of our Ethical Code to all our foreign subsidiaries. This was done by means of the development of proper ethical codes for each of them, with the exception of Tunisia which is still in process. In the same way, we developed local corporate policies following the basic principles of those already implemented at the national level, adapting them to local jurisprudence in each case.

The policy development areas in this first phase were anti-corruption, competition, nepotism and conflict of interest, information technology and IT resources, as well as complaints and internal investigations. The plan for implementing the Ethical Code and corporate policies is accompanied by a local training plan developed by the Ethics and Compliance Committees in each of the international subsidiaries. These international training plans have involved 1,355 workers of all professional categories in Spain, Argentina, Uruguay, Mexico and Bangladesh on specific issues such as anti-corruption, privacy and personal data or prevention of money laundering.

During the 2018 financial year, we received 43 complaints through the ethics channels that the different Cementos Molins companies established for this purpose, of which 30 have been processed. In all of them we applied the corresponding disciplinary regime for each case.



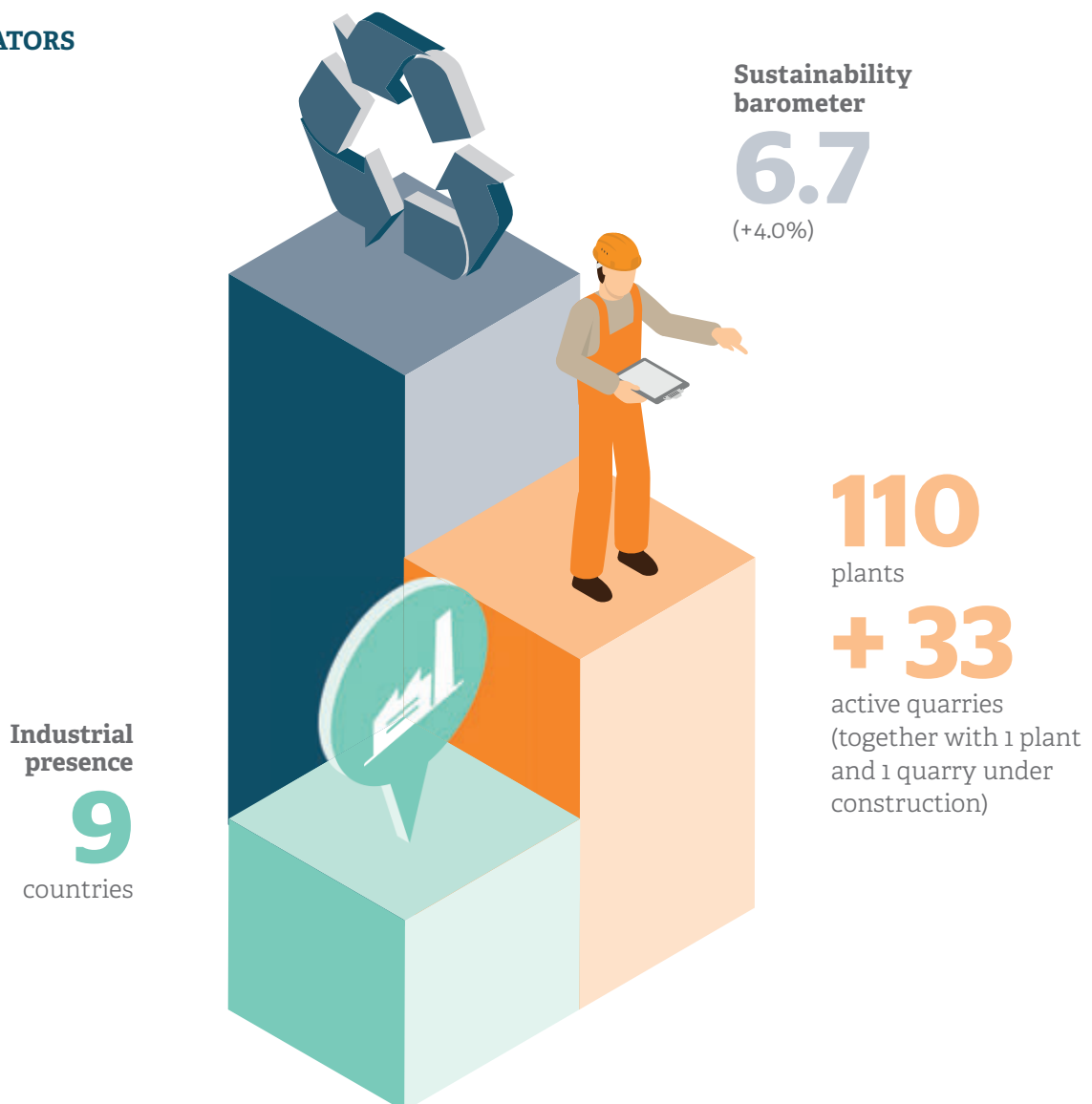


THE ACTIVITY OF THE ORGANIZATION AND ITS MANAGEMENT

Cementos Molins has 90 years of experience in the cement industry and is active in Spain, Argentina, Uruguay, Mexico, Bolivia, Colombia, Tunisia, Bangladesh

and India. Altogether, Cementos Molins covers four continents and is one of the most important companies in the construction materials sector in Spain.

MAIN INDICATORS 2018:



Activity and Geographical Presence

Cementos Molins was founded in 1928 by Juan Molins Parera. Initially, it concentrated on the exploitation of quarries and the manufacture of lime and natural cement in the municipalities of Pallejà, Vallirana and Sant

Vicenç dels Horts (Barcelona, Spain). Later, in the 80s, it began expanding and diversifying, becoming an organization with an international presence that preserves its original family character.

1980

Argentina

CEMENTOS AVELLANEDA has two cement factories and one lime factory in the towns of Olavarría and San Luis, as well as concrete plants. In 2018 we started the construction of a new production line in San Luis and carried out prospecting of limestone reserves in the area of Caliminas. **Equity holding: 51%**

1991

Uruguay

CEMENTOS ARTIGAS owns a clinker manufacturing plant in the town of Minas, a mill and a mortar manufacturing plant in Sayago. It also operates in the concrete business. **Equity holding: 49%**

1988

Mexico

CORPORACIÓN MOCTEZUMA has three cement factories in Tepetzingo, Cerritos and Apazapan, as well as being present in the concrete and aggregates business. **Equity holding: 33.3%**

2006

Bangladesh

LAFARGEHOLCIM BANGLADESH has a cement factory in the town of Chhatak. This is supplied with raw materials from the quarry in India by means of a 16 km long conveyor belt. In 2018, we completed the change of 10 km of belt and the acquisition of 3 grinding facilities from HBL. **Equity holding: 29.45%**

2016

In **Colombia**, a project to build up a new factory and a quarry started by the end of 2016 in association with the Colombian group Corona. The new plant will allow us to enter the cement business and will be located in the municipality of Sonsón (Antioquia). Its start-up is expected for the third quarter of 2019. **Equity holding: 50%**

2007

Tunisia

SOTACIB FERIANA has a white cement factory in Feriana. In addition, since 2012, there has been a portland cement factory in Kairouan through the company **SOTACIB KAIROUAN**. **Equity holding: 67.05% and 70.27%, respectively.**

2016

Bolivia

ITACAMBA CEMENT has a cement factory in Yacuses. **Equity holding: 32.67%.**

The diversification of Cementos Molins has also taken place with regards to the product offer in Spain. This has been done by working through the companies Cementos Molins Industrial, dedicated to the commercialization and manufacture of portland cement and calcium aluminate; Promotora Mediterránea-2 (PROMSA), which operates in the concrete and aggregates markets, and undertakes environmental activities; Prefabricaciones y Contratas (PRECON), dedicated to prefabricated concrete; and PROPAMSA, which focuses its activity on special technical mortars, adhesive cements and

construction systems for the thermal insulation of facades in buildings.

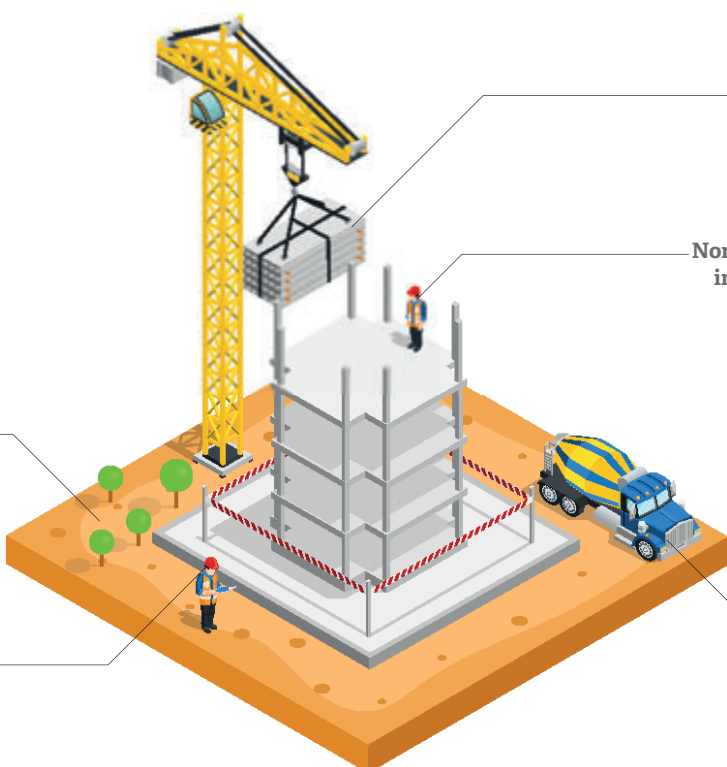
In addition to the manufacture and sale of cement, the activity of the organization includes concrete, aggregates, lime and prefabricated concrete, special mortars and adhesive cement, as well as environmental activities. A total of 110 plants, 33 active quarries, 1 plant and a quarry under construction, and two port terminals (located in Spain and Tunisia) provide service and product to a wide variety of clients in projects for buildings, public works and railway lines.

Mission, Vision and Values of Cementos Molins

The **Vision** of Cementos Molins is to promote the development of society and people's quality of life by creating innovative and sustainable solutions in the construction sector.

The **Mission** is to be a respected and attractive family company in the world cement sector, creating value for all stakeholders and aiming primarily for the satisfaction of clients.

The Values in which Cementos Molins places its trust in order to create innovative and sustainable solutions in the construction sector are:



Efficiency:
we fulfil our promises and we are pragmatic.

Non-conformity and continuous improvement: we are agile and move at the speed of change.

Respect for the environment:
we always look for available technical improvements to achieve our sustainability goals.

Integrity:
we do what we say and we say what we do.

Passion:
we never give up, we are positive and look for solutions.



A global vision of Cementos Molins



1 Spain

Facilities

Cement (1 plant)
Concrete (21 plants)
Quarries (8 active)
Precast concrete (9 plants)
Mortar (7 plants)
Environment (7 plants)

Products

Cement
Concrete and aggregate
Precast concrete
Mortars and special products



2 Argentina

Facilities

Cement (2 plants)
Concrete (7 plants)
Quarries (2 active)
Mortar (1 plant)
Lime (1 plant)

Products

Cement
Concrete and aggregate
Mortars and special products
Lime



3 Mexico

Facilities

Cement (3 plants)
Concrete (33 plants)
Quarries (15 active)

Products

Cement
Concrete and aggregate



4 Uruguay

Facilities

Cement (1 plant)
Mills (1 plant)
Concrete (8 plants)
Quarries (1 active)
Mortar (1 plant)

Products

Cement
Concrete and aggregate
Mortars and special products



Annual production capacity
(millions of tons)



Income 2018
(millions of euros, proportionality criterion)



EBITDA 2018
(millions of euros, proportionality criterion)



5 Bangladesh 6 India

Facilities
Cement (1 plant)
Mills (3 plants)

Facilities
Quarries
(1 active)

Products
Cement



7 Tunisia

Facilities
Cement (2 plants)
Quarries (5 active)

Products
Cement



8 Bolivia

Facilities
Cement (1 plant)
Quarry (1 active)

Products
Cement



9 Colombia

Facilities
Cement (1 plant and 1 quarry under construction)

Products
Cement





Risk management

At Cementos Molins we have designed a risk control and management system that allows risks to be appropriately identified and managed. This system is implemented in the following phases:

- **Preparation of the inventory of risks:** the Internal Audit Department of Cementos Molins, on the basis of the Group's knowledge, the monitoring activities performed and the business goals established, prepares an inventory of risks. These are located in the corporate and operational sphere of each of the businesses, including environmental, social and good governance risks.
- **Identification:** the General Management, the area managers and the Internal Audit Department identify, through the inventory of risks, those risks to which the Group's companies are exposed.
- **Assessment:** after identifying the risks to which the Group's companies and the Cementos Molins it-

self are exposed, we carry out a valuation to identify which risks are the most relevant. The value is determined by the probability of occurrence, the impact and the number of businesses and/or areas in which the risk can materialize.

- **Risk Map:** following the selection of the most significant risks, we proceed to prepare the Group's risk maps, corporate and operational risk maps for each of the subsidiaries. These risk maps reflect the importance of each of the risks in the business. They are reviewed annually and a complete evaluation is carried out every three years.

- **Control:** After preparing the risk map and its evaluation, the Management of each of the companies, the Internal Audit Department and functional areas determine the measures and define the controls necessary to mitigate the risks identified. The Internal Control System is defined at this stage and will be evaluated by the Internal Audit Department.

▪ **Supervision:** The risk maps and the control measures identified form the basis of the Annual Internal Audit Plan.

Once a year the scope of the risk management model is described through the Corporate Governance Annual Report, stating the risks that materialized during the year as well as the status of the Risk Control and Management System.

Based on this, the risk categories assessed in the Risk Control and Management System of Cementos Molins are defined. They are as follows:

▪ **Corporate Governance Risks:** Corporate Governance risks are those that occur as a result of non-compliance with the internal rules related to the Capital Companies Law and the recommendations of the Good Governance Code of Listed Companies.

▪ **Strategic Risks:** Strategic risks are those that arise both from external and internal factors, and which affect long-term objectives. Generally speaking, strategic risk causes the Group's companies or the Group itself to lose value due to unwanted activities that affect demand. Below are some examples of these types of risks:

- > Risk involving brand and reputation.
- > Risk due to inability to adapt to changes.
- > Competitive, country and market risk.
- > Risk due to customers' needs.
- > Risk in the communication strategy.

▪ **Financial or Reporting Risks:** Financial or reporting risks are those that arise from the inability to finance business obligations and because the information provided to third parties (financial statements) is not reliable and complete. Below are some examples of these types of risks:

- > Risk involving budget.
- > Cash flow risk.
- > Financial statement risk.

▪ **Operational Risks:** The operational risks are those derived from the activities carried out by Cementos Molins. This type includes risks due to business management and risks due to internal and external communication. Below are some examples:

- > Risk in cost management (raw materials, fuels, electricity, etc.).
- > Risk in the Business Continuity Plan.
- > Risk due to quality.

▪ **Compliance Risks:** are those that occur as a result of non-compliance with internal and external regulations which affect Cementos Molins companies. Be-



low are some examples of these types of risks:

- > Risks arising from the status of Cementos Molins, SA as a listed company.
- > Regulatory risks in social, economic and environmental matters. Despite the geographical distribution of the Cementos Molins companies, and their different environmental regulations depending on the country where they operate and their corresponding internal requirements, the company places a special emphasis on compliance with current environmental regulations. To achieve the proposed goals, behavioural guidelines are established that give specific responses to current and future environmental regulation. This is achieved through the internal control system of Corporate Governance or by adding environmental variables in the calculation of the variable remuneration of the workers.
- > Fiscal risks.
- > Risks due to fraud or corruption in business.

Forced labour, child labour and freedom of association in our operations have not been identified among the risks evaluated.

Within the scope of the management of human resources, Cementos Molins has identified as a risk the need to match the human structure to meet the operational needs of international expansion. For this, we have developed several internal action plans for the recruitment and development of talent within the organization.

With respect to the risks of fraud and corruption, we have approved and developed a prevention of crimes and anti-fraud policy that encompasses the Crime Prevention Model of the organization. This model includes the Protocol for the Prevention of Fraudulent and Unfair Conduct, the Protocol for the Prevention of Corruption within the Framework of the Public Sector, and the Protocol for the Prevention of Corruption in Businesses, among others. Some of the principles of action that have been established in these protocols for all employees are:

- Commitment to ethical and legal compliance: the activities of Cementos Molins are carried out not only in accordance with current anti-corruption laws, but also with what is established in our Ethical Code and in other internal regulations.
- In business relations, Cementos Molins bases all contracting on merit and transparency. No directors, administrators, employees or collaborators shall receive, request or accept, directly or through an intermediary, any unjustified benefit or advantage as consideration, in order to improperly favour another

in the acquisition or sale of goods, in contracting services, or in any commercial relationship. Likewise, no member of Cementos Molins, directly or through an intermediary, shall promise, offer or grant to directors, administrators, employees or collaborators of another company any unjustified benefit or advantage as consideration in order to obtain undue advantage in the acquisition or sale of goods, contracting services or in any commercial relationship.

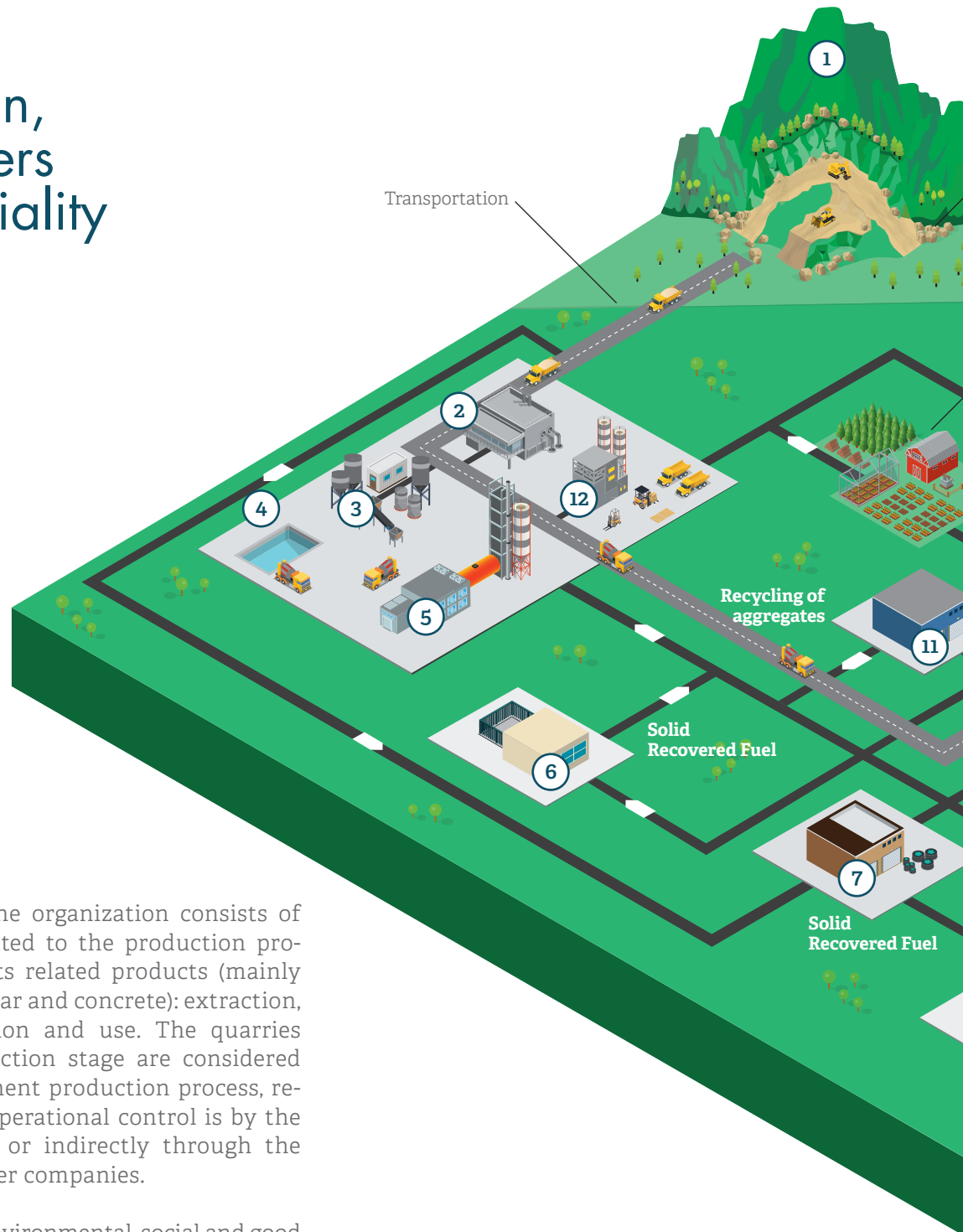
- At Cementos Molins, we are committed to transparent accounting and financial management. In this regard, for the purposes of preventing and detecting bad practices, we document all financial and commercial operations that we carry out, with books and accounting records being kept up to date.
- In order to avoid risks of corruption, before entering into a commercial relationship with a third party, an ethical commitment with strict compliance in business is established (due diligence measures within the framework of relations with third parties). In public procurement, subsidy or auction procedures, no member or employee of Cementos Molins may offer or deliver gifts or any other type of compensation to an authority, public official or person participating in the execution of public function, as well as not respond to a request for a gift or remuneration made by them.
- Cementos Molins prohibits facilitation payments, understood to be small amounts paid to an authority or public official to ensure or expedite the performance of a routine or necessary action, to which the payer is legally entitled.
- It is generally prohibited for any member or collaborator of any of the companies of Cementos Molins to offer or deliver gifts or invitations to any authority or public official.
- Cementos Molins will ensure that none of its members or collaborators use their possible personal relationships with any public official or authority to obtain a resolution that may generate an economic benefit for themselves or a third party.

In order to control compliance with what is found in the different corporate policies and protocols of Cementos Molins' crime prevention model, the Ethics and Compliance Committee, under the auspices of the Auditing and Compliance Committee, has implemented a series of six-monthly controls. The Ethics and Compliance Committee evaluates the results and, if necessary, proposes corresponding plans of action and adaptation.



Value chain, Stakeholders and materiality

Value chain



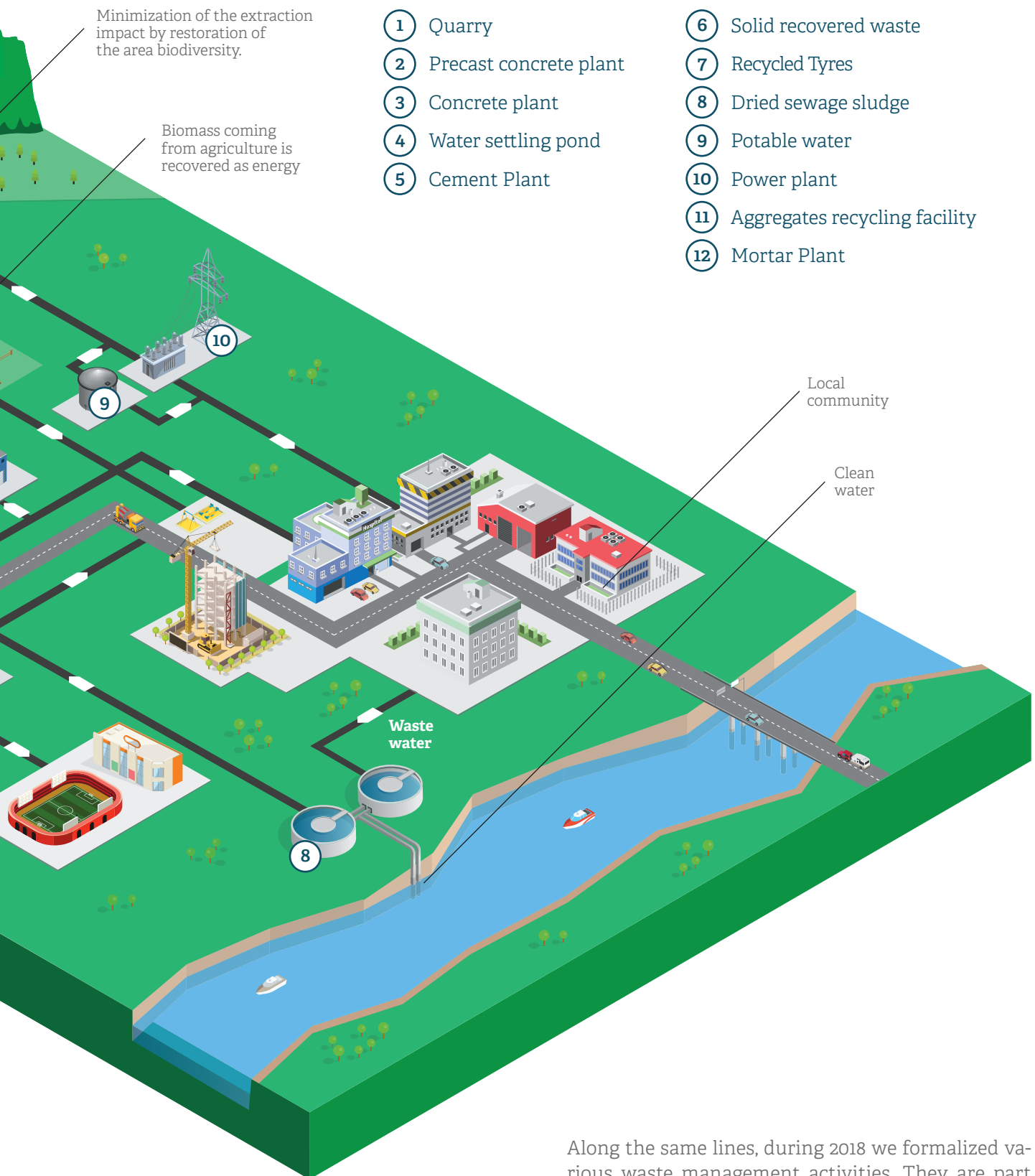
The value chain of the organization consists of four main stages related to the production process of cement and its related products (mainly precast concrete, mortar and concrete): extraction, production, distribution and use. The quarries involved in the extraction stage are considered together with the cement production process, regardless of whether operational control is by the organization directly, or indirectly through the subcontracting of other companies.

The most significant environmental, social and good governance impacts that could occur in each of the stages are the following:

- Extraction: possible loss of biodiversity, soil contamination, dust generation, direct impact on local neighbouring communities, emission of greenhouse gases and particles, depletion of non-renewable resources, consumption of raw materials and natural resources, occupational health and safety, public policy and relations with society.
- Production: energy and water consumption, air pollution and emission of greenhouse gases, generation of heat and dust, impact on local neighbouring communities, soil pollution, noise, potential injuries and occupational diseases.

- Distribution and use: energy consumption and emission of greenhouse gases and particles, direct impact on local neighbouring communities and road safety for the distribution phase. The impacts related to the use phase, mainly linked to the construction and renovation of buildings together with public works, are highly complex, so they will be analysed in the medium term in a shared manner with the clients of the organization.

The previous potential impacts are mitigated by specific actions in each of these areas. Furthermore, the impacts are mitigated by transversal measures such as: generation of stable employment, direct and in-



direct economic contribution, energy and material recovery from waste and strengthening of circular flows within the economy, and innovation applied to product development with positive environmental and social impact.

Along the same lines, during 2018 we formalized various waste management activities. They are part of the organization's value chain and contribute to reducing waste and energy consumption, especially among the local community and the activity of the organization. Part of the waste generated by the local community is recovered for its later use as construction materials by the community itself, while another part is recovered as energy. The following infographic shows the entire life cycle of the activity, as well as the main impacts.

Stakeholders

The organization's stakeholders map retains the main characteristics of the previous year, without significant changes in this regard. The relationship policy with the current stakeholders formalizes the commitment of Cementos

Molins to each one of them. In order to identify and manage the different associated expectations, there are several communication channels aimed at ensuring the necessary dialogue and level of involvement.

Mechanisms of communication with stakeholders

Stakeholders	Channels of dialogue	Actions
Workers	Performance evaluation, intranet and email, complaints and suggestions mailbox, bulletin boards, newsletters, posters to promote values, Annual Report, quarterly results meeting for employees, Code of ethics and complaints channel, annual meeting.	The evaluation of performance and assessment of the degree of satisfaction are the main tools to know, motivate and involve the workers. Specific Safety and Occupational trainings to achieve zero accidents target and at the Business Code of conduct
Trade unions and Legal Representation of Employees	Union's Committee, Health and Safety Committee, Environmental Information Committee, factory committees.	Fluid communication.
Shareholders	Quarterly financial reports, Annual Financial Statements and Annual Report, General Shareholders' Meeting, web page.	Timely, detailed and verified, financial and non-financial information related to the performance of the organization.
Collaborating companies and suppliers	Initial training in specific cases, procedures for the prevention of occupational risks and direct communication. Surveys for homologation based on quality/price criteria, and on occasion environmental issues.	Training and communication for their involvement in business objectives, commitments and values. Evaluation and homologation of suppliers under quality and price criteria, introducing some environmental criteria.

Stakeholders	Channels of dialogue	Actions	
Internal	Annual meeting, quarterly informative meetings, intranet, corporate and company edition of the newsletter, bulletin boards.	Actions to understand the needs and expectations of customers. Involvement of purchase management and corporation departments.	
Clients	External	Telephone (switchboard and customer service); website and social networks; mobile app; catalogue of products and services; sector magazines; visits by the sales department; fairs, conferences and seminars; satisfaction surveys; visits by customers to factories; guilds and professional associations in the sector.	Actions to understand the needs and expectations of customers. Systematization of production processes to ensure the highest quality of products and services. Satisfaction evaluation.
Guilds and professional associations in the sector	Participation in work groups, meetings and events.	Active participation in different initiatives for the improvement of the sector.	
Local community, neighbours and NGOs	Sustainability Committee, visits to the facilities, telephone and web, external communication service, seminars and environmental outreach projects in the quarries, and other local committees.	Fluid communication with the local community and neighbours. Education and empowerment projects, especially in depressed regions, favouring local employability. Construction of facilities and services.	
Public administration	Sustainability Committee, visits to the facilities, telephone and web, notification of accidents to local authorities, seminars, collaboration agreements, administrative requests, guilds, direct relationship with Management as manager of institutional relations.	Collaboration with local administrations. Fluid communication with governments and regulatory bodies.	
Collaborating entities	Not formally established	Collaboration with universities and research centres for product innovation, to minimize negative impacts and use the best available technologies.	
Companies within the sector	By participating in guilds and associations within the sector.	Active participation in different initiatives for the improvement of the sector.	

Analysis of materiality

Material aspects related to human resources include health and safety at work, both for direct and indirect staff, as well as employment, professional development, and diversity and equal opportunities mainly in accordance with the materiality analysis conducted in the year 2015.

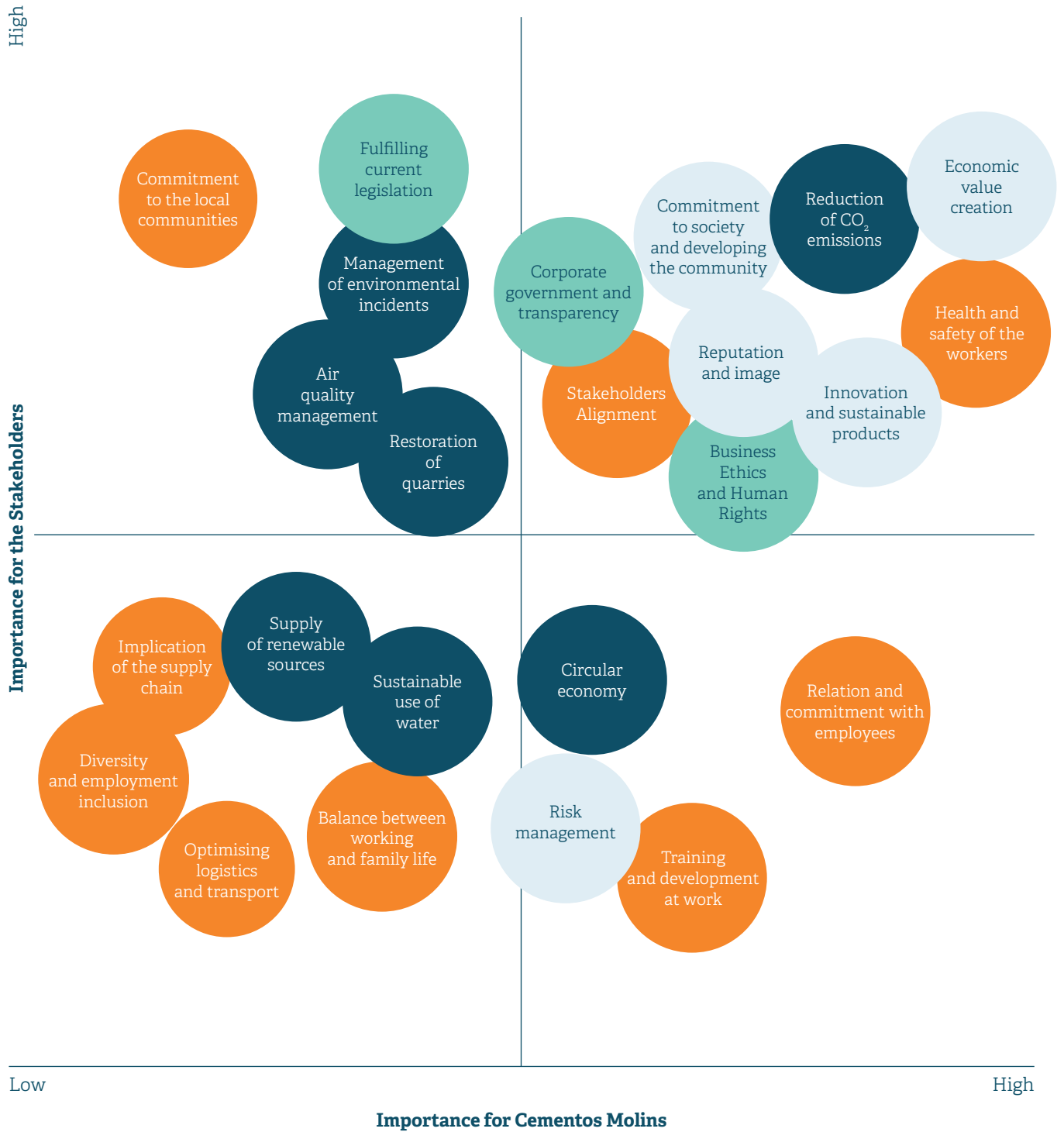
Likewise, material environmental aspects include climate change and energy consumption related to production activity, the consumption of materials and the waste generated, atmospheric emissions, water consumption, and the management of biodiversity and natural habitats affected by production activity. Finally, material aspects of a social nature include the

relationship with the local community and the direct impact linked to extraction and production activities. To these aspects are added those already described in the previous areas, among which are those of local purchase.

It is worth noting that the current materiality analysis is in the process of being updated and expanded. The aim is to incorporate the new recommendations made by the published specific materiality studies in the sector, together with the international dimension. Also, due to the application of the new non-financial information law, we have incorporated new material aspects, among which are issues related to noise and equal opportunities.



Materiality Matrix



Strategic Plan and Corporate Social Responsibility

At Cementos Molins we make a significant effort to develop a sustainable business model generating value and allowing us to meet the expectations of the Stakeholders. Our mission is to be a respected and attractive family company in the world cement sector, creating value for all Stakeholders.

Among the pillars on which the activity of our organization is built, we highlight technological knowledge, an obsession with costs, the quality of manufactured products, a culture of work and effort, growth, as well as respect for the environment, integration of sustainability in all processes and the appropriate emphasis on people.

Our Corporate Social Responsibility (CSR) and sustainability policy, approved in 2016 and available on the website, establishes four lines of action that include 15 priorities related to factors such as competitiveness and long-term economic profitability; maximizing shared value for Stakeholders; the promotion of development and improvement of the quality of life of local

communities and society in general; and the minimization of the environmental impact of all the activities of the organization.

The deployment of corporate policies, whether through formal management systems or equivalent procedures, aims to ensure the performance and continuous improvement of the organization, in alignment with the goals set in terms of activity and sustainability.

During 2018, we formalized our associate membership of the Global Cement and Concrete Association (GCCA) initiative, which promotes the integration of the five pillars of sustainability among Portland cement manufacturers: health and safety, climate change and energy, social responsibility, environment and nature, and circular economy. The objective is to align the organizational practices and the action plans with the requirements established by the GCCA, so that in the medium-term full membership can be achieved in accordance with the related management and performance requirements.





Barometer of sustainability

The sustainability barometer, a key tool that makes explicit the management approach of environmental, social and good governance aspects, consists of a total of five indicators linked to the material aspects identified, which we communicate internally on a monthly basis and which are linked to remuneration for those in management positions.

During 2018, we extended the accident frequency index to all workers in the organization, both employees and indirect staff, with the aim of consolidating this key aspect of management throughout the life cycle of the activity. This modification will be effective as of 2019, so the barometer objective already takes into account this increase in scope.

Composition of the Sustainability Barometer:



Electricity consumption related to cement production, measured in KWh/t of cement.

Weighting: 20%



Caloric consumption related to the production of cement, measured in kcal/kg of clinker.

Weighting: 20%



Carbon intensity of cement production, measured in kg of CO₂/t of cement.

Weighting: 20%



Lost Time Incident Rate (LTI) of direct and indirect workers from the Group's factories.

Weighting: 20%



Worker satisfaction index (SI) of the Group.

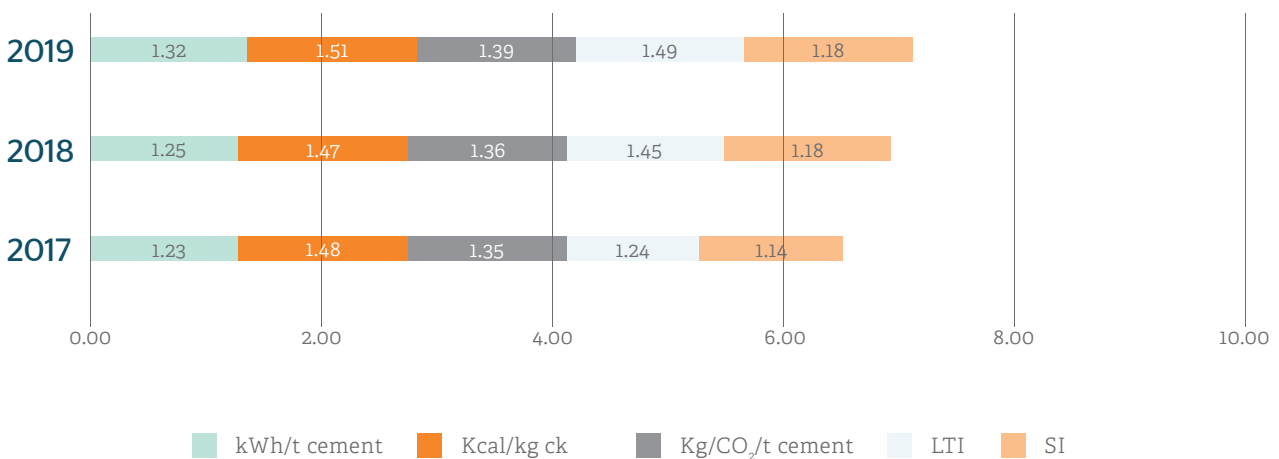
Weighting: 20%

The evolution of these indicators has been positive, which has contributed to achieving the performance objective linked to the barometer for the year 2018. The barometer has increased by 4.2% in relation to the previous year, reaching 6.7 points, mainly due to improve-

Positive evolution of the Sustainability Barometer

ments in the lost time incident rate and the worker satisfaction index. The objectives for the year 2019 are in line with the improvement of the indicators of energy consumption, the reduction of the impact of CO₂ and lost time injury rate.

Evolution of the barometer and objectives 2019





ECONOMIC PERFORMANCE

Main indicators 2018:

Income (million €) *

765 **-1.9%**

EBITDA (million €) *

181 **-6.2%**

Net result (million €)

85 **-4%**

66

facilities with an implemented and certified Quality Management System (ISO 9001)

Customer satisfaction index

(on a scale of 5)

> 3.6

73.5%

of purchase volume from local suppliers

(*) Proportionality criterion

Economic Results

The results of the 2018 financial year have been strongly conditioned by the situation of the markets in Mexico and Argentina. The negative evolution of the exchange rate of the currencies of countries where Cementos Molins is present also affected results, mainly the severe depreciation of the Argentine peso, which has fallen by 94% during the year.

Thus, the consolidated **turnover** for the 2018 financial year totalled 588 million euros, a 9% decrease with respect to that of 2017. The turnover of international companies decreased by 20% (at constant exchange rates an increase of 37% would have been recorded), mainly due to the impact of the severe devaluation of the Argentine peso. On the other hand, companies based in Spain increased their turnover by 11% compared to the previous year.

The **operating result** for the year 2018 totalled 53 million euros, 28% less than in the year 2017. The depreciation of currencies, especially in Argentina, reduces the result by 59 million euros. At constant exchange rates an increase of 53% would have been recorded.

The consolidated **results for companies using the equity method** during the year 2018 is 73 million euros, 7% lower than the previous year, mainly due to the decrease in the results obtained in Mexico and the depreciation of its currency. At the constant exchange rates of the previous year, the decline in results in Mexico is offset by the better results obtained in other countries, which would

have led to maintaining the figures from the year 2017. Based on this consolidation method, Cementos Molins has incorporated the results of its businesses in Mexico, Uruguay, Bangladesh, Bolivia and Colombia.

The **consolidated net result** for 2018 was 85 million euros, 4% lower than the previous year. The international companies contributed a net profit of 87 million euros. These results suppose a reduction of 13% with respect to the same period of the previous year, mainly due to the depreciation of currencies, above all in Argentina, and the decline in results in Mexico.

The parity of the currencies and the difficulties of the market in Mexico lead to a decrease of 4% in the results

In the case of Argentina, the declaration of its economy as hyper-inflationary for accounting purposes as of the period beginning on January 1, 2018 (in application of IAS 29) implies the adjustment of its financial statements for inflation. In fact, it recorded an increase in CPI of 47.6% in the period, which means converting those financial statements (by application of IAS 21.42) at the year-end exchange rate, which fell by 94% in the 2018 period. Consequently, the net result for the financial year 2018 was reduced by 11 million euros.

Thousands of euros

	2014	2015	2016	2017	2018
Consolidated Net Result	30,811	50,833	63,869	89,078	85,333
Spanish companies	-27,675	-13,122	-28,379	-11,139	-1,767
Foreign companies	58,486	63,955	92,248	100,217	87,100
Dividends for the financial year	10,579	12,562	15,206	16,529	18,512

With regards to **Investments**, the projects that are being grown in Colombia and Argentina are to be noted for:

- Construction of a new cement production plant in the municipality of Sonsón, Antioquia (Colombia), in partnership with the Colombian Group, Corona. Its start-up is expected for the third quarter of 2019. The planned investment is approximately of 370 million USD (100%).
- Increase the capacity of the plant in San Luis, Argentina, by 700.000 tonnes of cement annua-

lly up to one million tonnes in the third quarter of 2019. It is planned to invest 170 million USD (100%) in association with the Brazilian group Votorantim.

Total consolidated net equity is 839 million euros, 113 million higher than that registered on December 31, 2017. The main cause of the increase is the positive equity impact of the application of IAS 29, concerning hyper-inflation in the Argentine economy, due to the revaluation of non-monetary assets and liabilities up to December 31, 2017, which amounted to 98 million euros.



CONSOLIDATED FINANCIAL STATEMENTS ACCORDING TO IFRS-EU

CONSOLIDATED BALANCE SHEET as of 31 december 2018

Thousands of euros

ASSETS	31/12/2017	31/12/2018
Intangible assets	27,957	26,279
Property, plant and equipment	439,817	534,871
Investment property	3,491	2,127
Non-current financial assets	5,254	24,389
Companies accounted for using the equity method	351,650	365,759
Goodwill on consolidation	22,826	25,115
Deferred tax assets	24,642	23,508
NON-CURRENT ASSETS	875,637	1,002,048
Stocks	78,866	97,882
Trade debtors and other receivables	144,957	144,582
Current financial assets	800	2,301
Cash and cash equivalents	170,790	61,653
CURRENT ASSETS	395,413	306,418
TOTAL ASSETS	1,271,050	1,308,466
NET EQUITY AND LIABILITIES	31/12/2017	31/12/2018
Capital	19,835	19,835
Reserves of the Parent Company	166,843	182,411
Consolidated reserves	623,060	679,852
Net result attributed to the Parent Company	89,078	85,333
Interim dividend	(15,868)	(17,851)
OWN FUNDS	882,948	949,580
Adjustments due to value changes	(247,247)	(230,827)
Net equity attributed to the Parent Company	635,701	718,753
Net equity from minority Shareholders	90,467	120,320
TOTAL NET EQUITY	726,168	839,073
Income to distribute amongst several financial years	9,805	8,934
Non-current financial debt	278,273	209,568
Deferred tax liabilities	13,005	35,220
Provisions	16,479	14,220
Other non-current liabilities	343	261
NON-CURRENT LIABILITIES	317,905	268,203
Current financial debt	73,860	39,490
Commercial creditors	94,383	113,786
Tax receivables and payables	38,486	31,348
Other current liabilities	20,248	16,566
CURRENT LIABILITIES	226,977	201,190
TOTAL NET EQUITY AND LIABILITIES	1,271,050	1,308,466

CONSOLIDATED PROFIT AND LOSS ACCOUNT for financial year ended on 31 december 2018

Thousands of euros

	Financial year 2017	Financial year 2018
Net turnover	645,620	588,154
Other income	12,344	10,289
	657,964	598,443
Procurements	(216,080)	(199,187)
Staffing costs	(119,963)	(111,593)
Variations in operating provisions	(1,561)	(662)
Other operating expenses	(209,687)	(195,676)
Work on the company's fixed assets	125	766
	(547,166)	(506,352)
Amortisations	(34,323)	(39,587)
Impairment and gains or losses on disposals of assets	(2,742)	159
Other results	(426)	257
Operating result	73,307	52,920
Financial loss	(5,778)	(1,974)
Profit sharing in consolidated companies via equity method	78,649	73,415
Results before tax	146,178	124,361
Income tax	(32,747)	(25,584)
Net consolidated result	113,431	98,777
Net result for minority shareholders	24,353	13,444
Net result for the period attributed to the parent company	89,078	85,333
Profit per share in euros	1.35	1.29

Economic management information

Cementos Molins actively takes part in the management of the companies that it is part of through the accounting equity method, whether this is in conjunction with another shareholder or by means of relevant participation in its decision-making bodies.

For the information in this section of the report, we have used a proportionality criterion in the consolidation method of our investees, so that we apply the final shareholding percentage which is held in each one of them. Thus, we follow the guidelines and recommendations of the European Securities and Markets Authority (ESMA), whose objective is to promote the usefulness and transparency of the Alternative Performance Measures in the regulated information or in any other information submitted by listed companies. This way, Cementos Molins considers that the management of the businesses and the way the results are analysed for decision-making are reflected appropriately.

Therefore, the parameters used in this management information are defined as follows:

- "Revenue": turnover reported in the individual and consolidated financial statements of the different companies accounted for in the consolidation perimeter, multiplied by the shareholding percentage in each one of them.

- "EBITDA": operating result before amortizations, and results for the impairment and sale of assets of the different companies accounted for in the consolidation perimeter, multiplied by the shareholding percentage in each one of them.

- "Net Financial Debt": financial debt, after subtracting the treasury, temporary financial investments and long-term deposits of the different companies accounted for in the consolidation perimeter, multiplied by the shareholding percentage in each one of them. Cash surpluses are indicated with a negative sign.

- "Volumes": physical units sold by the different companies included in the consolidation perimeter (without taking out internal sales), multiplied by the shareholding percentage in each one of them.

- "Comparable % Variation": includes the variation that would have been recorded in the current period heading if the exchange rates had not changed (same exchange rates as the previous period) nor the consolidation perimeter, nor had the inflation adjustment been applied in Argentina (IAS 29).

With the aim of providing information that facilitates the evolution of the main parameters of Cementos Molins, the following are detailed below under the aforementioned criteria:

Thousands of euros

	2014	2015	2016	2017	2018
Income	635,310	746,581	690,823	779,154	764,513
Spanish companies	192,959	205,425	207,249	233,817	259,839
Foreign companies	442,351	541,156	483,574	545,337	504,674
EBITDA	127,434	164,853	168,371	192,948	181,079
Spanish companies	6,076	12,467	10,881	14,524	17,513
Foreign companies	121,358	152,386	157,490	178,424	163,566

Consolidation of companies based on their final shareholding percentage.

Contribution to the consolidated figures of Income and EBITDA⁽¹⁾:

Thousands of euros

INCOME	31/12/17	31/12/18	change %	change % comparable
Spain	233,817	259,839	111%	-
Argentina	175,604	134,220	(23.6%)	42.7%
Uruguay	34,845	40,242	15.5%	29.0%
Mexico	232,273	209,359	(9.9%)	(4.3%)
Bolivia	19,254	23,441	21.7%	25.7%
Bangladesh	34,264	49,709	45.1%	10.3%
Tunisia	49,097	47,703	(2.8%)	12.1%
Others	-	-	-	-
Total	779,154	764,513	(1.9%)	14.8%

Thousands of euros

EBITDA	31/12/17	31/12/18	change %	change % comparable
Spain	25,345	33,103	30.6%	-
Argentina	43,394	30,316	(30.1%)	30.8%
Uruguay	8,549	10,890	27.4%	42.8%
Mexico	109,831	96,132	(12.5%)	(6.9%)
Bolivia	3,031	4,633	52.9%	60.0%
Bangladesh	6,580	11,429	73.7%	61.1%
Tunisia	8,288	10,166	22.7%	41.6%
Others	(12,070)	(15,590)	(29.2%)	(28.3%)
Total	192,948	181,079	(6.2%)	12.0%

(1) Spain incorporates operating companies in the country, while the "Others" section incorporates the holding companies and businesses that have not yet into operation, such as the new factory in Colombia.

Using the criterion of proportionality, Cementos Molins' Income is 765 million euros, 2% lower than in 2017. This decrease is mainly from Argentina and Mexico. On the other hand, there are increases in Bangladesh, Bolivia, Uruguay and Spain. At constant exchange rates, income would have increased by 15% with respect to the 2017 fiscal year, with increases in all countries except Mexico.

The companies belonging to Cementos Molins sold a volume of 6 million tonnes of cement during 2018, 8% higher than the previous year with a positive contribution from all countries with the exception of Mexico and Argentina.

1.5 million cubic meters of concrete were sold, 5% less than the previous year due to the decrease in Mexico, despite growth in the other countries.

Regarding the aggregates business, sales volumes decreased by 17% in Spain, mainly due to significant works that occurred in 2017 and which did not continue in 2018. On the other hand, sales of prefabricated grew to 83 million euros, 23% higher than in 2017, due mainly to the increase in the activity of railway products and construction.

The **EBITDA** reached 181 million euros and shows a decrease of 6% compared to the year 2017. The positive contributions of all markets except Argentina and Mexico are to be highlighted. At constant exchange rates, EBITDA would have increased by 12% compared to the year 2017.

The **net debt stands** at 179 million euros on 31 December 2018, which represents an increase of 33 million euros with respect to 31 December 2017.



ABBREVIATED CONSOLIDATED BALANCE SHEET

*Proportional method

Thousands of euros

ASSETS	31/12/2017	31/12/2018
Intangible Assets	46,047	44,137
Fixed assets	606,742	726,639
Financial Fixed Assets	10,200	17,933
Consolidation Goodwill	51,003	53,432
Other non-current assets	34,192	32,436
NON-CURRENT ASSETS	748,184	874,577
Stocks	86,044	104,963
Trade debtors and others	192,284	197,058
Temporary financial investments	1,171	4,215
Cash and equivalents	210,877	104,504
Other current assets	69	64
CURRENT ASSETS	490,445	410,804
TOTAL ASSETS	1,238,629	1,285,381
NET EQUITY AND LIABILITIES	31/12/2017	31/12/2018
Net equity attributed to the Parent Company	635,701	718,753
TOTAL NET EQUITY	635,701	718,753
Non-current financial debt	284,899	248,709
Other non-current liabilities	56,653	69,583
NON-CURRENT LIABILITIES	341,552	318,292
Current financial debt	73,242	47,875
Other current liabilities	188,134	200,461
CURRENT LIABILITIES	261,376	248,336
TOTAL NET EQUITY AND LIABILITIES	1,238,629	1,285,381

ABBREVIATED CONSOLIDATED PROFIT AND LOSS ACCOUNT

*Proportional method

	31/12/2017	31/12/2018
Income	779,154	764,513
EBITDA	192,948	181,079
Amortizations	(43,955)	(46,499)
Results for impairment/sale of assets	(2,913)	(89)
EBIT	146,080	134,491
Financial results	(8,233)	(4,529)
Results before tax	137,847	129,962
Taxes	(48,769)	(44,629)
Net Income	89,078	85,333

(*) Figures corresponding to the integration of balance sheets and profit and loss accounts of the different companies included in the scope of consolidation, by their participation percentage of ownership



Results by Geographical Segment

SPAIN

The growth of the Spanish economy continued apace in 2018. According to the latest estimates, the Gross Domestic Product (GDP) grew 2.4% in

Improvements in volume and prices allow income and EBITDA growth

2018, but there is the suggestion of some signs of moderation with respect to previous years, as a result of internal political uncertainty, the vul-

nerabilities of emerging economies, rising international trade protectionism and an increase in oil prices.

For its part, the growth of private consumption continues to be dynamic and investment in construction is accelerating, albeit at an uneven pace between regions.

The annual change of inflation stood at 1.2% in 2018, remaining at levels similar to those seen in 2017, which closed the year at 1.1%.

Cementos Molins Industrial, S.A.U.

Cementos Molins Industrial, SAU bases its activity in the manufacture and sale of cement, both portland and calcium aluminate through its plant located in Sant Vicenç dels Horts.

Our cement sales in Catalonia in 2018 grew by 8.3% compared to 2017. The evolution of the market continues due to the improvement in private investment. Public bidding is still at very low levels and only some projects that were stopped for several years have been restarted, such as the works at the Sagrera station and the N-II in Girona. No major changes are expected in this sector for 2019.

The world market for Calcium Aluminate Cement (CAC) has not changed significantly compared to 2017, showing different behaviour in the two main consumer sectors for this cement.

The Construction Chemicals (CC) sector had very stable consumption in consolidated markets and, globally, has grown slightly as a result of the opening of plants in new markets by the main multinationals in the sector.

On the other hand, the refractory sector continues its downward trend in all world markets.

Our sales of CAC have dropped by 4% compared to 2017, although it remains in line with the annual production capacity of the factory.

Clinker exports have been lower than in 2017, but with an improvement in sales prices. The USD/Euro exchange rate has also helped to obtain an improvement in the expected results of exports.

The market for clinker exports for 2019 will be highly conditioned by Turkish producers and the situation in this country, which favours exports at low prices. This is causing destabilization of the international market with a downward trend in sales prices.

The domestic market has continued on the path of growth in recent years allowing the volume of cement sold to increase significantly while continuing to participate in foreign markets, where we have supplied all surplus production not absorbed in the domestic market. We have benefited, on the one hand, from a combination of prices and volatility of favourable exchange rates. However, this has been offset in a negative way by a significant increase in energy prices determined by the markets.

The turnover of Cementos Molins Industrial during 2018 was 87.5 million euros, representing an increa-

se of 9.7% compared to the previous year. Again, the turnover of the national market (57.7 million euros) has exceeded that of export (34.1 million euros) for the year.

The variable margins of portland products sold in the domestic market have increased compared to the previous year. The rise in prices applied during the year has compensated for the significant decrease caused by the volatility of energy costs (electricity and fuels), which this year has had a significant impact on our variable costs.

The technical ratios reached this year are again among the best on record. Highlights include the 2nd best production on record both in the portland kiln and in the melting kiln; as well as utilization and availability ratios of the kiln not achieved until now. The company continues to commit to the consumption of alternative fuels, which this year achieved

a record replacement percentage for alternatives, higher than 38%. Portland cement production has also been superior to that of the previous year, specifically by 8.4%.

On the other hand, fixed costs have been reduced by more than 5%.

Cement sales volumes for the next year are expected to continue to evolve positively while, on the contrary, export of clinker will fall; variable margins are expected to improve with respect to this year.

As a result of all the above an increase in EBITDA of 43.9% over the previous year was achieved, totalling 17.3 million euros.

Investments in the year 2018 amounted to 2 million euros. Most noteworthy are those related to improvements in the facilities for the use of alternative fuels.

Thousands of euros

CMI	2014	2015	2016	2017	2018
Sales	71,224	75,058	74,872	79,744	87,507
EBITDA	10,386	16,123	15,400	12,010	17,281



Promotora Mediterránea-2, S.A. (PROMSA)

PROMSA's activity is concentrated in the manufacture and sale of concrete, aggregates, mortars and construction services. This last line of services incorporates a division for pavements and another for concrete structures. It also has an environmental business area, specializing in recycling, the recovery of waste and the manufacture of alternative fuels. The company operates mainly in the Catalan market, where it has 33 active production facilities.

The market in 2018 experienced a certain deceleration when compared with fiscal year 2017. The residential building sector continues to be the main driver of growth; the demand for housing does not show any symptoms of weakness at the moment. The non-residential market still tends towards growth, but to a lesser extent than residential construction. Finally, the civil engineering sector remains at very low levels, despite experiencing some growth motivated by the municipal elections to be held in 2019. The forecasts for the next few years do not predict a change in this trend.

PROMSA's turnover in 2018 was 69 million euros, a 6.6% rise on the previous year, with uneven behaviour in the different business lines. The increase in the scope of the new investments made throughout the year 2018, both in the concrete division and the environmental division, have contributed to this growth.

Once again, PROMSA has been present in the main works relevant to the market. Of note are the construction work at the Sagrera station and the work of the rail connection of Barcelona with the Airport (shuttle). Both works will continue in 2019.

The growth of turnover has allowed slightly higher results than in 2017, with an EBITDA of 4.5 million euros.

An investment effort was made throughout the year 2018, with a figure of 4.8 million euros in material and growth investments. The acquisition of the assets of a new concrete plant in the town of Ripollet, the renewal of concrete mixers and loaders, and the increase of the capital share in the company Granulated Rubber Project SL stand out.



Thousands of euros

PROMSA	2014	2015	2016	2017	2018
Sales	38,685	48,142	51,392	64,865	69,121
EBITDA	-1,504	396	-3,128	4,187	4,473

Consolidation of the companies belonging to the PROMSA Group based on their final shareholding percentage.

Prefabricaciones y Contratas, S.A.U. (PRECON)

PRECON's activities focus on the personalised projecting, producing and trading of a wide range of concrete prefabs for the construction of buildings in general, public works and railway lines. The company carries out its production in ten factories located throughout Spain.

The company's turnover in the 2018 fiscal year increased 22.6% with respect to the previous year, at 83.4 million euros, although with different behaviours in the business lines.

The construction activity at PRECON has increased by 18%, continuing the line of growth of the last years. Being closely linked to private initiative, the company has managed to increase its sales maintaining the policy of incorporating and/or reinforcing unique and important clients. To be highlighted are the construction of the Tempe 3 Satélite logistics platform building (for warehousing and distribution of the Inditex group in the Tempe Business Park in Elche, Alicante); the logistics building for Goodman in Alcalá de Henares (Madrid); the building for the VW dealer in Terrassa (Barcelona); the warehouses for Leroy Merlin in Lliçà de Vall (Barcelona) and in Orense; the 'VidaNova Parc' Shopping Centre in Sagunto (Valencia); the warehouse for ID Logistics in Granollers (Barcelona); the warehouse for Decathlon in Villadangos del Páramo (León); the athletics stadium with parking, premises and access in Estepona (Málaga); the industrial buildings for the new Gipuzkoa Environmental Complex; the building for the KIA dealer in Palma de Mallorca (Balearic Islands); the logistics platform for the Inditex group in Lelystad (Holland) and the logistics platform Socamil for Quartus Logistique in Castelnaudary (France).

Sales in Civil Works decreased by 13% compared to the previous year, due to the fact that their evolution is closely linked to budgetary allocations for carrying out public works, actions that are maintained in a general context of control due to the public deficit. Unique works include the viaducts for the A-21 Highway Jaca-Santa Cilia section, in Huesca; the bridge over the Ribera del

Campo stream (Salamanca), on the A-62 Highway; the Fuentes de Oñoro-Portugal border section; the supply and assembly of panels on the A-68 Highway; the Figueuelas-Gallur section (Zaragoza); the supply of beams for the A-38 Highway; the Cullera-Favara relief road in Valencia; the supply of prefabricated pieces for the da Fraga Viaduct in the Conversion work on the Highway of the C G - 4.1 Corridor of Morrazo, in Lalín (Pontevedra); and the prefabricated covers for the burying of the FGC-Sabadell line from Rambla de Iberia to Paseo de Can Feu in Sabadell (Barcelona).

In this line of business, the manufacture and supply of prefabricated concrete towers for the wind farm located in Barásain (Navarra) should also be noted.

PRECON's activity in railway products has increased by 141% compared to the previous year, as a consequence of the significant increase in the volume of bidding and awarding of projects on the part of ADIF and ADIF - AV for the supply of sleepers for the AVE Network, Mediterranean Corridor and other railway lines.

2018 was characterized by a certain recovery in sales prices within a general environment of low levels, which was finally offset by the increase in the price of raw materials and labour costs.

This effect, together with the greater volume of production activity and the measures for continuous improvement in the processes and supplies of the factories and projects, gave rise to an increase in operating margins for the company with respect to the previous year.

As a consequence of the above, an EBITDA of 8.2 million euros was achieved, which represents an increase of 51.1% over that obtained in the year 2017.

During the 2018 financial year, investments of 2 million euros were made, which were mainly used to increase production capacity, improve occupational risk prevention and product quality, as well as to improve productivity in factories and for the maintenance of facilities.

Thousands of euros

PRECON	2014	2015	2016	2017	2018
Sales	62,770	61,089	61,144	68,014	83,411
EBITDA	2,082	2,473	4,198	5,396	8,155



Propamsa, S.A.U.

PROPAMSA is the Cementos Molins company dedicated to chemical specialties for construction.

PROPAMSA's business is focused on technical assessment and sale of solutions and products for construction, both in new buildings and in renovation. Propamsa's wide range of products is structured along the following lines: pavements, ceramic installation, lime coatings, exterior thermal and acoustic insulation, repair and reinforcement of concrete structures and waterproofing systems.

The location of our five factories in Barcelona, Guadalajara, Seville, Pontevedra and Valencia as well as our two logistics warehouses in Palma de Mallorca and Vizcaya, allow us to provide an excellent distribution service to our customers nationwide.

During 2018, the Spanish market has continued to grow. In new construction some 61,000 homes are estimated to have been finished and in the renovation market there has been an improvement thanks to the growth of consumption by households of slightly above 2%.

Propamsa's strategy is focused on the search for value and improvement of margins, at the same time maintaining its positioning of quality and differentiation with technical support for distributors and new products.

Once again, it is worth noting the significant sales growth of the Betec special mortar line, with important works for the rehabilitation of buildings and renovation in civil works.

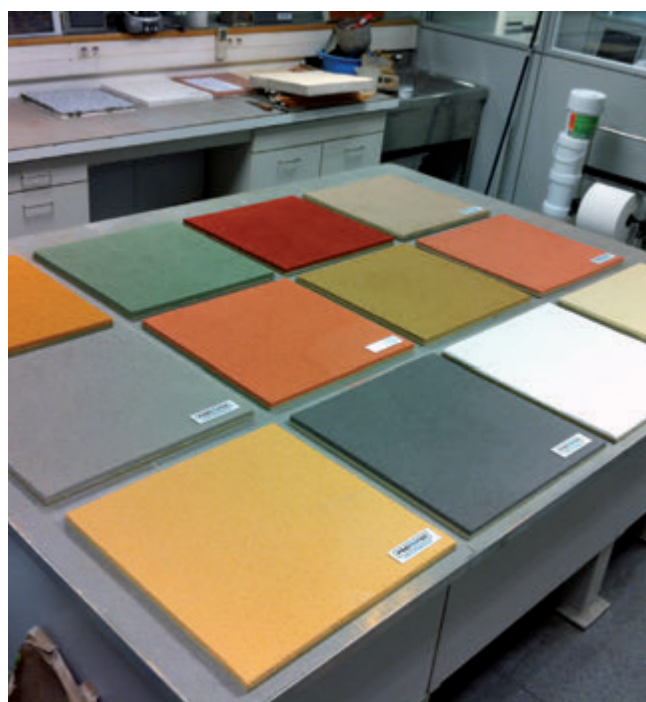
The volume of sales outside Spain represents 7% of total sales in 2018. In France and Portugal, we continue to work commercially with our own sales force and with commercial agent agreements in other areas of these countries. Among the countries that have received exports outside Europe in 2018 are the following: Tunisia, Morocco, Sierra Leone, Leba-

non, Iraq, Madagascar, Mauritius, Japan and French overseas territories in America, the Caribbean and Indian Ocean, as well as Guyana, Martinique, Saint Martin and the Reunion Islands.

One of the most significant events of 2018 has been the launch of the Pam Ecogel Powder Free ceramic adhesive product range. Among the launching activities, the success of a "performance" in various warehouses is of note; for this, original staging was used in which professional actors presented the new products.

Sales growth continued with an increase of 3.9% in 2018 to 37 million euros.

With these sales, and despite the improvement in the mix of products sold, the results for the year decreased due to strong competition and an increase in costs. The resulting EBITDA was 2.1 million euros.



Thousands of euros

PROPAMSA	2014	2015	2016	2017	2018
Sales	26,336	30,530	32,675	35,988	37,404
EBITDA	1,098	1,510	2,113	3,017	2,134

ARGENTINA

According to reports published by the National Institute of Statistics and Censuses (INDEC), the preliminary estimate for the Gross Domestic Product (GDP) for the third quarter of 2018 registered a fall of 3.5% in relation to the same period of the previous year and, according to private estimates, 2018 could close with a negative change of 2%.

For its part, the Consumer Price Index (CPI) prepared by INDEC increased by 47.6% in 2018, while the National Wholesale Price Index (WPI) showed an inter-annual variation of 73.5%.

In accordance with IAS 29 "Financial reporting in hyper-inflationary economies", hyperinflation is informed by the features of the country's economic environment, among which is included the existence of an aggregate rate of inflation nearing or exceeding 100% for three years. Taking into

consideration the National Wholesale Price Index (WPI), reported on 14 June 2018 with data regarding May 2018, an aggregate inflation rate in the last three years of 109% is shown. Therefore, the quantitative reference established by the aforementioned IAS 29 was surpassed. According to the aforementioned accounting standard, as of July 1, 2018, the financial statements of the Argentine subsidiary Cementos Avellaneda are adjusted for inflation, with retroactive effect as of January 1, 2018, and the financial information presented in previous periods is not re-expressed.

With regards to the exchange rate, during the first quarter of 2018, a currency devaluation cycle started and reached its peak in September 2018, to then become stable. At end of year, it stabilized at ARS/EUR 43.3, which represents a 93.6% variation with respect to the rate of this currency as of 31 December 2017.



Cementos Avellaneda, S.A.

Cementos Avellaneda, SA is an Argentine company that produces and markets portland cement, mortar, lime, adhesive cement and concrete. At the end of the 2018 fiscal year, it had two cement factories and six operational concrete plants, two mobile plants in operation and three mobile plants at the assembly stage.

The cement market in Argentina fell by 2.6% in 2018 compared to the previous year, standing at 11.8 million tonnes. Cement consumption per inhabitant was estimated at 265 kg (source: ANCP).

During 2018, the Olavarría plant operated with the two kilns. Clinker production came to 1.8 million tonnes. In the month of March, a new product was launched, Portland Cement Composite (CPC) with a new component, activated clay, which is obtained after a process of calcining and grinding clay from our quarry. Cementos Avellaneda is a pioneer in the Argentine cement industry in carrying out this process.

The productivity of the lime kilns improved notably in the second half of the year, surpassing even the best recorded ratios.

For its part, the San Luis plant achieved very good operation of its kiln and reached and stabilized at values of more than 25% of thermal substitution by alternative fuels. It is important to highlight that we are working to overcome the challenges

involved in the opening and development of the Caliminas quarry, which will be the main source of limestone for the expanded plant.

As for the Concrete division, 2018 has been a good year. Product has been supplied to important works such as the underground car park of Government House (CABA), the Logistics Plaza of the Central Market, the Quilmes-Florencio Varela Metrobus, Axion Campana and Retiro housing, among others.

In terms of commercial management, we have intensified efforts to satisfy our customers in a high demand market. In the first quarter we imported considerable volumes from Uruguay.

Sales in 2018 came to 263 million euros and EBITDA was 59.4 million euros. The application of IAS 29 due to the declaration of the Argentine economy as inflationary and the significant devaluation of the Argentine peso in the year condition, as a whole, the comparison of results with previous years.

Accounting adjustment for hyperinflation and deterioration of the currency have a significant impact on the results of the year

Regarding investments, there is a firm intention to accompany the growth of the Argentine market by increasing the production capacity of the San Luis plant and the facilities for producing activated clay

in Olavarría, as well as the new aggregates plant and the facilities for the Residual Solid Fuel (CSR) feed. All this will be done putting special emphasis on the care of the environment.

Thousands of euros

C. AVELLANEDA	2014	2015	2016	2017	2018
Assets	184,414	187,256	205,899	221,471	289,764
Own Funds	125,041	124,940	135,947	142,307	184,197
Sales	251,132	344,501	279,575	344,457	263,210
EBITDA	41,215	65,288	59,491	85,085	59,443
Net profit	26,466	46,347	40,929	56,486	33,025

Data corresponding to 100% of the Investee company



URUGUAY

In Uruguay, the Gross Domestic Product (GDP) grew by 2.1% in the third quarter of 2018 compared to fiscal year 2017, as a result of the positive performance of most activity sectors. Of note are the increases registered in primary activities, transport, storage and communications, as well as in manufacturing industries. The latter is mainly due to the reopening of the oil refinery closed the previous year for maintenance.

It should be noted that the data for the third quarter of 2018 shows zero variation in relation to the second quarter. If we add to this that the variation between the first and second quarters was only 0.1%, the conclusion is that we are facing a stagnation of the economy.

On the other hand, the added value of construction has decreased by 0.7% compared to the previous year, due to the almost zero growth in the construction of buildings and a fall in works for generation of wind energy, which has not been compensated by increases in added value observed in other areas, such as those of roads and those carried out by ANTEL (National Telecommunications Administrator).

The Consumer Price Index (CPI) has registered an increase of 8%, while the Producer Price Index (PPI) has increased by 10% in the same period.

The value of the Uruguayan peso against the euro showed a negative change of 7.5% in the year, trading at the close of the year at 37.1 UYU/EUR.

Cementos Artigas, S.A.

Cementos Artigas SA is a company based in Uruguay and focuses its activity on the production and sale of portland cement, mortar and concrete. It owns a clinker manufacturing plant in the town of Minas; a mill and a mortar manufacturing plant in Sayago and five concrete production plants.

It is estimated that the cement market in Uruguay increased by 9% compared to the previous year, with a volume of 735,000 tonnes.

In Minas, some 460,000 tonnes of clinker were produced, with improvements in costs and productivity. The substitution of fossil fuels for alternatives was of the order of 29% and the use of old tyres not suitable for vehicles has been consolidated.

In Sayago, the development of Portland Composite Cement (PCC) has continued. Cementos Artigas is a pioneer in Uruguay in the formulation of low carbon footprint cements, with increasingly sustainable products.

Regarding commercial management, the brand positioning effort has continued through an innovative communication and marketing campaign for the line of glues. This has achieved significant sales growth, increasing several points of market share and improving the profitability of this line of business thanks to the products with the highest added-value.

Cement exports to Paraguay have also increased in the last months of the year, and to Argentina in the first quarter of the year, in order to support the supply for the high demand in this market.

Additionally, a new product line has been launched: Pastinas Perfecto, widely accepted on the market which quickly recognized the quality leadership of the product, and a cement of high initial resistance has been developed that is being introduced onto the market and which allows competition for new developments, such as sleepers for railways.

Hormigones Artigas has been a supplier of concrete for the main road works that are being built in Uruguay: route 24. Product has also been supplied for the construction of the most important works in Maldonado, with a 77% increase in that market in relation to 2017. Likewise, there has been an important road maintenance development in the capital. In this exercise, the negative results of the previous year have been reversed by a considerable effort to manage costs and optimize expenses.

Among the relevant investments made in 2018, of note are those carried out on the entrance and truck park at the Sayago plant; the acquisition of a Linde 7-tonne forklift; the slag dosing facilities and the cement paste storage facilities.

The completion of the installation for the burning of tyres and the exchange of rims and ferrules at the kiln is underway at the Minas plant.

Sales in 2018 came to 87 million euros and EBITDA was 22 million euros, which represents an increase of 27.4% compared to that obtained in 2017.

Improvement in sales volume allows the growth of results

Thousands of euros

C. ARTIGAS	2014	2015	2016	2017	2018
Assets	77,658	70,052	85,591	79,054	79,232
Own Funds	58,573	52,692	69,959	64,410	60,238
Sales	88,230	94,518	74,822	79,801	87,025
EBITDA	23,881	23,473	14,379	17,446	22,225
Net profit	20,134	18,501	11,908	12,912	16,925

Data corresponding to 100% of the Investee company

MEXICO

Two factors have conditioned the evolution of the economy in Mexico in 2018; the renegotiation of the Free Trade Agreement between Mexico, the United States and Canada, which was finally signed in November; and the presidential elections held in July. After the elections some of the main infrastructure projects initiated by the previous government were frozen, such as the new international airport in Mexico City.

The increase in the prices of petroleum fuels in the international markets as well as the liberalization in Mexico (started in 2017) of the prices of gasoline and diesel, kept the price of fuels at high levels during 2018. In addition to these factors, industrial electricity tariffs continued to increase throughout the year, which has negatively impacted the companies' costs.

Annual inflation closed at 4.8% in 2018, a rate lower than that seen in 2017, which was 6.8%.

The value of the Mexican peso against the euro showed a positive change of 4.6% during the year. At the end of the year, it was valued at 22.5 PMEX/EUR.

2018 was a complex year for the construction industry, due to a number of reasons: the increase in the prices of raw materials and energy, the tariffs imposed by the US on steel and aluminium, the volatility in peso-dollar parity, and the lower public spending that caused the pause, delay or cancellation of infrastructure works. However, private initiative has continued with investments in commercial, tourist and housing projects, which allowed the consumption of cement to remain relatively stable.



Corporación Moctezuma S.A.B. de C.V.

Located in Mexico, its activities include the production and sales of cement, concrete and mortar. It has three cement factories located in Tepetzingo, Cerritos and Apazapan, with two production lines each. It has 36 concrete plants, distributed throughout the Mexican territory. The Company is listed on the Mexican stock exchange.

The management team has been strengthened throughout the year. José María Barroso has become General Manager, who together with the incorporation of a new director of Administration and Finance and the corporate director of Legal Affairs, provides the Company with extensive experience and knowledge in the sector.

The challenging scenario that the year laid out has led to the implementation of Fit & Flex, a comprehensive program that aims to reduce fixed and variable costs, increase efficiency and optimize the use of resources, to mitigate cost increases through group work of the various areas in the company.

The strategy followed in 2018 for Cementos Moctezuma was to prioritize profitability over volume placement, minimizing credit risks and optimizing cash flow. Special attention has been given to customer service.

Distribution is an essential element, considering that it represents the second largest cost after production.

For this reason, throughout the year we have worked with our road haulage providers to improve efficiencies, costs and training. We have developed mobile platforms to monitor the routes of the units that serve us and increase their productivity and safety.

As a response to the rise in fuel prices, we have continued investing in a rail infrastructure which provides us with a more agile and efficient distribution; mainly in areas undergoing great development such as Guadalajara and Bajío.

For the operation of the cement plants, the strategy of the company has been to operate the plants following the market, becoming more flexible and seeking to minimize costs and at the same time making processes more efficient. All of this in a scenario where electric power has increased by 40%, while the cost of petcoke has increased by about 20%.

The main investments in production have been to continue incorporating the most advanced technology to control operations which keep us at the forefront of productivity and environmental control.

For concrete, 2018 has been a year of consolidation. Thanks to the work done, today we have a lightweight, strong and flexible structure that provides an agile response to market requirements. Throughout this year we have worked on a strict control of costs and expenses.

The economic environment, the slowdown of the market and the rise in energy costs have a negative effect on penalize the results of the year

Thousands of euros

C. MOCTEZUMA	2014	2015	2016	2017	2018
Assets	597,534	635,423	589,600	647,077	635,845
Own Funds	473,847	507,257	464,907	440,608	448,709
Sales	529,029	634,614	611,741	696,484	626,243
EBITDA	188,001	257,682	292,411	329,779	288,296
Net profit	114,985	162,030	196,053	220,538	191,426

Data corresponding to 100% of the Investee company



Various external factors have affected results such as economic uncertainty and the political transition of the federal government and Mexico City local government. One of these factors was the suspension of construction permits in Mexico City, as well as the loss of water supply at the end of October in the capital and its metropolitan area that lasted for almost a week. It should

be noted that this region is of great importance to our business.

Our activity in the aggregate business has been maintained. Throughout the year we have invested in its development, in the first instance to consolidate what we already had, but also to promote and grow the business with a view to the future.

BANGLADESH

The economy of Bangladesh experienced a good rate of growth in 2018, underpinned by strong internal and external demand, with good investment and consumption data, and driven by higher exports, currency transfers and private credit growth.

Thus, Bangladesh has achieved a GDP growth of 7.9% in the 2018 fiscal year, greater than the 7.3% achieved in the year 2017. This solid growth is driven

mainly by industry, agriculture and services sector activities.

Inflation remains fairly stable: the year 2018 closed at 5.5%, compared to 5.7% in fiscal year 2017.

The value of the currency against the euro showed an appreciation of 3.1% in the year, and at the close of the year was quoted at 96.1 BDT/EUR.



LafargeHolcim Bangladesh (LHB)

Based in Bangladesh, LHB dedicates itself to the manufacture and sale of cement. The factory is located in Bangladesh and the limestone quarry in India, connected by a conveyor belt. Cementos Molins and LafargeHolcim jointly hold 60 percent of the capital, while the remainder is held almost totally by local shareholders. The company is listed on the Dhaka and Chittagong exchanges.

In January 2018, the purchase of 100% of the shares of Holcim Bangladesh (Bangladesh) was closed, whose main assets are three cement grinding plants located in the country, with a production capacity of 2.2 million tonnes of cement/year.

With an increasing consumption of fundamental building materials in rural and semi-rural areas and in development projects, the cement industry in Bangladesh recorded its highest annual sales in its history in 2018. Consumption grew more than 15% in 2018, above the 8% average annual growth of the last decade.

With the prospect of growing demand, all the leading cement mills in the country continue to grow in capacity, which pushes prices down.

On the other hand, the cost of raw materials, particularly of clinker, has increased considerably due to the shortage of supply from Vietnam (largest supplier of clinker for the country) and other Southeast Asian countries. Although the country has been changing its source of clinker from Southeast Asia to the Middle East, eliminating the risk of shortages, there is still pressure on prices. In turn, shipping costs have increased considerably with the increase in the price of fuel and road transport costs also having increased markedly due to the

weight restriction imposed by the government on highways. The devaluation of the taka with respect to the US dollar has aggravated the increase in prices. As a result of downward pressure on prices and upward pressure on costs, the profitability of the cement industry has suffered greatly in 2018 and this tendency is continuing.

Additionally, clinker production has reduced in the Chhatak factory due to a limitation in gas consumption.

Some of the key factors for this year's good result have been our establishment in places where we did not have a presence due to new distributors; this has allowed us to increase retail coverage and improve sales productivity in a constant manner. This, together with other initiatives in the area of customer relations, has placed the company in fourth position within the cement industry of Bangladesh.

In 2018, LHB released Plastercrete onto the market, a special cement for plastering, which expanded the range of products. In fact, it is today one of the widest ranges that any manufacturer in the country offers.

The EBITDA has improved substantially due to an increase in volume and sales price, as well as due to the materialization of synergies resulting from the acquired mill business. This has made it possible to compensate for the aforementioned cost increases and the shortage of clinker in mills at the beginning of the year.

In 2018, the most relevant investment projects were the updating of the automation system of the power plant, the acquisition of tankers to expand the supply of cement in bulk and the interconnection of the cement silo in mill 7 of HBL.

Synergies of purchased grindings and volume improvements in a growing market

Thousands of euros

LHB	2014	2015	2016	2017	2018
Assets	211,287	242,152	252,901	217,315	280,876
Own Funds	136,311	163,886	181,027	150,205	162,163
Sales	112,962	127,354	123,943	116,346	168,792
EBITDA	42,695	40,694	40,447	22,342	35,108
Net profit	27,500	26,585	25,721	8,784	11,433

Data corresponding to 100% of the Investee company

TUNISIA

The growth of the Tunisian economy came to 2.6% in 2018, higher than the 1.9% seen in 2017, thanks to the recovery in some sectors of activity, such as agriculture, the agri-food industry and tourism, mainly.

Inflation was 7.4%, above the 5.3% of 2017, impacted mainly by the depreciation of the TND against the EUR, which was around 15% in 2018. At the end of the year it was trading at 3.4 TND/EUR.

In 2019, the expected growth rate is 2.9% and the inflation rate around 7%.

The improvement of the local market and an increase in prices allow the growth of the results



Société Tuniso Andalouse de Ciment Blanc "SOTACIB"

Located in Tunisia, SOTACIB has a factory situated in the city of Feriana, near the border with Algeria, which is dedicated to the production and sale of white cement. SOTACIB sells its products in the region (Tunisia, Algeria and Libya) and also exports to Europe and the rest of Africa.

The sales prices in the domestic market remained controlled by the Ministry of Commerce during the financial year 2018. In February 2018 a price increase of 5% was granted. For its part, the cost of energy, gas and electricity increased significantly in the middle of 2018.

Sales of white cement have decreased by 20.7% in total. Domestic sales have fallen by 3.6% impacted by a strike at the factory, in addition to the slowdown in construction in Tunisia, as a result of the economic and political situation.

Exports, in turn, have decreased by 30% compared to 2017, mainly affected by the import blockade in the Algerian market.

The total investment made by the company in 2018 came to 0.6 million euros, mainly in maintenance of plants.

As a result of all the above, income has decreased 22.5% in 2018 compared to the previous year, coming to 25 million euros.

An important process of reduction of fixed costs was completed in 2018, the result of which will contribute notably from 2019 onwards according to forecasts.

EBITDA, on the other hand, has fallen by 9.5%, to 2.7 million euros, despite a very good industrial performance and a reduction in fixed costs.



Thousands of euros

SOTACIB	2014	2015	2016	2017	2018
Assets	83,078	86,236	77,916	55,931	52,244
Own Funds	34,280	36,720	31,793	20,777	16,504
Sales	35,958	36,237	35,278	32,425	25,126
EBITDA	2,159	258	4,766	2,954	2,673
Net profit	-4,875	-7,242	-2,901	-4,619	-1,841

Data corresponding to 100% of the Investee company

SOTACIB Kairouan

SOTACIB Kairouan has a grey cement factory in the municipality of Jebel Rouissat (Kairouan, Tunisia), which became operational in early 2012.

Total sales for SOTACIB KAIROUAN have increased by 7.7% in 2018 compared to fiscal year 2017, thanks to the 7.5% growth in sales in the local market.

Of note is the recovery of the export market in Libya and the start of clinker exports by ship. Both operations have contributed to the remarkable improvement in the results.

Also of note is that the annual average price for the whole year has increased by 24.5% compared to 2017. While export prices have decreased by 2.7% compared to 2017, the total average price was 19.1% higher than in 2017.

EBITDA has increased by 34.5% in 2018 compared to 2017, coming to 12 million euros. Income has increased by 8.3% in 2018 compared to the previous year, totalling 49.3 million euros.

The total investment made in 2018 amounted to 0.5 million euros, mainly for the maintenance of the plant.



Thousands of euros

SOTACIB KAIROUAN	2014	2015	2016	2017	2018
Assets	198,234	203,807	178,615	137,043	128,570
Own Funds	77,087	83,925	74,834	56,475	55,310
Sales	52,673	57,041	47,797	45,560	49,328
EBITDA	18,940	13,739	11,249	9,019	12,135
Net profit	776	-3,636	-4,435	-3,141	1,309

Data corresponding to 100% of the Investee company



BOLIVIA

The year 2018 was characterized by a complex global economic context for Latin America.

According to data provided by ECLAC (the United Nations Economic Commission for Latin America and the Caribbean), the region closed with a growth of 1.3% (estimate to October 2018), while the growth of the world economy was estimated at 3.2%.

Faced with the uneven panorama of growth in the region (Argentina decreased by more than 2% and Brazil by 1.4%), Bolivia presents a more encouraging picture, with a year-on-year increase

of 4.7% GDP, mainly as a result of better prices for commodities, a good agricultural performance and public investments.

As for the construction sector, there has been a decrease in demand for cement in Bolivia (-1%, compared to 2017), which has had the greatest impact on our main market, the department of Santa Cruz (-2.2%).

The value of the currency against the euro showed an appreciation of 3.8% in the year. At the end of the year it was trading at 7.9 BOB/EUR.



Itacamba Cemento, S.A.

In a context of market contraction and greater competitiveness on the part of the various players in the industry, Itacamba has maintained a solid strategy of growth and market diversification, both in the domestically and for exports.

As a result, during 2018, we have managed to sell 42% more in the national market than in 2017.

Likewise, sales have grown significantly in the departments of Cochabamba, La Paz, Beni and Tarija. The decrease in cement demand has prompted a search for export opportunities: 78,000 tonnes of clinker and 9,000 tonnes of bagged cement. We are the only cement company in Bolivia that currently exports.

Improvements in volume and costs offset the decrease in sales prices

On the other hand, the operating performance of the Yacuses plant was optimal. We have reduced thermal consumption by 15 kcal/kg of cement in relation to the previous year and the kiln remained stable after having made its first big stop for a refractory change.

We achieved new records for the company's operation during this period: cement and clinker production, monthly and daily dispatches, bagged cement sales, and continuous kiln operation time, among others.

In the field of institutional relations, a relationship plan with public and private institutions was completed, with the purpose of making our company transparent.



Thousands of euros

ITACAMBA	2014	2015	2016	2017	2018
Assets	57,524	120,511	218,928	181,821	183,735
Own Funds	28,455	83,559	85,639	70,142	66,603
Sales	6,799	22,065	30,409	55,890	67,961
EBITDA	940	1,947	1,504	8,875	11,104
Net profit	667	1,616	1,718	-5,970	-5,559

Data corresponding to 100% of the Investee company

COLOMBIA

Colombia has many natural resources such as coal, oil, natural gas, iron ore, nickel and gold. Due to the climate and the topography of the country, agriculture is very broad and diversified. Industry represents around 40% of GDP; the main industries in Colombia are textiles, chemical products, metallurgy, cement, cardboard containers, plastic resins and beverages. But the main economic sector in Colombia is the services sector, which accounts for more than half of the GDP and employs around 60% of the active population.

During the third quarter of 2018, GDP growth in Colombia stood at 2.7%, which would represent

an acceleration of 0.9% compared to the growth of 2017, which was 1.8%. In any case, the economy continues to grow below its potential, which is estimated at 3.5%. The construction sector grew by 1.8%, led by buildings, both residential and non-residential.

With respect to inflation, the Central Bank considers that in 2018 the rate would close at 3.2%, a little below the rate recorded in the year 2017, which was 4.1%.

The value of the currency against the euro showed an depreciation of 3.9% in the year. At the end of the year it was trading at 3,718 COP/EUR.



Empresa Colombiana de Cementos, S.A.S./Insumos y Agregados de Colombia S.A.S.

Cementos Molins signed, on September 30, 2015, an agreement with the Colombian Corona group for the construction of a cement production plant in the municipality of Sonsón in Antioquia, Colombia. The plant, with a production capacity of 1,350,000 tonnes per year, is scheduled to start up in the third quarter of 2019. It will be equipped with the most modern technology, including vertical grinding of crude, clinkerization with vertical grinding of coal, vertical grinding of cement and cement dispatch, both in bulk and in bags.

To this end, in October 2015 were established the companies Empresa Colombiana de Cementos SAS (Ecoceamentos SAS) and Insumos y Agregados de Colombia SAS (Iacol Agregados SAS). Cemolins Internacional, SLU subscribed for 50% of the shares of both companies at the time of the incorporation and capital increase.

In 2016, the necessary permits were obtained, the construction contract for the factory was closed with OHL for 239 million USD and local financing found for the investment, which allowed the construction project to begin in December of that year.

The estimated investment is 370 million USD, of which 285 million USD corresponds to the technical investment and the rest to other expenses (land, financial expenses, etc.).

To date, the engineering design has been carried out, equipment and materials have been purchased, and earthworks, civil works, and metal structure manufacture have been completed. The mechanical assembly is already at an advanced stage and the refractory assembly and electrical assembly have been started.

In the second part of 2019
the construction of the
factory will be completed
and operations will begin

The project includes other works such as control room, technical building, access roads, IT, workshop, spare parts, laboratory, etc. which are in the execution and purchase phase.

Ecocementos, in parallel to the construction of the new factory, is designing its operations, administrative and commercial structure, already incorporating key positions in the Company. Market analysis has been completed and a study on the positioning of the brand has been developed.



Tax contribution

The companies owned by Cementos Molins play a part in the progress and socioeconomic development of the countries in which they have a presence, for which they make different contributions. Our commitment is demonstrated with the payment of taxes to the Public Administrations of the different countries in which we operate.

The Board of Directors of Cementos Molins has the power to determine the fiscal strategy, the control policy and management of fiscal risks, as well as supervise the internal information systems and their control. To this end, Cementos Molins has a Corporate Fiscal Policy whose purpose is mainly aimed at ensuring compliance with tax regulations

in the jurisdictions in which it operates, in the interest of the company.

The principles of control and management of fiscal risks that are part of the fiscal strategy of Cementos Molins aim to protect decision-making in order to maintain fiscal risk at the lowest possible level.

In accordance with these principles and the recommendations of the Code of Good Tax Practices, Cementos Molins does not use opaque structures intended for tax evasion or to hide relevant information from public administrations, nor does it hold any share in companies resident in tax havens.

Our contribution in terms of income tax for the year 2018 is summarized below:

Thousands of euros

2018	Spain	Argentina	Uruguay	Mexico	Bangladesh	Tunisia	Bolivia
Profit before tax	113,493	68,267	20,866	269,061	18,567	-282	-4,284
Income tax paid	6,245	13,021	2,672	86,658	6,367	--	--

The data correspond to 100% of the companies represented by the country, independently of the consolidation criteria in the annual accounts.

The profit before Spanish taxes includes 76.9 million euros of dividends received from the subsidiaries abroad. No significant public subsidies were received

during the year 2018, except in Tunisia for the updating of production facilities at the Feriana factory, amounting to 570,000 euros.

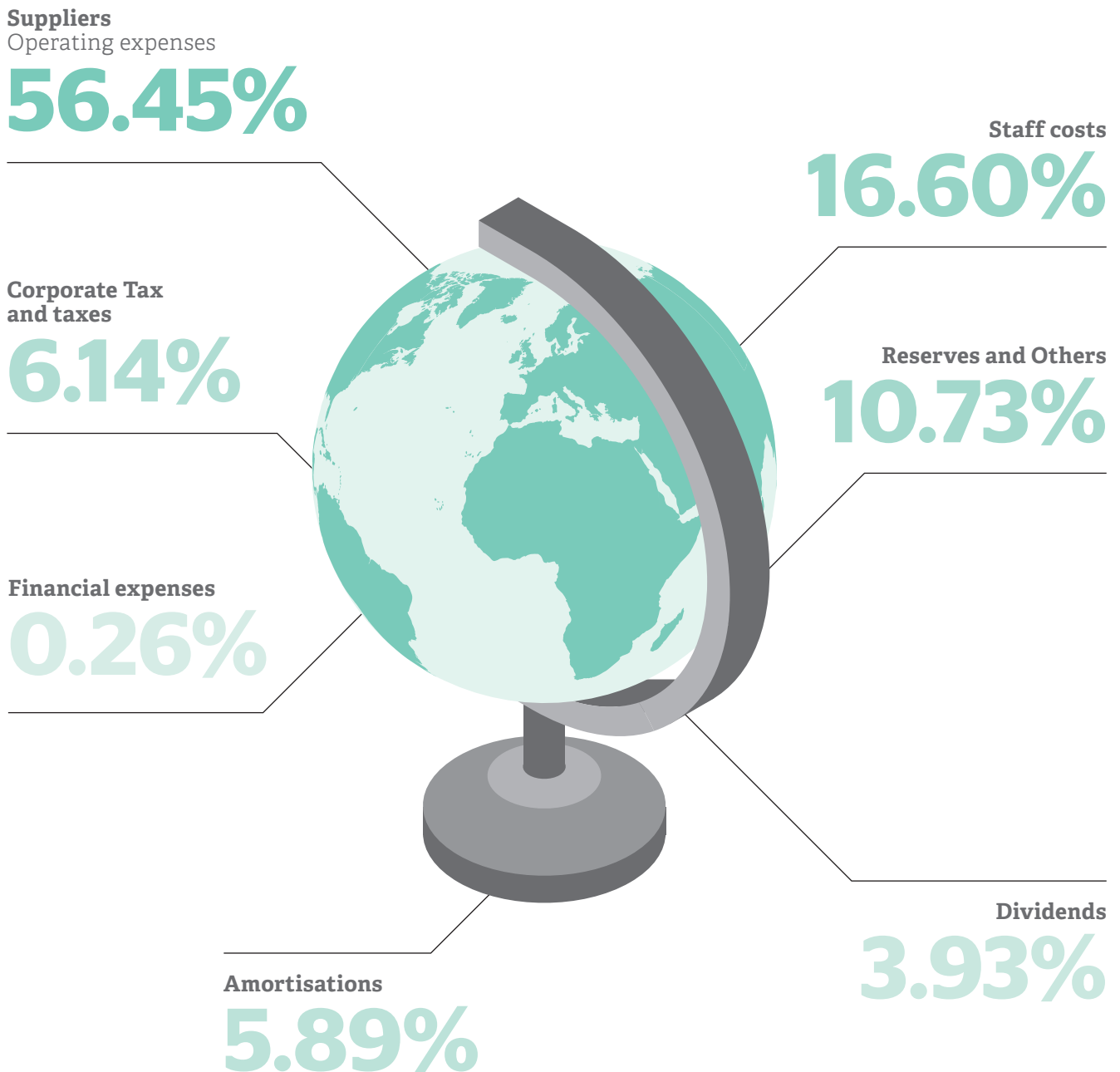


State of Added Value

The State of Added Value shows the information in the profit and loss account divided up by groups of interest, and allows the quantification of the percentage of economic value generated by

the activities of the organization which has been distributed among them. During 2018, 83.4% of the economic value created was distributed among the stakeholders.

The amount of generated value is 672,624,000 euros, which are distributed as follows:



Quality of service and relationship with customers

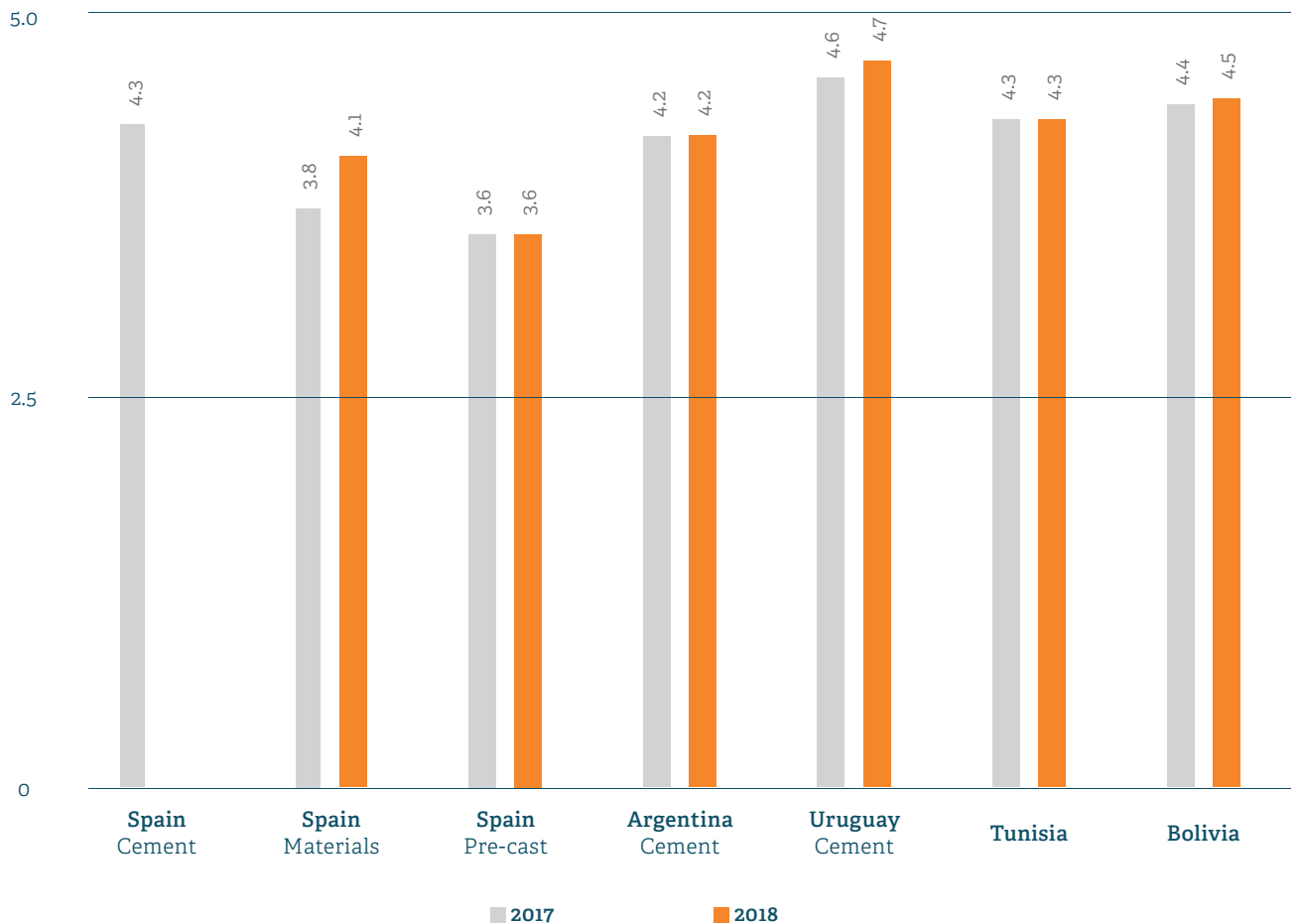
The quality policy of the Group, approved in 2017, sets out the principles related with the provision of services, which covers from legal compliance to the satisfaction of expectations on the part of Stakeholders as well as establishing a continuous improvement cycle in terms of quality management.

A total of 66 facilities from all countries except Colombia have a certified quality management system according to standard ISO 9001, which entails

developing continuous improvement plans related with the identified significant aspects.

Likewise, customer communication channels have been established that seek to compile their expectations and assess their degree of satisfaction. Satisfaction surveys at cement operations in Spain are conducted every two years while Mexico, Bangladesh and the concrete operation in Uruguay do not conduct these types of surveys.

Overall degree of customer satisfaction by country and activity



Similarly, all products with legal requirements regarding labelling and certification have them. In total there are 361 products with specific labelling and information requirements and 144 products

certified in 2018 based on quality and safety standards. This year, no sanctions have been received related with the supplying of products or the provision of services.

Research and development

The common denominator of the Cementos Molins Group companies has been to focus the R+D+I policy by endowing them with the right tools to become different and competitive to face the challenges posed by the different markets in the respective countries.

In this area, the Group's companies have focused on improving and enhancing the production processes for manufacturing concrete, increasing the performances of the concretes and innovating and extending the range of products as well as in providing advice and assistance to the customer through specific projects and products manufactured according to their needs.

In this sense, at PROMSA the efforts have been focussed on launching new products on the market, improving the performance of some products in the portfolio, optimising of processes and the sustainability of the operations. New projects have been developed with the aim of increasing the range of PromsaTech and PromsaGreen technological products. Some of these projects have been developed together with suppliers of reference and universities or technology centres.

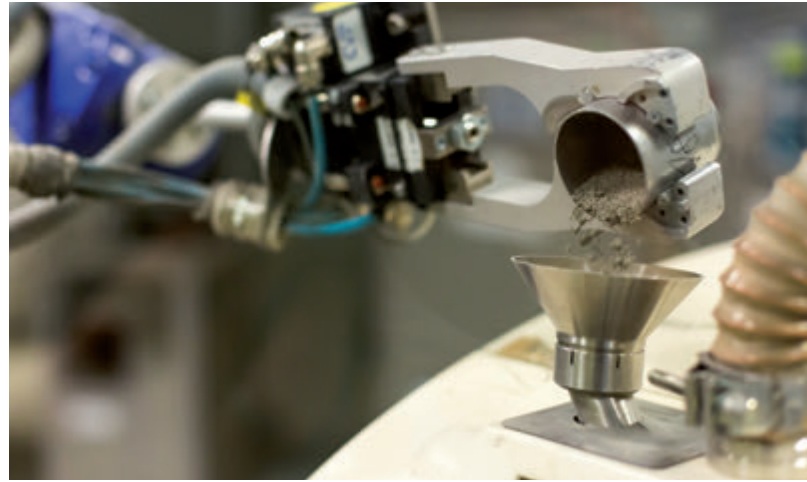
Important projects are being carried out in the digital transformation sector that will continue in 2019, aimed at improving the logistics and traceability of the productive processes for concrete and aggregates.

At PROPAMSA, the most relevant project has been developing the range of adhesives for PAM® ECO-GEL ceramics.

At PRECON, in the railway sector they have developed sleepers for driving on three track widths simultaneously at operating speeds of 160 km/h. Together with AFTRAV, they have also developed the BI-SM type sleeper for high speed track on shingle.

In the construction sector we have developed new structural solutions for roofing with a large open space.

In turn, concretes with a high strength and high elastic modulus for special applications have been developed and in terms of processes, an effective



connection between calculation tools (in-house or external) and the main ERP and BIM technology has been accomplished.

In Argentina, Cementos Avellaneda began producing pozzolans at the end of 2017, by using calcined clay and then grinding it, at the Olavarría plant. After the first runs and adjustments were made, they requested certification of Cemento Portland Compuesto, CPC 40, which was obtained on 16 February 2018.

It is worth mentioning that Cementos Avellaneda is the first company in Argentina to produce a composite cement using pozzolan produced with calcined clay, considered as the most relevant cement in the world. This cement was introduced at the Concrete Technology Congress held in Olavarría.

The Argentine company has established a collaboration protocol for R&D with the Engineering Faculty of Universidad Nacional del Centro in the Province of Buenos Aires, for implementing the 'New Pozzolan Cement with Calcined Clay' project, which was created to develop this new product.

In Uruguay, Cementos Artigas has consolidated the production of composite cements (CPC40), in bag and in bulk, developed in 2017 and has optimised products by conducting studies of new aggregates increasing the addition, increasing the early strength and improving the sustainability of our cement.



Likewise, studies have been completed with a normal portland cement with a High Initial Resistance (HIR), not available in the Uruguayan market, especially recommended for the prefabricated and pre-stressed industry as well as for making adhesives, improving their performance and reducing additives. The first tests with clients have already begun.

On the other hand, we have continued developing formulas for pre-mixed dry mortars and the Perfecto cement pastes have been introduced onto the market to supplement and help commercialise of a new line of adhesives.

The development of mortars for plasters (2 in 1 and 3 in 1) has continued with important advances in terms of application performance.

Finally, the initial feasibility stage has been completed on a project for inorganic collection of CO₂ from gases in the main chimney of the Minas plant. This has been carried out in collaboration with the Chemical Engineering Department of the Engineering Faculty at UDELAR.

Cementos Moctezuma in Mexico has continued working at the concrete laboratory of the cement factory in Tepetzingo and at the Cerritos plant, for the purpose of evaluating the performance of the cement produced in the three plants for use as concrete and detecting areas for improvement. Studies have continued on the cements from the company's three plants as well as from the competition. In turn, analytical and technical support has been provided to clients during evaluations of results of our cement on their products.

Relationship with suppliers and supply chain

The organization's purchasing policy defines some principles linked to the purchasing process such as adherence to the Ethical Code, compliance with current legislation, establishing of long-term relationships, prioritising of local suppliers, and the inclusion of environmental and social considerations in the evaluation processes of suppliers and proposals, among other things.

The general purchasing and contracting terms include compliance with the Ethical Code and are attached to contracts that are drafted or updated. A total of 302 suppliers in Spain have explicitly formalised this commitment by the inclusion of a clause related to the Ethical Code in current contracts.

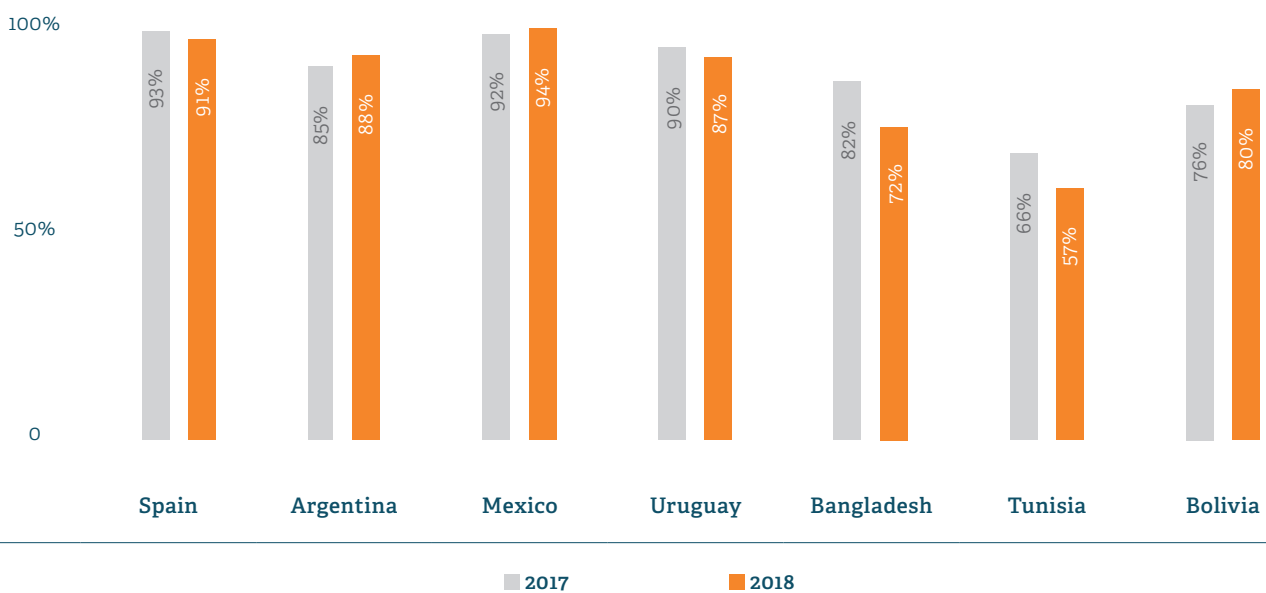
The supplier selection and evaluation procedures are different in each country and we are wor-

king to standardise and align the criteria for all. In 2018 Colombia has made an effort to guarantee a proper environmental, social and quality management on the part of contractors and subcontractors by holding meetings with the managers (aimed at reducing risks) as well as by drafting a document of obligations that the suppliers are to comply with, to be subsequently incorporated into the contracts. Similarly, since 2016 in Mexico they have been holding dialogue sessions with the subcontracted companies where they discuss issues such as health and safety, the supply chain or anti-

corruption policies. The total number of main suppliers this year has come to the figure of 2,547, which is 38.8% less than the previous year. Main suppliers are defined as those that provide 80% of the purchasing volume.

Supplier's adherence to the company's Ethical Code as a condition of purchase

Percentage of local purchases by country



The number of local purchases has decreased by 15.2% compared to the previous year primarily due to the change that has been experienced in Colombia,

linked to the evolution of construction. Overall, purchases from local suppliers represent 73.5% of total purchases made during the year 2018.



Cemento
MOCTEZUMA

Cemento
MOCTEZUMA

SOCIAL PERFORMANCE

Main indicators 2018:

Workforce
at December 31

4,866 **+6.2%**

93.4%

of the workforce with a permanent contract

Turnover ratio

18%

Average hours of training
per person

29.3

Contributions to the
local community (millions €)

1.3

Workforce characterization and quality of employment

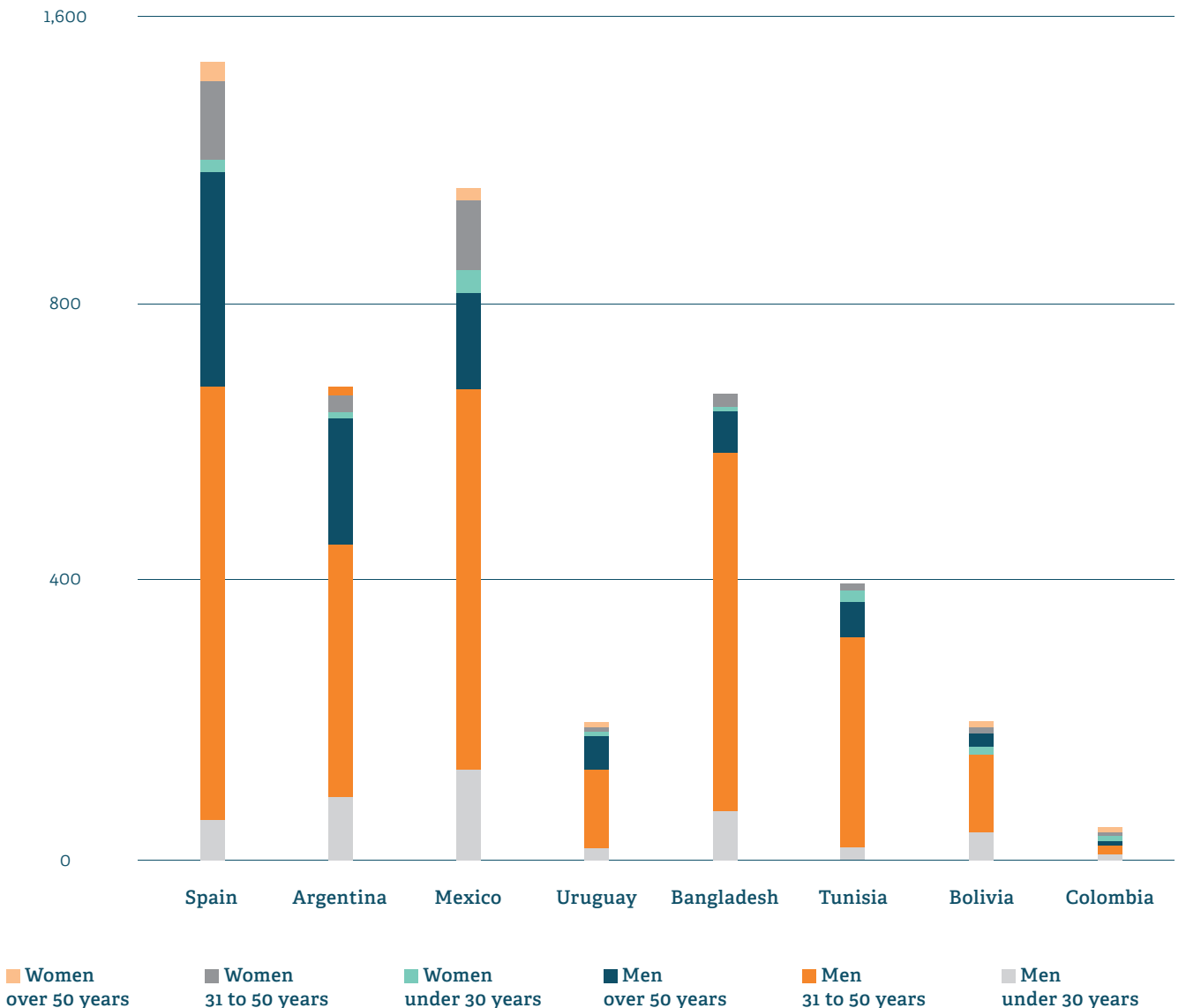
The Human Resources policy of Cementos Molins includes principles of gender equality, non-discrimination based on sex, age, race or religion, respect for rights and legality, and transparency and fairness in personnel recruitment processes.

The workforce as of December 31, 2018 comes to a total of 4,866 workers, which represents an increase of 6.2% compared to 2017, specifically 4.1% more women

and 6.4% more men, due to the increase of workers in Bangladesh, Spain, Argentina and Colombia. The distribution between men and women has remained stable compared to the previous year.

At the end of 2018, 10.3% of employees were women, and 89.7% were men. The equivalent average workforce comes to 4,815.3 equivalent people, 7.1% more than in 2017.

Staff by country, age group and gender



The total number of people with a functional diversity has increased by 13.3% in relation to the previous year. Of the total of 17 people, 15 are in Spain and the others in Tunisia and Bangladesh. Likewise, using the alternative measures recognized in Spain, this group forms a 2.3% representation in aggregate terms for all the subsidiaries of the territory, a value higher than the minimum 2% established by law. On the other hand, the organization has two people from minority groups hired in Bolivia.

98.3% of people in the organization work full-time and 93.4% have a permanent contract, a si-

98,9% of employees came back to their workplace after a parental leave

tuation very similar to that of 2017. All countries share this distribution, except Spain, where the percentage of people with a permanent contract is reduced to 81.2%, as a consequence of the type of hiring in the men's group, linked to the cyclical nature of specific projects of some of the business units in the country.

Likewise, of note is the slightly higher percentage of women (95.2%) who have a permanent contract, compared to men (93.2%). On the other hand, 99.4% of men work full-time, a percentage that stands at 88.5% in the case of women, mainly due to the difference in data in Spain.

Staff as of 31 December according to contract, country and gender

	Permanent contract			Temporary contract		
	Men	Women	Total	Men	Women	Total
Spain	904	159	1,063	227	19	246
Argentina	687	47	734	41	3	44
Mexico	934	161	1,095	-	-	-
Uruguay	195	15	210	-	-	-
Bangladesh	729	25	754	7	-	7
Tunisia	402	27	429	20	-	20
Bolivia	185	35	220	-	1	1
Colombia	32	10	42	-	1	1
Total	4,068	479	4,547	295	24	319

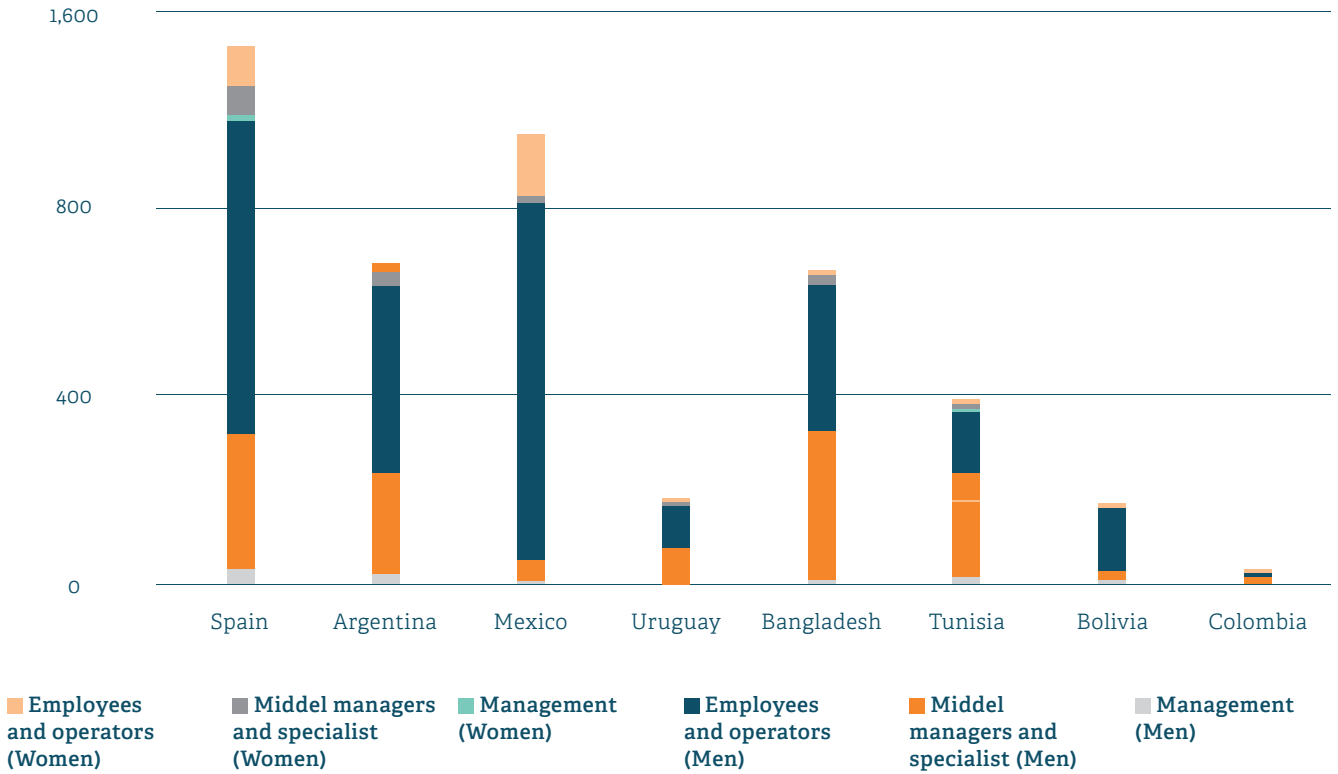
Staff as of 31 December according to employment type, country and gender

	Full time contract			Part-time contract		
	Men	Women	Total	Men	Women	Total
Spain	1,106	121	1,227	25	57	82
Argentina	728	50	778	-	-	-
Mexico	934	161	1,095	-	-	-
Uruguay	195	15	210	-	-	-
Bangladesh	736	25	761	-	-	-
Tunisia	422	27	449	-	-	-
Bolivia	185	35	220	-	1	1
Colombia	32	11	43	-	-	-
Total	4,338	445	4,783	25	58	83

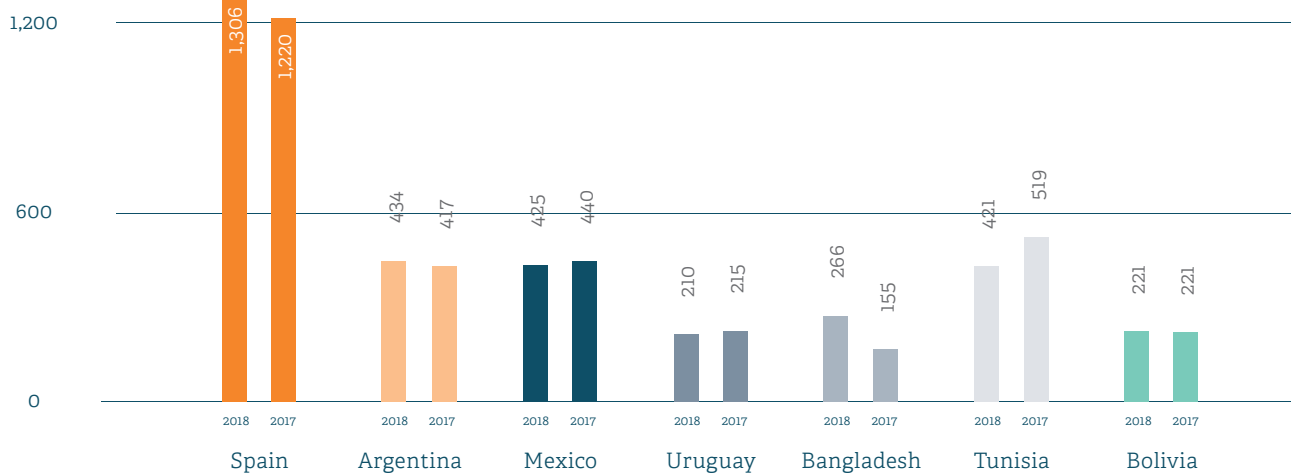
Total staff consists of 65.3% employees and operators, 31.6% middle managers and specialists and 3.1% of management positions. Globally, women represent

7.8% of the total management positions, 11.5% of middle managers and specialists and 9.9% of employees and operators.

Staff by professional category, country and gender



People covered by a collective bargaining agreement by country



Of the total staff in the organization, 67.5% of workers are covered by a collective agreement, specifically 54.7% of women and 68.9% of men. In this regard, the countries with the highest percentage of

workers covered are Uruguay (100%), Bolivia (100%), Spain (99.8%) and Tunisia (93.8%), while those with the lowest coverage are Bangladesh (35%), Mexico (38.8%) and Argentina (55.8%).



During 2018, the collective bargaining agreement for Cementos Molins Industrial (Spain) was negotiated for a period of three years (2018-2020). The collective bargaining agreements establish the labour relations framework for issues related to the organization of work such as salary policies, social

benefits and existing measures related to work-life balance. A total of 68 men and 21 women in Spain, Argentina, Mexico and Uruguay have benefited from parental leave offered by the organization, of which 98.9% returned to their job at the end of their parental leave period.

Remuneration ratio of women compared to men

	Management positions	Middle Management	Specialists	Employees	Operators
Spain	76.2%	99.3%	91.6%	92.9%	101,2%
Argentina	73.0%	96.4%	89.7%	107.4%	*
Mexic	*	95.1%	*	94.4%	76,0%
Uruguay	*	110.2%	88.9%	96.1%	*
Bangladesh	*	101.0%	89.8%	*	*
Tunisia	92.3%	95.2%	99.4%	96.8%	97,4%
Bolivia	*	89.8%	112.9%	91.9%	74,0%

* In the professional categories where the number of women is too low or nonexistent, the remuneration ratio has not been calculated.

The data for Colombia has not been included in the remuneration ratio because it is not comparable with other countries due to the construction project of the new factory. For more information on remuneration, consult the Management Report of 2018 published in the Consolidated Annual Accounts of Cementos Molins.

The turnover rate in 2018 came to 18% (19.3% for men and 17.8% for women), a higher percentage than the previous year, mainly due to the increase in voluntary

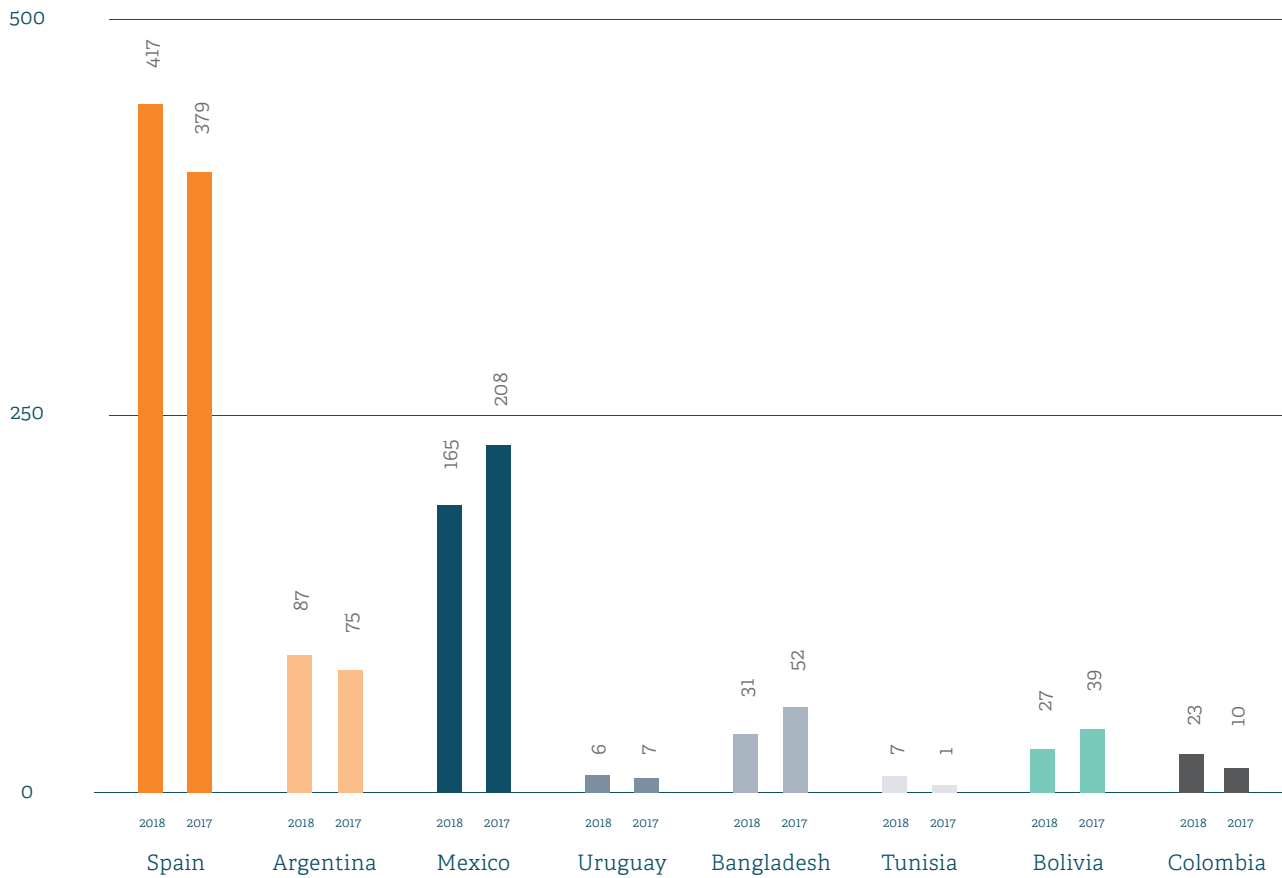
redundancies. Likewise, a total of 763 new hires have been made, 14.2% of them women and the remaining 85.8% men. Specifically, 614 workers and employees, 132 middle managers and specialists and 17 managers have been hired. Spain has been the country that has hired the most people, followed by Mexico and Argentina. Finally, the total number of layoffs came to 148 people, a lower value than the previous year. These were mostly in Mexico due to the closing of concrete plants and the completion of the construction project for a second line at the Apazapan plant.



Turnover of staff by country, professional category and gender

	Management positions		Managers and Specialists		Employees and Operatots		Total by gender	
	Women	Men	Women	Men	Women	Men	Women	Men
Spain	-	2.1%	14.8%	9.9%	16.3%	37.8%	15.2%	28.3%
Argentina	-	6.5%	12.1%	6.5%	7.1%	7.5%	10.0%	7.1%
Mexico	-	13.3%	9.1%	9.1%	25.3%	14.5%	24.8%	14.2%
Uruguay	-	-	-	6.7%	20.0%	4.0%	6.7%	5.1%
Bangladesh	-	63.6%	45.8%	24.5%	-	18.2%	44.0%	22.0%
Tunisia	33.3%	16.7%	46.7%	23.7%	-	11.6%	29.6%	19.2%
Bolivia	-	27.3%	-	12.0%	26.5%	8.1%	25.0%	9.7%
Colombia	-	-	-	-	-	-	9.1%	-
Total	16.7%	12.8%	20.5%	15.5%	20.3%	19.1%	19.3%	17.8%

Total number of new contracts by country



Number of dismissals by country, professional category and gender

	Management positions		Managers and Specialists		Employees and Operatots		Total by gender	
	Women	Men	Women	Men	Women	Men	Women	Men
Spain	-	1	1	9	-	6	1	16
Argentina	-	2	-	6	1	11	1	19
Mexico	-	-	-	3	21	73	21	76
Uruguay	-	-	-	3	1	2	1	5
Bangladesh	-	1	-	1	-	1	-	3
Tunisia	-	-	-	3	-	-	-	3
Bolivia	-	-	-	-	-	1	-	1
Colombia	-	-	1	-	-	-	1	-
Total	-	4	2	25	23	94	25	123

Occupational Health and Safety

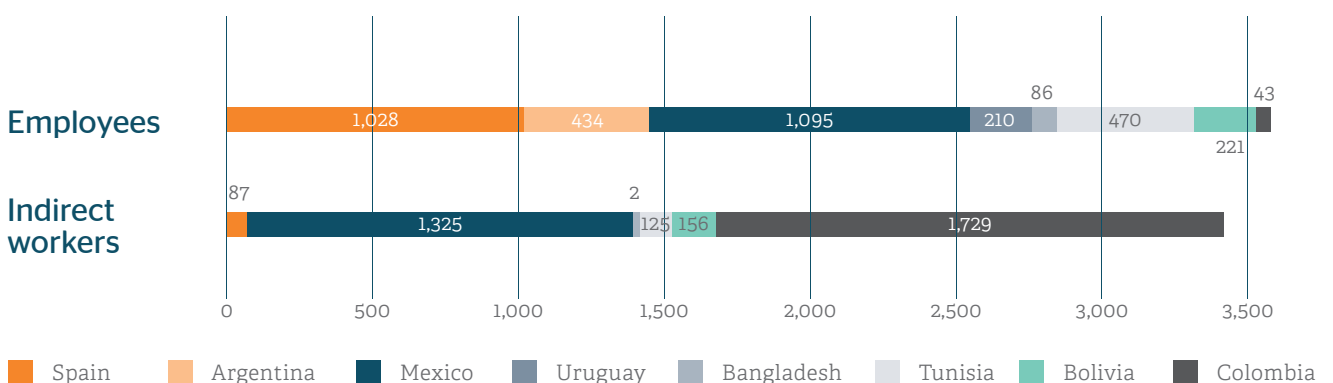
The health and safety policy, available on the corporate website, is applicable to all activities and countries. The policy is comprised of a set of basic principles that includes the detection and management of the possible risks derived from the work activity, internal communication and creating a safe and healthy working environment as well as the compliance with the law and the development of permanent prevention measures.

All activities and countries have procedures and action plans related to the prevention of occupational risks. To do this, the risks related to jobs are analysed (risk for accidents as well as occupational diseases) and the necessary preventive measures are implemented to guarantee occupational health and safety. 73.7% of the immediate workforce and 55.8% of the indirect workforce is covered by a health and safety committee. Likewise, the installations in Mexico have an occupational health and safety management system which is certified by international standard OHSAS 18001.

Finally, it is worth mentioning that several visits have been made in person to the different plants of practically all countries by the corporate occupational health and safety department. These visits have enabled us to adjust next year's action plans to the established objectives as well as conduct nearly all of the training events that were scheduled in the specific occupational health and safety training plans.



Number of workers under a health and safety committee by country





Some of the most noteworthy actions in occupational health and safety have been carried out in the plants of Colombia and Mexico. Colombia, for its part, has implemented a new participatory safety training system in 2018. For 15 minutes daily, all workers partake in workshops, talks or videos with their co-workers, aimed at minimising occupational risks. On the other hand, since 2016 Mexico has been improving safety through the implementation of a technological safety system for filling silos. In 2018 this system has been applied at 7 silos of different plants in the country.

Also, respect for health and safety is taken into account by companies that provide personnel services in Mexico. For this reason, every year since 2016, at least one dialogue session has been held with them to discuss aspects related to occupational health and safety, employer obligations, internal processes in the supply chain, or anti-corruption policies and their complaint channels.

Other countries such as Argentina and Uruguay have also placed emphasis on health and safety training by implementing a quarterly newsletter called 'Comprometidos con la Seguridad' (Committed to Safety). This bulletin, created in 2018, informs

employees and their families about the activities of the company in terms of education and training in Health and Safety. It also includes examples of good practices of works or tasks performed with minimum risks and invites employees to interact with suggestions and comments.

Likewise, Spain has received the Bonus Prevention diploma, awarded by the General Directorate for the Regulation of Social Security, and the Mutua Universal Award, in recognition of the investments that

have been made both in facilities and in processes related to the prevention of occupational risks.

A 30% in employees lost time accidents reduction

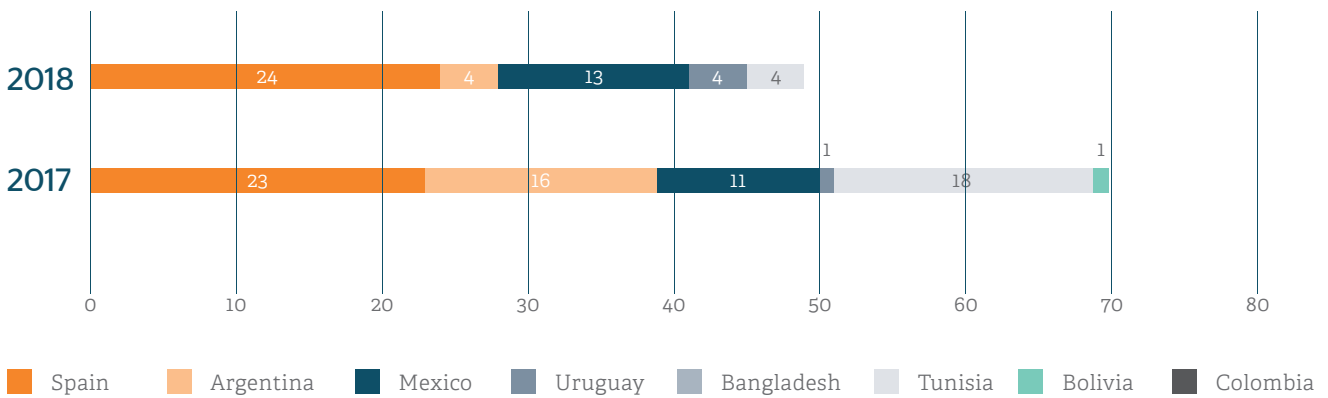
In addition, one of the Spanish plants hosted the presentation of the information campaign on good practices in the safe handling of alternative fuels, carried out by the Cement and Environmental Labour Foundation, in which more than 50 trade union professionals and representatives from the sector participated. Finally, also from 2018 and with the aim of promoting a proper diet and exercise, a health message accompanied by a basket of fruits for each workplace is sent monthly to the employees of the concrete plants in Spain, an investment of more than 4,000 euros per year.

The number of lost time accidents involving immediate staff has been reduced by 30% during the year 2018 with respect to 2017. Specifically, there were a total of 49 accidents, of which none had fatal consequences and only 4 involved women. These accidents were concentrated in Mexico, and this is why the data has been analysed as an aggregate of both genders. The considerable decrease in accidents in Tunisia (77.8%) and Argentina (75%) is noteworthy, as is the achievement of zero accidents

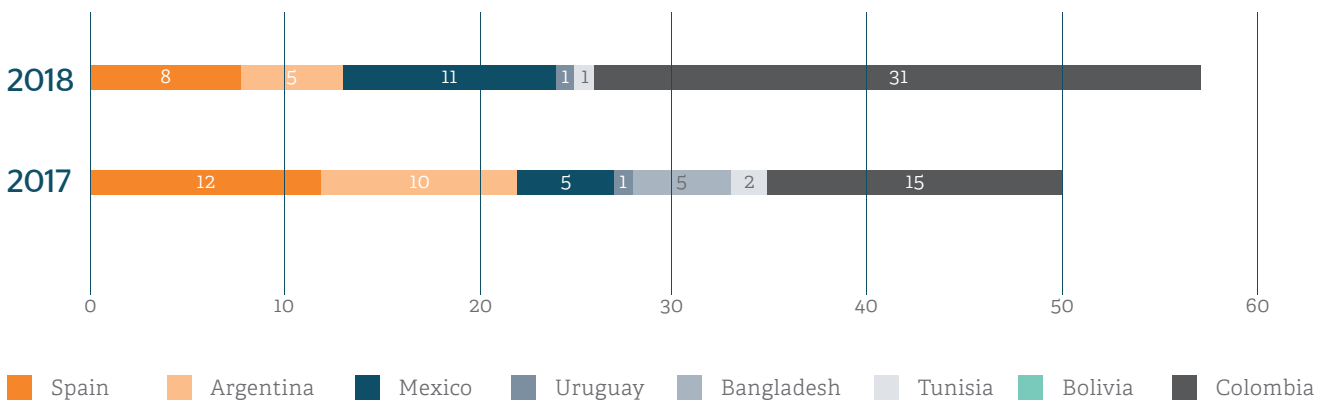
in Bangladesh, Bolivia and Colombia. Spain has the highest number of accidents, followed by Mexico. Both countries constitute a large part of the organization's workforce.

In relation to indirect workers, the number of accidents has increased by 14% compared to 2017, coming to a total of 54 accidents involving men and 3 accidents involving women (2 in Mexico and 1 in Spain), none of them fatal.

Total number of lost time injuries involving employees by country



Total number of lost time injuries involving indirect staff by country



Entrapments, falls on the same level and impacts and cuts have occurred in 82% of the accidents occurring during the year, causing injuries primarily to the hands (entrapment) and lower limbs. The main causes of accidents include manually handling objects and inadequate housekeeping and cleanliness in the workplace. During the year 2018, no professional diseases have been identified in the countries where the activity is being carried out.

At the same time, the accident rates of employees have been reduced compared to the previous year, both the incidence rate and the frequency and severity rates. Specifically, the country with the highest number of lost days of employees was Spain, which made up 43.2% of the total. On the other hand, the total number of hours lost was 2,747.5 and women represented 9.5% of the cases.



Accident rates - Employees

	Incidence rate		Lost Time injury rate		Severity rate	
	2017	2018	2017	2018	2017	2018
Spain	18.9	18.3	11.0	11.5	0.9	0.6
Argentina	21.3	5.1	12.6	2.7	0.7	0.1
Mexico	10.0	11.9	3.7	4.6	0.2	0.2
Uruguay	4.7	19.0	2.0	8.0	0.0	1.0
Bangladesh	0.0	0.0	0.0	0.0	0.0	0.0
Tunisia	33.8	8.9	16.3	4.0	0.6	0.3
Bolivia	4.5	0.0	2.5	0.0	0.0	0.0
Total	15.3	10.1	7.4	4.7	0.4	0.3

In the case of indirect workers, who came to a total of 6,135 people in 2018, the development has been positive for all accident rates primarily

due to an increase in the workforce and working hours, which has been greater than the increase in accidents.

Work-life balance and cohesion

Cementos Molins has an equal opportunity and work-life policy that takes into account aspects such as compensation based on the employee's achievements and competencies, or work-life balance.

In order to encourage cohesion, Tunisia regularly organizes a meeting attended by all workers at all levels to communicate financial results and achievements. This meeting also serves to emphasize, through audiovisual resources, the importance of continuing improvement in risk prevention, and health and safety. In addition, this meeting is also used to strengthen the relationships between employees of different levels through a series of dynamics and games that take place outside. Also in Tunisia, work is being done to offer opportunities to the children of employees, through acts of recognition of good school results and co-financing of summer camps on the coast.

In Spain, some of the measures for cohesion that we have carried out during 2018 include the Family

Day, an open day that on this occasion focused on the commemoration of the 90th anniversary of the founding of Cementos Molins, which was attended by nearly a thousand people, or the celebration of the 30th anniversary of PROMSA. In this last case, all the workers were invited to participate in a team building activity and a subsequent celebratory meal, accompanied by live music.

Also in 2018, with the aim of improving internal communication and transparency, we have restarted PROMSA's quarterly publication, entitled Konkret, which publishes varied and interesting content for all employees.

In the annual PROMSA convention (Spain), which gathers together workers from non-operative positions, various topics were discussed along with their influence on teamwork. The Intercompany Games took place between workers from different sectors and areas of Spain. These are also known as the Solidarity Olympics due to the cost of each re-



gistration being donated to different charities. These sports days have been organized since 2014 and in 2018 they had their largest gathering, specifically 89 attendees.

Also in Spain, we celebrated Safety Week for the first time, under the motto 'You make your health and safety'. The activities proposed for employees focused on the area of care of nutrition, relaxation techniques and confronting stress, and ergonomics, as well as sessions aimed at the prevention of work and domestic accidents.

Finally, in Argentina we periodically organize the 'Our workplace is filled with children' activity – Safety Week, in which the children of employees are invited to identify with their parents' work. This initiative facilitates integration and family participation in recreational activities in the workplace, while involving children in safety, hygiene and environmental policies.

With reference to work-life balance, in Argentina we have been implementing for some years what we call 'Flexible Friday', which allows administrative staff and those not linked to plant production processes to work part-time every Friday during the summer season. In this sense, like Spain, it also offers its workers discounts on products, in addition to providing an annual preventive medical review for employees outside the agreement.

On the other hand, in Spain we have implemented measures aimed at consolidating the actions taken in 2017 such as flexible working hours in terms of when the workday starts and ends, finishing early on Fridays all year long, and the implementation of intensive working hours in the month of August beginning in 2019.

Finally, in Bolivia the company has been recognised as one of the best to work for, with fewer than 250 employees.



Training and development at work



During 2018, all countries have continued with training plans both for technical skills as well as health and safety, and especially offering training in developing leadership skills. We have carried out a review of the talent and a succession plan in the different operations to identify key personnel in the organization and, consequently, have implemented development plans for these employees.

In this regard, in terms of training and professional development, of note is the behaviour in Spain, which since 2017 has identified the people with the greatest potential in the company through information obtained in the performance evaluation, and in 2018 defined a collaborative program with the ESADE business school. Throughout 2019, this program will provide 26 people from Cementos Molins with tools and leadership

skills for team management and the achievement of objectives.

Also in Spain during 2018, and as a result of a participatory process based on group workshops of workers, we have redefined the performance evaluation system that has been carried out since 2017 and in which a total of 264 people participate. The objective is to adapt it to the mission and values of the organization and to continue strengthening the setting of development objectives at work through personalized development plans among employees.

In parallel, in one of the plants in Argentina, since 2017 we have carried out the Annual Training Plan for Maintenance TPM, open to both internal staff and young people in the community, with the aim of improving productivity in the sector and at the

Average number of training hours by country, professional category and gender

	Management positions		Managers and Specialists		Employees and operators		Total	
	Women	Men	Women	Men	Women	Men	Women	Men
Spain	220.2	160.6	42.4	33.6	23.3	15.4	38.3	31.0
Argentina	42.1	33.6	21.3	23.3	11.4	19.2	19.4	21.4
Mexico	-	29.8	29.5	28.0	52.3	41.9	50.5	41.0
Uruguay	-	39.9	22.4	40.0	16.2	29.0	20.3	34.1
Bangladesh	-	6.0	4.2	11.9	-	12.4	4.2	12.1
Tunisia	40.0	37.9	14.1	27.2	13.3	15.9	16.8	23.6
Bolivia	-	150.7	70.0	42.3	18.7	26.4	20.6	37.2
Colombia	-	16.0	-	8.0	16.0	48.0	16.0	22.0
Total	122.5	86.8	29.6	26.3	34.6	26.8	35.1	28.6

same time to develop that knowledge in the community. In addition, during 2018 we have provided training in leadership skills to the Argentine Management Committee. In Bolivia, the open training programmes that were started in 2017 were continued for employees as well as young people in the community. Lastly, in Mexico, training in sustainability has been offered for the first time, through courses on environmental awareness, health and safety, and the environment.

Satisfaction surveys have been completed in the different countries aimed at all workers for the purpose of determining the degree of commitment and involvement of the employees, and to be able to schedule specific actions to improve the level of satisfaction, even though their frequency may vary. The satisfaction survey of Cementos Molins

includes, among those dimensions analysed, performance management, training and development, collaboration, reward and recognition, diversity, safety in the workplace and work-life balance. In Spain, specifically, 83% of the total number of employees participated.

Overall, it should be noted that training hours for the organization in 2018 came to an average of 29.3 per employee, a value lower than that of 2017 due mainly to the change of criteria for the recording of training hours given by Bangladesh. Likewise, the number of employees who have received training in 2018 was 3,981, 81.8% of the total number of employees, a lower percentage than the previous year. The total number of training hours was 116,636, with an investment of 1.26 million euros, 6.5% lower than in the previous year.

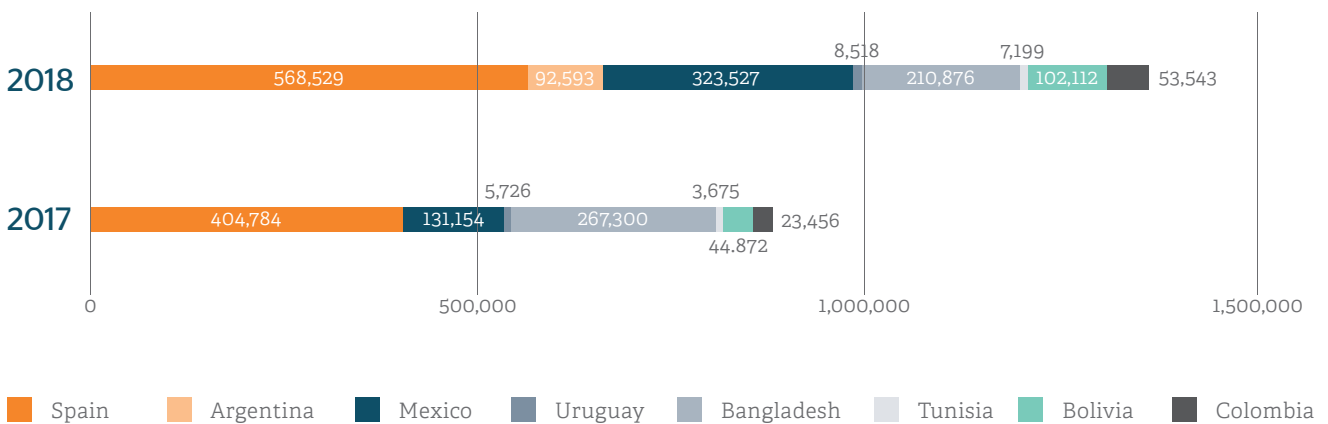
Commitment to local communities and Human Rights

The current respect for Human Rights policy in the organization, which is available on the corporate website, establishes the following core areas: action according to law, respect for people and rejection of discriminatory practices, forced labour and harassment, as well as internal communication and supervision to detect non-compliance.

A total of 29 installations in all the countries have formal action plans with the local community and

in some cases such as in Spain and Colombia, there are specific stakeholders committees developing dynamic participation to make decisions regarding the impact generated by the activity on the local communities. Similarly, participation in local community associations is high and subjects are diverse, ranging from sector specific topics to more general subjects. In 2018, the total contributions made came to 1.3 million euros, which represents a significant increase in relation to the previous year.

Distribution of contributions made by country (euros)



At the corporate level, the projects we have collaborated on are centered on three main priorities: medical research and social healthcare to improve the quality of life of the elderly; care provided to vulnerable youths; and, finally, improving equipment used for social and health purposes. In 2018 a total of 15 collaboration agreements were signed with entities for the purpose of completing projects related with research aimed at early detection of Alzheimer, psycho-social care of people affected by specific diseases and the strengthening of resources for social-labour inclusion of people from the local community.

The social projects that we carried out in Bolivia have received the Paul Harris Prize. Of the more than 20 social projects developed in 2018, those that stand out in relation to the promotion of community health, are the double de-worming and vitamin treatment of 187 schoolchildren, which has managed to improve health and eliminate the clinical symptoms of the parasites, and the free dental care to 252 people in the community. The latter was possible thanks to the financing of a dental group that operated for 10 days, serving people who had never visited a dentist and nearby indigenous communities.



With reference to community training projects, of note are the organization of training courses in basic and advanced masonry, which have been attended by 120 students and which have culminated in the execution of works of community interest, such as stands for the football field, and stages for schools. This application to local life has been very well received by the different neighbourhoods benefiting from it.

To support the development of the local economy and entrepreneurship, we have delivered materials, tools and equipment, as well as training, to various entrepreneurs and professionals in the local community, including professionals in carpentry, beekeeping, butchery and hairdressing, and in some cases they have even become suppliers for the organization.

The development of the community has also been influenced through the financing of various infrastructures in the country. In this regard, ceramics, tiles, frames and doors have been provided for the construction of the bathrooms and dressing rooms of a municipal football stadium, and an agreement has been signed to provide 5,000 bags of cement for the construction of the necessary infrastructures for two schools that will benefit more than 800 children and 50 families in the area. 6,000 bags of cement have also been provided for the paving of roads at the request of the neighbours, thus generating temporary employment and facilitating access to the village.

Again in Bolivia, we have developed several projects around collaboration with the local public adminis-

tration. Among them, of note is the collaboration to co-finance the costs of construction or rehabilitation of social housing for the community. For this, a workshop open to the population was organized in which more than 80 people participated, of which at least 52 will benefit from the project.

Bangladesh has carried out various actions, including the construction and inauguration, in 2018, of a bridge over a canal in the vicinity of the Chhatak cement plant. This construction, which has taken advantage of replaced materials and metal scraps from the conveyor belt, will directly and indirectly benefit more than 10,000 people from three different villages, since it will be easier to access schools, medical centres, offices and markets. The bridge, 32 metres long, 5 metres wide and with pedestrian walkways, will be especially useful in the monsoon season, since the neighbours will no longer have to cross the flooded canal on foot and face the strong currents. It is also predicted that the bridge will be an incentive for trade and agriculture in these remote villages.

Also noteworthy is the construction in 2018 of five wells in villages neighbouring the Bangladesh plant. These wells will benefit approximately 100 families and have been built so that the local community can have access to water for their daily activities.

In Spain we continue to promote specific actions to improve communication and responsible relations with local communities. Some of the measures included in this project are the new agreement in 2018 with

the Sitges City Council, through which 20,000 euros are invested in the community, or the new restoration project of the Garraf quarry started in the summer of 2018, which involves different Stakeholders. An agreement has also been established with the City Council of Sant Vicenç dels Horts to collaborate on the economic, social and environmental development of the municipality, specifically promoting actions in the area of education, training, employment or local economic activity.

Also, in 2018, in Spain we have collaborated with different Special Work Centres and social entities with the aim of providing services and goods (gardening services, preparation of Christmas hampers, clothing packing services, preparation of merchandising material and waste collection and treatment services) while promoting social and occupational integration of people with disabilities or at risk of social exclusion.

Likewise, in Uruguay we have continued with the plan for group visits from schools, universities and other education centres to cement and concrete plants, in addition to participating in the Annual DERES conference 'SDG 2018 – Together for Sustainable Development'. Worth mentioning in Argentina is the quarry observatory 'La Cabañita' in Olavarría, which is visited by educational institutions and links the discovery of fossils and palaeontological remains with stratigraphic layers and the cement production process, along with the continuation of the "Supervised Professional Practice" plan.

In Tunisia we have carried out relationship actions with the local community linked to the planting of trees, as well as the promotion of local cultural traditions. Furthermore, the doors of the Kairouan factory were opened so that young people who participate in the World Scout movement, which prepares them to discover skills and understand responsibilities, could learn about the plant and which, in turn, could continue with the process of integration into Tunisian society and the nearby environment.

For its part, Colombia is also committed to the training and education of communities within the framework of its strategic plan for social management, with special emphasis on the empowerment of women. Specifically, in 2018, the Diploma of Basic Office Automation was taught, and from which 58 people graduated including young people, adults and seniors, along with training for the Technician in Maintenance of Industrial Machinery, where 43 people initially participated, including 13 women. In addition, the company has a specific training classroom inaugurated in 2018, the Jerusalem Training Classroom.

Finally, through the corporate volunteer program it was possible to build, in 2018, a prefabricated house for a family living in extreme poverty in the village of Honduras (Colombia). Also in 2018 the construction of a football field and its facilities was completed for the community of Corregimiento de Israel again in Colombia.





TRAMONTINA

ALMAK

ENVIRONMENTAL PERFORMANCE

Main indicators 2018:

Environmental expenses (million €)

4.3

Environmental investments (million €)

3.1

Energy substitution rate

6.9%

Carbon intensity

596 kg

of CO₂/t equivalent cement

Percentage of waste reused, recycled and recovered

83.5%

Environmental management of the organization

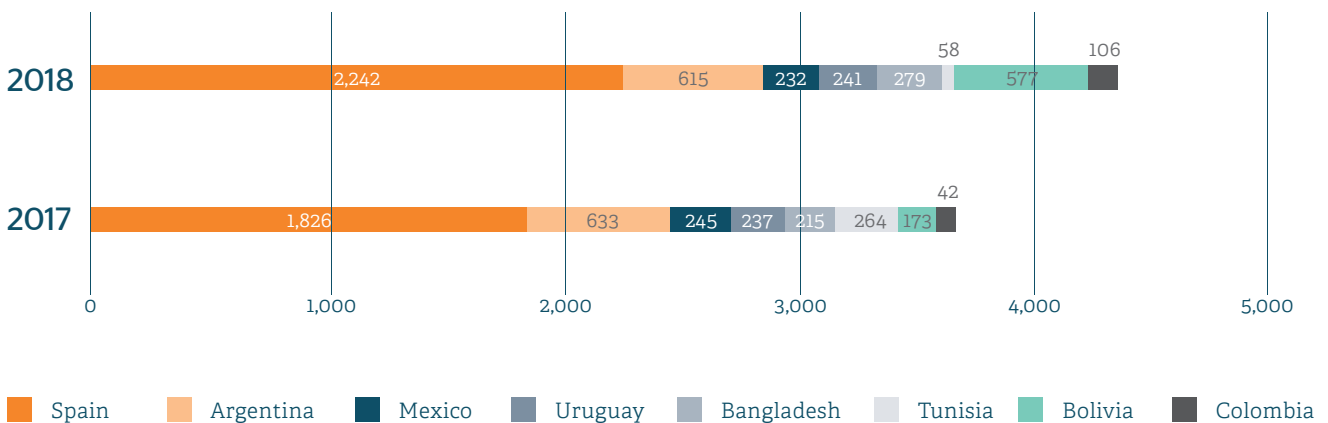
The environmental policy of Cementos Molins, along with Corporate Social Responsibility and the sustainability policy bring together the organization's environmental impact management principles. In addition to complying with current laws, the lines of action of the environmental policy include the evaluation of environmental risk as a precaution; the adoption of measures aimed at minimising environmental impact; the efficient use of resources; the implementation of prevention mechanisms; and the involvement and awareness of the Stakeholders for achieving the objectives set.

A total of 38 installations in Spain, Argentina, Mexico, Uruguay, Bangladesh and Tunisia incorporate a certified environmental management system according to international standard ISO 14001. In cases where a certified system is not available, the management

is carried out following the specific management procedures based on this standard, which allows the periodic monitoring of environmental performance. In 2018, part of the activities in Uruguay and Spain have updated the management system to the latest one listed in 2015. Mexico, for its part, has obtained certification as a clean industry at one of the cement plants as well as the green stamp at three of its concrete plants.

The environmental expenditures are primarily used for managing waste, cleaning, refurbishing, gardening and other maintenance actions. Also included is work related with maintaining the quality of the water (water treatment plant and others) and the air, monitoring and execution of the environmental prevention plans and other related professional services (audits and certifications, and others).

Environmental expenditure by country (in thousands of euros)



Among the investments we have made in Spain we can highlight the following: measures implemented for using alternative fuels (dosing independent of tyres, inlet control systems, laboratory equipment for analysing combustion metals and air inlet cannons to the solid recovered fuel (SRF); the improvement of diffuse emissions (new filters in gypsum and limestone unloading areas and paving at the inlet to the fuels warehouse); the commissioning of two new kiln emission measuring units; the installation of a new cooling tower; modifications to reduce light pollution;

continuation of operations for dismantling old installations; and the installation of a spray canon used for lowering emissions.

The dismantling of the old facilities of the Sant Vicenç dels Horts factory deserves special mention. These facilities include kilns 3, 4 and 5 that were out of use after the start of the new line 6. The project includes 3 stages with a duration of 2 years. All this entails an investment of more than 2 million euros. The action plan prioritizes the safety of the operation, at

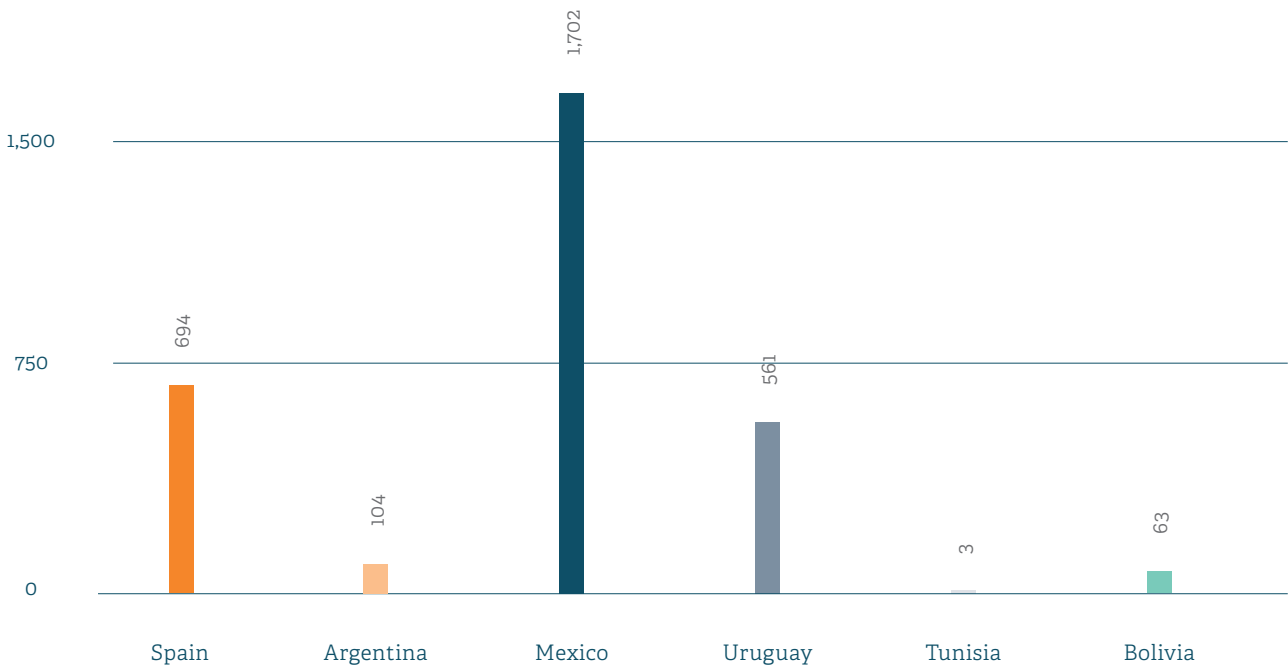
the same time as the mobility of the local population and takes into account the recovery of the 25,000 t of waste generated.

Likewise, in Uruguay we have worked on landscaping reconversion in embankments, in addition to installing a continuous analyser of particulate material and building a sludge deposit. Furthermore, in Argentina, we have taken actions for continuously measu-

ring kiln gases and reforestation, along with the installation of a suction filter and improvement of the additives tank.

Finally, in Mexico we have installed settling ponds in washing areas as well as a safety system in the silos and have also made improvements to the warehouse for waste, and in Tunisia we have built new installations for using alternative fuels.

Environmental investments by country (in thousands of euros)²



² The published data modifies the criteria used so far, which is why the historical data is not included since it is not comparable.

In terms of education and environmental awareness, we have carried out various activities throughout the year. Among them, is the celebration of World Environment Day in Tunis, in which we have presented the various environmental protection measures that have been developed in the plant, with the participation of some twenty students from elementary schools in the area of Kairouan and the regional director of the National Agency for Environmental Protection. In Uruguay we have

continued in 2018 with the plan for group visits from schools, universities and other education centres to cement and concrete plants, transmitting our management systems and corporate values. In addition, we participated in the Annual DERES Conference 'SDG.2018 – Together for Sustainable Development', where we have managed to promote the commitment of all stakeholders to the Sustainable Development approach and the Sustainable Development Goals (SDG).



Climate change

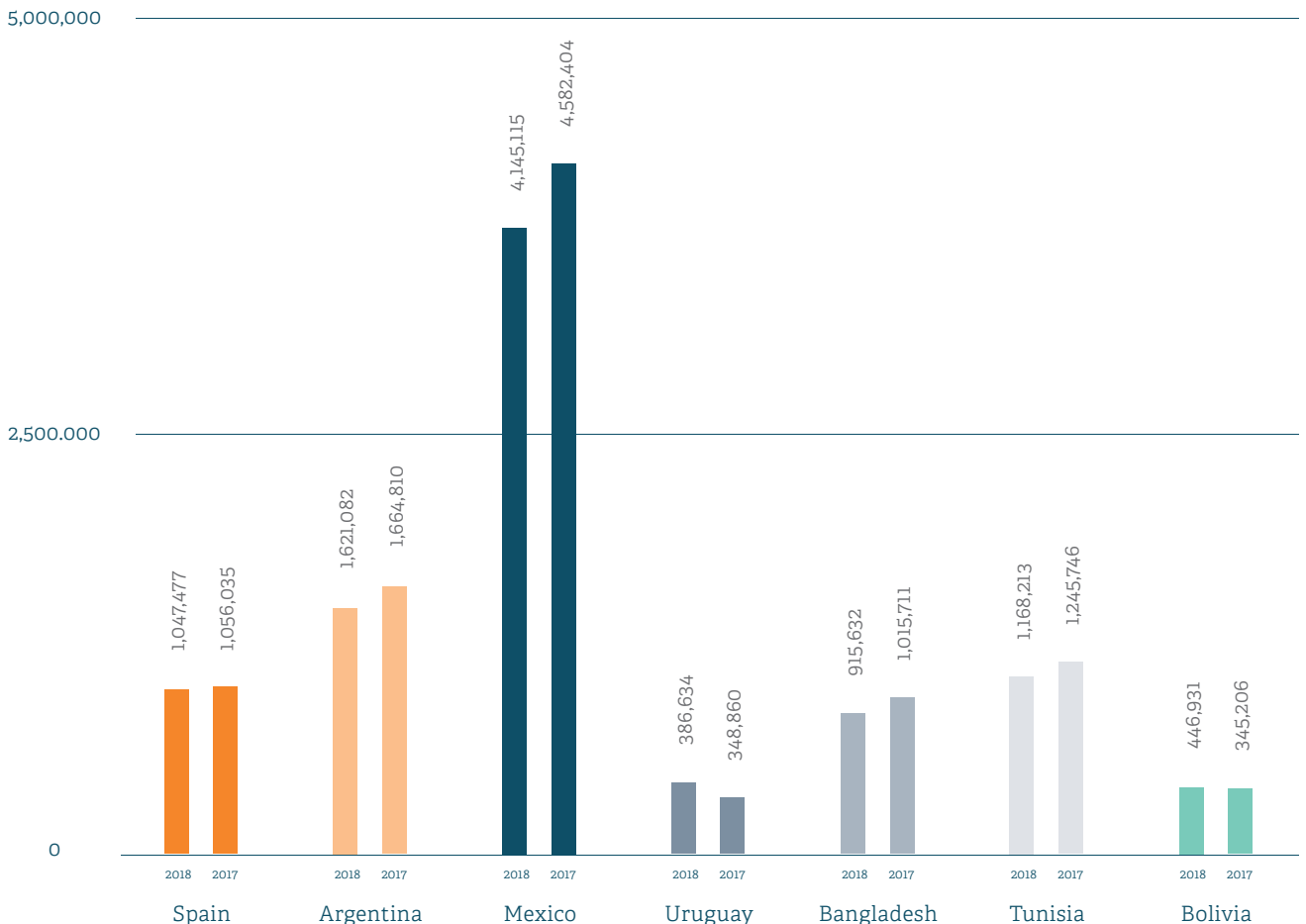
Greenhouse gas emissions constitute one of the most relevant material aspects of the activity of Cementos Molins, mainly linked to the energy consumption that is involved in the production of cement and the emissions associated with the decarbonation process of limestone. It is worth mentioning that a part of the activities of the Group in Spain is subject to a specific regulation linked to the European greenhouse gas emissions market.

The carbon footprint calculation is carried out following the methodology described by the Cement Sustainability Initiative (CSI) promoted by the World Business Council for Sustainable Development (WBCSD). Among other aspects, this metho-

dology defines the emission factors as well as the scope of the emission sources to be included in the calculation. This way, the energy consumptions of all types of sources related with the extraction and production stages of cement have been included in the scope, regardless of the existing type of control.

During 2018, the total CO₂ emissions related to the production of cement came to 9.7 million tonnes, which is a 5.1% reduction compared to the previous year, due mainly to the variation in productive activity. Likewise, the emissions related with the equivalent production of cement have decreased 2.3%, totalling 596 kg of CO₂ per ton of equivalent cement.

Total CO₂ emissions (scopes 1 and 2) of cement production activity by country (tonnes)

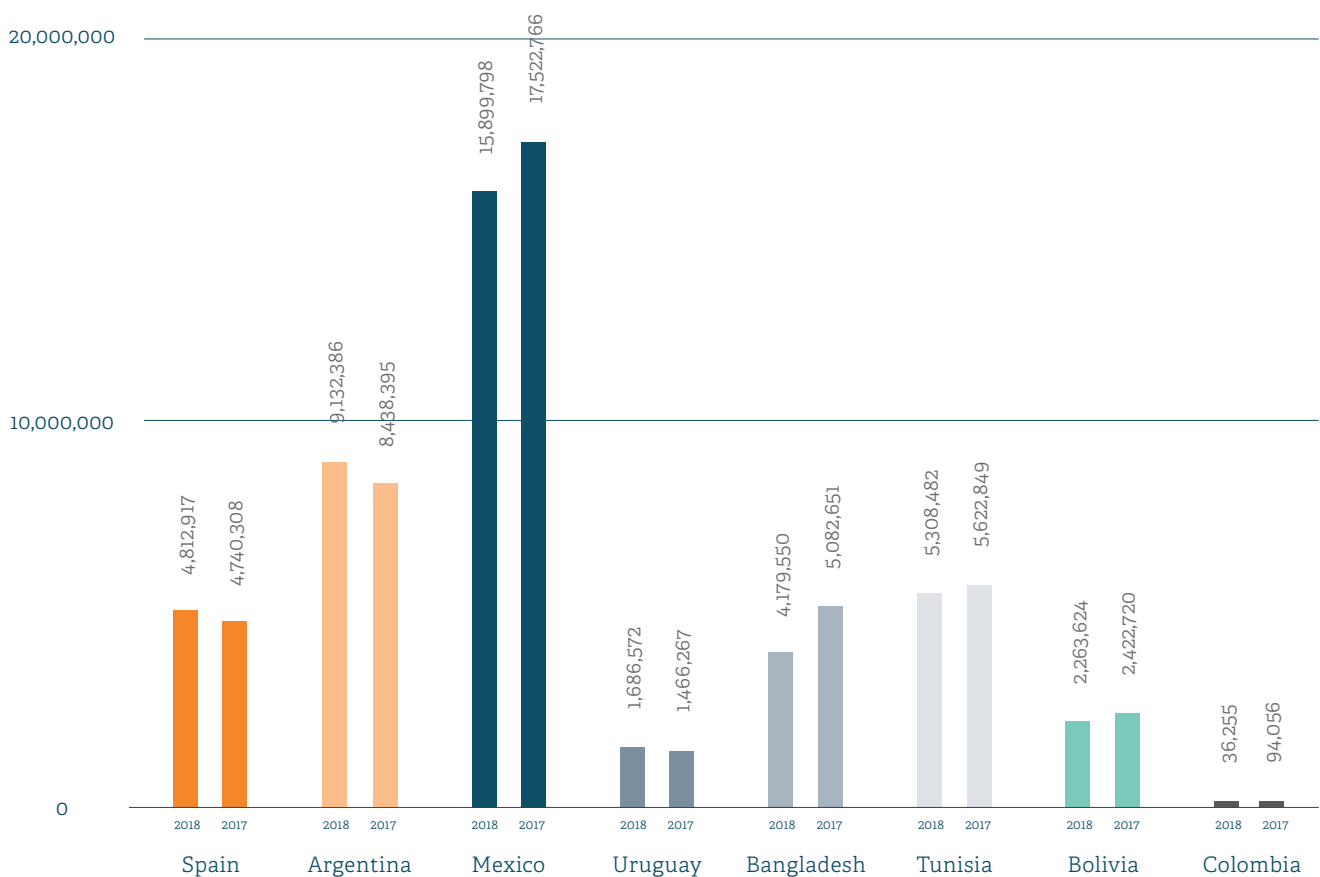




Fuel consumption, which is the primary energy source for the production process came to 43.3 million GJ, which is 4.6% lower than the

previous year, due primarily to variations in Bangladesh and Mexico associated with productive activity.

Fuel consumption by country (GJ)



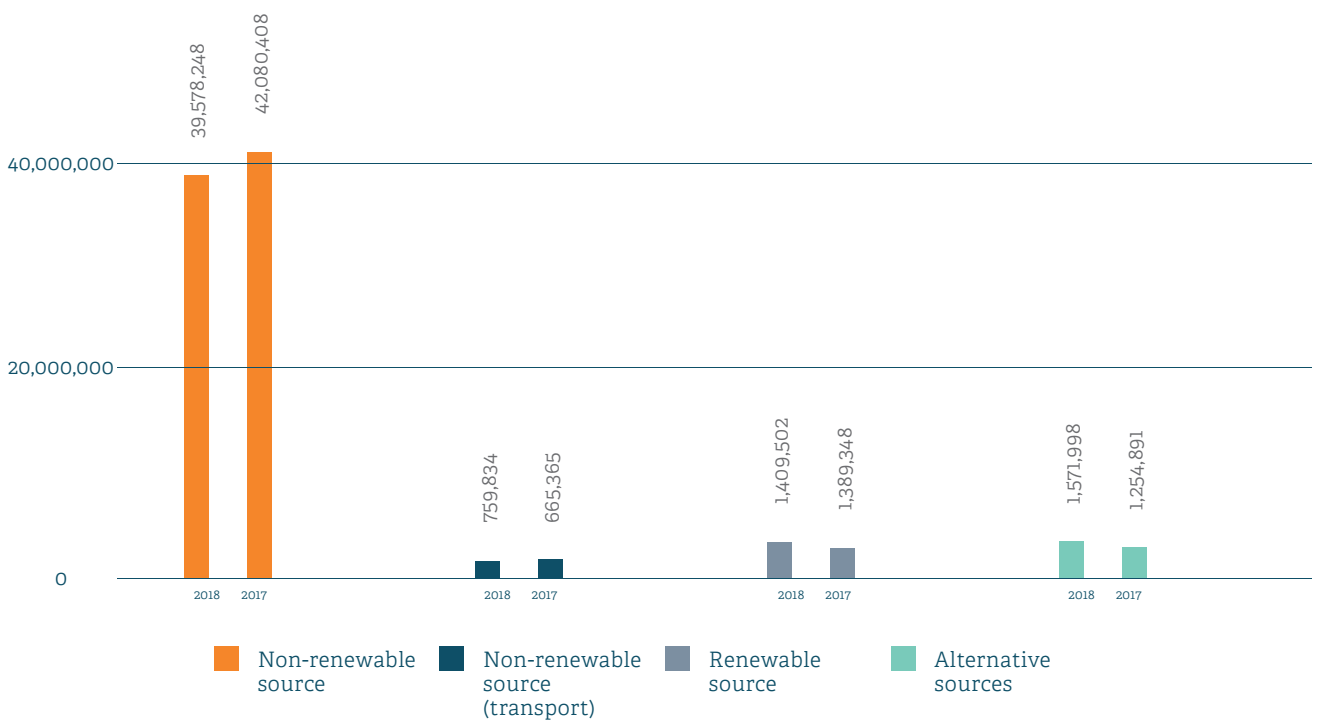
The most used fuels were the following:

- Those of non-renewable origin (natural gas, diesel, kerosene, fuel-oil, petroleum coke, gasoline, coal and anthracite, and liquefied petroleum gas), with 91.4% of the total.
- Fuels of renewable origin (charcoal, organic diapers and agricultural waste, wood and sawdust, biomass,

sewage sludge, and paper and cardboard), which represent 3.3% of the fuels consumed.

- Fuels from alternative sources (various alternative fuels, recovered solid fuel, tyres no longer suitable for vehicles, glycerines and industrial liquid waste) with 3.6%.
- Non-renewable fuels used in transport (diesel and gasoline) with 1.8% of the total.

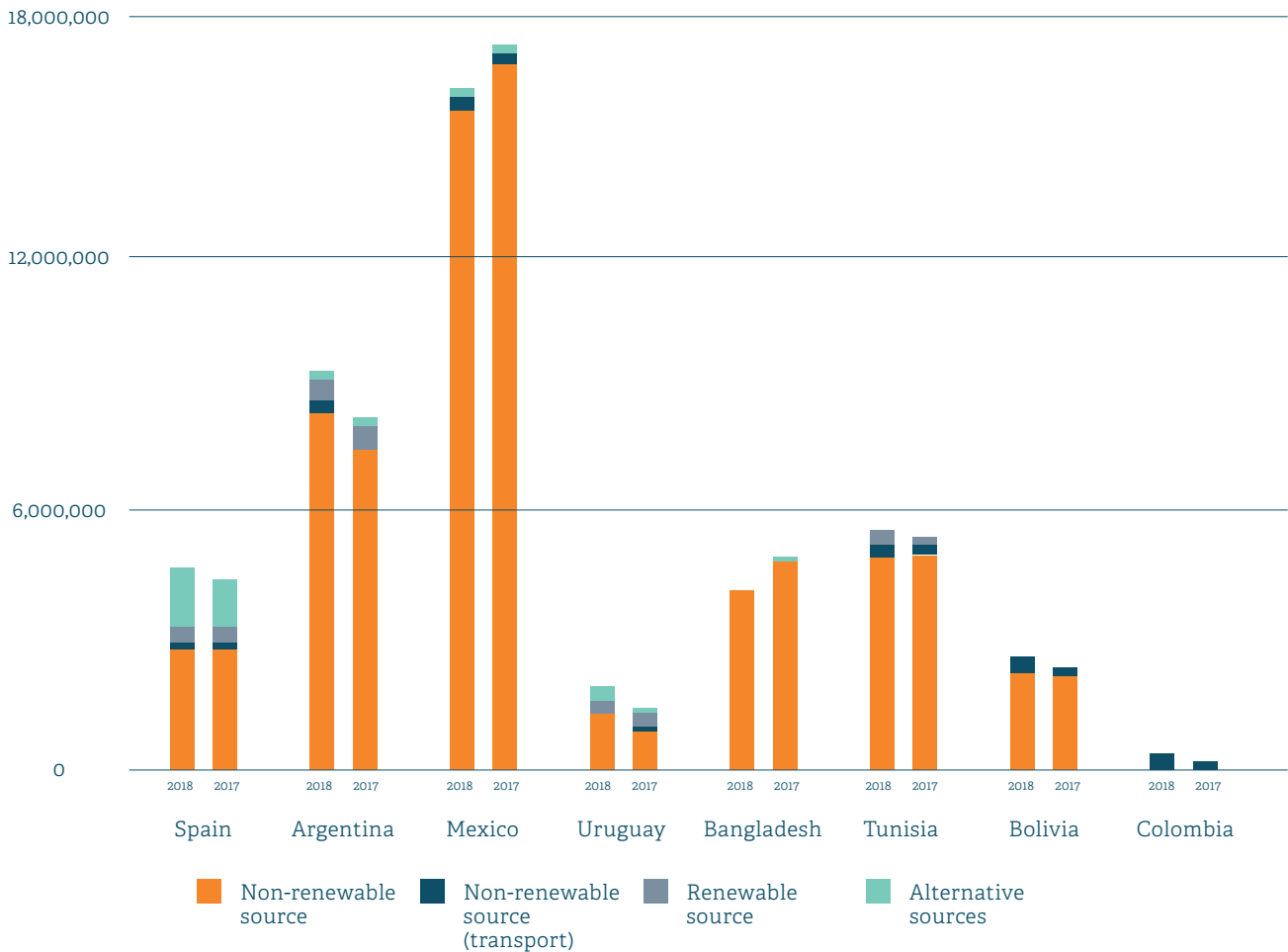
Fuel consumption by source (GJ)



The energy substitution rate, the ratio between fuels from renewable and alternative sources and total fuel consumption, has increased compared to the previous year, standing at 6.9% in global terms. This variation is

mainly due to a decrease of 5.9% in the use of fossil fuels not destined for transport, as well as to an increase of 1.5% in the consumption of those coming from renewable sources and, especially, alternative sources (+25.3%).

Fuel consumption by source and country (GJ)



In Spain we have increased the energy substitution rate to 35.6%, and we have continued to implement specific actions throughout the year.

At one of the plants in Uruguay we have been able to reduce dependency on fuels derived from oil by 10% through substitutes based on energy recovery from waste. Therefore, in 2018 the substitution rate in this country came to 22% thanks to consolidation of the use of scrap tyres as fuel.

Likewise, in Argentina we have been able to stabilise the energy substitution rate at 6.7% thanks to the use of alternative fuels. During 2018, we have carried out tests monitored by the environmental authority for the pur-

pose of obtaining the applicable authorisations for their continuous use.

And in Tunisia we achieved a rate of 5.2% through the use of plant waste from the manufacture of oils.

In Argentina, these actions are included in the roadmap created between the four companies in the Argentine cement sector and the Portland Cement Manufacturer's Association, which defines the strategy to follow as part of the National Plan for Mitigating and Adapting to Climate Change (reviewed with the environmental authorities for the purpose of complying with the commitments assumed by Argentina for 2030 as part of the Paris Agreement). The direct participation of our

organization in this update is worth mentioning through the preparation of the Industrial Sector Plan, that includes a total of twenty measures distributed in four areas: circular economy, energy efficiency, CO₂ capture and renewable energies.

In Bangladesh, we have increased waste storage space, in addition to upgrading the supply installation for alternative fuel, with the aim of being able to maintain the energy substitution trend.

Mexico has a plan to improve clinker reactivity through the use of mineralizers and reduce the percentage of its use in cement production. In this way we can directly affect the CO₂ emissions per tonne of cement produced. In Uruguay, we have implemented an energy management system according to ISO 50.001 as part of a public innovation programme. Also, with public support, we have conducted a research project for developing a CO₂ capture prototype at one of the factories. This is expected to be completed in the next financial year 2019.

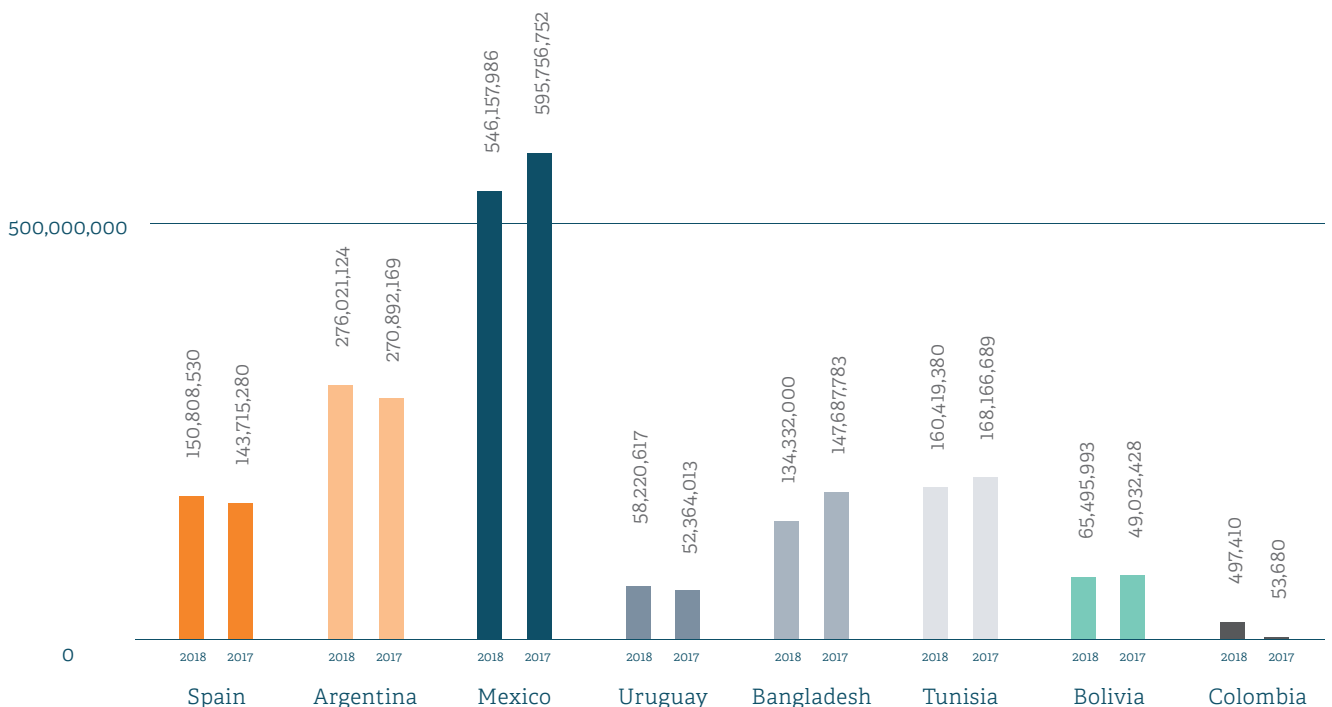
In terms of awareness, also in Uruguay, we have undertaken several activities, workshops and exhibitions aimed at promoting changes in behaviour in order to achieve the national objectives of the Paris Agreement as well as Climate Action and the Sustainable Development Objectives. Likewise, we par-

ticipated in the '11th Latin American and Caribbean Carbon Forum', organized by the Secretariat of the United Nations Framework Convention on Climate Change and the Ministry of Housing, Land Management and the Environment (MVOTMA), together with multilateral organizations. The organization has represented the business/industrial sector, standing out as one of the key players in the implementation of initiatives to reduce carbon footprints. In this same forum, projects related to the use of waste for generating energy and the promotion of energy efficiency have been mentioned, together with the use of alternative materials in the production of cement.

Finally, in Uruguay and Argentina we are part of the Inter-American Cement Federation (FICEM), encompassing the main cement companies of Latin America, and we are participating in the Getting the Numbers Right (GNR) Project; an initiative aimed at providing a homogenized methodology regarding the estimation of CO₂ emissions and energy consumption in the industry for the purpose of developing an inventory for the region.

The total electricity consumption of the organization in 2018 was 1,392 GWh, 2.5% less than in 2017. The reason for this is the reduction of electricity consumption in Mexico, Bangladesh and Tunisia, related to the variation of productive activity.

Electricity consumption by country (kWh)



Circular economy

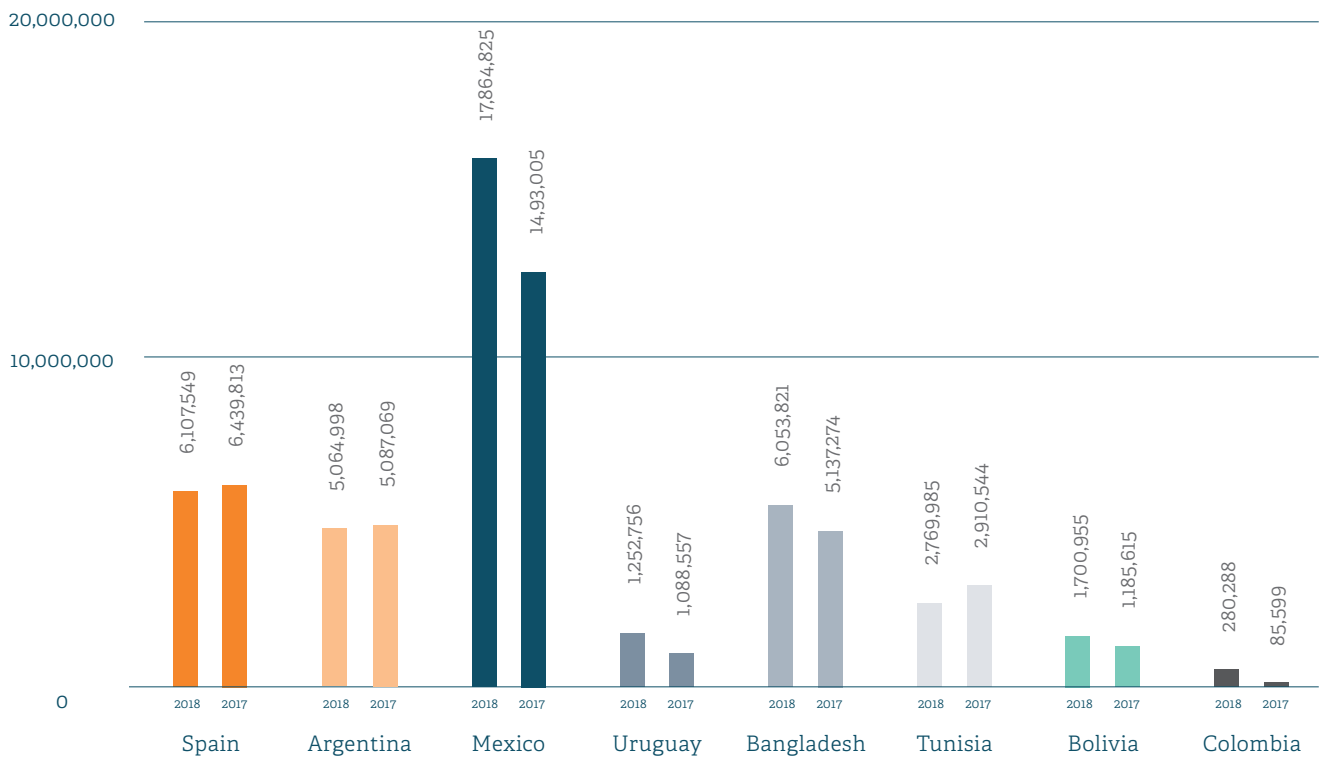
The materials consumed by the activities of the organization include the following:

- Non- natural materials and recycled materials such as slag and steel.
- Natural raw materials such as limestone, aggregates and clay.

- Renewable materials such as pallets and sacks.
- Packaging used for the distribution of the product.

The total of the materials consumed in 2018 reached 41 million tons, which is 13.8% higher than the previous year due primarily to the increases produced in Mexico, Bangladesh and Bolivia.

Material consumption by country (tonnes)



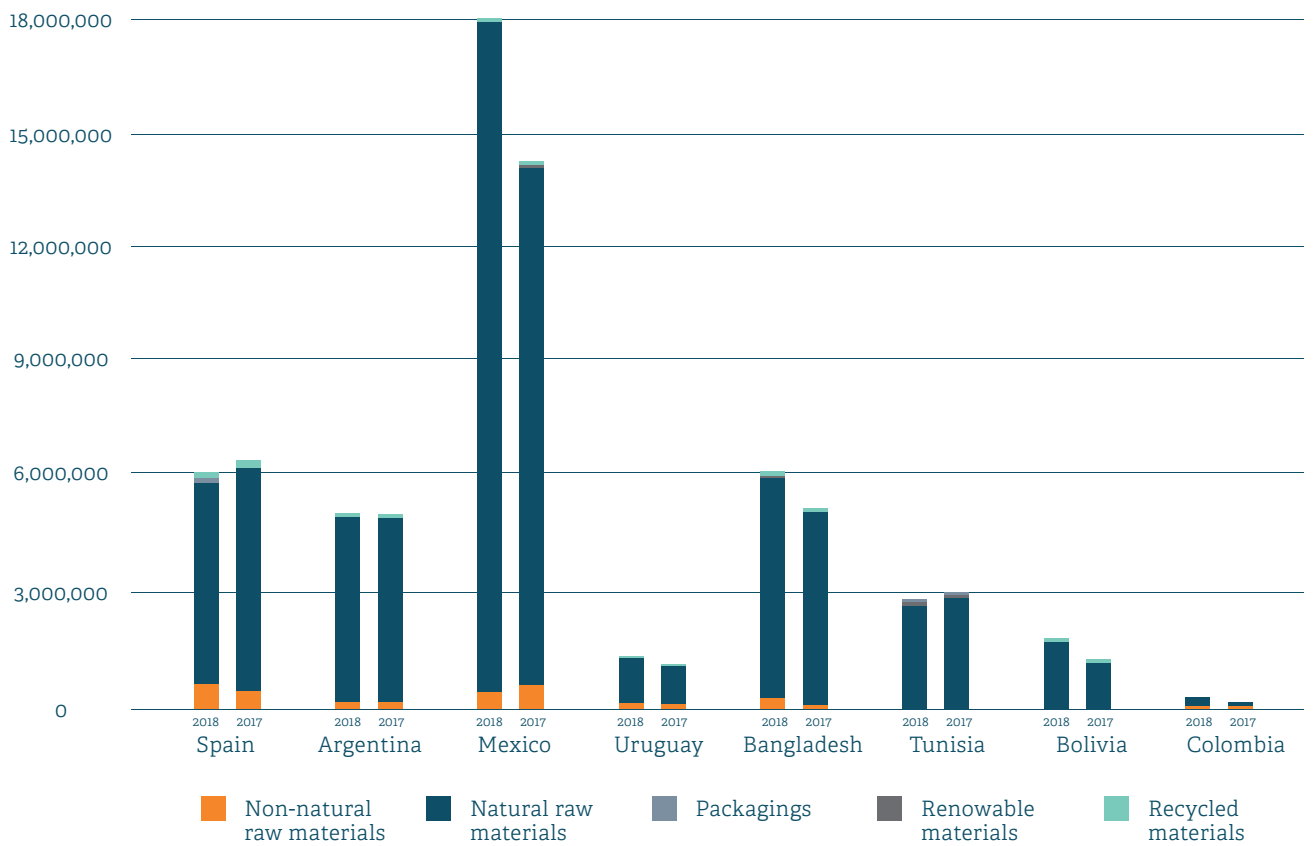
The main materials consumed by the organization are natural raw materials (94.9%), which include limestone, clay or aggregates, among others. Non-natural raw materials account for 3.8% of total material consumption and are composed mainly of cement, ash, slag and steel. The rest are recycled materials (0.9%) such as iron and steel waste, ashes, slag or iron scale, packaging (0.3%) such as plastics and sacks, and renewable materials (0.04%) such as pallets.

In general, in 2018 the use of renewable materials has increased by 15.0% and packaging has been reduced by 26.0% as a result of the reduction in consumption of big bags by Mexico.

However, the use of recycled materials has reduced by 3.3% and the consumption of natural (14.3%) and non-natural raw materials has increased (10.5%) due to the increase in the use of non-recycled ash, clinker and clay.



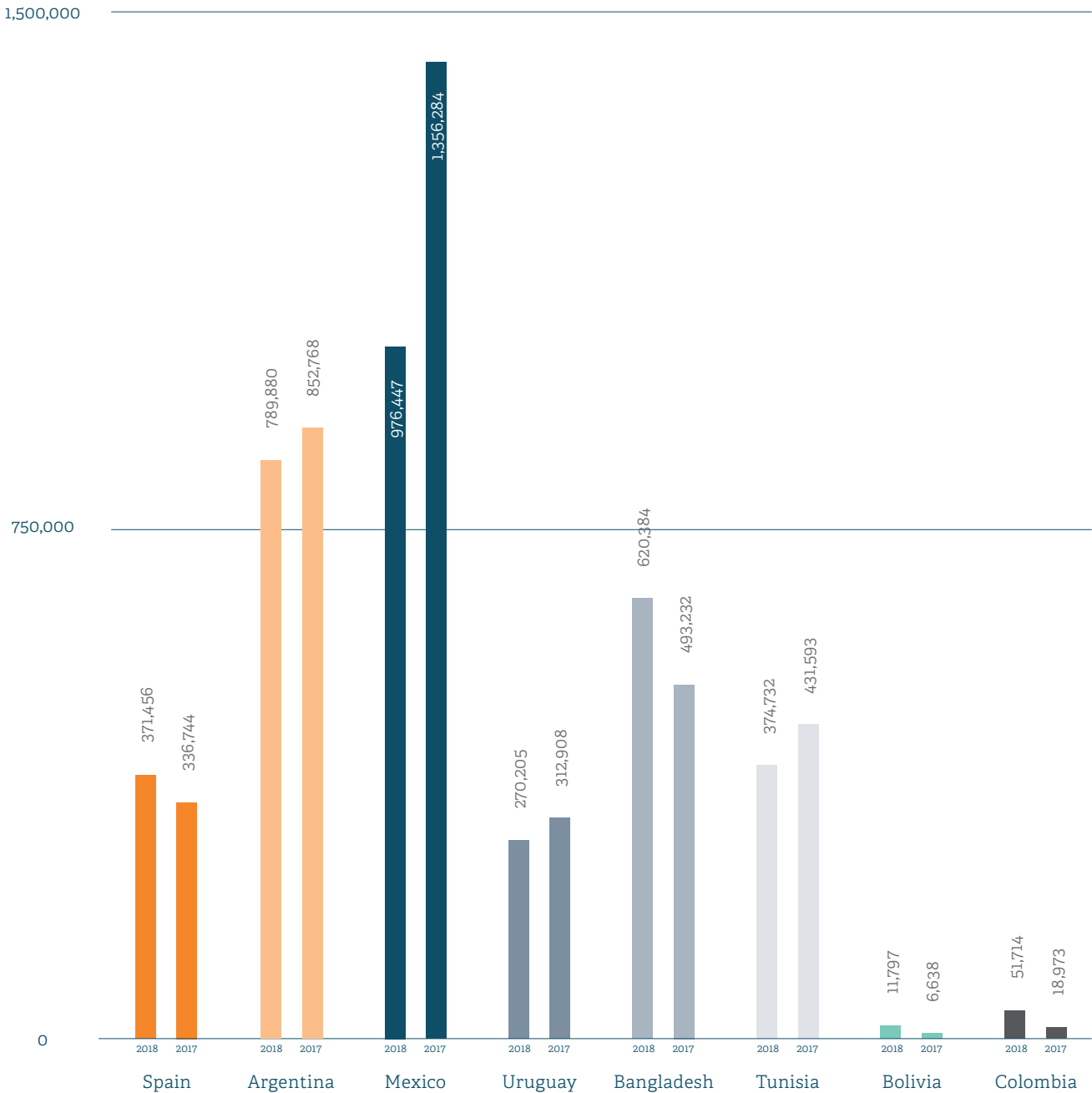
Material consumption in 2018 by country and type of material (tonnes)



The organization's water consumption has been reduced by 9.0% compared to the year 2017 and represents a total of 3.5 million cubic metres. Mexico stands out as the country that has decreased its

water consumption by the most, with a reduction of 28.0%, mainly due to the change of an electro-filter in one of the plants and the installation of settling ponds in washing areas.

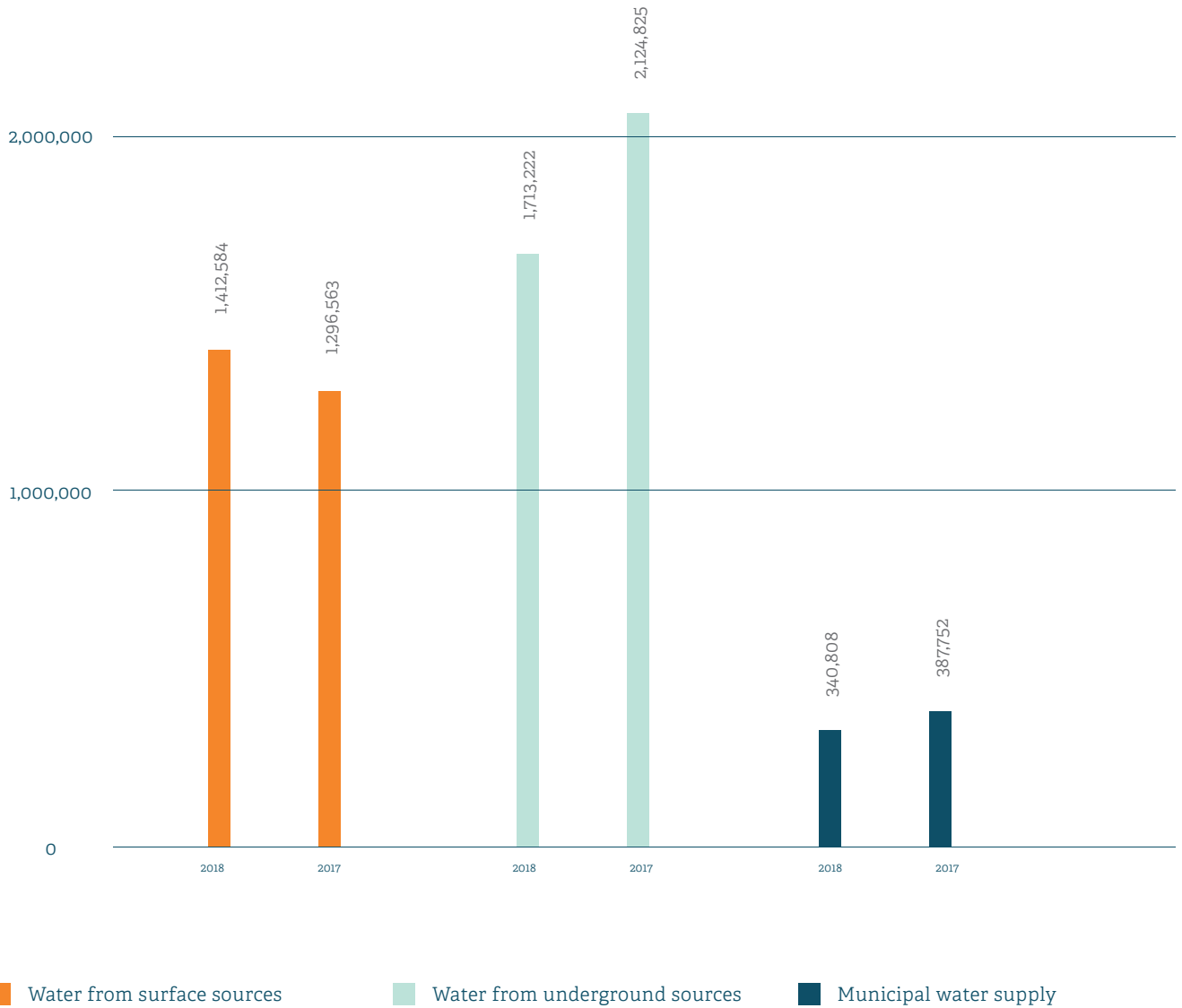
Water consumption by country (cubic metres)



The water is extracted mainly from underground (49.4%) and surface (40.8%) sources, while water from water su-

pliers only represents 9.8%. On the other hand, of the total water consumed, 7.2% corresponds to reused water.

Water consumption by sources (cubic metres)



Regarding the actions that we have carried out to advance the efficient use of water, of note is Argentina, which in all its concrete plants uses recycled water, with the aim of reducing the consumption of clean water from wells or supply networks. For its part, Colombia has invested heavily in developing water efficiency practices in the municipality of Sonsón, involving employees as well as the local administration.

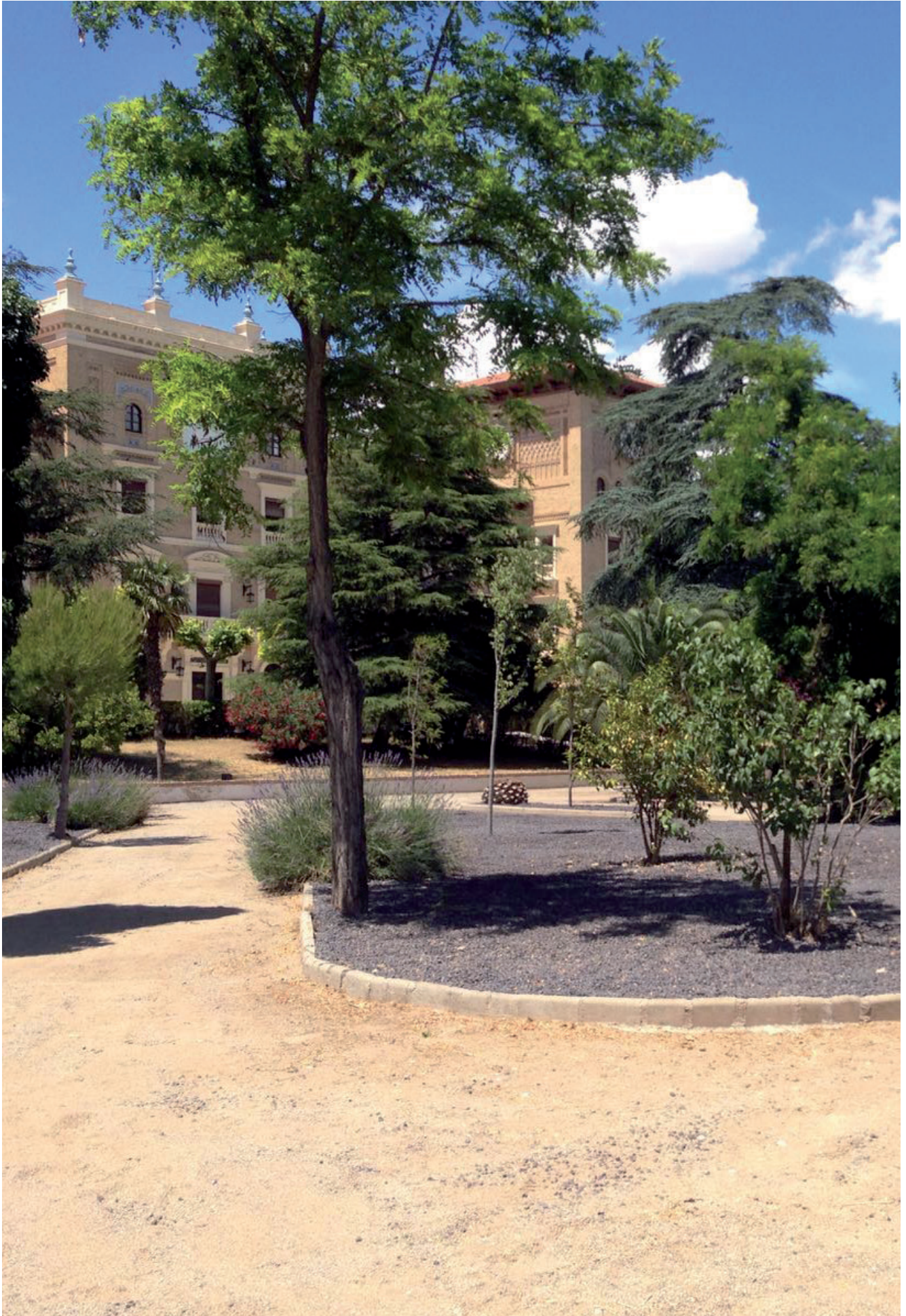
The result has been a 19.5% saving the water consumption during the construction process of the cement plant. In addition, Colombia also has an environmental education program for school children in the community of Río Claro, with the aim of tra-

ining new generations in the proper use of natural resources and water.

Likewise, concrete operations in Spain have achieved a reduction in water consumption used for cleaning the plant and the construction sites. This has been possible thanks to the use of closed water circuits, the reuse of recycled water for washing and the productive process, and the storage of rain water.

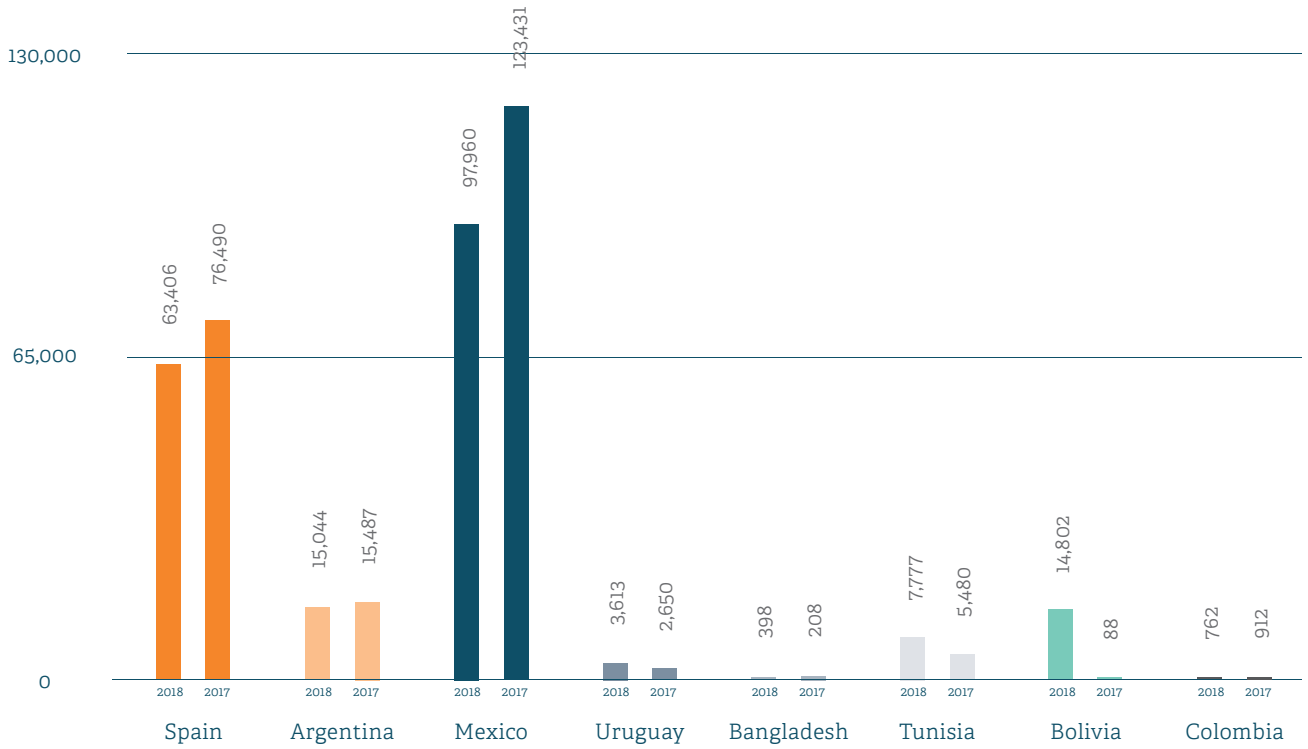
Finally, in Mexico we have continued with the installation project of washing pits started in 2016 for the reuse of water used in the concrete production process. In 2018 we installed a new reservoir.

A reduction of 9% in water consumption



The total waste produced by the organization in 2018 was 203,741 tonnes, 9.3% less than the previous year, of which 99.7% is non-hazardous waste.

Waste generated by country (tonnes)



Non-hazardous waste corresponds to mixed solid industrial waste (remains of concrete, scrap metal, debris, wood), prunings and vegetation, and other waste similar to household waste.

On the other hand, hazardous waste is made up of used oils, oil filters, batteries, hydrocarbons, electrical waste and fluorescent bulbs, mainly.

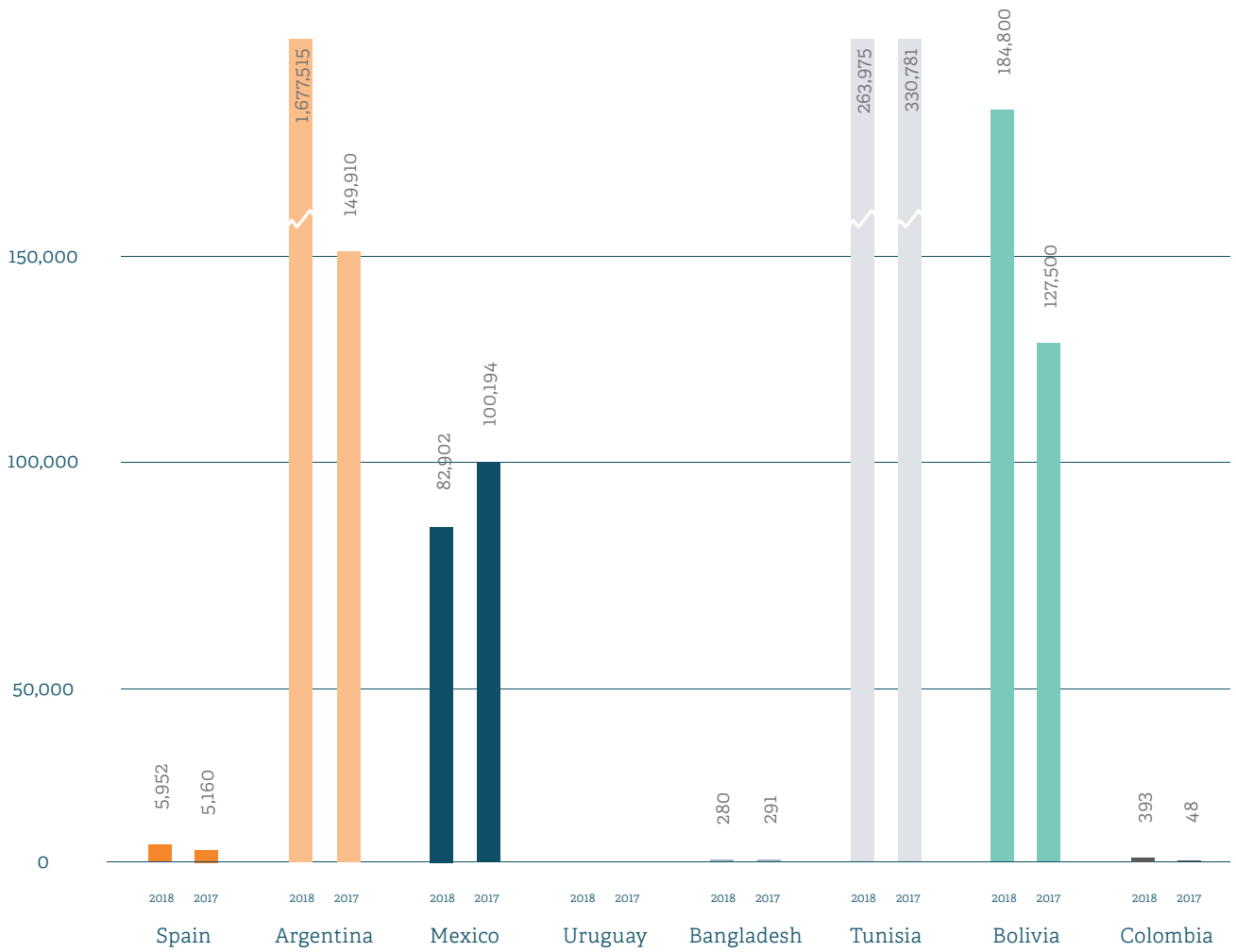
Most of the waste that is generated by productive activities is considered inert according to the different legislations, and of these the most important is waste originating from concrete.



Generated waste	2017 ³	2018
Hazardous waste generated (tonnes)	477	580
Non-hazardous waste generated (tonnes)	224,270	203,184

³ The data has been re-stated due to changes made after the report 2017 was closed.

Wastewater generation by country (cubic metres)



The inclusion of rainwater data in the calculation of wastewater in the quarries in Argentina has affected the variation of the total data. These waters from the rain are stored and treated, if neces-

sary, for subsequent discharge into rivers near the quarries. Globally, 2.2 million cubic metres of wastewater have been generated, mostly assimilated into domestic water.



Air quality

Air emissions generated by our organization are one of the material aspects identified as a priority, especially in relation to the impact on the local communities of the territories where the organization operates. According to the current legislation in each country, we carry out direct measurements in all facilities of the emissions of nitrogen oxides, sulphur oxides and dust particles generated, together with the application of estimation methods based on production and the existing filtering systems.

Compared to the previous year, air emissions have significantly decreased in all monitored categories. This is due to variations in the activity and, in those

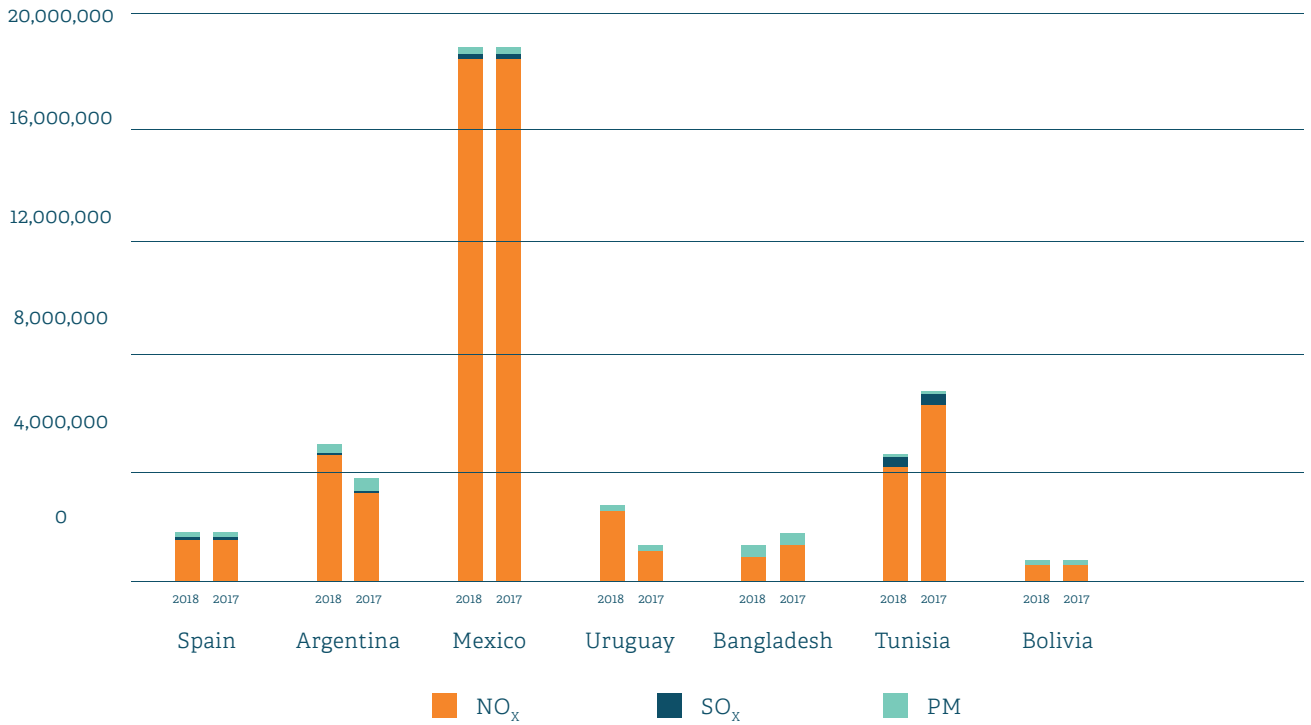
countries where there is no direct measurement, changes derived from the estimates. During 2018, a total of 30.5 million kilograms of nitrogen oxides (NO_x) were emitted, 5.7% less than in 2017. The main cause of this was the reduction of these emissions by Mexico and Tunisia.

The emission of sulphur oxides (SO_x) has also decreased. Specifically, in 2018, 29.0% less of this substance was emitted, giving a total of 708,745 kilograms, due to the results in Mexico and Tunisia. Lastly, 25.1% less dust particles (PM) have been emitted into the atmosphere compared to the previous year, mainly due to their reduction in Mexico, Argentina and Bangladesh.

Total atmospheric emissions	2017	2018
NO_x (kilograms)	32,397,699	30,545,719
SO_x (kilograms)	998,265	708,745
PM (kilograms)	1,001,550	750,000



Emissions of NO_x, SO_x and PMs by country (kg)



Some of the actions that we have carried out with the objective of improving air quality include the additional measurements of dust and polluting gases such as NO_x and SO₂ in three plants in Mexico during the 2016-2018 period. In this country we also have a modernization program for transport equipment through which 20 new mixing units were acquired in 2018.

In Spain, we have replaced the entire fleet of forklifts and diesel sweepers with electrical equipment using state-of-the-art batteries in one of the plants. In addition, we have installed three double charging points for electric vehicles. In the same way, and at the request of neighbours, a water spray cannon has been acquired to moisten the extraction zone and avoid the generation of dust in the vicinity of one of the quarries.



Biodiversity

The activity of cement production has its main impacts on the environment and biodiversity due to the extraction of natural raw materials from the subsoil. The activities of the organization do not take place in protected natural areas except in Colombia and India. In the case of Colombia, there are a total of 1,400 protected hectares of forest under the BanCO2 program, in the care of our organization. In India, there is a total of 23.3 hectares of protected area related with the extraction activity that supplies the raw materials to Bangladesh.

In addition, the Mexican facilities have a specific inventory of natural species found in the adjacent territories. There are a total of three species of flora and one of fauna which are included in the IUCN (international Union for Conservation of Nature) red list as endangered. In the case of flora, there are the biznaga de metztitlán, the golden barrel biznaga and the red cedar. In the case of fauna, there is the greater long-nosed bat.

Related to the recovery of the environment and the conservation of biodiversity, the total restored surface linked to the production of aggregates in Spain has come to 3.2 hectares. The new recovery project in Garraf has already started, with the essential participation of interested parties. This project will include special measures for the conservation of protected species such as the black wheatear or Bonelli's eagle, with improvements that benefit the restoration of their habitat and the census of pairs and nests.

At the same time, in 2018, we have recovered a total of 0.85 hectares in Uruguay by covering with earth, and planting grass and native species. In Argentina, this initiative has been extended to 10.9 hectares through the reforestation of a total of 559 specimens of different species. It is worth mentioning that our organization has become the first cement company in Argentina to carry out the process of ecologically recovering the deposit as the exploitation progresses. On the other hand, Mexico has nurseries where native plants of each region are cultivated for the reforestation of quarries in each of its cement plants.

Restoration of quarries with native species

Finally, we have also developed environmental educational activities around the conservation of biodiversity and the environment. In this regard, in Spain we organized a day attended by about 50 primary school students. For two days, they participated in the task of protecting the biodiversity of the natural area linked of the Vallirana quarry, while they received information on the exploitation and restoration systems.

In Argentina, we celebrated World Environment Day by planting trees with secondary level students, while in Colombia we planted more than 100 trees in the community of Jerusalem. As usual, in Tunisia, we once again celebrated National Tree Day by planting over 500 trees, while in Bangladesh 1,000 trees were planted in the Surma plant and its surroundings.



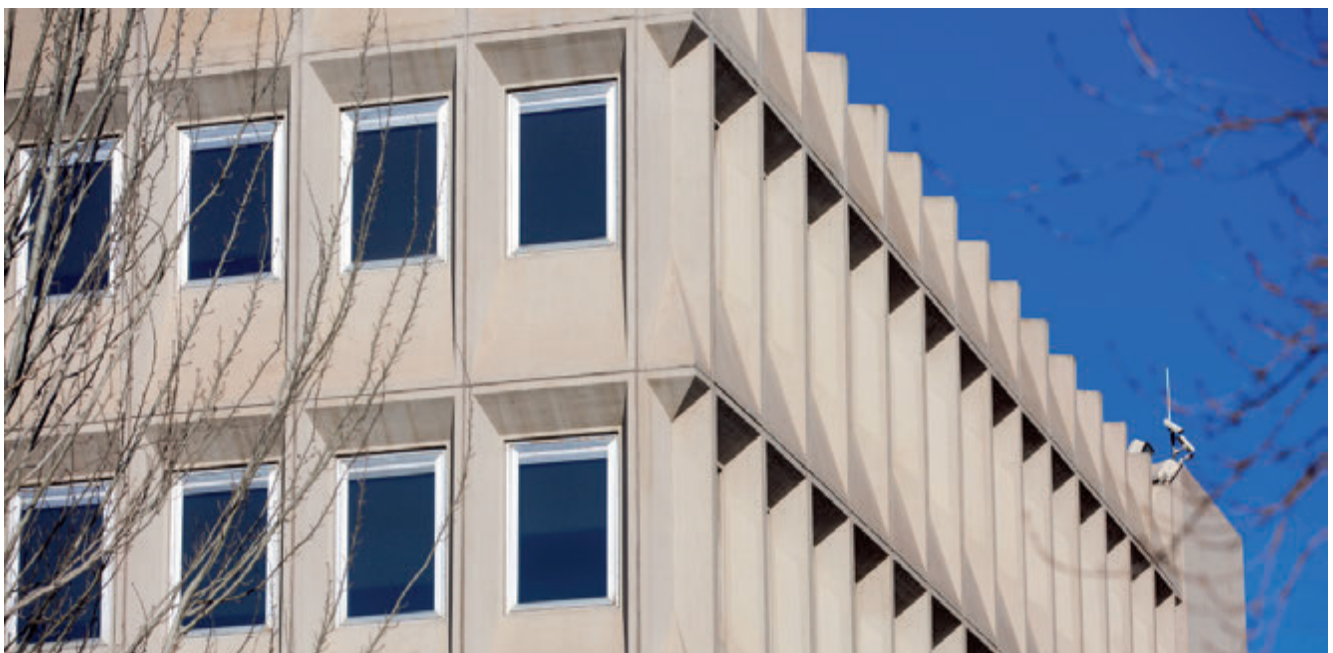
TECHNICAL CHARACTERISTICS OF THE REPORT

The Annual Report of 2018 brings together for the first time content that until now had been published in the Sustainability Report and the Annual Report of the organization, related to the economic results and the environmental, social and good governance performance during the year 2018.

This report is complemented by the other documents and corporate publications available on the corporate website, including:

- The Individual and Consolidated Annual Accounts with the Management Report included.
- The Corporate Governance Annual Report
- Corporate policies and procedures
- The documentation of the General Shareholders Meeting

The publication of a new law in Spain (law 11/2018 on Non-Financial Information) during the year 2018 has involved, on the one hand, the extension and modification of the contents of the Consolidated Management Report that forms part of the Consolidated Annual Accounts. For this we have included non-financial information and a specific annexe as a content index between the requirements of the law and the content of the Consolidated Management Report that can be consulted at the web page. On the other hand, we have carried out an external verification of the non-financial information contained in the Consolidated Management Report. Compliance with the new legal requirements, with the consequent modification of the content structure of the Management Report, has been the main factor that has motivated the integration of publications related to the performance of the organization into a single document, the Annual Report.



Preparation methodology

The methodological basis used to prepare the contents of the Annual Report is made up of the standards for the preparation of sustainability reports and Corporate Social Responsibility, promoted by the Global Reporting Initiative, together with the policy of Preparation of Progress Reports by the United Na-

tions Global Compact initiative. It has been prepared in accordance with GRI Standards “Core Option”

The GRI standards establish the following as the principles for the definition and quality of the content of sustainability reports (GRI SRS 101):

<p>Definition of contents</p>	<ul style="list-style-type: none"> > Stakeholder engagement > Sustainability context > Materiality > Completeness
<p>Quality assurance</p>	<ul style="list-style-type: none"> > Balance > Comparability, accuracy and reliability > Timeliness > Clarity

Also, in relation to non-financial information, it should be noted that we have made progress in respect to the requirements of the new legal regulations, both in time and in form. In addition, we have expanded the required subjects. Furthermore, we have included historical data in all indicators, thanks to a solid methodology of information collection. In addition, we have increased the degree of reliability of non-financial information through an external verification process.

The non-financial data and the calculations of related indicators have been done in accordance with the instructions and details specified in the following technical references:

- Standards for the preparation of GRI sustainability reports (SRS).
- Technical recommendations of the Cement Initiative (CSI) of the World Business Council for Sustainable Development (WBCSD) adopted by the Global Cement and Concrete Association (GCCA).

We have also completed the analysis of the organization's value chain, including all secondary activities. We have further identified the associated impacts, as well as the linked Stakeholders, following the requirements

established in the AA1000SES standard promoted by Accountability. The current materiality has been extended with those aspects established in the new Spanish legislation, which has implied the inclusion of new information not published in previous years.

The Annual Report has been coordinated and prepared jointly by the Sustainability Department together with Cementos Molins Directors and approved by Corporate General Direction and Sustainability Direction, and a large number of people responsible for financial and non-financial information have participated in the development of the content in each one of the countries encompassed by the report, with the aim to develop the contents determined by the materiality analysis.

The non-financial information contained in the Management Report that accompanies the Consolidated Annual Accounts has been verified by the same audit firm that performs the verification of the financial information. The audit report has been included in the published Annual Accounts of the organization and is available on the website. The GRI content index has been modified to include a reference to those indicators submitted to the external verification process.



Scope of the information

Financial information

The consolidated financial information has been prepared in accordance with the provisions of the International Financial Reporting Standards, as approved by the European Union (IFRS-EU), taking into account all the accounting principles and standards, and the criteria for mandatory appraisal.

Notwithstanding the above, and in order to adequately reflect the management of the businesses and the way in which the results are analysed internally for decision-making, Cementos Molins uses indicators and alternative measures of perfor-

mance. Following the guidelines and recommendations of the European Securities and Markets Authority (ESMA), whose objective is to promote the usefulness and transparency of the Alternative Performance Measures that are included in the regulated information or in any other information submitted by listed companies, we wish to state that the information that is included in some of the sections of this report (and which is indicated) is based on the application of the proportionality principle in the consolidation method of its investees, applying the final shareholding percentage held in each one of them.

Non-financial information

The non-financial information included in the activity report includes practically all of the main activities and international subsidiaries that make up the organization and which accounts for almost 100% of turnover. Specifically:

Main activity	Companies included
Cement	<p>Spain: Cementos Molins Industrial SAU (CMI) Argentina: Cementos Avellaneda, SA Mexico: Corporación Moctezuma SAB de CV, Cementos Moctezuma, SA de CV, Cementos Portland Moctezuma, SA Uruguay: Cementos Artigas, SA Bangladesh: LafargeHolcim Bangladesh LTD, Holcim Cement LTD, Lafarge Umiam Mining Private LTD (India) Tunisia: Société Tuniso Andalouse de Ciment Blanc, SA (SOTACIB), Sotacib Kairouan, SA Bolivia: Itacamba Cemento, SA Colombia: Empresa Colombiana de Cementos SAS</p>
Concrete and aggregate	<p>Spain: Promotora Mediterránea-2, SA (PROMSA), Promsa del Berguedà, SL, Monso-Boneta, SL, Promotora de formigons, SA, Pronatur Energy 2011, SL, Montaspre Serveis Ambientals, SL, Tècniques ambientals de muntanya, SL, Granulated Rubber Project SL Argentina: Cementos Avellaneda, SA Mexico: Latinoamericana de Concretos, SA de CV, Maquinaria y Canteras del Centro SA de CV, Concretos Moctezuma del Pacífico SA de CV, Concretos Moctezuma de Jalisco, SA, Concretos Moctezuma de Xalapa, SA de CV, CYM Infraestructura SAPI de CV Uruguay: Cementos Artigas, SA Colombia: Insumos y Agregados de Colombia SAS</p>
Prefabricate	<p>Spain: Prefabricaciones y Contratas, SAU (PRECON), Catprecon SL</p>
Mortars and other materials	<p>Spain: Propamsa SAU, Promotora Mediterránea-2 SA (PROMSA) Argentina: Cementos Avellaneda, SA</p>
Corporation	<p>Spain: Cementos Molins, SA, Cemolins Internacional SLU, Cemolins Servicios Compartidos SLU</p>

report: Cemol Corporation, B.V., Minus Inversora, SA, Santa Pamela SAU, Fresit B.V., Presa International, B.V., Colina Justa, SA, Fresh Markets, SA, Eromar, SA, Mondello SA, Inmobiliaria Lacosa SA de CV, Latinoamericana de Comercio, SA de CV, Lacosa Concretos, SA de CV, Cemoc servicios especializados, SA de CV, Escofet 1886 SA, Escofet Paviment, SLU, Escofet Pretecno, SA de CV, Portcemen, SA, Vescem-LID, SL, Surma Holding, B.V., Lum Maws-

hun Minerals Private LTD, Société Tunisienne de Transport en Vrac-STTV, Yacuces SL, GB Minerales y Agregados, SA

The aggregation of the environmental and social performance data has been done without applying the proportionality criterion that is used for the turnover figure, except in those cases where indicated otherwise.

GRI content index

Foundation and general contents

General content	Page/Direct answer	Omissions	External verification
GRI 101 Foundation 2016			
101 Principles	122		
GRI 102 Contenidos generales 2016 Perfil de la organización			
102-1 Name of the organization	Cementos Molins S.A.		√
102-2 Activities, brands, products, and services	20-25		√
102-3 Location of headquarters	Sant Vicenç dels Horts, Carretera Nacional 340, 2 al 38 (Barcelona)		√
102-4 Location of operations	24-25		√
102-5 Ownership and legal form	Quoted Limited Company IAGC		√
102-6 Markets served	22, 47-49		√
102-7 Scale of the organization	10-11, 44-47		√
102-8 Information on employees and other workers	82-83		√
102-9 Supply chain	30-32, 79		√
102-10 Significant changes to the organization and its supply chain	122-124, 79		√
102-11 Precautionary Principle or approach	34-38		√
102-12 External initiatives	36		√
102-13 Membership of associations	Content note (a)		

General content	Page/Direct answer	Omissions	External verification
Strategy			
102-14 Statement from senior decision-maker	4-7		
102-15 Key impacts, risks, and opportunities	26-28, 30-31		√
Ethics and integrity			
102-16 Values, principles, standards, and norms of behaviour	14-16, 22		√
Governance			
102-18 Governance structure	13-15, 122; IAGC 31-34		√
102-29 Identifying and managing economic, environmental, and social impacts	26-28, 30-31, 34-38		√
102-30 Effectiveness of risk management processes	38		√
102-31 Review of economic, environmental, and social topics	38, 122		√
102-35 Remuneration policies	IAGC 33-34		√
102-36 Process for determining remuneration	IAGC 33-34		√
102-38 Annual total compensation ratio	The salary range is 43.54 The calculation has been made for Spain and we have considered all salary items of the managing Director, including the long-term variable wages.		√
Stakeholders' participation			
102-40 List of stakeholder groups	32-33		
102-41 Collective bargaining agreements	84-85		√
102-42 Identifying and selecting stakeholders	32		
102-43 Approach to stakeholder engagement	32-33		
102-44 Key topics and concerns raised	34-35		
Practices for the preparation of reports			
102-45 Entities included in the consolidated financial statements	CCAA 79-82		
102-46 Defining report content and topic Boundaries	30-31, 122-124		√
102-47 List of material topics	34-35		√
102-48 Restatements of information	122		
102-49 Changes in reporting	121		
102-50 Reporting period	January 1 to December 31, 2018		√
102-51 Date of most recent report	Year 2017, published in 2018		√
102-52 Reporting cycle	Annual		√
102-53 Contact point for questions regarding the report	sostenibilidad@cemolins.es		√
102-54 Claims of reporting in accordance with the GRI Standards	122		
102-55 GRI content index	125-133		
102-56 External assurance	122		√

Economic material topics

Standard	Page/Direct answer	Omissions	External verification
GRI 103 Management approach 2016 Linked to Economic Performance (201), Market Presence (202), Indirect Economic Impacts (203), Procurement Practices (204) and Anti-corruption (205)			
103-1 Explanation of the material topic and its Boundary	30-31, 34-35		√
103-2 The management approach and its components	36-38, 42-43, 51-52, 57, 59, 61, 64, 66, 70, 72, 74-76, 79		√
103-3 Evaluation of the management approach	44-48, 74-76, 79		√
GRI 201 Economic performance 2016			
201-1 Direct economic value generated and distributed	75		√
201-2 Financial implications and other risks and opportunities due to climate change	A financial assessment is not available of the risks and opportunities derived from climate change. In 2018, a specific study has been conducted related with the financial impact of the emission rights in the European market.		√
201-3 Defined benefit plan obligations and other retirement plans	CCAA 14-15, 23-24, 31, 34-35; IAGC 20		√
GRI 202 Market Presence 2016			
202-1 Ratios of standard entry level wage by gender compared to local minimum wage	CCAA 117		
GRI 203 Indirect Economic Impacts 2016			
203-1 Infrastructure investments and services supported	42-43, 96-98		√
203-2 Significant indirect economic impacts	74-75		√
GRI 204 Procurement Practices 2016			
204-1 Proportion of spending on local suppliers	79		√
GRI 205 Anti-corruption 2016			
205-1 Operations assessed for risks related to corruption	14-16, 26-28		√
205-2 Communication and training about anti-corruption policies and procedures	14-16, 26-28		√

Environmental material topics

Standard	Page/Direct answer	Omissions	External verification
GRI 103 Management approach 2016 Related to: Materials (301), Energy (302), Water (303), Biodiversity (304), Emissions (305), Effluents and waste (306), Environmental compliance (307) and Environmental assessment of suppliers (308)			
103-1 Explanation of the material topic and its Boundary	30-31, 34-35		√
103-2 The management approach and its components	36-38, 102-103		√
103-3 Evaluation of the management approach	38, 100		√
GRI 301 Materials 2016			
301-1 Materials used by weight or volume	109-110		√
301-2 Recycled input materials used	109		√
GRI 302 Energy 2016			
302-1 Energy consumption within the organization	105-108		√
302-2 Energy consumption outside of the organization	The energy consumption outside the organization includes upstream operations related with the extraction phase (since some of the quarries are managed by external companies) No information is available on downstream energy consumption.		√
302-4 Reduction of energy consumption	105-107		√
302-5 Reductions in energy requirements of products and services	107-108		√
GRI 303 Water and Effluents			
303-1 Interactions with water as a shared resource	111-112		√
303-2 Management of water discharge-related impacts	112		√
303-3 Water withdrawal	111		√

Standard	Page/Direct answer	Omissions	External verification
GRI 304 Biodiversity			
304-1 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	119		√
304-2 Significant impacts of activities, products, and services on biodiversity	119		√
304-3 Habitats protected or restored	119		√
304-4 IUCN Red List species and national conservation list species with habitats in areas affected by operations	119		√
GRI 305 Emissions 2016			
305-1 Direct (Scope 1) GHG emissions	104		√
305-2 Energy indirect (Scope 2) GHG emissions	104		√
305-4 GHG emissions intensity	104		√
305-5 Reduction of GHG emissions	104		√
305-7 Nitrogen oxides (NO _x), sulfur oxides (SO _x), and other significant air emissions	117-118		√
GRI 306 Effluents and Waste 2016			
306-2 Waste by type and disposal method	114-15		√
GRI 307 Environmental Compliance			
307-1 Non-compliance with environmental laws and regulations	Content note (b)		√
GRI 308 Supplier Environmental Assessment			
308-1 New suppliers that were screened using environmental criteria		There are no formal supplier screening systems based on environmental criteria, social criteria, and good overall business practices.	√
308-2 Negative environmental impacts in the supply chain and actions taken	30-31, 79		√

Social material topics

Standard	Page/Direct answer	Omissions	External verification
GRI 103 Management approach 2016 Related to: Employment (401), Labour relations (402), Occupational health and safety (403), Training and education (404), Diversity and equal opportunities (405), Non-discrimination (406), Freedom of association and collective bargaining (407), Security Practices (410), Indigenous Peoples Rights (411), Human Rights Assessment (412), Local Communities (413), Social Provider Evaluation (414), Public Policy (415), Health and Safety of clients (416), Marketing and labelling (417), Customer privacy (418) and Socio-economic compliance (419)			
103-1 Explanation of the material topic and its Boundary	30-31, 34-35		√
103-2 The management approach and its components	36-38, 88, 92, 94, 96		√
103-3 Evaluation of the management approach	38, 80, 92-93		√
GRI 401 Employment 2016			
401-1 New employee hires and employee turnover	86-87		√
401-3 Parental leave	85		√
GRI 402 Labour/Management Relations 2016			
402-1 Minimum notice periods regarding operational changes	Content note (c)		
MM-4 Number of strikes and forced stops lasting more than one week, according to country	Content note (d)		
GRI 403 Occupational Health and Safety 2016			
403-1 Occupational health and safety management system	88		√
403-2 Hazard identification, risk assessment, and incident investigation	90-91	The absenteeism index has not been published since the data is not available. Actions are being carried out to publish this information in reports as of 2021.	√

Standard	Page/Direct answer	Omissions	External verification
403-3 Occupational health services	90		√
403-4 Worker participation, consultation, and communication on occupational health and safety	The Management Report includes information related to occupational health and safety issues addressed in formal agreements with the legal representation of the workers in Spain.		√
GRI 404 Training and Education 2016			
404-1 Average hours of training per year per employee	95		√
404-2 Programs for upgrading employee skills and transition assistance programs	94-95		√
GRI 405 Diversity and Equal Opportunity 2016			
405-1 Diversity of governance bodies and employees	13, 82-84; IAGC 17, 34		√
405-2 Ratio of basic salary and remuneration of women to men	85		√
GRI 406 Non-discrimination 2016			
406-1 Incidents of discrimination and corrective actions taken	No cases of discrimination have been identified during the year.		
GRI 407 Freedom of Association and Collective Bargain			
407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	Not identified.		
GRI 409 Forced or Compulsory Labour 2016			
409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labour	Not identified.		
GRI 410 Security Practices 2016			
410-1 Security personnel trained in human rights policies or procedures	Security personnel, practically all indirect workers, have not been trained in Human Rights policies or procedures.		
GRI 411 Rights of Indigenous Peoples 2016			
411-1 Incidents of violations involving rights of indigenous peoples	Not identified.		
MM-5 Number of operations run in areas or adjacent to territories with an indigenous population, and number and percentage of operations or places with formal agreements with the local indigenous communities	96 Content note (e)		

Standard	Page/Direct answer	Omissions	External verification
GRI 412 Human Rights Assessment 2016			
412-1 Operations that have been subject to human rights reviews or impact assessments	96-98		√
412-2 Employee training on human rights policies or procedures	15-16		√
GRI 413 Local Communities 2016			
413-1 Operations with local community engagement, impact assessments, and development programs	96-98		√
413-2 Operations with significant actual and potential negative impacts on local communities	30-31, 96-98		√
GRI 414 Supplier Social Assessment 2016			
414-1 New suppliers that were screened using social criteria		There are no formal supplier screening systems based on environmental criteria, social criteria, and good overall business practices.	
414-2 Negative social impacts in the supply chain and actions taken	30, 31, 79		
GRI 415 Public Policy 2016			
415-1 Political contributions		The company has not made any political contribution as for prohibition within the protocol related to gifts and hospitality	√
GRI 416 Customer Health and Safety			
416-1 Assessment of the health and safety impacts of product and service categories	76-77		
416-2 Incidents of non-compliance concerning the health and safety impacts of products and services		No non-compliances have occurred related with the impact on health and safety of products and services.	
GRI 417 Marketing and Labelling 2016			
417-1 Requirements for product and service information and labelling	76		√
GRI 418 Customer Privacy			
418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data		No complaints have been received related with breaches of the privacy of clients or loss of their personal data.	
GRI 419 Socioeconomic Compliance 2016			
419-1 Non-compliance with laws and regulations in the social and economic area		Have not occurred.	√
MM-10 Number of holdings with closure plans		The company has a total of 34 inactive quarries with closure plans in Spain	

Content notes:**(a) The different companies are part of the following associations:**

▪ **CIMENTS MOLINS INDUSTRIAL:** OFICEMEN (Grouping of cement manufacturers in Spain), IECA (Spanish Institute of Cement and its Applications), CIMENT CATALÀ (Grouping of cement manufacturers in Catalonia), FUNDACIÓN CEMA (Labour Cement and Environment Foundation), AIPN (Industrial Association for Clean Production), CUADLL (Community of Water Users in the Vall Baixa and Delta del Llobregat), ANFRE (National Association of Manufacturers of Refractory Products, Materials and Related Services), ANFAPA (Association of Mortar Manufacturers and SATE) and AEM (Spanish Maintenance Association).

▪ **PROMSA:** Anefhop (Spanish National Association of Prepared Concrete Manufacturers), Aggregates Guild, GRCD (Association of Construction and Demolition Waste Managers in Catalonia), TRANSPRIME (Spanish Association of Companies with Private Goods Transport and Large-scale Users of Public Services), AFAM (Association of Mortar Manufacturers), Cluster of Advanced Materials of Catalonia, Group of Energy Managers PROPAMSA.

▪ **PRECON:** AFTRAV (National Association of Sleeper Manufacturers for Railways), MAFEX (Spanish Railway Association), ANDECE (National Association of Cement Derivatives).

▪ **PROPAMSA:** Anfapa (National Association of Mortar Manufacturers and SATE), EMO (European Mortar Organization), Gren Building Council, ACE (Association of Structure Builders), Arfho (Association for Repairing and Protecting Concrete).

▪ **CEMENTOS AVELLANEDA SA:** AFCP (Association of Manufacturers of Portland Cement), ICPA (Argentinian Portland Cement Institute), IRAM (Argentinian Standardisation Institute), Argentine Association of Elaborate Concrete, Argentinian Association of Concrete Technology, Argentinian Industrial Union, Spanish Chamber of Commerce, Argentinian Chamber of Construction, FICEM (Inter-American Cement Federation).

▪ **CEMENTOS ARTIGAS SA:** Chamber of Industries of Uruguay, Chamber of Construction of Uruguay, FICEM (Inter-American Cement Federation), DERES Uruguay (Business Social Responsibility), UNIT (Uruguay Institute of Technical Standards).

▪ **CORPORACIÓN MOCTEZUMA:** UNAM Foundation and Coparmex (Employer Confederation of the Mexican Republic).

▪ **SOTACIB:** National Chamber of Cement Producers, National Committee of Monitoring the Quality of INNORPI Cements, UTICA (Tunisian Union of Industry, Commerce and Crafts) and Arabian Union of Cement and Construction Materials.

(b) A total of three sanctions have been imposed on us related to environmental aspects; all three in Mexico totalling 177,470.5 euros.

(c) The minimum notice period for operational changes is variable depending on the country. In Spain and Mexico the period is two weeks, in Argentina and Uruguay it is four weeks, in Bolivia and Bangladesh it is 12 weeks, and in Colombia and Tunisia there is no minimum period of notice.

(d) There was a strike of more than a week in one of the plants in Tunisia linked to the improvement of working and remuneration conditions. After dialogue, an agreement was reached whereby activity in the facilities was restored.

(e) There are operations that take place in centres adjacent to indigenous territories in Colombia and Bolivia, countries in which collaborative projects with these communities are carried out.

Equivalences between GRI and the principles of the United Nations Global Compact

Principles of the Global Covenant	Equivalence with the GRI Content Index (G4)
Human Rights	
Principle 1 – Companies must uphold and respect the protection of fundamental Human Rights, recognized internationally, within their sphere of influence.	Subcategory Human Rights: all aspects. Subcategory Society: local communities.
Principle 2 – Companies must ensure that their businesses are not complicit in the violation of Human Rights.	Subcategory Human Rights: all aspects.
Labour Regulations	
Principle 3 – Companies should uphold freedom of affiliation and the effective recognition of the right to collective bargaining.	G4-11 Subcategory Labour practices and dignified work: relationships between workers and management. Subcategory Human Rights: freedom of association and collective bargaining.
Principle 4 – Companies should support the elimination of all forms of forced or coerced labour.	Subcategory Human Rights: forced labour.
Principle 5 – Companies should support the eradication of child labour.	Subcategory Human Rights: child labour.
Principle 6 – Companies should support the abolition of discriminatory practices in employment and work.	G4-10 Subcategory Labour practices and dignified work: all aspects. Subcategory Human Rights: non-discrimination.
Environment	
Principle 7 – Companies must maintain a preventive approach that favours the environment.	Category Environment: all aspects.
Principle 8 – Companies should encourage initiatives that promote greater environmental responsibility.	Category Environment: all aspects.
Principle 9 – Companies should promote the development and diffusion of environmentally friendly technologies.	Category Environment: all aspects.
Anti-corruption	
Principle 10 – Companies should work against corruption in all its forms, including extortion and bribery.	Subcategory Society: Fight against corruption and Public Policy.

The information of the Annual Report
and the complete Financial Information
can be reachable at the following internet address
www.cemolins.es



